

Congestion Management Process AEP's Views

PJM/MISO CMP Workshop

June 24, 2004

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Section 6.1.1

“...each party agrees to respect the other Party's determination of AFC/ATC and the calculation of firmness for real-time operations applicable to each Party's CFs. Additionally, each party agrees to respect the Allocation defined by the Reciprocal Allocation Process set forth in Section 6 of the Congestion Management Process”

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Executive Summary

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....”PJM and MISO have agreed to implement a Reciprocal Coordination Agreement beginning when PJM integrates Commonwealth Edison into its market. MISO will begin reciprocation with PJM at that time with regard to Flowgate Allocation and AFC Coordination:...”

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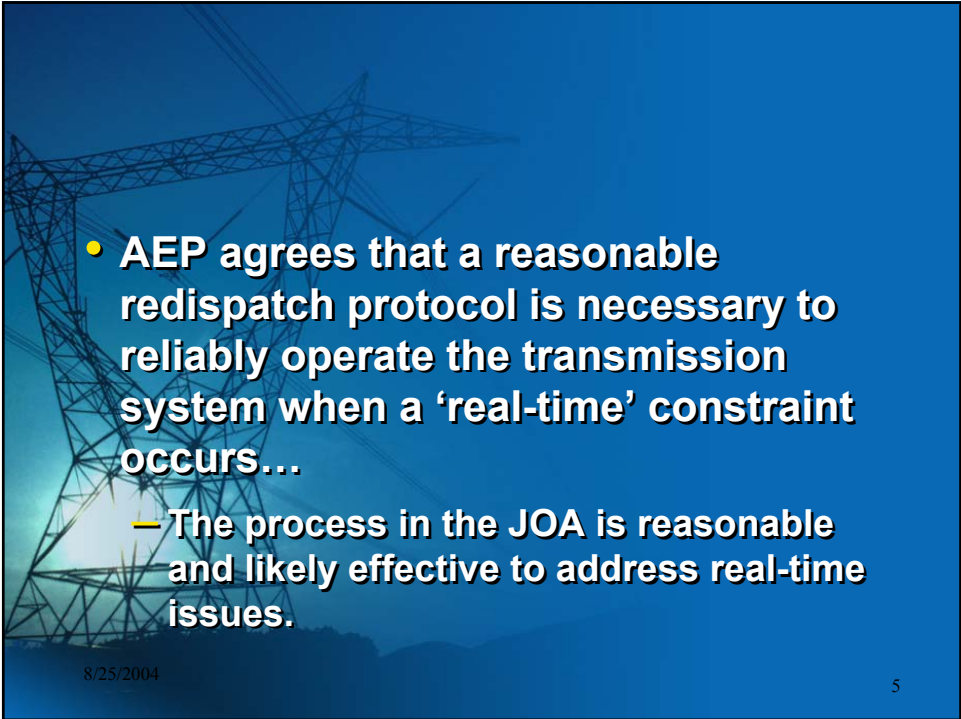
Real Time Operations

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“When the real-time actual or projected flows exceed these Firm Gen-to-Load Flow values on a Flowgate and the Reliability Coordinator who has the responsibility for that flowgate has declared a TLR 3a or higher, the Market-based Operating Entity will redispatch its system to the amount required by the IDC.” “could be required to redispatch the full amount of economic dispatch over Firm Gen-to-Load Limit.”

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- **AEP agrees that a reasonable redispatch protocol is necessary to reliably operate the transmission system when a 'real-time' constraint occurs...**
 - **The process in the JOA is reasonable and likely effective to address real-time issues.**

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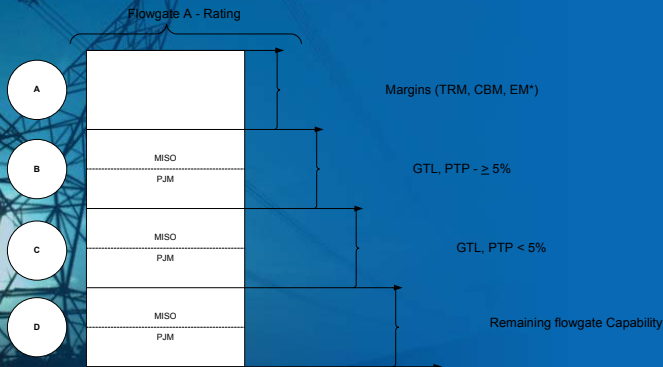
But the JOA requires for future time periods more than AFC Coordination!

