146 FERC ¶ 61,163
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Midwest Independent Transmission System Operator, Inc. and the Midwest ISO Transmission Owners	Docket No. ER12-1564-000

ORDER ON COMPLIANCE FILING

(Issued March 7, 2014)

1. On April 18, 2012, pursuant to a compliance filing directive by the Commission, Midwest Independent Transmission System Operator, Inc. (MISO)[1] and the Midwest ISO Transmission Owners (MISO TO)[2] (collectively, Filing Parties) filed proposed revisions to the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff),[3] regarding the triennial review of the costs and benefits of Multi

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[1] Effective April 26, 2013, MISO changed its name from "Midwest Independent Transmission System Operator, Inc." to "Midcontinent Independent System Operator, Inc."

[2] For purposes of this filing, the MISO TOs are: Ameren Services Company, as agent for Union Electric Company d/b/a Ameren Missouri, Ameren Illinois Company d/b/a Ameren Illinois and Ameren Transmission Company of Illinois; American Transmission Company LLC; Dairyland Power Cooperative; Duke Energy Corporation for Duke Energy Indiana, Inc.; Great River Energy; Minnesota Power (and its subsidiary Superior Water, L&P); Montana-Dakota Utilities Co.; Northern Indiana Public Service Company; Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation, subsidiaries of Xcel Energy Inc.; Northwestern Wisconsin Electric Company; Otter Tail Power Company; and Southern Minnesota Municipal Power Agency.

[3] MISO, FERC Electric Tariff, ATTACHMENT FF, Transmission Expansion Planning Protocol, 4.0.0.

Value Projects (MVP) (Compliance Filing).[4] The Commission accepts the Compliance Filing, subject to further modification, as discussed below.

I. Background

2. In the original MVP filing in Docket No. ER10-1791-000, Filing Parties[5] submitted proposed revisions to the Tariff that provided a cost allocation methodology for MVPs. On December 16, 2010, the Commission conditionally accepted the proposed Tariff revisions for filing, to be effective July 16, 2010, subject to a compliance filing.[6] On October 21, 2011, the Commission denied in part and granted in part rehearing of the MVP Order, conditionally accepted Filing Parties' compliance filing, and directed further compliance filings.[7]

3. In the MVP Rehearing Order, the Commission directed MISO to revise its Tariff to include periodic review, at least every three years, to monitor the costs and benefits of the cumulative effects of all MVPs. The Commission directed MISO to work with its stakeholders to determine the factors to be considered in such reviews. At a minimum, the review must analyze relevant economic factors, quantify the economic benefits, and examine the qualitative impacts of MVPs. The results of the review are to be provided to the appropriate stakeholder committee(s) (e.g., the Regional Expansion Criteria and Benefits (RECB) Task Force, and Planning Advisory Committee), and the results are to be published, with the underlying analyses, on MISO's website.[8]

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[4] Filing Parties state that MISO TOs join this filing for the purpose of complying with the underlying Commission order, but the MISO TOs reserve the right to submit additional comments or to protest aspects of the Compliance Filing. Transmittal at n.2.

[5] For the most part, the MISO TOs for purposes of the original MVP Filing included the same companies as the instant Compliance Filing. Thus, we refer to the applicants in both filings as Filing Parties.

[6] *Midwest Indep. Transmission Sys. Operator, Inc.*, 133 FERC ¶ 61,221 (2010) (MVP Order), *on reh'g*, 137 FERC ¶ 61,074 (2011) (MVP Rehearing Order), *aff'd in part and remanded in part sub nom. Illinois Commerce Commission v. FERC*, 721 F.3d 764 (7th Cir. 2013) (*Illinois Commerce Commission II*), *cert. denied*, Shuttle v. FERC., 82 USLW 3240 (U.S. Feb. 24, 2014) (No. 13-443), *Hoosier Energy Rural Elec. Co-Op., Inc. v. FERC,* 82 USLW 3240 (U.S. Feb. 24, 2014) (No. 13-445).

[7] MVP Rehearing Order, 137 FERC ¶ 61,074.

[8] *Id*. PP 30 and 191.

II. Compliance Filing

4. Pursuant to the Commission's directive in the MVP Rehearing Order, Filing Parties propose new section VII to Attachment FF of the Tariff, with the subject heading: "Multi-Value Project Cost and Benefits Review and Reporting."[9] Filing Parties state that the new section provides for the frequency, scope and reporting of the MVP cost-benefit review directed by the MVP Rehearing Order. Filing Parties request an effective date of June 18, 2012 for the Compliance Filing.

