

170 FERC ¶ 61,242
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Midcontinent Independent System Operator, Inc. Docket Nos. ER20-862-000
ER16-1969-006

Northern Indiana Public Service Company EL13-88-002

v.

Midcontinent Independent System Operator, Inc. and
PJM Interconnection, L.L.C

ORDER REJECTING PROPOSED REVISIONS AND COMPLIANCE FILING AND
ESTABLISHING JUST AND REASONABLE RATE

(Issued March 20, 2020)

1. On January 22, 2020, in Docket No. ER20-862-000, pursuant to section 205 of the Federal Power Act (FPA)¹ and section 35.13 of the Federal Energy Regulatory Commission's (Commission) regulations,² Midcontinent Independent System Operator, Inc. (MISO) and the MISO Transmission Owners³ (collectively, Filing Parties) filed

¹ 16 U.S.C. § 824d (2018).

² 18 C.F.R. § 35.13 (2019).

³ MISO Transmission Owners for purposes of this filing are Ameren Services Company, as agent for Union Electric Company; Ameren Illinois Company; American Transmission Company LLC; Arkansas Electric Cooperative Corporation; Big Rivers Electric Corporation; Central Minnesota Municipal Power Agency; City Water, Light & Power (Springfield, IL); Cleco Power 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.; Indianapolis Power & Light Company; Lafayette Utilities System; MidAmerican Energy Company; Minnesota Power (and its subsidiary Superior Water, L&P); Montana-Dakota Utilities Co.; 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

proposed revisions to Attachment FF of the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff), as well as certain conforming revisions to Module A of the MISO Tariff, to provide a cost allocation method for MISO's share of the cost of certain interregional transmission projects with PJM Interconnection, L.L.C. (PJM). On January 23, 2020, in Docket Nos. ER16-1969-006 and EL13-88-002, MISO submitted a compliance filing stating that the filing in Docket No. ER20-862-000 complies with the compliance obligations established in those in proceedings in the order issued on January 17, 2017.⁴ In this order, we reject, without prejudice, Filing Parties' proposed revisions, as well as MISO's compliance filing. Further, as discussed below, pursuant to our authority under FPA section 206,⁵ we establish the just and reasonable cost allocation method for certain MISO-PJM interregional transmission projects and require MISO to make a compliance filing to implement this method, as described herein.

I. Background

2. On September 11, 2013, Northern Indiana Public Service Company (NIPSCO) filed a complaint (NIPSCO Complaint) against MISO and PJM, asking the Commission to require MISO and PJM to reform the MISO-PJM Joint Operating Agreement (MISO-PJM JOA) interregional transmission planning process based, in part, upon allegations of insufficient selection and development of interregional transmission projects between these two regions.⁶ On April 21, 2016, the Commission issued an order granting, in part, and denying, in part, the NIPSCO Complaint, and requiring MISO and PJM to make compliance filings.⁷ Among other things, the NIPSCO Complaint Order directed MISO to revise the Market Efficiency Projects⁸ thresholds that apply to MISO-PJM

Company; Prairie Power Inc.; Southern Illinois Power Cooperative; Southern Indiana Gas & Electric Company; and Southern Minnesota Municipal Power Agency.

⁴ *N. Ind. Pub. Serv. Co. v. Midcontinent Indep. Sys. Operator, Inc.*, 158 FERC ¶ 61,049 (2017) (NIPSCO Compliance Order).

⁵ 16 U.S.C. § 824e.

⁶ NIPSCO Complaint, Docket No. EL13-88-000 (Sept. 11, 2013).

⁷ *N. Ind. Pub. Serv. Co. v. Midcontinent Indep. Sys. Operator*, 155 FERC ¶ 61,058 (2016) (NIPSCO Complaint Order) (together with the NIPSCO Compliance Order, the NIPSCO Orders).

