

165 FERC ¶ 61,107
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

November 15, 2018

In Reply Refer To:
Midcontinent Independent System
Operator, Inc.
Docket No. ER18-2273-000

Midcontinent Independent System
Operator, Inc.
720 City Center Drive
Carmel, IN 46032

Attention: Matthew Loftus

Dear Mr. Loftus:

1. On August 21, 2018, Midcontinent Independent System Operator, Inc. (MISO) filed a request for a limited, one-time waiver of Part B in Schedule 44 of its Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff), which requires that MISO conduct a quarterly Voltage and Local Reliability (VLR) Issue Study using MISO data from the prior 12 months before designating VLR Commitments¹ as “commercially

¹ MISO’s Tariff defines VLR Commitments, in part, as:

A Transmission Provider issued Resource commitment in addition to, or in lieu of, commitments resulting from the Security Constrained Unit Commitment in the Day-Ahead Energy and Operating Reserve Market or any Reliability Assessment Commitment, in order to mitigate issues with Transmission System voltage or other local reliability concerns. These Resource commitment requirements are established prior to or during an Operating Day and are based on projected local reliability requirements, operational considerations, and generation and transmission outages. . . .

MISO Request for Waiver at 3 (citing Tariff § 1.V) (Waiver Request).

significant.”² Specifically, MISO requests the waiver so that it can designate as commercially significant VLR Commitments of resources located in a load area in the MISO South region, which MISO refers to as Fancy Point load area, without having to complete the VLR Issue Study reflecting 12 months of data as required by Schedule 44.³ MISO requests an effective date of August 22, 2018, i.e., one day after its filing, and requests that the waiver stay in place for one year.⁴

2. MISO explains that being able to immediately designate as commercially significant the VLR Commitments of resources located in the Fancy Point load area would allow MISO to allocate any VLR Commitment costs incurred in the Fancy Point load area to entities that benefit most from the VLR Commitments. MISO adds that absent designation of any VLR Commitments of resources located in the Fancy Point load area as commercially significant, MISO will have to allocate the VLR Commitment costs to the local balancing area where a VLR-Committed resource is located rather than allocating those costs on a load-share basis to the entities that benefit from the VLR Commitments.⁵

3. According to MISO, if the Waiver Request is granted, the Entergy Operating Companies (Entergy),⁶ which have the largest amount of load in the Fancy Point load area, would be allocated the majority of any allocated VLR Commitment costs. MISO states that Entergy has authorized it to state that Entergy is not opposed to the Waiver Request.⁷

4. MISO states that its Waiver Request satisfies the Commission’s waiver standards because: (1) MISO acted in good faith; (2) the request is limited in scope; (3) the request addresses a concrete problem; and (4) the request will not have undesirable

² *Id.* at 1.

³ *Id.* at 1, 5-6.

⁴ *Id.* at 1.

⁵ *Id.* at 3-4.

⁶ The Entergy Operating Companies include Entergy Arkansas, Inc., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, LLC, and Entergy Texas, Inc.

⁷ Waiver Request at 2.

consequences.⁸ MISO additionally notes that its Waiver Request is similar to a request for waiver that the Commission previously granted.⁹

5. Notice of MISO's filing was published in the *Federal Register*, 83 Fed. Reg. 43,863 (2018), with interventions or protests due on or before September 11, 2018. Timely motions to intervene were filed by Entergy; NRG Power Marketing LLC, Ameren Services Company, and Saracen Energy Midwest, LP. Louisiana Public Service Commission and Council of the City of New Orleans, Louisiana filed notices of intervention. Public Utility Commission of Texas (Texas Commission) filed a motion to intervene out-of-time. Louisiana Energy Users Group (LEUG) filed a motion to intervene and comments. MISO and Entergy filed answers.

6. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2018), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

7. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2018), we grant Texas Commission's motion to intervene out-of-time, given its interest in the proceeding, the early stage of the proceeding, and the absence of any undue prejudice or delay.

8. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2018), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We accept MISO's and Entergy's answers because they have provided information that assisted us in our decision-making process.

9. In its comments, LEUG states that it does not oppose MISO's Waiver Request.¹⁰ However, LEUG requests that the Commission consider the following in order to help avoid a repeat of similar circumstances where an additional VLR area is being proposed: (1) actions to help ensure that transmission projects approved by the MISO Board of Directors are installed and operational prior to, or as close as possible to, their original expected in-service date; (2) actions to improve price signals in MISO's energy and operating reserves market; and (3) requiring that the MISO stakeholder process publicly

⁸ *Id.* at 9-11.

⁹ *Id.* at 10 & n.16 (citing *Midcontinent Indep. Sys. Operator, Inc.*, 146 FERC ¶ 61,132 (2014)).

¹⁰ LEUG Comments at 1.

provide to stakeholders as much information as possible concerning new and existing VLR issues.¹¹

10. Although Entergy asserts in its answer that LEUG's concerns go beyond the scope of relief MISO requests in this proceeding, Entergy provides additional facts to clarify issues raised by LEUG.¹² Additionally, MISO clarifies in its answer issues raised by LEUG regarding the transparency of MISO's efforts in designating as commercially significant the VLR Commitments made in the Fancy Point load area.¹³

11. As discussed below, we grant MISO's Waiver Request for one year as of August 22, 2018 (i.e., one day after its filing), as requested. The Commission has previously granted waiver of tariff provisions where: (1) the applicant acted in good faith; (2) the waiver is of limited scope; (3) the waiver addresses a concrete problem; and (4) the waiver does not have undesirable consequences, such as harming third parties.¹⁴

12. We find that the Waiver Request satisfies the foregoing criteria. First, MISO acted in good faith by developing an Operating Guide with affected parties and holding a special meeting on the VLR issues. Second, the Waiver Request is of limited scope, as it will apply only for one year to enable MISO to accumulate the 12 months of data necessary to conduct the commercially significant VLR Issue Study as specified in its Tariff. Third, the Waiver Request is narrowly tailored to address the concrete problem of the lack of 12 months of data before allowing VLR Commitments of resources located in the Fancy Point load area to be designated as commercially significant. Fourth, the Waiver Request does not have undesirable consequences as it is consistent with the principle of cost causation in that it is designed to allocate revenue sufficiency guarantee make-whole payments for VLR Commitments to the load in the local balancing areas that benefit from the VLR Commitments.¹⁵ We also note MISO's statement that Entergy authorized MISO to state that Entergy is not opposed to the Commission granting the Waiver Request, as well as LEUG's statement that it does not oppose the Waiver

¹¹ *Id.* at 11.

¹² Entergy Answer at 2-6 (citing *California Indep. Sys. Operator Corp.*, 146 FERC ¶ 61,218, at P 27 (2014)).

¹³ MISO Answer at 3-7.

¹⁴ *See, e.g., Midcontinent Indep. Sys. Operator, Inc.*, 154 FERC ¶ 61,059, at P 14 (2016).

¹⁵ *See, e.g., Midcontinent Indep. Sys. Operator, Inc.*, 146 FERC ¶ 61,132 at P 8.

Request.¹⁶ Last, LEUG's other concerns regarding avoiding a repeat of similar circumstances where an additional VLR area is being proposed are beyond the scope of this proceeding.

13. Accordingly, we grant MISO's request for a one-time waiver of the Tariff provisions in Part B of Schedule 44 that would require MISO to use 12 months of transmission provider data in making the determination of whether VLR Commitments of resources located in the Fancy Point load area should be designated as commercially significant. We also find that good cause exists to grant a waiver of prior notice to allow the Waiver Request to be effective one day after filing, on August 22, 2018, which will allow the VLR Commitment costs to be allocated to the beneficiaries as soon as possible.

By direction of the Commission. Commissioner McIntyre is not voting on this letter order.

Kimberly D. Bose,
Secretary.

¹⁶ Waiver Request at 2; LEUG Comments at 1.