

119 FERC ¶ 61,342  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
Philip D. Moeller, and Jon Wellinghoff.

Southwest Power Pool, Inc.

Docket Nos. EL07-73-000  
ER07-319-001  
ER07-319-002

ORDER ON REHEARING, COMPLIANCE FILING  
AND INSTITUTING SECTION 206 PROCEEDING

( Issued June 29, 2007)

1. In this order, the Commission addresses Golden Spread Electric Cooperative, Inc.'s (Golden Spread) request for rehearing of the Commission's January 31, 2007 Order<sup>1</sup> on Southwest Power Pool, Inc.'s (SPP) use of Violation Relaxation Limits (VRLs) related to its energy imbalance service market (imbalance market). Additionally, we address SPP's compliance filing submitted pursuant to the *VRL Order*. As discussed below, we will deny in part and grant in part Golden Spread's request for rehearing and accept, subject to modifications, SPP's compliance filing. Further, we will institute a proceeding under section 206 of the Federal Power Act (FPA)<sup>2</sup> in Docket No. EL07-73-000 concerning the justness and reasonableness of the VRL process, establish a refund effective date, and establish a paper hearing.

**I. Background**

2. SPP has been authorized as a regional transmission organization (RTO) since October 1, 2004.<sup>3</sup> The Commission accepted SPP's commitment to develop an imbalance market, including implementation of a real-time, offer-based energy market

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<sup>1</sup> *Southwest Power Pool, Inc.*, 118 FERC ¶ 61,065 (2007) (*VRL Order*).

<sup>2</sup> 16 U.S.C. § 824e (2000).

<sup>3</sup> *Southwest Power Pool, Inc.*, 109 FERC ¶ 61,009 (2004), *order on reh'g*, 110 FERC ¶ 61,137 (2005).

that will be used to calculate the price of imbalance energy.<sup>4</sup> On February 1, 2007, SPP launched its imbalance market and began dispatching wholesale electricity within its region.<sup>5</sup>

3. Prior to SPP market start-up, among other things, the Commission directed SPP to file, on an informational basis, independently evaluated metrics related to commercial operations readiness and its testing plan.<sup>6</sup> On September 1, 2006, SPP submitted a compliance filing that included market readiness metrics.<sup>7</sup> In the *October 31 Order*, the Commission determined that SPP had complied with its directive, but expressed concern that SPP may be taking actions to manage the imbalance market outside of the provisions in SPP's open access transmission tariff (OATT or tariff) and Market Protocols by introducing the application of VRLs<sup>8</sup> into its imbalance market.<sup>9</sup> The Commission cautioned SPP that its actions must be in accord with terms, conditions, and rates on file under the FPA and directed SPP to file a tariff detailing how the VRLs would or would not be used to make dispatch instructions to market participants as well as their use in setting prices, if indeed the VRL values are used in the dispatch process.<sup>10</sup>

4. On December 12, 2006, SPP submitted proposed OATT revisions detailing SPP's VRL mechanism. In the *VRL Order*, the Commission found SPP's proposal to be in

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<sup>4</sup> *Southwest Power Pool, Inc.*, 106 FERC ¶ 61,110, at P 134, *order on reh'g*, 109 FERC ¶ 61,010 (2004).

<sup>5</sup> *Southwest Power Pool, Inc.*, 118 FERC ¶ 61,055 (2007).

<sup>6</sup> *Southwest Power Pool, Inc.*, 114 FERC ¶ 61,289, at P 23 (2006) (SPP Market Order), *order on reh'g*, 116 FERC ¶ 61,289 (2006), *appeal docketed, Southwest Industrial Customer Coalition et al. v. FERC* (D.C. Cir. Nos. 06-1390 et al., Nov. 27, 2006).

<sup>7</sup> *Southwest Power Pool, Inc.*, 117 FERC ¶ 61,139 (2006) (*October 31 Order*).

<sup>8</sup> VRLs are a means by which SPP's least-cost, security-constrained economic dispatch program can choose to exceed an operating limit on a temporary basis in the dispatch solution rather than dispatching generation resources at costs above a certain set point.

<sup>9</sup> *October 31 Order*, 117 FERC ¶ 61,139 at P 25.

