

131 FERC ¶ 61,146  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

|   |                           |
|---|---------------------------|
| AEP Service Corporation                   | Docket Nos. ER97-4143-021 |
|   | ER97-4143-022             |
| AEP Energy Partners, Inc.                 | ER07-1130-003             |
|   | ER07-1130-004             |
| CSW Energy Services, Inc.                 | ER98-2075-026             |
|   | ER98-2075-027             |
| Central and South West Services, Inc.     | ER98-542-023              |
|   | ER98-542-024              |
| <br>                                      |                           |
| Cleco Power LLC                           | ER01-1099-013             |
| Acadia Power Partners, LLC                | ER02-1406-014             |
| Cleco Evangeline LLC                      | ER99-2928-010             |
| <br>                                      |                           |
| The Empire District Electric Company      | ER99-1757-016             |
| <br>                                      |                           |
| Kansas City Power & Light Company         | ER99-1005-011             |
| KCP&L Greater Missouri Operations Company | ER09-304-002              |
| <br>                                      |                           |
| Oklahoma Gas and Electric Company         | ER98-511-013              |
| OGE Energy Resources, Inc.                | ER97-4345-025             |
| <br>                                      |                           |
| Southwestern Public Service Company       | ER99-1610-036             |
| <br>                                      |                           |
| Westar Energy, Inc.                       | ER03-9-017                |
|   | ER06-1313-005             |
| Kansas Gas and Electric Company           | ER98-2157-018             |

ORDER ON SIMULTANEOUS TRANSMISSION IMPORT  
LIMIT VALUES FOR THE SOUTHWEST POWER POOL REGION

(Issued May 20, 2010)

1. In June and July 2009, American Electric Power Service Corporation, on behalf of AEP Service Corporation, AEP Energy Partners, Inc., CSW Energy Services, Inc., and Central and South West Services, Inc. (AEP); Cleco Power LLC, Acadia Power Partners,

LLC and Cleco Evangeline LLC (Cleco Companies); The Empire District Electric Company (Empire); Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company (KCP&L); Oklahoma Gas and Electric Company and OGE Energy Resources, Inc. (OGE Companies); Xcel Energy Services Inc., on behalf of its affiliate Southwestern Public Service Company (SPS); and Westar Energy, Inc. and Kansas Gas and Electric Company (Westar) (collectively, Southwest Power Pool (SPP) Transmission Owners) filed updated market power analyses in accordance with Order No. 697.<sup>1</sup>

2. In this order, the Commission accepts the Simultaneous Transmission Import Limit (SIL) values identified in Appendix A (Commission-accepted SIL values). SIL studies are used as a basis for determining simultaneous transmission import capability when performing market power analyses. SIL values quantify the simultaneous transmission import capability. The SIL values accepted herein, with one exception, were provided by the SPP Transmission Owners with their updated market power analyses.<sup>2</sup> The Commission will use these SIL values when examining updated market power analyses for the SPP region.<sup>3</sup>

### **I. Background**

3. The SPP Transmission Owners' updated market power analyses were due in June 2009 according to the schedule in Order No. 697. On June 24, 2009, some of the SPP Transmission Owners filed a request for a one-month extension of time to submit their updated market power analyses.<sup>4</sup> On June 26, 2009, the Commission issued a notice granting the request for a one-month extension of time to July 31, 2009.

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<sup>1</sup> *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, Order No. 697, FERC Stats. & Regs. ¶ 31,252, *clarified*, 121 FERC ¶ 61,260 (2007), *order on reh'g*, Order No. 697-A, FERC Stats. & Regs. ¶ 31,268, *clarified*, 124 FERC ¶ 61,055, *order on reh'g*, Order No. 697-B, FERC Stats. & Regs. ¶ 31,285 (2008), Order No. 697-C, FERC Stats. & Regs. ¶ 31,291 (2009), *order on reh'g*, Order No. 697-D, FERC Stats. & Regs. ¶ 31,305 (2010).

