Harvard Electricity Policy Group

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Midwest ISO Service Territory

Scope (with SPP)
150 GW peak load
144,000+ miles of transmission lines
20.9 million customers
The Joint and Common Market

- 277 GW peak load
- 300 GW generating capacity
- 186,500 miles of transmission lines
- More than 300 members and 45 million customers
- More than 1.5 million square miles of service territory

Standard Market Design

- Midwest ISO is still developing its positions
- Will provide its comments to stakeholders in mid-October
- Numerous stakeholder meetings already held to solicit input and debate
Standard Market Design

• Positives:
  – Policy goal to develop efficient spot markets
  – Consistent with MISO straw proposal and stakeholder desires
  – Day-ahead and real-time markets for energy
  – Use of FTR’s (now CRRs)

• Areas for Improvement:
  – Aggressive implementation timeframe
  – Ancillary services spot market
  – Elimination of “through and out” rates – strongly support the concept
  – Participant funding – cost causers-beneficiaries should pay
Comments

• Implementation
  – NOPR 018 – September 30, 2004
  – Comment – Need staged implementation of functions to ensure reliability because of large market, number of Control Areas, and new software implementation

• CRRs and Curtailment
  – NOPR 159, 160, 260, II.B.9.2-3, 5 – Transactions without CRRs curtailed first, penalties if not curtailed
  – Comment – Not needed, market provides value based curtailment. Tracking in operations problematic.
  – CMWG – Need some protection for load pockets when not all loads provide resources within pocket.
Comments

• Parallel Flow Pricing
  – NOPR 190, II.B.7 – Seeking comments
  – Comment – All Parallel Flow should be compensated for, Standard Method desired, based on the cost causation methodology

Comments

• Ancillary Services Market
  – NOPR 233, 257, 284-297, etc. – Required for Regulation and Operating Reserves in DAM and RTM
  – Comment – Implementation delayed until well detailed, specified, and software available.
Comments

• Multi-Hour Block Bid
  – NOPR 259 – Allow in DAM
  – Comment – Not implemented in any market, implement when stakeholder agree and can be detailed, specified, and software available.

• Multi-day Scheduling
  – NOPR 263 – Seeking comments
  – Comment – Provide when can be implemented

Comments

• Inter ITP/RTO Scheduling
  – NOPR 264-266 – Physical or Financial?
  – Comment – Physical with non-SMD seams, Financial when across SMD seams

• Losses
  – NOPR 267-268 – Marginal vs Average?, Losses in kind
  – Comment – Marginal losses using loss factors in the dispatch. Losses in kind if can be detailed, specified, settled, and implemented
  – CMWG – Use loss factors not penalty factors, How are overcollection of losses handled?
Comments

• Demand Bidding
  – NOPR 272, 276, I.A.9.3 – Demand Bidding in DAM and RTM
  – Comment – Will be provided in SCUC, if meet all requirements that other resources must meet including market mitigation and monitoring.

Comments

• Compensation for creating ATC
  – NOPR 283 – Creation of ATC by reactive output of generators, other reactive sources, How compensated?
  – Comment – Not initially but when detailed, specified, and can be implemented, this could be accomplished by allowing CRRs for reactive and other sources.

• Exports and Ancillaries
  – NOPR 296 – Do exports get charged for ancillaries
  – Comment – Yes, for operating reserves and voltage support, for transactions not curtailed for loss of resources
Comments

• Pre-day ahead auction for energy and ancillary services.
  – NOPR 254, 255 – Optional with CRR auctions
  – Comment – Implemented after SMD in order to determine the best timeframes for the auctions.
  – CMWG – Concern with multiple settlement systems.

Comments

• Transition to Auction
  – NOPR – Expects CRRs will convert to ARRs after a transition period of up to four years.
  – Comments - Supports move to the auction
Comments

• Load Growth
  – NOPR 42, 376 - No preference for future load growth. Seek comment under what circumstances load growth would be in the direct allocation of [CRRs].
  – Comments – Initial allocation of CRRs adjusted annually for load growth.
  – TRTF – Considered above.

Comments

• Term of CRR Auctions
  – NOPR II.D.7.2, II.D.2, 380 – Hold CRR auctions no less frequently than once per month. Offered with terms of 1 year, 6 months and 1 month. After two years CRRs should be offered with terms of 10 year, 5 years, 1 year, 6 months and 1 month. Regions will have flexibility in setting the initial terms.
  – Comments – Can be accommodated as long as less term than next annual allocation.
  – TRTF – No major comments