

126 FERC ¶ 61,107
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Midwest Independent Transmission
System Operator, Inc.

Docket No. OA08-14-002

ORDER GRANTING LIMITED WAIVER OF CONVERSION AND POSTING
REQUIREMENTS

(Issued February 11, 2009)

1. On April 15, 2008, Midwest Independent Transmission System Operator, Inc. (Midwest ISO) submitted a request for waiver of the Commission's regulations¹ requiring conversion of Available Flowgate Capacity (AFC) values into Available Transfer Capability (ATC) values prior to posting. In addition, Midwest ISO requests waiver of the requirement to post path ATC, Total Transfer Capability, Capacity Benefit Margin and Transfer Reserve Margin values on its Open Access Same-Time Information System (OASIS) (collectively, Waiver Request).
2. In this order, we will grant Midwest ISO limited waiver of the Commission's requirement to convert AFC into ATC and to post path ATC, Total Transfer Capability, Capacity Benefit Margin and Transfer Reserve Margin on Midwest ISO's OASIS for paths within its energy market footprint, as discussed below.

¹ 18 C.F.R. § 37.6 (2008).

I. Background

3. In Order No. 890², the Commission reformed the *pro forma* Open Access Transmission Tariff (OATT) to clarify and expand the obligations of transmission providers to ensure that transmission service is provided on a non-discriminatory basis. Among other things, Order No. 890 amended the *pro forma* OATT to require greater consistency and transparency in the calculation of ATC. In Order No. 890, the Commission required a transmission provider to clearly identify which methodology it uses (e.g., contract path, network ATC, or network AFC). The transmission provider was also required to describe in detail the specific mathematical algorithms used to calculate firm and non-firm ATC (and AFC, if applicable) for its scheduling, operating and planning horizons.³ Further, the actual mathematical algorithms must be posted on the transmission provider's web site, with the link noted in the transmission provider's Attachment C.⁴ As relevant here, Order No. 890 affirmed the requirement for all transmission providers using the flowgate methodology, such as Midwest ISO,⁵ to convert their AFC values into ATC values prior to posting. The Commission stated:

[We] remind transmission providers that our regulations require the posting of ATC values associated with a particular path, not AFC values associated with a flowgate. Transmission providers using an AFC methodology must therefore convert flowgate (AFC) values into path (ATC) values for OASIS posting.⁶

² *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 72 Fed. Reg. 12,266 (Mar. 15, 2007), FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, 73 Fed. Reg. 2,984 (Jan. 16, 2008), FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008).

³ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at *pro forma* OATT, Att. C; *see also id.* P 323.

⁴ *Id.* P 325, 328.

⁵ We note that Midwest ISO uses a flow-based approach (AFC) for selling transmission service. *See* Midwest ISO's July 13, 2007 Transmittal in Docket No. OA07-57-000 at 4.

⁶ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 211. *See also* 18 C.F.R. § 37.6(b) (2008) (“*Posting Transfer Capability*. The available transfer capability on the Transmission Provider's system (ATC) and the total transfer capability (TTC) of that system shall be calculated and posted for each Posted Path as set out in this section.”).

4. On rehearing of Order No. 890, E.ON U.S., LLC (E.ON) requested clarification of the requirement that AFC calculations be converted into ATC for purposes of posting, noting that, because some Regional Transmission Organizations (RTO) utilize AFC and do not calculate or post ATC for their systems, transmission-owning utilities in the region follow suit and calculate AFC because of their interactions with these RTOs.⁷ E.ON requested that the Commission clarify that if RTOs and their member utilities are granted waivers of the requirement to calculate and post ATC, in favor of AFC, all transmission-owning utilities in the region should be able to request a waiver on the same basis. E.ON stated that allowing all transmission-owning utilities within a region to calculate AFC, instead of ATC, would result in greater accuracy and consistency within the industry.⁸ In Order No. 890-A, the Commission agreed that transmission-owning utilities in an RTO region can request waiver of the requirement to convert AFC calculations into ATC for posting purposes in the event the RTO has been granted such a waiver.⁹

5. On May 15, 2008, the Commission issued an order accepting, subject to certain modifications, Midwest ISO's Order No. 890 compliance filing in which it revised the non-rate terms and conditions of its Open Access Transmission and Energy Markets Tariff (Tariff).¹⁰ Among other tariff revisions, the Commission accepted revisions to Midwest ISO's Attachment C that provides a description of the specific mathematical algorithm used to calculate firm and non-firm ATC and AFC for its operating, planning, and study horizons, included a process flow diagram illustrating the various steps through which AFC is calculated, and provides a detailed explanation of how each of the AFC components is calculated for the operating, planning, and study horizons. In addition, the Commission accepted Midwest ISO's definition of AFC, its AFC calculation methodology (including the databases and assumptions used in the Midwest ISO's AFC assessments regarding load levels, generation dispatch, and modeling of planned and contingency outages), and its process for converting AFC into ATC for OASIS posting.¹¹

⁷ Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 45.

