

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

Midcontinent Independent System Operator, Inc.)
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**Docket Nos. ER24-2797
ER24-2871**

Southwest Power Pool, Inc.)
)

**Docket Nos. ER24-2798
ER24-2825**

(Not Consolidated)

COMMENTS OF PUBLIC INTEREST ORGANIZATIONS

Pursuant to Rule 211 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) Rules of Practice and Procedure,¹ Clean Wisconsin, Environmental Law and Policy Center, Fresh Energy, Natural Resources Defense Council, Renew Missouri, Sierra Club, Sustainable FERC Project, and the Union of Concerned Scientists (collectively, “Public Interest Organizations”) submit these comments on the proposed changes to the Joint Operating Agreement (“JOA”) and tariffs of the Midcontinent Independent System Operator, Inc. (“MISO”) and the Southwest Power Pool, Inc. (“SPP”) to implement their Joint Targeted Interconnection Queue proposal (“JTIQ Proposal”). MISO and SPP submitted changes to their Joint Operating Agreement to implement the JTIQ on August 16, 2024. *See MISO’s Submission of Revisions to the MISO-SPP Joint Operating Agreement to Implement Joint Targeted Interconnection Queue Framework and Request for Extended Comment Period* (Docket No.

¹ 18 C.F.R. § 385.211 (2023).

ER24-2797)² and SPP’s, *Submission of Revisions to the MISO-SPP Joint Operating Agreement to Implement Joint Targeted Interconnection Queue Framework and Request for Extended Comment Period* (Docket No. ER24-2798)³. Then on August 21, 2024, SPP submitted proposed tariff revisions related to the full implementation of the JTIQ Proposal: *Submission of Revisions to the SPP Open Access Transmission Tariff to Implement Joint Targeted Interconnection Queue Framework and Request for Extended Comment Period* (Docket No. ER24-2825)⁴. And finally on August 26, 2024, MISO submitted corresponding tariff revisions to its tariff: *Proposed Revisions to MISO Tariff to Implement Joint Targeted Interconnection Queue Framework Request for an Extended Comment Period* (Docket No. ER24-2871)⁵. MISO and SPP have stated that all these filings together represent a package of reforms⁶, and thus we submit the same comments addressing this package in all four dockets.

PIOs generally support the JTIQ Proposal because it is the result of years of collaboration between MISO, SPP, and stakeholders and has the potential to improve the reliable connection of a large amount new, clean, generation along the MISO and SPP seam by identifying more cost-effective transmission solutions to support new generator interconnections across multiple queue clusters. The JTIQ is expected to give interconnection customers more information about their costs to interconnect earlier in the process, while at the same time improving timing certainty of

² Submission of Revisions to the MISO-SPP Joint Operating Agreement to Implement Joint Targeted Interconnection Queue Framework and Request for Extended Comment Period, Docket No. ER24-2797 (August 16, 2024), Accession No. 20240816-5251. (“MISO JTIQ JOA Filing”)

³ Submission of Revisions to the MISO-SPP Joint Operating Agreement to Implement Joint Targeted Interconnection Queue Framework and Request for Extended Comment Period, Docket No. ER24-2798 (August 16, 2024), Accession No. 20240816-5252. (“SPP JTIQ JOA Filing”)

⁴ Submission of Revisions to the SPP Open Access Transmission Tariff to Implement Joint Targeted Interconnection Queue Framework and Request for Extended Comment Period, Docket No. ER 24-2825 (August 21, 2024), Accession No. 20240821-5147. (“SPP JTIQ Tariff Filing”)

⁵ Proposed Revisions to MISO Tariff to Implement Joint Targeted Interconnection Queue Framework Request for an Extended Comment Period, Docket No. ER 24-2871 (August 26, 2024), Accession No. 20240826-5149. (“MISO JTIQ Tariff Filing”)

⁶ See SPP JTIQ JOA Filing at 3 and MISO JTIQ JOA Filing at 3.

these seams related interconnection studies. MISO and SPP also have an opportunity to benefit from Department of Energy (“DOE”) funding for the first JTIQ portfolio that will reduce the cost of this portfolio of transmission lines, which will ultimately flow to and benefit consumers. We also support MISO and SPP’s proposed allocation of 100% of the remaining JTIQ costs to generators for the first JTIQ portfolio alone and agree cost allocation should be revisited for any future portfolios.

