

147 FERC ¶ 61,212
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Acting Chairman;
Philip D. Moeller, John R. Norris,
and Tony Clark.

Southwest Power Pool, Inc.

Docket Nos. ER12-1179-018
ER13-1173-000

ORDER CONDITIONALLY ACCEPTING COMPLIANCE FILING

(Issued June 19, 2014)

1. On February 26, 2014, Southwest Power Pool, Inc. (SPP) submitted a filing¹ to comply with the directives set forth by the Commission in an order issued January 29, 2014² that addressed SPP's Integrated Marketplace compliance filing submitted on November 11, 2013.³ This order conditionally accepts SPP's compliance filing, subject to an additional compliance filing.

I. Background

A. History

2. In an order dated October 18, 2012, the Commission conditionally accepted for filing, subject to further revisions, SPP's proposal to revise its Open Access Transmission Tariff (Tariff) to implement its Integrated Marketplace effective March 1, 2014.⁴ As

¹ SPP submitted its February 26, 2014 compliance filing in Docket No. ER12-1179-018 (February 2014 Compliance Filing).

² *Southwest Power Pool, Inc.*, 146 FERC ¶ 61,050 (2014) (January 2014 Compliance Order).

³ SPP submitted its November 11, 2013 compliance filing in Docket No. ER12-1179-012 (November 2013 Compliance Filing).

⁴ *Southwest Power Pool, Inc.*, 141 FERC ¶ 61,048 (2012) (October 2012 Order), *order on reh'g and clarification*, 142 FERC ¶ 61,205 (2013) (Rehearing Order).

conditionally accepted in the October 2012 Order, the Integrated Marketplace includes the following major market-design components: (1) day-ahead energy and operating reserve markets; (2) day-ahead and intra-day Reliability Unit Commitment (RUC) processes; (3) a real-time balancing market; (4) price-based co-optimized energy and operating reserve procurement; (5) a market-based congestion management process including a market for transmission congestion rights and allocation of auction revenue rights; (6) consolidation of 16 Balancing Authority Areas in the SPP footprint into a single Balancing Authority Area operated by SPP; (7) a Multi-Day Reliability Assessment performed prior to the day-ahead market to manage the commitment of long-start resources; and (8) market monitoring and mitigation with an internal Market Monitoring Unit (Market Monitor). The Commission found that the proposal, as conditioned, would result in significant enhancements to how energy and operating reserves are provided throughout the SPP region, which would result in substantial benefits to stakeholders and customers throughout the region.

3. On March 21, 2013, the Commission granted in part and denied in part requests for clarification and/or rehearing of the October 2012 Order. Specifically, the Commission granted rehearing to extend the implementation date of a proposal for frequency regulation compensation in compliance with Order No. 755⁵ to one year after market start. The Commission denied requests for rehearing related to the timing for SPP to submit a compliance filing with a proposal for long-term transmission rights pursuant to Order No. 681.⁶ The Commission also denied SPP's request that it should not be required to file market-to-market protocols; however, the Commission granted clarification that SPP is not required to implement its market-to-market mechanism until one year following market start-up. The Commission denied requests to institute a transitional refund mechanism for marginal losses and an expanded congestion cost hedge, and the Commission denied requests for rehearing of the Commission's finding that mitigation of resources based on marginal cost is appropriate under the conditions specified in SPP's proposed Tariff. Finally, the Commission required SPP to submit a compliance filing to make limited changes to: (1) Attachment AE to limit the manual commitments that can be made by local transmission operators; and (2) Attachment AG

⁵ *Frequency Regulation Compensation in the Organized Wholesale Power Markets*, Order No. 755, FERC Stats. & Regs. ¶ 31,324 (2011), *reh'g denied*, Order No. 755-A, 138 FERC ¶ 61,123 (2012).

