

152 FERC ¶ 61,184
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.

Midwest Independent Transmission
System Operator, Inc.

Docket No. ER12-309-006

ORDER CONDITIONALLY ACCEPTING COMPLIANCE FILING

(Issued September 9, 2015)

1. On February 3, 2014, Midcontinent Independent System Operator, Inc. (MISO)¹ submitted a filing (February 2014 Compliance Filing) to comply with the requirements of an order issued on December 19, 2013² concerning MISO's proposed revisions to the Generator Interconnection Procedures (GIP) in Attachment X of its Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff). In the December 2013 Order, the Commission, among other things, conditionally accepted MISO's proposed revisions to the Tariff to ensure that Net Zero Interconnection Service is offered on a transparent and non-discriminatory basis. As discussed below, we conditionally accept MISO's February 2014 Compliance Filing, subject to a further compliance filing due within 30 days of the issuance of this order.

¹ Effective April 26, 2013, MISO changed its name from "Midwest Independent Transmission System Operator, Inc." to "Midcontinent Independent System Operator, Inc."

² *Midwest Indep. Transmission Sys. Operator, Inc.*, 145 FERC ¶ 61,260 (2013) (December 2013 Order).

I. Background

A. Initial Net Zero Interconnection Service Proposal

2. On November 1, 2011, MISO submitted a filing³ under section 205 of the Federal Power Act (FPA)⁴ instituting a third phase of interconnection queue reform and, as relevant here, proposing a new sub-class of Energy Resource Interconnection Service called Net Zero Interconnection Service.⁵ Net Zero Interconnection Service allows an interconnection customer to use interconnection capacity at an existing point of interconnection when that capacity is not being fully utilized by an existing generator. MISO proposed that an Energy Displacement Agreement and a Monitoring and Consent Agreement would govern the terms and conditions of Net Zero Interconnection Service. Under MISO's proposal, an interconnection customer seeking Net Zero Interconnection Service (Net Zero customer) would be required to enter into an Energy Displacement Agreement with the owner of the existing generating facility prior to submitting a request for Net Zero Interconnection Service if the customer is not the owner or subsidiary of the existing generator.⁶ Additionally, the Net Zero customer must also include a memorandum of understanding with the Local Balancing Authority and/or Transmission Owner to enter into a Monitoring and Consent Agreement upon execution of a Generator Interconnection Agreement (GIA) with its request for Net Zero Interconnection Service. MISO further explained that when the existing generating facility ceases to exist, the GIA for Net Zero Interconnection Service would terminate by its own terms because the Energy Displacement Agreement with the existing generating facility would terminate when that generating facility ceases to exist.⁷

³ MISO November 1, 2011 filing proposing revisions to MISO Tariff Attachment X (GIP), Docket No. ER12-309-000 (November 2011 Filing). The November 2011 Filing was supplemented on January 30, 2012 and February 9, 2012.

⁴ 16 U.S.C. § 824d (2012).

⁵ This proposal was submitted as part of a larger queue reform effort to reduce backlogs in MISO's generator interconnection queue. *See generally Midwest Indep. Transmission Sys. Operator, Inc.*, 138 FERC ¶ 61,233, at PP 9-16 (2012) (March 2012 Order).

⁶ *See* November 2011 Filing at revised Tariff section 3.3.1 and Lavery Test. at 37-38.

⁷ November 2011 Filing at n.57.

B. March 2012 Order

3. On March 30, 2012, the Commission conditionally accepted MISO's proposed Net Zero Interconnection Service because, as modified, "it has the potential to foster the efficient use of the transmission system."⁸ While the Commission recognized the benefits of this service, it also expressed three general concerns.⁹ First, the Commission required MISO to explain in detail in its Tariff how it will treat Net Zero customers that would interconnect at the same point as existing generators that were not studied under off-peak conditions.¹⁰ Second, the Commission expressed concern about the potential competitive implications of the way MISO proposed to implement this service, and directed MISO to provide Net Zero Interconnection Service in a manner that is just and reasonable and not unduly discriminatory or preferential.¹¹ Third, the Commission found MISO's proposal did not provide a clear and consistent way for notifying potential Net Zero customers of Net Zero opportunities or describing the selection process, nor did MISO require the filing of rates (compensation), terms and conditions of this service.¹² The Commission directed MISO to submit a compliance filing addressing these concerns.

