166 FERC ¶ 61,204
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;
Cheryl A. LaFleur, Richard Glick,
and Bernard L. McNamee.

Midcontinent Independent System Operator, Inc. Docket Nos. ER18-2397-000
ER18-2397-001

ORDER ON COMPLIANCE

(Issued March 21, 2019)

1. On September 7, 2018, as amended on December 10, 2018, MISO submitted, in response to the Commission's directive issued pursuant to section 206 of the Federal Power Act (FPA),[1] revisions to its Open Access Transmission, Energy and Operating Reserve Markets Tariff [2] to comply with the requirements of the Commission's Order No. 844.[3] In this order, we accept in part and reject in part MISO's compliance filing, effective January 1, 2019,[4] and direct MISO to submit a further compliance filing within 30 days, as discussed below.

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[1] 16 U.S.C. 824e (2012).

[2] Midcontinent Independent System Operator, Inc., FERC Electric Tariff, 1.O, Definitions - O, 39.0.0; 1.R, Definitions - R, 58.0.0; 1.Z, Definitions - Z, 36.0.0; 38.1.2, Records and Reports, 32.0.0. .

[3] *Uplift Cost Allocation and Transparency in Markets Operated by Regional Transmission Organizations and Independent System Operators,* Order No. 844, 163 FERC ¶ 61,041 (2018).

[4] MISO requested a January 1, 2019 effective date for all of Order No. 844's requirements. In light of the revisions required in this order on compliance, if MISO is unable to meet a given requirement as of January 1, 2019, it may propose a new effective date for that requirement on further compliance.

I. Background

2. Order No. 844 is a component of the Commission's effort to improve price formation in regional transmission organizations (RTO) and independent system operators (ISO). In Order No. 844, the Commission concluded that the existing RTO/ISO practices of reporting uplift, operator-initiated commitments, and transmission constraint penalty factors are insufficiently transparent, resulting in rates that are unjust and unreasonable. In Order No. 844, the Commission found that no RTO/ISO currently reports uplift on a resource-specific basis, some do not report uplift by zone, and some do not report in a machine-readable format. Additionally, the Commission found reporting on operator-initiated commitments is insufficient because some RTOs/ISOs do not report the reasons for these commitments, the zones in which the commitments are made, or information about the size of the system needs for which resources are committed. The Commission also found that some RTOs/ISOs do not include transmission constraint penalty factor values in their tariffs, and most do not include practices related to the use of transmission constraint penalty factors and the procedures for their modification in their tariffs. Order No. 844 was issued to remedy these deficiencies.[5]

3. In Order No. 844, the Commission directed each RTO/ISO to establish in its tariff the following three requirements related to uplift and operator-initiated commitment reporting and one requirement related to transmission constraint penalty factors, which are described in more detail below. First, each RTO/ISO must post a monthly Zonal Uplift Report of all uplift, paid in dollars, and categorized by transmission zone, day, and uplift category. Second, each RTO/ISO must post a monthly Resource-Specific Uplift Report containing the resource name and total amount of uplift paid in dollars, aggregated across the month, to each resource that received uplift payments. Third, each RTO/ISO must post a monthly Operator-Initiated Commitment Report listing the commitment size, transmission zone, commitment reason, and commitment start time of each operator-initiated commitment.[6] Further, each RTO/ISO must follow the Transmission Constraint Penalty Factor requirements to include, in its tariff, its transmission constraint penalty factor values; the circumstances, if any, under which the transmission constraint penalty factors can set locational marginal prices (LMP); and the procedures, if any, for temporarily changing the transmission constraint penalty factor values. Any procedures for temporarily changing transmission constraint penalty factor

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[5] Order No. 844, 163 FERC ¶ 61,041 at PP 21-22, 27.

[6] *Id.* PP 30-33.

values must provide for notice of the change to market participants as soon as practicable.[7]

II. Notice of Filing and Responsive Pleadings

4. Notice of MISO's filing was published in the *Federal Register*, 83 Fed. Reg. 46,715 (2018), with interventions and protests due on or before September 28, 2018. Timely-filed motions to intervene were submitted by Entergy Services, Inc. (Entergy Services),[8] Cooperative Energy, American Municipal Power, Inc., Ameren Services Company,[9] Consumers Energy Company, NRG Power Marketing, Texas Industrial Energy Consumers, Louisiana Energy Users Group. South Industrial Customers[10] filed a protest. On October 15, 2018, Entergy Services and MISO each filed motions for leave to answer and answers. On October 30, 2018, South Industrial Customers filed a motion for leave to answer and answer.