A. Frequency, Manner, and Time Horizon of Review

5. The Compliance Filing provides that the review of the costs and benefits of MVPs will be performed every three years, beginning with the MISO Transmission Expansion Plan (MTEP) for 2014.[10] In preparation for each triennial MVP review, MISO will conduct annual reviews of relevant cost and benefit data. The triennial and annual reviews will calculate MVP costs and benefits on a forward-looking basis over both 20-year and 40-year periods. The Compliance Filing also provides that the cost calculation will use updated project cost and in-service dates provided in the latest MTEP quarterly status report, and the benefits calculation will use updated future scenarios from the latest MTEP planning cycle.[11]

6. The Compliance Filing further provides that the cost and benefit calculation results shall be provided for each Local Resource Zone as defined in Module E of the Tariff, which addresses Resource Adequacy. If the Module E definition of Local Resource Zones changes, MISO may, in consultation with its stakeholders, define different Local Resource Zones (that will be included in MISO's Business Practices Manual for Transmission Planning) for purposes of reporting the results of the MVP review.[12]

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[9] Transmittal at 2.

[10] *Id*. at 3 (citing MISO, FERC Electric Tariff, Fourth Revised Volume No. 1, Attachment FF, section VII.A.1).

[11] *Id*. (citing MISO, FERC Electric Tariff, Fourth Revised Volume No. 1, Attachment FF, section VII A.3).

[12] *Id*.

B. Scope of Review

7. The Compliance Filing provides that the triennial review will address prospective quantitative, public policy and other qualitative benefits from MVPs. Filing Parties state that the quantitative benefits to be considered include, but are not limited to: congestion and fuel savings; reductions in Operating Reserve requirements; reductions in the system-wide Planning Reserve Margin; and reductions in transmission line losses.[13]

8. Additionally, the Compliance Filing provides that beginning with the MTEP for 2017, the review will also include available historical market trend data for the 5-year period preceding the review, related to additional metrics that include, but are not limited to: congestion costs; energy prices; fuel costs; Planning Reserve Margin requirements; the number of newly interconnected resources, grouped by resource type; and the share of MISO's energy supplied by each type of resource.[14]

9. Finally, the Compliance Filing provides that the limited annual review will focus on congestion and fuel savings, project costs, in-service dates, and eventually, relevant historical market trend data based on the given year's latest available data.[15]

C. Dissemination of Review's Analysis and Results

10. The Compliance Filing provides that MISO will disseminate the review's results and supporting analysis by: (1) publication in the MTEP; (2) posting on MISO's website; and (3) presentation to appropriate stakeholder committees. MISO states that while the MVP Rehearing Order indicated that the MVP reviews could be disseminated, by way of example, to the Advisory Committee, MISO believes that the appropriate recipient of the

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[13] *Id*. (citing MISO, FERC Electric Tariff, Fourth Revised Volume No. 1, Attachment FF, section VII.B). Filing Parties also state that while the MVP Rehearing Order also mentioned avoided project costs as a potential item that may be covered by the review, MISO has determined that it may be administratively infeasible and unduly difficult to include that factor in the triennial review. Transmittal at n.14.

[14] *Id*. at 4 (citing MISO, FERC Electric Tariff, Fourth Revised Volume No. 1, Attachment FF, section VII.B.3).

[15] *Id*. (citing MISO, FERC Electric Tariff, Fourth Revised Volume No. 1, Attachment FF, section VII.C).

information is the Planning Advisory Committee. MISO notes that the results may also be presented to the RECB Task Force if it is still in existence at the time of the report.[16]

D. Stakeholder Consultation

11. Filing Parties state that the proposed Tariff revisions were developed in consultation with stakeholders over several months, through the RECB Task Force. They explain that at the January 26, 2012 RECB Task Force meeting, MISO outlined the compliance requirement and presented a high-level compliance proposal. They explain that stakeholder feedback on the proposal was reviewed at the February 23, 2012 RECB Task Force meeting, and incorporated or taken into account in the development of the proposed Tariff revisions presented at the March 22, 2012 RECB Task Force meeting. Filing Parties state that in response to numerous stakeholder requests, MISO included mechanisms for tracking various historical market trend data items not previously included in MISO's proposal.[17]

