



Joint and Common Market

# **INCREMENTAL AUCTION REVENUE RIGHTS**



# Overview

- November JCM
  - Provided stakeholders with some background information on the customer funded IARR process and laid out a plan for further MISO-PJM coordination
- Key Takeaways
  - IARRs are supported by transmission upgrades that can provide additional capability on PJM and MISO facilities
  - Effort aims to clarify the current coordination process and to identify opportunities for process improvement
- Next up
  - Continued education on existing IARR planning process and TUS process

# IARR Planning Coordination

- The planning coordination process for an IARR request will be largely unchanged from past practices. PJM and MISO are continuing to evaluate if additional clarifying language could be added to our joint planning documentation.

# Planning Coordination Process Example

- PJM receives an IARR request from a PJM customer
- PJM analysis identifies an impacted MISO flowgate and subsequently notifies MISO planning staff
- MISO coordinates with MISO TO to identify necessary upgrades and provide preliminary cost and timing estimates to PJM customer
- If decision is made to move forward, customer signs Facility Study Agreement with MISO TO

# Planning Coordination Process Example cont.

- MISO TO Facility Study incorporated into PJM Facility Study
- At the conclusion of the Facility Study the PJM customer enters into a Facility Construction Agreement with MISO TO
- MISO TO adds facility upgrade project into MISO regional planning process (MTEP)

# Attachment II (CMP) – Appendix G Background

- A concept is defined in Appendix G of the CMP to give credit for transmission upgrades in the allocations calculated for use in M2M coordination
- Known as the Transmission Upgrade Study (TUS) process
- Aims to ensure a builder receives a transfer in allocation for increases in capability

# TUS Principles

- Principles of TUS
  - Effectively a transfer of allocation to reflect CMP entity funded upgrades
  - Only to the extent that non-building entities are not harmed by upgrade
  - Performed in isolation from other upgrades

# TUS Mechanics

- Calculates flowgate level adjustments to account for upgrade impacts
- All significant flows ( $>5\%$  Dfax) are always allocated for all entities on a flowgate
- Non significant flows ( $<5\%$  Dfax) are split between reciprocal entities if capacity exists



# TUS Example

Pre-Upgrade Flowgate Directional Capacity = 1000 MVA  
Total Forward Significant Impacts = 1200 MVA (**over-allocated**)

Post-Upgrade Flowgate Directional Capacity = 1400 MVA  
Total Forward Significant Impacts = 1200 MVA (**over-allocation alleviated**)

Entity	Builder	Allocation Pre-Upgrade	Allocation Post-Upgrade	Delta
A	N	600	600	0
B	Y	600	800	200

Physical upgraded capability = 400 MVA  
Effective increase in allocation = 200 MVA

**Shortfall = 200 MVA**

# TUS Risks

- Over allocation + Hold Harmless
  - Significant directional flows > flowgate capacity
  - Upgrade might simply create headroom to accommodate existing significant flows (not 1:1)
- Isolated analysis introduces uncertainty
  - TUS process measures impact of a subset of upgrades, not all upgrades are guaranteed to be included
  - IARR studies measure impacts of each upgrade in conjunction with all other system upgrades
- Adjustments in allocation do not always mean a 1:1 adjustment in FFE