

191 FERC ¶ 61,231
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Mark C. Christie, Chairman;
David Rosner, and Lindsay S. See.

Midcontinent Independent System Operator, Inc.	Docket Nos. ER24-2797-001 ER24-2871-001
Southwest Power Pool, Inc.	ER24-2798-001 ER24-2825-002

ORDER ADDRESSING ARGUMENTS RAISED ON REHEARING

(Issued June 26, 2025)

1. On November 13, 2024, the Commission accepted, effective November 14, 2024, four filings, each of which was filed pursuant to section 205 of the Federal Power Act (FPA):¹ proposed revisions to the Midcontinent Independent System Operator, Inc. (MISO) and Southwest Power Pool, Inc. (SPP) Joint Operating Agreement (JOA) in Docket Nos. ER24-2797-000 and ER24-2798-000; proposed revisions to the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff (MISO Tariff) in Docket No. ER24-2798-000, subject to condition; and proposed revisions to the SPP Open Access Transmission Tariff (SPP Tariff) in Docket No. ER24-2825-000, subject to condition. Together, these filings implement the Joint Targeted Interconnection Queue (JTIQ) framework.² On December 12, 2024, the Mississippi Public Service Commission

¹ 16 U.S.C. § 824d.

² *Midcontinent Indep. Sys. Operator, Inc.*, 189 FERC ¶ 61,108 (2024) (JTIQ Order). MISO submitted JOA revisions in Docket No. ER24-2797-000 and MISO Tariff revisions in Docket No. ER24-2871-000. See *Submission of Revisions to the MISO-SPP JOA to Implement JTIQ Framework*, Docket No. ER24-2797-000 (Aug. 16, 2024) (MISO JOA Filing); *Proposed Revisions to MISO Tariff to Implement JTIQ Framework*, Docket No. ER24-2871-000 (Aug. 26, 2024) (MISO Regional Tariff Filing). SPP submitted JOA revisions in Docket No. ER24-2798-000 and SPP Tariff revisions in Docket No. ER24-2825-000. See *Submission of Revisions to the MISO-SPP JOA to Implement JTIQ Framework*, Docket No. ER24-2798-000 (SPP JOA Filing); *Submission*

and Arkansas Public Service Commission (together, Southern Regulators), and on December 13, 2024, Clean Energy Associations (CEA),³ each sought rehearing of the JTIQ Order.

2. Pursuant to *Allegheny Defense Project v. FERC*,⁴ the rehearing requests filed in this proceeding may be deemed denied by operation of law. However, as permitted by section 313(a) of the FPA,⁵ we are modifying the discussion in the JTIQ Order and continue to reach the same result in this proceeding, as discussed below.⁶

I. Background

A. MISO-SPP Affected System Studies

3. MISO and SPP (together, the Regional Transmission Organizations or RTO) each employs a three-phase generator interconnection study process, termed the Definitive Planning Phase (DPP)⁷ in MISO and the Definitive Interconnection System Impact Study (DISIS)⁸ in SPP. In addition, the RTOs each study interconnection requests in groups,

of Revisions to the SPP Tariff to Implement JTIQ Framework, Docket No. ER24-2825-000 (Aug. 21, 2024) (SPP Regional Tariff Filing).

³ CEA members include: American Clean Power Association, Solar Energy Industries Association, and Advanced Power Alliance.

⁴ 964 F.3d 1 (D.C. Cir. 2020) (en banc).

⁵ 16 U.S.C. § 825l(a) (“Until the record in a proceeding shall have been filed in a court of appeals, as provided in subsection (b), the Commission may at any time, upon reasonable notice and in such manner as it shall deem proper, modify or set aside, in whole or in part, any finding or order made or issued by it under the provisions of this chapter.”).

⁶ *Allegheny Def. Project*, 964 F.3d at 16-17. The Commission is not changing the outcome of the JTIQ Order. See *Smith Lake Improvement & Stakeholders Ass’n v. FERC*, 809 F.3d 55, 56-57 (D.C. Cir. 2015).

⁷ MISO Tariff, attach. X (GIP) (166.0.0), §§ 3.3.1, 7.3. For a description of this process, see generally JTIQ Order, 189 FERC ¶ 61,108 at P 2 n.3.

⁸ SPP Tariff, attach. V, § 8 (16.0.1), §§ 8.4, 8.5, 8.10, 8.11. For a description of this process, see generally 189 FERC ¶ 61,108 at P 2 n.4.

called cycles in MISO and clusters in SPP, which are each formed approximately annually.⁹

4. The RTOs' tariffs each provide that the RTOs will coordinate to perform the studies required to determine the impact of an interconnection request on affected systems (i.e., affected system studies).¹⁰ To facilitate coordination between the RTOs, including the coordination necessary to perform affected system studies, the RTOs entered into the JOA, which provides the operating procedures along the seam between the RTOs. Specifically, section 9.4 (Analysis of Interconnection Requests) of the JOA describes procedures for the analysis of interconnection requests in the RTOs' respective interconnection queues that may affect the other RTO's transmission system.¹¹

B. Impetus For the JTIQ Framework

5. The RTOs explained that their respective interconnection queues are experiencing "unprecedented" levels of interconnection requests.¹² The RTOs stated that despite multiple reforms, interconnection queue backlogs persist in both RTOs. The RTOs explained that the issue is particularly acute at the MISO-SPP seam, where the combined transmission systems are at capacity and cannot accommodate large amounts of additional generation.¹³ The RTOs explained that the existing incremental generator

⁹ MISO Tariff, attach. X, § 3.3.1; SPP Tariff, attach. V, § 4 (7.0.0), § 4.2.1.

¹⁰ MISO Tariff, attach. X, § 3.5; SPP Tariff, attach. V, § 3 (20.0.1), § 3.6. Affected systems studies refer to the process through which a transmission provider (the affected system transmission provider) studies the impact on its own transmission system (the affected system) of a proposed interconnection of a generating facility to another transmission provider's transmission system (the host transmission provider's transmission system), which may necessitate network upgrades on the affected system (i.e., affected system network upgrades) to accommodate the interconnection to the host transmission provider's transmission system. MISO JOA Filing at 2; *see also* *Improvements to Generator Interconnection Procs. & Agreements*, Order No. 2023, 184 FERC ¶ 61,054, at P 1036, *order on reh'g*, 185 FERC ¶ 61,063 (2023), *order on reh'g*, Order No. 2023-A, 186 FERC ¶ 61,199, *errata notice*, 188 FERC ¶ 61,134 (2024).

¹¹ SPP, Rate Schedules and Seams Agreements Tariff, Rate Schedule FERC No. 9 (MISO-SPP JOA), § 9.4 (Analysis of Interconnection Requests) (7.0.0); MISO, MISO Rate Schedules, Rate Schedule No. 6 (JOA between MISO and SPP), § 9.4 (Analysis of Interconnection Requests) (36.0.0).

¹² MISO JOA Filing at 2; SPP JOA Filing at 2.

¹³ MISO JOA Filing at 5.

interconnection and affected system study processes yielded prohibitively expensive network upgrades that were too costly for an individual interconnection customer or cluster of interconnection customers to bear.¹⁴ As a result, the RTOs stated that prospective interconnection customers withdraw from the queue, triggering restudies, leading to even more costly network upgrade estimates, more withdrawals from the queue, and further delayed interconnection.

C. **JTIQ Study and Portfolio**

6. The RTOs stated that they began working together in mid-2020 to jointly identify transmission projects required to address significant transmission limitations restricting the opportunity to interconnect new generating facilities near the MISO-SPP seam.¹⁵ The RTOs explained that they undertook closely coordinated technical analyses (JTIQ Study) to determine the transmission project requirements that would cost-effectively resolve the transmission constraints inhibiting the interconnection of new generating facilities near the MISO-SPP seam.¹⁶ The RTOs stated that they performed reliability, economic, and generation enablement studies and coordinated with stakeholders to: (1) identify transmission solutions (called JTIQ Upgrades) to resolve constraints inhibiting the interconnection of generating facilities on the MISO-SPP seam; and (2) align the interconnection processes between the RTOs to reduce restudies and delays for interconnection customers.

7. The RTOs stated that the result of the JTIQ Study was the identification of the JTIQ Upgrades in JTIQ Portfolio #1, which consists of five 345 kilovolt (kV) transmission projects.¹⁷ The RTOs stated that the JTIQ Study initially identified a seven-project portfolio that, after further refinement and the approval of certain transmission projects as part of the MISO Transmission Expansion Plan (MTEP) and Long Range Transmission Planning initiative, was narrowed to five transmission projects.¹⁸ The

¹⁴ See, e.g., JTIQ Study at 4 (*cited in* MISO JOA Filing at 4 & n.9); see also MISO JOA Filing at 5 & n.18 (stating that a recent affected system study cost estimate for the upgrades needed for one recent queue cycle exceeded \$1 billion) (citation omitted).

¹⁵ MISO JOA Filing at 5-6; SPP JOA Filing at 6-7.

¹⁶ MISO JOA Filing at 5; SPP JOA Filing at 6.

¹⁷ MISO JOA Filing at 8-9; SPP JOA Filing at 9-10.

¹⁸ MISO JOA Filing at 4, 8-9; SPP JOA Filing at 4, 8-9. The five JTIQ Portfolio #1 projects are: (1) the Bison – Hankinson – Big Stone South project located in MISO, (2) the Lyons Co – Lakefield project in MISO, (3) the Raun – S3452 345/161 kV project

RTOs further stated that the JTIQ Upgrades in JTIQ Portfolio #1 are expected to enable the interconnection of between 28 and 53 gigawatts (GW) of new generation capacity near the MISO-SPP seam at a total estimated cost of \$1.7 billion.¹⁹ The RTOs explained that, because the JTIQ Upgrades in JTIQ Portfolio #1 were identified outside of the RTOs' respective regional and interregional transmission planning processes and the resulting benefits accrue primarily to interconnection customers (rather than load), the JTIQ Upgrades have not been selected in the RTOs' regional transmission plans for purposes of cost allocation.²⁰

8. The RTOs stated that, on October 18, 2023, the U.S. Department of Energy (DOE) announced that it had selected the transmission projects in JTIQ Portfolio #1 to receive \$464.5 million from DOE's Grid Resilience and Innovative Partnerships (GRIP) Program to help enable the construction of the JTIQ Upgrades in JTIQ Portfolio #1.²¹ The RTOs explained that the DOE GRIP funding will provide approximately 25% of the total JTIQ Portfolio #1 capital costs.²² The RTOs also stated that disbursement of the DOE GRIP funding is contingent on Commission approval of the proposed JTIQ framework.²³

9. The JTIQ Upgrades in JTIQ Portfolio #1 are located in the MISO Midwest and SPP North subregions.²⁴ The RTOs stated that the JTIQ Upgrades address congestion along the northern part of MISO's and SPP's seam, which was the scope for the original JTIQ Study.²⁵ The RTOs stated that the reason for this scope is that, historically, the RTOs' affected system studies have not identified significant network upgrade costs for the southern parts of the footprint.²⁶ They stated that future studies will examine affected

located in both MISO and SPP, (4) the Auburn – Hoyt 345 kV project located in SPP, and (5) the Sibley 345 kV bus reconfiguration project in SPP.

¹⁹ MISO JOA Filing at 4; SPP JOA Filing at 4, 5.

²⁰ MISO JOA Filing at 8; SPP JOA Filing at 9.

²¹ MISO JOA Filing at 10; SPP JOA Filing at 11-12.

²² The \$464.5 million in DOE GRIP funding will be netted from the \$1.7 billion estimated JTIQ Portfolio #1 costs. See Kelley JOA Testimony at 26:21-22.

²³ MISO JOA Filing at 38; SPP JOA Filing at 46.

²⁴ See MISO JOA Filing at 8-9; SPP JOA Filing at 9-10.

²⁵ See, e.g., SPP JOA Filing at 25 & n.95 (citing Locke JOA Testimony at 22).

²⁶ See, e.g., *id.* at 26 & n.96 (citing Locke JOA Testimony at 22).

system needs along the southern portion of the MISO-SPP seam and, where justified, develop JTIQ Portfolios responsive to these needs.

D. JTIQ Filings

10. In August 2024, as supplemented in September 2024, the RTOs proposed changes to the JOA and their respective tariffs to establish the JTIQ framework.²⁷ The JTIQ framework enables the RTOs to develop a portfolio of “backbone network upgrades” in both MISO and SPP to facilitate the interconnection of large amounts of generation near the seam between the RTOs to serve load in both regions.²⁸

11. The RTOs explained that the JTIQ framework is the product of MISO and SPP collaboration, in consultation with their stakeholders, to implement a more efficient and cost-effective alternative to the affected system studies approach.²⁹

12. The RTOs explained that the JTIQ framework enables them to identify and approve portfolios of transmission solutions, i.e., the JTIQ Upgrades,³⁰ and designate responsibility for their construction.³¹ The RTOs stated that JTIQ Portfolio #1 will address the limited availability of transmission capacity on the MISO-SPP seam that is preventing the development of generation resources seeking interconnection along that seam.³² The RTOs explained that the JTIQ framework streamlines the interconnection process by linking it to a forward-looking study, i.e., the JTIQ Study, that evaluates long-term system needs across clusters to capture efficiencies not obtainable through a

²⁷ See *supra* note 2.

²⁸ See, e.g., MISO JOA Filing at 2, 4; SPP JOA Filing at 2.

²⁹ See *supra* note 10.

³⁰ While the term “JTIQ Upgrades,” as used in JOA § 9.4.2, refers to JTIQ projects generally, for purposes of this order, they refer to the five projects in JTIQ Portfolio #1.

³¹ MISO JOA Filing at 15; SPP JOA Filing at 19.

³² MISO JOA Filing at 2; SPP JOA Filing at 2. See also MISO JOA Filing at 4 & n.13 (stating that JTIQ Portfolio #1 is expected to “fully address the set of transmission constraints that have been identified as significant barriers to the development of new generation along the SPP-MISO seam”) (citing Johnson JOA Testimony at 15:2-6); *National Transmission Needs Study*, U.S. Dept’s of Energy, 71 (Oct. 30, 2023) (citing https://www.energy.gov/sites/default/files/2023-12/National%20Transmission%20Needs%20StudyFinal_2023.12.1.pdf (DOE 2023 National Transmission Needs Study)).

piecemeal process.³³ The RTOs explained that they proposed revisions to the JOA and to their tariffs to include a winnowing process for determining which interconnection requests will participate in the JTIQ by identifying groups of eligible interconnection requests known as JTIQ Screening Groups,³⁴ JTIQ Participation Groups,³⁵ and JTIQ Commitment Groups.³⁶

³³ MISO JOA Filing at 37; SPP Regional Tariff Filing at 47.

³⁴ JTIQ Screening Groups consist of all new interconnection customers that have submitted interconnection requests in a MISO DPP or SPP DISIS cluster that: (1) has an application deadline that is after the date on which the RTOs' respective boards of directors have approved a JTIQ Portfolio; and (2) has not commenced MISO DPP Phase I studies or SPP DISIS Phase One studies under the RTOs' respective tariffs as of the date the JTIQ Portfolio is declared to be fully subscribed. Interconnection customers in a JTIQ Screening Group will be screened for inclusion in a JTIQ Participation Group. The RTOs stated that this mechanism allows whole clusters to be evaluated, thereby avoiding the application of differing rules to different interconnection requests in the same cluster. See MISO JOA Filing at 17-18; SPP JOA Filing at 21; JOA § 9.4.2(d)(1), (e) (37.0).

³⁵ Interconnection requests in the JTIQ Screening Group that meet the following two criteria will be included in the JTIQ Participation Group: (1) an impact greater than 5% distribution factor (Outage Transfer Distribution Factor (OTDF) or Power Transfer Distribution Factor (PTDF)) on one or more facilities of the other RTO's transmission system modeled with all transmission facilities rated 100 kV and above; and (2) greater than a 1.00 MW (positive) impact on at least one JTIQ Upgrade included in the JTIQ Portfolio. The RTOs stated that interconnection requests that meet these criteria are those that impact the affected RTO's system and are enabled by the JTIQ Portfolio; interconnection requests that do not meet both criteria will not be included in the JTIQ Participation Group. MISO JOA Filing at 18; SPP JOA Filing at 22; JOA § 9.4.2(d)(ii) (37.0). The JOA defines PTDF as the percentage of power transfer flowing through a facility or a set of facilities for a particular transfer when there are no contingencies and OTDF as the percentage of a power transfer that flows through the monitored facility for a particular transfer when the contingency facility is switched out of service. JOA § 9.4.2(d)(ii)(a) (37.0).