⁶ *Long-Term Firm Transmission Rights in Organized Electricity Markets*, Order No. 681, FERC Stats. & Regs. ¶ 31,226 at P 490, *reh'g denied*, Order No. 681-A, 117 FERC ¶ 61,201 (2006).

to require the Market Monitor to evaluate actions without a legitimate business purpose that could (foreseeably) result in excessive day-ahead clearing prices.⁷

4. On September 20, 2013, the Commission issued an order conditionally accepting in part and rejecting in part three SPP compliance filings and one new filing.⁸ SPP submitted the first filing to comply with the Commission's directives in the October 2012 Order. In a second filing, SPP proposed its readiness and reversion plans in compliance with the October 2012 Order.⁹ SPP's third filing included additional Tariff revisions to comply with the Rehearing Order. In a fourth filing, SPP submitted additional Tariff revisions to modify its Integrated Marketplace pursuant to section 205 of the Federal Power Act (FPA).¹⁰ In the September 2013 Compliance Order, the Commission conditionally accepted in part and rejected in part the compliance filing made pursuant to the October 2012 Order. The Commission also conditionally accepted SPP's proposed readiness and reversion plans. Further, the Commission found that SPP had complied with the Commission's directives in the Rehearing Order and accepted the corresponding compliance filing. Finally, the Commission conditionally accepted in part and rejected in part SPP's section 205 filing.

5. On November 11, 2013, SPP submitted Tariff revisions to comply with the directives set forth in the September 2013 Compliance Order.¹¹ Among other things, the Tariff revisions addressed the following: (1) must-offer requirement; (2) variable energy resources (VERs); (3) manual commitments; (4) make whole payments; (5) marginal losses; (6) price formation during shortage conditions; (7) market-based congestion management; (8) Bilateral Settlement Schedules; (9) pseudo-tie arrangements; (10) market mitigation and monitoring; and (11) the readiness and reversion plans. On January 29, 2014, the Commission conditionally accepted SPP's November 11, 2013 compliance filing, subject to an additional compliance filing.¹²

⁷ Rehearing Order, 142 FERC ¶ 61,205 at P 15.

⁸ *Southwest Power Pool, Inc.*, 144 FERC ¶ 61,224 (2013) (September 2013 Compliance Order).

⁹ On March 25, 2013, SPP submitted an informational filing with its proposed Integrated Marketplace readiness and reversion plans in Docket No. ER12-1179-004.

¹⁰ 16 U.S.C. § 824d (2012).

¹¹ November 2013 Compliance Filing at 1.

¹² See January 2014 Compliance Order, 146 FERC ¶ 61,050.

B. February 2014 Compliance Filing

6. On February 26, 2014, SPP submitted Tariff revisions to comply with the directives set forth in the January 2014 Compliance Order. SPP requests an effective date of March 1, 2014 for these Tariff revisions. Among other things, the Tariff revisions address the following: (1) day-ahead must-offer requirement; (2) VERs; (3) manual commitments; (4) marginal losses; (5) market-based congestion management; (6) Bilateral Settlement Schedules; and (7) market mitigation and monitoring.

II. Notice and Responsive Pleadings

7. Notice of the February 2014 Compliance Filing was published in the *Federal Register*, 79 Fed. Reg. 13,049 (2014), with interventions and protests due on or before March 19, 2014. TDU Intervenors¹³ submitted a limited protest.

III. Discussion

8. As discussed below, we conditionally accept the February 2014 Compliance Filing subject to an additional compliance filing due within 30 days of the date of this order. For those issues that are not specifically discussed herein, we find SPP has complied with the Commission's directives and we accept them for filing.

9. In the September 2013 Compliance Order, the Commission stated that sellers in SPP that are already authorized to sell energy at market-based rates are also authorized to sell ancillary services at market-based rates in the Integrated Marketplace, effective as of the start of the Integrated Marketplace. In an order being issued concurrently, we clarify that sellers with market-based rate authority in the SPP market as of March 1, 2014, the date of the start of the SPP Integrated Marketplace, are authorized to make such sales effective as of March 1, 2014.¹⁴ Such sellers should revise their market-based rate tariffs to include the standard provision for the sale of ancillary services at market-based rates in the SPP market. Sellers should make the tariff revision adding the standard provision for the sale of ancillary services at market-based rates in the SPP market the next time they submit for filing a revised market-based rate tariff, a notice of change in status, or an updated market power analysis. The effective date for such provisions is March 1, 2014, the date the SPP Integrated Marketplace commenced operations.

