

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

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Coordination Across the Midcontinent	)	Docket No. AD14-3-000
Independent System Operator, Inc./PJM	)	
Interconnection, L.L.C. Seam	)	

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

Pursuant to Rule 211 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (Commission), 18 C.F.R. §385.211, the Organization of MISO States (OMS) and the Organization of PJM States Inc. (OPSI) submit these comments in response to the filings made in the above captioned proceeding pursuant to the Commission's February 24, 2015, order requesting additional information from PJM Interconnection, L.L.C. (PJM), Midcontinent Independent System Operator, Inc. (MISO, and collectively RTOs) and their independent market monitors regarding coordination across the MISO and PJM seam.<sup>12</sup>

**I. Background**

In response to discussions regarding progress on MISO-PJM seams issues during the Commission's January 22, 2015 Open Meeting, the Commission issued the February 24 Order to continue gathering information on specific issues regarding the MISO-PJM seam. In particular, the February 24 Order sought information on the following specific

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<sup>1</sup> *Coordination Across the Midcontinent Independent System Operator, Inc./PJM Interconnection, L.L.C Seam*, 150 FERC ¶61,132 (2015) (February 24 Order).

<sup>2</sup> These comments were approved by the OMS Board of Directors on June 11, 2015, with abstentions by the Arkansas Public Service Commission and the Mississippi Public Service Commission. The Wisconsin Public Service Commission voted No, and is filing a separate set of comments in this docket. The OPSI Board of Directors approved these comments on June 11, 2015.

issues: (1) interface pricing; (2) capacity deliverability; (3) Day-Ahead market coordination; (4) modeling of the Ontario/Michigan phase angle regulators for congestion management; (5) Firm Flow Entitlement Freeze Date; and (6) use of commercial flow in the Market-to-Market process.<sup>3</sup> The February 24 Order states that the Commission will use this information to understand what, if any, additional steps the Commission should take to improve the efficiency of operations at the PJM-MISO seam.<sup>4</sup>

## **II. General Observations on Joint and Common Market Issues**

The OMS and OPSI members are encouraged by progress on many of the MISO-PJM Joint and Common Market (JCM) Initiative items and are supportive of the JCM Initiative process as a whole. We observe good progress on many issues to date through the efforts of both RTOs to come to agreement on proposals and implement enhancements, especially in communication and collaboration. State regulators continue to underscore the importance of further efforts on some outstanding issues and a continued sense of urgency in addressing these issues on which the Commission has sought additional information.

OMS and OPSI reassert their concern with the current state of interregional transmission planning between MISO and PJM. Further attention and significant continued work is needed to properly address this vital seams issue. Interregional planning should be addressed just as robustly as other seams issues and should not be left by the wayside in light of solutions for other important market issues.

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<sup>3</sup> February 24 Order, at P 1.

<sup>4</sup> February 24 Order, at P 1.

### III. Comments

OMS and OPSI make the following observations and recommendations with respect to the specific issues listed in the February 24 Order, as well as respond to the joint response filed by MISO and PJM in this proceeding.<sup>5</sup>

#### A. Interface Pricing

The largest uncertainty still surrounding a single issue within the JCM process is interface pricing. PJM and MISO have stated that an effective long-term solution requires the RTOs to choose an approach that eliminates the redundant modeling and calculation of congestion charges in each RTO's interface price definition while ensuring the interface price represents the physical impact of the transactions.<sup>6</sup> The RTOs have committed to continue to evaluate solutions in the stakeholder process where these issues can be explored further.<sup>7</sup>

Interface pricing has been through repeated iterations of discussion and study. The issues are nuanced, involve modeling complexities and have significant market impact. Despite the RTOs' efforts, it appears that work to implement a solution may be stalled and a meaningful and timely outcome is still largely in question. Without additional guidance, it appears that the parties may continue to have difficulty reaching a mutually agreed solution within a reasonable timeframe.

While the RTOs state that they tentatively plan to complete the stakeholder informative sessions and submit tariff revisions to the Commission by the third quarter of 2015, the RTOs only *commit* themselves to providing the Commission with an update in this docket in December 2015.<sup>8</sup>

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<sup>5</sup> See, *Responses of the Midcontinent Independent System Operator, Inc. and PJM Interconnection, L.L.C.*, in Docket No. AD14-3. (MISO-PJM Response)

<sup>6</sup> MISO-PJM Response, at 4.

<sup>7</sup> MISO-PJM Response at 5.

<sup>8</sup> MISO-PJM Response, at 6.

