

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

<b>PJM Interconnection, L.L.C.</b>	)	<b>Docket No. ER18-137-000</b>
	)	
<b>Midcontinent Independent System Operator, Inc.</b>	)	<b>Docket No. ER18-136-000</b>
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**MOTION TO INTERVENE AND COMMENTS OF THE  
MISO INDEPENDENT MARKET MONITOR**

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Pursuant to Rules 212 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. §§ 385.212 and 214 (2007), Potomac Economics, Ltd. (“Potomac Economics”) respectfully moves to intervene in the above-captioned proceedings concerning and the October 23, 2017 filings made by PJM Interconnection, L.L.C. (“PJM”) and Midcontinent Independent System Operator, Inc.

(“MISO”) and related Errata filings made on October 24 by PJM and October 25 by MISO<sup>1</sup>. In these (“Filings”) MISO and PJM are proposing revisions to the Joint Operating Agreement (“JOA”) between the two RTOs that would address issues involving overlapping congestion charges. Potomac Economics is the Independent Market Monitor (“IMM”) for MISO and the Market Monitoring Unit for the NYISO. In those capacities, it seeks to ensure the efficiency and integrity of the MISO and NYISO markets.

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<sup>1</sup> Midcontinent Independent System Operator, Inc., Proposed Revisions to Joint Operating Agreement between PJM and MISO to Address Congestion Charge Overlap Issues and Request for Waivers, ER18-136-000 (October 23, 2017); PJM Interconnection, L.L.C., Proposed Revisions to Joint Operating Agreement between PJM and MISO to Address Congestion Charge Overlap Issues and Request for Waivers, ER18-137-000 (October 23, 2017).

## **I. NOTICE AND COMMUNICATIONS**

All correspondence and communications in this matter should be addressed to:

Dr. David B. Patton  
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## **II. MOTION TO INTERVENE**

As the IMM for MISO, Potomac Economics is responsible for monitoring and evaluating the performance of the MISO-administered capacity, energy, and ancillary services markets, recommending market design changes to improve the performance of those markets and evaluating design changes proposed by MISO or market participants. As the IMM, Potomac Economics has a unique responsibility to ensure the efficiency and integrity of MISO wholesale power markets. Given the increasing amount of MISO generation that is pseudo-tied to PJM the terms of the PJM Tariff and related Operating Agreements have a direct and substantial impact on the efficiency and integrity of the MISO markets. Potomac Economics' interests, therefore, cannot be adequately represented by any other party. Accordingly, Potomac Economics respectfully requests that it be permitted to intervene in this proceeding with full rights as a party.

## **III. PROTEST**

The Filings propose revisions to the MISO and PJM JOA to address the recognized double counting of congestion jointly managed under Market-to-Market coordination. We recognize and agree that under the current settlement provisions related to charges (or credits) for congestion and losses the current settlement provisions collectively between PJM and MISO will either charge (or credit) twice for congestion and loss impacts on any actively coordinated Market-to-Market constraints. We note that nothing in the Filings ameliorates the myriad of significant problems caused by the pseudo ties and that the rapid growth in resources pseudo-tying or partially pseudo-tying from MISO to PJM has not been primarily a free choice by

resources located in the MISO footprint, but rather it has been caused almost entirely by PJM's requirement that external capacity resources pseudo-tie. As the IMM, we filed a complaint against PJM and demonstrated that the Pseudo-Tie requirement is unjust and unreasonable because of the harm it is causing to the commitment and dispatch of the MISO and PJM systems.<sup>2</sup> It is resulting in substantial economic and reliability harm to the customers in both areas, and providing no countervailing benefit that cannot be achieved by other means.

Additionally, four PJM and MISO customers have also filed complaints related to the Pseudo-Tie procedures and requirements. Further, both MISO and PJM filed tariff changes that would impose new rules and restrictions on Pseudo-Tie resources.<sup>3</sup> Many protests and comments were filed on these proposed tariff changes, including separately by MISO and PJM on each other's proposed changes.

In virtually every related filing, PJM and MISO have asserted that they are collaborating to address the administrative and operational issues raised by Pseudo-Tied resources. As measured by the number of meetings and amount of discussion on this topic it is true that the RTOs have devoted substantial resources to identifying Pseudo-Tie concerns and potential changes to mitigate the concerns. However, this collaboration has not yielded any effective solutions to problems caused by the Pseudo Ties, and this is true of the proposed changes in this filing. None of the proposed changes to the MISO and PJM Tariffs or Operating Agreements address the core concerns raised in our complaint regarding the adverse economic and reliability effects of the Pseudo Ties.

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<sup>2</sup> *Complaint of Potomac Economics, Ltd.*, Docket No. EL17-62-000 (Apr. 6, 2017).

<sup>3</sup> See Midcontinent Indep. Sys. Operator, Inc., *Proposed Pro Forma Pseudo-Tie Agreement and Associated Revisions to MISO's Open Access Transmission and Energy and Operating Reserve Markets Tariff*, Docket No. ER17-1061-000 (February 28, 2017); and PJM Interconnection, L.L.C., *External Capacity Enhancements*, Docket No. ER17-1138-000 (March 9, 2017).

Additionally, we do not believe these proposed changes in the MISO and PJM Tariffs or Operating Agreements can be reasonably evaluated by the Commission in isolation. Various aspects of concerns associated with Pseudo-Tie are currently pending in at least ten other dockets before the Commission. The determinations by the Commission in those other dockets will invariably affect evaluation of the changes proposed in this proceeding.

MISO previously recognized the interrelated nature of the issues and concerns raised by Pseudo-Ties and requested that the Commission hold a technical conference to discuss and assess them.<sup>4</sup> We agree that the Commission should hold a technical conference that would address the pseudo-tie issues and concerns implicated by the filing in this proceeding and in all of the dockets referenced in this protest. This will provide the Commission with the information necessary to fully understand the concerns raised by Pseudo-Ties and, importantly, the interrelationship of the changes proposed by MISO, PJM, the MISO IMM, and others. Pending the outcome of this technical conference and resolution of the other issues caused by the pseudo-ties, we believe it would be reasonable for the Commission should defer action on MISO and PJM's proposals in this proceeding.

#### **IV. CONCLUSION**

WHEREFORE, for the foregoing reasons, Potomac Economics, Ltd. respectfully requests the Commission to grant its motion to intervene in this proceeding and accept this protest.

We believe the proposed revisions in this docket will reasonably address the issue of counting congestion impacts twice on Market-to-Market constraints. At the same time, we believe that it would be reasonable to consider these changes in light of the many other related and more serious issues caused by the Pseudo-Ties. In this regard, we respectfully reiterate our

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<sup>4</sup> *Motion for Leave to Comment and Comment Proposing Technical Conference by Midcontinent Independent System Operator, Inc.*, Docket No. ER17-1061-000 and Docket No. ER17-1138-000 (May 26, 2017).

request that FERC convene a Technical Conference to evaluate these issues together, along with PJM's justification for requiring Pseudo-Tying as a means to deliver capacity from external resources.

Respectfully submitted,

*/s/ David B. Patton*

David Patton  
President  
Potomac Economics, Ltd.

November 15, 2017

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day e-served a copy of this document upon all parties listed on the official service list compiled by the Secretary in the above-captioned proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated this 1st day of November 15, 2017 in Fairfax, VA.

*/s/ David B. Patton*

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