

IARR Coordination with MISO

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Markets Implementation Committee

- [IARR coordination with MISO](#) problem statement approved in April 2019
 - Address concerns with FTR underfunding as a result of approved customer-funded IARR projects that impact market-to-market coordinated flowgates
 - MISO unable to guarantee any level of future entitlements to PJM for upgrades impacting coordinated M2M flowgates

- **Issue milestones:**
 - PJM/MISO JCM discussions: February 2018 – February 2019
 - PJM MIC discussions: March 2019 – June 2019
 - PJM proposed path forward: September 2019

- Option 1: Amend OATT to remove guarantee of 80% of originally awarded IARRs if MISO facilities are impacted / future firm flow entitlements cannot support request once project is in service

- Option 2: Maintain status quo; revenue adequacy risk remains on FTR market in cases where IARR upgrades impact market-to-market coordinated flowgates**
 - Enhance coordination efforts of preliminary upgrade determinations to reduce risk

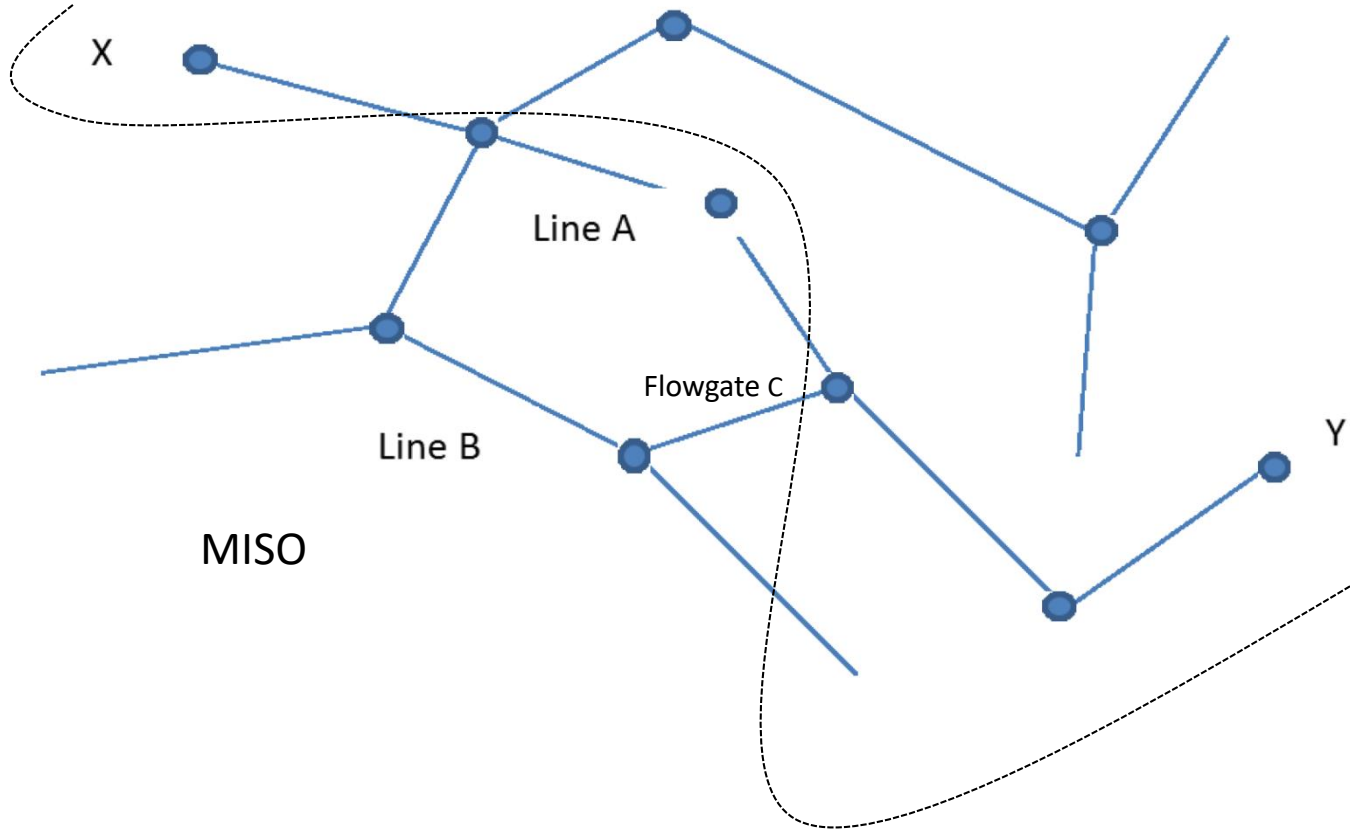
- Option 3: Do not allocate IARRs that impact M2M facilities.

Note: No proposals submitted by stakeholders

- Absent feedback, PJM will recommend status quo
 - PJM will continue to improve coordination with MISO to extent possible
 - FTR market will keep any future risk of revenue inadequacies associated with interregional IARR requests, although such risk is projected to be small
 - Close (or first read proposals for) this initiative at October 2019 MIC
 - Stakeholders may re-visit or propose new options in future