5. On November 9, 2018, Commission staff issued a deficiency letter (Deficiency Letter) requesting additional information regarding MISO's filing. MISO submitted its response on December 10, 2018 (Deficiency Response). Notice of the Deficiency Response was published in the *Federal Register*, 83 Fed. Reg. 64,569, with interventions and protests due on or before December 31, 2018. None was filed.

III. Discussion

A. Procedural Matters

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

7. 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 or answer unless otherwise

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[7] *Id.* P 34.

[8] Entergy Services, Inc. is filing on behalf of the Entergy Operating Companies: Entergy Arkansas, Inc., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, LLC, and Entergy Texas, Inc.

[9] Ameren Services Company is filing on behalf of its affiliated public utility operating companies: Ameren Illinois Company, Ameren Transmission Company of Illinois, and Union Electric Company.

[10] South Industrial Customers consists of Louisiana Energy Users Group and Texas Industrial Energy Consumers.

ordered by the decisional authority. We accept the answers submitted by Entergy Services, MISO, and South Industrial Customers because they have provided information that assisted us in our decision-making process.

B. Substantive Matters

8. As discussed below, we accept in part, and reject in part, MISO's compliance filing and direct MISO to submit a compliance filing within 30 days of the date of this order.

1. Zonal Uplift Report

9. In Order No. 844, the Commission required that each RTO/ISO post reports on the total daily uplift payments in dollars paid to the resources in each transmission zone by category, day, and transmission zone within 20 calendar days of each month on a publicly-accessible portion of its website in a machine-readable format.[11]

10. The transmission zone, for the purposes of the Zonal Uplift Report, should be defined as a geographic area that is used for the local allocation of charges, such as a load zone that is used to settle charges for energy.[12] The Commission stated that RTOs/ISOs can aggregate transmission zones containing fewer than four resources with one or more neighboring zones in such a manner that all aggregated zones have at least four resources.[13] The Commission clarified that any aggregation of zones should be based on the number of resources located in the zone rather than the number of resources in the zone that receive uplift payments in a given reporting period.[14] The Commission also clarified that, for the purpose of zonal aggregation, the term "resource" refers to an entire generating facility and not each individual unit within a plant.[15]

11. The Commission required that, on compliance, each RTO/ISO include in its tariff the type of zone that it proposes to use in its Zonal Uplift Report and explain how the chosen type of zone meets the definition of transmission zone provided in the Final Rule,

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[11] Order No. 844, 163 FERC ¶ 61,041 at PP 31, 36, 50, 60-62.

[12] *Id.* P 52.

[13] The Commission acknowledged that RTOs/ISOs may have multiple existing types of zones that could meet the definition. *Id.* P 58.

[14] *Id.* P 56.

[15] *Id.* P 57.

as well as explain any proposal to aggregate transmission zones.[16] The Commission emphasized that each RTO/ISO should propose transmission zones that provide an appropriate level of geographic granularity.[17] The Commission reiterated that it expected uplift categories to be based on uplift charge codes, and clarified that the term "charge codes" refers to individual charges for settlement purposes.[18] The Commission also stated it would consider compliance proposals with longer timelines if an RTO/ISO demonstrates that the 20-day deadline provides insufficient time for an RTO/ISO to compile the report given its existing uplift settlement and reporting timelines.[19]

a. <u>Compliance Filing</u>

12. MISO proposes to post monthly Zonal Uplift Reports of all uplift, paid in dollars, and categorized by day, uplift category, and transmission zone within 20 calendar days from the end of the month on its public website, in a machine-readable format. MISO proposes to report two types of uplift: (1) Day-Ahead Revenue Sufficiency Guarantee Credits; and (2) Real-Time Revenue Sufficiency Guarantee Credits. According to MISO, these two types of uplift are paid to resources based on reliability considerations, consistent with Order No. 844 which states that "uplift payments reflect the portion of the cost of reliably serving load that is not included in market prices."[20] MISO proposes using the following five categories to identify the cause of the uplift: (1) Day-Ahead Capacity; (2) Day-Ahead Voltage and Local Reliability (VLR); (3) Real Time Capacity; (4) Real Time VLR; and (5) Real Time Transmission Reliability. MISO states, however, that its make-whole payments, such as price volatility make-whole payments,[21] are distinct from its uplift payments because price volatility make-whole payments are not

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[16] *Id.* P 59.

[17] *Id.*

[18] *Id.* P 60.

[19] *Id.* 61.

[20] Compliance Filing at 3, n.12 (citing Order No. 844, 163 FERC ¶ 61,041 at P 7).