³⁶ MISO JOA Filing at 17 (citing MISO JOA Filing, Exhibit No. MISO-003 (Testimony of Andrew Witmeier at 16 (Witmeier JOA Testimony))); SPP JOA Filing at 20 (citing SPP JOA Filing, Exhibit No. SPP-0003 (Testimony of Charles J. Locke) at 16 (Locke Testimony)); MISO Regional Tariff Filing at 34 (citing MISO Regional Tariff Filing, Exhibit No. MISO-0006 (Testimony of Andrew Witmeier) at 19 (Witmeier Regional Tariff Testimony)). The RTOs proposed that those interconnection customers in a JTIQ Participation Group that obtain an effective service agreement obligating the

13. The RTOs further explained that the JTIQ Upgrades will be constructed by the transmission owners in whose existing service territories the projects are located or interconnected.³⁷ Under the proposed JTIQ funding mechanism, interconnection customers are expected to be responsible for the capital costs of JTIQ Upgrades in JTIQ Portfolio #1. However, at the time the JTIQ Upgrades are approved, and possibly when construction of the JTIQ Upgrades begins or ends, the identity of all the interconnection customers that ultimately will be responsible for the costs of the JTIQ Upgrades may not be known.³⁸ The RTOs explained that, therefore, under the proposed framework, the JTIQ transmission owners will provide the initial capital to fund development and construction. The RTOs proposed that the JTIQ transmission owners will then be fully reimbursed for capital costs associated with their respective JTIQ Upgrades, including a rate of return, through the proposed JTIQ Portfolio subscription methodology.³⁹ The

interconnection customer to pay and provide security for the JTIQ Upgrades will be included in a JTIQ Commitment Group. Specifically, the RTOs proposed revisions to the JOA and their tariffs to include new *pro forma* agreements that set forth the terms and conditions for the interconnection customers in a JTIQ Participation Group to compensate the transmission owners that have been assigned the responsibility to build the JTIQ Upgrades in MISO or SPP (JTIQ transmission owners) for their individual assigned costs. The RTOs explained that, in addition to a generator interconnection agreement (GIA), any interconnection customer assigned JTIQ Upgrade costs must also either execute or request to file unexecuted the following agreements, which will include them in the JTIQ Commitment Group: (1) for a MISO interconnection customer, MISO's JTIQ Commitment Agreement with the MISO JTIQ transmission owners and MISO as well as SPP's JTIQ Agreement for MISO Interconnection Customers and JTIQ Compensation Agreement with SPP; and (2) for an SPP interconnection customer, MISO's JTIQ Commitment Agreement with the MISO JTIQ transmission owners and MISO. MISO JOA Filing at 18-19; SPP Regional Tariff Filing at 19-20.

³⁷ Witmeier JOA Testimony at 11; Locke JOA Testimony at 11. The constructing JTIQ transmission owners are expected to be Evergy Kansas Central, Inc., Evergy Missouri West, Inc., and Omaha Public Power District in SPP and Otter Tail Power Company, Northern States Power Company, ITC Midwest LLC, and MidAmerican Energy Company in MISO. Witmeier JOA Testimony at 11.

³⁸ Witmeier JOA Testimony at 13; Locke Testimony at 13.

³⁹ MISO JOA Filing at 11; Witmeier JOA Testimony at 13; SPP JOA Filing at 12; Locke Testimony at 13.

costs of JTIQ Upgrades in the JTIQ Portfolio will be recoverable as those JTIQ Upgrades are placed in service.⁴⁰

14. To implement the JTIQ framework, the RTOs amended their respective tariffs and submitted identical revisions to section 9.4 of the JOA to, among other things, include the proposed JTIQ framework in new section 9.4.2 (Coordination Procedure for JTIQ Studies).⁴¹ The JTIQ framework established a common set of cost allocation and cost recovery principles that apply in both MISO and SPP.⁴² The RTOs explained that section 9.4.2(b) of the JOA established the cost recovery and cost allocation framework for the capital and non-capital costs for JTIQ Upgrades in JTIQ Portfolio #1.⁴³ Notably, the RTOs stated that any future JTIQ Portfolios will require them to reconsider the proposed cost allocation method and submit additional FPA section 205 filings.⁴⁴

15. The capital costs of JTIQ Portfolio #1 (\$1.7 billion) will first be reduced by the DOE GRIP funding (\$464.5 million).⁴⁵ All remaining capital costs will be allocated 100% to future interconnection customers under a subscription model through which costs will be recovered by a “JTIQ Generator Charge.”⁴⁶ This is a monthly charge that

⁴⁰ JOA § 9.4.2(f)(1)(c) (37.0).

⁴¹ MISO JOA Filing at 15; SPP JOA Filing at 18. For a description of the JTIQ framework provisions in the JOA, see JTIQ Order, 189 FERC ¶ 61,108 at P 9.

⁴² For a more complete description of cost recovery and cost allocation under the JTIQ framework, see JTIQ Order, 189 FERC ¶ 61,108 at PP 74-93.

⁴³ SPP JOA Filing at 13; see also Kelley JOA Testimony at 26:15-17 (“DOE GRIP funding is tied specifically to JTIQ Portfolio #1, and thus the JOA and tariff revisions proposed in this and related filings are customized for JTIQ Portfolio #1.”).

⁴⁴ MISO JOA Filing at 16; SPP JOA Filing at 9, 13; see also Kelley JOA Testimony 25:12-26:3 (“Although the proposed revisions establish a general framework that can be adjusted and applied to potential *future* JTIQ Portfolios . . . [a]t a minimum, further filings by the RTOs will be required to establish the cost allocation for that future portfolio.”); JOA § 9.4.2(b) (31.0.0).

⁴⁵ See, e.g., MISO JOA Filing at 16; see also Kelley JOA Testimony at 26:21-22. We note that capital costs generally include engineering and construction costs and applicable carrying costs and any income tax impacts. Witmeier JOA Testimony at 36:17-18.

⁴⁶ See, e.g., MISO JOA Filing at 16 & n.64 (citing Proposed JOA section 9.4.2(b)(1)(a)).

begins after interconnection customers' execution of interconnection agreements and provision of security for the JTIQ Upgrades (subject to the JTIQ Upgrades being in service).⁴⁷ Non-capital costs (such as operations and maintenance (O&M), administrative and general expenses, general and intangible plant depreciation and amortization, and taxes other than income taxes) are recovered pursuant to each of the RTO's respective tariff provisions applicable to such costs, which generally allocate such costs to load.⁴⁸

16. The RTOs proposed a region-wide backstop cost recovery mechanism, i.e., if payment from subscribed interconnection customers remains inadequate to cover the capital costs of a JTIQ Upgrade, load in SPP and MISO will be assessed a backstop funding charge.⁴⁹ The RTOs explained that, if JTIQ Upgrades enter service without full subscription from interconnection customers, a backstop cost recovery mechanism becomes necessary.⁵⁰ The cost of backstop funding associated with a JTIQ Upgrade will be recovered from an RTO's transmission customers on a system-wide basis based upon the RTO in which the JTIQ Upgrade is physically located.⁵¹ JTIQ Generator Charges from subsequent subscription relieve load of the backstop cost assessment, and are used to reimburse load for the historical cost it bore under the backstop, with interest.⁵²

⁴⁷ JOA § 9.4.2(f) (i) (JTIQ Generator Charge). MISO JOA Filing at 16; SPP JOA Filing at 28. Each interconnection request that is determined to benefit from the portfolio participates in funding its *pro rata* share of the capital cost of each of the upgrades in the portfolio once its respective Generator Interconnection Agreement is effective. Kelley JOA Testimony at 28:11-14. For a detailed description of the application of the JTIQ portfolio subscription methodology, see Locke JOA Testimony.

⁴⁸ MISO JOA Filing at 16 & n.67 (citing proposed JOA section 9.4.2(b)(ii)(a)); SPP JOA Filing at 20.

⁴⁹ MISO JOA Filing at 28; SPP JOA Filing at 19, 34.

⁵⁰ MISO JOA Filing at 28; SPP JOA Filing at 33.

⁵¹ MISO Regional Tariff Filing at 22; Witmeier Regional Tariff Testimony at 14; MISO JOA Filing at 28; SPP Regional Tariff Filing at 21; Frerking Regional Tariff Testimony at 8-9, 38; SPP JOA Filing at 33; Locke JOA Testimony at 35.

⁵² See Witmeier JOA Testimony at 39-40 (explaining that "load may be called upon to provide temporary backstop funding if, after a JTIQ Upgrade is in service, charges to generators who have subscribed are initially insufficient to fully cover the twenty-year levelized [Annual Transmission Revenue Requirement] associated with the JTIQ Upgrade;" and "[f]unds received through the JTIQ Generator Charge as a result of recovering the previous insufficiency of revenue from interconnection customers relative

However, that temporary backstop will become a permanent backstop if the JTIQ Upgrades selected in JTIQ Portfolio #1 remain unsubscribed in full or in part.⁵³ The RTOs explained that, while they anticipate that JTIQ Portfolio #1 will be fully subscribed within a short time frame, involving only a few clusters, the revised JOA allows for up to 20 years (specifically 240 months from the in-service date of the first JTIQ Upgrade in the JTIQ Portfolio) to obtain sufficient commitments for full subscription.⁵⁴ The RTOs asserted that a permanent backstop is “highly unlikely,”⁵⁵ based on demand forecasts and their interconnection queue sizes.⁵⁶

II. JTIQ Order

17. The Commission accepted the proposed JTIQ framework and, as pertinent here, the associated cost allocation for JTIQ Portfolio #1, as just and reasonable and not unduly discriminatory or preferential “based on the unique set of facts and circumstances of the JTIQ framework.”⁵⁷ The Commission found that “allocating 100% of the capital costs of JTIQ Portfolio #1 to interconnection customers is consistent with the cost causation principle” and that the JTIQ framework “allocates costs in a manner that is at least

to the JTIQ [Annual Transmission Revenue Requirement], will be distributed to load within the RTOs’ region where that JTIQ Upgrade is located.”); *see also* JTIQ Order, 189 FERC ¶ 61,108 at P 81.

⁵³ MISO Regional Tariff Filing at 30; MISO JOA Filing at 28; SPP Regional Tariff Filing at 36; Frerking Regional Tariff Testimony at 38; SPP JOA Filing at 33.

⁵⁴ Witmeier JOA Testimony at 14; Locke JOA Testimony at 14.

⁵⁵ MISO JOA Filing at 11, 28 & n.132 (citing Witmeier JOA Testimony at 38:19-39:2); *see also* Witmeier JOA Testimony at 38-40; SPP JOA Filing at 33; Locke JOA Testimony at 12.

⁵⁶ MISO stated that demand for interconnection service in the area or adjacent to the area where JTIQ Upgrades in JTIQ Portfolio #1 are located could fully subscribe JTIQ Portfolio #1 over six annual interconnection cycles, even without considering interconnection requests on the SPP system. Witmeier JOA Testimony at 38-40. SPP similarly states that given the current size of the interconnection queues in the RTOs, full subscription is expected within a few interconnection cluster study cycles to enable interconnection of up to 28,600 MW of new generation in MISO and SPP combined. Locke JOA Testimony at 12; Kelley JOA Testimony at 30-31.

⁵⁷ JTIQ Order, 189 FERC ¶ 61,108 at PP 193, 196.

roughly commensurate with estimated benefits.”⁵⁸ The Commission explained that the RTOs identified the JTIQ Upgrades in JTIQ Portfolio #1 that address transmission system limitations preventing interconnection of large amounts of future generation capacity. The Commission found that therefore all interconnection customers eventually subscribed are the “primary beneficiaries” of the JTIQ Upgrades and bear the “primary responsibility” for the costs of the JTIQ Upgrades, which were “designed to enable their interconnection to the transmission system.”⁵⁹ The Commission determined that the RTOs had shown that the JTIQ Upgrades do not provide sufficient benefits to load in either RTO to qualify as transmission projects selected in the regional transmission plan for purposes of cost allocation.⁶⁰ Nevertheless, the Commission found “load still receives some benefit and is correspondingly allocated more limited, potentially temporary, cost responsibility through the backstop funding mechanism.”⁶¹

18. In response to concerns raised by Southern Regulators in a protest, the Commission found that the entirety of MISO, including MISO South,⁶² will benefit to some degree from the high voltage transmission facilities (i.e., the JTIQ Upgrades) that were included in JTIQ Portfolio #1 to enable future interconnection customers’ interconnections, regardless of the MISO subregion in which these JTIQ Upgrades are

⁵⁸ *Id.* P 198.

⁵⁹ *Id.*; *see also id.* P 202.

⁶⁰ *Id.* P 198 & n.450. The Commission explained that a transmission facility selected in a regional transmission plan for purposes of cost allocation is one that has been selected pursuant to a Commission-approved regional transmission planning process, as a more efficient or cost-effective solution to regional transmission needs. *Id.* (citing *Transmission Plan. & Cost Allocation by Transmission Owning & Operating Pub. Utils.*, Order No. 1000, 136 FERC ¶ 61,051, at P 5 (2011), *order on reh’g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh’g & 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)).

⁶¹ *Id.* P 202.

⁶² MISO South was added to MISO’s control area when Entergy Corporation and other utilities in four states—Arkansas, Louisiana, Mississippi and Texas—joined MISO in 2013. *See* Prepared Direct Testimony of Aubrey Johnson, Docket No. ER22-995-000, at 3 (Feb. 4, 2022).

located.⁶³ Additionally, the Commission highlighted MISO's existing cost allocation provisions, pursuant to which load throughout the entire MISO region reimburses applicable interconnection customers 10% of the capital cost of interconnection-related network upgrades with a voltage of 345 kV and above.⁶⁴ The Commission found that these current provisions showed that "the Commission has found that certain high-voltage network transmission facilities that are developed primarily to benefit interconnection customers also provide sufficient benefits to regional load to warrant allocation of some share of costs to that load."⁶⁵

19. Further, the Commission distinguished the JTIQ framework from its prior acceptance of MISO's proposal in Docket No. ER22-995-000 not to allocate the costs of a portfolio of Multi-Value Projects (MVP)⁶⁶ located in MISO Midwest to load in the MISO South subregion.⁶⁷ The Commission explained that MISO had provided analysis in that proceeding assessing benefits of a portfolio of subregional MVP projects, not JTIQ Portfolio #1.⁶⁸ Lastly, the Commission declined to condition acceptance of the

⁶³ JTIQ Order, 189 FERC ¶ 61,108 at P 203 & n.458 (citing Witmeier Tariff Testimony at 15-16; MISO Answer at 21-23); *see also* JTIQ Order, 189 FERC ¶ 61,108 at P 98.

⁶⁴ JTIQ Order, 189 FERC ¶ 61,108 at P 203.

⁶⁵ *Id.*

⁶⁶ An MVP refers to one or more transmission facilities in MISO that address a common set of transmission issues. *Midcontinent Indep. Sys. Operator, Inc.*, 179 FERC ¶ 61,124, at P 2 (2022). When accepted by the Commission, MISO intended the MVP category to serve as a vehicle for large regional portfolios of transmission projects providing multiple benefits spread broadly across the then-existing (pre-MISO South) footprint. *Midwest Indep. Transmission Sys. Operator, Inc.*, 133 FERC ¶ 61,221 (2010) (MVP Order), *order on reh'g*, 137 FERC ¶ 61,074 (2011), *aff'd sub nom. Ill. Com. Comm'n v. FERC*, 721 F.3d 764 (7th Cir. 2013).

⁶⁷ JTIQ Order, 189 FERC ¶ 61,108 at P 203. We note that the Commission was referring to *Midcontinent Indep. Sys. Operator, Inc.*, 179 FERC ¶ 61,124, *on reh'g*, 181 FERC ¶ 61,219 (2022), which we will refer to herein as the MISO South subregion proceeding.

⁶⁸ JTIQ Order, 189 FERC ¶ 61,108 at P 203.

proposed cost allocation method on it not being limited to JTIQ Portfolio #1 because no additional proposed JTIQ portfolios were pending before it.⁶⁹

20. CEA and Southern Regulators each filed requests for rehearing challenging cost allocation under the JTIQ framework. On January 13, 2025, MISO filed a motion for leave to answer and answer to rehearing requests.

III. Procedural Matters

21. Rule 713(d) of the Commission's Rules of Practice and Procedure⁷⁰ prohibits an answer to a request for rehearing. Accordingly, we deny MISO's motion to answer and reject MISO's answer to the requests for rehearing.

IV. Substantive Matters

A. Cost Allocation: Cost Causation and Beneficiary Pays

1. CEA Rehearing Request

22. CEA contend that the JTIQ Order is an unacknowledged, unprecedented sea change in the Commission's transmission planning and cost allocation approach.⁷¹ CEA argue that the Commission unreasonably accepted a cost allocation proposal that assigns 100% of the costs (less the DOE GRIP funding) of a novel \$1.7 billion portfolio of transmission network upgrades⁷² to a single class of customers—interconnection customers—ignoring other customers, i.e., load, who, in CEA's view, “undeniably benefit” from the transmission.⁷³ CEA assert that the Commission based its decision *not* on cost causation (because the interconnection customers are *not*, and often cannot, be known before these transmission assets are identified), but rather on *the theory* that the interconnecting generating facilities are the “primary beneficiaries” of the transmission assets.⁷⁴ CEA argue that the Commission reached this conclusion despite record

⁶⁹ *Id.*

⁷⁰ 18 C.F.R. § 385.713(d) (2024).

⁷¹ CEA Rehearing Request at 7.

⁷² *Id.* at 7-8 & n.30 (citing JTIQ Order, 189 FERC ¶ 61,108 at PP 6, 198).

⁷³ *Id.* at 7-8.