⁸ A Market Efficiency Project is a network upgrade that provides market efficiency benefits to one or more Market Participants, but not found by MISO to be a Multi-Value Project (MVP), and that provides sufficient market efficiency benefits to

interregional economic transmission projects by: (1) lowering the minimum voltage threshold to 100 kilovolts (kV); and (2) removing a five million dollars minimum cost requirement.⁹

3. On January 19, 2017, the Commission issued the NIPSCO Compliance Order, which denied requests for rehearing, granted requests for clarification, in part, and conditionally accepted MISO and PJM's compliance filings, subject to further compliance. Among other things, the NIPSCO Compliance Order found that MISO's proposed revisions complied with the directive to revise the Market Efficiency Project thresholds that apply to qualify as a MISO-PJM interregional economic transmission project by lowering the minimum voltage threshold to 100 kV and by removing the five million dollars minimum cost requirement. However, the Commission found that MISO did not address what regional cost allocation method should apply to MISO's share of the cost of a MISO-PJM interregional economic transmission project operating above 100 kV but below the original threshold of 345 kV. Accordingly, the Commission directed MISO to submit a further compliance filing "to either confirm that the existing Market Efficiency Project cost allocation method will apply to MISO's share of the cost of interregional economic transmission projects above 100 kV but below 345 kV that qualify as Market Efficiency Projects or to propose tariff revisions to apply a different regional cost allocation for MISO's share of the cost of such projects."¹⁰ The Commission also stated that, "upon review of MISO's compliance filing, including any supporting evidence, and consideration of any comments filed in response, it will determine the just and reasonable MISO regional cost allocation method for MISO's share of the cost of interregional economic transmission projects above 100 kV but below 345 kV that qualify as Market Efficiency Projects."¹¹ The compliance filing was originally due on February 19, 2017, but the filing deadline was ultimately extended to February 28, 2019.¹²

4. On February 25, 2019, in Docket Nos. ER19-1124-000 and ER19-1125-000, Filing Parties filed proposed Tariff revisions and revisions to the MISO Transmission Owners Agreement, respectively to, among other things, revise how MISO identifies the

justify inclusion in the MISO Transmission Expansion Plan (MTEP). MISO Tariff, Module A, § 1.M, Definitions – M. *See also* MISO Tariff, Attachment FF, § II.B.

⁹ NIPSCO Complaint Order, 155 FERC ¶ 61,058 at P 129.

¹⁰ NIPSCO Compliance Order, 158 FERC ¶ 61,049 at PP 50-51.

¹¹ *Id.*

¹² *See Notice of Extension of Time*, Docket Nos. ER16-1969-000 and ER16-1969-001 (Dec. 17, 2018).

benefits for and allocates the costs of Market Efficiency Projects, lower the voltage threshold for Market Efficiency Projects, and create a new Local Economic Project category, including benefits metrics and cost allocation for the Local Economic Project category (2019 Regional Filings).¹³ On June 24, 2019, the Commission rejected the 2019 Regional Filings, finding that Filing Parties had not demonstrated that their cost allocation proposal for Local Economic Projects was just and reasonable.¹⁴

5. On February 28, 2019, in Docket No. ER19-1156-000, Filing Parties proposed revisions to Attachment FF of the MISO Tariff, as well as certain conforming edits to Module A of the MISO Tariff, to provide a cost allocation method for MISO's share of the cost of certain interregional transmission projects with PJM and Southwest Power Pool, Inc. (SPP). On the same day, in Docket No. ER16-1969-005, MISO submitted a compliance filing stating that the filing in Docket No. ER16-1156-000 complies with the NIPSCO Compliance Order.¹⁵ On June 24, 2019, the Commission issued an order rejecting Filing Parties' proposed revisions, without prejudice, finding that the proposal included references to, and relied upon, provisions that Filing Parties proposed in the rejected 2019 Regional Cost Allocation Filings. The order also rejected MISO's compliance filing and directed MISO to submit a new compliance filing within 90 days to fulfill its outstanding compliance obligations as directed by the NIPSCO Compliance Order.¹⁶

6. On September 4, 2019, MISO requested an extension of time until January 2, 2020, to submit the compliance filing directed by the NIPSCO Compliance Order. On September 13, 2019, the Office of the Secretary issued a notice granting this request.¹⁷ On December 4, 2019, MISO requested an additional 21-day extension of time until January 23, 2020, to submit the compliance filing as directed by the NIPSCO

¹³ 2019 Regional Filings, Docket Nos. ER19-1124-000 and ER19-1125-000 (Feb. 25, 2019).

