

153 FERC ¶ 61,316
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;
Cheryl A. LaFleur, Tony Clark,
and Colette D. Honorable.

Southwest Power Pool, Inc.

Docket Nos. ER15-2377-000
ER14-27-000

ORDER ACCEPTING COMPLIANCE FILING

(Issued December 17, 2015)

1. By order issued March 20, 2014,¹ the Commission instituted an inquiry pursuant to section 206 of the Federal Power Act (FPA)² in Docket No. EL14-27-000 to ensure that Southwest Power Pool, Inc.'s (SPP) scheduling, particularly its day-ahead scheduling practices, correlate with revisions to the natural gas scheduling practices ultimately adopted by the Commission in Order No. 809.³ On August 4, 2015, SPP filed a compliance filing with the Commission in Docket No. ER15-2377-000, proposing revisions to SPP's Open Access Transmission Tariff (Tariff) to meet the 206 Order's directives and contending that SPP has shown cause why further changes are not necessary.

2. In this order, the Commission accepts SPP's proposed Tariff revisions, to become effective October 1, 2016, as requested, and finds that SPP has shown cause why further Tariff changes are not necessary. However, the Commission also directs SPP to submit

¹ *Cal. Indep. Sys. Operator Corp.*, 146 FERC ¶ 61,202 (2014) (206 Order). The 206 Order applied to all six jurisdictional independent system operators (ISOs) and regional transmission organizations (RTOs), assigning separate docket numbers to each ISO and RTO. This order only relates to SPP.

² 16 U.S.C. § 824e (2012).

³ *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, Order No. 809, 80 Fed. Reg. 23,198-01 (Apr. 24, 2015), FERC Stats. & Regs. ¶ 31,368 (2015) (cross-referenced at 151 FERC ¶ 61,049 (2015)), *order on clarification*, 152 FERC ¶ 61,095, *order on reh'g*, 152 FERC ¶ 61,212 (2015).

an annual informational report explaining ongoing efforts to further align the gas and electric scheduling practices, as discussed below.

I. Background

3. Beginning in 1996, the Commission has adopted regulations to standardize the business practices and communication methodologies of interstate natural gas pipelines to create a more integrated and efficient pipeline grid. These regulations were promulgated in the Order No. 587 series of orders,⁴ wherein the Commission incorporated by reference into the Commission's regulations standards for interstate natural gas pipeline business practices and electronic communications developed and adopted by the North American Energy Standards Board (NAESB) Wholesale Gas Quadrant (WGQ). The NAESB WGQ standards, including the standard nationwide nomination timeline, were developed to improve the speed and efficiency with which shippers can transact business across interconnecting pipelines.

4. The NAESB WGQ standards provide a minimum number of nomination opportunities for natural gas shippers to schedule service for the Gas Day, which starts at 9:00 a.m. Central Clock Time (CCT):⁵ (a) the Timely Nomination Cycle, which occurs the day before the operating day on which the gas will flow (Gas Day); (b) the Evening Nomination Cycle, which occurs late in the day prior to gas flow and allows shippers to modify their Timely Nomination Cycle schedules; and (c) two intraday nominations (three after implementation of Order No. 809) that occur during the Gas Day. The Commission meanwhile has accepted regional variations in the development of wholesale electric industry scheduling practices.

5. The differences between the day-ahead nationwide natural gas scheduling timeline and the day-ahead regional organized electricity market scheduling timelines can create complications for interstate natural gas pipelines and electric transmission operators in coordinating the scheduling of the two industries. The Timely Nomination Cycle is the

⁴ This series of orders began with the Commission's issuance of *Standards for Business Practices of Interstate Natural Gas Pipelines*, Order No. 587, FERC Stats. & Regs. ¶ 31,038 (1996). The most recent order in this series is Order No. 587-W, issued on October 15, 2015, wherein the Commission incorporated by reference the Version 3.0 WGQ Business Practice Standards. *Standards for Business Practices of Interstate Natural Gas Pipelines*, Order No. 587-W, 80 Fed. Reg. 67,302 (Nov. 2, 2015), FERC Stats. & Regs. ¶ 31,373 (2015) (cross-referenced at 153 FERC ¶ 61,061 (2015)).

⁵ See NAESB WGQ Standards 1.3.2. NAESB's standards in general make reference to CCT, which refers to the actual time in the Central Time Zone, reflecting Central Standard Time or Daylight Savings Time, whichever is applicable.

most liquid time to acquire both natural gas supply and pipeline transportation capacity. During that cycle, all of a natural gas pipeline's scheduling nomination priorities are in effect: primary firm nominations⁶ have priority over secondary firm nominations,⁷ and secondary firm nominations have priority over interruptible nominations.⁸ Under Commission policy and pipeline tariffs, once firm transportation is scheduled, including secondary firm nominations, it cannot be displaced or bumped by another firm or interruptible nomination for that Gas Day.⁹

