

168 FERC ¶ 61,018
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;
Cheryl A. LaFleur, Richard Glick,
and Bernard L. McNamee.

Midcontinent Independent System Operator, Inc.
Southwest Power Pool, Inc.

Docket Nos. ER19-1895-000
ER19-1896-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued July 16, 2019)

1. On May 17, 2019, pursuant to section 205 of the Federal Power Act (FPA),¹ Midcontinent Independent System Operator, Inc. (MISO) and Southwest Power Pool, Inc. (SPP) (together, the Regional Transmission Organizations (RTOs)) submitted in Dockets Nos. ER19-1895-000 and ER19-1896-000, respectively, identical revisions to Article IX of the Joint Operating Agreement (JOA) between MISO and SPP to implement changes to their interregional transmission coordination process, as set forth in the Coordinated System Plan procedures within the JOA.² In this order, we accept the proposed revisions, effective July 17, 2019, as requested.

¹ 16 U.S.C. § 824d (2012).

² SPP, FERC Electric Tariff, Rate Schedules and Seams Agreements, Rate Schedule No. 9 MISO-SPP Joint Operating Agreement, Article IX (Coordinated Regional Transmission Expansion Planning) (0.0.0); MISO, FERC Electric Tariff, MISO Rate Schedules, Joint Operating Agreement MISO and SPP, Article IX (Coordinated Regional Transmission Expansion Planning) (30.0.0). The RTOs maintain their own version of the JOA in their respective eTariff database at the Commission. The RTOs state that, other than modifications to reflect each respective RTO's tariff, the RTOs intend for their transmittal letters to be substantively identical.

I. Background

2. Currently, the RTOs implement their “coordinated interregional transmission planning” procedures through a Joint Planning Committee, which is made up of representatives of the staffs of MISO and SPP.³ The Joint Planning Committee is responsible for all aspects of MISO’s and SPP’s coordinated interregional transmission planning, including the development of a Coordinated System Plan.⁴ On an annual basis, except when there is an ongoing Coordinated System Plan study being performed, the Joint Planning Committee schedules an Interregional Planning Stakeholder Advisory Committee to review identified transmission issues and makes a recommendation on whether a Coordinated System Plan study should be performed.⁵ The Joint Planning Committee is then responsible for developing a joint and common model that shall be used for the Coordinated System Plan study, which the Joint Planning Committee uses to perform all analysis related to the joint evaluation.⁶ After completion of a Coordinated System Plan study, the Joint Planning Committee produces a draft report documenting the transmission issues evaluated, studies performed, solutions considered, and, if applicable, the recommended interregional transmission projects with the associated interregional cost allocation.⁷ The Joint Planning Committee provides this information to the Interregional Planning Stakeholder Advisory Committee⁸ for review and feedback, and the updated Coordinated System Plan study report is then posted on each region’s

³ MISO-SPP JOA, § 9.1.1 (Joint Planning Committee).

⁴ The primary purpose of coordinated system planning is to ensure that coordinated analyses are performed to identify expansions or enhancements to transmission system capability needed to maintain reliability, address public policy requirements, improve operational performance, or enhance the efficiency of electricity markets. Any such expansions or enhancements shall be described in a Coordinated System Plan. MISO-SPP JOA, § 9.3 (Coordinated System Planning).

⁵ MISO-SPP JOA § 9.3.2.3 (IPSAC Review of Identified Transmission Issues).

⁶ MISO-SPP JOA § 9.3.3.2 (Model Development for a Coordinated System Plan Study).

⁷ MISO-SPP JOA, § 9.3.3.5.1 (Coordinated System Planning Study Report).

⁸ The Interregional Planning Stakeholder Advisory Committee is open to all stakeholders and any stakeholder may provide comments or ask questions. MISO-SPP JOA, § 9.1.2.1 (IPSAC Structure).

respective interregional transmission coordination website.⁹ Then, each RTO considers the recommended interregional transmission solutions in its respective regional transmission planning process: the MISO Transmission Expansion Plan and the SPP Integrated Transmission Plan.

3. Each recommended interregional transmission project must be vetted through both RTO regional processes and approved by each RTO's Board of Directors to be implemented as an interregional transmission project as part of a Coordinated System Plan.¹⁰ To determine how the cost for an approved interregional transmission project will be allocated, the RTOs first jointly evaluate the benefits of the project to each RTO individually, using agreed-upon benefit metric(s) over a multi-year analysis.¹¹ Then, pursuant to the interregional cost allocation method, the applicable interregional transmission project costs are allocated to each RTO in proportion to the net present value of the total benefits calculated for each RTO.¹²

4. The RTOs filed their current JOA procedures for conducting coordinated interregional transmission planning to comply with the interregional transmission coordination requirements of Order No. 1000.¹³ Specifically, in Order No. 1000, the Commission required each public utility transmission provider to establish procedures with each of its neighboring transmission planning regions for the purpose of: (1) coordinating and sharing the results of the respective regional transmission plans to identify possible interregional transmission facilities that could address regional transmission needs more efficiently or cost-effectively than separate regional transmission facilities; and (2) jointly evaluating those interregional transmission facilities that the pair of neighboring transmission planning regions

⁹ MISO-SPP JOA, § 9.3.3.5.2 (JPC Interregional Project Recommendation).

