



**Erin M. Murphy**  
Managing Assistant General Counsel  
Direct Dial: 317-249-5495  
E-mail: emurphy@misoenergy.org

August 19, 2016

**VIA ELECTRONIC FILING**

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

**Re: *Northern Indiana Public Service Company v. Midcontinent Independent System Operator, Inc. and PJM Interconnection, L.L.C.*, Docket No. EL13-88-000  
Informational Report**

Dear Secretary Bose:

Pursuant to the directives contained in the April 21, 2016 “Order on Complaint and Technical Conference”<sup>1</sup> issued by the Federal Energy Regulatory Commission (“FERC” or “Commission”), the Midcontinent Independent System Operator, Inc. (“MISO”) and PJM Interconnection, L.L.C. (“PJM”) (collectively referred to herein as “RTOs”) jointly submit this informational filing that provides a report of their efforts to consider how MISO and PJM could conduct their respective MISO Transmission Expansion Plan (“MTEP”) and PJM Regional Transmission Expansion Plan (“RTEP”), and the MISO-PJM JOA<sup>2</sup> transmission planning processes using a single, common timeline with identical milestones and deadlines.<sup>3</sup> Also included here is the RTOs’ second status report on their progress on developing generator retirement study coordination processes.<sup>4</sup>

**I. BACKGROUND**

On April 21, 2016, the Commission both granted in part and denied it in part a Complaint filed by Northern Indiana Public Service Company (“NIPSCO”), and directed the RTOs to make a number of compliance filings and informational filings in order to implement the findings of the April 21 Order.<sup>5</sup> On June 20, 2016 MISO and PJM submitted under separate cover their first

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<sup>1</sup> *N. Ind. Pub. Serv. Co. v. Midcontinent Indep. Sys. Operator, Inc., et al.*, Order on Complaint and Technical Conference, Docket No. EL13-88-000 (Apr. 21, 2016) (“April 21 Order”).

<sup>2</sup> The formal name of the MISO-PJM JOA is the “Joint Operating Agreement Between Midcontinent Independent System Operator, Inc. and PJM Interconnection, L.L.C.” The JOA is a FERC-filed rate schedule of both MISO and PJM. The JOA is designated as MISO’s Rate Schedule FERC No. 5 and is available on MISO’s website at: <https://www.misoenergy.org/Library/Pages/RateSchedules.aspx>.

<sup>3</sup> See April 21 Order at P 58.

<sup>4</sup> See *id.* at P 186.

<sup>5</sup> See *id.* at P 2.

compliance filing (the “June 20 Compliance Filing”) that included certain amendments to the MISO-PJM JOA, consistent with the Commission’s directives contained in the April 21 Order at paragraphs 57, 131, 132, 133,<sup>6</sup> and 185. In relevant part, the April 21 Order denied the Complainant’s request that the Commission require the MTEP, RTEP and MISO-PJM JOA planning processes follow a common timeline or set of timelines with identical milestones and deadlines.<sup>7</sup> The April 21 Order, in fact, required the RTOs to consider how they may be able to conduct the JOA planning processes, and the MTEP and RTEP processes “using a single, common timeline with identical milestones and deadlines.” The RTOs were also directed to provide an informational filing to the Commission within 120 days of the April 21 Order to report on such an evaluation.<sup>8</sup> The RTOs submit the instant informational report consistent with this requirement.

In addition, the April 21 Order required that MISO and PJM amend their JOA to coordinate their generator retirement processes largely to bring those processes in line with existing requirements for coordinating generator and transmission interconnection requests and long-term firm transmission interconnection requests.<sup>9</sup> The Commission acknowledged such revisions would require development and coordination with stakeholders, and, therefore, directed MISO and PJM to provide informational status reports on progress every 60 days, starting from the date of the April 21 Order. The RTOs submitted their first report on June 20, 2016 (“June 20 Informational Report”). The RTOs submit this second informational report consistent with this requirement.

