

161 FERC ¶ 61,167
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;
Cheryl A. LaFleur, and Robert F. Powelson.

Southwest Power Pool, Inc.

Docket No. ER17-1482-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued November 16, 2017)

1. On April 27, 2017, Southwest Power Pool, Inc. (SPP) submitted, under section 205 of the Federal Power Act (FPA),¹ proposed revisions to Attachment AE of the SPP Open Access Transmission Tariff (Tariff). On June 21, 2017, pursuant to the authority delegated by the Commission's February 3, 2017 Order Delegating Further Authority to Staff in Absence of Quorum,² the proposed Tariff revisions were accepted for filing, suspended for a nominal period, to become effective June 27, 2017, as requested, subject to refund and further Commission order.³

2. As discussed below, in this further order, we accept SPP's filing, effective June 27, 2017.

I. Filing

3. SPP proposes to replace the terms "Head-room" and "Floor-room"⁴ with the new term "Instantaneous Load Capacity."⁵ SPP explains that its current Tariff could be read

¹ 16 U.S.C. § 824d (2012).

² *Agency Operations in the Absence of a Quorum*, 158 FERC ¶ 61,135 (2017).

³ *Sw. Power Pool, Inc.*, 159 FERC ¶ 62,320 (2017).

⁴ The Tariff currently defines the term "Head-room" as "[t]he additional committed capacity required above the average load for the hour due to the uncertainty of the real-time instantaneous load, hourly load forecast and Variable Energy Resource (VER) output." SPP Attachment AE, section 1.1 (Definitions H). The term "Floor-room" is similarly defined as the reduction in committed capacity required below average load for the hour. *Id.*, section 1.1 (Definitions F).

⁵ The term "Instantaneous Load Capacity" is defined as "[t]he achievable change in real power output required to account for differences between the average load and the projected instantaneous load." *Id.*, section 1.1 (Definitions I).

to indicate that SPP procures more ramp capability than necessary, which SPP states is not its practice. SPP asserts that the proposed revisions more accurately describe SPP's commitment of capacity in light of expected instantaneous load changes between intervals across an Operating Hour and mitigate the potential for the Tariff to be misinterpreted. SPP explains that Head-room and Floor-room are industry standard terms not commonly used in the manner that they are used in the Tariff. Further, SPP states that experience has shown that it is not necessary to account for uncertainty in hourly load forecasts nor VER output, and, therefore, SPP has not included those in Instantaneous Load Capacity.⁶

4. SPP further proposes to add the term "Operator input" to the list of inputs that are used in its Reliability Unit Commitment (RUC) determinations. SPP explains that its system operators already have the necessary discretion to take all relevant actions to maintain adequate RUC capacity to support reliable system operations, and that the proposed change simply makes it explicit.⁷

II. Notice of Filing and Responsive Pleadings

5. Notice of SPP's filing was published in the *Federal Register*, 82 Fed. Reg. 21,227 (2017), with interventions and protests due on or before May 18, 2017. Westar Energy, Inc. (Westar) filed a timely motion to intervene and comment. Golden Spread Electric Cooperative, Inc. (Golden Spread) filed a timely motion to intervene, comments, and protest. On May 24, 2017, Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company (together, KCP&L) filed a motion to intervene out of time. On May 25, 2017, Xcel Energy Services Inc. (Xcel) filed a motion to intervene out of time. On June 2, 2017, SPP filed an answer to Westar's and Golden Spread's comments and protests.

III. Comments and Protests

6. Westar argues that SPP's filing is insufficient and SPP must provide additional information to the public.⁸ With regard to SPP's proposal on Instantaneous Load Capacity, Westar states that SPP fails to provide any specific insight regarding how SPP accounts for the uncertainty differences caused by the operational uncertainties associated with controllable/uncontrollable generation deviations, load forecast error, Net Schedule Interchange deviations, and forecasted intermittent output error. Westar requests that the Commission require SPP to specify how it accounts for the reserves required for the operational uncertainties that are not identified within its filing and that do not exist within the current Tariff. In addition, Westar contends that the Commission should

⁶ SPP Transmittal at 7 n.22.

⁷ *Id.* at 5 n.18, 8.

⁸ Westar Comments at 2.

require SPP to publicly post on the SPP website and market portals information regarding certain “instantaneous & historical 5-minute” MW values.⁹

7. Golden Spread states that it fully supports the revisions to the Tariff adopting the term Instantaneous Load Capacity and removing the use of Head-room and Floor-room definitions, as proposed by SPP.¹⁰ However, with respect to the proposed change to reflect that “Operator input” can affect RUC determinations, Golden Spread argues that reflecting such Operator input in the Tariff should only apply to extraordinary circumstances in which adequate Instantaneous Load Capacity is not procured based on SPP forecasts for the product using the competitive offer process to price and procure such capacity.

8. Golden Spread states that Instantaneous Load Capacity is capacity committed over and above what is needed for the calculated normal Operating Reserves and energy and provides a largely predictable capacity requirement to be used within the Operating Hour.¹¹ Golden Spread states that the resources that provide such Instantaneous Load Capacity include flexible and rampable capacity resources. Golden Spread contends that, similar to energy and other ancillary services procured in the Day-Ahead and Real-Time markets, such Instantaneous Load Capacity is procured and committed by SPP based on a forecast. Golden Spread argues that there is no “Operator input” or discretion that drives this type of additional capacity commitment in the RUC processes and that Instantaneous Load Capacity should be committed through normal competitive offers just like any other service that is being provided by a resource.

