

145 FERC ¶ 61,276  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Acting Chairman;  
Philip D. Moeller, John R. Norris,  
and Tony Clark.

Midcontinent Independent System  
Operator, Inc.

Docket No. ER14-202-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued December 26, 2013)

1. On October 28, 2013, Midcontinent Independent System Operator, Inc. (MISO) filed, pursuant to section 205 of the Federal Power Act,<sup>1</sup> proposed revisions to its Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff)<sup>2</sup> regarding the dispatch of System Support Resources (SSR)<sup>3</sup> and related communications between MISO and Market Participants that operate SSRs (October 28 Filing). In this order, we accept MISO's proposed Tariff revisions effective December 27, 2013, as requested.

**I. Background**

2. In the October 28 Filing, MISO states that its proposed Tariff revisions will resolve confusion regarding the dispatch of SSRs by eliminating differences associated with the dispatch of generation resources based upon whether they are designated as SSRs. MISO states that existing section 38.2.7.g of the Tariff requires it to provide a dispatch notice to SSRs by "1000 hours EST the day prior to the Operating Day," which does not correspond to MISO's dispatch notification for units that are not designated as

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<sup>1</sup> 16 U.S.C. § 824d (2012).

<sup>2</sup> MISO, FERC Electric Tariff, [38.2.7, System Support Resources, 4.0.0](#).

<sup>3</sup> The MISO Tariff defines SSRs as "Generation Resources or Synchronous Condensator Units that have been identified in Attachment Y – Notification to this Tariff and are required by the Transmission Provider for reliability purposes, to be operated in accordance with the procedures described in Section 38.2.7 of this Tariff." *Id.* [1.643, System Support Resource \(SSR\), 0.0.0](#).

SSRs.<sup>4</sup> MISO maintains that this disparate treatment related to SSR-designated units and those units not so designated contributes to the potential for late-provided dispatch notification under MISO's current business practices. MISO proposes to revise section 38.2.7.g to replace the 10:00 a.m. dispatch notification provision for SSRs with requirements that match the notification for other generation resources.<sup>5</sup> MISO states that these Tariff revisions will result in a single, uniform notification process for generators that is more easily recognized and operated by MISO personnel. It adds that these Tariff revisions will not impose a hardship on SSR owners because these units operate according to these notification requirements prior to their designation as SSRs.<sup>6</sup>

3. MISO states that operational experience with SSRs has revealed some confusion regarding running SSRs during periods when they are not dispatched for reliability purposes. MISO proposes to clarify that owners of generation resources should not normally expect communications from MISO to permit additional run times for economic purposes by revising section 38.2.7.f to provide that MISO will "attempt to minimize the use of an SSR Unit for reliability purposes."<sup>7</sup> MISO also notes that the existing Tariff

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<sup>4</sup> MISO October 28 Filing at 1.

<sup>5</sup> As revised, section 38.2.7.g would read as follows:

Scheduling Rules for SSR Units. ~~The No later than 1000 hours EST the day prior to the Operating Day, the~~ Transmission Provider shall notify Market Participants with SSR Units as to the ~~quantity (in MW and/or MVAR) and~~ time period of Energy, Operating Reserve and/or Other Ancillary Services required from each SSR Unit in accordance with Section 39.1.5 for the Day-Ahead Energy and Operating Reserve Markets, Section 40.1 for Reliability Assessment Commitment processes, and Section 40.1.A.3 Look Ahead Commitment processes.

<sup>6</sup> MISO October 28 Filing at 1-2.

<sup>7</sup> As revised, section 38.2.7.f would read as follows:

Operation of SSR Unit. Once the Transmission Provider has entered into an SSR Agreement with a Generation Resource or [Synchronous Condenser Unit], the Transmission Provider shall have the right to dispatch the SSR Unit at any time for reliability of the facilities within the Transmission Provider Region. The Transmission Provider shall make every attempt to minimize the use of an SSR Unit for reliability purposes. The Transmission Provider will dispatch the SSR Unit as early as possible once conditions are identified that require the use of the SSR Unit and will make best efforts to minimize the uneconomic dispatch of the SSR Unit(s).