III. Notice of Filing and Responsive Pleadings

12. Notice of Filing Parties' Compliance Filing was published in the *Federal Register*, 77 Fed. Reg. 25,160 (2012), with interventions and protests due on or before May 9, 2012. Illinois Commerce Commission (Illinois Commission) filed a notice of intervention. Timely motions to intervene were filed by: The Detroit Edison Company (Detroit Edison); Indianapolis Power and Light Company; American Municipal Power, Inc.; Consumers Energy Company (Consumers Energy); Michigan Public Power Agency (MPPA); Michigan Municipal Electric Association (MMEA); Association of Businesses Advocating Tariff Equity (ABATE); Midwest TDUs;[18] Wisconsin Electric Power Company; Michigan Department of Attorney General; and Exelon Corporation.

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[16] *Id*. (citing MISO, FERC Electric Tariff, Fourth Revised Volume No. 1, Attachment FF, section VII.A.4).

[17] *Id*.

[18] Midwest TDUs include: Madison Gas and Electric Company, Midwest Municipal Transmission Group, Missouri River Energy Services, WPPI Energy and Missouri Joint Municipal Electric Utility Commission.

13. A timely motion to intervene and protest was filed by Southern Illinois Power Cooperative (SIPC) and Hoosier Energy Rural Electric Cooperative, Inc. (Hoosier) (jointly, Hoosier-SIPC). MISO Northeast Transmission Customers filed a protest.[19]

14. On May 16, 2012, Illinois Commission filed a motion to file comments out-of-time and comments.

IV. Discussion

A. Procedural Matters

15. 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 the timely, unopposed motions to intervene serve to make the entities who filed them parties to this proceeding.

B. Substantive Matters

1. Protests and Comments

16. Hoosier-SIPC argue that several aspects of MISO's proposal fall short of the process that would be required to provide a complete and accurate picture of the accumulated costs and benefits of approved MVPs, as well as the distribution of those costs and benefits. First, Hoosier-SIPC state that MISO's proposal to calculate costs and benefits for each Local Resource Zone will not provide sufficient granularity to enable the Commission to "'compar[e] the costs assessed against a party to the burdens imposed or benefits drawn by that party.'"[20] To rectify this, Hoosier-SIPC aver that the Commission should require that benefits and costs be calculated for each Transmission Pricing Zone, so that the Commission can ensure that each party receives benefits that are at least "'roughly commensurate'" with the costs allocated to that party.[21]

17. Hoosier-SIPC also argue that the methodology MISO proposes in section VII.B.1 regarding the calculation of "savings" is insufficient because no consideration is being given to the additional costs that may be imposed on the system as a result of increased

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[19] MISO Northeast Transmission Customers are Michigan Attorney General Bill Schuette, ABATE, Consumers Energy, Detroit Edison, MMEA and MPPA.

[20] Hoosier-SIPC Protest at 3 (citing *Illinois Commerce Commission v. FERC*, 576 F.3d 470, 477 (7th Cir. 2009) (*Illinois Commerce Commission I*) (quoting *Midwest Indep. Transmission Sys. Operator, Inc. v. FERC*, 713 F.2d 1361, 1368 (D.C. Cir. 2004))).

[21] *Id.*

reliance on intermittent resources. Thus, Hoosier-SIPC argue that the Commission should ensure that MISO's calculation includes a quantification of such effects of intermittent resources as less efficient dispatch, costly cycling of baseload units, increased reliance on peaking generation, increased regulation service, increased operations and contingency reserves, and increased need for storage and fast ramping facilities.[22]

18. Finally, Hoosier-SIPC argue that MISO's proposed methodology in section VII.B.2 to evaluate public policy and other qualitative benefits fails to adequately account for the differences among the various state Renewable Portfolio Standards adopted across the MISO footprint and how those differences may impact different types of MISO stakeholders. According to Hoosier-SIPC, many MISO states have enacted only goals, rather than mandatory requirements, and other differences include when the minimum requirement, if any, must be met, and whether some or all of the required renewable resources must be procured from in-state resources. Hoosier-SIPC contend that all of these aspects of state policies affect the extent to which MVPs actually provide benefits to stakeholders.