¹⁴ *Midcontinent Indep. Sys. Operator, Inc.* 167 FERC ¶ 61,258 (2019) (2019 Regional Order).

¹⁵ 2019 Interregional Filings, Docket Nos. ER19-1156-000 and ER16-1969-005 (Feb. 28, 2019).

¹⁶ *Midcontinent Indep. Sys. Operator, Inc.* 167 FERC ¶ 61,259 (2019) (2019 Interregional Order).

¹⁷ *See Notice of Extension of Time*, Docket Nos. ER16-1969-000, ER16-1969-001, ER16-1969-005, and EL13-88-001 (Sep. 13, 2019).

Compliance Order. On December 16, 2019, the Office of the Secretary issued a notice granting this request.¹⁸

7. On January 21, 2020, in Docket Nos. ER20-857-000 and ER20-858-000, Filing Parties submitted a new proposal for regional transmission project identification and cost allocation, revised to address the deficiencies outlined in the 2019 Regional Order (Revised Regional Filings).¹⁹ In a concurrent order, the Commission rejects Filing Parties' proposed Tariff modifications.²⁰ In that order, the Commission again finds that Filing Parties did not demonstrate that their cost allocation proposal for Local Economic Projects is just and reasonable.²¹

II. Filings

A. Docket No. ER20-862-000-000 (Interregional Cost Allocation Filing)

8. On January 22, 2020, in Docket No. ER20-862-000, Filing Parties submitted proposed MISO Tariff revisions to create a new interregional transmission project category with PJM called Interregional Economic Projects. Filing Parties also propose a method for allocating MISO's share of the cost of Interregional Economic Projects within MISO.²²

9. Filing Parties state that the proposed revisions to the Tariff contain the following components: (1) a new Interregional Economic Project cost allocation category for MISO's share of costs that applies to MISO-PJM interregional economic transmission projects; (2) differing cost allocation methods for MISO's share of the costs of Interregional Economic Projects depending on voltage level; and (3) other revisions, including clarification that only Interregional Economic Projects with voltage levels of 230 kV and above are eligible for MISO's Competitive Developer Selection Process, and that Interregional Economic Projects below 230 kV but at or above 100 kV that qualify as

¹⁸ See *Notice of Extension of Time*, Docket Nos. ER16-1969-000, ER16-1969-001, ER16-1969-005, and EL13-88-001 (Dec. 16, 2019).

¹⁹ Revised Regional Filings, Docket Nos. ER20-857-000 and ER20-858-000 (Jan. 21, 2020).

²⁰ *Midcontinent Indep. Sys. Operator, Inc.*, 170 FERC ¶ 61,241 (2020) (Revised Regional Order).

²¹ *Id.* P 59.

²² Filing, Docket No. ER20-862-000, at 1-2.

Market Efficiency Projects must also meet a local 1.25-to-1 or greater benefit-to-cost ratio.²³

10. Filing Parties' proposal defines an Interregional Economic Project as any transmission project that: (1) qualifies as a MISO-PJM interregional economic transmission project under the MISO-PJM JOA²⁴ but does not qualify as a Multi-Value Project under Attachment FF of MISO's Tariff; and (2) meets the criteria for inclusion in the MISO Transmission Expansion Plan (MTEP) process as a Market Efficiency Project or a Local Economic Project as applicable based on voltage level.