6. As detailed below, day-ahead electric generation commitments generally occur after the Timely Nomination Cycle. Typically, a natural gas-fired generator must either submit its nomination for natural gas transportation services before it knows when and how much electricity it will be committed to produce the next day, or it must wait until it receives its day-ahead commitment to nominate natural gas transportation services, with the risk that during some periods natural gas supply and transportation capacity may not be available or economical, given the ISO and RTO day-ahead market clearing price. If a natural gas-fired generator acquires natural gas supply and transportation prior to learning whether it is dispatched, it runs the risk of having to sell off excess natural gas supply and pipeline transportation capacity during the less liquid Evening or intraday Nomination Cycles to the extent its bid does not clear the day-ahead market. If the natural gas-fired generator waits to acquire natural gas supply and pipeline transportation until its bid clears the day-ahead market, it would be doing so during the less liquid Evening or intraday Nomination Cycles, where the generator may be unable to acquire pipeline transportation capacity if the pipeline is fully scheduled. While natural gas-fired generators may be able to obtain natural gas supply and pipeline transportation throughout the day during many periods of the year, their ability to procure natural gas supply and pipeline transportation in the most liquid Timely Nomination Cycle may be critical to their ability to provide service during periods when the pipeline is constrained.

⁶ Primary firm nominations are nominations of firm transportation from a primary receipt point to a primary delivery point. Order No. 809, FERC Stats. & Regs. ¶ 31,368 at P 72.

⁷ Secondary firm nominations are firm nominations that include at least one secondary point. *Id.* P 72 n.134.

⁸ Interruptible nominations are nominations for service that is “subject to a prior claim by another customer or another class of service and receives a lower priority than such other classes of service.” 18 C.F.R. § 284.9(a)(3) (2015).

⁹ *See* Order No. 809, FERC Stats. & Regs. ¶ 31,368 at PP 73, 75.

7. After the day-ahead electric dispatch schedule is set, ISOs and RTOs also conduct reliability assessments to assess whether they have sufficient generation committed to meet expected load for the following electric operating day. If the day-ahead electric dispatch schedule does not appear adequate to meet load, the ISO or RTO may schedule additional units to be ready during real time. Each ISO and RTO establishes its own timing for the day-ahead schedule and reliability unit commitment. As with the Timely Nomination Cycle, if the ISOs and RTOs do not announce commitments of these generators prior to the Evening Nomination Cycle, those generators might have difficulty obtaining natural gas supply at reasonable prices and scheduling pipeline transportation service using only the intraday nomination cycles.

8. The following table shows each ISO's and RTO's existing day-ahead scheduling timeline:

Table 1 – ISO and RTO Day-Ahead Scheduling¹⁰

ISO or RTO	Time for Bid Submission (CCT)	Time for Publication of Day-Ahead Commitment Bids (CCT)	Notification of Reliability Unit Assessment (CCT)
California Independent System Operator Corporation (CAISO)	12:00 p.m.	3:00 p.m.	3:00 p.m.
ISO New England Inc. (ISO-NE)	9:00 a.m.	12:30 p.m.	4:00 p.m.
PJM Interconnection, L.L.C. (PJM)	11:00 a.m.	3:00 p.m.	7:00 p.m.
Midcontinent Independent System Operator, Inc. (MISO)	10:00 a.m. (during period of the year not covered by Daylight Savings Time)	2:00 p.m. (during period of the year not covered by Daylight Savings Time)	7:00 p.m. (during period of the year not covered by Daylight Savings Time)

¹⁰ This table does not reflect revisions to PJM's day-ahead timeline, to become effective on March 31, 2016, which the Commission recently approved in *PJM Interconnection, L.L.C.*, 153 FERC ¶ 61,209 (2015).

	11:00 a.m. (during period of the year covered by Daylight Savings Time)	3:00 p.m. (during period of the year covered by Daylight Savings Time)	8:00 p.m. (during period of the year covered by Daylight Savings Time)
New York Independent System Operator, Inc. (NYISO)	4:00 a.m.	10:00 a.m.	10:00 a.m.
SPP	11:00 a.m.	4:00 p.m.	8:00 p.m.

9. Under existing day-ahead timelines, all ISOs and RTOs (except NYISO) post successful economic dispatch bids *after* the current nomination deadline for the Timely Nomination Cycle at 11:30 a.m. CCT, and MISO and SPP post successful initial reliability unit commitments *after* the current nomination deadline for the Evening Nomination Cycle at 6:00 p.m. CCT.

10. As part of its efforts to coordinate the scheduling practices of the wholesale natural gas and electric industries, and as relevant here, on March 20, 2014, the Commission concurrently issued: (1) a notice of proposed rulemaking in Docket No. RM14-2-000, proposing changes to the scheduling practices of the wholesale natural gas industry;¹¹ and (2) the 206 Order, instituting an FPA section 206 inquiry into ISO and RTO natural gas scheduling practices. In the NOPR, the Commission proposed, among other things, to move the Timely Nomination Cycle from 11:30 a.m. CCT to 1:00 p.m. CCT. The Commission proposed this change in order to provide the ISOs and RTOs with additional time in which to post results of their day-ahead markets so that gas-fired generators will know their day-ahead commitments for the following electric operating day in time to submit nominations for pipeline capacity during the Timely Nomination Cycle, the most liquid nomination cycle.