[21] Price volatility make-whole payments can be paid to an eligible resource when: (1) its incremental energy cost is not covered by its energy revenues; (2) it is economically or manually dispatched above its day-ahead or real-time schedule; or (3) an eligible resource is economically or manually dispatched below its day-ahead schedule and its day-ahead margin is eroded. *See* Midcontinent Independent System Operator, Inc., FERC Electric Tariff, §§ 33.8.2 (41.0.0); 40.3.5.1 (36.0.0); 40.3.6.1 (32.0.0).

triggered by a reliability need. Therefore, MISO does not propose to include price volatility make-whole payments in its uplift reports.[22]

13. MISO proposes to use Local Resource Zones (LRZ)[23]—the zones used to settle charges associated with MISO's resource adequacy process—for zonal uplift reporting purposes, explaining this approach best balances confidentiality risks with the need to provide more granular data on uplift payments. MISO states that LRZs are developed pursuant to six considerations: (1) electric boundaries of Local Balancing Authorities (LBA); (2) state boundaries; (3) relative strength of transmission interconnections between LBAs; (4) Loss of Load Expectation Studies' results; (5) relative size of LRZs; and (6) natural geographic boundaries. MISO includes in its tariff the requirement to aggregate LRZs in the event that a LRZ may have fewer than four resources and states that no LRZ currently contains fewer than four resources. MISO states that the use of LRZs is consistent with the Commission's definition of a transmission zone and contends that MISO, market participants, and stakeholders have experience using LRZs to settle charges associated with MISO's resource adequacy process, and the utilization of LRZs can be incorporated into MISO's energy market settlement processes.[24]

b. Pleadings

14. South Industrial Customers protest MISO's proposed Zonal Uplift Report as insufficiently granular. First, South Industrial Customers argue that the local allocation of uplift charges occurs at the LBA level, and thus uplift should be reported at least at the LBA level, not at the level of LRZs, as MISO proposes.[25] Further, South Industrial Customers argue that a Zonal Uplift Report that reports RSG credits by VLR area for each commercially significant VLR area is required to provide meaningful information to market participants.[26] South Industrial Customers support making this level of

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[22] Compliance Filing at 3.

[23] There are ten LRZs in MISO; each LRZ contains between seven and one Local Balancing Authorities (LBA). *See* MISO, FERC Electric Tariff, Attachment VV (37.0.0).

[24] Compliance Filing at 3-5.

[25] South Industrial Customers state that cost allocation of VLR RSG credits occurs at the LBA level. South Industrial Customers Protest at 6-10.

[26] *Id*. at 8. The commercially significant VLR area is the set of load commercial pricing nodes impacted by the commercially significant VLR issue. *See* MISO, FERC Electric Tariff, Schedule 44 § B (39.0.0).

granularity a requirement because RSG payments associated with VLR are significant in MISO South. South Industrial Customers also request that Regional Directional Transfer Limit-related RSG credits be reported as a separate uplift category.[27]

15. In its answer to South Industrial Customers, MISO asserts that its use of LRZs is consistent with the Commission's definition of "transmission zone" according to Order No. 844. According to MISO, it presented stakeholders with options including LRZ and LBA, and no one, including South Industrial Customers, opposed LRZs. MISO reiterates that its experience settling charges associated with resource adequacy according to LRZs would allow it to easily assess energy market settlements at the LRZ level. MISO also reiterates that the use of LRZs reasonably balances the Commission's desire to improve geographic transparency with the need to protect commercially sensitive information. MISO also asserts that it has satisfied Order No. 844's aggregation requirements.[28]

16. MISO disagrees with South Industrial Customers' suggestion that the Regional Directional Transfer Limit-related RSG Credits should also be included as a category in the Zonal Uplift Reports. According to MISO, the RSG credits related to the Regional Directional Transfer Limit are determined by resource commitment factors rather than cost allocation factors, and any uplift credits related to the Regional Directional Transfer Limit are already included in the Day-Ahead Capacity Category. MISO states that Regional Directional Transfer Limit-related uplift should not be classified as a separate uplift cost category, as it is not a "charge code."[29]

17. Entergy Services argues that reporting by LBA may not provide more granularity as suggested by South Industrial Customers. Entergy Services asserts that, if LBAs are used, zonal definitions would likely change frequently contrary to the intent of Order No. 844.[30] Entergy Services asserts that the Commission should reject the request for MISO to provide the same information in the Zonal Uplift Report on a LBA basis since MISO already publicly reports daily VLR payments by VLR constraint. While Entergy

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[27] *Id.* South Industrial Customers state that reporting Regional Directional Transfer Limit uplift as its own category is consistent with the MISO Independent Market Monitor's reporting (citing Potomac Economics, *IMM Quarterly Report: Summer 2018*, at 34-35 (Sept. 18, 2018)).

