

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Northern Indiana Public Service Company)	Docket No. EL13-88
)	
v.)	
)	
Midcontinent Independent System Operator, Inc. and)	
PJM Interconnection, L.L.C.)	

REQUEST FOR CLARIFICATION, OR, IN THE ALTERNATIVE, REHEARING
OF THE ORGANIZATION OF MISO STATES

The Organization of MISO States (OMS) is a non-profit, self-governing organization of representatives from each retail regulator with jurisdiction over entities participating in the Midcontinent Independent System Operator, Inc. (MISO) and serves as the regional state committee. The purpose of the OMS is to coordinate regulatory oversight among the states and local jurisdictions and provide recommendations to MISO, the MISO Board of Directors, the Federal Energy Regulatory Commission (Commission), other relevant government entities, and state commissions, as appropriate to express the positions of OMS member agencies.

OMS members have great interest in the subject matter of this docket as issues related to the seams, or borders, between Regional Transmission Organizations (RTO) can directly impact the utilities and customers within their jurisdictions. All but two OMS members have an internal border with another RTO or non-RTO. Efficient operation of markets and planning across RTO seams is essential.

On April 21, 2016, the Commission issued its Order on Complaint and Technical Conference (Order)¹ in the subject docket directing a number of changes to the Joint Operating Agreement (JOA) between PJM Interconnection, L.L.C. (PJM) and MISO. The changes include:

¹ *Northern Indiana Public Service Co. v. MISO*, 155 FERC 61,058 (2016) ("NIPSCO Complaint Order").

(1) establishing deadlines and detailed steps for the Coordinated System Plan Study process and interaction with the MISO and PJM regional processes,² (2) exploration of greater commonality of assumptions and criteria among the regional models,³ (3) lowering the minimum voltage threshold for interregional economic transmission projects across the MISO-PJM border,⁴ (4) eliminating the \$5 million cost threshold for MISO-PJM interregional economic transmission projects,⁵ (5) eliminating a separate cost-benefit analysis for the combined MISO and PJM regions,⁶ (6) adding descriptions of the interconnection coordination procedures in the RTO business practice manuals,⁷ and (7) coordination of generator retirement processes.⁸

As described below, the NIPSCO Complaint Order requires clarification to ensure OMS members and other impacted entities understand the intention and impact of the Commission's order. Where such clarification does not align with the OMS members' understanding as stated, the OMS respectfully requests rehearing to address the concerns with alternative interpretations of the Order.⁹

STATEMENT OF ISSUES

1. The Commission Order lowering the voltage threshold for interregional economic projects to 100 kV for selection of projects on the MISO-PJM seam should not require

² *Id.* at ¶¶ 54-57.

³ *NIPSCO Complaint Order*, ¶ 92.

⁴ *NIPSCO Complaint Order*, ¶ 129.

⁵ *Id.*

⁶ *Id.*

⁷ *NIPSCO Complaint Order*, ¶ 185.

⁸ *NIPSCO Complaint Order*, ¶ 186.

⁹ While the order concerns the MISO-PJM seam only, the OMS members listed in this footnote believe that the concerns expressed in the NIPSCO Complaint are relevant to other MISO seams. Accordingly, these members urge FERC to encourage MISO to consider these issues in its relevant stakeholder processes with other RTOs. If the seams concerns are not timely handled by MISO and its stakeholders, then FERC could consider hosting a new technical conference on the matter. The Illinois Commerce Commission, Indiana Utility Regulatory Commission, Iowa Utilities Board, Missouri Public Service Commission, Montana Public Service Commission, North Dakota Public Service Commission, South Dakota Public Utilities Commission, and Public Utility Commission of Texas support this footnote.

that the costs associated with projects below 345 kV be allocated 20% on a postage stamp basis. Lower voltage projects do not create broad benefits, and allocating those costs broadly violate the principle of cost causation.

REASONS FOR GRANTING CLARIFICATION, OR IN THE ALTERNATIVE REHEARING

I. Treatment of Interregional Market Efficiency Projects Above 100kV but below 345kV

The Commission found in the NIPSCO Complaint Order that MISO's 345kV voltage and \$5 million cost thresholds for interregional market efficiency projects prevented beneficial projects from being selected under the MISO-PJM JOA.¹⁰ The OMS requests clarification that lowering the voltage threshold and eliminating the cost threshold does not dictate or pre-determine the transmission classification or allocation of costs at the regional level. Rather, interregional economic transmission projects selected through the MISO-PJM interregional process would still be submitted to the MISO Transmission Expansion Plan (regional planning process) and receive the classification, and the resulting cost allocation methodology, determined under the existing regional requirements for regional transmission projects, which the Commission stated were not being changed.¹¹

It would be unjust and unreasonable to have projects above 100kV, but below 345kV, classified as MISO Market Efficiency Projects (MEPs) with 20% of the costs allocated on a load ratio share basis across to the entire MISO footprint through this docket. Any such change would require an appropriate process that includes substantial stakeholder input and engineering studies to support any changes. To this point, in the instant case, it has not been argued or demonstrated with substantial evidence that interregional economic transmission projects above

¹⁰ *NIPSCO Complaint Order*, ¶ 131.

¹¹ *See NIPSCO Complaint Order* ¶ 131, n.238.

100kV, but below 345kV, can provide broad benefits across the region to justify allocating costs on a regional basis in the same manner as costs of 345kV and above lines are allocated.

Therefore, each interregional economic transmission project that is selected through the MISO-PJM JOA must be evaluated for appropriate treatment in each RTO's regional transmission planning process. To do otherwise would violate the Commission's cost allocation principle that there be reasonable alignment between beneficiaries and costs.

In the event the Commission intended all interregional economic transmission projects above 100kV but below 345kV selected through the MISO-PJM JOA to qualify as MEPs in MISO's regional transmission planning process, for the reasons stated above, OMS respectfully requests rehearing because it violates the principle to align costs imposed with the beneficiaries and would be arbitrary and capricious and not supported by substantial record evidence.

Conclusion

For the foregoing reasons, the OMS respectfully requests clarification, or, in the alternative, rehearing on the issue above. The OMS submits this pleading because the following members generally support:

Arkansas Public Service Commission
Illinois Commerce Commission
Indiana Utility Regulatory Commission
Iowa Utilities Board
Louisiana Public Service Commission
Michigan Public Service Commission
Minnesota Public Service Commission
Mississippi Public Service Commission
Missouri Public Service Commission
Montana Public Service Commission
City of New Orleans
North Dakota Public Service Commission
South Dakota Public Service Commission
Public Service Commission of Wisconsin
Public Utility Commission of Texas

The Kentucky Public Service Commission did not participate in the vote. The Manitoba Public Utilities Board abstains. Individual OMS members reserve the right to file separately on the matters discussed herein.

Respectfully submitted,

Tanya Paslawski

Tanya Paslawski
Executive Director
Organization of MISO States
tanya@misostates.org
(515) 207-3551

Dated: May 23, 2016

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated this 23th day of May, 2016.

Tanya Paslawski