⁷⁴ *Id.* at 8 & n.31 (citing JTIQ Order, 189 FERC ¶ 61,108 at P 198) (emphasis in original).

evidence (and its own rationale) that new interconnection customers are not the “legally relevant cause” of the JTIQ Upgrades, nor will interconnection customers be the sole parties to benefit from these system upgrades.⁷⁵ CEA argue that, in accepting the JTIQ framework, the Commission misapplied precedent and violated the FPA and the Administrative Procedure Act (APA).⁷⁶

23. Specifically, CEA argue that the JTIQ Order violates precedent requiring that (1) “approved rates reflect to some degree the costs actually caused by the customer who must pay them”⁷⁷ (i.e., the cost causation principle) and that (2) the beneficiaries of transmission infrastructure must fund those facilities in a manner “roughly commensurate” to the benefits they will receive from them (i.e., the beneficiary pays principal).⁷⁸ CEA assert that the JTIQ Order violates both of these bedrock principles because the Commission presumed, without substantial evidence, that new interconnection customers were “the causal factor” for the JTIQ Upgrades and that these new interconnection customers would be the *sole* beneficiaries of those facilities.⁷⁹

2. Commission Determination

24. We continue to find the RTOs met their FPA section 205 burden to show that the cost allocation for JTIQ Portfolio #1—which allocates 100% of \$1.7 billion JTIQ Upgrade costs net of \$464.5 million DOE GRIP funding to interconnection customers and includes a backstop obligation on load in MISO and SPP—is just and reasonable and

⁷⁵ *Id.* at 8 & n.32.

⁷⁶ *Id.* at 7 (citing 5 U.S.C. § 706(2)(A)). Specifically, CEA assert that the Commission violated the APA by misinterpreting precedent, not explaining how the JTIQ framework is consistent with Commission policy and precedent, failing to respond to arguments and evidence, and accepting the JTIQ framework despite lack of substantial evidence. *Id.* at 7.

⁷⁷ *Id.* at 2 & n.9 (citing *Midwest ISO Transmission Owners v. FERC*, 373 F.3d 1361, 1368 (D.C. Cir. 2004) (quoting *KN Energy Inc. v. FERC*, 968 F.2d 1295, 1300 (D.C. Cir. 1992)) (emphasis added)).

⁷⁸ *Id.* at 2 & n.10 (*Ill. Com. Comm’n v. FERC*, 576 F.3d 470, 477 (7th Cir. 2009) (*ICC*)).

⁷⁹ *Id.* at 2.

not unduly discriminatory or preferential.⁸⁰ The Commission therefore appropriately accepted the cost allocation for JTIQ Portfolio #1 “based on the unique set of facts and circumstances of the proposed JTIQ framework.”⁸¹ These include the challenges posed by “massive amounts of interconnection requests,” the lack of transmission system capacity at the seam to accommodate this volume of interconnection, the significant incremental cost of constructing network upgrades under the RTOs’ affected system study process that utilizes “but for” cost allocation,⁸² as well as the \$464.5 million DOE GRIP funding, which covers approximately 25% of the costs that will be allocated to the interconnection customers. These facts and circumstances further include the novel forward-looking, portfolio and subscription-based design of the JTIQ framework that substantial testimonial and documentary record evidence⁸³—such as the JTIQ Study,⁸⁴

⁸⁰ JTIQ Order, 189 FERC ¶ 61,108 at PP 193, 196-203. The FPA incorporates a cost causation principle in its just and reasonable standard. *See Tenaska Clear Creek Wind, LLC v. FERC*, 108 F.4th 858, 868 (D.C. Cir. 2024) (citing *City of Lincoln v. FERC*, 89 F.4th 926, 930 (D.C. Cir. 2024)).

⁸¹ JTIQ Order, 189 FERC ¶ 61,108 at P 196.

⁸² Johnson JOA Testimony at 5-6.

⁸³ The substantial evidence standard “requires more than a scintilla, but can be satisfied by less than a preponderance of evidence.” *La. Pub. Serv. Comm’n v. FERC*, 522 F.3d 378, 395 (D.C. Cir. 2008) (citation omitted). The court has found that expert testimony and economic theory can constitute substantial evidence. *NextEra Energy Resources, LLC v. FERC*, 898 F.3d 14, 24 (D.C. Cir. 2018) (allowing the Commission to make judgments based on expert testimony and base its market predictions on “basic economic theory, given that it explained and applied the relevant economic principles in a reasonable manner”) (citing *Sacramento Mun. Util. Dist. v. FERC*, 616 F.3d 520, 531 (D.C. Cir. 2010) (per curiam); *see also S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41, 65 (D.C. Cir. 2014) (per curiam)).

⁸⁴ MISO JOA Filing at 5; SPP JOA Filing at 6; *see also* <https://www.misoenergy.org/engage/committees/miso-spp-joint-targeted-interconnection-queue-study/>, Midcontinent Indep. Sys. Operator, Inc. & Sw. Power Pool, Inc., Joint Targeted Interconnection Queue Study: Executive Summary (Mar. 2022), at 12, <https://222.spp.org/documents/66725/jtiq%20report.pdf>).

SPP’s Cost Allocation Working Group (CAWG) Study,⁸⁵ and economic theory⁸⁶—show will benefit interconnection customers by reducing the interconnection timeline⁸⁷ and affected system network upgrade costs, and improving cost certainty for JTIQ Upgrades.⁸⁸ The unique facts and circumstances here also include the record evidence of minor and incidental “quantitative and qualitative benefits” to load from the JTIQ Upgrades in JTIQ Portfolio #1, which stem from increased transmission system robustness and more timely interconnection of new generation, such as Adjusted Production Cost savings and support for their capacity resource needs.⁸⁹ Thus, we continue to find that, based on substantial record evidence, interconnection customers are the primary beneficiaries of the JTIQ Upgrades in JTIQ Portfolio #1 and therefore should bear the primary responsibility for the JTIQ Portfolio #1 capital costs.⁹⁰ In contrast, load

⁸⁵ See MISO JOA Filing at 33 n.154 (citing Cost Allocation Working Group, CAWG – *JTIQ Benefits and Cost Allocation Update*, Southwest Power Pool, Inc., 10 (Oct. 3, 2023), <https://www.spp.org/Documents/70198/UPDATED%20Oct%203%20CAWG%20Background%20Materials%20v2.zip>.) (SPP CAWG October 2023 Update)); see also *id.* at n.155 (citing Regional State Committee Cost Allocation Working Group, Business Meeting Materials, Southwest Power Pool, Inc. (Oct. 3, 2023) <https://www.spp.org/Documents/70198/UPDATED%20Oct%203%20CAWG%20Background%20Materials%20v2.zip> (CAWG Oct. 3, 2023 Meeting Materials); Ex. No. SPP-0002 (JTIQ SPP Public Stakeholder Meetings & Information Sharing Timeline (March 2022 – June 2024) at 2).

⁸⁶ See *infra* notes 126 & 127.

⁸⁷ As Mr. Johnson explains, the JTIQ framework streamlines the interconnection study process by concluding with the completion of MISO’s DPP or SPP’s DISIS, which avoids affected system study costs and delays. This novel approach provides interconnection customers “significantly more certainty about affected system upgrades and costs needed at the start of DPP or DISIS.” Johnson JOA Testimony at 6. Additionally, because the JTIQ Upgrades are proactively planned and authorized for construction, interconnection customers have much greater certainty regarding when the needed upgrades can be placed into service. Unlike the affected system study process, the JTIQ framework optimizes the costs and time of network upgrades along the seam to address larger and/or longer-term interconnection needs across multiple study clusters in both RTOs. *Id.*

⁸⁸ MISO JOA Filing at 2; SPP JOA Filing at 2.

⁸⁹ See MISO JOA Filing at 33; MISO Tariff Filing at 20; Witmeier Regional Tariff Testimony at 15-16; SPP JOA Filing at 40; SPP Regional Tariff Filing at 41.

⁹⁰ JTIQ Order, 189 FERC ¶ 61,108 at PP 196-200, 202.

still receives “some benefit” and is correspondingly reasonably allocated more limited, potentially temporary, cost responsibility through the backstop funding mechanism.⁹¹

25. Contrary to CEA’s contentions, the cost allocation for JTIQ Portfolio #1 reflects a balanced approach that allocates costs in a manner that is just and reasonable and not unduly discriminatory or preferential and consistent with longstanding cost causation precedent.⁹² CEA essentially argue the cost allocation for JTIQ Portfolio #1 is unreasonable and inconsistent with cost causation because the JTIQ framework and its resultant cost allocation differs from the traditional, incremental “but for” approach to cost allocation that the affected system study process employs.⁹³ However, the Commission is not bound to use a particular methodology when applying the cost causation principle, nor is it required “to allocate costs with exacting precision.”⁹⁴ Rather, the cost allocation for JTIQ Portfolio #1 must be evaluated on its own terms to assess whether it “reflect[s] to some degree the costs actually caused by the customer

⁹¹ *Id.* PP 196, 201-203. While CEA fault the Commission for “not discuss[ing] what those unique facts are” or “how they justify” the JTIQ Order’s cost allocation, CEA Rehearing Request at 21, the Commission describes the unique facts and circumstances specific to this case in the JTIQ Order’s background, *id.* PP 3-14, summary of the JTIQ framework, *id.* PP 61-110, and reasoned explanation for cost allocation and other issues specific to the JTIQ framework. *Id.* PP 193-222.

⁹² *See, e.g., KN Energy*, 968 F.2d at 1300; *ICC*, 576 F.3d at 476; *see also Midwest ISO Transmission Owners*, 373 F.3d at 1369 (courts have never required the Commission to “allocate costs with exacting precision”); *Ala. Elec. Co-op., Inc. v. FERC*, 684 F.2d 20, 27 (D.C. Cir. 1982) (“Ratemaking is, of course, much less a science than an art. Cost itself is an inexact standard.”).

⁹³ CEA Rehearing Request at 2, 6-7, 12-14. Under the traditional, incremental “but for” generator interconnection process, the transmission provider studies individual or clusters of interconnection requests and identifies specific network upgrades needed to accommodate each interconnection request on an incremental basis (i.e., by determining whether a network upgrade is needed “but for” the interconnection of a generating facility). JTIQ Order, 189 FERC ¶ 61,108 at P 197. The Commission has accepted proposals by RTOs and independent system operators to allocate the cost of such network upgrades solely to individual interconnection customers or clusters of interconnection customers. *Id.* P 197 & n.448 (citing *Sw. Power Pool, Inc.*, 122 FERC ¶ 61,060 (2008); *Sw. Power Pool, Inc.*, 171 FERC ¶ 61,272 (2020)).

⁹⁴ *See El Paso Elec. Co. v. FERC*, 76 F.4th 352, 357 (5th Cir. 2023) (quoting *Old Dominion Elec. Coop. v. FERC*, 898 F.3d 1254, 1260 (D.C. Cir. 2018) (*ODEC*)).

who must pay them”⁹⁵ or those who benefit from the costs of the JTIQ Upgrades in JTIQ Portfolio #1.⁹⁶ We continue to find the more expansive, forward-looking framework for addressing affected system network upgrades needed for generator interconnection, reflected in the JTIQ framework’s broader approach to cost causation—allocating costs across multiple clusters of interconnection customers in both RTOs—is nevertheless consistent with Commission precedent and longstanding cost causation principles that require costs to be allocated in a manner that is “at least roughly commensurate with estimated benefits.”⁹⁷ Thus we find the Commission appropriately accepted the JTIQ framework, including the proposed cost allocation for JTIQ Portfolio #1, as just and reasonable and not unduly discriminatory or preferential and that it meets the independent entity variation standard because it helps to ensure that interconnection customers are able to interconnect to the transmission system in a reliable, efficient, transparent and timely manner.⁹⁸

a. Cost Causation

i. Legal Standard and Precedent

26. CEA argue the JTIQ Portfolio #1 cost allocation methodology is unjust, unreasonable, and unduly discriminatory because it is inconsistent with the cost causation

⁹⁵ *KN Energy, Inc. v. FERC*, 968 F.2d at 1300.

⁹⁶ *ICC*, 576 F.3d at 476 (“To the extent that a utility benefits from the costs of new facilities, it may be said to have ‘caused’ a part of those costs to be incurred, as without the expectation of its contributions the facilities might not have been built, or might have been delayed.”).

⁹⁷ *Id.* at 477; Order No. 1000, 136 FERC ¶ 61,051 at PP 622, 639 (requiring costs of regional transmission facilities to be allocated in a manner that is at least roughly commensurate with estimated benefits); *see also* MISO Tariff Filing at 31-32. Moreover, in response to CEA’s concern that the Commission did not explain how the JTIQ framework’s cost allocation is consistent with Commission policy, CEA Rehearing Request at 3, we note here that it aligns with the Commission’s reforms in Order No. 2023 to reform the affected system study process, improve cost certainty, reduce late-stage withdrawals and delays, and enhance coordination across RTOs. Order No. 2023, 184 FERC ¶ 61,054 at P 1110; *see also* JTIQ Order, 189 FERC ¶ 61,108 & n.438.

⁹⁸ JTIQ Order, 189 FERC ¶ 61,108 at P 193 & nn.438-439 (citations omitted); *see also id.* PP 196-203.

principle.⁹⁹ We disagree. At the outset, we emphasize that the Commission used the appropriate legal standard to evaluate the JTIQ framework. The Commission explained that, pursuant to the FPA, costs must be allocated according to the cost causation principle, which requires that “all approved rates reflect, to some degree, the costs actually caused by the customer who must pay them.”¹⁰⁰ And, as the courts have declared, “to the extent that a utility benefits from the costs of new facilities, it may be said to have ‘caused’ a part of those costs to be incurred as without the expectation of its contributions the facilities might not have been built, or might have been delayed.”¹⁰¹ Thus, the Commission reasonably examined “whether the JTIQ framework is just and reasonable consistent with the cost causation principle and allocates the costs of JTIQ Portfolio #1 in a manner that is at least roughly commensurate with estimated benefits.”¹⁰²

27. We disagree with CEA’s contention that the Commission misapplied the legal standard. CEA argue “the Commission can apply the cost causation principle without applying the beneficiary pays principle, but it cannot do the opposite, applying the beneficiary pays principle without first applying the cost causation principle.”¹⁰³ CEA claim the Commission must first (1) identify the cost causers under the cost causation principle *before* it can (2) apply the beneficiary pays principle to evaluate the benefits that each system user is estimated to receive and ensure that costs are assigned in a manner “roughly commensurate” to those benefits.¹⁰⁴

28. Contrary to CEA’s contention, precedent does not support such a two-step approach. Rather, the beneficiary pays principle is simply “another prism through which

⁹⁹ CEA Rehearing Request at 6-7.

¹⁰⁰ JTIQ Order, 189 FERC ¶ 61,108 at P 196 & n.445 (citing *KN Energy, Inc. v. FERC*, 968 F.2d at 1300).

¹⁰¹ *Id.* P 196 & n.446 (citing *ICC*, 576 F.3d at 476). As the *ICC* court stated, “[t]o the extent that a utility benefits from the costs of new facilities, it may be said to have ‘caused’ a part of those costs to be incurred, as *without the expectation* of its contributions the facilities might not have been built.” *ICC*, 575 F.3d at 476 (emphasis added).

¹⁰² JTIQ Order, 189 FERC ¶ 61,108 at P 196 & n.446 (citing *ICC*, 576 F.3d at 477).

¹⁰³ CEA Rehearing Request at 9.

¹⁰⁴ *Id.* at 9 & n.39 (quoting *KN Energy*, 968 F.2d at 1301).

to view the question of cost causation.”¹⁰⁵ CEA are correct that the court has described the “beneficiary pays” principle as “an extension” of the cost causation principle.¹⁰⁶ CEA fail to explain, however, how “extension” necessitates a two-step analysis such that the beneficiary pays principle can only be applied serially after identifying those who cause the costs to be incurred. Indeed, neither the Commission nor the court has ever required such a two-step analysis.

29. Nor do the cases CEA cite support their two-step approach.¹⁰⁷ In *KN Energy*, which involved restructuring under the Natural Gas Act,¹⁰⁸ the court noted the Commission’s acknowledgement that pipelines and their sales customers, not their transportation customers, were most responsible for the take-or-pay issues arising from open access.¹⁰⁹ The Commission nevertheless justified broad cost allocation, including to transportation customers, because, for one reason, “all segments of the industry—including those who may not have caused take-or-pay problems—will nonetheless ultimately benefit from their resolution and the concomitant move toward an open access regime; consequently, all segments can rightly be assessed a portion of take-or-pay costs.”¹¹⁰ While CEA argue the Commission must first identify the customers who caused the costs to be incurred before considering the benefits that each system user is estimated to receive, in affirming the Commission’s approach in principle, the *KN Energy* court did not describe the beneficiary pays principle as an additional step in cost causation analysis. Rather, it held that the beneficiary approach can be an acceptable proxy for cost causation:

¹⁰⁵ *KN Energy*, 968 F.2d at 1302. See also *ICC*, 576 F.3d at 476; *El Paso Elec. Co. v. FERC*, 76 F.4th 352, 361 (5th Cir. 2023); *BNP Paribas Energy Trading GP v. FERC*, 743 F.3d 264, 268 (D.C. Cir. 2014); *Nat’l Ass’n of Regul. Comm’rs v. FERC*, 475 F.3d 1277, 1285 (D.C. Cir. 2007).

