

## **35.12 M2M Coordination Processes and Coordinated Transaction Scheduling**

### **35.12.1 M2M Coordination Processes**

The fundamental philosophy of the M2M coordination processes that are set forth in the attached Market-to-Market Coordination Schedule is to allow any transmission constraints that are significantly impacted by generation dispatch changes in both the NYISO and PJM markets or by the operation of the NY-NJ PARs to be jointly managed in the real-time security-constrained economic dispatch models of both Parties. This joint real-time management of transmission constraints near the market borders will provide a more efficient and lower cost transmission congestion management solution and coordinated pricing at the market boundaries.

Under normal system operating conditions, the Parties utilize the M2M coordination processes on defined Flowgates that experience congestion. The goal of redispatch coordination at M2M Redispatch Flowgates and Other Coordinated Flowgates is to utilize the more cost effective generation between the two markets to manage the congestion in accordance with Section 7.1 of the attached Market-to-Market Coordination Schedule. The goal of NY-NJ PAR coordination is to operate the NY-NJ PARs to efficiently manage the congestion in accordance with Section 7.2 of the attached Market-to-Market Coordination Schedule. NY-NJ PAR coordination can occur at any Flowgate and need not be formally invoked by either Party. It is ordinarily in effect.

The M2M coordination process include settlement rules that apply when M2M coordination is occurring.

### **35.12.2 Coordinated Transaction Scheduling**

Coordinated Transaction Scheduling or “CTS” are real time market rules implemented by NYISO and PJM that allow transactions to be scheduled based on a bidder’s willingness to

purchase energy at a source (in the PJM Control Area or the NYISO Control Area) and sell it at a sink (in the other Control Area) if the forecasted price at the sink minus the forecasted price at the corresponding source is greater than or equal to the dollar value specified in the bid.

CTS transactions are ordinarily evaluated on a 15-minute basis consistent with forecasted real-time prices from NYISO's Real-Time Commitment run and the forecasted price information from PJM's Intermediate Term Security Constrained Economic Dispatch solution. Coordinated optimization with CTS improves interregional scheduling efficiency by: (i) better ensuring that scheduling decisions take into account relative price differences between the regions; and (ii) moving the evaluation of bids and offers closer to the time scheduling decisions are implemented.

NYISO and PJM may suspend the scheduling of CTS transactions when NYISO or PJM are not able to adequately implement schedules as expected due to: (1) a failure or outage of the data link between NYISO and PJM prevents the exchange of accurate or timely data necessary to implement the CTS transactions; (2) a failure or outage of any computational or data systems preventing the actual or accurate calculation of data necessary to implement the CTS transactions; or (3) when necessary to ensure or preserve system reliability.