

158 FERC ¶ 61,049
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;
Cheryl A. LaFleur, and Colette D. Honorable.

Northern Indiana Public Service Company	Docket Nos. EL13-88-001
v.	
Midcontinent Independent System Operator, Inc. PJM Interconnection, L.L.C.	
PJM Interconnection, L.L.C.	ER16-1967-000
Midcontinent Independent System Operator, Inc.	ER16-1969-000, ER16-1969-001 (not consolidated)

ORDER ON REHEARING AND COMPLIANCE

(Issued January 19, 2017)

1. On September 11, 2013, Northern Indiana Public Service Company (NIPSCO) filed a complaint pursuant to sections 206, 306, and 309 of the Federal Power Act¹ and Rule 206 of the Commission's Rules of Practice and Procedure² against Midcontinent Independent System Operator, Inc. (MISO) and PJM Interconnection, L.L.C. (PJM) (Complaint). On April 21, 2016, the Commission issued an order granting, in part, and denying, in part, the Complaint, and requiring MISO and PJM to make compliance

¹ 16 U.S.C. §§ 824e, 825e, 825h (2012).

² 18 C.F.R. § 385.206 (2016).

filings.³ Various parties requested rehearing of the April 21 Order. MISO and PJM submitted filings to comply with the April 21 Order. In this order, we deny the requests for rehearing and grant the requests for clarification, in part. We also conditionally accept in part and reject in part MISO's and PJM's compliance filings, subject to further compliance, as discussed below.

I. Background

2. NIPSCO is a vertically integrated Indiana corporation engaged in the generation, transmission, and distribution of energy at the wholesale and retail levels. NIPSCO is an electric load-serving entity and a transmission owning member of MISO. NIPSCO's system lies between the PJM systems of Commonwealth Edison Company (ComEd) and American Electric Power's (AEP) Indiana & Michigan Power Company and the rest of PJM's system. The interconnections of NIPSCO's transmission network with the transmission networks of ComEd and AEP are at the "seams" of MISO and PJM.⁴ MISO and PJM are neighboring, Commission-approved regional transmission organizations (RTO) that have signed a Joint Operating Agreement (JOA) to address, among other things, their regional seams.

3. As noted above, NIPSCO filed its Complaint against MISO and PJM on September 11, 2013. In its Complaint, NIPSCO requested that the Commission order MISO and PJM to reform the interregional transmission planning process contained in the JOA between MISO and PJM.⁵ In the April 21 Order, the Commission granted, in part, and denied, in part, the Complaint, and required MISO and PJM to make compliance filings.

³ *N. Ind. Pub. Serv. Co. v. Midcontinent Indep. Sys. Operator*, 155 FERC ¶ 61,058 (2016) (April 21 Order). See also *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).

⁴ April 21 Order, 155 FERC ¶ 61,058 at P 3.

⁵ A full procedural history of the Complaint proceeding is included in the April 21 Order, 155 FERC ¶ 61,058 at PP 15-25.

4. On June 20, 2016, PJM made a filing in Docket No. ER16-1967-000 (PJM Compliance Filing) and MISO made a filing in Docket Nos. ER16-1969-000 and ER16-1969-001 (MISO Compliance Filing)⁶ to comply with the April 21 Order.⁷

II. Requests for Rehearing, Notice of Filings and Responsive Pleadings

5. On May 20, 2016, NIPSCO filed a request for rehearing, or, in the alternative, a motion for clarification of the April 21 Order. On May 23, 2016, Organization of MISO States (OMS),⁸ PJM, and MISO Transmission Owners⁹ filed requests for clarification

⁶ MISO submitted one compliance filing but filed two submissions in eTariff because it is making changes to both the JOA and the MISO tariff. MISO Compliance Filing, Transmittal at n.4.

⁷ Appendix A to this order lists the tariff records filed by MISO and PJM.

⁸ For the purposes of this proceeding, the Organization of MISO States (OMS) includes: Arkansas Public Service Commission (Arkansas Commission), Illinois Commerce Commission, Indiana Utility Regulatory Commission, Iowa Utilities Board, Louisiana Public Service Commission, Michigan Public Service Commission, Minnesota Public Service Commission, Mississippi Public Service Commission, Missouri Public Service Commission, Montana Public Service Commission, City of New Orleans, North Dakota Public Service Commission, South Dakota Public Service Commission, Public Service Commission of Wisconsin, and Public Utility Commission of Texas.

⁹ For the purposes of this proceeding, MISO Transmission Owners consist of: Ameren Services Company, as agent for Union Electric Company, Ameren Illinois Company, and Ameren Transmission Company of Illinois; Big Rivers Electric Corporation; Central Minnesota Municipal Power Agency; City Water, Light & Power; Cleco Power, LLC; Dairyland Power Cooperative; East Texas Electric Cooperative; Entergy Arkansas, Inc.; Entergy Louisiana, LLC; Entergy Mississippi, Inc.; Entergy New Orleans, Inc.; Entergy Texas, Inc.; Great River Energy; Hoosier Energy Rural Electric Cooperative, Inc.; Indiana Municipal Power Agency; Minnesota Power (and its subsidiary Superior Water, L&P); Missouri River Energy Services; Montana-Dakota Utilities Co.; Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation, subsidiaries of Xcel Energy Inc.; Northwestern Wisconsin Electric Company; Otter Tail Power Company; Southern Illinois Power Cooperative; Southern Indiana Gas & Electric Company; Southern Minnesota Municipal Power Agency; Wabash Valley Power Association; and Wolverine Power Supply Cooperative, Inc.

and/or rehearing of the April 21 Order. On that same day, MISO and Generator Group¹⁰ filed requests for rehearing and ITC Companies¹¹ filed a request for clarification of the April 21 Order.

6. Notices of PJM's and MISO's Compliance Filings were published in the *Federal Register*, 81 Fed. Reg. 42,341 (2016), with interventions and protests due on or before July 11, 2016. ITC Companies and NIPSCO filed a timely joint protest in Docket Nos. ER16-1967-000 and ER16-1969-000. Timely protests or comments were also filed by South Regulators;¹² Republic Transmission, LLC and LSP Transmission Holdings, LLC (LS Power); and Southwest Power Pool, Inc. (SPP) in Docket No. ER16-1969-000. Numerous entities filed motions to intervene in the MISO and PJM compliance filing dockets; these entities are listed in Appendix B.

III. Discussion

A. Procedural Matters

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedures, 18 C.F.R § 385.214 (2016), the notices of intervention and timely, unopposed motion to intervene serve to make the entities that filed them parties to the proceeding(s) in which they sought intervention.

8. MISO Transmission Owners, ITC Companies, and State Regulators¹³ filed answers to requests for rehearing and/or clarification. Rule 713(d)(1) of the

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

¹¹ ITC Companies consist of the International Transmission Company; Michigan Electric Transmission Company, LLC; and ITC Midwest LLC.

¹² South Regulators include the Arkansas Commission, the Council of the City of New Orleans, the Louisiana Public Service Commission, and the Mississippi Public Service Commission.

¹³ The State Regulators include the Arkansas Public Service Commission, the Council of the City of New Orleans, the Louisiana Public Service Commission, and the Mississippi Public Service Commission.

Commission's Rules of Practice and Procedure prohibits answers to requests for rehearing.¹⁴ Therefore, we reject these answers.

9. PJM and PJM Transmission Owners, MISO and MISO Transmission Owners and Arkansas Commission filed answers to protests. South Regulators, State Regulators, and ITC Companies filed answers to answers. Rule 213(a)(2) of the Commission's regulations prohibits answers to protests and answers unless otherwise ordered by the decisional authority.¹⁵ We accept these answers as they provided information that assisted in the decision-making process.

B. Substantive Matters

10. We deny requests for rehearing filed by NIPSCO, PJM, MISO, OMS, Generator Group, and MISO Transmission Owners, as explained below. As described below, we grant OMS's request for clarification, and reject ITC Companies' request for clarification. In addition, we find that MISO and PJM comply in part with the directives in the April 21 Order, subject to further compliance directives.

1. Market-to-Market Payments

a. Complaint and April 21 Order

11. In the Complaint, NIPSCO argued that the Commission should require that MISO and PJM consider avoided market-to-market payments as a benefit of an interregional transmission project.¹⁶ More specifically, NIPSCO argued that the interregional transmission planning process and cost allocation methods in the JOA must be updated to recognize the benefits of a transmission facility located in one RTO that presents

¹⁴ 18 C.F.R. § 385.713(d)(2) (2016).

¹⁵ 18 C.F.R. § 385.213(a)(2) (2016).

¹⁶ Market-to-market payments are used to economically account for a congested flowgate. A flowgate is one or more transmission lines, transformers, or other transmission facilities monitored for overload during normal operations or contingencies. Instead of relying on the Transmission Loading Relief procedure to alleviate congestion by curtailing transactions between the RTOs, the RTOs redispatch generation in the RTO with the lower cost for redispatch, while the other RTO that has exceeded its Firm Flow Entitlements pays for the redispatch. Firm Flow Entitlements are the amount of firm flow on a flowgate that PJM or MISO is entitled to use based on historical usage. April 21 Order, 155 FERC ¶ 61,058 at n.244.

congestion relief for the other RTO. NIPSCO argued that market-to-market payments should be considered for chronic, consistent congestion issues and not those due to temporary issues such as transmission line outages or network reconfiguration due to maintenance, or unexpected equipment failures. NIPSCO stated, however, that the JOA did not consider that disregarding avoided market-to-market payments when evaluating cross border allocation of transmission costs may produce uneconomic results to the detriment of customers.¹⁷

12. In the April 21 Order, the Commission granted NIPSCO's requested relief in part by requiring MISO and PJM to remove the requirement in the JOA for them to conduct a separate benefit-to-cost analysis for the combined MISO and PJM regions and instead to rely on their respective individual benefit calculations.¹⁸ The Commission denied NIPSCO's request to require MISO and PJM to include the avoidance of market-to-market payments as a separate category of benefits when MISO and PJM evaluate interregional economic transmission projects. The Commission agreed with commenters that adding market-to-market payments on top of the total simulated congestion would double count a portion of the congestion and that market-to-market payments are already included in calculation of avoided production costs.¹⁹ The Commission found that "[m]arket-to-market payments are thus not a separate, discrete cost that should be reflected in the benefit analysis but instead are merely transfer payments that have no net effect when both RTOs' systems are taken into account."²⁰ The Commission noted, however, that market-to-market payments may be used to identify flowgates or other limiting elements along the seam that require further study.²¹

b. Request for Rehearing

i. Summary of Rehearing Request

13. NIPSCO requests that the Commission grant rehearing of the April 21 Order and require that avoided market-to-market payments be considered as a benefit of an

¹⁷ April 21 Order, 155 FERC ¶ 61,058 at P 138.

¹⁸ *Id.* P 129.

¹⁹ *Id.* P 151.

