148 FERC ¶ 61,091
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Midcontinent Independent System Operator, Inc. Docket No. ER14-2113-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued August 1, 2014)

1. On June 3, 2014, pursuant to section 205 of the Federal Power Act (FPA),[1] Midcontinent Independent System Operator, Inc. (MISO) filed proposed revisions to Module E-1 of its Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff).[2] The proposed revisions provide additional resource replacement options to MISO market participants. In this order, the Commission accepts MISO's proposed Tariff revisions, effective August 2, 2014, as requested.

I. **Background**

2. In general, MISO's resource adequacy requirement procedures specified in Module E-1 of its Tariff are intended to ensure that load serving entities (LSEs) serving load in the MISO region have sufficient Planning Resources[3] to meet their anticipated peak demand requirements, plus an appropriate reserve margin.[4] MISO has established nine Local Resource Zones representing geographic areas within the MISO region that are used to address congestion that limits Planning Resource deliverability.[5] MISO

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[1] 16 U.S.C. § 824d (2012).

[2] MISO, FERC Electric Tariff, Module E-1, §§ 69A.3.1.h, 69A.3.3, 69A.5, 69A.7.3, 69A.7.9 (33.0.0).

[3] A Planning Resource can be used by LSEs to satisfy their resource adequacy requirements.

[4] MISO Resource Adequacy Business Practice Manual, BPM-011-r13 § 1.2 (effective January 1, 2014) (Resource Adequacy BPM).

[5] *See* MISO, FERC Electric Tariff, Module A, § 1.L (0.0.0); MISO June 3 Filing, Transmittal Letter at 2.

establishes several resource adequacy requirements for each Local Resource Zone, which are intended to ensure that there are enough Planning Resources to meet reliability standards. For instance, MISO establishes a Planning Reserve Margin for each Planning Year,[6] which is the percentage above the forecasted annual peak demand in MISO's region of Planning Resources needed to meet a loss of load expectation of 0.1 days per year and transmission losses.[7] Local Reliability Requirements are set for each Planning Year to establish the minimum amount of Planning Resources needed to maintain MISO's loss of load expectations.[8] Each Local Resource Zone has a Capacity Import Limit and a Capacity Export Limit, representing the amount of Planning Resources in megawatts (MWs) that can be reliably imported into/exported from that Local Resource Zone, respectively.[9] MISO also establishes a Local Clearing Requirement for each Local Resource Zone, which is the minimum amount of Planning Resources that must be physically located within the zone in order to meet loss of load expectations while fully using the Capacity Import Limit.[10]

3. Each LSE's total resource adequacy obligation is referred to as the Planning Reserve Margin Requirement. Each LSE must have a sufficient number of Zonal Resource Credits to meet its Planning Reserve Margin Requirement. Zonal Resource Credits are MW units of Planning Resources that have been converted into a credit that is eligible to be offered by a market participant into the Planning Resource Auction,[11] or to be sold bilaterally, or to be submitted through a Fixed Resource Adequacy Plan.[12] When an LSE meets its Planning Reserve Margin Requirement, it demonstrates that it has acquired enough capacity (represented by Zonal Resource Credits) to meet its peak

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[6] Resource Adequacy BPM § 3.5.1. The Planning Year is the period of time from June 1 of one year to May 31 of the following year that is used for developing resource plans. *See* MISO, FERC Electric Tariff, Module A, § 1.P (0.0.0).

[7] *Id.*, Module A, § 1.P (0.0.0).

[8] *Id.*, Module A, § 1.L (0.0.0); MISO June 3 Filing, Transmittal Letter at 2.

[9] MISO, FERC Electric Tariff, Module A, § 1.C (0.0.0); MISO June 3 Filing, Transmittal Letter at 2.

[10] MISO, FERC Electric Tariff, Module A, § 1.L (0.0.0); MISO June 3 Filing, Transmittal Letter at 2.