11. The 206 Order directed each ISO and RTO, within 90 days of the issuance of a final rule in Docket No. RM14-2-000, either “(1) to make a filing that proposes tariff changes to adjust the time at which the results of its day-ahead energy market and reliability unit commitment process (or equivalent) are posted to a time that is sufficiently

¹¹ *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, 146 FERC ¶ 61,201 (2014) (NOPR).

in advance of the Timely and Evening Nomination Cycles, respectively, to allow gas-fired generators to procure natural gas supply and pipeline transportation capacity to serve their obligations, or (2) to show cause why such changes are not necessary.”¹² The Commission directed each ISO and RTO to “explain how its proposed modifications are sufficient for gas-fired generators to secure natural gas pipeline capacity prior to the Timely and Evening Nomination Cycles.”¹³

12. On April 16, 2015, the Commission issued the final rule in Docket No. RM14-2-000, Order No. 809, which amended the Commission’s regulations to incorporate by reference NAESB’s revised standards that changed the nationwide Timely Nomination Cycle nomination deadline from 11:30 a.m. CCT to 1:00 p.m. CCT and revised the intraday nomination timeline to include an additional intraday scheduling opportunity during the Gas Day.¹⁴ The large majority of commenters supported moving the start time for the Timely Nomination Cycle from 11:30 a.m. CCT to 1:00 p.m. CCT, including commenters that did not generally support NAESB’s revised intraday nomination timeline.¹⁵ Many commenters to the NOPR stated that moving the Timely Nomination Cycle nomination deadline to 1:00 p.m. CCT would provide generators more time to acquire natural gas supply and pipeline transportation capacity after learning their electric dispatch obligations, provided changes are made to the ISO and RTO scheduling processes.¹⁶ The Commission agreed with these commenters, finding that moving the close of the Timely Nomination Cycle from 11:30 a.m. CCT to 1:00 p.m. CCT “will provide generators more time to acquire natural gas supply and pipeline transportation after learning their electric dispatch obligations, *provided changes are made to the ISO and RTO scheduling processes.*”¹⁷

¹² 206 Order, 146 FERC ¶ 61,202 at P 19.

¹³ *Id.*

¹⁴ Order No. 809, FERC Stats. & Regs. ¶ 31,368 at PP 1, 168. Although the NOPR proposed moving the start of the Gas Day from 9:00 a.m. CCT to 4:00 a.m. CCT, the Commission declined to adopt that proposal. *Id.* PP 3, 13.

¹⁵ *Id.* P 84.

¹⁶ *Id.*

¹⁷ *Id.* P 87 (emphasis added).

13. The following table shows the current NAESB gas nomination timeline and the revised NAESB gas nomination timeline accepted in Order No. 809 and effective April 1, 2016:¹⁸

Table 2 –Current and Revised NAESB Natural Gas Nomination Cycles

Time Shifts -- All times CCT		Current NAESB Standards	Revised NAESB Standards
Timely	Nomination Deadline	11:30 AM	1:00 PM
Evening	Nomination Deadline	6:00 PM	6:00 PM
Intraday 1	Nomination Deadline	10:00 AM	10:00 AM
	IT Bump Rights	bumpable	bumpable
Intraday 2	Nomination Deadline	5:00 PM	2:30 PM
	IT Bump Rights	no bump	bumpable
Intraday 3	Nomination Deadline		7:00 PM
	IT Bump Rights		no bump

II. SPP's Compliance Filing

14. In October 2012, SPP formed the Gas-Electric Coordination Task Force (Task Force), which developed the proposal described below. The proposal was accepted by the SPP Members Committee and Board of Directors.¹⁹ On August 4, 2015, SPP submitted a compliance filing in response to the 206 Order that proposes revisions to its Tariff consistent with the Task Force's proposal and requests an effective date of October 1, 2016.

15. SPP states that fuel assurance issues are rare in its footprint. SPP asserts that its proposed Tariff revisions achieve the Commission's goal of better coordinating gas-electric schedules, while avoiding market inefficiencies and potentially compromising market operations. SPP further avers that its Tariff already includes mechanisms that allow it to solve fuel supply issues on the few critical days that may arise.²⁰

¹⁸ See *id.* at app. (emphasis added). See also *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, 152 FERC ¶ 61,095 (2015) (clarifying that the new day-ahead nomination timelines will apply as of March 31, 2016 for those nominations that will become effective April 1, 2016).

¹⁹ SPP Compliance Filing at 5-6.

²⁰ *Id.* at 17.

16. SPP's proposed changes to Attachment AE of its Tariff move the majority of its time schedules forward to better align SPP's Day-Ahead Market and Day-Ahead Reliability Unit Commitment (Reliability Unit Commitment) processes with natural gas pipeline nomination timelines.

Table 3 – SPP's Current and Proposed Day-Ahead Schedules

	Current Time (CCT)	Proposed Time (CCT)
Regulation-Up, Regulation-Down, and Contingency Reserve Requirements posted	7:00 a.m.	6:00 a.m.
Operating Reserve Requirements posted	7:00 a.m.	6:00 a.m.
Close of SPP's Day-Ahead Market	11:00 a.m.	9:30 a.m.
Publication of SPP's Day-Ahead Market Results	4:00 p.m.	2:00 p.m.
Reliability Unit Commitment Process begins	5:00 p.m.	Approx. 2:45 p.m.
Reliability Unit Commitment Results posted	8:00 p.m.	Approx. 5:15 p.m.

