

121 FERC ¶ 61,202  
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.

Midwest Independent Transmission System  
Operator, Inc.

Docket No. ER07-1417-000

Southwest Power Pool, Inc.

ORDER CONDITIONALLY ACCEPTING REVISED TARIFF SHEETS AND  
DIRECTING COMPLIANCE FILING

(Issued November 27, 2007)

1. On September 28, 2007, the Midwest Independent Transmission System Operator, Inc. (Midwest ISO) and the Southwest Power Pool, Inc. (SPP) (collectively, Filing Parties) filed proposed revisions to the Congestion Management Process (CMP) of the Filing Parties' Joint Operating Agreement (JOA).<sup>1</sup> For the reasons described below, we will conditionally accept the proposed revisions to be effective October 1, 2007, and direct a compliance filing.

**I. Background**

2. Currently, Midwest ISO has five CMPs. In addition to the CMP with SPP, the subject of this proceeding, Midwest ISO has also executed CMPs with Manitoba Hydro,<sup>2</sup>

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<sup>1</sup> The CMP is part of the JOA, which is filed as Midwest ISO Rate Schedule No. 6 and as SPP Rate Schedule No. 9.

<sup>2</sup> Manitoba Hydro is a Crown Corporation that exports electricity to wholesale markets in Canada and the American Mid-West.

MAPPCOR,<sup>3</sup> PJM Interconnection, L.L.C. (PJM), and with both PJM and the Tennessee Valley Authority (TVA).<sup>4</sup> These CMPs are managed by Midwest ISO, PJM, SPP, and TVA, whose representatives collaborate as members of the Congestion Management Process Council (CMP Council). These entities are responsible for operating the bulk transmission system while ensuring reliable energy interchange between generators, loads, and other operating entities.

3. Midwest ISO applies the CMP as part of its seams agreements with SPP, Manitoba Hydro, MAPPCOR, PJM, and jointly with PJM and TVA. A major seams issue, as these operating entities expand their markets, is how these operating entities' different congestion management methodologies, both market-based and traditional, will interact so as to recognize and control parallel flows and impacts while consistently ensuring system reliability.

4. The CMP Council observed that revisions to the various CMP documents were causing divergent rather than convergent CMPs. Therefore, in late 2006, it established a working group charged with developing a CMP that all members of the CMP Council would adopt to replace their existing agreements and that would serve as a baseline for new entities implementing a CMP. The Filing Parties' proposed tariff revisions to their CMP are the result of the working group's effort. The proposed revisions represent a standardized congestion management process for interregional coordination of seams between reliability coordinators so as to recognize parallel flows and impacts and control them in a manner that consistently ensures system reliability. The Filing Parties state that the proposed revisions will enhance current Interchange Distribution Calculator (IDC) granularity by utilizing existing real-time applications to monitor and react to flowgates external to an operating entity's footprint.<sup>5</sup>

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<sup>3</sup> MAPPCOR administers the tariff of the Mid-Continent Area Power Pool (MAPP). MAPP is a voluntary association of electric utilities and industry participants spanning nine states and two Canadian provinces that facilitates open access transmission service and provides a generation reserve sharing pool.

<sup>4</sup> As a federal government agency, TVA is exempt from the Commission's jurisdiction. Its transmission system is interconnected with the transmission systems of neighboring electric utilities. On April 22, 2005, TVA, Midwest ISO, and PJM executed a Joint Reliability Coordination Agreement.

<sup>5</sup> As described in the CMP document, reliability coordinators use the IDC to determine appropriate Transmission Loading Relief (TLR) actions to provide relief to constrained facilities. The IDC bases its calculations on the use of transaction tags: electronic documents that specify a source and a sink, which can be used to estimate real  
(continued...)

