

139 FERC ¶ 61,200
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
and Cheryl A. LaFleur.

Capacity Deliverability Across the Midwest Independent Transmission System Operator, Inc./PJM Interconnection, L.L.C. Seam Docket No. AD12-16-000

NOTICE OF REQUEST FOR COMMENTS

(June 11, 2012)

The Commission seeks comments regarding whether existing rules on transfer capability act as barriers to the delivery of generation capacity between the markets administered by Midwest Independent Transmission System Operator, Inc. (MISO) and PJM Interconnection, L.L.C. (PJM), and to the extent that such barriers exist, whether those rules should be modified to mitigate such barriers.

Background

Midwest Independent Transmission System Operator, Inc., Docket No. ER11-4081-000

In July 2011, MISO proposed revisions to its resource adequacy construct, at which time MISO stated that it would “continue to identify any institutional barriers that limit capacity transfers across RTO and neighboring transmission owner seams, in part, by continuing to work with neighboring systems to remove any barriers to capacity portability.”¹ MISO identified two strategies for eliminating such barriers. First, MISO stated that deliverability requirements for external resources should be modified to establish a maximum amount of capacity imports that can be used to satisfy Load Serving Entities’ capacity requirements under MISO’s tariff. Second, MISO asserted that it would work with PJM to identify deliverability and must-offer requirements that may obstruct the export of capacity to PJM.²

¹ MISO, Application, Docket No. ER11-4081-000, at 18 (filed July 20, 2011).

² *Id.*

In response to MISO's proposed resource adequacy construct, MISO's Independent Market Monitor (MISO Market Monitor) submitted comments raising concerns about barriers to the delivery of capacity between the PJM and MISO regions. For instance, the MISO Market Monitor asserted that significant amounts of firm network service into PJM is held by parties that do not fully utilize the reserved capacity. In addition, the MISO Market Monitor asserted that PJM's deliverability requirements and Available Transfer Capability process unreasonably limit interregional trading and incentivize utilities to change RTO membership to overcome such barriers. Further, the MISO Market Monitor posited that obligations imposed by PJM on external resources that sell capacity into the region are unclear and unreasonable.³

However, some parties disagree with MISO's and the MISO Market Monitor's assessments. For example, PJM suggested that any barriers described by MISO are not "artificial," arguing that any proposal regarding capacity deliverability requirements must provide for the acquisition of the required firm transmission service to guarantee deliverability of capacity.⁴ The PJM Power Providers Group asserted, among other things, that the rules governing PJM's Reliability Pricing Model allow for robust imports of capacity from the MISO region.⁵

Reliability Technical Conference, Docket No. AD12-1-000

In November 2011, the Commission held a technical conference to discuss issues related to reliability of the Bulk-Power System. In that proceeding, some parties asserted that barriers inhibit the free flow of capacity across the border between MISO and PJM.⁶ Following the technical conference, the Public Service Commission of Wisconsin, the Michigan Public Service Commission, the Missouri Public Service Commission, the South Dakota Public Utilities Commission, and the Minnesota Public Utilities Commission (collectively, the State Commissions) each submitted a letter expressing concern that PJM and MISO maintain administrative rules that prevent the free-flow of

³ MISO Market Monitor, Comments, Docket No. ER11-4081-000, at 10-11 (filed Sep. 19, 2011).

⁴ PJM, Answer, Docket No. ER11-4081-000, at 2-4 (filed Nov. 3, 2012).

⁵ PJM Power Providers Group, Answer, Docket No. ER11-4081-000, at 6-7 (filed Sep. 30, 2011).

⁶ See, e.g., Ameren Services Company, Comments, Docket No. AD12-1-000 (filed Dec. 9, 2011); Public Utilities Commission of Ohio, Comments, Docket No. AD12-1-000, at 27 (filed Nov. 22, 2011).

capacity between regions, resulting in less competitive electricity rates.⁷ In addition, the State Commissions request that the Commission investigate whether existing market rules act as a barrier to interregional capacity deliverability and, if so, whether those rules should be modified to mitigate such barriers.

Scope of Comments

The Commission seeks comment regarding whether existing market rules and operating protocols concerning transfer capacity between PJM and MISO act as barriers to the delivery of generation capacity between the markets administered by MISO and PJM and if so, whether those rules should be modified to mitigate such barriers.

Commenters should consider and respond to the following questions:

- Are there provisions in the current market rules and operating protocols concerning transfer capability that restrict generation capacity deliverability between the markets maintained by MISO and PJM? If so, what are those barriers?
- If such provisions exist and act as a barrier, what revisions are necessary to eliminate or mitigate them without adversely affecting reliability or the operation of RTO energy and capacity markets?
- In Docket No. ER11-4081-000, the Total Transfer Capability from MISO to PJM was estimated to range from 5,300 MW to 6,300 MW and the cumulative import capability from MISO to PJM was estimated to be 6,000 MW.⁸ Also in that proceeding, it was noted that the Available Transfer Capability posted by PJM was zero for the 2013-2014 Planning Year, while firm transmission capacity on the MISO-PJM interface held by market

⁷ Wisconsin Public Service Commission, Letter, Docket No. AD12-1-000 (filed Dec. 6, 2011); Michigan Public Service Commission, Letter, Docket No. AD12-1-000 (Filed Dec. 22, 2011); Missouri Public Service Commission, Letter, Docket No. AD12-1-000 (filed Feb. 22, 2012); South Dakota Public Utilities Commission, Letter, Docket Nos. AD12-1-000 & ER11-4081-000 (filed May 16, 2012); Minnesota Public Utilities Commission, Letter, Docket Nos. AD12-1-000 & ER11-4081-000 (filed April 9, 2012).

⁸ MISO Market Monitor, Answer, Docket No. ER11-4081-000, at 6 (filed Jan. 26, 2012) (citing Brattle Group, Preliminary Issue Description: MISO-PJM Capacity Market Seam (2011); North American Electric Reliability Corp., Probabilistic Assessment: PJM RTO Region Pilot Study, at 21 (2011)).

participants was listed as 1,173 MW.⁹ If barriers to interregional capacity deliverability exist, absent such barriers, what volume of capacity imported from MISO could potentially clear in PJM's capacity auction? What volume of capacity imported from PJM could potentially clear in MISO's capacity auction? What is the differential between the amount of capacity historically offered and cleared, for the MISO and PJM capacity markets respectively?

- If there are barriers that should be mitigated, what mechanism should be used to address these concerns? For example, is it appropriate to address the issue in the Joint Operating Agreement between MISO and PJM? If so, how?

Interested parties should submit comments on or before August 10, 2012. Reply comments must be filed on or before August 27, 2012.

ADDRESSES: Parties may submit comments, identified by Docket No. AD12-16-000, by one of the following methods.

Agency web site: <http://www.ferc.gov/>. Follow the instructions for submitting comments via the eFiling link found under the "Documents and Filing" tab.

Mail: Those unable to file comments electronically may mail or hand-deliver comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE, Washington, DC 20426.

For further information contact:

Jeffrey Hitchings
Office of Energy Market Regulation
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426
Telephone: (202) 502-6042, E-mail: jeffrey.hitchings@ferc.gov

or

Conor Ward
Office of the General Counsel – Energy Markets

⁹ *Id.* at 6.

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Secretary.