17. SPP offers several revisions to its Reliability Unit Commitment process. Currently, SPP states that it begins the Reliability Unit Commitment process to assess capacity adequacy during the operating day at the later of either 5:00 p.m. CCT or one hour after the posting of the Day-Ahead Market results. SPP proposes to begin the Reliability Unit Commitment process 45 minutes after the posting of the Day-Ahead Market results (approximately, 2:45 p.m. CCT). It believes that this 15-minute reduction in the time between the publication of Day-Ahead Market Results and the beginning of

the Reliability Unit Commitment process will facilitate the completion the Reliability Unit Commitment process and posting of the Reliability Unit Commitment process results.²¹

18. SPP also proposes to revise the posting of the Reliability Unit Commitment results. Currently, SPP communicates the results of the Reliability Unit Commitment process at the later of either 8:00 p.m. CCT or three hours following the start of the Reliability Unit Commitment process. SPP proposes to shorten this time by 30 minutes, communicating the results two-and-one-half hours following the start of the Reliability Unit Commitment process (approximately, 5:15 p.m. CCT).²² Accordingly, SPP states that the results of the Reliability Unit Commitment process would be posted 45 minutes before the start of the Evening Nomination Cycle deadline for natural gas pipelines, which is at 6:00 p.m. CCT.²³

19. In order to facilitate these changes to the Reliability Unit Commitment process, SPP proposes to move forward the Offer and Bid deadline, market clearing, and posting of the Day-Ahead Market results. Market participants currently submit final offers and bids in the Day-Ahead Market by 11:00 a.m. CCT. SPP then posts the results of the Day-Ahead Market by 4:00 p.m. CCT. SPP proposes to require the submission of final offers and bids by 9:30 a.m. CCT and posting of the results of the Day-Ahead Market by 2:00 p.m. CCT.²⁴

20. To facilitate these changes to the Day-Ahead Market, SPP proposes to calculate by 6:00 a.m. CCT, instead of 7:00 a.m. CCT, the hourly Regulation-Up, Regulation-Down, and Contingency Reserve requirements on an SPP Balancing Authority Area basis. SPP would then post such results for use in the Day-Ahead Market, Reliability Unit Commitment, Intra-Day Reliability Unit Commitment, and Real-Time Balancing Market and, if necessary, Regulation-Up and/or Spinning Reserve minimum requirements for each Reserve Zone, to address reliability issues that can only be alleviated through

²¹ *Id.* at 9-10.

²² The times for SPP's Reliability Unit Commitment processes are "approximate" because the proposed Tariff excludes specific hourly time requirements. Instead, the Tariff references time intervals cued off of the completion of previous steps in the scheduling process.

²³ *Id.* at 10.

²⁴ *Id.*

carrying synchronized reserves. SPP asserts that moving these times earlier should aid market participants in formulating their Day-Ahead offers and bids.²⁵

21. SPP argues that its proposed revisions offer multiple benefits for the Day-Ahead Market and Reliability Unit Commitment Process. According to SPP, by communicating the results of the Reliability Unit Commitment process 45 minutes before the start of the Evening Nomination Cycle, the proposed Tariff revisions would enable committed natural gas-fired generators to procure natural gas supply and nominate transportation capacity during the Evening Nomination Cycle to meet their obligations for the next Gas Day. SPP states that its stakeholders advised SPP that 45 minutes is sufficient time to procure natural gas supply and to nominate transportation capacity in the Evening Nomination Cycle.²⁶

22. SPP adds that moving the Day-Ahead offer and bid deadline earlier to 9:30 a.m. CCT should allow adequate time for market participants to formulate offers and bids based on more timely fuel price and forecast data. According to SPP, a number of stakeholders were concerned about the negative impacts of moving the close of the Day-Ahead Market earlier than 9:30 a.m. CCT. SPP states that these stakeholders claimed that an earlier close would force them to rely on less accurate weather and load forecasts while simultaneously increasing uncertainty concerning unit availability and capability. SPP asserts that stakeholders also expressed concern that an earlier deadline would provide insufficient time to factor fuel procurement costs into their Day-Ahead offers and bids because the deadline would overlap with the liquid early morning gas trading period. In turn, SPP argues that an earlier deadline could thus inhibit market participants' ability to formulate accurate prices.²⁷

23. SPP avers that, due to the high penetration of wind resources in its footprint (reaching up to 33 percent of generation), stakeholders expressed concern about relying on the earlier and less accurate weather, resource output, and load forecasts, which could undermine optimal Day-Ahead Market clearing. SPP asserts that its proposal balances its stakeholders' concerns with the need to move the timeline earlier to allow the Reliability Unit Commitment process to occur prior to the Evening Nomination Cycle.²⁸

²⁵ *Id.* at 11.

²⁶ *Id.*

²⁷ *Id.* at 11-12.

²⁸ *Id.* at 12.