C. September 2012 Compliance Filing

4. On September 26, 2012, MISO submitted a compliance filing in response to the March 2012 Order.¹³ In that filing, MISO proposed several revisions to comply with the Commission's directive to offer Net Zero Interconnection Service on a fair, transparent, and non-discriminatory basis. MISO added proposed section 3.3.1.1 to the GIP, which enumerates additional requirements for a Net Zero Interconnection Service request. These additional requirements included the following:

- (1) Existing generators seeking a Net Zero customer must post on MISO's website certain contact and location information.

⁸ March 2012 Order, 138 FERC ¶ 61,233 at P 30.

⁹ *Id.* PP 298-302.

¹⁰ *Id.* P 298.

¹¹ *Id.* P 300.

¹² *Id.* P 301.

¹³ MISO, Net Zero Compliance Filing, Docket No. ER12-309-005 (September 2012 Compliance Filing).

- (2) The System Impact Study performed for the existing generator must be submitted with a Net Zero Interconnection Service request.
- (3) An executed Energy Displacement Agreement must be submitted with a Net Zero Interconnection Service request if the Net Zero customer is not affiliated with the existing generator.
- (4) An executed Monitoring and Consent Agreement must be submitted with a Net Zero Interconnection Service request.
- (5) If either the Energy Displacement Agreement or the Monitoring and Consent Agreement is no longer in effect before the GIA is executed, the request for Net Zero Interconnection Service shall be deemed to have been withdrawn.

MISO also proposed to add *pro forma* Monitoring and Consent Agreement and Energy Displacement Agreement documents in GIP Appendices 11 and 12, respectively.

5. Additionally, in Appendix I to the GIA in the Tariff, MISO proposed to require the Net Zero customer to submit a monthly report to MISO showing the prior month's output (in 15 minute increments), as well as the combined (existing generating facility and Net Zero generating facility) real-time offers (in MW) and cleared energy injection. Appendix I also provides what will transpire if the interconnection service limit is exceeded. Specifically, under Appendix I, MISO reserves the right to curtail and/or disconnect the Net Zero generator if the sum of the simultaneous energy output of the existing generating facility and the Net Zero customer or the sum of the emergency and/or economic maximum offer limits of the facilities exceeds the existing generator's interconnection service limit.

D. December 2013 Order

6. As explained in greater detail below, the Commission conditionally accepted MISO's September 2012 Compliance Filing, subject to a further compliance filing. While MISO's September 2012 Compliance Filing provided some additional detail in response to the Commission's concerns, the Commission found that MISO had not fully ensured that Net Zero Interconnection Service would be available on a fair, transparent, and non-discriminatory basis. Therefore, the Commission required, among other things, further compliance in the following areas: (1) additional detail on the selection process for the Net Zero opportunity to ensure transparency, including posting requirements; (2) revisions to the Energy Displacement Agreement and Monitoring and Consent Agreement to clarify certain provisions and protect against potentially discriminatory behavior; (3) additional detail on provisions addressing monitoring and reporting

requirements; (4) revisions regarding compensation arrangements; and (5) revisions to clarify study requirements.¹⁴

II. Notice and Responsive Pleadings

7. Notice of the February 2014 Compliance Filing was published in the *Federal Register*, 79 Fed. Reg. 8184 (2014), with interventions and protests due on or before February 24, 2014. E.ON Climate & Renewables North America, LLC (E.ON) filed comments. Cleco Power LLC (Cleco) filed a timely motion to intervene.

III. Discussion

A. Procedural Matters

8. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2014), Cleco's timely, unopposed motion to intervene serves to make it a party to this proceeding.

B. Substantive Matters

1. Posting Requirements and Transparency

a. December 2013 Order

9. The Commission found that MISO failed to provide a clear, consistent and transparent manner by which potential Net Zero customers could both identify Net Zero Interconnection Service opportunities and also understand "how such a generator would be chosen for such service."¹⁵ The Commission therefore directed MISO to revise its Tariff to reflect that it will post the following on its website: (1) a description of the selection process that will take place between the time that MISO posts that an existing generating customer is offering Net Zero service and the time a Net Zero customer is selected, including a timeline and the selection criteria developed by the existing generating facility; (2) whether MISO or the existing generating customer will choose the winning applicant; and (3) when and how the identity of the winning applicant will be disclosed. The Commission found that these additional specifications would satisfy the March 2012 Order's requirement that MISO "implement additional procedures that

¹⁴ December 2013 Order, 145 FERC ¶ 61,260 at PP 30-45.

