

141 FERC ¶ 61,128
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Midwest Independent Transmission
System Operator, Inc.

Docket Nos. ER12-480-001
ER12-480-002

ORDER ON REHEARING AND COMPLIANCE

(Issued November 15, 2012)

1. On November 28, 2011, Midwest Independent Transmission System Operator, Inc. (MISO) and the transmission owners of MISO (MISO TO)¹ (collectively, Filing Parties) submitted a filing (November 28 Filing) proposing revisions to MISO's Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff) regarding

¹ For the purposes of this filing, MISO TOs include: Ameren Services Company, as agent for Union Electric Company, Ameren Illinois Company and Ameren Transmission Company of Illinois; American Transmission Company LLC; Big Rivers Electric Corporation; Central Minnesota Municipal Power Agency; City Water, Light & Power (Springfield, IL); Dairyland Power Cooperative; Duke Energy Corporation for Duke Energy Ohio, Inc. (Duke Ohio), Duke Energy Indiana, Inc., and Duke Energy Kentucky, Inc. (Duke Kentucky); Great River Energy; Hoosier Energy Rural Electric Cooperative, Inc.; Indiana Municipal Power Agency; Indianapolis Power & Light Company; Michigan Public Power Agency; MidAmerican Energy Company; Minnesota Power (and its subsidiary Superior Water, L&P); Montana-Dakota Utilities Co.; Northern Indiana Public Service Company; Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation; Northwestern Wisconsin Electric Company; Otter Tail Power Company; Southern Illinois Power Cooperative; Southern Indiana Gas & Electric Company (Vectren Indiana); Southern Minnesota Municipal Power Agency; Wabash Valley Power Association, Inc.; and Wolverine Power Supply Cooperative, Inc.

the planning and cost allocation of network upgrades,² in order to establish a transition for the integration of Entergy Corporation and its operating companies³ (collectively, Entergy) into MISO as transmission-owning members. In an order issued April 19, 2012, the Commission conditionally accepted Filing Parties' November 28 Filing, subject to a further compliance filing.⁴ Several parties sought rehearing and/or clarification, as detailed below.

2. On May 21, 2012, Filing Parties⁵ submitted a filing (May 21 Compliance Filing) to comply with the Commission's April 19 Order.

3. In this order, as discussed below, we deny the requests for rehearing and/or clarification of the April 19 Order. We also conditionally accept Filing Parties' May 21 Compliance Filing, subject to a further compliance filing due within 30 days of the date of this order.

I. Background

A. November 28 Filing

4. In the November 28 Filing, Filing Parties proposed revisions to the MISO Tariff providing for a five-year transition period for integrating Entergy and any adjacent utilities into MISO's transmission planning and cost allocation process. Filing Parties proposed that, during this five-year transition period, MISO will review and compare the current states of the transmission systems in two Planning Areas: 1) MISO as it existed before the entry of the first Entergy Operating Company, as modified by the entry or

² Network upgrades include Baseline Reliability Projects, Generator Interconnection Projects, Transmission Delivery Service Projects, Market Efficiency Projects, and Multi-Value Projects (MVP). *See* Filing Parties November 28 Filing, Transmittal Letter at 14.

³ Entergy Corporation's operating companies are Entergy Arkansas, Inc. (Entergy Arkansas); Entergy Gulf States Louisiana, LLC; Entergy Louisiana, LLC; Entergy Mississippi, Inc.; Entergy New Orleans, Inc.; and Entergy Texas, Inc. (collectively, Entergy Operating Companies).

⁴ *Midwest Indep. Transmission Sys. Operator, Inc.*, 139 FERC ¶ 61,056 (2012) (April 19 Order).

⁵ For the purposes of this filing, MISO TOs do not include Duke Kentucky, Duke Ohio, and Vectren Indiana.

withdrawal of transmission-owning members in the Midwest (the First Planning Area); and 2) the area consisting of the states where Entergy owns and/or operates transmission facilities and any adjacent areas where transmission facilities are conveyed to MISO's functional control (the Second Planning Area). Filing Parties proposed that MISO will apply its existing transmission planning processes to the Second Planning Area during the five-year transition period to identify the Baseline Reliability Projects,⁶ Market Efficiency Projects,⁷ and MVPs⁸ needed in the Second Planning Area.⁹

5. Filing Parties proposed a transition period consisting of a fixed period of five years, commencing when at least one of the Entergy Operating Companies integrates into MISO. Filing Parties stated their understanding that all of the Entergy Operating Companies would like to join MISO simultaneously, by June 1, 2013, if possible.¹⁰ Filing Parties maintained that a five-year transition period is necessary because the Planning Areas have not been comparably planned through a common process based on common criteria, nor has MISO been planning system upgrades in close coordination with Entergy. Without a transition period, Filing Parties believed that regional allocation of network upgrade costs across the Planning Areas could result in unfair subsidization of the costs of projects terminating exclusively in either Planning Area. Filing Parties added that it would not be appropriate to make the First Planning Area bear a share of the cost of projects aimed at raising the Second Planning Area's infrastructure to a level that is more comparable to that of the First Planning Area.¹¹ Thus, Filing Parties stated that the transition period they proposed will provide MISO the opportunity to study and implement the comparable planning of transmission infrastructure upgrades in both Planning Areas, using the same transmission planning process, and based on the same

⁶ See generally *Midwest Indep. Transmission Sys. Operator, Inc.*, 114 FERC ¶ 61,106, *order on reh'g*, 117 FERC ¶ 61,241 (2006).

⁷ See generally *Midwest Indep. Transmission Sys. Operator, Inc.*, 118 FERC ¶ 61,209, *order on reh'g*, 120 FERC ¶ 61,080 (2007). These orders, among other things, approved a class of projects originally referred to as Regionally Beneficial Projects. MISO has since renamed this class of projects Market Efficiency Projects.

⁸ See generally *Midwest Indep. Transmission Sys. Operator, Inc.*, 133 FERC ¶ 61,221 (2010) (MVP Order), *order on reh'g*, 137 FERC ¶ 61,074 (2011).

⁹ Filing Parties November 28 Filing, Transmittal Letter at 11.

¹⁰ *Id.* at 10-11.

¹¹ *Id.* at 6-7.

criteria. Filing Parties explained that such comparability of planning will help ensure that the estimated benefits from upgrades will be at least roughly commensurate with their costs.

6. With respect to cost allocation during the five-year transition period, Filing Parties proposed that because network upgrades approved before the five-year transition period will terminate only within the First Planning Area, their costs will be allocated only within the First Planning Area, pursuant to the Tariff's cost allocation rules for the particular category of network upgrade. Filing Parties proposed that during the five-year transition period, the cost of network upgrades approved during the five-year transition period that terminate exclusively in either Planning Area will be allocated solely within that Planning Area pursuant to the applicable cost allocation rules for the particular category of network upgrade under Attachment FF (Transmission Planning Expansion Protocol), as modified by a new Attachment FF-6 (Transmission Expansion Planning and Cost Allocation for Second Planning Area's Transition).¹² For network upgrades that terminate in both Planning Areas and that are approved during the transition period, Filing Parties proposed that during the five-year transition period the associated costs will be allocated to both Planning Areas, in accordance with the Tariff's cost allocation rules for the particular category of network upgrade under Attachment FF.¹³

7. Filing Parties asserted that, during the five-year transition period, MISO will attempt to develop a portfolio of MVPs approved before or during the transition period for the combined Planning Areas (Combined MVP Portfolio)¹⁴ that satisfies a cost-benefit test, such that: 1) each zone in the First Planning Area does not experience a degradation in the net benefits estimated for MVPs approved prior to the five-year

¹² MISO, FERC Electric Tariff, [ATTACHMENT FF-6, Transmission Expansion Planning and Cost Allocation for Seco, 0.0.0](#) (Attachment FF-6, Transmission Expansion Planning and Cost Allocation for Second Planning Area's Transition).

¹³ This would also apply to network upgrades that terminate in both Planning Areas and that are determined during the five-year transition period to be solutions for identified needs with a forecast in-service date no more than five years after the end of the five-year transition period. Filing Parties November 28 Filing, Transmittal Letter at 14.

¹⁴ Filing Parties proposed that the Combined MVP Portfolio could also include MVPs approved at the conclusion of the first MISO Transmission Expansion Plan (MTEP) following the five-year transition period. MISO, FERC Electric Tariff, [ATTACHMENT FF-6, Transmission Expansion Planning and Cost Allocation for Seco, 0.0.0](#), § II.B.3 .

transition period, and 2) each zone in the Second Planning Area will receive a net benefit from the Combined MVP Portfolio. Filing Parties proposed that if MISO has identified a Combined MVP Portfolio that satisfies the cost-benefit test by the end of the five-year transition period, then the cost of MVPs approved before or during the five-year transition period that terminate exclusively in either Planning Area will be shared across both Planning Areas. Filing Parties stated that such regional cost allocation will be phased in over eight years at gradually increasing annual percentages of 12.5 percent.¹⁵ If a Combined MVP Portfolio that satisfies the cost-benefit test is not identified, Filing Parties proposed that 1) MISO allocate the cost of MVPs approved after the end of the five-year transition period using the planning processes and cost allocation procedures set forth in Attachment FF as it exists at the time of the projects' approvals,¹⁶ and 2) the cost of MVPs approved before or during the five-year transition period that terminate exclusively in the First Planning Area will not be shared across the Planning Areas.¹⁷

8. Filing Parties stated that the cost of network upgrades other than MVPs (i.e., non-MVPs) that were approved before the five-year transition period and that terminate exclusively in either Planning Area will not be shared between the Planning Areas. Filing Parties proposed that, after the five-year transition period, the cost of non-MVPs approved during the five-year transition period that terminate exclusively in either Planning Area will be allocated within that Planning Area, pursuant to the cost allocation rules for the particular category of network upgrade under Attachment FF.¹⁸

9. Filing Parties proposed to allocate the cost of all network upgrades approved after the end of the five-year transition period across the combined Planning Areas pursuant to Attachment FF.¹⁹

¹⁵ Filing Parties November 28 Filing, Transmittal Letter at 16.

¹⁶ *Id.*

¹⁷ MISO, FERC Electric Tariff, [ATTACHMENT FF-6, Transmission Expansion Planning and Cost Allocation for Seco, 0.0.0](#), § IV.B.3.

¹⁸ Filing Parties November 28 Filing, Transmittal Letter at 15-16.

¹⁹ The First Planning Area would not share the cost of non-MVPs identified during the five-year transition period as a solution to meet an identified need that terminate exclusively in the Second Planning Area and have a forecast in-service date no more than five years after the end of the Second Planning Area's transition period. *Id.* at 17.

B. Deficiency Letter and Response

10. On January 25, 2012, Commission Staff issued a deficiency letter (January 25 Letter) requesting additional information in order to process the filing. The January 25 Letter asked questions regarding MISO's proposed Combined MVP Portfolio, the cost-benefit test to be performed to determine if that portfolio provides sufficient benefits to both regions, and how costs will be allocated if the Combined MVP Portfolio is found to satisfy the cost-benefit test. On February 3, 2012, Filing Parties filed a response (February 3 Response) providing the information requested by the Commission. That response is discussed in greater detail herein.

C. April 19 Order

11. In the April 19 Order, the Commission found Filing Parties' proposal to be just and reasonable, since it represented a solution negotiated among potential entrants to MISO and existing MISO transmission owners, consistent with prior Commission orders on RTO entry. In accepting the five-year transition period, the Commission found that this transition period had been negotiated by the parties as part of the terms of Entergy's integration and "[e]ach group has its own cost-benefit rationale" for seeking the transition period.²⁰ It also noted that MISO and Entergy do not have a seams agreement and have not had historical opportunities to study their respective transmission infrastructure levels and plans, nor have the two systems used consistent planning criteria and assumptions. Absent the transition period, the Commission found, transmission customers in the Second Planning Area would immediately begin paying for MISO's MVPs that were not planned, designed, or built to benefit those customers.²¹ Accordingly, the Commission conditionally accepted Filing Parties' proposal and required Filing Parties to submit Tariff revisions concerning several issues: 1) the definitions of the Planning Areas;²² 2) the start date and length of the transition period;²³ and 3) MISO's transmission planning process during the transition period.²⁴

²⁰ April 19 Order, 139 FERC ¶ 61,056 at P 68 (citing, *e.g.*, *American Transmission Sys., Inc.*, 129 FERC ¶ 61,249, at P 114 (*ATSI*)).

