



# SIR10 FIRM FLOW ENTITLEMENT EXCHANGE PROCESS

MARKET DESIGN

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the lights on... today and in the future.*



SouthwestPowerPool



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# FIRM FLOW ENTITLEMENT EXCHANGE PROCESS (SPP)

- **Issue Description:**

- A firm flow entitlement exchange (FEE) process between SPP and MISO would aid in the operation and economic efficiency of the Day-Ahead Market and decrease potential financial transmission rights underfunding by reducing unplanned flows in the Real-Time market.
- If implemented, the firm flow entitlements would represent the share of capacity of reciprocally coordinated flowgates between SPP and MISO. Each RTO would have the option to request additional FEE in the Day-Ahead Market and compensate the responding RTO.

- **Potential Benefit:**

- More efficient commitment of resources to manage increased flows which would reduce congestion costs and divergence between Day-Ahead and Real-Time Markets.

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- Potential System Impacts
  - Market Systems.
- Potential MCE Performance Impact
  - Low
- Potential Complexity
  - Design: Medium
  - Implementation: Low

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- Potential Risk
  - Lack of coordination or agreement between RTOs
  - Shift in philosophy for SPP where overwhelming majority of constraint management is physical
- Market Philosophy Impacts:
  - Market efficiency
  - Market reliability
- Example/Research/Analysis Information
  - The joint liaison committee made up of members of the Organization of MISO States and the SPP Regional State Committee (OMS/RSC) requested that this issue be evaluated by joint effort of the SPP and MISO Market Monitors.

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- MMU Comments
- Evaluation of market benefits gained from a process through which SPP and MISO can exchange firm flow entitlement is of interest to the joint liaison committee made up of members of the Organization of MISO States and the SPP Regional State Committee (OMS/RSC). It is on a list of seams issues to be evaluated through a joint effort with the SPP Independent Market Monitor, and Potomac Economics. The SPP MMU supports the evaluation of market benefits gained from SPP and MISO exchanging firm flow entitlements. The MMU would also like to participate with the RTO in any such study, as well as any study supported design efforts.