



Proposed Compliance with Order 1000 Interregional Coordination and Cost Allocation Requirements

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MISO-PJM Order 1000
Interregional Workshop

Interregional Coordination Requirements



- Requirement:
 - Requires each public utility transmission provider, through its regional transmission planning process, to adopt interregional transmission coordination procedures that provide for the exchange of planning data and information at least annually, including the specific obligations for sharing planning data and information rather than only an agreement to do so. (P 454)
- Proposed MISO-PJM Compliance:
 - Section 9.2.1 requires and describes items to be exchanged at least annually

- Requirement:
 - Requires each public utility transmission provider, through its regional transmission planning process, to establish procedures with each of its neighboring transmission planning regions for the purpose of coordinating and sharing the results of respective regional transmission plans to identify and evaluate possible interregional transmission facilities that could address transmission needs more efficiently or cost-effectively than separate regional transmission facilities. (P 396, 398, 435)
- Proposed MISO-PJM Compliance:
 - Annual issues review process with stakeholders (Proposed Section 9.3.5.a)
 - Coordinated System Plan study process (Proposed Section 9.3.5.b)
 - Note for MISO-PJM the definition of interregional transmission facility is not limited to just tie-lines as defined in Order 1000

- Requirement:
 - Requires that each public utility transmission provider, through its transmission planning region, to develop procedures to harmonize differences in the data, models, assumptions, planning horizons, and criteria used to study a proposed interregional transmission facility. (P 437)
- Proposed MISO-PJM Compliance:
 - As part of the Coordinated System Plan study process joint models will be developed to evaluate proposed interregional projects
 - See proposed Section 9.3.5.2.b.6

- Requirement:
 - Requires that both regions conduct joint evaluation of an interregional transmission project in the same general timeframe as each region's consideration of the transmission project. (P 438)
- Proposed MISO-PJM Compliance:
 - Coordinated system planning process described in Section 9.3.5 will occur in parallel to each region's planning process

- Requirement:
 - Requires the public utility transmission providers to make transparent the analyses undertaken and determinations reached by neighboring transmission planning regions in the identification and evaluation of interregional transmission facilities. (P 465)
- Proposed MISO-PJM Compliance:
 - Stakeholders through IPSAC will be given numerous opportunities to review and provide input into coordinated system planning process described in Section 9.3.5
 - Each region will also maintain a website with information on the MISO-PJM interregional process
 - See proposed Section 9.1.1.3

- Requirement:
 - Requires public utility transmission providers, either individually or through their transmission planning region, to maintain a website or e-mail list for the communication of information related to interregional transmission coordination procedures. (P 458)
- Proposed MISO-PJM Compliance:
 - Each region will maintain a website with information on the MISO-PJM interregional process
 - See proposed Section 9.1.1.3

- Requirement:
 - Requires that the public utility transmission providers in each pair of neighboring transmission planning regions, working through their regional transmission planning processes, must develop the same language to be included in each public utility transmission provider's OATT that describes the interregional transmission coordination procedures for that particular pair of regions. (P 458)
- Proposed MISO-PJM Compliance:
 - Order 1000 interregional coordination procedures will be in Article IX of the MISO-PJM JOA
 - Each region's Tariff will include reference to the MISO-PJM JOA for the interregional coordination procedures

Interregional Coordination Requirements

- Requirement:
 - Requires that each public utility transmission provider give stakeholders the opportunity to provide input into the development of its interregional transmission coordination procedures and the commonly agreed-to language to be included in its OATT. (P 466)
- Requirement:
 - Requires that the public utility transmission providers in each pair of neighboring transmission planning regions, working through their regional transmission planning processes, must develop the same language to be included in each public utility transmission provider's OATT that describes the interregional transmission coordination procedures for that particular pair of regions. (P 475)
- Proposed MISO-PJM Compliance
 - MISO and PJM have held multiple joint stakeholder workshops over the last six months discussing proposals and allowing for stakeholders to provide feedback on those proposals

Interregional Cost Allocation Requirements

- Requirement:
 - Requires neighboring transmission planning regions to have a common method or methods for allocating the costs of a new interregional transmission facility among the beneficiaries of that transmission facility in the two neighboring transmission planning regions in which the transmission facility is located, and in an RTO or ISO region, the method must be filed in the OATT. (P 578)
- MISO-PJM Proposed Compliance
 - Section 9.4.3 includes criteria and cost allocation methodologies for cross-border projects
 - Note existing cost allocation methodologies include projects that are solely within one region, which goes beyond the Order 1000 definition of an interregional transmission facility as being a tie-line between planning regions

