

**Sent Via Electronic Mail**

December 14, 2012

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RE: Request for Formalized Role for State Regulators Joint and  
Common Market Initiative

Messrs. Ott and Doying:

As you know, State Commissioners and Staff have been closely following the Joint and Common Market (JCM) issues. As State regulators in both the MISO and PJM areas, we are vitally involved in efforts between regional transmission organizations (RTOs) to make their operations more efficient and to bring additional value to ratepayers. We have also been working to increase awareness among and to educate our colleagues on the issues that have impacts on the energy markets and customers in our states. We believe that a well-informed regulatory community is necessary to help identify and implement JCM improvements.

To that end, we have been providing Commissioner-level leadership and input to stakeholders and State Commission Staff in the JCM initiative (namely PJM, MISO, OPSI, OMS Commissioners and staff) to address issues related to energy and capacity transfers between the RTOs. Through this process, we have worked to identify, model and define a Gross Energy Transfer Capability between the two regions.<sup>1</sup> Most importantly, this work has provided an opportunity for all stakeholders involved to gain a better understanding of the modeling processes, including the inputs and assumptions used, and to also understand the differences between processes in each RTO. The initiative has been an educational one for all stakeholders, and the process has been collaborative and performed on specific timelines. In many ways, the educational benefits were the key outcomes of our collaboration.

We believe that our small group's input has been beneficial to the JCM initiative as a whole and is a model for enhanced state regulatory involvement in regional and inter-regional processes as outlined by FERC in Order 1000. Therefore, we respectfully request that the RTOs agree to a more formalized role in the JCM process and the JCM meetings. Specifically, we would like to participate in the development of meeting agendas to ensure that issues identified by regulators are addressed.

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<sup>1</sup> The working group agreed to the following definition: Gross Energy Transfer Capability (GETC) – Represents the amount of energy that can be reliably transferred between regions under a narrow set of transfer scenarios that represent specific sets of operating conditions. This number does not represent the volume of capacity that could be deemed deliverable to load across the seam. Additional analysis is required to determine if individual units are deliverable across the seam. The stakeholder community should also recognize that this value does not represent and should not be confused with current industry defined terms such as ATC/TTC, Deliverability or Transfer Capability.

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Further, where appropriate, we would like the opportunity to assist in leading some discussions at the JCM meetings to help facilitate the identification and implementation of solutions.

We believe that a JCM initiative with active regulatory participation and leadership when needed will bring a number of benefits to the table. First, the regulator community would be represented through OMS and OPSI and will be reporting back to those organizations. As we have heard through this process, having regulators involved at all levels of the stakeholder process can reap benefits in the long-term. Additionally, as we have demonstrated through the success in our small group, we have the ability and duty to balance a variety of interests, which adds to the stakeholder process overall. Third, we have identified the ability to work on issues with specific timelines. We believe that these benefits will help to move issues into solutions more quickly and comprehensively in the JCM initiative.

The importance of ensuring regulator involvement became even more apparent at the November 30 JCM meeting where questions about JCM governance and the decision-making process were raised throughout the meeting. Given our diverse constituencies and perspectives, regulators from the territories that you serve will assist in moving issues through the JCM process, to the benefit of all stakeholders.

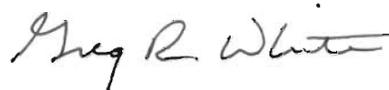
Like you, we want the JCM initiative to be productive, open and transparent. Having Commissioners from both OMS and OPSI share some duties of JCM leadership will ensure that the various interests from both sides of the seam are identified and addressed throughout the process. We are requesting your support in taking the idea of a more active role for regulators to the JCM stakeholder community. We would like to have this concept addressed in the JCM process. We will plan to address this issue at the next JCM meeting and ask that you include us on the agenda.

We appreciate the work that both PJM and MISO have performed to date and believe there is great value for ratepayers and market participants in making the management of the RTO seam more efficient. We look forward to continuing this work and working with you to find a larger role for state regulators in the process. Please contact us if you have any questions.

Sincerely,



Phil Montgomery  
Chairman  
Public Service Commission of Wisconsin



Greg White  
Commissioner  
Michigan Public Service Commission

cc: Chairman Jon Wellinghoff, Commissioner Philip Moeller, Commissioner John Norris,  
Commissioner Cheryl LaFleur, Commissioner Tony Clark