[28] MISO Answer at 3-5.

[29] *Id.* at 6-7.

[30] According to Entergy Services, resources often move in and out of LBAs based on contractual agreements to which MISO is not a party. Entergy Services Answer at 2-5.

Services agrees that there could be more visibility into the issues associated with MISO's uneven treatment of loop flows on neighboring systems, which includes loop flows associated with the Regional Directional Transfer Limit, Entergy Services argues that South Industrial Customers should have raised this issue during stakeholder review and that MISO's filing complies with Order No. 844.[31]

18. In its answer, South Industrial Customers continues to request that the Commission direct MISO to report uplift at the LBA level. South Industrial Customers first argue that MISO misinterprets the geographic reporting requirement of Order No. 844, specifically when MISO stated that LRZs meet the definition of transmission zones because they are used to settle charges for resource adequacy purposes. According to South Industrial Customers, the relevant charges for purposes of compliance with Order No. 844 are charges that are included in uplift reports, which are collected at the LBA level. South Industrial Customers argue that resource adequacy charges are irrelevant and that there is no nexus between the allocation of charges for resource adequacy and the allocation of uplift costs.[32]

19. Second, according to South Industrial Customers, Order No. 844 permits MISO to aggregate transmission zones when there are fewer than four generation resources. Therefore, South Industrial Customers argue that MISO's assertion that 11 LBAs have only one market participant does not support its proposal to report at the LRZ level. South Industrial Customers contend that in order to aggregate transmission zones, MISO must demonstrate that an LBA contains fewer than four generation resources (as opposed to market participants), and MISO has failed to do so.[33]

20. Third, South Industrial Customers argue that MISO is incorrect that its proposal need to only be just and reasonable, not the most accurate alternative. Rather, because MISO's filing fails to comply with Order No. 844, South Industrial Customers state that the filing is not just and reasonable.[34]

21. Finally, South Industrial Customers assert that MISO's proposal to fold Regional Direct Transfer RSG Credits into the Day-Ahead Capacity category fails to meet the

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[31] *Id.* at 5-6.

[32] South Industrial Customers Answer at 6-7.

[33] *Id*. at 7-8.

[34] *Id*. at 8-9.

transparency objectives of Order No. 844, and if this information is available to the Market Monitor, it should be provided in uplift reports as well.[35]

22. South Industrial Customers also assert that Entergy Services' argument regarding the reporting of VLR payments should be rejected. South Industrial Customers state that without more granular reporting on VLR uplift down to the generating unit and LBA level, market participants will not have sufficiently detailed information to allow them to identify market efficiency improvements for the benefit of ratepayers by identifying and mitigating the causes of VLR uplift in MISO.[36]

c. Deficiency Letter and Response

23. Regarding uplift reporting, in the Deficiency Letter, Commission staff asked MISO to: (1) provide a list and explanation of which out-of-market payments MISO intends to include in the Zonal Uplift Report and Resource-Specific Uplift Report; and (2) explain why price volatility make-whole payments do not meet the description of "uplift" provided by the Commission in Order No. 844. Regarding transmission zones, Commission staff asked MISO: (1) questions related to MISO's proposal to use LRZs, rather than LBAs, as transmission zones; and (2) to explain whether MISO intends to report uplift paid to imports.[37]

24. In response to the question about which uplift types will be reported, MISO states that it does not propose to report Net Regulation Adjustment Amounts,[38] but will include uplift for cost recovery for actions during emergency conditions[39] and uplift related to manual re-dispatch if it is reflected within one of the uplift charge types MISO proposes to report in the relevant reports.

25. As to price volatility make-whole payments, MISO contends that the Commission appeared to narrow the definition of uplift when it stated "[u]plift payments reflect the

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[35] *Id*. at 9-10.

[36] *Id*. at 10-11.

[37] Deficiency Letter at 1-3.

[38] Net Regulation Adjustment Amount represents charges or credits to a resource providing deployed regulation service such that the resource is indifferent to deploying energy above or below its dispatch target for energy to provide the regulation service. Both regulation-up and regulation-down deployments are considered under this charge type. *See* MISO, Market Settlements Calculation Guide, MS-OP-029-r29, § D.27.