²⁰ *Id.*

²¹ *Id.*

interregional economic transmission project.²² NIPSCO states that not recognizing the avoidance of future market-to-market payments as a potential benefit deprives the MISO and PJM regions of more cost-effective long-term solutions and deprives customers of just and reasonable rates because they are not receiving the benefits of the most cost-effective solutions for congestion.²³

14. NIPSCO contends that the April 21 Order fails to articulate a rational connection between the facts found and the choices made in its order. Specifically, NIPSCO argues that the Commission makes significant findings in the April 21 Order with respect to market-to-market payments with no reference to the record in the case, including the arguments that NIPSCO presented.²⁴ In particular, NIPSCO asserts that the Commission erred in concluding that using market-to-market payments would double count production cost benefits because none of the congestion charges associated with the market dispatch of generating resources serving market load are included in the relevant Adjusted Production Cost calculation. Moreover, NIPSCO argues that avoidance of market-to-market payments should not be discounted in any way because such additional congestion cannot be hedged.²⁵ Specifically, NIPSCO states that the JOA's approach to measuring benefits assumes that internal RTO congestion is fully hedged and thus incorrectly removes the associated costs from the benefits calculation. NIPSCO states that under the Net Load Payment metric, any reduction in internal RTO transaction costs is counted as a reduction to congestion credits that offsets gross load payments, which could make a project that relieves congestion appear economically detrimental.²⁶

15. If the Commission does not grant rehearing, NIPSCO requests that, in the alternative, the Commission clarify that, as a factual matter, market-to-market payments or internal RTO congestion are not included as part of the JOA Adjusted Production Cost calculation and are netted out from Gross Load Payments along with the remainder of the internal RTO congestion for the Net Load Payment calculation, which was, prior to the order, used in the interregional process for measuring benefits. NIPSCO states that such a clarification is supported by the record evidence provided by NIPSCO in the market-to-market rehearing request discussed above. NIPSCO states that such clarification would

²² NIPSCO Request for Rehearing at 7.

²³ *Id.*

²⁴ *Id.* at 8.

²⁵ *Id.* at 8-9.

²⁶ *Id.* at 9-10.

help inform ongoing stakeholder efforts, reporting, and compliance requirements directed by the April 21 Order, and evaluation of future benefits metrics by MISO and PJM.²⁷

ii. Commission Determination

16. We deny NIPSCO's request for rehearing and clarification. Contrary to NIPSCO's assertion, the Commission supported its determination in the April 21 Order that adding market-to-market payments to the JOA benefit calculation would double count a portion of the congestion.²⁸ The Commission stated that "[w]e agree with the commenters that argue that adding market-to-market payments on top of the total simulated congestion would double count a portion of the congestion."²⁹ Essentially, market-to-market payments allow one RTO to reduce its production costs through a more efficient dispatch made possible by exceeding its Firm Flow Entitlements. For the RTO to exceed its Firm Flow Entitlements, the neighboring RTO must redispatch its own system to make transmission capacity available, increasing its production costs. The RTO that exceeded its Firm Flow Entitlements then compensates the neighboring RTO that redispatched its system for those increased costs through market-to-market payments. While these market-to-market payments indicate congestion on the transmission system, they do not represent reduced production costs. Rather, they are transfer payments between RTOs that make the RTO that redispatched its system whole for the increased production costs that it experiences to allow the other RTO to exceed its Firm Flow Entitlements.

17. Also, as discussed in the April 21 Order, there is sufficient evidence in the record to support the Commission's finding, including MISO's and PJM's explanations that the market simulation software used by MISO and PJM measures the total congestion for both RTOs, including the portion attributable to market-to-market payments, and that adding market-to-market payments to total simulated congestion would double count a portion of the congestion.³⁰ In addition to MISO's and PJM's comments, AEP and

²⁷ *Id.* at 10-11.

²⁸ April 21 Order, 155 FERC ¶ 61,058 at P 151.

²⁹ *Id.* P 151.

³⁰ *Id.* at P 142 (citing MISO/PJM March 31, 2015 Pre-Technical Conference Comments at 10-11). MISO and PJM noted that PROMOD, the modeling software used by both RTOs, "measures total congestion for both MISO and PJM, which includes the portion of the congestion for which M2M payments historically have been made." MISO/PJM March 31, 2015 Pre-Technical Conference Comments at 10-11.

Exelon Corporation (Exelon) agreed with the RTOs that the potential avoidance of market-to-market payments is not an independent benefit metric that should be used to justify transmission investment, and provided examples of flows changing due to system topology that render the use of market-to-market payments problematic for estimating the future benefits of transmission projects.³¹ Wisconsin Electric Power Company (Wisconsin Electric) provided a mathematical demonstration that market-to-market payments are not a direct result of the congestion, but rather a result of the mismatch between the Firm Flow Entitlements and actual flows, and that market-to-market payments net out between the two RTOs.³² Exelon earlier in the proceeding also noted that in the Market Efficiency benefit metric for interregional transmission projects, the congestion value (the shadow price used to develop Locational Marginal Prices) is already captured in the Adjusted Production Cost and Net Load Savings benefits metrics and that because the congestion shows up in one or both of the RTO's Locational Marginal Prices, this market-to-market congestion value is already captured in the Market Efficiency benefit metric. Including the congestion value again in a new market-to-market payment metric would therefore double count the value of avoided congestion.³³ Moreover, the Commission explained that market-to-market payments represent "transfer payments" that have no net effect when evaluating the costs and benefits that accrue to both RTOs' systems.³⁴ NIPSCO's argument that market-to-market payments should be included because the congestion associated with these payments cannot be hedged does not call into question our earlier conclusion that including market-to-market payments as benefits would result in inappropriate double counting and we therefore affirm our earlier determination.

18. NIPSCO also requests clarification that market-to-market payments or internal RTO congestion are not included as part of the JOA Adjusted Production Cost calculation and are netted out from Gross Load Payments along with the remainder of the internal RTO congestion for the Net Load Payment calculation. However, the Commission directed in the April 21 Order that MISO and PJM remove the requirement that an interregional economic transmission project meet both a 1.25-to-1 benefit-to-cost

³¹ April 21 Order, 155 FERC ¶ 61,058 at P 148 (citing AEP/Exelon April 15, 2015 Reply Comments at 5).

³² *Id.* PP 143-145 (citing Wisconsin Electric March 31, 2015 Pre-Technical Conference Comments at 7-10).

³³ Exelon October 31, 2013 Corrected Answer at 10-12. *See also* April 21 Order, 155 FERC ¶ 61,058 at P 144.

³⁴ April 21 Order, 155 FERC ¶ 61,058 at P 151.

ratio for the combined MISO-PJM regions and a separate 1.25-to-1 benefit-to-cost ratio for both MISO and PJM.³⁵ Thus, we deny the request for clarification because MISO and PJM have removed from the JOA the interregional benefit-to-cost analysis that uses the calculations that NIPSCO references.

2. Flowgates

a. April 21 Order

19. In the April 21 Order, the Commission addressed Generator Group's contentions that (1) MISO and PJM should better identify constraints and flowgates, (2) MISO and PJM should not use an outdated definition of flowgate, and (3) MISO and PJM should consider all flowgates that cause congestion in the market-to-market process.³⁶ Specifically, the Commission noted that the currently-effective JOA contains the processes the RTOs use to establish agreed-upon flowgates for which they will monitor congestion and jointly dispatch their systems when the flowgates are constrained and either party initiates the market-to-market process.³⁷ The Commission concluded, however, that this issue was not raised in the Complaint and, as such, goes beyond the scope of this proceeding.³⁸

b. Rehearing and/or Clarification

20. Generator Group states that the Commission erred by: (1) finding that the need to better define constraints and flowgates as applied under the JOA is beyond the scope of the Complaint; and (2) not finding that the MISO and PJM flowgate practices under the JOA should be explored.³⁹ Generator Group states that the Complaint focused on the need to revise the JOA criteria so that transmission might be built to relieve congestion, and because market-to-market payments are tagged to flowgates, the definition of

³⁵ *Id.* P 132.

³⁶ *Id.* P 94.

³⁷ *Id.*

³⁸ *Id.*

³⁹ Generator Group Request for Rehearing at 2.

flowgates is crucial to congestion management and the potential development of new transmission at the MISO-PJM seam.⁴⁰

21. Generator Group notes that NIPSCO stated in the Complaint that the criteria for approval of interregional economic transmission projects should be amended to address all known benefits, including avoidance of future market-to-market payments, and that the development of interregional economic transmission project proposals should be consistent with the process of establishing market-to-market flowgates. Generator Group states that, in response to NIPSCO's references to flowgates, the impact they have on transmission at the MISO-PJM seam, and the questions raised by the Commission through the technical conference identifying assumptions and criteria that bear on cross-border transmission determinations, Generator Group demonstrated that the means MISO and PJM employ to identify and define flowgates is not working as the JOA requires.⁴¹

22. Generator Group states that MISO and PJM apply different tests to identify constraints and that MISO does not consider real-time congestion on flowgates in assessing transmission planning needs. Generator Group argues that MISO and PJM are not applying a robust enough standard under the JOA to identify flowgates, allowing inefficiencies to persist in the MISO and PJM planning processes. Generator Group states that the need to address MISO and PJM application of flowgates under the JOA was well within and part of NIPSCO's Complaint since unaddressed congestion at the seam was an underlying reason that NIPSCO filed the Complaint.⁴² Generator Group states that the need for the JOA revisions directed in the April 21 Order is no different than the need to correct the use of flowgates under the JOA. Generator Group states that informational reports are a needed next step, and that this issue is not being addressed in other venues. Generator Group states that tremendous harm will be perpetuated if this issue remains unaddressed.⁴³

c. Commission Determination

23. We deny Generator Group's request for rehearing. The Commission often declines to address issues that were not raised in an original complaint and are, therefore,

⁴⁰ *Id.* at 3.

⁴¹ *Id.* at 5.

⁴² *Id.* at 8-10.

⁴³ *Id.* at 11.

outside the scope of the proceeding.⁴⁴ As the Commission explained in the April 21 Order, the Complaint made only incidental references to flowgates.⁴⁵ Those references were in the context of the specific relief that NIPSCO requested in the Complaint. For example, as part of its request that the Commission require PJM and MISO to have only a single criterion for approving Market Efficiency Projects, NIPSCO requested that the Commission ensure that the development of those projects be consistent with the process for establishing flowgates.⁴⁶ Similarly, in requesting that the Commission require that MISO and PJM reform their processes for developing lower-voltage and lower-cost projects, NIPSCO requested that the Commission require that the RTOs align their cost allocation methods with their methods for identifying flowgates.⁴⁷ Those relatively oblique references to flowgates, which were in the context of other requested relief, were insufficient to bring broader issues associated with flowgates within the scope of the Complaint. Finally, the fact that the goal of the Complaint may have been to support the development of transmission to relieve congestion does not bring *all* reforms capable of achieving that result within the scope of the Complaint. We note that Generator Group remains free to pursue these issues by filing a section 206 complaint of its own.

3. Elimination of the Joint Benefit-to-Cost Ratio

a. April 21 Order

24. In the April 21 Order, the Commission found that it is unjust and unreasonable that an interregional economic transmission project that MISO and PJM each find provides sufficient benefits to its individual region be rejected because a separate interregional benefit-to-cost analysis calculated differently than either RTO's analysis

⁴⁴ *E.g.*, *Elec. Power Supply Ass'n. v. First Energy Solutions Corp.*, 155 FERC ¶ 61,101, at P 67 (2016); *Caithness Long Island II, LLC v. New York Indep. Sys. Operator Corp.*, 154 FERC ¶ 61,218, at P 13 (2016) (denying rehearing on the basis that the requested action was not “necessary to grant proper relief on [the] complaint” and therefore outside the scope of that complaint); *Old Dominion Elec. Coop.*, 99 FERC ¶ 61,189, at 61,772 n.3 (2002) (finding that an “issue is outside the scope of this proceeding, since it was not raised in [the] complaint” and declining to consider it on those grounds).