- Requirement:
 - Requires that an interregional transmission facility must be selected in both of the relevant regional transmission planning processes for purposes of cost allocation in order to be eligible for interregional cost allocation (P 582)
- MISO-PJM Proposed Compliance
 - Existing cross-border cost allocation provisions require approval by MISO and PJM in regional process
 - See criteria in Section 9.4.3.1.1 and Section 9.4.3.1.2
- Requirement:
 - Show that cost allocation method or methods for interregional cost allocation are just and reasonable and not unduly discriminatory or preferential by demonstrating that each method satisfies the six cost allocation principles. (P 603)
- MISO-PJM Proposed Compliance
 - See existing cost allocation provisions in Section 9.4.3
 - See appendix for summary of existing cost allocation methodologies

- Six Interregional Cost Allocation Principles:
 1. Costs of a new interregional facility must be allocated to each planning region in a manner that is roughly commensurate with the estimated benefits. (P 622)
 2. A planning region that receives no benefit from interregional facility must not be involuntarily allocated costs. (P 637)
 3. If a benefit-cost threshold criteria is used that threshold must not exceed 1.25. (P 646)
 4. Costs allocated for an interregional transmission facility must be assigned only to transmission planning regions in which the transmission facility is located. (P 657)
 5. Cost allocation method and data requirements for determining beneficiaries must be transparent, with adequate documentation to allow a stakeholder to determine how they were applied. (P 668)
 6. Planning regions for interregional facilities may choose to use different cost allocation methods for different project types. (P 685)

Appendix

Article IX: Coordinated Transmission Planning⁶

- **Allocation of Costs of Network Upgrades (Section 9.4)**
 - Associated with Interconnections and TSRs
 - Shall be paid for in accordance with the Party's Tariff impacting and causing the need for upgrades on the Affected System
 - Under Coordinated System Plan (CSP)
 - CSP identifies cross-border projects as:
 - Cross-Border Baseline Reliability Project (CBBRP)
 - Cross-Border Market Efficiency Project (CBMEP)
 - JRPC designates the cost allocated to each RTO
 - Proposed cost allocation reviewed with IPSAC and the appropriate multi-state entities and posted on each RTO's website
 - Stakeholder input will taken into consideration by the JRPC in arriving at a consensus allocation of costs

Article IX: Coordinated Transmission Planning⁷

- **Criteria for Designation as CBBRP (Section 9.4.3.1.1)**
 - JRPC agreement the project is needed to efficiently meet applicable reliability criteria
 - Meet MISO and PJM Tariff defined BRP criteria
 - Minimum of \$10 million in project cost allocated to the RTO where the project is not constructed
 - Using the CSP power flow model, the contribution of one RTO to the loading on the constrained facility must be at least 5% of the total loading on the constrained facility
- **Cost Allocation for CBBRP (Section 9.4.3.2.1)**
 - Project cost allocation to be based on the contribution of each RTO's load to the loading on the constrained facility requiring the need for the CBBRP

Article IX: Coordinated Transmission Planning⁸

- **Criteria for Designation as CBMEP (Section 9.4.3.1.2)**
 - Minimum estimated project cost of \$20 million or greater
 - Evaluated as part of a CSP or joint study process
 - Meets a minimum benefit/cost ratio of 1.25
 - Benefit Metric = 70% of change in Adjusted Production Cost (APC) + 30% of change in Net Load Payment (NLP)
 - APC for each RTO is adjusted for interchange purchases and sales
 - NLP represents each RTO's gross load payment minus estimated value of congestion hedging transmission rights
 - Present value of benefits and costs calculated over a minimum of the first 10 years of in-service life, with a maximum planning horizon of 20 years from approval year
 - Present value of costs calculated using the estimated annual charge rate of the constructing Transmission Owner (TO)
 - Discount rate based on the combined RTOs TOs' after-tax weighted average cost of capital weighted by each TO's transmission plant

Article IX: Coordinated Transmission Planning⁹

- **Criteria for Designation as CBMEP, cont. (Section 9.4.3.1.2)**
 - Meet MISO and PJM Tariff defined MEP criteria
 - Minimum project cost thresholds should be based on the total CBMEP project costs and not the portion allocated to each RTO
 - MISO and PJM will use the costs allocated to their region when evaluating the project against their internal criteria
 - Addresses one or more constraints for which at least one dispatchable generator in the adjacent market has a GLDF of 5% or greater with respect to serving load in the adjacent market
- **Cost Allocation for CBMEP (Section 9.4.3.2.2)**
 - Project costs are allocated in proportion to each RTO's share of the net present value benefits calculated for the qualifying CBMEP