²¹ *Id.* PP 69-70.

²² *Id.* P 116.

²³ *Id.* PP 95-96.

²⁴ *Id.* PP 117-119.

12. With regard to cost allocation, the Commission conditionally accepted the proposed allocation of the costs of network upgrades before, during, and after the five-year transition period, given the unique circumstances surrounding Entergy's proposed integration into MISO.²⁵ Among other things, the Commission found that it was reasonable not to allocate to the Second Planning Area any costs of network upgrades approved before the five-year transition period, absent a demonstration of net benefits, since those upgrades were not planned for the Second Planning Area. The Commission stated that until both Planning Areas use common processes and criteria, there is no basis to conclude that the Planning Areas will mutually derive benefits from projects that terminate exclusively in either Planning Area.²⁶ The Commission also conditionally accepted Filing Parties' proposal to share the cost of MVPs approved before or during the five-year transition period that terminate solely in either Planning Area across both Planning Areas if the Combined MVP Portfolio satisfies the cost-benefit test. To address concerns regarding cost allocation after the five-year transition period, the Commission conditionally accepted Filing Parties' proposal that in the event that the Combined MVP Portfolio does not satisfy the cost-benefit test, MVPs approved during the transition period that terminate exclusively in either Planning Area could be included in future MVP portfolios so that the associated costs would be shared across the Planning Areas or could be eligible for consideration as Baseline Reliability Projects and Market Efficiency Projects.²⁷ The Commission also accepted Filing Parties' proposal to share the cost of MVPs that terminate in both Planning Areas across both Planning Areas, and required that this allocation continue after the five-year transition period.²⁸

13. The Commission required Filing Parties to submit further explanation and Tariff revisions regarding the allocation of MVP costs. The Commission required Filing Parties to submit further compliance regarding the cost-benefit test, including Tariff revisions to: 1) reflect how certain MVPs would be considered in the cost-benefit test; 2) ensure that, when applying the cost-benefit test, MISO will consider alternative solutions;²⁹ 3)

²⁵ *Id.* P 181.

²⁶ *Id.* P 182.

²⁷ *Id.* P 185. We note that the Commission accepted Filing Parties' proposal to report to the Commission six months before the end of the transition period regarding whether MISO expects to find a Combined MVP Portfolio that satisfies the cost-benefit test. *Id.*

²⁸ *Id.* P 186.

²⁹ *Id.* PP 183, 188.

measure MVP costs and benefits over identical 20-year intervals; and 4) clarify certain elements of the cost-benefit formula.³⁰ The Commission also required Filing Parties to revise the Tariff to explain the MVP cost allocation during and after the five-year transition period for MVPs approved during the transition period that terminate in both Planning Areas, as well as the cost allocation after the five-year transition period in the event that the Combined MVP Portfolio does not satisfy the cost-benefit test.³¹

14. With regard to the MVP usage rate in Attachment MM (Multi-Value Project Charge), the Commission directed Filing Parties to address how the MVP usage rate will apply to export and wheel-through transactions and be determined during the potential eight-year phase-in period. The Commission also directed Filing Parties to address how the MVP usage rate will be determined separately for each Planning Area and how this determination differs from the existing system-wide MVP usage rate.³² In addition, the Commission required Filing Parties to revise the description of the MVP usage rate in Schedule 26-A (Multi-Value Project Usage Rate) consistent with the allocation of MVP costs under other Tariff sections.³³

D. May 21 Compliance Filing

15. As discussed in greater detail below, Filing Parties assert that they have complied with the requirements of the April 19 Order. They propose a series of Tariff revisions to modify the definitions of the Planning Areas, specify the commencement and duration of the five-year transition period, and clarify MISO's transmission planning process during the transition period. Filing Parties also propose revisions regarding the allocation of MVP costs, including to clarify the cost-benefit test, ensure that MVP costs are allocated to wheel-through and export transactions by external entities, other than those transactions sinking in PJM Interconnection, L.L.C. (PJM), and explain the MVP usage rate before, during, and after the five-year transition period.

16. Filing Parties request an effective date of June 1, 2013, which they state is the same effective date approved in the April 19 Order.³⁴

³⁰ *Id.* P 192.

³¹ *Id.* PP 184, 186, 189-190.

³² *Id.* PP 200-202.

³³ *Id.* PP 196-199.

³⁴ Filing Parties May 21 Compliance Filing, Transmittal Letter at 8.

II. Requests for Rehearing and/or Clarification, Notice of Filing, and Responsive Pleadings

17. Arkansas Electric Cooperative Corporation (Arkansas Cooperative), East Texas Cooperatives (East Texas Cooperatives), and Westar Energy, Inc. (Westar) filed timely requests for rehearing and/or clarification of the April 19 Order. On June 7, 2012, East Texas Cooperatives filed a notice of withdrawal of their request for rehearing.

18. Notice of Filing Parties' May 21 Compliance Filing was published in the *Federal Register*, 77 Fed. Reg. 31,842 (2012), with interventions and protests due on or before June 11, 2012. No further motions to intervene were filed. Timely protests were filed by Arkansas Cooperative and Westar. On June 26, 2012, MISO filed an answer to the protests.

III. Discussion

A. Procedural Matters

19. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2012), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept the answer filed by MISO because it has assisted us in our decision-making process.

B. Requests for Rehearing and/or Clarification of the April 19 Order

1. Requests for Rehearing and/or Clarification

20. Both Westar and Arkansas Cooperative filed requests for rehearing and/or clarification regarding the application of the MVP usage rate to export or wheel-through transactions by external entities.

a. Westar

21. On rehearing, Westar asks the Commission to clarify whether MISO will charge the MVP usage rate to external market participants with export and wheel-through transactions, and if so, whether the MVP usage rate will also be charged to energy transferred between MISO and Entergy. Westar states that if the Commission intended to approve MISO's proposal to charge the MVP usage rate to external participants but not to the Second Planning Area, Westar seeks rehearing of that decision because it will result in unduly discriminatory treatment of similarly-situated entities.³⁵

³⁵ Westar Request for Rehearing at 2.

22. Westar explains that MISO's proposed Tariff revisions indicate that during the five-year transition period, the MVP usage rate "shall be limited to a particular Planning Area with regard to MVPs terminating exclusively therein, pursuant to Attachment FF-6."³⁶ Westar states that the Commission found that it is not clear whether this language intends to exempt external market participants with export or wheel-through transactions from paying the MVP usage rate because they are not located within a particular Planning Area. Westar states that the Commission did not indicate whether MISO should change the language to charge the MVP usage rate to external market participants with export and wheel-through transactions or whether the Second Planning Area should be treated differently than those external market participants.³⁷ If the Commission intends for MISO to clarify its Tariff so that neither external market participants, such as Westar, nor the Second Planning Area are charged the MVP usage rate for export or wheel-through transactions, Westar has no objection. However, Westar states that if the intent is to charge the MVP usage rate to external participants for export and wheel-through transactions but not to charge the Second Planning Area when it conducts similar transactions, such a result would be unduly discriminatory. Westar also maintains that the April 19 Order is unclear regarding whether external market participants would pay a single system-wide rate or different MVP rates for each Planning Area.

23. Westar states that the Commission should either treat the Second Planning Area as an external participant with respect to the First Planning Area and exempt all external market participants with exports and wheel-through transactions from the MVP usage rate or require MISO to charge the MVP usage rate to energy transferred to the Second Planning Area as well as to other external market participants exporting power or conducting wheel-through transactions across the First Planning Area. Westar states that the transmission service provided when power is exported from MISO to areas other than Entergy, such as Westar, is indistinguishable from the transmission service provided when power flows from MISO to the Second Planning Area.³⁸ Westar notes that given Entergy's location, essentially between MISO and the Southwest Power Pool, Inc. (SPP) where Westar is located, many of the same facilities are likely used to transport power from MISO to Westar and MISO to Entergy. Westar states that there is no basis to charge transmission customers differently, and in fact, this would be unduly discriminatory and preferential in violation of section 205(b) of the Federal Power Act

³⁶ *Id.* at 4 (citing MISO, FERC Electric Tariff, [SCHEDULE 26A, Multi-Value Project Usage Rate, 1.0.0](#)).

³⁷ *Id.* at 3-4 (citing April 19 Order, 139 FERC ¶ 61,056 at PP 196, 201).

³⁸ *Id.* at 8.

(FPA). Westar adds that the Commission failed to address Westar's initial protest on these issues, and as a result, the April 19 Order was arbitrary and capricious.³⁹

24. Westar notes that MISO has attempted to justify its proposal to exempt participants in the Second Planning Area from paying the MVP usage rate by suggesting that the Second Planning Area would not be a beneficiary of the MTEP projects during the five-year transition period – or that current MTEP projects were not planned to benefit Entergy – and therefore, Entergy should not be responsible for the related costs. However, Westar states, when external market participants export from or wheel energy through MISO, they are utilizing the transmission system and should pay an appropriate rate. According to Westar, the same is true for the Second Planning Area; when Entergy exports from or wheels energy through MISO, it will be utilizing the transmission system and should pay a rate comparable to the rate charged to other users of the system.⁴⁰ Westar requests that the Commission grant rehearing and reject the Tariff revisions exempting Entergy from the allocation of MTEP project costs.⁴¹

b. Arkansas Cooperative

25. Arkansas Cooperative requests that the Commission clarify, and if necessary, modify on rehearing, the requirements that the MVP usage rate apply to export and wheel-through transactions.⁴² Arkansas Cooperative asserts that, for the MVP usage rate to be just and reasonable and not unduly discriminatory, the rate for export and wheel-through transactions using only a single Planning Area must be the same rate as for internal transactions in that Planning Area. For example, Arkansas Cooperative explains that it would be unjust to charge one MVP usage rate to load or transactions sinking in the Entergy transmission system and a different MVP usage rate for export transactions from Arkansas Cooperative's resources in the Entergy transmission system to Arkansas Cooperative's load in SPP. Arkansas Cooperative states that because both transactions use the same integrated transmission facilities and benefit from the same MVPs, both kinds of transactions should pay the same MVP usage rate.⁴³

³⁹ *Id.* at 5-6.

⁴⁰ *Id.* at 9.

⁴¹ *Id.* at 10.

⁴² Arkansas Cooperative Request for Rehearing at 2.

⁴³ *Id.*

26. Arkansas Cooperative expresses concern that the April 19 Order may be interpreted to permit MVP usage rates for export and wheel-through transactions that are different from the MVP usage rates for internal transactions in the same Planning Area.⁴⁴ Arkansas Cooperative states that its concern springs from its location in Arkansas, straddling the seam between Entergy Arkansas and SPP. If Entergy Arkansas joins MISO, then Arkansas Cooperative will straddle MISO and SPP. Arkansas Cooperative explains that it has generation resources in both Entergy Arkansas and SPP, and it must regularly export energy from its resources in Entergy Arkansas to serve its load in SPP. Arkansas Cooperative explains that it would appear that these export transactions, sinking in SPP, would be subject to the MVP usage rate, though it asserts that it is unclear which MVP usage rate it would pay: a system-wide MVP usage rate or a Second Planning Area-specific MVP usage rate. Thus, Arkansas Cooperative asks the Commission to clarify that the intent of the April 19 Order is that the MVP usage rate for a Planning Area's internal transactions and its export and wheel-through transactions should be the same.⁴⁵ Absent such a clarification, Arkansas Cooperative asserts that the April 19 Order departs from the Commission's finding in the MVP Order that the MVP usage rate should apply to certain export and wheel-through transactions and violates the fundamental principle that the cost allocation underlying transmission rates for network upgrades should be roughly commensurate with the estimated benefits.⁴⁶

27. Arkansas Cooperative further asks the Commission to clarify that the April 19 Order does not prejudice the question of whether MISO, reconfigured with Entergy integrated as a transmission-owning member, would satisfy the scope and configuration requirements for an RTO under Order No. 2000.⁴⁷ Arkansas Cooperative further asserts that the Commission should clarify that the April 19 Order does not prejudice any future proceeding to determine whether MISO (with Entergy integrated as a transmission-owning member) should be required to enter into a seams arrangement to eliminate rate pancaking with SPP.⁴⁸

⁴⁴ *Id.* at 4-6 (citing April 19 Order, 139 FERC ¶ 61,056 at PP 196, 200-201).

⁴⁵ *Id.* at 7.

