

136 FERC ¶ 61,096
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Midwest Independent Transmission
System Operator, Inc.

Docket No. ER11-2908-001

ORDER CONDITIONALLY ACCEPTING
PROPOSED TARIFF REVISIONS

(Issued August 10, 2011)

1. On May 18, 2011, Midwest Independent Transmission System Operator, Inc. (MISO) submitted proposed revisions to its Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff) in order to comply with the Commission's April 18, 2011 order.¹ In this order, we conditionally accept MISO's proposed Tariff revisions, subject to a further compliance filing, effective April 19, 2011.

I. Background and MISO's Compliance Filing

2. In 2009, MISO experienced situations where generators and other resources offered Supplemental Reserves, but failed to provide the reserves when requested.² Following stakeholder discussions, on February 17, 2011, MISO proposed Tariff revisions (February 17 filing) to improve procedures for testing Generation Resources' (Resources) capability to meet Contingency Reserve Deployment Instructions within the Contingency Reserve Deployment Period for Supplemental Reserves.

3. In comments on MISO's February 17 filing, MidAmerican Energy Company (MidAmerican) and Wisconsin Electric Power Company expressed concern with certain elements of the filing. In its answer, MISO agreed to address some of those concerns in a subsequent filing.

¹ *Midwest Indep. Transmission Sys. Operator, Inc.*, 135 FERC ¶ 61,035 (2011) (April 18 Order).

² MISO February 17, 2011, Transmittal Letter at 1.

4. In the April 18 Order, the Commission conditionally accepted MISO's proposed Tariff revisions, effective April 19, 2011. The Commission conditioned its acceptance upon MISO submitting, within 30 days of the order, a compliance filing to modify several elements of its proposed Tariff revisions. On May 18, 2011, MISO submitted its compliance filing. MISO requests an effective date of April 19, 2011.

5. In its February 17 filing, MISO proposed revisions to Section 40.3.4.e (ii) of the Tariff to cap the amount of Contingency Reserves that a Resource may clear in the market at the amount actually deployed until the Resource achieves a higher level of output in a subsequent test or actual deployment.³ In response to the April 18 Order,⁴ MISO's compliance filing revises Section 40.3.4.e of the Tariff by adding new proposed Section 40.3.4.e(iii) which includes language to limit the applicability of the cap to Resources that failed to provide Supplemental Reserves.

6. In the February 17 filing, MISO proposed revisions to Sections 39.2.1B.b and 40.2.4.c of the Tariff to provide compensation for Resources that are tested following their failure to respond to a Contingency Reserve Deployment Instruction within the Contingency Reserve Deployment Period at the applicable locational marginal price in the Real-Time Energy and Operating Reserve Markets for Actual Energy Injection of the Resource during the test. In response to the April 18 Order,⁵ MISO's compliance filing adds language to Sections 39.2.1B.b and 40.2.4.c to clarify that Resources being tested for reasons other than their failure to respond to a Contingency Reserve Deployment Instruction would be compensated during testing with both the applicable locational marginal price in the Real-Time Energy and Operating Reserves Markets and the Real-Time Revenue Sufficiency Guarantee Credit.⁶

7. In the April 18 Order, the Commission agreed with MidAmerican that the February 17, 2011 Tariff revisions did not clearly provide for just and reasonable compensation if Resources must operate for longer than the duration of the test.⁷ In response, MISO's compliance filing modifies Sections 39.2.1B.b and 40.2.4.c of the Tariff to clarify that tested Resources would be compensated for the longer of the duration of the test or the Resource's Minimum Run Time.

³ Capitalized terms that are used but not defined in this order have the meanings ascribed to them in the Tariff.

⁴ April 18 Order, 135 FERC ¶ 61,035 at P 28.

⁵ *Id.* P 29.

⁶ MISO May 18, 2011, Transmittal Letter at 2.

⁷ April 18 Order, 135 FERC ¶ 61,035 at P 30.