¹⁵ *Id.* P 31 (citing March 2012 Order, 138 FERC ¶ 61,233 at P 301).

ensure that Net Zero Interconnection Service is offered on a fair, transparent, and non-discriminatory basis.”¹⁶

b. February 2014 Compliance Filing

10. MISO proposes several changes to make its process clearer, more consistent, and more transparent. First, MISO proposes to revise section 3.3.1.1 of the GIP to allow all potential Net Zero customers the ability to fully evaluate a Net Zero Interconnection Service opportunity by requiring MISO to post, among other things, the exact electrical location of the physical termination point for the Net Zero opportunity on its website.

11. MISO also proposes a new section 3.3.1.2, “Evaluation Process for Net Zero Interconnection Request and the Requirements for the Request to Remain Valid,” which requires MISO to post on its website a description of the selection process that will take place between the time that MISO posts an existing generator’s Net Zero opportunity and the time that a Net Zero customer is selected. Such posting shall include, among other things, a timeline, the selection criteria developed by the existing generating facility, and a description of when and how the identity of the winning request will be disclosed. MISO also states that the existing generator will choose the winning applicant, subject to MISO’s approval.¹⁷

c. Comments

12. E.ON expresses concern that MISO’s proposed Net Zero process still lacks necessary detail and transparency. Specifically, E.ON questions whether there are safeguards to ensure that the existing generator’s selection criteria are not designed to favor an affiliate, resulting in its unduly preferring and selecting an affiliate. E.ON maintains that this is most relevant to ensure that the Commission’s affiliate abuse policies are not violated. E.ON also questions what criteria MISO will employ to assess whether to grant its approval. If MISO is simply validating that a proper winner was selected by the existing generation company, E.ON questions what the basis for such validation would be: purely technical and operational, or ensuring that a fair and non-discriminatory bidding and selection process was undertaken? Finally, E.ON questions whether MISO will publicly post its reasons for granting or denying approval so market participants and possibly the Commission are aware of such reasons.¹⁸

¹⁶ *Id.* (citing March 2012 Order, 138 FERC ¶ 61,233 at P 302).

¹⁷ MISO, February 2014 Compliance Filing, Transmittal at 2-4.

¹⁸ E.ON Comments at 2.

d. Commission Determination

13. We conditionally accept MISO's proposed Tariff revisions. We agree with MISO that the proposed revisions to section 3.3.1.1 of the GIP to include necessary detail regarding the exact electrical location of the physical termination point of the existing generator will allow any potential Net Zero customer to better evaluate the Net Zero opportunity. We also agree that the level of transparency required in proposed section 3.3.1.2 of the GIP, particularly the posting of the selection process and timeline, will ensure that all potential Net Zero customers have an equal opportunity to evaluate and bid for the Net Zero opportunity and understand the process.

14. Except as noted below, we disagree with E.ON that MISO's proposed revisions lack sufficient detail and transparency. Posting the selection criteria that the existing generator will use on the MISO website enables each potential Net Zero customer to assess the Net Zero opportunity equally. If it appears that the selection criteria have been designed to favor a particular party or that they may have resulted in an ostensibly preferential selection, an entity may challenge the results of the Net Zero selection by submitting a protest to the section 205 filing¹⁹ that MISO will make (specifically, MISO's filing of the GIA, Monitoring and Consent Agreement, Energy Displacement Agreement, and the compensation arrangements) to implement the Net Zero Interconnection Service.²⁰ MISO has also made clear that the existing generator, not MISO, will be selecting the winning applicant because "[t]he existing generating facility interconnection customer is making a business decision to permit [Net Zero Interconnection Service] and is in the best position to make this decision."²¹

15. However, we agree with E.ON that the proposed Tariff language regarding MISO's approval of the Net Zero customer selected by the existing generating facility is ambiguous as it does not explain the nature of such approval by MISO. On compliance, we therefore require MISO to either (1) remove the proposed Tariff language stating that MISO must approve of the existing generating facility's selection, or (2) provide a description of MISO's approval process and whether MISO would publicly post its reasons for granting or denying approval.