(continued...)

provides that Market Participants may offer energy or ancillary services from SSRs in MISO's markets when such runs do not diminish availability to perform for reliability purposes. MISO argues that these provisions may be impeded by a provision in existing section 38.2.7.h, which provides that Market Participants shall not use SSRs to "participate in the Energy and Operating Reserve Markets, except for incremental Offers of additional Capacity beyond the amount designated by the Transmission Provider as necessary for reliability purposes to the extent allowed in the SSR Agreement." MISO proposes to delete this provision from section 38.2.7.h, stating that it will better ensure that generation resources are treated similarly.<sup>8</sup>

4. MISO proposes that its Tariff revisions become effective on December 27, 2013. MISO requests that the Commission issue an order accepting its proposed Tariff revisions no later than 60 days from the date of its filing (i.e., by December 27, 2013) to provide

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The SSR Agreement found in Attachment Y-1 to this Tariff shall provide for equitable compensation to an SSR Unit when it is dispatched by the Transmission Provider.

<sup>8</sup> As revised, section 38.2.7.h would read as follows:

SSR Unit Participation in Markets. A Market Participant may offer Energy or Ancillary Services from SSR Units into the Day-Ahead Energy and Operating Reserve Market, R[eliability] A[ssessment] C[ommitment], or Real-Time Energy and Operating Reserve Market during times when the Transmission Provider has not requested the Market Participant to run the SSR Unit at full capacity unless this would impair the ability of the SSR Unit to provide the Energy, Operating Reserve or Other Ancillary Services when requested by the Transmission Provider.

Market Participants that own or operate an SSR Unit shall not use the SSR Unit to: (i) participate in Interchange Schedules; (ii) except for plant auxiliary Load obligations under the SSR Agreement, use the SSR Unit as a Self-Scheduled Resource to submit Self-Schedules for Energy and/or Operating Reserve; or (iii) submit Self-Schedules for Other Ancillary Services, if applicable, to the extent that Other Ancillary Services are required by the Transmission Provider under this Section; ~~and (iv) participate in the Energy and Operating Reserve Markets, except for incremental Offers of additional Capacity beyond the amount designated by the Transmission Provider as necessary for reliability purposes to the extent allowed in the SSR Agreement.~~

MISO October 28 Filing at 2.

regulatory certainty to all parties involved in current operations and negotiations associated with MISO's SSR program.<sup>9</sup>

## **II. Notice of Filing and Responsive Pleadings**

5. Notice of MISO's October 28 Filing was published in the *Federal Register*, 78 Fed. Reg. 67,133 (2013), with protests and interventions due on or before November 18, 2013. Ameren Services Company (Ameren),<sup>10</sup> Consumers Energy Company, DTE Electric Company, NRG Companies,<sup>11</sup> and Wisconsin Electric Power Company (Wisconsin Electric) filed timely motions to intervene. Wisconsin Electric filed a protest. MISO filed an answer to Wisconsin Electric's protest.

6. Wisconsin Electric agrees with MISO that the Tariff currently reflects disparate treatment in the timing of the notice given to SSRs and other resources, but is concerned that MISO's proposal inadvertently changes the allocation of SSR costs. According to Wisconsin Electric, MISO's existing Business Practices Manuals provide that Market Participants must designate SSRs as "must-run"<sup>12</sup> and self-schedule<sup>13</sup> the requested MW in their day-ahead offers for the hours specified by MISO, which makes the resources

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<sup>9</sup> *Id.* at 3.

<sup>10</sup> Ameren submitted the filing on behalf of Ameren Energy Generating Company, Ameren Energy Marketing Company, Ameren Illinois Company, AmerenEnergy Resources Generating Company, and Union Electric Company.

