Not Willing to Pay Congestion Transactions

MIC

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Issues

- **From January 1, 2008, through November 2010, Not Willing to Pay Congestion (NPC) transactions have accrued $12.5 Million in uncollected congestion charges.**

  - **These dollars would have been available to fund FTRs.**

- **Selection of internal sources and sinks for such transactions do not reflect actual energy flows.**

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MMU Proposals

- **Charge congestion for intervals while loaded**
  - **EES is now optimized to limit the intervals**
- **Require source and sink for real-time external transactions to be submitted only at PJM interfaces**
  - **No effect on settlements as congestion moves from explicit to implicit**
- **Both charge for congestion and allow only transactions at interfaces**
  - **Captures wheeling NPC transactions**
- **Eliminate NPC product all together**
  - **Market participants have the means to monitor and curtail their own transactions in a timely manner**
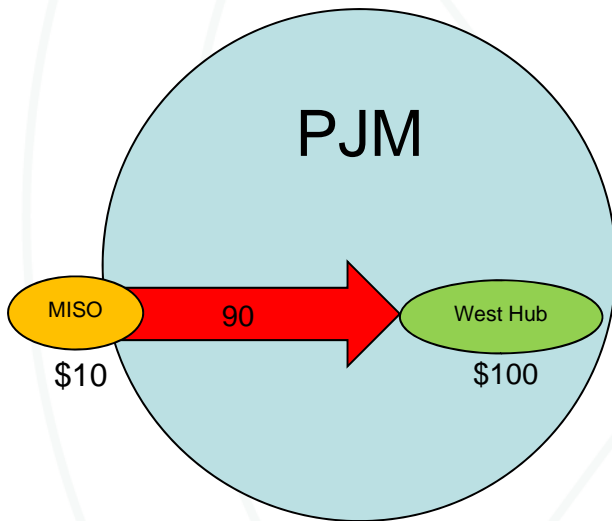
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Explicit Congestion

Example:

Bilateral agreement to sell from the Western Hub:

- Receive $100 for delivery to Western Hub
- Pay $90 for Congestion (Sink ($100) – Source ($10))
- Injection at WHUB = Withdrawal from WHUB
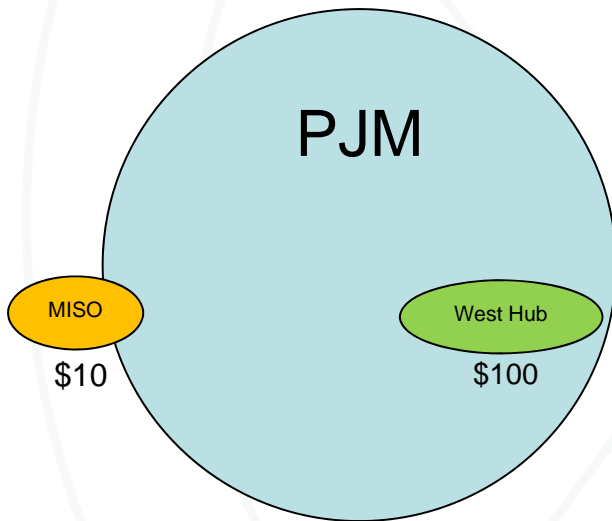- Net = $10 (the import pricing point LMP)

PJM

MISO

90

West Hub

$10

$100

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Implicit Congestion

Example:

Bilateral agreement to sell from the Western Hub:

- Receive $10 for delivery to MISO Interface
- Settlement:
    - Bought at WHUB, pay $100
    - Sell at WHUB, receive $100
- Net = $10

PJM

MISO

$10

West Hub

$100

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Voting Options

- **Option 1:** * MMU Recommendation
  - **Charge congestion for intervals while loaded**
  - **Require source and sink for real-time external transactions to be submitted only at PJM interfaces**
- **Option 2: Eliminate NPC product**
  - **Market participants have the means to monitor and curtail their own transactions in a timely manner**
- **Option 3: Charge congestion for intervals while loaded**
  - **EES is now optimized to limit the intervals**
- **Option 4: Require source and sink for real-time external transactions to be submitted only at PJM interfaces**
  - **No effect on settlements as congestion moves from explicit to implicit**