¹⁹ 16 U.S.C. § 824d (2012).

²⁰ Entities may also have rights to file a complaint with the Commission pursuant to section 206 of the FPA. 16 U.S.C. § 824e (2012).

²¹ MISO, February 2014 Compliance Filing, Transmittal at 4.

2. Energy Displacement Agreement and Monitoring and Consent Agreement

a. December 2013 Order

16. To eliminate the opportunity for unduly discriminatory or preferential treatment, the Commission directed MISO to require all Net Zero customers—not just those Net Zero customers who are not affiliated with the existing generator—to enter into Energy Displacement Agreements. In addition, some of the terms and conditions identified in Appendix I to the GIA applied only to Net Zero customers who have executed an Energy Displacement Agreement with the existing generator. Among other things, the Commission directed MISO to make the following modifications: (1) remove the requirement that the Energy Displacement Agreement should only be executed if the Net Zero customer is not affiliated with the existing generator; and (2) revise section 3.3.1.1(5) of the GIP to ensure that there are no differing requirements for affiliated and non-affiliated Net Zero customers in terms of executing or applying the Energy Displacement Agreements.²²

17. In addition, the Commission required further detail regarding what was needed in the action plan required by the Monitoring and Consent Agreement. The *pro forma* Monitoring and Consent Agreement simply stated that, if the interconnection service limit is exceeded, the Net Zero customer must immediately curtail and develop an “action plan” for approval.²³ On compliance, the Commission therefore required MISO to provide additional language in the *pro forma* Monitoring and Consent Agreement regarding: (1) what constitutes an acceptable action plan; (2) which entity should receive the action plan and what entity(ies), if any, has or have the ultimate authority to approve the action plan; (3) the time frame for developing and receiving approval of the action plan; and (4) what happens if an action plan is deficient.²⁴

18. Regarding curtailment in connection with the combined output of the Net Zero customer’s generator and the existing generator, the Commission found that the *pro forma* Monitoring and Consent Agreement and Energy Displacement Agreement were unclear in terms of how curtailment takes place. Specifically, both of the agreements provided that the Net Zero customer shall monitor and control the combined

²² December 2013 Order, 145 FERC ¶ 61,260 at P 32.

²³ See September 2012 Compliance Filing, Monitoring and Consent Agreement, Appendix 11, Attachment X (GIP).

²⁴ December 2013 Order, 145 FERC ¶ 61,260 at P 33.

output to ensure that the Interconnection Service limit is not exceeded,²⁵ but the Energy Displacement Agreement also required the parties to select whether the existing generator or the Net Zero customer “shall be solely responsible for the coordinated automatic generation control of the combined output of Interconnection Customer’s Generating Facility and existing generating facility.”²⁶ The Commission found that the option to allow the parties to select who will be responsible for the control seemed to contradict the requirement in both of the agreements that the Net Zero customer must monitor and control the combined output. On compliance, the Commission therefore required MISO to revise these *pro forma* agreements to clarify whether parties have the option to decide who will monitor the combined output, or whether monitoring the combined output rests solely on the Net Zero customer.²⁷

19. Regarding termination of the Energy Displacement Agreement, the Commission found that the agreement, as written, was unjust and unreasonable. The *pro forma* Energy Displacement Agreement would allow the existing generator to terminate an Energy Displacement Agreement when the interconnection service limit is exceeded, even if the violation is caused by events outside of the Net Zero customer’s control. The Commission found that this is tantamount to terminating the GIA. Therefore on compliance, the Commission required MISO to revise the *pro forma* Energy Displacement Agreement to clarify that the existing generator may seek to terminate the Energy Displacement Agreement if the Net Zero customer violates the interconnection service limit (these limits are governed by termination provisions under the GIA). The Commission further directed MISO to revise the Energy Displacement Agreement to address whether/how the Net Zero customer may cure such breach prior to the existing generator seeking termination.²⁸

b. February 2014 Compliance Filing

20. To address the Commission’s directives requiring MISO to eliminate differing requirements for affiliated and non-affiliated Net Zero customers in terms of executing or applying Energy Displacement Agreements, MISO proposes to remove text in section

²⁵ MISO, September 2012 Compliance Filing, Monitoring and Consent Agreement, Appendix 11, Attachment X and Energy Displacement Agreement, Appendix 12, Attachment X.