⁴⁶ *Id.* at 3 (citing MVP Order, 133 FERC ¶ 61,221 at P 439).

⁴⁷ *Id.* at 9 (citing *Regional Transmission Organizations*, Order No. 2000, FERC Stats. & Regs. ¶ 31,089, at PP 193-194 (1999), *order on reh'g*, Order No. 2000-A, FERC Stats. & Regs. ¶ 31,092 (2000), *aff'd sub nom. Pub. Util. Dist. No. 1 of Snohomish County, Washington v. FERC*, 272 F.3d 607 (D.C. Cir. 2001)).

⁴⁸ *Id.* at 9-10.

c. Commission Determination

28. Both Westar and Arkansas Cooperative request clarification of whether the MVP usage rate applies to export and wheel-through transactions. In the April 19 Order, the Commission stated:

Filing Parties propose to revise the description of the MVP usage rate in Schedule 26-A of the Tariff so that it provides that during the transition period, the MVP usage rate “shall be limited to a particular Planning Area with regard to MVPs terminating exclusively therein, pursuant to Attachment FF-6.” This language could be interpreted to suggest that the application of the MVP usage rate will not apply to export and wheel-through transactions by external entities. We direct Filing Parties to submit, in the compliance filing directed below, revisions to the description of the MVP usage rate in Schedule 26-A to address this concern.⁴⁹

* * * * *

Moreover, if different MVP usage rates could apply to transactions in each Planning Area, Filing Parties do not explain in section 4(a) of Attachment MM how these rates would apply to external entities with export or wheel-through transactions, including on what basis these rates will be applied to external entities (e.g., based on their export and wheel-through transactions in each respective Planning Area) and how the applicable MVP usage rate(s) will be determined (e.g., the charges applicable to a wheel-through transaction that passes through a single Planning Area versus both Planning Areas) . . . To address these issues regarding section 4(a) of Attachment MM, we require Filing Parties to submit, in the compliance filing directed below, an explanation of 1) how MISO will determine MVP usage rates for each Planning Area to recover MVPs costs that are not shared across the Planning Areas; 2) how MISO’s determination of MVP usage rates for each Planning Area differs from its existing determination of the system-wide MVP usage rate; [and] 3) how the system-wide MVP usage rate and MVP usage rates for each Planning Area will apply to export and wheel-through transactions . . . As needed, Filing Parties should also include corresponding Tariff revisions.⁵⁰

⁴⁹ April 19 Order, 139 FERC ¶ 61,056 at P 196.

⁵⁰ *Id.* P 201.

29. The April 19 Order, therefore, instructed MISO to apply the MVP usage rate to export and wheel-through transactions and did not leave any discretion to MISO regarding whether to apply the charge to export and wheel-through transactions. Accordingly, we find that the requirements of the April 19 Order were unambiguous, and we will deny the requests for additional clarification.

30. Westar asserts that if the Commission intended for MISO to charge the MVP usage rate to export and wheel-through transactions, but not to the Second Planning Area, then this would be unduly discriminatory. We deny rehearing on this issue. As we explained in response to Westar and other commenters in the April 19 Order, there are unique circumstances surrounding Entergy's integration into MISO, which justify the approval of Filing Parties' proposal regarding cost allocation issues related to Entergy's integration.⁵¹ The proposal also represents a negotiated solution among potential MISO entrants and existing MISO transmission owners, and is tailored to resolve the issues raised by such new entry, consistent with previous Commission orders.⁵² Further, as new entrants into the MISO market, market participants in the Second Planning Area would not be similarly situated to an external entity conducting an export or wheel-through transaction in the First Planning Area. For example, upon Entergy's integration as a transmission-owning member of MISO, the Second Planning Area would be treated akin to existing MISO members and would begin paying any applicable MVP charges based on their monthly net actual energy withdrawals (e.g., including transactions within the Second Planning Area). As a result, the Second Planning Area will no longer be assessed the MVP usage rate in a manner similar to external entities, based on their export and wheel-through transactions in the First Planning Area. The Commission previously found that certain external entities engaging in export and wheel-through transactions should be allocated MVP costs,⁵³ and no party has demonstrated that new MISO entrants would prevent external entities from benefiting from MVPs or otherwise necessitate revisiting the Commission's previous findings.

⁵¹ Among other things, the Commission noted that Entergy and MISO do not have a seams agreement and have not had any historical opportunity to study their respective transmission infrastructure levels and plans, nor have their transmission systems been planned using consistent planning criteria and assumptions such that transmission facilities constructed in one Planning Area could reasonably be expected to provide benefits to loads in the other. *Id.* PP 69, 181.

⁵² *Id.* P 69 (citing *ATSI*, 129 FERC ¶ 61,249 at P 114).

⁵³ *See, e.g.*, MVP Order, 133 FERC ¶ 61,221 at PP 439-443.

31. Arkansas Cooperative asserts that the MVP usage rate paid by export and wheel-through transactions must be the same as that charged to internal transactions in the Second Planning Area. We discuss the calculation of the MVP usage rate, including whether that rate, as it applies to export and wheel-through transactions is just and reasonable, in greater detail below, in addressing the May 21 Compliance Filing.⁵⁴ This issue, therefore, is appropriately addressed on compliance and not on rehearing.

32. Finally, Arkansas Cooperative asks the Commission to clarify that if Entergy becomes a transmission-owning member of MISO, the Commission did not intend to prejudge the question of whether MISO would continue to satisfy the size and scope requirements for an RTO, or whether MISO should be required to enter into a seams arrangement to eliminate rate pancaking with SPP. As noted in the April 19 Order, these issues are beyond the scope of the instant proceeding since this is not a proceeding under section 205 of the FPA to integrate Entergy as a transmission-owning member of MISO.⁵⁵ As such, we do not address them here. At the point when such a filing is made, parties will have the opportunity to raise any integration-related concerns.

C. May 21 Compliance Filing

1. Definitions of Planning Areas and Transition Period

a. November 28 Filing

33. In the November 28 Filing, Filing Parties proposed definitions of the two Planning Areas and the five-year transition period. In section 1.231a, Filing Parties proposed to define the “First Planning Area” as MISO’s transmission system as it is immediately before the first Entergy Operating Company’s integration, as it may be modified by: 1) the addition of transmission facilities in the Midwest portion of the United States (i.e., Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Montana, North Dakota, Ohio, South Dakota, and Wisconsin) where transmission facilities not under MISO’s functional control are subsequently conveyed under Module B of the Tariff; or 2) the withdrawal of a member from MISO. In section 1.597a, Filing Parties proposed to define the “Second Planning Area” as the geographic area of MISO consisting of the states where Entergy owns and/or operates transmission facilities (i.e., Arkansas, Louisiana, Mississippi, and Texas) and any future additions of adjacent areas where

⁵⁴ See *infra* PP 92-104.

⁵⁵ April 19 Order, 139 FERC ¶ 61,056 at P 230.

transmission facilities are conveyed to the functional control of MISO to provide transmission services pursuant to Module B of the Tariff.⁵⁶

34. Filing Parties stated that the five-year transition period would consist of a fixed period of five years,⁵⁷ and the proposed definition of the “Second Planning Area’s Transition Period” in section 1.597b provided that the transition would be a “period of five (5) years.”⁵⁸ However, Tariff revisions regarding the cost-benefit test suggested that a longer transition period would be needed, so that the Combined MVP Portfolio may include MVPs approved at the conclusion of the next MTEP cycle following the end of the transition period.⁵⁹ Filing Parties also stated that the five-year transition period would commence “when at least one of the Entergy Operating Companies fully integrates with MISO.”⁶⁰ However, the proposed definition of “Second Planning Area” in section 1.597a indicated that the transition period would instead commence “on the integration date of the first Entergy Corporation Operating Company that signs the [Transmission Owners] Agreement,”⁶¹ and proposed Tariff language in section III.A of Attachment FF-6 stated that the transition period would commence “when the first transmission-owning member of the Second Planning Area conveys functional control of its transmission facilities to the Transmission Provider. . . .”⁶²

b. January 25 Letter and February 3 Response

35. With regard to the length of the five-year transition period, the January 25 Letter noted that the cost-benefit test considers MVPs approved “at the conclusion of the next MTEP cycle following the end of the Second Planning Area’s Transition Period” and asked Filing Parties to explain in detail the process, including “what appears to be a

⁵⁶ Filing Parties November 28 Filing, Transmittal Letter at 5-6.

⁵⁷ *Id.* at 9.

⁵⁸ MISO, FERC Electric Tariff, [1.597b, Second Planning Area's Transition Period, 1.0.0.](#)

⁵⁹ *See, e.g., id.*, [ATTACHMENT FF-6, Transmission Expansion Planning and Cost Allocation for Seco, 0.0.0](#), § II.B.3.a.

⁶⁰ Filing Parties November 28 Filing, Transmittal Letter at 10.

⁶¹ MISO, FERC Electric Tariff, [1.597a, Second Planning Area, 0.0.0.](#)

⁶² *Id.* [ATTACHMENT FF-6, Transmission Expansion Planning and Cost Allocation for Seco, 0.0.0](#), § III.A.

timing issue.”⁶³ In response, Filing Parties explained that the language “at the conclusion of the next MTEP cycle following the end of the Second Planning Area’s Transition Period” is needed to accommodate differences in the schedules for the five-year transition period and for the MISO Board of Directors’ approval of MVPs.⁶⁴

c. April 19 Order

36. In the April 19 Order, the Commission expressed concern that the definitions of the Planning Areas identify overlapping regions, could apply to regions outside of MISO, and refer to a “Transition Period” rather than the “Second Planning Area’s Transition Period.” The Commission required Filing Parties to revise the definitions of the Planning Areas to address these issues.⁶⁵

37. The Commission conditionally accepted Filing Parties’ proposed five-year transition period.⁶⁶ The Commission found that the end of the five-year transition period should accommodate MISO’s current MTEP approval cycle. Accordingly, the Commission required MISO to revise the Tariff so that the five-year transition period will “end on the day after the first December MISO Board of Directors meeting that considers any proposed Combined MVP Portfolio (i.e., the end of the MTEP approval cycle in which the five-year transition period ends in).”⁶⁷ The Commission also found that the five-year transition period should commence “when the first transmission-owning member of the Second Planning Area conveys functional control of its transmission facilities to the Transmission Provider,” consistent with proposed section III.A of Attachment FF-6. The Commission required MISO to: 1) revise the definition of “Second Planning Area” in section 1.597a to be consistent with the description of the start of the five-year transition period in section III.A of Attachment FF-6; and 2) include this description in the definition of “Second Planning Area’s Transition Period” in section 1.597b.⁶⁸

⁶³ January 25 Letter at 3.

⁶⁴ Filing Parties February 3 Response at 5.

⁶⁵ April 19 Order, 139 FERC ¶ 61,056 at P 116.

⁶⁶ *Id.* PP 93-94.

⁶⁷ *Id.* P 96.

⁶⁸ *Id.* P 95.

d. May 21 Compliance Filing

38. Filing Parties propose to revise the definitions of the Planning Areas to specify in section 1.231a that the addition of transmission facilities in Ohio would belong to the First Planning Area and in 1.597a that the addition of transmission facilities by the Entergy Operating Companies or “other” utilities in Arkansas, Louisiana, Mississippi, or Texas would belong to the Second Planning Area. Filing Parties also propose to revise the definition of the Second Planning Area so that it refers to the “Second Planning Area’s Transition Period.”⁶⁹ Filing Parties maintain that these revisions ensure that the definitions do not identify overlapping regions or areas outside MISO.⁷⁰

39. Filing Parties propose revisions to section 1.597b and the description of the duration of the five-year transition period in section III.A of Attachment FF-6 to provide that the transition period will be a minimum of five years plus the time needed to complete the MTEP approval cycle at the end of the fifth year of the transition period.⁷¹ Filing Parties also propose to revise the definitions of the “Second Planning Area” and the “Second Planning Area’s Transition Period” in sections 1.597a and 1.597b, respectively, to provide that the five-year transition period will commence “when the first Entergy Operating Company, or its successor in interest, conveys functional control of its transmission facilities to the Transmission Provider.”⁷² Filing Parties assert that these revisions are consistent with the requirements of the April 19 Order. They also argue that the proposed Tariff language regarding Entergy’s successor(s) in interest accounts for any possible transfer(s) of ownership of any Entergy Operating Companies before the start of the five-year transition period.⁷³

⁶⁹ MISO, FERC Electric Tariff, [1.231a, First Planning Area, 1.0.0](#), [1.597a, Second Planning Area, 1.0.0](#).

