

148 FERC ¶ 61,019
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Southwest Power Pool, Inc.

Docket No. ER13-1864-000

ORDER ESTABLISHING TECHNICAL CONFERENCE

(Issued July 11, 2014)

1. On June 28, 2013, Southwest Power Pool, Inc. (SPP) submitted a filing to comply with an order dated October 18, 2012,¹ which required SPP to negotiate a market-to-market coordination mechanism (Market-to-Market protocols) with Midcontinent Independent System Operator, Inc. (MISO). SPP proposes Market-to-Market protocols (titled Interregional Coordination Process) as Attachment 2 to the MISO-SPP Joint Operating Agreement. In this order, we direct Commission Staff to convene a technical conference to explore the following issues regarding the Market-to-Market protocols: (1) the implementation of Interface Bus Pricing (proposed section 2); (2) the creation of Market-to-Market flowgates (proposed sections 3.1.13 and 8.1.4); and (3) the deferred implementation of a Day-Ahead Firm Flow Entitlement exchange process (proposed section 4). The Commission will address the entire Market-to-Market protocols proposal in a future order(s) following the technical conference.

I. Background

2. In the October 2012 Order, the Commission required SPP to negotiate with MISO to develop a market-to-market coordination process for managing congestion across the seam between MISO and SPP and to file the Market-to-Market protocols as part of the MISO-SPP Joint Operating Agreement, by June 30, 2013. The Commission stated that such “market-to-market mechanisms have been shown to economically relieve

¹ *Southwest Power Pool, Inc.*, 141 FERC ¶ 61,048, at P 364 (2012) (October 2012 Order), *order on reh’g*, 142 FERC ¶ 61,205 (2013) (Rehearing Order).

congestion and align border prices successfully.”² The Commission further stated that if the parties use the market-to-market mechanism in the Joint Operating Agreement between MISO and PJM Interconnection, L.L.C. (PJM) as a template, SPP should be able to meet the June 30, 2013 deadline.³

3. On rehearing, the Commission reiterated its directive in the October 2012 Order that SPP negotiate a market-to-market mechanism with MISO and file it with the Commission by June 30, 2013.⁴ The Commission further clarified that SPP and MISO are not required to implement the market-to-market mechanism until one year following commencement of the SPP Integrated Marketplace.⁵

4. On June 28, 2013, SPP submitted the Market-to-Market protocols, requesting an effective date of one year following the commencement of the Integrated Marketplace.⁶

II. Market-to-Market Protocols Proposal

5. SPP states that its proposed Market-to-Market protocols build upon existing provisions in the MISO-SPP Joint Operating Agreement’s Congestion Management Process,⁷ by adding procedures to address conditions that will prevail once the SPP Integrated Marketplace commences. SPP explains that the proposed Market-to-Market protocols have four key components: Interface Bus Price Coordination, Real-Time Energy Market Coordination, Day-Ahead Energy Market Coordination, and Auction Revenue Rights Allocation & Financial Transmission Rights/Auction Coordination.

² *Id.* (quoting *New York Indep. Sys. Operator, Inc.*, 133 FERC ¶ 61,276, at P 32 (2010)).

³ *Id.*

⁴ Rehearing Order, 142 FERC ¶ 61,205 at P 85 (citing October 2012 Order, 141 FERC ¶ 61,048 at P 364).

⁵ *Id.*

⁶ SPP Transmittal at 2. SPP’s Integrated Marketplace began operating March 1, 2014.

⁷ The Congestion Management Process is set out in Attachment 1 of the Joint Operating Agreement.

6. According to SPP, the proposed Market-to-Market protocols are modeled on, but not identical to, the Commission-approved protocols in the MISO-PJM Joint Operating Agreement. SPP asserts that, for the most part, any adjustments to and variations on the protocols in the MISO-PJM Joint Operating Agreement are non-substantive and serve to clarify the protocols.⁸ According to SPP, the proposed Market-to-Market protocols substantively depart from the MISO-PJM protocols in two ways. First, SPP and MISO have agreed to defer implementation of a mechanism in the MISO-PJM Joint Operating Agreement that allows adjustments to a party's Firm Flow Entitlements⁹ in the Day-Ahead market. Specifically, SPP explains that section 4 of the proposed Market-to-Market protocols provides for MISO and SPP to defer implementation of a process for them to adjust, by way of exchange, their Firm Flow Entitlements in the Day-Ahead market. Implementation would be deferred until such time as the parties jointly agree that the anticipated benefits are sufficient to justify the system and administrative costs required to implement it.¹⁰

7. Second, SPP proposes two provisions (sections 3.1.13 and 8.1.4) that are not included in the MISO-PJM protocols, and which are opposed by MISO.¹¹ SPP states that these provisions prohibit the designation of new Market-to-Market flowgates outside of the parties' mutually-agreed upon scheduling timeframes except in extreme circumstances, or unless the party requesting the additional flowgate is willing to compensate the other party for any redispatch provided for that flowgate. SPP asserts that these provisions are necessary to ensure that Market-to-Market flowgate designations are administered through a known and orderly process, and that the party responsible for any variation from the process should be liable for the related costs. SPP argues that this requirement is needed to ensure that both parties coordinate the designation of new Market-to-Market flowgates, to prevent one party's outage scheduling practices from harming the other party by creating revenue adequacy shortfalls in the other party's Transmission Congestion Rights/Financial Transmission Rights markets.¹²

⁸ SPP Transmittal at 4.

⁹ As defined in Appendix A to the proposed Market-to-Market protocols, the Firm Flow Entitlement is the net allocation on Market-to-Market flowgates used in the Market-to-Market settlement process.

¹⁰ SPP Transmittal at 6.

¹¹ *Id.* at 7.

¹² *Id.*

III. Notice and Responsive Pleadings

8. Notice of the Market-to-Market protocols filing was published in the *Federal Register*, 78 Fed. Reg. 41,056 (2013), with interventions, comments, and protests due on or before July 19, 2013. A number of entities submitted timely and untimely motions to intervene, notices of intervention, comments and/or protests, answers and replies.

IV. Commission Determination

9. Upon consideration of the filing, comments, and protests in this matter, we direct Commission Staff to establish a technical conference to address the following topics: (1) the implementation of Interface Bus Pricing, proposed section 2; (2) the Market-to-Market flowgate creation limitation provisions, proposed sections 3.1.13 and 8.1.4; and (3) the deferred implementation of a Day-Ahead Firm Flow Entitlement exchange process, proposed section 4. We find that a technical conference is an appropriate venue to explore these issues and to develop a more complete record for the Commission's consideration.¹³ A separate notice will be issued to establish dates and technical conference details.

The Commission orders:

Commission Staff is hereby directed to convene a technical conference to further develop the issues identified herein, to be held at a date specified in a subsequent notice, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

¹³ Other than establishing a technical conference, in this order the Commission is not addressing the proposed Market-to-Market protocols, interventions, comments, protests, answers, or answers to the answers.