Interregional Market Efficiency Process

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Market Efficiency Process Enhancement Task Force – Education Session
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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**
  - PJM
  - MISO

- **JOA materiality test & interregional cost allocation: share of regional benefits**
  - PJM
  - IPSAC

- **Test against regional criteria and competing projects using regional cost share**
  - PJM
  - MISO

- **Best project for both regions?**
  - RTOs recommend project to respective boards
  - PJM Board
  - MISO Board
• 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
Tentative IMEP Timeline

PJM
- Model Development & Criteria Analysis
- Final Models Developed, Issues Identified
- Long Term Window Open
- Regional Solutions Analysis
- Regional Evaluation of Interregional Solutions
- BOM Approval

MISO
- Model Development
- Final Models Posted, Issues Identified
- Market Efficiency Window Open
- Transmission Solution Evaluation
- BOD Approval

IPSAC
- Interregional Cost Allocation of Potential Projects