⁴⁵ April 21 Order, 155 FERC ¶ 61,058 at P 94.

⁴⁶ Complaint at 9.

⁴⁷ *Id.* at 10.

cannot be met.⁴⁸ Therefore, the Commission directed MISO and PJM to revise section 9.4.4.1.2.1 (Determination of Benefits to Each RTO from an Interregional Market Efficiency Project) of the JOA to remove the requirement that an interregional economic transmission project meet both a 1.25-to-1 benefit-to-cost ratio for the combined MISO-PJM regions and a separate 1.25-to-1 benefit-to-cost ratio for both MISO and PJM.⁴⁹

25. The Commission also directed MISO and PJM to amend section 9.4.4.2.2 (Cost Allocation for an Interregional Market Efficiency Project) as follows:

For [interregional economic transmission projects] that meet all the qualifications of section 9.4.4.1.2 [(interregional economic transmission project criteria)], the applicable project costs shall be allocated to the respective RTOs in proportion to the net present value of the total benefits calculated for each RTO pursuant to ~~Section 9.4.4.1.2.1~~ each RTO's respective tariff.^[50]

26. The Commission explained that, with this change, MISO will calculate the dollar value of the benefits for a potential interregional economic transmission project using the MISO Transmission Expansion Plan (MTEP) analysis and PJM will calculate the dollar value of the benefits using its Regional Transmission Expansion Plan (RTEP) analysis. The Commission further explained that each RTO will then determine whether the potential interregional economic transmission project meets its individual 1.25-to-1 benefit-to-cost threshold using each RTO's share of the project's total cost, which, as noted, is based on each RTO's share of the project's total benefits.⁵¹

b. Requests for Rehearing

i. Rehearing Summary

27. MISO Transmission Owners argue that the Commission erred when it eliminated the separate 1.25-to-1 interregional benefit-to-cost analysis for interregional economic transmission projects.⁵² They argue that the April 21 Order does not mention the

⁴⁸ April 21 Order, 155 FERC ¶ 61,058 at P 132.

⁴⁹ *Id.* P 132.

⁵⁰ *Id.* P 133.

⁵¹ *Id.*

⁵² MISO Transmission Owners Request for Rehearing at 11.

important role that the separate interregional benefit-to-cost analysis plays.⁵³ They argue that “[t]he interregional benefit-to-cost ratio is critically important because it gives MISO and PJM a common metric to compare projects” and “may consider costs that are not analyzed in the respective regional planning process.”⁵⁴ MISO Transmission Owners argue that failure to consider this information results in the Commission’s April 21 Order being arbitrary and capricious.⁵⁵

28. In addition, MISO Transmission Owners argue that the Commission’s decision to eliminate the interregional benefit-to-cost analysis was not based on substantial evidence because it failed to consider recent developments in the MISO-PJM region.⁵⁶ They argue that the evidence in the record on which the Commission relied in finding that the interregional benefit-to-cost analysis may have prevented consideration of certain transmission projects that benefit both MISO and PJM, does not support the need for the changes that the Commission required in the April 21 Order.⁵⁷ MISO Transmission Owners argue that, in making the determination, the Commission inappropriately shifted the burden of proof for a complaint under section 206 of the FPA.⁵⁸ In particular, they point to language in the April 21 Order stating that “MISO and PJM fail to explain or otherwise justify why the use of a separate interregional benefit-cost analysis, calculated differently than either of their individual benefit-cost analysis, continues to be just and reasonable....”⁵⁹ MISO Transmission Owners contend that, with this language, the Commission inappropriately required MISO and PJM to demonstrate that the 1.25-to-1 interregional benefit-to-cost analysis was just and reasonable rather than requiring NIPSCO to demonstrate that it was not just and reasonable, as FPA section 206 demands.

29. In their separate requests for rehearing and/or clarification, both MISO and PJM argue that the Commission erred in requiring them to revise the JOA so that the joint JOA

⁵³ *Id.* at 14.

⁵⁴ *Id.* at 12-14.

⁵⁵ *Id.* at 14.

⁵⁶ *Id.* at 14-15.

⁵⁷ *Id.* at 15-16.

⁵⁸ *Id.* at 16.

⁵⁹ *Id.* (quoting April 21 Order, 155 FERC ¶ 61,058 at P 132).

metric is no longer used as the basis to allocate the cost of an interregional economic transmission project between the RTOs.⁶⁰ MISO and PJM argue that this directive does not address hurdles to the development of interregional transmission projects. Instead, according to PJM, the directive “eliminates the common benefit metric used by both RTOs to analyze the anticipated annual economic benefits of construction of a proposed interregional market efficiency project to each RTO’s transmission customers.”⁶¹ PJM adds that the Commission’s directive will result in significantly different benefit values for the same project that the RTOs will use to determine their respective share of the interregional economic transmission project costs.⁶² MISO states that using a joint metric does not add a hurdle, but rather provides input to existing processes and calculations to bridge the gap between the two RTOs’ tariffs and prevents misalignments.⁶³ MISO also states that the Commission’s directive creates opportunities for gaming in the interregional transmission project evaluation process.⁶⁴

ii. Commission Determination

30. We deny MISO Transmission Owners’ request for rehearing. As an initial matter, we disagree that the Commission inappropriately shifted the burden of proof under section 206 from NIPSCO to MISO and PJM. In its determination, the Commission found that

NIPSCO has demonstrated that certain provisions of the JOA and MISO tariff are unjust, unreasonable, or unduly discriminatory or preferential pursuant to section 206 of the FPA because the[y] . . . prohibit from consideration certain transmission projects in the MISO-PJM interregional transmission planning process that benefit both regions, as evidenced by the Quick Hit Analysis.^[65]

⁶⁰ Specifically, MISO and PJM refer to the directive to revise Section 9.4.4.2.2 to eliminate a reference to Section 9.4.4.1.2.1 and instead refer to the tariff of each RTO. PJM Request for Rehearing at 4; MISO Request for Rehearing at 8.

⁶¹ PJM Request for Rehearing at 4.

⁶² *Id.* at 5.

⁶³ MISO Request for Rehearing at 10.

⁶⁴ *Id.* at 7.

⁶⁵ April 21 Order, 155 FERC ¶ 61,058 at P 129.

As the Commission explained, “[t]he Quick Hit Analysis is an effort by MISO, PJM and its stakeholders to identify near-term interregional economic transmission projects to remedy recent historical interregional congestion issues,” including beneficial economic transmission projects that nevertheless might not be selected as interregional economic transmission projects.⁶⁶ NIPSCO and supporting commenters discussed that analysis at length in arguing that the JOA was unjust and unreasonable to the extent that it prevented the selection of these economically beneficial projects.

31. In the April 21 Order, the Commission concluded that the evidence in the Quick Hit Analysis showing that the 1.25-to-1 interregional benefit-to-cost screen was preventing the selection of interregional transmission projects that had been found beneficial and selected in both RTOs’ regional transmission plans was sufficient to support the determination that the screen was unjust and unreasonable.⁶⁷ We affirm that conclusion in this order: the record evidence, particularly the Quick Hit Analysis, showing that the interregional screen was preventing the selection of interregional transmission projects that both RTOs had determined to be economically beneficial, satisfied NIPSCO’s burden under section 206 to demonstrate that the JOA violated the FPA.

32. MISO Transmission Owners’ argument that the Commission inappropriately placed that burden on MISO and PJM is unconvincing. Although they are correct that the Commission observed that “MISO and PJM fail to explain or otherwise justify . . . the use of a separate interregional benefit-cost analysis,” they are incorrect in suggesting that, with that language, the Commission had placed the burden on MISO and PJM to prove that the JOA was just and reasonable.⁶⁸ To the contrary, the Commission had already determined that, for the reasons discussed, NIPSCO had satisfied its burden. The Commission was instead observing that MISO and PJM had failed to refute NIPSCO’s arguments or provide any reason why the Commission should not agree with NIPSCO that the relevant provisions of the JOA were unjust and unreasonable. That does not amount to inappropriate burden shifting.

33. In addition, we reject MISO’s and PJM’s request to reconsider the revisions that the Commission required for section 9.4.4.2.2 of JOA, which eliminate the JOA economic benefit calculation as the basis to determine MISO’s and PJM’s share of the cost of a potential interregional transmission project. The required revision is fully

⁶⁶ *Id.* P 100 n.175, P 108.

⁶⁷ *Id.* P 132.

⁶⁸ *Id.*

consistent with the Commission's determination that MISO and PJM may not employ an additional interregional benefit-to-cost analysis that is calculated differently than either of their individual, regional benefit-to-cost analyses.⁶⁹

34. In the April 21 Order, the Commission explained the process for calculating economic benefits using MISO's and PJM's separate regional economic benefit calculations.⁷⁰ In short, the Commission explained that the costs each RTO will use in its regional benefit-to-cost analysis of a potential interregional economic transmission project are to be based on each RTO's pro rata share of the total benefits of the project, which is equal to the sum of the benefits that accrue to each RTO using that RTO's method for calculating economic benefits. As a result, each RTO's regional evaluation of the costs *and* the benefits of a potential interregional economic transmission project will be based on the region's own method for identifying and measuring the project's costs and benefits.⁷¹ Requiring MISO and PJM to each rely on their regional analysis to calculate both the benefits and costs of a potential interregional economic transmission project creates a more direct link between the costs allocated to each RTO and the benefits received.

35. MISO's and PJM's request to continue using the JOA economic benefit calculation to allocate the cost of an interregional transmission project would create an untenable mismatch in the process for selecting an interregional economic transmission project and the process for allocating the costs of that project. Specifically, under the approach that MISO and PJM advocate, each RTO would determine the benefit of a potential interregional economic transmission project to use in the individual RTO's benefit-to-cost calculation based on its individual regional economic benefit calculation. However, each RTO's portion of the costs it would use in its individual regional benefit-to-cost calculation would be determined using the JOA economic benefit calculation. This creates a mismatch between the benefit calculation and the cost calculation because

⁶⁹ *Id.* We note that, in rejecting MISO and PJM's JOA economic benefit calculation as an *additional* requirement beyond those in their respective regional cost allocation method, the Commission did not foreclose MISO and PJM proposing in a future section 205 filing the use of a common interregional economic benefit calculation in place of, or as an alternative to, their regional economic benefit calculations for interregional transmission projects.

⁷⁰ *Id.* P 133.

⁷¹ Both MISO and PJM require that a potential economic interregional transmission project have a benefit-to-cost ratio of at least 1.25-to-1 at the regional level. April 21 Order, 155 FERC ¶ 61,058 at P 96.

each RTO would evaluate benefits of a potential interregional economic transmission project using its regional economic benefit calculation, but then compare those benefits to the RTO's share of the project's costs that is determined using the JOA economic benefit calculation that is different than both RTOs' benefit calculations. Thus, contrary to MISO's and PJM's assertions, elimination of the JOA economic benefit calculation is directly related to and consistent with the Commission's finding that it is unjust and unreasonable that an interregional economic transmission project that MISO and PJM each find provides sufficient benefits to its individual region be rejected because a separate interregional benefit-to-cost analysis calculated differently than either RTO's analysis cannot be met.⁷²

36. We reject as unsupported MISO's claim that using each RTOs' separate methods for measuring benefits, rather than the single method outlined in the JOA, creates opportunities for gaming.⁷³ MISO postulates that measuring the benefits of an interregional economic transmission project using each RTO's regional economic benefit calculation method would "encourage[] each RTO's shareholders to agree on a lower value for a project[]s benefits when considering the project at the regional level in order to shift costs to the other RTO once the project is approved" in the interregional process.⁷⁴ MISO's argument could be interpreted to mean either that an RTO would change its tariff to recognize fewer benefits for the project or that an RTO would calculate the transmission project's benefits in a manner inconsistent with its tariff. We are not persuaded that either option is a significant risk, at least based on the present record. If an RTO seeks to change its tariff to alter its method for recognizing regional benefits, the Commission will address any concerns regarding gaming as part of that filing. If an RTO deliberately reduces the benefits that it recognizes for a particular interregional economic transmission project or otherwise fails to identify and measure an interregional economic transmission project's benefits in a manner consistent with its tariff, the RTO would likely be in violation of that tariff. MISO has provided no evidence that such behavior would occur and, absent evidence, we will not assume that an RTO or its stakeholders will act in a manner that is inconsistent with or in violation of any tariff or rate schedule.

