

145 FERC ¶ 61,258
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Acting Chairman;
Philip D. Moeller, John R. Norris,
and Tony Clark.

Capacity Deliverability Across the Midwest Independent Transmission System Operator, Inc./PJM Interconnection, L.L.C. Seam Docket Nos. AD12-16-000

Coordination Across the Midcontinent Independent System Operator, Inc./PJM Interconnection, L.L.C. Seam AD14-3-000

ORDER ON INITIATIVES TO ADDRESS SEAMS ISSUES

(Issued December 19, 2013)

1. On September 26, 2013, PJM Interconnection, L.L.C. (PJM) and Midcontinent Independent System Operator, Inc. (MISO, and collectively RTOs)¹ submitted an informational filing describing their plan and schedule for addressing various joint and common market initiatives (September 26 Informational Filing). In this order, we direct Commission staff to participate in the RTOs' joint and common market meetings and establish a new proceeding to reflect the broadened scope of issues contemplated by the RTOs' September 26 Informational Filing and their joint and common market initiatives.

I. Background

2. On June 11, 2012, in response to concerns raised by interested parties in separate proceedings, the Commission issued a Notice of Request for Comments in Docket No. AD12-16-000 (Notice) regarding whether existing rules on transfer capability act as barriers to the delivery of generation capacity between the markets administered by the RTOs and, to the extent that such barriers exist, whether those rules should be

¹ Effective April 26, 2013, MISO changed its name from "Midwest Independent Transmission System Operator, Inc." to "Midcontinent Independent System Operator, Inc."

modified to mitigate such barriers.² The Commission received numerous comments in response to the Notice.³

3. The Commission subsequently directed the RTOs to make presentations to the Commission on: (1) the progress of their efforts to address whether existing market rules and operating protocols concerning the transfer of capacity between the MISO and PJM regions act as barriers to the delivery of generation capacity between those markets; (2) the status of any remaining barriers to the transfer of capacity between those markets; and (3) the measures that the Commission should take to address any such barriers that may exist.⁴ The Commission further invited the Organization of MISO States, the Organization of PJM States, Inc., as well as the RTOs' respective market monitors to make presentations.

4. Following the RTOs' presentations at the Commission's June 20, 2013 open meeting, PJM submitted a supplemental filing, which set forth the results of the RTOs' stakeholder survey concerning the relative priority of 15 joint and common market initiatives.⁵ The June 26 Supplemental Filing suggested that issues pertaining to capacity deliverability modeling, capacity product definition, and transmission allocation for the purposes of cross-border capacity transactions ranked among the stakeholders' lowest priorities.⁶ The June 26 Supplemental Filing further suggested that stakeholders' highest priorities pertain to: (1) inter-RTO data exchange and transparency; (2) transmission and generation outage coordination; and (3) day-ahead market coordination.⁷

² *Capacity Deliverability Across the Midwest Indep. Transmission Sys. Operator, Inc./PJM Interconnection, L.L.C. Seam*, 139 FERC ¶ 61,200 (2012).

³ At the time of the notice, MISO and PJM already had an ongoing process to address seams issues between their markets broadly, the so-called "joint and common market" process, and the issue of capacity deliverability was being incorporated into discussions taking place pursuant to that process.

⁴ *Capacity Deliverability Across the Midwest Indep. Transmission Sys. Operator, Inc./PJM Interconnection, L.L.C. Seam*, 143 FERC ¶ 61,008 (2013).

⁵ PJM, Supplemental Filing, Docket No. AD12-16-000 (filed June 26, 2013) (June 26 Supplemental Filing). These issues include, for example, inter-RTO data exchange and transparency, day-ahead market coordination, transmission and generator outage coordination, interchange scheduling business rule alignment, and interchange optimization.

⁶ *Id.* at 2.