¹³ TDU Intervenors are composed of the City of Independence, Missouri; Kansas Power Pool; Missouri Joint Municipal Electric Utility Commission; and West Texas Municipal Power Agency.

¹⁴ *Constellation NewEnergy, Inc.*, 147 FERC ¶ 61,210 (2014).

A. Manual Commitments

1. January 2014 Compliance Order

10. In the January 2014 Compliance Order, the Commission conditionally accepted SPP's proposed revisions to the Tariff to address the issue of manual commitments and the associated cost allocation, subject to SPP making a compliance filing. The January 2014 Compliance Order divided manual commitments into four sub-issues:¹⁵ (1) the basis for the manual commitment;¹⁶ (2) the parties that can make the manual commitment;¹⁷ (3) whether manual commitments are discriminatory;¹⁸ and (4) allocation of costs related to manual commitments.¹⁹ The Commission explained that these four sub-issues are so inter-related that when SPP proposed Tariff revisions to address one sub-issue, those revisions created problems for the other sub-issues. To facilitate the timely resolution of these issues, the Commission directed SPP to revise the manual commitment provisions of Attachment AE to clarify how manual commitments are made and compensated.²⁰

2. February 2014 Compliance Filing

11. SPP proposes to make the revisions to the manual commitment provisions in Attachment AE that were directed by the Commission in the January 2014 Compliance Order. However, SPP explains that as a result of making these Commission-directed revisions, an additional revision is needed to section 5.2.2(4) (Day-Ahead RUC) of Attachment AE. According to SPP, the January 2014 Compliance Order directed SPP to revise section 5.2.2(4) so that commitments to address Local Reliability Issues under this section will no longer be limited to those made by SPP "at the request of a local transmission operator." SPP states that in addition to the revisions required by the Commission, it needs to make one additional edit and SPP proposes to revise section 5.2.2(4) of Attachment AE as follows:

¹⁵ January 2014 Compliance Order, 146 FERC ¶ 61,050 at P 63.

¹⁶ *Id.* PP 64-67.

¹⁷ *Id.* PP 68-73.

¹⁸ *Id.* PP 74-79.

¹⁹ *Id.* PP 80-81.

²⁰ *See* Appendix B of the January 2014 Compliance Order.

To the extent that the Transmission Provider, ~~at the request of a local transmission operator~~, issues instructions to a Resource to address a Local Reliability Issue, such Resource shall be eligible for compensation in the same manner as any other Resource.

SPP states that it is proposing to remove “at the request of the local transmission operator” from this sentence in order to make the Tariff consistent with other revisions required by the Commission.²¹

3. Commission Determination

12. We find that SPP has made the revisions required in the January 2014 Compliance Order; however, it has also made a change not required by the Commission. SPP’s additional edit to delete “at the request of the local transmission operator” from section 5.2.2(4) was made because, according to SPP, it is necessary to be consistent with other revisions required by the Commission. Specifically, SPP argues that without this additional revision, commitments made to address Local Reliability Issues under section 5.2.2(4) will no longer be limited to those made by SPP “at the request of a local transmission operator.” As discussed below, we find that SPP has failed to explain why its proposed deletion of “at the request of the local transmission operator” is consistent with the Commission’s directive in the January 2014 Compliance Order. We further note that SPP proposes this revision for the Day-Ahead RUC but not for the Intra-Day RUC, which has a similar provision.

13. In the October 2012 Order, the Commission determined that only SPP-committed resources are eligible to receive make whole payments.²² In addressing concerns that resources committed by local transmission operators during emergencies on facilities not modeled by SPP might not receive compensation for manual commitments, the Commission also allowed such commitments to be compensated if they were done in a non-discriminatory manner.²³ On rehearing, the Commission clarified that resources manually committed by local transmission operators in emergencies on facilities not modeled by SPP would be treated as SPP-committed resources for purposes of receiving make whole payments if the commitments were reviewed to ensure they were not discriminatory.²⁴ Thus, the Commission required that resources committed directly or

²¹ SPP February 2014 Compliance Filing Transmittal at 8.

