

# ERSC

On the July 29, 2016 IPSAC call, a concern was raised about the proposed JOA language for TMEPs. Specifically, section 9.4.3.1.2 provides that Interregional MEPs included both TMEPs and MEPs. In compliance with the NIPSCO Order, MISO has proposed to revise in its Tariff the cost and voltage thresholds for MEPs that apply to interregional MEPs selected through the MISO-PJM interregional planning process. By doing so, MISO will treat regional MEPs and interregional MEPs along the MISO-PJM seam equally for purposes of regional cost allocation. Therefore, under the current JOA language, the costs of a TMEP that is a sub-345 kV project could be allocated, in part, on a postage stamp basis. The Advisors for the City Council of New Orleans and Staff for the Mississippi Public Service Commission expressed concern that such a result would be unjust and unreasonable because there has been no demonstration that these lower voltage projects have regional benefits. On the call, it was suggested that an easy fix was to revise section 9.4.3.1.2 to remove TMEPs as one of the categories of Interregional MEPs.

It was my understanding that MISO/PJM understood the stated concern and agreed to revise the JOA language to address it.

Would MISO be willing to share with us the revised language it proposes? If not, could we set up a call to discuss with MISO?

We would appreciate your prompt attention to this matter as we are determining whether comments on the draft JOA language are necessary by the August 12 deadline.

Thanks  
David S. Shaffer, Esq.

# NIPSCO

**\*\*See posted PDF for JOA redline changes**

NIPSCO provides the following comments on the MISO-PJM draft TMEP JOA language that was presented at the MISO-PJM IPSAC meeting on July 29, 2016.

Overall NIPSCO believes that the Targeted Market Efficiency Project has merits and we support the development on many facets, including a methodology that is fully prescribed in the JOA, a mechanism for cost allocation between RTOs, and no individual RTO regional analysis (i.e. no triple hurdle). We believe TMEPs will facilitate small interregional projects being built that will reduce congestion to known cross boarder constraints and there-by providing relief to transmission customers.

NIPSCO supports the four guiding TMEP principals presented at recent IPSAC meetings, however we have concerns that the process is getting away from these, as it is becoming more complicated and may render TMEPs ineffective. Specifically, we are concerned that the current proposed TMEPs include several discounts to their potential benefits initially based on historical congestion. Including congestion cost discounts for hedging, in addition to the abbreviated years of benefits being considered, may make it difficult for the discounted benefits to meet or exceed project costs. Furthermore, the proposal gives no consideration to any additional production cost savings that may also occur as a result of relieving the congestion, which is another reason not to further discount congestion cost savings.

Concerning the draft tariff language, beside the above point, we recommend additional language/clarity in the flowing areas: Stating TMEPs are considered upgrades and therefore do not qualify as competitive bid or open bid projects. And discussing possible project configurations, for example, a project that is solely located in one RTO, but provides benefits to the other RTO (non-facilities).

Our edits and comments to the latest TMEP draft language are shown in dark red below and in balloons respectively. Some of our feedback is the same or similar to previous feedback provided in response to an earlier RTO request for comments on the draft language at that time.

## EDF Renewables

EDF Renewable Energy, Inc. (EDF-RE) submits the following comments regarding proposed MISO-PJM Joint Operating Agreement (JOA) regarding Targeted Market Efficiency Projects (TMEPs) presented at the July 29, 2016 Interregional Planning Stakeholder Advisory Committee (IPSAC) meeting.

1. EDF-RE strongly supports the TMEP initiative as a way to expeditiously address some of the longstanding and costly congestion near the MISO-PJM seam. However, to make the most of the TMEP initiative, it is important to get the criteria right. We are concerned that the proposed criteria are too narrow and may result in missed opportunities for useful TMEPs.
2. We disagree with limiting TMEPs to projects that can be in service within 3 years. We believe that 3 years is unnecessarily restrictive and would result in missing projects that otherwise meet TMEP criteria but can't be completed quickly enough. We suggest that the in-service date criteria be extended to 4 years, as was initially proposed, to allow for a larger pool of potential projects. This would also align with the proposed 4-year benefit evaluation period. If a potential project would meet the benefit-cost need, it is not reasonable to exclude it simply because it may take 4 years to come online rather than 3 years. If there will be benefits to the regions, customers should not be deprived of these benefits because it may take an extra year to complete the TMEP.
3. The proposed 4 years of benefit period should be a minimum, not a hard limit. While we understand and support the need for simplicity, there may be circumstances in which there is a high degree of certainty of benefits extending beyond 4 years. The JOA should not preclude recognizing the ongoing benefits in such circumstances. We recommend adding the following (shown in CAPS) in Section 9.4.3.1.2(a)(v) "over the four year period after the study year UNLESS DATA SUGGESTS OTHERWISE AND THE PARTIES AGREE." Again, this will provide the most opportunity to bring benefits to the regions.
4. We disagree with using Auction Revenue Rights to discount historical congestion in identifying TMEP projects and in evaluating their benefits. ARR are only financial hedges against congestion. They shift costs among parties but do not eliminate underlying physical congestion. They do not provide a net benefit and should not be subtracted from congestion costs that would be reduced by a TMEP. At minimum, this needs further discussion within the IPSAC, including examples that address all of the cost shifts associated with ARRs and time for stakeholders to consider the examples. Also, in the proposed JOA language it is unclear what "the party's estimated value" means in Section 9.4.3.1.2(a)(v)(ii). Who is "the party"? This needs further definition and clarity.