<sup>10</sup> *Id.*

compliance with the *October 31 Order* and accepted, as modified, the proposed tariff revisions to become effective February 1, 2007. In the *VRL Order*, the Commission directed SPP to further detail how VRLs would be used to issue dispatch instructions. Specifically, the Commission required SPP to incorporate various VRL provisions of its Market Protocols into its OATT.<sup>11</sup>

## **II. Request for Rehearing**

5. On March 2, 2007, Golden Spread filed a request for rehearing of the *VRL Order*. It argues that: (1) the use of VRLs will result in Golden Spread and other customers in SPP's imbalance market paying prices that are unjust and unreasonable; (2) SPP's December 12, 2006 filing failed to comply with the *October 31 Order*; (3) VRL values affect rates and charges but are not filed with the Commission, in violation of section 205 of the FPA;<sup>12</sup> and (4) VRL values will not result in just and reasonable rates because values will be set by SPP market participants who derive a financial benefit from the numbers chosen.

## **III. Compliance Filing**

6. On March 2, 2007, in response to the *VRL Order*, SPP submitted a compliance filing incorporating the specified provisions of its Market Protocols into its OATT.

7. Notice of the compliance filing was published in the *Federal Register*, 72 Fed. Reg. 11,348 (2007), with protests and interventions due on or before March 23, 2007. None was filed.

## **IV. Data Request**

8. On March 14, 2007, staff issued a request for additional information regarding the use of VRLs in SPP's imbalance market. Specifically, the request asked SPP to explain: (1) how prices above the offer cap are being determined in relation to VRLs; (2) how the VRLs associated with violating flowgate limits, other operating constraints, resource ramp rates, market balance, and maximum and minimum generation capacity limits are used in the dispatch and how prices are set if a limit is exceeded through the use of the VRLs; and (3) how the VRLs are used to redispatch generating resources while maintaining system reliability.

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<sup>11</sup> *VRL Order*, 118 FERC ¶ 61,065 at P 26.

<sup>12</sup> 16 U.S.C. § 824d (2000).

9. On March 26, 2007, SPP submitted a response, providing additional information on the use of VRLs in the imbalance market. In its response, SPP explains that there are four categories of VRLs applied in its real-time imbalance market: (1) operating constraint limit; (2) resource ramp rate limit; (3) generation-to-load balance; and (4) resource maximum/minimum limit. According to SPP, there are specific VRL values<sup>13</sup> associated with each category for allowing the dispatch program to temporarily violate a flexible constraint.<sup>14</sup> Further, SPP explains: (1) how SPP's imbalance market (and VRL values) will determine the dispatch based on the least-cost solution given the bids offered in the market, the redispatch costs, and the VRL values; (2) how the dispatch program will interpret the four different VRLs in relation to the different constraints; (3) how the imbalance prices are calculated when the constraints are violated based on the incremental cost at each location; (4) how the imbalance market (including the Transmission Loading Relief (TLR) processes) manages congestion; and (5) how SPP can utilize reliability procedures to comply with North American Electric Reliability Corporation (NERC) Reliability Standard requirements when the normal dispatch functions are not adequate.

## V. Discussion

### A. Request for Rehearing

10. Golden Spread asserts that the implementation of VRLs will permit the rates to exceed the offer cap resulting in customers paying rates for imbalance energy that are unjust and unreasonable. It argues that rates exceeding the offer cap are inconsistent with the Commission's determination that SPP's mitigation measures and monitoring plan are sufficient to protect customers from the exercise of market power in times of transmission constraint.<sup>15</sup> Additionally, it contends that VRLs may lead to unjust and unreasonable prices for emergency energy because VRL values affect locational imbalance prices (LIPs), *i.e.*, elevating LIPs at affected locations when VRLs are triggered.<sup>16</sup> Golden Spread states that, while LIP-based pricing should reflect

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<sup>13</sup> SPP's OATT states that "VRL values determine the point at which the deployment considers operating options to balance system injections and withdrawals that involve violation of limiting factors." Southwest Power Pool, Inc., FERC Electric Tariff, Fourth Revised Volume No. 1, Fourth Revised Sheet No. 644.

<sup>14</sup> SPP's response to data request at 5.

<sup>15</sup> Golden Spread Rehearing Request at 4.