¹⁰⁶ CEA Rehearing Request at 9 & n.38 (citing *S.C. Pub. Serv. Auth.*, 762 F.3d at 41); see also *id.* at 9 & n.9 (citing *KN Energy*, 968 F.2d at 1302).

¹⁰⁷ CEA Rehearing Request at 9 & n.38 (citing *S.C. Pub. Serv. Auth.*, 762 F.3d at 85); *id.* n.39 (citing *KN Energy*, 968 F.2d at 1301).

¹⁰⁸ 15 U.S.C. §§ 717-717w.

¹⁰⁹ *KN Energy*, 968 F.2d at 1301.

¹¹⁰ *Id.* We note that the court remanded for failure to explain why costs increased to transportation customers when economic theory indicated they should decrease. *Id.* at 1302-1303.

Rather than focusing us on the most immediate and proximate cause of the cost incurred, the benefit principle may only ask us to look at a host of contributing causes for the cost incurred (as ascertained by a review of those who benefit from the incurrence of the cost) and assign them liability too. Simply, *it may be a proxy for an extension of the chain of causation.*¹¹¹

South Carolina Public Service Authority also does not support a two-step approach. In that opinion, the court simply restated the basic cost causation principle.¹¹² There is no mention of a separate benefits analysis in addition to a cost causation analysis. In a similar vein, the *ICC* court declared that compliance with the cost causation principle is evaluated by “comparing the costs assessed against a party to the burdens imposed or benefits drawn by a party.”¹¹³

30. We further find CEA’s attempt to distinguish *ICC* unpersuasive. CEA note that in *ICC*, the Seventh Circuit reasoned that “[t]o the extent that a utility benefits from the costs of new facilities, it may be said to have ‘caused’ a part of those costs to be incurred,

¹¹¹ *Id.* at 1302 (emphasis added). Relying on *KN Energy*, CEA also argue the JTIQ framework is inconsistent with the cost causation principle because, unlike in the natural gas industry, the Commission has not identified any “extraordinary circumstances,” and no “extraordinary circumstances” exist that would warrant deviation from the cost causation principle. CEA Rehearing Request at 11 & n.47 (citing *Transmission Access Pol’y Study Grp. v. FERC*, 225 F.3d 667, 706-707 (D.C. Cir 2000); *KN Energy*, 968 F.2d at 1301). Contrary to CEA’s contentions, the Commission did not need to rely on and did not rely on exceptional circumstances to accept the RTOs’ proposed cost allocation because the Commission did not deviate from the cost causation principle. The Commission explained why allocating 100% of the JTIQ Upgrades’ capital costs (net of DOE GRIP funding) to the interconnection customers and assigning backstop responsibility to load is roughly commensurate with the respective benefits interconnection customers and load receive from the JTIQ Upgrades. JTIQ Order, 189 FERC ¶ 61,108 at PP 196-203. Because the beneficiary pays principle is another prism through which to view cost causation, there is no need to rely here on “extraordinary circumstances.”

¹¹² *S.C. Pub. Serv. Auth.*, 762 F.3d at 85.

¹¹³ *ICC*, 576 F.3d at 476. CEA’s assertion that there is “zero discussion” in the JTIQ Order regarding which class of customers (interconnection versus load) is the “legally relevant cause” of the JTIQ Upgrades, CEA Rehearing Request at 13 & n.53, is incorrect and intentionally disregards the Commission’s use of the “beneficiary pays” approach to explain why the cost allocation for JTIQ Portfolio #1 is consistent with the cost causation principle. JTIQ Order, 189 FERC ¶ 61,108 at PP 196, 198.

as without the expectation of its contribution the facilities might not have been built.”¹¹⁴ CEA argue this *ICC* rationale does not apply where, as here: (1) the transmission facilities are identified *before* any particular generator interconnection customers are known, so there is no “expectation of contribution” from any particular customer; and (2) the project funding and backstop allocation rules ensure that a particular JTIQ Upgrade will be built regardless of JTIQ subscribers, i.e., there is no concern that the facilities will not be built in the absence of interconnection customer contribution.¹¹⁵

31. Contrary to CEA’s contention, the JTIQ Order is consistent with *ICC*.¹¹⁶ First, the fundamental premise underlying the JTIQ framework, as echoed in the cost allocation for JTIQ Portfolio #1, is that the collaborative JTIQ Study will identify JTIQ Upgrades that address transmission limitations at the MISO-SPP seam that prevent the interconnection of large amounts of generation.¹¹⁷ And, the interconnection customers that meet the JTIQ Participation Group¹¹⁸ criteria will obtain an effective service agreement obligating them to pay and provide security for the JTIQ Upgrades as members of the JTIQ Commitment Group.¹¹⁹ The JTIQ Study that identified the JTIQ Upgrades for JTIQ Portfolio #1 thus established the “expectation of contribution” (from the interconnection customers), which was further buttressed by expert testimony in the record stating that the JTIQ Upgrades will very likely be fully subscribed within a few study cycles.¹²⁰ Second, without the expectation of contribution from the interconnection customers, JTIQ Portfolio #1 would not exist. All the projects included in JTIQ Portfolio #1 were justified for construction based on the need to interconnect generating facilities more efficiently and cost-effectively.¹²¹ The RTOs explained (as supported by the SPP CAWG Study) that the

¹¹⁴ CEA Rehearing Request at 15 & n.58 (quoting *ICC*, 576 F.3d at 476).

¹¹⁵ *Id.*

¹¹⁶ *ICC*, 576 F.3d at 476-477.

¹¹⁷ Johnson JOA Testimony at 29:7-9.

¹¹⁸ *See supra* P 12 & note 35.

¹¹⁹ *See supra* P 12 & note 36; *see also* MISO JOA Filing at 19; SPP JOA Filing at 23.

¹²⁰ MISO JOA Filing at 28; SPP JOA Filing at 33; MISO Regional Tariff Filing at 16-17; Frerking JOA Testimony at 25-26, 33-34, 38-41; SPP Regional Tariff Filing at 11-13, 39. *See infra* note 127 for additional details.

¹²¹ *See, e.g.*, Johnson JOA Testimony at 12:1-5 (“... JTIQ Portfolio #1 . . . consists of five large projects that have not been approved through the existing regional transmission planning processes, even though those upgrades more efficiently enable the

JTIQ Upgrades “do not provide sufficient benefits to load to cover the full costs of the projects” and therefore that they “do not qualify as regionally cost-shared projects and were not selected in the regional plan for purposes of cost allocation.”¹²² Also, the fact that two of the seven projects originally identified by the JTIQ Study were subsequently included in the MTEP and Long Range Transmission Planning initiative, narrowing JTIQ Portfolio #1 to five projects,¹²³ supports the conclusion that none of the five projects remaining in the final JTIQ Portfolio #1 were shown to sufficiently benefit transmission customers in the MISO and SPP regions such that those projects qualified for regional cost allocation.¹²⁴

32. Having eliminated the possibility that transmission customers (load) would be the primary beneficiaries, the Commission appropriately considered interconnection customers’ expected contribution as compared to their benefit from the JTIQ Upgrades.¹²⁵ The Commission reasonably concluded, based on substantial evidence,¹²⁶ including the JTIQ Study, the SPP CAWG Study, testimony, and economic theory,¹²⁷ that

interconnection of entire clusters of generators and allow for more efficient affected systems solutions.”); *id.* at 29 (“JTIQ Upgrades are primarily aimed at addressing transmission system limitations preventing the interconnection of large amounts of generation, particularly location-constrained renewable resources . . . none of the projects included in the current JTIQ Portfolio would be built but for interconnection customers, and the efficiencies of the approach are intended to benefit interconnection customer, including removing the lumpiness of major upgrade costs.”).

¹²² Johnson JOA Testimony at 29:9-11; MISO JOA Filing at 33; MISO Regional Tariff Filing at 20; Witmeier Regional Tariff Testimony at 15-16; SPP JOA Filing at 40 (citing SPP CAWG October 2023 Update); SPP Regional Tariff Filing at 41 (citing SPP CAWG October 2023 Update).

¹²³ MISO JOA Filing at 4, 8-9; SPP JOA Filing at 4, 8-9.

¹²⁴ JTIQ Order, 189 FERC ¶ 61,108 at P 198.

¹²⁵ *Id.* PP 198-200, 202.

¹²⁶ *See supra* note 83, pointing out that, among other things, testimony and economic theory can constitute substantial evidence. *NextEra*, 898 F.3d at 24.

¹²⁷ Current supply and demand supports the JTIQ framework and cost allocation developed for JTIQ Portfolio #1. The record reflects more than sufficient—indeed excess—demand for interconnection service near the MISO-SPP seam, as evidenced by the unprecedented number of interconnection requests in the RTOs’ respective interconnection queues. The record further reflects that the supply of transmission capacity supporting such generating facilities’ interconnection is insufficient because the

“all interconnection customers eventually included in JTIQ Commitment Groups will benefit from JTIQ Portfolio #1, which was designed to enable their interconnection to the transmission system.”¹²⁸ As the Commission explained, the interconnection customers that will be included in the JTIQ Commitment Groups are the primary beneficiaries of the JTIQ Portfolio #1 Upgrades.¹²⁹ Thus, although the specific interconnection customers were not known at the time the JTIQ Upgrades in JTIQ Portfolio #1 were identified, the JTIQ process for subsequently identifying JTIQ Commitment Groups ensures that the interconnection customers that will pay the JTIQ Generator Charge are benefitting from the JTIQ Upgrades.¹³⁰ Therefore, consistent with *ICC*, the customers that will be included in the JTIQ Commitment Groups “may be said to have ‘caused’ . . . those costs to be incurred.”¹³¹

33. We are also unpersuaded by CEA’s assertion that the cost allocation for JTIQ Portfolio #1 is inconsistent with *ICC* because the project funding and backstop cost

needed affected system network upgrades identified through the existing affected system study process have become prohibitively expensive. See Witmeier JOA Testimony at 39-40, stating that “[g]iven an average 30 percent success rate for projects in the queue, that is 21.5 GWs of projects and an average success rate of 5.4 GW for each cycle. . . . the demand for interconnection requests to locate in these states within MISO would be enough . . . to fully subscribe JTIQ Portfolio #1 over six cycles, even without considering projects looking to connect in these states on the SPP system[.]”

¹²⁸ JTIQ Order, 189 FERC ¶ 61,108 at P 198. We further note that the Commission has approved *ex ante* cost allocation for transmission facilities based on the expectation that future customers will benefit, even though such customers are not a static group. Order No. 1000, 136 FERC ¶ 61,051 at PP 499, 558. Similarly, even though the specific identity of future interconnection customers may be unknown before the JTIQ Upgrades are constructed, the JTIQ framework will ensure that all interconnection customers eventually included in the JTIQ Commitment Groups are the beneficiaries of those facilities.

¹²⁹ JTIQ Order, 189 FERC ¶ 61,108 at PP 198, 202.

¹³⁰ *Id.* PP 197-198.

¹³¹ *Id.* P 196 & n.446 (quoting *ICC*, 576 F.3d at 476). Stated another way, the cost allocation for JTIQ Portfolio #1 is also consistent with the beneficiary pays principle because the JTIQ framework uses a forward-looking planning approach to anticipate the need for transmission facilities to accommodate the interconnection and development of future generation capacity for future interconnection customers.

allocation rules ensure that a given JTIQ project will be built regardless of subscribers.¹³² On the contrary, the JTIQ framework, including the JTIQ Study, ensures that JTIQ Portfolio #1 will be planned to meet the needs of interconnection customers. Other aspects of the cost allocation merely support the underlying subscription methodology; the RTOs provided un rebutted evidence that none of the JTIQ Portfolio #1 projects would have been approved under the RTOs' existing regional transmission planning processes and cost allocation methods.¹³³

ii. Incremental v. Portfolio Subscription Approaches

(a) Generally

34. CEA assert that, while the JTIQ framework purports to be an improvement to the affected system study process, that is a mischaracterization.¹³⁴ CEA provide a number of arguments that the JTIQ framework and its cost allocation approach are inconsistent with the traditional, incremental “but for” approach to generator interconnection.¹³⁵ However, as highlighted above,¹³⁶ we disagree with CEA’s assumption that the traditional, incremental “but for” cost causation approach to generator interconnection is the only

¹³² CEA Rehearing Request at 15 & n.58 (quoting *ICC*, 576 F.3d at 476).

¹³³ JTIQ Order, 189 FERC ¶ 61,108 at P 198.

¹³⁴ CEA Rehearing Request at 10.

¹³⁵ *Id.* at 12-14, arguing the following: JTIQ Portfolio #1’s cost allocation is inconsistent with the cost causation principle because JTIQ Upgrades are identified before the interconnection customers that may need to rely on those facilities are known, so there is no legal argument that future interconnection customers caused the JTIQ Upgrades; while some interconnection customers may ultimately use the JTIQ Upgrades to deliver their electricity to load (as would be the case for other existing transmission infrastructure), there is no test to assess whether a particular JTIQ Upgrade is needed for a particular interconnection; there is no determination that any specific interconnection customer causes the upgrades, and therefore interconnection customers are not the causal reason for the JTIQ Upgrades; the JTIQ framework essentially evaluates cost allocation in reverse to the traditional approach; there is no discussion in the JTIQ Order about which class of customers (interconnection versus load) is the “legally relevant cause” of the JTIQ Upgrades; neither the Commission nor the RTOs have found that the JTIQ interconnection customers have caused or relied upon the JTIQ Upgrades, and thus, interconnection customers are not the causal force of the JTIQ Upgrades.

¹³⁶ *See supra* P 25.

way to evaluate cost causation in the generator interconnection context.¹³⁷ While the Commission has endorsed the “but for” approach for over 20 years, the FPA does not require it.¹³⁸ The legal standard is the FPA’s broad and flexible “just and reasonable” standard,¹³⁹ which the cost causation and beneficiary pays principles effectuate.¹⁴⁰ Indeed, even the “but for” approach to cost allocation initially used in the serial generator interconnection study context was eventually applied in the cluster study context, providing for the interconnection customers in a cluster to share the costs of common upgrades identified to accommodate those customers’ interconnections.¹⁴¹ And, the

¹³⁷ CEA Rehearing Request at 12-13.

¹³⁸ Order No. 2023, 184 FERC ¶ 61,054 at P 464 (requiring transmission providers to allocate network upgrade costs for clusters based on a proportional impact method, but acknowledging “other allocation methods could potentially meet the consistent with or superior to standard or the independent entity variation standard”); *cf. LSP Trans. Holdings II v. FERC*, 45 F.4th 979, 995 (D.C. Cir. 2022) (stating that the Commission need not “consider cost allocation rule on a project-by-project basis . . . [i]nstead, the Commission must ensure only that there is ‘some semblance’ between costs and benefits”); *ODEC*, 898 F.3d at 1260 (“[W]e do not require FERC, in applying the cost-causation principle, to ‘utilize a particular formula’”) (quotation omitted); *Ala. Elec. Co-op.*, 684 F.2d at 27 (stating that neither statutes nor courts require the Commission to utilize a particular formula or a combination of formulae to determine whether rates are just and reasonable); *Colo. Interstate Gas Co. v. FPC*, 324 U.S. 581, 589 (1945) (“Allocation of costs is not a matter for the slide-rule,” but “involves judgment on a myriad of facts”) (*CIG*).

¹³⁹ *California ex re. Lockyer v. FERC*, 383 F.3d 1006, 1012 (9th Cir. 2004) (stating that the Supreme Court “has recognized that the ‘just and reasonable’ standard gives the Commission broad ratemaking authority”) (quoting *Mobil Oil Exploration & Producing Southeast Inc. v. United Distribution Co.*, 498 U.S. 211, 224 (1991)).

¹⁴⁰ *City of Lincoln*, 89 F.4th at 930.

¹⁴¹ Order No. 2003, 104 FERC ¶ 61,103 at P 694 (determining that “it is appropriate for the Interconnection Customer to pay the initial full cost for Interconnection Facilities and Network Upgrades that would not be needed but for the interconnection”); *see also id.*, 104 FERC ¶ 61,103 at PP 693-703 (discussing how the interconnection pricing policy approach to serial interconnection differs for independent and non-independent transmission providers); Order No. 2023, 184 FERC ¶ 61,054 at P 457 (stating that “under the serial study process in the existing *pro forma* [Large Generator Interconnection Procedures], the transmission provider allocates network upgrade costs by assigning the initial full cost responsibility for all network upgrades identified in a study to a single interconnection customer that causes those upgrades”); *see id.* (“Based on the record in this proceeding, we find that a proportional impact

courts have recognized that the Commission “is not required to determine cost causation on a project-by-project basis.”¹⁴² Additionally, the Commission previously approved as just and reasonable under the FPA an independent transmission operator’s conceptual proposal to use a subscription approach to generator interconnection.¹⁴³ Under that proposal, the costs of interconnection facilities would be initially rolled into transmission rates through the transmission revenue requirement of the transmission owner that constructs the facility.¹⁴⁴ Each generator that interconnects to the facility would be responsible for paying its *pro rata* share of the going-forward costs of using the line and all users of the grid would pay the cost of the unsubscribed portion of the line until it is fully subscribed.¹⁴⁵

35. Given the massive influx of interconnection requests in MISO and SPP and the significant transmission capacity constraints along their seam, it is reasonable that MISO and SPP consider whether an additional approach to the affected system study process may also be just and reasonable. Under the independent entity standard, the RTOs need only explain how their proposal is just and reasonable and not unduly discriminatory or preferential and accomplishes the purposes of Order Nos. 2003 and 2023.¹⁴⁶ This enables the RTOs to propose, as they have here, a cost allocation framework premised on

method is the appropriate application of the Commission’s interconnection pricing policy [i.e., “but for” pricing policy] when allocating the costs of network upgrades needed for an entire cluster of proposed generating facilities.”).

