Interregional Market Efficiency Process

Alex Worcester
System Planning Modeling and Support

Market Efficiency Process Enhancement
Task Force – Education Session
March 2, 2018
Interregional Planning Process

• PJM/MISO seam is primary focus
  – Joint Operating Agreement Article 9
  – Significant changes to Interregional Market Efficiency Projects (IMEPs) as a result of FERC docket EL13-88
• Process could potentially apply to an interregional project with NY
  – Scope more narrowly defined as projects that span both regions
• PJM’s southern border, as non-market areas, does not recognize IMEPs
Prior to 2017

- Joint interregional model development
- Identification of ‘common’ issues on joint model
- Evaluation of projects on joint model
- Projects meeting 1.25 B/C on interregional model would be passed to regional process for B/C test on regional model
• EL13-88 (‘NIPSCO Complaint’) ruling January 19, 2017
  – Regional processes only
  – No interregional determination of eligible flowgates
  – No interregional model or project evaluation
  – Interregional cost allocation based on share of regionally defined benefits
IMEP Evaluation Process

Determine regional benefit

JOA materiality test & interregional cost allocation: share of regional benefits

Test against regional criteria and competing projects using regional cost share

Best project for both regions?

RTOs recommend project to respective boards

Project Proposal

PJM

IPSA

PJM

IPSA

PJM Board

PJM

MISO

MISO

MISO Board

www.pjm.com
• PJM Criteria: All proposed projects must address a PJM identified congestion driver

• Need to identify eligible interregional congestion drivers

• Current approach:
  – Current, active Market-to-Market flowgates considered regional congestion drivers
Current M2M Limitations

- Documented only in education slides
  - No manual or procedure language
- Considers only current system
  - Not future system under study
- No clear delineation of what modeled congestion is eligible M2M
  - Constraints outside PJM must be modeled to control flows

PJM is considering revising this approach
Problem Statement

• Market Efficiency Projects must address a PJM identified regional congestion driver
• Regional process must consider interregional drivers
• Update process documentation as required
Task Force Scope

• In scope for Task Force
  – PJM regional market efficiency process documentation

• Not in scope for Task Force
  – MISO’s regional planning process
  – Joint Operating Agreement
    • Discussions take place at PJM/MISO IPSAC
    • http://pjm.com/committees-and-groups/stakeholder-meetings/ipsac-midwest.aspx
Interregional Summary

• Interregional projects depend on regionally identified congestion drivers
• Regional process needs to clearly define what facilities not wholly within PJM are eligible as MEPs
• Process should be clarified such that
  – Well documented
  – Transparent to stakeholders
  – Available at opening of window
Appendix A:
Interregional Market Efficiency Project Timeline