American Electric Power (AEP) and Transource Energy appreciate the opportunity to provide feedback on the current PJM-MISO joint planning study process. Our comments focus on the seemingly unattainable hurdles that the RTOs have established for the selection and approval of cross-border transmission projects. Given the significant differences between the interregional and respective regional study processes in terms of models, futures, metrics, criteria, assumptions, and scopes, it’s not surprising that no cross-border projects have resulted from any of the JOA studies that the two RTOs have conducted to date. Both PJM and MISO need to consider a different process for planning interregional transmission projects that will produce more meaningful and constructive results as compared to the present process that is wasting both time and effort. Our comments focus on making productive changes to the joint planning process.

**Planning of Cross-Border Market Efficiency Projects (CBMEP)**

1. The interregional study process for determining and quantifying regional market efficiency needs should be eliminated in favor of each RTO using its respective and established regional study process to determine and quantify its respective regional market efficiency needs. This approach would continue to comply with FERC Order 1000 interregional requirements.

2. The two RTOs would post their respective regional market efficiency needs and congested flowgates, and invite stakeholders to submit interregional proposals that potentially could address these regional market efficiency issues more efficiently and cost-effectively than any regional proposals the RTOs may already be considering.

3. As part of the interregional planning process, each RTO determines what portion of its market efficiency issues is met by each of the interregional proposals. If the sum of each RTO’s portion meets or exceeds the total cost of the interregional proposal, then that proposed project is included in the list of finalist from which the most efficient and cost-effective projects will be selected for approval as CBMEPs. Cost apportionment of the approved CBMEPs across the two RTOs would be in proportion to the market efficiency benefits (issues met) that each RTO derives from the approved CBMEPs.

For example, assume RTO#1 determines that Project A addresses its market efficiency needs if its share of the project cost does not exceed $40M, while RTO#2 determines that Project A meets its market efficiency needs if its share of the project cost does not exceed $60M. If Project A costs $100M, then Project A should be included in the list of finalists. Assuming that only one other interregional proposal (Project B) has also been proposed, and Project B meets those same regional market efficiency needs, but costs only $80M, then the RTOs would be expected to select Project B for approval as a CBMEP. Under this latter scenario, Project B would be cost apportioned $32M \([80M \times 40M / (40M + 60M)]\) to RTO#1 and $48M \([80M \times 60M / (40M + 60M)]\) to RTO#2. Of course, if there are regional projects that meet the RTO market efficiency needs more efficiently and cost-effectively than the interregional projects, then those regional projects would be selected and approved over the interregional projects.
This process is not limited to only considering market efficiency needs when quantifying the dollar benefits that may be provided to each RTO by a given interregional proposal. For example, the $40M of market efficiency needs that Project B addresses for RTO#1 could be augmented by $10M worth of reliability projects that Project B displaces, giving RTO#1 an overall dollar benefit of $50M. Under this example, Project B would be cost apportioned $36.4M [($80M x $50M / ($50M+$60M)] to RTO#1 and $43.6M [($80M x $60M / ($50M+$60M)] to RTO#2.

Planning of Cross-Border Baseline Reliability Projects (CBBRP)

Similar to the planning of CBMEPs, the interregional study process for determining reliability needs should be eliminated in favor of each RTO using its respective regional study process to determine its respective regional reliability needs. The RTOs would then post their respective regional reliability needs and invite stakeholders to submit interregional proposals that may address these regional reliability needs more efficiently and cost-effectively than any regional proposals the RTOs may already be considering. When running their respective regional reliability studies, however, both RTOs should note the following:

(a) Monitored and contingency lists used by each RTO should include facilities that are located in the neighboring RTO footprint to ensure that all reliability impacts on both RTO footprints are identified and addressed.

(b) Planning criteria violations caused in one RTO footprint by planning criteria testing conducted by the other RTO need to be addressed by both RTOs, with the solutions included in the appropriate regional transmission expansion plans.

(c) Each RTO should model similar testing conditions in the other RTO footprint when conducting its own reliability testing. For example, when one RTO is testing for load deliverability conditions in its footprint, it should also model similar load deliverability conditions in the adjacent areas of the other RTO, since the emergency conditions (e.g., extreme weather) that are necessitating the load deliverability testing conditions in its footprint are also likely to exist in those adjacent areas that are located in the other RTO footprint. Another example is ensuring that the generation deactivations that one RTO models in its reliability testing are included in the testing the other RTO is conducting.

(d) In addition to reliability upgrades that physically cross the seam, reliability upgrades that are physically located entirely within one RTO footprint that eliminate the need for reliability upgrades that are physically located entirely within the other RTO footprint should also be considered during the CBBRP planning process.

(e) Similar to the cost apportionment of approved CBMEPs, the approved CBBRPs would be cost apportioned across the two RTOs in proportion to the total cost of the regional reliability projects displaced in each RTO footprint by the approved CBBRPs.
Submittal of Interregional Project Proposals

Given the different constructs that PJM and MISO have in place for the solicitation of competitive proposals and the eventual selection of the designated entities that will finance, construct, own, operate, and maintain any resulting competitive projects, both RTOs need to explain what construct will be used under the interregional planning process to solicit competitive interregional project proposals, and how this interregional project proposal solicitation process will align with the respective RTO regional project proposal solicitation processes both from a timing and timeline perspectives.