

All Seams Considered – Summary of July 18, 2012 Meeting

Introduction -

The kick-off of the All Seams Considered meeting helped frame-up some of the issues faced on the seams and also provided a pathway forward for future discussions. The meeting was attended by 48 participants in person with just as many or more on the phone. Commissioner Kari Bennett with the Indiana Utility Regulatory Commission opened up the meeting with an introduction and Beth Roads gave an Anti-Trust statement. Presentations were given by Matt Holtz with NIPSCO, who shares a seam with ComEd and AEP in PJM, and Adam McKinnie, staff with the Missouri Public Service Commission, who is in a state with a seam between MISO, SPP and AECL.

NIPSCO Presentation -

NIPSCO began with making the point that issues on the seam are mutually dependent. For consideration, NIPSCO highlighted top congested flowgates and economic transfers in the off-peak season. Typically, there is a west to east transfer, except in the summer during peak periods, when there is an east to west transfer. This impacts the NIPSCO interface with ComEd and AEP. There is a significant amount of thru flow on NIPSCO's system to support PJM. One example was provided where a specific generator on the seam caused over-loads. There was no interregional coordination or planning to address this generator on the seam, as well, it wasn't covered by the Joint Operating Agreement (JOA) between MISO and PJM. Therefore, the costs were not recoverable through the RTO.

Matt Holtz, with NIPSCO, identified three issues on the seams: 1) transmission planning, 2) short term versus long term firm transmission and 3) cost allocation and tariffs.

Transmission Planning – There are no coordinated joint modeling assumptions or inputs used between both of the RTOs on the seam. To date, there are no joint seams studies performed by the RTOs. Utilizing a differed set of assumptions for modeling, as MISO and PJM do, masks the true understanding of seams issues.

Planning → Effects Operating Conditions → Impacts System Reliability

The RTEP and MTEP Planning Cycles in PJM and MISO are not synched. Projects in the PJM planning queue lag behind MISO. Given the necessary compliance with environmental regulations upon generation units, NIPSCO suggests the RTOs perform joint retirement studies if the operating unit is along the seam.

Short Term versus Long Term Firm Transmission – NIPSCO suggests the RTOs modify the Firm Flow Entitlements (FFE) to align rights to those who funded the transmission along the seams. Additionally, when evaluating operations along the seam, NIPSCO doesn't want to see rule changes that would otherwise limit the use of Market to Market re-dispatch.

Cost Allocation and the RTO Tariff – NIPSCO doesn't want to see the tariff being used as a barrier to resolving seams issues. For example (*provided by the IURC*) one RTO cannot file tariff changes unless directed by the stakeholder body. If changes to the tariff for modeling and planning will otherwise result in further cost-allocation to stakeholders, then such a change would not be directed and impedes the joint planning process. Next, NIPSCO sees the need to refine cross-border cost-allocation thresholds for reliability and efficiency projects.

Missouri PSC Staff Presentation -

Adam McKinnie, with the Missouri PSC, identified three issues on the seams: 1) operations, 2) planning and 3) transparency and focus.

Operations – There is a contract path sharing dispute; referencing Docket No. EL11-34. The JOA between MISO and SPP needs to be renegotiated. Adam also mentioned SPP moving to a Day 2 Energy Market in 2014, tentatively.

Planning – A potential seams issue was noted if Entergy joins MISO and that is a JOA does not currently exist between MISO and AECL. Adam also pointed out an instance in which an MVP Line was dropped from the MISO planning process, which would have constructed a needed interregional 345kV loop (such as an “O”) and the project was changed to a shorter 345kV (like a reverse “C”). Another concern for the staff at the Missouri PSC, if Entergy joins MISO, is the planning and costs that would be associated with potential build-out along the seams for excess capacity deliverability to Entergy. Adam emphasized the need for joint planning futures between MISO and SPP.

Transparency and Focus – Currently, MISO doesn't have a clear and transparent process for communicating information coming out of the JOA, seams and interregional planning or modeling, to the stakeholders. Adam suggested forming a “Seams Steering Committee” and including a “Seams Activity Report” into the MISO stakeholder process.

Open Discussion -

Following the presentations, there was an open forum for discussion:

- Endorsed NIPSCO's position and supported broader outage coordination along the seams. Suggested the States play a stronger role in the planning process beginning with the State IRPs.
- Questioned Market to Market operations and the need for new flowgates, as may have been suggested in the NIPSCO presentation. Pointed out that MISO reallocates firm capacity to allow incremental west to east flow, in the short-term, during peak periods. Suggested a comparison of Market to Market Settlements on redispatched flowgates and review of revenue requirements.
- Referencing NIPSCO's presentation and the east to west transfer during peak periods, mentioned Ontario and the Lake Erie Loop Flow. Then, there was a question about if this type of operational issues and transfer exists across Michigan and Pennsylvania.
 - At this time, question if there was a large correlation between the location of units (nuclear) around Lake Michigan and PJM Dispatch during the off-peak? The answer was that this didn't play a significant role in re-dispatch.
- Agreed with the need for better coordination and changes to the JOA. One problem is that there is no cost recovery under the PJM Tariff for MVP type projects in PJM. Another issue is that PJM does not model the MISO MVP projects along the seam. Supported better coordination of retirements and outages along the seams. Pointed out that interconnection studies are a two-way street. For example, wind is not coordinated with PJM, but Exelon (ComEd) pays.
- Support from several attendees for Adam McKinnie's suggestion for a Seams List in MISO, such as in SPP.
- PJM is committed to working with stakeholders.
- MISO is working to comply with Interregional Coordination under Order 1000.
- Big question, ***"Who pulls the trigger on seams development?"***
 - It was suggested and supported by multiple participants in the room and on the phone that the regulators need to take a more active role and push for meetings on seams development.
- Additional comments: is there was a way to document or diagram a decision tree about the way seams issues come about?

- Note: “all roads lead back to...” referenced a need to create this forum with the state commissions.

Next Steps –

- List Serve and Website (to post presentations)
- Provide an opportunity for participants in this kick-off meeting to say:
 - 1) Was this useful?
 - 2) Prioritize issues for discussion.
- Buckets/Categories for which most of the seams issues fall:
 - 1) Informational
 - 2) Institutional
 - 3) Coordination
 - 4) Transparency
 - 5) Shared Responsibility
 - “Pulling the trigger on seams projects”
 - 6) Cost Allocation