²² October 2012 Order, 141 FERC ¶ 61,048 at P 144.

²³ *Id.* P 185.

²⁴ Rehearing Order, 142 FERC ¶ 61,205 at P 27.

indirectly by local transmission operators be compensated in the same manner as resources committed by SPP.

14. SPP's proposed revision to section 5.2.2(4) only requires that commitments made by SPP be compensated, and it does not address resources indirectly committed by a local transmission operator (i.e., committed by SPP at the request of the local transmission operator). We find that SPP's revision to section 5.2.2(4), read in the context of section 6.1.2(4) (Intra-Day RUC), which contains identical language that SPP is not proposing to revise, may preclude compensation for commitments made indirectly by a local transmission operator. Further, we find that manual commitments made by SPP receive compensation, as specified in the October 2012 Order. Therefore, we find that it is unclear what other class of resources SPP is referring to in section 5.2.2(4), which states "in the same manner as any other Resource." Accordingly, we require SPP to make a compliance filing within 30 days of the date of this order either to retain "at the request of a local transmission operator," or to explain fully and support how the deletion of this language in section 5.2.2(4) complies with the Commission's directive in the January 2014 Compliance Order.

B. Bilateral Settlement Schedules

1. January 2014 Compliance Order

15. In the January 2014 Compliance Order, the Commission noted that in the September 2013 Compliance Order it directed SPP to delete the unilateral termination provisions of Bilateral Settlement Schedules in section 8.2 of Attachment AE for parties in default. The Commission also reiterated its finding from the September 2013 Compliance Order that SPP should follow the credit process in Attachment X before terminating any Bilateral Settlement Schedule. The Commission explained that following the credit process of Attachment X is necessary to protect parties' rights by, among other things, allowing parties the opportunity to cure a default before termination of service. The Commission found that SPP had not complied with this requirement to delete the language, and that SPP's minor revisions to the language did not protect a customer's right to cure the default before termination of service.²⁵

²⁵ January 2014 Compliance Order, 146 FERC ¶ 61,050 at P 119.

2. February 2014 Compliance Filing

16. SPP proposes revisions to section 8.2 of Attachment AE. SPP's proposed language states:

In addition, ~~the Transmission Provider may terminate the~~ Bilateral Settlement Schedules **will be administered if either party is in Default** pursuant to Attachment X of this Tariff and, **if a Bilateral Settlement Schedule is terminated pursuant to Attachment X**, the Transmission Provider will resettle with Market Participants as if the Bilateral Settlement Schedule did not exist.

3. Protest

17. TDU Intervenors argue that the proposed revisions to section 8.2 do not comply with the Commission's express (and repeated) requirement that SPP "delete the language allowing it to unilaterally terminate a Bilateral Settlement Schedule in the event of default."²⁶ TDU Intervenors argue that under the revised section 8.2 SPP is still permitted to terminate a Bilateral Settlement Schedule unilaterally for parties in default. TDU Intervenors contend that the Commission should require SPP to remove the entire sentence from section 8.2. Further, TDU Intervenors argue that at the very least, the Commission should require SPP to remove the new language stating that Bilateral Settlement Schedules "will be administered pursuant to Attachment X," because this language is opaque and because SPP has not provided any explanation to support it.

4. Commission Determination

18. We agree with TDU Intervenors that SPP has not complied with the Commission's directive in the January 2014 Compliance Order that it delete the language in section 8.2 that allows SPP to terminate a Bilateral Settlement Schedule unilaterally for parties in default. Rather, SPP has proposed revisions to the section that do not fully address the Commission's concern, as expressed in both the January 2014 Compliance Order and the September 2013 Compliance Order, that section 8.2 does not adequately protect customer's rights by, among other things, allowing parties to cure the default before termination of service. Accordingly, we direct SPP to submit a compliance filing within 30 days of the date of this order that deletes the termination provision in section 8.2 of Attachment AE.

