

## Transmission Service Requests and Capacity Product Definition

### Problem Statement

Coordination of long-term Transmission Service Requests would ensure that both RTOs are using consistent methodologies and assumptions when evaluating long-term transmission service requests, and therefore that any constraints to the reliable award of such service are properly resolved on both sides of the seam. This coordination should include the models, assumptions and timelines for analysis of firm Transmission Service Requests (including deliverability studies) and could include the MISO solution components of establishing a total transfer capability across the seam, and would necessarily require the MISO solution component of respecting existing capacity transactions and Firm Transmission Service Reservations.

Consistent definition and application of Capacity Benefit Margin (CBM) in both RTOs and coordination of capacity product definition, in particular ensuring that the capacity product is defined consistently on both sides of the seam, will assist market participants in efficiently committing the product in either RTO, as the product will be evaluated consistently regardless of the market to which it is offered.

### Issue Source

Consumers Energy – Consumers Energy remains concerned that the ability to transfer capacity from one RTO footprint to the other is limited. We suspect that more consistent use of CBM by the two RTOs would provide for higher reliability at a lower overall cost to customers.

DP&L – Respect RPM market requirements and deliverability rules. Continue to evolve MISO's capacity market achieve price convergence with PJM: MISO moving their forward capacity market rules to achieve price convergence with prices in PJM West.

DTE – PJM and MISO both need to affect changes in the transmission study and reservation process to allow this to take place.

Dynegy – MISO's capacity market rules and overall market design must be fundamentally revised to create price convergence. The MISO stakeholder process is the proper venue to work toward the further evolution of MISO's capacity construct that is necessary to achieve price convergence with PJM. Any capacity sales to PJM must have firm transmission and meet must offer and non-recall requirements. All interested parties on both sides of the seam need to have an understanding of how the Capacity Benefit Margin is determined and taken into account by both RTOs.

Ameren /Exelon - Inefficiencies around the existing transmission study and procurement processes between MISO, PJM and the southern seams (e.g., TVA, Kentucky) must be reviewed. AEM and Exelon recommend MISO and PJM review the following to identify inter-RTO transmission inefficiencies or discrepancies. Transmission queue alignment and study process coordination for inter-RTO transmission requests. Study models should be coordinated and the queues should maintain a parallel timeline. Review of the current utilization of Capacity Benefit margin ("CBM") by both RTOs for opportunities to maximize economics and reliable utilization of the transmission system

## **Key Work Activities**

1. Perform education for all stakeholders on the capacity product definitions and market rules in each RTO (short term)
2. Perform education for all stakeholders on the definitions and use of CBM in each RTO (short term)
3. Review current practices of both RTOs in evaluating long-term Transmission Service Requests (short term)
4. Identify enhancements to the processes in both RTOs:
  - Harmonize model, assumption, analysis techniques and timelines for evaluating long-term firm Transmission Service Requests (short term)
  - Evaluate establishing a total transfer capability across the seam (short term)
  - Harmonize definition and use of CBM in both RTOs (short term)
  - Harmonize definition of capacity products in both RTOs (medium term)

## **Expected Deliverables**

It is expected that business process, manual, operating agreement and tariff revisions will be generated as appropriate for each RTO as well as revisions to the Joint Operating Agreement. It is understood that these documents will necessarily require endorsement through each RTO's stakeholder processes.

## **Expected Overall Duration of Work**

PJM and MISO expect that this work could be accomplished within 6 to 9 months.