

154 FERC ¶ 61,083
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

February 5, 2016

In Reply Refer To:
PJM Interconnection, L.L.C.
Docket No. ER16-488-000

Midcontinent Independent System
Operator, Inc.
Docket No. ER16-490-000

PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403

Attention: Pauline Foley, Esq.

Midcontinent Independent System Operator, Inc.
P.O. Box 4202
Carmel, IN 46082-4202

Attention: Matthew R. Dorsett, Esq.

Dear Ms. Foley and Mr. Dorsett:

1. On December 9, 2015, pursuant to section 205 of the Federal Power Act,¹ PJM Interconnection, L.L.C. (PJM) and Midcontinent Independent System Operator, Inc. (MISO) (collectively, Filing Parties) filed, in the above referenced dockets,² a revision to the Joint Operating Agreement between PJM and MISO (MISO-PJM JOA) to eliminate the requirement that in order to qualify as an Interregional Market Efficiency Project a

¹ 16 U.S.C. § 824d (2012).

² Docket No. ER16-488-000 (PJM Filing), Docket No. ER16-490-000 (MISO Filing).

transmission facility must cost at least \$20 million.³ Additionally, MISO proposes two ministerial changes to correct cross-references in section 9.4.4.2.2 of its version of the MISO-PJM JOA, which it states will also eliminate an inconsistency between the MISO version of the MISO-PJM JOA and the PJM version of the MISO-PJM JOA.⁴ As discussed below, we accept Filing Parties' proposed revisions effective February 8, 2016, as requested, subject to the outcome of the MISO and PJM pending compliance filings in Docket Nos. ER13-1944-002 and ER13-1943-003, which MISO and PJM submitted to comply with the Commission's December 18, 2014 order,⁵ and in which MISO and PJM propose further revisions to the MISO-PJM JOA to comply with the interregional transmission coordination and cost allocation requirements of Order No. 1000.⁶

2. Filing Parties explain that, based on lessons learned from recently completed PJM-MISO joint planning studies, they have jointly identified a number of potential enhancements to metrics and thresholds used for interregional coordination. Filing Parties state that the proposed revision to remove the requirement for an Interregional Market Efficiency Project to cost at least \$20 million was identified as a "short-term" reform that would enhance their ability to resolve constraints along the PJM-MISO seam.

3. Notice of the PJM Filing in Docket No. ER16-488-000 was published in the *Federal Register*, 80 Fed. Reg. 77,624 (2015). Notice of the MISO Filing in Docket

³ PJM, Interregional Agreements, [9.4, MISO-JOA 9.4 Allocation of Costs of Network Upgrades, 4.0.0.](#); MISO FERC Electric Tariff, MISO Rate Schedules, [Section 9.4, Allocation of Costs of Network Upgrades, 33.0.0.](#) Filing Parties state that the PJM Filing and MISO Filing include parallel tariff language. PJM Filing at 2, MISO Filing at 2.

⁴ MISO Filing at 3.

⁵ *PJM Interconnection, L.L.C.*, 149 FERC ¶ 61,250 (2014) (addressing the initial compliance filings of PJM, PJM Transmission Owners, MISO, and MISO Transmission Owners to comply with the interregional requirements of Order No. 1000. In the order the Commission accepted, subject to additional compliance filings, the filings made by PJM and PJM Transmission Owners and rejected in part and conditionally accepted in part, subject to further compliance filings, the filings made by MISO and MISO Transmission Owners).

⁶ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g and clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff'd sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014).

No. ER16-490-000 was published in the *Federal Register*, 80 Fed. Reg. 78,217 (2015). Interventions and protests were due on or before December 30, 2015. Indiana Utility Regulatory Commission (Indiana Commission) and Mississippi Public Service Commission filed notices of intervention. Timely motions to intervene were filed by Northern Indiana Public Service Company (NIPSCO) and ITC;⁷ American Electric Power Service Corporation; American Municipal Power, Inc.; EDP Renewables North America LLC; E.ON Climate & Renewables North America, LLC; Exelon Corporation (Exelon); FirstEnergy Service Company (FirstEnergy); Hoosier Wind Project, LLC; Midcontinent MCN LLC and Mid-Atlantic MCN LLC; NRG Power Marketing LLC and GenOn Energy Management, LLC; Wisconsin Public Service Corporation; Wisconsin Electric Power Company, Consumers Energy Company (Consumers); Dominion Resources Services, Inc. (Dominion); Indianapolis Power & Light Company (Indianapolis P&L); MISO; and PJM.⁸ Arkansas Public Service Commission; Council of the City of New Orleans, Louisiana; and Louisiana Public Service Commission filed motions to intervene out-of-time. NIPSCO and ITC, Indiana Commission, and Exelon filed comments. No protests were filed. On January 13, 2016, the Entergy Regional State Committee (ERSC) Working Group⁹ submitted an answer to Exelon's comments. On February 3, the Generator Group submitted an answer to the ERSC Working Group answer.¹⁰

4. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2015), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to the proceeding in which

⁷ International Transmission Company, Michigan Electric Transmission Company, LLC, ITC Midwest LLC, ITC Mid-Atlantic Development LLC and ITC Midcontinent Development LLC (collectively, ITC).

⁸ MISO and FirstEnergy's motions to intervene were filed in the PJM Filing only. Consumers, Dominion, Indianapolis P&L, and PJM's motions to intervene were filed in the MISO Filing only.