[39] *See* MISO, FERC Electric Tariff, Attachment AA (32.0.0).

portion of the cost of reliably serving load that is not included in market prices," and, as a result, the scope of Order No. 844 does not appear to include price volatility make-whole payments.[40] Nonetheless, MISO states that if the Commission prefers that MISO include price volatility make-whole payments in the relevant reports, MISO will amend its tariff as directed.[41]

26. As to transmission zones, MISO states that it considered using LBAs but decided such an approach would be too granular because, of the 37 LBAs within MISO, six LBAs have fewer than four resources and three LBAs have only four resources. MISO states that all of the LBAs that include fewer than four resources have only one Asset Owner. MISO contends that if it used LBAs instead of LRZs, combining an LBA that has only one Asset Owner with another LBA that has only one Asset Owner would unintentionally reveal make-whole payment data because an Asset Owner could subtract its data from the combined LBA value. Therefore, MISO argues that aggregating two regions that have less than four resources would not sufficiently protect commercially sensitive information. MISO also states that in circumstances where LBAs with one Asset Owner are not located in the same LRZ, but are geographically disparate, the intent of the Commission's order is diluted by aggregating those LBAs. MISO notes that should the Commission prefer that MISO use LBAs instead of LRZs, MISO will amend its tariff as directed, but notes that MISO stakeholders strongly supported the use of LRZs instead of LBAs.[42]

27. As to imports, MISO states that it intends to report uplift paid to External Asynchronous Resources for Import Schedules and explains that MISO intends to report those payments in the defined reports. MISO states that it does not pay uplift to any other import schedule type. MISO clarifies that reporting will be based on the Commercial Pricing Node where the resource is physically located.[43]

d. <u>Determination on Zonal Uplift Report</u>

28. We find that MISO's proposal to exclude price volatility make-whole payments from the Zonal Uplift Report is not in compliance with the requirements of Order No. 844. Price volatility make-whole payments are out of market payments made to resources to maintain their incentives to follow dispatch signals and operator instructions

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[40] Deficiency Response at 4 (citing Order No. 844, 163 FERC ¶ 61,041 at P 7).

[41] *Id.* at 4.

[42] *Id.* at 2-3.

[43] *Id.* at 3.

when system needs change. We understand MISO's argument to be that price volatility make-whole payments are not classified as uplift in Order No. 844 because they are not triggered by a specific reliability need. However, we disagree that such a narrow definition of uplift was implied by the statement in Order No. 844 that "[u]plift payments reflect the portion of the cost of reliably serving load that is not included in market prices."[44] Rather, we find that price volatility make-whole payments are consistent with what Order No. 844 established as uplift because they provide economic incentives to resources to operate in a manner consistent with system needs at costs that are "not included in market prices."[45] Therefore, on compliance, we require MISO to revise its Tariff to include price volatility make-whole payments in the Zonal Uplift Report. Furthermore, in each relevant Tariff section, we require MISO to replace the word "uplift," which is not a defined term in the Tariff, with the name of the type of uplift (e.g., Day-Ahead Revenue Sufficiency Guarantee Credit) as defined in Module A of the Tariff that will be reported in the Zonal Uplift Report.

29. With regard to Regional Directional Transfer Limit-related RSG credits, we disagree with South Industrial Customers' request that these credits be reported as a separate uplift category, because this is an uplift payment that does not exist in MISO's Tariff as a specific charge category. Furthermore, we agree with MISO that any uplift credits paid to resources committed to meet the Regional Directional Transfer Limit are already included in the Day-Ahead Capacity category, which MISO plans to report.

30. We disagree with South Industrial Customers' arguments that uplift must be reported at the LBA level and its arguments related to reporting by commercially significant VLR area. In Order No. 844, the Commission defined transmission zone as a geographic area that is used for the local allocation of charges. LRZs meet this condition, as they are defined by geographic areas and are used for the local allocation of charges associated with MISO's resource adequacy process. Furthermore, in Order No. 844, the Commission provided RTOs/ISOs with a level of flexibility in determining how they defined transmission zones for reporting purposes, with the caveat that each RTO's/ISO's proposal provide an appropriate level of geographic granularity.[46] We find that LRZs are able to provide an appropriate level of granularity based on their relative size compared to the entire MISO footprint, and the considerations that MISO took in developing the LRZ boundaries. While reporting at more granular levels, such as the LBA level or commercially significant VLR area, may also meet the definition of transmission zone in Order No. 844, the Commission did not require the RTOs/ISOs to report at the most

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[44] Order No. 844, 163 FERC ¶ 61,041 at P 7.

[45] *Id.*

[46] *Id.* P 59.

granular level, but rather at an appropriate level of geographic granularity.[47] Therefore, we accept MISO's proposal to report by LRZs for the Zonal Uplift Report, subject to condition as discussed below.