¹⁰ MISO-SPP JOA, § 9.3.3.6 (Regional Approval Process).

¹¹ MISO-SPP JOA § 9.6.3.1.1 (Determination of Benefits to each RTO from Interregional Project).

¹² MISO-SPP JOA § 9.6.3.2 (Cost Allocation and Recovery for Interregional Projects).

¹³ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 136 FERC ¶ 61,051 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g and clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff'd sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014).

identify.¹⁴ Additionally, Order No. 1000 required each public utility transmission provider to develop procedures by which differences in data, models, assumptions, transmission planning horizons, and criteria used to study a proposed interregional transmission project can be identified and resolved for purposes of joint evaluation, but left each pair of neighboring regions discretion to implement this requirement through an Order No. 1000 compliance filing.¹⁵ The Commission found that the RTOs' procedures in Article IX of the JOA comply with the interregional transmission coordination requirements of Order No. 1000.¹⁶

II. Filings

5. The RTOs state that as a result of their experience in conducting Coordinated System Plan studies in 2014 and 2016 and collaborating with stakeholders on lessons learned after each of these efforts, they are proposing revisions to the JOA to implement three primary improvements to the Coordinated System Plan process: (1) elimination of the use of a joint model; (2) consideration of additional benefits associated with potential interregional transmission projects; and (3) removal of the \$5 million minimum cost threshold for a project to be eligible as an interregional transmission project.¹⁷ The RTOs state that they also propose several additional process improvements, including the inclusion of a process timeline and clarification on the determination of interregional cost allocation, among others.¹⁸ The RTOs state that, taken together, these proposed changes to the Coordinated System Plan process will allow the RTOs to continue to perform joint and coordinated planning on an annual basis, but also to more efficiently evaluate regional and interregional transmission projects concurrently, potentially test more projects than the existing process, and evaluate potential interregional transmission

¹⁴ See Order No. 1000-A, 139 FERC ¶ 61,132 at P 493.

¹⁵ Order No. 1000, 136 FERC ¶ 61,051 at P 437.

¹⁶ See *Sw. Power Pool, Inc.*, 150 FERC ¶ 61,093 (2015) (SPP/MISO First Interregional Compliance Order); *Sw. Power Pool, Inc.*, 154 FERC ¶ 61,075 (2016); *Sw. Power Pool, Inc.*, Docket Nos. ER13-1937-003 and ER13-1938-002 (Apr. 6, 2016) (delegated order).

¹⁷ MISO Transmittal at 3.

¹⁸ *Id.* at 4.

projects under “multiple regional futures,”¹⁹ which may allow for a better business case than projects only studied under a joint model with a “single future.”²⁰

6. Under the first set of revisions, the RTOs propose to eliminate the use of a joint model for evaluating potential interregional transmission projects. The RTOs state that, currently, the JOA requires development of a joint planning model for use in the Coordinated System Plan. The RTOs assert that they spend a great deal of time determining the joint modeling assumptions, how those differ from the assumptions being used in each RTO’s respective regional models, and whether to use MISO or SPP’s assumption, or a new negotiated assumption. The RTOs contend that this complication, and the need to be transparent with stakeholders about the decisions being made, leads to complexity and necessitates a large time commitment in order to build a joint model.²¹

7. The RTOs explain that the use of a joint model results in evaluating potential interregional transmission projects with a different set of assumptions than each RTO uses in performing its individual regional transmission planning process. The RTOs add that the current Coordinated System Plan process requires projects to be evaluated by using the joint model of the Coordinated System Plan study process and by each RTO in its respective regional transmission planning models within the regional transmission planning process. The RTOs state that there are inherently different results between the joint model and the RTOs’ respective regional models, which result in potential interregional transmission projects initially identified as mutually beneficial to MISO and SPP based on the joint modeling analysis in the JOA but ultimately failing to show sufficient benefits under each RTO’s regional review processes.²² The RTOs state that this “triple hurdle” has been identified by stakeholders as an overly burdensome requirement.²³

8. The RTOs propose modifications to the JOA to implement their proposal to eliminate the joint model. For example, the RTOs propose to alter the Joint Planning Committee’s responsibilities to no longer include requirements related to a joint model, and to add responsibilities to the Joint Planning Committee that include a review of each

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.* at 5.

²² *Id.*

²³ *Id.* at 6.

