

124 FERC ¶ 61,137  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
Philip D. Moeller, and Jon Wellinghoff.

Midwest Independent Transmission  
System Operator, Inc.

Docket No. ER08-416-002

Midwest Independent Transmission  
System Operator, Inc.

Docket No. ER06-1552-004

ORDER DENYING CLARIFICATION AND REHEARING

(Issued August 4, 2008)

1. Ameren Services Company (Ameren) on behalf of the Ameren Companies<sup>1</sup> filed a request for clarification or, in the alternative, rehearing of the Commission's Manual Redispatch Order.<sup>2</sup> In that order, the Commission conditionally accepted Midwest Independent Transmission System Operator, Inc.'s (Midwest ISO) proposed revisions to its Open Access Transmission and Energy Markets Tariff (TEMT or Tariff)<sup>3</sup> to provide manual redispatch make-whole payments (MRD MWP) to generating units that are

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<sup>1</sup> The Ameren Companies include: Central Illinois Light Company, Central Illinois Public Service Company, Illinois Power Company, Union Electric Company, Ameren Energy Marketing Company, Ameren Energy Generating Company, and Ameren Energy Resources Generating Company.

<sup>2</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 122 FERC ¶ 61,198 (2008) (Manual Redispatch Order).

<sup>3</sup> Midwest ISO, FERC Electric Tariff, Third Revised Vol. No. 1.

manually redispached by Midwest ISO. In this order, we deny Ameren's request for clarification or, in the alternative, rehearing, as discussed below.

## **I. Background**

2. On January 4, 2008, in Docket No. ER08-416-000, Midwest ISO submitted proposed revisions to its TEMT to provide the MRD MWP to generating units that are manually redispached by Midwest ISO. Previously, the Commission accepted this compensation as a subset of the price volatility make-whole payment (PV MWP) program in Docket No. ER06-1552-000, *et al.*,<sup>4</sup> but the implementation of the PV MWP program was delayed due to software limitations. Midwest ISO proposed tariff revisions in Docket No. ER08-416-000 to implement compensation for manually redispached generating units independent of the delayed PV MWP program.<sup>5</sup>

3. In order to qualify for the MRD MWP, Midwest ISO proposed that a generator's offered ramp rates must meet specific eligibility requirements. As proposed, a generation resource's offered ramp rate for its day-ahead committed hours must be: (1) greater than one-half MW per minute and (2) greater than one percent of its hourly real-time economic maximum dispatch limit, per minute.<sup>6</sup> Failure to meet either of these requirements will result in a generation resource being disqualified from receiving the MRD MWP in the hour during which such failure occurs and in each subsequent hour of the manual redispach period.

### **A. Manual Redispach Order**

4. In the Manual Redispach Order, the Commission conditionally accepted Midwest ISO's January 4, 2008 filing. Among other things, the Commission concluded that it is appropriate for Midwest ISO to require ramp rate flexibility in order for parties to qualify for the MRD MWP. The Commission stated that the purpose of the MRD MWP is to give generators the incentive to comply with manual redispach instructions, in order to help ensure system reliability. The Commission noted that allowing parties to severely limit their ramp rates would undermine such reliability gains. However, the Commission

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<sup>4</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 117 FERC ¶ 61,325 (2006) (Price Volatility Order), *order on compliance*, 119 FERC ¶ 61,160, *order on reh'g*, 119 FERC ¶ 61,176 (2007).

<sup>5</sup> A more detailed description of the history of Docket Nos. ER06-1552-000 and ER08-416-000 is contained in the Manual Redispach Order, 122 FERC ¶ 61,198 at P 3-11.

<sup>6</sup> These requirements also apply to real-time must run committed hours.

found “that parties should not be required to have ramp rates beyond those that are operationally feasible for their units, as would be true for large coal units due to the requirement that a unit’s real-time ramp rate be greater than one percent of its economic maximum.”<sup>7</sup> In light of this recognition, the Commission directed Midwest ISO, in its compliance filing, to modify the ramp rate eligibility criteria to require that a generation resource’s offered ramp rate must be: (1) greater than one half MW per minute and (2) greater than one half of one percent of its hourly economic maximum dispatch level, per minute.<sup>8</sup>

**B. Ameren’s Clarification/Rehearing Request**

5. Ameren requests clarification that Midwest ISO may waive the ramp rate eligibility criteria on a case-by-case basis or, in the alternative, rehearing of the Manual Redispatch Order with respect to the ramp rate eligibility criteria. Ameren argues that, while the reduction in the ramp rate eligibility criteria is helpful, the requirements still unduly discriminate against some large generating units. Ameren explains that large generating units may be dispatched to alleviate congestion more effectively and faster than smaller units, even though the operational limits of larger units would not satisfy the ramp rate requirements.<sup>9</sup> Ameren asserts that the ramp rate eligibility criteria are unjust, unreasonable, and unduly discriminatory because the owner of a small unit that performs the same function as a larger generator, with the same or lesser effect, will receive the MRD MWP but the larger generator will not.<sup>10</sup> According to Ameren, if the requirement that a unit’s ramp rate be greater than one half of one percent of its hourly economic maximum dispatch level remains in place, “some of [Ameren’s] units will be subject to manual redispatch instructions without just compensation.”<sup>11</sup> Ameren concludes that, as

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<sup>7</sup> Manual Redispatch Order, 122 FERC ¶ 61,198 at P 25.