24. SPP argues that because the results of its Day-Ahead Market would be posted before the start of the Intraday 2 Nomination Cycle adopted by the Commission in Order No. 809 (2:30 p.m. CCT), committed natural gas-fired generators would have the opportunity to procure natural gas supply and nominate transportation capacity in a bumpable cycle in the current Gas Day for next-day use (between 12:00 a.m. CCT and 9:00 a.m. CCT). SPP asserts that its proposal also allows natural gas-fired generation resources time to nominate transportation capacity in the new Intraday 3 Nomination Cycle. According to SPP, these changes facilitate the ability of natural gas-fueled generators to use additional intraday scheduling options to procure fuel to meet their needs.²⁹

25. SPP presents two overarching arguments for why further Tariff revisions are unnecessary to comply with Order No. 809 and the 206 Order. First, SPP points to regional differences for not making additional changes. Second, SPP asserts that other Integrated Marketplace mechanisms exist to address rare fuel supply issues. Consequently, SPP argues that its proposal balances the Commission's goal of gas-electric coordination with the needs of its stakeholders, in turn enhancing market efficiency and reliability. SPP contends that further reforms would present additional costs and raise the risk of unintended consequences and reliability concerns.³⁰

26. SPP asserts that regional differences justify its proposal not to make further Tariff revisions. SPP notes that the primary problems of gas-electric coordination arise in the northeast, which lacks gas and transportation infrastructure. In contrast, SPP claims to have an abundance of natural gas and robust transportation infrastructure, providing natural gas generators with more options than other regions.³¹

27. SPP further distinguishes itself regionally due to its uniquely vast north-to-south footprint. From this, SPP asserts that generators in the southern SPP region, which has few fuel supply limitations, can offset any issues that might occur in the north during the few coldest days of the year. SPP adds that its diverse resource mix also mitigates the need for further Tariff revisions.³²

²⁹ *Id.*

³⁰ *Id.* at 12-13.

³¹ *Id.* at 13-15.

³² *Id.* at 15.

28. SPP notes that many stakeholders observed that relying on earlier – and, hence, staler forecast data – would lead to increased reliance on the Reliability Unit Commitment or Real-Time Balancing Market to correct inaccuracies. SPP states that this would impose costs on Market Participants in the form of Reliability Unit Commitment make-whole payments, price divergence between day-ahead and real-time, and other uplift costs. Moreover, further alignment with the Timely Nomination Cycle would impose additional computer system and process costs, which SPP argues is too high a cost due to the limited number of critical days per year that would be avoided through further aligning the timelines.³³

29. SPP notes that, unlike other RTOs and ISOs, SPP has operated its Integrated Marketplace for only 17 months. SPP is concerned that further compressing timeframes in its Day-Ahead market could compromise its limited experience in day-ahead market administration, and its market participants' limited experience in participating in the day-ahead market. SPP warns that, consequently, further compressing the timeframes may affect the accuracy with which SPP and market participants complete tasks and may undermine ongoing efforts to enhance market efficiency. SPP suggests that it could explore further Tariff revisions to compress timeframes as experience with the Integrated Marketplace grows.³⁴

30. SPP states that the Integrated Marketplace includes other mechanisms to resolve the small number of days in which fuel supply issues may arise, which SPP argues obviate the need for further Tariff revisions. SPP points to its Multi-Day Reliability Assessment, which allows SPP to look ahead several days for potential reliability issues and to commit, among other things, long-lead-time resources to address reliability issues. According to SPP, this assessment also permits SPP to commit manually any resource deemed necessary. SPP argues that the advanced notice provided by the Multi-Day Reliability Assessment allows sufficient notice for committed generators to procure fuel supply.³⁵

31. SPP asserts that it has an Emergency Operating Plan allowing SPP to undertake actions necessary to mitigate emergencies, including weather and fuel-related emergencies. According to SPP, the Emergency Operating Plan allows SPP to implement Conservative Operations, which include, but are not limited to, operating with: (1) greater unit commitment notification timeframes, including making

³³ *Id.* at 17.

³⁴ *Id.* at 16.

³⁵ *Id.* at 17-18.

commitments prior to the Day-Ahead Market; (2) increased Operating Reserve requirements; and (3) operating with increased reliability margins. SPP has also adopted 10- and 20-day “look-ahead” analyses of fuel supply and balance of fuel types necessary to meet demand. SPP states that it is examining its current capacity and reliability margin requirements.³⁶

32. SPP supports its request for an effective date of October 1, 2016 with two assertions. First, it avers that a later date will provide SPP and its market participants sufficient time to develop, test, and implement the proposed changes. Second, SPP prefers the proposed effective date because it occurs between the system peak periods of summer and winter.³⁷

III. Notices, Interventions, and Pleadings

33. Notice of the 206 Order in Docket No. EL14-27-000 was published in the *Federal Register*, 79 Fed. Reg. 16,791 (2014). Motions to intervene and notices of intervention were filed by: Missouri Public Service Commission; Macquarie Energy LLC; Mississippi Public Service Commission; Atmos Pipeline - Texas; Repsol Energy North America Corporation; New England States Committee on Electricity; Vitol Inc.; Algonquin Gas Transmission, LLC; Big Sandy Pipeline, LLC; East Tennessee Natural Gas; Maritimes & Northeast Pipeline, L.L.C.; Ozark Gas Transmission, L.L.C.; Texas Eastern Transmission, LP; Gulfstream Natural Gas System, L.L.C.; Southeast Supply Header, LLC; Southern California Generation Coalition; Pacific Gas and Electric Company; Arizona Public Service Company; Calpine Corporation; American Electric Power Service Corporation (AEPSC); Wabash Valley Power Association, Inc.; Edison Electric Institute; American Public Power Association; Electric Power Supply Association (EPSA); Exelon Corporation; Interstate Natural Gas Association of America; Morgan Stanley Capital Group, Inc.; DTE Gas Company; Northern Indiana Public Service Company; Dominion Resources Services, Inc.; Southern Star Central Gas Pipeline, Inc.; American Gas Association; Pennsylvania Office of Consumer Advocate; Delaware Division of the Public Advocate; Natural Gas Supply Association (NGSA); CenterPoint Energy Resources Corp.; New York Transmission Owners;³⁸ Western Power