[11] The Planning Resource Auction is conducted by MISO to determine the clearing price associated with the Zonal Resource Credit offers made into the auction.

[12] *See* MISO, FERC Electric Tariff, Module A, §§ 1.L, 1.P (0.0.0).

demand forecast minus netted Planning Resources,[13] plus transmission losses, plus the Planning Reserve Margin.[14] Planning Resources that have Zonal Resource Credits that clear in the Planning Resource Auction or that are designated in a Fixed Resource Adequacy Plan will be obligated to provide capacity the entire Planning Year.[15]

II. Description of Filing

4. MISO states that its current Tariff section 69A.3.1.h specifies a market participant's obligations for a Planning Resource that is retired, suspended, or otherwise unable to meet performance requirements during a Planning Year in which Zonal Resource Credits that were converted from the Planning Resource are being used to meet a Planning Reserve Margin Requirement.[16] MISO's current Tariff provides that such Planning Resources will be ineligible to retire, suspend, or be absolved of performance requirements unless the Zonal Resource Credits that were converted from the Planning Resource are replaced with Zonal Resource Credits that are not otherwise being used to meet any Planning Reserve Margin Requirements.[17] Currently, replacement Zonal Resource Credits must come from the same Local Resource Zone as the original Planning Resource. However, MISO states that, through its experience with the resource adequacy program and its research into shifting market factors, MISO has determined that it is appropriate to allow replacement of Zonal Resource Credits from other Local Resource Zones, while still respecting the resource adequacy requirements for each Local Resource Zone.[18]

5. MISO states that its region has historically had capacity well in excess of the Planning Reserve Margin, but that the reserve margin has begun to shrink due to a variety of factors, including tighter environmental requirements on Planning Resources, an aging

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[13] An LSE may request that certain Planning Resources be netted through the resource registration process from its peak demand forecast in order to reduce its Planning Reserve Margin Requirement. Resource Adequacy BPM § 3.3. A Planning Resource that is used to create Zonal Resource Credits may not also be netted from an LSE's forecasted demand. *Id.* § 4.2.8.1.

[14] *Id.* § 3.1.

[15] *Id*. § 2.3.

[16] MISO June 3 Filing, Transmittal Letter at 2.

[17] *Id*.

[18] *Id*. at 3.

generation fleet, and economic conditions.[19] MISO anticipates a historic level of retirements of older coal-fired generating units, which will further shrink reserve margins such that the available Planning Resources in certain Local Resource Zones may be below the necessary Planning Reserve Margin beginning in the 2015-2016 Planning Year. MISO states that other Local Resource Zones within MISO will likely carry reserve margins in excess of the Planning Reserve Margin during that timeframe.[20]

6. In order to maintain the reliability of the bulk power system, MISO is proposing revisions to section 69A.3.1.h of its Tariff that would allow market participants to move capacity between Local Resource Zones during a Planning Year in order to accommodate replacement of Planning Resources that retire, suspend, or are no longer able to meet their performance requirements.[21] MISO states that these revisions will mitigate circumstances where there are limited or no Zonal Resource Credits available for replacement within the same Local Resource Zone, and could make replacement of Zonal Resource Credits more cost effective to the extent that replacement credits within the same Local Resource Zone are scarce.[22] MISO states that the replacement of Zonal Resource Credits with Zonal Resource Credits from other Local Resource Zones will be bounded by the established limitations of the Local Resource Zones; i.e., replacement will only be allowed if the Local Reliability Requirements, Capacity Import Limits, Capacity Export Limits, and Local Clearing Requirements are met for each zone involved. MISO requests an effective date of August 2, 2014 for the proposed Tariff revisions.[23]

7. MISO states that requests for Zonal Resource Credit replacements will be processed on a first-come, first-served basis. Specifically, each request will be evaluated by examining the most recent clearing results from the Planning Resource Auction and determining whether the replacement would violate the applicable Capacity Import/Export Limits or reduce the remaining Zonal Resource Credits in any Local Resource Zone below the Local Reliability Requirements or the Local Clearing Requirements.[24] MISO states that it intends to establish an automated process through its

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[19] *Id*. MISO states that the reserve margin was approximately 28 percent during the 2013-2014 Planning Year, but the reserve margin for the 2014-2015 Planning Year is slightly less than 20 percent.