19. MISO Northeast Transmission Customers argue that while the Commission directed MISO to show the *distribution* of benefits and costs associated with MVPs across the entire MISO footprint, MISO is only proposing to provide cost and benefit data on an aggregate basis. They request that the Commission require MISO to submit tariff language that states that the historical cumulative benefits and costs across the MISO footprint will be shown by Local Resource Zone, as was done in the initial MVP study, or on some more granular basis,[23] in order to allow MISO stakeholders to effectively evaluate whether benefits are aligned with costs.[24]

20. Furthermore, MISO Northeast Transmission Customers aver that MISO should be required to make its reporting of benefits and costs, and the distribution thereof, transparent so that stakeholders and the Commission can see whether the calculated benefits are reasonably apportioned across all stakeholder classes or disproportionately

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[22] *Id*. at 4 (citing FirstEnergy Service Company, Protest, Docket No. ER10-1791-000, at Att. C, Declaration of Brian A. Farley at P 53 (filed Sept. 10, 2010)).

[23] They state that they also support a more granular showing of the distribution of costs and benefits, such as by pricing zone. MISO Northeast Transmission Customers Protest at 3, n.7.

[24] *Id*. at 3 (citing MVP Rehearing Order, 137 FERC ¶ 61,074 at P 190).

accrue to limited stakeholders.[25] Additionally, MISO Northeast Transmission Customers argue that the reviews required by the Commission of benefits and costs can only serve their purpose if MISO is required to provide historical MVP cost and benefit data, at a minimum, by Local Resource Zone, if not on a more granular level, in its periodic reviews.[26]

21. MISO Northeast Transmission Customers also argue that MISO's proposal to perform an MVP cost and benefit review every three years is too infrequent. Specifically, MISO Northeast Transmission Customers argue that allowing three years to lapse between reviews increases "the size of the egg" that will need to be "unscrambled" if a review shows that the benefits of MVPs are not accruing to customers at a level that is consistent with the current allocation of costs.[27] MISO Northeast Transmission Customers further argue that such reviews should be filed with the Commission so that stakeholders have the ability to comment on the reviews.

22. Finally, MISO Northeast Transmission Customers argue that the Commission's expectation was for the periodic reviews to "'provide[] a basis for any potential adjustment to the allocation of the costs associated with those MVPs.'"[28] However, MISO Northeast Transmission Customers argue that MISO's compliance filing does not propose any mechanism to initiate any such adjustments and therefore places the burden on MISO customers to initiate any such changes via a complaint under section 206 of the Federal Power Act (FPA). Therefore, MISO Northeast Transmission Customers state that the Commission should require MISO to establish a trigger for action if a review shows that a Local Resource Zone or Transmission Pricing Zone is paying MVP costs that are not commensurate with the benefits accruing to such zone. Further, they contend that the Commission should require MISO to include tariff language providing that if the trigger is met, MISO will make a filing under section 205 of the FPA to: (1) adjust the allocation of costs associated with MVPs on a going forward basis, and (2) true-up the alignment of costs and benefits for the period covered by the review.[29]

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[25] *Id*. at 3-4.

[26] *Id*. at 4.

[27] *Id*.

[28] *Id*. at 5 (quoting MVP Rehearing Order, 137 FERC ¶ 61,074 at P 190).

[29] *Id*.

23. Illinois Commission contends that the proposal to calculate costs and benefits on a forward-looking basis would not provide for or require the review of the actually incurred costs and benefits for any previously approved MVPs. It argues that the Commission's requirement envisions that the results of the cost and benefit review be used to adjust transmission cost allocation methodologies as needed, and not just for MVP projects that may be approved in the future, but also for those already approved.

24. In addition, Illinois Commission argues that MISO's proposal to provide the results of the MVP review aggregated up to the Local Resource Zone level would not provide the information stakeholders need to "understand the costs and benefits resulting from MVPs" as required by the Commission. Even if the information that MISO provides is comprehensive, Illinois Commission contends that it must be provided in a sufficiently disaggregated manner so as to be meaningful to specific stakeholders. Illinois Commission requests that the Commission direct MISO to provide the results of the MVP cost and benefit review at the utility level or at the individual transmission owner level.[30]

25. Further, Illinois Commission asserts that the Compliance Filing is not clear on whether it will provide the results of the Commission-directed MVP review on a project-specific basis or whether the results will be provided only on an MVP portfolio basis. It notes that Section VII.A.3 of the proposed tariff refers to "updated project costs and in-service dates" which suggests a project-specific evaluation, whereas elsewhere throughout proposed Section VII, MISO uses the plural term "MVPs." Illinois Commission argues that, in order for the information to be sufficiently useful to stakeholders, MISO must conduct the MVP review on a project-specific basis and provide the results of that review on a project-specific basis, rather than aggregated and generalized at the portfolio level.[31]

26. Finally, Illinois Commission states that MISO has an important role to play in MVP cost containment. It urges the Commission to direct MISO to use the MVP review and reporting process to develop and put in place MVP cost containment mechanisms in which stakeholders and others, particularly state commissions, can have an important role.

