

130 FERC ¶ 61,073
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer, Philip D. Moeller,
and John R. Norris.

Midwest Independent Transmission
System Operator, Inc.

Docket No. OA08-106-001

Midwest Independent Transmission
System Operator, Inc.

Docket No. OA08-14-005

ORDER ON COMPLIANCE FILING

(Issued January 28, 2010)

1. On March 12, 2009, Midwest Independent Transmission System Operator, Inc. (Midwest ISO) submitted a filing, in Docket No. OA08-106-001, in compliance with the Commission's directives in an order¹ accepting, as modified, Midwest ISO's compliance with Order No. 890-A.² As part of the same filing, designated as Docket No. OA08-14-005, Midwest ISO explained the actions it has taken in compliance with the Commission's directives in Compliance Order II.³ In this order, we accept Midwest ISO's compliance filing in Docket No. OA08-106-001, as discussed below. In addition,

¹ *Midwest Indep. Transmission Sys. Operator, Inc.*, 126 FERC ¶ 61,109 (2009) (Compliance Order I).

² *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228 (2009), *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

³ *Midwest Indep. Transmission Sys. Operator, Inc.*, 126 FERC ¶ 61,108 (2009) (order denying rehearing and accepting compliance filing) (Compliance Order II).

we accept Midwest ISO's compliance filing in Docket No. OA08-14-005, as in compliance with Compliance Order II.

I. Background

2. On April 15, 2008, in Docket No. OA08-106-000, Midwest ISO submitted proposed revisions to its Open Access Transmission and Energy Markets Tariff (Tariff) in order to comply with Order No. 890-A. In Compliance Order I, the Commission accepted Midwest ISO's April 15 compliance filing, subject to a further compliance filing. As relevant here, the Commission found in Compliance Order I that Midwest ISO did not respond to the Commission's directive in Order No. 890-A for a transmission provider using the available flowgate capacity (AFC) calculation methodology, like Midwest ISO, to provide a statement in its compliance filing describing how it derived the methodology to determine what changes in AFC inputs cause available transfer capability (ATC) or total transfer capability (TTC) to change by 10 percent or more.⁴ The Commission directed Midwest ISO to submit a compliance filing to describe how the narrative is derived for posting explanations of the reasons for changes in AFC values as a result of changes in AFC inputs that cause ATC or TTC to change by 10 percent or more.⁵ The Commission also noted that because it granted Midwest ISO a limited waiver from converting AFC into ATC, and from certain posting requirements, the Commission's directive applied only to those portions of Midwest ISO's system for which the AFC to ATC conversion is required.⁶

3. In Compliance Order II, the Commission addressed, among other things, issues regarding Midwest ISO's designation and undesignation of network resources. The Commission determined that Midwest ISO's business practices were inconsistent with the undesignation requirements of Order No. 890.⁷ Specifically, the Commission stated that Midwest ISO's requirement that all undesignations start at hour 0:00 "forestalls hourly or part-day sales from network resources," and that this business practice is inconsistent with the requirement in Order No. 890 that there should be no minimum term for undesignations.⁸ Furthermore, the Commission found that Midwest ISO's Open

⁴ Compliance Order I, 126 FERC ¶ 61,109 at P 15.

⁵ *Id.*

⁶ *Id.* (citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 126 FERC ¶ 61,107 (2009)).

⁷ Compliance Order II, 126 FERC ¶ 61,108 at P 2.

⁸ *Id.* P 19 (citing Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 1583).

Access Same-Time Information System (OASIS) form precludes short-term undesignation and automatic re-designation as contemplated by Order No. 890.⁹ Thus, the Commission directed Midwest ISO to revise its business practices and its OASIS form in order to be consistent with the undesignation requirement in its Tariff.