11. Filing Parties propose to allocate the cost of MISO's share of Interregional Economic Projects with a voltage level of 230 kV or higher the same way that MISO allocates the cost of Market Efficiency Projects per Attachment FF of the Tariff. Currently, under Attachment FF, MISO allocates Market Efficiency Projects by assigning 20% of the cost on a system-wide (postage stamp) basis, and assigning 80% of the cost of a Market Efficiency Project to all Cost Allocation Zones based on the relative benefit of the project determined for each Cost Allocation Zone.²⁵ In the Revised Regional Filings that the Commission is rejecting in the concurrently issued Revised Regional Order, MISO proposed to remove the 20% postage stamp and allocate 100% of the costs of a Market Efficiency Project to the Transmission Pricing Zones that benefit from the project.

12. For Interregional Economic Projects with voltages below 230 kV but at or above 100 kV, Filing Parties propose a cost allocation method similar to the one they proposed in the Revised Regional Filings for Local Economic Projects.²⁶ Specifically, Filing Parties propose that, like Local Economic Projects, 100% of MISO's share of the cost of an Interregional Economic Project that is located either partially or wholly within the MISO region be allocated to the Transmission Pricing Zone(s) in which the project is located. For an Interregional Economic Project below 230 kV but at or above 100 kV that is located entirely outside of MISO (i.e., entirely within PJM), 100% of MISO's share of the cost of the Interregional Economic Project will be allocated entirely to

²³ *Id.* at 3-4.

²⁴ Under the MISO-PJM JOA, an interregional economic transmission project is called an Interregional Market Efficiency Project. *See* MISO-PJM JOA § 9.4.4.1.3.

²⁵ MISO Tariff, Attachment FF, § III.A.2.f.

²⁶ A more detailed explanation of the cost allocation proposal for Local Economic Projects can be found in the Revised Regional Order. *Midcontinent Indep. Sys. Operator, Inc.*, 170 FERC ¶ 61,241.

Transmission Pricing Zone that has both the largest impact as identified by using a Line Outage Distribution Factor (LODF) analysis and at least a 1.25 benefit-to-cost ratio.²⁷

13. Filing Parties also propose certain clarifying Tariff revisions. Filing Parties explain that the proposed revisions to the definition of “Eligible Projects” make it clear that MISO-PJM Interregional Economic Projects at or above 100 kV but below 230 kV, that are otherwise classified as Market Efficiency Projects under the MISO Tariff will not be subject to the Competitive Developer Selection Process. Filing Parties state that since Interregional Economic Projects below 230 kV are not selected in the MTEP for purposes of cost allocation and address local issues relevant to a specific Transmission Pricing Zone, these lower-voltage Interregional Economic Projects should not be subject to the Competitive Developer Selection Process.²⁸

14. Filing Parties assert that, taken together, the proposed revisions are just and reasonable as they address an acknowledged gap in MISO’s current cost allocation method for interregional economic projects (i.e., how to allocate the costs within MISO for interregional economic projects between 100 kV and 345 kV with PJM), improve upon the current rules, and are consistent with the Commission’s Order No. 1000 cost allocation principles.²⁹ Further, Filing Parties argue that the proposals will potentially allow for a larger number of Interregional Economic Projects to participate in MISO’s Competitive Developer Selection Process, allow for increased certainty and transparency of Interregional Economic Project cost allocation, and support development of future Interregional Economic Projects.³⁰

15. Filing Parties state that MISO commits to a triennial review of cost allocation and will reassess the filed cost allocation method after a three-year period or sooner. Filing Parties assert that this review will inform MISO and stakeholders on the effectiveness of the proposed changes.³¹

²⁷ Filing, Docket No. ER20-862-000, at 4.

²⁸ *Id.*

²⁹ *Id.* at 5 (citing *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 136 FERC ¶ 61,051 (2011) (Order No. 1000), *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)).

³⁰ *Id.*

³¹ *Id.* at 17.

