

NRG Energy Responses to OMS Questions: MISO-SPP Seams Whitepaper

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 10th. 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.**

It is NRG’s opinion that Interregional Planning is one of the most important issues that should be addressed by the RTOs. The existing processes have not been successful and have resulted in Zero interregional projects being developed and put into service. The RTOs seem to be aware of the issues along the seams and have recommended changes to the established processes. NRG recommends that changes proposed by the RTOs be monitored closely to determine if the desired results are achieved. We further recommend a process similar to the PJM-MISO TMEP be implemented in the SPP-MISO interregional planning process.

There are two significant issues that we believe should be prioritized when identifying seams issues. One issue is that there has been no commitment to implement necessary changes that would address historical real-time congestion, which is not identified by production costing simulations. Another important issue that must be addressed by MISO and SPP is “sharing” of the Administrative South-

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North Contract Path, which has played a key role in the Emergency Events that have occurred in the MISO South sub-region in the last couple of years.

NRG's view is that the existing process to allow MISO to use non-firm capacity, provided by MISO's neighbors, above 1,000MW on the North-South Contract Path is only a temporary solution. A permanent, robust solution needs to be developed to mitigate reliability risks in MISO South and on the neighboring systems. We strongly encourage the RTOs to look at this issue with fresh eyes and develop a solid long-term solution rather than implementing short-term band aids.

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

By reducing or eliminating barriers between the RTOs, a more efficient use of transmission and generation resources across MISO & SPP footprints could be achieved. This will yield optimum operations of the markets and interregional planning processes. The benefits would be tangible and could be measured as economic and reliability benefits in both RTOs, simply by comparing results that would be obtained with and without interregional barriers.

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

The SPP-MISO Seams Whitepaper is a good first step in documenting and informing stakeholders of the progress and challenges on seams issues between MISO and SPP. It would have been helpful to have more details (ex: flowgate specific) on the Market to Market (M2M) congestion issues and potential solutions. Additionally, little or no information is provided on the Interface Pricing Methodology, or on potential implementation of a Coordinated Transaction Scheduling (CTS) system between the RTOs.

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

The whitepaper does not discuss Rate Pancaking between the RTOs, nor does it outline potential implementation of a CTS system.

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?

As stated in NRG's response to Question # 1, a permanent solution to the North – South Contract Path issue is necessary. The main goal should be to develop an efficient transmission solution to significantly increase the Contract Path capacity on a permanent (firm) basis. To properly evaluate potential solutions, all economic and reliability benefits provided by such solutions should be taken into account.