²⁶ TDU Intervenors' Protest at 1-2 (quoting January 2014 Compliance Order, 146 FERC ¶ 61,050 at P 119).

C. Monitoring and Market Power Mitigation

1. Parameters for Mitigation of Economic Withholding

a. January 2014 Compliance Order

19. In the January 2014 Compliance Order, the Commission directed SPP to revise section 3.1(3) of Attachment AF of its Tariff in its compliance filing to address resources that are manually committed including in the Multi-Day Reliability Assessment and day-ahead markets. Specifically, the Commission directed SPP to add references to sections 4.5.2 and 5.1.2 of Attachment AE as recommended by the Market Monitor, and to add a reference to section 4.5.3 of Attachment AE.²⁷ The Commission also stated that to the extent that SPP removed sections 5.2.2(5) and 6.1.2(5) of Attachment AE as discussed in the Manual Commitment section of the January 2014 Compliance Order, then SPP should remove references to these sections in section 3.1(3) of Attachment AF of the Tariff.²⁸

b. February 2014 Compliance Filing

20. SPP proposes to revise section 3.1(3) of Attachment AF to add references to sections 4.5.2, 4.5.3, and 5.1.2 of Attachment AE. SPP also proposes to delete language in section 3.1(3) of Attachment AF referring to the “Day-Ahead or Intra-day RUC.” SPP states that it proposes to remove this language because it is no longer appropriate.²⁹ SPP also deletes references from section 3.1(3) of Attachment AF to sections 5.2.2(5) and 6.1.2(5) of Attachment AE, because these sections were deleted.³⁰

c. Commission Determination

21. We find that SPP has complied with the Commission’s requirements to remove references to sections 4.5.2, 4.5.3, and 5.1.2 of Attachment AE from section 3.1(3) of Attachment AF. We find that SPP’s additional deletions are appropriate given that SPP has deleted sections 5.2.2 (5) and 6.1.2(5) of Attachment AE, and the Commission is approving that deletion in the instant order.

²⁷ January 2014 Compliance Order, 146 FERC ¶ 61,050 at P 132.

²⁸ *Id.* n.167.

²⁹ February 26 Compliance Filing at 15-16.

³⁰ Accordingly, section 3.1(3) provides that the third condition for determination of market power is “[t]he resource is manually committed by the Transmission Provider or selected for commitment by a local transmission operator as described in Attachment AE, Sections 4.5.2, 4.5.3, 5.1.2, 5.2.2(3), 5.2.2(4), 6.1.2(3), and 6.1.2(4).”

22. However, we also find that references that should be to section 3.1(3) in Attachment AF of the Tariff were not updated and refer to a now non-existent section 3.1(4). Accordingly, Tariff references to section 3.1(4) of Attachment AF must be changed to 3.1(3).³¹ We require SPP to make these changes in a compliance filing due within 30 days of the date of this order.

2. Costs to be Used in Mitigated Offer Development and Resolution of Conflicting Mitigated Offers

a. January 2014 Compliance Order

23. In the January 2014 Compliance Order, the Commission found that SPP had not set forth in section 3.4 of Attachment AF how it will apply common factors or measures, such as any related to fuel costs, to operating reserves for the purpose of developing mitigated offers. Accordingly, the Commission required SPP to submit Tariff revisions to provide in section 3.4 of Attachment AF that, for fuel costs and opportunity costs tied to fuel, market participants must provide the Market Monitor with an explanation of the market participant's fuel cost policy, and the market participants must indicate whether fuel purchases are subject to a fixed contract price and/or spot pricing and specify the contract price and/or referenced spot market prices.³²