In these comments, we highlight our concerns with the proposed cost recovery mechanism of the JTIQ proposal that increases costs to generators and consumers, and which relates to the recent Show Cause Order issued by the Commission, and other litigation proceedings, that may determine that the cost recovery mechanisms like the JTIQ proposed subscription process are unjust and unreasonable.⁷ However, while we suggest the proposed JTIQ cost recovery mechanism may need to be revisited following decisions about unilateral Transmission Owner Initial Funding, we support the cost allocation proposal for the first JTIQ portfolio because we do not want to jeopardize the DOE funding for this portfolio.

I. COMMENTS

For years, generators seeking to interconnect along the MISO and SPP seam have faced significant challenges, both in terms of the high-cost upgrades resulting from their interconnection studies, and in terms of a timing disconnect between the interconnection study process requirements within the host regional transmission organization (“RTO”) and the Affected System Study process in the neighboring RTO. High-cost upgrades in the neighboring RTO have often resulted in generators withdrawing from the queue. MISO noted that a recent

⁷Midcontinent Independent System Operator, Inc., PJM Interconnection, L.L.C., Sw. Power Pool, Inc., and ISO New England, Inc., 187 FERC ¶ 61,170 (2024). (“Show Cause Order”).

Affected System Study identified over \$1 billion in upgrades for a cluster of 7.7 GW of proposed generation.⁸ And if Affected System Study results in the neighboring RTO are delayed, an interconnection customer may be unable to make financially binding decisions on a Generator Interconnection Agreement with the host RTO because unknown Affected System Study costs pose too high a risk.

As such, we agree with MISO and SPP that the situation for interconnection customers on their seam has created a roadblock to new generation resources in an area of the United States that offers excellent clean energy generation opportunities. We appreciate the work the RTOs have done to identify transmission solutions that can serve upwards of 28 GW of new generation in that area⁹ and to craft an alternative approach to their Affected System Study methodology and modifications to their individual generator interconnection processes that can allow for this first portfolio of JTIQ projects to move forward.

We see four key potential benefits of the JTIQ Proposal. First, it studies the transmission upgrades needed to serve a larger amount of generation than would typically be addressed in a single cluster study, which will help to identify more cost-effective transmission solutions. This will in turn benefit generators with lower cost upgrades and ultimately the consumers who pay for these new generation projects. The current approach to Affected System Studies only considers the generation in a single study cluster. And if that analysis results in very high-cost upgrades that cannot be borne by the small number of generators in that cycle, there is currently no mechanism to share those costs with interconnection customers that might benefit in future cluster studies. When developing solutions to a wider range of transmission issues that might

⁸ See MISO JTIQ Tariff Filing, *Transmittal Letter* at 6 and MISO JTIQ JOA Filing, *Johnson Testimony* at 10.

⁹ While we support the JTIQ planning process and the first portfolio of solutions, JTIQ is focused on interconnection planning and should not be seen as a substitute for the more comprehensive interregional transmission planning processes needed to address reliability, economic, and increased transfer capability needs.

arise with a larger set of interconnection requests, it is often possible to identify solutions that can meet those wider needs at a lower cost.

Second, given that the JTIQ study has been completed in advance of the typical generator interconnection study process, generators should have more information on their cost of interconnecting near the seam earlier in the interconnection process. The JTIQ Proposal already gives a good idea of what the bounds of the JTIQ charge to interconnection customers will be on a per MW of installed capacity basis for each generator: the lower bound will be the JTIQ cost divided by the Threshold MW Value of 24,310 MW,¹⁰ and the upper bound will be the JTIQ cost divided by the Target MW Value of 28,600 MW. And interconnection customers will know whether they are subject to the JTIQ \$/MW charge if they meet the following two criteria:

“a) the interconnection request is determined to have an impact greater than 5 percent distribution factor (*i.e.*, the Outage Transfer Distribution Factor or the Power Transfer Distribution Factor) on one or more facilities of the potentially impacted RTO’s transmission system modelled with all transmission facilities rated 100 kV and above; and b) the interconnection request is determined to have greater than 1.00 MW (positive) impact on at least one JTIQ network upgrade included in the JTIQ Portfolio.”¹¹

Whether an interconnection customer meets these criteria will be known prior to the commencement of MISO Definitive Planning Phase I or SPP Definitive Interconnection System Impact Study Phase One studies.¹² An individual developer may also choose to perform analysis

¹⁰ See MISO JTIQ JOA Filing, Witmeier Testimony at 31.

¹¹ *Id.* at 20.

¹² See MISO JTIQ JOA Filing at 51, Section 9.4.2.d.iv.a.iii of the proposed language in MISO’s Rate Schedules.

or hire a consultant to assess whether it meets these criteria and would therefore be subject to the JTIQ charge even before entering the queue.