<sup>8</sup> *Id.*

<sup>9</sup> For example, a 600 MW unit with a ramp rate of 2 MW per minute and a 20 percent impact on a flowgate can alleviate 8 MW from the flowgate in 20 minutes, but the unit would not be eligible for the MRD MWP due to its slow ramp rate. Meanwhile, a 200 MW unit with the same ramp rate and a 10 percent impact on the flowgate can alleviate only 4 MW from the flowgate in 20 minutes, but the smaller unit would be eligible for the MRD MWP. *See* Ameren Rehearing Request at 5.

<sup>10</sup> Ameren states that its unit most frequently manually redispatched by Midwest ISO would not be eligible for the MRD MWP and notes that it lost \$180,000 when the unit was manually redispatched without a make-whole payment for two hours in October of 2007. *See id.* at 4 (citing Seidler Aff. at 2-3).

<sup>11</sup> Ameren Clarification/Rehearing Request at 4.

the Commission recognized in the Manual Redispatch Order, generation resources should not be required to have ramp rates that are operationally infeasible in order to receive the MRD MWP.<sup>12</sup>

6. Ameren does not object to the ramp rate eligibility criteria, but argues that there needs to be, at a minimum, a process in the TEMT whereby Midwest ISO can waive the ramp rate eligibility criteria on a case-by-case basis where a unit is needed to alleviate congestion, but has operational limits that make it ineligible for the MRD MWP.<sup>13</sup> Ameren explains that Midwest ISO is an independent entity that has no incentive to make case-by-case waivers in a discriminatory manner. To implement such waivers, Ameren proposes language to include in the TEMT. If the Commission will not permit case-by-case waivers, Ameren requests rehearing of the ramp rate eligibility criteria accepted in the Manual Redispatch Order.

## II. Discussion

7. We deny Ameren's request for clarification or, in the alternative, rehearing. As explained in the Manual Redispatch Order, the MRD MWP is designed to give generators an incentive to comply with manual redispatch instructions in order to help ensure system reliability. The eligibility criteria also provide generation resources with an incentive to increase the accessible dispatch range offered into the market. Such reliability gains would be undermined if generation resources are permitted to severely limit their ramp rates.<sup>14</sup> We note that the ramp rate eligibility criteria require generators to offer only a minimal amount of ramp capability in order to receive the MRD MWP.<sup>15</sup>

8. We will not permit Midwest ISO to waive the ramp rate eligibility criteria on a case-by-case basis. Ameren does not identify or define the factors that Midwest ISO should consider, or how it should consider them, when making such a determination. We are concerned that allowing Midwest ISO to "waive one or more" of the eligibility requirements "as necessary," as proposed by Ameren,<sup>16</sup> allows Midwest ISO to exercise undue discretion in determining when and how it should grant such waivers.

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<sup>12</sup> *Id.* at 6.

<sup>13</sup> *Id.* at 5

<sup>14</sup> *See* Manual Redispatch Order, 122 FERC ¶ 61,198 at P 25.

<sup>15</sup> Indeed, Ameren offers only a single example of a generation resource that may be made ineligible for the MRD MWP due to operational limitations.

<sup>16</sup> Ameren Rehearing Request at Attachment B.

9. As explained in the Price Volatility Order regarding similar eligibility criteria, we find that it is best to first implement the MRD MWP program in a more conservative mode, to monitor the results of the MRD MWP before attempting to expand the program, as Ameren requests, to cover the additional operational circumstances described by Ameren.<sup>17</sup> We thus have required Midwest ISO to submit, in a report due within 12 months of the effective date of the MRD MWP, information regarding the effectiveness of the MRD MWP program, including alternatives to the eligibility criteria.<sup>18</sup> We anticipate that this report will aid the Commission in assessing the risks associated with loosening the eligibility criteria in the future.

The Commission orders:

Ameren's request for clarification or, in the alternative, rehearing is hereby denied.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>17</sup> Price Volatility Order, 117 FERC ¶ 61,325 at 38.

<sup>18</sup> See Manual Redispatch Order 122 FERC ¶ 61,198 at P 57.