<sup>11</sup> For purposes of this filing, NRG Companies consist of Bayou Cove Peaking Power LLC; Big Cajun I Peaking Power LLC; Cottonwood Energy Company LP; GenOn Energy Management, LLC; Louisiana Generating LLC; NRG Power Marketing LLC; NRG Sterlington Power LLC; and NRG Wholesale Generation LP.

<sup>12</sup> The existing MISO Tariff defines a "Must-Run Commitment" as "[a] Market Participant-designated commitment of a Generation Resource or Demand Response Resource Type II, indicating that such Resource shall be committed regardless of costs." MISO, FERC Electric Tariff, [1.430, Must-Run Commitment, 0.0.0](#).

<sup>13</sup> The existing MISO Tariff defines a "Self-Scheduled Resource" as "[a] Resource that is scheduled by a Market Participant and controlled by the same Market Participant under the overall coordination of the Transmission Provider. A Self-Scheduled Resource is a Price Taker for the portion of the Resource that is Self Scheduled." *Id.*, [1.601, Self-Scheduled Resource, 0.0.0](#).

price takers and renders them ineligible to receive make-whole payments.<sup>14</sup> Wisconsin Electric states that SSR compensation would reflect any differences between offer costs and market revenues that would otherwise be provided to the generator via make-whole payments, and SSR costs are charged to load-serving entities under SSR rate schedules. Wisconsin Electric argues that MISO's proposal would inadvertently change this process by requiring Market Participants to offer SSRs into the day-ahead markets with an "economic" status to allow MISO to commit and dispatch the units via market mechanisms, which will calculate make-whole payments for the SSRs. Wisconsin Electric avers that the cost of providing these make-whole payments to SSRs will be allocated to other Market Participants, thereby shifting costs away from the load-serving entities that benefit from SSRs. Wisconsin Electric adds that, if an SSR is re-designated as a Voltage and Local Reliability (VLR) commitment, then any associated make-whole payments would be allocated to the VLR cost allocation settlement rules, which differ markedly from the allocation of SSR costs. Wisconsin Electric requests clarification that MISO does not intend to designate SSRs as VLR commitments and that its proposed Tariff revisions, or subsequent clarifications, ensure that this result does not occur.<sup>15</sup> To the extent that MISO intends to shift costs away from the load-serving entities that require SSRs for reliability purposes, Wisconsin Electric requests that the Commission reject the proposal as it is inconsistent with the Commission's cost causation principles, its previous findings with respect to the allocation of SSR costs, and the MISO Tariff.<sup>16</sup>

7. In its answer, MISO responds that it has not proposed to change the allocation of SSR costs and that its proposed Tariff revisions do not affect SSR compensation or the allocation of the associated costs. MISO notes that, for settlement purposes, the compensation terms stated in SSR agreements control compensation and there are no separate mechanisms through which the owner of an SSR is compensated. MISO also states that, for settlement purposes, SSR commitments are specifically designated as such, and are not designated as VLRs or other commitment types. According to MISO, Tariff revisions often necessitate revisions to its Business Practices Manuals, and such

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<sup>14</sup> Wisconsin Electric Comments at 3-4 (citing MISO, *Energy and Operating Reserves Markets Business Practices Manual BPM-002-r12* § 4.2.10.8 (Feb. 6, 2013), available at [https://www.misoenergy.org/\\_layouts/MISO/ECM/Redirect.aspx?ID=19178](https://www.misoenergy.org/_layouts/MISO/ECM/Redirect.aspx?ID=19178)).

<sup>15</sup> *Id.* at 4-5.

