

154 FERC ¶ 61,081  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

(February 4, 2016)

In Reply Refer To:  
Midcontinent Independent System  
Operator, Inc.  
Docket No. ER15-685-001

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

Attention: Michael L. Kessler

Dear Mr. Kessler:

1. On April 30, 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 (1) proposed revisions to its Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff) to comply with the requirements of the Commission's February 27, 2015 Order<sup>3</sup> regarding the modification of MISO's extended locational marginal pricing (ELMP) proposal and (2) other revisions to correct its Tariff sheets (April 2015 Compliance Filing). We accept the April 2015 Compliance Filing subject to condition, effective March 1, 2015, as requested, as discussed below.

2. MISO first submitted proposed Tariff revisions to implement ELMP on December 22, 2011 in Docket No. ER12-668-000 (Initial ELMP Filing). On July 20, 2012, the Commission conditionally accepted MISO's Initial ELMP Filing and directed a further

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<sup>1</sup> 16 U.S.C. § 824d (2012).

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

<sup>3</sup> *Midcontinent Indep. Sys. Operator, Inc.*, 150 FERC ¶ 61,143 (2015) (February 2015 Order).

compliance filing.<sup>4</sup> Among other things, the Commission expressed concerns regarding whether the Tariff sections MISO included in its Initial ELMP Filing properly reflected revisions proposed in filings related to compliance with Order No. 745.<sup>5</sup> Specifically, the Commission observed that, contrary to Tariff revisions proposed in MISO's Order No. 745 compliance filing,<sup>6</sup> MISO, in the Initial ELMP Filing, either removed or reinserted language related to those proceedings without explanation. The Commission therefore directed MISO to submit a further compliance filing.

3. On August 21, 2012 and November 19, 2012, MISO submitted, in two parts, the compliance filing required by the July 2012 Order (ELMP Compliance Filing). On April 11, 2013 in Docket No. ER12-668-002, MISO submitted a filing to correct a number of Tariff inconsistencies. On July 30, 2013, the Commission issued a letter order accepting the Tariff revisions proposed in the ELMP Compliance Filing as amended by the April 11, 2013 filing.<sup>7</sup>

4. On August 1, 2014 in Docket No. ER14-2566-000, MISO made a filing revising the ELMP Tariff sheets, including revisions addressed in its Order No. 719<sup>8</sup> and Order No. 745 compliance filings, to reflect the most up-to-date version of the Tariff (Initial Administrative Filing). On September 12, 2014, MISO filed a motion to withdraw the Initial Administrative Filing in order to address concerns raised by MISO's Independent Market Monitor.

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<sup>4</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 140 FERC ¶ 61,067 (2012) (July 2012 Order).

<sup>5</sup> *Demand Response Compensation in Organized Wholesale Energy Markets*, Order No. 745, FERC Stats. & Regs. ¶ 31,322, *order on reh'g and clarification*, Order No. 745-A, 137 FERC ¶ 61,215 (2011).

<sup>6</sup> MISO, Filing, Docket No. ER11-4337-000 (filed Aug. 19, 2011). The Commission conditionally accepted in part and rejected in part this compliance filing. *Midwest Indep. Transmission Sys. Operator, Inc.*, 137 FERC ¶ 61,212 (2011).

<sup>7</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, Docket No. ER12-668-000 (July 30, 2013) (delegated letter order).

<sup>8</sup> *Wholesale Competition in Regions with Organized Electric Markets*, Order No. 719, FERC Stats. & Regs. ¶ 31,281 (2008), *order on reh'g*, Order No. 719-A, 74 Fed. Reg. 37,776 (Jul. 29, 2009), FERC Stats. & Regs. ¶ 31,292 (2009), *order on reh'g*, Order No. 719-B, 129 FERC ¶ 61,252 (2009).

5. On December 19, 2014, MISO filed Tariff sheets to modify its ELMP proposal consistent with certain recommendations made by the MISO Independent Market Monitor in Docket No. ER15-684-000 (Revised ELMP Filing). Also on December 19, 2014, MISO submitted a filing in Docket No. ER15-685-000, which it stated was intended to update the ELMP Tariff sheets that were previously accepted for filing to reflect the most up-to-date version of the Tariff (Revised Administrative Filing). MISO specified that the Revised Administrative Filing contains “all ELMP Tariff sheets previously accepted by the Commission, modified only to include the proposed new effective date of March 1, 2015.”<sup>9</sup>