RTO's respective regional models.²⁴ The RTOs propose language that they assert assures that the regional models used in the interregional evaluation by each planning region are sufficiently coordinated, including joint review of each region's respective models.²⁵ Similarly, the RTOs propose to remove existing language that references the use of a joint model and add a requirement that models used for the evaluation of interregional transmission projects within a Coordinated System Plan are regional planning models.²⁶ The RTOs also propose to change the required frequency of the Coordinated System

Plan study to no less than every two years.²⁷ To further support this change, the RTOs propose to change the timing requirements of the Interregional Planning Stakeholder Advisory Committee meetings and the JOA's annual transmission issues evaluation to better align with the revised SPP-MISO Coordinated System Plan process.²⁸

9. In addition, the RTOs propose modifications to the Coordinated System Plan to require each RTO to assist in the preparation of a Coordinated System Plan applicable to the RTOs' systems; require that each RTO's annual transmission planning reports be incorporated into the Coordinated System Plan and each RTO have exclusive rights over its own transmission planning process and results; and to limit financial compensation due to the impact of the other RTO's plans or additions.²⁹ The RTOs also propose modifications to the scope development process of the Coordinated System Plan to remove existing language that references the use of a joint model and to explain how

²⁴ *Id.* at 7-8. See MISO-SPP JOA § 9.1.1.1 (JPC Responsibilities) (proposed).

²⁵ See MISO-SPP JOA § 9.1.1.1.ii (JPC Responsibilities) (proposed).

²⁶ MISO Transmittal at 9. See MISO-SPP JOA § 9.3.3.2 (Model Development for a Coordinated System Plan Study) (proposed).

²⁷ MISO Transmittal at 7. See MISO-SPP JOA § 9.1.1.1 (JPC Responsibilities) (proposed). The existing procedures, at MISO-SPP JOA § 9.3.2.4, provides that a Coordinated System Plan Study would be performed if recommended by the Interregional Planning Stakeholder Advisory Committee and both SPP and MISO agree, or if either SPP or MISO agree with the recommendation and there has not been a study in the two consecutive previous years.

²⁸ MISO Transmittal at 7. See MISO-SPP JOA §§ 9.3.2 (Annual Transmission Issues Evaluation) (proposed), 9.3.2.3 (IPSAC Review of Identified Transmission Issues) (proposed).

²⁹ MISO Transmittal at 8. See MISO-SPP JOA § 9.3.3 (Coordinated System Plan Study) (proposed).

regional futures will be utilized in the new Coordinated System Plan process, including that each Coordinated System Plan scope will document how the weighting of each regional future will impact the benefits determined for interregional projects, which determines the interregional cost allocation.³⁰

10. The RTOs propose to alter JOA provisions concerning model development for the Coordinated System Plan study to remove references to the joint model. The proposed revisions add the requirement that models used for the evaluation of interregional projects within a Coordinated System Plan are regional planning models and add an additional reference to the need for coordination of the regional models. The RTOs note that with the removal of joint models, MISO and SPP will utilize regional planning models for performing a Coordinated System Plan, thus adding importance to each RTO reviewing the other's respective regional models.³¹ This proposed provision would also state that each RTO should not make changes to their regional models simply because a Coordinated System Plan study is being performed. The RTOs state this statement is meant to address the stakeholder concern that the parties could value projects differently due to the potential of interregional cost allocation introduced with an ongoing Coordinated System Plan.

11. The RTOs propose to add provisions to clarify how approvals will work under the revised Coordinated System Plan process. The proposed revisions state that the Joint Planning Committee will make a determination on interregional transmission projects based on whether the proposed project(s) satisfies the respective regional criteria and the criteria in the JOA and that approvals by each RTO's Board of Directors will still be required in the new approval process.³² The RTOs also propose revisions to require the Coordinated System Plan study report to document why transmission solutions studied in the Coordinated System Plan were not recommended as interregional transmission projects, require that the study report be updated to include feedback from stakeholders and the outcome of each study, and that the study reports be posted on each RTO's respective interregional webpage.³³

³⁰ MISO Transmittal at 8. *See* MISO-SPP JOA § 9.3.3.1 (Coordinated System Plan Study Scope Development) (proposed).

³¹ MISO Transmittal at 9. *See* MISO-SPP JOA § 9.3.3.2 (Model Development for a Coordinated System Plan Study) (proposed).

³² MISO Transmittal at 9. *See* MISO-SPP JOA § 9.3.3.5 (Interregional Project Recommendation Process) (proposed).

³³ MISO Transmittal at 10. *See* MISO-SPP JOA § 9.3.3.5.1 (Coordinated System Planning Study Report) (proposed).

12. In addition, the RTOs propose modifications related to cost allocation and recovery for interregional transmission projects. The RTOs explain that the proposed removal of the joint model created a need for a new methodology to calculate the benefits each RTO is estimated to receive, which are inputs into the interregional cost allocation method. The RTOs state that each RTO will determine benefits according to its own regional criteria, which are then used to determine the interregional cost allocation based on each region's relative share of the total benefits received. The RTOs state that they have historically allocated costs based on each RTO's respective benefits, but their proposed modifications clarify that the RTOs will calculate benefits based on each RTO's calculations of the JOA-prescribed benefit metrics using each region's respective regional models. Under the interregional cost allocation method, the cost of an approved interregional transmission project will be shared between the RTOs based upon each of the RTO's proportion of the project's total benefit as determined by the summation of the benefits calculation by each RTO.³⁴

