

June 26, 2015

MISO

**Attn: Jesse Moser, Jeanna Furnish
720 City Center Drive
Carmel, IN 46032**

RE: NIPSCO's Feedback in response to Capacity Deliverability on May 27, 2015 at MISO-PJM JCM

Challenges with the MISO's Proposals:

- NIPSCO is concerned that external capacity deliverability could have the potential of causing further issues along the seams by falling into a regional evaluation gap if inter-RTO transfer of capacity is not effectively analyzed.
- MISO states there are benefits to the pursuit of joint deliverability as also stated in the Final Capacity Deliverability Fact Finding Summary Report, but it appears the RTOs are sidestepping this opportunity by evaluating options to improve efficiency only in the PJM-to-MISO direction. This proposal (third proposal in slide deck) appears to be a MISO regionally applied analysis, criteria, and treatment of an inter-RTO facilities. Ideally, to analyze impacts of joint deliverability successfully, there should be a single robust interregional analysis along with a single criteria, and an agreeable cost allocation established between RTOs where any identified issues are addressed and resolved without differential treatment.
- The issues identified in the Final Capacity Deliverability Fact Finding Summary Report are still applicable for any of the proposed external capacity deliverability solutions presented. MISO would still need to address the issues of transmission cost shifts, cost shifts between RTOs, proper assessment of physical capabilities of existing transmission, and how to handle transmission rights due to external capacity.
- NIPSCO, as well as other TOs, have already provided feedback regarding the proposal of External Network Resource Integration Service in the IPTF where the latest comments were never posted publicly. To summarize those comments, the feedback was generally directed towards the fact that MISO is proposing an external capacity service which would result in differential (relaxed) treatment in comparison to the treatment for internal capacity service. In addition, NIPSCO provided comments describing the inadequate nature of merely applying its regional deliverability test since the analysis methodology does not properly account for generation deliverability methodologies of other RTOs and their corresponding use of jointly used seams facilities.
- MISO has made and continues to vet further changes to their regional methodology and criteria for generation deliverability. NIPSCO would prefer MISO vet, finalize, and document its approach to regional deliverability prior to pushing for resolution of external capacity proposals in the JCM since the regional process is a required prerequisite in their proposals.
- In summary, NIPSCO believes an option may exist for an interregional joint capacity deliverability construct (which is not to be confused with option 3) given that the standing issues and hurdles presented by the RTO's in the Final Deliverability Fact Finding Report still need to be addressed, vetted, and resolved if pursued. However, the MISO proposals are merely MISO solutions for a capacity service in a single direction from PJM-to-MISO which does not address the interregional issues, and furthermore, introduces regional issues which would require further regional process and study changes in an unsuitable attempt to capture and account for interregional impacts to accommodate external resources which would ultimately result in a higher probability of cost shifts and masking of reliability issues.