24. In the January 2014 Compliance Order, the Commission responded to a concern raised by Xcel Energy Services Inc. (Xcel) that sections 3.2, 3.3, 3.5 of Attachment AF, which specify how certain costs³³ are to be used in the development of mitigated offers, should be subject to the confidentiality provisions of section 11 of Attachment AE. The Commission found that these costs should be kept confidential and further noted that these costs are also referred to in sections 3.4 and 3.6 of Attachment AF. Accordingly, the Commission required that SPP clarify in sections 3.2, 3.3, 3.4, 3.5 and 3.6 of Attachment AF that the cost data submitted under these sections, for the development of mitigated offers, including the additional opportunity cost data, will be subject to the confidentiality provisions of section 11 of Attachment AE of the Tariff.³⁴

³¹ References that must be updated occur in sections 3.2A(1), 3.2B(3)b, 3.3A(1), 3.3B(3)b, 3.4A(1), and 3.4B(3)b of Attachment AF.

³² January 2014 Compliance Order, 146 FERC ¶ 61,050 at P 187.

³³ These costs include fuel costs, opportunity costs, Variable Operating and Maintenance costs, and start-up and no-load costs.

³⁴ *Id.* P 191.

b. February 2014 Compliance Filing

25. SPP proposes to add the required fuel cost explanation language into section 3.4G(1) of Attachment AF. SPP also adds a sentence to this section specifying: “Any included fuel transportation and handling costs must be short-run marginal costs only, exclusive of fixed costs.” Further, SPP includes two additional changes relating to operating reserve costs. First, SPP adds section 3.4G(2), which states that for emissions costs, market participants shall report the emissions rate of each of their units and indicate the applicable emissions allowance cost. Second, SPP proposes section 3.4G(3), which provides that market participants shall submit Variable Operating and Maintenance costs, calculated in adherence with Appendix G of the Market Protocols, reflecting short-run marginal costs, exclusive of fixed costs.

26. SPP also proposes to include new language in sections 3.2, 3.3, 3.4, and 3.6 of Attachment AF stating that: “cost data submitted for the development of mitigated offers, including additional opportunity cost data, shall be subject to the confidentiality provisions set forth in Section 11 of Attachment AE of this Tariff.” In section 3.5, SPP proposes language specifying that “all cost data submitted under this Section 3.5 shall be subject to the confidentiality provisions set forth in Section 11 of Attachment AE of this Tariff.”

c. Commission Determination

27. We find that SPP has complied with the Commission’s directive with respect to section 3.4 of Attachment AF that market participants must provide the Market Monitor with an explanation of the market participant’s fuel cost policy and must indicate whether fuel purchases are subject to a fixed contract price and/or spot pricing and specify the contract price and/or referenced spot market prices. SPP’s proposed additional language relating to fuel transportation and handling costs being limited to short-run marginal costs, exclusive of fixed costs, also complies with the Commission’s finding in the October 2012 Order that offers are to be mitigated to a generator’s short-run marginal costs,³⁵ and finding in the January 2014 Compliance Order that SPP address the treatment of fuel costs. We find that the additional sub-sections SPP proposes to add that relate to emissions costs and Variable Operating and Maintenance costs provide the required explanations of common factors to be included in opportunity costs. Accordingly, we find that SPP has complied with the Commission’s directives and accept these changes.

28. We conditionally accept SPP’s revisions to sections 3.2, 3.3, 3.4, 3.5, and 3.6 of Attachment AF. Specifically, with respect to sections 3.2, 3.3, 3.4, and 3.6, we find that the inclusion of the word “additional” in the phrase “additional opportunity cost data” may be confusing. We recognize that in the January 2014 Compliance Order the

³⁵ October 2012 Order, 141 FERC ¶ 61,048 at P 420.

Commission referred to SPP providing confidentiality for “additional opportunity cost data” in its response to Xcel’s request that “the additional cost data used for development of mitigated offers” be subject to the confidentiality provisions set forth in section 11 of Attachment AE.³⁶ However, we find that the reference to “additional” opportunity cost within sections 3.2, 3.3, 3.4, and 3.6 of Attachment AF is unclear without the context of Xcel’s comment and that it is unnecessary in these sections. For these reasons, we direct SPP to remove the word “additional” from this phrase in sections 3.2, 3.3, 3.4, and 3.6 of Attachment AF in a compliance filing due 30 days from the date of this order.

