

143 FERC ¶ 61,102
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Midwest Independent Transmission System Operator, Inc. and PJM Interconnection, L.L.C. Docket No. ER13-1054-000

ORDER ON TARIFF REVISIONS

(Issued May 6, 2013)

1. On March 7, 2013, PJM Interconnection, L.L.C. (PJM) and Midwest Independent Transmission Operator, Inc. (MISO) submitted proposed revisions to section 4.1 of Attachment 2 – Congestion Management Process to their Joint Operating Agreement (JOA). The proposed revisions are intended to assure that energy imports are accounted for in the calculation of Market Flows.¹ PJM and MISO request an effective date of June 18, 2013. As discussed below, we accept the proposed revisions, to be effective June 18, 2013.

I. Proposed Revisions

2. Pursuant to the Congestion Management Process, PJM and MISO calculate Market Flows in order to manage congestion on their systems. PJM states that both Regional Transmission Organization (RTO) send calculated Market Flows to the North American Electric Reliability Corporation Interchange Distribution Calculator to be used in the Transmission Loading Relief process. PJM explains that the Interchange Distribution Calculator monitors congestion on flowgates from Market Flows and tagged transactions, and alleviates congestion by curtailing transactions based on their priorities and according to various levels of Transmission Loading Relief. PJM clarifies that, currently, both RTOs account for the impact on Market Flows of tagged export transactions, but not tagged import transactions. Further, PJM states that both RTOs

¹ Market Flows are defined as energy flows on a specified flowgate as a result of dispatch of generating resources serving market load within a Market-Based Operating Entity's market (excluding tagged transactions). PJM and MISO, JOA, § 2.2.42.

adjust the generation output in the Market Flow calculation by scaling down all generation proportionately to reflect the total amount of exports, in order to avoid double counting the generation output available for curtailment or redispatch. PJM and MISO propose the revisions to the JOA to calculate Market Flows by using the Slice of System methodology to scale loads for tagged import transactions in a manner similar to the current use of the methodology to scale generation for tagged export transactions.²

3. PJM and MISO discussed the proposed revisions following a concern raised by another Reciprocal Entity,³ and there is general agreement in the Congestion Management Process Working Group that the proposed revisions represent a positive change. PJM and MISO also believe that the proposed revisions are just and reasonable because they would improve the accuracy of their Market Flow calculations and the efficiency of the Congestion Management Process by including tagged transactions importing load in their respective market areas.

4. PJM and MISO request a June 18, 2013, effective date for the proposed revisions.

II. Notice and Responsive Pleadings

5. Notice of the filing was published in the *Federal Register*, 78 Fed. Reg. 16,492 (2013), with interventions and protests due on or before March 28, 2013. Ameren Services Company, Southwest Power Pool, Inc., Wisconsin Electric Power Company, Exelon Corporation, Duke Energy Corporation, American Electric Power Service Corporation, the NRG Companies, and the North Carolina Electric Membership Corporation filed timely motions to intervene. American Municipal Power, Inc. filed an out-of-time motion to intervene. The Indiana Utility Regulatory Commission (Indiana Commission) filed a notice of intervention and protest, and the Northern Indiana Public Service Company (NIPSCO) filed a motion to intervene and comments in support of the protest filed by the Indiana Commission. PJM and MISO filed an answer to the protest and proposed several revisions to address some of the issues raised.

² The Slice of System methodology is defined as the accounting of imports in the Market Flow calculations by scaling down proportionately all loads in a given RTO. Transmittal Letter at 3.

³ A Reciprocal Entity is defined as an entity that coordinates the future-looking management of flowgate capability in accordance with a reciprocal agreement as described in the Congestion Management Process. PJM and MISO, JOA, § 2.2.55. PJM and MISO explain that the Reciprocal Entities formed the Congestion Management Process Working Group to review the Congestion Management Process and to develop any necessary revisions. Transmittal Letter at 4.

A. Protests

6. The Indiana Commission states that PJM and MISO have not provided sufficient information to show that the proposed revisions are just and reasonable.⁴ According to the Indiana Commission, PJM and MISO failed to provide the necessary analysis and information regarding expected financial and operational impacts of their proposed revisions, and such information is important for the Indiana Commission to assess how the revisions may affect Indiana utilities, ratepayers, and the multi-regional area of the RTOs.⁵

7. The Indiana Commission contends that PJM and MISO have failed to engage in an open and transparent stakeholder processes.⁶ Specifically, it notes that these proposed revisions were not presented at the bi-monthly PJM-MISO Joint and Common Market Initiative meetings or at the Interregional Planning Stakeholder Advisory Committee.⁷ The Indiana Commission further states that PJM and MISO have indicated that they do not need to work through stakeholder processes for these revisions to the JOA since the JOA is a contract between PJM and MISO.⁸ While the Indiana Commission acknowledges that amendments to the JOA can only be made by agreement in writing between PJM and MISO, the Indiana Commission points out that because the revisions affect the RTOs' members and the underlying utility systems, these revisions should be presented to the RTOs' stakeholders.⁹ The Indiana Commission states that such a presentation would comply with the Commission's policies on open and transparent processes.¹⁰ Although MISO provided a brief presentation in its Seams Management Working Group on December 3, 2012 and PJM was also scheduled to make a similar presentation at its Members Committee meeting, the Indiana Commission states that these are inadequate and argues that PJM and MISO

⁴ Indiana Commission Protest at 2.