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[30] Illinois Commission asserts that MISO has provided benefit and cost data on a utility-specific (and project-specific) basis in other circumstances when it serves MISO's purpose, stating that in MISO's February 3, 2012 Answer in Docket No. ER12-715 MISO estimated benefits from MVPs in support of its proposal to allocate MVP costs to two withdrawing transmission owners. Illinois Commission Comments at 9.

[31] *Id*. at 10.

2. **Commission Determination**

27. We find that Filing Parties' Compliance Filing, as modified below, fully complies with the directives of the MVP Rehearing Order because new section VII to Attachment FF of the Tariff provides for the frequency, scope and reporting of the MVP cost-benefit review as directed in the MVP Rehearing Order. In the MVP Rehearing Order, the Commission required MISO to conduct reviews at least every three years in order to monitor the costs and benefits of the cumulative effects of all approved MVPs, and directed that MISO work with its stakeholders to determine the factors that should be considered in such reviews.[32] The Commission directed MISO to perform analyses of relevant economic factors, to quantify the economic benefits of MVPs, and to examine the qualitative impacts of MVPs as part of its review. In addition, the Commission directed MISO, as part of its review, to provide the results of the review to the appropriate stakeholder committee(s) and to publish the results of the underlying analyses on the MISO website.[33]

28. As directed by the MVP Rehearing Order, the Compliance Filing provides that the review of approved MVPs will be performed every three years. The Compliance Filing also provides that MISO will conduct annual reviews to track relevant cost and benefit data, and that the cost calculation will use updated project cost and in-service dates provided in the latest MTEP quarterly status report.[34] It further provides that the cost and benefit calculation results shall be provided for each Local Resource Zone.[35] The Compliance Filing states that the triennial review will address prospective quantitative, public policy, and other qualitative benefits from MVPs, and eventually relevant historical market trend data, as discussed and developed by MISO's stakeholders.[36]

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[32] MVP Rehearing Order, 137 FERC ¶ 61,074 at P 191 (citing Midwest ISO, FERC Electric Tariff, Fourth Revised Vol. No. 1, Att. FF, § II.C).

[33] *Id.*

[34] Transmittal at 3 (citing MISO, FERC Electric Tariff, Fourth Revised Volume No. 1, Attachment FF, section VII.A.2).

[35] *Id.* (citing MISO, FERC Electric Tariff, Fourth Revised Volume No. 1, Attachment FF, section VII.A.3).

[36] *Id.* (citing MISO, FERC Electric Tariff, Fourth Revised Volume No. 1, Attachment FF, section VII.B.3).

29. We reject Hoosier-SIPC's and Illinois Commission's requests to require that costs and benefits be calculated for each Transmission Pricing Zone or at the individual utility level or at the individual transmission owner level. These arguments are an impermissible collateral attack upon the Commission's findings in the MVP Order and MVP Rehearing Order. The MVP Rehearing Order expressly denied requests to require MISO to specify the extent to which benefits must be compared to the associated costs for each Transmission Pricing Zone.[37] Further, the court in *Illinois Commission II* rejected challenges to the cost-benefit determination in the MVP Order and MVP Rehearing Order, and declined to require that the cost-benefit analysis be made by Transmission Pricing Zone.[38]

30. We are not persuaded by Hoosier-SIPC's argument that the methodology MISO proposes in section VII.B.1 regarding the calculation of "savings" is insufficient because no consideration is being given to the additional costs that may be imposed on the system as a result of increased reliance on intermittent resources. The court in *Illinois Commerce Commission II* upheld the cost-benefit determination in the MVP Order and MVP Rehearing Order, finding that "[i]t's impossible to allocate … cost savings [resulting from longer transmission lines that reduce losses of electricity in transmission] with any precision across MISO members."[39] The court also determined that:

> The promotion of wind power by the MVP program deserves emphasis. . . . No one can know how fast wind power will grow. But the best guess is that it will grow fast and confer substantial benefits on the region served by MISO by replacing more expensive local wind power, and power plants that burn oil or coal, with western wind power. There is no reason to think these benefits will be denied to particular subregions of MISO. Other benefits of MVPs, such as increasing the reliability of the grid, also can't be calculated in advance, especially on a subregional basis, yet are real and will benefit utilities and consumers in all of MISO's subregions.