⁷² *Id.* P 132.

⁷³ MISO Request for Rehearing at 7.

⁷⁴ *Id.*

c. Compliance Filings

i. Compliance Filings Summary

37. MISO and PJM propose to revise the JOA to remove the requirement that an interregional economic transmission project meet a joint 1.25-to-1 benefit-to-cost ratio.⁷⁵ MISO and PJM also propose to revise the “Cost Allocation for an Interregional Market Efficiency Project”⁷⁶ section of the JOA so that it reads that total benefits will be calculated for each RTO pursuant to “each RTO’s respective tariff.”

38. MISO and PJM state that conforming changes to the “Determination of Benefits to Each RTO from an Interregional Market Efficiency Project” section of the JOA are also necessary to implement the Commission’s directive to remove the interregional benefit-to-cost ratio requirement.⁷⁷ They therefore propose to remove references to the separate joint JOA economic benefit metric. MISO and PJM state that, as a result of these proposed changes to the JOA, the RTOs will use their respective regional benefit metrics to evaluate the annual economic benefits of a proposed interregional economic transmission project for each RTO region.⁷⁸

ii. Protest

39. In their joint protest, ITC Companies and NIPSCO request that the Commission reject MISO’s and PJM’s proposed changes to section 9.4.4.2.2 of the JOA that would state that total benefits will be calculated for each RTO pursuant to “each RTO’s respective tariff.”⁷⁹ ITC Companies and NIPSCO also protest the conforming changes

⁷⁵ JOA section 9.4.4.1.2 (PJM) and JOA section 9.4.4.1.3 (MISO) (Interregional Market Efficiency Project Criteria). The JOA section numbers used by MISO and PJM should be identical. For the purposes of this section, we will reference the name of each section and the numbering used by each RTO to avoid confusion. However, we direct MISO and PJM to resolve any section number discrepancies in their respective JOAs, as discussed later in this order.

⁷⁶ JOA section 9.4.4.2.2 (PJM) and JOA section 9.4.4.2.3 (MISO).

⁷⁷ JOA section 9.4.4.1.2.1 (PJM) and JOA section 9.4.4.1.3.1 (MISO).

⁷⁸ MISO Compliance Filing, Transmittal at 6; PJM Compliance Filing, Transmittal at 6.

⁷⁹ We note that ITC Companies and NIPSCO may have been confused because the section numbers in MISO’s and PJM’s versions of the JOA included in their compliance

(continued...)

MISO and PJM propose to section 9.4.4.1.2.1 of the JOA. Finally, ITC Companies and NIPSCO protest MISO's and PJM's proposed changes to 9.3.6.2(b)(vii)⁸⁰ of the JOA. They argue that the Commission did not direct the RTOs to remove the Coordinated System Plan model from Section 9.4.4.1.3.1 or to add new section 9.3.6.2(b)(vii) in the JOA.⁸¹ According to ITC Companies and NIPSCO, the proposed revisions will eliminate joint interregional planning between MISO and PJM and result in separate MISO and PJM regional processes and models.⁸²

iii. Answers

40. In response, MISO and MISO Transmission Owners state that ITC Companies and NIPSCO's claims that the modifications to sections 9.4.4.1.31., 9.4.4.2.3, and 9.3.6.2(b)(vii) will remove the Coordinated System Plan and eliminate joint interregional planning are incorrect and that the modifications are limited to those required by the April 21 Order.⁸³ MISO and the MISO Transmission Owners also state that, to the extent that ITC Companies and NIPSCO contend that additional changes should have been made in the Compliance Filings, this represents an improper attempt to make an "end-run" around the April 21 Order by requesting changes beyond those that the order directed and should be denied.⁸⁴ Similarly, PJM and the PJM Transmission Owners state that the proposed changes are as directed by the April 21 Order, including use of

filings do not correspond with one another. In their joint protest, ITC Companies and NIPSCO appear to refer to sections 9.4.4.2.2 (Determination of Benefits to Each RTO from an Interregional Market Efficiency Project) and 9.4.4.1.2.1 (Determination of Benefits to Each RTO from an Interregional Market Efficiency Project) found in PJM's versions of the JOA. MISO and PJM consistently label section 9.3.6.2(b)(vii) in their versions of the JOA.

⁸⁰ ITC Companies and NIPSCO's joint protest did not address the substance of the changes made to section 9.3.6.2(b)(vii) of compliance filings, but protested that the changes proposed are beyond the scope of the April 21 Order. The substance of the changes made in section 9.3.6.2 is discussed later in the body of this order. *See infra* PP 64-71.

⁸¹ ITC Companies and NIPSCO Joint Protest at 8.

⁸² *Id.* at 11.

⁸³ Answer of MISO and MISO Transmission Owners at 6-9.

⁸⁴ *Id.* at 8-9.

content that is identical to that mandated by that order, and therefore should be accepted.⁸⁵

iv. **Commission Determination**

41. We find that MISO's and PJM's proposed revisions satisfy the Commission's compliance directives. Specifically, we find that the proposed revisions remove from the JOA the requirement that an interregional economic transmission project meet a 1.25-to-1 benefit-to-cost ratio for the combined MISO-PJM regions and state that the value of the total benefits calculated for each RTO will be pursuant to "each RTO's respective tariff." We reject ITC Companies and NIPSCO's claim that the Commission did not require MISO and PJM to revise section 9.4.4.2.2 of the JOA to state that total benefits will be calculated for each RTO pursuant to "each RTO's respective tariff." MISO's and PJM's proposed language is identical to the specific change the Commission directed MISO and PJM to make to that section entitled "Cost Allocation for an Interregional Market Efficiency Project" in the April 21 Order.⁸⁶

42. We also accept MISO's and PJM's proposed conforming changes to the "Determination of Benefits to Each RTO from an Interregional Market Efficiency Project" section of the JOA.⁸⁷ Contrary to assertions made by ITC Companies and NIPSCO, MISO's and PJM's proposed revisions will not eliminate joint interregional planning between the RTOs and did not eliminate the Coordinated System Plan. Instead, the proposed revisions remove the interregional benefit-to-cost analysis.

4. **Interregional Economic Transmission Project Voltage and Cost Thresholds**

43. Prior to the April 21 Order, to qualify as an interregional economic transmission project, a project had to meet three sets of criteria: MISO's, PJM's, and the JOA's.

⁸⁵ Answer of PJM and PJM TOs at 6 (citing April 21 Order, 155 FERC ¶ 61,058 at P 133).

⁸⁶ April 21 Order, 155 FERC ¶ 61,058 at P 133 (directing MISO and PJM to revise section 9.4.4.2.2 of the JOA). In PJM's version of the JOA, the proposed change is to section 9.4.4.2.2, but in MISO's version of the JOA the proposed change is in 9.4.4.2.3. However, the language in both cases correctly complies with the Commission's directive. We require MISO and PJM to address any discrepancies between their versions of the JOA later in this order.

⁸⁷ JOA section 9.4.4.1.2.1 (PJM) and JOA section 9.4.4.1.3.1 (MISO).

Although the JOA criteria did not impose a minimum voltage threshold, PJM's criteria required a minimum voltage threshold of 100 kV, while MISO's criteria required a minimum voltage threshold of 345 kV. In its Complaint, NIPSCO requested that the Commission require MISO and PJM to develop a single, jointly agreed upon set of criteria that included reducing the voltage threshold to 100 kV. As for costs, prior to the April 21 Order, MISO imposed a minimum \$5 million threshold for an interregional economic transmission project, while PJM and the JOA had no minimum cost threshold.⁸⁸

44. In the April 21 Order, the Commission found that NIPSCO had demonstrated certain provisions of the JOA and MISO tariff are unjust, unreasonable, or unduly discriminatory or preferential because the current cost and voltage thresholds prohibit from consideration certain transmission projects in the MISO-PJM interregional transmission planning process that benefit both regions.⁸⁹ Specifically, the Commission found sufficient evidence from the Quick Hit Analysis to demonstrate that MISO and PJM must remove the thresholds that are preventing them from being able to select the interregional economic transmission projects that they have identified as providing benefits to both regions.⁹⁰ The transmission projects identified by this analysis were often small in scope and lower voltage facilities, well below the relevant cost and voltage thresholds.⁹¹ In the face of this evidence, the Commission directed MISO to submit revisions to its tariff to revise the Market Efficiency Project thresholds that apply to qualify as an interregional economic transmission project by (1) lowering the minimum voltage threshold to 100 kV and (2) removing the \$5 million minimum cost requirement.⁹²

a. Rehearing and/or Clarification

i. Rehearing and Clarification Summary

45. MISO Transmission Owners argue that the Commission overly relied on the Quick Hit Analysis as evidence that changes to the voltage and costs thresholds are

⁸⁸ April 21 Order, 155 FERC ¶ 61,058 at P 96.

⁸⁹ *Id.* P 129.

⁹⁰ *Id.*

⁹¹ *Id.* n.196.

⁹² *Id.* P 129.

necessary, and therefore, should reverse its decision to lower the minimum voltage and remove cost thresholds. They argue that the use of the Quick Hit Analysis in the April 21 Order rested on the erroneous assumption that the list of transmission projects identified by the Quick Hit Analysis can serve as a proxy for a list of interregional economic transmission projects that should have been built, but for the voltage and cost thresholds.⁹³ According to MISO Transmission Owners, the Quick Hit Analysis looks only at historical congestion and does not take into account future congestion or other forward-looking analysis that provides a basis for interregional economic transmission project JOA studies.⁹⁴ Given these differences, MISO Transmission Owners assert, the Commission should not have relied on those results to change the criteria for interregional economic transmission projects.⁹⁵

46. OMS requests the Commission clarify that lowering the MISO Market Efficiency Project voltage threshold and eliminating the cost threshold for interregional economic transmission projects does not dictate or pre-determine the transmission classification or allocation of costs at the regional level. OMS states that, instead, interregional economic transmission projects selected through the MISO-PJM interregional process should still be submitted to the MISO regional transmission planning process and receive the transmission classification, and the resulting cost allocation method, determined under MISO's existing regional requirements for regional transmission projects.⁹⁶ Specifically, OMS asserts that it would be unjust and unreasonable to have transmission projects operating above 100 kV, but below 345kV, classified as MISO Market Efficiency Projects with 20 percent of the costs allocated on a load-ratio share basis across the entire MISO footprint. OMS states that, in the instant Complaint proceeding, it has not been argued or demonstrated that interregional economic transmission projects operating above 100 kV, but below 345 kV, can provide broad benefits across the region to justify allocating costs on a regional basis in the same manner as the costs of lines operating at 345 kV and above.⁹⁷ OMS states that, in the event the Commission intended all

⁹³ MISO Transmission Owners Request for Rehearing at 6-7.