B. Docket Nos. ER16-1969-006 and EL13-88-002 (Compliance Filings)

16. On January 23, 2020, MISO submitted a compliance filing in Docket Nos. ER16-1969-006 and EL13-88-002 stating that the concurrent filing in Docket No. ER20-862-000 (i.e., the Interregional Cost Allocation Filing) fulfills the compliance directive for MISO “to either confirm that the existing Market Efficiency Project cost allocation method will apply to MISO’s share of the cost of interregional economic transmission projects above 100 kV but below 345 kV that qualify as Market Efficiency Projects or to propose tariff revisions to apply a different regional cost allocation method for MISO’s share of the cost of such projects.”³²

17. Specifically, MISO states that for higher-voltage Interregional Economic Projects with PJM (i.e., 230 kV and above), the Interregional Cost Allocation Filing proposes to allocate MISO’s share of the cost within the MISO region by using the Market Efficiency Project method, consistent with the Revised Regional Filings. For lower-voltage Interregional Economic Projects (i.e., below 230 kV but at or above 100 kV) with PJM, the Interregional Cost Allocation Filing proposes the following cost allocation rules: (1) for any Interregional Economic Project that is partially or wholly within the MISO footprint, 100% of the cost of MISO’s share will be allocated to the Transmission Pricing Zone(s) where the project is located; and (2) for any Interregional Economic Project that is wholly located in PJM, 100% of the cost of MISO’s share will be allocated to the Transmission Pricing Zone that has both the largest impact as identified using a LODF analysis and that has at least a 1.25 benefit-to-cost ratio.³³

III. Notice of Filing and Responsive Pleadings

18. Notice of the filing in Docket Nos. ER20-862-000 was published in the *Federal Register*, 85 Fed. Reg. 5411 (Jan. 30, 2020), with interventions and protests due on February 12, 2020. Notice of the filing in Docket Nos. EL13-88-002 and ER16-1969-006 was published in the *Federal Register*, 85 Fed. Reg. 5417 (Jan. 30, 2020), with interventions and protests due on February 13, 2020.

19. On January 29, 2020, MISO South Regulators filed a request for extension of time for submission of comments in Docket Nos. EL13-88-002, ER16-1969-006, ER20-857-000, ER20-858-000, and ER20-862-000 (Extension Request). On February 4, 2020, RWE Renewables Americas, LLC (RWE) filed an answer in support of the Extension Request in Docket Nos. EL13-88-002, ER16-1969-006, ER20-857-000, ER20-858-000, and ER20-862-000. On February 4, 2020, The Organization of MISO States, Inc. filed a

³² Compliance Filing, Docket Nos. ER16-1969-000 and EL13-88-002, at 5 (citing NIPSCO Compliance Order, 158 FERC ¶ 61,049 at P 51).

³³ *Id.* at 5-6.

notice of intervention and comments in support of the extension request in Docket Nos. ER20-857-000, ER20-858-000, and ER20-862-000. On February 5, 2020, the Office of the Secretary issued a notice denying the Extension Request.

20. American Municipal Power, Inc., Ameren Services Company (Ameren), Dairyland Power Cooperative, Texas Industrial Energy Consumers, Michigan South Central Power Agency, Michigan Public Power Agency, Louisiana Energy Users Group, Illinois Industrial Energy Consumers, Association of Businesses Advocating Tariff Equity, Consumers Energy Company (Consumers), Midwest TDUs, WEC Utilities, LS Power, Duke Energy (Duke), Cooperative Energy, GridLiance Heartland LLC, Coalition of MISO Transmission Customers, American Transmission Company LLC, and International Transmission Company filed timely motions to intervene in Docket No. ER20-862-000. The Indiana Office of Utility Consumer Counselor, the Louisiana Public Service Commission (Louisiana Commission), the Public Utility Commission of Texas, the Mississippi Public Service Commission and the Mississippi Public Utilities Staff (Mississippi Intervenors), and the Council of the City of New Orleans (New Orleans Council) filed notices of intervention in Docket No. ER20-862-000. On February 19, 2020, the Arkansas Public Service Commission (Arkansas Commission) filed a motion to intervene out of time in Docket No. ER20-862-000.

21. Consumers also filed a separate motion to intervene in Docket Nos. EL13-88-002 and ER16-1969-006. Dairyland filed a separate motion to intervene in Docket No. ER16-1969-006.

