

Introduction

The Regional State Committees of the MISO and SPP regions (OMS and SPP RSC) have established a collaborative framework to analyze issues along the RTO seams and identify potential solutions. The Commissioner-led initiative seeks to increase benefits to ratepayers of RTO participation, ensure proper interregional planning processes are in place, and support RTO efforts to improve resource interconnection. The effort is led by four Commissioners from each region known as the “Liaison Committee” with the support from the OMS and SPP RSC boards of directors.

At the request of the Liaison Committee, MISO and SPP prepared a whitepaper summarizing the history of important seams issues, their current status, and ongoing efforts to make improvements. The paper also highlighted several areas of philosophical differences and outstanding disagreement. A copy of the whitepaper can be found on the SPP RSC website at: <https://www.spp.org/organizational-groups/regional-state-committee/spp-rscoms-liaison-committee/> or the OMS website at:

http://misostates.org/images/stories/Filings/SPP_RSC_Documents/SPP-MISO-RSC-OMS-Response_SPP_MISO-FINAL-on-website-Nov13.pdf.

The Liaison Committee now seeks input from a wider group of stakeholders. Interested stakeholders are asked to provide their reaction to the whitepaper, responses to the specific questions listed below, and any additional information they believe would be helpful for the Liaison Committee to consider. Wherever possible, please try to quantify the economic impact of issues. **Please direct written responses and questions to Adam McKinnie at adam.mckinnie@psc.mo.gov by January 4th. Responses are limited to 5 pages in length.**

Questions

1. What do you believe to be the single most important/impactful seams issue and what barriers are preventing resolution? If applicable, include two to four additional priority items the regulators should focus on.
 - a. In our view the MISO regional funding exclusion of Order 1000 Seams study projects below 300KV is a huge barrier. There are 171 ties now with MISO and roughly 10% (17) of those are above 300KV. We think there are opportunities being missed for lower voltage projects that would still provide substantial benefits to the customers in both regions. This is a Cost allocation seams issue. The SPP side is regionally funded for all Bulk Electric Seams projects greater than 100KV while the MISO side only has regional funding for projects 300KV and greater. We believe if regional funding were the same on both sides of the SPP/MISO seam for all projects 100KV and up then there would be more projects offering significant benefits to both regions.
 - b. The ability to ask for transmission and actually get it from SPP is almost non-existent to allow power to move between the two RTO’s bilaterally.
 - c. There are huge wind resources that could/should be valuable father east and west of MISO and SPP. Yet no one wants to fund the transmission to move that energy. Something needs to be done to allow that wind energy to move out of the Midwestern

- RTOs. Only additional transmission will allow that to happen. The issue is how to align the costs of that transmission expansion with the customers that are benefiting.
2. How should the RTOs weigh the benefits of more efficient seams operation against focusing on maximizing intra-RTO efficiencies and operation?
 - a. The RTO's need to focus on their members first and inter RTO efficiencies second. That being said, there are probably efficiencies along the seam that could and should be worked on that benefits both RTO members.
 - b. The primary benefit of the transmission is it allows for an efficient market within the RTO to facilitate economic power transfers from low cost generation to the major load centers. Both RTO's primary focus should be on improving those markets and benefits.
 - c. An issue that we see within SPP is that many of those major loads centers lie along the eastern seams with MISO and the transmission hasn't been developed to move the economic power into those regions because they lie so close to the seam. This is where seams transmission expansion should come in to help support those areas and where it has failed to do so.
 3. What areas of the whitepaper do you agree and disagree with? Why?
 - a. We view M2M as a successful program. While there have been some issues encountered the RTO's seem to be willing to work through those issues. The problem area with M2M is that it appears to provide a disincentive to fixing a flowgate issue to the RTO that is getting paid with M2M payments. There is not a good way to resolve these M2M flowgate problems. We do support that SPP and MISO stakeholders appear to be considering a new type of program that would address the flowgates that have had significant and historic congestion.
 - b. The CMP was developed in 2004 to capture historical rights of existing generation and transactions. Many things have changed in 15 years and this whole process needs to be updated. The CMP council have been working on this for the better part of five years and it needs to be resolved.
 - c.
 4. Are there seams issues that you believe were left out?
 - a. There are situations that exist for pseudo tied load to experience extreme congestion costs that are unmanageable. This situation shows up in an area where a load may be pseudo tied into another RTO but there is congestion in native RTO. In that case the congestion price may jump up to very high levels. This is mitigated for other loads in the same area by being part of a larger pricing zone where all the LMP prices are averaged. However, the pseudo tied load gets hit for the full congestion costs. They also have the additional complication that even though they have purchased firm transmission for their load from both RTO's they don't have a way to effectively hedge their congestions costs in the day ahead market and are subsequently exposed to the full impact of real-time congestion costs.
 - b. M2M is only to help manage congestion by allowing the cheaper market to solve the problem. It does not optimize the markets between RTO's in normal

operations. There are times when it might be much cheaper for an RTO's to obtain power from its neighbor rather than generating its own but there isn't a way to do that. Bi-lateral schedules are the only mechanism that exists and it is very hard to obtain the transmission service to facilitate a bi-lateral schedule.

- c. The whitepaper discusses some of the history and settlement agreement related to MISO north south flows. In our view, the settlement agreement was specifically structured to incent MISO to add additional transmission between its North and South regions. One possible area that could be explored is ways for MISO to increase the N-S constraint to develop long term solutions to increase that transfer capability.
 - d. Congestion hedging is an issue within SPP and possibly MISO. Even when parties are able to get transmission service to export energy from SPP to MISO and points east there is no assurance of delivery from a financial standpoint. This creates a situation where the incentive appears to be just dumping power at the interconnect point instead of arranging transmission service to move that energy to specific load centers.
 - e. Both MISO and SPP stakeholders have worked to improve the interregional planning process and have removed one of the three "approval hurdles" by removing the joint model and relying on the regional models in both RTO's. While we agree that this is an improvement, the ideal case in our view is one joint model that all interregional projects are developed and approved from.
5. What seems issue(s) require additional analysis and study prior to solution identification? What should the goal of such an analysis/study be and what metrics or other measurable information should it include?