



# **FREEZE DATE PROJECT UPDATE**

## Joint and Common Market

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# Introduction

## *Purpose:*

Provide an understand of the CMPWG proposal and MISO's Counter proposal

## Key Takeaways:

- Since the February JCM meeting, the CMPWG market entities have focused on principles of Freeze Date
- Minor bug fixes in tooling

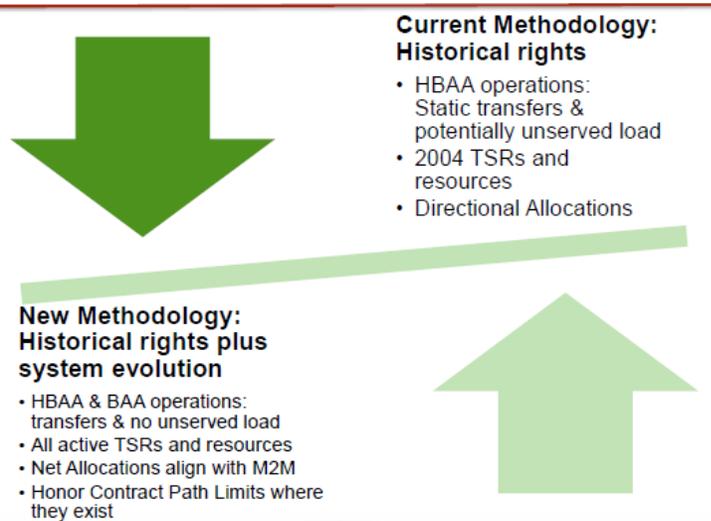
# Freeze Date

- Freeze Date (April 1, 2004) is used as mechanism to determine firm rights on flowgates based on pre-market firm flows.
- Designated Network Resources (DNR) existed by Freeze Date are assigned with higher priority.
- Transmission Service Reservation existed by Freeze Date are assigned with higher priority.
- Firm transfers between HBAAAs are “Frozen”.

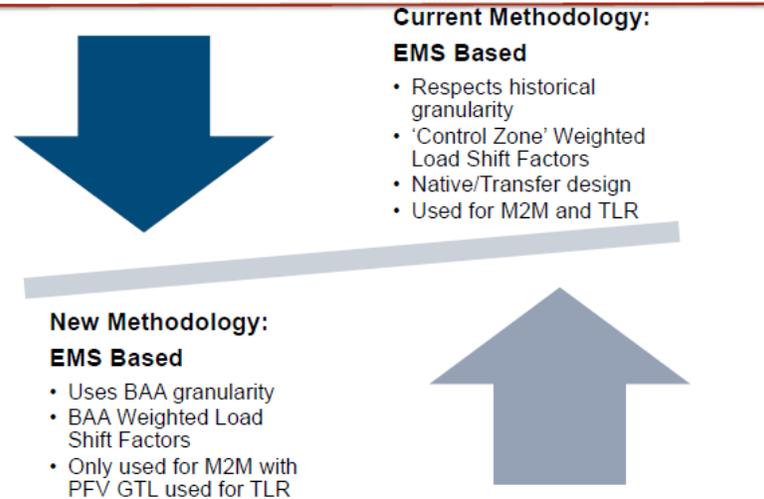
# CMP Proposal

- Better recognize transmission system upgrades and cost-shared transmission investments and joint planning operational practices.
- Future impact calculation uses an RTO-based construct instead of HBAA (Historical LBA) based construct

