

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

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| Midcontinent Independent System Operator, Inc. | ) | Docket No. ER17-721-000 |
|  | ) |                         |
| PJM Interconnection, L.L.C.                    | ) | Docket No. ER17-718-000 |
|  | ) |                         |
| PJM Transmission Owners                        | ) | Docket No. ER17-729-000 |
|  | ) |                         |

(Not consolidated)

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**NOTICE OF INTERVENTION AND COMMENTS OF THE  
ORGANIZATION OF MISO STATES**

On December 30, 2016, the Midcontinent Independent System Operator, Inc. (“MISO”) and the MISO Transmission Owners (“MISO TOs”), PJM Interconnection, L.L.C. (“PJM”), and the PJM Transmission Owners (“PJM TOs”) (together, the “Filing Parties”) concurrently filed similar amendments to revise the PJM-MISO Joint Operating Agreement to include a new transmission project category called Targeted Market Efficiency Projects (“TMEPs”).<sup>1</sup> The Filing Parties intend the TMEP proposal “to create a new interregional transmission project type that facilitates the development of low cost, high value transmission projects... intended to reduce historical congestion on known Reciprocal Coordinated Flowgates [citation omitted] along the MISO-PJM border to benefit customers and improve coordination between the RTOs.”<sup>2</sup> The Organization of MISO States (“OMS”) appreciates the opportunity to provide these comments on the subject filings.

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<sup>1</sup> *Midcontinent Indep. Sys. Operator, Inc.*, Proposed Targeted Market Efficiency Project Amendments to MISO-PJM Joint Operating Agreement, Docket No. ER17-721-000; *PJM Interconnection, L.L.C.*, Docket No. ER17-718; *PJM Transmission Owners*, Proposed Revisions to the PJM Interconnection L.L.C. Joint Operating Agreement, Docket No. ER17-729 (collectively “TMEP Filings”).

<sup>2</sup> MISO TMEP Filing, at 2.

## **I. NOTICE OF INTERVENTION**

Pursuant to Rule 211 and 214(a)(2) of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. §385.211 and §385.214(a)(2), the Organization of MISO States (“OMS”) submits its Notice of Intervention. The OMS is a non-profit, self-governing organization comprised of representatives from the seventeen regulatory bodies with jurisdiction over entities participating in the MISO and serves as the regional state committee. The purpose of the OMS is to coordinate regulatory oversight among its members; make recommendations to the MISO, the MISO Board of Directors, the Commission, and other relevant government entities and state commissions as appropriate; and intervene in proceedings before the Commission to express the positions of the OMS member agencies.

Service of pleadings, documents, and communications should be made on the following:

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## **II. COMMENTS**

Cost effective transmission planning and efficient market operations across Regional Transmission Organization (“RTO”) seams are important to ensure that customers receive the benefit from membership in RTOs. The OMS has consistently advocated for more cooperation and coordination between RTOs. For example, the OMS's Seams Policy Statement approved in September 2016 states, “[t]he goal of seams policy should be to optimize reliability and economic efficiency between RTOs when doing so is cost-effective (i.e. provides quantifiable

benefits in excess of costs).”<sup>3</sup> An inherent component of evaluating cost effectiveness is to understand how and who is responsible to pay for the project.

As proposed, the TMEP Filings are meant to encourage cost-effective interregional transmission solutions that address inter-RTO congestion costs. Stakeholders from PJM and MISO, through the Interregional Planning Stakeholder Advisory Committee, have participated in numerous discussions to establish the framework and rules to create this new project type and identify potential TMEPs. The OMS supports this type of inter-RTO coordination and cooperation and encourages PJM and MISO to continue to identify opportunities to make improvements along their border through the stakeholder process to the benefit of customers in both regions.

That said, OMS cannot fully evaluate or comment on the current proposals until it has a complete picture of how TMEPs will work. In this regard, OMS notes that the TMEP Filings do not concurrently address how TMEP costs will be regionally allocated within each RTO.