⁸ *Id.*

⁹ *Id.*

¹⁰ See *Midwest Indep. Transmission Sys. Operator, Inc.*, 123 FERC ¶ 61,154 (2008) (May 15 Compliance Order), *order on reh'g*, 126 FERC ¶ 61,108. In an order issued in Docket No. OA08-14-004 concurrently with the instant order, the Commission also accepts Midwest ISO's June 16, 2008 compliance filing directed in the May 15 Compliance Order. See *Midwest Indep. Transmission Sys. Operator, Inc.*, 126 FERC ¶ 61, 108.

¹¹ *Id.*

II. Waiver Request

6. Midwest ISO requests waiver of the requirement to convert AFC into ATC and to post path ATC, Total Transfer Capability, Capacity Benefit Margin, and Transfer Reserve Margin values on its OASIS. Midwest ISO states that although it believes that AFC calculations are more accurate than ATC calculations, in terms of determining whether transmission capacity is available on a flowgate in its transmission system, it currently complies with the Order No. 890-directed AFC-to-ATC conversion requirement by utilizing a “reverse engineering tool” that was developed specifically for purposes of compliance.¹² Midwest ISO states that it requests waiver of the conversion and posting requirement because it provides few meaningful benefits to customers while imposing significant burdens. Midwest ISO states that the Waiver Request is submitted in accordance with the clarifications the Commission provided in Order No. 890-A.¹³

7. Midwest ISO states that the ATC posting required by Order Nos. 890 and 890-A and the Commission’s regulations entails it posting both firm and non-firm ATC values on over 3,000 paths for over 250 future points (i.e., hour, day, or month), totaling around 1.5 million values, or around 45 megabytes of electronic files, every hour. Midwest ISO argues that reliably posting these values each hour, and archiving the values if required, imposes a significant burden on the Midwest ISO in terms of manpower, software, and hardware. Furthermore, Midwest ISO states that the posting requirement produces an overwhelming volume of data for customers to navigate for a specific transaction, and that there is no indication that customers have utilized this information since it began posting such information on July 13, 2007. Finally, Midwest ISO states that, since it uses a flow-based approach (AFC) for selling transmission service, the path Total Transfer Capability, Capacity Benefit Margin, and Transfer Reserve Margin values are also reverse-calculated and are required to be posted on these same 1.5 million data entries. As a result, Midwest ISO states that because these values are not used in the AFC methodology, they do not provide any useful information to the customer, and posting them imposes a significant burden.¹⁴

8. Midwest ISO states that the conversion requirement is also redundant because it already has a software tool to perform AFC-to-ATC conversions when requested by a customer. Midwest ISO states that with the input of its stakeholders, and at their request, it developed and implemented a query tool called the “Scenario Analyzer” that can be used to determine the ATC on a specific path for a time span covering multiple time

¹² Midwest ISO Waiver Request at 4-5.

¹³ *See supra* P 4.

¹⁴ *Id.* at 5.

points, based on constraint AFCs.¹⁵ Midwest ISO states that the Scenario Analyzer is available on its OASIS, and it allows customers seeking to purchase transmission service to determine the most current ATC value for a specific path and time frame quickly and efficiently. Midwest ISO states that it has provided this Scenario Analyzer tool to its customers for over six years, and it will continue to be available in the future. Midwest ISO argues that there is no need for an overlapping conversion and posting methodology.

III. Notice of Filing

9. Notice of Midwest ISO's filing was published in the *Federal Register*, 73 Fed. Reg. 21926 (2008), with interventions and protests due on or before May 6, 2008. None was filed.

10. On October 17, 2008, the Director, Division of Tariffs and Market Development—Central issued a deficiency letter seeking additional support for Midwest ISO's April 15, 2008 Waiver Request. On November 17, 2008, Midwest ISO amended its initial filing with responses to the Commission's information requests. Notice of the amendment was published in the *Federal Register*, 74 Fed. Reg. 3584 (2009), with interventions and protests due on or before December 8, 2008. None was filed.

