

Exelon Feedback to the JCM item on Capacity Deliverability in the PJM to MISO direction

June 26, 2015

Exelon supports MISO efforts in eliminating actual barriers to sell capacity across RTOs. There are three transmission barriers that exist today that Exelon has identified through ongoing work to sell PJM located capacity into MISO's capacity market and into specific zones.

Most limiting barriers:

1. **Timing to Process outstanding requests for MISO ENRIS.**
  - **When will the MISO ENRIS rules and process be finalized?**
  - **When will Exelon's outstanding ENRIS request be finalized?**

Resolution of rules for external generation participation is critical. If MISO does not finalize external participation rules and process, Exelon will be forced to elect to not move forward with our open transmission service requests (TSRs) and ENRIS requests due to the unresolved risks of a.) double collection of transmission service charges, b.) uncertainty regarding sink zone for compensation and meeting the LCR and c.) timing of approvals for PJM transmission service requests which may expire before MISO acts on our MISO ENRIS requests.

If we are forced to terminate our open PJM TSRs this would result in: a setback of approximately 2 years due to the timing to conduct the studies, on both the MISO and PJM side; lost TSR payments made by Exelon; and wasted resources of both MISO and Exelon on time spent on ENRIS requests. (Our MISO ENRIS request was submitted June 2014 and has been pending for 1 year without MISO starting the study due to MISO not finalizing the its process. Our original request for 500MW from PJM to MECS (MISO) made on March 14, 2013, took over 2 years to finalize. It costs approximately \$50k for SIS studies and approximately \$100k for FS per request. These values cover the required deposit, actual costs can be higher or lower.)

**We request that MISO process our open ENRIS requests submitted a year ago and provide our results by the end of July 2015 to avoid the risk that the request be withdrawn due to unresolved MISO process issues or due to PJM finalizing accompanying PJM TSR requests.**

2. **Confirmation needed on sink zone (Local Resource Zone (LRZ)) for compensation and meeting the Local Clearing Requirement (LCR)**

**For those generators currently in the ENRIS queue, what Zonal Clearing Price will the external generator be paid and what LCR will the external resource count towards?**

MISO current tariff language at Module E-1, 69A.7.1.a, PRA Procedures, Participating ZRCs in an LRZ: "External Resources will be treated for PRA purposes as if they are located in the LRZ where their firm transmission sinks at the border of the Transmission Provider Region."

Exelon believes the generator associated with an ENRIS request should be treated the same as other external resources consistent with section 69a.7.1.a of Module E-1. All external resources must be able to select the delivery zone (LRZ) by which the generator will contribute to the LCR and be compensated. This should be clarified by MISO upfront but no later than before the generator is required to make decisions to pay to move through the PJM and MISO TSR or MISO ENRIS processes or to pay for any transmission upgrades. Otherwise the generator risks paying for transmission costs in excess of MISO capacity revenues and risks opportunities to receive revenues in adjacent markets (e.g, PJM).

As MISO pointed out at the last JCM meeting, transmission service is needed to the MISO border in order to qualify as a MISO capacity resource. Generators located in PJM are required by PJM to select a sink point within MISO for the PJM portion of the transmission leg. If the service is granted, this guarantees delivery of the PJM generator to a specific MISO zone at the PJM border. We believe this is justification for determining zonal deliverability in order to count towards a specific zone's LCR and to receive that zones auction clearing price. In addition, per MISOs existing tariff referenced above, this is how MISO treats other external resources today.

**We request that MISO update the BPMs by mid-July 2015 to clarify those generators requesting ENRIS and/or Modified External NITS are able to elect the LRZ for generator payment purposes and for meeting the LCR. If MISO is unable to update the BPM in this timeframe, we request that MISO clarify zonal treatment by mid-July 2015 for existing ENRIS requests so that we may make decisions and obtain closure on our outstanding requests.**

3. **Double collection of transmission service charge.** Today, MISO will collect Schedule 7 point to point charges from an external generator that does not already have a load customer and also collects NITS charges from the Load Serving Entity resulting in the unintended consequence of double collecting for transmission service for the same generation capacity transaction for the required MISO portion of the transmission leg. This double collection renders any sale by an external generator into the MISO PRA uneconomic and therefore a barrier to participate in the MISO PRA. As an example, the Schedule 7 point to point rate in Michigan is about \$187/MW day, well above any MISO capacity clearing price to date in Zone 7. We believe MISO has proposed two workable solutions, ENRIS and Modified External NITS to eliminate this double collection if the two items above are resolved.
4. **Enhancing coordination between MISO and PJM on the study process to reduce inconsistencies in results and to reduce the time it takes to complete the requests.**

We believe there is room to improve coordination between PJM and MISO in processing TSRs regarding accuracy of results and reducing the time in which it takes to process requests. We have received inconsistent results from MISO and PJM on the same TSR and also believe 1 year is too long to process an ENRIS or TSR request.

**We request that MISO and PJM make this a priority to be addressed in the JCM.**

5. **Increased transparency in available transmission capacity for imports.** For participants' future decisions to use external resources as MISO capacity resources (either for load using NITS, or where the generator requests ENRIS or Modified External NITS) it will be useful to know how the CIL is calculated and allocated to neighboring MISO zones or interconnected external ISOs and TOUs, and how much is already contracted for. If there is no transmission capacity available to certain zones this would inform the market place and eliminate futile ENRIS/Modified External NITS requests as these studies can be costly and timely wasting both stakeholder and MISO resources.

**We request that MISO address this as part of the JCM as well.**

Separately, as Exelon has advocated on numerous occasions, we believe that if MISO revised its capacity construct to be a three year forward market, mandatory for load and supply, used a downward sloping demand curve, and adopted Minimum Offer Price rules then both internal and external generators, merchant and regulated, would be treated more equally further eliminating barriers in MISO's market for capacity.

We appreciate the opportunity to comment and MISO's attention to these issues.

We look forward to your response.