13. Under the second set of revisions, the RTOs propose to include avoided project costs as a benefit metric for all potential interregional transmission projects, regardless of the primary project driver (economic, reliability, or public policy). The RTOs contend that allowing the inclusion of this additional benefit metric is expected to increase the likelihood of interregional transmission projects moving forward. The RTOs assert that the reliance on a single benefit metric for certain transmission projects and restrictive eligibility criteria were obstacles identified through the lessons-learned efforts. According to the RTOs, the current JOA language is prescriptive as to which benefit metrics can be evaluated and considered, which varies by project driver. The RTOs explain, as an example, that a proposed interregional transmission project primarily driven by economics, but that also provides avoided cost benefits, cannot currently include the avoided cost benefit to determine each RTO's share of the benefits for use in the existing interregional cost allocation method. The RTOs contend that this limitation excludes potentially quantifiable benefits and that exclusion results in reduced overall benefits.³⁵

14. Under the third set of revisions, the RTOs propose to remove the \$5 million minimum cost threshold for a project to be eligible as an interregional transmission project under the JOA. The RTOs argue that the current \$5 million cost threshold is

³⁴ MISO Transmittal at 12. *See* MISO-SPP JOA § 9.6.3.2 (Cost Allocation and Recovery for Interregional Projects) (proposed).

³⁵ MISO Transmittal at 6.

unnecessary and effectively eliminates lower-cost mutually beneficial transmission projects from consideration in the Coordinated System Plan process.³⁶

III. Notice of Filings and Responsive Pleadings

15. Notice of the filings was published in the *Federal Register*, 84 Fed. Reg. 24,129 (2019), with interventions and protests due on or before June 7, 2019.

16. Consumers Energy Company, Entergy Services, LLC, Alliant Energy Corporate Services, Inc., Northern Indiana Public Service Company LLC, SPP, GridLiance Heartland LLC, and Ameren Services Company filed timely motions to intervene in Docket No. ER19-1895-000. On June 13, 2019, MISO Transmission Owners³⁷ filed an out-of-time motion to intervene in Docket No. ER19-1895-000.

17. MISO and GridLiance High Plains LLC filed timely motions to intervene in Docket No. ER19-1896-000.

³⁶ *Id.*

³⁷ MISO Transmission Owners for this filing consist of: Ameren Services Company, as agent for Union Electric Company, Ameren Illinois Company and Ameren Transmission Company of Illinois; AEP Indiana Michigan Transmission Company, Inc.; American Transmission Company LLC; Big Rivers Electric Corporation; Central Minnesota Municipal Power Agency; City Water, Light & Power (Springfield, IL); Cleco Power LLC; Cooperative Energy; Dairyland Power Cooperative; Duke Energy Business Services, LLC for Duke Energy Indiana, LLC; East Texas Electric Cooperative; Entergy Arkansas, LLC; Entergy Louisiana, LLC; Entergy Mississippi, LLC; Entergy New Orleans, LLC; Entergy Texas, Inc.; Great River Energy; Hoosier Energy Rural Electric Cooperative, Inc.; Indiana Municipal Power Agency; Indianapolis Power & Light Company; International Transmission Company; ITC Midwest LLC; Lafayette Utilities System; Michigan Electric Transmission Company, LLC; MidAmerican Energy Company; Minnesota Power (and its subsidiary Superior Water, L&P); Missouri River Energy Services; Montana-Dakota Utilities Co.; Northern Indiana Public Service Company LLC; Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation, subsidiaries of Xcel Energy Inc.; Northwestern Wisconsin Electric Company; Otter Tail Power Company; Prairie Power Inc.; Southern Illinois Power Cooperative; Southern Indiana Gas & Electric Company; Southern Minnesota Municipal Power Agency; Wabash Valley Power Association, Inc.; and Wolverine Power Supply Cooperative, Inc.

18. Exelon Corporation, EDF Renewables, Inc., and International Transmission Company filed timely motions to intervene in Docket Nos. ER19-1895-000 and ER19-1896-000. Public Utility Commission of Texas and Missouri Public Service Commission filed notices of intervention in Docket Nos. ER19-1895-000 and ER19-1896-000. American Electric Power Service Corporation (AEP) filed a timely motion to intervene and supporting comments in Docket Nos. ER19-1895-000 and ER19-1896-000. Organization of MISO States (OMS) filed a notice of intervention and supporting comments in Docket Nos. ER19-1895-000 and ER19-1896-000. American Wind Energy Association, Clean Grid Alliance, and Advanced Power Alliance (together, Protesting Parties) filed a timely motion to intervene and protest in Docket Nos. ER19-1895-000 and ER19-1896-000. On June 24, 2019, MISO filed a motion for leave to answer and an answer to comments submitted in Docket Nos. ER19-1895-000 and ER19-1896-000.

