

155 FERC ¶ 61,110
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. ER16-1039-000

ORDER ACCEPTING TARIFF REVISIONS, SUBJECT TO CONDITION

(Issued April 29, 2016)

1. On February 29, 2016, Midcontinent Independent System Operator, Inc. (MISO) submitted, pursuant to section 205 of the Federal Power Act (FPA),¹ proposed revisions to its Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff) that authorize MISO to extend or reopen the Day-Ahead Energy and Operating Reserve Market (Day-Ahead Market) when necessitated by unanticipated events. As discussed below, we will accept MISO's proposed Tariff revisions, subject to condition, effective April 29, 2016, as requested.

I. MISO's Filing

2. MISO states that its proposed revisions to section 39.1.1 of its Tariff authorize MISO to extend or reopen the Day-Ahead Market when necessitated by unanticipated events that would otherwise adversely affect the Day-Ahead Market results in a manner that would significantly impair the reliability of MISO's markets or systems. MISO states that occurrences that will be deemed unanticipated events will be limited to those that (1) interfere with MISO's ability to receive or process bid, offer, or interchange schedule data; (2) render bid, offer, or interchange schedule data plainly inaccurate in a manner likely to significantly impede MISO's ability to deliver a feasible market solution; or (3) are otherwise likely to have a widespread negative impact on the results of the Day-Ahead Market, adversely threatening or affecting the reliability of market operations or of the transmission system.²

¹ 16 U.S.C. § 824d (2012).

² MISO Filing at 1, 3.

3. MISO states that its Tariff allows MISO to defer posting the results of the Day-Ahead Market when required from time to time by unanticipated events.³ MISO explains that it has applied this provision in situations where MISO was unable to finalize a reliable, feasible, and economically efficient Day-Ahead Market solution prior to the market posting deadline. MISO states that general causes for these situations include technical issues that “delay MISO’s receipt, procurement, or processing of case input data, and technical, input assumption, or implementation errors that produce unacceptable market solutions and require additional study and review time.”⁴

4. MISO states that similar types of unanticipated events can also have significant adverse impacts on the closing of the Day-Ahead Market, to such an extent as to unduly pose risks to the reliability of MISO’s markets and systems. MISO states that if technical issues, such as a MISO Market Portal outage, prevent the submission of bid, offer, or interchange schedules for an extended period of time prior to the close of the Day-Ahead Market, MISO may only receive data regarding a portion of the expected load and generation. MISO states that reliance on such incomplete demand and supply data could result in infeasible market solutions, unrealistic emergency conditions, extreme pricing, negative economic impacts, and unreliable unit commitment and dispatch plans. MISO further states that incomplete or unreliable data can also be caused by technical issues with one of MISO’s market participants that prevent or warp the submission of data that is significant in quantity and impacts. One example, MISO states, is a software bug that scales all generation and load bid factors by 1,000. According to MISO, these types of situations could result in local reliability issues and have extreme economic impact on MISO’s markets and its market participants.⁵

5. MISO states that to avoid such harmful market or system impacts, MISO needs to be able to extend the Day-Ahead Market, or to reopen it promptly after closing, to give MISO a reasonable opportunity to address the events that threaten to, or actually, result in such impacts. MISO states that extending or reopening of the Day-Ahead Market would enable MISO to ensure its ability to procure and process bid, offer, and interchange schedule data that are reflective of the market participant’s intentions and the expected system conditions for the operating day.⁶

³ *Id.* at 1 (citing MISO, FERC Electric Tariff, Module C, § 39.1.5, Posting of the Day-Ahead Market Schedules (34.0.0)).

⁴ *Id.* at 2.

⁵ *Id.*

⁶ *Id.* at 3.

