

**COMMENTS OF THE
MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION (MJMEUC)
ON MISO-SPP SEAMS ISSUES**

Thank you for giving MJMEUC the opportunity to submit comments regarding MISO-SPP seams issues.

MJMEUC appreciates and supports the efforts of the Organization of MISO States (OMS) and the SPP Regional State Committee (RSC) to identify potential improvements in seams coordination efforts between MISO and SPP. MJMEUC has member cities and registered generation in both the SPP and MISO footprints, so many of these seams issues greatly impact them. It is vital for MJMEUC and its members for the two RTOs to maintain efficient and effective seams coordination.

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:

Response: MJMEUC believes that the following seams issues are important:

(1) The “triple hurdle” of approvals that interregional projects must undergo is a big problem in the planning process. Requiring a seams project to meet all the requirements of a joint study and then each of the RTO’s separate regional studies has doomed seams projects (as is supported by the lack of an SPP-MISO seams project in two CSP studies). MJMEUC fully supports the removal of the joint study from the CSP process;

(2) The next significant problem with seams studies is the lack of any meaningful inclusion of lower voltage issues in both MISO and SPP study processes. A significant number of the tie-lines between MISO and SPP are below 100kV (just under half), and these really aren’t monitored/studied in the existing RTO planning processes, so a lot of issues get missed. These lower voltage issues are often chronic/persistent operational issues, and while SPP is beginning to look at these types of issues in its planning process, MJMEUC is not yet convinced that they are appropriately monitored at lower voltages in MISO or in such a way as to possibly result in lower voltage transmission planning solutions for seams issues. These types of issues can be critical when contingency/emergency events materialize, such as in January and September of 2018;

(3) One of the big obstacles to efficient seams operations is the difference in cultures between SPP and MISO, and this manifests itself negatively in several areas. This is no more evident than in the different ways the two RTO’s look at congestion management in the Market-to-Market coordination process. SPP is concerned about the amounts that MISO is paying SPP in Market-to-Market payments. According to SPP, the agreement regarding these payments is limited to coverage of SPP redispatch costs on Market-to-Market reciprocal coordinated flowgates. There are very likely “costs” to SPP through MISO’s use of SPP facilities that does not reach the

thresholds for SPP to be compensated, leading to the likelihood that the payments most likely not covering the complete and true impacts of MISO's use of SPP's system. MISO would likely counter that its behavior is the most economically beneficial use of the system.

(4) Removal of the minimum cost threshold for a seams project is important. Even if lower voltages issues are studied, they often result in lower-cost solutions. In the last CSP study, a project was considered but could not be approved because it didn't meet the minimum cost threshold; and

(5) Evaluating the appropriate benefit metrics and cost-benefit ratios for each of the RTOs for approval of seams projects.

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

Response: Each RTO will have to weigh these options based upon its strategic plans and the goals of its members, with an eye toward how it also affects the other RTO.

One of the big obstacles to efficient seams operations is the difference in cultures between SPP and MISO, and this manifests itself negatively in several areas. First, as it relates to the contract path capacity sharing issue, the two RTOs have differing interpretations of the Joint Operating Agreement that led to litigation and a settlement agreement. The two still disagree over the interpretation of JOA language, and this has led to an uneasy truce.

Second, SPP and MISO are still sparring over SPP's "Unreserved Usage" penalties on MISO transmission customers, which MISO views as a violation of the JOA. The contract path capacity sharing and Unreserved Usage penalty issues are identified and discussed in the joint whitepaper prepared by the two RTOs, but no potential solutions are offered.

Third, as noted in our Response to (1) above, the different cultures cause SPP and MISO to look at Market-to-Market coordination differently, which could negatively impact the effectiveness of that process.

These three examples highlight the differences in the cultures of the two RTOs. From SPP's perspective, if a portion of its transmission system is used above an allowed amount, the user should be charged for use of its wires. From MISO's perspective, both RTOs should utilize the existing, already purchased grid as best as possible to determine the best economic outcomes for the region without additional charges. SPP's philosophy is more of a "property" perspective, and MISO's philosophy is more of an "economics" perspective. Neither position is wrong, but they do tend to clash, leading to problems in actual operations.

MJMUEC believes that both RTOs need to try to understand each other's perspectives, and then work cooperatively toward a mutually agreeable and beneficial solution for all involved. MJMEUC would appreciate any assistance that the OMS and RSC could provide on this front.

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

Response: The SPP statement that MISO doesn't calculate APC in accordance with the JOA concerns MJMEUC. More explanation or information supporting how the calculation is different and whether the OMS/RSC committee feels this is appropriate would be appreciated in the white paper. Another area of concern is the fact that the two RTOs continue to disagree over the interpretation of language in the JOA, as discussed in the Response to (3) above.

The whitepaper does note some positive steps in improving seams coordination. MISO and SPP have agreed on several improvements to the interregional planning process that could lead to interregional projects being built. And, after two emergency events in recent months, the communication channels between the two RTOs have improved.

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

Response: Yes. The whitepaper really doesn't consider or address the value or benefits of a multi-entity study, including, besides SPP and MISO, TVA, AECI, and Southern. Seams issues are broader than just the operation of the SPP-MISO seam. As is identified in the whitepaper, when MISO needed emergency resources, besides SPP, it reached out to TVA, Southern, and possibly AECI for assistance. To get to the real heart of seams operation and coordination, one needs to look at the integrated needs and functionality of all the systems together.

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?

Response: See Response to (4).

In conclusion, MJMEUC appreciates the opportunity to provide these comments, and looks forward to working with the OMS and RSC to improve seams coordination between SPP and MISO.