A. Comments and Protest

19. AEP and OMS generally support the proposed changes to the JOA. AEP and OMS state that the “triple hurdle” of requiring transmission projects to be approved through the joint process, as well as the separate processes of the RTOs,³⁸ has been an impediment to efficient interregional transmission planning and creates uncertainty as to what it will take for a given interregional transmission project to be approved.³⁹ In this respect, OMS states that eliminating the joint model is consistent with the Commission’s recognition of separate and distinct regional transmission processes that are reflective of each region’s unique nature.⁴⁰ AEP and OMS further state that they support the additional benefit metric and accompanying cost allocation methodology,⁴¹ and argue that the inclusion of the avoided cost benefit will increase opportunities for transmission projects to exceed the required benefit-to-cost ratio.⁴² Finally, AEP and OMS state that removing the \$5 million cost threshold will expand the number of possible transmission

³⁸ OMS Comments at 2.

³⁹ AEP Comments at 1-2.

⁴⁰ OMS Comments at 2-3 (citing Order No. 1000, 136 FERC ¶ 61,051 at P 61).

⁴¹ *Id.* at 3.

⁴² AEP Comments at 2.

solutions,⁴³ and allow lower cost transmission projects with high benefit-to-cost ratios to be approved.⁴⁴

20. Protesting Parties state that they support several aspects of MISO's and SPP's proposed JOA changes. First, Protesting Parties support the removal of the \$5 million cost threshold, arguing that the removal of the threshold should widen the range of transmission projects that can be considered for interregional cost sharing.⁴⁵ Second, Protesting Parties support the adoption of the avoided project metric and the proposed language that indicates that other benefit metrics may be added in the future.⁴⁶ Third, Protesting Parties support the proposal to require a Coordinated System Plan study be completed no less than every two years. However, Protesting Parties argue that the language still allows one RTO to veto engaging in a study, even if the other believes that a Coordinated System Plan would be beneficial.⁴⁷ Fourth, Protesting Parties support changes which provide that the RTOs should not make changes to their regional models while a Coordinated System Plan is being performed. Finally, Protesting Parties support the transparency, inclusion of stakeholder feedback, and explanation of rejected projects that will be part of the Coordinated System Plan Study Report.⁴⁸

21. Protesting Parties add that the RTOs have been discussing adopting a process similar to the MISO and PJM Interconnection, L.L.C. (PJM) Targeted Market Efficiency Planning process. Protesting Parties submit that they fully support this discussion and believe that it would further improve the transmission planning process. Protesting Parties urge the Commission to direct the RTOs to file such improvements as soon as possible.⁴⁹

⁴³ OMS Comments at 3.

⁴⁴ AEP Comments at 2.

⁴⁵ Protesting Parties Protest at 3.

⁴⁶ *Id.* at 4-5 (citing JOA § 9.6.3.1.1.a.v (Determination of Benefits to each RTO from Interregional Project) (proposed)).

⁴⁷ *Id.* at 9.

⁴⁸ *Id.* at 11.

⁴⁹ *Id.* at 3-4.

22. However, Protesting Parties ask the Commission to reject the RTOs' proposed elimination of the joint model from the Coordinated System Plan process and argue that the negative consequences will outweigh any positive benefits.⁵⁰ Protesting Parties contend that the joint model is important because it requires the RTOs to agree upon the inputs, futures, and sensitivities that will be used to evaluate the need for transmission, as well as the fairness of the allocation of costs of any new transmission that would be built. Protesting Parties argue that once the joint model is eliminated, there will be no mechanism for the RTOs to work together or agree to study assumptions. Protesting Parties state that eliminating the joint model will result in a transmission planning mechanism that is not robust and a cost allocation in which stakeholders will lack confidence.⁵¹

23. Protesting Parties argue that eliminating the joint model does not solve the obstacles that exist in the current MISO-SPP interregional transmission planning process. Protesting Parties contend that the separate regional transmission planning processes, in which each RTO uses different modeling assumptions and cost allocation methods, have been the primary hurdles that have led to a breakdown in the current MISO-SPP interregional transmission process.⁵² In this respect, Protesting Parties submit that the joint model has been the one aspect of the study and cost allocation method where agreed-upon assumptions were the basis of the identification of beneficial interregional transmission projects. Protesting Parties conclude, therefore, that removing the joint model for presumed efficiency reasons does not address the primary need to identify interregional transmission projects that benefit both regions.⁵³

24. Protesting Parties argue that the lack of agreed-upon regional assumptions could lead to potential disagreement between the RTOs regarding cost allocation. Protesting Parties suggest that the proposal may simply postpone disagreement between the RTOs to the final approval phase, where the fairness of regional cost allocation will be under scrutiny. Protesting Parties state that, under the proposal, each region may identify the same interregional transmission project as beneficial, but that a region may not be comfortable with how the other region has assessed its level of benefits because of the use of different assumptions.⁵⁴

⁵⁰ *Id.* at 5, 8-9.

⁵¹ *Id.* at 5.

⁵² *Id.* at 5-6.

⁵³ *Id.* at 6.

⁵⁴ *Id.* at 6-7.