8. In the February 17 filing, MISO proposed revisions to Sections 39.2.1B and 40.2.4 of the Tariff to cap the amount of cleared Supplemental Reserves “at the amount of Actual Energy Injection achieved during the test.” In response to the April 18 Order,⁸ MISO’s compliance filing adds language to Sections 39.2.1B.b and 40.2.4.c to clarify that the amount of Supplemental Reserve that a Resource may clear in the Operating Reserve market shall be capped at the actual amount of Contingency Reserve deployed at the end of the Contingency Reserve Deployment Period.⁹

9. In the February 17 filing, MISO proposed parallel modifications to Sections 39.2.1B.b and 40.2.4.c of the Tariff. MISO agreed with the commenters that the proposed language in Tariff Section 39.2.1B.b was misplaced and should be in Section 39.2.1B.c, and the Commission directed MISO to correct that error.¹⁰ In response, MISO’s compliance filing removes text from Section 39.2.1B.b and adds it to Section 39.2.1B.c, its intended location.

10. In the February 17 filing, MISO proposed revisions to Section 39.2.1B.b of the Tariff that cap the amount of Supplemental Reserves may clear in the Real-Time Energy and Operating Reserve Market when a Resource has failed to respond to a Contingency Reserve Deployment Instruction, either during a test or in an actual deployment, despite the fact that Section 39.2.1B.b pertains to the Day-Ahead Market. In response to the April 18 Order,¹¹ MISO’s compliance filing revises its Tariff so that the caps discussed in Section 39.2.1B(b) refer to the Day-Ahead Market instead of the Real-Time Energy and Operating Reserve Market.¹²

II. Notice of Filing and Responsive Pleadings

11. Notice of MISO’s May 18, 2011 compliance filing was published in the *Federal Register*, 76 Fed. Reg. 30,699 (2011), with interventions and protests due on or before June 8, 2011. On May 26, 2011, MidAmerican filed comments.

⁸ *Id.* P 32.

⁹ MISO Compliance Filing at 3.

¹⁰ April 18 Order, 135 FERC ¶ 61,035 at P 38.

¹¹ *Id.* P 39.

¹² MISO Compliance Filing at 3.

III. Discussion

A. Comments

12. MidAmerican states that MISO's new proposed Section 40.3.4.e(iii) correctly revises the caps on Supplemental Qualified Resources that fail to deploy adequate Supplemental Reserves.¹³ However, MidAmerican asserts that the originally proposed Section 40.3.4.e (ii) has not been altered, inadvertently leaving in place the new caps on all Resources that deploy any type of Contingency Reserves.¹⁴ Therefore, MidAmerican suggests that Section 40.3.4.e (ii) be modified to limit the applicability of the new caps to only Supplemental Reserves.¹⁵

B. Commission Determination

13. The April 18 Order required MISO "to file revised Tariff sheets modifying Section 40.3.4.e to limit the applicability of the proposed Tariff revisions to Supplemental Qualified Resources that fail to provide Supplemental Reserves."¹⁶ We find that Section 40.3.4.e (iii) of the Tariff addresses the April 18 Order's requirement that MISO limit caps to Supplemental Qualified Resources. However, as discussed in MidAmerican's comments, MISO has perhaps inadvertently left Section 40.3.4.e (ii) unchanged, which leaves in place the caps on all Resources that deploy any type of Contingency Reserves. MidAmerican states that it appears that MISO intends for the caps to apply to Spinning

¹³ MidAmerican Comments at 2.

¹⁴ Section 40.3.4e(ii), as proposed in MISO's February 17 filing, provides that:

(ii) the amount of Contingency Reserve available for payment on that Resource shall be restricted to the amount actually deployed in the Hour of failure and for every Hour thereafter until the Resource achieves a higher level of output in a subsequent test or actual deployment[.]

¹⁵ MidAmerican Comments at 2. MidAmerican suggests that Section 40.3.4.e(ii) be modified by adding:

Spin Qualified Resources that fail to provide Spinning Reserves pursuant to the Contingency Reserve Deployment Instruction shall be restricted to the amount actually deployed in the hour of failure and for the remaining Hours in the Operating Day; and

Id. at 2-3.

¹⁶ April 18 Order, 135 FERC ¶ 61,035 at P 28.

Reserves. MISO's compliance filing is unclear as to the distinction between applicability of the caps in Section 40.3.4.e (ii) and Section 40.3.4.e (iii) and, as such, we will require MISO to clarify its intent for Section 40.3.4.e (ii) in a compliance filing within 30 days of this order.

14. We will conditionally accept MISO's proposed Tariff revisions, effective April 19, 2011, subject to a further compliance filing. Except as otherwise noted above, we find that MISO's compliance filing meets the compliance directives in the April 18 Order.

The Commission orders:

(A) MISO's compliance filing is hereby conditionally accepted, effective April 19, 2011, 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.