

144 FERC ¶ 61,232
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

September 26, 2013

In Reply Refer To:
Midcontinent Independent
System Operator, Inc.
Docket No. ER13-1999-000

Midcontinent Independent System Operator, Inc.
720 City Center Drive
Carmel, Indiana 46032

Attention: Michael Kessler

Reference: Local Resource Zones Filing

Dear Mr. Kessler:

1. On July 22, 2013, Midcontinent Independent System Operator, Inc. (MISO) filed proposed revisions to Attachment VV¹ (Map of Local Resource Zone (LRZ)² Boundaries) of its

¹ Attachment VV was one of the identified tariff changes that MISO agreed to submit “sufficiently prior” to Entergy Operating Companies and Cleco Power’s planned December 2013 integration into MISO. *See Midwest Indep. Transmission Sys. Operator, Inc.*, 143 FERC ¶ 61,193, at P 8 (2013).

² An LRZ is a defined geographic area within MISO intended to address congestion that limits the deliverability of Planning Resources. LRZs are defined based upon the criteria in Section 68A.3 of the MISO Tariff. MISO proposed Tariff revisions to establish LRZs in its June 11, 2012 filing in Docket No. ER11-4081-000, which was intended, among other things, to comply, in part, with Commission’s order addressing concerns about the deliverability of capacity resources throughout the MISO region. *See Midwest Indep. Transmission Sys. Operator, Inc.*, 126 FERC ¶ 61,144 (2009) (Locational Requirements Order), *order rejecting compliance filing*, 131 FERC ¶ 61,228 (2010) (Locational Requirements Compliance Order), *order on clarification*, 135 FERC ¶ 61,081 (2011). The Commission conditioned its acceptance of MISO’s June 11, 2012 filing on MISO incorporating a map of the zonal boundaries into its Tariff. *Midwest Indep. Transmission Sys. Operator, Inc.*, 139 FERC ¶ 61,199, at P 86 (2012) (Resource Adequacy Order). This map of LRZs is pending before the Commission in Docket No. ER11-4081-002.

Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff),³ adding two LRZs in anticipation of the MISO South Integration.⁴ MISO states that it is not revising the existing seven LRZs defined by MISO as applicable for the 2013/2014 Planning Year and that the existing LRZs will continue to be applicable. As discussed below, we conditionally accept the proposed revisions, subject to the outcome of the proceeding in Docket No. ER11-4081-002, effective September 27, 2013, and require MISO to make additional changes to Attachment VV.

2. MISO proposes to add Entergy Arkansas, Inc. as LRZ 8 and Cleco Power, Entergy Electric System, Lafayette Utilities Systems, Louisiana Generating Company, Louisiana Energy and Power Authority, and South Mississippi Electric Power Association as LRZ 9, along with their associated Local Balancing Authorities.⁵

3. MISO states that, in anticipation of the MISO South Integration, it began working with its stakeholders to determine LRZs for the southern region. As part of this process, MISO performed a 2013 Proof-of-Concept analysis to evaluate southern region LRZ configurations. MISO's Proof-of-Concept analysis evaluated a two-zone configuration with Arkansas as one LRZ and a second LRZ including Texas, Louisiana, and Mississippi. The Proof-of-Concept analysis also evaluated a three-zone analysis with Arkansas as one LRZ, Mississippi as a second LRZ, and Texas and Louisiana as a third LRZ.

4. As a result of the Proof-of-Concept analysis, MISO selected a two-zone configuration for the southern region with Arkansas as one LRZ and Texas, Louisiana, and Mississippi as the second LRZ. MISO states that this selection of a two-zone configuration for the southern region is based on the following factors: (1) the electrical boundaries of Local Balancing Authorities; (2) state boundaries; (3) the relative strength of transmission interconnections between Local Balancing Authorities; (4) the results of Loss of Load Expectation studies; (5) the relative size of LRZs; and (6) natural geographic boundaries, such as lakes and rivers. MISO proposed these six factors, contained in section 68A.3 of the MISO Tariff, to evaluate local resource zone

³ MISO, FERC Electric Tariff, [Attachment VV, Map of Local Resource Zone Boundaries, \(1.0.0\)](#).

