

152 FERC ¶ 61,189  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

September 11, 2015

In Reply Refer To:  
Midcontinent Independent System  
Operator, Inc.  
Docket No. ER15-2186-000

Midcontinent Independent System Operator, Inc.  
P.O. Box 4202  
Carmel, IN 46082-5400

Attention: Michael L. Kessler  
Daniel M. Malabonga

Dear Messrs. Kessler and Malabonga:

1. On July 13, 2015, pursuant to section 205 of the Federal Power Act (FPA)<sup>1</sup> and Part 35 of the Commission's regulations,<sup>2</sup> Midcontinent Independent System Operator, Inc. (MISO) filed revisions to its Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff) to exempt Interchange Schedule deviations from Revenue Sufficiency Guarantee (RSG) charges (RSG Filing). As discussed below, we accept MISO's RSG Filing, effective September 11, 2015, as requested.

2. Under the Tariff, market participants are eligible to receive RSG credits to recover shortfalls between market revenues and production and operating reserves costs for resources committed and scheduled by MISO in the day-ahead and real-time energy and operating reserves markets. MISO funds the cost of RSG credits through RSG charges to market participants. MISO allocates real-time RSG charges based on, among other things, deviations from day-ahead schedules.

3. MISO states that, while a resource's schedule deviations are generally subject to RSG charge allocation, the Tariff provides exemptions in situations where schedule

---

<sup>1</sup> 16 U.S.C. § 824d (2012).

<sup>2</sup> 18 C.F.R. pt. 35 (2015).

deviations are due to compliance with a MISO reliability-related directive, in order to remove disincentives to comply with such directives. MISO states that these exemptions apply in situations involving: (1) manual redispatch; (2) contingency reserve deployments; (3) emergency directives requiring resource or load deviations; (4) manual curtailment of intermittent resources; and (5) transmission loading relief directives relating to Interchange Schedules supported by firm transmission service.<sup>3</sup> MISO indicates that its proposed revisions would exempt from allocation of RSG charges Interchange Schedules<sup>4</sup> that increase production in compliance with MISO directives during emergency conditions.<sup>5</sup> Specifically, MISO proposes to revise section 40.3.3.a.xi(2) of the Tariff to add “Interchange Schedules supported by firm Transmission Service” to the list of deviations caused by or occurring as a result of MISO directives during an emergency that are exempt from allocation of RSG charges.<sup>6</sup>

4. MISO explains that under the currently effective Tariff, when Interchange Schedules with firm transmission service follow MISO transmission loading relief directives to decrease volumes, the resulting deviations are exempt from RSG charges.<sup>7</sup> MISO argues that Interchange Schedules supported by firm transmission service that increase in volume in response to a MISO directive during emergencies should also receive exemptions from RSG charges. MISO argues that such deviations help to preserve system reliability during emergency conditions, thereby justifying the proposed RSG charge exemption, which MISO argues would remove a potential disincentive to complying with reliability-related directives.<sup>8</sup>

---

<sup>3</sup> RSG Filing, Transmittal Letter at 2.

<sup>4</sup> The Tariff defines “Interchange” as “energy transfers that cross Balancing Authority Area boundaries.” “Interchange Schedules” include import schedules, export schedules, and through schedules. *See* Tariff section 1.I.

<sup>5</sup> RSG Filing, Transmittal Letter at 1.

<sup>6</sup> RSG Filing, Tab A at section 40.3.3.xi. Specifically, under the proposed revisions, the Tariff would exempt such deviations from Real-Time Revenue Sufficiency Guarantee Constraint Management Charges, Real-Time Revenue Sufficiency Guarantee Day-Ahead Schedule Deviation Charges, and Real-Time Revenue Sufficiency Guarantee Headroom Charges. The Tariff defines these charge categories in section 1.R.

<sup>7</sup> RSG Filing, Transmittal Letter at 3.

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

5. MISO states that Manitoba Hydro presented the issue of RSG charge exemptions for Interchange Schedule deviations that result from MISO directives during emergencies at the February 3, 2015 Market Subcommittee meeting, and a motion to modify the Tariff passed by general consent at the same meeting.<sup>9</sup>

6. MISO's proposed revisions modify section 40.3.3 of the Tariff, which contains language currently pending before the Commission in the following unrelated dockets: ER11-2275-003, ER12-1266-005, ER13-2124-001, ER14-1736-001, ER12-678-005, ER12-678-006, and ER15-685-001. In its proposed Tariff revisions, MISO highlights the language that is pending in these dockets, and requests that the Commission treat the highlighted language as subject to the outcomes of the associated proceedings. MISO commits to file any revisions to this highlighted language as necessary to comply with any Commission orders in those proceedings.<sup>10</sup>

7. On July 20, 2015, notice of the RSG Filing was published in the *Federal Register*, 80 Fed. Reg. 42,798 (2015), with interventions or protests due on or before August 3, 2015. Timely motions to intervene were filed by NRG Companies<sup>11</sup> and Wabash Valley Power Association, Inc. Manitoba Hydro filed timely a motion to intervene and comments in support of the RSG Filing. Wisconsin Electric Power Company filed a motion to intervene out-of-time on August 4, 2015.