⁹⁴ *Id.* at 7-8 (citing Joint Response to Notice of Request for Comments on Behalf of PJM Interconnection, LLC and Midcontinent Independent System Operator, Inc., Docket No. EL13- 88-000, at 3 (Aug. 14, 2015)).

⁹⁵ MISO Transmission Owners Request for Rehearing at 8.

⁹⁶ OMS Request for Rehearing at 3 (citing April 21 Order, 155 FERC ¶ 61,058 at P 131, n.238).

⁹⁷ OMS Request for Rehearing at 3-4.

interregional economic transmission projects operating above 100kV but below 345kV that are selected through the MISO-PJM JOA to qualify as Market Efficiency Projects, and therefore be eligible for 20 percent load ratio share cost allocation in MISO's regional transmission planning process, then, for the reasons stated above, OMS requests rehearing because this would violate the principle to align costs imposed with the beneficiaries and would be arbitrary and capricious and not supported by substantial record evidence.⁹⁸

47. In its request for clarification, ITC Companies request that the Commission clarify that its directive in the April 21 Order that MISO must reduce the voltage threshold and eliminate the cost thresholds for interregional economic transmission projects applies equally to MISO's seam with SPP.⁹⁹ ITC Companies state that the MISO tariff specifies these thresholds only for regional transmission projects and that the plain language of the "Commission's directive requires MISO to eliminate these thresholds with respect to 'interregional economic transmission project' generally, and not to interregional economic transmission projects on the MISO-PJM seam specifically."¹⁰⁰ ITC Companies assert that the Commission's rationale for reducing the voltage threshold and eliminating the cost threshold applies with equal force to potential transmission projects along the SPP seam as it does to the PJM seam.¹⁰¹

ii. Commission Determination

48. We deny MISO Transmission Owners' request for rehearing. In the April 21 Order, the Commission discussed at length the evidence supporting the requirement to reduce the voltage threshold and eliminate the cost threshold.¹⁰² In reviewing this evidence, the Commission noted that a number of projects identified by the Quick Hit Analysis, that would remedy recent historical interregional congestion issues, fell below the voltage or cost thresholds and therefore were not included as interregional economic transmission projects under the JOA. The Commission has not been presented with any counter evidence demonstrating that the Quick Hit Analysis' emphasis on historical congestion renders it deficient in identifying interregional economic transmission projects

⁹⁸ *Id.* at 4.

⁹⁹ ITC Companies Request for Clarification at 3-4.

¹⁰⁰ *Id.* at 4.

¹⁰¹ *Id.*

¹⁰² April 21 Order, 155 FERC ¶ 61,058 at PP 108-111; 129-135.

and as part of the reasoning for the Commission to require changes to the voltage or cost thresholds. The evidence in the record thus supported the Commission's determination, as the Commission was not presented with compelling evidence for retaining the voltage or cost thresholds.

49. We grant the requested OMS clarification, in part, and reject its rehearing request. The Commission directed MISO in the April 21 Order to lower the MISO Market Efficiency Project voltage threshold so that an interregional economic transmission project operating above 100 kV but below 345 kV can qualify as a Market Efficiency Project.¹⁰³ We reject OMS's request to clarify that interregional economic transmission projects operating above 100 kV, but below 345 kV, cannot qualify as MISO Market Efficiency Projects. The Commission's directive in the April 21 Order was for MISO to revise its tariff to lower the voltage threshold and eliminate the cost threshold so that all potential interregional economic transmission projects operating above 100 kV but below 345 kV can qualify as MISO Market Efficiency Projects.¹⁰⁴

50. However, the record in this Complaint proceeding does not address what regional cost allocation method should apply to MISO's share of the cost of an interregional economic transmission project operating above 100 kV but below 345 kV. The MISO tariff specifies that the costs of any Market Efficiency Project are allocated 20 percent on a system-wide basis to all MISO transmission customers and 80 percent to transmission customers in local resource zones based on an adjusted production cost savings calculation.¹⁰⁵ With the Commission's directive in the April 21 Order that MISO lower its voltage threshold for interregional economic transmission projects from 345 kV to 100 kV, MISO's share of the costs of interregional economic transmission projects operating above 100 kV but below 345 kV would now be allocated in accordance MISO's cost allocation method for Market Efficiency Projects (i.e., 20 percent on a system-wide basis to all MISO transmission customers and 80 percent to transmission customers in local resource zones based on an adjusted production cost savings calculation). However, the Commission did not address in the April 21 Order what MISO regional cost allocation method should apply to these projects.

51. Accordingly, we direct MISO to submit a further compliance filing, within 30 days of the date of issuance of this order, to either confirm that the existing Market Efficiency Project cost allocation method will apply to MISO's share of the cost of

¹⁰³ *Id.* P 131.

¹⁰⁴ *Id.* P 131.

¹⁰⁵ MISO Tariff, Attachment FF, section III.A.2.f.

interregional economic transmission projects above 100 kV but below 345 kV that qualify as Market Efficiency Projects or to propose tariff revisions to apply a different regional cost allocation method for MISO's share of the cost of such projects. Upon review of MISO's compliance filing, including any supporting evidence, and consideration of any comments filed in response, the Commission will determine the just and reasonable MISO regional cost allocation method for MISO's share of the cost of interregional economic transmission projects above 100 kV but below 345 kV that qualify as Market Efficiency Projects.

52. We deny ITC Companies' requested clarification because the Complaint and the April 21 Order are limited to issues pertaining to the MISO-PJM seam.¹⁰⁶ While ITC Companies believe that the requirement for MISO to reduce its voltage threshold and eliminate the minimum cost threshold should be extended to the MISO-SPP seam, they cite no evidence in the record that pertains to the MISO-SPP seam. Neither the Complaint nor the April 21 Order addressed issues related to the MISO-SPP seam or the MISO-SPP JOA. Finally, the April 21 Order did not require MISO to make tariff revisions related to the MISO-SPP seam. Accordingly, we deny ITC Companies' request for clarification because it goes beyond the scope of the NIPSCO Complaint proceeding.

b. Compliance Filings

i. Compliance Filings Summary

53. In the MISO Compliance Filing, MISO proposes to add new language to the definition of Market Efficiency Projects. Specifically, MISO's proposed revisions state that if a Network Upgrade qualifies as an Interregional Market Efficiency Project under the MISO-PJM JOA, then neither the \$5 million cost threshold nor the 345 kV, or higher, voltage requirement apply to that project.¹⁰⁷ MISO states that its proposed revisions will allow an interregional economic transmission project proposed under the MISO-PJM JOA that will operate above 100 kV to qualify as a Market Efficiency Project as long as

¹⁰⁶ For example, in the Order on Complaint and Establishing Technical Conference, the Commission noted that it directed Commission staff to convene a technical conference to explore issues raised in the Complaint related to the MISO-PJM JOA and the MISO-PJM seam. *See N. Ind. Pub. Serv. Co. v. Midcontinent Indep. Sys. Operator Inc.*, 149 FERC ¶ 61,248, at P 1 (2014).

¹⁰⁷ MISO FERC Electric Tariff, [Attachment FF, Transmission Expansion Planning Protocol, 52.0.0](#).

that project meets the other Market Efficiency Project requirements, including MISO's regional cost benefit threshold.¹⁰⁸

ii. Protests

54. South Regulators filed a protest of the MISO Compliance Filing concerning some of the same issues raised by OMS in its request for clarification. Specifically, South Regulators request that the Commission require MISO to maintain the status quo and revise Attachment FF of its tariff to ensure that MISO does not allocate the costs of interregional economic transmission projects along the MISO-PJM seam operating above 100kV, but below 345kV, on a postage-stamp basis. They argue that costs for interregional economic transmission projects above 100kV, but below 345 kV, selected through the MISO-PJM interregional planning process should not be allocated on a postage stamp basis until a sufficient demonstration has been made that such projects have regional benefits.¹⁰⁹ Similarly, SPP submitted comments asserting that the directive for MISO to reduce its voltage threshold and eliminate the cost threshold for interregional economic transmission projects under the MISO-PJM JOA should also apply to the MISO-SPP JOA.¹¹⁰ LS Power submitted a protest arguing the same directive should apply to all MISO seams.¹¹¹ SPP and LS Power ask that the Commission direct MISO to submit a further compliance filing to revise the MISO tariff so the threshold changes are not limited to interregional economic transmission projects along the MISO-PJM seam.¹¹²

55. ITC Companies and NIPSCO raise the same arguments ITC Companies raise in their request for clarification summarized above. ITC Companies and NIPSCO argue that MISO's proposed revisions remove the voltage and cost thresholds identified in the April 21 Order only for interregional economic transmission projects that qualify as

¹⁰⁸ In submitting a compliance filing that lowered the voltage threshold and eliminated the cost thresholds in its tariff for MISO regional Market Efficiency Projects that also qualify as interregional economic transmission projects under the MISO-PJM JOA, MISO left the voltage and cost thresholds unchanged for interregional economic transmission projects along seams with other RTOs.

¹⁰⁹ Limited Protest of South Regulators at 6.

¹¹⁰ Comments of SPP at 7-11.

¹¹¹ Protest of LS Power at 2-5.

¹¹² *See id.* at 5.

Interregional Market Efficiency Projects under MISO-PJM JOA, and not for all interregional economic transmission projects.¹¹³ According to ITC Companies and NIPSCO, since the April 21 Order did not limit its directive to Interregional Market Efficiency Projects, the Commission's directive should be interpreted as directing MISO to eliminate the indicated cost and voltage thresholds for all interregional economic transmission projects.¹¹⁴

56. In its answer responding to the concerns raised by the South Regulators, MISO states that it agrees with South Regulators that the directives contained in the April 21 Order affect cost allocation for certain Market Efficiency Projects. MISO explains that it "recognizes that there is an existing cost allocation gap for interregional projects that are wholly located in the neighboring [PJM region] and provide benefits to MISO" because the cost allocation provisions in Attachment FF-6 are based on the physical location of a facility inside of MISO and do not address projects existing outside of MISO.¹¹⁵ MISO states that it has been working with stakeholders to develop and file with the Commission stop-gap tariff provisions "so that the intent of the cost allocation transition period is maintained throughout the five year period in all circumstances."¹¹⁶ MISO argues that because of these efforts, the South Regulator's protest is misplaced.

57. In their answer, MISO and MISO Transmission Owners and Arkansas Commission state that the joint ITC Companies and NIPSCO protest, the LS Power protest, and SPP's comments improperly seek to expand application of the directives of the April 21 Order to all of MISO's seams, not just the MISO-PJM seam. MISO and MISO Transmission Owners state that expanding the revisions of Attachment FF beyond the scope of the April 21 Order by applying reductions in voltage thresholds for interregional economic transmission projects and the elimination of the \$5 million cost threshold to regions other than the MISO-PJM seam would impermissibly expand the scope of the Compliance Filings beyond the Order's directives. MISO and the MISO Transmission Owners note that the plain language of the April 21 Order limits revisions to Attachment FF to the MISO-PJM seam.¹¹⁷ Arkansas Commission states that that expansion of the application of the changes in voltage and cost thresholds to regions other

¹¹³ ITC Companies and NIPSCO Joint Protest at 12.