22. Calpine Corporation and NRG Power Marketing LLC filed motions to intervene in Docket Nos. ER20-862-000 and ER20-877-000.

23. EDF Renewables, Inc. filed a motion to intervene out-of-time in Docket Nos. ER20-857-000, ER20-858-000, and ER20-862-000. EDP Renewables North America LLC, and Enel Green Power North America, Inc. filed motions to intervene in Docket Nos. ER20-857-000, ER20-858-000, and ER20-862-000.

24. The Organization of MISO States, Inc. filed comments in Docket No. ER20-862-000. The Missouri Public Service Commission (Missouri Commission) filed a notice of intervention and separate comments in Docket No. ER20-862-000. The Illinois Commerce Commission filed a notice of intervention and comments in Docket Nos. ER20-857-000 and ER20-862-000. MISO South Regulators filed comments in support of the Filing in Docket Nos. EL13-88-002, ER16-1969-006, and ER20-862-000. Industrial Customers filed comments in Docket Nos. EL13-88-000, ER16-1969-000, and ER20-862-000. Xcel filed supporting comments in Docket Nos. EL13-88-002, ER16-1969-006, and ER20-862-000. NIPSCO filed a motion to intervene and comments in Docket Nos. ER20-857-000, ER20-858-000, and ER2-862-000.

25. The Michigan Public Service Commission (Michigan Commission) filed a joint notice of intervention and protest in Docket No. ER20-862-000. WEC Utilities filed a protest in Docket Nos. ER20-857-000, ER20-858-000, and ER20-862-000. The Indiana Utility Regulatory Commission (Indiana Commission) filed a notice of intervention and protest in Docket Nos. ER20-857-000, ER20-858-000, and ER20-862-000. On February 11, Clean Energy Entities filed a motion to intervene and protest in Docket Nos. EL13-88-002, ER16-1969-006, ER20-857-000, ER20-858-000, and ER20-862-000. RWE filed a motion to intervene and a protest in Docket Nos. ER20-857-000, ER20-858-000, and ER20-862-000. LS Power filed a protest in Docket Nos. EL13-88-002, ER16-1969-006, and ER20-862-000.

26. On February 26, 2020, MISO South Regulators filed a motion for leave to respond to comments and protests Docket Nos. EL13-88-002, ER16-1969-006, ER20-857-000, ER20-858-000, and ER20-862-000. On February 28, 2020 Filing Parties filed a motion for leave to answer and answer to protests and comments. On March 13, 2020, Industrial Customers filed an answer to Filing Parties' Answer in Docket Nos. EL13-88-002, ER20-857-000, and ER20-862-000.

IV. Discussion

A. Procedural Matters

27. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2019), 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), we grant the late-filed motions to intervene given the entities' interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

28. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2019), prohibits an answer to a protest or answer unless otherwise ordered by the decisional authority. We are not persuaded to accept the answers and, therefore, reject them.

B. Substantive Matters

1. Interregional Cost Allocation Filing

29. Filing Parties' proposal refers to, and relies upon, provisions that Filing Parties proposed in the Revised Regional Filings in Docket Nos. ER20-857-000 and ER20-858-000. As noted above, the Commission is rejecting the Revised Regional Filings in the concurrently issued Revised Regional Order. Therefore, because Filing Parties' proposed changes to the Tariff in the Interregional Cost Allocation Filing rely on definitions and

provisions that the Commission is rejecting in Docket Nos. ER20-857-000 and ER20-858-000, we must also reject this filing. Because our rejection is based on the filing's reliance on definitions and provisions that are not currently part of MISO's effective Tariff and that were filed and addressed elsewhere, we will not address the protests that take issue with the filing here.³⁴

