

**MISO / PJM Joint and Common Market (JCM)  
NIPSCO Request for Action  
March 21, 2014**

NIPSCO appreciates the opportunity to submit the following suggestions regarding a process to address the issues raised in its Complaint regarding seams issues.

NIPSCO has been an active participant in the MISO/PJM Order 1000 Interregional Compliance stakeholder process as well as the JCM and the MISO/PJM Inter-Regional Planning Stakeholder Advisory Committee (IPSAC) since their revival in 2012. NIPSCO is located on the MISO-PJM seam and has experienced several issues with the current Joint Operating Agreement (JOA) processes, many of which stem from the area of Transmission Planning, which NIPSCO brought to all three forums. The issues raised by NIPSCO were not addressed in the RTOs' Order 1000 Compliance filings and remain unresolved. As a result, NIPSCO filed a Protest to the RTOs' Order 1000 filing on September 9, 2013 and a corresponding Complaint on September 11, 2013.

On December 19, 2013 FERC issued two orders relevant to the resolution of NIPSCO's issues with the current JOA and coordination at the seam. In one order, FERC created a new docket (AD14-3-000) related to coordination across the MISO-PJM seam and directed Commission staff to participate in the MISO/PJM JCM discussions in order to monitor progress.<sup>1</sup> In another order, due to the overlap of issues raised in the MISO-PJM Order 1000 interregional compliance filings and under consideration in associated dockets (including AD14-3-000), FERC ordered NIPSCO's Complaint held in abeyance pending FERC's determinations in the related dockets. In concurring with the Commission's order holding the complaint in abeyance, Commissioner Moeller emphasized the importance of the issues raised by NIPSCO in the complaint and the need to address these issues promptly.<sup>2</sup>

**Request #1**

NIPSCO request that the JCM establish a plan and timeline on how and when it will address the interregional coordination issues raised by NIPSCO to ensure that these issues are promptly addressed and to benefit the customers served within the MISO and PJM footprints. The JCM is the correct forum<sup>3</sup> to develop the plan and timeline because:

- The RTOs have previously committed to provide “continuous updates” to the “JCM stakeholder group through standing agenda items at the JCM meetings.”<sup>4</sup>

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<sup>1</sup> *Capacity Deliverability Across the Midwest Independent Transmission System Operator, Inc./PJM Interconnection, L.L.C. Seam*, 145 FERC ¶ 61,258 (2013).

<sup>2</sup> *Northern Indiana Public Service Co. v. Midcontinent Independent System Operator, Inc., et al.*, 145 FERC ¶61,256 (2013).

<sup>3</sup> The IPSAC is an inferior alternative forum for addressing as it is a technical forum with a more limited focus (i.e., the execution the coordinated system plan) and is currently studying 75 proposed cross border market efficiency projects. Per the MISO/PJM JOA, “The IPSAC shall facilitate stakeholder review and input into coordinated system planning with respect to the development of the Coordinated System Plan.”

<sup>4</sup> See, the RTOs 9/26/2013 informational filing in Docket No. AD12-16-000.

- FERC identified the JCM as the correct forum for discussion of the MISO/PJM seams issues and then created a new docket and directed Commission staff participation at the JCM because of the importance of these issues.

### **Request #2**

NIPSCO requests periodic updates from MISO and PJM on the interregional coordination issues that NIPSCO has specifically identified and for which NIPSCO has consistently sought resolution through the stakeholder process and in its Protest and Complaint. These updates should be posted in advance of the JCM meetings and should include information on how the RTOs are addressing these issues in order to allow for adequate stakeholder discussion at the JCM. Please provide a report in advance of the JCM meeting on May 28 on the current status of efforts to address the issues raised in the NIPSCO complaint, including a potential path for resolution and timeline for each issue.

For reference NIPSCO below is a list of the issues raised and a brief description of NIPSCO's proposals to resolve them.