²⁶ MISO, September 2012 Compliance Filing, Energy Displacement Agreement, Appendix 12, Attachment X.

²⁷ December 2013 Order, 145 FERC ¶ 61,260 at P 34.

²⁸ *Id.* P 36.

3.3.1.1(2) of the GIP addressing the requirement for an Energy Displacement Agreement if the Net Zero customer was not the owner or subsidiary of the owner of the existing generating facility. MISO notes that the remaining requirements originally found in section 3.3.1.1 of the GIP regarding the timing of the Monitoring and Consent Agreement and Energy Displacement Agreement have been incorporated into MISO's more transparent process in the proposed section 3.3.1.2 of the GIP discussed above.

21. MISO states that it has provided additional details regarding the action plan and its implementation. MISO states that it has added a timeline for developing an action plan. Among other things, MISO states that an interim (short-term) action plan will be coordinated and developed by the Transmission Owner and Transmission Provider prior to the execution of the GIA. If the Interconnection Service limit is exceeded (also known as an "Event" pursuant to the Monitoring and Consent Agreement), the interim action plan would be applied until the Net Zero customer submits a long-term action plan. MISO explains that the action plan will be provided to the Transmission Provider, Transmission Owner, Transmission Operator, and/or as applicable Local Balancing Authority, and these entities jointly have ultimate authority for approving the action plan. According to MISO, a long-term action plan must be provided within 15 Business Days of the first Event, and the Transmission Owner, Transmission Operator, and/or as applicable Local Balancing Authority will have 15 Business Days from the receipt of a long-term action plan to send out a notice approving the long-term action plan. Finally, MISO explains that if an Event occurs after the implementation of a long-term action plan, the Transmission Owner and Transmission Provider will immediately implement the interim action plan and require the Net Zero customer submit a cure within 15 Business Days of the Event. If the Net Zero customer demonstrates a cure, the Transmission Owner and Transmission Provider will remove the implementation of their interim action plan and implement the cured long-term action plan. If the Net Zero customer fails to demonstrate a cure, the Transmission Provider and the Transmission Owner will file for termination of the GIA with the Commission.²⁹

22. MISO also addresses the compliance directive requiring MISO to revise the Monitoring and Consent Agreement and Energy Displacement Agreement to clarify whether parties have the option to decide who will monitor the combined output. MISO proposes to revise the fourth paragraph of the Monitoring and Consent Agreement to require that the Transmission Owner or Operator by default will monitor and control the combined output unless the parties mutually agree otherwise. Additionally, MISO proposes to add language requiring the Net Zero customer to pay for monitoring costs

²⁹ MISO, February 2014 Compliance Filing, Transmittal at 5-7.

unless the Net Zero customer and the existing generating facility interconnection customer agree otherwise.³⁰

23. Finally, MISO addresses the Commission's requirements regarding termination of the Energy Displacement Agreement by proposing to add breach and termination provisions to the Energy Displacement Agreement similar to those found in the *pro forma* Facilities Construction Agreement in Appendix 8 of the GIP. MISO proposes to define one instance of breach as "Interconnection Service limit violation events exceeding one (1) in a month or six (6) in a year. Each 15 minute interval where the Interconnection Service limit is exceeded shall be defined as a reliability service limit violation event." According to MISO, its proposed methodology would allow an existing generator to seek to terminate the Energy Displacement Agreement for breach if the Net Zero customer violates the Interconnection Service limit and does not cure its breach by resolving the issue. MISO states that it also provides the Net Zero customer with an opportunity to cure the breach that is comparable to the opportunity given to other Interconnection Customers.³¹

c. Commission Determination

24. We accept MISO's proposed revisions that remove language stating that the Energy Displacement Agreement should only be executed if the Net Zero customer is not affiliated with the existing generator. These revisions are consistent with our directives and will eliminate the opportunity for unduly discriminatory or preferential treatment among Net Zero customers.

25. We also accept as compliant with the directives in the December 2013 Order MISO's proposed revisions to the Monitoring and Consent Agreement to provide greater detail regarding the action plan that would take effect if the interconnection service limit were exceeded. We find that MISO has provided sufficient detail regarding the action plan that will be developed by the Transmission Owner and the Transmission Provider prior to the execution of the GIA as well as steps that would be taken should the Interconnection Service Limit be exceeded and further resolution is required.