9. Golden Spread contends that this approach makes the service and the cost of procuring the capacity more predictable and priced based on competitive offers, thus pricing the service based on the resources that produce the Instantaneous Load Capacity.¹² Golden Spread also argues that procuring and pricing the Instantaneous Load Capacity based on forecasts for the product using the competitive offer process would send appropriate price signals to market participants and reduce uplift payments.¹³ Golden Spread contends that SPP’s current practice masks the value of scarcity and displaces potential instances in which scarcity pricing may be triggered.

⁹ *Id.*

¹⁰ Golden Spread Protest at 6.

¹¹ *Id.*

¹² *Id.* at 7.

¹³ *Id.* at 8.

10. Golden Spread requests that the Commission accept SPP's proposed changes, effective June 27, 2017, but require that SPP transition the Instantaneous Load Capacity acquisition process to a "normal competitive offer resource acquisition."¹⁴

IV. Answer

11. In its answer, SPP contends that Westar's requests are beyond the scope of this proceeding. SPP argues that Westar fails to offer any explanation as to why SPP's filing is not just and reasonable or why additional information is necessary to make the proposal just and reasonable. SPP asserts that the additional information and data posting requirements requested by Westar are unrelated to the instant proceeding, and that the proper venue for such a request is the SPP stakeholder process.¹⁵

12. In response to Golden Spread, SPP contends that its filing does not materially modify SPP's existing processes and that general criticisms of the RUC exceed the scope of this proceeding. SPP states that it will not always be procuring Instantaneous Load Capacity in the RUC based on operator input because Instantaneous Load Capacity requirements will be considered in the Day-Ahead Market. SPP asserts that RUC commitments reflect economic considerations while addressing reliability issues.¹⁶

13. SPP argues that the purpose of Instantaneous Load Capacity is to safeguard reliability by committing sufficient ramp to address instantaneous load fluctuations that cannot be captured and reflected in hourly average load forecasts. SPP contends that its RUC processes serve an important reliability function that cannot be achieved simply through the execution of the markets. SPP claims that Golden Spread ignores the inherent limitations of market mechanisms to maintain reliability, and that Golden Spread's proposal would hamstring SPP's ability to sustain reliable operations. SPP contends that limiting its ability to procure Instantaneous Load Capacity through the RUC processes will undermine efficient and reliable market operations. SPP further contends Golden Spread's arguments regarding shortage pricing go beyond what the Commission directed in Order No. 825,¹⁷ and asserts that the Commission should disregard Golden Spread's arguments and find that the proposed Tariff revisions are just and reasonable.¹⁸

¹⁴ *Id.* at 9.

¹⁵ SPP Answer at 13-16.

¹⁶ *Id.* at 6-9.

¹⁷ *Id.* at 12 (citing *Settlement Intervals and Shortage Pricing in Markets Operated by Regional Transmission Organizations and Independent System Operators*, Order No. 825, FERC Stats. & Regs. ¶ 31,384, at P 230 (2016)).

¹⁸ *Id.* at 9-13.

V. Discussion

A. Procedural Matters

14. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2017), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2017), the Commission will grant KCP&L's and Xcel's late-filed motions to intervene given their interests in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

15. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2017), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept SPP's answer because it has provided information that assisted us in our decision-making process.

B. Commission Determination

16. We accept SPP's proposed revisions to Attachment AE of its Tariff, effective June 27, 2017. We find that the proposed Tariff revisions to replace the Head-room and Floor-room terms where they are used in the Tariff with the new Instantaneous Load Capacity term are just and reasonable and not unduly discriminatory or preferential, and we, therefore, accept them. We also find that SPP's inclusion of the term "Operator input" is just and reasonable and not unduly discriminatory or preferential. With respect to Golden Spread's concerns regarding the term "Operator input," we note that a degree of operator discretion, not limitless and consistent with SPP's existing processes, is inherent in reliability commitment processes, and SPP has stated that it is not materially changing those processes. We also dismiss, as beyond the scope of this proceeding, Golden Spread's and Westar's remaining comments. However, we think that Golden Spread has raised an important issue that SPP should consider exploring through its stakeholder process. We understand that there may not be sufficient data available to stakeholders to facilitate these discussions, as the Commission noted in its Notice of Proposed Rulemaking in Docket No. RM17-2-000.¹⁹ While further Commission action in Docket No. RM17-2-000 may result in additional transparency, we encourage SPP to work with its stakeholders and provide them with the data necessary to aid in any discussions about this issue.

¹⁹ *Uplift Cost Allocation and Transparency in Markets Operated by Regional Transmission Organizations and Independent System Operators*, Notice of Proposed Rulemaking, 158 FERC ¶ 61,047, at P 92 (2017) ("greater transparency will allow stakeholders to better assess the RTO's/ISO's operator-initiated commitment practices and raise any issues of concern through the stakeholder process.").

The Commission orders:

SPP's filing is hereby accepted, effective June 27, 2017, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.