⁷⁰ Filing Parties May 21 Compliance Filing, Transmittal Letter at 3.

⁷¹ MISO, FERC Electric Tariff, [1.597b, Second Planning Area's Transition Period, 2.0.0](#), [ATTACHMENT FF-6, Transmission Expansion Planning and Cost Allocation for Seco, 1.0.0](#), § III.A.

⁷² *Id.* [1.597a, Second Planning Area, 1.0.0](#), [1.597b, Second Planning Area's Transition Period, 2.0.0](#).

⁷³ Filing Parties May 21 Compliance Filing, Transmittal Letter at 2-3.

e. **Protest**

40. Arkansas Cooperative asserts that the proposed revisions to sections 1.597a and 1.597b in the May 21 Compliance Filing include language regarding successor(s) in interest that was not required by the April 19 Order. Arkansas Cooperative argues that the additional language broadens the transition proposal – so that the five-year transition period is triggered not only by Entergy but also by any successor in interest – and incorrectly presumes that the associated cost allocation provisions are just and reasonable for all possible future corporate transactions involving Entergy’s transmission assets. Arkansas Cooperative maintains that the April 19 Order specifically declined to address the “separate and distinct” matter of Entergy’s announced sale of its transmission assets to ITC Corporation,⁷⁴ and therefore, Tariff language in this proceeding should not prejudge or accommodate that transaction. Arkansas Cooperative asserts that the Commission should reject the proposed revisions regarding successor(s) in interest, as there is no basis to accept this language as just and reasonable.⁷⁵

f. **Answer**

41. MISO asserts that the Commission should reject Arkansas Cooperative’s opposition to the inclusion of language regarding successor(s) in interest. According to MISO, the addition of such language “is consistent with the April 19 Order’s agreement with the observation that the transition-related ‘Tariff revisions are relevant to Entergy’s regulators and transmission customers regardless of the ownership status of the transmission facilities.’”⁷⁶ MISO contends that any successor(s) in interest of Entergy will be properly governed by both the Tariff’s transition-related rules and all other general requirements applicable to a new transmission-owning MISO member. MISO adds that interested parties, including Arkansas Cooperative, could intervene and raise any concerns in the Commission proceeding required to integrate any such successor(s) in interest into MISO. Moreover, MISO states, Arkansas Cooperative has not identified any particular factor or circumstance that could render the Entergy transition-related Tariff provisions inappropriate due merely to a change of ownership of Entergy’s transmission assets, serving the same Entergy transmission customers.⁷⁷

⁷⁴ Arkansas Cooperative Protest at 10 (citing April 19 Order, 139 FERC ¶ 61,056 at P 229).

⁷⁵ *Id.* at 10-11.

⁷⁶ MISO Answer at 5 (citing April 19 Order, 139 FERC ¶ 61,056 at P 229).

⁷⁷ *Id.*

g. Commission Determination

42. Filing Parties propose to revise the definition of the Second Planning Area in section 1.597a so that it may be expanded if “other” utilities – rather than “adjacent” utilities – in Arkansas, Louisiana, Mississippi, or Texas join MISO during the five-year transition period.⁷⁸ The Commission did not require Filing Parties to make this change, and referring to “other” utilities could expand the definition to include utilities that are not adjacent to the Second Planning Area. We will require Filing Parties to submit, in the compliance filing directed below, Tariff revisions to refer to “adjacent” utilities rather than “other” utilities in section 1.597a. We note that Filing Parties may submit further revisions to the definition of the Second Planning Area in a future filing under section 205 of the FPA.

43. With regard to the Tariff revisions regarding Entergy’s potential successor(s) in interest, we agree with Arkansas Cooperative that these revisions were not required by the April 19 Order and are beyond the scope of this compliance proceeding. We will require Filing Parties to submit, in the compliance filing directed below, Tariff revisions to remove the proposed language regarding Entergy’s potential successor(s) in interest.⁷⁹ We note that Filing Parties may propose Tariff revisions adding the phrase “successor(s) in interest” in a filing under section 205 of the FPA.

44. Otherwise, we find that Filing Parties’ proposed Tariff revisions are consistent with the requirements of the April 19 Order, and we will conditionally accept them.

2. Transmission Planning During Transition Period

a. November 28 Filing

45. Filing Parties proposed that, during the five-year transition period, MISO would apply to the Second Planning Area its existing transmission planning processes, including the MTEP under Attachment FF of the Tariff. Filing Parties proposed in Attachment FF-6 that, upon the start of the five-year transition period, MISO would review and compare the current states of the two Planning Areas’ transmission systems for compliance with the transmission planning criteria in Attachment FF of the MISO Tariff.

⁷⁸ MISO, FERC Electric Tariff, [1.597a, Second Planning Area, 1.0.0](#).

⁷⁹ We note that MISO also proposed Tariff language regarding Entergy’s potential successor(s) in interest in section III.A of Attachment FF-6 regarding the duration of the five-year transition period. *Id.* [ATTACHMENT FF-6, Transmission Expansion Planning and Cost Allocation for Seco, 1.0.0, § III.A](#).

In particular, Filing Parties stated that MISO would conduct planning studies for Baseline Reliability Projects, Market Efficiency Projects, and MVPs in order to identify, by the end of the five-year transition period, projects planned for the Second Planning Area using the same process and criteria applicable to the First Planning Area.⁸⁰ MVPs would be evaluated in order to identify a portfolio of MVPs that would result in net benefits to each zone in the combined Planning Areas.

46. Filing Parties proposed that MISO undertake three key studies for Entergy's transition. First, for reliability purposes, MISO would perform planning analyses that test the transmission system, with the Second Planning Area included, under a wide variety of conditions, as described in Attachment FF. Second, MISO would perform a top congested flowgate study designed to identify transmission solutions where market efficiency impacts exceed transmission project costs. Filing Parties explained that the study would look at both historical congestion as well as projections of future congestion to identify areas where transmission solutions may provide benefits in excess of costs. Third, MISO would conduct a study in order to develop a portfolio of MVPs with the Second Planning Area included in the planning process. Filing Parties stated that the newly-developed MVP portfolio, in combination with any previously-approved MVPs, should result in benefits spread across the combined footprint commensurate with the allocation of costs.⁸¹

47. Filing Parties also proposed that, during the five-year transition period, MISO would submit to the Commission annual reports regarding its progress in comparably planning network upgrades for the Planning Areas.⁸²

b. January 25 Letter and February 3 Response

48. In the January 25 Letter, Commission Staff noted that proposed section II.B.3 of the Attachment FF-6 distinguishes between projects that have been "approved," "planned or approved," and "identified," and asked Filing Parties to explain the differences

⁸⁰ Filing Parties stated that MISO plans to identify Baseline Reliability Projects and Market Efficiency Projects that have been approved during the transition period or that have been determined during the transition period to be solutions for identified needs that have a forecast in-service date no more than five years after the end of the transition period.

⁸¹ Filing Parties November 28 Filing, Transmittal Letter at 13-14 (citing Curran Test. at 14-15).

⁸² *Id.* at 18.

between these categories of projects and the significance and purpose of these distinctions.⁸³ In their response, Filing Parties stated that in MISO's transmission planning process, "planned and approved" refers to a project that has been approved by the MISO Board of Directors for inclusion in Appendix A of the MTEP. Filing Parties added that "identified or planned" refers to a project that has been demonstrated as a potential solution to an identified reliability, economic, and/or policy need but has not yet been approved by the MISO Board of Directors.⁸⁴

c. April 19 Order

49. The Commission conditionally accepted Filing Parties' proposal for transmission planning in the two Planning Areas during the five-year transition period,⁸⁵ subject to Tariff revisions to clarify MISO's transmission planning process under Attachment FF-6. The Commission required MISO ensure that Attachment FF-6 does not indicate that Attachment FF requires a comparison of the two Planning Areas, because the existing provisions of Attachment FF do not require any such comparison. The Commission found that:

[i]nstead, consistent with Filing Parties' proposal, comparability in planning Baseline Reliability Projects and Market Efficiency Projects between the two Planning Areas will be achieved in that 'MISO's existing transmission planning processes for the First Planning Area will be comparably and consistently applied in the Second Planning Area upon the start of the [five-year] transition period.'⁸⁶

The Commission also required Filing Parties to revise the Tariff to refer to projects in terms of whether they have been "planned and approved by the MISO Board of Directors for inclusion in Appendix A of the MTEP" or "identified or planned but not yet approved by the MISO Board of Directors," consistent with Filing Parties' February 3 Response.⁸⁷ In addition, the Commission required Filing Parties to revise the Tariff to reflect their

⁸³ January 25 Letter at 4.

⁸⁴ Filing Parties February 3 Response at 5.

⁸⁵ April 19 Order, 139 FERC ¶ 61,056 at P 115. We note that the Commission accepted Filing Parties' proposal to submit annual reports regarding its progress in comparably planning network upgrades for the Planning Areas. *Id.*

⁸⁶ *Id.* P 117 (footnote omitted)

⁸⁷ *Id.* P 118 (citing Filing Parties February 3 Response at 5).

clarification that benefits in the Second Planning Area will not be used to justify projects terminating exclusively in the First Planning Area, and vice versa.⁸⁸

d. May 21 Compliance Filing

50. To ensure consistency between Attachments FF and FF-6, Filing Parties propose revisions to section II.B of Attachment FF-6 to remove language indicating that Attachment FF requires a comparison of the two Planning Areas. Filing Parties state that proposed section II.B will read as follows:

During the Second Planning Area's Transition Period, the Transmission Provider shall review the current states of the transmission systems in the First Planning Area and the Second Planning Area, using the planning processes identified in Attachment FF to the Tariff. The Transmission Provider shall also determine the comparability of the First Planning Area and the Second Planning Area with respect to their compliance with the Attachment FF Planning Criteria.⁸⁹

51. Filing Parties propose to revise sections II.B.1, II.B.2, IV.A.2.(b), IV.B.2, and IV.B.7 of Attachment FF-6 to consistently refer to projects in terms of whether they have been either 1) "planned and approved by the MISO Board of Directors for inclusion in Appendix A of the MTEP" or 2) "identified or planned but not yet approved by the MISO Board of Directors."⁹⁰

52. Filing Parties propose to revise section II.B.2 of Attachment FF-6 to clarify that under Attachment FF-6, benefits in the Second Planning Area will not be used to justify Market Efficiency Projects terminating exclusively in the First Planning Area, and that benefits in the First Planning Area will not be used to justify Market Efficiency Projects terminating exclusively in the Second Planning Area.⁹¹

e. Commission Determination

53. We will conditionally accept Filing Parties' proposed Tariff revisions, subject to several compliance requirements. In the April 19 Order, the Commission cited the

⁸⁸ *Id.* P 119 (citing Filing Parties January 10, 2012 Answer at 22).

⁸⁹ Filing Parties May 21 Compliance Filing, Transmittal Letter at 3.

⁹⁰ *Id.* at 4.

⁹¹ *Id.*

language in section II.B.1 of Attachment FF-6 as an example of language incorrectly suggesting that MISO would compare the Planning Areas pursuant to Attachment FF.⁹² However, Filing Parties did not modify language in section II.B.1 of Att. FF-6 to reflect that Attachment FF does not require a comparison of the Planning Areas.⁹³ We will require Filing Parties to submit, in the compliance filing directed below, Tariff revisions to revise section II.B.1 of Attachment FF-6 to reflect that Attachment FF does not require a comparison of the Planning Areas.

54. With regard to the Commission's requirement to revise the Tariff to consistently refer to transmission projects that have either been "planned and approved by the MISO Board of Directors for inclusion in Appendix A of the MTEP" or "identified or planned but not yet approved by the MISO Board of Directors,"⁹⁴ Filing Parties submitted revisions throughout Attachment FF-6 to modify the Tariff accordingly. However, in Attachment FF-6, Filing Parties do not modify the term "identified" in section I, "planned or" approved and "identified as needed" in section II.B.3, "approved or identified but have not yet been approved" and "project approval" and "project approvals" in section III.C, or "planned or" approved in section IV.B.1 and thus fail to satisfy the Commission's directive.⁹⁵ We will require Filing Parties to submit, in the compliance filing directed below, Tariff revisions to modify the Tariff to address these concerns.

