

152 FERC ¶ 61,135  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;  
Philip D. Moeller, Cheryl A. LaFleur,  
Tony Clark, and Colette D. Honorable.

Southwest Power Pool, Inc.

Docket No. ER15-21-001

ORDER DENYING REHEARING

(Issued August 18, 2015)

1. On December 1, 2014, the Commission issued an order that accepted proposed revisions to Attachment AG (Marketing Monitoring Plan) of Southwest Power Pool Inc.'s (SPP) Open Access Transmission Tariff (Tariff), effective March 1, 2014, subject to a compliance filing.<sup>1</sup> In this order, we deny the SPP Market Monitoring Unit's (MMU) request for rehearing of the Commission's December 2014 Order.

**I. Background**

2. On October 2, 2014, SPP filed revisions to Attachment AG of the SPP Tariff to improve its process for monitoring and reporting physical withholding of resource capacity. Specifically, SPP proposed to: (1) exempt Variable Energy Resources from the physical withholding process for the day-ahead market; (2) clarify that resources that are off-dispatch must exceed the uninstructed resource deviation threshold to be considered the subject of a physical withholding inquiry; (3) implement a Market Impact Test that the MMU would use to monitor for physical withholding;<sup>2</sup> and (4) require the reporting of all suspected instances of physical withholding, instead of all physical withholding screen failures.

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<sup>1</sup> *Southwest Power Pool, Inc.*, 149 FERC ¶ 61,184 (2014) (December 2014 Order).

<sup>2</sup> Proposed SPP Tariff, Attachment AG § 4.6.1.1(c). SPP proposed that the Market Impact Test, as defined in Attachment AF (Market Power Mitigation Plan) of its Tariff, would increase on a graduated scale until it reaches \$25/MWh. SPP Tariff, Attachment AF § 3.7.

3. In the December 2014 Order, the Commission required SPP to eliminate proposed revisions to add a Market Impact Test as a threshold that the MMU would use to monitor for instances of physical withholding to refer to the Commission, finding that SPP had failed to support its proposal.<sup>3</sup> The Commission cited its previous finding that SPP's use of a Market Impact Test to identify and refer potential physical withholding to the Commission was overly-limiting, and that SPP's October 2, 2014 filing did not show how its proposal addressed the Commission's concerns about the overly-limiting nature of a Market Impact Test.<sup>4</sup>

## II. Request for Rehearing

4. On December 22, 2014, the MMU filed a request for rehearing of the December 2014 Order. The MMU states that inclusion of a Market Impact Test in its proposed physical withholding screen is consistent with the practices of other independent system operators (ISOs) and regional transmission organizations (RTOs). The MMU asserts that the Market Impact Test is "designed to be liberal in identifying capacity withheld," which effectively identifies physical withholding in conjunction with the requirement that the withheld capacity affects market prices or make whole payments.<sup>5</sup> The MMU contends that, if the proposed Market Impact Test is not used, the process for monitoring for physical withholding will continue to produce excessive false positive screen failures for the MMU to analyze.<sup>6</sup> According to the MMU, if the Market Impact Test used in the mitigation process for economic withholding for other RTOs "is deemed to be too generous for the purposes of identifying physical withholding, the identification of market power abuse would be better served by having a separate and lower impact threshold for physical withholding."<sup>7</sup> The MMU further states that it was concerned about the removal of the Market Impact Test at the time of the September 2013 Order, but it chose not to seek rehearing because it did not believe that the issue was critical for the market launch. The MMU states that it now realizes that the

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<sup>3</sup> December 2014 Order, 149 FERC ¶ 61,184 at P 22.

<sup>4</sup> *Id.* (citing *Southwest Power Pool, Inc.*, 144 FERC ¶ 61,224, at P 379 (2013) (September 2013 Order)).

<sup>5</sup> MMU Request for Rehearing at 3.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

September 2013 Order may hinder its ability to recommend changes now that the Integrated Marketplace has launched.<sup>8</sup>

### **III. Commission Determination**

5. We deny the MMU's request for rehearing of the December 2014 Order. In the December 2014 Order, the Commission cited its finding in the September 2013 Order that SPP's proposed Market Impact Test was too limiting, and it found that SPP had not demonstrated how its proposal addressed the Commission's concerns about the overly-limiting nature of the proposed Market Impact Test.<sup>9</sup> Specifically, the Commission sought to ensure that the MMU was not taking too narrow a view of physical withholding because the SPP Integrated Marketplace was a new market. Accordingly, the Commission rejected SPP's proposal to implement a Market Impact Test for physical withholding because the proposal was unsupported.

6. In support of its proposed revisions, SPP stated that:

The revised language recognizes that physical withholding involving market impacts, an incentive to abuse market power, a pattern of behavior, or a lack of verifiability shall be reported, and that this would be a subset of all physical withholding screen failures. The change in no way precludes the MMU from bringing to the Commission any other suspected instances of market power abuse.<sup>[10]</sup>

7. In its comments supporting the proposed Market Impact Test, the MMU argued that the proposal was necessary in order to limit the number of screen failures to an amount on which the MMU could focus its attention.<sup>11</sup> Moreover, in its answer to protests, the MMU did not challenge protesters' allegations that approval of the other proposed changes to the physical withholding provisions would sufficiently limit the number of screen failures.

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<sup>8</sup> *Id.* at 4.

<sup>9</sup> December 2014 Order, 149 FERC ¶ 61,184 at P 22 (citing September 2013 Order, 144 FERC ¶ 61,224 at P 379).

<sup>10</sup> SPP Transmittal at 5.

<sup>11</sup> MMU Motion to Intervene Out-of-Time, Motion to File Comments Out-of-Time, and Comments, at 4-5.

8. Neither SPP nor the MMU explained how SPP's proposal addressed the Commission's concerns about the overly-limiting nature of a Market Impact Test. Thus, neither SPP nor the MMU supported the contention that the Market Impact Test was just and reasonable.

9. On rehearing, the MMU notes that other energy markets (e.g., Midcontinent Independent System Operator, Inc. (MISO)) use a Market Impact Test for physical withholding, and the MMU argues that the SPP Tariff should also have such limits for the SPP Integrated Marketplace.<sup>12</sup> Notably, MISO uses a Market Impact Test for mitigation, and the MMU has not explained why the MISO Market Impact Test for mitigation is appropriate for monitoring and referral in SPP. As the Commission found in a recent order concerning SPP's monitoring thresholds for uneconomic production that are used for Commission referral,<sup>13</sup> the use of a specific threshold for mitigation purposes in one market does not necessarily make the threshold appropriate to use in monitoring and referral in another market. Accordingly, we find that the MMU has failed to demonstrate on rehearing that the Commission erred in requiring the elimination of the proposed Market Impact Test based on its concerns that such test was overly-limiting.

The Commission orders:

The MMU's request for rehearing is hereby denied, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

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<sup>12</sup> MMU Request for Rehearing at 2-3 (citing MISO Tariff at Module D (Market Monitoring and Mitigation Measures); New York Independent System Operator, Inc., Market Administration and Control Area Services Tariff at Attachment H, Sections 23.3.2.1 and 23.4.3.2; ISO New England Inc., Transmission, Markets and Services Tariff at Section III, Market Rule 1 Appendix A at III.A.4.3).

<sup>13</sup> *Southwest Power Pool, Inc.*, 151 FERC ¶ 61,213, at P 23 (2015).