31. While we agree with MISO that using LRZs meets the definition of transmission zone in Order No. 844, we have concerns about how MISO's proposal will account for uplift paid to resources located external to MISO, i.e., imports. MISO states that it intends to report uplift paid to imports, which it interprets to only include External Asynchronous Resources for Import Schedules. MISO explains that reporting will be based on the Commercial Pricing Node where the resource is physically located. MISO does not state whether the Commercial Pricing Node where the External Asynchronous Resource is physically located is within MISO or outside of MISO, or how its uplift would be grouped into an LRZ for reporting purposes. In addition, certain Pseudo-tied External Resources[48] can receive RSG and price volatility make-whole payments,[49] and resources other than External Asynchronous Resources with dispatchable Import Schedules are ensured Day-Ahead RSG payments if those schedules receive revenues that are less than the energy offer costs.[50] It is also unclear whether Pseudo-tied External Resources or resources with dispatchable Import Schedules have Commercial Pricing Nodes that are physically located within MISO, and how uplift payments to these imports may be grouped into LRZs.

32. Therefore, we direct MISO to explain on compliance whether the Commercial Pricing Nodes associated with imports are located within LRZs and how it intends to report uplift associated with an import if its Commercial Pricing Node does not exist

[47] *Id.*

[48] An External Resource can also be considered a Generation Resource in MISO if it is Pseudo-tied into the MISO Balancing Authority Area and: (i) is registered to participate in the Energy and Operating Reserve Markets; (ii) is capable of supplying Energy, Capacity, Operating Reserve, Up Ramp Capability and/or Down Ramp Capability; (iii) is capable of complying with the Transmission Provider's Setpoint Instructions; and (iv) has the appropriate metering equipment installed. *See* MISO, FERC Electric Tariff, Module A, § II.1.G (Definitions – G) (38.0.0).

[49] External Resources that meet the requirements to be a Generation Resource and External Asynchronous Resources for Import Schedules are qualified to receive price volatility make-whole payments if they meet the required eligibility criteria.

[50] *See* MISO, FERC Electric Tariff, § 39.3.2B (45.0.0).

within a LRZ. We require MISO to propose any necessary Tariff revisions to clarify how it intends to report uplift for imports from qualified resources.

2. Resource-Specific Uplift Report

33. In Order No. 844, the Commission required that each RTO/ISO post a monthly report containing the resource name and total amount of uplift paid in dollars, aggregated across the month, to each resource that received uplift payments, 90 calendar days following the end of the reporting month on a publicly-accessible portion of its website in a machine-readable format.[51] The Commission stated that each RTO/ISO must indicate on compliance if it chooses to include uplift categories or other information in the Resource-Specific Uplift Report.[52] Finally, the Commission stated that an RTO/ISO may propose on compliance more timely reporting than 90 days if it can demonstrate that doing so will not risk revealing resources' cost or offer information.[53]

a. Compliance Filing

34. MISO proposes to publish a monthly Resource-Specific Uplift Report in a machine-readable format on the public MISO website within 90 calendar days following the end of the reporting month. MISO proposes to report the resource name and corresponding amount of uplift dollars from Day-Ahead and Real-Time RSG Credits, summed together for the month, credited to the resource.[54] As with the Zonal Uplift Report, MISO does not propose to include price volatility make-whole payments in the Resource-Specific Uplift Report.

b. Pleadings

35. South Industrial Customers state that while Order No. 844 does not require reporting by category in the Resource-Specific Uplift Report, MISO should nevertheless do so. South Industrial Consumers argue that, due to the importance of VLR payments in MISO South in particular, aggregating all uplift payments by resource does not provide sufficient information about the specific resource locations to address VLR problems.[55] South Industrial Customers claim that the 90-day delay in releasing resource-specific data

[51] Order No. 844, 163 FERC ¶ 61,041 at PP 32, 74, 79.

[52] *Id.* P 82.

[53] *Id.* PP 76-77.

[54] Compliance Filing at 5.

[55] South Industrial Customers Protest at 12.

by uplift category would make it less likely to be used to harm competition or individual market participants.[56]

36. MISO asserts that it should not be required to report by categories for the Resource-Specific Uplift Report because it is not required under Order No. 844, and South Industrial Customers should have sought rehearing of Order No. 844 to raise such an argument.[57] Entergy Services asserts that South Industrial Customers' request to require categories for the Resource-Specific Uplift Report is outside the scope or a collateral attack of Order No. 844.[58]

c. Determination on Resource-Specific Uplift Report

37. For the same reasons discussed in the Zonal Uplift Report section above, on compliance, we require MISO to include price volatility make-whole payments made to resources in the Resource-Specific Uplift Report. Furthermore, in each relevant Tariff section, we require MISO to replace the word "uplift," which is not a defined term in the Tariff, with the name of the type of uplift (e.g., Day-Ahead Revenue Sufficiency Guarantee Credit) as defined in Module A of the Tariff that will be reported in the Resource-Specific Uplift Report.