55. Filing Parties proposed to insert language in Attachment FF-6 providing that MISO will not use benefits in the Second Planning Area to justify Market Efficiency Projects terminating exclusively in the First Planning Area, or vice versa.⁹⁶ However, Filing Parties do not propose similar language with regard to Baseline Reliability Projects or MVPs, and we will require Filing Parties to submit, in the compliance filing directed below, Tariff revisions to include this language.

⁹² April 19 Order, 139 FERC ¶ 61,056 at P 117 n.206.

⁹³ MISO, FERC Electric Tariff, [ATTACHMENT FF-6, Transmission Expansion Planning and Cost Allocation for Seco, 1.0.0](#), § II.B.1.

⁹⁴ April 19 Order, 139 FERC ¶ 61,056 at P 118.

⁹⁵ MISO, FERC Electric Tariff, [ATTACHMENT FF-6, Transmission Expansion Planning and Cost Allocation for Seco, 1.0.0](#), §§ I, II.B.3, III.C, IV.B.1.

⁹⁶ *Id.* § II.B.2.

3. Cost Allocation

a. November 28 Filing

56. With respect to cost allocation, Filing Parties proposed to facilitate Entergy's integration into MISO through the adoption of new Attachment FF-6. Filing Parties stated that Attachment FF-6 describes how the costs of identified network upgrades will be allocated during and after the five-year transition period. In addition, Filing Parties noted that Attachment FF will continue to govern allocation of the costs of MTEP projects, except as specifically modified by Attachment FF-6.⁹⁷

57. Filing Parties proposed different cost allocation rules for MTEP network upgrades to apply during and after the transition period, depending upon where the upgrades terminate and whether they were approved before or during the five-year transition period. During the transition period, the costs of network upgrades approved *before* the transition period that terminate exclusively in either Planning Area will be allocated solely within that Planning Area in accordance with the Tariff's cost allocation rules.⁹⁸ During the transition period, the costs of network upgrades approved *during* the transition period that terminate exclusively in either Planning Area will be allocated solely within that Planning Area, pursuant to the Tariff's cost allocation rules under Attachment FF, as modified by Attachment FF-6.⁹⁹

58. Filing Parties explained that the costs of network upgrades that terminate in both Planning Areas and that are either 1) approved during the transition period, or 2) determined during the transition period to be solutions for identified needs with a forecast in-service date no more than five years after the end of the transition period, would be allocated to both Planning Areas during the transition period in accordance with the Tariff's cost allocation rules.¹⁰⁰

59. Filing Parties indicated that during and after the transition period, the costs of non-MVP network upgrades terminating exclusively in the Second Planning Area that are determined during the transition period to be solutions for identified needs that have a forecast in-service date no more than five years after the end of the transition period will

⁹⁷ Filing Parties November 28 Filing, Transmittal Letter at 5.

⁹⁸ *Id.* at 5, 15.

⁹⁹ *Id.* at 15.

¹⁰⁰ *Id.*

be allocated within only the Second Planning Area, in accordance with the Tariff's cost allocation rules for the particular category of network upgrade under Attachment FF, as modified by Attachment FF-6.¹⁰¹

60. Filing Parties proposed that after the transition period, the costs of non-MVPs, approved before the transition period that terminate exclusively in either Planning Area, would be allocated only within that Planning Area. Filing Parties proposed that after the transition period, the costs of non-MVPs approved during the transition period that terminate exclusively in either Planning Area would be allocated only within that Planning Area pursuant to the Tariff's cost allocation rules.

61. With respect to MVPs, Filing Parties asserted that during the transition period, MISO would attempt to develop a portfolio of MVPs for the combined Planning Areas (Combined MVP Portfolio). MISO would then apply a cost-benefit test to the Combined MVP Portfolio to determine whether, if these costs of the Combined MVP Portfolio were shared across the First and Second Planning Areas: 1) the benefits for each local resource zone in the First Planning Area from MVP Portfolio₂,¹⁰² in addition to the reduction in the costs that would be allocated to it for MVP Portfolio₁,¹⁰³ exceed the costs that it is allocated for MVP Portfolio₂; and 2) each local resource zone in the Second Planning Area will receive a net benefit from MVP Portfolio₂ when accounting for both its share of the costs for MVP Portfolio₂ and the costs associated with MVP Portfolio₁ that it would be allocated under Attachment FF-6.¹⁰⁴ Filing Parties explained that this cost-benefit test ensures that each local resource zone in the First Planning Area does not experience a degradation in the net benefits estimated for MVP Portfolio₁ and that each

¹⁰¹ MISO, FERC Electric Tariff, [ATTACHMENT FF-6, Transmission Expansion Planning and Cost Allocation for Seco, 0.0.0](#), § IV.A.2(b)(ii).

¹⁰² Filing Parties proposed to define MVP Portfolio₂ as “the portfolio of MVPs that includes the Second Planning Area in the planning process and is approved either during the Second Planning Area’s Transition Period or at the conclusion of the next MTEP cycle following the end of the Second Planning Area’s Transition Period.” *Id.* § II.B.3(b).

¹⁰³ Filing Parties proposed to define MVP Portfolio₁ as “the portfolio of 17 MVPs approved for the First Planning Area during MTEP10 and MTEP11 plus any other MVP portfolios planned for or exclusively benefiting the First Planning Area that are approved before or during the Second Planning Area’s Transition Period or at the conclusion of the next MTEP cycle following the end of the Second Planning Area’s Transition Period.” *Id.* § II.B.3(a).

¹⁰⁴ *Id.* § II.B.3.

local resource zone in the Second Planning Area will receive a net benefit from the Combined MVP Portfolio.¹⁰⁵

62. Filing Parties proposed that if MISO identifies a Combined MVP Portfolio that satisfies the cost-benefit test by the end of the five-year transition period, then the costs of MVPs approved before or during the transition period that terminate exclusively in either Planning Area would be shared across both Planning Areas.¹⁰⁶ If MISO does *not* identify a Combined MVP Portfolio that satisfies the cost-benefit test before the end of the transition period, Filing Parties proposed that MISO allocate the costs of all MVPs approved after the end of the transition period using the planning processes and cost allocation procedures set forth in Attachment FF as it exists at the time of the projects' approvals.¹⁰⁷ Moreover, in this case the costs of MVPs terminating exclusively in the First Planning Area and approved before or during the transition period would not be regionally allocated across both Planning Areas.¹⁰⁸

63. Filing Parties proposed to allocate the costs of network upgrades approved after the end of the transition period across the combined Planning Areas pursuant to Attachment FF.¹⁰⁹

64. In addition, Filing Parties stated that within six months before the end of the transition period, MISO will report to the Commission whether it has identified, or its preliminary analysis suggests that it will identify by the end of the transition period, a portfolio of MVPs for the combined Planning Areas that satisfies the cost-benefit test.¹¹⁰

b. January 25 Letter and February 3 Response

65. The January 25 Letter stated that there was an apparent contradiction between proposed section II.B.3 of Attachment FF-6 and Filing Parties' answer regarding the definitions of Combined MVP Portfolio, MVP Portfolio₁ and MVP Portfolio #1, and/or

¹⁰⁵ Filing Parties November 28 Filing, Transmittal Letter at 16.

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

¹⁰⁸ MISO, FERC Electric Tariff, [ATTACHMENT FF-6, Transmission Expansion Planning and Cost Allocation for Seco, 0.0.0](#), § IV.B.3.

¹⁰⁹ Filing Parties November 28 Filing, Transmittal Letter at 17.

¹¹⁰ *Id.* at 18.

MVP Portfolio₂ and MVP Portfolio #2. Filing Parties responded that the definitions in proposed section II.B.3 of Attachment FF-6 are the correct definitions.¹¹¹

66. Among other things, the January 25 Letter asked Filing Parties to explain, in the event that the Combined MVP Portfolio does not satisfy the cost-benefit test, how MISO will allocate the cost of 1) MVPs approved before or during the transition period that terminate exclusively in the First Planning Area and 2) MVPs approved during the transition period that terminate exclusively in the Second Planning Area. In response, Filing Parties explained that if the Combined MVP Portfolio did not satisfy the cost-benefit test, the cost of MVPs included in MVP Portfolio₁ (i.e., those approved before the transition period and that terminate exclusively in the First Planning Area) would be allocated only to the First Planning Area. The costs associated with MVPs approved during the transition period would be allocated across both Planning Areas if it is shown that such MVPs, on a portfolio basis, meet the MVP criteria of Attachment FF as it exists at the time of the project's approval and provide net benefits to each local resource zone.¹¹²

67. The January 25 Letter requested that, if Filing Parties believed that certain MVP costs could still be shared if the Combined MVP Portfolio does not satisfy the cost-benefit test, they should explain how such cost sharing will occur. In reply, Filing Parties stated that MVP costs could still be shared across the Planning Areas if an MVP portfolio is identified that provides sufficient net benefits to each local resource zone in both Planning Areas under Attachment FF criteria, thereby justifying the sharing of costs pursuant to Attachment FF across both Planning Areas.¹¹³

68. The January 25 Letter sought clarification regarding whether the cost of MVPs approved during the transition period that terminate exclusively in the First Planning Area can be allocated to the Second Planning Area in the event that the Combined MVP Portfolio does not satisfy the cost-benefit test. In response, Filing Parties stated that the costs of MVPs approved before the start of the transition period that terminate exclusively in the First Planning Area will only be shared with the Second Planning Area after the transition period if a Combined MVP Portfolio is identified that meets the cost-benefit test. Further, Filing Parties stated that the costs of MVPs that terminate exclusively in the First Planning Area that are approved during the transition period could

¹¹¹ Filing Parties February 3 Response at 2.

¹¹² *Id.* at 6.

¹¹³ *Id.* at 7.

be shared with the Second Planning Area, if those MVPs are shown to meet the MVP criteria of Attachment FF on their own.¹¹⁴

69. The January 25 Letter asked Filing Parties to explain, in the event that the Combined MVP Portfolio does not satisfy the cost-benefit test, how the cost of MVPs approved before and/or during the transition period could be shared across both Planning Areas after the transition period pursuant to Attachment FF. In response, Filing Parties stated that the only scenario in which the costs associated with MVP Portfolio₁ would be shared with the Second Planning Area is if the Combined MVP Portfolio passes the cost-benefit test detailed in section II.B.3 of Attachment FF-6. Filing Parties further explained that if the Combined MVP Portfolio does not meet the cost-benefit test and MVP Portfolio₂ does not meet the MVP criteria of Attachment FF on its own, then any projects identified for MVP Portfolio₂ may be individually evaluated for qualification as a Baseline Reliability Project or Market Efficiency Project.¹¹⁵

70. The January 25 Letter asked Filing Parties to explain how the cost of MVPs approved during the transition period that terminate in both Planning Areas could be shared across both Planning Areas after the transition period pursuant to Attachment FF. In response, Filing Parties noted that the costs of MVPs terminating in both Planning Areas that are approved during the transition period will be shared across both Planning Areas if either: 1) the MVPs, as part of MVP Portfolio₂, meet the Combined MVP Portfolio cost-benefit test under Attachment FF-6; or 2) MVP Portfolio₂ meets the MVP criteria of Attachment FF on its own.¹¹⁶

71. Finally, the January 25 Letter requested that Filing Parties explain the treatment of MVPs approved after the transition period. Filing Parties responded that after the transition period, MVPs approved thereafter, terminating in either or both Planning Areas, would be treated pursuant to the criteria in section II.C and the cost allocation method in section III.A.2.g of Attachment FF. Specifically, Filing Parties noted that if an MVP portfolio is approved that meets the MVP criteria in Attachment FF, including providing broad regional benefits across each of the local resource zones of both Planning Areas commensurate with the allocation of costs, then the cost of that portfolio will be shared across both Planning Areas.¹¹⁷

¹¹⁴ *Id.* at 7-8.

¹¹⁵ *Id.* at 8.