29. With respect to section 3.5 of Attachment AF, SPP provides that all cost data submitted by the market participant for use in developing mitigated offers must be treated as confidential. While this statement implicitly includes opportunity cost data, opportunity cost data are not mentioned specifically as they are in the confidentiality provisions SPP proposed for sections 3.2, 3.3, 3.4, and 3.6 of Attachment AF. Because opportunity costs are explicitly mentioned in these other sections, we find that they should also be specified in section 3.5 for consistency. Thus, we require SPP to modify section 3.5 of Attachment AF to replace the sentence in question with the following: “The Market Monitor shall keep such data confidential, and all cost data submitted under this section 3.5, including any opportunity cost data, shall be subject to the confidentiality provisions set forth in Section 11 of Attachment AE of this Tariff.” We require SPP to make these changes in a compliance filing due within 30 days of the date of this order.

3. Uneconomic Production

a. January 2014 Compliance Order

30. In the November 2013 Compliance Filing, SPP proposed to add language to section 4.6.1a of Attachment AG establishing that potential uneconomic production will be indicated, and subject to further analysis when the resource has a positive “Resource-to-Load factor” and any of the following conditions are met: (1) a resource is identified with an incremental energy offer price less than 50 percent of the applicable reference level; (2) a resource is determined to be operating outside its operating tolerance; or (3) a resource is subject to a time-based or other resource offer parameter (i.e., a parameter that is non-time and non-dollar based) that violates any of the thresholds in section 3.6 of Attachment AF. Section 3.6 contains thresholds relating to increases in time-based offer parameters or increases in resource offer parameters that are minimum values, or decreases in resource offer parameters that are maximum values.³⁷

³⁶ January 2014 Compliance Order, 146 FERC ¶ 61,050 at P 191.

³⁷ *Id.* P 194.

31. In the January 2014 Compliance Order, the Commission required SPP to modify condition three by removing the reference to section 3.6 of Attachment AF, finding that the use of thresholds for changes to non-dollar resource offer parameters provided in section 3.6 of Attachment AF to identify uneconomic production is not straightforward, and could fail to account for important instances of uneconomic production. In the place of condition three in section 4.6.1a, the Commission required SPP to condition the identification of uneconomic production associated with time-based or other offer parameters to circumstances where it appears that uneconomic production is occurring or being facilitated by time-based or other (non-time and non-dollar) offer parameters. The Commission noted that to the extent that the Market Monitor suspects, after consultation with the market participant, that the market participant has violated the Commission's prohibition against market manipulation by engaging in uneconomic production through its choice of physical offer parameters, the Market Monitor is required to refer that behavior to the Commission's Office of Enforcement, in accordance with the requirements of Order No. 719.³⁸ The Commission also required SPP to insert the word "Distribution" in the term "Resource-to-Load factor" in section 4.6.1a, so that it reads "Resource-to-Load-Distribution factor" so as to conform the term to how it is used elsewhere in the Tariff.³⁹

b. February 2014 Compliance Filing

32. SPP proposes to remove the reference in Attachment AG section 4.6.1a(3) to section 3.6 of Attachment AF. In addition, SPP proposes to remove all of the original language in section 4.6.1a(3) and to replace it with language that provides that uneconomic production will be indicated when time-based or other (non-time and non-dollar) offer parameters contribute to congestion on transmission facilities or price separation between reserve zones.⁴⁰ Specifically, SPP proposes to add language specifying that potential uneconomic production will be indicated when "time-based or other (non-time and non-dollar) offer parameters contribute to congestion on transmission facilities or price separation between [r]eserve zones."⁴¹

³⁸ *Id.* P 195 (citing *Wholesale Competition in Regions with Organized Electric Markets*, Order No. 719, FERC Stats. & Regs. ¶ 31,281, at P 354 (2008), *order on reh'g*, Order No. 719-A, 74 Fed. Reg. 37,776 (Jul. 29, 2009), FERC Stats. & Regs. ¶ 31,292 (2009), *order on reh'g*, Order No. 719-B, 129 FERC ¶ 61,252 (2009)).