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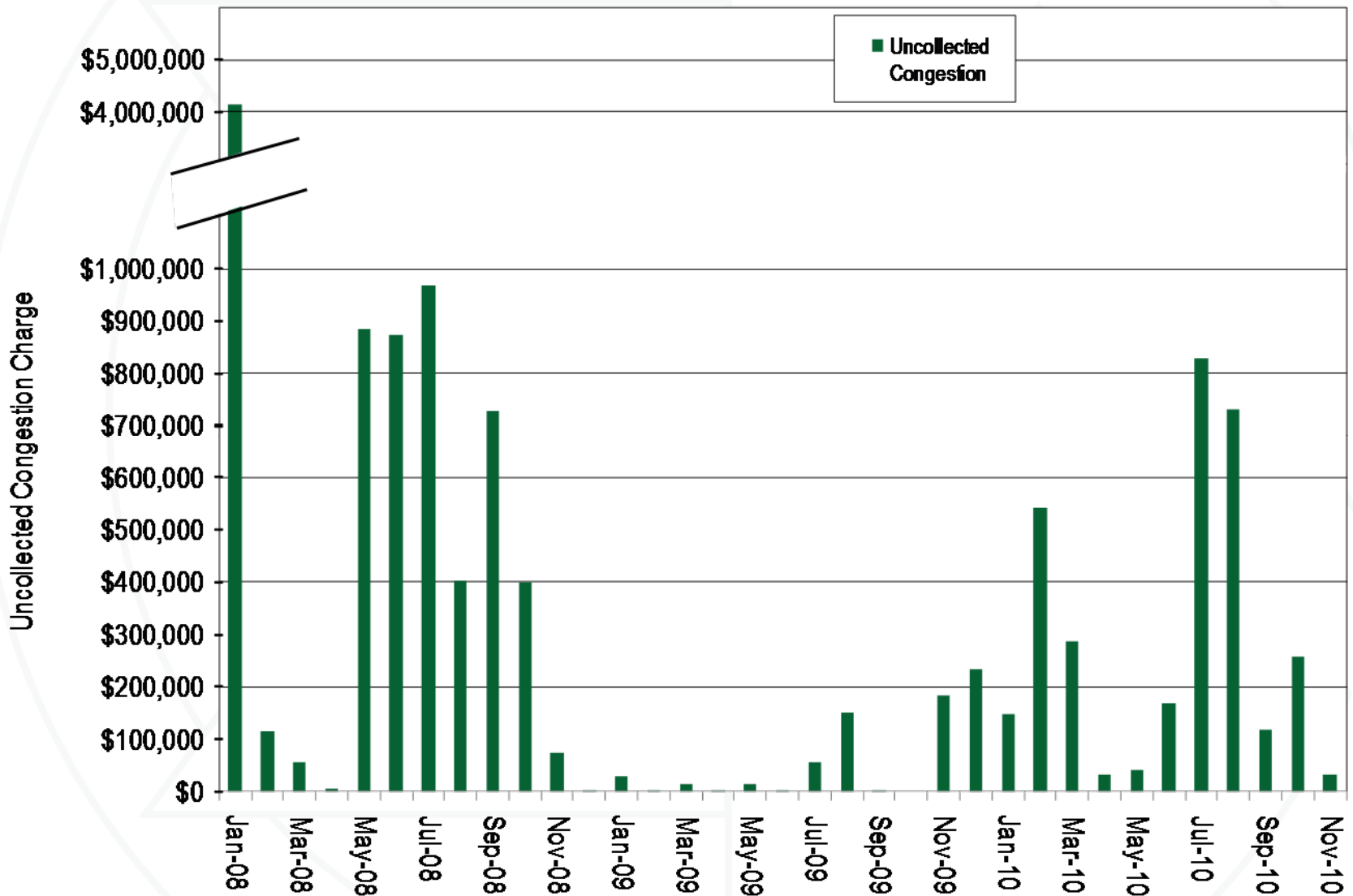
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Reference Slides

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Uncollected Congestion Charges

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Discussion

- **Recent EES Modifications – September 2010**
  - **Analyzes transaction with 20 minutes notice to determine if congestion is present.**
    - **If so, the transaction is curtailed prior to start**
    - **If not, the transaction is loaded**
  - **Real-Time monitoring for congestion**
    - **If congestion occurs, the transaction is curtailed at next interval**
    - **Congestion charges are not paid for this period that the transaction is loaded**
    - **If no congestion occurs, the transaction continues to flow**

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