

Sent Via Electronic Mail

January 23, 2013

Mr. Andy Ott
Senior Vice President – Markets
PJM
955 Jefferson Ave.
Norristown, PA 19403

Mr. Richard Doying
Executive Vice President of Operations
MISO
P.O. Box 4202
Carmel, IN 46082-4202

RE: Reaction to *Request for Expedited Issuance of Order of the Midwest Independent Transmission System Operator*, Federal Energy Regulatory Commission Docket No. AD12-16-000.

Messrs. Ott and Doying:

On December 14, 2012, we sent you a letter requesting that the RTOs agree to a more formalized role for state Commissioners, (as representatives of the Organization of MISO States and the Organization of PJM States) within the JCM process and at the JCM meetings. We understand that this issue will be on the agenda for the January 29, 2013, JCM meeting, and we look forward to a robust stakeholder discussion to formalize our JCM involvement.

On January 3, 2013, MISO filed a *Request for Expedited Issuance of Order of the Midwest Independent Transmission System Operator* in Docket No. AD12-16-000 (the MISO Request). In this filing, MISO seeks to remove the issue of capacity deliverability from the JCM process and have a separate process to address this issue. MISO sets forth two options to move forward with this issue. While one of the options set forth by MISO defines a role for OMS and OPSI, which appears similar to that which was set forth in our December 14, 2012 letter, we wanted to provide our reaction to the MISO Request.

First, we want to make very clear that we did not participate in the development of the MISO Request, nor did we have any advanced knowledge of the filing. We do not believe that the bifurcated process MISO requested would be the proper avenue to pursue given the progress that has been accomplished within the JCM process. We would also like to reiterate that our request for enhanced regulatory leadership was directed within the JCM process, not outside of it. As set forth in our December 14, 2012 letter, we continue to believe that the diverse stakeholder process of the JCM is particularly well-suited for addressing all seams issues between MISO and PJM.

Second, we want to address a specific element of the MISO Request which mischaracterizes the Gross Energy Transfer Capability (GETC) joint modeling effort. *See*, MISO Request at p. 10. The GETC modeling effort was developed and defined through an ad hoc group consisting of state regulators and MISO and PJM representatives. This was both an

educational and collaborative process. In that process, all parties specifically agreed that our work would be characterized in specific ways and should not be used in a manner that would be divisive to the collaborative work that the ad hoc group accomplished.

Gross Energy Transfer Capability (GETC) – Represents the amount of energy that can be reliably transferred between regions under a narrow set of transfer scenarios that represent specific sets of operating conditions. This number does not represent the volume of capacity that could be deemed deliverable to load across the seam. Additional analysis is required to determine if individual units are deliverable across the seam. **The stakeholder community should also recognize that this value does not represent and should not be confused with current industry defined terms such as ATC/TTC, Deliverability or Transfer Capability.** [Emphasis added.]

The development and calculation of a GETC has produced a number of benefits. First, the development of the GETC provided an educational opportunity for MISO, PJM and the Commissions from Indiana, Michigan and Wisconsin to better understand the modeling process and assumptions used and to communicate that understanding to additional stakeholders. Additionally, the process provided an opportunity for PJM and MISO to share their modeling processes, understand the differences between them and identify potential coordination enhancements. Finally, the calculation of the GETC provided data that stakeholders may consider as issues are prioritized and addressed through the Joint and Common Market Initiative.¹

We believe that the MISO Request mischaracterizes the work that the ad hoc group performed to develop the GETC modeling analysis by referencing the GETC in an attempt to provide support for previous analysis of the Capacity Deliverability issue. The MISO Request asserts that the gross transfer capability number that the MISO Capacity Deliverability Whitepaper previously determined was “recently confirmed under the auspices of a joint effort, overseen by OMS and OPSI representatives.” This apparently intentional mischaracterization by the MISO Request of the GETC modeling effort severely undermines the collaborative efforts that were undertaken voluntarily, and in good faith, by the group participants.

Finally, we want to reiterate our desire and commitment to have active regulatory participation in the JCM process to help prioritize and move a variety of issues from discussion to implementation. We believe that we can have a beneficial impact on the governance of the JCM with the end goal of developing joint recommendations through the JCM process that will benefit stakeholders in both RTO areas. We continue to believe in the JCM stakeholder process and look forward to working with stakeholders to define and implement a role for state regulators within the inter-regional process of the JCM.

¹ <http://www.miso-pjm.com/~media/committees-groups/stakeholder-meetings/pjm-miso-joint-common/20121026/20121026-item-05-montgomery-presentation.ashx>

We appreciate the opportunity to share these reactions to the MISO Request with the JCM stakeholders. We ask that you post this letter along with the other meeting materials for the January 29, 2013 meeting. We look forward to continuing our efforts and working with you to find a larger role for state regulators in the inter-regional JCM process.

Sincerely,

A handwritten signature in cursive script that reads "P. L. Montgomery".

Phil Montgomery
Chairman
Public Service Commission of Wisconsin

Greg White
Commissioner
Michigan Public Service Commission

cc: Chairman Jon Wellinghoff
Commission Philip Moeller
Commissioner John Norris
Commissioner Cheryl LaFleur
Commissioner Tony Clark