5. We disagree with limiting TMEPs to M2M flowgates. Other nearby flowgates with persistent congestion should be addressed for possible resolution by TMEPs. Such flowgates can be identified just as easily as M2M flowgates by analyzing historic congestion data maintained by the two RTOs. The cost/benefit analysis could use the same criteria as is proposed for M2M flowgates. We don't see any downside to including more than the M2M flowgates in the analysis. On the contrary, there could be significant benefits if the cost-benefit ratio is cleared and TMEPs can alleviate the congestion. If the ratio is not cleared, then the TMEP would not be pursued, but the opportunity would not have been ignored.
  
6. The proposed JOA language is not clear that a TMEP will actually be pursued if it meets the identified criteria. Section 9.4.3.1.2.1(a) provides that the RTOs will jointly evaluate the benefits of each potential TMEP, but does not describe a mechanism for proceeding with a TMEP that meets the specified criteria. Also the proposed language does not establish a requirement for TMEP studies nor how often they will be conducted. Section 9.3.5.2(c) merely provides "At the discretion of the JRPC, the CSP may include a Targeted Market Efficiency Study as envisioned in section 9.3.5.2(b)(iii)." (emphasis added). Stakeholders should be provided with a commitment to conduct such studies annually.

Thank you for considering these comments.

Glen Skarbakka

On behalf of EDF Renewable Energy, Inc.

## WPPI

Chuck and Adam-

This is to provide WPPI Energy's comments in response to the request for feedback on [your presentation on TMEP JOA language at the July 29 IPSAC meeting](#).

We appreciate that you are seeking a fairly simple calculation that can be agreed upon by both RTOs, and that the proposed use of total flowgate congestion appears to have potential to satisfy these criteria. However, we are concerned that the assessment of what fraction of flowgate capacity is covered by FTR hedges (where this varies "from 0 to 100%") and what portion of hedges are held by load (our assessment is that a substantial share – not "A very small portion" of FTRs may be held by non-LSE entities), ultimately make this a non-simple benefit calculation subject to significant uncertainty.

I think we are probably persuaded that relief of total congestion that is a large multiple of project cost is likely cost-beneficial, but we find this much less clear for smaller benefit-to-cost numbers.

Unfortunately, we do not have a superior alternative to propose at this time. We believe production-cost savings are generally the best metric, but recognize that these are not easy to calculate. Accordingly, we would encourage the RTOs to:

- in the near term – use this benefit metric with caution and recognition of the associated uncertainty; and
- in the longer term – seek to improve upon this metric and remain open to further revision of the JOA to accommodate this.

You may post these comments.

Thanks very much for the opportunity to comment, and please don't hesitate to call should you want to discuss further.

Best regards,

Steve Leovy

# ITC

Good morning, Adam and Chuck-

As a transmission owner in both PJM and MISO, ITC appreciates the opportunity to provide feedback on the proposal to revise the Joint Operating Agreement to incorporate the Targeted Market Efficiency Project (TMEP) project type. While ITC believes that broader changes to the Coordinated System Plan (CSP) process and criteria are needed to bring the benefits of increased reliability and reduced congestion to customers, we do support streamlining the process to approve low-cost beneficial projects that target congestion on specific flowgates.

ITC offers two high-level observations and related recommendations on the current TMEP proposal and related stakeholder discussions. First, we note that with the addition of assumptions and analysis to determine what amount of hedged congestion should be incorporated into the benefits determination, MISO and PJM have greatly complicated what was originally conceived as a simple and straightforward process. A project that achieves the aggressive payback period contemplated in the proposal (with or without netting out hedged congestion) will be highly beneficial to customers, and MISO and PJM should not lose sight of the stated purpose of the TMEP proposal – to get these projects approved on an expedited basis. Therefore, ITC strongly recommends that the proposal move forward without the complication of including congestion hedging impacts.

Second, ITC observes that there has been little to no discussion of the cost allocation methodology for TMEPs. While we understand that this will involve negotiations with the MISO and PJM TOs, we note that until those discussions bear fruit, one of the main impediments to moving forward with these projects remains firmly in place. ITC recommends that MISO and PJM provide an update at the next IPSAC on the plans and timeline for developing a TMEP cost allocation method.

Please don't hesitate to contact me if you have any questions about these comments.

Thank you,

Brenda Prokop

## ATC & DATC

Chuck and Adam,

ATC/DATC appreciates all of MISO's and PJM's hard work and refinements to the Targeted Market Efficiency Projects (TMEPs). Following are our comments on TMEPs and the associated JOA language:

1. Suggest that language be included in the JOA to clarify how TMEP costs would be split/allocated between the RTOs.
  - a. Is it true that TMEP project costs will be allocated based on each RTO's expected share of the total unhedged congestion relief on the targeted M2M flowgate and that the congestion costs will be adjusted for Market to Market settlements?
  
2. Section 9.4.3.1.2.a.v.i. of the JOA states:

Expected relief is the amount of a flowgate's anticipated reduction of historical congestion net of any anticipated increases in congestion on nearby flowgates based on the RTO analysis

  - a. How will "...net of any anticipated increases in congestion on nearby flowgates..." be estimated?
  - b. A joint MISO-PJM "year zero" PROMOD model would help estimate this value.
    - i. P. 20 shows development of a Joint PROMOD Model from December 2016 thru January 2017. ATC/DATC believes that this would be very helpful for this purpose and for helping gauge the TMEP metric and analysis.

Thanks,

Chris Hagman