IV. Discussion

A. Deficiency Letter Response

11. Staff's deficiency letter requested further information and support for Midwest ISO's Waiver Request, including: (1) an explanation of the process involved in converting AFC into ATC and posting the converted values on its OASIS; (2) an explanation of the burden to maintain the ATC conversion software; (3) whether the ATC conversion software automatically updates and posts ATC values on OASIS or, whether personnel intervention is required; (4) an explanation of the operation of the Scenario Analyzer, including the specific inputs and outputs for a query and how the tool allows customers to determine the most current ATC value for a specific path and timeframe; (5) whether the Scenario Analyzer is necessary for a customer to identify, in advance, whether sufficient transmission capacity is available to accommodate a new request for service; (6) an explanation of the types of customers and/or transactions (i.e., Drive-In, Drive-Out, and Drive-Through transmission service) that require ATC values to determine whether transmission capacity is available to accommodate a new request for service; (7) whether a customer obtains the same results from the Scenario Analyzer as if it were performing the conversion under the procedures it currently follows; (8) whether the Scenario Analyzer also shows Total Transfer Capability, Capacity Benefit Margin

¹⁵ *Id.* at 5-6.

and Transfer Reserve Margin on Midwest ISO's system; and (9) whether Capacity Benefit Margin and Transfer Reserve Margin set-asides would still be posted on a flowgate basis if the Commission were to grant waiver.

12. In response to the inquiry regarding the AFC conversion process, Midwest ISO states that it currently utilizes in-house-developed software to convert AFCs into ATCs. Midwest ISO states that the software runs once per hour to compute new ATC values from AFC values and response factors. Midwest ISO states that the ATC values are populated into a text file, one each for hourly, daily and monthly ATCs. Midwest ISO states that an automated process then transfers these text files for posting on its OASIS.

13. With regard to the inquiry about the burden to maintain the ATC conversion software, Midwest ISO states that it posts firm and non-firm ATC values on over 1,400 paths for over 250 future time points (i.e., hour, day, or month) which approximates to 700,000 values and, nearly 25 megabytes¹⁶ of electronic files every hour. Midwest ISO states that manual intervention is required to coordinate flowgate definitions and/or the path list changes between the Midwest ISO AFC Engine, OASIS Systems and the AFC-ATC software. In addition, Midwest ISO states that this software was designed as a temporary solution to meet the requirement of Order No. 890 until a waiver could be obtained.

14. Midwest ISO states that a permanent and optimal solution, if no waiver is granted, would be to develop a fully automated tool that is integrated into the Midwest ISO OASIS system that would have more reliable and predictable performances without manual intervention. Midwest ISO argues, however, that this would require significant cost to develop, test, and implement. Midwest ISO states that reliably posting the ATC text files each hour and archiving the text files, if required, imposes a significant burden in terms of manpower, software, hardware, and storage capacity. Midwest ISO states that, from the customer perspective, the ATC posting produces an overwhelming volume of data for customers to navigate for a specific transaction. Midwest ISO argues that it would be easier for a customer to use the Scenario Analyzer to identify whether sufficient transmission capacity is available to accommodate a new service request. Furthermore, Midwest ISO states that there is no indication that customers have accessed the posted ATC information since the Midwest ISO began posting such information on July 13, 2007.

15. In response to the inquiry about whether the conversion software automatically posts ATC values on OASIS, Midwest ISO states that the conversion software automatically updates the ATC values and an automated process posts the updated ATC

¹⁶ We note that Midwest ISO's initial filing indicated that 45 megabytes of electronic files were created every hour. *See* Midwest ISO Waiver Request at 5.

values on its OASIS. However, Midwest ISO states that personnel intervention is required to update flowgate definitions and path lists when changes are required, but that no manual intervention is required each hour to post the ATC values on its OASIS.

16. With regard the Scenario Analyzer and the specific inputs and outputs, Midwest ISO states that the Scenario Analyzer allows a customer to submit a request for analysis of transmission capacity without actually submitting a transmission request. In addition, Midwest ISO states that it allows a customer to explore “what if” scenarios without actually having to make a reservation through OASIS. Midwest ISO states that using the Scenario Analyzer is similar to submitting a request except that the AFC values are not permanently updated. Specifically, Midwest ISO states that a customer must select a path, service type, and time frame on the Midwest ISO OASIS and then click either the “Analyze Operating AFC” or “Analyze Confirmed AFC” button to invoke the Scenario Analyzer to determine the most current ATC value. Midwest ISO states that when the “Analyze Confirmed AFC” button is clicked, only confirmed reservations are used to calculate AFC (and ATC), while when “Analyze Operating AFC” button is clicked, confirmed reservations as well as study reservations are used to calculate AFC (and ATC). Midwest ISO states that the Scenario Analyzer gives the amount of positive ATC that is available on a specified path for the specified time period and gives zero if no ATC is available. Midwest ISO states that post-analysis Flowgate AFC on the most limiting constraint is also available along with the response factor of the service request on the most limiting constraint.

