

Deliverability

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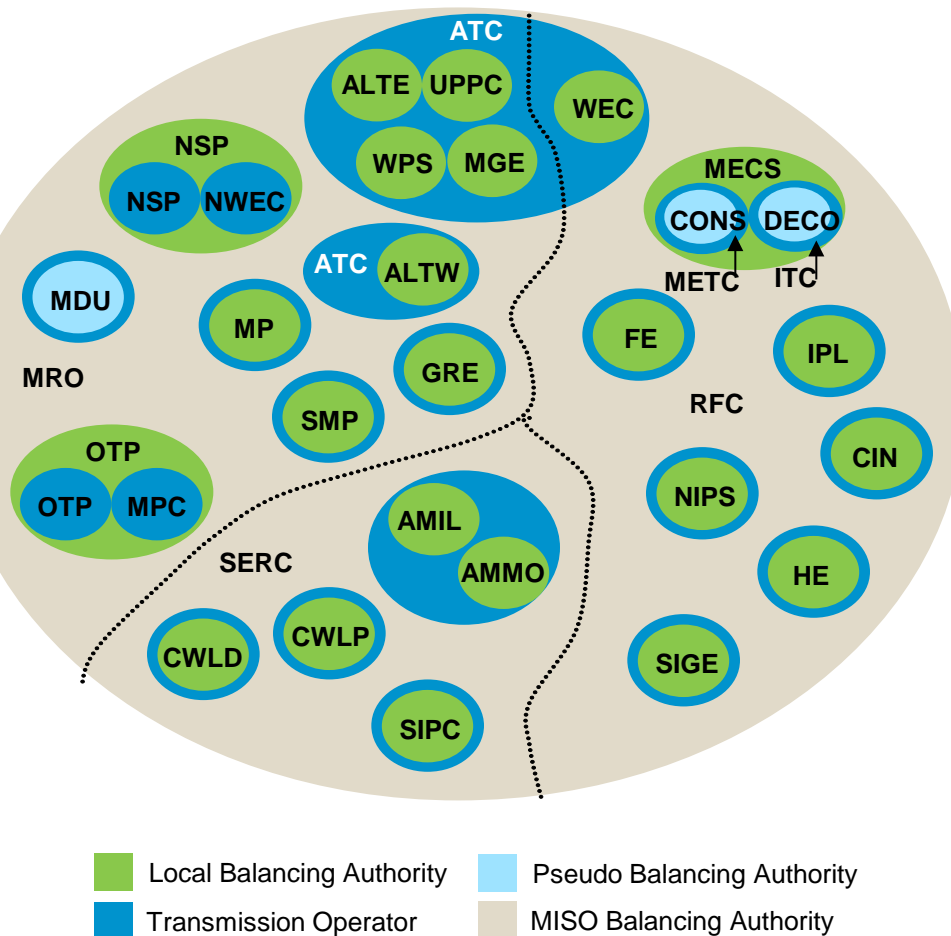
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RTOs are designed to provide consumers with reliable, low cost energy through open access to the transmission grid – constrained only by actual physical limits

- MISO and PJM have created significant value by seamlessly integrating the utilities, balancing authorities, and other industry entities within each of the RTOs' borders
- MISO and PJM have also coordinated to produce consumer benefit by reducing barriers to efficient transmission utilization at the MISO/PJM border
- However, additional opportunities to increase consumer benefits have been identified but progress to capture these has been slow
- MISO respectfully requests FERC act to ensure all these opportunities are pursued and realized

RTOs provide benefits by optimizing a complex set of regional assets

Balancing Authority Consolidation



How RTO benefits are achieved

- Improved reliability
 - Modern control computers see the entire system
- More efficient use of existing assets
 - Change from point-to-point to network firm transmission
 - Optimization of regional supply
- Reduced need for new resources
 - Resource sharing
- Regional shared use of assets
 - Fully utilizing the existing transmission system across historic administrative borders