[20] *Id*.

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

[22] *Id*., Vannoy Test. at 5.

[23] *Id*., Transmittal Letter at 9.

[24] *Id*. at 4.

Module E-1 Capacity Tracking Tool that conducts this evaluation and provides a nearly instantaneous response.[25] MISO also states that it will evaluate any limitations associated with intra-regional flow ranges established under applicable seams, coordination, or transmission service agreements.[26]

8. MISO states that it discussed the proposed Tariff revisions with stakeholders at Supply Adequacy Working Group meetings on September 5, 2013, December 5, 2013, January 9, 2014, and February 6, 2014.[27] MISO states that it presented proposed Tariff language at a meeting on March 6, 2014, and the MISO LSE Coalition (Coalition) also presented a proposal to partially resettle zonal deliverability payments when Zonal Resource Credit replacements from other Local Resource Zones occur. MISO asserts that a special meeting was held on March 24, 2014, to assess the Coalition's proposal, after which MISO determined that the proposal appeared to attempt to incent market participants to procure replacement Zonal Resource Credits from the same Local Resource Zone or from more expensive Local Resource Zones, i.e., those with a higher auction clearing price in the Planning Resource Auction.[28] However, MISO determined that the potential concern motivating the Coalition's proposal could not play out in an actual replacement situation because replacement of a Zonal Resource Credit from a lower cost Local Resource Zone would not be feasible absent a prior Zonal Resource Credit replacement transaction from a higher cost Local Resource Zone. Thus, MISO determined that the Coalition's proposal was not required to assure reliability standards, and that the proposal would actually have undesirable consequences, by imposing additional costs on bilateral replacement transactions without allocating those costs to market participants who execute Zonal Resource Credit replacements that relieve constraints.[29]

9. MISO noted that several stakeholders inquired as to what would happen if a market participant retires a Planning Resource without securing replacement Zonal Resource Credits, and MISO responded that it does not have authority to prevent such a retirement.[30] However, MISO noted that its Tariff specifies that failure of a market participant to comply with any of the requirements of the Tariff subjects the market

[25] *Id*. at 5.

[26] *Id*., Vannoy Test. at 5.

[27] *Id*., Transmittal Letter at 7.

[28] *Id*. at 8.

[29] *Id*., Vannoy Test. at 9.

[30] *Id*., Transmittal Letter at 8.

participant to reasonable penalties or other remedies which may be recommended by MISO and implemented through appropriate Commission proceedings.[31] MISO noted that a stakeholder proposed a specific monetary penalty for market participants who fail to secure replacement credits for retiring resources, but MISO states that it does not propose such a penalty in this filing.[32]

10. MISO states that the stakeholder process revealed some confusion about how market participants replace Zonal Resource credits within the same Local Resource Zone under the current Tariff language, and so MISO proposed Tariff revisions that provide clarity regarding the general replacement process.[33] For instance, the Tariff revisions make clear that the market participant that converted a Planning Resource into Zonal Resource Credits retains the Zonal Resource Credit replacement obligation if the Planning Resource is retired, suspended, or otherwise unable to meet performance requirements.[34] MISO also proposed Tariff revisions that (1) conform all related Tariff sections to the proposed revisions in section 69A.3.1.h and (2) implement Tariff language that was accepted by the Commission by letter order in Docket No. ER13-1109-000 but that was inadvertently omitted from MISO's effective Tariff.[35]

