

154 FERC ¶ 61,014
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Louisiana Generating LLC

Docket No. ER15-2147-000

ORDER REJECTING PROPOSED COST RECOVERY FILING

(Issued January 12, 2016)

1. On April 7, 2015, as amended on April 28, 2015, pursuant to the Midcontinent Independent System Operator, Inc.'s (MISO) Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff) Schedule 24 and Schedule 24-A, Louisiana Generating LLC (Louisiana Generating) filed to recover costs associated with acting as a Local Balancing Authority (LBA) within the MISO Balancing Authority Area, for the year ending December 31, 2014. In this order, we reject without prejudice Louisiana Generating's proposed cost recovery filing.

I. Background

2. Louisiana Generating, a wholly owned subsidiary of NRG Energy, Inc. and an exempt wholesale generator with market-based rate authority, is an LBA located within MISO.¹ Louisiana Generating is a signatory to the MISO Balancing Authority Agreement (MISO BA Agreement),² which delineates balancing authority responsibilities between MISO and the LBAs within MISO. Pursuant to MISO Tariff Schedule 24 (Local Balancing Authority Cost Recovery), a signatory to the MISO BA Agreement is eligible to recover the costs incurred as a result of fulfilling its LBA responsibilities.

¹ Louisiana Generating states that it is not a typical LBA because it is not a rate-based entity.

² MISO Rate Schedule No. 3.

3. MISO Tariff Schedule 24 describes the costs considered to be recoverable LBA costs:

These Local Balancing Authority Costs include daily operation and maintenance costs, administrative and general costs, capital costs, costs for systems-in-place, training of personnel, and any costs that result from the performance of obligations imposed by this Tariff on Local Balancing Authorities; provided, however, that all costs to be recovered under this Schedule must be related to Local Balancing Authority actions in performing obligations under this Tariff and in implementing this Tariff and shall not include any costs reimbursed by the Transmission Provider to Local Balancing Authorities or costs otherwise recovered under this Tariff.^{3]}

4. For purposes of costs submission and review, MISO Tariff Schedule 24-A (Balancing Authority Cost Recovery Accounting, Revenue Requirement, and Revenue Distribution Detail) categorizes LBA costs as either labor costs, which are described in section I, or other costs, which are described in section IV. Section IV provides that, before recovering any such other costs that are not specified in section I, an LBA must submit a filing with the Commission that “(a) justifies the proposed charges, (b) shows that there is not duplicative recovery of these costs, and (c) sets forth the proposed accounting.”⁴

5. In the instant filing, Louisiana Generating seeks Commission approval of its non-labor other costs allowable under Schedule 24-A, including expenses for providing transmission services related to load-dispatching, scheduling, and system control. Louisiana Generating contends that it satisfies the three requirements listed in section IV. Specifically, Louisiana Generating asserts that it provides the proposed charges and the justification for these charges. Louisiana Generating states that, after reviewing all of its operational costs for 2014, it determined the costs associated with its function as an LBA. Then, it grouped these costs in different categories and populated a spreadsheet providing a description of costs and citing applicable FERC accounts. Louisiana Generating also provides a breakdown of each line item purchase that was included in each cost description. Louisiana Generating contends that this information sets forth the proposed accounting as required in Schedule 24-A. Louisiana Generating states that there is no

³ MISO Tariff Schedule 24, Local Balancing Authority Cost Recovery, at § 1.2.

⁴ MISO Tariff Schedule 24-A, Balancing Authority Cost Recovery Accounting, Revenue Requirement, and Revenue Distribution Detail, at § IV.

duplicative recovery of these costs because Louisiana Generating is not otherwise able to recover these costs in any other venue.

6. On April 28, 2015, Louisiana Generating filed an amendment requesting an effective date of June 1, 2015.

II. Notice of Filings

7. Notice of Louisiana Generating's April 7, 2015 filing was published in the Federal Register, 80 Fed. Reg. 20,216 (2015), with protests and interventions due on or before April 28, 2015. Notice of the April 28, 2015 amendment was published in the Federal Register, 80 Fed. Reg. 27,157 (2015), with protests and interventions due on or before May 8, 2015.⁵ None was filed.

III. Discussion

8. We find that Louisiana Generating has not adequately demonstrated that these costs are appropriately allocable or attributable to Louisiana Generating's LBA function and that there is not duplicative recovery of the costs, and thus Louisiana Generating has not shown that the costs are recoverable under Schedule 24 and Schedule 24-A. Accordingly, we will reject without prejudice Louisiana Generating's proposed cost recovery filing.

9. MISO Tariff Schedule 24 provides that all costs to be recovered must be related to LBA actions and that such costs cannot be otherwise recovered under the MISO Tariff. MISO Tariff Schedule 24-A provides that LBAs must, among other things, justify the proposed charges and show that there is not duplicative recovery of the costs. While Louisiana Generating explains that, in determining the proposed charges, it reviewed all operational costs for 2014 and determined which costs were incurred in acting as an LBA, Louisiana Generating does not adequately explain how it determined what costs were appropriately allocable or attributable to the performance of its LBA functions. Additionally, while Louisiana Generating states that it is not able to recover these costs in any other venue, Louisiana Generating has not demonstrated that the costs it proposes to collect in this filing are only costs of functioning as an LBA that are not otherwise

⁵ On July 10, 2015, the Commission issued an errata notice stating that the original notices of filing inadvertently referenced Docket No. EL15-58-000, but that Docket No. EL15-58-000 had been canceled and removed from the filings. As per the errata notice, the correct docket number for both notices of filing is Docket No. ER15-2147-000.

recovered under the Tariff. To meet the requirements noted above, we would expect any future filing by Louisiana Generating to include, but not be limited to, the following information: a full explanation of the role and activities performed under its LBA function, a full description of the non-LBA functions it also performs, an explanation and supporting workpapers identifying costs that are directly assigned to the LBA function, and to the extent costs are allocated to the LBA function, the basis for that allocation and supporting workpapers should be provided. Additionally, Louisiana Generating would be expected to demonstrate in any future filing that it has done a thorough review of the MISO Tariff and that none of the costs that it seeks to recover are otherwise recovered under the MISO Tariff (e.g., through rates for ancillary services under Schedules 1 or 2, or under a System Support Resource agreement), to ensure there is not duplicative cost recovery.

The Commission orders:

Louisiana Generating's proposed cost recovery filing is hereby rejected, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.