¹¹⁶ *Id.*

¹¹⁷ *Id.* at 9.

c. April 19 Order

72. The Commission conditionally accepted the proposed allocation of the cost of network upgrades approved before, during, and after the five-year transition period.¹¹⁸ The Commission expressed concern regarding an apparent discrepancy between language in Filing Parties' proposed Tariff revisions submitted in their November 28 Filing and their answer on whether MVPs approved during the transition period that terminate exclusively in the First Planning Area will be considered in the cost-benefit test as part of MVP Portfolio₁. The Commission therefore required Filing Parties to submit revisions to include all projects approved during the transition period or at the conclusion of the next MTEP cycle following the end of the transition period in MVP Portfolio₂.¹¹⁹

73. The Commission required further compliance regarding the allocation of the cost of MVPs approved during the transition period that terminate in both Planning Areas. With regard to MVPs approved during the transition period that terminate in both Planning Areas, the Commission required Filing Parties to submit revisions to section IV.A.2(a) of Attachment FF-6 to provide that such costs will be shared across both Planning Areas during the transition period.¹²⁰ The Commission also required Filing Parties to submit revisions to section IV.B of Attachment FF-6 to provide that the cost of those MVPs will continue to be shared across both Planning Areas after the transition period.¹²¹

74. In the event that the cost-benefit test is not satisfied, Filing Parties stated that

- 1) MISO will allocate to the First Planning Area the costs of MVPs approved before the five-year transition period that terminate exclusively in the First Planning Area and
- 2) MISO will apply the existing provisions of Attachment FF to determine whether the costs of MVPs approved during the transition period will be shared across the Planning Areas.¹²²

The Commission required Filing Parties to submit Tariff revisions to reflect these clarifications in the Tariff.¹²³ The Commission also found that these clarifications contradict proposed section IV.B.3 of Attachment FF-6, which provides that the cost of

¹¹⁸ April 19 Order, 139 FERC ¶ 61,056 at P 181.

¹¹⁹ *Id.* P 183.

¹²⁰ *Id.* P 184.

¹²¹ *Id.* P 186.

¹²² *Id.* P 189 (citing, *e.g.*, Filing Parties February 3 Response at 6-8).

¹²³ *Id.*

MVPs approved before and during the transition period that terminate exclusively in the First Planning Area may be shared across the Planning Areas only if the Combined MVP Portfolio satisfies the cost-benefit test. The Commission required Filing Parties to modify section IV.B.3 so that it does not apply to MVPs approved during the transition period.¹²⁴

75. With regard to whether MISO could apply the cost-benefit test iteratively to multiple configurations of MVPs, the Commission noted Filing Parties' statement that "[t]he evaluation of projects that may comprise an MVP Portfolio₂ will include consideration of alternative solutions to determine the configuration that best addresses the identified transmission issues and ensure costs of the portfolio are allocated commensurate with benefits."¹²⁵ The Commission required Filing Parties to submit revisions to reflect this clarification in the Tariff.

76. The Commission noted that in the February 3 Response, Filing Parties provided additional clarification regarding the formula for the cost-benefit test, including the annual benefits for MVP Portfolio₂, the change in the MVP Portfolio₁ annual costs for a resource zone in the First Planning Area, and the applicable discount rate.¹²⁶ The Commission required Filing Parties to submit Tariff revisions to reflect these clarifications, as well as to modify the cost-benefit test to measure MVP costs and benefits over an identical 20-year interval.

d. May 21 Compliance Filing

77. Filing Parties propose to revise sections II.B.3.a and II.B.3.b of Attachment FF-6 to provide that 1) MVP Portfolio₁ will include MVPs approved before the transition period and any other MVP portfolios planned for and exclusively benefiting the First Planning Area before the transition period that are approved before or during the five-year transition period and 2) MVP Portfolio₂ will include the MVP portfolio that includes the Second Planning Area in the planning process, does not exclusively benefit either Planning Area, and is approved during the transition period.¹²⁷

¹²⁴ *Id.* P 190.

¹²⁵ *Id.* P 188.

¹²⁶ *Id.* P 192.

¹²⁷ MISO, FERC Electric Tariff, [ATTACHMENT FF-6, Transmission Expansion Planning and Cost Allocation for Seco, 1.0.0](#), §§ II.B.3.a-b.

78. With regard to cost allocation, Filing Parties propose to revise sections IV.A.2.(a) and IV.B.6 of Attachment FF-6 to clarify that the cost of MVPs approved during the transition period that terminate in both Planning Areas will be shared across both Planning Areas during and after the transition period. Filing Parties also propose to revise Attachment FF-6 to clarify how the costs of MVPs terminating exclusively in either Planning Area that are approved before or during the transition period will be allocated if the Combined MVP Portfolio does not satisfy the cost-benefit test. Moreover, Filing Parties propose to revise Attachment FF-6 such that section IV.B.3 applies only to MVPs for the First Planning Area planned before the transition period, and approved before or during that period where the cost-benefit test is not met at the end of the transition period (in which case the cost of such MVPs will be allocated only to the First Planning Area).¹²⁸

79. Filing Parties propose Tariff revisions to reflect that the identification of MVPs potentially comprising MVP Portfolio₂ will consider alternative solutions and to provide that “[t]he cost-benefit formula will be applied iteratively, as the Transmission Provider will evaluate alternative solutions to determine the MVP portfolio configuration that cost-effectively addresses the identified Transmission Issues, and ensures that benefits are at least roughly commensurate with costs.”¹²⁹ Filing Parties also propose to revise section II.B.3.e through section II.B.3.h of Attachment FF-6 to provide that the costs and benefits of MVPs will both be measured over the same intervals, as well as to clarify the cost-benefit formula.¹³⁰

e. Commission Determination

80. We find that Filing Parties have complied with the requirements in the April 19 Order regarding the cost allocation during the five-year transition period for MVPs approved during the transition period, the cost allocation after the five-year transition period for projects terminating in both Planning Areas, the iterative MVP Portfolio₂ process, and the cost-benefit test. However, we have concerns regarding Filing Parties’ compliance with several other requirements in Attachment FF-6. Accordingly, we will conditionally accept Filing Parties’ proposed revisions in Attachment FF-6, subject to the compliance requirements discussed below.

¹²⁸ Filing Parties May 21 Compliance Filing, Transmittal Letter at 5.

¹²⁹ *Id.*

¹³⁰ *Id.* at 6.

81. In the April 19 Order, the Commission required Filing Parties to “include all projects approved during the transition period or at the conclusion of the next MTEP cycle following the end of the transition period in MVP Portfolio₂,” for purposes of the cost-benefit test.¹³¹ However, in the proposed revisions to the definition of MVP Portfolio₁, Filing Parties propose to refer to MVPs “planned for and exclusively benefitting” the First Planning Area that are approved “before or during” the five-year transition period.¹³² This language could include MVPs approved during the five-year transition period in MVP Portfolio₁, contrary to the requirements of the April 19 Order. In the definition of MVP Portfolio₂, Filing Parties propose to include MVPs approved during the five-year transition period that do “not exclusively benefit either the First or Second Planning Area,”¹³³ which is contrary to the Commission’s requirement that all MVPs approved during the five-year transition period be included in MVP Portfolio₂.¹³⁴ We will require Filing Parties to submit, in the compliance filing directed below, Tariff revisions to: 1) include all MVPs approved before the five-year transition period only in MVP Portfolio₁; and 2) include all MVPs approved during the five-year transition period only in MVP Portfolio₂.

82. In the April 19 Order, the Commission required Filing Parties to submit Tariff language reflecting that, in the event that the cost-benefit test is *not* satisfied, MISO will apply the existing provisions of Attachment FF to determine whether the costs of MVPs approved during the transition period will be shared across the Planning Areas.¹³⁵ Filing Parties have not complied with this requirement. In proposed sections III.C and IV.B.3 of Attachment FF-6, Filing Parties propose Tariff language providing that the cost of MVPs approved before or during the five-year transition period that terminate exclusively in, and were planned exclusively for, the First Planning Area can never be shared with the Second Planning Area pursuant to Attachment FF. We will require Filing Parties to revise sections III.C and IV.B.3 of Attachment FF-6 to reflect that, if the cost-benefit test is *not* satisfied: 1) Filing Parties must determine whether any MVPs

¹³¹ April 19 Order, 139 FERC ¶ 61,056 at P 183.

¹³² MISO, FERC Electric Tariff, [ATTACHMENT FF-6, Transmission Expansion Planning and Cost Allocation for Seco, 1.0.0](#), § II.B.3.a.

¹³³ *Id.* § II.B.3.b.

¹³⁴ We also note that it is unclear how Filing Parties propose to consider MVPs approved during the five-year transition that exclusively benefit either Planning Area in the cost-benefit test.

¹³⁵ April 19 Order, 139 FERC ¶ 61,056 at PP 189-190.

approved during the five-year transition period satisfy the criteria of Attachment FF; and 2) the costs of an MVP approved during the five-year transition period will not be shared between the Planning Areas, unless MISO determines that an MVP satisfies the criteria of Attachment FF.

4. MVP Usage Rate

a. November 28 Filing

83. To reflect the proposed allocation of MVP costs before, during, and after the five-year transition period, Filing Parties proposed to revise the description of the MVP usage rate in Attachment MM and Schedule 26-A.¹³⁶

b. April 19 Order

84. The Commission required Filing Parties to submit further revisions to the description of the MVP usage rate. The Commission required Filing Parties to submit Tariff revisions to Schedule 26-A to: 1) modify language suggesting that the MVP usage rate will not apply to export and wheel-through transactions;¹³⁷ 2) reflect that Attachment FF-6 will govern the MVP usage rate applicable after the five-year transition period for MVPs approved during the transition period in the event that the cost-benefit test is satisfied;¹³⁸ and 3) ensure that Schedule 26-A reflects revisions in Attachment MM (e.g., so that MISO may remit MVP revenues to certain market participants in proportion to their annual *pro rata* share of the total MVP revenue requirement in the applicable Planning Area(s), rather than system-wide).¹³⁹

85. The Commission required Filing Parties to submit an explanation of, and corresponding Tariff revisions to Attachment MM regarding:

- 1) how MISO will determine MVP usage rates for each Planning Area to recover MVPs costs that are not shared across the Planning Areas; 2) how MISO's determination of MVP usage rates for each Planning Area differs from its existing determination of the system-wide MVP usage rate; 3) how

¹³⁶ MISO, FERC Electric Tariff, [ATTACHMENT MM, Multi-Value Project Charge \(MVP Charge\), 3.0.0, SCHEDULE 26A, Multi-Value Project Usage Rate, 1.0.0.](#)

¹³⁷ April 19 Order, 139 FERC ¶ 61,056 at P 196.

¹³⁸ *Id.* P 197.

¹³⁹ *Id.* PP 198-199.

the system-wide MVP usage rate and MVP usage rates for each Planning Area will apply to export and wheel-through transactions; and 4) how the MVP usage rate for each Planning Area will be determined during the potential eight-year phase-in period.¹⁴⁰

The Commission also required Filing Parties to revise language describing MISO's existing system-wide MVP usage rate to reflect the allocation of the cost of MVPs approved before or during the five-year transition period that terminate exclusively in either Planning Area.¹⁴¹

c. May 21 Compliance Filing

86. -Filing Parties propose revisions to both Schedule 26-A and Attachment MM. In Schedule 26-A, Filing Parties propose to revise the description of the MVP usage rate to clarify that the proposed language also applies to export and wheel-through transactions by external entities (other than those sinking in PJM). Filing Parties also propose to revise Schedule 26-A to clarify that after the transition period, Attachment FF-6 will govern the MVP usage rate applicable to MVPs approved during the transition period if the Combined MVP Portfolio satisfies the cost-benefit test. In addition, Filing Parties state that Schedule 26-A has been revised to ensure consistency with the description of the MVP usage rate in Attachment MM.¹⁴²

87. In Attachment MM, Filing Parties propose revisions to explain the calculation of the MVP usage rate, and how this rate will be applied differently to the Planning Areas, for MVPs approved before, during, and after the five-year transition period. In particular, Filing Parties propose to describe in detail five methods of determining the monthly MVP usage rate in section 4(a) of Attachment MM. Section 4(a)i provides the MVP usage rate determination before, during, and after the five-year transition period for MVPs that terminate exclusively in the First Planning Area approved before or during the five-year transition period in the event that the cost benefit test is not satisfied. Sections 4(a)ii and 4(a)iii provide the MVP usage rate determination after the five-year transition period for MVPs that terminate exclusively in the First Planning Area and Second Planning Area, respectively, in the event that the cost-benefit test is satisfied (i.e., in the event that the eight-year phase-in period occurs). Section 4(a)iv provides the MVP usage rate determination during and after the five-year transition period for MVPs that terminate in

¹⁴⁰ *Id.* P 201.

¹⁴¹ *Id.* P 202.

