

## **FirstEnergy Comments of JCM Issues Work Plan**

FirstEnergy believes that the PJM – MISO seam presents many opportunities for improvement and is encouraged by the work of the MISO-PJM Joint and Common Market Initiative. FirstEnergy appreciates the opportunity to provide the following comments to both PJM and MISO on the JCM Issues Work Plan.

**The timelines for many of the JCM issues work plan appear to be unrealistic, particularly the timeline for Capacity Deliverability, and adherence to an unrealistic Capacity Deliverability timeline will divert resources from other projects which PJM and MISO stakeholders have indicated are more important.**

While MISO stated during the August 23, 2013 conference call of the Joint and Common Market Initiative that analysis work on Capacity Deliverability would not delay any other JCM tasks, FirstEnergy shares the concern expressed by numerous PJM and MISO stakeholders that a delay on other tasks is likely. Other important, readily-achievable JCM issues such as Transmission and Generator Outage Coordination, Day-Ahead (DA) Market Coordination, Freeze Data for Firm Flow Entitlement (FFE) Calculations, Use of the ONT-ITC PARS for Congestion Management, and Interchange Optimization could end up being deferred or delayed unnecessarily as RTO staffs are committed to the “fact finding” effort on Capacity Deliverability. The Draft PJM/MISO JCM Work Plan Components Straw Proposal describes in some detail the elements of the “fact finding” effort. As described, it includes several phases of analysis, each of which would require the support of each RTO’s staff, followed by subsequent efforts to reconcile between the several methods under analysis.

If, despite the feedback of the majority of the stakeholders, PJM and MISO decide to pursue the Capacity Deliverability issue at the same time as the Market Operations issues, PJM’s proposed approach of a fact-finding effort, followed by a decision point break is the most reasonable way to approach the Capacity Deliverability issue. A review of the situation, post-analysis, would be appropriate.

**The significant, time-consuming effort proposed by MISO to be spent on determining transfer capability is misplaced and illogical given that generator deliverability will ultimately trump transfer capability.**

Capacity Deliverability is a complex issue and the associated analysis efforts are subject to varying levels of interpretation. FirstEnergy is concerned that efforts by MISO to dictate consideration of transfer capability, under the auspices of the OMS/OPSI FERC filing, do not recognize the fact that the benefits of both reliability regimes (RPM and MISO’s Resource Adequacy model) are undermined if the product sold cannot actually provide the reliability service required in the other RTO. If such capacity isn’t deliverable from one RTO to another, the power transfer may not be possible and reliability will be impacted negatively. It is essential that consideration of reliability be of

primary concern. The goal should not be to maximize how much capacity can be sold from one RTO to the other without first ascertaining that the capacity being imported and exported is deliverable. Failure to focus on capacity deliverability sharply limits the value of the transfer capability analysis that MISO seeks. Of course, a combined MISO-PJM footprint load and generation network deliverability analysis (with combined unit commitment and dispatch) could yield valid results. However, this assumption would essentially require a combined RTO commitment and dispatch of capacity resources – something not considered realistically achievable and also something not under serious consideration within the JCM process.

PJM is conducting a separate analysis to determine the level of capacity imports that may be reliably supported by the physical transmission system into the RPM capacity auctions. This analysis takes into account planned transmission system upgrades which are incorporated into RPM capacity auctions.

The task of bringing together all of the aforementioned analysis efforts is difficult and time-consuming. MISO, the MISO Market Monitor, and OMS presume that the various analyses describe a problem to which they already know the proper solution. This view severely misreads the situation, and discounts the value of the analyses. Likewise, it makes the possibility of consensual solutions remote. Rather than assume that the end game is a revised transfer capability analysis and attempt to march lockstep towards a FERC filing to that effect, MISO, the MISO Market Monitor and OMS should invest in understanding the reasons behind PJM's generator deliverability methodology and determine how it aligns with MISO's approach. Then, and only then, can the next steps be properly determined.