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[37] MVP Rehearing Order, 137 FERC ¶ 61,074 at P 368.

[38] *Illinois Commission II*, 721 F.3d at 774-776.

[39] *Id*. at 774.

> It's not enough . . . to point out that MISO's and FERC's attempt to match the costs and benefits of the MVP program is crude; if crude is all that is possible, it will have to suffice.[[40]]

31. We also reject Hoosier-SIPC's argument that the Compliance Filing does not adequately account for differences among various state Renewable Portfolio Standards. The MVP Rehearing Order did not require the Compliance Filing to account for differences among state Renewable Portfolio Standards.

32. With respect to MISO Northeast Transmission Customers' argument that MISO should provide the distribution of costs and benefits across the MISO footprint based on the Local Resource Zone, or some more granular basis such as the Transmission Pricing Zone, to the extent they are arguing for calculation of costs and benefits based on the Local Resource Zone, that is what MISO has proposed.[41] To the extent MISO Northeast Transmission Customers are arguing that costs and benefits should be calculated based on each Transmission Pricing Zone, we reject that argument for the same reasons discussed above in response to Hoosier-SIPC and Illinois Commission.[42]

33. We reject MISO Northeast Transmission Customers' argument that MISO's proposal lacks transparency because it provides only the cumulative costs and benefits of MVPs. MISO's proposal is consistent with the Commission's compliance directive, which required MISO to "conduct [cost-benefit] reviews at least every three years in order to monitor the costs and benefits of the *cumulative* effects of all approved MVPs."[43]

34. We deny MISO Northeast Transmission Customers' request to require MISO to conduct reviews of its MVP costs and benefits more frequently than every three years. Proposed Tariff Section VII.A provides:

> Every three (3) years, as provided below and in the Business Practices manual for Transmission Planning, the Transmission Provider shall conduct a review of the cumulative costs and benefits associated with MVPs, and shall disseminate the results of such reviews to its stakeholders. The

[40] *Id*. at 774-775.

[41] MISO, FERC Electric Tariff, Fourth Revised Volume No. 1, Attachment FF, section VII.A.

[42] *See supra* P 28.

[43] MVP Rehearing Order, 137 FERC ¶ 61,074 at P 191 (emphasis added).

> Transmission Provider shall use the review process and results to identify potential modifications to the MVP methodology and its implementation for projects to be approved at a future date.

As noted above, the MVP Rehearing Order required MISO to conduct the reviews at least every three years. Thus, MISO's proposal for a review every three years complies with the MVP Rehearing Order.

35. We also deny MISO Northeast Transmission Customers' request to require MISO to provide a trigger for action based on the cost-benefit review. The Commission did not require MISO to propose a "trigger" for action based on a particular result of the cost-benefit review. Rather, the Commission stated that the cost-benefit review will strengthen MISO's transmission planning process by providing an additional safeguard that ensures the MVP methodology is working as expected and informs the planning process going forward.[44]

36. Moreover, we deny MISO Northeast Transmission Customers' and Illinois Commission's requests to require that MISO's cost-benefit review allow for adjustments to cost allocations of MVP projects that have already been approved as inconsistent with the Commission's intent. In agreeing on rehearing to require MISO to perform periodic cost-benefit reviews of MVPs, the Commission stated that "[w]e expect that these reviews will provide an additional safeguard that ensures that the MVP methodology is working as expected, informs stakeholder decisions regarding future transmission plans, and provides a basis for any potential adjustments to the allocation of the costs associated with those MVPs."[45] As the Commission stated on rehearing, "these [MVP] reviews will enhance the transmission planning process by further informing the decision-making process in developing future MVPs in a manner that ensures that benefits accrue throughout the entire Midwest ISO region."[46] The purpose of these MVP reviews is not to reallocate the costs of MVPs, but rather to "use the review process and results to identify potential modifications to the MVP methodology and its implementation for projects to be approved at a future date."[47] Thus, these MVP reviews will inform the planning of future MVPs as well as assist parties in determining whether changes are needed to the MVP cost allocation. Finally, neither the MVP

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[44] MVP Rehearing Order, 137 FERC ¶ 61,074 at P 190.