<sup>2</sup> However, as discussed below, we reject the values provided by the only SPP Transmission Owner that provided SIL values for the Electric Reliability Council of Texas (ERCOT) market.

<sup>3</sup> The updated market power analyses themselves, including any responsive pleadings, will be addressed in separate orders in the relevant dockets.

<sup>4</sup> The June 24, 2009 request for an extension of time was filed by American Electric Power Service Corporation, Empire, KCP&L, OGE Energy Corp., Westar Energy, Inc., and Xcel Energy Services Inc. on behalf of its affiliate, SPS.

4. After receipt of the seven SPP Transmission Owners' July 2009 updated market-power analyses, Commission staff contacted them individually regarding deficiencies in their updated market power analyses related primarily to their SIL studies. Common areas of concern were incorrect modeling of constraints in first-tier balancing authority areas, incorrect adjustments for net area interchange and incorrect treatment of the import capabilities of Direct Current (DC) tie lines. After discussions with staff, the SPP Transmission Owners filed amended market power analyses, which included revised SIL values based on revised SPP SIL studies.<sup>5</sup> The SPP Transmission Owners provided SIL studies for 26 markets for which the Commission had not previously accepted SIL studies for the same study period. Some of these markets were studied by more than one of the SPP Transmission Owners and there was some variation among the SIL values provided in some circumstances.

5. There are three components that are used to calculate a seasonal SIL value for each market. The components are: (1) the first contingency incremental transfer capability (FCITC), (2) the net area interchange, and (3) the amount of reservations into the study area held by the transmission owner. FCITC is calculated in the power flow model and represents the additional power that can flow into a study area by increasing available uncommitted generation in the first-tier area while simultaneously decreasing generation in the study area.<sup>6</sup> The net area interchange is also determined in the seasonal power flow model and represents "the sum of a study area's scheduled energy transactions" already flowing into and out of the study area at the seasonal peak that is modeled.<sup>7</sup> Net area interchange represents mathematically the extent to which the study area is a net exporter or a net importer of power at the seasonal peak in the model. The final step in computing SIL values is to subtract the amount of transmission reservations held by the particular transmission owner from the SIL value calculated using FCITC and net area interchange, thus calculating the remaining available import capability.

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<sup>5</sup> The SPP Transmission Owners (not including Cleco Companies) amended their updated market power analyses to take into account SPP's revised SIL studies. Cleco Companies amended their updated market power analysis to correctly monitor contingencies in the first-tier on September 4, 2009, and subsequently supplemented their updated market power analysis on December 30, 2009 to include letters of concurrence regarding control of certain Cleco Companies' generation.

<sup>6</sup> *Carolina Power & Light Co.*, 128 FERC ¶ 61,039 (*Carolina Power & Light*), order on clarification, 129 FERC ¶ 61,152, at P 18, (2009) (*Carolina Power & Light Clarification Order*); *AEP Power Marketing, Inc.*, 107 FERC ¶ 61,018 (April 14 Order), order on reh'g, 108 FERC ¶ 61,026 (2004).

<sup>7</sup> *Carolina Power & Light*, 128 FERC ¶ 61,039 at P 9.

6. With the exception of Cleco Companies, the SPP Transmission Owners' SIL studies are based on partial SIL studies provided to them by SPP upon their request. SPP provided the first two components (FCITC and net area interchange) to six of the seven SPP Transmission Owners. SPP only provided the first two components of the SIL studies because the SPP regional transmission organization (RTO) is a Day 1 market. SPP differs from Day 2 RTOs in that SPP's footprint is not a single relevant geographic market. Furthermore, SPP may not have access to all the information that the individual SPP Transmission Owners have. For instance, SPP may not have information on operating procedures that an individual transmission owner could use to mitigate transmission equipment that has reached its operating limit. Therefore, SPP provided, for each market and each season, a table of potential transfer values containing the amount of energy used in the scaling process and the names of the contingency that limited that particular transfer value. In other words, SPP provided a list of possible FCITC values and their associated, limiting contingencies for each market for each season. Therefore, it was left to each SPP Transmission Owner to select, given the knowledge it possessed, what it believes is the correct transfer value into each market for each season. Transmission owners may select different transfer values from this table for the same study area. For example, a transmission owner might have an operating procedure that would mitigate a particular contingency. Thus, this transmission owner would select an FCITC with a higher transfer value into the study area than would a different transmission owner that was not aware of that operating procedure. Therefore, the SPP Transmission Owners did not necessarily select the same FCITC value for a study area from the table of FCITC values provided by SPP. However, all of the SPP Transmission Owners that relied on the data provided by SPP used the same net area interchange.

