



SIR5 COORDINATED TRANSACTION SCHEDULING (CTS)

MARKET DESIGN

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



SouthwestPowerPool



SPPorg



southwest-power-pool

SIR 5 COORDINATED TRANSACTION SCHEDULING (SPP)

- **Purpose:**

- The objective of CTS is to coordinate with a neighboring ISO/RTO through a market based solution that allows market participants bid to buy power at the proxy bus in one area and offer to sell at the proxy bus in the other area
- CTS would allow Market Participants to submit bids and offers that will be inputs to the market clearing engine influencing the scheduling of power from one ISO/RTO to the other ISO/RTO rather than trying to predicting when an arbitrage opportunity exists

- **Potential Benefit:**

- Market-to-Market currently optimizes the SPP-MISO seam when there is congestion , but Coordinated Transaction Scheduling (CTS) provides a market mechanism to better align SPP's interchange scheduling with MISO through economics when there is not active congestion
- Implementing CTS would lead to enhanced Net Scheduled Interchange (NSI) predictability, enhanced price convergence between SPP and MISO, and lower production costs in both SPP and MISO

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- **Potential System / Process Impacts**

- API/MUI, Day-Ahead Market, Market-2-Market, Market Clearing Engine Performance, MOI, Unit Commitment, Scheduling, Settlements, Real-Time Market

- **Potential MCE Performance Impact**

- Low

- **Potential Complexity**

- Design: High
- Implementation: High

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- **Potential Risk**

- Requires full participation from MISO to implement
- Arbitrage opportunities between each RTO could lessen over time if properly implemented

- **Market Philosophy Impacts:**

- Price Formation, Price Convergence, Market Efficiency

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- **SPP MMU Comments 2020 – updated comments on next slide**

- As part of a joint study with Potomac Economics on seams issues for the Regional State Committee / Organization of MISO States (RSC/OMS) joint liaison committee, the SPP MMU is currently studying potential market efficiencies that could be gained through coordinated transaction scheduling with the MISO region.
- The MMU supports a study of market impacts and potential market efficiency gains through a coordinated transaction scheduling product.
- MMU support of implementation of coordinated transaction scheduling will be determined by the outcome of the study.
- MMU support of a coordinated transaction scheduling design will be determined by the design elements proposed.
- The MMU would like to participate with the RTO in a study of coordinated transaction scheduling between SPP and MISO, as well as any study supported design effort.

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- **SPP MMU Comments 2021**

- A joint study involving the MMU and MISO's IMM identified benefits to both markets from coordinated transaction scheduling. However those benefits are muted by barriers to participation.
- MMU recommends addressing the following barriers prior to or in conjunction with a coordinated transaction scheduling product.
 - Implement ramp and uncertainty products to minimize price spikes.
 - Address the hurdle rate imposed by transmission and market charges and fees.
 - Accurately reflect actual ramp capacity in interchange transactions.
- MMU sees allocation of transmission fees as a stakeholder issue.
- SPP is in agreement with MMU Comments 2021