

160 FERC ¶ 61,087  
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. ER17-520-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued September 20, 2017)

1. On December 9, 2016, Southwest Power Pool, Inc. (SPP) filed, pursuant to section 205 of the Federal Power Act (FPA)<sup>1</sup> and section 35.13 of the Commission's regulations,<sup>2</sup> proposed revisions to Attachment AE of its Open Access Transmission Tariff (Tariff) to specify that all resources that are dispatched to zero by SPP will be exempt from the real-time outage reliability unit commitment make whole payment deviation charge (uplift charge). On February 27, 2017, pursuant to the authority delegated to the Director, Division of Electric Power Regulation – Central, Office of Energy Market Regulation, in the Commission's February 3, 2017 Order Delegating Further Authority to Staff in Absence of Quorum,<sup>3</sup> SPP's proposed Tariff revisions were accepted for filing, suspended for a nominal period, to become effective March 1, 2017, as requested, subject to refund and further Commission order.<sup>4</sup> As discussed further below, we accept SPP's proposed Tariff revisions, effective March 1, 2017, as requested.

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<sup>1</sup> 16 U.S.C. § 824d (2012).

<sup>2</sup> 18 C.F.R. § 35.13 (2017).

<sup>3</sup> *Agency Operations in the Absence of a Quorum*, 158 FERC ¶ 61,135 (2017).

<sup>4</sup> *Sw. Power Pool, Inc.*, Docket No. ER17-520-000 (Feb. 27, 2017) (delegated letter order).

## **I. SPP Filing**

2. SPP states that it proposes to add language to section 8.6.7 of Attachment AE of its Tariff to improve its current uplift allocation methodology by specifying that all resources that are dispatched to zero by SPP will be exempt from uplift charges. SPP states that under its current rules units that are de-committed by SPP are granted exception from the uplift charge, but generally, resources that clear in the day-ahead market but subsequently provide zero injection into the real-time balancing market are subject to an uplift charge. SPP states that this uplift charge is justified where the deviation is caused by the independent actions of the resource. SPP further states, however, that in instances where SPP dispatches a resource to zero in real-time, which results in a deviation, the resource should not be subject to an uplift charge because the deviation is due to SPP's operating instruction and therefore the resource should not be "penalized" for following that instruction.<sup>5</sup> SPP argues that assigning uplift charges to a resource in this instance is inequitable and inconsistent with cost-causation principles.<sup>6</sup>

## **II. Notice and Responsive Pleadings**

3. Notice of SPP's filing was published in the *Federal Register*, 81 Fed. Reg. 91,927 (2016), with interventions and protests due on or before December 30, 2016. A timely motion to intervene was filed by Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company. A timely motion to intervene and comments were filed by Golden Spread Electric Cooperative, Inc. (Golden Spread).

4. On January 24, 2017, SPP filed an answer to Golden Spread's comments. On January 30, 2017, Golden Spread filed an answer to SPP's answer. On February 1, 2017, SPP filed an answer to Golden Spread's answer.

5. Golden Spread states that it supports SPP's filing and, more generally, the notion that a resource should not receive uplift charges when it is following the SPP dispatch. Golden Spread further states that any principled effort to eliminate uplift costs and replace them with appropriate price signals further advances the goals of organized markets. Golden Spread states that the change SPP proposes in its filing removes one instance in which uplift distorts price signals; accordingly, Golden Spread urges the Commission to accept the filing.<sup>7</sup>

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<sup>5</sup> SPP Filing, Transmittal at 5.

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

<sup>7</sup> Golden Spread Comments at 3-4.

6. Golden Spread states that it also believes specific inquiry into uplift in the SPP markets should be given further consideration as it relates to quick start resources. Specifically, Golden Spread explains that, currently, in the SPP Integrated Marketplace, if a quick start resource clears the day-ahead market for energy via the security constrained unit commitment solution process, it is required to synchronize in real-time to meet the original day-ahead unit commitment obligation, which includes instances where the real-time locational marginal price is below the cost of production of the quick start resource facility. Golden Spread states that currently, if the quick start resource chooses not to synchronize (i.e., effectively de-commits itself and is not directed by the SPP operator or software to de-commit or dispatch to zero) in real-time and buys back the day-ahead unit commitment position from the real-time market, it will be assessed uplift charges. Golden Spread argues that the best solution for the market, however, is to permit the quick start resource to de-commit.<sup>8</sup>

7. Further, Golden Spread states that non-dispatchable wind, self-committed fossil resources, and additional rampable capacity being issued a reliability unit commitment by SPP for “head-room” are already providing an oversupply of resources in the market during certain periods, which sends improper price signals in the SPP market that discourage economic dispatch and proper long-term resource development. According to Golden Spread, the resources that provide the non-dispatchable wind energy are currently the only resources in the market that can be dispatched completely off-line by security constrained economic dispatch against their day-ahead cleared security constrained unit commitment positions. Golden Spread states that market rules that prevent a quick start resource from buying back its day-ahead position when real-time prices are signaling it to do so are highly inefficient, and create an artificial disincentive to invest in or efficiently operate such resources. Golden Spread argues that while changes to the market clearing process would be required, allowing a quick start resource to de-commit without incurring make whole charges would promote the Commission’s goals in Docket No. AD14-14-000.<sup>9</sup>

8. Thus, Golden Spread requests that the Commission approve SPP’s filing, but in doing so, direct SPP to develop further changes to section 8.6.7 A.2(d) of Attachment AE of its Tariff that would (i) include the ability for quick start resources to voluntarily de-commit and buy back their day-ahead position from the real-time market without uplift charges being assessed; and/or (ii) adapt the security constrained economic dispatch software to accommodate the unique nature of quick start resources, accounting

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<sup>8</sup> *Id.* at 4-5.

<sup>9</sup> *Id.* at 5-6 (referring to *Price Formation in Energy and Ancillary Services Markets Operated by Regional Transmission Organizations and Independent System Operators*, 153 FERC ¶ 61,221 (2015)).

for their unique physical parameters such as very short minimum down time, very short minimum run time, and very fast availability and ramp rates.<sup>10</sup>

### **III. Discussion**

#### **A. Procedural Matters**

9. 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 made the entities that filed them parties to this proceeding.

10. 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 or answer unless otherwise ordered by the decisional authority. We are not persuaded to accept SPP's or Golden Spread's answers and will, therefore, reject them.

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

11. We find SPP's proposed revisions to its Tariff just and reasonable, and therefore, accept them. Under SPP's proposed Tariff revisions, resources that are dispatched to zero, following SPP instructions, will not incur uplift charges. This is consistent with SPP's existing Tariff provisions that ensure that resources that are de-committed, following SPP instructions, do not incur uplift charges. Resources following SPP's instructions that are dispatched to zero and those that are de-committed provide identical energy contributions to the real-time market. Thus, it is reasonable that both be treated the same with regard to uplift charges and we find it appropriate that neither incur uplift charges.

12. Golden Spread supports SPP's proposed revisions to its Tariff, but requests that the Commission direct SPP to make further revisions to its Tariff related to quick start resources. We find Golden Spread's requests for additional Tariff changes to be beyond the scope of this FPA section 205 proceeding and, therefore, we reject Golden Spread's request for further Tariff changes.

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<sup>10</sup> *Id.* at 7.

The Commission orders:

SPP's Tariff revisions are hereby accepted, to be effective March 1, 2017, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.