¹¹⁴ *Id.*

¹¹⁵ Answer of MISO at 3.

¹¹⁶ *Id.* at 3-4.

¹¹⁷ Answer of MISO and MISO Transmission Owners at 12, n.40.

than the MISO-PJM seam is impermissible at this stage of the proceeding, as this change would be outside of the scope of the directives of the April 21 Order. Arkansas Commission concludes that any additional revisions to the MISO tariff must be the subject of a new filing made pursuant to sections 205 and 206 of the FPA.¹¹⁸

iii. Commission Determination

58. We find that MISO complies with the directive to revise the Market Efficiency Project thresholds that apply to qualify as an interregional economic transmission project by (1) lowering the minimum voltage threshold to 100 kV and (2) removing the \$5 million minimum cost requirement.

59. We reject South Regulators' protest as an out-of-time rehearing request of prior Commission determinations regarding voltage and cost thresholds applied to interregional economic transmission projects. In the April 21 Order, the Commission found that MISO and PJM must remove the thresholds that are preventing them from being able to select the interregional economic transmission projects that they have identified as providing benefits to both regions.¹¹⁹ Pursuant to section 313(a) of the FPA, an aggrieved party must file a request for rehearing within thirty days after the issuance of the Commission's order.¹²⁰ Because South Regulators failed to timely raise these challenges, these parties are barred by the FPA from raising them here. Alternatively, we note that OMS raised issues in its request for clarification that are similar to those South Regulators raise in their protest, and we address those issues in a previous section of this order.

60. Consistent with our finding on the ITC Companies' request for clarification,¹²¹ we reject ITC Companies' and NIPSCO's joint protest, LS Power's protest and address SPP's comments regarding the applicability of the directives in the April 21 Order to seams other than the one shared by MISO and PJM, as beyond the scope of the Complaint.¹²²

¹¹⁸ Answer of Arkansas Commission at 3.

¹¹⁹ April 21 Order, 155 FERC ¶ 61,058 at P 129.

¹²⁰ 16 U.S.C. § 8251 (2012).

¹²¹ *Supra* P 52.

¹²² As the Commission stated, it "has long established that compliance filings must be limited to the specific directives ordered by the Commission. The purpose of a

C. Other Compliance Matters

61. In the April 21 Order, the Commission agreed with NIPSCO that the RTOs were capable of defining a timeline for the JOA that specifies the links between the JOA process and the MTEP and RTEP. To that end, the Commission ordered MISO and PJM to revise the JOA to include:

(1) timely, specific binding deadlines for each step within the annual review of issues that lead up to the decision about whether or not to conduct a Coordinated System Plan; (2) an annual, binding deadline by which the RTOs will determine whether to conduct a Coordinated System Plan; (3) timely, specific binding deadlines for each step in the Coordinated System Plan Study process once the RTOs decide to conduct that process; (4) a binding deadline for the maximum total amount of time the Coordinated System Plan Study process will take from the date the process begins to the date a Coordinated System Plan is approved; and (5) a description of which and how specific steps in the Coordinated System Plan Study process interact and coordinate with specific steps in the MTEP and the RTEP.¹²³

We address these directives in turn, beginning with directives 1-3, then turning to directive 4, and then directive 5.

1. Timeline for Coordinated System Plan Study Process and the Maximum Amount of Time for the Coordinated System Plan Study Process

62. The first three directives from the April 21 Order require revision of the JOA to better describe the timeline for the Coordinated System Plan Study Process in the JOA; specifically, revisions to the JOA to include (1) timely, specific binding deadlines for each step within the annual review of issues that lead up to the decision about whether or not to conduct a Coordinated System Plan; (2) an annual, binding deadline by which the RTOs will determine whether to conduct a Coordinated System Plan; and (3) timely,

compliance filing is to make the directed changes and the Commission's focus in reviewing them is whether they comply with the Commission's previously-stated directives." *See Cal. Ind. Sys. Operator Corp.*, 148 FERC ¶ 61,023, at P 23, n.27 (2014).

¹²³ April 21 Order, 155 FERC ¶ 61,058 at P 57.

specific binding deadlines for each step in the Coordinated System Plan Study process once the RTOs decide to conduct that process.¹²⁴

63. With respect to the fourth compliance directive, the Commission directed MISO and PJM to submit a compliance filing with revisions to the JOA to include a binding deadline for the maximum total amount of time the Coordinated System Plan Study process will take from the date the process begins to the date a Coordinated System Plan is approved.¹²⁵

a. Compliance Filings

64. To address the Commission's directive that MISO and PJM revise the JOA to include timely, specific binding deadlines for each step within the annual review of issues that lead up to the decision about whether or not to conduct a Coordinated System Plan, MISO and PJM propose revisions to the JOA at section 9.3.6.2(a)(ii) requiring that: (1) certain information be exchanged during the fourth quarter of each calendar year; (2) MISO and PJM undertake a joint review of regional issues and solutions in January of each calendar year; (3) third-party issues be received in the first quarter of each calendar year; (4) a review of regional issues be conducted at the Interregional Planning Stakeholder Advisory Committee meeting during the first quarter of each calendar year; and (5) the Joint RTO Planning Committee decide whether or not to conduct a Coordinated System Plan Study.¹²⁶

65. To address the Commission's directive that MISO and PJM revise the JOA to include an annual, binding deadline by which the RTOs will determine whether to conduct a Coordinated System Plan, MISO and PJM propose revisions to the JOA at section 9.3.6.2(a)(iv) requiring that the Joint RTO Planning Committee will determine the

¹²⁴ *Id.* P 57.

¹²⁵ *Id.*

¹²⁶ *See, e.g.*, PJM Compliance Filing, Attachment A at 9. On December 15, 2016, PJM filed an additional compliance filing in Docket No. ER16-1967-001 in which it proposes to add a new section 9.3.6 to Article 9 of the JOA between MISO and PJM to memorialize the RTOs' coordination of their generator retirement studies. Adding the proposed new section would change the numbering for the currently effective section of the JOA that addresses Development of the Coordinated System Plan (what is now section 9.3.6 would become section 9.3.7). All references to section 9.3.6 and its subsections in this order correspond to the versions of the JOA submitted in the proceedings addressed by this order.

need to perform a Coordinated System Plan Study within 45 days following the annual issues evaluation meeting with Interregional Planning Stakeholder Advisory Committee held in the first quarter of the calendar year.¹²⁷

66. To address the Commission's directive that MISO and PJM revise the JOA to include timely, specific binding deadlines for each step in the Coordinated System Plan Study process once the RTOs decide to conduct that process, MISO and PJM propose to revise the JOA to stipulate that "[t]he [Joint RTO Planning Committee] shall provide the timely, specific deadlines for each step in the Coordinated System Plan study in a timely fashion following the [Joint RTO Planning Committee]'s decision to initiate such study."¹²⁸

67. Specifically, with respect to the revisions to the JOA to establish specific deadlines for each step of the Coordinated System Plan Study and the maximum amount of time it will take to complete the full Coordinated System Plan Study process, including the annual review of transmission issues,¹²⁹ the RTOs propose revisions to the Development of the Coordinated System Plan section of the JOA¹³⁰ to add more specificity regarding the steps and timeframes they will follow to review transmission issues that will result in a decision by the Joint RTO Planning Committee whether or not to conduct a Coordinated System Plan Study. MISO and PJM propose to conduct an annual review of issues beginning the fourth quarter of each calendar year through the first quarter of the following year as described in the JOA.¹³¹ In addition, the revised language provides that the maximum period under which a targeted study will be conducted is one year within the calendar year in which it is identified.¹³² Specifically, section 9.3.6.2(a)(vi) states:

¹²⁷ *Id.* at 10-11.

¹²⁸ *Id.* at 11.

¹²⁹ April 21 Order, 155 FERC ¶ 61,068 at P 55.

¹³⁰ JOA section 9.3.6.

¹³¹ JOA section 9.3.6.2(a)(i). According to the RTOs, this timeline will allow them to complete their regional planning analyses and use the results to determine if there are more efficient interregional transmission projects.

¹³² JOA section 9.3.6.2(a)(vi). *See* PJM Compliance Filing at 4; MISO Compliance Filing at 4.

A Coordinated System Plan study may include targeted studies of particular areas, needs or potential expansions to ensure that the coordination of the reliability and efficiency of the Parties' transmission systems will be conducted during the first half of the calendar year. In years when the Coordinated System Plan study includes only targeted studies as defined herein, they may be conducted at any time during the calendar year but will be targeted for completion within the calendar year in which they are identified.

68. MISO and PJM propose changes to the JOA to make clear that a Coordinated System Plan can include two types of studies: (1) a targeted study and (2) a more complex, two-year cycle study. MISO and PJM state that the targeted study will focus on particular areas, needs, or potential expansions to ensure reliability coordination between the two RTOs and the study will be completed in the year it is identified.¹³³ The two-year cycle study, on the other hand, will be conducted on a two-year cycle, commencing in the third quarter of the first year of the study cycle. The revised JOA states that the maximum period under which a targeted study shall be conducted is one year within the calendar year in which it is identified,¹³⁴ and also provides that a more complex two-year study shall be completed no later than the end of the second year of the two-year study cycle.¹³⁵

b. Commission Determination

69. We find that MISO's and PJM's proposed revisions to the JOA satisfy the first two compliance directives of the April 21 Order, namely, to include timely, specific binding deadlines for each step within the annual review of issues that lead up to the decision about whether or not to conduct a Coordinated System Plan and an annual, binding deadline by which the RTOs will determine whether to conduct a Coordinated System Plan. As described above, in addressing the first compliance directive, MISO and PJM added new subsections vii (a)-(e), which specifically outline the steps and timing of

¹³³ MISO and PJM state that the "Targeted Market Efficiency Project study is a process involving only joint interregional analysis conducted within a short timeframe and can be conducted simultaneous with the MTEP and RTEP regional work." RTOs Joint Informational Filing of August 19, 2016, at 3.

¹³⁴ JOA section 9.3.6.2(a)(vi).

¹³⁵ JOA section 9.3.6.2(a)(vii). See PJM Compliance Filing at 4; MISO Compliance Filing at 4-5.

the Coordinated System Plan studies during a two-year cycle.¹³⁶ In addressing the second compliance directive, MISO and PJM added language that requires the parties to the JOA to conduct an annual evaluation of transmission issues, beginning in the fourth quarter of each year, and provide a recommendation of whether to conduct a Coordinated System Plan study within 45 days of a transmission issues evaluation meeting held in the first quarter of the following year.¹³⁷

70. However, we conclude that MISO's and PJM's proposal to "provide the timely, specific deadlines for each step in the Coordinated System Plan study in a timely fashion" after the Joint RTO Planning Committee's decision to initiate such study does not fully satisfy the third directive to implement "specific binding deadlines for each step in the Coordinated System Plan Study process."¹³⁸ Because the steps in a Coordinated System Plan study may vary depending on the type and scope of the study, we will accept MISO's and PJM's proposal to provide specific, binding deadlines after the Joint RTO Planning Committee makes the decision to initiate a Coordinated System Plan, at which time there will be more certainty about the steps necessary for the specific studies involved. However, there must be more certainty about when MISO and PJM will provide the specific, binding deadlines. We note that the JOA currently requires that the scope and procedure for the coordinated planning analysis "include the schedule of [Interregional Planning Stakeholder Advisory Committee] review and input at all stages of the study," and that the "[s]tudy scope and assumptions [] be documented and provided to the [Interregional Planning Stakeholder Advisory Committee] for review and comment at an [Interregional Planning Stakeholder Advisory Committee] meeting scheduled no later than 30 days after the decision to conduct a Coordinated System Plan study."¹³⁹ Consistent with these existing requirements, we require MISO and PJM to submit further compliance filings, within 30 days of the date of issuance of this order, revising the JOA, at section 9.3.6.2(a)(viii), to provide that the Joint RTO Planning Committee shall provide a schedule and binding deadlines for the steps in each Coordinated System Plan Study process no later than 15 days after the Interregional Planning Stakeholder Advisory Committee meeting provided for in section 9.3.6.2(b)(ii). We note that, as provided in section 9.3.6.2(a)(vii) of the JOA, regardless of the intervening deadlines, the Coordinated System Plan Study must be completed no later than the end of the second year of the two-year cycle.