7. SPP did not provide or incorporate information regarding transmission reservations, the third component of the SIL value used in the indicative screens. Therefore, individual SPP Transmission Owners were expected to factor in their own transmission reservations.<sup>8</sup> We note that some of the SPP Transmission Owners did not appear to have any transmission reservations into certain markets, which would be expected if that market is a first-tier area where the transmission owner does not have any load or has sufficient generation in that market to meet the load. Likewise, a transmission owner would not need transmission reservations into its home balancing authority area if it has sufficient generation to meet its load obligations.

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<sup>8</sup> This is in contrast to the SIL values recently calculated by the Day 2 RTOs (Midwest Independent Transmission System Operator (Midwest ISO) and PJM Interconnection, LLC) where the Day 2 RTOs had knowledge of all operating procedures and combined all three components (FCITC, net area interchange and reservations) of the SIL values. *See ALLETE, Inc.*, 127 FERC ¶ 61,143 (2009); *PSEG Energy Resources & Trade, LLC*, 124 FERC ¶ 61,147 (2008).

## II. Discussion

8. We begin by commending SPP and the SPP Transmission Owners for working together on preparation of the SIL study. Such an approach provides better coordination among entities by sharing regional transmission knowledge, which leads to more consistent SIL study results. We have selected, from among the SIL values submitted by the SPP Transmission Owners, the Commission-accepted SIL values we will use as a baseline in assessing market power within SPP. The Commission-accepted SIL values represent conservative values and provide a baseline regarding available imports into the study area. The Commission will be using these Commission-accepted SIL values when reviewing the currently pending updated market power analyses submitted by the SPP Transmission Owners. Such an approach ensures that each seller is evaluated using a consistent set of import values into the study area.

9. As noted above, evaluation of the SPP region involved 26 markets for which the Commission had not recently approved SIL values. Many of the markets were studied by more than one SPP Transmission Owner, often with somewhat different results. The Commission-accepted SIL values are found in Appendix A to this order. However, as discussed below, in the event that a particular seller fails a screen using the Commission-accepted SIL values but passes the screens using the values derived from the seller's study, the Commission will more closely examine the seller's SIL study to determine whether it provides acceptable SIL values that may be used instead.

10. We note that some of the markets are referred to by SPP Transmission Owners by more than one name.<sup>9</sup> For purposes of this order, we use the most recent name of the market even though the market may have been recognized under a different name during the study period. For consistency going forward, we ask that filers use the market names specified in Appendix A and include a reference to the historical name of the market if the name changes.

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<sup>9</sup> Specifically, the American Electric Power-West market has two names that are used interchangeably, AEP-West (AEPW) and Central and Southwest Services (CSWS). The Mid Kansas Electric Company (MKEC) market is also referred to as WestPlains Energy (WPEK or WEPL) and the KCPL Greater Missouri Operations (GMO) market is also referred to as Missouri Public Service (MPS or MIPU) or Aquila Networks – MPS.

