

**Request for Comments on Seams White Paper**  
**Organization of MISO States and Southwest Power Pool Regional State Committee**

Response of MidAmerican Energy Company

January 10, 2019

MidAmerican Energy Company (“MidAmerican”) appreciates the opportunity to respond to the request for comments from the Liaison Committee of the Organization of MISO States (“OMS”) and the Southwest Power Pool Regional State Committee (“SPP RSC”).

**Background**

The OMS and SPP RSC recently established a “collaborative framework to analyze issues along the RTO seams and identify potential solutions.”<sup>1</sup>

On October 15, 2018, the Liaison Committee that leads this effort asked the Midcontinent Independent System Operator, Inc. (“MISO”) and the Southwest Power Pool, Inc. (“SPP”) (collectively, “RTOs”) to draft white papers identifying barriers to more efficient seams operations and transmission planning.<sup>2</sup> The resulting white paper<sup>3</sup> (“Seams White Paper”) was discussed on November 11, 2018<sup>4</sup> at a meeting of the OMS-SPP RSC Seams Task Force, and the Liaison Committee requested broader stakeholder comments in a series of questions issued December 10, 2018.<sup>5</sup>

- 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.**

MidAmerican identifies several issues below, not necessarily in priority order.

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<sup>1</sup> December 10, 2018 request for input; [https://www.spp.org/Documents/59156/OMS\\_SPP%20RSC\\_Whitepaper%20Questions%20for%20Stakeholders%2012\\_10\\_18.pdf](https://www.spp.org/Documents/59156/OMS_SPP%20RSC_Whitepaper%20Questions%20for%20Stakeholders%2012_10_18.pdf), accessed December 31, 2018.

<sup>2</sup> SPP-RSC/OMS Seams Coordination Effort, “Whitepaper Request of MISO and SPP,” October 15, 2018; [http://www.misostates.org/images/stories/Filings/SPP\\_RSC\\_Documents/OMS\\_SPP\\_RSC\\_whitepaper\\_request\\_of\\_MISO\\_SPP\\_on\\_website\\_Nov13.pdf](http://www.misostates.org/images/stories/Filings/SPP_RSC_Documents/OMS_SPP_RSC_whitepaper_request_of_MISO_SPP_on_website_Nov13.pdf), accessed December 31, 2018.

<sup>3</sup> “Seams White Paper for Organization of MISO States and SPP Regional State Committee Liaison Committee,” November 2, 2018; [https://www.spp.org/Documents/59006/SPP-MISO\\_RSC\\_OMS\\_Response\\_SPP\\_MISO\\_FINAL\\_V3.pdf](https://www.spp.org/Documents/59006/SPP-MISO_RSC_OMS_Response_SPP_MISO_FINAL_V3.pdf), accessed December 31, 2018. This posting appears to be a more recent version of the similar document posted at the OMS web site as of December 31, 2018.

<sup>4</sup> See “MISO-SPP Whitepaper Discussion,” November 11, 2018; [http://www.misostates.org/images/stories/Filings/SPP\\_RSC\\_Documents/MISO-SPP\\_Whitepaper\\_Discussion\\_at\\_NARUC\\_Nov\\_11\\_2018\\_on\\_website\\_Nov13.pdf](http://www.misostates.org/images/stories/Filings/SPP_RSC_Documents/MISO-SPP_Whitepaper_Discussion_at_NARUC_Nov_11_2018_on_website_Nov13.pdf), accessed December 31, 2018.

<sup>5</sup> December 10, 2018 request for input.

General RTO cooperation

MidAmerican senses that distrust has developed between the RTOs, and MidAmerican hopes the effort of the OMS and SPP RSC can help solidify a renewed sense of cooperation between the two organizations and between their stakeholders. MidAmerican realizes that each RTO has a separate history and stakeholder mix that can lead to philosophical and operational differences. Nevertheless, this organizational history should not impede efforts to reduce the cost of serving customers.

MidAmerican recognizes that RTOs want to respond to the concerns of their respective stakeholders and that utilities want to respond to the interests of their regulatory commissions. This can create an unfortunate incentive to act in parochial self-interest rather than to seek mutually-beneficial solutions. The OMS and SPP RSC can help neutralize such incentives by assuring RTOs and their stakeholders that regulators expect joint, good-faith action that will minimize overall costs.

Generator interconnections

Efficient and coordinated processing of each RTO's generator interconnection queue is important, and the Seams White Paper notes that interconnection studies by "Affected Systems" (that is, transmission systems that are affected by a generation interconnection on another transmission system) are currently being addressed in a Federal Energy Regulatory Commission ("FERC") rulemaking in Docket No. RM17-8.<sup>6</sup> That rulemaking may lead to greater clarity in the interconnection process and MidAmerican acknowledges that it may be more efficient to wait for a FERC order than to invest time now in wholesale changes to procedures for Affected Systems. That said, MidAmerican believes that the RTOs can implement incremental improvements at this time and that broader changes may be possible once FERC provides guidance.

For example, MISO and SPP have made progress toward using consistent models of transmission topography and generation dispatch to study potential interconnections. The Seams White Paper acknowledges several other areas in which both RTOs see a need for improvement, including:

- providing greater clarity to the Joint Operating Agreement;
- updating the Joint Operating Agreement to align with recent changes in both the MISO and the SPP interconnection processes; and
- implementing the "SPP-MISO Generator Interconnection Coordination Document."<sup>7</sup>

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<sup>6</sup> Seams White Paper at p. 41 ff.