## **II. INFORMATIONAL REPORT**

### **A. Coordination of MTEP, RTEP, and JOA Planning Processes**

As directed by the April 21 Order, the RTOs continue to assess the intersection and coordination of the milestones and deadlines of the three applicable planning processes: MTEP, RTEP, and JOA planning processes. Most recently, at the July 29, 2016 Interregional Planning Stakeholder Advisory Committee (“IPSAC”) meeting, the RTOs reviewed these separate processes with stakeholders and outlined the comprehensive timeline for an interregional market efficiency project, while reflecting the necessary regional differences of both MTEP and RTEP. That timeline is included here as Attachment A. As reflected in the timeline, the June 20 Compliance Filing included a number of amendments to the MISO-PJM JOA that created significant alignment among the planning processes, including the revisions to JOA section 9.3.6.2.

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<sup>6</sup> On May 23, 2016, MISO, the MISO Transmission Owners, and other parties timely requested rehearing or clarification of the Commission’s directive contained in paragraph 133, directing revisions to section 9.4.4.2.2, Cost Allocation for an Interregional Market Efficiency Project. That Request for Rehearing currently is pending before the Commission.

<sup>7</sup> See April 21 Order at P 58.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.* at P 186.

The RTOs have noted previously that MTEP- and RTEP-specific planning timelines, which are somewhat different, exist in order to take into account specific and warranted differences between the regions. So although the regional processes are different, certain decision points now are aligned making the three processes sufficiently aligned for all practical planning purposes. Specifically, under the RTOs' June 20 Compliance Filings, a revision to section 9.3.6.2(a) of the JOA provides that the decision on whether to conduct a Coordinated System Plan ("CSP") study will be made yearly and the maximum time to complete the study will be based on the scope of that study. Moreover, the June 20 Compliance Filing included revisions described as the "targeted study" and the "two-year study." These two types of studies are conducted under the CSP and are based on the scope of the study. The following describes the alignment for each study:

- (i) Targeted Study. The targeted study will be focused on particular areas, needs, or potential expansions to ensure reliability coordination between the two RTOs and it will be completed in the year it is identified. The Targeted Market Efficiency Project study is a process involving only joint interregional analysis conducted within a short timeframe and can be conducted simultaneous with the MTEP and RTEP regional work.
- (ii) Two-year Cycle Study. The two-year cycle study, on the other hand, includes a more complex scope and may involve joint model development; it will be conducted on a two-year cycle, commencing in the third quarter of the first year of the study cycle. The revisions proposed by this two-year study will be completed no later than the end of the second year of the study. The timing of the two-year cycle Market Efficiency Project or Interregional Reliability Study types aligns and compliments the existing MTEP and RTEP processes because any interregional proposals must be submitted within each regional window and that overlap happens in January and February when the regional windows are in the middle of the MTEP and RTEP cycles. The time prior to the windows in each cycle is needed for stakeholder interactions and RTO efforts aimed at developing the simulation models. The time after the windows is needed to perform regional and interregional analyses necessary for interregional recommendations to each RTO board in December of the second year of the cycle.

To further illustrate this aligned timing of two-year study cycle, consider the progression of a two-year cycle study project through the interregional and regional processes. The MTEP and RTEP processes already have similar timelines in year one of the study cycle for regional model building and issue identification. This occurs in April through October for PJM and June through December for MISO. The similar timeframe for completion of regional models allows the development of joint interregional models from December of year one to February of year two. While joint models are being developed, a project targeted at interregional issues will be submitted to both PJM's long term window, between November of year one and February of year two, and MISO's solution idea solicitation, between January and March of year two. If the project elects to be studied as an interregional project, it will be analyzed on the joint models from February to June of year two. This is in parallel with both MTEP and RTEP's annual regional solution analyses and allows the interregional project to be evaluated in both regional

processes between June and September of year two. When the benefits are confirmed for both regions, Board approvals of the interregional project will occur at the end of year two.

The amendments proposed in the RTOs' June 20 Compliance Filings further align the regional processes with the JOA planning process because they provide that the annual review of transmission issues will be conducted beginning in the fourth quarter of each calendar year and continue through the first quarter of the following year. This ensures that PJM can complete its regional planning analysis and use the results to review any transmission issues raised through the IPSAC to determine, ultimately, if there is a more efficient or cost-effective interregional project. This timing also aligns with the MTEP regional solution analysis, which takes place annually from February through September.

