

154 FERC ¶ 61,276
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Midcontinent Independent System
Operator, Inc.

Docket No. ER15-2256-001
ER15-2256-003
EL14-25-002

ORDER ON COMPLIANCE AND REHEARING

(Issued March 31, 2016)

1. By order issued on December 17, 2015,¹ the Commission rejected Midcontinent Independent System Operator, Inc.'s (MISO) July 23, 2015 compliance filing (Compliance Order), which MISO submitted in response to a March 20, 2014 Commission order² issued in Docket No. EL14-25-000 pursuant to section 206 of the Federal Power Act (FPA).³ On January 19, 2016, MISO submitted in Docket No. ER15-2256-001 proposed revisions to its Open Access Transmission, Energy, and Operating Reserve Markets Tariff (Tariff) to comply with the Compliance Order. On that same date, MISO filed in Docket Nos. ER15-2256-003 and EL14-25-002 a rehearing request of the Compliance Order.⁴ For the reasons discussed below, we accept MISO's

¹ *Midcontinent Indep. Sys. Operator, Inc.*, 153 FERC ¶ 61,317 (2015).

² *Cal. Indep. Sys. Operator Corp.*, 146 FERC ¶ 61,202 (2014) (206 Order). The 206 Order applied to all six jurisdictional independent system operators (ISOs) and regional transmission organizations (RTOs), assigning separate docket numbers to each ISO or RTO. This order relates only to MISO.

³ 16 U.S.C. § 824e (2012).

⁴ On January 19, 2016, MISO had filed an initial request for rehearing in Docket Nos. ER15-2256-002 and EL14-25-001, but MISO moved to withdraw this request and timely filed in its place an updated rehearing request.

January 19, 2016 Compliance Filing, to become effective November 5, 2016, for the Operating Day of November 6, 2016, subject to a further compliance filing, and subject to the outcome of the pending proceeding in Docket No. ER16-469-000. Due to our conditional acceptance of MISO's compliance filing, we also dismiss as moot MISO's rehearing request.

I. Background

2. In the 206 Order, the Commission directed each ISO and RTO, within 90 days of the issuance of a final rule in Docket No. RM14-2-000, either:

(1) to make a filing that proposes tariff changes to adjust the time at which the results of its day-ahead energy market and reliability unit commitment process (or equivalent) are posted to a time that is sufficiently in advance of the Timely and Evening Nomination Cycles, respectively, to allow gas-fired generators to procure natural gas supply and pipeline transportation capacity to serve their obligations, or (2) to show cause why such changes are not necessary.⁵

The Commission directed each ISO and RTO to “explain how its proposed modifications are sufficient for natural gas-fired generators to secure natural gas pipeline capacity prior to the Timely and Evening Nomination Cycles.”⁶

3. On April 16, 2015, the Commission issued the final rule in Docket No. RM14-2-000, Order No. 809, which, *inter alia*, amended the Commission's regulations to incorporate by reference the North American Energy Standards Board's revised standards that changed the nationwide Timely Nomination Cycle nomination deadline from 11:30 a.m. Central Clock Time (CCT) to 1:00 p.m. CCT and revised the intraday nomination timeline to include an additional intraday scheduling opportunity during the Gas Day.⁷

⁵ 206 Order, 146 FERC ¶ 61,202 at P 19.

⁶ *Id.*

⁷ *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, Order No. 809, 80 Fed. Reg. 23,197, at 23,199, 23,225 (Apr. 24, 2015), FERC Stats. & Regs. ¶ 31,368, at PP 1, 168 (2015) (cross-referenced at 151 FERC ¶ 61,049 (2015)), *order on clarification*, 152 FERC ¶ 61,095, *order on reh'g*, 152 FERC ¶ 61,212 (2015). Order No. 809 did not change the Evening Nomination Cycle deadline of 6:00 p.m. CCT.

4. On July 23, 2015, MISO submitted a compliance filing in response to the 206 Order that proposed revisions to its Tariff. MISO proposed, *inter alia*, to modify its day-ahead market results posting time from 3:00 p.m. Eastern Standard Time (EST) to 2:00 p.m. Eastern Prevailing Time (EPT) (1:00 p.m. CCT) and the Forward Reliability Assessment Commitment (FRAC)⁸ notification time from 8:00 p.m. EST to 6:00 p.m. EPT (5:00 p.m. CCT). Although MISO generally proposed to shift its day-ahead and FRAC timelines from EST to EPT, this change did not extend to the time that MISO's day-ahead market schedules become effective, which remained at 12:00 a.m. EST.