## II. Instant Submittal

5. The Filing Parties propose revisions to the CMP to reflect the baseline CMP negotiated by the CMP Council.<sup>6</sup> These revisions include, among other things: (1) changing terms and acronyms to ensure consistency with the baseline CMP; (2) revising diagrams to reflect pre-market and post-market expansion; (3) clarifying that tests used for determining which Available Flowgate Capacity (AFC) Flowgates are Coordinated Flowgates reflect a five percent threshold;<sup>7</sup> (4) clarifying that the IDC model, or a mutually agreed alternative, will be used for calculating historic Firm Flows;<sup>8</sup> (5) clarifying the process for calculating the available share of total flowgate capacity that

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power flows through the use of a network model. In order to change flows, the IDC is given a particular constraint and a desired change in flows. The IDC returns all source and sink transactions that contribute to that constraint and specifies schedule changes to be made that will effect the change in flows. While tagged transactions may specify sources and sinks in a very specific manner, the IDC in general cannot respect this detail. Instead, it consolidates the impacts of several generators and loads into homogenous representation of the impacts of a single Control Area. This is referred to as the granularity of the IDC.

However, the use of centralized economic dispatch provides relief to congested constraints without the need to know that a balanced source and sink transaction should be adjusted; rather, it uses a net generation-to-load balance and the impacts of different generators on constraints. Further, with the expansion of centralized economic dispatch, flows subject to TLR curtailment prior to market expansion are no longer available for that process because fewer transactions are reported to the IDC. Thus, the ability to utilize the historic approximation of electrically representative flows used by the IDC fails to effectively predict energy flow resulting in a “loss of granularity.”

<sup>6</sup> The proposal also states that the CMP Council members reserve all rights with respect to the different options identified in the appendices, and that nothing in the proposal shall be construed to indicate the CMP Council members’ support of an option presented in the appendices. Filing Parties Transmittal Letter at 10.

<sup>7</sup> AFC Flowgates are flowgates for which AFC values are calculated. Coordinated Flowgates are AFC Flowgates that pass one of four sensitivity tests used to determine if a flowgate is significantly impacted by flows (with a five percent threshold) and which will be monitored and controlled.

<sup>8</sup> Firm Flows are the estimated impacts of firm transmission service on a particular Coordinated Flowgate or Reciprocal Coordinated Flowgate.

will be posted on the Open Access Same-Time Information System (OASIS); (6) incorporating a methodology for the sharing and transfer of unused allocation; and (7) re-sequencing appendices to place agreed-to appendices at the beginning of the appendices.

6. The Filing Parties made additional changes to the CMP document included in their JOA. In particular, in section 4.4, Firm Market Flow Calculation Rules, the Filing Parties changed the percentage impacts of market flows from “down to zero percent” to “down to 3 percent” to match the North American Electric Reliability Council (NERC) approved field test.<sup>9</sup> The Filing Parties also added language in section 6.6, Forward Coordination Process, to clarify the process for coordinating Reciprocal Coordinated Flowgates.<sup>10</sup> The added language specifies that a flowgate limit will be used to restrict unit scheduling for a Coordinated Flowgate under certain circumstances.<sup>11</sup>

7. The Filing Parties also request waiver of the Commission’s prior notice requirement to permit the proposed revisions to become effective on October 1, 2007.<sup>12</sup>

### **III. Notice and Responsive Filings**

8. Notice of the proposed revisions was published in the *Federal Register*, 72 Fed. Reg. 57,548 (2007), with interventions and protests due on or before October 19, 2007. Six entities filed motions to intervene: Constellation Energy Commodities Group, Inc. and Constellation NewEnergy, Inc; Duke Energy Shared Services, Inc., on behalf of its affiliates, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy

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<sup>9</sup> See *Midwest Independent Transmission System Operator, Inc. and PJM Interconnection, L.L.C.*, 120 FERC ¶ 61,083 (2007) (July 24 Order) (which details and directs the 12-month field test supported by the Midwest ISO, PJM, SPP, and TVA).

<sup>10</sup> Generally, a Reciprocal Coordinated Flowgate is a Coordinated Flowgate that is affected by the transmission of energy of two or more entities and subject to a reciprocal coordination agreement.