⁷ *Id.*

II. September 26 Informational Filing

5. The September 26 Informational Filing sets forth a description of, and the RTOs' projected schedule for, completing various joint and common market initiatives. According to the RTOs, the September 26 Informational Filing not only reflects the priorities of their stakeholders, but also the requests of state regulators that the RTOs research the factual considerations inherent in the capacity deliverability issue. Furthermore, the September 26 Informational Filing subdivides the RTOs' work plan into three categories: market operations; resource adequacy; and transmission planning.

6. The RTOs describe a number of initiatives intended to improve market operations.⁸ For example, the RTOs aim to improve data exchange and transparency by continuing to publicly post information requested by stakeholders and provide market participants with information concerning the operation of the market-to-market coordination process.⁹ The RTOs also describe their efforts to better coordinate their day-ahead market operations and their intent to consider revising their joint operating agreement's day-ahead firm flow entitlement exchange provisions.¹⁰ The RTOs additionally explain that they are considering ways to better coordinate their transmission and generator outage schedules to reduce congestion and improve modeling.¹¹

7. With respect to resource adequacy, the RTOs plan to examine what changes would be cost-beneficial in enabling interregional resource deliverability.¹² Specifically, the RTOs intend to conduct a series of deliverability analyses that increase the scope of the resources considered with each iteration. The RTOs also plan to synthesize the results of these analyses to develop responses to six critical issues that have been previously

⁸ September 26 Informational Filing, Att. III at 1-5.

⁹ *Id.* at 1. The RTOs note that they have already implemented regular posting of such information and, therefore, consider this item to have been completed. Nevertheless, the RTOs anticipate that additional transparency initiatives will be addressed as they arise in the joint and common market process. *Id.*

¹⁰ *Id.* at 1-2. Given the complexity of these issues, the RTOs project that their efforts will likely extend beyond 2014.

¹¹ *Id.* at 2. The RTOs aim to complete this initiative by February of 2014.

¹² *Id.* at 5-8.

identified by the Organization of MISO States and the Organization of PJM States, Inc.¹³ The RTOs state that their fact-finding effort will be complete by March 31, 2014. To the extent the RTOs identify issues that, according to a cost-benefit analysis, should be addressed, the RTOs state they will work to develop the necessary proposals by the fall of 2014.

8. The September 26 Informational Filing additionally describes the RTOs' efforts to better coordinate their transmission planning.¹⁴ For instance, the RTOs explain that they recently improved the coordination of their generation interconnection and transmission service request queues and further plan to reexamine these processes in 2014.¹⁵ The RTOs additionally explain that they are considering further modifications to their joint operating agreement concerning market participant funded upgrades and auction revenue right requests.

III. Discussion

9. We appreciate the time and effort put forth by the RTOs and their respective stakeholders in addressing the various joint and common market issues and in developing the work plan described in the September 26 Informational Filing. In recognition of the importance of the joint and common market issues described in the September 26 Informational Filing, including but not limited to capacity deliverability between the PJM and MISO regions, we direct Commission staff to participate in the RTOs' joint and common market meetings while the RTOs discuss and develop the appropriate proposals. Staff's participation in this process will aid the Commission in monitoring the RTOs' progress on the initiatives described in their September 26 Informational Filing consistent with the schedule set forth therein.

10. In addition, we are establishing a new docket, captioned above, which will better reflect the broadened scope of issues contemplated by the RTOs' September 26 Informational Filing and their joint and common market initiatives.

¹³ Specifically, the RTOs plan to develop responses to the following issues: (1) the possibility and significance of any cost shifts between the RTOs; (2) the reliability impact of any revised deliverability schemes; (3) whether further work on capacity deliverability is cost effective; (4) the incremental benefit to joint deliverability; (5) whether any proposals can be cost-effectively and realistically implemented; and (6) the long-term rate impact on the RTOs' retail customers. *See* Organization of PJM States, Inc. and Organization of MISO States, Joint Comments, Docket No. AD12-16-000, at 3 (filed June 13, 2013).

¹⁴ September 26 Informational Filing, Att. III at 8-9.

¹⁵ *Id.* at 8.

The Commission orders:

Commission staff is hereby directed to participate in the RTOs' joint and common market discussions, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.