Third, interconnection customers should experience greater certainty on timing throughout the interconnection process as JTIQ proposes to eliminate the need for the neighboring region to complete a separate Affected System Study for generators in JTIQ Participation Groups. Historically, the delay of Affected System Studies in the neighboring RTO has often been a complicating factor for interconnection customers looking to make financially binding decisions in the interconnection process with their host RTO. And because these unknown costs can often be significant and can result in a new generation project no longer being financially viable, this lack of knowledge has too often been the reason interconnection customers don't move forward with the host RTO.

Fourth, the first portfolio of JTIQ projects has an opportunity at this juncture to benefit from awarded DOE funding. The DOE funding grant of \$464.5 million¹³ to support the success of the JTIQ portfolio is approximately one quarter of the total estimated cost of the full JTIQ portfolio. This DOE funding will cover the costs that likely would have been charged to load (based on the earlier estimated JTIQ portfolio benefits) and reduce the costs that would likely have been charged to generators under an earlier proposed cost allocation of 90%/10% respective allocation of costs to generators and load. In fact, the DOE funding reduces the estimated costs the generators to 73% of the cost of the five JTIQ projects. But use of the DOE funding for these new transmission upgrades requires Commission approval of tariff and JOA changes to implement a subscription process for interconnection customers along the seam.

¹³ See MISO JTIQ JOA Filing at 38.

A. MISO and SPP’s proposed allocation of 100% of the costs of JTIQ lines to generators should only be approved for the initial JTIQ portfolio, which benefits from DOE funding to cover the costs associated with the benefits to load.

The DOE Grid Resilience and Innovation Partnerships funding provides a huge benefit in reducing costs of the first JTIQ portfolio that would have otherwise been paid by load and generators. MISO and SPP have identified this funding, which they intend to use first to cover the costs commensurate with load benefits, in justifying their proposed 100% allocation of the remaining JTIQ costs to generators¹⁴. They describe that under SPP’s existing tariff, interconnection customers pay 100% of the cost of generator interconnection network upgrades, while in MISO interconnection customers are reimbursed for 10% of the cost of interconnection related upgrades that are 345kV or above. The lack of any reimbursement under the JTIQ Proposal is justified by the DOE funding, “Given that the 25 percent reduction in the capital costs resulting from the GRIP funding vastly exceeds the 10 percent reimbursement to interconnection customers under the MISO Tariff, it is just and reasonable not to provide this reimbursement in the instant case and to allocate the capital costs of JTIQ Portfolio #1 on a comparable basis between interconnection customers in either MISO and SPP.”¹⁵ In general, we believe that costs of JTIQ upgrades should be borne based on the benefits received. In fact, adjusted production cost analysis done early on in the JTIQ study process suggested that the economic benefits to load would have been close to 20% of the cost of the portfolio; but even that amount will be fully covered by the DOE funding.¹⁶ For the purposes of applying this tariff to the first portfolio of JTIQ projects, we accept MISO’s and SPP’s justification, because it is not

¹⁴ See SPP JTIQ Tariff Filing at 39 and MISO JOA Filing at 32.

¹⁵ See SPP JTIQ Tariff Filing at 39.

¹⁶ See Southwest Power Pool, Inc., *SPP-MISO Joint Targeted Interconnection Queue Cost Allocation and Affected System Study Process Changes White Paper* at 7, (2022), available at <https://www.spp.org/documents/68518/spp-miso%20jtiq%20study%20updated%20white%20paper%2020221220.pdf>.

based on a claim that all the benefits of the JTIQ portfolio are expected to be realized by generators alone.¹⁷

We appreciate that MISO and SPP have detailed in their tariffs and JOA that the allocation of 100% of costs to generators is being proposed for the first JTIQ portfolio and will be revisited for any future portfolios.¹⁸ We support this cost allocation only for this first JTIQ portfolio because of the DOE Grid Resilience and Innovation Partnerships funding, and any cost allocation for a future JTIQ portfolio should be based on cost and benefit analysis of that portfolio¹⁹.

B. The Transmission Owner Initial Funding provisions of the JTIQ Proposal add costs to new generation that will ultimately increase costs to consumers with no added benefit.