<sup>16</sup> *Id.* at 4, 8.

competitive market pricing, the market for emergency energy is not competitive due both to transmission limitations in SPP and the monopoly supply awarded to Balancing Authorities.<sup>17</sup> Therefore, it asserts that it is inappropriate to allow LIP-based pricing for emergency energy.<sup>18</sup> Golden Spread argues that VRLs applicable to constrained areas should not exceed the offer caps applicable to generation in those same areas.<sup>19</sup>

11. Golden Spread also argues that SPP's VRL proposal failed to comply with the Commission's directive in the *October 31 Order*. It states that the Commission directed SPP in the *October 31 Order* to file a tariff on the use of VRLs, including how VRL values will be established.<sup>20</sup> Golden Spread states that, contrary to the Commission's directive, SPP's December 12, 2006 filing included a tariff with only a general description of the use of VRLs and the process for setting VRL values. It states that SPP's tariff does not specify VRL levels or how VRL values will affect rates for imbalance energy. Although SPP proposes to post the actual VRL values on SPP's open access same-time information system (OASIS), Golden Spread states that this is insufficient because those values will be subject to change without prior notice to the Commission.<sup>21</sup>

12. Further, Golden Spread contends that SPP's failure to comply with the *October 31 Order* violates section 205 of the FPA. It argues that SPP's posting of VRL values on its OASIS does not comply with the FPA requirement that all rates and charges, and all

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<sup>17</sup> *Id.* at 5.

<sup>18</sup> Golden Spread states that the Commission previously determined that the price for emergency energy may reflect the higher of the incremental costs plus an adder or the LIP for the unit responding to the reserve sharing event. It argues that the Commission's justification for such a pricing provision is to prevent a generator from deliberately creating a false emergency in order to take advantage of lower cost emergency energy. However, Golden Spread asserts that such a goal can be reached by setting the rate for emergency energy no lower than some multiple (*e.g.* 120%) of the avoided cost of the resource that triggered the reserve sharing event. In that way, an entity triggering a reserve sharing event could not profit from the event, but also would not be exposed to paying greatly elevated LIPs in the range of \$500-\$800 or even more. *Id.* at 4-5.

<sup>19</sup> *Id.* at 13.

<sup>20</sup> *October 31, Order*, 117 FERC ¶ 61,139 at 25.

<sup>21</sup> Golden Spread Rehearing Request at 10.

classifications, practices, and regulations affecting such rates and charges, must be filed with the Commission. Further, Golden Spread argues that posting the VRL values on the SPP OASIS does not comply with requirement that any change in rates, terms, and conditions be made only after sixty days' notice to the Commission and the public.<sup>22</sup> It argues that because VRL values affect rates and charges, the values must therefore be filed with the Commission and available for public inspection.

13. Finally, Golden Spread argues that the process for setting VRL values raises many concerns. First, VRL values are set by SPP market participants, who will derive financial benefits depending on the VRL values chosen.<sup>23</sup> It states that VRL values will be approved by the SPP Markets and Operations Policy Committee (MOPC), based upon recommendations received from the Operating Reliability Working Group (ORWG) and the Markets Working Group (MWG).<sup>24</sup> Second, it states that the process described by Market Protocols for establishing VRL values is ambiguous. Golden Spread argues that it is not clear whether VRL values can be established by MOPC action alone or are bound by recommendations from ORWG and MWG. Third, Golden Spread asserts that it is not clear who will benefit from the VRL-influenced revenues – some of the revenues from VRLs may go to generators, some may go to load, and some may be credited as a revenue neutrality uplift, creating a windfall for all market participants.<sup>25</sup> It states that many market participants stand to gain from VRL payments – the revenue collected from VRL-influenced elevated LIPs that is in excess of the payments to generators will be distributed to all other SPP market participants. According to Golden Spread, this means that SPP's market participants, who are collectively voting on the values to be assigned to VRLs, will be in position to benefit directly from the values that they set.<sup>26</sup> Golden Spread argues that a just and reasonable rate should not be determined by a popular vote, where the majority benefits financially to the detriment of the minority.

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<sup>22</sup> *Id.* at 6.

<sup>23</sup> *Id.* at 8.

<sup>24</sup> *Id.* at 6. Golden Spread states that members of MOPC, ORWG, and MWG represent SPP stakeholders and market participants. *Id.* at 8.

<sup>25</sup> *Id.* at 9.

<sup>26</sup> *Id.*

### Commission Determination

14. Upon further consideration, we will grant in part, Golden Spread's request for rehearing on VRLs. As discussed below, we find that the process for implementing VRLs raises issues of material fact that cannot be resolved on the record before us, and therefore are more appropriately addressed in the paper hearing ordered below.