Deliverability is the utilization of the transmission system between RTOs in the same manner it is utilized inside each RTO

“AS IS”

Within RTO Between RTOs

“SHOULD BE”

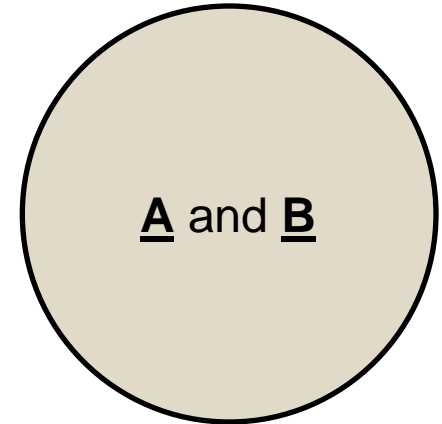
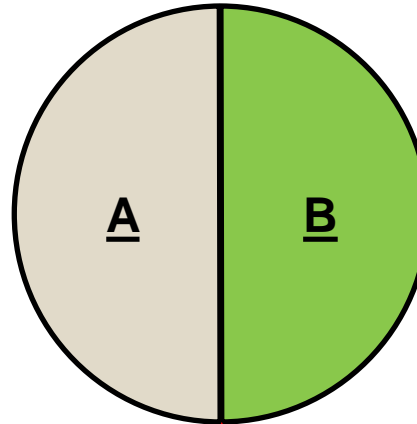
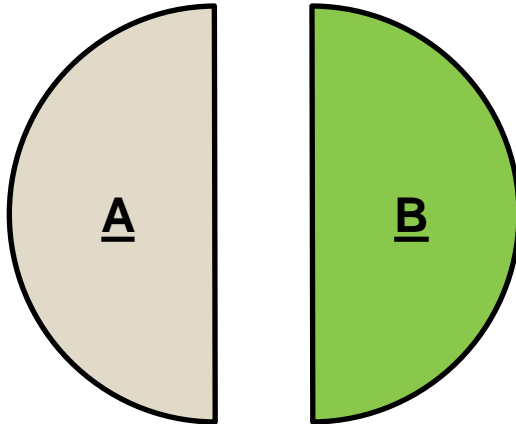
Within RTO Between RTOs

Methodology:

- Network Transmission
- Simultaneous Deliverability

- Point-to-Point Transmission
- Incremental Deliverability

- Network Transmission
- Simultaneous Deliverability



Transmission Service Border / Seam

All resources within a single RTO (A or B) loaded at the same time

All resources in “A” loaded then incrementally review those in “B”

All resources within AND between RTOs (A and B) loaded at the same time

This is the same change that each RTO made when they consolidated Balancing Authorities

Addressing deliverability prior to 2016 will promote efficient and timely resource additions

- Additional benefits include:
 - Order 1000 Consistency: Cross-border transmission analysis is performed on a combined network basis –point to point tariff administration is inconsistent
 - Reliability: All available resources should be used to maintain reliability unless a physical constraint prevents
 - Price transparency: Assist market participants and state regulators as they consider options to efficiently manage resource adequacy challenges
 - Flexibility: Generators can participate in either market
 - Reduce long-term price volatility: broader access means lower capacity price volatility
 - Resource diversity: Facilitates potential generation investment in Marcellus Shale region to enable “gas by wire”

Optimizing deliverability enables the reliable delivery of the lowest-cost energy to consumers

MISO requests the reinvigoration of FERC's oversight of the Joint and Common Market proceeding

- Process should include requirements that ensure:
 - Ongoing participation of state regulatory community (Organization of MISO States and Organization of PJM States)
 - Timely evaluation and removal of barriers to full transmission utilization
 - Dedication of MISO and PJM resources to develop solutions
 - Involvement of MISO and PJM stakeholders
 - Filing of JOA tariff changes necessary to implement solutions
 - A schedule and periodic reports to FERC