

152 FERC ¶ 61,061
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

July 21, 2015

In Reply Refer To:
Midcontinent Independent
System Operator, Inc.
Docket No. ER15-1771-000

Midcontinent Independent System Operator, Inc.
720 City Center Drive
Carmel, IN 46032

Attention: Kari A. E. Bennett, Esquire

Reference: Proposed Revisions to Local Resource Zone Boundaries

Dear Ms. Bennett:

1. On May 22, 2015, Midcontinent Independent System Operator, Inc. (MISO) filed proposed revisions to its Local Resource Zone (LRZ) boundaries to create a new stand-alone LRZ for the State of Mississippi (Mississippi). These revisions are made to Attachment VV (Map of LRZ Boundaries) and Attachment WW (Map of Market Efficiency Projects LRZ Boundaries) of its Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff).¹ As discussed below, we conditionally accept the proposed revisions, effective July 22, 2015, subject to the outcome of the proceeding in Docket No. ER11-4081-002.

2. An LRZ is a defined geographic area within MISO intended to address congestion that limits the deliverability of Planning Resources. LRZs are defined based upon the criteria in section 68A.3 of the MISO Tariff. MISO proposed Tariff revisions to establish LRZs in its June 11, 2012 filing in Docket No. ER11-4081-000, which was intended,

¹ MISO, FERC Electric Tariff, ATTACHMENT VV, MAP of Local Resource Zone Boundaries, 32.0.0 and ATTACHMENT WW, Map of MEP Local Resource Zone Boundaries, 31.0.0.

among other things, to comply, in part, with the Commission's order addressing concerns about the deliverability of capacity resources throughout the MISO region.² The Commission conditioned its acceptance of MISO's June 11, 2012 filing on MISO incorporating a map of the zonal boundaries into its Tariff.³ On July 11, 2012, MISO filed a map of the original seven LRZs as Attachment VV to its Tariff.⁴ On July 22, 2013, MISO filed to amend the LRZ map to include an eighth zone (Entergy Arkansas, Inc.) and a ninth zone (South Mississippi Electric Power Association), along with their associated Local Balancing Authorities.⁵

3. MISO states that under section 68A.3 of its Tariff, no later than September 1 of each year, MISO is required, as necessary, to develop new LRZs to reflect the need for an adequate amount of Planning Resources to be located in the right physical locations to reliably meet Demand and Loss of Load Expectation requirements for implementation in the Planning Resource Auction the following Planning Year. MISO determined that for Planning Year 2015/2016, there was a need to re-evaluate the boundaries for the current LRZs for the MISO South region. MISO states that the evaluation focused on the impacts of creating a separate, stand-alone LRZ for Mississippi.

4. The MISO region currently has nine LRZs. MISO proposes to amend Attachment VV of its Tariff to add Mississippi as LRZ 10, which would consist exclusively of Planning Resources in Mississippi. MISO states that currently, resources located in Mississippi are included in LRZ 9, along with resources located in Louisiana and Texas portions of MISO South. MISO explains that the Planning Resources located in Texas and Louisiana would be in a reconfigured LRZ 9 that no longer would include any resources located in Mississippi.

² See *Midwest Indep. Transmission Sys. Operator, Inc.*, 126 FERC ¶ 61,144 (2009) (Locational Requirements Order), *order rejecting compliance filing*, 131 FERC ¶ 61,228 (2010) (Locational Requirements Compliance Order), *order on clarification*, 135 FERC ¶ 61,081 (2011).

³ *Midwest Indep. Transmission Sys. Operator, Inc.*, 139 FERC ¶ 61,199, at P 86 (2012) (Resource Adequacy Order).

⁴ This map of MISO's LRZs is currently pending before the Commission in Docket No. ER11-4081-002.

⁵ See *Midcontinent Indep. System Operator, Inc.*, 144 FERC ¶ 61,232 (2013).

5. MISO also proposes to amend Attachment WW of its Tariff to include the new LRZ for Mississippi in the map of LRZ boundaries for allocating the costs of Market Efficiency Projects.⁶ MISO states that the proposed revisions to the LRZ map in Attachment WW are identical to those revisions to the LRZ map in Attachment VV. MISO states that the proposed changes to the map do not change the cost allocation method for Market Efficiency Projects, and that 80 percent of Market Efficiency Project costs will continue to be allocated to LRZs based on their benefits. MISO states that with the new Mississippi zone, MISO will continue to appropriately balance the granularity in the calculation of benefits from Market Efficiency Projects and the uncertainty of these calculations at a more granular level. Lastly, MISO states that the proposed revisions would apply prospectively to new Market Efficiency Projects and that this proposal would not affect the cost allocation transition period for the MISO South region.⁷

6. MISO states that a new, separate stand-alone LRZ for Mississippi would be consistent with the six criteria under section 68A.3 of MISO's Tariff, which states:

[t]he geographic boundaries of each of the LRZs will be based upon analysis that considers: (1) the electrical boundaries of Local Balancing Authorities; (2) state boundaries; (3) the relative strength of transmission interconnections between Local Balancing Authorities; (4) the results of [Loss of Load Expectation] studies; (5) the relative size of LRZs; and (6) natural geographic boundaries such as lakes and rivers.^[8]

7. MISO requests an effective date of July 22, 2015.

8. Notice of the filing was published in the *Federal Register*, 80 Fed. Reg. 31,027 (2015), with interventions and protests due on or before June 12, 2015. Notices of intervention were filed by Louisiana Public Service Commission, Council of the City of New Orleans, Louisiana, and the Arkansas Public Service Commission. South Mississippi Electric Power Association, Ameren Services Company,⁹ NRG Companies,¹⁰

⁶ MISO May 22, 2015 Filing at 6; Attachment WW, Map of MEP Local Resource Zone Boundaries (31.0.0).

⁷ MISO May 22, 2015 Filing at 6.

⁸ MISO, FERC Electric Tariff, Module E-1, 68A.3, Establishment of Local Resource Zones, 30.0.0.

⁹ For purposes of this filing, Ameren Services Company is filing on behalf of its affiliated public utility operating companies, Ameren Illinois Company, Ameren Transmission Company of Illinois and Union Electric Company d/b/a Ameren Missouri.

Wisconsin Electric Power Company, and Entergy Services, Inc. filed timely motions to intervene. Mississippi Public Service Commission filed a notice of intervention and comment in support of the filing.

9. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2014), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

10. We find that MISO performed the re-evaluation of the LRZ boundaries according to the Tariff requirements, and that the establishment of the new Mississippi zone and its modification of LRZ 9 is consistent with the six criteria used to evaluate new LRZs or change existing LRZs.¹¹ We also note that no parties oppose the creation of a new, separate LRZ for Mississippi. Additionally, we find that MISO made the appropriate amendments to Attachment VV and Attachment WW of its Tariff. Therefore, we conditionally accept the filing, subject to the outcome of the proceeding in Docket No. ER11-4081-002.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

¹⁰ For purposes of this filing, NRG Companies are NRG Power Marketing LLC and GenOn Energy Management, LLC.

¹¹ Section 68A.3 of the Tariff states that MISO “may re-evaluate the boundaries of LRZs if there are significant changes in the Transmission Provider Region based upon the preceding factors, including but not limited to, significant changes in membership, the Transmission System, and/or Resources.”