Appendix: June 2019 MIC Illustrative Example

PJM



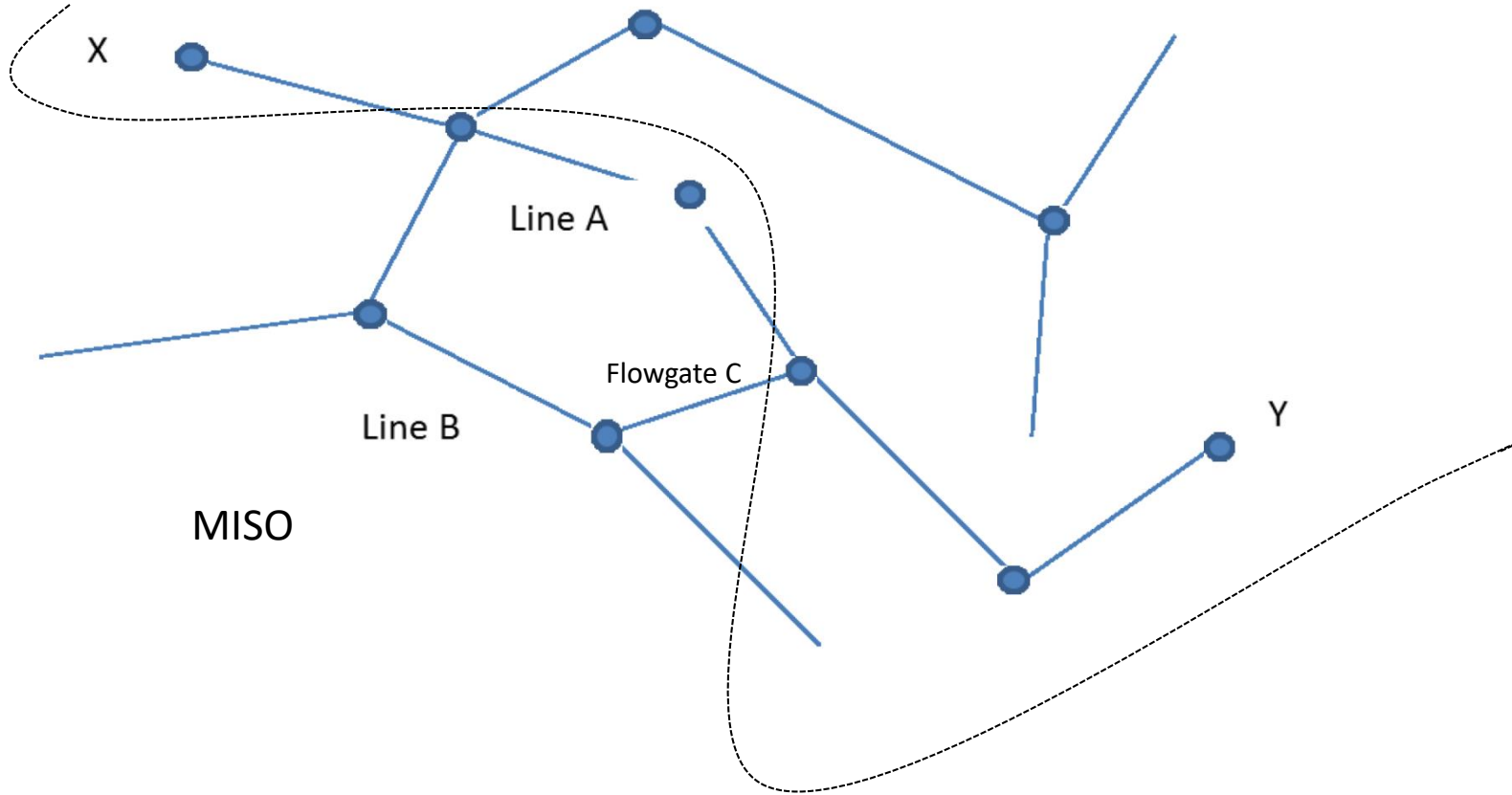
IARR Submission

- Source Location: X
- Sink Location: Y
- MW Requested: 200MW

Market Analysis Results

- Line A and B are limiting elements in latest ARR Allocation
- 100MW additional flow on Line A and B, 50MW on Flowgate C as a result of IARR submission

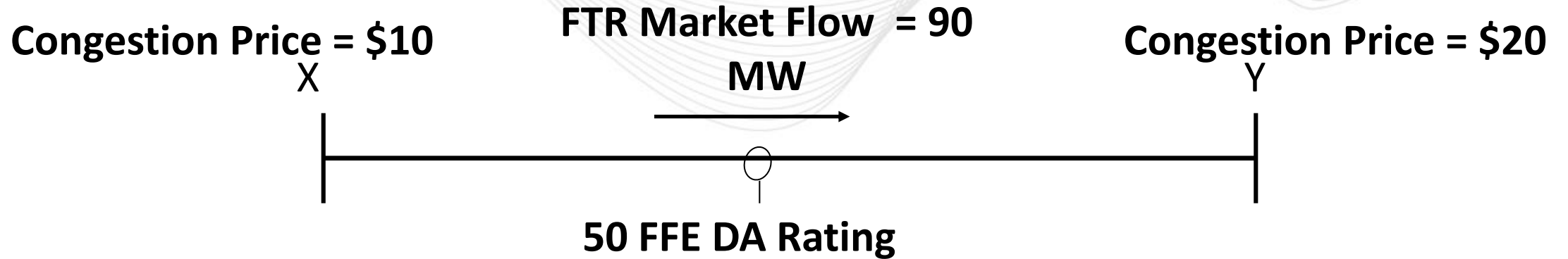
PJM



Planning Coordination

- Re-conductor Line A and B to address violations
- Physical reinforcements are not needed for FG C, however it is now 50MWs over-allocated from an FTR/FFE perspective

- Based on illustrative example Flowgate C would be 40 MW over allocated in the annual FTR auction
 - 160 MW IARR (80%) would be modeled in the annual FTR auction
 - DA Congestion revenue collected on that path would be restricted/based on pre-existing FFE limit



Day Ahead Congestion Charge = 50 MW (\$20 - \$10) = **\$500**

FTR Target Allocation

Total FTR Target Allocation = 90 MW (\$20 - \$10) = **\$900**

FTR Target Allocation payout is 56%