³⁶ *Id.* at 17-19.

³⁷ *Id.* at 19.

³⁸ Collectively: Central Hudson Gas & Electric Corporation; Consolidated Energy Company of New York, Inc.; Long Island Power Authority; New York Power Authority; New York State Electric & Gas Corporation; Niagara Mohawk Power corporation d/b/a National Grid; Orange and Rockland Utilities, Inc.; and, Rochester Gas and Electric Corporation.

Trading Forum; DC Office of People's Counsel; Atmos Energy Corporation; Trans Louisiana Gas Pipeline, Inc. and Atmos Energy Marketing LLC; Duke Energy Florida, Inc., Duke Energy Progress, Inc., and, Duke Energy Carolinas, LLC; Puget Sound Energy, Inc.; Xcel Energy Services Inc.; Public Utilities Commission of the State of California; Electricity Consumers Resource Counsel; National Rural Electric Cooperative Association; Duquesne Light Company; Duquesne Power, LLC; Old Dominion Electric Cooperative; America's Natural Gas Alliance; Interstate Natural Gas Association of America.

34. Notice of SPP's compliance filing in Docket No. ER15-2377-000 was published in the *Federal Register*, 80 Fed. Reg. 48,088-02 (2015), with interventions and protests due on or before August 25, 2015. Timely motions to intervene were filed by American Gas Association, AEPSC, America's Natural Gas Alliance, Dogwood Energy LLC (Dogwood), EPSA, Interstate Natural Gas Association of America, NGSA, NRG Companies,³⁹ Westar Energy, Inc., Xcel Energy Services, Inc., and Exelon Corporation. Dogwood, EPSA, and NGSA filed comments. NRG Companies filed a protest. On August 28, 2015, AEPSC submitted late-filed comments. On October 16, 2015, SPP submitted an answer.

35. Dogwood supports SPP's proposal and asserts that the proposal provides the most benefits relative to implementation costs under current circumstances.⁴⁰ Dogwood argues it is unrealistic to expect SPP to reduce its Day-Ahead market solve time from five hours to three hours or less by the end of 2016 because of the recent initiation of the SPP day-ahead market and SPP's plan for market enhancements during the next two years, such as the Enhanced Combined Cycle project, which will ultimately require faster day-ahead market solve times.⁴¹

36. Dogwood also asserts that SPP's robust natural gas infrastructure and supply, particularly in the central and southern regions, has led to minimal natural gas availability issues. Dogwood concludes that natural gas-fired generators in the region lack the same level of natural gas supply issues that generators in other RTO regions might encounter. Dogwood argues that SPP's proposal to modify the Day-Ahead market and Reliability Unit Commitment posting times to before the start of the Evening Nomination Cycle appropriately balances the desire for improved coordination between the two markets

³⁹ NRG Companies are NRG Power Marketing LLC and GenOn Energy Management, LLC.

⁴⁰ Dogwood Comments at 4.

⁴¹ *Id.* at 4.

with the reality that natural gas-fired generators have not experienced difficulty obtaining natural gas under SPP's current Day-Ahead Market and Reliability Unit Commitment schedules.⁴² Dogwood argues that further adjustments to move SPP's posting of Day-Ahead Market results ahead of the start of the Timely Nomination Cycle are unnecessary at this time to enhance further electric system reliability in SPP given the availability of natural gas supply and transportation options in the SPP region.⁴³

37. Dogwood states that SPP's Enhanced Combined Cycle model will provide significant improvements to market pricing and system reliability. Dogwood, however, notes that the Enhanced Combined Cycle model's implementation has provided new technical challenges for SPP. Specifically, Dogwood asserts that requiring SPP to implement changes to compress further its timeline to post Day-Ahead Market results before the start of the Timely Nomination Cycle would significantly delay or undermine SPP's current efforts with respect to the Enhanced Combined Cycle model. In the event the Commission requires additional adjustments to SPP's Day-Ahead Market or Reliability Unit Commitment timeline, Dogwood asks that the Commission allow any such adjustments to be developed and initiated in a reasonable timeframe following SPP's implementation of the Enhanced Combined Cycle model.⁴⁴

38. EPSA asserts that SPP stakeholders were overly conservative in their approach to potential schedule changes and argues that the costs and resources of implementing the minimal proposed changes may outweigh the benefits.⁴⁵ EPSA argues that SPP's proposal does not meet the Commission's intent to revise the day-ahead market process sufficiently in order to benefit electric and gas markets.⁴⁶

39. EPSA contends that the Commission's directive is clear that all ISO and RTOs must adjust the posting time for the Day-Ahead Market in advance of the Timely Nomination Cycle or show cause why such a change is not required. According to EPSA, SPP has failed to meet the requirements of that directive by providing little justification for SPP's refusal to post its Day-Ahead Market results prior to the Timely

⁴² *Id.* at 5-6.

