

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

International Transmission Company  
d/b/a ITC*Transmission*

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Docket No. PP-230-4

SUPPLEMENTAL COMMENTS OF THE MIDWEST INDEPENDENT  
TRANSMISSION SYSTEM OPERATOR, INC. ON INTERNATIONAL  
TRANSMISSION COMPANY, D/B/A ITC*TRANSMISSION'S* REQUEST  
TO AMEND PRESIDENTIAL PERMIT

The Midwest Independent Transmission System Operator, Inc. ("MISO") submits these supplemental comments in light of recent late-filed interventions and comments regarding International Transmission Company d/b/a ITC*Transmission's* ("ITC's") request to amend Presidential Permit PP-230-3.

**A. Background**

MISO submitted its initial Comments on ITC's request to amend Presidential Permit PP-230-3 on March 12, 2009 ("Initial Comments") and stands by its Initial Comments. However, as of the date of this filing, seven parties that are all participants in a proceeding pending before the Federal Energy Regulatory Commission ("FERC") in Docket No. ER11-1844 ("PARs cost allocation proceeding") have filed late interventions and comments in the instant docket.<sup>1</sup> The PARs cost allocation proceeding addresses FERC jurisdictional cost recovery and cost allocation issues involving the 700 MVA Phase Angle Regulators ("PARs") described in the instant

<sup>1</sup> See Filings of American Municipal Power and Old Dominion Electric Cooperative, PJM Interconnection, Inc. ("PJM"), New York Independent System Operator ("NYISO") Transmission Owners, PEPCO Holdings, Inc., Baltimore Gas & Electric Company, and FirstEnergy Service Co., DOE PP-230-4 (Department of Energy ("DOE"), Office of Electricity Delivery and Energy Reliability, Pending Applications public website: [http://www.oe.energy.gov/permits\\_pending.htm](http://www.oe.energy.gov/permits_pending.htm)).

proceeding. MISO and ITC submitted a joint application in the PARs cost allocation proceeding seeking FERC approval of certain provisions in the MISO tariff that will govern rate recovery and cost allocation for the PARs. The issues in the PARs cost allocation proceeding have been set for hearing, but hearing procedures have been held in abeyance pending settlement discussions among the parties. MISO believes that the late-intervening and commenting parties may be seeking leverage in the pending FERC proceeding by entering and introducing new issues in the instant proceeding.

MISO submits these supplemental comments to ensure that the DOE understands that MISO: (1) still supports putting the PARs in service as soon as possible for anticipated reliability benefits, and (2) will continue to coordinate with other entities around the Lake Erie region to share data and to pursue improved operations of the PARs and the other phase angle regulators that affect loop flow around Lake Erie, including those between PJM and NYISO.

#### **B. Appropriate Operation of the PARs and Need for Regional Coordination**

For years, the entities around Lake Erie (*i.e.*, MISO, NYISO, PJM, and the Independent Electricity System Operator of Ontario ("IESO" their respective predecessor organizations, and transmission-owning members) have been discussing the problem of Lake Erie loop flow and strategies to ameliorate loop flow. The PARs have long been identified as a necessary physical solution to the problem of loop flow. As ITC described in its Answer to the Late Motion to Intervene and Comments of PJM Interconnection, LLC ("ITC Answer to PJM"), for nearly two decades it has been recognized that unscheduled flows around Lake Erie cause reliability and market problems for all of the electrical systems around Lake Erie, and that all practical steps should be taken to align flows with schedules to the maximum extent practical.<sup>2</sup> As described in

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<sup>2</sup> See ITC Answer to PJM, pp. 3-5 (describing several Lake Erie Loop Flow studies prepared by entities around Lake Erie, including MISO, PJM, and NYISO).



ITC's January 5, 2009 application<sup>3</sup> and as MISO has consistently supported<sup>4</sup> the PARs are intended to operate so that flow across the Michigan–Ontario interface normally equals scheduled flow to the maximum extent practical. MISO maintains that this is the appropriate operational approach for the PARs.<sup>5</sup> This has been reflected in the presidential permit since ITC's original PAR was approved in 2001.<sup>6</sup> In this context, the late-filed interventions may be viewed as a collateral attack on the DOE's 2001 Order.

For years, MISO has worked cooperatively with the entities around Lake Erie to identify solutions to loop flow issues. MISO's efforts have directly engaged regional counterparts and also involved participation in standing committees such as the North American Electric Reliability Corporation—Operating Reliability Subcommittee, and participation in ad hoc groups such as the Regional Power Control Device Study Group (comprised of MISO, PJM, NYISO, and IESO). None of the committees or groups with which MISO has been involved has raised reliability concerns with regard to operating the PARs at flow equals schedule. Rather, uncontrolled loop flow has been consistently indentified as a significant regional reliability concern. MISO believes that late-intervening parties' allegations with regard to congestion are economic issues and are not reliability concerns over which the DOE has jurisdiction.

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<sup>3</sup> See ITC Transmission's January 5, 2009 Request to amend Presidential Permit PP-230-3 at p. 6

<sup>4</sup> See Initial Comments, pp. 2-3.

<sup>5</sup> MISO notes that contrary to late-intervenors' allegations, an earlier draft of the Operating Instruction between MISO and IESO was included as an attachment to the Initial Comments, and clearly indicated the operating principle of flow equals schedule.

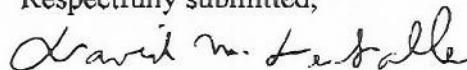
<sup>6</sup> See Order No. PP-230-2 (April 19, 2001) at p. 6. ("Furthermore, under normal system conditions, ITC shall operate the phase-shifting transformer in the B3N circuit such that the electric flow on the Michigan–Ontario interface will match Michigan–Ontario scheduled transactions across the interface.")

MISO maintains that operating the PARs as described above is the appropriate initial operational approach for the PARs, and at the same time supports collaborative efforts to coordinate operations of all other regional phase angle regulators that also affect loop flow around Lake Erie. MISO is aware that regional entities will gather more data and may develop improved operational approaches as entities in the Lake Erie region seek to develop collaborative approaches toward coordinating the operations of the other phase angle regulators that affect loop flow around Lake Erie. Among other things, the advisability and feasibility of PJM's proposal to only make PAR angular changes at the top of the hour if no regional entity is economically "harmed" should be addressed as part of this regional collaboration to coordinate the operations of all of the phase angle regulators affecting Lake Erie loop flow.<sup>7</sup> MISO will continue to participate in and support these efforts. In the interim, it is imperative to place the PARs in service as soon as practical on a flow to schedule basis to enhance the reliability of the interconnection, and to gain objective experience and additional information in support of the ongoing efforts to coordinate operations of phase angle regulators that affect loop flow around Lake Erie.

### C. Conclusion

MISO urges the DOE to approve the ITC request to amend PP-230 to permit the PARs to be placed into service as proposed. MISO respectfully requests the DOE to address in its final order the issues raised by MISO in its Initial Comments and in these Supplemental Comments.

Respectfully submitted,



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<sup>7</sup> Defining and determining alleged "harm" is an economic issue, not a reliability issue. This would not be a simple process and would involve, among other things, consideration of the movement of the other regional phase angle regulators.

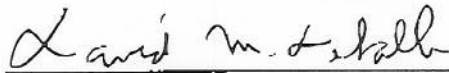
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**CERTIFICATE OF SERVICE**

I hereby certify that I have caused a copy of the foregoing document to be served on each person on the attached list on April 29, 2011.



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