

163 FERC ¶ 61,024
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

April 12, 2018

In Reply Refer To:
Midcontinent Independent
System Operator, Inc.
Docket No. ER18-834-000

Midcontinent Independent
System Operator, Inc.
720 City Center Drive
Carmel, IN 46032

Attention: Daniel M. Malabonga
Assistant General Counsel

Dear Mr. Malabonga:

1. On February 9, 2018, pursuant to section 205 of the Federal Power Act¹ and Part 35 of the Commission's regulations,² Midcontinent Independent System Operator, Inc. (MISO) filed a request for an extension of an existing waiver of certain provisions of its Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff) regarding the use of minimum Zonal Operating Reserve Requirements (minimum reserve requirements) established by offline Reserve Zone Requirements Studies (offline studies). For the reasons discussed below, we grant MISO's request for an extension of waiver effective April 13, 2018 through May 31, 2018, as requested.

2. On September 12, 2017, MISO requested waiver of the Tariff provisions in sections 1.R, 39.2.1A.c, and 39.2.1A.e that require the establishment of minimum reserve requirements from offline studies, as well any other Tariff provisions that may be construed as requiring the use of minimum reserve requirements set by offline studies. MISO requested that the waiver be effective from October 12, 2017 through April 12, 2018 to allow MISO to avoid adverse results from inflexible application of minimum

¹ 16 U.S.C. § 824d (2012).

² 18 C.F.R. pt. 35 (2017).

reserve requirements set by offline studies and prepare a Tariff filing that may permanently remove such requirements. On October 11, 2017, the Commission issued an order granting MISO's requested waiver.³

3. In the instant proceeding, MISO requests that the same waiver granted in the 2017 Waiver Order be extended, from April 13, 2018 through May 31, 2018, to cover the seven weeks preceding the effective date MISO seeks for Tariff revisions filed with the Commission on March 30, 2018 to remove and replace the Tariff provisions regarding offline studies.⁴ MISO states that the waiver was, and remains, necessary to remove the requirement to use the offline study's minimum reserve requirements because they cause price distortions when the minimum reserve requirements do not properly reflect, and consequently do not effectively resolve, reserve deliverability constraints in the real-time energy and operating reserve market.

4. MISO asserts that good cause exists to grant its waiver extension request because the waiver: (1) is sought by MISO in good faith and is consistent with the June 1, 2018 effective date requested in the March 30 Tariff revisions; (2) is limited in scope to seven weeks – from April 13, 2018 through May 31, 2018 – to cover the short period preceding the June 1, 2018 effective date MISO seeks for the March 30 Tariff revisions noted above; (3) remedies a concrete problem of reserve price distortions and ineffective constraint relief when minimum reserve requirements do not properly reflect real-time non-deliverability of reserves created when the minimum reserve requirements set by the offline studies do not reflect actual operating realities and send inaccurate price signals; and (4) will not have undesirable consequences, such as harming third-parties, because the waiver will instead protect the markets from price signals that do not properly reflect or resolve real-time reserve deliverability issues.

5. Notice of the filing was published in the *Federal Register*, 83 Fed. Reg. 7175 (2018), with interventions and protests due on or before March 2, 2018. Timely motions to intervene were filed by Consumers Energy Company and Ameren Services Company.⁵

³ *Midcontinent Indep. Sys. Operator, Inc.*, 161 FERC ¶ 61,037 (2017) (2017 Waiver Order).

⁴ These proposed Tariff revisions, filed in Docket No. ER18-1262-000 (March 30 Tariff revisions), are currently pending before the Commission.

⁵ For purposes of this filing, Ameren Services Company filed on behalf of Ameren Illinois Company, Ameren Transmission Company of Illinois, and Union Electric Company.

6. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2017), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

7. The Commission has granted waiver of tariff provisions where: (1) the applicant acted in good faith; (2) the waiver is of limited scope; (3) the waiver addresses a concrete problem; and (4) the waiver does not have undesirable consequences, such as harming third parties.⁶

8. We find that the circumstances of the instant waiver extension request satisfy the foregoing criteria. First, we find that MISO is acting in good faith to avoid potential problems with the offline study's minimum reserve requirements during the time period after the expiration of its current waiver on April 12, 2018 and before the June 1, 2018 effective date MISO requests in the March 30 Tariff revisions. Second, we find that the waiver extension is limited in scope to only provisions that require minimum reserve requirements set by offline studies for a seven-week period. Third, we find that the waiver extension addresses a concrete problem with the offline studies that can establish minimum reserve requirements that result in reserve price distortions and ineffective constraint relief. Finally, we find that the waiver extension does not have any undesirable consequences, such as harming third parties, as the waiver extension will prevent price distortions. Accordingly, we grant MISO's waiver request, effective April 13, 2018 through May 31, 2018, as requested.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁶ See, e.g., *Midcontinent Indep. Sys. Operator, Inc.*, 154 FERC ¶ 61,059, at P 14 (2016); *Calpine Energy Servs., L.P.*, 154 FERC ¶ 61,082, at P 12 (2016); *New York Power Auth.*, 152 FERC ¶ 61,058, at P 22 (2015).