II. Midwest ISO's Compliance Filing

A. Docket No. OA08-106-001

4. Midwest ISO states that the Commission's requirement for "posting narrative explanations of the reasons for changes in AFC values as a result of changes in AFC inputs that cause ATC or TTC to change by 10 percent or more," if read literally with regard to entities that use the AFC methodology, does not accomplish the Commission's stated purpose in Order No. 890 of providing greater transparency and consistency to the ATC calculation process.¹⁰ Midwest ISO argues that this requirement would necessitate an investigation whenever a monthly or yearly ATC value changes by 10 percent or more, which would include "constant, non-material changes such as new transmission service, or load fluctuations."¹¹ Instead, Midwest ISO argues that changes in total flowgate capability (TFC) values, in contrast to TTC value changes, are better correlated to a temporary outage condition, a system topology change, or system upgrades.

5. Midwest ISO states that in Order No. 890-A the Commission directed transmission providers to work with the North American Energy Standards Board (NAESB) to come up with posting standards.¹² Midwest ISO states that the industry, including Midwest ISO, has worked with NAESB to develop the requirement for this narrative for entities using an AFC methodology, in recognition of the infeasibility of posting narrative explanations for the thousands of non-material changes that could be captured using only changes in TTC. Midwest ISO states that its ATC narrative posting and its contents are consistent with the ATC narrative posting standards in version 002.0 of the NAESB Wholesale Electric Quadrant (WEQ) Business Practices Booklet (Business Practices Booklet) that were developed to meet the Commission's Order

⁹ *Id.* P 20 (citing Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 1540-41).

¹⁰ Midwest ISO March 12 Transmittal at 3.

¹¹ *Id.*

¹² *Id.* at 4 (citing Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 125).

No. 890 requirements.¹³ Midwest ISO states that NAESB Standard 001-15 (ATC Change Narrative) of the Business Practices Booklet reads as follows:

The Transmission Provider shall post on OASIS a brief, but specific, narrative explanation of the reason for a change in the monthly or yearly firm or non-firm ATC value on a constrained Posted Path when the monthly or yearly ATC value changes as a result of a 10 percent or greater change in the related posted TTC *or Total Flowgate Capability (TFC)*.^[14]

6. Midwest ISO argues that its narrative, using TFC rather than TTC, is consistent with the intention of Order No. 890 and Order No. 890-A requirements and with the recently adopted NAESB implementation of posting requirements for changes in ATC values on constrained paths. Based on the foregoing, Midwest ISO submits a description explaining how the narrative is derived for changes in ATC values as a result of 10 percent or more change in TFC, rather than TTC. Midwest ISO's narrative explanation reads as follows:

The Transmission Provider utilizes the following steps to derive the narrative:

a) Once each month, the Transmission Provider identifies a list of TFCs that have changed by 10 percent or more. TFC changes can be triggered

¹³ On September 2, 2008, as supplemented on November 17, 2008, NAESB reported to the Commission, in Docket No. RM05-5-007, that its WEQ Executive Committee had approved Version 002.0 of its business practice standards. On February 19, 2009, as supplemented on July 7, 2009 and October 9, 2009, NAESB notified the Commission, in Docket No. RM05-5-013, that the WEQ Executive Committee had approved Version 002.1 standards, which include new standards and modifications to existing Version 002.0 standards. On November 19, 2009, in Order No. 676-E, the Commission incorporated by reference in its regulations at 18 C.F.R. § 38.2 the latest version (Version 002.1) of certain business practice standards adopted by the Wholesale Electric Quadrant of NAESB. NAESB's Version 002.1 Standards include standards adopted by NAESB in response to Order Nos. 890, 890-A, and 890-B. Importantly, the Version 002.1 Standards incorporated by reference into the Commission's regulations in Order No. 676-E include, among other things, Standard 001-15 (ATC Narrative Change), which is designed to meet the ATC narrative posting requirement in Order No. 890. *See Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-E, FERC Stats & Regs. ¶ 31,299 (2009).