6. MISO states that in the event MISO extends or reopens the Day-Ahead Market, public notice will be provided to all market participants via the MISO Communication System. MISO explains that this system is used by all MISO operations to send broad notifications of market and reliability messages and declarations. MISO states that, in the event of an extension or reopening of the Day-Ahead Market, it will send an initial message to notify market participants of the extension or reopening and will include the new market close deadline. MISO also states that it will send a follow-up communication immediately after the new market closing to inform market participants of the resolution of the issue that necessitated the extension or reopening. Additionally, MISO states that it will post notifications of such events to its public website.⁷

7. MISO requests that its proposed Tariff revisions be made effective on April 29, 2016.

II. Notice of Filing and Responsive Pleadings

8. Notice of the filing was published in the *Federal Register*, 81 Fed. Reg. 11,787 (2016), with interventions and protests due on or before March 21, 2016. American Transmission Company LLC, Entergy Services, Inc., Consumers Energy Company, and American Municipal Power, Inc. filed timely motions to intervene. Wisconsin Electric Power Company (Wisconsin Electric) and Wisconsin Public Service Corporation (Wisconsin PSC) jointly filed a timely motion to intervene and comments. On April 5, 2016, MISO filed a motion for leave to answer and answer.

A. Comments

9. Wisconsin Electric and Wisconsin PSC state that although they generally support the proposal to allow MISO to reopen or extend the Day-Ahead Market in cases where market operations are adversely affected or threatened, they are concerned with MISO's proposed language that would permit MISO to extend or reopen the Day-Ahead Market in cases where the reliability of the transmission system is adversely affected or threatened.⁸ Wisconsin Electric and Wisconsin PSC state that MISO's Reliability Assessment Commitment process provides a reliability backstop to enable MISO to commit additional supply if needed to meet the system load forecast and reserve requirements. Wisconsin Electric and Wisconsin PSC explain that, except for under emergency conditions, the Reliability Assessment Commitment process may not de-commit a resource. Thus, Wisconsin Electric and Wisconsin PSC state that the Commission should limit the ability of MISO to either extend or reopen the Day-Ahead

⁷ *Id.*

⁸ Wisconsin Electric and Wisconsin PSC Comments at 4-5.

Market for conditions adversely threatening or affecting the reliability of market operations or of the transmission system to only de-commit resources.⁹

10. Further, Wisconsin Electric and Wisconsin PSC state that they recognize there may be conditions where data entry errors may have a profound impact on the Day-Ahead Market solution that would entail consequences that extend beyond the market participant committing the error. Wisconsin Electric and Wisconsin PSC state that, in limited circumstances, this may also warrant a market reopening or extension. For example, Wisconsin Electric and Wisconsin PSC explain that the submission of a demand bid that was off by a multiple of 1,000 might lead to extraordinarily high or low locational marginal price solutions that affect substantial numbers of market participants or require MISO to otherwise clear units in their emergency ranges in the Day-Ahead Market.¹⁰

B. Answer

11. MISO disagrees with Wisconsin Electric and Wisconsin PSC's argument that the extension or reopening of the Day-Ahead Market should only be used for, and limited to, de-commitment of a cleared resource. According to MISO, the Day-Ahead Market is not the appropriate mechanism for de-committing resources because MISO does not have authority to instruct a market participant as to whether or how it should submit an offer into or withdraw an offer from the Day-Ahead Market. Additionally, according to MISO, adverse reliability impacts that can result from events warranting the extension or reopening of the Day-Ahead Market may not necessarily be resolved by de-committing resources. MISO states that such adverse reliability impacts include, but are not limited to, excessive system generation causing minimum generation emergencies, deficient system generation causing maximum generation emergencies, and invalid congestion management planning that can put transmission elements at physical risk. MISO argues that when such adverse impacts could result from invalid or plainly inaccurate bid, offer, or interchange schedules, the most reliable and cost-effective remedy is the extension or reopening of the Day-Ahead Market.¹¹

12. MISO states that its proposed Tariff language is intended to be applied in limited circumstances that may occur from time to time (i.e., not on a regular basis) and only to mitigate large scale issues. MISO states that to this extent, it generally agrees with the comments made by Wisconsin Electric and Wisconsin PSC regarding the need for

⁹ *Id.* at 4.

¹⁰ *Id.* at 4-5.