25. Protesting Parties argue that the modeling of interregional power flows will be limited under the proposal. Protesting Parties state that eliminating the joint model will prevent an analysis of futures that would involve an assessment of the benefit of increases in power flows across the seams. Protesting Parties assert that potentially significant benefits from policies and related transmission upgrades that would lower artificial market and actual operational barriers that exist between the RTOs will not be assessed. Further, Protesting Parties argue that futures that contemplate the movement of power and capacity between the RTOs in a more robust way than currently occurs are plausible, and could result in significant benefits to consumers. However, Protesting Parties argue that simply having intra-regional futures dictate the parameters of the study of interregional transmission projects will result in assessing parallel, uncoordinated regional futures. Protesting Parties state that MISO's and SPP's largely independent processes would focus primarily on delivering regional generation to regional load, and would most likely incorporate different operational assumptions along the seams. Protesting Parties state that studies performed over the last decade have demonstrated substantial benefits from the dispatch of energy across the seams, and that only a joint model and coordinated planning mechanism can realistically identify interregional transmission projects that address these types of benefits. Protesting Parties conclude that MISO's and SPP's proposed JOA changes would eliminate the tool to adequately assess interregional power flows, that these changes are consequently not in consumers' best interest, and are thus not just and reasonable.⁵⁵

26. Further, Protesting Parties question whether an interregional transmission planning process can exist without a joint model. Protesting Parties acknowledge that Order No. 1000 does not require a joint planning model and only requires interregional "coordination," but argue that this limitation does not go far enough to require a robust interregional transmission planning process with cost allocation certainty, resulting in no approved interregional transmission projects between MISO and SPP. Protesting Parties argue that the process is deficient, and that the RTOs' proposal will not bring about meaningful change.⁵⁶

27. Protesting Parties also highlight additional concerns regarding MISO's and SPP's proposed JOA changes. Protesting Parties state that, in starting with the first Interregional Stakeholder Planning Advisory Committee meeting in the first quarter of the year, it is possible for MISO and SPP to complete a Coordinated System Plan annually and in time for each of their Boards of Directors to review and approve any recommended interregional transmission upgrades at the end of these parallel planning

⁵⁵ *Id.* at 7-8.

⁵⁶ *Id.* at 8-9.

cycles. In this regard, Protesting Parties ask the Commission to direct MISO and SPP to provide clarification of the Coordinated System Plan timeline and alignment with regional processes.⁵⁷ In addition, Protesting Parties state that the JOA should be enhanced to require alignment of MISO's and SPP's models such that the assumptions that one RTO includes about the other's system are identical to the assumptions used by the second RTO.⁵⁸

B. MISO Answer

28. In response to Protesting Parties' arguments that the regional transmission planning processes are the primary hurdles to approving interregional transmission projects, rather than the joint model, MISO contends that this argument ignores the fact that the regional approvals are fundamental requirements under Order No. 1000. MISO states that the elimination of the joint model reflects this regional requirement, and creates a process for interregional collaboration and cooperation that also recognizes that it is the regional approvals that will dictate whether a transmission project can proceed.⁵⁹

29. Further, MISO states that, contrary to Protesting Parties' statements that the lack of agreed-upon assumptions within the separate regional models will cause problems in approving projects, the reliance on assumptions developed in each RTO's processes will enable coordinated planning to advance. MISO states that eliminating the joint model will allow the RTOs to work more effectively by avoiding the need to debate which modeling assumptions or future scenarios should be applied. MISO asserts that all the assumptions that are adopted after regional stakeholder review and input can be used to evaluate interregional transmission projects. MISO states that MISO and SPP have similar transmission planning processes, but the assumptions used for economic transmission planning can vary between the two RTOs due to the region-specific circumstances of each RTO. In this respect, MISO states that the Commission has expressly recognized that different regions can have their own criteria for approving transmission projects.⁶⁰

30. Further, responding to Protesting Parties' request that the JOA be modified to require that the assumptions that the RTOs use to model each other's systems are identical, MISO states that such a requirement is not needed where the parties are

⁵⁷ *Id.* at 9-10.

⁵⁸ *Id.* at 10-11.

⁵⁹ MISO Answer at 3-4.

⁶⁰ *Id.* at 4 (citing *N. Ind. Pub. Serv. Co. v. Midcontinent Indep. Sys. Operator, Inc.*, 155 FERC ¶ 61,058, at P 92 (2016), *order on reh'g*, 158 FERC ¶ 61,049 (2017)).

coordinating to ensure that the understanding of the others' transmission planning process and assumptions are included, and that MISO uses the most recently available model of the neighboring RTO's system. MISO states that the RTOs ensure that the topology is accurately reflected in each other's models, but the assumptions can and will differ. MISO explains that MISO and SPP are two different RTOs with different stakeholders and different circumstances, and that what is required is not that the RTOs make the same assumptions, but rather that the RTOs are coordinating and sharing information necessary to make transmission planning decisions and identify potential beneficial transmission projects. MISO asserts that the JOA provides for that coordination and no further modification is necessary.⁶¹

31. In responding to Protesting Parties' comments that the removal of the joint model leaves the RTOs "with no mechanism to work together,"⁶² MISO states that the JOA and Coordinated System Plan processes contained therein require significant coordination between the two RTOs, and that additional clarifications contained in the instant filings further enhance that coordination. MISO states that, in addition to the existing robust transmission planning process, the revisions proposed in section 9.1.1.1.ii provide that the Joint Planning Committee will ensure the regional models used in the interregional evaluation by each RTO are coordinated, including joint review of each region's models. Further, MISO states that modifications proposed for section 9.3.3.2 provide that the Joint Planning Committee will be responsible for the review and coordination of the respective regional models used for the Coordinated System Plan.⁶³

