

OMS/SPP-RSC Seams Liaison Committee
DRAFT Recommendation Discussion Document
September 14, 2020

After receiving all the market monitor reports and hearing from stakeholders, the SLC leadership has identified four buckets of possible recommendations the SLC could make.

I. Actionable Market Monitor Analysis Items

- A. **Market-to-Market (M2M)** - The MM report identified several changes that could yield > \$30 M in benefits annually, noting that many changes are incremental and nature and only require coordination between the RTOs.
1. The SLC could endorse all or a combination of the market monitor recommendations in the M2M report and request the RTOs present an implementation timeline, including any ongoing, related initiatives and estimates for feasible implementation dates.
 - (a) The RTOs should introduce a test based on the available flow relief that the Non-Monitoring RTO can provide as a replacement for its current five percent shift factor test. *(SPP recommended prioritizing this, but MISO indicated it would be challenging and take several years to implement.)*
 - (b) The RTOs should base relief requests on the marginal costs of providing relief and an automated means to control for constraint “oscillations” or “power swings” and make incremental improvements in the short term to achieve this. *(It is unclear where each RTO stands on this recommendation.)*
 - (c) The RTOs should improve the automation and procedures related to the testing and activation components of the M2M process. *(MISO agrees this should be pursued, and has a project expected 2022.)*
 - (d) SPP should improve its modeling of MISO’s M2M constraints, particularly those that have recently bound or are expected to bind in MISO’s real-time market. *(It is unclear where each RTO stands on this recommendation.)*
 - (e) MISO should reduce or eliminate its generator shift factor for low-voltage constraints and M2M constraints. *(MISO has agreed to evaluate. It is unclear where SPP stands on this recommendation.)*
 2. The SLC could request a Market Monitor response to the RTO claim that “Other M2M recommendations [are] significant undertaking.”
- B. **Coordinated Transaction Scheduling (CTS)** - The market monitor report identified benefits of \$9.4-\$11.2 M per year, but observed they are difficult to capture given current barriers to transactions. Further, upfront implementation costs are approximately \$6-\$10 M. CTS is currently ranked as “low priority” in

the MISO Integrated Roadmap process and MISO has recommended a holistic cost/benefit analysis before implementing.

1. Recommend RTOs work to improve price forecasts so that they are able to clear closer to real-time.
2. Recommend removal of fees from CTS transactions.
3. Recommend that the RTOs modify assumed ramp constraints so that they are based on actual system ramp capabilities.

C. **Interface Pricing Improvements** - The market monitor analysis viewed the current interface pricing mechanism positively but noted a flaw in how congestion is charged. This item is also working its way through a FERC process where two parties have filed complaints related to the double charging of congestion.

1. Recommend the RTOs each modify their interface prices to only include congestion on the constraints they monitor.
2. Request additional information on lack of locational aspects of interface pricing (*multiple stakeholders requested this*).

II. Market Monitor Analysis Items that need additional study

A. **Rate Pancaking** - The market monitor reports had no recommendations related to rate pancaking because the analysis focused on real-time transactions, where both RTOs already offer heavily discounted transmission service. Stakeholders and several SLC members suggested that analyzing how transmission charges connected to day-ahead, or longer-term transactions would be more relevant.

1. Request an analysis of costs to procure long-term transmission service across the seam. (This would likely include a survey of market participants or data request from RTOs)
2. Inventory different types of rate pancaking issues that exist, including transmission service and capacity market impacts.
 - (a) Network service for load on seam.
 - (b) Generation located outside of RTO where load is served
 - (c) Loop flow caused by interregional projects
 - (d) Better understanding of capacity benefits from reduced transmission pancaking.
3. Analyze currently underutilized transmission along the seam to assess opportunities for increased transactions.

B. **Joint Dispatch** - The market monitor report identified very little benefit from

joint dispatch, surprising many stakeholders. The monitors responded that the incremental benefits of dispatching two systems that are already optimized separately yields little incremental production cost benefits. However, the Market Monitors did not analyze other benefits, such as reliability, reduced unit cycling, or reduced reserve margins.

1. The Market Monitors did not provide any recommendations here.
2. The SLC could evaluate the desire for further analysis on the benefits from joint dispatch.

III. Planning Topics

- A. **Interregional Planning** - Several stakeholders, including SPP, suggested that the SLC should focus on recommending action related to longer-term interregional transmission planning. Stakeholders suggested that SPP's upcoming 20-year planning process should be coordinated with MISO Long-Range Transmission Planning efforts.

The SLC could make a recommendation that the OMS and SPP-RSC formally endorse a joint planning effort by the two RTOs.

- B. **Targeted Market Efficiency Projects (TMEPs)** - This issue was originally put in the parking lot of the market monitor analysis. Several stakeholders suggested that a TMEP process similar to the one in place between MISO and PJM be utilized in the context of the Market-to-Market discussions.

The SLC could recommend that MISO and SPP begin working on a TMEP process in their respective stakeholder processes.

IV. Affected Systems Studies

- A. **FERC Compliance** - MISO and SPP recently filed a request for rehearing on a FERC directive to align models. ER20-938, ER20-940, ER20-941, ER20-943.
- B. **Beyond current FERC directive** - Some stakeholders have advised that MISO and SPP attempt to plan network upgrades that solve interconnection issues on both sides of the seam. Stakeholders have also suggested that the RTOs need to increase consistency in their modeling in order to reduce study times.