17. Midwest ISO states that if a customer would like to identify, in advance, whether sufficient transmission capacity is available to accommodate a new request for service, it has to use the Scenario Analyzer, although it is not required to use the Scenario Analyzer before submitting a new service request. Midwest ISO states that a customer could always submit a new service request without first using the Scenario Analyzer, and if enough capacity is not available, it will be counter-offered or rejected depending on how much capacity is available.

18. In response to the inquiry about the types of transactions requiring ATC values, Midwest ISO states that Drive-In, Drive-Out, or Drive-Through transactions require ATC values to determine whether transmission capacity is available to accommodate a new request. Midwest ISO states that the number of internal service requests submitted on its OASIS is minimal due to the operation of its energy markets. However, Midwest ISO states that if a customer does submit a request for service internal to Midwest ISO, then the request does require ATC values to determine whether transmission capacity is available to accommodate this new request.

19. In response to the question about whether customers obtain the same results using the Scenario Analyzer as they would from posted values, Midwest ISO states that the results are the same, except that it posts ATC values on OASIS once per hour and thus ATC values are not real-time. On the other hand, Midwest ISO states that the Scenario

Analyzer is integrated into OASIS and hence uses real-time updated AFC values to compute ATC for a specific path. Midwest ISO states that there could be differences between the results obtained from the Scenario Analyzer and that obtained from ATC text files posted on OASIS, depending upon the time when the ATC files are accessed by the transmission customer.

20. Midwest ISO also explains that the Scenario Analyzer only shows ATC and does not show path Total Transfer Capability, Capacity Benefit Margin, or Transfer Reserve Margin on the Midwest ISO OASIS. Midwest ISO states that it uses a flow-based approach (AFC) to sell transmission services and computes Transfer Reserve Margin and Capacity Benefit Margin on a flowgate basis. In addition, Midwest ISO states that when a customer requests to use Capacity Benefit Margin in an emergency, the customer will indicate that intention when submitting either a Network Integrated Transmission Service request or a Point-to-Point Transmission Service request on its OASIS.

B. Commission Determination

21. We grant in part, and deny in part, Midwest ISO's request for waiver. We grant Midwest ISO a waiver from the requirement to convert AFC into ATC and to post path ATC, Total Transfer Capability, Capacity Benefit Margin, and Transfer Reserve Margin values on its OASIS for paths internal to Midwest ISO's energy market footprint. As Midwest ISO indicates, due to the operation of its energy markets, the number of new internal service requests requiring ATC values is minimal. In those instances, we find that the Scenario Analyzer is a robust tool capable of providing customers seeking to purchase new transmission service adequate information regarding the availability of service. As Midwest ISO indicates, the Scenario Analyzer has been in operation for over six years and was developed at the request of and with input from its stakeholders.

22. We are, however, not persuaded that the Scenario Analyzer provides enough information to customers seeking to purchase Drive-In, Drive-Out, or Drive-Through transmission service and, therefore, deny the Waiver Request as to those paths. Midwest ISO acknowledges that customers requesting transmission service into, out of, or through Midwest ISO need ATC values to determine whether transmission capacity is available to accommodate a new request. In addition, Midwest ISO did not demonstrate why the Waiver Request should be granted for in, out, or through transactions. Unlike internal service requests, Midwest ISO has not provided evidence that requests for Drive-In, Drive-Out, and Drive-Through transmission service are limited in number. Furthermore, Midwest ISO states that the Scenario Analyzer does not compute the Transfer Reserve Margin or Capacity Benefit Margin components of ATC, information that we believe could be valuable to customers requesting this type of service. Therefore, we will continue to require Midwest ISO to convert AFC into ATC and to post path ATC, Total Transfer Capability, Capacity Benefit Margin, and Transfer Reserve Margin values on its OASIS for paths used for Drive-In, Drive-Out, or Drive-Through transmission service. Accordingly, Midwest ISO's request for waiver is denied with respect to paths used for

Drive-In, Drive-Out, or Drive-Through service and granted with respect to service internal to the Midwest ISO energy market.

The Commission orders:

Midwest ISO's request for waiver is hereby granted in part and denied in part, as discussed in the body of this order.

By the Commission. Commissioner Kelliher is not participating.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.