<sup>16</sup> *Id.* at 5-6 (citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 144 FERC ¶ 61,151 (2013) (finding that MISO had not demonstrated that an energy-based cost allocation for the costs associated with the SSR agreement for DTE Electric Company's Harbor Beach Power Plant Unit No. 1 is just and reasonable)).

revisions are likely in this instance to reflect improved processes and protocols. MISO states that it will make the necessary and appropriate changes to its Business Practices Manuals upon Commission acceptance of its proposed Tariff revisions. In addition, MISO maintains that the Commission should accept its proposed Tariff revisions because they will improve the SSR program by providing MISO with more flexibility to use SSRs to better support reliable grid operation.<sup>17</sup> MISO states that it identifies, to the extent possible, commitment requirements of SSRs for reliability purposes prior to and as an input into the day-ahead market. If MISO operations personnel identify a need to use the SSR Unit after the day-ahead market closes, MISO explains that the SSR Unit can start up and operate according to the dispatch instructions, respecting the physical operating characteristics of the unit. MISO states that the existing Tariff provisions, however, preclude such use, and MISO's proposed Tariff revisions should be accepted as an improvement to the SSR program.<sup>18</sup>

### **III. Procedural Matters**

8. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2013), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

9. 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 or answer unless otherwise ordered by the decisional authority. We will accept the answer filed by MISO because it provided information that assisted us in our decision-making process.

### **IV. Commission Determination**

10. We find that MISO's proposed Tariff revisions are just and reasonable, and we accept them to become effective December 27, 2013, as requested. MISO's proposed Tariff revisions in section 38.2.7.g to provide dispatch notifications to SSRs consistent with other generation resources will resolve confusion regarding the dispatch of SSRs and reduce the potential for late-provided dispatch notifications.<sup>19</sup> With regard to MISO's proposed Tariff revisions to section 38.2.7.f to clarify that MISO will attempt to minimize the dispatch of SSRs only for reliability purposes under the associated SSR

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<sup>17</sup> MISO Answer at 3-5.

<sup>18</sup> *Id.* at 4.

<sup>19</sup> MISO October 28 Filing at 1-2.

agreement, the Commission finds that this is consistent with MISO's initial description of the SSR program in 2004,<sup>20</sup> as well as existing MISO Tariff language providing that:

A Market Participant may offer Energy or Ancillary Services from SSR Units into the Day-Ahead Energy and Operating Reserve Market, R[eliability] A[ssessment] C[ommitment], or Real-Time Energy and Operating Reserve Market during times when the Transmission Provider has not requested the Market Participant to run the SSR Unit at full capacity unless this would impair the ability of the SSR Unit to provide the Energy, Operating Reserve or Other Ancillary Services when requested by the Transmission Provider.<sup>[21]</sup>

We also accept MISO's proposal to remove from section 38.2.7.h a Tariff provision that indicates that SSRs may participate in MISO's markets only to provide incremental offers of additional capacity that have not been designated by MISO as necessary for reliability purposes pursuant to the underlying SSR agreement. As MISO notes in its filing, the intent to permit SSR-designated units to run for economic reasons when such runs do not diminish availability to perform for reliability purchases may have been impeded by this provision.

11. With regard to Wisconsin Electric's concerns, we find that MISO's proposal does not change the compensation for SSR service or the allocation of associated costs. When SSRs are required to run for reliability purposes, they will be compensated pursuant to the appropriate SSR agreement and are ineligible for make-whole payments. Further, when an SSR operates in the market economically, any costs associated with make-whole payments would be recovered pursuant to the relevant Tariff provisions which the Commission has already determined to be just and reasonable. Therefore, we disagree with Wisconsin Electric's argument that MISO's proposal results in cost shifting.

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<sup>20</sup> MISO March 31, 2004 Filing, Docket No. ER04-691-000, Exh. No. MISO-4 (Prepared Direct Testimony of Ronald R. McNamara) at 49 (“[MISO] will allow Market Participants with SSR Units to submit market-based offers and set L[ocal] M[arginal] P[rices] for the portion of their SSR Unit not committed under terms of an SSR agreement.”).

<sup>21</sup> MISO, FERC Electric Tariff, [38.2.7, System Support Resources, 2.0.0](#), § 38.2.7.g.

The Commission orders:

MISO's proposed Tariff revisions are hereby accepted, effective December 27, 2013, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.