

150 FERC ¶ 61,217
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

March 20, 2015

In Reply Refer To:
Entergy Power, LLC
Docket No. ER14-2502-000

Entergy Services, Inc.
101 Constitution Avenue, NW
Suite 200 East
Washington, DC 20002

Attn: Michael C. Griffen, Esq.

Dear Mr. Griffen:

1. Entergy Power, LLC (Entergy Power) filed an Offer of Settlement (Settlement) in the above-captioned proceeding on January 27, 2015. The Settlement resolves all issues set for hearing in the September 22, 2014 Commission Order Accepting and Suspending Proposed Rate Schedule and Establishing Hearing Procedures in Docket No. ER14-2502-000 (Hearing Order).¹ The Hearing Order addressed Entergy Power's proposed revenue requirement for reactive power (Reactive Power Revenue Requirement) within its proposed rate schedule (Rate Schedule), in relation to Entergy Power's ownership interest in the Independence Steam Electric Station (Independence 2).² The Settlement establishes a Reactive Power Revenue Requirement lower than the proposed Reactive Power Revenue Requirement currently in effect pursuant to the Hearing Order.

2. The Settlement provides that:

This Offer of Settlement may be amended only in writing. The standard of review for any modifications to this Offer of Settlement will be the just and reasonable standard of review. For modifications to the Offer of Settlement

¹ *Entergy Power, LLC*, 148 FERC ¶ 61,224 (2014).

² Independence 2 is an 850 megawatt (MW) coal-fired generating facility.

proposed by non-parties or the Commission acting *sua sponte*, Entergy Power and Trial Staff also accept the just and reasonable standard of review. See *Devon Power LLC*, 126 FERC ¶ 61,027 (2009), citing *Maine Pub. Util. Comm'n v. FERC*, 520 F.3d 464 (D.C. Circuit 2008).³

3. On February 18, 2015, Midcontinent Independent System Operator, Inc. (MISO) filed comments clarifying that it cannot initiate Schedule 2 compensation based on the Independence 2 generating unit because MISO has not approved the unit as a Qualified Generator.⁴ MISO states it will incorporate the revenue requirements for Entergy Power into the Schedule 2 rate upon satisfaction of the requirements stated in Schedule 2 of MISO's Open Access Transmission, Energy and Operating Reserve Markets Tariff (MISO Tariff). MISO states that Schedule 2 requires both Commission approval of the Settlement and MISO approval of the generator self-certification submission under the MISO Tariff. Therefore, MISO states that the effective date for the Schedule 2 payment will be the first day of the month immediately following both approvals and that payments under the Settlement for September 2014, and months thereafter, would be zero until both requirements are met. On February 18, 2015, Trial Staff filed comments supporting the Settlement. No other comments were filed. The presiding administrative law judge certified the Settlement to the Commission as uncontested on March 6, 2015.⁵

4. Schedule 2 of the MISO Tariff provides a prospective effective date for proposed revenue requirements tied to generator self-certification of eligibility and Commission acceptance of a generator's proposed revenue requirement. Specifically, a generator may receive compensation under Schedule 2 of the MISO Tariff "where the Transmission Provider determines that the Generation Resource is a Qualified Generator based on the requirements of paragraphs 1 - 4 in Section II.B."⁶ MISO makes this determination after receiving notice from the generator under section II.C of Schedule 2, which provides

[t]o be eligible to receive compensation for its voltage control capability, a Generation Resource shall submit a request to the Transmission Provider certifying its compliance with paragraphs 1 - 4 of Section II.B and stating

³ Settlement at P 8.

⁴ MISO Comments at 2.

⁵ *Entergy Power, LLC*, 150 FERC ¶ 63,008 (2015).

⁶ MISO, FERC Electric Tariff, Schedule 2, Reactive Supply and Voltage Control From Generation or Other § II.A (30.0.0).

its cost-based revenue requirement as filed and accepted by the Commission.⁷

Finally, section II.C provides that “Qualified Generator status is effective on the first day of the month immediately following acceptance of the revenue requirement by the Commission or the first day of the month if Commission acceptance of such revenue requirement is on the first day of the month.”⁸ Accordingly, the effective date of payments to Entergy Power under Schedule 2 will be the first day of the month immediately following MISO approval of the generator self-certification.

5. The Settlement resolves all issues in dispute in these proceedings. The Settlement appears to be fair and reasonable and in the public interest, and is hereby approved. The Commission's approval of this Settlement does not constitute approval of, or precedent regarding, any principle or issue in these proceedings.

6. Entergy Power has not yet complied with *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276 (2008). Entergy Power must therefore make a compliance filing, in eTariff format, reflecting the Commission’s action in this order within 30 days.

7. This letter terminates Docket No. ER14-2502-000.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

cc: All Participants

⁷ *Id.* § II.C (30.0.0).

⁸ *Id.*