26. Regarding MISO's proposed compliance with the directive concerning monitoring the combined output, we conditionally accept MISO's filing, subject to further compliance. While it is acceptable to have the Transmission Owner/Operator monitoring and controlling the combined output by default, as stated in the proposed revisions to the Monitoring and Consent Agreement, MISO has not made corresponding revisions to the

³⁰ *Id.* at 7.

³¹ *Id.* at 7-8.

Energy Displacement Agreement. As the Commission noted in the December 2013 Order, “the Energy Displacement Agreement requires the parties to select whether the existing generator or the Net Zero customer ‘shall be solely responsible for the coordinated automatic generation control of the combined output of Interconnection Customer’s Generating Facility and existing generating facility.’”³² The February 2014 Compliance Filing did not make necessary changes to Attachment A of the Energy Displacement Agreement to allow for the default scenario proposed by MISO in this compliance filing in which the Transmission Owner/Operator is responsible for monitoring and controlling the combined output. In addition, the Transmission Owner/Operator must be a party to the Energy Displacement Agreement if the Transmission Owner/Operator is bound by Attachment A of the Energy Displacement Agreement, consistent with MISO’s compliance filing here. On compliance, we therefore require MISO to provide Tariff revisions to the Energy Displacement Agreement to ensure that the Transmission Owner/Operator is made a party to this agreement and that Attachment A of this agreement allows for the default scenario as proposed by MISO.

27. Finally, we accept the revisions MISO proposes to address the Commission’s concerns regarding the potential for unjust and unreasonable and unduly discriminatory termination of the Energy Displacement Agreement. We find that the process MISO proposed provides sufficient clarity to parties regarding what may constitute a breach and how a breaching party may cure such breach.³³

3. Appendix I

a. December 2013 Order

28. With respect to the 15-minute increment monthly reporting requirement, while it was accepted, the Commission found that MISO’s proposal did not require the Net Zero customer and the existing generating facility to cooperate to ensure the accuracy of the reports. The Commission therefore required MISO on compliance to modify Appendix I of the GIA, subsection 4 to add the following sentence: “The existing generating facility

³² December 2013 Order, 145 FERC ¶ 61,260 at P 34 & n.80 (citing MISO, September 2012 Compliance Filing, Proposed Energy Displacement Agreement, Appendix 12, Attachment X).

³³ See MISO, September 2012 Compliance Filing, Attachment X, Appendix 12 (Energy Displacement Agreement).

and the Interconnection customer shall cooperate consistent with other provisions in the Tariff to the extent necessary to ensure accuracy of the report.”³⁴

b. February 2014 Compliance Filing

29. MISO includes the sentence that the Commission in its December 2013 Order required MISO to add to Appendix I, which requires the Net Zero customer and the existing generating facility to cooperate to ensure the reports are accurate.

c. Commission Determination

30. We accept MISO’s compliance with this directive as it will ensure the accuracy of the monthly report containing, by 15-minute increment, the prior month’s combined real-time offers (MW) and cleared energy injection.

4. Compensation Arrangements

a. December 2013 Order

31. Regarding compensation arrangements, the Commission found that MISO did not comply with the directive in the March 2012 Order requiring MISO to provide Tariff language ensuring that compensation arrangements between the existing generator and the Net Zero customer must be filed with the Commission. Therefore, on compliance, the Commission required MISO to provide Tariff language stating that such compensation arrangements must be filed with the Commission.³⁵

b. February 2014 Compliance Filing

32. To address the Commission’s concerns regarding filing of the compensation arrangements, MISO proposes to add the following requirement to the Energy Displacement Agreement: “The Generating Facility Interconnection Customer and existing generating facility interconnection customer shall file the financial compensation (Rates, Terms and Conditions) arrangement with FERC separately.”³⁶

³⁴ December 2013 Order, 145 FERC ¶ 61,260 at P 39.

³⁵ *Id.* P 41.

³⁶ MISO, February 2014 Compliance Filing, Transmittal at 8.

c. Commission Determination

33. We accept MISO's proposed revisions to the Energy Displacement Agreement. Requiring the filing of compensation arrangements, including rates, terms, and conditions, will provide the transparency needed to ensure that such arrangements are just and reasonable and not unduly discriminatory or preferential.