[45] *Id*.

[46] *Id*. P 30.

[47] MISO, FERC Electric Tariff, Fourth Revised Volume No. 1, Attachment FF, section VII.A.

Rehearing Order nor MISO's Compliance Filing requires the reallocation of costs of previously approved MVPs, or precludes the reallocation of costs of previously approved MVPs, were parties to seek such reallocation under FPA sections 205 or 206 and the Commission to find that such reallocation is justified.

37. We reject Illinois Commission's argument that the Compliance Filing is unclear regarding the basis on which MISO will provide the results of its MVP cost-benefit review, and that MISO must conduct the MVP review and provide results on a project-specific basis, rather than aggregated and generalized at the portfolio level. The MVP Rehearing Order did not direct MISO to conduct the MVP review on a project-specific basis, but rather, afforded MISO flexibility in determining how an MVP would be reviewed. In fact, the MVP Rehearing Order specifically found that MISO's proposed revisions to Attachment FF:

> accomplished precisely what the Commission intended – to clearly articulate what a Portfolio is and that the aggregation of MVPs into a Portfolio will occur in [MISO's] MTEP process in a manner that benefits will accrue throughout the entire [MISO] region. Arguments put forth … that the compliance filing does not provide for benefits across the [MISO] footprint are without merit….[48]

As discussed above, the MVP Rehearing Order only required MISO to conduct reviews at least every three years to monitor the costs and benefits of the cumulative effects of all approved MVPs.[49]

38. We deny Illinois Commission's request to require MISO to use the MVP review process to put into place MVP cost containment mechanisms. The Commission did not direct MISO to address cost containment mechanisms in the Compliance Filing. Illinois Commission's argument on this issue is beyond the scope of the compliance requirements directed by the Commission, and therefore is inappropriately raised in this proceeding.[50]

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[48] MVP Rehearing Order, 137 FERC ¶ 61,074 at P 367.

[49] *See supra* PP 32-33 (citing MVP Rehearing Order, 137 FERC ¶ 61,074 at P 191).

[50] *See Midwest Indep. Transmission Sys. Operator, Inc.*, 145 FERC ¶ 61,226, at n.23 (2013) (finding protestor's argument that MISO should revise its proposal to be beyond the scope of the proceeding, which was focused on whether MISO's compliance filing satisfied requirements established by the Commission in a prior order); *N.Y. Indep.*

(continued…)

39. Accordingly, we will accept the Compliance Filing, to be effective June 18, 2012, as requested, subject to minor modification.

40. Section VII.A.3 states that the “reviews” shall calculate costs and benefits on a forward-looking basis over both 20-year and 40-year periods. As explained in the transmittal letter, the language in Section VII.A.3 is intended to apply both to the Triennial Full MVP Review and the Annual Limited MVP Review,[51] but the Tariff language simply states “reviews,” which could be confused to mean multiple triennial reviews or multiple annual reviews. We require Filing Parties to replace “reviews” with “Triennial Full MVP Reviews and the Annual Limited MVP Reviews” to ensure clarity in the Tariff, and therefore we direct Filing Parties to submit, within 30 days of the date of this order, a compliance filing with Tariff revisions to reflect this change.

41. We also require revision to Section VII.C. The transmittal letter indicates that the annual reviews will include project costs and in-service dates, yet the internal citations to Sections VII.B.1.a and VII.B.3 do not succeed in ensuring that project costs and in-service dates will be included in the review. Therefore, Filing Parties must submit a compliance filing within 30 days of the date of this order that revises Section VII.C to ensure that the language captures Filing Parties’ intent.

<u>The Commission orders</u>:

(A) Filing Parties’ Compliance Filing is hereby accepted, subject to the compliance filing, effective June 18, 2012, as requested, as discussed in the body of this order.

Sys. Operator, Inc., 143 FERC ¶ 61,011, at P 31 (2013) (finding certain issues raised by commenters to be beyond the scope of the compliance filing); *Cal. Indep. Sys. Operator Corp.*, 138 FERC ¶ 61,181, at P 25 (2012) (finding a protest to a compliance filing to be beyond the scope of the proceeding).

[51] Transmittal Letter at 3.

(B) Filing Parties are hereby directed to submit a compliance filing within 30 days of the date of this order, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.