

156 FERC ¶ 61,075  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

July 28, 2016

In Reply Refer To:  
Midcontinent Independent System  
Operator, Inc.  
Docket No. ER16-833-001

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

Attention: Michael L. Kessler  
Managing Assistant General Counsel

Dear Mr. Kessler:

1. On December 31, 2015, the Commission granted in part and denied in part four complaints filed in response to the 2015/16 Planning Resource Auction (Auction) and directed Midcontinent Independent System Operator, Inc. (MISO) to file revisions to its Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff).<sup>1</sup> On January 29, 2016, MISO submitted a compliance filing, in which MISO proposed revisions to the Tariff regarding market power mitigation, the establishment of Capacity Import Limits, and the establishment of Local Clearing Requirements (January 29 Compliance Filing). On March 18, 2016, the Commission denied requests for rehearing of the December 31 Order, accepted the January 29 Compliance Filing subject to condition, and directed MISO to make a further compliance filing to: (1) revise section 64.1.4 of the Tariff to clarify that it is the Independent Market Monitor's (Market Monitor) responsibility to verify opportunity costs used in facility-specific reference levels; (2) provide a deadline by which MISO will determine and make available Capacity Import Limits for each Auction; and (3) revise section 68A.4 of the Tariff to reflect the revised Capacity Import Limit methodology.<sup>2</sup> On April 18, 2016,

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<sup>1</sup> *Public Citizen, Inc. v. Midcontinent Indep. Sys. Operator, Inc.*, 153 FERC ¶ 61,385 (2015) (December 31 Order), *order on reh'g and compliance*, 154 FERC ¶ 61,224 (2016) (March 18 Order).

<sup>2</sup> March 18 Order, 154 FERC ¶ 61,224 at PP 25, 71-72.

MISO submitted its second compliance filing (April 18 Compliance Filing). As discussed below, we accept the Tariff revisions proposed in the April 18 Compliance Filing, subject to the outcome of Docket No. ER16-521.

2. With regard to section 64.1.4 of the Tariff, MISO explains that it complied with the Commission's specific directive to revise the Tariff, but notes that it added the word "Independent" in front of each mention of "Market Monitor" to be consistent with the defined terms of the Tariff. MISO, therefore, proposes the following revisions to section 64.1.4 of the Tariff to clarify that it is the Market Monitor's responsibility to verify opportunity costs used in facility-specific reference levels:

To allow the Independent Market Monitor to verify the opportunity costs of foregone sales outside of MISO, a Market Participant must provide the Independent Market Monitor with documentation demonstrating the availability of a specific external opportunity, including any counter-party, as well as a demonstration of adequate transmission service.<sup>3</sup>

3. In response to the Commission's directives regarding the establishment of Capacity Import Limits, MISO proposes the following revisions to section 68A.4 of the Tariff to reflect the revised Capacity Import Limit methodology in the Tariff and provide a deadline by which MISO must post the final Capacity Import Limit values:

The [Capacity Import Limit] values will be a total transfer capacity value that is neutral to exports from MISO capacity to non-MISO load; that is, [Capacity Import Limit] will be equal to the base interchange plus the incremental transfer capacity in a model where the exporting units are not dispatched to non-MISO load. These values will be updated if needed prior to the Planning Resource Auction, but no later than eight (8) Business Days before the last Business Day in March, due to changes to firm capacity commitments from MISO resources to neighboring regions prior to the Planning Resource Auction.<sup>4</sup>

4. MISO states that it submitted two revised versions of section 64.1.4 of the Tariff, numbered as 33.0.0 and 34.0.0, with effective dates of January 30, 2016 and February 12, 2016, respectively. MISO explains that the January 30, 2016 effective date matches the effective date requested in the January 29 Compliance Filing. MISO states

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<sup>3</sup> April 18 Compliance Filing at 2.

<sup>4</sup> *Id.* at 2-3.

that version 34.0.0 of section 64.1.4 includes all Tariff language pending through February 12, 2016.<sup>5</sup>

5. Notice of the April 18 Compliance Filing was published in the *Federal Register*, 81 Fed. Reg. 22,696 (2016), with interventions and protests due on or before May 9, 2016. None was filed.

6. We find that MISO's proposed revisions in version 33.0.0 of section 64.1.4 of the Tariff comply with the Commission's directives in the March 18 Order, as MISO largely used the language provided by the Commission.<sup>6</sup> Furthermore, we find that it is just and reasonable for MISO to use the term "Independent Market Monitor" as defined in Module A of the Tariff.<sup>7</sup>

7. We also find that MISO's proposed Tariff revisions to section 68A.4 of the Tariff comply with the Commission's directives in the March 18 Order.<sup>8</sup> With regard to the proposed language describing the Capacity Import Limit methodology, we find that it accurately reflects the methodology accepted by the Commission as just and reasonable in the March 18 Order.<sup>9</sup> We also find MISO's proposal to update its Capacity Import Limit values no later than eight business days before the last business day in March to be just and reasonable, and in compliance with the March 18 Order.<sup>10</sup> While it is important to provide market participants with sufficient notice, it is also important that the Capacity Import Limit values be updated to consider the impact of any additional exports to neighboring regions, thereby ensuring the accuracy of MISO's final Capacity Import Limit values to be applied in each Auction.<sup>11</sup>

8. For these reasons, we accept MISO's proposed Tariff revisions effective January 30, 2016, as requested. We note, however, that version 34.0.0 of section 64.1.4 includes Tariff language that is pending before the Commission in

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<sup>5</sup> *Id.* at 3 & n.9.

<sup>6</sup> March 18 Order, 154 FERC ¶ 61,224 at P 25.

<sup>7</sup> MISO, FERC Electric Tariff, Module A, § 1.I (35.0.0).

<sup>8</sup> March 18 Order, 154 FERC ¶ 61,224 at PP 71-72.

<sup>9</sup> *Id.* P 67.

<sup>10</sup> *Id.* P 71.

<sup>11</sup> MISO conducts the Auction annually in the first 10 business days of April. MISO, FERC Electric Tariff, Module E-1, § 69A.7 (31.0.0).

Docket No. ER16-521.<sup>12</sup> Therefore, we accept version 34.0.0 of section 64.1.4 of the Tariff effective February 12, 2016, subject to the outcome of Docket No. ER16-521.<sup>13</sup>

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>12</sup> MISO is reminded that filed tariff sheets that contain pending language that has not been accepted should be marked to so indicate. *See Midcontinent Indep. Sys. Operator, Inc.*, 150 FERC ¶ 61,143, at P 46 (2015).

<sup>13</sup> *See Midcontinent Indep. Sys. Operator, Inc.*, 156 FERC ¶ 61,076 (2016).