6. In the February 2015 Order, the Commission conditionally accepted the Revised ELMP Filing and the Revised Administrative Filing, effective March 1, 2015, subject to a further compliance filing to be made within thirty days.<sup>10</sup> Specific to the Revised ELMP Filing, the Commission directed MISO to: (1) remove the word “initially” from the phrase “initially set” in Schedule 29A, section III.B; (2) provide an informational report to the Commission after six months of ELMP operations to reassess whether online energy-limited resources should be included in the definition of Fast Start Resources; and to either (3) revise the variable in Schedule 29A section II.A to be *AllocatedShareShutDownCost<sub>hour</sub>* and revise the variable in Schedule 29A section III.A to be *AllocatedShareShutDownCost<sub>t</sub>*, or explain why these variables are correct as they were submitted in the Revised ELMP Filing. Specific to the Revised Administrative Filing, the Commission directed MISO to correct the Tariff language to meet the standards of section 35.10(b) of the Commission’s regulations,<sup>11</sup> and to correct errors in the Tariff sections identified in the Appendix to the February 2015 Order, as well as to review the entire Revised Administrative Filing to ensure that it is an accurate representation of the most current version of the Tariff, clearly marking any changes from the currently effective Tariff.<sup>12</sup>

7. Notice of MISO’s April 2015 Compliance Filing was published in the *Federal Register*, 80 Fed. Reg. 26,242 (2015), with protests and interventions due on or before May 21, 2015. The Missouri Public Service Commission filed a notice of intervention.

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<sup>9</sup> Revised Administrative Filing, Transmittal at 3.

<sup>10</sup> February 2015 Order, 150 FERC ¶ 61,143 at P 36. On March 17, 2015, MISO filed a Motion for an Extension of Time until April 30, 2015 to make its compliance filings, which the Commission granted.

<sup>11</sup> 18 C.F.R. § 35.10(b) (2015).

<sup>12</sup> The Appendix listed specific issues with sections 39.3.2B, 39.3.2C, 39.3.1A, 40.3.3, 40.3.3.a.i, 40.3.3.a.ii, 40.3.3.a.iii, 40.3.6.1, and Schedule 27 of the Tariff.

8. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2015), the notice of intervention serves to make the Missouri Public Service Commission a party to this proceeding.

9. In its April 2015 Compliance Filing, MISO submits proposed Tariff sheets to comply with the Commission's three directives noted above specific to the Revised ELMP Filing.<sup>13</sup> These revisions comply with the February 2015 Order and we accept them.<sup>14</sup>

10. Additionally, MISO submits proposed Tariff sheets to comply with the Commission's directives specific to the Revised Administrative Filing. MISO submits proposed Tariff sheets for sections 39.3.2B, 39.3.1A, 40.3.6.1, 40.3.3, 40.3.3.a.i, and Schedule 27 that comply with the Commission's directives in the February 2015 Order, and we accept them for filing.

11. In the February 2015 Order, the Commission directed MISO to revert the language in section 39.3.2C to that accepted by the Commission in the Order No. 745 Rehearing Order.<sup>15</sup> In the April 2015 Compliance Filing, MISO states that it reverted to the language from section 39.3.2C that was accepted by the Commission in the Order No. 745 Rehearing Order.<sup>16</sup> However, MISO deleted a sentence from the previously accepted

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<sup>13</sup> April 2015 Compliance Filing at 6-7.

<sup>14</sup> On November 2, 2015, MISO submitted its informational report in ER15-684-000. MISO states that it evaluated the impact to ELMP of excluding online energy limited resources from the definition of Fast Start Resources, and also whether such resources should continue to be excluded. After conducting multiple studies over a six-month period, MISO states that the data indicates that including online energy limited resources within the definition of Fast Start Resources would have minimal impact. MISO states that, as a result of these analyses, it has determined that no change to its ELMP methodology, and specifically to the definition of Fast Start Resources, is warranted at this time.

<sup>15</sup> *Midwest Indep. Transmission, Sys. Operator, Inc.*, 140 FERC ¶ 61,059, at PP 74, 135 (2012) (Order No. 745 Rehearing Order). February 2015 Order, 150 FERC ¶ 61,143 at Appendix. The Commission conditionally accepted MISO's proposal to remove Tariff provisions that make demand response resources ineligible for compensation when the applicable LMP is below the Net Benefits Price Threshold. The Commission also directed MISO to revise section 39.3.2C to read in part "Demand Response Resources shall be credited each Hour at the Day-Ahead LMP" and refer to the "Day-Ahead LMP for Day-Ahead Financial Schedules."

<sup>16</sup> April 2015 Compliance Filing at 7.

language which the Commission did not direct it to delete. The deleted sentence explains that the price at which a Demand Response Resource should be compensated when the Day Ahead LMP is less than the Net Benefit Price Threshold should be the Day-Ahead LMP at the applicable CPNode. As the proposed Tariff sheet for section 39.3.2C does not comply with the Commission's directive in the February 2015 Order, we accept it subject to condition.<sup>17</sup> We direct MISO, in a compliance filing due within 30 days from the date of this order, to include, in section 39.3.2C, the sentence "When the Day-Ahead LMP is less than the Net Benefit Price Threshold, Market Participants that sell Energy in the Day-Ahead Energy and Operating Reserve Market from Demand Response Resources shall be credited each Hour at the Day-Ahead LMP at the applicable CPNode."