5. Study Requirements

a. December 2013 Order

34. The Commission also required additional compliance with respect to study requirements. Specifically, section 1.4.k of Appendix 1 of the GIP provided that, if the interconnection service request is for Net Zero Interconnection Service, the Net Zero customer must "attach a copy of the System Impact Study (or equivalent) for the existing generating facility[.]" The Commission found the term "or equivalent" to be vague and ambiguous in this context and required MISO to either: (1) remove "(or equivalent)[;]" or (2) explain what such an equivalent would be, how it would provide the same information as contained in a System Impact Study, and under what circumstances a System Impact Study would not be available.³⁷

35. Additionally, the September 2012 Compliance Filing did not provide "tariff language that details how it will address net zero projects that wish to interconnect to existing generators that were not studied under off-peak conditions" as was required in the March 2012 Order.³⁸ Rather, MISO simply proposed that the Net Zero customer must include the System Impact Study performed for the existing generating facility with its application and that the Transmission Provider will use that System Impact Study to appropriately scope the Net Zero customer's System Impact Study described in Section 8.3 of the GIP. Therefore, on compliance, the Commission directed MISO to either: (1) provide language requested in the March 2012 Order; or (2) if the System Impact Study requirement in section 3.3.1.1 of the GIP and discussed above is intended to respond to this issue, explain how this requirement will address Net Zero customers who will be sharing a point of interconnection with an existing generator that was not studied under off-peak conditions.³⁹

³⁷ December 2013 Order, 145 FERC ¶ 61,260 at P 42.

³⁸ March 2012 Order, 138 FERC ¶ 61,233 at P 298; December 2013 Order, 145 FERC ¶ 61,260 at P 43.

³⁹ December 2013 Order, 145 FERC ¶ 61,260 at PP 43-44.

b. February 2014 Compliance Filing

36. Regarding these directives, MISO proposes to remove the term “(or equivalent)” from section 1.4.k of Appendix 1 of the GIP and add “or state that such study is not available.” According to MISO, if an existing generator states that such study is not available, this will trigger the requirement that MISO perform the appropriate studies. MISO also proposes to clarify the study provisions in section 3.2.3.2 of the GIP by adding the following text:

If the existing generating facility was not studied under off-peak condition, off-peak steady state analyses will be performed to the required level necessary to demonstrate reliable operation of the Net Zero Interconnection Service. If no System Impact Study was available for the existing generation, both off-peak and peak analysis may need to be performed for the Generating Facility seeking Net Zero Interconnection Service in accordance with Section 8.3 of the GIP.

MISO states that this language addresses Net Zero customers who will be sharing a point of interconnection with an existing generator that was not studied under off-peak conditions and thus complies with the Commission’s directive. Similarly, MISO revises section 3.3.1.1(2) of the GIP to require the Net Zero customer to indicate, in its request for Net Zero Interconnection Service, that a System Impact Study is not available – if no System Impact Study is available, MISO will perform the required studies.⁴⁰

c. Commission Determination

37. We accept the revisions MISO proposes to address the Commission’s directives regarding study requirements. MISO has removed the term “or equivalent” as directed, and it has also inserted additional language requiring either the existing generator (section 1.4.k of Appendix 1 to the GIP) or the Net Zero customer (section 3.3.1.1(2) of the GIP) to state that a System Impact Study is unavailable. We agree with MISO that this additional language, in conjunction with the proposed revisions to section 3.2.3.2 of the GIP regarding existing generators, will ensure that both generators participating in Net Zero Interconnection Service will have been studied under off-peak conditions.

⁴⁰ MISO, February 2014 Compliance Filing, Transmittal at 9.