11. In the event the results<sup>10</sup> for one or more of a particular seller's screens differ if the seller-supplied SIL value is used instead of the Commission-accepted SIL value, the order on that particular updated market power analysis will examine the seller-supplied SIL study and address whether the seller-supplied SIL value is acceptable instead. However, when the overall results of the screens would be unchanged, i.e., the seller would pass using either set of SIL values or fail using either set of SIL values, the orders on the updated market power analyses will not address the seller-supplied SIL values. Future filers submitting screens for the markets and study period identified in Appendix A are encouraged to use the SIL values accepted by the Commission herein, but such filers may use different SIL values provided their SIL studies comply with Commission directives and they fully support the values used, e.g., present more complete data on remote resources and reservations to explain why the Commission should consider a different SIL value for a particular market.

12. The Commission recognizes that some variation in SIL values is not unexpected. As explained above, the SPP Transmission Owners do not all have the same knowledge regarding operating procedures that may mitigate or relieve contingencies, which may lead them to select different FCITC values. To compute the SIL value to be used in the indicative screens, each SPP Transmission Owner is expected to subtract its own transmission reservations,<sup>11</sup> which naturally would differ among sellers, thus yielding

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<sup>10</sup> Results refer to the results of the market share and/or pivotal supplier screens. For example, if a seller fails the market share screen for a particular season in a particular market using either SIL value, we would consider the result unchanged. Similarly, if the seller passes the screen using either value, the result is also unchanged. However, if a seller fails a screen for a particular season in a particular market using the Commission-accepted SIL value, but passes using the SIL value submitted by the seller, the results differ and the Commission would more closely examine the SIL study submitted as part of the seller's updated market power analysis to see if the seller's SIL study provides an acceptable SIL value for that season.

<sup>11</sup> April 14 Order, 107 FERC ¶ 61,018 at App. E (“The power flow cases should represent the [transmission provider's] tariff provisions, the operational practices historically used, all reliability margins . . . existing during each peak, and all firm/network reservations held by applicant/affiliate resources during the most recent seasonal peaks.”).

different final SIL values for use in the screens.<sup>12</sup> We note that, for the most part, the final SIL values provided by the SPP Transmission Owners do not vary widely. In fact, in several of the markets at least two of the SPP Transmission Owners reported the exact same SIL values for all seasons.<sup>13</sup>

13. For ten of the eleven markets for which only one SPP Transmission Owner provided SIL values, the Commission-accepted SIL values are the values provided by the SPP Transmission Owner.<sup>14</sup> For the remaining markets, we generally are accepting the most conservative SIL value, that is, we are accepting the SIL values provided by the SPP Transmission Owner whose SIL study yielded the lowest SIL value for the summer season for that market.<sup>15</sup> Because each of the SPP Transmission Owners was to subtract its own reservations in calculating its final SIL values, this value should account for the largest quantity of transmission reservations into the study area, thus providing a

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<sup>12</sup> Order No. 697-B, FERC Stats. & Regs. ¶ 31,285 at P 22 (“[w]e therefore clarify and reaffirm that we will require applicants to allocate their seasonal and longer transmission reservations to themselves from the calculated simultaneous transmission import limit *only* up to the uncommitted first-tier generation capacity owned, operated or controlled by the seller (and its affiliates).”). In this order, we refer to the SIL values minus the transmission owner’s reservations, or the SIL values used in the transmission owners’ studies, as the “final SIL values.”

<sup>13</sup> For the Grand River Dam Authority (GRDA) market, AEP, Empire, and OGE Companies submitted identical SIL values for all four seasons. Likewise, Westar and Empire submitted identical SIL values for all four seasons for the American Electric Power West (AEPW) and the Associated Electric Coop., Inc. (AECI) markets. OGE Companies and Empire submitted identical SIL values for all four seasons for the Entergy (EES) market, which is first-tier to some SPP Transmission Owners’ home balancing authority areas.

