

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Capacity Deliverability Across the Midwest)	
Independent Transmission System Operator,)	Docket No. AD12-16-000
Inc./PJM Interconnection, L.L.C., Seam)	

**JOINT COMMENTS OF THE
ORGANIZATION OF PJM STATES, INC.
AND THE ORGANIZATION OF MISO STATES**

The Organization of PJM States, Inc. (“OPSI”) and the Organization of MISO States (“OMS”) submit these Joint Comments regarding the Midwest Independent Transmission System Operator, Inc. (“MISO”) filing submitted in the above-captioned docket on January 3, 2013. In its January 3 Filing, MISO requested that the Commission expedite issuance of an order directing MISO and the PJM Interconnection, L.L.C. (“PJM”), to “remove barriers to generation capacity deliverability” between those two regional transmission organizations and establishing a process to produce that result. The purpose of these Joint Comments is to clarify the positions of OPSI and OMS in this matter.

MISO’s January 3 Filing is outside the Commission’s established procedural schedule for this proceeding.¹ OPSI and OMS submit that these Joint Comments to clarify the record, prevent confusion as to the OPSI and OMS position relative to MISO’s January 3 Filing, and assist the Commission’s decision-making in this case. As MISO’s January 3 Filing proposes a specific role for OPSI and OMS in the process for resolving the capacity deliverability issue, and OPSI and

¹ See http://elibrary.ferc.gov/idmws/File_list.asp?document_id=14030058 which is FERC Notice establishing August 10, 2012, as the deadline for comments, and August 27, 2012, as the deadline for reply comments in this proceeding.

OMS are in a unique position among the parties in this case, Commission acceptance and consideration of these Joint Comments will be particularly helpful in the Commission's decision-making process in this case.

II. Position and Recommendation of OPSI and OMS

While MISO has requested that the Commission expedite issuance of an Order in this case with respect to process, as explained below, OPSI and OMS do not believe it is necessary for the Commission to take expedited action in this matter at this time. OPSI and OMS believe that progress has been made and continues to be made on the capacity deliverability issue in the ongoing MISO/PJM Joint and Common Market ("JCM") stakeholder process. As explained below, further improvements to the JCM process may soon be voluntarily adopted and implemented by the JCM participants. OPSI and OMS suggest that MISO might better accomplish useful inter-regional initiatives through the JCM process² and by continuing to work with OPSI, OMS, PJM and the stakeholders of both MISO and PJM.

MISO did not communicate with either OPSI or OMS prior to submitting its January 3 Filing or on either of the process options described by MISO in that filing³ (including Option 1 which would assign a central role for OPSI and OMS). OPSI and OMS do not support implementation of either of those process options at this time, and particularly, would not welcome a Commission Order directing OPSI and OMS to perform any particular role under either of those options. MISO asserts that the December 14, 2012 Letter from Chairman Montgomery of the Wisconsin Public Service Commission and Commissioner White of the

² MISO reveals the low level of esteem it holds for the JCM process by suggesting that, if FERC does not expeditiously act, the capacity deliverability issue will be "relegate[d]" to the JCM process. (MISO's January 3 Filing at 3).

³ MISO January 3 Filing at 7-8.

Michigan Public Service Commission⁴ represents “clear indication” that OPSI and OMS are interested in performing the role that MISO asks the Commission to assign to OPSI and OMS under Option 1.⁵ MISO is mistaken in this regard and in attributing positions to OPSI and OMS without prior discussion and agreement.⁶

Assuming that the stakeholders in the JCM process develop a role for OPSI and OMS that is then approved by the respective OPSI and OMS Boards as envisioned in the Montgomery/White Letter described below and that OPSI and OMS continue to receive full cooperation from MISO and PJM in the JCM initiative, OPSI and OMS feel confident that the capacity deliverability issue will receive, in the JCM process, the attention that it deserves on a schedule that it deserves. Accordingly, Commission action is not needed in this case at this time. Nevertheless, as the OMS stated in its August 17, 2012 comments in this case, “because PJM and MISO have indicated that they have different priorities with respect to the pursuit of solutions for the capacity deliverability issue, it may be useful for the Commission, if it has a position on what priority this issue should be given, to make that position known.”⁷

⁴ Letter from Chairman Montgomery and Commissioner White, dated December 14, 2012.