38. In addition, we agree with MISO that Order No. 844 did not require RTOs/ISOs to report by categories in the Resource-Specific Uplift Report, and therefore decline to require MISO to report by categories in this report.

3. Operator-Initiated Commitment Report

39. In Order No. 844, the Commission required that each RTO/ISO post on a publicly-accessible part of its website in machine-readable format all operator-initiated commitments, including the commitment size, transmission zone, commitment reason, and commitment start time, no later than 30 days after the end of the month.[59]

40. The definition of an operator-initiated commitment is a commitment after the day-ahead market, whether manual or automated, for a reason other than minimizing the total

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[56] *Id.* at 13.

[57] MISO Answer at 5-8.

[58] Entergy Services Answer at 5-6.

[59] Order No. 844, 163 FERC ¶ 61,041 at PP 33, 99, 102, 105.

production costs of serving load.[60] The Commission required that, on compliance, each RTO/ISO indicate, for each commitment process (whether automated or manual) that it executes after the day-ahead market, whether the definition of operator-initiated commitments implicates some or all commitments from the process and justify any commitments that it does not plan to report.[61]

41. The Commission stated that RTOs/ISOs should report commitment size using the upper economic operating limit (i.e., economic maximum) of the committed resource, but noted that, on compliance, RTOs/ISOs may propose an alternative metric and must demonstrate that it provides transparency into the size of the system need associated with the operator-initiated commitment that is consistent with or superior to that provided by the economic maximum of each committed resource.[62] For the purposes of the Operator-Initiated Commitment Report, the Commission defined transmission zone as a geographic area that is used for the local allocation of charges.[63] The Commission also stated that, on compliance, each RTO/ISO must include in its tariff the type of zone that it proposes to use in its Operator-Initiated Commitment Report, explain how the chosen type of zone meets the definition of transmission zone, and provide justification for any differences between the sets of zones used for the Zonal Uplift Report and the Operator-Initiated Commitment Report.[64] The Commission also required that commitment reasons include, at a minimum, system-wide capacity, constraint management, and voltage support, but also allowed RTOs/ISOs to include additional or more detailed commitment reasons.[65]

42. The Commission clarified that resource names or specific constraints are not required for the Operator-Initiated Commitment Report, but that each RTO/ISO may report more information about operator-initiated commitments or other operator actions.[66] The Commission also clarified that, on compliance, each RTO/ISO may

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[60] *Id.* P 100.

[61] *Id.* P 101.

[62] *Id.* P 103.

[63] *Id.* P 104.

[64] *Id.*

[65] *Id.* P 105.

[66] *Id.* PP 106, 108.

propose modifications to the report to avoid disclosing information that could be used to harm system security.[67]

a. Compliance Filing

43. MISO proposes to publish a monthly Operator-Initiated Commitment Report in machine-readable format within 30 days of the end of the month. The report will specify the LRZ of the resource, the start time of the commitment, and the size of the commitment as the resource's upper economic operating limit in megawatts. MISO states that it will report three types of commitments: (1) Forward Reliability Assessment Commitments; (2) Intra-Day Reliability Assessment Commitments; and (3) Look Ahead Commitments.[68] According to MISO, these commitments can occur after the Day-Ahead Market, but prior to the operating day, as well as during the Real-Time Market. The report will categorize each commitment by the following commitment reasons: system wide capacity, constraint management, and voltage support.[69]

b. Deficiency Letter and Response

44. In the Deficiency Letter, Commission staff asked MISO: (1) whether MISO intends to report commitment start time for the Operator-Initiated Commitments Report; and (2) to provide a list and explanation of the types of commitments that are made after the day-ahead market that MISO intends to not include in its Operator-Initiated Commitment Report.[70]

45. In its Deficiency Response, MISO states that it intends to report commitment start time in the Operator-Initiated Commitments Report and is adding an additional reference to the proposed language in Section 38.1.2 indicating that the Operator Initiated Commitment Report shall include the commitment start time. MISO also states that it

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[67] *Id.* P 107.

[68] The Reliability Assessment Commitment process commits resources to meet capacity needs in a manner that minimizes costs based on start-up offers, no-load offers, and energy offer curves up to the economic minimum limit. MISO, FERC Electric Tariff, Module C, § 40.1.4.b (37.0.0). The Look Ahead Commitment process commits and decommits resources with the objective of minimizing start-up, no-load, energy costs, and operating reserve costs. MISO, FERC Electric Tariff, Module C, § 40.1.A.3.b (35.0.0).