III. Notice and Responsive Pleadings

11. Notice of MISO's filing was published in the *Federal Register*, 79 Fed. Reg. 33,744 (2014), with interventions or protests due on or before June 24, 2014. Timely motions to intervene were filed by: Wisconsin Public Service Corporation and Upper Peninsula Power Company; Consumers Energy Company; MidAmerican Energy Company; NRG Companies;[36] and Wisconsin Electric Power Company. Timely motions to intervene and comments were filed by Dynegy Marketing Trade, LLC and Illinois Power Marketing Company (collectively, Dynegy) and Ameren Services Company (Ameren). Indianapolis Power & Light Company (Indianapolis Power) filed a timely motion to intervene and protest. Timely notices of intervention were filed by: Mississippi Public Service Commission; the Council of the City of New Orleans, Louisiana; and the Indiana Utility Regulatory Commission. Duke Energy Business

[31] *Id.* (referencing MISO, FERC Electric Tariff, Module C, § 38.2.8 (30.0.0)).

[32] *Id.* at 8.

[33] *Id.* at 5.

[34] *Id.* at 6.

[35] *Id.*

[36] The NRG Companies in this proceeding are NRG Power Marketing LLC and GenOn Energy Management, LLC.

Services, LLC (Duke)[37] and the Organization of MISO States submitted motions to intervene out of time. MISO filed a motion to file an answer and answer to the comments on July 9, 2014. Indianapolis Power filed an answer to Dynegy's comments on July 10, 2014. Duke submitted comments out of time on July 23, 2014.

A. Comments/Protests

12. Ameren generally supports MISO's proposed Tariff revisions, stating that Zonal Resource Credit replacement optionality will mitigate circumstances where there are limited or no Zonal Resource Credits available for replacement within the same Local Resource Zone and ensure that the proper amount of Planning Resources are maintained to safeguard reliability.[38]

13. Indianapolis Power supports MISO's proposal as far as it goes, but argues that the filing does not go far enough.[39] Indianapolis Power states that MISO has not addressed the April 16, 2016 Mercury and Air Toxics Standards (MATS) compliance deadline that falls 6.5 weeks before the end of the 2015-2016 MISO Planning Year. Indianapolis Power states that many utilities will retire mid-year due to the MATS requirements, and retirement prior to the end of the Planning Year invokes several Tariff provisions that put member utilities at risk for penalties or financial harm.[40] For example, Indianapolis Power states that the MISO capacity construct requires all generation in the footprint that is available to be offered in the annual auction, and only 50 MWs in each resource zone may be held out of the resource adequacy auction by each participant. Indianapolis Power states that additional resources held out of the auction beyond the 50 MW limit are considered resources that have been physically withheld and would therefore be investigated for market manipulation.

14. Indianapolis Power states that more changes are needed in order to allow a resource to be retired during a Planning Year without potentially violating the MISO Tariff and the market rules within it. Indianapolis Power and Duke state that MISO's filing does not address the issue of importing capacity from neighboring regional transmission operators (RTOs), and in particular, from PJM Interconnection, L.L.C.

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[37] Duke filed the motion on behalf of its franchised utility affiliates Duke Energy Indiana, Inc., Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., Duke Energy Carolinas, LLC, Duke Energy Progress, Inc., and Duke Energy Commercial Asset Management, Inc.

[38] Ameren Comments at 3-4.

[39] Indianapolis Power Protest at 5.

[40] *Id.*, Att. A (Franks Test.) at 10.

(PJM).[41] Indianapolis Power states that the filing also avoids the issue of what would happen if there are no replacement Zonal Resource Credits, or an inadequate quantity, available for an entity facing a mid-year retirement.[42] Indianapolis Power states that several factors make it difficult to comply with the requirement to purchase replacement credits, such as: (1) Zonal Resource Credits are an annual financial capacity product, and so there is no short-term product that can be obtained through the auction or through the bilateral market for the 6.5 weeks between retirement and the end of the Planning Year; (2) the replacement credits must either be offered but not cleared in the auction, be new generation or be a part of the 50 MW that can be legally withheld outside of the must offer requirement; and (3) there is no requirement that compels the owner of qualified Zonal Resource Credits to sell them to a party in need.