¹⁴² Filing Parties May 21 Compliance Filing, Transmittal Letter at 6.

both Planning Areas approved during or after the transition period. Section 4(a)v provides the MVP usage rate determination after the five-year transition period for MVPs approved after the transition period.¹⁴³

88. In their explanation of the five MVP usage rate determination methods in section 4(a), Filing Parties state that section 4(a)i of Attachment MM will apply to the calculation of the MVP usage rate to recover from each Planning Area any MVP costs not shared across the Planning Areas. They contend that the main difference between the proposed determination of MVP usage rates for each Planning Area and the existing determination of the system-wide MVP usage rate is that “under the proposed approach, not all eligible Withdrawals, Exports, and Through transactions in MISO are obligated to pay for MVPs, as the MVP usage rate will now be calculated based on the Planning Area location of MVPs and benefiting Withdrawals, Exports, and Through transactions.”¹⁴⁴ In addition, they maintain that sections 4(a)ii and 4(a)iii provide the MVP usage rate determination during the potential eight-year phase-in period.

89. With regard to export and wheel-through transactions, Filing Parties maintain that all of the MVP usage rate determination methods proposed in section 4(a) apply, as appropriate, to export and wheel-through transactions.¹⁴⁵ In particular, proposed section 4(a)i applies to certain export and wheel-through schedules with interchange schedule¹⁴⁶ delivery points at interfaces associated with the First Planning Area; sections 4(a)ii and 4(a)iii apply to certain export and wheel-through schedules with interchange schedule receipt and delivery points at interfaces associated with the First or Second Planning Area; and sections 4(a)iv and 4(a)v apply to certain real-time export and wheel-through schedules in both Planning Areas.¹⁴⁷

¹⁴³ *Id.* [ATTACHMENT MM, Multi-Value Project Charge \(MVP Charge\), 4.0.0](#), §§ 4(a)i-v.

¹⁴⁴ Filing Parties May 21 Compliance Filing, Transmittal Letter at 7.

¹⁴⁵ *Id.*

¹⁴⁶ Section 1.319 of the MISO Tariff defines an interchange schedule as “[a]n Import Schedule, Export Schedule, or Through Schedule.” Sections 1.320 and 1.321 provide that an interchange schedule’s receipt and delivery points are the locations where an interchange schedule sources and sinks, respectively. MISO, FERC Electric Tariff, Fourth Revised Vol. No. 1, Original Sheet Nos. 181-182.

¹⁴⁷ *Id.* [ATTACHMENT MM, Multi-Value Project Charge \(MVP Charge\), 4.0.0](#), §§ 4(a)i-v.

d. Protest

90. Noting that Filing Parties propose to assess MVP charges to export and wheel-through transactions, but not to Entergy when it conducts virtually identical export or wheel-through transactions, Westar asserts that Filing Parties' proposed Tariff revisions would result in undue discrimination and unjust and unreasonable rates. Westar notes that it filed a request for rehearing of the April 19 Order that explains these concerns and argues that the Commission was unclear regarding whether export and wheel-through transactions should be charged the MVP usage rate and whether Entergy should be treated like any other external market participant with export or wheel-through transactions. Westar states that it incorporates all of the arguments made in its request for rehearing.¹⁴⁸ Westar requests that the Commission reject the proposed Tariff changes that would exempt Entergy from the allocation of MTEP project costs.

e. Answer

91. MISO responds that Westar's protest merely reiterates arguments made in its request for rehearing, and should thus be rejected as outside the scope of this compliance proceeding.¹⁴⁹

f. Commission Determination

92. As an initial matter, we find that Westar's arguments regarding the allocation of MVP costs to export and wheel-through transactions, as well as to market participants in the Second Planning Area, are beyond the scope of this compliance proceeding. As explained elsewhere in this order, the April 19 Order was unambiguous regarding the allocation of MVP costs, including its requirement that Filing Parties revise the MISO Tariff to address how it will continue to allocate MVP costs to export and wheel-through transactions.¹⁵⁰ Westar's arguments opposing the Commission's findings in the April 19

¹⁴⁸ Westar Protest at 2-3 (citing Westar Request for Rehearing). *See also supra* PP 22-25.

¹⁴⁹ MISO Answer at 6.

¹⁵⁰ *See supra* PP 29-30. We also note that the Commission's previous findings in the MVP Order regarding the allocation of MVP costs to export and wheel-through transactions were not modified in the April 19 Order. *See MVP Order*, 133 FERC ¶ 61,221 at PP 91-98.

Order are not germane to whether Filing Parties' proposed Tariff revisions comply with the Commission's requirements.¹⁵¹

93. We find that Filing Parties' proposed Tariff revisions in Schedule 26-A appropriately reflect the allocation and remittance of MVP costs during and after the five-year transition period, consistent with the requirements of the April 19 Order,¹⁵² and we will conditionally accept them.¹⁵³ As for Filing Parties' proposed revisions in Attachment MM, which describe five methods of determining the MVP usage rate during and after the five-year transition period, we find that these Tariff revisions are generally consistent with the requirements of the April 19 Order, and we will conditionally accept them, subject to the compliance requirements discussed below.

94. With regard to the allocation of MVP costs *before* the five-year transition period and thus where one or more of the Entergy Operating Companies do not become transmission-owning members of MISO or have not done so by June 1, 2013, proposed section 4(a)i provides that the cost of MVPs will not be allocated to the Second Planning Area if the cost-benefit test is *not* satisfied.¹⁵⁴ However, it is unclear how MISO would know whether to allocate costs pursuant to section 4(a)i *before* the five-year transition period begins on the basis of whether the cost-benefit test is satisfied if MISO does not know the results of the cost-benefit test until the *end* of the five-year transition period. Filing Parties' proposed Tariff revisions also do not address the allocation of MVP costs before the five-year transition period begins if the cost-benefit test *is satisfied*. To address these issues, we will require Filing Parties to submit, in the compliance filing directed below, Tariff revisions deleting references to the cost-benefit test in Section 4(a)i.¹⁵⁵

¹⁵¹ We note that we have addressed these arguments with regard to Westar's request for rehearing. *See supra* P 31.

¹⁵² April 19 Order, 139 FERC ¶ 61,056 at PP 196-199.

¹⁵³ Our acceptance of these provisions is subject to further compliance to correct a typographical error in section 1 of Schedule 26-A. *See infra* P 111.

¹⁵⁴ MISO, FERC Electric Tariff, [ATTACHMENT MM, Multi-Value Project Charge \(MVP Charge\), 4.0.0](#), § 4(a)i.

¹⁵⁵ Specifically, we require removal of the following language from section 4(a)i: "If the criteria in Section II.B.3 of Attachment FF-6 are not met."

95. As for the allocation of MVP costs *during* the five-year transition period, we find that Filing Parties fail to provide any Tariff revisions regarding the MVP usage rate for MVPs approved during the transition period that terminate solely in the Second Planning Area. We will require Filing Parties to submit, in the compliance filing directed below, Tariff revisions to provide this MVP usage rate in the Tariff.

96. With regard to the cost allocation *during* the five-year transition period for MVPs that terminate solely in the First Planning Area approved before or during the five-year transition period, proposed section 4(a)i of Attachment MM ensures that the associated costs will not be shared with the Second Planning Area if the proposed cost-benefit test is *not* satisfied.¹⁵⁶ However, it is unclear how MISO would know whether to allocate costs pursuant to section 4(a)i *during* the five-year transition period if MISO does not know the results of the cost-benefit test until the *end* of the transition period. Filing Parties' proposed Tariff revisions also do not address the allocation of MVP costs during the five-year transition period if the cost-benefit test *is satisfied*. We will require Filing Parties to submit, in the compliance filing directed below, Tariff revisions deleting references to the cost-benefit test in section 4(a)i.¹⁵⁷

97. With regard to the allocation of MVP costs *after* the five-year transition period, proposed section 4(a)iii of Attachment MM describes the MVP usage rate for MVPs approved during the transition period that terminate solely in the Second Planning Area in the event that the cost-benefit test *is satisfied*.¹⁵⁸ However, the May 21 Compliance Filing fails to address the allocation of those MVP costs in the event that the cost-benefit test is *not* satisfied. We will require Filing Parties to submit, in the compliance filing directed below, Tariff revisions to provide the MVP usage rate for MVPs approved during the five-year transition period that terminate solely in the Second Planning Area if the cost-benefit test is *not* satisfied.

98. As for the cost allocation *after* the five-year transition period for MVPs that terminate solely in the First Planning Area approved before or during the five-year transition period, proposed section 4(a)i provides that the associated costs will not be shared with the Second Planning Area if the cost-benefit test is *not* satisfied. However, section 4(a)i does not reflect that the Second Planning Area could share the costs of those

¹⁵⁶ MISO, FERC Electric Tariff, [ATTACHMENT MM, Multi-Value Project Charge \(MVP Charge\), 4.0.0](#), § 4(a)i.

¹⁵⁷ Specifically, we require removal of the following language from section 4(a) i: "If the criteria in Section II.B.3 of Attachment FF-6 are not met."

¹⁵⁸ *Id.* § 4(a)iii.

MVPs after the five-year transition period in the event that one or more MVPs are included in an MVP portfolio after the five-year transition period, pursuant to Attachment FF.¹⁵⁹ We will require Filing Parties to submit, in the compliance filing directed below, Tariff revisions to reflect that for MVPs that terminate solely in the First Planning Area approved during the five-year transition period, the associated costs could be shared with the Second Planning Area in the event that the cost-benefit test is *not* satisfied pursuant to Attachment FF.

99. While proposed section 4(a)v provides the allocation of the cost of all MVPs approved after the five-year transition period, proposed section 4(a)iv provides the allocation of all MVPs that terminate in both Planning Areas, including those approved after the five-year transition period. As a result, proposed sections 4(a)iv and 4(a)v both provide MVP usage rates for MVPs that terminate in both Planning Areas approved after the five-year transition period, which could create confusion for market participants. We will require Filing Parties to submit, in the compliance filing directed below, Tariff revisions to revise the MVP usage rate determination in section 4(a)iv so that it does not apply after the five-year transition period.

100. We find Filing Parties' Tariff revisions regarding the determination of the MVP usage rate *after* the five-year transition period in the event that the Planning Areas begin to share certain MVP costs over an eight-year phase-in period (i.e., if the cost-benefit test is satisfied) are insufficient to satisfy the requirements of the April 19 Order. In the April 19 Order, the Commission required Filing Parties to explain "how the MVP usage rate for each Planning Area will be determined during the potential eight-year phase-in period" and, as needed, to provide corresponding Tariff revisions.¹⁶⁰ However, Filing Parties' proposed revisions in sections 4(a)ii and 4(a)iii of Attachment MM provide only that certain components of the MVP usage rate will be "adjusted according to" section IV.B.4 or IV.B.5 of Attachment FF-6.¹⁶¹ While sections IV.B.4 and IV.B.5 address the cost responsibility for load in the First Planning Area and Second Planning Area, respectively, in gradually increasing percentages, they do not describe how

¹⁵⁹ We note that proposed section I of Attachment FF-6 provides that Attachment FF will govern the allocation of the cost of MTEP projects "[e]xcept as specifically identified in this Attachment FF-6." April 19 Order, 139 FERC ¶ 61,056 at P 184, n.342 (citing Filing Parties November 28 Filing, MISO, FERC Electric Tariff, [ATTACHMENT FF-6, Transmission Expansion Planning and Cost Allocation for Seco, 0.0.0](#), § I).

¹⁶⁰ *Id.* P 201.