<sup>14</sup> As explained below, we are not accepting the SIL values submitted for the ERCOT market. We are accepting the SIL values submitted by a single SPP Transmission Owner for the following markets: City of Independence, Missouri (INDN), Louisiana Electric Power Authority (LEPA), City of Lafayette Utilities System (LUS), MidAmerican Electric Company (MEC), Midwest Energy (MIDW), Nebraska Public Power District (NPPD), Oklahoma Municipal Power Authority (OMPA), Omaha Public Power District (OPPD), Sunflower Electric Cooperative (SECI), and City Utilities, Springfield Missouri (SPRM).

<sup>15</sup> The summer season is historically the season with the peak load in the SPP region. The pivotal supplier analysis examines whether the market demand can be met absent the seller during peak times. Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 35.

reasonable estimate of remaining import capability to use in the preliminary market power screens. If the applicants pass the preliminary market power screens using conservative assumptions, then they would also pass if less conservative assumptions were used. However, as discussed below, there are some exceptions to this general rule.

14. In some instances, the SPP Transmission Owners made errors in accounting for the effects of net area interchange. The Commission previously has given guidance on how to combine the FCITC and net area interchange values in calculating the SIL.<sup>16</sup> However, this guidance was based on the assumption that the industry standard was to report a study area exporting power as a positive value (a positive net area interchange). SPP, however, used the reverse notation, causing some SPP Transmission Owners to subtract net area interchange from the FCITC value when they should have added. To clarify, we provide a simple rule: For a study area whose net area interchange represents net exports from the study area, the SIL value is equal to FCITC minus net exports. Therefore, net exports from a study area reduce the SIL value. Conversely, for a study area whose net area interchange represents net imports into the study area, the SIL value is equal to FCITC plus net imports. Therefore, net imports into a study area increase the SIL value. To the extent that the lowest SIL value was a result of a mathematical error in accounting for net area interchange, that value was not selected by the Commission.

15. In addition, as mentioned above, the Commission previously has approved SIL values for the Midwest ISO market for the same study period; therefore, we do not accept new SIL values for that market in this order.<sup>17</sup> Instead, we use the SIL values for the Midwest ISO market that we previously accepted for the same study period at issue here.

16. In the case of the ERCOT market, a non-jurisdictional market that was studied as a first-tier market to a jurisdictional SPP market, we note that the SPP Transmission Owner filing SIL values for ERCOT did not base its SIL values on the results of a simultaneous power flow study; instead, it summed the capability of three DC tie lines into the ERCOT

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<sup>16</sup> As the Commission previously explained, net area interchange is the sum of a study area's scheduled energy transactions that is subtracted from the SIL study results to determine the SIL value. This subtraction implies that a study area that has positive net exports would have a positive sign on its net area interchange value. Thus, a study area with net exports would have the positive value of its net area interchange subtracted from the initial SIL value, reducing the SIL value. A study area with net imports would have a negative sign on its net area interchange value and subtracting this negative value from the initial SIL value would increase the SIL value. *Carolina Power & Light*, 128 FERC ¶ 61,039 at P 9; *Carolina Power & Light Clarification Order*, 129 FERC ¶ 61,152 at n.15.

<sup>17</sup> See *ALLETE, Inc.*, 127 FERC ¶ 61,143 (2009).

market. Given that the study was not prepared in accordance with Commission directives, we do not accept those values. Instead, consistent with our conservative approach, we assume no imports and accept SIL values of zero for all seasons for the ERCOT market. Finally, we note that the SIL values for the MidAmerican Electric Company (MEC) market are strictly historical because MidAmerican Electric Company has since joined Midwest ISO as a Transmission Owner and integrated its facilities into Midwest ISO.<sup>18</sup>

The Commission orders:

The specific Commission-accepted SIL values identified in Appendix A to this order are hereby adopted for purposes of analyzing updated market power analyses for the SPP region.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

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<sup>18</sup> *Midwest Independent Transmission System Operator, Inc.*, 128 FERC ¶ 61,047 (2009).