15. Indianapolis Power states that the EPA's MATS rule will force its Eagle Valley generation station (Eagle Valley) into retirement on April 16, 2016, just 6.5 weeks prior to the final day of the 2015-2016 Planning Year.[43] Indianapolis Power explains that under the current capacity construct, Indianapolis Power must either retire Eagle Valley and its 216 MW of capacity prematurely on June 1, 2015, at the start of the 2015-2016 Planning Year, or risk penalties and Tariff violations by keeping Eagle Valley in service through April 15, 2016 and retiring mid-Planning Year.[44] To avoid prematurely retiring Eagle Valley and to avoid Tariff penalties, Indianapolis Power states that it has filed a contemporaneous request for waiver of the day-ahead must-offer requirement for capacity resources for the 6.5-week period and the requirement to purchase replacement Zonal Resource Credits or, alternatively, a complaint under section 206 of the FPA asking the Commission to modify MISO's Tariff to provide relief to Indianapolis Power.[45]

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[41] *Id.*, Protest at 6; Duke Comments at 2.

[42] Indianapolis Power Protest at 6-7.

[43] *Id.* at 5, 7.

[44] *Id.* at 2, 7-8.

[45] *Id.* at 1. Indianapolis Power's filing pending in Docket No. EL14-70-000 requests waiver of either: (1) the MISO Tariff provision that would bar Indianapolis Power from declaring Eagle Valley to be on an outage for the remaining 6.5 weeks of the Planning Year; or (2) the day-ahead must-offer requirement for capacity resources and the requirement to purchase replacement Zonal Resource Credits for the remainder of the Planning Year. *See* Indianapolis Power & Light Company Request for Waiver or, in the Alternative, Complaint, Docket No. EL14-70-000, at 7-9 (filed June 20, 2014).

16. Indianapolis Power asks the Commission to consider its protest in concert with its waiver request and direct MISO to take further steps to address problems with its capacity construct.[46] Specifically, Indianapolis Power proposes that the Commission either: (1) direct that a shorter term capacity product be made available at just and reasonable prices; or (2) direct that an alternative means of compliance be permitted, one that would allow Indianapolis Power to avoid having to retire Eagle Valley early in order to comply with MISO's inflexible Tariff requirements, and allow Indianapolis Power to obtain Zonal Resource Credits associated with those units for the 2015-2016 Planning Year.[47]

17. Dynegy states that it generally supports MISO's proposal, but argues that the filing does not go far enough to maintain system reliability. Dynegy notes that the Tariff revisions properly require market participants to replace cleared Zonal Resource Credits attributable to a retiring Planning Resource with uncleared Zonal Resource Credits, but states that the Tariff language is silent as to the remedy when the market participant is either: (1) unable to replace Zonal Resource Credits due to a violation of the Capacity Import Limits, Capacity Export Limits, or Load Clearing Requirements parameters; or (2) elects not to replace Zonal Resource Credits due to a business decision to not enter into a bilateral contract with a party owning uncleared Zonal Resource Credits.[48] Dynegy argues that failure to do so could jeopardize system reliability given the forecasted capacity shortages. In addition, Dynegy states that although MISO's filing discussed examples in which an inter-zonal replacement of credits would not be allowed, the Tariff does not address what will happen after a replacement transaction is denied.

18. Dynegy requests that the Commission direct MISO to propose a Replacement Capacity Deficiency Charge that will be assessed to market participants who fail to appropriately replace the Zonal Resource Credits associated with retiring capacity.[49] Dynegy states that such a charge should be modeled after MISO's proposed Capacity Deficiency Charge, which would be assessed to any LSE that has not arranged sufficient zonal capacity resources to comply with their Planning Reserve Margin requirement in advance of the Planning Resource Auction.[50] Dynegy urges that, when a market participant fails to procure replacement Zonal Resource Credits, MISO should assess a

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[46] Indianapolis Power Protest at 8.