⁹ The ERSC Working Group, not an intervenor in this proceeding, is comprised of the outside counsel and in-house and consulting staff of the Mississippi Public Service Commission, Louisiana Public Service Commission, Arkansas Public Service Commission, Public Utility Commission of Texas (PUCT), and the Council of the City of New Orleans (collectively, ERSC). The PUCT Staff does not participate in this Answer.

¹⁰ EDP Renewables North America LLC, E.ON Climate & Renewables North America, LLC and Hoosier Wind Project, LLC (a subsidiary of EDF Renewable Energy, Inc.) (collectively, Generator Group).

they were filed.¹¹ In addition, pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2015), the Commission will grant Arkansas Public Service Commission; Council of the City of New Orleans, Louisiana; and Louisiana Public Service Commission's late-filed motions to intervene given their interest in these proceedings, the early stage of the proceedings, and the absence of undue prejudice or delay.

5. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2015), prohibits an answer to a protest or an answer unless otherwise ordered by the decisional authority. We are not persuaded to accept ERSC Working Group's answer to the Exelon's comments.¹²

6. Indiana Commission supports the filings. Exelon and NIPSCO and ITC also support the filings but assert that additional reforms are needed.

7. NIPSCO and ITC state that the elimination of the \$20 million threshold should prove to be a significant improvement to realize needed transmission projects along the MISO-PJM seam,¹³ and they request that the Commission approve the proposed revisions to the MISO-PJM JOA.¹⁴ They assert, however, that, while removal of the \$20 million threshold for Cross-Border Market Efficiency Projects is a step in the right direction, "it is insufficient to address the other, more significant hurdles that exist in the MISO-PJM JOA's interregional transmission planning process and render that process non-compliant with Order No. 1000."¹⁵ NIPSCO and ITC state that their concerns about the management of the MISO-PJM seam are well documented and are at issue in a pending complaint filed in Docket No. EL13-88-000 and in MISO's and PJM's pending compliance filings to comply with the interregional requirements of Order No. 1000.¹⁶ NIPSCO and ITC state that, for the reasons they set out in their pleadings in Docket No. EL13-88-000 and the MISO-PJM Order No. 1000 interregional compliance

¹¹ *See supra* n.7.

¹² The Generator Group answer to ERSC Working Group's answer included supplemental comments in Docket No. EL13-88-000, which as noted below are beyond the scope of this proceeding.

¹³ NIPSCO and ITC Comments at 5.

¹⁴ *Id.* at 8.

¹⁵ NIPSCO and ITC Comments at 6.

¹⁶ *Id.* at 4.

proceeding, a single, common set of interregional project criteria must be developed.¹⁷ They assert that, as part of this common set of criteria, voltage thresholds should be eliminated, all appropriate benefits should be measured, and a single time period should be used. NIPSCO and ITC also argue that the timeframe to approve interregional transmission projects should be shortened.¹⁸

8. Exelon states that it supports the proposal to eliminate the \$20 million threshold. Exelon asserts, however, that it is possible and advisable to eliminate certain other hurdles to projects otherwise feasible under the MISO-PJM JOA that Exelon alleges are in MISO's tariff. Exelon specifically points to the MISO tariff requirements that Market Efficiency Projects cost more than \$5 million and involve facilities operating at or above 345 kV.¹⁹ Exelon notes that, in its pleading in Docket No. EL13-88-000, it recommended that the Commission encourage MISO to file additional changes and requests that the Commission ensure that needed changes to the MISO tariff receive priority from MISO because the constraints in the MISO tariff are hindering the identification of low cost solutions that can reduce congestion.

9. We accept Filing Parties' proposed revisions to Section 9.4.4.1.2 of the MISO-PJM JOA to eliminate the requirement that an Interregional Market Efficiency Project cost at least \$20 million, effective February 8, 2016, as requested. The removal of the \$20 million threshold will increase the number of potential transmission projects that Filing Parties can consider that could relieve congestion or provide economic benefits along the seam. We also accept MISO's proposed ministerial revisions to Section 9.4.4.2.2 of its version of the MISO-PJM JOA, effective February 8, 2016, as requested.

10. However, we note that the tariff records MISO and PJM submitted in the instant proceedings also include changes that are pending before the Commission in MISO's and PJM's compliance filings in Docket Nos. ER13-1944-002 and ER13-1943-003, which MISO and PJM submitted to comply with the Commission's December 18, 2014 order, and in which MISO and PJM propose further revisions to the MISO-PJM JOA to comply with the interregional requirements of Order No. 1000. For example, the term for the category of transmission projects to which the proposed revision would apply (i.e., Interregional Market Efficiency Project) is, among other things, newly proposed in the Second Compliance Filings, which are currently pending. Therefore, our acceptance of

¹⁷ *Id.* at 7.

¹⁸ *Id.* at 7-8.

¹⁹ Exelon Comments at 2.

these filings in the instant proceedings is subject to the outcome of the MISO and PJM compliance filings in Docket Nos. ER13-1944-002 and ER13-1943-003.

11. We reject as beyond the scope of these proceedings NIPSCO and ITC's comments and Exelon's comments regarding the need for other revisions to the MISO-PJM JOA. As NIPSCO and ITC and Exelon acknowledge, such issues are currently pending in other proceedings (i.e., Docket Nos. EL13-88-000, ER13-1944-002, and ER13-1943-003), and they have had an opportunity to, and have submitted their comments in, those proceedings.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.