2. Compliance Filing

30. MISO submits that its proposal in the Interregional Cost Allocation Filing to allocate the cost of MISO's share of Interregional Economic Projects complies with the NIPSCO Compliance Order's directive.³⁵ Because the Commission is rejecting this proposal, as well as the Revised Regional Filings on which the Interregional Cost Allocation Filing relies, MISO's outstanding compliance requirement, as directed in the NIPSCO Compliance Order, remains unfulfilled. While we recognize the complexity of the issues underlying MISO's proposal, we also recognize the need for MISO to come into compliance with the NIPSCO Compliance Order's directive in a timely manner. Therefore, we exercise our authority, pursuant to FPA section 206, to establish the "just and reasonable MISO regional cost allocation method for MISO's share of the cost of interregional economic transmission projects above 100 kV but below 345 kV that qualify as Market Efficiency Projects."³⁶

31. Specifically, we find that it is just and reasonable to allocate the entirety of MISO's share of the cost of MISO-PJM interregional economic transmission projects above 100 kV but below 345 kV that qualify as Market Efficiency Projects using MISO's current Adjusted Production Cost Savings metric.³⁷ As Filing Parties explain in the Revised Regional Filings, the Adjusted Production Cost Savings metric "has been regarded as one of the most reliable measures of the net economic impact of a planning

³⁴ To the extent that parties have raised issues in this proceeding with the cost allocation method for lower-voltage transmission projects that Filing Parties proposed in the Revised Regional Filings, we note that we address those arguments in the Revised Regional Order.

³⁵ See Compliance Filing, Docket Nos. ER16-1969-006 and EL13-88-002, at 5-6.

³⁶ NIPSCO Compliance Order, 158 FERC ¶ 61,049 at P 51.

³⁷ MISO Tariff, Attachment FF-7 § II.B.1.a (72.0.0) ("[Adjusted Production Cost] savings will be calculated as the difference in total production cost of the Resources in each Cost Allocation Zone adjusted for import costs and export revenues with and without the proposed Market Efficiency Project as part of the Transmission System.").

decision on energy cost in MISO.”³⁸ In addition, MISO already uses this benefit metric as part of the method to allocate costs for Market Efficiency Projects at 345 kV and above.³⁹ Therefore, we direct MISO to submit a further compliance filing, within 30 days of the date of issuance of this order, to revise MISO’s Tariff to allocate 100% of MISO’s share of the cost of MISO-PJM interregional economic transmission projects above 100 kV but below 345 kV that qualify as Market Efficiency Projects using MISO’s Adjusted Production Cost Savings metric.⁴⁰ We note that, because Market Efficiency Projects are selected in the MTEP for purposes of cost allocation, these projects will be subject to the MISO Competitive Developer Selection Process.⁴¹

The Commission orders:

(A) Filing Parties’ filing in Docket No. ER20-862-000 is hereby rejected without prejudice, as discussed in the body of this order.

(B) MISO’s compliance filing in Docket Nos. ER16-1959-006 and EL13-88-002 is hereby rejected, as discussed in the body of this order.

³⁸ Revised Regional Filings, Docket No. ER20-857-000, Transmittal at 15.

³⁹ The existing Market Efficiency Project cost allocation method for transmission projects at 345 kV and above is 80% to Transmission Pricing Zones based on the Adjusted Production Cost Savings metric and 20% on a postage stamp basis to the entire MISO footprint. MISO Tariff, Attachment FF-7 § III.A.2.f.ii (72.0.0)

⁴⁰ We note that nothing in this order precludes Filing Parties from submitting a filing under FPA section 205 to propose an alternative cost allocation method for lower-voltage interregional transmission projects and to demonstrate that the alternative cost allocation method also complies with the requirements of the NIPSCO Compliance Order.

⁴¹ *See, e.g.*, Order No. 1000, 136 FERC ¶ 61,051 at P 313 (requiring public utility transmission providers to eliminate provisions in Commission-jurisdictional tariffs and agreements that establish a federal right of first refusal for an incumbent transmission provider with respect to transmission facilities selected in a regional transmission plan for purposes of cost allocation).

(C) MISO is hereby directed to submit a compliance filing within 30 days of the date of this order, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.