12. Additionally, in the February 2015 Order, the Commission directed MISO to include the revisions in sections 40.3.3.a.ii and 40.3.3.a.iii of MISO's Tariff regarding Self-Schedule and Reserve Schedule language that were accepted by the Commission in the Revenue Sufficiency Guarantee (RSG) Redesign Enhancement Order<sup>18</sup> but were omitted in the Revised Administrative Filing, or to explain where they have been subsequently overtaken. In compliance, MISO submits that these Tariff provisions were inadvertently omitted in prior compliance filings that dealt with section 40.3.3.a.ii of the Tariff.<sup>19</sup> MISO submits that the RSG Redesign Enhancement Order was followed by the April 7, 2011 RSG Complaint Order<sup>20</sup> that accepted Tariff provisions that excluded the Self-Schedule and Reserve Schedule language effective ten days following notification to the Commission that software is complete.<sup>21</sup> Subsequently, two letter orders issued simultaneously on August 4, 2011 accepted compliance filings that respectively excluded

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<sup>17</sup> The Commission can revise a proposal filed under section 205 of the Federal Power Act as long as the filing utility accepts the change. *See City of Winnfield La. v. FERC*, 744 F.2d 871, 875-77 (D.C. Cir. 1984). The filing utility is free to indicate that it is unwilling to accede to the Commission's conditions by withdrawing its filing.

<sup>18</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 134 FERC ¶ 61,264 (2011) (RSG Redesign Enhancement Order).

<sup>19</sup> April 2015 Compliance Filing at 9.

<sup>20</sup> *Ameren Services Co.*, 135 FERC ¶ 61,008 (2011) (April 7, 2011 RSG Complaint Order).

<sup>21</sup> April 2015 Compliance Filing at 9.

and included such language effective April 1, 2011.<sup>22</sup> MISO further states that it has been implementing, since April 1, 2011, the version of section 40.3.3.a.ii of the Tariff pursuant to Commission action in the April 7, 2011 RSG Complaint Order and the delegated letter order in Docket Nos. EL07-86-015, EL07-88-015, EL07-92-015, which excludes the Self-Schedule language that was accepted by the Commission in the RSG Redesign Enhancement Order.<sup>23</sup>

13. MISO states that it proposes in this proceeding to add the Reserve Schedule language to the current version of section 40.3.3.a.ii of the Tariff going forward, consistent with the Commission's acceptance in the RSG Redesign Enhancement Order. However, MISO proposes to exclude the Self-Schedule language from the provision, effective April 1, 2011 and going forward, notwithstanding the Commission's prior directive. MISO states that it makes this latter proposal because it has never used Self-Schedule MW in the deviation calculations in question.

14. MISO's claim that the Tariff provisions in the RSG Redesign Enhancement Order were overtaken by the April 7, 2011 RSG Complaint Order is not supported by the Commission order in that proceeding.<sup>24</sup> Moreover, MISO's implication that confusion arising from multiple compliance filings dealing with the same Tariff section with the same effective date would cause language that was accepted by the Commission to be overtaken without the Commission's explicit direction to exclude such previously accepted language is incorrect. Accordingly, we reject MISO's proposal to exclude the Self-Schedule language from Tariff sections 40.3.3.a.ii(1) and 40.3.3.a.iii(1), without prejudice to MISO re-filing such a proposal. As the proposed Tariff sheets for sections

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<sup>22</sup> *Id.* (citing *Ameren Services. Co.*, Docket No. EL07-86-015 (Aug. 4, 2011) (delegated letter order); *Ameren Services. Co.*, Docket No. EL07-86-017 (Aug. 4, 2011) (delegated letter order)).

<sup>23</sup> *Id.* April 1, 2011 is the effective date of the Tariff revisions accepted in the RSG Redesign Enhancement Order.

<sup>24</sup> The Tariff sheets submitted in Docket Nos. EL07-86-017, EL07-88-017, EL07-92-017, which include the Self-Schedule language, supersede the Tariff sheets submitted in Docket Nos. EL07-86-015, EL07-88-015, EL07-92-015, which do not include the Self-Schedule language.

40.3.3.a.ii(1) and 40.3.3.a.iii(1) do not comply with the Commission's directive in the February 2015 Order, we accept them subject to condition and direct MISO, in a compliance filing due within 30 days from the date of this order, to include the revisions in sections 40.3.3.a.ii(1) and 40.3.3.a.iii(1) accepted by the Commission in the RSG Redesign Enhancement Order.

By direction of the Commission

Nathaniel J. Davis, Sr.,  
Deputy Secretary.