¹³⁶ JOA sections 9.3.6.2(b)(vii) (a-e).

¹³⁷ JOA sections 9.3.6.2(a)(i) and (iv).

¹³⁸ April 21 Order, 155 FERC ¶61,068 at P 57.

¹³⁹ JOA section 9.3.6.2(b)(ii).

71. We find MISO and PJM have partially complied with the fourth requirement to revise the JOA to include a binding deadline for the maximum total amount of time the Coordinated System Plan Study process will take from the date the process begins to the date a Coordinated System Plan is approved. While we accept MISO's and PJM's proposal that a targeted study shall be conducted within the calendar year in which it is identified and the more complex full Coordinated System Plan Study plan will take two years, we find that MISO and PJM must make further revisions. MISO and PJM propose that targeted studies "will be conducted on a one year calendar basis"¹⁴⁰ and "will be completed within the calendar year for which the targeted study starts."¹⁴¹ However, the tariff language MISO and PJM propose states only that such studies will be "targeted" for completion within the calendar year in which they are identified. A targeted deadline is not a binding deadline, as the Commission required in the April 21 Order. Accordingly, to address this concern, we require MISO and PJM to submit further compliance filings, within 30 days of the date of issuance of this order, to revise section 9.3.6.2(a)(vi) of the JOA, as follows:

(vi) If a Coordinated System Plan study ~~may include~~ targeted studies of particular areas, needs or potential expansions to ensure that the coordination of the reliability and efficiency of the Parties' transmission systems, then such targeted studies will be conducted during the first half of the calendar year. In years when the Coordinated System Plan study includes only targeted studies as defined herein, they may be conducted at any time during the calendar year but ~~will be targeted for completion~~ shall be completed within the calendar year in which they are identified.

2. Coordinated System Plan Interaction with MTEP and RTEP

72. As outlined above, in the April 21 Order the Commission found that, based on the record in the proceeding, it is unclear how the Coordinated System Plan Study in the JOA interacts and aligns with the MTEP and the RTEP. The Commission further found that the JOA does not include language that explains the interaction of these three processes in detail, and that a clear process laid out in the JOA may resolve disagreements over whether and how the processes interact and help provide a consistent understanding of the process for all stakeholders.¹⁴² Therefore, the Commission directed MISO and PJM

¹⁴⁰ PJM Compliance Filing, Transmittal at 4.

¹⁴¹ MISO Compliance Filing, Transmittal at 4.

¹⁴² April 21 Order, 155 FERC ¶ 61,058 at P 56.

to submit revisions to the JOA to include a description of which and how specific steps in the Coordinated System Plan Study process interact and coordinate with specific steps in the MTEP and the RTEP.¹⁴³

a. Compliance Filings

73. MISO and PJM state that the proposed revisions to the JOA that outline specific steps and deadlines in the Coordinated System Plan process also comply with the directive to include a description in the JOA of which and how specific steps in the Coordinated System Plan Study process interact and coordinate with specific steps in the MTEP and the RTEP.¹⁴⁴ MISO and PJM reference the revisions to the JOA that clarify that a targeted study will be completed within the calendar year in which it starts and a more complex study will be completed on a two-year calendar basis.¹⁴⁵ PJM states that these revisions should help clarify the alignment between the Coordinated System Plan process and the MTEP and RTEP.¹⁴⁶ PJM also states that the proposed JOA provisions provide that the annual review of transmission issues will be conducted beginning in the fourth quarter of each calendar year through the first quarter of the following year so that PJM may complete its regional planning analysis and use the results of that analysis to review any issues with the Interregional Planning Stakeholder Advisory Committee to determine if there is a more efficient interregional transmission project.¹⁴⁷ In addition, MISO and PJM reference the revisions to the JOA that provide the steps associated with the two-year study cycle for the Coordinated System Plan.¹⁴⁸ PJM states that the specific steps in the two year Coordinated System Plan cycle were specifically designed to interact with and align with PJM's two year RTEP planning cycle.¹⁴⁹ MISO states that it

¹⁴³ *Id.* P 57.

¹⁴⁴ MISO Compliance Filing, Transmittal at 4; PJM Compliance Filing, Transmittal at 4-5.

¹⁴⁵ MISO Compliance Filing, Transmittal at 4; PJM Compliance Filing, Transmittal at 4 (citing JOA sections 9.3.6.2(a)(vi)-(vii)).

¹⁴⁶ PJM Compliance Filing, Transmittal at 4-5.

¹⁴⁷ *Id.* at 5 (citing JOA section 9.3.6.2(a)(i)).

¹⁴⁸ MISO Compliance Filing, Transmittal at 4; PJM Compliance Filing, Transmittal at 4 (citing JOA sections 9.3.6.2(b)(vii)(a) - (e)).

¹⁴⁹ PJM Compliance Filing, Transmittal at 5.

believes the revisions identify when the Coordinated System Plan study process potentially interacts with the MTEP.¹⁵⁰

b. Commission Determination

74. We find that MISO and PJM partially comply with the directive to revise the JOA to include a description of how the specific steps in the Coordinated System Plan Study process interact with specific steps in the MTEP and the RTEP.¹⁵¹ The JOA currently describes the interaction between the annual review of issues under the JOA and the regional transmission planning processes. In particular, the revisions provide that, during the fourth quarter of each calendar year, MISO and PJM will exchange and provide specific information from their respective regional transmission planning processes to the Joint RTO Planning Committee and that information will be used in the annual review of issues under the JOA.¹⁵² Thus, the interaction prior to the decision about whether or not to conduct a Coordinated System Plan is generally one where information from the MTEP and RTEP processes informs the Coordinated System Plan process under the JOA.

75. However, we find that, once the Joint RTO Planning Committee makes a decision to conduct a Coordinated System Plan Study, it is unclear how specific steps in the Coordinated System Plan Study process interact and coordinate with specific steps in the MTEP and RTEP. MISO and PJM cite the provision that provides that a targeted study will be conducted and completed during the calendar year in which it begins as providing the necessary interaction information. However, this provision does not include any language to explain how steps that will be used to conduct a targeted study under the JOA interact or are coordinated with specific steps in the MTEP and RTEP processes.

76. MISO's and PJM's reliance on the proposed steps for the more complex, two-year Coordinated System Plan Study process is also insufficient to fully comply with the directive to explain the interaction among the MTEP, RTEP, and Coordinated System Plan Study processes. While the new provisions provide information about the timing to propose and evaluate potential interregional transmission projects, they do not explain how the proposal and evaluation of such projects interact among the three processes. For example, MISO and PJM propose new provisions that describe when a stakeholder can propose an interregional transmission project in the MTEP and RTEP processes.¹⁵³ They

¹⁵⁰ MISO Compliance Filing, Transmittal at 4.

¹⁵¹ April 21 Order, 155 FERC ¶ 61,058 at P 57.

¹⁵² JOA section 9.3.6.2(a)(ii).

¹⁵³ JOA sections 9.3.6.2(b)(vii)(c) - (d).

also propose a provision stating that MISO and PJM “will evaluate each project proposal in its regional process during the second year of the two-year [Coordinated System Plan Study] cycle to determine if a project is eligible for inclusion in the respective regional plans” and “shall target the end of the second year of the two-year cycle to include an approved Interregional Project.”¹⁵⁴ However, other than these provisions, MISO and PJM propose no revisions to the JOA that comply with the Commission’s directive and describe how specific steps in the Coordinated System Plan Study process interact and coordinate with specific steps in the MTEP and RTEP processes. Thus, it is unclear, for example, how information regarding an interregional transmission project proposed in the MTEP and RTEP during the second year of a Coordinated System Plan Study is shared among and used in the specific steps to evaluate the interregional transmission project in the MTEP, RTEP, and Coordinated System Plan Study processes.

77. Furthermore, the limited information in the new provisions about the proposal and evaluation of interregional transmission projects is confusing when considered together with existing language in the JOA. The new provisions indicate that interregional transmission projects are proposed and evaluated in the MTEP and RTEP processes during the second year of a Coordinated System Plan Study cycle (i.e., before a Coordinated System Plan Study is complete). Existing provisions in the JOA, however, indicate that MISO and PJM consider interregional transmission projects in their regional transmission planning processes *after* the Joint RTO Planning Committee recommends an interregional transmission project in the report the Joint RTO Planning Committee produces at the completion of Coordinated System Plan Study.¹⁵⁵ We understand that the existing provisions may be addressing interregional transmission projects the Joint RTO Planning Committee recommends at the conclusion of a Coordinated System Plan Study that were not yet proposed or evaluated in the regional transmission planning processes. However, this is not clear, and, as the Commission explained in the April 21 Order, the lack of a clear explanation in the JOA of the alignment of the Coordinated System Plan Study and the MTEP and RTEP processes has led to disagreements over whether and how the processes interact.¹⁵⁶

78. In short, we find it continues to be unclear how the MTEP, RTEP, and Coordinated System Plan Study processes interact. Accordingly, we direct MISO and PJM to submit, within 30 days of the date of issuance of this order, further compliance filings with JOA revisions to include a description of how specific steps in the

¹⁵⁴ JOA sections 9.3.6.2(b)(vii)(e).

¹⁵⁵ JOA sections 9.3.6.2(b)(x) - (xi).

¹⁵⁶ April 21 Order, 155 FERC ¶ 61,058 at P 56.

Coordinated System Plan Study process interact and coordinate with specific steps in the MTEP and the RTEP.

3. Interconnection and Retirement Business Practice Manual Provisions in JOA

79. In the April 21 Order, the Commission found that including in the JOA details about the coordination of interconnection studies currently found only in the MISO and PJM business practice manuals will provide additional transparency that will help ensure MISO and PJM are following the JOA coordination procedures.¹⁵⁷ Therefore, the Commission directed MISO and PJM to revise the JOA to include the description of the interconnection coordination procedures that are currently in the MISO and PJM business practice manuals.

a. Compliance Filings

80. MISO and PJM propose revisions to section 9.3.3 of the JOA to include a single set of agreed-upon interconnection coordination procedures that are currently in the MISO and PJM business practice manuals.¹⁵⁸ Among other things, the proposed revisions require each RTO, during the course of its interconnection studies, to monitor the other RTO's transmission system for potential impacts and include any potential impacts in each RTO's System Impact Study report.¹⁵⁹ In addition, the proposed revisions require each RTO to forward to the other RTO, at a minimum of twice per year, information necessary for the RTOs to study the impact of interconnection request on their transmission systems.¹⁶⁰ The proposed revisions also require the RTOs to study the impacts of interconnection requests on their transmission systems and provide draft results to each other by specific dates.

b. Commission Determination

81. We find that these revisions satisfy the Commission's directive with respect to interconnection coordination procedures. We find that the JOA now includes the

¹⁵⁷ *Id.* P 185.

