

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

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Capacity Deliverability Across the Midwest Independent Transmission System Operator, Inc./PJM Interconnection, L.L.C. Seam	)	Docket Nos. AD12-16-000
Coordination Across the Midcontinent Independent System Operator, Inc./PJM Interconnection, L.L.C. Seam	)	AD14-3-000

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**JOINT COMMENTS OF THE  
ORGANIZATION OF MISO STATES AND  
THE ORGANIZATION OF PJM STATES, INC.**

The Organization of MISO States (OMS) and Organization of PJM States Inc. (OPSI) appreciate the invitation to address efforts to enhance coordination across the Midcontinent Independent System Operator, Inc. (MISO) and PJM Interconnection, L.L.C. (PJM) seam and provide an update on the progress of the MISO PJM Joint and Common Market (JCM) Initiative before the Federal Energy Regulatory Commission (Commission) today.

OMS and OPSI continue to monitor the development of seams issues within the JCM Initiative and are pleased to report that we have observed progress on a number of seams items. State regulators would like to see further efforts on some outstanding issues, and we also wish to stress the need for a continued sense of urgency in addressing certain issues. OMS and OPSI recognize that these complex issues take considerable time to address through the JCM Initiative process. OMS and OPSI welcome this opportunity to inform the Commission of areas we believe need further attention.

Since OPSI and OMS last presented to the Commission on the JCM Initiative in June 2013, there have been a number of positive developments and progress on work plan items that have been completed and others that are on track towards completion. OMS and OPSI are pleased to have observed noticeable improvements in communication and collaboration between PJM and MISO throughout the course of the JCM Initiative process. It is evident that there has been a greater willingness to negotiate and work together through these difficult coordination issues by both RTOs. OMS and OPSI are encouraged to see progress in communication and partnership between the RTO staffs and greater engagement of Stakeholders on both sides of the seam.

OMS and OPSI would like to highlight items that have been addressed through the JCM work plan since the last OMS and OPSI presentations to the Commission:

- Coordination and Data Exchange items,
- Scheduling rule alignment,
- Market-to-Market resettlement procedures,
- Financial Transmission Rights (FTR) auction scheduling alignment,
- Interconnection Queue coordination (longer term studies are still being discussed)<sup>1</sup>, and;
- Fact Finding on capacity deliverability to address questions that OMS and OPSI identified as needing more work by the RTOs.

Previously before the Commission, OMS and OPSI advocated for a Fact Finding process on the overhanging issues surrounding capacity deliverability. The RTOs have answered some of the questions posed by OMS and OPSI and completed considerable analysis to help inform the JCM Initiative. Some of the notable Fact Finding results that have been valuable to OMS and OPSI include: Fact Finding No. 1, the Cross border resource deliverability analysis; and Fact Finding No. 2, the Export and Import limit study between MISO Local Resource Zones and external systems. Other outstanding

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<sup>1</sup> See JCM Presentation: Queue Coordination Proposal: <http://www.miso-pjm.com/~media/pjm-jointcommon/stakeholders-group/20140910/20140910-item-03-queue-coordination.ashx>

issues were also identified and described by the RTOs in their Draft Fact Finding report. The RTOs have indicated they intend to finalize the Fact Finding report but have not yet posted a final version on the JCM website as of the drafting and approval of these OMS and OPSI comments. These Fact Finding studies have helped shed light on the potential operations of the two RTOs and the Joint System's capabilities. These studies, when combined with valuable discussions, have helped the RTOs move forward on the issue and resolve some of the disagreement that was the impetus for the JCM work plan and initiation of the Fact Finding.

In the last JCM meeting, OMS and OPSI have observed one promising development in the area of capacity deliverability. MISO has indicated its willingness to pursue a one-directional effort, for transfers from PJM to MISO, regarding the issue of capacity deliverability. OMS and OPSI believe this is a good first step in implementing a concept like capacity deliverability that has been long debated between the RTOs and Stakeholders. OMS and OPSI support MISO's decision to move forward with the concept of capacity deliverability in a one-directional manner at this time, and subject to potential enhancements in the future.

The importance of this MISO decision on capacity deliverability is highlighted by projected reserve margin shortfalls in the MISO footprint, and is complicated by the potential future need for state compliance with Environmental Protection Agency rules. Initially engaging in a PJM to MISO directional method makes sense because the MISO to PJM transfer capability is essentially subscribed up to the recently implemented PJM Capacity Import Limit (CIL). Furthermore, because of PJM's three-year forward capacity procurement and associated requirements to complete network upgrades for resource deliverability, there is the potential for a multitude of complicating issues associated with trying to use MISO network resources in the PJM three-year forward capacity procurement process. OMS and OPSI look forward to more collaboration and implementation as details on this complex issue are worked out. We also emphasize that OMS and OPSI are not suggesting that MISO adopt changes to make its capacity market

structure more similar to PJM's, and nothing in these comments should be read as support for changes to MISO's current Resource Adequacy construct.

While there has been progress made on a number of JCM issues, OMS and OPSI would like to bring to the attention of the Commission some other seams issues that OMS and OPSI believe are in need of further attention and significant continued work to properly address. First and foremost among these is Seams/Cross-Border Interregional Planning. This issue has already been identified for further work within the JCM Initiative and the MISO PJM Interregional Planning Stakeholders Advisory Committee (IPSAC). OMS and OPSI eagerly await the Commission's Orders on the MISO and PJM Order 1000 Interregional Compliance filings. Other seams issues that need additional attention and focus from the RTOs in order to move towards completion are Interface Pricing and Interchange Optimization, also known as Coordinated Transaction Scheduling (CTS).

OMS and OPSI appreciate this opportunity to highlight these issues before the Commission and we look forward to continued work with PJM, MISO, and JCM Stakeholders to address the outstanding items that have been raised today.

Respectfully Submitted,

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Dated: January 15, 2015