¹⁴² See, e.g., *LSP Trans. Holdings*, 45 F.4th at 995.

¹⁴³ *Cal. Indep. Transmission Sys. Operator Corp.*, 119 FERC ¶ 61,061, at PP 1, 3 35, 63 (2007) (granting a request for declaratory order because the proposal “strikes a reasonable balance that addresses the barriers to development of location-constrained resources and includes appropriate ratepayer protections to ensure that rates remain just and reasonable”). The mechanisms that the Commission found should ensure that benefits of new interconnections can be obtained and that limit the cost impact on ratepayers included a rate impact cap, capacity subscription requirements, as well as the fact that any project financed through this mechanism would be subject to an independent regional transmission planning process that must define the benefits a facility provides to the grid. *Id.* P 63.

¹⁴⁴ *Id.* P 5.

¹⁴⁵ *Id.*

¹⁴⁶ See JTIQ Order, 189 FERC ¶ 61,108 at P 193 & n.438 (citing Order No. 2003, 104 FERC ¶ 61,103 at P 827; Order No. 2023, 184 FERC ¶ 61,054 at P 1).

forward-looking planning, like that historically used for transmission planning.¹⁴⁷ And, because the JTIQ framework uses a forward-looking, portfolio-based subscription method that is markedly different from the incremental “but for” approach to generator interconnection, the cost allocation for JTIQ Portfolio #1 must be evaluated on its own terms to assess whether it “reflect[s] to some degree the costs actually caused by the customer who must pay them”¹⁴⁸ or those who benefit from the costs of the JTIQ Upgrades in JTIQ Portfolio #1.¹⁴⁹ And, as discussed below, the criteria for inclusion in the JTIQ Participation Group and ultimately the JTIQ Commitment Group ensure that the interconnection customers assigned costs are the interconnection customers that benefit from the JTIQ Upgrades in JTIQ Portfolio #1.¹⁵⁰

(b) Per-Megawatt (MW) Charge

36. Next, continuing to argue in favor of the traditional, incremental “but for” cost causation approach as the sole benchmark for evaluating cost causation, CEA challenge the allocation of JTIQ Portfolio #1 costs on a per-MW basis to interconnection customers based on analysis under JTIQ Study criteria. CEA state that, unlike the affected system study process, through which specific interconnection customers must fund specific network upgrades on a neighboring transmission system, the JTIQ framework takes a portfolio of transmission in SPP and MISO, aggregates the cost, and derives a per-MW cost that is assigned to subscribed interconnection customers.¹⁵¹ CEA assert that, as a

¹⁴⁷ JTIQ Order, 189 FERC ¶ 61,108 at P 197. We disagree with CEA’s assertion that the Commission “effectively concedes” interconnection customers are not the cause of the JTIQ Upgrades when it states that “the RTOs are using forward-looking planning, historically used for transmission planning to accommodate the interconnection of future generation capacity and development of those facilities.” CEA Rehearing Request at 13 (citing JTIQ Order, 189 FERC ¶ 61,108 at P 197). CEA provide no persuasive explanation why the cost allocation for JTIQ Portfolio #1 needs to be treated the same as cost allocation used for transmission planning simply because it is also forward-looking.

¹⁴⁸ *KN Energy, Inc. v. FERC*, 968 F.2d at 1300.

¹⁴⁹ *ICC*, 576 F.3d at 476 (holding that to “the extent that a utility benefits from the costs of new facilities, it may be said to have ‘caused’ a part of those costs to be incurred, as without the expectation of its contributions the facilities might not have been built, or might have been delayed.”).

¹⁵⁰ See *infra* PP 37-38; see *supra* notes 34-36. See also JOA § 9.4.2(d) (Identification of JTIQ Screening Group, JTIQ Participation Group, and JTIQ Commitment Group).

¹⁵¹ CEA Rehearing Request at 10 & n.42 (citing JTIQ, 189 FERC ¶ 61,108

result, interconnection customers siting generation in one RTO pay a per-MW cost that includes the cost of JTIQ Upgrades located in both RTOs for which the interconnection customer is not the direct cost causer, and from which they may derive no benefit. CEA argue that the Commission failed to explain how the lack of nexus to actual cost causation (and thus benefits received) can justify the (per-MW charge) JTIQ rate design.¹⁵²

37. We disagree. First, the Commission explained the nexus between cost causation and the per-MW charge. In the JTIQ Order, the Commission expressly found that allocating the JTIQ Upgrade costs to subscribing interconnection customers on a *pro rata* MW of interconnection service basis is “a just and reasonable approach for identifying interconnection customers that are beneficiaries of JTIQ Portfolio #1 and the extent to which those interconnection customers benefit from JTIQ Portfolio #1.”¹⁵³ The Commission acknowledged that, unlike the traditional generator interconnection and affected system study processes, under the JTIQ framework, individual interconnection customers will not be evaluated for the level of individualized impacts on constraints with and without JTIQ Upgrades. In other words, the JTIQ framework does not use an incremental or “but for” cost causation approach, which is what CEA appear to refer to as “actual cost causation.”¹⁵⁴ The Commission explained, however, that because JTIQ Portfolio #1 is designed to address interconnection-related transmission needs at the MISO-SPP seam and because the JTIQ Upgrades (in both regions) will be incorporated into the base models used for interconnection studies, it is reasonable to assess whether individual interconnection requests meet the proposed JTIQ Participation Group criteria based on their impacts on the JTIQ Upgrades and to use the total MW capacity of an interconnection request as a metric to capture the use of the JTIQ Upgrades, which span both RTOs.¹⁵⁵

38. Next, the Commission explained why it is reasonable and consistent with cost causation principles for the interconnection customers to pay a portion of the costs of JTIQ Upgrades located in both RTOs.¹⁵⁶ Under the JTIQ Participation Group criteria,¹⁵⁷

at P 72).

¹⁵² *Id.* at 10 & n.43 (citation omitted).

¹⁵³ JTIQ Order, 189 FERC ¶ 61,108 at P 199.

¹⁵⁴ See CEA Rehearing Request at 10.

¹⁵⁵ JTIQ Order, 189 FERC ¶ 61,108 at P 199.

¹⁵⁶ *Id.*

¹⁵⁷ As noted above, *supra* note 35, the JTIQ Participation Group criteria require

to participate in the JTIQ framework and be subject to the per-MW charge, an interconnection request in one RTO must have an impact on transmission facilities in the other RTO. These criteria in the JTIQ framework, contrary to CEA's assertion, identify interconnection customers siting generation in one RTO that benefit from the portfolio of JTIQ Upgrades, including those in the other RTO. Thus, the per-MW charge for JTIQ Upgrades that are located in SPP and MISO and span both RTOs is just and reasonable and consistent with cost-causation and beneficiary-pays principles. Indeed, the purpose of the affected system study process that the JTIQ framework seeks to unburden is to identify network upgrades that interconnection customers cause, and for which they must pay, *on the neighboring RTO's transmission system*.¹⁵⁸ We therefore continue to find the allocation of JTIQ Portfolio #1 costs on a per-MW basis to interconnection customers that are identified by the JTIQ process¹⁵⁹ and subscribe to the portfolio is just and reasonable and consistent with cost causation.

iii. Cost Allocation to Load

39. Further, CEA argue that allocation of JTIQ Upgrade costs is not consistent with cost causation because it does not require any primary cost allocation to load.¹⁶⁰ To

that an interconnection request in the JTIQ Screening Group have (1) an impact greater than 5% distribution factor (Outage Transfer Distribution Factor (OTDF) or Power Transfer Distribution Factor (PTDF)) on one or more facilities of the other RTO's transmission system modeled with all transmission facilities rated 100 kV and above;

and (2) greater than a 1.00 MW (positive) impact on at least one JTIQ Upgrade included in the JTIQ Portfolio.

¹⁵⁸ See *supra* note 10; see also MISO JOA Filing at 2: As MISO explained:

One area that continues to need improvement is the affected system study process— i.e., the process whereby a generator seeks to interconnect to one of the RTOs but, given the elongated seam between SPP and MISO, causes impacts necessitating upgrades to the other RTO's system. The JTIQ framework is aimed at easing the burden on the existing affected system process to the benefit of generator interconnection customers by reducing the timeline and potential upgrade costs associated with their interconnection.

Id.

¹⁵⁹ See JOA § 9.4.2(d) (31.0).

¹⁶⁰ CEA Rehearing Request at 14.

support their argument, CEA assert that the Target MW Value¹⁶¹ that is used to establish the size of the subscription is “a load forecast as much as it is a generation forecast.”¹⁶² CEA misunderstand the purpose of the Target MW Value. The amount of generation that the RTOs expect to need to meet load in the future exceeds the amount of generation that may interconnect via JTIQ Portfolio #1. The JTIQ framework will enable the interconnection of roughly 28.6 GW of new generation, which is reflected in the Target MW Value used to determine when the JTIQ Upgrades are fully subscribed, i.e., when to close the subscription of new generation based on available capacity in JTIQ Portfolio #1. The capital costs of the JTIQ Upgrades are divided among the subscribing interconnection customers, based on the amount of MW of their requested interconnection service.¹⁶³ In establishing the Target MW Values, the RTOs only considered the generation that the JTIQ Upgrades would enable to interconnect to determine what future interconnection customers would pay for the JTIQ Upgrades. Load forecasts are not part of this method and therefore are not relevant. Once sufficient interconnection customers subscribe, the portfolio will be closed to further subscription, regardless of any change in load forecasts.¹⁶⁴

b. Beneficiary Pays Principle

40. CEA also contend that the cost allocation for JTIQ Portfolio #1 is inconsistent with the beneficiary pays principle.¹⁶⁵ CEA argue that the Commission erred by (1) treating interconnection customers as the sole beneficiaries of the JTIQ Upgrades and allocating costs in a manner that “is not remotely commensurate with benefits,

¹⁶¹ The Target MW Value is “[t]he projected new generation interconnection MW enabled by the JTIQ Portfolio. The Target MW Value for each JTIQ Portfolio shall be identified in Section 9.4 [of the JOA] and related subsections of Rate Schedule 6.” MISO Tariff, attach. JJJ (31.0.0), §1 (Definitions).

¹⁶² CEA Rehearing Request at 14.

¹⁶³ MISO JOA Filing at 27 (citing Proposed JOA §9.4.2(f)9(i)(a)); SPP JOA Filing at 32-33 (same).

¹⁶⁴ JOA § 9.4.2(e) (Closing Subscription to the JTIQ Portfolio; Addressing Oversubscription and Undersubscription); *see also* Johnson JOA Testimony at 16 (“Under a JTIQ Portfolio subscription methodology, the JTIQ Portfolio is closed once a sufficient amount of generation, i.e., the Threshold MW Value, is exceeded. Once SPP and MISO deem the JTIQ Portfolio fully subscribed, no additional interconnection customers will be identified as subscribers to that portfolio.”); MISO JOA 29:8-21.

¹⁶⁵ CEA Rehearing Request at 15.

despite concurrently recognizing that load also benefits from the JTIQ Upgrades;”¹⁶⁶ and (2) within the universe of JTIQ subscribers, allocating costs on a per-MW basis without explaining how MWs are a valid proxy for the alleged benefits that an interconnection customer receives.¹⁶⁷ CEA claim that the JTIQ Order is internally inconsistent, insufficiently reasoned, and lacks substantial evidence to support its determination, which, they claim, is contrary to record evidence.¹⁶⁸ As explained below, CEA misunderstand the beneficiary pays principle, and their contentions lack merit.

i. Primary and Backstop Cost Allocation

41. First, CEA argue that the Commission’s determination that it is just and reasonable to allocate 100% of the JTIQ Portfolio #1 costs (net of DOE Grip funding) to interconnection customers because they are the “primary beneficiaries” of the JTIQ Upgrades is wrong as a factual matter.¹⁶⁹ They contend this determination is internally inconsistent and “plainly controverted” by the Commission’s determination that the same costs—potentially 100% of them—are properly allocated to load if no interconnection customer subscribes to fund them.¹⁷⁰ They contend that the Commission’s determination is “conclusory” and that the Commission provided no evidence or analysis to support this determination.¹⁷¹

42. The Commission reasonably determined based on substantial testimonial and documentary evidence, including the JTIQ Study, that the RTOs had shown that interconnection customers are the primary beneficiaries of JTIQ Portfolio #1.¹⁷² While we agree that the JTIQ Upgrades are more extensive than typical network upgrades for an individual interconnection request or a cluster—because they are designed to accommodate multiple subscribers over multiple clusters—and that the JTIQ framework uses a forward-planning approach, these features do not undermine the JTIQ cost allocation. The RTOs showed that JTIQ Upgrades in JTIQ Portfolio #1 were developed primarily to interconnect generation and are not identified in other regional transmission

¹⁶⁶ *Id.*

¹⁶⁷ *Id.* at 15 & n.60 (citing JTIQ Order, 189 FERC ¶ 61,108 at PP 198-199, 201).

¹⁶⁸ *Id.* at 18-21, 23.

¹⁶⁹ *Id.* at 17 & n.68 (citing JTIQ Order, 189 FERC ¶ 61,108 at P 198).

¹⁷⁰ *Id.* at 17 & n.69 (citing JTIQ Order, 189 FERC ¶ 61,108 at P 201).

¹⁷¹ *Id.* at 17-19.

¹⁷² JTIQ Order, 189 FERC ¶ 61,108 at P 198.

planning processes as necessary to address reliability, economic, or public policy needs for load.¹⁷³ Record testimony stated that none of the projects ultimately included in JTIQ Portfolio #1 were justified apart from interconnection customers' need for them.¹⁷⁴ The Commission explained in the JTIQ Order that allocating 100% of the costs of JTIQ Portfolio #1 to interconnection customers is at least roughly commensurate with estimated benefits because the "RTOs identified JTIQ Portfolio #1 through the JTIQ Study to address the transmission system limitations preventing interconnection of large amounts of future generation capacity" and "all interconnection customers eventually included in JTIQ Commitment Groups will benefit from JTIQ Portfolio #1, which was designed to enable their interconnection to the transmission system."¹⁷⁵ The Commission found that the RTOs have also shown that "the JTIQ Upgrades do not provide sufficient benefits to load to qualify as transmission projects selected in the regional transmission plan for purposes of cost allocation."¹⁷⁶ For these reasons, the Commission found that interconnection customers are the primary beneficiaries of the JTIQ Upgrades and, therefore, the proposed allocation of 100% of the capital costs of JTIQ Portfolio #1 to interconnection customers when fully subscribed is just and reasonable.¹⁷⁷

43. Next, CEA further take issue with the Commission's statement that "[t]he RTOs have also shown that the JTIQ Upgrades do not provide sufficient benefits for load in either RTO to qualify as transmission projects selected in the regional transmission plan for purposes of cost allocation."¹⁷⁸ They state that while this may be true for the inputs that SPP and MISO currently use in annual planning to assess new transmission planning,

¹⁷³ MISO JOA Filing at 35.

¹⁷⁴ Johnson JOA Testimony at 29:15-18.

¹⁷⁵ JTIQ Order, 189 FERC ¶ 61,108 at P 198.

¹⁷⁶ *Id.* P 201.

¹⁷⁷ *Id.* P 198. We note that, like the JTIQ framework, the SPP Tariff allocates 100% of the capital costs of generator interconnection-related network upgrades to interconnection customers. SPP Tariff, Section III(A)(2)(d)(1). Although the MISO Tariff allocates 90% of the costs of 345 kV and above interconnection-related upgrades to interconnection customers and 10% to load, the Commission has accepted both cost allocations as just and reasonable and consistent with cost causation principles; allocating 100% of JTIQ Portfolio #1 costs to interconnection customers results in the same JTIQ Generator Charges for both regions. MISO Tariff Filing at 19-20; SPP Tariff Filing at 39-42.

¹⁷⁸ CEA Rehearing Request at 20 & n.82 (quoting JTIQ Order, 189 FERC ¶ 61,108 at P 198).

it does not “bridge the gap” to eschew the beneficiary pays principle for this new and novel transmission. We continue to find the fact that none of the JTIQ Upgrades were selected in the RTOs’ regional transmission plans for purposes of cost allocation supports finding that load is not a primary beneficiary of the JTIQ Upgrades and thus it is just and reasonable and not unduly discriminatory or preferential and consistent with cost causation principles that load not bear a primary cost allocation responsibility.¹⁷⁹ A transmission facility selected in a regional transmission plan for purposes of cost allocation is one that has been selected pursuant to a Commission-approved, regional transmission process, as a more efficient or cost-effective solution to regional transmission needs.¹⁸⁰ In either RTO, a transmission facility that does not benefit the respective region cannot be selected in the regional transmission plan for the purposes of cost allocation.¹⁸¹ Thus, the fact that the JTIQ Upgrades were not selected in such regional transmission plans indicates the benefits to load are not sufficient to require load to bear primary cost allocation responsibility for the JTIQ Upgrades. Moreover, as noted above, the fact that two of the initial JTIQ Projects were subsequently included in the MISO MTEP and Long Range Transmission Plan supports the Commission’s finding that the remaining JTIQ Upgrades in JTIQ Portfolio #1 do not provide sufficient benefits to load to warrant rejecting the proposed cost allocation.

