

Fully utilizing the existing transmission system across regional borders enables the lowest-cost delivered energy to consumers and increases regional reliability.

Capacity deliverability describes the ability of a customer to count on a generator as its resource. Transfer capability refers to the amount each region calculates that is portable across the seam. Preliminary MISO analysis indicates that 4,000-6,000 MW of additional capacity transfers from MISO to PJM should be possible. Optimizing this capacity deliverability on the MISO-PJM border would:

- Help MISO manage identified reliability issues associated with compliance with Environmental Protection Agency (EPA) rules.
- Assist PJM with the efficiency of its Reliability Pricing Model (RPM) Auction prices – up to \$1.5 billion annually.
- Provide members of both regional transmission organizations with the flexibility and time necessary to make sound decisions related to EPA standards and other regulatory obligations.

Did you know?

- Enabling Capacity Deliverability across the seam has significant consumer savings opportunities making it a public interest issue.
- Preliminary MISO analysis indicates 4,000-6,000 MW of additional capacity transfers possible from MISO to PJM.
- MISO seeks a process that will align priority and promote accountability for resolving this matter between PJM and MISO.

Capacity deliverability will increase economies of scale and, therefore, our ability to assist each other when needed, both now and in the future. Today, consumers may realize economic benefits; tomorrow, it could be greater reliability.

Environmental Regulations Pose Serious Capacity Challenges

Environmental regulations pose a significant, immediate challenge for our industry. Retirement uncertainties remain; MISO's latest study indicates 48 GW of generation in the current MISO region will require retrofit or replacement to comply with environmental rules.

Given these potential retirements and the tight compliance timeline, deliverability is an even more urgent issue. Eliminating artificial barriers to capacity helps protect ratepayers from financial pressures inherent in compliance with environmental regulations, giving regulators and utilities time to ensure integrated resource plans maintain adequate reserve margins. Doing nothing potentially exposes ratepayers to higher cost and inefficient investment decisions driven by compliance timeframes.

Benefits to Customers

- **Reliability.** All available EPA-compliant resources should be used to maintain reliability unless barriers prevent their use. If the barriers are not removed, reliability is threatened.
- **Price transparency.** Increased price transparency is especially useful for state regulators during Integrated Resource Planning (IRP) efforts, helping them consider prudent investment decisions.
- **Flexibility.** Deliverability provides short-term flexibility while resource planners determine longer-term solutions. Every build decision is a 40-year decision.
- **Integrated Resource Planning (IRP).** Maintains state control over the IRP process - a FERC ruling on this matter would not impede state IRP processes.

Next Steps

Following a discussion at FERC on this matter the Commission provided guidance to the parties to ensure this important initiative moves forward. MISO will be working with PJM and state regulators initially on a schedule to address this, and several other issues that have been identified under the Joint and Common Market process.