- **AFC process will have two components**
 - **Reciprocal Allocation Check – verifies entities are staying within their allocation limits**
 - **Reliability Check – verifies system is not being oversold**
- **The AFC process will use the lowest of these two numbers**
- **If Reciprocal Allocation Check is lower, then entity will be bound to their share**
- **If Reliability Check is lower, entity will be bound to reliability limits**

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Both PJM and MISO must reduce 'their' AFC on a Flowgate to their "Allocated" value whenever their Allocation is less than the calculated AFC



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Allocation Process

- **Three Steps**
 - **A. Impacts Greater Than/Equal To 5%**
 - All entities are granted a share of the flowgate equivalent to their flows based on impacts of 5% or greater
 - **B. Impacts Less Than 5%**
 - If, after step A, there is still unclaimed flowgate capability, Reciprocal entities are granted a pro rata share (based on their <5% impacts) of that capability up to the sum of their <5% impacts
 - **C. Additional Flowgate Capability**
 - If, after step B, there is still unclaimed flowgate capability, Reciprocal Entities are granted a pro rata share (based on their historic impacts) of that capability.

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Allocation Characteristics – AEP's Perspective

- Allocation in the 'real-time' and near 'real-time'
 - Provides a mechanism to address real-time operating challenges to reliability
 - Calculation and assumptions are arbitrary, but should provide sufficient tools to address real time congestion
 - RTOs should be watchful for any possibility of 'phantom congestion'

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Allocation Characteristics – AEP's Perspective

- However, "Allocation" continues through the entire AFC posting horizon, for no obvious benefit!
 - Allocation is Counter to "Open Access"
 - Under the current provisions of the JOA, neither PJM or MISO can grant TS on CRFs using any AFC greater than the amount "Allocated" to the selling party
 - Allocation does not encourage full use of the existing transmission facilities
 - A rigorous AFC Coordination Progress is sufficient to address 'overselling' the system rendering "Allocation" in the ATC process counter to a competitive marketplace

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Allocation Characteristics – AEP's Perspective

(Spreadsheet Provided by PJM/MISO on 6/8/04)

- **Example:**
 - Flowgate 2288 Burnham-Sheffield for outage of Dumont- Wilton Center for September 2005
 - Flowgate Capability: 1195 MW
 - AFC: 1098 MW
 - MISO Allocation: 484 MW
- MISO's Gen-to-Load plus P-t-P uses cannot exceed 484 MW despite the fact that there is nearly 1100 MW of AFC on the flowgate!!

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Allocation Characteristics – AEP's Perspective

(Spreadsheet Provided by PJM/MISO on 6/8/04)

- **Example:**
 - Flowgate 2014 Olive – University Park 345 kV for January 2005
 - Flowgate Capability: 1001 MW
 - AFC: 1060 MW
 - MISO Allocation: 287 MW
 - PJM Allocation: 365 MW
- MISO's Gen-to-Load plus P-t-P uses cannot exceed 287 MW and PJM's Gen-to-Load plus P-t-P cannot exceed 365 MW despite the fact that there is nearly 1100 MW of AFC on the flowgate!!

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Allocation Characteristics – AEP's Perspective

- Questions the JOA does not address:
 - If either MISO or PJM has a monthly TSR (i.e. January) under consideration and there is sufficient AFC to accept but exceeds the "Allocation" is the TSR denied?
 - Does the answer change if the TSR is multiyear beginning in 2006? How does the 'selling' RTO 'get back' the unused capacity ('Allocation') of the other RTO?

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Allocation Characteristics – AEP's Perspective

- Questions the JOA does not address:
 - Since the posted AFC is to be the lesser of the 'Allocated' Value and the Calculated AFC, why does the Allocation process subtract TRM and CBM before the Allocation shares are calculated? Result is less transmission capacity for transactions!!

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Allocation Characteristics – AEP's Perspective

- **Summary**

- Allocation for the real-time and near real time is necessary and beneficial to reliable operation
- Allocation beyond the operating period is:
 - Unnecessary (What problem is being addressed?)
 - Counter to Open-Access
 - Does not resolve a 'seams' issue
 - Does not ensure full utilization of the available transmission capacity
 - Opens the possibility of gaming; artificial congestion

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Allocation Characteristics – AEP's Perspective

- **Recommendation: Eliminate Flowgate Allocation beyond current Operating horizon**

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