<https://www.misoenergy.org/Library/Repository/Meeting%20Material/Stakeholder/Special%20Meetings/JCM%20Initiative/2013/20130129/20130129/20130129%20MISO%20PJM%20JCM%20Initiative%20Item%20004%20Montgomery-White%20Letter%2020121214.pdf>

⁵ MISO January 3 Filing, at footnote 15. The role for OPSI and OMS envisioned in the Montgomery/White Letter is different from the role described by MISO in their Option 1. One important difference is that, under MISO’s vision, the Commission would be ordering OPSI and OMS to perform a particular role. OPSI and OMS do not believe such an Order would be appropriate.

⁶ Chairman Montgomery and Commissioner White submitted an additional letter to MISO and PJM on January 23, 2013, indicating their concerns with the MISO January 3 Filing.

<https://www.misoenergy.org/Library/Repository/Meeting%20Material/Stakeholder/Special%20Meetings/JCM%20Initiative/2013/20130129/20130129/20130129%20MISO%20PJM%20JCM%20Initiative%20Item%20004%20%20Montgomery-White%20Letter%2020130123.pdf>

⁷ Comments of the Organization of MISO States, at 5.

III. Comments

On December 14, 2012, Michigan Commissioner Greg White (on behalf of OPSI) and Wisconsin Commission Chairman Phil Montgomery (on behalf of OMS) sent a joint letter to MISO and PJM. That letter stated in relevant part:

. . . we respectfully request that the RTOs agree to a more formalized role [for state regulators] 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. 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.⁸

PJM and MISO appropriately responded to this letter by placing the topic of state regulator involvement in the JCM process on the agenda for the January 29, 2013, meeting of the JCM.

The JCM group (comprised of MISO and PJM stakeholders representing various sectors) has been working on a stakeholder-prioritized list of MISO-PJM seam issues since July of 2012. This list, which includes capacity deliverability, was prioritized by the JCM stakeholders in terms of short, medium and long term goals, with their focus being to first develop recommendations that maximize operational efficiencies across the MISO-PJM seam. At this point, substantial progress on short-term projects has been achieved and MISO and PJM have made presentations to the JCM group concerning medium and long term seams issues. Work on many other seams issue solutions is still in progress and not yet finalized, such as aligning MISO and PJM outage coordination and implementing enhanced real-time and market flow data exchanges. As the JCM group identifies and agrees upon solutions, it brings those

⁸ Montgomery/White December 14, 2012, Letter, emphasis added.

recommendations to the individual MISO and PJM stakeholder processes to be finalized with RTO-specific details and tariff revisions.⁹

The December 14, 2012, Montgomery/White letter was spurred by a sense among some state regulator participants in the JCM process that the JCM process could perhaps become even more productive by having an increased formalization of framework in the JCM process and a more visible role for state regulators in the process, perhaps including OPSI and OMS Commissioners and staff should such a role be approved by the Boards of these organizations. MISO, apparently, shares some of this perception regarding the JCM process because MISO complains that the JCM has “no oversight or firm timeframes imposed pursuant to its statutory authority.”¹⁰ Chairman Montgomery and Commissioner White look forward to discussing with stakeholders, MISO, and PJM, the state regulators’ perception of the JCM process thus far and the ideas and concepts offered in the Montgomery/White letter to remedy any shortcomings that may exist in the current JCM process. OPSI and OMS are confident that wisdom of the group will produce adjustments in the JCM process that will lead to even more improvements.

OPSI and OMS State commissions have dedicated significant time and resources to the JCM process and Chairman Montgomery and Commissioner White (along with state commission staff) have made significant contributions to that process.¹¹ It would be unfortunate if MISO’s January 3 Filing were permitted to undermine, disrupt or divert the progress that has

⁹ See <http://www.jointandcommon.com/working-groups/joint-and-common-wg.aspx> for documentation of JCM meetings.

¹⁰ MISO January 3 Filing, at 3.

¹¹ One of those contributions is development of a “gross energy transfer capability number” which was developed by PJM and MISO at the behest of Chairman Montgomery and in conjunction with representatives of OPSI and OMS. OPSI and OMS object to MISO’s characterization of the “gross energy transfer capability number” which is referred to on page 10 of MISO’s January 3 Filing. That number was specifically acknowledged by Chairman Montgomery as not representing an indication of capacity transfer capability, or even an indication of energy transfer capability that could be sustained for any identifiable period of time.

been made and that will be made in the JCM process on the full range of MISO/PJM seams issues (including capacity deliverability).

IV. Conclusion

OPSI and OMS appreciate the Commission's consideration of these comments. For the reasons described above, OPSI and OMS do not believe the Commission needs to take expedited action in this case at this time, as MISO has requested.

Respectfully Submitted,

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Dated: February 5, 2013

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.
Dated at Des Moines, Iowa, this 5th day of February, 2012.

William H. Smith, Jr.
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