



Organization of MISO States SEAMS POLICY

General Statements:

- The 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).
- State regulators¹ support greater transparency between RTOs to resolve differences in seams policy through open stakeholder forums. MISO should not allow seams issues to remain unsolved for extended periods of time.
- Seams policy should not infringe upon states' jurisdictional rights.
- It is reasonable to have different rules for different seams. The goal of resolving seams issues should be addressing differences in seams policies when those differences adversely affect reliability, operations, and/or market efficiency.
- Where appropriate, state regulators support MISO pursuing and adopting "reasonably perfect" solutions to seams issues. The perfect should not be the enemy of the good.
- The allocation of seams policy costs for transmission solutions should follow MISO's regional transmission project cost allocation rules and criteria except where no compatible regional cost allocation methodology exists.

Planning:

- Neither regional nor interregional transmission projects should be favored over the other. Stated differently, there should be no bias to pursue interregional over regional projects or vice versa. The most cost effective solution creating appropriate levels of benefits should be pursued.
- OMS supports the promotion of efficient and economic transmission development whether the projects are interregional or regional. Both should be considered, coordinated and executed with equal priority. In selecting an interregional project, planning should be conducted in a manner that creates projects that can be identified, approved and constructed without undue delay or other obstacles.
- OMS recognizes that the alignment of modeling assumptions and timing of interregional and regional planning processes is important.
- OMS supports MISO working with other RTOs or similar planning entities (e.g., SERTP) to help facilitate interregional planning with regional transmission providers below the Order 1000 "Planning Region" level (i.e. entities within an RTO or planning region) if beneficial projects exist.

Transmission Cost Allocation:

- Except where no compatible regional cost allocation methodology exists, seams policy costs for transmission solutions should be allocated in accordance with MISO's regional transmission project cost allocation rules and metrics.

¹ For purposes of this document, references to "state" or "states," shall include state retail regulators and the Council of the City of New Orleans.



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- Cost allocation for interregional projects where there is no current MISO regional cost allocation methodology should be based on an analysis of the projects' benefits.
- The lack of a regional cost allocation methodology for certain project types makes it more difficult for an interregional project to pass through a regional review process.

Capacity:

- OMS supports promoting efficient, economic, and reliable transfers of capacity from one region to another.
- Limiting interregional use of capacity may, however, be unavoidable depending on the structure of each neighbor's resource adequacy/capacity construct.