⁵ *Id.* at 4-5.

⁶ *Id.* at 5.

⁷ *Id.*

⁸ *Id.*

⁹ *Id.* at 6.

¹⁰ *Id.*

should be required, to the extent reasonably possible, to provide such information and analysis.¹¹

8. NIPSCO states that it supports efforts to improve accuracy of Market Flow calculations, but agrees with the Indiana Commission that more information is needed to evaluate the impacts of the proposed revisions.¹² NIPSCO also agrees with the Indiana Commission that additional stakeholder review is necessary, and it states that this could avoid delays caused by disputes that might arise if there are any unforeseen impacts on markets or system operations.¹³

B. Answer

9. PJM and MISO note that, although a stakeholder process is not required for the proposed revisions, they have presented the proposed revisions discussed here in advance of the initial filings.¹⁴ PJM and MISO state that PJM informed stakeholders at the January 11, 2013 Market Implementation Committee meeting and at the January 26, 2013 Markets and Reliability Committee meeting that the RTOs have engaged in discussions regarding the proposed revisions. Moreover, the RTOs state that PJM presented an overview of the proposed revisions at PJM's December 12, 2012 Market Implementation Committee meeting. In addition, PJM and MISO note that MISO provided detailed discussions of the proposed revisions and MISO's Market Flow Calculation Process within MISO's Seams Management Working Group on August 8, 2012 and September 5, 2012, respectively.¹⁵

10. Contrary to the Indiana Commission's claims, MISO and PJM assert that the Interregional Planning Stakeholder Advisory Committee and the Joint and Common Market Initiative are not the proper stakeholder forum to review these revisions.¹⁶ However, MISO and PJM note that they provided an overview of the proposed revisions at the MISO-PJM Joint Stakeholder Meeting on January 29, 2013.¹⁷ They also express

¹¹ *Id.*

¹² NIPSCO Comments at 2.

¹³ *Id.* at 3.

¹⁴ PJM and MISO Answer at 5.

¹⁵ *Id.* at 6.

¹⁶ *Id.*

¹⁷ *Id.* at 7.

their willingness to continue discussing these proposed revisions, as well as the impact of these revisions, at future Joint and Common Market Initiative stakeholder meetings.¹⁸

11. Finally, PJM and MISO respond that neither the Indiana Commission nor NIPSCO have indicated that the proposed revisions are unjust and unreasonable; nor do they show that the filing has failed to meet the statutory requirements under section 205 of the Federal Power Act, 16 U.S.C. § 824d (2006).¹⁹ PJM and MISO contend that the initial filing discussed the need for the proposed revisions and their background. In addition, the RTOs state that the initial filing does not represent a proposal for a new methodology, or a proposal to allocate costs in a different manner.²⁰

III. Discussion

A. Procedural Matters

12. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2012), the notice of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

13. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2012), the Commission will grant the late-filed motion to intervene submitted by American Municipal Power, Inc. given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

14. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2012), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept PJM and MISO's answer because it provided information that assisted us in our decision-making process.

B. Commission Determination

15. We accept the revisions proposed by PJM and MISO to section 4.1 of Attachment 2 – Congestion Management Process to the JOA. We agree with PJM and MISO that energy imports, which are tagged transactions from external generation that are used to serve internal load, should be accounted for in the calculation of Market Flows. The proposed revisions to section 4.1 will account for energy imports in the

¹⁸ *Id.*

¹⁹ *Id.* at 3-4, 7.

²⁰ *Id.*

Market Flow calculation by adjusting load by applying the Slice of System methodology. The proposed revisions will ensure that load will be properly adjusted to account for such imports and will ensure consistency between each Reciprocal Entity calculating Market Flows, and they will improve overall accuracy and efficiency of the Congestion Management Process.

16. We are not persuaded by the Indiana Commission that additional information is needed to determine the justness and reasonableness of the proposed revisions. PJM and MISO have identified an inaccuracy in the calculation of Market Flows and propose to resolve this inaccuracy through refinements that will improve the existing JOA processes and will ensure consistency in the calculation of Market Flows. By improving the accuracy of the calculations, these changes will produce more accurate financial calculations and improve operations on both systems. The Indiana Commission has not identified any specific problems that may arise as a result of the proposed revisions. We also recognize that, although a stakeholder process is not required for the proposed revisions, PJM and MISO have provided detailed discussions of the proposed revisions at various meetings held in advance of the initial filings. To the extent that problems do arise, PJM and MISO have committed to provide opportunities to discuss these proposed revisions at future Joint and Common Market Initiative stakeholder meetings, if requested, and state that they are more than willing to review the impact of these changes in more detail with stakeholders.²¹

17. Accordingly, the Commission finds that the proposed changes to section 4.1 of Attachment 2 – Congestion Management Process to the JOA, are just and reasonable.

The Commission orders:

The proposed revisions to section 4.1 of Attachment 2 – Congestion Management Process to the JOA between PJM and MISO are hereby accepted, effective June 18, 2013, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

²¹ *Id.* at 7.