The RTOs also recommend that the Commission convene a staff-led technical conference to address interface pricing, Commercial Flow in M2M – to the extent it relates to interface pricing, and Freeze Date issues.<sup>9</sup> The RTOs state that discussions on these topics will help the Commission better understand their nature, interrelationship, and potential solutions. OMS and OPSI strongly support this joint request and recommend that the Commission use the proposed technical conference as a forum to gather information to enable the Commission to subsequently issue a Guidance Order to assist the parties in reaching resolution.

## **B. Capacity Deliverability**

Capacity deliverability has been an ongoing topic in this iteration of the MISO-PJM JCM. We agree with MISO and PJM “that a single capacity product is not a prerequisite for developing capacity deliverability concepts between the two RTO’s.”<sup>10</sup> Instead, the RTO’s state they will “develop a process to implement a capacity deliverability approach from PJM to MISO which will likely focus on the evaluation of the Transmission Service Request approval process.”<sup>11</sup> As the RTOs further note: “The remaining issue requiring resolution is whether and which barriers to transfers of capacity in the PJM to MISO direction exist and which barriers may exist with respect to the transmission service request process.”<sup>12</sup> While PJM will no doubt assist MISO in working on this issue, the resolution might involve tariff changes to MISO’s capacity construct. If so, we think that any such changes must ultimately come from within the MISO arena.

In response to Question #8: “Any impediments to treating capacity as a single product” the RTOs list seven items that would have to be solved to enable a single capacity product across the RTOs. This concept also elicited strong and diametrically opposed

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<sup>9</sup> MISO-PJM Response at 2.

<sup>10</sup> MISO-PJM Response at 13.

<sup>11</sup> MISO-PJM Response at 12.

<sup>12</sup> MISO-PJM Response at 12.

views from the Market Monitors. While the concept may have value from certain perspectives, JCM stakeholders should discuss the potential benefits and costs before significant RTO resources are spent studying the concept. In other words, the threshold question of whether a joint capacity product makes sense needs to be fully debated. We recognize that at this time the concept of a joint capacity product exists only at the conceptual level and is not an item in the JCM Stoplight Report that is expected to be resolved by the RTOs in the near term.

### **C. FFE Freeze Date**

The RTOs state: “In 2014, the RTOs, stakeholders, and the Congestion Management Process Council agreed that there is a need to work on updating or establishing Freeze Date alternatives. The Congestion Management Process (CMP) Council has directed the Congestion Management Process Working Group Freeze Date Task Team to develop a set of guiding principles and options for updating the Freeze Date.”<sup>13</sup> The RTOs also believe that further discussion and analysis among the CMP parties is necessary and requested a technical conference with Commission staff.<sup>14</sup> OMS and OPSI agree with the RTOs’ evaluation of this topic and support a technical conference regarding the FFE Freeze Date.

The Freeze Date process and resulting impact on both market and non-market CMP participants is complex and changes to the process will have significant effects on operations and equity. Because of this complex relationship with other parties beyond just MISO and PJM, it is important to include other parties in these discussions through the CMP Council and attempt to reach consensus while still recognizing historical usage and transmission rights. This consideration of outside parties is important to note and OMS and OPSI recognize that this process may be further complicated by this multi-party aspect. However, OMS and OPSI also recognize that these important seams issues,

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<sup>13</sup> MISO-PJM Response at 24.

<sup>14</sup> MISO-PJM Response at 28.

such as the FFE Freeze Date, must be addressed in a timely manner. Accordingly, the OMS and OPSI urge the RTOs and CMP Council to actively work towards solutions to this issue and urge the Commission to follow up with the CMP Council regularly to ensure a timely resolution.

#### **IV. Conclusion**

Continued discussions and scheduling of technical conferences on certain seams topics will facilitate solutions within a reasonable timeframe. On the issue of interface pricing specifically, the OMS and OPSI members are supportive of a technical conference as requested by the RTOs but also urge the Commission to allow parties to follow up with recommendations for a Guidance Order by the Commission to assist the parties in reaching a mutually agreeable solution to address this interface pricing issue within a reasonable amount of time.

The OMS and OPSI support the current work plan on Capacity Deliverability to reduce or eliminate barriers relating to the transfer of capacity from generators in PJM's footprint to MISO.

Finally, the issues surrounding the FFE Freeze Date must be addressed in a timely manner. To that end, the OMS and OPSI urge the RTOs and CMP Council to actively work towards solutions to this issue, and for the Commission to follow up with the CMP Council regularly to ensure a timely resolution.

Respectfully Submitted,

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