With regard to Cross-Border Market Efficiency Projects, the June 20 Compliance Filing now ensures that the JOA planning process is aligned with the MTEP and RTEP processes, including the very same milestones and deadlines. The cost allocation amendments ensure that MISO and PJM will calculate the dollar value of the benefits for potential projects using their region-specific methodologies, but each RTO then will determine whether the potential interregional economic transmission project meets its individual 1.25-to-1 benefit-to-cost threshold using the RTO's *pro rata* share of the total cost based on its share of the total dollar value of the benefits.<sup>10</sup> Both of these regional-interregional project evaluations will be conducted in the context of evaluating their respective regional projects at the same time. This will ensure consideration of all alternatives and selection of the more efficient or cost effective projects on or near the MISO-PJM interface. This amendment, therefore, aligns the JOA planning process with the MTEP and RTEP regional processes. Furthermore, under the JOA, interregional projects must address regional public policy needs and, in fact, could displace regional projects in both MISO and PJM. In order to address these public policy factors, both PJM's and MISO's regional public policy evaluation processes will consider interregional public policy proposals submitted in each regional process. These submissions will trigger any necessary analysis under the JOA planning process.

In short, the amendments included in the June 20 Compliance Filing ensure that the MTEP and RTEP, although different from one another in some respects, are appropriately and effectively synchronized with the JOA planning processes. It would be premature to require the RTOs to work on further amendments before allowing the current proposals to be approved and implemented. Additionally, the RTOs are concerned that further amendments at this time to either of the regional processes would undermine the known differences between the regions and could prioritize the interests of a small group of stakeholders over the interests of ratepayers at-large. The current regional processes of each RTO are a complex set of interrelated processes developed among diverse stakeholder groups, based both on unique regional needs and compromises; amendments beyond those processes proposed in the June 20 Compliance Filing would undercut recognition of each RTO's regional needs and compromises now that the processes are, effectively, aligned.

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<sup>10</sup> See April 21 Order at P 133. MISO and PJM included the directed change to section 9.4.4.2.2 in their respective June 20 Compliance Filings, subject to the outcome of the pending requests for rehearing or clarification on this issue, and continue to urge the Commission to reconsider this directive on rehearing.

## **B. Generator Retirement Study Coordination Processes**

The RTOs have been working to develop generator retirement study coordination processes. Consistent with the June 20 Informational Report, MISO and PJM have developed a proposal for coordinating generator retirement studies. The proposed elements for coordination include: (1) information exchange; (2) study requirements; and (3) adjacent impacts from retirements. Information exchange considerations include continued notification to the adjacent RTO of retirement notices received, as well as continued sharing of study findings related to potential impacts on adjacent systems. With regard to study requirements, the RTOs are evaluating how to seek input from its neighbor on monitoring requirements prior to performing a regional analysis. Additionally, the RTOs are discussing exchanging updated study models to align study assumptions including assumptions on generation dispatch, where possible, which could be used by the adjacent RTO in its own generator retirement study. Lastly, the RTOs are considering referring to the JRPC for further analysis of any potential upgrades in the adjacent system identified as a result of a retirement.

The RTOs have developed a step-by-step process map for coordinating retirements and deactivations, as well as next steps associated with this coordination effort. Slides describing these processes are included here at Attachment B. Notably, the RTOs have adhered to the workplan timeline that was submitted in the June 20 Informational Report. Finally, the RTOs have been sharing these materials and involving stakeholders in these coordination discussions. MISO most recently reviewed this effort with stakeholders during its Planning Subcommittee meeting held on August 16, 2016.<sup>11</sup> The RTOs are scheduled to review this effort with stakeholders at the Joint and Common Market meeting on August 23, 2016.<sup>12</sup> PJM reviews interregional activities with its stakeholders at its monthly Transmission Expansion Advisory Committee meetings.

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<sup>11</sup> Presentation materials from the Planning Subcommittee Committee meeting are available at the following link: <https://www.misoenergy.org/Library/Repository/Meeting%20Material/Stakeholder/PSC/2016/20160816/20160816%20PSC%20Item%2006%20Coordination%20of%20Generator%20Retirement%20Studies.pdf>.

