



Joint and Common Market

INCREMENTAL AUCTION REVENUE RIGHTS



Overview

- Purpose
 - Provide stakeholders with an update on the MISO-PJM plan for enhanced planning and markets coordination for the PJM customer funded IARR process
- Key Takeaways
 - Several discussions have taken place since November 2017
 - Effort aims to clarify the current coordination process and to identify opportunities for process improvement
 - Enhancements to be presented at August JCM meeting

Background

- PJM and MISO offer an IARR product for transmission expansions that add incremental capability to the system
 - IARR MWs are awarded for the incremental capability created for the life of the facility or 30 years, whichever is less
 - Must be simultaneously feasible
 - Valued each year based on Annual FTR Auction clearing prices
- PJM offers an additional option allowing stakeholders to obtain an IARR by agreeing to fund transmission upgrades needed to support the request

Identified Gaps in Process

- Proper transfer of FFEs is needed on impacted flowgates to support IARR request to ensure FTR Revenue Adequacy
- Current PJM IARR process requires customer to upgrade only for incremental impact of IARR request
 - Upgrade capabilities may not get reflected in FFE allocation increases because of CMP over allocation rules
- PJM requirement to guarantee at least 80% of IARR MW
 - May require some guarantee from MISO on future FFE allocations
- Non-active flowgates may impact feasibility of IARR if activated in future

Next Steps and JCM updates

- August 2018 – Present enhancement to planning and markets coordination
- November 2018- Discuss any required JOA revisions

Contacts

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