

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

PJM Interconnection, L.L.C.

)

Docket No. ER17-2291-000

**MOTION TO INTERVENE AND PROTEST OF THE
MISO INDEPENDENT MARKET MONITOR RELATED TO
PJM PROPOSED PRO FORMA PSEUDO-TIE AGREEMENTS**

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 proceeding concerning the August 11, 2017 filing (“PJM Filing”) by PJM Interconnection, L.L.C. (“PJM”).¹ The PJM Filing proposes to amend provisions in the PJM Open Access Transmission Tariff (“PJM Tariff”) and the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreements”) regarding Dynamic Transfers. Dynamic Transfers include Dynamic Schedules and Pseudo-Ties. The revisions to the Tariff and Operating Agreements include proposed *pro forma* Pseudo-Tie agreements. Two types of agreements are proposed. A Pseudo-Tie agreement intended to be used for generators in Native Balancing Authorities such as the Midcontinent Independent System Operator (“MISO”) is proposed where the Balancing Authorities have negotiated an agreement on the operation and implementation of Pseudo-Ties. A separate *pro forma* agreement is proposed for Native Balancing Authorities such as New York Independent System Operator, Inc. (“NYISO”) where no agreement has been negotiated.

¹ Tariff and Operating Agreement Revisions Regarding Dynamic Transfers, Docket ER17-2291 (Aug. 11, 2017).

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.

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 filing proposes further changes to the PJM Tariff and Operating Agreements that would impact the commitment and dispatch of resources in neighboring Balancing Areas that support the Dynamic Schedules and Pseudo Ties. As the PJM Filing notes, before 2015 both Dynamic Schedules and Pseudo-Ties were used to meet capacity obligations and to deliver energy

to the Attaining Balancing Area, but these two types of “Dynamic Transfers” are very different in their impact on real-time reliability and dispatch efficiency. “With a Pseudo-Tie, the Attaining Balancing Authority obtains operational and dispatch responsibility for the generator...in contrast a Dynamic Schedule...the generator...remains under control of the Native Balancing Authority.”² In other words, the Balancing Authority most impacted by the generator and responsible for the generator interconnection and local impacts, loses control of commitment and dispatch. Nothing in the instant filing ameliorates the myriad of significant problems and problems caused by the pseudo ties. The rapid growth in resources pseudo-tying or partially pseudo-tying from MISO to PJM 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.³ 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.⁴ Many protests and comments were filed on these proposed tariff changes, including separately by MISO and PJM on each other’s proposed changes.

² *PJM Filing, at 4.*

³ *Complaint of Potomac Economics, Ltd., Docket No. EL17-62-000 (Apr. 6, 2017).*

⁴ 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).

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 PJM Tariff or Operating Agreements address the core concerns raised in our complaint regarding the adverse economic and reliability effects of the Pseudo Ties.

Additionally, we do not believe these proposed changes in the PJM Tariff or Operating Agreements can be reasonably evaluated by the Commission in isolation. As described above, we believe that 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.⁵ 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, the Commission should defer action on PJM's filing in this proceeding.

⁵ *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).

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.

Further, we respectfully recommend that the Commission not accept the changes proposed by PJM in this filing at this time, pending the outcome of a technical conference to evaluate the concerns and challenges caused by the Pseudo-Ties, the justification for requiring Pseudo-Tying as a means to deliver capacity from external resources, and discuss the PJM and MISO Tariff and JOA changes being proposed in this and other dockets related to the Pseudo-Ties.

Respectfully submitted,

/s/ David B. Patton

David Patton
President
Potomac Economics, Ltd.

September 1, 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 September, 2017 in Fairfax, VA.

/s/ David B. Patton