<sup>11</sup> The proposed additional language of section 6.6, Forward Coordination Process, reads, “Market-Based Operating Entities will use the Flowgate limit to restrict unit scheduling for a Coordinated Flowgate when maintenance outage coordination indicates possible congestion and there is recent TLR activity on a Flowgate.”

<sup>12</sup> We note that the Filing Parties requested an effective date of October 1, 2007 on page 12 of their transmittal letter and an effective date of November 1, 2007 on page 13. Since the proposed tariff sheets state an October 1, 2007, effective date, we will assume that the Filing Parties intended to request October 1, 2007.

Kentucky, Inc.; Exelon Corporation; LS Power Associates, L.P.; Redbud Energy LP; and Xcel Energy Services Inc. (Xcel), on behalf of Northern States Power Company (Minnesota), Northern States Power Corporation (Wisconsin), and Southwestern Public Service Company.

9. Additionally, Xcel filed comments stating that it generally supports the CMP document, as submitted by the Filing Parties, and believes the CMP document will help achieve the overall objective of increasing standardization in congestion management practices between RTOs and lessening divergence in seams agreements. Nonetheless, Xcel requests certain changes in the proposed revisions to the CMP and the process through which such agreements should be developed in the future.

10. Xcel supports the change in section 4.4, Firm Market Flow Calculation Rules, to increase the impact threshold from zero percent to three percent. Xcel argues that the old process caused problems in both theory (i.e., dividing by zero) and in practice (i.e., having to redispach a significant amount of generation to obtain miniscule loading relief on a congested facility).

11. However, Xcel expresses concern with section 6, Reciprocal Operations, which sets out the procedures to be utilized for calculating Firm Flow Limits and Available Transfer Capability (ATC)/AFC calculations. Xcel requests that the Commission direct the Filing Parties to attest that any changed calculations remain in compliance with applicable standards established by NERC and the North American Energy Standards Board (NAESB), and that the conforming updates to the transmission procedures posted pursuant to Order No. 890<sup>13</sup> are also updated by the Reciprocal Entities.<sup>14</sup>

12. In addition, Xcel requests a modification to the last sentence of section 6.6, Forward Coordination Process. Xcel states that the word “outage” should be inserted after the word “unit” and before the word “scheduling” to make clear that the section refers to a planned outage schedule for a generating unit, rather than referring to a scheduled energy transaction from an operating unit or for an interchange schedule with that unit as a point of receipt.

13. Finally, Xcel faults the process that was used to develop the CMP document because no stakeholder or public process was utilized. Xcel urges that open processes

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<sup>13</sup> *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 72 Fed. Reg. 12,266 (March 15, 2007), FERC Stats. & Regs. ¶ 31,241 (2007) (Order No. 890).

<sup>14</sup> Xcel acknowledges that its concern may already be addressed implicitly in the various criteria and procedures set out in the CMP document.

should be used for such proposals and requests the Commission to direct that future modifications to the CMP be subject to stakeholder input before filing. Xcel cites the Commission's recent Advance Notice of Proposed Rulemaking<sup>15</sup> that addresses how RTOs can become more responsive to stakeholder input. While conceding that stakeholders should not be present for every discussion (i.e., those discussions involving sensitive information that would not be appropriate for transmission customers), Xcel states that process documentation and policy discussions could be held with an opportunity for stakeholder participation that could effectively preempt interventions such as Xcel's.

#### **IV. Discussion**

##### **A. Procedural Issues**

14. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2007), the unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

##### **B. Commission Determination**

15. We will conditionally accept the Filing Parties' submittal, as discussed below, and will grant waiver of the prior notice requirement to permit an effective date of October 1, 2007, as discussed below.<sup>16</sup> The standardization of the CMP in the region is a worthy undertaking and we commend the CMP Council for its efforts.

