



Federal Energy Regulatory Commission
April 17, 2014
Open Commission Meeting
Staff Presentation
Item E-4, E-5, E-6 & E-7

"Good morning Acting Chairman and Commissioners. Today the Commission is acting on items E-4 through E-7 in compliance with Order No. 764, the Final Rule on the Integration of Variable Energy Resources. With these orders, the Commission will have issued initial orders on all of the RTO compliance filings, and many of the non-RTO compliance filings. Staff takes this opportunity to discuss the status of the Order No. 764 compliance process. In addition to those of us seated at the table, we would like to acknowledge that the issuance of these orders was accomplished by a large inter-office team, many of whom are seated in the gallery today.

"Order No. 764 was issued by the Commission on June 22, 2012, followed by two orders on rehearing and clarification, Orders No. 764-A and 764-B. Through these orders, the Commission sought to remove barriers and remedy operational challenges related to the integration of an increasing amount of variable energy resources. The reforms adopted and guidance provided in the Order No. 764 proceeding allow for more efficient utilization of transmission and generation resources to the benefit of all customers.

"Specifically, the Commission modified the pro forma Open Access Transmission Tariff to require public utility transmission providers to allow transmission customers to schedule transmission service at 15-minute intervals, and directed changes to the pro forma Large Generator Interconnection Agreement (LGIA) to require new variable energy resources to provide meteorological and forced outage data to a transmission provider that will use the data to conduct power production forecasting. The Commission also provided guidance to transmission providers that would seek to recover the capacity costs associated with providing generator imbalance service.

"The most significant market change related to Order No. 764 compliance is associated with the California ISO's compliance filing. In complying with the requirements of Order No. 764, The California ISO decided to use the Final Rule as an opportunity to implement larger market reforms. Last month, the Commission found California ISO's proposal to establish 15-minute scheduling and settlement for all transactions, both internal to the ISO and at its external interties, offers numerous benefits in addition to complying with the minimum requirements of Order No. 764. The benefits include more efficient scheduling of resources due to more granular forecasts and consistent settlements of internal and intertie transactions at one price. The Commission also found that Order No. 764's relevant data and reporting requirements were in California ISO's business practice manuals and not the tariff and directed a further compliance filing.

"In Order No. 764-A, the Commission extended the deadline for Order No. 764 Compliance filings to November 12, 2013. To date, the Commission has received a total of 42 initial Order No. 764 compliance filings, 36 from public utilities outside of RTO markets and 6 from RTOs. The Commission, or staff via delegated letter authority, has issued 33 initial compliance orders addressing these filings, including the orders on today's agenda.

"Public utilities outside of RTO markets have largely filed the pro forma language set forth in Order No. 764. The RTO filings have been more complex, reflecting the integration of the rule's requirements into various market structures. As of today, initial orders have been issued on the compliance filings of all RTOs, and good progress is being made toward full compliance in all RTO and non-RTO regions.

"I will now ask Valerie to discuss the items on today's agenda.

"On today's agenda are four orders addressing compliance filings in response to Order No. 764. In Item E-4, the draft order accepts Florida Power & Light's proposed tariff revisions, but rejects Florida Power

& Light's additional proposal to implement 15-minute imbalance settlements (i.e., penalties) because (1) Florida Power & Light did not specify the date on which the revisions would be implemented; and (2) Florida Power & Light proposes no plans to modify its software for implementation and requires a further compliance filing.

"In Item E-5, the draft order conditionally accepts PJM's revisions to comply with data reporting requirements of Order No. 764 to produce wind energy forecasts and forced outage data. Additionally, the order before you rejects PJM's proposed revisions regarding intra-hourly scheduling because they do not comply with the scheduling requirements of Order No. 764.

"In Item E-6, the draft order addresses MISO's second compliance filing in response to Order No. 764. In an order issued in October 2013, the Commission accepted in part and rejected in part MISO's initial compliance filing in response to Order No. 764. As in Item E-5, the Commission rejected MISO's initial proposal with respect to intra-hour scheduling. The Commission also directed certain revisions to MISO's proposal with respect to data requirements related to power production forecasting. The draft order before you accepts MISO's further compliance proposal with respect to the data reporting requirements and grants MISO's motion for an extension of time until June 30, 2015 to fully comply with the intra-hourly scheduling requirements of Order No. 764, subject to the submission of a status report by May 1, 2014 and further compliance filing.

"Finally, in Item E-7, the draft order addresses SPP's second compliance filing in response to Order No. 764. SPP addressed the data reporting requirements of Order No. 764 in a filing conditionally accepted by the Commission in June 2013. SPP addressed the remaining requirements of Order No. 764 in subsequent filings that are the subject of Item E-7.

"In addition to the items on today's agenda, last month the Commission issued additional orders addressing Order No. 764 compliance proposals submitted by New York ISO and ISO-New England.

"While a number of orders have been issued, implementation of Order No. 764 is still new. The Commission receives e-tag data and has seen some 15-minute schedules; however, it is early in the process and some of the main areas where we would expect to see the most 15-minute schedules have not even made their 15-minute scheduling effective yet, such as in CAISO. We intend to continue to monitor the implementation and utilization of 15-minute scheduling.

"This concludes our presentation. We are happy to take any questions you may have."