

138 FERC ¶ 61,200
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 19, 2012

In Reply Refer To:
Southwest Power Pool, Inc.
Docket No. ER12-752-000

Wright & Talisman, P.C.
1200 G Street, NW
Suite 600
Washington, DC 20005

Attention: Tyler R. Brown, Esq.
Southwest Power Pool, Inc.

Reference: Limited Waiver of Tariff Provision

Dear Mr. Brown:

1. On December 30, 2011, Southwest Power Pool, Inc. (SPP) filed a notification with the Commission of an Open Access Transmission Tariff (Tariff) implementation error along with a request for a limited Tariff waiver to allow correction of that error. SPP seeks Commission approval to recalculate the Locational Imbalance Prices (LIP) for time periods in the real-time Energy Imbalance Service (EIS) Market on March 3, 2011 and April 4-6, 2011.

2. In the event a software or data input error alters the calculation of LIPs in SPP's real-time EIS Market, SPP's Tariff allows SPP to reallocate LIPs, provided that it gives timely notice to market participants and the public that a price correction may be required. The Tariff also specifies that during the real-time periods, if SPP failed to post notice of the need for a correction by 5:00 pm of the day following the pricing error, SPP must seek Commission approval to make the price correction.

3. In the instant filing, SPP states that it incorrectly calculated LIPs in the real-time period for the EIS Market on March 3, 2011 and April 4-6, 2011. During this real-time period, the Transmission Provider or the Control Area balances the system by deployment of energy from the Energy Imbalance Service and Schedules 3, 5 or 6 Services of SPP Tariff. SPP further states that, on March 3, 2011, SPP failed to allocate

appropriately an intermittent resource output to a market participant which resulted in a “phantom” generation in the EIS Market that altered LIPs throughout the operating day. SPP adds that, on April 4-6, 2011, it incorrectly calculated LIPs for intervals in the real-time period for the EIS Market that altered LIPs in the Southwestern Public Service Company (SPS) Balancing Authority Area.¹ For both time periods, SPP failed to post notice of the need for a correction by the time period allotted by the Tariff; i.e., by 5:00 pm of the day following a pricing error. Therefore, SPP seeks Commission approval of its request to recalculate the LIPs to account for the reserve sharing system events that triggered the loss of a generating unit, which, in turn, affected LIPs in the real-time period.

4. Notice of SPP’s filing was published in the *Federal Register*, 77 Fed. Reg. 1478 (2012), with interventions, comments, and protests due on or before January 20, 2012. None was filed.

5. In past cases, the Commission has granted limited tariff waiver requests to recalculate LIPs.² However, waivers of tariff provisions are not limited to these circumstances. The Commission has granted such waivers where good cause for a waiver of limited scope exists, there are no undesirable consequences, and the resultant benefits to the customers are evident. The errors described by SPP were made in good faith. SPP has taken the appropriate steps to identify the problem, develop remedies, seek approval through its stakeholder process, and to file with the Commission the need for the price corrections, as required by its Tariff and SPP Market Protocols. Further, SPP’s request to recalculate the LIPs for these time periods will have only a *de minimus* monetary impact on its customers.³

6. In addition, SPP’s recent Tariff revisions to Section 4.5 of Attachment AE to extend the deadline for posting notice of potential LIP repricings from one day to four days will benefit customers in the EIS Market because it will ensure that, when required, the LIPs paid by customers are posted correctly and in a timely fashion. This will add

¹ SPS is a transmission-owning member of SPP, its balancing authority area in the SPP footprint, and a Market Participant in the EIS Market.

² See, e.g., *Southwest Power Pool, Inc.*, 135 FERC ¶ 61,032 (2011).

³ For example, SPP states that, for the events on March 3, 2011, the largest credit due a customer is \$1,081.64. In addition, 17 of 27 affected market participants will receive a credit in value between \$1 and \$500 while the maximum cost to any one market participant will be \$1016.84. SPP Filing at 13.

certainty in the EIS Market.⁴ Finally, the additional time for posting such notices will reduce the need to engage in a stakeholder and Commission filing process for approval, when LIPs corrections are required. In turn, this will reduce the need for SPP to recalculate the price months after the original settlement of the market has concluded and altering the settled outcome. For these reasons, we grant SPP's limited waiver request consistent with similar waiver requests the Commission has granted in the past.⁵

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁴ See *Southwest Power Pool, Inc.*, Docket No. ER12-235-000 (Dec. 14, 2011) (delegated letter order).

⁵ See, e.g., *Southwest Power Pool, Inc.*, 138 FERC ¶ 61,054 (2012); *Southwest Power Pool, Inc.*, 135 FERC ¶ 61,032 (2011); *New York Independent System Operator, Inc.*, 112 FERC ¶ 61,347 (2005).