32. Further, MISO states that Protesting Parties' argument that the modeling of interregional power flows will be limited is inaccurate and speculative. MISO states that MISO and SPP look at all aspects of planning, explaining that the RTOs' separate evaluations use PROMOD to optimize power flows economically. Further, MISO argues that relying on the regional processes allows each RTO to model more interregional power flows because each RTO utilizes multiple future scenarios instead of a single, "compromise" future scenario in a joint model.⁶⁴

33. MISO states that Protesting Parties' concern about cost allocation is misplaced. MISO explains that an interregional transmission project is evaluated based on the combined benefits of the two RTOs divided by cost, whereby the cost each region pays is

⁶¹ *Id.* at 5.

⁶² Protesting Parties Protest at 5-9.

⁶³ MISO Answer at 4-5.

⁶⁴ *Id.* at 5.

proportional to the regional benefits calculated using that RTO's regional process. MISO states that, because the benefits are calculated using the same models and costs by which a regional project is evaluated, stakeholders in each region should have the same level of confidence in the interregional transmission project and resulting cost allocation that they would have for a regional project.⁶⁵

34. MISO states that Protesting Parties acknowledge that Order No. 1000 does not require a joint model. MISO notes that the Commission specifically addressed the joint model issue in a complaint proceeding involving the MISO-PJM JOA, and specifically declined to require it.⁶⁶

35. MISO states that Protesting Parties' indication that a Coordinated System Plan should be conducted each year if either RTO requests it is beyond the scope of the current proceeding. MISO states that the requirement that the Coordinated System Plan be completed if each RTO in the Joint Planning Committee votes to approve it is part of the existing JOA, and is not subject to review here. Further, MISO states that the increased frequency of a Coordinated System Plan, which MISO and SPP propose to guarantee to be performed every two years, will give stakeholders confidence that interregional transmission planning will be performed with regularity.⁶⁷

IV. Discussion

A. Procedural Matters

36. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2018), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to the proceedings in which they sought intervention. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2018), we grant MISO Transmission Owners' late-filed motion to intervene in Docket No. ER19-1895-000 given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

⁶⁵ *Id.* at 6.

⁶⁶ *Id.* (citing *N. Ind. Pub. Serv. Co. v. Midcontinent Indep. Sys. Operator*, 155 FERC ¶ 61,058, at P 92 (2016), *order on reh'g*, 158 FERC ¶ 61,049 (2017)).

⁶⁷ *Id.* at 7.

37. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2018), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We accept MISO's answer because it has provided information that assisted us in our decision-making process.

B. Substantive Matters

38. For the reasons discussed below, we find that MISO's and SPP's proposed revisions to their JOA are just and reasonable, and accept the revisions effective July 17, 2019, as requested.

39. We find MISO's and SPP's proposed removal of the \$5 million minimum project cost threshold for interregional transmission projects to qualify in the Coordinated System Plan is just and reasonable. We agree that the removal of the current minimum cost threshold will increase the number of potentially beneficial projects that can be considered under future Coordinated System Plans. In particular, removing the \$5 million minimum cost threshold will allow MISO and SPP to consider beneficial lower cost interregional transmission projects in the Coordinated System Plan.

40. Further, we find the proposed inclusion of a benefit metric that considers avoided project costs for determining cost allocation for all interregional transmission projects to be just and reasonable. This revision allows the RTOs to consider additional benefits when evaluating potential interregional transmission projects.

41. We also find that MISO's and SPP's proposal to eliminate the use of a joint model in their evaluation of interregional transmission projects is just and reasonable and consistent with the Commission's requirements in Order No. 1000. Order No. 1000's interregional transmission coordination requirements do not require that transmission planning region pairs create a joint interregional model to evaluate the potential for more efficient or cost-effective solutions to interregional transmission needs, but, rather, require only that the public utility transmission providers within a region must, as a group, establish further procedures with the transmission providers in each of its neighboring transmission planning regions for the purpose of: (1) coordinating and sharing the results of the respective regional transmission plans to identify possible interregional transmission facilities that could address regional transmission needs more efficiently or cost-effectively than separate regional transmission facilities; and (2) jointly evaluating those interregional transmission facilities that the pair of neighboring transmission planning regions identify, including those proposed by transmission developers and stakeholders.⁶⁸ Upon elimination of the joint model,

⁶⁸ Order No. 1000, 136 FERC ¶ 61,051 at P 399; Order No 1000-A, 139 FERC ¶ 61,132 at P 493 (citing Order No. 1000, 136 FERC ¶ 61,051 at P 396); *Midcontinent Indep. Sys. Operator, Inc.*, 150 FERC ¶ 61,045, at P 180 (2015).