## Appendix A

### Accepted SIL Values (in MW) for the Southwest Power Pool (SPP)

Study Period of December 2006 to November 2007

| Abbreviation          | Market                                      | Winter | Spring | Summer | Fall  |
|-----------------------|---|--------|--------|--------|-------|
| 1 AECl*               | Associated Electric Coop., Inc              | 1,991  | 2,403  | 2,721  | 3,191 |
| 2 AEPW <sup>a</sup>   | AEP-West (Central and Southwest or CSWS)    | 2,751  | 3,575  | 1,739  | 3,110 |
| 3 CLECO               | Central Louisiana Electric Company          | 1,027  | 1,013  | 0      | 991   |
| 4 EDE                 | Empire District Electric Company            | 273    | 395    | 0      | 566   |
| 5 EES*                | Entergy Services, Inc.                      | 4,556  | 0      | 1,638  | 1,198 |
| 6 ERCOT*              | Electric Reliability Council of Texas       | 0      | 0      | 0      | 0     |
| 7 GMO <sup>b</sup>    | KCPL Greater Missouri Operations            | 873    | 1,188  | 1,524  | 1,313 |
| 8 GRDA                | Grand River Dam Authority                   | 0      | 0      | 0      | 0     |
| 9 INDN                | City of Independence, Missouri              | 328    | 298    | 276    | 309   |
| 10 KACY               | Kansas City Board of Public Utilities       | 359    | 382    | 219    | 451   |
| 11 KCPL               | Kansas City Power & Light                   | 2,682  | 2,119  | 2,255  | 2,957 |
| 12 LEPA               | Louisiana Electric Power Authority          | 69     | 211    | 0      | 196   |
| 13 LUS <sup>c</sup>   | City of Lafayette Utilities System          | 49     | 141    | 0      | 0     |
| 14 MEC <sup>d,*</sup> | MidAmerican Electric Company                | 1,885  | 869    | 233    | 435   |
| 15 MIDW               | Midwest Energy                              | 258    | 254    | 342    | 279   |
| 16 MKEC <sup>e</sup>  | Mid-Kansas Electric Company                 | 135    | 18     | 140    | 147   |
| 17 NPPD               | Nebraska Public Power District              | 0      | 0      | 0      | 0     |
| 18 OKGE               | Oklahoma Gas & Electric                     | 1,095  | 639    | 296    | 755   |
| 19 OMPA               | Oklahoma Municipal Power Authority          | 25     | 73     | 84     | 49    |
| 20 OPPD               | Omaha Public Power District                 | 620    | 727    | 508    | 727   |
| 21 SECI               | Sunflower Electric Cooperative              | 182    | 0      | 277    | 17    |
| 22 SPRM <sup>f</sup>  | City Utilities, Springfield, Missouri (CUS) | 515    | 482    | 312    | 517   |
| 23 SPS                | Southwestern Public Service                 | 0      | 0      | 0      | 234   |
| 24 SWEPA <sup>g</sup> | Southwestern Power Administration (SPA)     | 0      | 0      | 0      | 111   |
| 25 WFEC               | Western Farmers Electric Cooperative        | 605    | 463    | 515    | 560   |
| 26 WR                 | Westar Energy, Inc.                         | 1,349  | 1,701  | 1,104  | 1,390 |

**Notes:**

\* An asterisk indicates that a market is a non-SPP market studied by an SPP Transmission Owner.

<sup>a</sup> AEP-West was previously known as Central and Southwest (CSWS).

<sup>b</sup> KCPL GMO was previously known as Missouri Public Service (MPS), Aquila-MIPU (UtiliCorp) and Aquila Networks.

<sup>c</sup> City of Lafayette Utilities System (LUS) is sometimes abbreviated as "LAFA."

<sup>d</sup> MidAmerican Electric Company has since joined the Midwest ISO.

<sup>e</sup> Mid-Kansas Electric Company was previously known as WestPlains Energy (WPEL) or (WPEK).

<sup>f</sup> City Utilities, Springfield is sometimes abbreviated as "CUS."

<sup>g</sup> Southwestern Power Administration is sometimes abbreviated as "SPA."