44. Contrary to CEA’s contention,¹⁸² there is no contradiction between allocating JTIQ Portfolio #1 costs to interconnection customers and assigning backstop funding to load; the Commission found interconnection customers are the “primary beneficiaries,” not the sole beneficiaries of JTIQ Portfolio #1.¹⁸³ In the traditional incremental “but for” generator interconnection context, even though load does not cause the construction of upgrades, load nevertheless pays the non-capital costs of network upgrades, such as O&M expenses, in recognition of the commensurate (incidental) benefits load receives

¹⁷⁹ JTIQ Order, 189 FERC ¶ 61,108 at P 198 & n.450 (citing Order No. 1000, 136 FERC ¶ 61,051 at P 5).

¹⁸⁰ Order No. 1000, 136 FERC ¶ 61,051 at P 5. The term “selected in a regional transmission plan for purposes of cost allocation” excludes a new transmission facility if the costs of that facility are borne entirely by the public utility transmission provider in whose retail distribution service territory or footprint that new transmission facility is to be located. Order No. 1000-A, 139 FERC ¶ 61,132, at P 423.

¹⁸¹ *Midwest Indep. Trans. Sys. Operator, Inc.*, 142 FERC ¶ 61,215, at PP 434-439 (2013); *Sw. Power Pool, Inc.*, 144 FERC ¶ 61,059, at PP 347-353 (2013).

¹⁸² CEA Rehearing Request at 18-19.

¹⁸³ JTIQ Order, 189 FERC ¶ 61,108 at PP 198, 201-202.

from a more robust, integrated transmission system.¹⁸⁴ For JTIQ Portfolio #1, as in the traditional “but for” generator interconnection context, load will pay non-capital expenses, such as O&M costs.¹⁸⁵ Unlike the traditional interconnection context, under the JTIQ framework, load will also bear the costs associated with backstop funding. As the Commission explained, this is consistent with cost causation because record evidence shows load will receive minor and incidental benefits from JTIQ Portfolio #1, such as Adjusted Production Cost Savings, increased transmission system robustness, more timely and efficient interconnection of new generation, increased wheeling revenues, increased resilience, and decreased uplift costs.¹⁸⁶ The Commission further identified “persuasive evidence” that the need for JTIQ Portfolio #1 means that costs load will pay, if any, “will not likely exceed a small portion of the total costs.”¹⁸⁷ Accepting a backstop funding mechanism that is roughly commensurate with the incidental benefits that load garners from JTIQ Portfolio #1 does not contradict the finding that interconnection customers are the primary beneficiaries of JTIQ Portfolio #1. Indeed, the backstop funding mechanism, which accommodates the temporal differences between the in-service dates of the JTIQ Upgrades and interconnection customers’ subscription to JTIQ Portfolio #1, is part of the balanced approach that renders this cost allocation just and reasonable.

¹⁸⁴ Order No. 2003-A, 106 FERC ¶ 61,220 at P 424 (finding that “since network upgrades provide a system-wide benefit, expenses associated with owning, maintaining,

repairing, and replacing them shall be recovered from all transmission customers rather than being directly assigned to the interconnection customer.”).

¹⁸⁵ MISO JOA Filing at 16-17, 33; Johnson JOA Testimony at 29-30; Witmeier JOA Testimony at 35:3-18; *see also* JOA § 9.4.2(b)(ii)(a).

¹⁸⁶ JTIQ Order, 189 FERC ¶ 61,108 at P 201 & n.455 (citing MISO JOA Filing at 33 (citing SPP CAWG October 2023 Update); SPP JOA Filing at 40 (citing SPP CAWG October 2023 Update); SPP Regional Tariff Filing at 41 (citing SPP CAWG October 2023 Update)). As Mr. Johnson explained, load receives some benefit from the backbone reinforcement of the transmission system and congestion relief provided by the JTIQ Upgrades; the JTIQ framework is expected to expedite the interconnection of needed generation substantially, thereby providing resource adequacy benefits in both regions; and load “generally benefits from having access to more generation.” Johnson JOA Testimony at 30.

¹⁸⁷ JTIQ Order, 189 FERC ¶ 61,108 at P 201. As Mr. Johnson testified, the benefits load receives from these projects “outweigh the unlikely scenario that load would pay any portion of the JTIQ Portfolio costs.” Johnson JOA Testimony at 28.

45. Next, we disagree with CEA's contention that the JTIQ Order is internally inconsistent because, although the Commission "found that load benefits enough to bear responsibility for backstop funding, the Commission found it likely that the backstop would not be needed."¹⁸⁸ We note that the arguments CEA raise as to the backstop can be considered speculative because whether JTIQ Portfolio #1 will be fully subscribed is uncertain. Some flexibility is built into the JTIQ Portfolio #1 cost allocation framework, however, to accommodate this uncertainty and ensure that the cost allocation remains roughly commensurate with the minor and incidental benefits load receives from the JTIQ Upgrades. We acknowledge that, under the backstop funding mechanism, load is potentially responsible for a range of costs, i.e., temporary backstop funding due to lagging subscription, zero permanent backstop funding if JTIQ Portfolio #1 is fully subscribed, and bearing the unsubscribed portion of JTIQ Upgrade costs through permanent backstop funding if JTIQ Portfolio #1 is not fully subscribed within the 20-year cost recovery period.¹⁸⁹ However, we emphasize again that the JTIQ Upgrades were not selected in any regional transmission plans, which indicates that it is just and reasonable and not unduly discriminatory or preferential and consistent with cost causation principles for load not to bear primary cost allocation responsibility.¹⁹⁰ Balancing these considerations, we continue to find that the backstop mechanism satisfies cost causation requirements.¹⁹¹

46. We also find, in contrast to CEA's arguments,¹⁹² that if JTIQ Portfolio #1 is fully subscribed and ultimately load pays no costs under the permanent backstop, this is consistent with the beneficiary pays principle because it reflects the fact that, just as in

¹⁸⁸ CEA Rehearing Request at 19 & n.78 (citing JTIQ Order, 189 FERC ¶ 61,108 at P 201).

¹⁸⁹ See *supra* P 16 & note 54. We note that the 20-year subscription window provides a generous amount of time to achieve full subscriptions, contributing to the likelihood of full subscription. To the extent a portion of JTIQ Portfolio #1 is not fully subscribed, load nevertheless retains the minor and incidental benefits that ensue from the JTIQ Upgrades, including the unsubscribed portion; these benefits, while insufficient to justify a primary cost allocation responsibility for load, in the unique context of the full package of the JTIQ framework, are sufficient to warrant such backstop.

¹⁹⁰ See, e.g. Johnson JOA Testimony at 29:9-11. The RTOs also demonstrated that the projects in JTIQ Portfolio #1 were developed "primarily to interconnect generation and are not identified in other regional planning processes as necessary to address reliability, economic, or public policy needs for load." MISO JOA Filing at 35.

¹⁹¹ JTIQ Order, 189 FERC ¶ 61,108 at P 201.

¹⁹² CEA Rehearing Request 19-21.

MISO's and SPP's generator interconnection processes, in which interconnection customers primarily pay for network upgrades to accommodate the interconnection of their generating facilities,¹⁹³ interconnection customers are the primary beneficiaries of the JTIQ Upgrades in JTIQ Portfolio #1 and should pay their full capital costs (minus DOE GRIP funding).

47. Additionally, we disagree with CEA's assertion that under the JTIQ Portfolio #1 cost allocation approach, "load can (and indeed is quite likely to) receive a 'free ride'[]" to the tune of at least \$247 million (SPP) and \$724 million (MISO)."¹⁹⁴ Load is not a free rider under the cost allocation approach here. Load has temporary and permanent backstop cost responsibility, as discussed above, despite the fact that the JTIQ Upgrades do not benefit load enough for them to be included in any regional transmission plans. Furthermore, the case CEA cite, *El Paso Electric Company*,¹⁹⁵ does not support their contention that load here is a free rider. *El Paso* involved review of the Commission's decision that in WestConnect, jurisdictional utilities must take into account the transmission needs of the non-jurisdictional utilities when planning a new transmission facility, and the jurisdictional utilities must pay for the facility, although the non-jurisdictional utilities have the option to pay for it.¹⁹⁶ In *El Paso I*, the United States Court of Appeals for the Fifth Circuit remanded for further explanation,¹⁹⁷ and in *El Paso II*, the court determined it was unreasonable for the Commission to prohibit the WestConnect region from imposing binding cost allocation on the non-jurisdictional utilities whose transmission needs would be planned for, causing the costs of new transmission facilities. The court deemed the non-jurisdictional utilities to be free riders,

¹⁹³ Because the Commission granted MISO and SPP independent entity variations from the *pro forma* interconnection procedures and default pricing policy, under the existing generator interconnection framework in MISO and SPP, load does not pay for any network upgrades needed to accommodate the interconnection of generating facilities, with the exception of load in MISO paying 10% of the capital costs for network upgrades at 345 kV or above. See *SPP*, 122 FERC ¶ 61,060 at P 30; *Midwest Indep. Trans. Sys. Operator, Inc.*, 129 FERC ¶ 61,060, at PP 1, 8 (2009); see generally *Midcontinent Indep. Sys. Operator, Inc.*, 187 FERC ¶ 61,170, at PP 7, 38 (2024).

¹⁹⁴ See CEA Rehearing Request at 19-20.

¹⁹⁵ *Id.* at 20 (citing *El Paso Elec. Co. v. FERC*, 832 F.3d 495, 500 (5th Cir. 2016) (*El Paso I*)); see also *El Paso Elec. Co. v. FERC*, 76 F.4th 357 (5th Cir. 2023) (*El Paso II*).

¹⁹⁶ *El Paso I*, 832 F.3d at 501; *El Paso II*, 76 F.4th at 358.

¹⁹⁷ *El Paso I*, 832 F.3d at 501.

holding it contrary to the cost causation principle not to allocate to them any costs.¹⁹⁸ In contrast to the non-jurisdictional utilities in the *El Paso* cases, for whom cost allocation was optional, under the cost allocation approach for JTIQ Portfolio #1, load nonetheless retains cost allocation responsibility, despite not being the primary beneficiaries of the JTIQ Upgrades.

48. CEA claim the “unrebutted record” shows that load in SPP will receive at least \$247 million in adjusted production costs savings over 20 years and load in MISO will receive at least \$724 million in benefits.¹⁹⁹ To support their figures, CEA cite the March 2022 JTIQ Executive Summary.²⁰⁰ MISO explained, however, that CEA’s estimates of benefits to load are outdated because they were based on a JTIQ Portfolio that included different facilities and study assumptions than the JTIQ Upgrades in JTIQ Portfolio #1.²⁰¹ MISO specifically explained that it updated its assumptions in early 2022, when two of the original seven JTIQ Upgrades were included in MISO’s MTEP and Long Range Transmission Plan.²⁰² The record reflects that, when projects included in MISO’s Long Range Transmission Plan Tranche 1 were approved in July 2022, much of the then-projected benefits to load were reduced due to this additional transmission capacity and constraint/congestion relief.²⁰³ The record further reflects that the proposed portfolio was reviewed again after the approval of a second transmission line as part of MTEP 2022,

¹⁹⁸ *El Paso II*, 76 F.4th at 358.

¹⁹⁹ CEA Rehearing Request at 19 & n.76 (citing CEA Answer at 9-10 (citing JTIQ Study Executive Summary, A MISO – SPP Collaboration, March 2022, at 2, <https://cdn.misoenergy.org/JTIQ%20Report623262.pdf>) (March 2022 JTIQ Executive Summary)).

²⁰⁰ *See id.*

²⁰¹ MISO Answer at 31-32; June 10 2024 Presentation in Long Range Transmission Planning Workshop, Item 3, at slide 12; (Robustness Testing of Key Project), <https://cdn.misoenergy.org/20240610%20LRTP%20Workshop%20Item%2003%20Robustness%20Testing%20Results633837.pdf>.

²⁰² Johnson JOA Testimony at 19:6-18; Witmeier JOA Testimony at 8:2-21; MISO JOA Filing at 4, 8; MISO October 11, 2023 Presentation to Planning Advisory Committee, Item No. 8a, <https://www.misoenergy.org/events/2023/planning-advisory-committee-pac---october-11-2023> (October 2023 JTIQ Update) at 6.

²⁰³ *See* Johnson JOA Testimony at 19:6-18; Witmeier JOA Testimony at 8:2-21; MISO JOA Filing at 4, 8; October 2023 JTIQ Update at 6.

which resulted in changing one of the JTIQ Upgrades.²⁰⁴ In 2024, during the validation process for Long Range Transmission Plan Tranche 2.1, MISO performed sensitivity studies to ensure that JTIQ Portfolio #1 and Long Range Transmission Plan Tranche 2 were compatible with each other, and that Tranche 2.1 did not need to be adjusted based on JTIQ Portfolio #1.²⁰⁵ Thus, considering the evidence, we find MISO's contrary evidence updating and reducing projected benefits to load, which CEA does not reference, more persuasive than the evidence CEA proffers.

49. Finally, we disagree with CEA's assertion that the Commission failed to provide "even the roughest ballpark estimates" as to the respective benefits to interconnection customers or load.²⁰⁶ Here, the RTOs quantified the JTIQ Portfolio #1 benefits to the respective RTOs and updated these calculations as new developments emerged, such as approval of Long Range Transmission Plan Tranche 1,²⁰⁷ and these calculations acknowledged incidental benefits to load.²⁰⁸ Because the record shows that the JTIQ framework was created to primarily benefit interconnection customers and JTIQ Portfolio #1 provides only incidental benefits to load,²⁰⁹ we continue to find the RTOs' quantification efforts sufficient to demonstrate that their proposed cost allocation approach satisfies the cost causation and beneficiary pays principles and that the Commission adequately explained why it had an articulable and plausible reason to believe the proposed cost allocation is commensurate with benefits.²¹⁰ The Commission relied on substantial record evidence to "compar[e] the costs assessed against a party to the burdens imposed or benefits drawn by that party,"²¹¹ and that the JTIQ framework

²⁰⁴ Johnson JOA Testimony at 19:6-18; Witmeier JOA Testimony at 8:2-21; MISO JOA Filing at 4, 8; October 2023 JTIQ Update at 6.

²⁰⁵ Johnson JOA Testimony at 19:6-18; Witmeier JOA Testimony at 8:2-21; MISO JOA Filing at 4, 8; October 2023 JTIQ Update at 6.

²⁰⁶ CEA Rehearing Request at 20 & n.81 (quoting *ICC*, 576 F.3d at 476).

²⁰⁷ See, e.g., MISO Answer at 31-32; see *supra* note 203; see also SPP CAWG Studies, *supra* notes 84-85.

²⁰⁸ See *supra* note 85 and P 24; see also JTIQ Order, 189 FERC ¶ 61,108 at PP 201-203.

²⁰⁹ See JTIQ Order, 189 FERC ¶ 61,108 at PP 198-203.

²¹⁰ *Id.* PP 196-203.

²¹¹ *Consolidated Edison Co. of N.Y., Inc. v. FERC*, 45 F.4th 265, 282 (D.C. Cir. 2022).

provided an “articulable and plausible reason to believe the benefits are at least roughly commensurate” with the cost allocation for JTIQ Portfolio #1.²¹²

ii. Per MW-Method

50. CEA argue the application of the beneficiary pays principle within the class of subscribed JTIQ interconnection customers is also flawed.²¹³ Specifically, they contend that the JTIQ Order allocates the JTIQ Upgrade costs to subscribers on a per-MW basis without providing any project- or portfolio-specific analysis demonstrating that such an approach would produce just and reasonable results.²¹⁴ Stating that the Commission explicitly acknowledges that the JTIQ framework would not assess “individualized impacts,”²¹⁵ they argue this is “essentially a concession” that the Commission has done no analysis to determine that per-MW cost allocation can be expected to satisfy the “roughly commensurate” standard. They state that allocating costs for JTIQ Upgrades on a per-MW basis will not, and cannot, reliably allocate those costs based on the degree to which each interconnection customer benefits from the upgrades.

²¹² See *ICC*, 576 F.3d at 477. Citing *ICC*, CEA argue that, consistent with Order Nos. 1000 and 1920 (*Bldg. for the Future Through Elec. Reg’l Transmission Planning & Cost Allocation*, Order No. 1920, 89 FR 49280 (June 11, 2024), 187 FERC ¶ 61,068 (2024), *order on reh’g*, Order No. 1920-A, 189 FERC ¶ 61,126 (2024)), the RTOs must attempt to quantify the costs and benefits of JTIQ Portfolio #1 even if the calculation need not be done with exacting precision. CEA Rehearing Request at 5 & n.24 (citations omitted). As we have explained, the RTOs complied with *ICC* and cost causation/beneficiary pays precedent, and Order Nos. 1000 and 1920 do not require anything more. Order No. 1000, 136 FERC ¶ 61,051 at PP 622, 639; Order No. 1920, 187 FERC ¶ 61,068 at PP 267-270. Under the beneficiary-pays principle, costs are assigned to customers *only to the extent* that they receive demonstrable benefits that are at least roughly commensurate with those costs. Order No. 1920, 187 FERC ¶ 61,068 at P 280 & n.645 (referring to *ICC* and accompanying discussion). As explained in the JTIQ Order and this order, the cost allocation for JTIQ Portfolio #1 accords with this principle. See JTIQ Order, 189 FERC ¶ 61,108 at PP 196-203.