5. In the Compliance Order, the Commission rejected MISO's July 23, 2015 compliance filing. The Commission found that MISO's existing Tariff and its revised proposal were unjust and unreasonable insofar as they did not provide for the posting of MISO's day-ahead market results so that natural gas-fired generators would know their day-ahead commitments for the following electric operating day in time to submit nominations for natural gas pipeline capacity during the Timely Nomination Cycle.⁹ The Commission noted that MISO's proposed day-ahead market results posting time of 2:00 p.m. EPT (1:00 p.m. CCT) was at the same time that nominations are due in the Timely Nomination Cycle such that natural gas-fired generators cannot know their commitments prior to submitting their nominations for pipeline transportation. The Commission found that MISO had failed to show cause that it not be required to post its day-ahead market results in advance of the revised Timely Nomination Cycle deadline. Thus, the Commission required MISO to submit a further compliance filing that moves its posting of its day-ahead market results at least 30 minutes earlier than proposed to 1:30 p.m. EPT (12:30 p.m. CCT).¹⁰

6. In addition, the Commission required MISO to address in its further compliance filing the discrepancy between its use of EST for establishing when its day-ahead market schedules become effective (i.e., the start of its Electric Day) and its use of EPT for all other scheduling practices.¹¹ The Commission concluded that using EPT year-round

⁸ The FRAC is MISO's reliability unit commitment process.

⁹ *E.g.*, Compliance Order, 153 FERC ¶ 61,317 at P 52.

¹⁰ In the Compliance Order, the Commission found that MISO's proposal to move its FRAC notification time to 6:00 p.m. EPT (5:00 p.m. CCT) was sufficiently in advance of the Evening Nomination Cycle of 7:00 p.m. EPT (6:00 p.m. CCT). *Id.* P 2 n.5; P 52 n.94. However, the Commission permitted MISO in its further compliance filing to propose a different FRAC notification time as MISO revised its day-ahead market timeline in response to the Compliance Order, provided that this time was also sufficiently in advance of the Evening Nomination Cycle.

¹¹ *Id.* P 66; *see also id.* P 21 n.36.

would appear to align MISO's administrative timelines better with the time that MISO's day-ahead market schedules become effective. Accordingly, the Commission required MISO to make its day-ahead market schedules effective at 12:00 a.m. EPT (11:00 p.m. CCT) or to explain why differing start times should depend on the use of Daylight Savings Time.

II. MISO's January 19, 2016 Compliance Filing

7. On January 19, 2016, MISO submitted a second compliance filing, proposing revisions to its Tariff to respond to the Compliance Order. MISO requests that the Commission accept its January 19, 2016 Compliance Filing and its proposed Tariff revisions to be effective November 5, 2016, for the Operating Day on November 6, 2016.¹² MISO requests waiver of 18 C.F.R. § 35.3(a)(1), which requires that proposed revisions to rate schedules be filed no earlier than 120 days before their requested effective date. MISO asserts that good cause exists to grant this waiver because of the complexity of the processes impacted by the changes proposed in the compliance filing and the need to develop and to enhance software and related processes to support the implementation.¹³

III. MISO's Rehearing Request

8. On January 19, 2016, MISO also requested rehearing of the Compliance Order, challenging only the Compliance Order's requirement that MISO make its day-ahead market schedules effective at 12:00 a.m. EPT (11:00 p.m. CCT) or explain why differing start times should depend on the use of Daylight Savings Time. MISO argues, *inter alia*, that the Commission erred by requiring MISO to depart from or justify Commission-accepted scheduling practices outside the scope of Order No. 809 and the 206 Order.¹⁴ MISO repeats its explanation, presented in its January 19, 2016 Compliance Filing and summarized below, why the time its day-ahead market schedules become effective should remain at 12:00 a.m. EST and need not be changed to 12:00 a.m. EPT.

¹² January 19, 2016 Compliance Filing at 7.

¹³ MISO commits to making a subsequent section 205 filing with the Commission to update the Tariff sheets to reflect the most up-to-date versions of the then-current Tariff provisions. MISO states that this filing will be submitted at least 60 days prior to the proposed effective date of the Tariff provisions.

¹⁴ Rehearing Request at 8.

IV. Notice of Filing and Responsive Pleadings

9. Notice of MISO's January 19, 2016 Compliance Filing in Docket No. ER15-2256-001 was published in the *Federal Register*, 81 Fed. Reg. 4284 with interventions and protests due on or before February 9, 2016. MidAmerican Energy Company (MidAmerican) filed comments. On February 24, 2016, MISO filed an answer to MidAmerican's comments.

V. Discussion

A. Procedural Matters

10. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2015), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept MISO's answer as it has provided information that assisted us in our decision-making process.

B. Substantive Matters

1. Day-Ahead Market Results Posting and FRAC Timelines

a. MISO's Compliance Filing

11. In its January 19, 2016 Compliance Filing, MISO submitted revisions to sections 39.1.1 and 39.1.4 of its Tariff to move its posting of its day-ahead market results to 1:30 p.m. EPT (12:30 p.m. CCT).¹⁵ MISO also proposes to move its day-ahead market trading deadline and its day-ahead interchange scheduling deadline to 10:30 a.m. EPT (9:30 a.m. CCT) to provide sufficient time to complete market administration and to meet the revised day-ahead market results posting time. MISO states its commitment to continue working with stakeholders to identify appropriate and preferred resource allocation to implement market enhancements that improve market efficiency and reduce market solve times.