6. Miscellaneous Issues

a. December 2013 Order

38. Finally, the Commission directed MISO to address several additional issues. First, MISO was directed to change the word “herby” at the beginning of the third line of the proposed *pro forma* Monitoring and Consent Agreement to “hereby.” Second, throughout the September 2012 Compliance Filing, different terms were used to describe the interconnection limit of the existing generator and the Net Zero customer. For example, there were some instances where the phrase “net MW and MVA capability”⁴¹ was used, and others where “total megawatt, megavar and megavolt-ampere output at the Point of Interconnection”⁴² was used. There also appeared to be typographical errors where “MVA” is repeated when the correct term used should be “MVAR.”⁴³ In addition, the terms “total Generating Facility Capacity,”⁴⁴ “net generating capability,”⁴⁵ and “Interconnection Service limit”⁴⁶ seemed to be used interchangeably. The Commission directed MISO to revise these and other instances as necessary to ensure the consistent use of definitions. The Commission also required MISO to more specifically define the terms “reliability service limit violation” and “Interconnection Customer reliability service limit violation.”⁴⁷

⁴¹ MISO, September 2012 Compliance Filing, Attachment X, Section 1, definition of Net Zero Interconnection Service; *id.*, Attachment X, Appendix 6, Article 1, definition of Net Zero Interconnection Service.

⁴² *Id.*, Attachment X, Appendix 11 (Monitoring and Consent Agreement); *id.*, Attachment X, Appendix 12 (Energy Displacement Agreement); *id.*, Attachment X, Appendix 6 to GIP (GIA), Appendix I to GIA.

⁴³ *Id.*, Attachment X, Appendix 11.

⁴⁴ *Id.*, Attachment X, Section 1, definition of Energy Displacement Agreement; *id.*, Attachment X, Appendix 6, Article 1, definition of Energy Displacement Agreement.

⁴⁵ *Id.*, Attachment X, Appendix 6, section 4.1.3.

⁴⁶ *Id.*, Attachment X, Appendices 11 and 12.

⁴⁷ December 2013 Order, 145 FERC ¶ 61,260 at P 45.

b. February 2014 Compliance Filing

39. To address these issues, MISO first proposes to correct the word “herby” to “hereby,” as directed. Second, MISO proposes to change the inconsistent use of terms such as “total Generating Facility Capacity” and “net generating capability” to use consistently the term “Interconnection Service limit.” According to MISO, it has proposed this revision in the definition of the Energy Displacement Agreement in section 1 of the GIP and Article 1 of the *pro forma* GIA in Appendix 6 of the GIP. MISO states that the definition of Net Zero Interconnection Service has also been updated for consistency in these sections. Finally, MISO proposes to correct an inadvertent reference from MVA to MVAR in the *pro forma* Monitoring and Consent Agreement.⁴⁸

c. Commission Determination

40. We conditionally accept MISO’s proposed revisions to address these issues, subject to further compliance. Regarding MISO’s proposal to consistently use the term “Interconnection Service limit” to describe the interconnection limit of the existing generator and the Net Zero customer, we find that additional revisions are required in Appendix I(1), (2) to the GIA. In the December 2013 Order, the Commission stated that “there are some instances where the phrase ‘net MW and MVA capability’ is used, and others where ‘total megawatt, megavar and megavolt-ampere output at the Point of Interconnection’ is used,” and the Commission cited to, among other sections, Appendix I to the GIA.⁴⁹ The Commission directed MISO to make necessary revisions to ensure the consistent use of definitions. Currently, however, Appendix I to the GIA contains references to an “Interconnection Service limit” (as well as a “level of Interconnection Service”), but it does so in the context of describing the existing generator’s limit alone, not the combined output of both the existing generator and the Net Zero customer as it appears to be characterized in the Monitoring and Consent Agreement. On compliance, we require MISO to revise Appendix I(1), (2) to the GIA to ensure that the combined output of the existing generator and the Net Zero customer is consistently described as the “Interconnection Service limit” as MISO has proposed here in the Monitoring and Consent Agreement. MISO shall also make all other conforming changes as necessary to Appendix I(1), (2) (and elsewhere in the Tariff as appropriate) to effectuate the aforementioned compliance requirement.

41. We accept all of MISO’s remaining revisions as they are consistent with the directives required by the Commission in the December 2013 Order.

⁴⁸ MISO, February 2014 Compliance Filing, Transmittal at 10.

⁴⁹ December 2013 Order, 145 FERC ¶ 61,260 at P 45.

The Commission orders:

(A) MISO's tariff sheets are hereby conditionally accepted, effective January 1, 2012, as discussed in the body of this order.

(B) MISO is hereby directed to submit a compliance filing within 30 days of the date of issuance of this order, as discussed in the body of order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.