¹¹ MISO Answer at 3-4.

appropriate limitations. However, MISO adds that it would be opposed to specific language requiring an assessment and/or determination of adverse impacts on multiple parties as this could delay the decision to extend or reopen the Day-Ahead Market, thereby deferring remedial measures and increasing the risk of delayed posting of market results.¹²

III. Discussion

A. Procedural Matters

13. 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.

14. 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 because it has provided information that assisted us in our decision-making process.

B. Extending or Reopening the Day-Ahead Market

15. We will accept MISO's proposed Tariff revisions, subject to condition, effective April 29, 2016, as requested.¹³ We find that MISO's proposal to extend or reopen the Day-Ahead Market when necessitated by unanticipated events enables MISO to ensure its ability to procure and process bid, offer, and interchange schedule data that are reflective of the market participant's intentions and the expected system conditions for the Operating Day. We also find that MISO's proposal reasonably limits unanticipated events to those that (1) interfere with MISO's ability to receive or process bid, offer, or interchange schedule data; (2) render bid, offer, or interchange schedule data plainly inaccurate in a manner likely to significantly impede MISO's ability to deliver a feasible market solution; or (3) are otherwise likely to have a widespread negative impact on the results of the Day-Ahead Market, adversely threatening or affecting the reliability of market operations or of the transmission system.

¹² *Id.* at 4-5.

¹³ The Commission can revise a proposal filed under section 205 of the FPA as long as the filing utility accepts the change. *See City of Winnfield 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.

16. We disagree with Wisconsin Electric and Wisconsin PSC's arguments that MISO's ability to extend or reopen the Day-Ahead Market should be limited to resolve conditions that adversely threaten or affect the reliability of market operations or of the transmission system to only de-commit resources or to correct gross data entry errors that would impact multiple market participants and lead to improper price signals in the Day-Ahead Market. First, adopting Wisconsin Electric and Wisconsin PSC's arguments would prevent MISO from extending or reopening the market to address technical issues, such as an outage to the MISO Market Portal, which, as MISO explains, could have significant adverse impacts on the closing of the Day-Ahead Market to such an extent to unduly pose risks to the reliability of MISO's markets and transmission system. Second, Wisconsin Electric and Wisconsin PSC's argument related to gross data entry errors that would impact multiple parties is addressed by MISO's proposal, which includes the possibility of "plainly inaccurate" data. Third, we agree with MISO that the Day-Ahead Market is not the appropriate mechanism for de-committing resources because MISO does not have authority to instruct a market participant as to whether or how it should submit an offer into or withdraw an offer from the Day-Ahead Market. Lastly, we agree with MISO that adverse impacts on an individual load serving entity can adversely affect sizeable loads and that the decision to extend or reopen the Day-Ahead Market should not be limited to when data entry errors produce adverse impacts on multiple market participants.

17. However, we find that MISO's proposed Tariff revisions lack sufficient detail on the type of information that will be posted publicly in MISO's follow-up communications. MISO states that public notice will be provided initially to all market participants via the MISO Communication System in the event that MISO extends or reopens the Day-Ahead Market. MISO also states that it will send a follow-up communication and post notifications of such events to its public website.¹⁴ In order to promote transparency and allow the Commission and market participants to discern whether MISO's authority is being properly exercised, MISO's follow-up communications and follow-up public postings should include the circumstances in which MISO's authority was exercised, rationale for exercising such authority, length of time the Day-Ahead Market was extended or reopened, and whether MISO's action was successful in addressing the issue that prompted the action.¹⁵ As such, we will direct MISO to submit a compliance filing within 30 days of the date of this order proposing Tariff language that clarifies the information that MISO will include in its follow-up communications and postings.

¹⁴ MISO Filing at 3.

¹⁵ See, e.g., California Independent System Operator Corporation, FERC Electric Tariff, OATT, § 7.7.15, System Operations in the Event of a Market Disruption (4.0.0).

The Commission orders:

(A) MISO's proposed Tariff revisions are hereby accepted, subject to condition, effective April 29, 2016, 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 this order, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.