¹⁵⁸ MISO Compliance Filing, Transmittal at 6-7; PJM Compliance Filing, Transmittal at 8.

¹⁵⁹ PJM Compliance Filing, Attachment A at section 9.3.3(d, g).

¹⁶⁰ *Id.* at sections 9.3.3(e) & (h).

description of the interconnection coordination procedures that are currently in the MISO and PJM business practice manuals.

4. Correction of Errors from April 21 Order

82. ITC Companies and NIPSCO, point to two errors in the RTOs' proposed changes related to sections 9.4.4.1.3.1, and 9.4.4.2.3 of the JOA, respectively. ITC Companies and NIPSCO state that section 9.4.4.1.3.1(b), which references section 9.4.4.2.2 of the JOA, should reference section 9.4.4.2.3 instead. Additionally, ITC Companies and NIPSCO argue that section 9.4.4.2.3 of the JOA, which contains a reference to section 9.4.4.1.2.1(a), should reference section 9.4.4.1.3.1(a) because section 9.4.4.1.2.1(a) does not exist in the JOA.¹⁶¹

Commission Determination

83. With respect to ITC Companies' and NIPSCO's contention that section 9.4.4.1.3.1(b) of the JOA should reference section 9.4.4.2.3, we agree that reference to section 9.4.4.2.2 in proposed section 9.4.4.1.3.1(b) of the MISO-PJM JOA is incorrect.¹⁶² Section 9.4.4.2.2 of the JOA addresses "Cost Allocation for an Interregional Reliability Project." We agree with ITC Companies and NIPSCO that the correct reference should be to section 9.4.4.2.3 (Cost Allocation for an Interregional Market Efficiency Project) instead of section 9.4.4.2.2 since section 9.4.4.1.3.1(b) of the MISO-PJM JOA addresses the "Determination of Benefits to Each RTO from an Interregional Market Efficiency." As such, we direct MISO and PJM to submit a further compliance filing, within 30 days of the date of issuance of this order, to revise the JOA accordingly. With regard to the reference to section 9.4.4.1.2.1(a) in section 9.4.4.2.3 of the JOA, we find no revisions are necessary here because both MISO and PJM have proposed to delete the reference to section 9.4.4.1.2.1(a).

5. Additional Tariff Compliance

84. We note that the version of Attachment FF that MISO included in the filing in Docket No. ER16-1969-001 does not include some language that was accepted in versions of Attachment FF with earlier effective dates than the version of Attachment FF that MISO submitted previously. MISO submitted an amendment in this proceeding, at Docket No. ER16-1969-001 to update the Attachment FF tariff record, but it appears that the tariff record MISO submitted does not include all currently effective language.

¹⁶¹ ITC Companies and NIPSCO Joint Protest at 12.

¹⁶² MISO Compliance Filing, *see* Tab A – Revised JOA.

Therefore, we direct MISO to submit, within 30 days of the date of issuance of this order, an updated version of the Attachment FF tariff record to include all currently effective language. We also direct MISO and PJM to submit, within 30 days of the date of issuance of this order, further compliance filings that include JOA tariff records in which the section numbers are identical to resolve any confusion created by the different numbering of the JOA used by each RTO.

The Commission orders:

(A) The requests for rehearing by NIPSCO, OMS, MISO, MISO Transmission Owners, PJM, and Generator Group, are hereby denied, as discussed in the body of this order. The request for clarification of OMS is granted in part, as discussed in the body of this order.

(B) MISO's and PJM's compliance filings are hereby conditionally accepted, subject to further compliance filings, as discussed in the body of this order.

(C) MISO and PJM are hereby directed to submit further compliance filings, within 30 days of the date of this order, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

Appendix A

Tariff Sections Filed by MISO and PJM

Docket No. ER16-1967-000

PJM Interconnection, L.L.C., FERC FPA Electric Tariff, Interregional Agreements [MISO-JOA, MISO-JOA, 1.0.0](#); [ARTICLE IX, MISO-JOA ARTICLE IX - COORDINATED REGIONAL TRANSMISSION EXPA, 0.0.0](#); [9.3, MISO-JOA 9.3 Coordinated System Planning, 3.0.0](#); [MISO-JOA, MISO-JOA, 1.0.0](#); [ARTICLE IX, MISO-JOA ARTICLE IX - COORDINATED REGIONAL TRANSMISSION EXPA, 0.0.0](#); and [9.4, MISO-JOA 9.4 Allocation of Costs of Network Upgrades, 6.0.0](#).

Docket Nos. ER16-1969-000 & ER16-1969-001

Midcontinent Independent System Operator, Inc., FERC FPA Electric Tariff, MISO Rate Schedules, [MISO RATE SCHEDULES, 30.0.0](#); [Rate Schedule 5, MISO-PJM Joint Operating Agreement, 31.0.0](#); [ARTICLE IX, COORDINATED REGIONAL TRANSMISSION EXPANSION PLANNING, 0.0.0](#); [Section 9.3, Coordinated System Planning, 33.0.0](#); [MISO RATE SCHEDULES, 30.0.0](#); [Rate Schedule 5, MISO-PJM Joint Operating Agreement, 31.0.0](#); [ARTICLE IX, COORDINATED REGIONAL TRANSMISSION EXPANSION PLANNING, 0.0.0](#); [Section 9.4, Allocation of Costs of Network Upgrades, 37.0.0](#); and [ATTACHMENT FF, Transmission Expansion Planning Protocol, 52.0.0](#).

Appendix B

List of Intervenors for MISO and PJM Compliance Filings in Docket Nos. ER16-1967-000, ER16-1969-000, -001

Docket No. ER16-1967-000

Ameren Illinois Company
Ameren Illinois and Ameren Transmission Company of Illinois
Ameren Missouri
Ameren Services Company
American Electric Power Service Corporation
American Municipal Power, Inc.
American Transmission Company LLC
American Wind Energy Association
Big Rivers Electric Corporation
Central Minnesota Municipal Power Agency
City Water, Light & Power (Springfield, IL)
Cleco Power, LLC
Dairyland Power Cooperative
Dominion Resources Services, Inc.
Duke Energy Corporation
East Texas Electric Cooperative
EDF Renewable Energy, Inc.
EDP Renewables North America LLC
Entergy Arkansas, Inc.
Entergy Gulf States Louisiana, L.L.C.
Entergy Louisiana, LLC
Entergy Mississippi, Inc.
Entergy New Orleans, Inc.
Entergy Services, Inc.
Entergy Texas, Inc.
E.ON Climate & Renewables North America, LLC
Exelon Corporation
Great River Energy
Hoosier Energy Rural Electric Cooperative, Inc.
Indiana Municipal Power Agency
International Transmission Company
ITC Companies
ITC Midwest LLC
LSP Transmission Holdings, LLC
Madison Gas & Electric Company

MidAmerican Energy Company
Michigan Electric Transmission Company, LLC
Midcontinent Independent System Operator, Inc.
Midwest TDUs
Minnesota Power
MISO Transmission Owners
Missouri Joint Municipal Electric Utility Commission
Missouri River Energy Services
Montana-Dakota Utilities Co.
Northeast Transmission Development, LLC
Northern States Power Company
Northern Indiana Public Service Company
Northwestern Wisconsin Electric Company
NRG Power Marketing LLC and GenOn Energy Management, LLC
Old Dominion Electric Cooperative
Otter Tail Power Company
Prairie Power Inc.
PJM Interconnection, L.L.C
PJM Transmission Owners
PSEG Companies
Public Service Electric and Gas Company
PSEG Energy Resources & Trade LLC
PSEG Power LLC
PPL Electric Utilities Corporation
South Mississippi Electric Power Association
Southern Indiana Gas & Electric Company
Southern Illinois Power Cooperative
Southern Minnesota Municipal Power Agency
Superior Water, L&P
Union Electric Company
Vectren Energy Delivery of Indiana
Wabash Valley Power Association, Inc.
Wolverine Power Supply Cooperative, Inc.
WPPI Energy
Xcel Energy Inc.

Docket Nos. ER16-1969-000, -001

Ameren Illinois Company
Ameren Illinois and Ameren Transmission Company of Illinois
Ameren Missouri
Ameren Services Company
American Electric Power Service Corporation
American Municipal Power, Inc.
American Transmission Company LLC
Alliant Energy Corporate Services, Inc.
American Electric Power Service Corporation
American Municipal Power, Inc.
American Wind Energy Association
Arkansas Public Service Commission
Big Rivers Electric Corporation
Central Minnesota Municipal Power Agency
City Water, Light & Power (Springfield, IL)
City of New Orleans
Cleco Power, LLC
Council of the City of New Orleans
Dairyland Power Cooperative
Dominion Resources Services, Inc.
East Texas Electric Cooperative
EDF Renewable Energy, Inc.
EDP Renewables North America LLC
Entergy Arkansas, Inc.
Entergy Gulf States Louisiana, L.L.C.
Entergy Louisiana, LLC
Entergy Mississippi, Inc.
Entergy New Orleans, Inc.
Entergy Services, Inc.
Entergy Texas, Inc.
E.ON Climate & Renewables North America, LLC
Exelon Corporation
Great River Energy
GridLiance Heartland LLC
Hoosier Energy Rural Electric Cooperative, Inc.
Illinois Commerce Commission
Indiana Municipal Power Agency
Indiana Utility Regulatory Commission
Iowa Utilities Board
International Transmission Company
ITC Companies

ITC Midwest LLC
ITC Transmission
Kansas City Power & Light Company and KCP & L Greater Missouri Operations
Company
Louisiana Public Service Commission
LSP Transmission Holdings, LLC
MidAmerican Energy Company
Midcontinent Independent System Operator, Inc.
Michigan Electric Transmission Company, LLC
Michigan Public Service Commission
Midwest TDUs
Minnesota Power
Minnesota Public Service Commission
MISO Transmission Owners
Mississippi Public Service Commission
Missouri Joint Municipal Electric Utility Commission
Missouri Public Service Commission
Missouri River Energy Services
Montana-Dakota Utilities Co.
Montana Public Service Commission
Nebraska Public Power District
North Dakota Public Service Commission
Northeast Transmission Development, LLC
Northern Indiana Public Service Company
Northern States Power Company
Northwestern Wisconsin Electric Company
NRG Power Marketing LLC and GenOn Energy Management, LLC
Otter Tail Power Company
Organization of MISO States (OMS)
Prairie Power Inc.
PJM Interconnection, L.L.C
PJM Transmission Owners
PPL Electric Utilities Corporation
Public Utility Commission of Texas
Public Service Commission of Wisconsin
PSEG Companies
Public Service Electric and Gas Company
PSEG Energy Resources & Trade LLC
PSEG Power LLC
South Dakota Public Service Commission
South Mississippi Electric Power Association
South Regulators
Southern Indiana Gas & Electric Company

Southern Illinois Power Cooperative
Southern Minnesota Municipal Power Agency
Southwest Power Pool, Inc.
Superior Water, L&P
Union Electric Company
Vectren Energy Delivery of Indiana
Wabash Valley Power Association, Inc.
Wisconsin Public Service Corporation
Wolverine Power Supply Cooperative, Inc.
WPPI Energy
Xcel Energy Inc.