²¹³ CEA Rehearing Request at 21.

²¹⁴ *Id.* at 21 & n.85 (citing JTIQ Order, 189 FERC ¶ 61,108 at P 196).

²¹⁵ *Id.* at 22 & n.86 (citing JTIQ Order, 189 FERC ¶ 61,108 at P 199) (finding “the RTOs’ proposal to allocate the costs of JTIQ Portfolio #1 on a per-MW basis to interconnection customers in a JTIQ Commitment Group based on analysis pursuant to the proposed JTIQ study criteria is consistent with ‘beneficiary pays’ cost allocation”).

51. CEA state that prior Commission orders have focused on the need to provide an interconnection customer with the “incentive to make an efficient siting decision that takes new transmission costs into account.”²¹⁶ CEA argue that the JTIQ framework mutes and could eliminate this incentive entirely. CEA state that, for example, a large generating facility may have a relatively small impact on the transmission system depending on where it interconnects, but under the JTIQ framework, it would be allocated a disproportionately large amount of costs. Conversely, a small generating facility could have a significant impact on the transmission system based on its proximity to a system constraint, and yet be allocated relatively little cost. CEA state that, in this scenario, the small generating facility would be getting a free ride at the expense of the larger generating facility, and load would not pay at all, even if it benefits the most.²¹⁷ CEA argue that this is inconsistent with Commission precedent on the beneficiary pays principle, as well as its effort to provide interconnection customers with effective incentives to consider transmission upgrade costs when submitting an interconnection request.

52. We find that CEA’s arguments lack merit. We disagree that the JTIQ process reduces incentives for efficient siting because interconnection customers subscribed to the JTIQ Upgrades will still need to interconnect to the host transmission system via the MISO DPP or SPP DISIS interconnection study processes, and these study processes and the associated cost allocation for assigned network upgrades identified in these processes remain unchanged by the JTIQ framework. Thus, prospective interconnection customers still face the same incentives for efficient siting decisions in the RTO to which the interconnection customer’s generating facility will directly connect. The only change is whether that interconnection customer will participate in the JTIQ instead of the traditional affected system study process.

53. Additionally, regarding its concern that a smaller generating facility with a disproportionately large impact on the transmission system could be reaping a “free rider” benefit at the expense of a larger generating facility with proportionately smaller impact, CEA disregards the JTIQ process’ screening criteria. Before a portion of the JTIQ Generator Charge is assigned to an interconnection request, the interconnection request must meet certain criteria, including the distribution factor (DFAX) analysis, which considers the MW size of the interconnection request as one of the components of the formula. Once an interconnection customer is included in a JTIQ Participation Group, it is reasonable to use the total MW capacity of an interconnection request as a metric to capture its use of the JTIQ Upgrades. Allocating the costs of the JTIQ Upgrades to subscribing interconnection customers on a *pro rata* per-MW of

²¹⁶ *Id.* at 22 & n.89 (citing Order No. 2003, 104 FERC ¶ 61,103 at P 695).

²¹⁷ *Id.* at 22-23.

interconnection service basis is a just and reasonable approach for allocating costs because it reasonably reflects the extent to which those interconnection customers benefit from JTIQ Portfolio #1.²¹⁸ While CEA object to any method other than the proportional impact approach used in the traditional “but for” generator interconnection and affected system study processes, in Order No. 2023, the Commission found that methods besides the proportional impact method could be justified under the independent entity variation standard that is used to evaluate RTOs’ proposed deviations from the *pro forma* generator interconnection method.²¹⁹ As the Commission recognized in Order No. 2023, “there is a tradeoff between simplicity and accuracy when considering proportional capacity versus proportional impact for cost allocation for network upgrades.”²²⁰ Thus, we continue to find the per-MW approach just and reasonable and not unduly discriminatory or preferential, and that it meets the independent entity variation standard.²²¹

54. We are not persuaded by CEA’s claim that the cost allocation for JTIQ Portfolio #1 is unduly discriminatory toward interconnection customers.²²² “Discrimination is undue when there is a difference in rates or services among similarly situated customers that is not justified by some legitimate factor.”²²³ CEA have not shown how interconnection customers are similarly situated to load; indeed, they are not. The un rebutted evidence proved that the need to construct transmission to facilitate the interconnection of generation at the MISO-SPP seam is the driving force behind the JTIQ framework generally and the JTIQ Upgrades in JTIQ Portfolio #1 specifically. Without the “unprecedented” amount of interconnection requests that have overwhelmed the

²¹⁸ *Id.* P 199. As the Commission explained, the novel JTIQ framework identifies specified target MWs of enabled interconnection requests over multiple clusters, and therefore a per-MW of requested interconnection service allocation approach allows for cost allocation with certainty across multiple clusters because it does not require the RTOs to determine the relative impacts of interconnection requests submitted in clusters potentially multiple years apart. *Id.*

²¹⁹ Order No. 2023, 184 FERC ¶ 61,054 at P 464.

²²⁰ *Id.*

²²¹ JTIQ Order, 189 FERC ¶ 61,108 at PP 13, 193, 199.

²²² CEA Rehearing Request at 23.

²²³ *El Paso Nat. Gas Co.*, 104 FERC ¶ 61,045, at P 115 (2003), *reh’g denied*, 106 FERC ¶ 61,233 (2004) (emphasis added) (footnote omitted); *see also Ark. Elec. Energy Consumers v. FERC*, 290 F.3d 362, 367 (D.C. Cir. 2002) (“A rate is not ‘unduly preferential or ‘unreasonably’ discriminatory if the utility can justify the disparate effect.”).

affected system study process, the JTIQ framework would not exist.²²⁴ Accordingly, we continue to find that the Commission reasonably found the RTOs had met their FPA section 205 burden to show the cost allocation for JTIQ Portfolio # 1—which assigns 100% of the capital costs of the JTIQ Upgrades to interconnection customers, and backstop funding responsibility to load—is just and reasonable and not unduly discriminatory or preferential.²²⁵

B. Backstop Funding Responsibility and MISO South

55. Southern Regulators argue the Commission’s determination that JTIQ Portfolio #1 will benefit MISO South sufficiently to justify allocating it backstop funding responsibility is arbitrary and capricious and violates the cost causation principle.²²⁶ Noting the contractual transfer limitation between MISO Midwest and MISO South and that none of the JTIQ Upgrades are in MISO South,²²⁷ Southern Regulators contend that the Commission (1) lacked support for its finding that JTIQ Portfolio #1 will benefit MISO South; and (2) departed without explanation from the MISO South subregion proceeding.²²⁸ Thus, they renew their request to reject allocating any backstop funding responsibility for JTIQ Portfolio #1 to load located in MISO South.²²⁹

1. Substantial Evidence

a. Rehearing Request

56. Southern Regulators state that in the 2022 proceeding creating the subregional cost allocation option for MVP portfolios, MISO’s expert witness, Mr. Johannes Pfeifenberger, testified that new high-voltage transmission in the MISO Midwest subregion does not meaningfully benefit the MISO South subregion due to transfer limits between the two

²²⁴ See, e.g., MISO JOA Filing at 2-10.

²²⁵ JTIQ Order, 189 FERC ¶ 61,108 at PP 196-203.

²²⁶ Southern Regulators Rehearing Request at 2 & n.11 (citing JTIQ Order, 181 FERC ¶ 61,108 at P 203).

²²⁷ *Id.* at 1, 3 & n.14 (citing *Midcontinent Indep. Sys. Operator, Inc.*, 179 FERC ¶ 61,124 at P 69), 5-7.

²²⁸ *Id.* at 3 & n.16 (citing *Midcontinent Indep. Sys. Operator, Inc.*, 179 FERC ¶ 61,124 at P 69).

²²⁹ *Id.* at 2, 7.

subregions.²³⁰ Southern Regulators highlight that in accepting MISO’s proposed subregional cost allocation option, the Commission agreed that “where the transmission facilities in an MVP portfolio are located entirely in one Subregion, the benefits may not accrue to transmission customers across the entire system-wide footprint but rather may be concentrated in a single Subregion.”²³¹ Southern Regulators state that the Commission found that system-wide cost allocation for an MVP portfolio located entirely in a single subregion violates the cost causation principle.²³² Emphasizing the fact that the transfer limits between MISO Midwest and MISO South have not changed since Mr. Pfeifenberger’s analysis,²³³ Southern Regulators assert that MISO South load will not receive “meaningful benefits” from the JTIQ Upgrades in JTIQ Portfolio #1 (which are not located in MISO South) and therefore that they should not be allocated any JTIQ Portfolio #1 costs.²³⁴

57. Southern Regulators argue that the Commission incorrectly concluded that JTIQ Portfolio #1 would benefit MISO South “to some degree” because MISO currently allocates 10% of the capital costs of interconnection-related network upgrades with a voltage of 345 kV and above on a system-wide basis.²³⁵ They point out that the Commission accepted this cost allocation method for high-voltage network transmission

²³⁰ *Id.* at 3 & n.15 (citing Prepared Direct Testimony of Johannes Pfeifenberger, The Brattle Group, Docket No. ER22-995-000 (Feb. 4, 2022) at 9 (stating that very few benefits from the new MVP Portfolios located entirely in MISO’s Midwest Subregion accrue to the South Subregion and that “cost allocation based on a MISO-wide postage

stamp rate would not be roughly commensurate with benefits received.”) (Pfeifenberger Testimony)).

²³¹ *Id.* at 3 & n.16 (citing *Midcontinent Indep. Sys. Operator, Inc.*, 179 FERC ¶ 61,124 at P 69).

²³² *Id.* at 4 & n.17 (citing *Midcontinent Indep. Sys. Operator, Inc.*, 179 FERC ¶ 61,124 at P 69).

²³³ *Id.* at 4 & n.18 (citing Limited Protest of the Mississippi Public Service Commission, Docket No. ER24-2871-000 (Sept. 19, 2024) at 3- 4).

²³⁴ *Id.* at 4 & n.19 (citing Limited Protest of the Mississippi Public Service Commission at 4; Motion for Leave to Answer and Answer of the Southern Regulators, Docket No. ER24-2871-000 (Nov. 5, 2024) at 3).

²³⁵ *Id.* at 4 & n.20 (citing JTIQ Order, 189 FERC ¶ 61,108 at P 203).

facilities in 2009, four years *before* the Entergy Operating Companies (Entergy)²³⁶ joined MISO in 2013,²³⁷ creating MISO South. They assert that no party, including MISO, has offered any evidence after Entergy's admittance into MISO showing that MISO South benefits from high-voltage transmission upgrades in MISO Midwest.²³⁸

b. Commission Determination

58. We continue to find, based on the record in this proceeding, that system-wide backstop cost allocation of JTIQ Portfolio #1 costs, including to MISO South, is just and reasonable and not unduly discriminatory or preferential.²³⁹ As noted above, the cost-causation principle requires that the cost of transmission facilities be allocated to those that benefit from those facilities in a manner that is at least roughly commensurate with estimated benefits.²⁴⁰ As discussed above, interconnection customers are the primary beneficiaries of the JTIQ Upgrades. However, to support the backstop funding mechanism, the RTOs have shown that the entirety of MISO will benefit to some degree from the high-voltage transmission facilities in JTIQ Portfolio #1 that will enable the interconnection of generation, regardless of the subregion in which these facilities are located.²⁴¹ As the JTIQ Order states, the record shows that the benefits load in MISO and SPP will receive include "quantitative and qualitative benefits from the JTIQ Upgrades in

²³⁶ The Entergy Operating Companies are: Entergy Arkansas, LLC; Entergy Louisiana, LLC; Entergy Mississippi, LLC; Entergy New Orleans, LLC; and Entergy Texas, Inc.

²³⁷ Southern Regulators Rehearing Request at 5 & n.22 (*Midwest Indep. Sys. Operator, Inc.*, 129 FERC ¶ 61,060 at PP 8, 48-49 (accepting in 2009 MISO's proposal to allocate 10% of the capital costs of interconnection-related network upgrades with a voltage of 345 kV and above on a system-wide basis)).

²³⁸ *Id.* at 5.

²³⁹ JTIQ Order, 189 FERC ¶ 61,108 at PP 196, 201-203.

²⁴⁰ *S.C. Pub. Serv. Auth.*, 762 F.3d at 53 (citation omitted); *see also Midwest ISO Transmission Owners v. FERC*, 373 F.3d 1361, 1368 (D.C. Cir. 2004) (Roberts, J.) (explaining that compliance with the cost-causation principle is determined by "comparing the costs assessed against a party to the burdens imposed or benefits drawn by that party").

²⁴¹ JTIQ Order, 189 FERC ¶ 61,108 at P 203 & n.458 (citing Witmeier Regional Tariff Testimony at 15-16; MISO Answer at 21-23; JTIQ Order, 189 FERC ¶ 61,108 at P 98).

JTIQ Portfolio #1, including Adjusted Production Cost savings.”²⁴² Moreover, as the Commission explained, the RTOs provided persuasive evidence that JTIQ Portfolio #1 would likely achieve full subscription within relatively few interconnection queue cycles,²⁴³ and, therefore, it is “highly unlikely” that load, including load in MISO South, will be allocated backstop costs on a permanent basis.²⁴⁴ The 20-year subscription window increases the likelihood that the JTIQ Upgrades will eventually be fully subscribed. Thus, we continue to find including MISO South in the backstop funding cost allocation to be reasonable.

59. We disagree with Southern Regulators’ contention that JTIQ Portfolio #1 provides insufficient benefits to MISO South to justify assigning backstop cost allocation responsibility regionwide, including to customers in MISO South. Rather, we find the RTOs provided substantial evidence in the form of expert testimony, economic theory,²⁴⁵ and the SPP CAWG Study²⁴⁶ to support system-wide allocation of backstop funding for JTIQ Portfolio #1, despite the transfer limit to MISO South. The record shows that, despite the transfer limit between MISO Midwest and MISO South, transmission customers in MISO South will receive minor and incidental benefits from increased transmission system robustness, more timely interconnection of new generation capacity that enables lower production cost generation to access the entire MISO market, including MISO South (resulting in region-wide Adjusted Production Cost savings), as well as less congestion at the MISO-SPP seam, which could potentially reduce MISO-

²⁴² *Id.* at P 201 & n.455 (citing MISO JOA Filing at 33 (citing SPP CAWG October 2023 Update); MISO Regional Tariff Filing at 20 (citing SPP CAWG October 2023 Update); SPP JOA Filing at 40 (citing SPP CAWG October 2023 Update); SPP Regional Tariff Filing at 41 (citing SPP CAWG October 2023 Update)).

²⁴³ JTIQ Order, 108 FERC ¶ 61,108 at P 201 & n.453 (citing MISO JOA Filing at 11; Witmeier JOA Testimony at 38-40; SPP JOA Filing at 33; Locke JOA Testimony at 12).

²⁴⁴ *Id.* P 201.

²⁴⁵ *Id.* P 201 & n.456 (citing MISO JOA Filing at 33; MISO Regional Tariff Filing at 20; Witmeier Regional Tariff Testimony at 15-16; SPP JOA Filing at 40; SPP Regional Tariff Filing at 41).

²⁴⁶ *See* SPP JOA Filing at 40 (citing SPP CAWG October 2023 Update); SPP Regional Tariff Filing at 41 (citing SPP CAWG October 2023 Update).

wide congestion payments to SPP.²⁴⁷ We continue to find these benefits justify assigning JTIQ Portfolio #1 backstop cost responsibility region-wide, including to MISO South.²⁴⁸

60. First, as MISO explained, allocating the backstop funding cost responsibility to load on a system-wide basis is consistent with how market-to-market charges incurred under the JOA's market-to-market coordination process are assigned under the MISO Tariff.²⁴⁹ The market-to-market charges reflect the compensation that MISO and SPP pay each other to alleviate congestion at or near the seam between their footprints. Under the existing MISO Tariff, these congestion costs are allocated on a system-wide basis.²⁵⁰ Because the JTIQ Upgrades included in JTIQ Portfolio #1 will reduce congestion along the MISO-SPP seam, we anticipate that they will lower the payments between MISO and SPP associated with such congestion.²⁵¹ We acknowledge that it is premature to state with certainty that MISO (as opposed to SPP) will be the net beneficiary of the reduction in market-to-market congestion payments attributable to JTIQ Portfolio #1. Nevertheless, since reduced congestion at the seam should reduce market-to-market charges to MISO load,²⁵² this benefit of lower market-to-market payments would accrue to the entire MISO footprint because market-to-market charges are recovered on a

²⁴⁷ Witmeier Tariff Testimony at 16:13-15.