15. In the *VRL Order*, the Commission found the VRL proposal to be just and reasonable because VRLs are intended to mitigate prices and ensure a least-cost, security-constrained economic dispatch solution.<sup>27</sup> We continue to recognize VRLs to be a sound mechanism to include within the SPP imbalance market because it is a good alternative that lowers the total cost of production without compromising reliability.<sup>28</sup> The VRLs are intended to ensure that SPP does not incur an unreasonable amount of redispatch costs in the security-constrained economic dispatch or, worse, curtailed load. When faced with constraints, VRLs will permit the generation computer dispatch program to automatically dispatch a solution by calculating a least-cost, security-constrained economic dispatch. For example, instead of putting hard limits on flowgates or reserve capacity, the dispatch software establishes flexible limits with dollar values associated with exceeding the flexible limit.<sup>29</sup> If such flexibility were not accommodated, the generation dispatch program would be unable to determine a dispatch solution, or would determine a dispatch solution that requires unreasonable amounts of uneconomic redispatch. Thus, without the VRL alternative, customers may be subjected to curtailment of load or extremely high prices of energy during times of constraints.

16. However, our further review of the process for implementing VRLs raise serious concerns that require further explanation and analysis. For example, in the *VRL Order*, the Commission permitted SPP to post the values used in VRL categories on its OASIS, instead of filing them with the Commission, because SPP stated that VRLs are not used

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<sup>27</sup> *VRL Order*, 118 FERC ¶ 61,065 at P 22.

<sup>28</sup> SPP describes that increasing the operating constraint VRL effectively instructs the dispatch program to seek higher-cost re-dispatches to remove operating constraint loading violations from the dispatch solution. At the extreme, not having any operating constraint VRL cap would imply that SPP would continue with the exceedingly expensive redispatch at any cost to relieve the constraint. As such, the VRL acts a cap on the amount of redispatch SPP would take and lowers the total dispatch cost. SPP's response to data request at 6.

<sup>29</sup> *VRL Order*, 118 FERC ¶ 61,065, at P 23.

to set prices or cause higher prices.<sup>30</sup> SPP's response to the data request, however, indicates that VRLs may affect prices. SPP describes the operating constraint VRL as effectively placing a cap on the cost of relieving the constraint. If SPP raised or lowered this cap, this would have a direct impact on how high the shadow prices (*i.e.*, the value of an additional unit of capacity) on the flowgate could go and in turn how high prices in the imbalance market could go. Therefore, we find that there may be instances in which VRLs may affect rates and charges and as such, pursuant to section 205 of the FPA, SPP's specific values used in its VRL mechanism must be supported and filed with the Commission to be incorporated into its tariff, and any subsequent changes likewise must be filed and supported. Further, it is not clear how VRLs affect pricing during times of scarcity. Given these issues, we find that VRLs have not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. Therefore, we will institute an investigation, under section 206 of the FPA, into the justness and reasonableness of VRLs and will establish a refund effective date. Because this investigation will involve issues of material fact, we will set the matter for a paper hearing as order below.

17. In the paper hearing, we will require SPP to submit additional information within 30 days of the date of this order addressing the questions below:

- SPP should explain its methodology for establishing a VRL, and also explain how and when a VRL can be changed.
- SPP needs to explain the VRL operation in the dispatch process and how the application of VRL values is tied to its mitigation rules in the imbalance market.
- SPP should explain whether it would ever use a VRL where a redispatch would produce a less costly solution to a constraint situation.
- SPP must provide numeric examples and an explanation of how prices would be set if a ramp rate limit, generation-to-load balance limit, or a resource maximum/minimum limit is violated.
- If during a dispatch interval where SPP did not have sufficient ramping capability in a constrained area, SPP must clarify whether such a deficiency would be solved (*e.g.*, by automatic generation control units in that area or by SPP violating a transmission constraint to have the ramping provided from another area.) Also, if the dispatch indicates that there is not enough generation (or ramp) in a specific transmission

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<sup>30</sup> *Id.* P 25.

constrained area or across the entire SPP footprint for a short time interval, SPP must explain the actions it would take and how prices would be set.