PIOs do, however, have concerns with the Transmission Owner Initial Funding Provisions of the JTIQ proposal. MISO and SPP have proposed a subscription mechanism for recovering the costs of the JTIQ portfolio from generators that is akin to the unilateral Transmission Owner Initial Funding (often referred to as self-funding) approach currently being used by many MISO Transmission Owners building interconnection network upgrades for generators. Generators and others have consistently raised concerns about this approach in both the JTIQ stakeholder process and in FERC dockets because it results in significant cost increases to generators when upgrade costs are recovered over many years with a rate of return applied to these charges as well. PIOs are particularly concerned that the cost increases generators incur by

¹⁷ See MISO JTIQ Tariff Filing at 20.

¹⁸ See Section 9.4.2.b.i of MISO and SPP's proposed JOA language, Attachment FF, Section III.A.2.d.1 of MISO's proposed tariff revisions and Attachment AV, Section VII and Appendix 1, Section E of SPP's proposed tariff revisions.

¹⁹ Our support for MISO and SPP's proposal to allocate 100% of remaining project costs to generators should not be construed as support for any specific future cost allocation in the absence of DOE funding.

paying a monthly JTIQ charge for up to 20 years will ultimately flow to and be borne by electricity consumers.

The Commission has recently issued a Show Cause Order that addresses provisions very similar to those proposed for the recovery of the JTIQ costs. In that Order, the Commission stated that provisions for transmission owners to “unilaterally elect transmission owner (TO) Initial Funding ... may increase the costs of interconnection service without corresponding improvements to that service, may unjustifiably increase costs such that it results in barriers to interconnection, and may result in undue discrimination among interconnection customers.”²⁰

The simple way to address these concerns is to allow the generator to decide whether to pay their JTIQ cost contribution up front or to pay in monthly payments with a rate of return added to each of those payments. The Commission also stated that it “find[s] that the provisions for TO Initial Funding in the existing OATTs of Responding RTOs/ISOs appear to be unjust, unreasonable, and unduly discriminatory or preferential because there may be no risks associated with owning, operating, and maintaining network upgrades for which transmission owners are not already otherwise compensated.”²¹ The proposed JTIQ monthly payment mechanism for cost recovery is very similar to what the Commission is actively revisiting.

To highlight the issues with the mechanism in this context: under the JTIQ Proposal Transmission Owners are taking on a risk as they provide a backstop to cover initial funding for JTIQ lines. But this risk to Transmission Owners is removed when interconnection customers have subscribed to JTIQ capacity via signed Generator Interconnection Agreements and posted security for their full JTIQ \$/MW cost. It is reasonable for Transmission Owners to receive a rate of return while they are exposed to the risk of shouldering the JTIQ costs. But it is

²⁰ See Show Cause Order at 1.

²¹ *Id.*

unwarranted and unjustified for Transmission Owners to earn a rate of return earned when there is no risk. This serves only to increase revenues for Transmission Owners with no added benefit to generators or consumers commensurate with the added cost. Charging generators a rate of return while also requiring them to post full security for their JTIQ cost is also a form of double charging which could lead to unjust and unreasonable rates.

No additional benefit is being gained by generators or consumers when Transmission Owners increase the costs of the JTIQ charge to generators with the addition of a rate of return. The subscription approach as proposed by MISO and SPP must be removed if the Commission determines via the Show Cause Order that unilateral TO Initial Funding is unjust and unreasonable. While recognizing that these two proceedings are concurrent, in the event the Commission approves the entirety of the JTIQ Proposal in this proceeding, PIOs urge the Commission to apply any conclusion it reaches in the Show Cause Order proceeding to the funding mechanism that MISO and SPP have proposed here through a Section 206 investigation. Similarly, if a court rejects the unilateral Transmission Owner Initial Funding, the Commission should also take action to address this aspect of the JTIQ Proposal.

II. CONCLUSION

For the reasons stated above, the Public Interest Organizations respectfully request the Commission promptly approve the JTIQ proposal subject to any future changes to Transmission Owner Initial Funding policy as may occur related to the Commission's Show Cause Order, or appeals of self-funding provisions currently active in the courts. This will allow the initial portfolio of JTIQ to move forward and receive the benefit of the DOE's funding. Should any of these proceedings indicate that MISO and SPP's proposed cost-recovery mechanism, which is akin to Transmission Owner Initial Funding, is unjust and unreasonable, we request the

Commission open a 206 proceeding to require MISO and SPP to replace the JTIQ cost recovery mechanism.

Respectfully submitted,

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DATE: September 19, 2024

CERTIFICATE OF SERVICE

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010, I hereby certify that this day I have served by email a copy of the foregoing on all persons designated on the official service lists compiled by the Secretary in these proceedings.

DATED: September 19, 2024.

/s/ Natalie McIntire

Natalie McIntire

Senior Advocate

Natural Resources Defense Council