MISO and SPP will consider interregional transmission projects through their respective regional transmission planning processes and will continue to jointly evaluate interregional transmission facilities through the Joint Planning Committee, Interregional Planning Stakeholder Advisory Committee, and Coordinated System Plan study process. Therefore, we find that MISO and SPP will continue to meet the requirements of Order No. 1000 even after the elimination of the joint model.⁶⁹

42. Regarding Protesting Parties' argument that the Commission should reject MISO's and SPP's proposal to eliminate the joint model, we find that a joint model is not required to ensure interregional transmission coordination for the following reasons. First, Protesting Parties state that there is no mechanism for MISO and SPP to work together after eliminating the joint model.⁷⁰ On the contrary, we find that the JOA and Coordinated System Plan processes support coordination between the two RTOs, including the proposed joint review of each region's models. Second, with regard to Protesting Parties' argument that the lack of agreed-upon assumptions within each RTO's regional evaluation processes will cause problems in the absence of the joint model, we find that the Coordinated System Plan process adequately ensures that MISO and SPP are coordinating and sharing the information necessary to make transmission planning decisions and identify potential beneficial transmission projects. In particular, the proposed revisions to section 9.1.1.1.ii provide that the Joint Planning Committee will ensure "that the regional models used in the interregional evaluation by each planning region are sufficiently coordinated, including joint review of each region's respective models."⁷¹ Third, we disagree with Protesting Parties' claim that the elimination of the joint model would create uncertainty or inaccuracy for cost allocation.⁷² Since each RTO uses its respective regional model to calculate project benefits using the benefit metrics outlined in the JOA, stakeholders in each region should have the same level of confidence in the cost allocation method for an interregional transmission project as they would have for a regional transmission project. Fourth, with respect to Protesting

⁶⁹ We also note that the Commission's acceptance of MISO's and SPP's Order No. 1000 interregional compliance filings was not based on the use of a joint model. Additionally, the Commission stated that MISO's and SPP's proposed procedures to jointly evaluate interregional transmission facilities "comply with, and go beyond" the Order No. 1000 requirement to jointly evaluate interregional transmission facilities. SPP/MISO First Interregional Compliance Order, 150 FERC ¶ 61,093 at P 66.

⁷⁰ Protesting Parties Protest at 5.

⁷¹ See MISO-SPP JOA § 9.1.1.1.ii (JPC Responsibilities) (proposed).

⁷² Protesting Parties Protest at 5-6.

Parties' concern about the modeling of interregional power flows, we agree with MISO that the RTOs' regional models assess futures that would involve benefits and increases in power flows across the MISO-SPP seams. Further, MISO and SPP propose revisions that clarify how power system modelling will occur in lieu of the joint model, including that (1) the Joint Planning Committee shall be responsible for facilitating the review and coordination of the appropriate respective regional model(s) that shall be used for the Coordinated System Plan study, (2) the study models used by the Joint Planning Committee to perform all analysis related to the joint evaluation shall be consistent with the models and assumptions used for the regional planning cycles in which studied interregional transmission solutions would be included, (3) stakeholders may provide input on the regional model(s) developed for the Coordinated System Plan study through the Interregional Planning Stakeholder Advisory Committee, and (4) changes should not be made to the regional models simply because an interregional study is being performed.⁷³

43. We disagree with Protesting Parties' argument that a Coordinated System Plan should be required to be completed annually.⁷⁴ We agree with MISO that MISO and SPP's proposal to require a Coordinated System Plan be performed no less than every two years ensures that interregional planning will occur with greater regularity than currently required under the JOA.⁷⁵

44. Last, we find that Protesting Parties' remaining arguments in their protest are outside the scope of this proceeding. Protesting Parties assert that the identification and approval of interregional projects in each RTO's regional planning process are the real hurdles that have led to a breakdown in the interregional process and suggest that it may be more productive for MISO and SPP to not require regional approvals for interregional projects.⁷⁶ However, MISO and SPP have not proposed eliminating regional approvals for interregional transmission projects in this section 205 proceeding. Additionally, while Protesting Parties express concern that an RTO can "veto" whether to engage in a Coordinated System Plan study, the provision referred to is unchanged from the existing JOA, except such "veto" is now limited by the proposed revision that a study must be initiated if one was not initiated the previous year. Further, while Protesting Parties urge

⁷³ See MISO-SPP JOA § 9.3.3.2 (Model Development for a Coordinated System Plan Study) (proposed).

⁷⁴ Protesting Parties Protest at 9-10.

⁷⁵ MISO Answer at 7.

⁷⁶ Protesting Parties Protest at 5-6.

the Commission to direct the RTOs to file an interregional process similar to the MISO-PJM Targeted Market Efficiency Planning,⁷⁷ that is beyond the scope of this proceeding.

The Commission orders:

(A) MISO's proposed revisions to its JOA filed in Docket No. ER19-1895-000 are hereby accepted, effective July 17, 2019, as discussed in the body of this order.

(B) SPP's proposed revisions to its JOA filed in Docket No. ER19-1896-000 are hereby accepted, effective July 17, 2019, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

⁷⁷ *Id.* at 3-4.