12. MISO proposes no revision to its previously proposed 6:00 p.m. EPT (5:00 p.m. CCT) FRAC notification time, noting that the Commission had found this time

¹⁵ January 19, 2016 Compliance Filing at 4.

acceptable.¹⁶ Further, MISO proposes to add a definition of “EPT” to Module A of its Tariff.¹⁷

13. MISO notes that its proposed Tariff revisions in the instant proceedings contain language pending before the Commission in Docket No. ER16-469-000, an unrelated docket.¹⁸ MISO requests that the Commission treat such language as subject to the outcome of that pending proceeding, and MISO states that it commits to file any revisions to this language as necessary to comply with any Commission orders in that proceeding.¹⁹

b. MidAmerican’s Comments and MISO’s Answer

14. MidAmerican argues that the Commission should order a minor editorial change in the MISO Tariff. MidAmerican notes that MISO proposes several amendments to the Tariff’s Attachment J (Timing Requirements), generally changing the “Scheduling Timing Requirements” in the “Day-Ahead Market” column to “1030 EPT.” However, MidAmerican observes that the Tariff would inadvertently set the day-ahead deadline for non-firm weekly transmission service at “1100 EPT” rather than “1030 EPT” as for other transmission service. MidAmerican asks that the Commission require a correction in a compliance filing.

15. In MISO’s answer, MISO states that it agrees with MidAmerican’s comments regarding Attachment J of the Tariff and agrees to make the change suggested by MidAmerican if so directed by the Commission.

¹⁶ *Id.* at 4.

¹⁷ *Id.* at 3. MISO explains that it originally proposed this revision in its July 23, 2015 compliance filing, but the Commission did not specifically address the proposed EPT definition in the Compliance Order.

¹⁸ *Id.* at 7 n.25.

¹⁹ On February 2, 2016, as amended on February 3, 2016, the Commission issued an order in Dockets Nos. ER16-469-000 and ER16-470-000,¹⁹ which accepted MISO’s proposed revisions to its Tariff and the Agreement of Transmission Facilities Owners to Organize the Midcontinent Independent System Operator, Inc., a Delaware Non-Stock Corporation, effective February 3, 2016, subject to condition, and directed MISO to submit a compliance filing. *Midcontinent Indep. Sys. Operator, Inc.*, 154 FERC ¶ 61,074 (2016). On March 1, 2016, MISO made the required compliance filing in those dockets, which is currently pending before the Commission.

c. Commission Determination

16. We accept MISO's January 19, 2016 Compliance Filing, to become effective on November 5, 2016 for the Operating Day of November 6, 2016, subject to a further compliance filing, and subject to the outcome of the pending proceeding in Docket No. ER16-469-000.²⁰ Consistent with the 206 Order and the Compliance Order, MISO's proposed day-ahead market results posting time of 1:30 p.m. EPT (12:30 p.m. CCT) and MISO's FRAC notification time of 6:00 p.m. EPT (5:00 p.m. CCT) are sufficiently in advance of the 1:00 p.m. CCT and 6:00 p.m. CCT Timely and Evening Nomination Cycles, respectively, to allow natural gas-fired generators to procure natural gas supply and pipeline transportation to serve their obligations. We also find that MISO has provided adequate support for its requested effective date of November 5, 2016. As MidAmerican and MISO have acknowledged, however, MISO made a minor inadvertent error in its proposed revisions to Attachment J of its Tariff by not changing the day-ahead deadline for non-firm weekly transmission service from "1100 EPT" to "1030 EPT." Accordingly, we direct MISO to make a further compliance filing within 30 days of the date of this order to make this correction.

2. Effectiveness of Day-Ahead Market Schedules at 12:00 a.m. EST

a. MISO's Compliance Filing

17. In its January 19, 2016 Compliance Filing, MISO explains why the time its day-ahead market schedules become effective should remain at 12:00 a.m. EST and need not be changed to 12:00 a.m. EPT.²¹ MISO asserts, *inter alia*, that accommodating transitions to and from daylight-saving time would require significant implementation costs to MISO and its market participants, while providing little, if any, quantifiable benefits. MISO states that its implementation to make its day-ahead schedules effective at 12:00 a.m. EPT would divert resources and funding from higher priority initiatives.²²

²⁰ See *supra* P 13 and n.19.

²¹ January 19, 2016 Compliance Filing at 5-6; see also Rehearing Request at 13-15.

²² In MidAmerican's comments, MidAmerican agrees with MISO that the Commission should not require a change to the time that MISO's day-ahead market schedules become effective.

b. Commission Determination

18. We find that MISO has sufficiently explained the discrepancy between its using EST for establishing when its day-ahead market schedules become effective and its using EPT for all other scheduling deadlines. We therefore agree that the time MISO's day-ahead market schedules become effective should remain at 12:00 a.m. EST.

19. Because we accept MISO's justification for retaining 12:00 a.m. EST as the time its day-ahead market schedules become effective, we dismiss MISO's rehearing request as moot.

The Commission orders:

(A) MISO's proposed revisions to its Tariff are hereby accepted, to become effective November 5, 2016 for the Operating Day of November 6, 2016, subject to MISO submitting a compliance filing, and subject to the outcome of the pending proceeding in Docket No. ER16-469-000, 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 this order.

(C) MISO's rehearing request is hereby dismissed as moot, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.