<sup>12</sup> Presentation (Slides 14 through 20 covers information on coordination of generator retirement studies) from the Joint and Common Market meeting is available at the following link: <http://www.miso-pjm.com/~media/committees-groups/stakeholder-meetings/pjm-miso-joint-common/20160823/20160823-item-01-cross-border-transmission-planning.ashx>.

### III. CORRESPONDENCE AND COMMUNICATIONS

Correspondence and communications with respect to this filing should be sent to, and MISO requests the Secretary to include on the official service list, the following:

Erin M. Murphy  
Managing Assistant General Counsel  
Midcontinent Independent  
System Operator, Inc.  
720 City Center Drive  
Carmel, Indiana 46032  
Telephone: (317) 249-5400  
emurphy@misoenergy.org

Pauline Foley  
Assistant General Counsel  
PJM Interconnection, L.L.C.  
2750 Monroe Blvd.  
Audubon, PA 19403  
Telephone: (610) 666-8248  
pauline.foley@pjm.com

Derek Bandera  
Executive Director, Federal  
Regulatory Affairs  
Midcontinent Independent  
System Operator, Inc.  
505 9th Street, N.W.  
Washington, D.C. 20004  
Telephone: (317) 249-2118  
dbandera@misoenergy.org

Craig Glazer  
Vice-President – Federal Government  
Policy  
PJM Interconnection, L.L.C.  
1200 G Street, N.W., Suite 600  
Washington, DC 20005  
Telephone: (202) 423-4743  
craig.glazer@pjm.com

### IV. NOTICE AND SERVICE

For MISO:

MISO has served a copy of this filing electronically, including attachments, upon each person designated on the official service list compiled by the Secretary in the consolidated proceedings in Docket No. EL13-88, as well as on all Tariff Customers under the Tariff, MISO Members, Member representatives of Transmission Owners and Non-Transmission Owners, the MISO Advisory Committee participants, including state commissions within the Region. The filing has been posted electronically on MISO's website at <https://www.misoenergy.org/Library/FERCFilingsOrders/Pages/FERCFilings.aspx> for other interested parties in this matter.

For PJM:

PJM has served a copy of this filing on all PJM Members and on all state utility regulatory commissions in the PJM Region by posting this filing electronically. In accordance with the Commission's regulations,<sup>13</sup> PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link: <http://www.pjm.com/documents/ferc->

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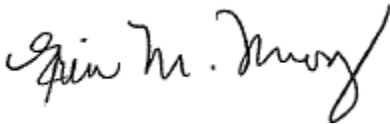
<sup>13</sup> See 18C.F.R §§ 35.2(e) and 385.2010(f)(3) (2016).

[manuals/ferc-filings.aspx](#) with a specific link to the newly-filed document, and will send an e-mail on the same date as this filing to all PJM Members and all state utility regulatory commissions in the PJM Region<sup>14</sup> alerting them that this filing has been made by PJM and is available by following such link. If the document is not immediately available by using the referenced link, the document will be available through the referenced link within 24 hours of the filing. Also, a copy of this filing will be available on the FERC's eLibrary website located at the following link: <http://www.ferc.gov/docs-filing/elibrary.asp> in accordance with the Commission's regulations and Order No. 714.

## V. CONCLUSION

MISO and PJM respectfully submit this informational report to satisfy the requirements of the April 21 Order.