[69] Compliance Filing at 5-6.

[70] Deficiency Letter at 3-4.

will not report manual re-dispatch events because manual re-dispatch affects units that are already online and directs a unit to move up, down, or to zero (off) in order to control or relieve a transmission issue. MISO states that any unit that is offline, but is started in real-time for constraint or voltage support, is considered a new commitment, which will be included in the Operator-Initiated Commitment Report.[71]

c. Determination on Operator-Initiated Commitment Report

46. We accept MISO's proposed Operator-Initiated Commitment Report. In Order No. 844, the Commission defined an operator-initiated commitment as a commitment after the day-ahead market, whether manual or automated, for a reason other than minimizing the total production costs of serving load.[72] The definition of an operator-initiated commitment in Order No. 844 does not specify that it must be a resource that is offline and then started by the operator. Therefore, we require MISO to include all commitment types (e.g., an offline unit that is started in real-time or manual extensions of online units) that are made through the Forward Reliability Assessment Commitments, Intra-Day Reliability Assessment Commitments, and Look-Ahead Commitments in its Operator-Initiated Commitment Report.

4. Transmission Constraint Penalty Factors

47. In Order No. 844, the Commission required that each RTO/ISO include in its tariff on an on-going basis: (1) the transmission constraint penalty factor values used in its market software;[73] (2) the circumstances, if any, under which the transmission constraint penalty factors can set LMPs;[74] and (3) the procedures, if any, for temporarily changing transmission constraint penalty factor values. Any procedures for temporarily changing

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[71] Deficiency Response at 5.

[72] Order No. 844, 163 FERC ¶ 61,041 at P 100.

[73] If the RTO/ISO includes different transmission constraint penalty factors for different purposes (e.g., unit commitment and economic dispatch, day-ahead versus real-time), the Commission required that all sets of transmission constraint penalty factors be included in the tariff. *See* Order No. 844, 163 FERC ¶ 61,041 at n.250.

[74] RTOs/ISOs should provide explanations in their tariffs if they have different processes for allowing transmission constraint penalty factors to set LMPs in different circumstances, as well as any specific restrictions or conditions under which transmission constraint penalty factors are allowed to set LMPs. *See id.* at n.251.

transmission constraint penalty factor values must provide for notice of the change to market participants as soon as practicable.[75]

48. The Commission clarified that RTOs/ISOs are not required to have procedures to temporarily change their transmission constraint penalty factor values, but rather, if an RTO/ISO currently can temporarily override transmission constraint penalty factor values, the circumstances under which the factors may be changed and any procedures for doing so must be included in the RTO/ISO tariff.[76] The Commission stated that RTOs/ISOs may propose any changes they deem appropriate to their current transmission constraint penalty factor practices in a separate filing pursuant to section 205 of the FPA.

a. Compliance Filing

49. MISO states that its Schedule 28A already includes a detailed description of MISO's transmission constraint penalty factor (TCPF) processes that meet the standards that the Commission set in Order No. 844. As a result, MISO does not propose any tariff revisions related to this requirement.[77]

b. Determination on Transmission Constraint Penalty Factor Revisions

50. While MISO's currently effective Tariff is in compliance with the majority of Order No. 844's TCPF requirements, MISO's Tariff does not explicitly state a timeframe in which it will provide notice of a temporary change in TCPF values to market participants. Therefore, on compliance, we require MISO to propose tariff revisions that include "as soon as practicable" or other similar language in the applicable section of the MISO tariff to describe the notice to market participants for temporarily changing transmission constraint penalty factor values. MISO may also propose to use the same timeframe applied in MISO's Real-Time Binding Constraints and Real-Time Binding Constraints Overrides Report Readers' Guide, which states that MISO's override report is available within 2-3 business days of the original binding constraint report.[78]

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[75] *Id.* P 121.

[76] *Id.* P 122.

[77] Compliance Filing at 6-7 (citing MISO, FERC Electric Tariff, Schedule 28A (30.0.0)).

[78] The binding constraint report is available 08:00 Eastern Standard Time of the day following the close of the Real-Time Market. *See* MISO, Real-Time Binding Constraints and Real-Time Binding Constraints Overrides Report Readers' Guide, § 4.2.

<u>The Commission orders</u>:

(A) MISO's compliance filing is hereby accepted in part and rejected in part, as discussed in the body of this order.

(B) MISO is hereby directed to submit a compliance filing within 30 days of the date of this order, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.