- 1) Problems have occurred in the past as a result of the MISO Transmission Expansion Planning (MTEP) and PJM Regional Transmission Expansion Planning (RTEP) planning cycles starting at different times during the year.
  - NIPSCO Proposal – The MISO/PJM cross-border planning process should run concurrently with the MTEP and RTEP reliability planning cycles as well as the MISO/PJM IPSAC planning cycle.
- 2) Problems with the use of two distinct, region-specific planning criteria and two different models with different sets of assumptions (e.g., generation dispatch) causing conflicting results or masking potential issues along the seams where one RTO is potentially impacting the other RTO.
  - NIPSCO Proposal – MISO and PJM should develop a single combined reliability model (i.e., merge the MTEP model and RTEP model) to use in studying interregional issues along the seam like baseline reliability projects, generation interconnections, and generation retirements. This model should be created on an at least annual basis as part of MTEP and RTEP planning cycle. While the RTOs have regional differences, both entities should be consistent in their application of reliability criteria and modeling assumptions.
- 3) Problems with the current Cross Border Market Efficiency process in the JOA is ineffective and failing to identify solutions to real inefficiencies along the seam affecting both RTO's power and Financial Transmission Rights (FTR) markets.
  - NIPSCO Proposal #1 – MISO and PJM should have one criterion for the approval of Cross Border Market Efficiency Projects (CBMEPs). The current and proposed changes to the JOA do not address the underlying issues with the three tests which add unreasonable complications, delays, and further administrative hurdles.
  - NIPSCO Proposal #2 – The criteria for approval of a CBMEP should be amended to address all known benefits including, more specifically, avoidance of future Market-to-Market (M2M) payments.
  - NIPSCO Proposal #3 – Reduce voltage and upgrade cost thresholds to include smaller projects that offer significant interregional benefits.

- 4) Problems with generation interconnection and the absence of generation retirement processes in the JOA. Generation retirement issues identification and cost allocation is essentially absent from the JOA and although improvements to the generation interconnection process were included in the Order 1000 compliance filings, issues still exist.
  - NIPSCO Proposal – Develop a process mirroring the generation interconnection process for generation retirements to study potential impacts due to a generator retiring along the seam. Include a cost allocation methodology aligning costs with beneficiaries. The generation interconnection process should require a joint study using a common model and ensure that model includes generation retirements, transmission service requests, market participant funded upgrades and any other changes in the current/future BES topology.

### **Request #3**

MISO and PJM kicked off its current IPSAC Market Efficiency Project study in October 2012, sharing the initial results 15 months later in January 2014. Please provide an update on the following items related to the IPSAC process.

- 1) Early in the IPSAC process MISO and PJM identified coordinated flowgates (M2M flowgates) that cause significant inefficiencies for both RTOs' markets. Please provide a map showing these flowgates and, in list form, the M2M payments paid by each RTO for each of these flowgates over the period 1/1/2006 to 12/31/2013.
- 2) MISO and PJM stakeholders submitted many projects mitigating the transmission system inefficiencies affecting both markets, including the above referenced M2M flowgates identified by the RTOs. MISO and PJM studied 75 of these projects and shared their initial results in January 2014. Of these 75 projects, one project was identified as potentially passing the JOA interregional test even though that project increased production cost, increased congestion cost, and increased load costs. Please provide the following items:
  - a) For each project studied in the IPSAC provide gross production cost savings (increase), load cost savings (increase), and congestion cost reduction (increase).
  - b) An update from the RTOs on whether they believe the results of the IPSAC project studies accurately reflect the real time operation of the joint transmission systems and power markets. Include in this discussion analyses on whether current system inefficiencies contained in each RTO are accurately reflected in the project results.
  - c) An update from the RTOs on whether the current metrics utilized in the JOA for Cross Border Market Efficiency process were effective in evaluating solutions to current and future seams transmission system inefficiencies.
  - d) An update on the joint MISO/PJM model building process including responsibilities given to each RTO, problems encountered along the way, joint testing, resolution of model solution issues, benchmarking process to real-time operations data to ensure consistency, and other model building lessons learned.
  - e) An update from the RTOs on how each individual RTO regional process would have been performed had some projects solutions made it through the interregional test.
  - f) Any other lessons learned from the IPSAC process.

**Request #4**

If the Commission provides an Order on the MISO/PJM Order 1000 compliance filing prior to the May 21, 2014 meeting, please provide an update at the JCM on expected responses to this Order by the RTOs.