



SIR12 HITT M1 CONGESTION HEDGING IMPROVEMENTS

MICHA BAILEY

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



SouthwestPowerPool



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- **Issue Description: Purpose**

- The MWG should develop a market design that includes modifications to implement counter-flow optimization that is limited to excess auction revenues

- **Potential Benefit:**

- This initiative should increase the amount of ARR awards in the ARR process. Additionally, it will allow the ARR process to more closely mirror the TSR process where counterflow is included in the calculations for service.

- **Potential System Impacts:**

- IHedge system impacted and training materials

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- **Potential MCE Performance Impact:**
 - N/A
- **Potential Complexity:**
 - Design: High
 - Implementation: High
- **Potential Risk:**
 - Cost shifts between participants
 - Any new process will need to be tested and will require extensive review

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- **Market Philosophy Impacts: Price Formation, Price Convergence, Market Efficiency, Market Transparency, Market Reliability**
 - Market Efficiency, Maybe Price Formation
- **Example/Research/Analysis Information:**
 - Please see MWG materials September 2019 to February 2020

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- **MMU Comments:**
- The MMU sees issues in the current congestion hedging process, and is not opposed to enhancements in the process. The MMU, however, does not support any of the options in their entirety that have been presented and discussed at the MWG as of the submission date of these comments. The MMU's concerns around the current proposed options deal with uncertain impacts to the market relative to the equity to beneficiaries and cost causation in a wide range of potential outcomes.