¹⁶¹ MISO, FERC Electric Tariff, [ATTACHMENT MM, Multi-Value Project Charge \(MVP Charge\), 4.0.0](#), §§ 4(a)ii-iii.

individual MVP usage rate components attributable to these loads would be “adjusted.” Moreover, sections IV.B.4 and IV.B.5 do not address the cost responsibility of external entities with export and wheel-through transactions in the Planning Areas and, therefore, it is unclear how these transactions could be “adjusted” accordingly. Consistent with the requirements of the April 19 Order, we will require Filing Parties to submit Tariff revisions to Attachments FF-6 and/or MM to: 1) provide how individual MVP usage rate components would be adjusted during the eight-year phase-in period; and 2) ensure that the eight-year phase-in period will apply to export and wheel-through transactions by external entities, excluding those that sink in PJM.¹⁶²

101. As for Filing Parties’ proposed Tariff revisions to ensure that the MVP usage rate applies to export and wheel-through transactions, consistent with the April 19 Order,¹⁶³ we are concerned regarding the allocation of certain costs to wheel-through transactions. In particular, proposed sections 4(a)ii and 4(a)iii allocate certain costs to interchange schedules with “Receipt *and* Delivery Points at Interfaces associated with the First Planning Area, and . . . with Receipt *and* Delivery Points at Interfaces associated with the Second Planning Area.”¹⁶⁴ However, it is unclear that these sections would apply to wheel-through transactions that pass through both Planning Areas, as they would not have a receipt *and* delivery point in either Planning Area. For example, a transaction could have a receipt point in the First Planning Area and a delivery point in the Second Planning Area. We note that proposed section 4(a)i allocates certain costs to wheel-through transactions with interchange schedule *delivery* points at interfaces associated with the First Planning Area.¹⁶⁵ We believe that if proposed sections 4(a)ii and 4(a)iii allocate costs to interchange schedules based on delivery points at interfaces, then these sections would be consistent with section 4(a)i and would ensure that interface transactions are appropriately allocated costs. We will require Filing Parties to either remove receipt points from the language in sections 4(a)ii and 4(a)iii or, in the alternative, explain why those sections should treat wheel-through transactions differently.

102. We are concerned regarding the Tariff revisions concerning the Applicable Total MVP Annual Revenue Requirement component of the MVP usage rate. Existing

¹⁶² MVP Order, 133 FERC ¶ 61,221 at P 440.

¹⁶³ April 19 Order, 139 FERC ¶ 61,056 at P 201.

¹⁶⁴ MISO, FERC Electric Tariff, [ATTACHMENT MM, Multi-Value Project Charge \(MVP Charge\), 4.0.0](#), §§ 4(a)ii-iii (emphasis added).

¹⁶⁵ *Id.* § 4(a)i.

section 3(c) of Attachment MM provides that the Total MVP Annual Revenue Requirement is the sum of the MVP revenue requirements determined pursuant to sections 3(a) and 3(b) of Attachment MM.¹⁶⁶ Filing Parties' proposed Tariff revisions refer instead to the "Applicable" Total MVP Annual Revenue Requirement without explaining how it will determine the applicable revenue requirement for each of the MVP usage rate determination methods described in sections 4(a)i through 4(a)v or providing that these revenue requirements would be determined using the Total MVP Annual Revenue Requirement under section 3(c).¹⁶⁷ Filing Parties' proposed Tariff revisions regarding the determination of the Monthly Withdrawal Weighting Factor also refer to the Total Prior Year Withdrawals rather than the *Applicable* Total Prior Year Withdrawals.¹⁶⁸ We will require Filing Parties to submit, in the compliance filing directed below, revisions to sections 4(a)i through 4(a)b of Attachment MM to: 1) explain how MISO will determine the Applicable Total MVP Revenue Requirement; and 2) refer consistently to the "Applicable" Total Prior Year Withdrawals.

5. Non-MVP Rate

a. November 28 Filing

103. With regard to the Network Upgrade Charge for allocating the cost of non-MVPs under Schedule 26 (Network Upgrade Charge from Transmission Expansion Plan) and Attachment GG (Network Upgrade Charge), Filing Parties proposed revisions to provide that pricing zones will include a rate component of the Network Upgrade Charge that is system-wide pursuant to Attachment FF "or limited to a specific Planning Area where a project terminates exclusively pursuant to Attachment FF-6."¹⁶⁹

¹⁶⁶ *Id.* §§ 3(a)-(c).

¹⁶⁷ Filing Parties' proposed Tariff revisions provide that the Applicable Total MVP Annual Revenue Requirement will equal the sum of the Weighted Monthly MVP Revenue Requirements; however, the proposed Tariff revisions provide that the Monthly MVP Revenue Requirement is determined using the Applicable Total MVP Annual Revenue Requirement. *See* MISO, FERC Electric Tariff, § 4(a). As a result, it is unclear how the Annual Revenue Requirement would be determined.

¹⁶⁸ *Id.* §§ 4(a)i.1, 4(a)ii.1, 4(a)iii.1, 4(a)iv.1, 4(a)v.1.

¹⁶⁹ MISO, FERC Electric Tariff, [ATTACHMENT GG, Network Upgrade Charge, 9.0.0](#), § 2(f), [SCHEDULE 26, Network Upgrade From Transmission Expansion Plan, 5.0.0](#), § 1.

b. April 19 Order

104. In the April 19 Order, the Commission found the proposed allocation of the cost of non-MVPs approved before, during, and after the five-year transition period to be just and reasonable and did not require further revisions to Schedule 26 or Attachment GG.¹⁷⁰

c. Protest

105. Arkansas Cooperative is concerned that MISO's extensive proposed Tariff revisions regarding the allocation of MVP costs could give the erroneous impression that the cost allocation provisions of Attachment FF-6 do not apply to the allocation of non-MVP costs. Arkansas Cooperative notes that Attachment FF-6 of the MISO Tariff clearly provides that the two Planning Areas will never share the cost of non-MVPs approved before or during the five-year transition period unless they terminate in both Planning Areas.¹⁷¹ Arkansas Cooperative argues that Filing Parties propose extensive changes to Attachment MM to reflect the cost allocation for MVP costs under Attachment FF-6, including the cost-benefit test and eight-year phase-in period, as required by the April 19 Order.¹⁷² However, Arkansas Cooperative maintains that the April 19 Order did not require any changes to Schedule 26 or Attachment FF to reflect the cost allocation for non-MVP costs under Attachment FF-6.¹⁷³ Arkansas Cooperative is concerned that:

. . . when one compares the extreme detail of Attachment MM, as revised in the May 21 [C]ompliance [F]iling, with the relatively sparse language of Attachment GG . . . one may erroneously conclude that the Schedule 26 network upgrade charges, including charges for drive-through and drive-out service, are not subject to the permanent no-cost-sharing rule for non-MVPs laid out in Attachment FF-6.¹⁷⁴

¹⁷⁰ See, e.g., April 19 Order, 139 FERC ¶ 61,056 at PP 181-195.

¹⁷¹ Arkansas Cooperative Protest at 3-6 (citing, e.g., MISO, FERC Electric Tariff, [ATTACHMENT FF-6, Transmission Expansion Planning and Cost Allocation for Seco, 0.0.0](#), §§ IV.A.1, IV.A.2(b), IV.B.1, IV.B2(a)-(b)).

¹⁷² *Id.* at 6 (citing April 19 Order, 139 FERC ¶ 61,056 PP 197-202).

¹⁷³ *Id.* (citing April 19 Order, 139 FERC ¶ 61,056 PP 164, 194).

¹⁷⁴ *Id.* at 7.

106. Arkansas Cooperative maintains that, like the system-wide allocation of MVP charges under Schedule 26-A, the zonal network charges under Schedule 26 include a system-wide rate component, but the Tariff does not provide a level of detail regarding the MVP and non-MVP rates. According to Arkansas Cooperative, the revisions to Schedule 26 and Attachment GG proposed in the November 28 Filing provide only that the allocation of costs may be “limited to a specific Planning Area where a project terminates exclusively pursuant to Attachment FF-6,”¹⁷⁵ which does not provide a level of detail similar to the MVP usage rate determination described in Schedule 26-A and Attachment MM. Arkansas Cooperative argues that Schedule 26 is particularly ambiguous with regard to the treatment of export and wheel-through transactions, as it does not address how the rate would be calculated for specific Planning Areas. Arkansas Cooperative requests that the Commission direct Filing Parties to make clarifying revisions to Schedule 26 and Attachment GG.¹⁷⁶

d. Answer

107. In its answer, MISO contends that Arkansas Cooperative’s protest is beyond the scope of the compliance proceeding because the Commission did not require modifications to Schedule 26 or Attachment GG in the April 19 Order, nor did Arkansas Cooperative raise this issue in its request for rehearing of the April 19 Order. Moreover, MISO states, revisions to Schedule 26 and Attachment GG are unnecessary because Attachment FF-6 clearly sets forth that the cost of non-MVPs approved before or during the transition period will not be shared between the Planning Areas unless they terminate in both Planning Areas. MISO adds that the cost allocation methodology for non-MVPs under Attachment GG and Schedule 26 does not need to be revised because the Tariff provisions determine the percentage of costs allocated to each pricing zone when MISO’s Board of Directors approves each project, and this allocation remains fixed for the life of the project.¹⁷⁷ MISO also argues that in matters relating to the five-year transition period, Attachment FF-6 governs the charges under Schedule 26 and the rate calculations under Attachment GG. Finally, MISO asserts that the Attachment MM and Schedule 26-A

¹⁷⁵ *Id.* at 7-8 (citing MISO, FERC Electric Tariff, [SCHEDULE 26, Network Upgrade From Transmission Expansion Plan, 5.0.0](#), § 1, [ATTACHMENT GG, Network Upgrade Charge, 9.0.0](#), § 2.f.)

¹⁷⁶ *Id.*

¹⁷⁷ MISO states, for example, that the cost of a non-MVP that terminates solely in the First Planning Area and approved during the five-year transition period would not be allocated to pricing zones in the Second Planning Area.

revisions required by the April 19 Order are unrelated to, and therefore do not affect, the allocation of non-MVP costs.¹⁷⁸

e. Commission Determination

108. The April 19 Order did not require Filing Parties to revise Tariff provisions regarding the allocation of non-MVP costs in Schedule 26 and Attachment GG. Therefore, we find Arkansas Cooperative's arguments regarding potential revisions to these Tariff sections to be beyond the scope of this compliance proceeding, and we need not address them. Nonetheless, we note that Attachment FF-6 contains a thorough description of the allocation of non-MVP costs, including provisions to ensure that the cost of non-MVPs approved before or during the five-year transition period should not be shared between the Planning Areas unless the non-MVP terminates in both Planning Areas.¹⁷⁹ We also note that Filing Parties may submit further changes to Schedule 26 and Attachment GG in a future filing under section 205 of the FPA.

6. Other Issues

109. We will require Filing Parties to submit, in the compliance filing directed below, Tariff revisions to address the following concerns regarding the proposed Tariff revisions:

- 1) Section IV.B.5 of Attachment FF-6 should refer to "Board *of* Directors" rather than "Board *f* Directors."¹⁸⁰
- 2) Sections 4(a)i.1 and 4(a)iii of Attachment MM should read, in part ". . . associated with the Second Planning Area" rather than ". . . associated with the *adjacent to the* Second Planning Area."¹⁸¹
- 3) Sections 4(a)ii and 4(a)iii of Attachment MM should capitalize "combined" MVP Portfolio to indicate that the phrase is defined in the Tariff.¹⁸²

¹⁷⁸ MISO Answer at 3-4.

¹⁷⁹ See, e.g., MISO, FERC Electric Tariff, [ATTACHMENT FF-6, Transmission Expansion Planning and Cost Allocation for Seco, 1.0.0](#), §§ IV.A, IV.B.1-2, IV.B.6-7.

¹⁸⁰ *Id.* § IV.B.5 (emphasis added).

¹⁸¹ *Id.* [ATTACHMENT MM, Multi-Value Project Charge \(MVP Charge\), 4.0.0](#), §§ 4(a)iii, 4(a)i.1 (emphasis added).

4) Section 4(a)iv of Attachment MM should refer to the “Second Planning Area’s Transition Period” rather than “Second Planning Area Transition Period.”¹⁸³

5) Section 1 of Schedule 26-A should refer to the applicable monthly net actual energy withdrawals identified in Attachment MM “Section 4.a.i.2 to Section 4.a.v.2,” rather than “Section 4.a.i.2 and Section 4.a.v.2.”¹⁸⁴

110. Finally, to the extent that any of the Tariff revisions proposed in the May 21 Compliance Filing are not specifically addressed herein, we accept them.

The Commission orders:

(A) The requests for rehearing and/or clarification are hereby denied, as discussed in the body of this order.

(B) MISO’s proposed Tariff revisions are hereby conditionally accepted, as discussed in the body of this order.

(C) MISO is hereby required 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. Commissioner Clark is not participating.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

¹⁸² *Id.* §§ 4(a)ii, 4(a)iii.

¹⁸³ *Id.* § 4(a)iv (emphasis added).

¹⁸⁴ *Id.* [SCHEDULE 26A, Multi-Value Project Usage Rate, 2.0.0](#), § 1 (emphasis added).