[47] *Id.* at 9.

[48] Dynegy Comments at 3-4.

[49] *Id.* at 5-7.

[50] *Id.* at 6 (referencing MISO, FERC Electric Tariff, Module E-1, § 69A.10 (30.0.0)).

Replacement Capacity Deficiency Charge calculated by multiplying 2.748 times the annual Cost of New Entry (CONE) for the same Local Resource Zone where the Planning Resource with cleared Zonal Resource Credits is retired or suspended, times the number of Zonal Resource Credits the market participant was unable to replace.[51] Under Dynegy's proposal, the market participants with uncleared Zonal Resource Credits that will be relied upon to maintain system reliability after the retiring resource fails to replace its cleared credits would share in the proceeds from the Replacement Capacity Deficiency Charge.[52] Dynegy states that the Replacement Capacity Deficiency Charge would provide MISO with an immediate means to address the reliability concerns caused by the failure to appropriately replace capacity, instead of relying on generic Tariff provisions that could require lengthy Commission proceedings to implement an appropriate remedy.[53]

B. <u>Answers</u>

19. In response to Indianapolis Power's request for MISO to allow the importation of capacity from neighboring RTOs, MISO states that it is engaged in several efforts outside the scope of this proceeding to enhance capacity deliverability with neighboring regions, including PJM.[54] Thus, MISO asserts that this docket is not the appropriate place to address such matters. Furthermore, MISO notes that its filing in this proceeding does not alter or limit the ability of market participants to continue to use External Resources in MISO's capacity construct, including as mid-year replacement Planning Resources, as long as the resource meets the Tariff qualification requirements.[55] In response to Indianapolis Power's request for MISO to provide an auction-based mechanism to purchase mid-year replacement capacity, MISO asserts that this concept is outside the scope of this docket, as this concept was not raised during stakeholder considerations leading up to the filing and was not proposed in the filing. MISO also states that it will respond to the issues raised by Indianapolis Power related to the Eagle Valley station in Docket No. EL14-70-000.[56]

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[51] *Id.* at 7.

[52] *Id.* at 6.

[53] *Id.* at 7.

[54] MISO Answer at 4.

[55] *Id.* at 4-5.

[56] *Id.* at 4.

20. In response to comments that MISO's filing does not go far enough to address a situation in which there are no Zonal Resource Credits available for mid-year replacement, MISO asserts that this concern was not created by the filing and the proposed Tariff change will result in more replacement options for market participants.[57] In addition, MISO states that its Tariff filing was not intended to assure that replacement credits are always available at acceptable costs, but only to provide more replacement flexibility.

21. MISO states that Dynegy's proposal for a Replacement Capacity Deficiency Charge is outside the scope of this proceeding.[58] MISO states that it does not propose a new obligation to replace capacity when a Planning Resource retires, but only to allow another method to replace capacity upon retirement. MISO states that there was no stakeholder discussion of the need for the charge; therefore, it would be premature to impose such a requirement without an opportunity for stakeholder evaluation.[59] However, MISO notes that it is willing to consider stakeholder proposals and notes that Dynegy proposed that the Supply Adequacy Working Group consider the Replacement Capacity Deficiency Charge at the July 10, 2014 meeting.

22. In its answer, Indianapolis Power argues that the proposed Replacement Capacity Deficiency Charge is unjust and unreasonable.[60] Indianapolis Power argues that it is unreasonable for the charge to be based upon 2.748 times CONE, because while MISO has proposed a Capacity Deficiency Charge that would be assessed to market participants with insufficient Zonal Resource Credits in the amount of 2.748 times CONE multiplied by the number of the credit deficiency, MISO's proposed charge has not been approved by the Commission.[61] Furthermore, Indianapolis Power states that establishing a deficiency charge at a level significantly higher than CONE is unnecessary because a charge at or slightly above CONE will provide an incentive for LSEs to obtain capacity through the auction rather than incurring the deficiency charge. Indianapolis Power states that because there is no assurance of a competitive market for replacement Zonal Resource Credits, Dynegy's proposed charge would provide the suppliers of uncleared Zonal Resource Credits with an incentive to increase their prices up to the amount of the

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[57] *Id.* at 5.

