

Interregional Market Efficiency Process

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System Planning Modeling and Support

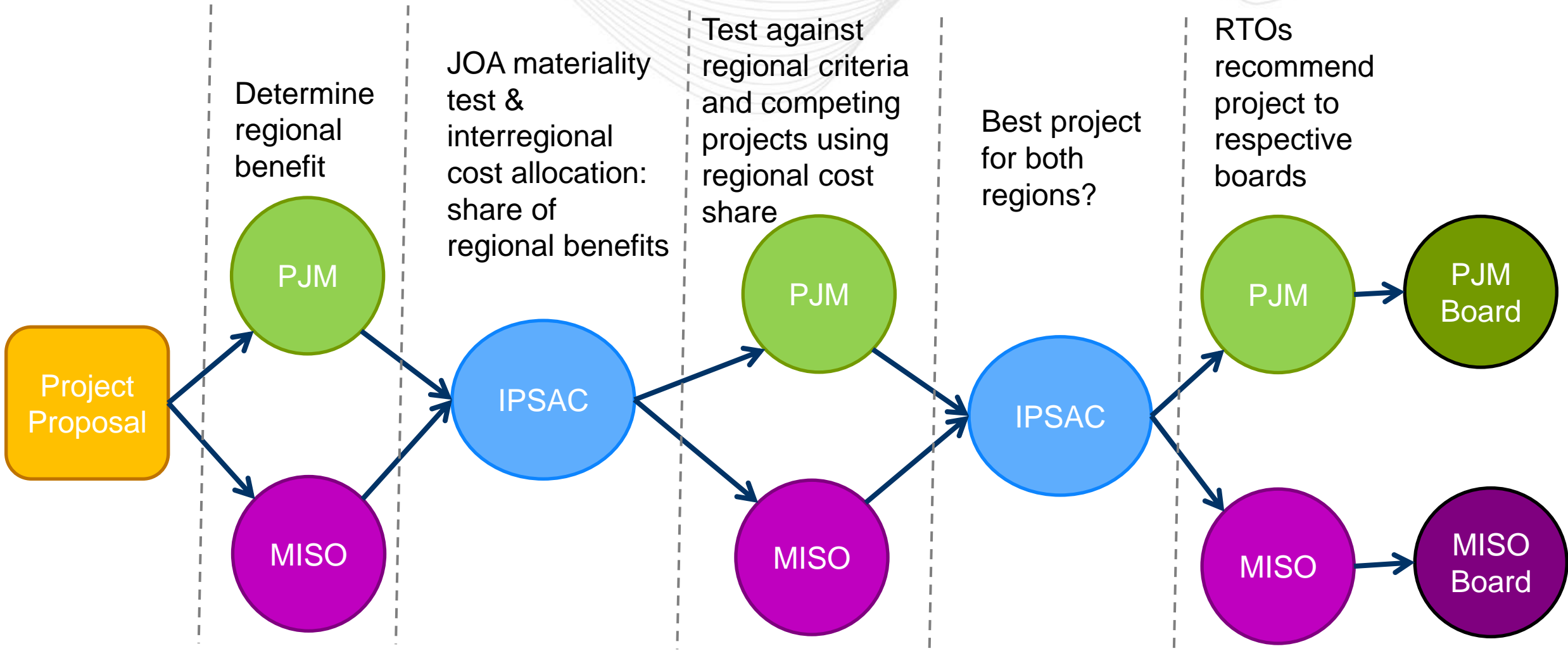
Market Efficiency Process Enhancement
Task Force – Education Session

March 2, 2018

- **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

- 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



- 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

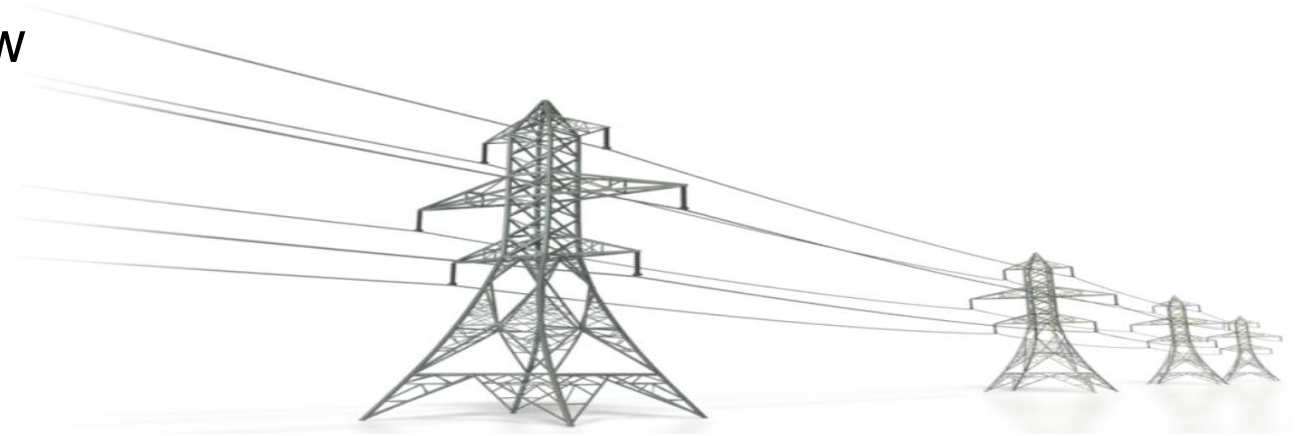
- Documented only in education slides
 - No manual or procedure language
- Considers only current system
 - Not future system under study
- No clear delineation of what modeled congestion is eligible M2M
 - Constraints outside PJM must be modeled to control flows

PJM is considering revising this approach

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

- 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 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

