

OMS Markets and Tariffs Work Group Report for OMS 2010 Annual Meeting

Looking Back

The Markets and Tariffs Work Group (M&TWG) continued its concentration on market design and value via its attention to various Midwest ISO's (MISO's) market design changes, market monitoring, and measuring market competitiveness. Specifically, M&TWG concentrated on ASM price spikes, Convex Hull Pricing (CHP) and Extended Locational Marginal Pricing (ELMP) meetings and workshops, operating reserves zonal cost allocation cost study and methodology, Look Ahead Commitment Tool info, MISO/PJM market to market flow error resolution and distribution allocation meetings, Wind Integration Initiative meetings including proposals such as Dispatchable Intermittent Resources proposal, and two FERC proposed rulemaking proceedings, one on credit reforms and the other on RTO/ISO Performance Metrics. The M&TWG also participated in OMS conference calls with MISO's independent market monitor, which changed from quarterly to monthly calls in March.

The M&TWG recommended positions to the OMS Board, participated in various MISO subcommittee and working group meetings, and provided summaries and status reports to the Board and work group.

Bill Bokram (MI) and Christine Ericson (IL) served as Co-Chairs during 2009-2010. The group has about fifty members. The items in this report would not have been possible without the tireless leadership and contributions to discussions and comments of those from every OMS state.

Looking Ahead

The M&TWG expects to see further market design proposals from the Midwest ISO in the year to come. We expect to continue to review such proposals and recommend OMS positions and comments to MISO and FERC on further changes to all of the MISO's markets as well as further improvements in market monitoring and mitigation. In particular, we expect to see a MISO filing at FERC in January 2011 on its Extended Locational Marginal Pricing (ELMP) proposal that it is currently developing in its stakeholder process.

The M&TWG is likely to sponsor additional training sessions for OMS on market-related subjects. MISO and stakeholder proposals to develop or refine market initiatives are vetted and discussed at MISO Market Subcommittee (MSC) monthly meetings and at the meetings of the various MISO work groups that report to the MSC. M&TWG members will continue to participate at MSC and related MISO working group and task force meetings and also participate in OMS conference calls with MISO's independent market monitor.

The M&TWG may also work with other OMS work groups to review and comment on items that include market design and market monitoring issues.

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Actions since October 2009

October

- Shared memo (10/14) from MISO independent market monitor (IMM) Dr David Patton that describes in additional detail the calculation and results of the “price-cost mark-up” metric that the group had questions about in a prior IMM/OMS call regarding the State of the Market report.
- Shared report from IMM (10/7) regarding quarterly report of applicable threshold for economic withholding in ASM docket ER07-1372.
- Sent a letter to Dr. David Patton (10/27, after OMS Board approval 10/8) regarding third quarterly report to FERC (filed 10/7) on the applicable threshold for economic withholding in ASM docket ER07-1372. The letter recommended continued reporting of conduct results using various adders for regulation and spinning reserve products.
- Conference call (10/21) to address a concern regarding Long Term Transmission Rights (LTTR) with a utility that is planning a new power plant.

November

- Reported to the OMS Board (11/12) regarding LTTR issue that merits attention and monitoring.

December

- Shared report from IMM (12/1) regarding quarterly report of applicable threshold for economic withholding in MISO’s ASM docket ER07-1372 and the IMM agreement with OMS letter.

January 2009

- Shared summary (1/19) of findings of Min Gen WG that later lead to MISO’s Wind Integration Initiative.

February

- Update on MISO Convex Hull Workshop from 2/2 MSC meeting.
- Conference call (2/5) with certain MISO MPs to discuss their concerns regarding recent price spikes in MISO’s real-time ancillary services markets. Provided report and recommendation to OMS Board (2/11) regarding recent real-time price spikes.
- Conference call (2/19) to discuss potential draft comments on FERC’s 1/21 notice of inquiry regarding integrating variable energy resources into the power grid. OMS did not submit comments.
- Conference call (2/25) regarding comments on FERC’s proposed rules for Credit Reform in Organized Electric Markets (RM10-13-000). Comments submitted to OMS Board for vote on 3/11, filed 3/16.
<http://www.misostates.org/OMSCommentsCreditReformNOPR100316FINAL.pdf>

March

- MISO Market Subcommittee (MSC) requests an analysis (via motion approved 3/2) by the IMM of the causes of recent real-time price spikes and addressing concerns.
- Monthly OMS conference calls start (3/24) with MISO’s IMM for all OMS work groups.
- Shared update (3/25) regarding MISO/PJM market-to-market errors and potential voting at 3/31 MSC meeting.
- Shared summary (3/26) regarding results of OMS-requested MISO Operating Reserves Cost Allocation Study that was discussed at 3/2 and 3/31 MSC meetings.

April

- Sought input (4/9) regarding OMS comments on MISO ASM zonal cost allocation methodology and shared information (4/30) regarding vote at 5/3 MSC meeting on MISO ASM zonal cost allocation method.

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- Monthly OMS conference call with IMM (4/14)
- Urged work group members (4/20) to vote by 4/30 for MSC leadership.

May

- Shared summary of 5/3 MISO Convex Hull Pricing Workshop 2. Provided report (5/13) to OMS Board on ELMP.
- Monthly OMS conference call with IMM (5/27)

June

- Shared summary (6/1) regarding MISO's FERC filing to refine the allocation of Operating Reserves (ASM) costs ER10-1361-000. Shared summary (6/8) of e-mail discussions and recommended that OMS not comment., with follow-up on 6/9 noting that we ran out of time to submit comments to the OMS Board for a vote on 6/10. OMS intervened without comment on 6/16. <http://www.misostates.org/OMSInterventionASMZONAL100616.pdf>
- Conference call (6/4) refines Mike Proctor presentation on ELMP, presented to OMS Board on 6/10 that includes information presented by MISO up through 5/26 CHP Workshop 3. http://www.misostates.org/M&TWG_OverviewofExtendedLocationalMarginalPricing10June2010.pdf
- Monthly OMS conference call with IMM (6/24)
- Conference call (6/30) to discuss MISO proposed tariff revisions would revise the zonal allocation of the costs of Operating Reserves from the current Grouped Zonal method to the Market Load Ratio Share method.

July

- Conference call (7/7) with MISO to discuss MISO proposed tariff revisions would revise the ASM zonal allocation method.
- Summary (7/8) to WG and OMS Board on 7/1 MISO CHP Workshop 4 and next steps. http://www.misostates.org/2010-07-08_MISO_ELMP_update2OMSBoard.pdf Discussed ELMP with MISO on 7/30.
- Monthly OMS conference call with IMM (7/28)
- Conference call (7/30) with MISO (Paul Gribek) to discuss written responses to M&TWG questions on ELMP sent 6/14.

August

- Shared summary (8/3) regarding 7/30 FERC order rejecting MISO's proposed ASM zonal cost allocation Market Load Ration Share Method.
- Shared MSC motions for ELMP to move forward on design and recommend voting at 8/3 MSC meeting.
- Shared summary (by Mike Proctor) of 8/24 MISO ELMP Task Team meeting.
- Shared summary (8/25) of MISO Look Ahead Commitment Tool and Dispatchable Intermittent Resources proposals and potential vote at next MSC meeting.
- Monthly OMS conference call with IMM (8/25)

September

- Monthly OMS conference call with IMM (9/22)
- Conference call (9/30) to discuss and develop OMS comments on Hot Topic – Adequate Price Signals for October AC meeting.

October

- Shared summary (by Mike Proctor) of 10/4 MISO ELMP Task Team meeting.