⁴ The MISO South Integration refers to the planned integration of Entergy Operating Companies, Cleco Power, Lafayette Utilities Systems, East Texas Power Cooperatives, and South Mississippi Electric Power Association into MISO, anticipated to be in December 2013. MISO July 22, 2013 Filing at n.1.

⁵ MISO July 22, 2013 Filing, Attachment VV Map of Local Resource Boundaries (lists of Local Resource Zones and Local Balancing Authorities below the map in the proposed Attachment VV of the MISO Tariff).

boundaries.⁶ The Commission approved the use of these factors in the establishment of the zones in its Resource Adequacy Order.⁷

5. In addition to the factors considered above, MISO states that all stakeholder feedback received regarding southern region LRZs was in support of the two-zone configuration. MISO states that certain stakeholders have raised questions as to whether LRZ boundaries can be changed or additional LRZs can be added in the future. MISO states that it reiterates the statements made during the stakeholder process that it will work with stakeholders and state regulators to evaluate the LRZs on an annual basis consistent with the requirements of the MISO Tariff. Specifically, Section 68A.3 of MISO's Tariff places an obligation on MISO to review LRZs on an annual basis prior to a Planning Year. Section 68A.3 of the MISO Tariff also allows MISO to re-evaluate the boundaries of LRZs. To the extent the configuration of LRZs changes, MISO will file these changes with the Commission.

6. MISO requests an effective date of September 27, 2013.

7. Notice of the filing was published in the *Federal Register*, 78 Fed. Reg. 45,519 (2013), with interventions and protests due on or before August 12, 2013. Exelon Corporation, NRG Companies, Ameren Services Company, and Wisconsin Electric Power Company filed timely motions to intervene. Arkansas Public Service Commission filed a notice of intervention. Duke Energy Indiana, Inc. (Duke Indiana) and Duke Energy Kentucky, Inc. (Duke Kentucky) jointly filed a motion to intervene and comment.

8. In their motion, Duke Indiana and Duke Kentucky state that MISO incorrectly identified Duke Kentucky as part of LRZ 6 in the tables located in the maps in Attachment VV. They further state that Duke Kentucky no longer operates in MISO and should therefore not be listed as a part of a MISO LRZ.⁸ Duke Indiana and Duke Kentucky request that MISO remove the reference to Duke Kentucky.

9. On August 21, 2013, MISO filed an answer to Duke Indiana and Duke Kentucky. MISO explains that Duke Indiana and Duke Kentucky are correct and that, while Duke Indiana should remain on the tables that appear in the maps in Attachment VV, Duke Kentucky was inadvertently included and should be removed. MISO states that, to avoid delaying the addition of the LRZs for the MISO South Integration, and to ensure the accuracy of Attachment VV, MISO agrees to make the changes requested by Duke Indiana and Duke Kentucky, if so directed by the Commission. In addition, MISO states that following its review of Attachment VV, based

⁶ Resource Adequacy Order, 139 FERC ¶ 61,199 at P 78.

⁷ *Id.* P 84; MISO, FERC Electric Tariff, Module E-1, [68A.3, Establishment of Local Resource Zones, 0.0.0](#).

⁸ Duke Indiana and Duke Kentucky Comments at 2 (citing *Duke Energy Ohio, Inc.*, 133 FERC ¶ 61,058, *reh'g denied*, 134 FERC ¶ 61,235 (2010)).

on the comments submitted by Duke Indiana and Duke Kentucky, it identified that Cinergy was inadvertently included in the LRZ 6 list of Local Balancing Authorities that appears below the map in Attachment VV and likewise should be removed. MISO therefore proposes to make this additional correction to Attachment VV, if so directed by the Commission.

10. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2013), the notice of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2013), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept MISO's answer because it has provided information that assisted us in our decision-making process.

11. We conditionally accept the filing, subject to the outcome of the proceeding in Docket No. ER11-4081-002, and subject to MISO filing Tariff revisions to remove the reference to Duke Kentucky in the tables located in the maps in Attachment VV, since Duke Kentucky no longer operates within MISO. We will also require MISO to correct any inadvertent references to Cinergy. We will require MISO to submit its revisions in a compliance filing within 30 days of the date of this order.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.