[58] *Id.* at 3.

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

[60] Indianapolis Power Answer at 3.

[61] *Id.* at 4 (referencing Docket No. ER11-4081-002). Indianapolis Power states that it has protested MISO's proposed 2.748 times CONE Capacity Deficiency Charge in that docket. *Id.* at 5 n.17.

charge.[62] Indianapolis Power also states that the charge would provide an incentive for the owners of generating units to retire their units early, at the start of the Planning Year.[63] Finally, Indianapolis Power argues that Dynegy's recommended charge would result in exorbitant costs to LSEs that far exceed the charges under PJM's comparable Capacity Resource Deficiency Charge.[64]

IV. Discussion

A. Procedural Matters

23. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2013), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2013), the Commission will grant Duke's and the Organization of MISO States' late-filed motions to intervene given their interests in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

24. 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 and Indianapolis Power's answers because they provided information that assisted us in our decision-making process.

B. Substantive Matters

25. We accept MISO's proposed Tariff revisions, effective August 2, 2014, as requested. We find the proposed revisions to be a just and reasonable approach to providing MISO market participants with more Zonal Resource Credit replacement options during the Planning Year, while still ensuring reliability by requiring replacement transactions to comply with the established limitations of Local Resource Zones. We also find that the proposed Tariff revisions provide clarity regarding the general credit replacement process.

26. We reject Indianapolis Power's and Duke's requests for MISO to address the issue of importing capacity from neighboring RTOs. We accept MISO's explanation that it is engaged in several efforts outside the scope of this proceeding to enhance capacity deliverability with neighboring regions, and find that this issue is outside the scope of this

[62] *Id.* at 6, 8.

[63] *Id.* at 8.

[64] *Id.* at 8-9.

proceeding. Furthermore, as MISO noted in its answer, MISO's Tariff allows market participants to use External Resources[65] as mid-year Planning Resource replacements, as long as the qualification requirements of the Tariff are met.

27. We find commenters' concerns regarding what would happen if there are no replacement Zonal Resource Credits available (or inadequate quantities available) from other Local Resource Zones to be speculative and, in any event, beyond the scope of this proceeding. These concerns would be appropriately addressed in a proceeding in which there is a record of such problems. Here, MISO has only proposed to provide more flexibility for market participants than they currently have by allowing them to obtain replacement Zonal Resource Credits from other Local Resource Zones.

28. We will not require MISO to implement a Replacement Capacity Deficiency Charge and we reject Indianapolis Power's request that the Commission direct a shorter term capacity product to be made available for the 6.5 weeks between retirement of its Eagle Valley facility and the end of the Planning Year, as we find these requests to be outside the scope of this proceeding. MISO has not proposed such Tariff language, and its proposed Tariff revisions relate only to the flexibility of market participants to obtain Zonal Resources Credits from additional sources. They were not intended to assess penalties for noncompliance with resource adequacy requirements or address the availability of a mid-year Planning Resource replacement auction.

29. We also decline Indianapolis Power's request that the Commission permit an alternative means of compliance to allow its Eagle Valley station to remain on-line until its MATS-forced retirement, as we find this request to be outside the scope of this proceeding. Issues related to the Eagle Valley station will be addressed in Docket No. EL14-70-000.

The Commission orders:

MISO's proposed Tariff revisions are hereby accepted, effective August 2, 2014, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

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[65] External Resources are generators located outside of the metered boundaries of the MISO area. *See* MISO, FERC Electric Tariff, Module A, § 1.E (0.0.0).