

9.4 Allocation of Costs of Network Upgrades.

9.4.1 Network Upgrades Associated with Interconnections.

9.4.2 Network Upgrades Associated with Transmission Service Requests.

9.4.3 Network Upgrades Under Coordinated System Plan.

The Coordinated System Plan will identify Interregional Projects as: (i) Interregional Reliability Projects, (ii) Interregional Market Efficiency Projects, (iii) Interregional Public Policy Projects, and (iv) Targeted Market Efficiency Projects. Consistent with the applicable OATT provisions, the Coordinated System Plan will designate the portion of the Interregional Project cost for each such project that is to be allocated to each RTO on behalf of its Market Participants. The JRPC will determine an allocation of costs to each RTO for such Network Upgrades based on the procedures described below. The proposed allocation of costs will be reviewed with the IPSAC and the appropriate multi-state entities and posted on the internet web site of the two RTOs. Stakeholder input will be solicited and taken into consideration by the JRPC in arriving at a consensus allocation of costs.

9.4.3.1 Criteria for Project Designation as an Interregional Project:

Interregional Projects must be: (1) physically located in both the MISO region and the PJM region or (2) physically located wholly in one transmission planning region but jointly determined and agreed upon to provide benefits to the other transmission planning region or both transmission planning regions. These Interregional Projects will be designated in accordance with the following criteria:

9.4.3.1.1 Interregional Reliability Project Criteria:

9.4.3.1.2 Interregional Market Efficiency Project Criteria:

9.4.3.1.2.1 Determination of Benefits to Each RTO from an Interregional Market Efficiency Project:

9.4.3.1.3 Interregional Public Policy Project Criteria:

9.4.3.1.4 Targeted Market Efficiency Project Criteria:

Network Upgrades associated with a Targeted Market Efficiency Project (TMEP) must meet the following criteria:

Targeted Market Efficiency Projects

- i. Are evaluated as part of a Coordinated System Plan or joint study process as described in Section 9.3.5.2(c) and demonstrated to have an expectation for substantial relief of identified historical market efficiency issues
- ii. Have an estimated in-service date by the 3rd summer peak season from the year in which the project is approved

Comment [A1]: Multiple filings affect the following sections and subsection numbering may vary among them.
Final formatting that doesn't affect any of the substance will be addressed as may be appropriate in the filing version of the documents.

Comment [A2]: Newly proposed changes are highlighted compared to the 9/30/2016 IPSAC version

- iii. Have an estimated installed cost less than \$20 million in study year dollars
- iv. Is determined to have expected future congestion relief equal to the simple sum of annual congestion, due to upgrade of the targeted flowgate, over the four year period after the study year, that is equal to or greater than the estimated installed capital cost of the upgrade, including appropriate long term costs, in study year dollars. Where:

- i. Expected future congestion relief is the amount of a flowgate's anticipated reduction of historical congestion net of any anticipated increases in congestion on nearby flowgates based on the RTO analysis

- ii. Historical congestion in PJM will be quantified in accordance with PJM OATT Attachment K-Appendix, Section 5.1. It will include charges associated with Day Ahead and Real-Time market congestion for both load and generator busses.

- iii. Historical congestion in MISO will be quantified in accordance with the MISO Market Settlements Calculation Guide. It will include charges associated with Day Ahead and Real-Time market congestion for both load and generator busses.

- iv. Annual congestion is the estimated average historical congestion based on the two historical calendar years prior to the study year

- v. Is recommended by the JRPC as a TMEP and approved by the Boards of each RTO

9.4.3.1.4.1 Determination of Benefits to Each RTO from a Targeted Market Efficiency Project:

Targeted Market Efficiency Projects

The RTOs shall jointly evaluate the benefits to the combined markets and to each RTO for each potential TMEP resulting from Section 9.3.5.2(c), according to the following process:

- (i) With input from IPSAC, determine the estimated total installed project capital cost in study year dollars
- (ii) Compare the estimated expected future congestion relief to the estimated project total installed capital cost in study year dollars. The estimated congestion relief shall equal or exceed the total installed capital cost in study year dollars. Where:

- a. Expected future congestion relief is the sum of each RTO's expected congestion relief, adjusted by Market to Market settlement payments.

- 9.4.3.2 Interregional Project Benefits and Shares:**
- 9.4.3.2.1 Cost Allocation for an Interregional Reliability Project:**
- 9.4.3.2.2 Cost Allocation for an Interregional Market Efficiency Project:**
- 9.4.3.2.3 Cost Allocation for an Interregional Public Policy Project:**
- 9.4.3.2.4 Cost Allocation for a Targeted Market Efficiency Project:**
- 9.4.3.3 Determination of Interregional Cost Allocation Share Outside of Coordinated system Plan:**
- 9.4.3.4 Cost Recovery of Interregional Allocation Shares:**
- 9.4.3.5 Transmission Owners Filing Rights:**
- 9.4.3.6 Amendments:**