Cost allocation of transmission projects is an issue of utmost importance to retail regulators. Ensuring that customers are allocated costs of a transmission facility in a manner that is roughly commensurate with the estimated benefits of the transmission facility is a fundamental responsibility of state regulators, and consistent with Commission policy. Though the instant filing identifies how TMEP costs will be divided between, and assigned to, MISO and PJM, it does not include a corresponding proposal for the allocation of costs within each RTO.

Recognizing the importance of this connection, the Filing Parties state that “the PJM Transmission Owners, MISO and the MISO Transmission Owners will file separately proposed regional cost allocation methodologies for Targeted Market Efficiency Projects under their

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<sup>3</sup> Available at:  
[http://misostates.org/images/stories/Policies/Item\\_6\\_OMS\\_SEAMS\\_POLICY\\_approved\\_9\\_22\\_2016.pdf](http://misostates.org/images/stories/Policies/Item_6_OMS_SEAMS_POLICY_approved_9_22_2016.pdf).

respective regional tariffs no later than 120 days after the date of this filing in order for the Commission to grant an effective date for all proposed revisions related to the implementation of Targeted Market Efficiency Projects no later than 180 days after the date of this filing, or June 28, 2017.”<sup>4</sup> OMS requests that the Commission not issue an order on the TMEP Filings until it is ready to also address the to-be-filed TMEP regional cost allocation proposals.

This important connection between planning and cost allocation was well-stated by the Commission in Order 1000 related to transmission cost allocation requirements, which:

are designed to work in tandem with the transmission planning requirements established [in Order 1000] to identify more appropriately the benefits and beneficiaries of new transmission facilities so that transmission developers, planners and stakeholders can take into account in planning who would bear the costs of transmission facilities, if constructed.<sup>5</sup>

Because of this inter-relatedness, the TMEP proposal cannot be fully evaluated until after the regional cost allocation methodology for each RTO is known and filed with the Commission. As such, OMS supports the Filing Parties’ proposal that the Commission not issue a merits order on the TMEP Filings in isolation, but in tandem with its orders on the upcoming RTO-specific TMEP cost allocation filings. Under these circumstances, OMS contends that any comments submitted in response to the instant TMEP Filings should be treated as preliminary and subject to additional feedback after review of the subsequent RTO-specific TMEP regional cost allocation filings. This is essential because, as the Filing Parties recognize, the two filings are inextricably intertwined and must be evaluated, and decided, as one.

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<sup>4</sup> MISO TMEP Filing, fn 4.

<sup>5</sup> *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 136 FERC ¶ 61,051 (2011) (“Order 1000”), at P483.

### III. CONCLUSION

For the reasons stated above, OMS supports continued cooperation and coordination between PJM and MISO, but offers no comment on the merits of the TMEP Filings at this time. Rather, OMS asks that the Commission accept additional feedback/comments on the TMEP Filings in conjunction with the upcoming RTO-specific regional cost allocation filings so that the Commission may consider the merits of a complete TMEP proposal, including all cost allocation components, as a whole.

The OMS submits this Notice of Intervention and Comments because the following members, which constitute a majority, are in support:

Arkansas Public Service Commission  
Illinois Commerce Commission  
Iowa Utilities Board  
Louisiana Public Service Commission  
Michigan Public Service Commission  
Minnesota Public Utilities Commission  
Mississippi Public Service Commission  
Missouri Public Service Commission  
Council of the City of New Orleans  
North Dakota Public Service Commission  
South Dakota Public Utilities Commission  
Wisconsin Public Service Commission

The Indiana Utility Regularity Commission and the Public Utility Commission of Texas abstain. The Manitoba Public Utilities Board, Kentucky Public Service Commission, and Montana Public Service Commission did not participate in this pleading. Individual OMS members reserve the right to file separately on the issues discussed herein.

CERTIFICATE OF SERVICE

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

Dated on this 20<sup>th</sup> day of January 2017.

*Tanya Paslawski*