¹⁴ Midwest ISO March 12 Transmittal at 4 (emphasis added by Midwest ISO).

by, among other things, topology changes resulting from facility upgrades, facility additions, and transmission line and generator in-service status.

b) The Transmission Provider then determines whether any TFC change identified in step (a) has caused a monthly ATC change for any Transmission Path for the next 36 months.

c) If the determination in step (b) is “yes”, the Transmission Provider posts the narrative explaining the changes in monthly ATC values as a result of 10 percent or more change in TFC along with the cause (determined in step (a) above) for the TFC change.^{15]}

B. Docket No. OA08-14-005

7. Regarding the revisions required in Compliance Order II, Midwest ISO states, pursuant to Rule 1907 of the Commission’s Rules of Practice and Procedure,¹⁶ that its business practices and its OASIS form have been revised, consistent with Order Nos. 890 and 890-A, and with its Tariff. Midwest ISO states that software changes have been implemented so that the OASIS form to undesignate and re-designate network resources now permits the transmission customer to specify the start hour of that designation rather than defaulting to 0:00. In addition, Midwest ISO states that its Business Practices Manual has been revised to be consistent with the Tariff as follows:¹⁷

6.18.4 Undesignating a Confirmed Network Resource

A customer with a Designated Network Resource for Monthly or Yearly firm service may terminate, temporarily or indefinitely, all or part of this designation of this Resource for a period of time up to the term of the designation by notifying the Midwest ISO, Manager of Tariff Administration, using the Request to Undesignate a Network Resource Form posted on the Midwest ISO OASIS. The Resource will be undesignated by the Midwest ISO on the effective date of termination starting at the hour specified in the request and continuing for the specified period.

¹⁵ *Id.*

¹⁶ 18 C.F.R. § 385.1907 (2009).

¹⁷ Midwest ISO states that a draft version of the Business Practice Manual was posted to its public website for review by the Tariff and Business Practices Subcommittee at its March 16, 2009 meeting.

~~The Resource will be undesignated by the Midwest ISO on the effective date of termination starting at 0:00 hours. Any subsequent request to designate this Resource or any new Resource must be made in writing subject to the requirements in section 29.2 of the Tariff and the requirements of this BPM. This practice applies solely to designating Network Resources for NITS.~~

III. Notice of Filing

8. Notice of Midwest ISO's filing was published in the *Federal Register*, 74 Fed. Reg. 12348 (2009), with interventions and protests due on or before April 2, 2009. None was filed.

IV. Discussion

A. Docket No. OA08-106-001

9. Although we required in Compliance Order I that Midwest ISO's narrative explain changes in ATC values resulting from ten percent or more changes in TTC, rather than TFC, concurrently in Order No. 890-A the Commission directed transmission providers to work through NAESB to develop industry-wide posting standards¹⁸ to meet the ATC narrative posting requirement in Order No. 890 for those entities using an AFC methodology. This process has been completed, and the Commission in Order No. 676-E recently adopted the business practice standard developed through NAESB.¹⁹ While Midwest ISO has not complied with the underlying Compliance Order I, its proposed narrative explanation is consistent with the ATC Narrative Change adopted in Order No. 676-E, which has superseded our earlier directive in Compliance Order I. Accordingly, we find that MISO's proposed ATC narrative posting is acceptable for purposes of this proceeding, and we will accept its proposal, to be effective January 4, 2010.²⁰

B. Docket No. OA08-14-005

¹⁸ See Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 125.

¹⁹ See *supra* note 13.

²⁰ Order No. 676-E became effective on January 4, 2010. See Order No. 676-E, FERC Stats & Regs ¶ 31,299 at P 149.

10. The Commission finds that Midwest ISO complies with the directives in Compliance Order II to revise its business practices and OASIS form to be consistent with the undesignation requirements of its Tariff. Therefore, we will accept, as in compliance with Compliance Order II, Midwest ISO's compliance filing.

The Commission orders:

(A) Midwest ISO's filing in Docket No. OA08-106-001 is hereby accepted, as discussed in the body of this order.

(B) Midwest ISO's compliance filing in Docket No. OA08-14-005 is hereby accepted, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.