Not Willing to Pay Congestion Transactions

MIC

April 12, 2011

Joseph Bowring

John Dadourian

Monitoring Analytics

Issues

- **From January 1, 2008, through December 31, 2010, Not Willing to Pay Congestion (NPC) transactions have accrued $12.7 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.**

Monitoring Analytics

Approved Solution from MIC

- **Require source and sink for real-time external transactions to be submitted only at PJM interfaces**
  - **Addresses import and export transactions**
  - **Addresses majority of issues regardless of FERC acceptance of tariff changes to charge for congestion under NPC transmission**
- **Charge congestion for intervals while loaded**
  - **Addresses wheeling transactions**

Monitoring Analytics

Implementation Options

- **Monitoring Analytics and PJM worked together to determine the business rules necessary to implement the approved solution. Three possible business rule solutions are:**
  - **Eliminate Internal Buses for Fixed and Dispatchable Day-Ahead Market Transactions**
  - **Keep Internal Buses for Fixed and Dispatchable Day-Ahead Market Transactions**
    - Require separate transmission reservations for the Day-Ahead and Real-Time Markets; or
    - Make tool modifications to allow downstream tools to see the appropriate data

Monitoring Analytics

Implementation Options

- **Eliminate Internal Buses for Fixed and Dispatchable Day-Ahead Transactions**
  - **Easiest and fastest implementation**
  - **No effect on Day-Ahead unit commitment or dispatch as they are already modeled at the interface**
  - **Allows for consistency between Day-Ahead and Real-Time Market transmission reservations**
  - **Only requires data changes on OASIS, no other tools would need to be modified**
  - **Not proposing to eliminate internal nodes for Up-To Congestion transactions**

Monitoring Analytics

Implementation Options

- **Keep Internal Buses for Fixed and Dispatchable Day-Ahead Transactions**
  - **Require separate transmission reservations for the Day-Ahead and Real-Time Markets**
    - Day-Ahead reservation with internal buses and Real-Time reservation without internal buses
    - Requires separate products to be created on the OASIS
    - Requires two reservations, and two charges
    - Affects on ATC for reserving DA transmission
  - **Make tool modifications to allow downstream tools to see the appropriate data**
    - EES
    - eMKT
    - Market Settlements

Monitoring Analytics

Recommendation

- **Both PJM and Monitoring Analytics have reviewed the potential business rules, and believe that eliminating internal buses from fixed and dispatchable transactions in the Day-Ahead Market is the best approach.**

Monitoring Analytics

Effects of Eliminating Internal Sources and Sinks

Product	NPC Eligible	Affects of Eliminating Internal Sources and Sinks
Real-Time:		
"Normal" Transactions Dispatchable Transactions	Yes	No affect on congestion charges, only moves charges from explicit to implicit billing line item
Day-Ahead:		
Fixed Transaction		No affect on the Day-Ahead Market evaluation (treated as injection/withdrawal at border)
Dispatchable Transactions	No	No affect on congestion charges, only moves charges from explicit to implicit billing line item
Up-to Congestion Transactions		NOT PROPOSING TO ELIMINATE INTERNAL SOURCES AND SINKS FOR UP-TO CONGESTION TRANSACTIONS

Monitoring Analytics

Next Steps

- **To implement elimination of internal sources and sinks**
  - **Obtain endorsement from MIC – April 12**
  - **Obtain endorsement from MRC – April 27th**
  - **Modify OASIS to reflect interfaces only – 2Q 2011**
- **To implement the charge for congestion during intervals while loaded**
  - **Obtain endorsement from MIC – Done in January**
  - **Obtain endorsement from MRC – April 27th**
  - **Determine Tariff modifications**
  - **Obtain endorsement from MC – May 19th**
  - **File Tariff changes with FERC**

Endorsement

- **The MIC has only approved the elimination of internal buses for Real-Time Market transactions, and thus must approve the recommendation to extend this rule to the Day-Ahead Market (for fixed and dispatchable only) in order to implement.**

Monitoring Analytics

Monitoring Analytics, LLC

2621 Van Buren Avenue

Suite 160

Eagleville, PA

19403

(610) 271-8050

MA@monitoringanalytics.com

www.MonitoringAnalytics.com

Monitoring Analytics