- SPP must provide information on whether SPP will use VRLs placed on operating constraints to determine prices during scarcity conditions. If the VRLs are being used as a form of scarcity pricing (based on shortages of energy or ancillary services), the Commission would be concerned that SPP's current market design, such as offer caps with no corresponding must offer requirement, create opportunities to withhold energy (or ancillary services) to drive the locational imbalance prices to scarcity levels.
- SPP must explain when SPP would take further actions from the normal dispatch functions (including VRLs) due to reliability. For example, would violating a flowgate constraint for longer than a predetermined time period or by a large enough MW magnitude indicate that there are reliability concerns such that SPP should choose to incur higher redispatch cost (or take other reliability actions such as curtailing load) rather than further violating a flexible constraint as indicated by the VRL?

18. We conclude that a trial-type hearing is not necessary to resolve the matter that is the subject of the proceeding.<sup>31</sup> Rather, we believe that a paper hearing will allow us to determine whether SPP's VRLs are just and reasonable. The Commission requires SPP to file a response to the issues set forth for paper hearing within 30 days of the date of this order. Parties may file comments within 30 days of SPP's response. Reply comments may be filed within 30 days of the end of the comment period. Upon completion of the paper hearing, the Commission expects to issue a final order thereafter.

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<sup>31</sup> The use of a paper hearing rather than a trial-type evidentiary hearing has been addressed in numerous cases. *See, e.g., ISO New England, Inc.*, 115 FERC ¶ 61,332 (2006); *Public Service Company of Indiana*, 49 FERC ¶ 61,346 (1989), *order on reh'g*, 50 FERC ¶ 61,186, *opinion issued*, Opinion 349, 51 FERC ¶ 61,367, *order on reh'g*, Opinion 349-A, 52 FERC ¶ 61,260, *clarified*, 53 FERC ¶ 61,131 (1990), *dismissed*, *Northern Indiana Public Service Company v. FERC*, 954 F.2d 736 (D.C. Cir. 1992). As the Commission noted in Opinion No. 349, 51 FERC ¶ 61,367 at 62,218-19 and n.67, while the FPA and the case law require that the Commission provide the parties with a meaningful opportunity for a hearing, the Commission is required to reach decisions on the basis of an oral, trial-type evidentiary record only if the material facts in dispute cannot be resolved on the basis of the written record, *i.e.*, where the written submissions do not provide an adequate basis for resolving disputes about material facts.

19. In cases where, as here, the Commission institutes a section 206 proceeding on its own motion, section 206(b) requires that the Commission establish a refund effective date that is no earlier than the date of the publication of the notice of the initiation of the Commission's investigation in the *Federal Register*, and no later than five months after the publication date. In order to give maximum protection to customers, and consistent with our precedent,<sup>32</sup> we will establish a refund effective date at the earliest date allowed. This date will be the date on which notice of the initiation of the investigation in Docket No. EL07-73-000 is published in the *Federal Register*.

20. Section 206(b) of the FPA also requires that, if no decision is rendered by the refund effective date or by the conclusion of the 180-day period commencing upon initiation of a proceeding pursuant to section 206, whichever is earlier, the Commission shall state the reasons why it has failed to do so and shall state the best estimate as to when it reasonably expects to make such a decision. Based on our review of the record, we expect that we would be able to address the matter set for investigation within approximately one year from the date of this order.

21. In addition, while we find that VRLs may affect rates, this in of itself does not make the rates unjust and unreasonable. Contrary to Golden Spread's assertions, the use of VRLs is expected to mitigate prices and reduce the total cost of serving load because VRL values set points where the operator would temporarily violate a flexible limit rather than rigidly comply with the limit and require more expensive redispatch. In other words, as stated above, without the VRL mechanism, customers would be subjected to less economic redispatch or even curtailment. While it is true that LIPs may exceed the Commission imposed offer cap, this is because such LIPs reflect not only the costs of the generation bid, but also the costs related to operating constraints on the system.<sup>33</sup> This would be true with or without the implementation of VRLs (*i.e.*, if, in the alternative, the VRL flexibility were unavailable and the generators must be redispatched to accommodate operating constraints, the LIPs that result from such redispatch may similarly exceed the offer cap).

22. As to Golden Spread's contention regarding emergency energy prices, the Commission has found, in prior orders, the prices set in this market to be just and

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<sup>32</sup> See, e.g., *Canal Elec. Co.*, 46 FERC ¶ 61,153, *reh'g denied*, 47 FERC ¶ 61,275 (1989).

<sup>33</sup> The Commission found SPP's LIP formula to be sufficient to meet the Commission's formula rate requirement. *SPP Market Order*, 114 FERC ¶ 61,289 at P 72.

reasonable for imbalance energy and that such prices are appropriate to be applied for emergency energy.<sup>34</sup> Golden Spread's argument in this regard is a collateral attack on those prior Commission orders. Therefore, we deny rehearing on these issues.

