

148 FERC ¶ 61,169
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

September 5, 2014

In Reply Refer To:
Midcontinent Independent System
Operator, Inc. and PJM
Interconnection, L.L.C.
Docket Nos. ER14-2368-000
ER14-2367-000

Midcontinent Independent System
Operator, Inc.
P.O. Box 4202
Carmel, IN 46082-4202
Attention: Gregory A. Troxell

PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Valley Forge Corporate Center
Audubon, PA 19403
Attention: James M. Burlew

Dear Mr. Troxell and Mr. Burlew:

1. On July 7, 2014, Midcontinent Independent System Operator, Inc. (MISO) and PJM Interconnection, L.L.C. (PJM) filed proposed revisions to section 3.3 of Attachment 5 of the Joint Operating Agreement between MISO and PJM (MISO-PJM JOA) (Docket Nos. ER14-2368-000 and ER14-2367-000, respectively). Attachment 5 (Emergency Energy Transactions) provides the terms and conditions, including cost recovery, under which MISO and PJM provide emergency energy to each other. The proposed revisions provide that the transmission costs that one party can recover for providing emergency energy to the other party can include transmission costs incurred pursuant to another transmission provider's tariff in the event that a party's market flows exceed the physical capability in megawatts of the contract path between two of its regions to serve its load.¹

¹ The charges collected under the proposed revisions to section 3.3 of Attachment 5 of the MISO-PJM JOA are referred to as the Emergency Energy Charges.

2. MISO and PJM maintain that the proposed revisions are necessary to allow MISO to recover charges assessed to MISO under an unexecuted, non-firm point-to-point transmission service agreement between MISO and Southwest Power Pool, Inc. (SPP) (Service Agreement) placed into effect by the Commission in an order issued in Docket No. ER14-1174-000, *et al.*, on March 28, 2014.² According to MISO and PJM, the proposed revisions address the circumstance when MISO provides emergency energy to PJM and exceeds its 1,000 MW contract path capacity between MISO Midwest and MISO South.

3. In the instant filing, MISO and PJM propose to revise section 3.3 of Attachment 5 of the MISO-PJM JOA. Among other things, section 3.3 defines the recoverable emergency energy-related transmission charges for direct transactions between MISO and PJM. MISO and PJM propose to revise the definition of “recoverable transmission charges” in section 3.3, by adding the following language (underlined):

The actual ancillary service costs (as applicable), transmission costs and all other applicable costs attributable to such transactions . . . , including costs incurred pursuant to the transmission tariff of any transmission service provider in the event that a Party’s Market Flows exceed the physical capability in megawatts of the contract path between two of its regions to serve its load.³

According to MISO and PJM, the additional language will ensure that the provision includes: (1) new charges assessed to MISO under the Service Agreement for exceeding the 1,000 MW contract path limit during an emergency energy transaction to PJM; and (2) new charges assessed to either PJM or MISO for any similar situation that may arise in the future.⁴

4. MISO and PJM request waiver of the Commission’s prior notice requirements to permit the proposed revisions to section 3.3 to become effective July 8, 2014, one day after the date of filing. MISO and PJM state that the requested effective date is in the public interest. Additionally, MISO and PJM note that no emergency energy transactions have occurred since the Service Agreement was made effective, and state that in the

² *Southwest Power Pool, Inc.*, 146 FERC ¶ 61,231 (2014) (MISO-SPP JOA Order). The charges SPP assesses MISO under the Service Agreement are referred to as the Service Agreement Charges. The Commission accepted for filing the Service Agreement, suspended it for a nominal period, and made it effective January 29, 2014, subject to refund and established hearing and settlement judge procedures.

³ MISO Transmittal at 3; PJM Transmittal at 3-4.

⁴ MISO Transmittal at 2; PJM Transmittal at 3.

interest of protecting customers, they wish to avoid any potential gap in making transmission providers whole if an emergency energy transaction were to occur before the 60-day notice period were complete. MISO and PJM also request that any charges assessed under the proposed revisions be subject to the refund protection granted in the Service Agreement in the MISO-SPP JOA Order. They request that the refund protection be applied to any charges MISO assesses against PJM as the receiving party as a result of the Service Agreement.⁵

5. Notice of MISO's filing in Docket No. ER14-2368-000 was published in the *Federal Register*, 79 Fed. Reg. 40,745 (2014) with interventions and protests due on or before July 28, 2014. A notice of intervention was filed by the Council of the City of New Orleans. Motions to intervene were filed by Exelon Corporation (Exelon); PJM; NRG Companies;⁶ Wisconsin Electric Power Company; Entergy Services, Inc.; Kansas City Power & Light and KCP&L Greater Missouri Operations Company (collectively, Kansas-Missouri Companies); and Sunflower Electric Power Corporation and Mid-Kansas Electric Company, LLC (collectively, Sunflower and Mid-Kansas). Consumers Energy Company (Consumers Energy) filed a motion to intervene and comments.