## FFE – Summary Changes



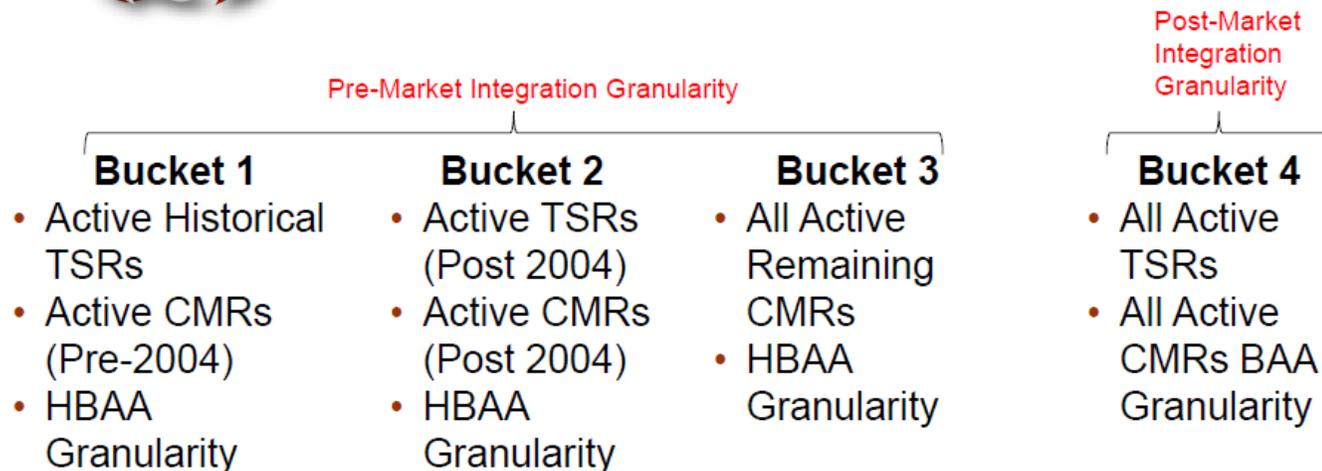
## Market Flow – Summary Changes



# CMP Proposal (cont'd)

- Bucket 1-3 are introduced for HBAA-construct NNL Impact Calculation
- Bucket 4 is introduced for RTO-based NNL Impact Calculation
  - PJM/MISO uses RTO based dispatch due to RTO used in Planning process
  - SWPP uses LBA based dispatch due to TSR used in Planning process

## Impact Granularity & Resource Inclusion



# CMP Proposal (cont'd)

- Prevailing Bucket 4 (PB4) is designated to represent the difference between the summation of B1-3 and B4 net values.
  - When net PB4 is negative, it indicates the B4 is less than  $\text{Sum}(B1, B2, B3)$ , carving out the historical LBA impacts.
- Current CMP proposal utilizes an 8-year transition mechanism to gradually phase-out Bucket 3 and phase-in Bucket 4 entirely.

Phase	Years	B3 Retirement	Negative Net PB4 Flooring	Net PB4 Capping
1	Year 0 – Year 3	0%	100%	Yes
2	Year 4 – Year 7	50%	50%	Yes
3	Year 8 and beyond	100%	0%	No

# MISO's IMM

- MISO's IMM intervened and stated their concerns
  - Revisions needed to better recognize system changes, investments, planning, and operational practices
  - FFEs are economic priority rights that affect settlements between RTOs, but FFE allocations should not impede efficient utilization of transmission under the JOA
  - Economic property rights - those that have paid for the facilities should receive the priority in the allocation of the rights.
- Principle of Equity
  - ❑ Historical Firm Flow Rights should not be impaired by the RTO-based construct allocated rights
    - Historical LBA dispatch rights in Bucket 1-3 should not be reduced by RTO dispatch rights in Bucket 4.

# MISO Counterproposal

- ❑ Floor Negative Net PB4 Perpetually
  - ❖ Historical LBA firm rights should be ensured to attain equity for FD investment
  - ❖ RTO dispatch construct should not reduce Historical LBA firm rights
  - ❖ PB4 should only be used to allocate excess capacity after completing LBA Total Impact portion of the allocation
- ❑ Retain B3 Perpetually
  - ❖ LBA transfers are required to serve HBAA loads with deficient generation
  - ❖ PB4 cannot provide LBA transfers in place of B3 due to flooring
  - ❖ If B3 is eliminated, partial PB4 will have to serve LBA load besides B1/B2 thus PB4 is no longer a process to divide-up excess capacity when more allocation is needed by RTO-wide economic dispatch
- ❑ Remove PB4 Capping
  - ❖ PB4 Capping can shift allocation from NMRTO to Owner
  - ❖ Allocation Curtailment will eventually avoid overallocation scenario making PB4 Capping unnecessary

# Next Steps

## Firm Flow Entitlements (FFE)

- Finalize Tariff revisions
- Update timeline
- Communicate with stakeholders
- Finalize detailed specifications for vendor

# Potential Revised FFE Timeline

Task	Description	Anticipated Date	Status
1	CMPC to vote on counterproposal	End Q3 2023	★
2	Finalize Whitepaper for FFE*	Ongoing	★
3	Re-Engage OATI for cost and time estimates	Ongoing	★
4	Communication and feedback with stakeholders	Ongoing	★
5	Finalize CMP Language	Q4 2023	★
6	Restart FFL discussions	Q3 2023	★
7	FERC Prefiling Meetings (met in April 2021 and will need additional meeting to provide updates since first meeting)	Partially complete/ Q4 2023	★
8	FERC Filing	Q4 2023	★
9	Start Development and Testing	Q4 2023	★
10	Implementation	Q2 2025	★

Note: FFL design and implementation details are unknown and cannot be estimated at this time

\*Additional changes pending completed mock analysis & CMPWG consensus on solution

# Contacts

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