³⁹ January 2014 Compliance Order, 146 FERC ¶ 61,050 at PP 194-195.

⁴⁰ February 26 Compliance Filing at 20.

⁴¹ With the exception of the lack of a focus on reliability concerns, this language duplicates the introduction to section 4.6.1 of Attachment AG, which provides that the Market Monitor will monitor for cases where uneconomic production causes congestion

c. Commission Determination

33. We conditionally accept SPP's change to section 4.6.1a(3) of Attachment AG. SPP has removed the conditions in section 4.6.1a(3) relating to section 3.6 of Attachment AF as required. However, rather than adding the language required by the Commission, SPP has replaced all the language in section 4.6.1a(3) with language that was not required by the Commission, and it has not supported this change. Further, the language that SPP proposes to substitute merely replicates language in the introduction to section 4.6.1. Accordingly, we require SPP to modify section 4.6.1a(3) in a filing due within 30 days of the date of this order, so that it reads as follows: "a Resource is subject to a time-based or other resource offer parameter (non-time and non-dollar based) that appears to facilitate production that is otherwise uneconomic."

4. Variable Energy Resources

a. January 2014 Compliance Order

34. In the January 2014 Compliance Order, the Commission required SPP to submit Tariff revisions to provide in section 3.2 of Attachment AF that the mitigation of economic withholding for energy offer curves will not be applied to non-dispatchable VERs, but that monitoring will occur for energy offers of such resources. The Commission noted that, with this change, mitigation of non-dispatchable VERs will continue to occur under sections 3.4 (Operating Reserve Offers) and 3.6 (Additional Mitigation Measures for Resource Offer Parameters) of Attachment AF, as applicable.⁴² The Commission further required SPP to submit Tariff revisions limiting the applicability of section 3.2D to dispatchable VERs, rather than to VERs generally.⁴³

b. February 2014 Compliance Filing

35. SPP proposes to add the following sentence to section 3.2D of Attachment AF: "Mitigation will not apply to Non-Dispatchable Variable Energy Resources in the Real-Time Balancing Market; monitoring for Energy Offers for Non-Dispatchable Variable Energy Resources will apply."

on transmission facilities or price separation between reserve zones that is not justified by reliability concerns.

⁴² January 2014 Compliance Order, 146 FERC ¶ 61,050 at P 207.

⁴³ *Id.* P 208.

c. Commission Determination

36. We conditionally accept SPP's revisions to section 3.2D. However, we find that SPP's addition of the language "in the Real-Time Balancing Market" within the sentence it added would effectively result in maintaining mitigation for Non-Dispatchable Variable Energy Resources in the Day-Ahead Market. This additional language (and the use of mitigation on Non-Dispatchable Variable Energy Resources in the Day-Ahead Market), was not specified by the Commission in the January 2014 Compliance Order. Further, we find that SPP has not supported why this mitigation provision is appropriate or necessary for compliance with the January 2014 Compliance Order. Accordingly, in a compliance filing due within 30 days of the date of this order, we require SPP either to provide a detailed explanation demonstrating how the inclusion of "in the Real-Time Balancing Market" in the sentence SPP added to section 3.2D complies with the January 2014 Compliance Order, or to submit a compliance filing removing the phrase "in the Real-Time Balancing Market" from this sentence in 3.2D.

37. In addition, for clarity, in the sentence added to section 3.2D that is described above, we require SPP to change the wording of the sentence from "monitoring for" to "monitoring of." We will require SPP to make this change in its filing due within 30 days of the date of this order.

The Commission orders:

(A) The proposed revisions to SPP's Tariff to comply with the January 2014 Compliance Order are conditionally accepted to become effective March 1, 2014, as requested, as discussed in the body of this order.

(B) SPP is required to make a compliance filing within 30 days of the date of this order, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.