6. Notice of PJM's filing in Docket No. ER14-2367-000 was published in the *Federal Register*, 79 Fed. Reg. 40,745 (2014) with interventions and protests due on or before July 28, 2014. Motions to intervene were filed by Exelon, MISO, NRG Companies,⁷ Wisconsin Electric Power Company, Dominion Resources Services, Inc.,⁸ Kansas-Missouri Companies, and Sunflower and Mid-Kansas.

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,⁹ the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

⁵ MISO Transmittal at 3; PJM Transmittal at 4-5.

⁶ For purposes of the proceeding in Docket No. ER14-2368-000, NRG Companies include NRG Power Marketing LLC and GenOn Energy Management, LLC.

⁷ For purposes of the proceeding in Docket No. ER14-2367-000, NRG Companies include NRG Power Marketing LLC and GenOn Energy Management, LLC.

⁸ Dominion Resources Services, Inc. filed on behalf of Virginia Electric and Power Company.

⁹ 18 C.F.R. § 385.214(d) (2014).

8. Consumers Energy states that because questions remain about the appropriateness of the cost recovery mechanism proposed by MISO in Docket No. ER14-1736-000, nothing in Consumers Energy's non-opposition to the instant filing should be construed as assent to that proposed cost recovery mechanism.¹⁰ It further contends that the proposed MISO-PJM JOA revisions to address emergency flows between the MISO Midwest region and the MISO South region for emergency energy assistance to PJM should be limited to that situation only. Consumers Energy explains that if a similar situation arises for either party in the future, either party may then propose a cost recovery mechanism to address that situation.¹¹

9. In this order, the Commission accepts MISO's and PJM's proposed revisions to the MISO-PJM JOA, effective July 8, 2014, as requested. We agree with MISO and PJM that the current Attachment 5 does not provide a mechanism to ensure that any charges assessed by SPP under the Service Agreement are appropriately assessed to the entity requiring emergency energy. The proposed revision to section 3.3 addresses this issue. Accordingly, we accept MISO's and PJM's proposed revisions to Attachment 5 to the MISO-PJM JOA to be effective July 8, 2014. We note that MISO and PJM request that "any transmission charges assessed pursuant to these proposed terms be subject to the refund protection granted by the Commission in Docket No. ER14-1174-000."¹² They explain that this "refund protection...[will]...be applied to any charges MISO assesses against PJM as the receiving party as a result of the [Service Agreement]."¹³ We interpret this to mean that MISO commits to refund to PJM the portion of the Emergency Energy Charges that MISO assesses PJM as a result of the Service Agreement (the Service Agreement Charge) based on the outcome of the hearing and settlement judge procedures in Docket No. ER14-1174-000. Accordingly, we accept MISO's commitment to refund the Service Agreement Charge portion of the Emergency Energy Charges that MISO assesses PJM, in the event that Service Agreement Charges are refunded to MISO.

10. In response to Consumers Energy, we note that this proceeding involves the costs incurred in providing emergency energy between MISO and PJM, which includes the situation where MISO market flows exceed the existing contract path between the MISO

¹⁰ Docket No. ER14-1736-000 involves MISO's proposal to recover from its market participants, pro rata based on loads, the transmission charges it incurs for power flows over the SPP transmission system. *Midcontinent Indep. Sys. Operator, Inc.*, 147 FERC ¶ 61,206 (2014).

¹¹ Consumers Energy Comments at 2-3.

¹² MISO Transmittal at 3; PJM Transmittal at 5.

¹³ MISO Transmittal at 3; PJM Transmittal at 5.

Midwest and MISO South region. However, it could also apply to a situation over a different contract path. MISO and PJM have agreed to pay the costs that each incurs to provide the other with emergency energy, regardless of whether the contract path is the one provided for under the Service Agreement. We find that the proposed changes are just and reasonable.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.