Respectfully submitted,



Erin M. Murphy

*Attorney for MISO*



Pauline Foley

*Counsel for PJM Interconnection, L.L.C.*

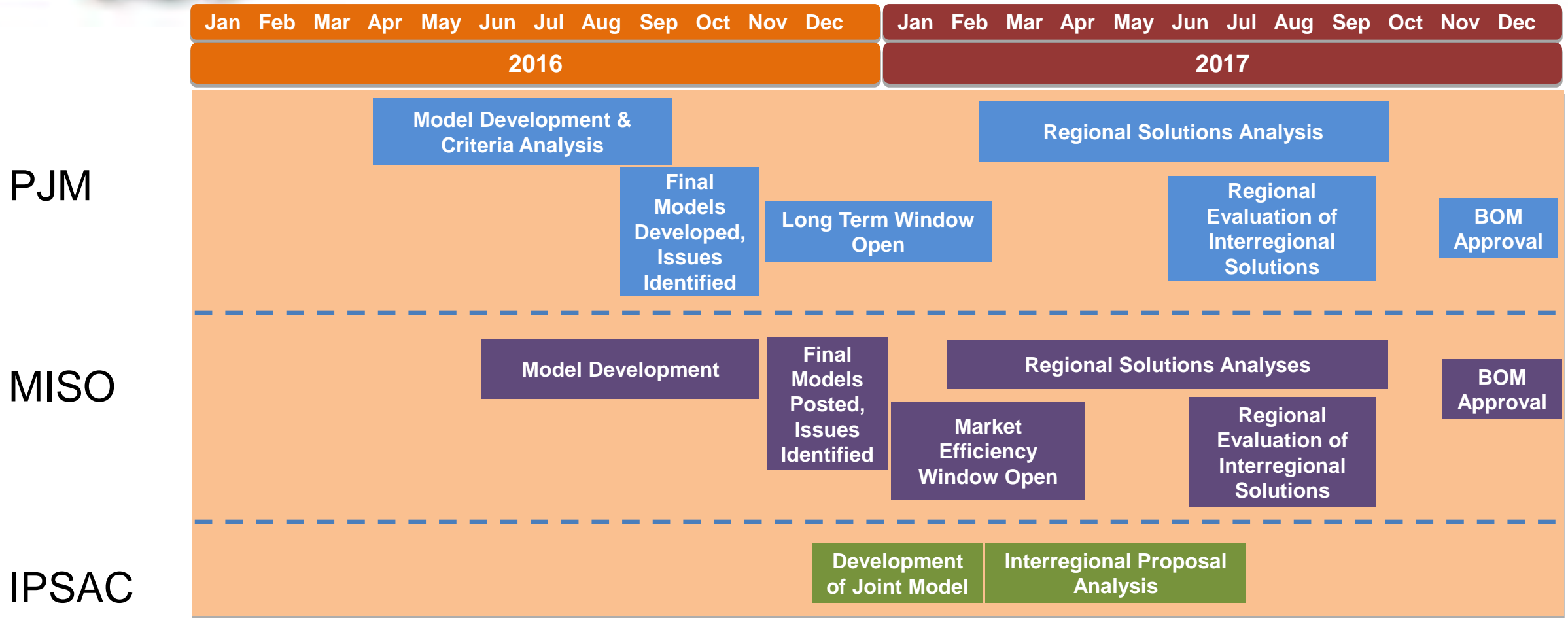
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<sup>14</sup> PJM already maintains, updates and regularly uses e-mail lists for all PJM Members and affected state commissions.

ATTACHMENT A



# Interregional Market Efficiency Project Timeline



\*Interregional proposals must be proposed in each regional window (January & February overlap)

- July 29, 2016 – IPSAC & notice of September PJM issues review
- August 29, 2016 – IPSAC stakeholder input to PJM issues review due
- September 30, 2016 – IPSAC review PJM issues
- November 1, 2016 – PJM long-term solution proposal window opens
- February 28, 2017 – PJM long-term solution proposal window closes
  
- October 2016 – IPSAC & notice of December MISO issues review
- November 2016 – IPSAC & stakeholder input to MISO issues review due
- December 2016 - IPSAC review MISO issues
- January – March 2017 – MISO solution proposals accepted

ATTACHMENT B

- **Information Exchange**
  - Continued notification to adjacent RTO of retirement notices received
  - Continued sharing of study findings related to impacts on adjacent system
- **Study Requirements**
  - Seek input from adjacent RTO on monitoring requirements prior to performing regional analysis
  - Exchange of updated study models to align study assumptions, to the maximum extent possible, which can be used by adjacent RTO in their own study
- **Adjacent Impacts From Retirement**
  - Any upgrades identified as a result of retirement in adjacent area are referred to JRPC for any further analysis, subject to confidentiality restrictions

- Regional Impacts
  - Impacts to regional facilities will be funded by the region in which the facilities reside unless the facilities qualify as an interregional project under the MISO/PJM JOA
  - Regional upgrade development will proceed on a schedule necessary to alleviate the regional reliability concerns without regards to discussion of interregional project development. If an interregional project is subsequently identified, and the regional project has not proceeded, then consideration can be given to altering the scope of the required reinforcements

# Coordination proposal for Generator Retirement Studies

