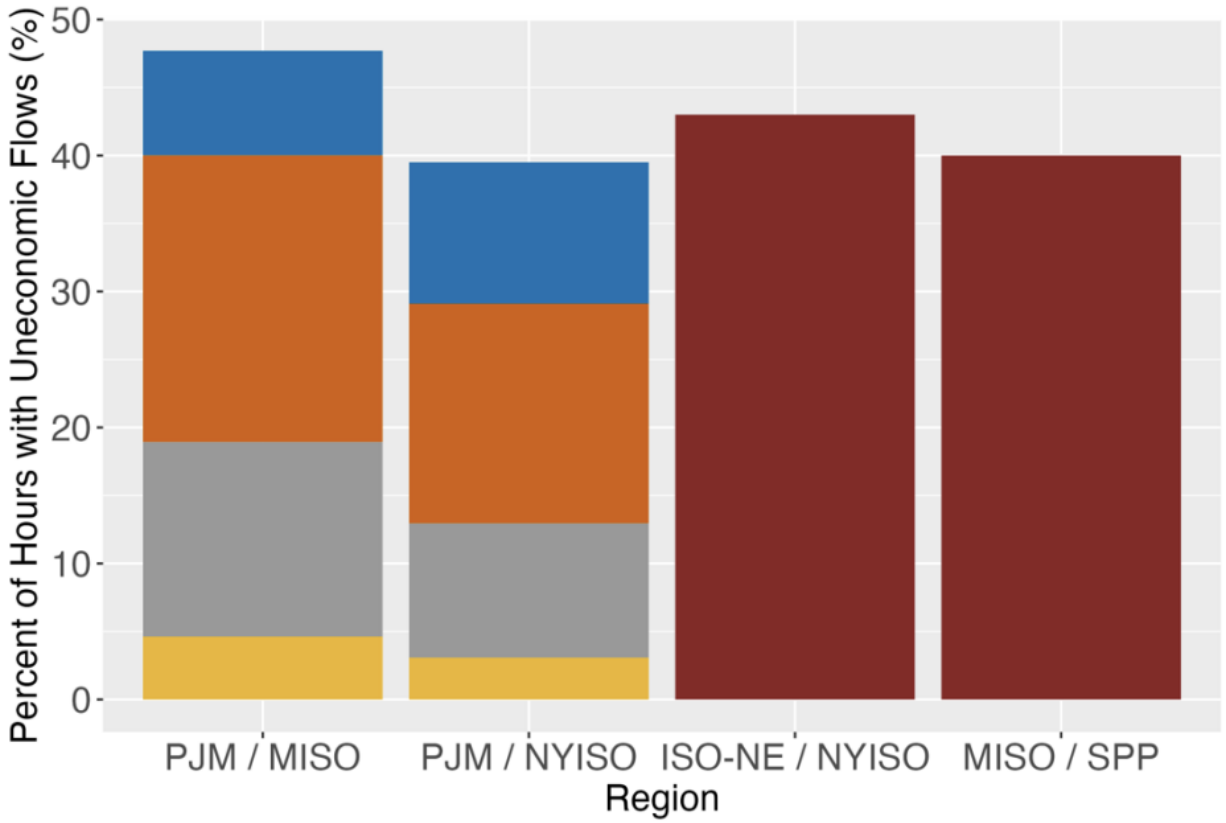
Getting interregional markets right is critical for using interregional transmission right

- All RTOs see a significant percent of hours with uneconomic flows
- Coordinated transaction scheduling (CTS) between PJM and MISO was just retired due to lack of usage



Source: *Barriers and Opportunities to Realize the System Value of Interregional Transmission*, NLR, 2024, https://docs.nlr.gov/docs/fy24osti/89363.pdf

Inter-market optimization can help alleviate trading frictions & delays

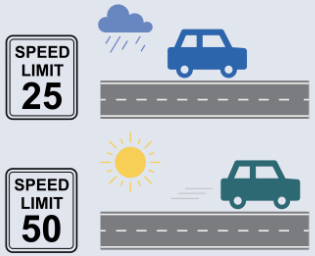
There's a lot more we can GET out of our existing system, too

- Grid-enhancing technologies (GETs) can be used in planning or operations to maximize use of the existing system
- Since a lot of interregional transfers are based on maximizing usage of spare capacity, GETs are a perfect fit for maximizing that capacity

Dynamic line rating (DLR)

Hardware or software that adjusts the carrying capacity of transmission lines based on real-time conditions

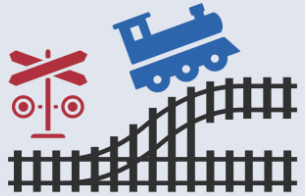
Transit analogy: Weather-adjusted speed limits



Advanced power flow controller (APFC)

Hardware that pushes power away from overloaded lines with capacity constraints onto lines with spare capacity

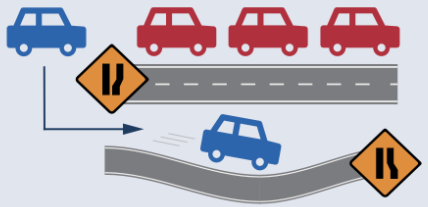
Transit analogy: Railroad switching stations that direct trains to free tracks



Topology optimization (TO)

Software that identifies grid reconfigurations to optimally route power flows around congested areas (broader than "transmission switching")

Transit analogy: Re-routing drivers around traffic



States can request targeted studies of GETs along seams

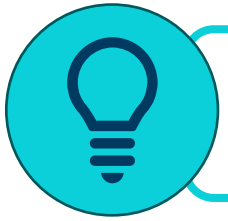
Resource adequacy is also essential to get right to enable interregional trades

- *Example:* PJM has highly restrictive pseudo-tie requirements to be able to import into its capacity market and an artificially low Capacity Benefit Margin (CBM)
- Expanding resource adequacy participation can lower intraregional prices and enable more diverse resource access
- Restrictive resource adequacy requirements also **leaves significant economic opportunity on the table** for states interested in expanding power transfers to other regions

States can urge RTOs to increase their valuation of external capacity resources and make it easier for individual resources to get valued

HVDC transmission capacity accreditation is a key example

- No RTO today allows for High Voltage Direct Current (HVDC) transmission projects to receive resource-agnostic capacity accreditations
- This often means that high-value HVDC projects are unable to get built because they are not being compensated for their full value
- Probabilistic modeling has demonstrated that these HVDC projects are able to deliver power when needed from a diverse resource mix
  - Appropriate penalties for lack of performance can be applied



States can urge RTOs to start accrediting HVDC transmission for its capacity and compensating it fairly