I. Stakeholder Feedback on MISO/PJM Regional Processes and Metrics

MISO and PJM reviewed their regional planning processes and metrics at the October 2nd IPSAC meeting. To facilitate a productive stakeholder discussion at the October 24th IPSAC meeting, MISO and PJM are soliciting feedback on what issues are priorities and potential steps to further the discussion.

- Please designate the following areas as “important” or “unimportant” to resolve for interregional coordination
  - Should joint metrics continue to be calculated
  - If joint metrics are needed, how many and what is their use
  - How JOA metrics are calculated
  - Data assumptions issues in coordinated planning
  - Regional planning difference issues
  - Other, please list

- For each “important” item:
  - Rank their criticality and priority to coordinated planning
  - Briefly describe an approach to advance the discussion

- For reference:
  - Metrics: currently MTEP/RTEP/JOA combinations of Production Cost and Load Cost and Adjustments
  - Process: MTEP/RTEP reliability coordination
  - Process: MTEP/RTEP MEP coordination
  - Process: Interregional JOA coordination

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Submit feedback by: October 16, 2014

Stakeholder feedback:
ITC Holdings thanks MISO for soliciting feedback on issue priorities. Our ranking of the issues that need to be resolved in order to create effective interregional coordination are shown below. Note that several of these issues should be evaluated simultaneously given the shortcomings of the current process. These shortcomings include project threshold limitations, evaluation metrics, modeling, regional differences, and processes for project approval.

As currently established, the interregional process has failed to meet the objectives of FERC Order 1000 to construct viable interregional projects. It has been unable to identify any buildable projects despite the prevalent seams issues. Even if projects had been identified, the lack of a clear process on how projects move from the interregional to the regional process would handicap any projects subject to interregional evaluation. This creates the situation where the regional projects are the most viable solution and thus minimalizes or eliminates the potential for an interregional project which might be a better technical solution and offer greater overall benefits to the MISO and PJM systems than a regional project.

That said, ITC’s overall recommendation is to change the current interregional project evaluation process paradigm of having projects undergo both regional and interregional evaluations. Our recommendation is that interregional projects be evaluated only through an interregional process as this will eliminate the issues of multiple and possibly conflicting regional evaluation metrics. If the two regional processes must be retained, then those should be harmonized as much as possible to ensure that projects are subject to the same or very similar standards and that the timing of this evaluation be run concurrently to minimize the overall time for project review and approval. We understand that this paradigm shift will require substantial Stakeholder and RTO discussions and tariff modifications but believe that this is the best way to create an environment where valuable interregional projects can pass the evaluation metrics and be constructed.
Please designate the following areas as “important” or “unimportant” to resolve for interregional coordination

**Unimportant - Should joint metrics continue to be calculated**

Yes. However, ITC believes that MISO and PJM must focus on developing an improved IPSAC process structure as discussed in our introduction.

**Important-#1 - If joint metrics are needed, how many and what is their use**

The benefit metrics should include measures for reliability, historic and future market efficiency, public policy, and real-time operations. Currently only future market efficiency is measured. Joint metrics should be used as the primary method for approving interregional projects and calculating interregional cost allocation.

**Important-#2 - How JOA metrics are calculated**

The calculation of joint metrics and their implications should be clearly understood by MISO and PJM and be succinctly explained to the Stakeholders. The detailed calculations should be transparent and available to the public. MISO and PJM should provide multiple and varied examples of how the calculations affect the benefits, including situations when the calculations are counter-intuitive.

**Not Important - Data assumptions issues in coordinated planning**

Accurate models, including proper data assumptions, must be built to determine the value of proposed planning solutions. However, ITC believes that MISO and PJM must focus on developing an improved IPSAC process structure as discussed in our introduction.

**Important-#2 - Regional planning difference issues**

MISO and PJM will understandably have regional planning differences. Given this, the important issue is to improve the coordination of the regional processes. Currently, potential solutions must navigate a labyrinthine three stage structure based upon both interregional and regional processes. The best solution would be making the interregional studies the primary method for project approval. If regional studies continue to be required, then those should be modified to shorten the overall assessment time period, including consideration of conducting those concurrently.

**Important-#3 - MISO/PJM “Quick Fix” Analysis**

MISO and PJM appear to be considering a “quick-fix” study of projects and more details regarding that analysis should be provided. As ITC understands it this activity will look at a bucket of projects that target specific and persistent seams issues. This would shift the analysis to a “project focused” rather than “metric focused” search for solutions. ITC fully supports this approach. Given the prevalent issues on the seams, finding appropriate project or projects and then analyzing the benefits may be substantially more effective than the current process because more issues will be evaluated and could be considered important early in the process. Many of the projects identified through this type of analysis may be small; however, larger projects should also be considered. A wider portfolio will help to identify issues and ultimately select the best solution.

**Important-#4 – Integration with Regional Competitive Processes**

Most interregional projects will be subject to both RTOs regional competitive processes so they will need to be apportioned between the RTOs and subsequently apportioned between incumbents and developers within each RTO. The detailed process for apportioning responsibilities between the two regional process must be defined, particularly if any regional aspects would differ for an interregional project than a regional project (such as the establishment of MISO TPR, PJM problem statement, PJM proposal window, interplay with regional competitive projects, etc.)
**Important-#5 – Stakeholder Presentations**

The IPSAC should allow for stakeholders presentations to encourage in depth discussion of the issues and possible solutions.

**Important-#6 – Other: FERC Involvement**

FERC could have an instrumental role in the interregional process. MISO and PJM should encourage FERC’s active participation in the stakeholder meetings and other forums to help foster better coordination and ensure that the Order 1000 objectives are met.

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