NYISO/PJM Congestion Management Process Overview of Concept Discussions

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Outline of Today's Presentation

- NYISO Efforts to Date
- Concept Overview
- Process Overview
- Key Considerations
- Next Steps

NYISO Efforts to Date

The NYISO has been working with PJM to determine if there is a Congestion Management Process (CMP) concept that is feasible to allow coordination of re-dispatch to address transmission constraints between the two control areas.

Concept Overview

A Congestion Management Process (CMP) is based on the following ideas:

- For certain transmission constraints under certain circumstances, the redispatch of generators within a neighboring control area may address transmission constraints more effectively than the redispatch of generators or other control action within the monitoring control area.
- Leveraging the security-constrained economic dispatch models of both control areas to solve transmission constraints provides opportunities to decrease the overall production costs of both systems.

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Concept Overview cont.

- The transmission constraints that can be significantly impacted by generation shifts in the neighboring control area would be eligible for coordination as part of a pre-determined list agreed to by both control areas.
- The coordination of scheduled interchange is not included as part of CMP.
- The control areas would compensate one another for the redispatch provided.

Process Overview - Example

1. In real time operations, a NYCA transmission constraint develops that is part of a predetermined set eligible for coordination with PJM.
2. NYISO Operators decide to request coordination with PJM.
3. NYISO provides the transmission constraint, shadow price limit ($/MW), and the amount of relief (MW) requested.

Process Overview – Example Cont.

4. PJM determines that they can provide congestion relief for less than the shadow price limit by completing a system redispatch.
5. As the relief provided by PJM is realized, NYISO sees reduced congestion and shadow costs on the transmission group.
6. Iterative process until NYISO or PJM choose to cease coordination.
7. NYISO compensates PJM for costs incurred during redispatch.

Key Considerations

The following points are being carefully considered as part of the straw man development:

- Technical Feasibility – Ensure that process can be integrated with existing commitment, dispatch and settlement software.
- Economics – Validity of overall concept with respect to price convergence and minimizing regional production costs.
- Proposal Analysis – Evaluate process impact on NYISO stakeholders (Possible reduction of PJM TLRs, opportunities for coordination)
- Transmission Usage Rights – Intend to avoid concept of historical usage rights (that NY has the right to a certain percentage of PJM's transmission system and vice versa).

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Key Considerations cont.

- Market Differences – Understand the impact of PJM and NYISO market differences on potential design (ex: ex post pricing in PJM vs. ex ante pricing in NY).
- Cost Recovery – Identify the appropriate cost recovery mechanism.
- Impact on Market Solution – Impact of redispatch on market outcomes (LBMP).
- Operating Agreements – Existing Operating Agreements remain in place
- Seams issues
- Tariff modifications required
- Interaction with TCCs/FTRs

Next Steps

- Continuing discussions with PJM to develop straw proposal
- Identify opportunities for coordination
- Analysis of proposal
- Bring forward for Stakeholder consideration
- Establish project priority

Questions?