23. Finally, we disagree with Golden Spread's contention that determining VRL values in the first instance through a SPP stakeholder process amounts to determining just and reasonable rates by popular vote. Because we are directing that VRL values must be on file with the Commission, the values, while developed in the stakeholder process in the first instance will be subject to review by the Commission. Accordingly, no VRL value may be changed without notice, opportunity for comment, and Commission action.

### **B. Compliance Filing**

24. SPP states that it incorporated section 10.1.1 of its Market Protocols into section 4.6(a) and (c) of its tariff; section 10.1.2 of its Market Protocols into section 4.1(e) and 4.4(c) of its tariff; and section 10.1.3 of its Market Protocols into section 4.6(c) and (d) of its tariff. Additionally, SPP states that it added language to section 4.6(c) of Attachment AE to clarify that if SPP is unable to achieve the market flow relief required by the NERC Interchange Distribution Calculator to address a transmission loading relief/curtailment adjustment tool event on a constrained flowgate within 30 minutes, it will take necessary measures to bring the line flow to within acceptable limits pursuant to NERC reliability standards. SPP requests that the Commission accept the proposed revisions with the effective date of February 1, 2007.

### **Commission Determination**

25. We accept SPP's compliance filing subject to modification herein and subject to the outcome of the paper hearing proceeding instituted in this order. Our review indicates that SPP filed the requisite changes as directed by the Commission in the *VRL Order*. We note that SPP modified section 4.6(c) to state that SPP will act to bring line flows to within acceptable limits "consistent with NERC reliability standards."<sup>35</sup> However, the section as currently modified implies that SPP will have up to 30 minutes before it takes alternative actions if the constraint event was unresolved in that time period. Accordingly, SPP is directed to revise section 4.6(c) to clarify that, consistent

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<sup>34</sup> See, e.g., *Southwest Power Pool, Inc.*, 116 FERC ¶ 61,289, at P 10, 23, 53, 55-56 (2006).

<sup>35</sup> *Southwest Power Pool, Inc.*, FERC Electric Tariff, Fourth Revised Volume No. 1, Original Sheet No. 644.01.

with the Commission's directions in Order No. 693,<sup>36</sup> the system shall be restored to respect proven reliability limits as soon as possible but in no case longer than 30 minutes through market flow relief or emergency actions. In addition, because VRL values need to be filed with the Commission, including any subsequent changes, SPP must amend its Market Protocols and section 4.6(c) of its OATT to be consistent with requirements under section 205 of the FPA. Accordingly, SPP is directed to make a compliance filing incorporating these changes within 30 days of the date of this order.

The Commission orders:

(A) The request for rehearing is hereby denied in part and granted in part, as discussed in the body of this order.

(B) SPP's compliance filing is hereby accepted subject to modifications, as discussed in the body of this order.

(C) SPP is hereby directed both to make a compliance filing and respond to the request for additional information within 30 days of the date of this order, as discussed in the body of this order

(D) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by section 402(a) of the Department of Energy Organization Act and by the Federal Power Act, particularly section 206 thereof, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the Federal Power Act (18 C.F.R., Chapter I), the Commission hereby institutes a proceeding in Docket No. EL07-73-000 concerning the justness and reasonableness of the use of VRL values in the SPP imbalance market, as discussed in the body of this order.

(E) The Commission directs SPP to file a brief on the issues set for paper hearing within 30 days of the date of this order. Parties who wish to file comments on SPP's brief must do so within 30 days of SPP's brief. A party's presentation should separately state the facts and arguments advanced by the party and include any and all exhibits, affidavits, and/or prepared testimony. All materials must be verified and subscribed as set forth in 18 C.F.R. § 385.2005 (2006).

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<sup>36</sup> *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, 72 Fed. Reg. 16,416 (April 4, 2007), FERC Stats. & Regs., ¶ 31,242, at P 1636, 1640 (2007).

(F) The Secretary shall promptly publish in the *Federal Register* a notice of the Commission's initiation of the proceeding under section 206 of the FPA in Docket No. EL07-73-000 .

(G) The refund effective date in Docket No. EL07-73-000, established pursuant to section 206(b) of the FPA will be the date of the publication in the *Federal Register* of the notice discussed in Ordering Paragraph (F) above.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.