²⁴⁸ JTIQ Order, 189 FERC ¶ 61,108 at P 203; *see, e.g., ICC*, 576 F.3d at 477 (“We do not suggest that the Commission has to calculate benefits to the last penny, or for that matter to the last million or ten million or perhaps hundred million dollars.” (citing *Midwest ISO Transmission Owners*, 373 F.3d 1361, 1369 (D.C. Cir. 2004) (“[W]e have never required a ratemaking agency to allocate costs with exacting precision.”))); *Sw. Power Pool, Inc.*, 178 FERC ¶ 61,087, at P 30 n.42 (2022) (“Courts have held that the cost causation principle does not require costs to be allocated with exacting precision, but rather requires that costs be allocated in a manner ‘roughly commensurate’ with the benefits received.”).

²⁴⁹ Witmeier Regional Tariff Testimony at 16:13-20; *see also* MISO Answer at 22-23.

²⁵⁰ Witmeier Regional Tariff Testimony at 16:13-20.

²⁵¹ *See generally* MISO Answer at 23 (stating that “[b]ecause the JTIQ Upgrades included in JTIQ Portfolio #1 will reduce congestion along the MISO-SPP seam, they could reduce these [market-to-market] payments from MISO to SPP associated with that congestion,” and the benefit from these reduced payments “would accrue to the entire MISO footprint because . . . [market-to-market] charges are recovered on a system-wide basis”).

²⁵² *Id.*

system-wide basis.²⁵³ So, if MISO makes no payments to SPP, then the benefit of not having to make any congestion payments would also accrue to the entire MISO load.

61. We disagree with Southern Regulators' contention that MISO's existing system-wide allocation to load of 10% of high-voltage (345 kV and above) interconnection-related network upgrade costs fails to support the JTIQ framework's backstop funding mechanism.²⁵⁴ The Commission accepted MISO's proposed 10% cost allocation based on its demonstration that high-voltage network facilities provide broad regional benefits to load.²⁵⁵ Although, as Southern Regulators state, this 10% system-wide charge was in place before Entergy joined MISO in 2013 (creating MISO South, along with certain other entities), it remains in place today, and it applies to interconnection-related network upgrades of the same voltage class as those included in JTIQ Portfolio #1.²⁵⁶ Thus, we continue to find that the Commission reasonably relied on MISO's existing 10% system-wide allocation to load of high-voltage interconnection-related network upgrade costs to support including MISO South load in the pool of customers responsible for backstop funding of JTIQ Portfolio #1.²⁵⁷

62. We are not persuaded that the analysis (in the SPP CAWG October 2023 Update) of benefits to SPP and MISO as a whole, without specifically parsing benefits to MISO South, renders reliance on this study to support allocating backstop funding to MISO South unreasonable. On the contrary, MISO South should receive the same benefits (e.g., Adjusted Production Cost savings, faster interconnection of new resources, and a more robust transmission system) as the rest of MISO, up to the contractual transfer limits.

²⁵³ We are not persuaded that the fact that market-to-market costs were in effect at the time of the MISO South subregion proceeding matters because, unlike the JTIQ Upgrades in JTIQ Portfolio #1, the MISO Midwest MVPs in [Long Range Transmission Plan] Tranche 1 were not intended to relieve congestion at the seam. See JTIQ Order, 189 FERC ¶ 61,108 at P 144 & n.297 (citing Mississippi Commission and Arkansas Commission Answer at 4) (citing Pfeifenberger Testimony at 9, 16)).

²⁵⁴ See Southern Regulators Rehearing Request at 4-5.

²⁵⁵ *Midwest Indep. Transmission Sys. Operator, Inc.*, 129 FERC ¶ 61,060 at PP 53-57, *on compliance*, 133 FERC ¶ 61,221, at P 332 (2010).

²⁵⁶ See MISO Tariff, attach. FF (93.0.0), § III.A.2.d (assigning 90% of the capital costs of network upgrades 345 kV and above to interconnection customers and 10% of capital costs to region-wide load); see also Johnson JOA Testimony at 32.

²⁵⁷ JTIQ Order, 189 FERC ¶ 61,108 at P 203.

2. MISO South Subregion Precedent

a. Rehearing Request

63. Next, Southern Regulators argue that the Commission's reason for distinguishing the JTIQ Order from the MISO South subregion proceeding is conclusory:

[W]hile the Mississippi Commission and the Arkansas Commission cite precedent in which the Commission accepted a MISO proposal to not allocate costs of an MVP portfolio to load in MISO South due to a lack of benefits, we note that MISO provided analysis in that proceeding assessing benefits of a portfolio of sub-regional MVP projects, not JTIQ Portfolio #1.²⁵⁸

Southern Regulators argue that the Commission failed to explain why the distinction between an MVP portfolio and JTIQ Portfolio #1 is material to cost allocation, i.e., why MVP Projects in MISO Midwest will not “meaningfully benefit” MISO South, but JTIQ Portfolio #1 will.²⁵⁹ They further assert that the Commission failed to identify a change in circumstance or increased transfer capability sufficient to allow high-voltage transmission in MISO Midwest to benefit MISO South. Southern Regulators emphasize that the MVPs that MISO has identified already exceed \$30 billion dollars and extend the breadth of MISO from east to west, including hundreds of miles of 345 kV and 765 kV transmission lines.²⁶⁰ They state that, in contrast, JTIQ Portfolio #1 consists of a few projects located in the western corner of the seam between MISO Midwest and SPP North that are intended to help some generation interconnect to MISO Midwest.²⁶¹

b. Commission Determination

64. We remain unpersuaded by Southern Regulators' argument that the evidence and determinations in the MISO South Subregion proceeding preclude the Commission from accepting the RTOs' proposal to include MISO South load in the system-wide backstop

²⁵⁸ Southern Regulators Rehearing Request at 6 & n.24 (citing JTIQ Order, 189 FERC ¶ 61,108 at P 203).

²⁵⁹ *Id.* at 2-6; *see also id.* at 3 & n.14 (“The Commission has found that transfer limits between the MISO South and MISO Midwest subregions “prevent MVPs located entirely in one Subregion from providing meaningful benefits to transmission customers in the other Subregion.”) (quoting *Midcontinent Indep. Sys. Operator, Inc.*, 179 FERC ¶ 61,124 at P 69).

²⁶⁰ *Id.* at 6 & n.26 (citations omitted).

²⁶¹ *Id.* at 6 & n.27 (citing MISO Regional Tariff Filing at 9-10).

cost allocation for JTIQ Portfolio #1. Acknowledging the existing contractual transfer limits between MISO Midwest and MISO South, MISO nevertheless explained that, despite these limits, MISO South may still benefit from “more expeditious interconnection of generation along the MISO-SPP seam.”²⁶² Specifically, the SPP study found that the more expeditious interconnection of generation at the MISO-SPP seam made possible by the JTIQ Upgrades in JTIQ Portfolio #1 will result in a combined \$175.8 million of Adjusted Production Cost benefits to MISO and SPP, including \$76.5 million to MISO,²⁶³ as well as enhanced resiliency and reliability at the seam.²⁶⁴

65. Southern Regulators highlight Mr. Pfeifenberger’s testimony in the MISO South subregion proceeding stating that some benefits of an MVP portfolio located solely in one subregion would not transfer freely to the other subregion.²⁶⁵ Notably, in that proceeding, Mr. Pfeifenberger also testified, however, that various other benefits *would not* be affected by the transfer limits and would accrue to both subregions. Specifically, Mr. Pfeifenberger stated that:

Both the Midwest and South Subregions significantly benefit from being part of the regional MISO market and its security-constrained optimal unit commitment and economic dispatch, efficient management of congestion related to existing transmission limits, and the liquidity and transparency of MISO’s day-ahead energy, real-time energy, and ancillary services markets. Both Subregions also significantly benefit from the savings associated with being part of the single MISO-wide balancing area (compared to the numerous individual balancing areas that existed before) and the operational benefits that provides—ranging from real-time assistance during emergencies to the capability to more cost-effectively integrate, balance, and diversify significantly

²⁶² MISO Answer at 21; *see also* Witmeier Regional Tariff Testimony at 15:21-23.

²⁶³ *See* SPP CAWG October 2023 Update at 7.

²⁶⁴ *Id.* at 10. The study also identified the qualitative benefits of increased transmission system robustness and more timely interconnection of new generation. *Id.*

²⁶⁵ *See* Southern Regulators Rehearing Request at 3 & n.15 (citing Pfeifenberger Testimony).

higher amounts of intermittent renewable generation resources even within each Subregion.²⁶⁶

Consistent with this testimony, MISO's witness in the instant proceeding, Mr. Witmeier, explained that "both subregions significantly benefit from being part of the regional MISO market and its security-constrained optimal unit commitment and economic dispatch, efficient management of congestion related to existing transmission limits, and the liquidity and transparency of MISO's day-ahead energy, real-time energy, and ancillary services markets."²⁶⁷ While these integrated market-related benefits were not sufficient to justify allocating the costs of MISO Midwest MVPs to MISO South, as the Commission stated in the JTIQ Order, "MISO provided analysis in that proceeding assessing benefits of a portfolio of sub-regional MVP projects, not JTIQ Portfolio #1."²⁶⁸

66. The distinction between MVP projects and JTIQ Portfolio #1 is relevant because the record shows that JTIQ Portfolio #1 will expedite the interconnection of generating facilities, provide Adjusted Production Cost savings, increase transmission system robustness, and also reduce congestion at the seam, which should reduce overall market-to-market congestion-related payments, as noted above.²⁶⁹ Interconnection of new generation to the JTIQ Upgrades at the MISO-SPP seam will allow load in MISO Midwest and MISO South to be served by lower cost generating facilities. We recognize that, due to the location of the JTIQ Upgrades, the Adjusted Production Cost savings and benefits flowing from increased transmission system robustness (i.e., increased resilience, reliability, and resource adequacy) will likely benefit MISO Midwest more than MISO South,²⁷⁰ but this does not mean that MISO South receives no benefit from them. Indeed,

²⁶⁶ Pfeifenberger Testimony at 24:7-16.

²⁶⁷ Witmeier Regional Tariff Testimony at 15:23-16:6.

²⁶⁸ JTIQ Order, 189 FERC ¶ 61,108 at P 204.

²⁶⁹ See Witmeier Regional Tariff Testimony at 16:13-20.

²⁷⁰ We note that, while the transfer capability between MISO Midwest and MISO South is not sufficient to justify allocating the costs of MISO Midwest MVPs in Long Range Transmission Plan Tranche 1 to MISO South, the transfer capability between MISO Midwest and MISO South is not trivial. Firm contract path capacity is set at 1,000 MW, and non-firm transfers from MISO Midwest to MISO South are established at 3,000 MW and 2,500 MW South to Midwest. See MISO Transmittal, Docket No. ER22-995-000, at 11. See also Southern Regulators' Motion for Leave to Answer and Answer at 3 & n.13 (citing Pfeifenberger Testimony at 25-26). Mr. Pfeifenberger's testimony in that MISO South Subregion proceeding indicates that the beneficial transfer rate from MISO Midwest to MISO South is 22.75%. Pfeifenberger Testimony at 26-27.

in the MISO South subregion proceeding, Mr. Pfeifferberger stated that the subregional transfer capability is “too small to allow for any portfolio of transmission upgrades located entirely in the Midwest subregion to benefit the South Subregion *significantly*[.]”²⁷¹ He also said that the economic and reliability benefits remain *mostly* concentrated within the Subregion in which the projects are located.”²⁷² Mr. Pfeifferberger did not state that there are *no* benefits transferred between MISO subregions in such circumstances.

67. Further, and significantly, the MISO South subregion proceeding involved whether it was appropriate to allocate the costs of MISO Midwest MVPs system-wide as a primary cost allocation obligation. Here, the RTOs are justifying a backstop cost allocation that the record indicates is “highly unlikely” to be permanent based on load forecasts and the substantial amount of proposed generation in the current SPP and MISO interconnection queues.²⁷³ The JTIQ Upgrades are expected to be fully subscribed,²⁷⁴ in which case no permanent backstop allocation will accrue to load in MISO South. Even if there is a temporary backstop obligation, MISO South load will be fully reimbursed once the JTIQ Upgrades are fully subscribed.²⁷⁵ Indeed, the substantial backlog in MISO’s interconnection queue helps to alleviate any concern that insufficient generation will subscribe to JTIQ.²⁷⁶ No party, including Southern Regulators, has rebutted this evidence.

68. Accordingly, even if, as Southern Regulators contend, the JTIQ Upgrades in JTIQ Portfolio #1 were “a mere pebble” in comparison to the MISO Midwest MVPs, the record nevertheless shows that these facilities provide minor and incremental benefits²⁷⁷

²⁷¹ Pfeifferberger Testimony at 16:15-17 (emphasis added).

²⁷² *Id.* at 9:19-23.

²⁷³ See, e.g., Witmeier JOA Testimony at 37-40. The RTOs stated that it is “highly unlikely” that JTIQ Portfolio #1 will not be fully subscribed and there will be a funding shortfall. See, e.g., MISO JOA Filing at 28, 31; Witmeier JOA Testimony at 38. See also JTIQ Order, 189 FERC ¶ 61,108 at PP 119 & n.214 (citations omitted), 201).

²⁷⁴ Witmeier JOA Testimony at 39-40.

²⁷⁵ *Id.* at 4:4-17.

²⁷⁶ See Johnson JOA Testimony at 8 (stating there is 405 GW in the MISO queue).

²⁷⁷ See *CIG*, 324 U.S. at 589 (stating that cost allocation “is not a matter for the slide rule. It involves judgement on a myriad of facts. It has no claim to an exact science.”); see also *ICC*, 576 F.3d at 477 (finding that the Commission may approve a proposal based on unquantified benefits if “it has an articulable and plausible reason to believe that the benefits are at least roughly commensurate” with the allocated costs).

to the transmission customers in the MISO and SPP regions and thus supports system-wide backstop cost allocation for JTIQ Portfolio #1, including to transmission customers in MISO South.²⁷⁸ Therefore, contrary to Southern Regulators' contention, changed circumstances and/or increased transfer capability between subregions are not necessary to justify the backstop allocation of JTIQ Portfolio #1 costs to MISO South.²⁷⁹

The Commission orders:

In response to CEA's and Southern Regulators' requests for rehearing, the JTIQ Order is hereby modified and the result sustained, as discussed in the body of this order.

By the Commission. Chairman Christie is concurring with a separate statement attached. Commissioner Chang is not participating.

(S E A L)

Debbie-Anne A. Reese,
Secretary.

We note that contrary to Southern Regulators' contention, *see* Southern Regulators Rehearing Request at 3-6, the standard is not whether MISO South receives "meaningful" benefits from JTIQ Portfolio #1; rather, such benefits must be at least "roughly commensurate" to the costs allocated to MISO South. *ICC*, 576 F.3d at 477.

²⁷⁸ Even Southern Regulators admit to *some* benefit from JTIQ Portfolio #1. Southern Regulators Answer at 3 & n.13 (stating that the market benefits caused by a specific portfolio of transmission projects in MISO Midwest would create, at most, a minor incremental benefit for MISO South) (citing Pfeifenberger Testimony at 25-26).

²⁷⁹ Southern Regulators Rehearing Request at 2, 6.

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Midcontinent Independent System Operator, Inc.

Docket Nos. ER24-2797-001
ER24-2871-001

Southwest Power Pool, Inc.

ER24-2798-001
ER24-2825-002

(Issued June 26, 2025)

CHRISTIE, Chairman, *concurring*:

1. I write separately to re-emphasize the points I made in my prior concurrence to the underlying order,¹ which today's order properly sustains.

2. Briefly, these points are: (1) the projects that make up Joint Targeted Interconnection Queue (JTIQ) Portfolio #1, the first projects identified in the study undertaken by Midcontinent Independent System Operator, Inc. (MISO) and Southwest Power Pool, Inc. (SPP), would *not* have been selected in MISO's and SPP's regional transmission plans for purposes of cost allocation, and so it is appropriate for the primary funding for these projects to be borne by the interconnection customers, *i.e.*, the generation developers these projects were primarily designed to serve; and (2) the backstop funding mechanism, a key component of the JTIQ framework and one where load—a/k/a “consumers” —provides backstop funding under certain conditions, is only just and reasonable with the U.S. Department of Energy Grid Resilience and Innovating Partnerships funding, covering approximately 25% of the total JTIQ Portfolio #1 capital costs.

3. Today's order, importantly, continues to recognize that consumers are not the primary beneficiaries of JTIQ Portfolio #1. But from my perspective, absent this federal grant funding, it would be unjust and unreasonable to allocate to consumers *any* of the costs of JTIQ Portfolio #1. Should the federal funding situation change, I question whether JTIQ's cost allocation, which relies on the backstop funding mechanism, truly comports with the cost causation principle. In other words, if the federal funding is withdrawn, consumers should be held harmless from any costs of JTIQ Portfolio #1, and the backstop funding mechanism should be revisited for future JTIQ portfolios.

¹ *Midcontinent Indep. Sys. Operator, Inc.*, 189 FERC ¶ 61,108 (2024) (Christie, Comm'r, concurring), <https://www.ferc.gov/news-events/news/commissioner-christies-concurrence-miso-spp-jtiq-proposal-er24-2797>.

For these reasons, I respectfully concur.

Mark C. Christie
Chairman