16. We will deny Xcel's request to require Filing Parties to attest that any changed calculations remain in compliance with NERC and NAESB requirements. Xcel concedes that compliance with applicable requirements may already be implicit in the various criteria and procedures contained in the JOA and Xcel has not provided any evidence for their request that we impose such a requirement explicitly. Moreover, we note that section 2.3.5 of the JOA requires that all activities under the JOA, which would include the activities under the CMP, meet or exceed NERC policies and procedures.<sup>17</sup>

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<sup>15</sup> *Wholesale Competition in Regions with Organized Electric Markets*, FERC Statutes and Regulations ¶ 32,617 (2007) (ANOPR).

<sup>16</sup> *See, Central Hudson Gas and Electric Corp.*, 60 FERC ¶ 61,106, *reh'g denied*, 61 FERC ¶ 61,089 (1992).

<sup>17</sup> Section 2.3.5 of the JOA states, "NERC Policies and Procedures. All activities under this Agreement will meet or exceed the applicable NERC policies or procedures as revised from time to time."

17. Furthermore, we note that Order No. 693,<sup>18</sup> at reliability standard MOD-002-0, discusses the review of transmission service providers' compliance with the regional methodologies for calculating Total Transmission Capacity (TTC) and ATC.<sup>19</sup> While the Commission has not yet approved reliability standard MOD-002-0, awaiting additional information concerning regional procedures, the Commission did recommend compliance with the reliability standard as a matter of good utility practice.<sup>20</sup> Moreover, the Commission has encouraged greater transparency and disclosure of the AFC/ATC calculations. Other entities, who may be concerned that such calculations are not in compliance with the applicable requirements, will be able to review the calculations more easily and, if the calculations are not in compliance, file a complaint with the Commission with this additional information on how utilities calculate their AFC/ATC.<sup>21</sup>

18. However, we agree with Xcel that the proposed revision of section 6.6 is unclear. Accordingly, we will direct the Filing Parties to clarify the language of section 6.6, perhaps by adding the word "outage" between the words "unit" and "schedule," as suggested by Xcel. Since the purpose of the filing was to further the standardization of CMP documents in seams agreements in the region, we encourage the members of the CMP Council to reflect this change in other CMP documents as they are filed with the Commission.

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<sup>18</sup> *Mandatory Reliability Standards for the Bulk Power System*, Order No. 693, 72 Fed. Reg. 16,416, (2007), FERC Stats. & Regs. ¶ 31,242 at P 1058 (2007) (Order No. 693), *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

<sup>19</sup> MOD-002-0 requires that the regional reliability organization: (1) develop and implement a procedure to periodically review and ensure that the TTC and ATC calculations and resulting values developed by transmission service providers comply with the regional TTC and ATC methodology and applicable regional criteria; (2) document the results of its periodic review; and (3) provide the results of its most current reviews to NERC upon request. Order No. 693 at P 1058.

<sup>20</sup> *Id.*

<sup>21</sup> For example, the Commission has encouraged entities to make available a comprehensive list of assumptions and contingencies underlying ATC/AFC calculations, to post on their OASIS their OATT Attachment C, in which transmission providers are required to include a detailed description of the specific mathematical algorithm the transmission provider uses to calculate both firm and non-firm ATC, and to include a process flow diagram that describes the various steps that it takes in performing the ATC calculation.

19. Finally, as stated in the ANOPR, the Commission is interested in making RTOs more responsive to stakeholder input. We agree with Xcel that proposed revisions to RTO documents may be more fully developed and less controversial with such stakeholder input. Accordingly, we encourage the CMP Council members to seek stakeholder input in the development of future iterations of the CMP document. However, we will not prescribe the manner or the level of stakeholder input, so as not to undermine the process of standardizing CMP in the region.

The Commission orders:

(A) The proposed revisions to the Filing Parties' Congestion Management Process are hereby conditionally accepted, to become effective on October 1, 2007, as requested, as discussed in the body of this order.

(B) The Filing Parties are hereby directed to make a compliance filing within 30 days from the date of this order, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.