⁴³ *Id.* at 6.

⁴⁴ *Id.* at 7.

⁴⁵ *Id.* at 4.

⁴⁶ *Id.*

Nomination Cycle. EPSA argues that SPP is not an outlier and therefore should be required to meet this Commission directive.⁴⁷

40. EPSA asserts that while SPP market participants have not faced the same natural gas liquidity issues as market participants in other ISOs and RTOs, circumstances can change and SPP should have market rules and protocols in place that protect against the risk of unexpected natural gas constraints while ensuring reliability and efficient coordination of the electric and natural gas industries.⁴⁸ EPSA also argues that SPP has the ability to condense its Day-Ahead market solve time to under three hours without jeopardizing SPP's forecasting. EPSA asks the Commission to direct SPP to develop a schedule that will allow market participants to know their dispatch awards prior to the Timely Nomination Cycle deadline.⁴⁹

41. NGSAs states that each regional organization is in the best position to determine the electric dispatch schedule. Therefore NGSAs believes that no national schedule protocol is required.⁵⁰ NGSAs urges regional organizations to recognize potential issues early and take prompt action. Given that circumstances can quickly change, in light of the Clean Power Plan, regional operators and the Commission need to be ready to take swift action when required.⁵¹

42. NRG Companies argue that SPP's proposed Day-Ahead schedule does not satisfy the Commission's directive. NRG Companies acknowledge that SPP has faced different natural gas liquidity problems than the eastern ISOs and RTOs. NRG Companies, however, argue that SPP should have measures in place to address problems that might arise in the future. NRG Companies suggest that publicizing bids before the Timely Nomination Cycle would help generators in SPP, during the winter months, when pipelines are more likely to operate under conservative balancing rules.⁵² NRG Companies add that Market Participants should have both price certainty and quantity certainty. According to NRG Companies, however, SPP's proposal does not provide quantity certainty because the Timely Nomination Cycle ends prior to the publication of

⁴⁷ *Id.* at 5.

⁴⁸ *Id.* at 6.

⁴⁹ *Id.*

⁵⁰ NGSAs Comments at 6.

⁵¹ *Id.* at 7.

⁵² NRG Companies Comments at 4-6.

the Day-Ahead Market results.⁵³ Consequently, NRG Companies urge the Commission to order SPP to reduce its Day-Ahead Market solve time.⁵⁴

43. AEPSC supports the changes proposed by SPP as an initial step in adjusting SPP's market timelines.⁵⁵ AEPSC states that due to current infrastructure limitations, SPP cannot guarantee reliable results in the proposed 4.5 hour Day-Ahead Market solve time. AEPSC encourages SPP to continue to improve its ability to post Day-Ahead Market results prior to the Timely Nomination Cycle.⁵⁶ AEPSC notes that even though SPP may not currently experience natural gas challenges, circumstances change quickly, and SPP should continue its efforts to shorten its Day-Ahead Market solve time.⁵⁷

44. In its answer, SPP reiterates the points made in its initial filing. SPP again argues that its proposal strikes an appropriate balance between giving market participants their Day-Ahead Market commitment information in sufficient time to procure natural gas transportation and supply and allowing market participants adequate time to obtain natural gas price certainty in advance of formulating their Day-Ahead Market offers. SPP adds that the majority of stakeholders valued quantity certainty less than price certainty.⁵⁸ SPP also reemphasizes that an earlier close of the Day-Ahead Market would frustrate forecasting, which would, in turn, lead to a myriad of problems arising from relying on stale data.⁵⁹

45. SPP states that the Commission permitted ISOs and RTOs to demonstrate that regional differences mitigated that need to make all of the revisions outlined in the 206 Order. SPP believes that it has done so by demonstrating that: its proposal balances a variety of regional interests and impacts; it possesses robust natural gas supplies and infrastructure; the region lacks the supply concerns found in other regions; and, its north-to-south geographic diversity minimizes the risk of system-wide impacts arising from

⁵³ *Id.* at 6-8.

⁵⁴ The time needed to process and publish day-ahead results. *Id.* at 8-9.

⁵⁵ AEPSC Comments at 2.

⁵⁶ *Id.*

⁵⁷ *Id.* at 3.

⁵⁸ SPP Answer at 4-6.

⁵⁹ *Id.* at 5.

extreme weather events.⁶⁰ Finally, SPP argues that the request to shorten solve times is beyond the scope of the proceeding, and not supported by the record.⁶¹

IV. Discussion

A. Procedural Matters

46. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2015), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to the proceeding or proceedings in which they intervened.

47. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2015), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept SPP's answer because it has provided information that assisted us in our decision-making process.