8. Manitoba Hydro agrees with MISO that the proposed Tariff revisions are consistent with the rationale of the existing Tariff exemptions involving MISO directives in an emergency. Manitoba Hydro states, however, that it premises its support of the RSG Filing on the understanding that the deviations in Interchange Schedules covered by the exemption include both increases and decreases in Interchange Schedules. According to Manitoba Hydro, including both increases and decreases is essential since, depending on the type of emergency, both actions may be required by MISO. Manitoba Hydro states that the proposed Tariff revisions, as written, would encompass both increases and decreases in Interchange Schedules, and changes to these proposed revisions are not necessary.<sup>12</sup>

---

<sup>9</sup> *Id.* at 4.

<sup>10</sup> *Id.* at 4 n. 17.

<sup>11</sup> For purposes of this filing, NRG Companies are NRG Power Marketing LLC and GenOn Energy Management, LLC.

<sup>12</sup> Manitoba Hydro Comments at 4, 5.

9. Manitoba Hydro is concerned, however, that the manner in which MISO presented information regarding the proposed Tariff revisions in the transmittal letter has the potential to leave readers with a mistaken impression that the exemption was intended to include only those deviations that are increases in Interchange Schedules. Manitoba Hydro observes, for example, that MISO chose “Propriety of Exempting Increases in Interchange Schedules Due to Compliance with MISO’s Emergency Directives” as the title for its discussion of the proposed revisions, and subsequent commentary refers to increases in Interchange Schedules but fails to mention that decreases in Interchange Schedules could also occur as a result of a MISO directive during an emergency and would therefore also be eligible for the exemption from the allocation of RSG charges. Manitoba Hydro states that MISO notes that in connection with RSG exemptions based on MISO’s emergency directives, the Commission has previously recognized that “[e]xempting resources from real-time Revenue Sufficiency Guarantee charges during such circumstances acknowledges that any deviations that occur result from instructions by the Midwest ISO rather than the behavior or discretion of the resources involved.”<sup>13</sup> Given these concerns, Manitoba Hydro requests that the Commission consider its comments.<sup>14</sup>

10. Pursuant to Rule 214 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2015), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Pursuant to Rule 214(d) of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2015), we will accept Wisconsin Electric Power Company’s late-filed motion to intervene given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

11. We accept MISO’s proposed Tariff revisions. Deviations in response to MISO directives during emergencies help to support system reliability. We find MISO’s proposed exemption would serve to avoid a potential disincentive to follow MISO’s reliability-related directives during emergencies, and would avoid penalizing compliance with such directives. Accordingly, we find MISO’s Tariff revisions to be just and reasonable and not unduly discriminatory or preferential.

12. With respect to Manitoba Hydro’s concern that MISO’s transmittal letter could create the perception that MISO only proposes to exempt production-increasing Interchange Schedule deviations, as Manitoba Hydro acknowledges, MISO’s proposed Tariff revisions, as written, do not impose such a limitation. MISO’s proposed Tariff

---

<sup>13</sup> *Id.* (citing RSG Filing, Transmittal Letter at 3 (citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 132 FERC ¶ 61,184, at P 110 (2010))).

<sup>14</sup> *Id.*

revisions would exempt deviations of Interchange Schedule supported by firm transmission service due to MISO directives during emergencies, regardless of whether those deviations are production-increasing or production-decreasing. Nothing in MISO's proposed Tariff language limits the proposed exemption to production-increasing deviations. The Commission has previously found that filed tariff language governs over any conflicting language found in a transmittal letter.<sup>15</sup>

13. Accordingly, we accept MISO's proposed Tariff revisions, to become effective September 11, 2015, as requested, subject to the outcome of the ongoing proceedings in Docket Nos. ER11-2275-003, ER12-1266-005, ER13-2124-001, ER14-1736-001, ER12-678-005, ER12-678-006, and ER15-685-001.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.

---

<sup>15</sup> See *Cal. Indep. Sys. Operator Corp.*, 124 FERC ¶ 61,095, at P 22 (2008).