<sup>7</sup> Seams White Paper at pp. 40, 42-43.

In the longer term, MidAmerican believes each RTO must perform non-discriminatory studies for *all* interconnection customers, regardless of whether those customers are interconnecting to that RTO's own system or that of the neighboring RTO. Among other things, this would include:

- equal access and input by all interconnection customers into study models and assumptions;
- clear communication and well-documented procedures, with each provider giving the same information at the same time to all interconnection customers, regardless of whether those customers are within the provider's own footprint or are on adjoining systems;
- coordination between the RTOs' interconnection studies to the greatest extent possible;
- a single timeline for all studies required for a given interconnection, such that the host provider and the provider for any Affected Systems complete their studies within the timeline of the host provider's interconnection study procedures; and
- the right of the interconnection customer to participate in the dispute resolution procedures under the Affected System's tariff.

Ideally, the interconnection customer's host RTO would provide a "one-stop shop," coordinating studies among all Affected Systems and identifying a single list of required interconnection facilities and network upgrades in one final study.

#### Reliability

The January 2018 event highlighted the critical need for a high level of coordination regarding emergency procedures. It is essential that RTOs understand, in great detail, what is happening on the systems of the parties to the Joint Operating Agreement settlement, so that the expected actions of each party are understood in advance and are clearly communicated in real-time. Shedding load to alleviate transmission constraints is an extreme measure. The effectiveness of load shedding should be identified in advance to minimize customer impacts. These emergency events also demonstrate that additional transmission facilities should be considered in the regional and interregional planning processes.

#### "Unreserved Usage" penalties

The RTOs should address conflicting provisions for "unreserved usage" penalties. The respective RTO tariffs should permit use of each RTO's facilities for emergency conditions, especially when load is dropped as a result of the event. To the extent that usage charges will apply, the unreserved usage penalty provisions should allow parties a reasonable time within which to submit a transmission service request following such an event. During the resolution of a severe system event when the focus is on maintaining or

restoring service, it is not reasonable to require system operators to submit requests for transmission service quickly; their clear priority should be restoring load.

**2. How should the RTOs weigh the benefits of more efficient seams operation against focusing on maximizing intra-RTO efficiencies and operation?**

The RTOs should focus squarely on reducing the costs paid by customers in total, rather than reducing the costs of any particular RTO. The RTOs should pursue joint actions that will minimize the overall costs to serve load in total. To the extent possible, the RTOs should act as if they were one combined organization, minimizing the total cost of the entire region rather than minimizing their individual cost at the expense of the other RTO.

Market-to-market (“M2M”) congestion management procedures illustrate this principle. These protocols allow for least-cost dispatch of generation to relieve constraints, regardless of the RTO in which the constraint is located and regardless of the RTO in which the least-cost generation is located.

Of course, the M2M protocols must include equitable mechanisms for sharing costs; if generation dispatch is altered in one RTO to address a constraint in the other, the cost of generation must be properly assigned to load in the two RTOs on the basis of cost causation. The emphasis, however, must be within the context of proper cost allocation while minimizing total costs, not on independent operation that ignores the potential of one RTO to minimize the cost of serving combined load in both RTOs.

**3. What areas of the whitepaper do you agree and disagree with? Why?**

Areas of agreement

MidAmerican generally agrees with the facts stated in the Seams White Paper and appreciates the quick response of the RTOs to the request of the OMS and SPP RSC.

Areas of disagreement

Although MidAmerican agrees that the RTOs have historic and philosophical differences, we disagree with any implication that these differences justify a refusal to cooperate or to minimize costs of customers in general. Philosophical differences may be a cause of seams issues, but they are not a justification for continued seams issues.

**4. Are there seams issues that you believe were left out?**

Energy Dispatch

Although potential for incremental improvement in market-to-market congestion management remains, the broader goal should be efficient joint dispatch. The Seams White Paper recognizes this as a key goal:

In fact, one primary goal of joint operating agreements is to advance the creation of “seamless” markets and eliminate the inefficiencies that inhibit economic transfers between the neighboring regions.<sup>8</sup>

Yet, the remainder of the Seams White Paper does not mention this as a key area for further attention. Energy must be dispatched in a way that minimizes the cost to serve all customers, as if the RTOs were a single organization. This is a key area in which significant improvements, and significant cost savings, could be made. The RTOs’ ultimate goal should be a pure joint dispatch. Although this may be impractical in the immediate future, the RTOs must nonetheless take steps toward overall least-cost dispatch.

Deliverability

The Seams White Paper identifies a concern with MISO’s aggregate deliverability analysis.<sup>9</sup> A related seams issue involves SPP’s new deliverability analysis and policies. The recent SPP “2018 Deliverability Study Report”<sup>10</sup> indicates that capacity can be delivered within SPP without obtaining firm transmission service and that nearly all SPP capacity is deliverable.<sup>11</sup> Any review of deliverability should include the policies of both RTOs.

**5. What seams 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?**

[No comments.]

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<sup>8</sup> Seams White Paper at p. 5.

<sup>9</sup> Seams White Paper at p. 41.

<sup>10</sup> See <https://www.spp.org/documents/59036/2018%20deliverability%20study%20report.pdf> accessed January 4, 2019.

<sup>11</sup> 2018 Deliverability Study Report at p. 6.