B. Commission Determination

48. As discussed below, we accept SPP's compliance filing. We find that SPP has shown cause why it need not publicize the results of its Day-Ahead Market in advance of the Timely Nomination Cycle. SPP has identified characteristics on its system that justify its proposal not to publish its Day-Ahead Market results prior to the Timely Nomination Cycle. These arise principally from the effect on weather forecasting for SPP's extensive wind resources. Also, SPP has less risk of constrained pipeline transportation given the robust gas production and pipeline infrastructure within SPP's footprint.

49. SPP relies on extensive wind resources that require it to make accurate forecasts to determine whether other resources need to be scheduled.⁶² As SPP suggests, requiring it to move its Day-Ahead schedule earlier may result in SPP's relying on stale forecast data

⁶⁰ *Id.* at 6-8.

⁶¹ *Id.* at 9-11.

⁶² See *Integration of Variable Energy Resources*, Order No. 764, FERC Stats. & Regs. ¶ 31,331, at PP 323, 325, *order on reh'g and clarification*, Order No. 764-A, 141 FERC ¶ 61,232 (2012), *order on clarification and reh'g*, Order No. 764-B, 144 FERC ¶ 61,222 (2013) (acknowledging the system reliability benefits and efficiency benefits of timely production forecasts).

which may well reduce the accuracy of the Day-Ahead Market results.⁶³ Since SPP takes four and one-half hours to process its Day-Ahead offers and bids, requiring SPP to move its Day-Ahead schedule one and one-half hours earlier would mean that SPP would have to start its planning by 4:30 a.m. CCT.⁶⁴ Given the extensive wind resources utilized by SPP, we cannot at this time find SPP's proposal unjust and unreasonable. Our determination to accept SPP's schedule is further supported by the consideration that much of SPP's territory is located in the natural gas production area where pipeline infrastructure is robust, so the potential for significant pipeline constraints is less of a concern.⁶⁵ We, however, recognize that benefits could accrue from shorter market solve times and encourage SPP to continue work with its stakeholders, in an effort to improve market efficiency, to develop means to reduce its market solve times further, and to allow market participants to submit bids reflecting increased fuel price certainty. We note that, with reduced solve times, SPP may be able to further modify its Day-Ahead schedule to allow natural gas-fired generators to receive the Day-Ahead Market results prior to the Timely Nomination Cycle or otherwise improve market efficiency.⁶⁶

50. We also note that SPP schedules on Central Clock Time while PJM, NYISO, ISO-NE, and, for part of the year, MISO schedule on Eastern Prevailing Time (EPT).⁶⁷ Being on EPT essentially gives an additional hour to align schedules with the pipelines, which operate on Central Clock Time. As a result, when Eastern Prevailing Time ISOs and RTOs align their schedules with pipelines, their 7:00 a.m. EPT (6:00 a.m. CCT on pipeline) forecast is an hour closer to actual load, and hence more accurate, than a

⁶³ See, e.g., *supra* P 22.

⁶⁴ As part of its Day-Ahead schedule, SPP posts the hourly Regulation-Up, Regulation-Down, Contingency Reserve, and Operating Reserve Requirements prior to its Day-Ahead Market close. SPP proposes to begin these steps at 6:00 a.m. CCT, three and one-half hours before the close of its Day-Ahead Market, which it represents should aid market participants in formulating their Day-Ahead offers and bids.

⁶⁵ SPP Compliance Filing at 13; *see also* Order No. 809, FERC Stats. & Regs. ¶ 31,368 at P 3 (noting that ISO-NE and PJM are the principal regions of concern).

⁶⁶ I.e., through its ongoing Enhanced Combined Cycle project.

⁶⁷ MISO currently schedules on Eastern Standard Time, which is the equivalent of Eastern Prevailing Time during the period of the year *not* covered by Daylight Savings Time and the equivalent of Central Clock Time during the period of year covered by Daylight Savings Time (from mid-March through early November). CAISO schedules on Pacific Time year-round.

contemporaneous 6:00 a.m. CCT forecast. Thus, the time zone difference experienced by SPP further compounds the forecasting inaccuracies discussed above.

51. In addition, we find that SPP's proposed Tariff revisions provide that its Reliability Unit Commitment process ensures that results are posted sufficiently in advance of the Evening Nomination Cycle to allow gas-fired generators to utilize the Evening Cycle to try and procure natural gas supply and pipeline transportation capacity they require to meet that commitment.

52. We also find that SPP has provided adequate support for its requested effective date of October 1, 2016.

53. While the Commission accepts this compliance filing, the Commission finds that it is important that SPP continue its efforts to better coordinate the scheduling practices of the wholesale gas and electric industries. Thus, the Commission directs SPP to submit an annual informational report in Docket No. ER15-2377 on or before the anniversary of the publication of this Order for the next three years.⁶⁸ This report should explain ongoing efforts to further improve gas-electric coordination, including efforts to improve solve times. The informational report should also identify whether any natural gas fired generators within SPP experienced any operational challenges related to gas-electric coordination issues, and identify what actions SPP undertook to mitigate such events.

The Commission orders:

(A) SPP's proposed revisions to its Tariff are hereby accepted to become effective October 1, 2016, as requested, as discussed in the body of this order.

(B) SPP is hereby directed to file annual informational reports for three years, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁶⁸ We note that all of the reports directed in this order are for informational purposes only and will neither be noticed nor require Commission action.