ITC Feedback: Capacity Deliverability Proposals for PJM Resources into MISO
6/25/2015

ITC appreciates the opportunity to provide feedback on MISO's presentation at the May 27 Joint and Common Market Meeting of three capacity deliverability enhancement options from PJM to MISO, and offers the following comments for consideration.

ITC understands that MISO wishes to eliminate barriers to external generators' participation in the MISO capacity construct. All three options presented by MISO appear to be methods of simulating a "network" study approach to determine deliverability. From ITC's perspective, the selected approach should take into account the reliability of the system, as well as comparable treatment for all resources, as embodied in the following principles:

- The deliverability study method should model the external system to ensure that the resources are truly deliverable, not just to the border, but to network load.
    - Service must be firm.
    - Market re-dispatch to allow deliverability should not be permitted (i.e., this is equivalent to "non-firm" service).
- External generators wishing to participate in the MISO capacity construct should not receive special treatment in a manner that is discriminatory to other capacity market participants.
    - Internal and external generators should be treated on an equal footing in terms of network deliverability.

For all three of the alternative options, ITC has concerns about language which states that generation "in aggregate" will be allowed to serve load "in aggregate," since it has not been made clear how external resources will be modeled relative to internal resources. MISO should explain how internal and external firm transactions will be modeled, and if these will not be modeled, should explain why not. While aggregation might be a principle of "network" service, if market re-dispatch must be employed to reduce generation to serve load "in aggregate", it suggests that the resource may not actually be deliverable, particularly when this generation is external and remote from the load. Additional information is needed to fully explain and justify aggregate deliverability of external generation in the proposed study methods.

In current processes for internal capacity deliverability in MISO, Capacity Import Limits (CILs) and Capacity Export Limits (CELs) are part of the process for internal resources to qualify as capacity in specific zones. ITC requests that MISO provide additional information on how CILs and CELs (or their equivalents) would be employed in the study processes for the three capacity deliverability options presented, or how internal resources (to which CILs and CELs apply) will be held harmless. No preferential treatment should be provided for external resources relative to internal resources, nor should resources that cannot be supported by the current capability of the transmission system be qualified as the result of a 'special' study.

With the above qualifications regarding deliverability "in aggregate" and CILs / CELs, ITC believes that the two approaches modeled on existing interconnection or transmission service are the most reliable and equitable proposals. Both contain elements that help to ensure firm service and that existing and new resources are treated in a similar manner. The External Network Resource Interconnection Service option has the additional benefit of being based on an existing stakeholder- and FERC-approved construct, which would simplify and shorten implementation. Modified External Network Integration Transmission Service would likely involve an extended time for educating and vetting changes with stakeholders, and for developing process and system changes.

Absent the clarifications requested above regarding deliverability 'in aggregate', and specifically assurances that the studies would ensure sufficient transmission capability to reliably and effectively deliver the capacity, ITC cannot support the MISO System Deliverability of PJM Resources option. This option also seems restrictively difficult to implement, as it involves a joint system deliverability study for MISO and PJM, who have different models and planning standards that would need to be coordinated.

Based on the above points, ITC recommends that MISO (1) provide additional details on the aspects of the deliverability study method that address deliverability "in aggregate," and incorporate CILs and CELs or their equivalents; and (2) pursue further development with stakeholders of the External Resource Network Resource Interconnection Service option. ITC further suggests that these and other technical questions raised in stakeholder feedback be taken to the MISO Interconnection Process Task Force (IPTF), and the equivalent PJM committee, for evaluation. The MISO IPTF has been evaluating the "External Network Resource Interconnection Service" option as regards to capacity deliverability, and the expertise of that committee would be valuable in comparing the three options that MISO has presented.