

144 FERC ¶ 61,032  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;  
Philip D. Moeller, John R. Norris,  
Cheryl A. LaFleur, and Tony Clark.

Southwest Power Pool, Inc.

Docket No. ER12-550-001

ORDER ON COMPLIANCE FILING

(Issued July 18, 2013)

1. On December 17, 2012, Southwest Power Pool, Inc. (SPP) submitted a filing in compliance with the directives in an October 18, 2012 Commission order<sup>1</sup> that addressed SPP's ongoing efforts to comply with the Commission's requirements for demand response and pricing during periods of operating reserve shortage established in Order Nos. 719 and 719-A.<sup>2</sup> SPP requests an effective date of December 17, 2012 for certain revisions to its Open Access Transmission Tariff (Tariff), so that they will be effective in SPP's current Energy Imbalance Service Market (EIS Market).<sup>3</sup> For other Tariff modifications, SPP requests an effective date of March 1, 2014 so that they will be effective in SPP's Integrated Marketplace.<sup>4</sup> In this order, we conditionally accept SPP's December 17, 2012 filing.

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<sup>1</sup> *Southwest Power Pool, Inc.*, 141 FERC ¶ 61,047 (2012) (October 2012 Order).

<sup>2</sup> *Wholesale Competition in Regions with Organized Electric Markets*, Order No. 719, FERC Stats. & Regs. ¶ 31,281 (2008), *order on reh'g*, Order No. 719-A, FERC Stats. & Regs. ¶ 31,292 (2009), *order denying reh'g*, Order No. 719-B, 129 FERC ¶ 61,252 (2009).

<sup>3</sup> SPP's EIS Market is a real-time energy imbalance market. Tariff provisions establishing the rules and operations of the EIS Market are included in Attachment AE of SPP's Tariff.

<sup>4</sup> As part of its Integrated Marketplace reforms, SPP will implement day-ahead and real-time energy markets and an operating reserve market. SPP submitted its Integrated Marketplace proposal on February 29, 2012 in Docket No. ER12-1179-000, which the Commission conditionally accepted in an order issued on October 18, 2012, subject to further compliance. *See Southwest Power Pool, Inc.*, 141 FERC ¶ 61,048 (2012) (Integrated Marketplace Order), *order on reh'g*, 142 FERC ¶ 61,205 (2013).

**I. Background****A. Order No. 719**

2. On October 17, 2008, the Commission issued Order No. 719, which established reforms to improve the operation of organized wholesale electric power markets. The Commission amended its regulations in the areas of: (1) demand response, including pricing during periods of operating reserve shortage; (2) long-term power contracting; (3) market-monitoring policies; and (4) the responsiveness of Regional Transmission Organizations (RTO) and Independent System Operators (ISO) to their customers and other stakeholders.<sup>5</sup> In the area of demand response, among other things, the Commission required each RTO and ISO to permit an aggregator of retail customers (ARC) to bid demand response on behalf of retail customers directly into the organized markets, in certain circumstances. Order No. 719 also required each RTO and ISO to modify its market rules to allow the market-clearing price, during periods of operating reserve shortage, to reach a level that rebalances supply and demand so as to maintain reliability while providing sufficient provisions for mitigating market power including, but not limited to, showing how demand resources discipline bidding behavior to competitive levels.<sup>6</sup>

**B. Order No. 719-A**

3. On July 16, 2009, the Commission issued Order No. 719-A, which, in response to requests for rehearing, revised and clarified certain of the findings in Order No. 719 and, as relevant here, directed RTOs and ISOs to make compliance filings relating to certain aspects of their demand response provisions. Among other things, the Commission required RTOs and ISOs to develop and implement protocols allowing ARCs to operate in organized markets, addressing concerns such as double-counting, deviations, underscheduling in the day-ahead market, metering, billing, settlement, information sharing, and verification measures.<sup>7</sup>

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<sup>5</sup> Order No. 719, FERC Stats. & Regs. ¶ 31,281 at P 1.

<sup>6</sup> *Id.* PP 3-7, 246-247. Additionally, the Commission required each RTO and ISO to report on any remaining barriers to demand response participation in organized markets, further requiring each independent market monitor to submit a report describing its views on its RTO's or ISO's assessment to the Commission. *Id.* P 274.

<sup>7</sup> Order No. 719-A, FERC Stats. & Regs. ¶ 31,292 at PP 69-70.

### **C. November 2009 Order**

4. On November 20, 2009, the Commission issued an order that accepted in part, and rejected in part, various portions of SPP's April 28, 2009 filing made in response to Order No. 719.<sup>8</sup> The November 2009 Order required further action by SPP on a number of demand response issues, including: a substantive discussion of the technical requirements, policies, and procedures needed for demand response resource participation in SPP's EIS Market; an explanation of SPP's requirements for aggregation of customers into a single resource; and submission of baseline, measurement, and verification methodologies for demand response resources, as well as a timeline for their implementation.<sup>9</sup> The November 2009 Order also addressed remaining criteria pertaining to price formation during periods of operating reserve shortage, and it required both SPP and its independent market monitor to file reports on barriers to demand response resources within the SPP market.<sup>10</sup>

### **D. October 2011 Order**

5. On October 4, 2011, the Commission issued an order clarifying certain findings made in the November 2009 Order and conditionally accepting two filings submitted by SPP in compliance with Order Nos. 719 and 719-A and the Commission's directives in the November 2009 Order. The Commission also accepted reports submitted by SPP and the SPP independent market monitor regarding remaining barriers to demand response.<sup>11</sup> In the October 2011 Order, the Commission required further modification or explanation on, among other things, SPP's proposed measurement and verification methodologies, ARC aggregation and certification requirements, criteria regarding market rules governing price formation during periods of operating reserve shortage, and remaining Order No. 719-A compliance requirements.<sup>12</sup>

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<sup>8</sup> *Southwest Power Pool, Inc.*, 129 FERC ¶ 61,163 (2009) (November 2009 Order). The November 2009 Order addressed SPP's compliance with Order No. 719 requirements regarding demand response, pricing during periods of operating reserve shortage, long-term power contracting, and market monitoring. The Commission issued a separate order on SPP's responsiveness to customers and other stakeholders. *See Southwest Power Pool, Inc.*, 133 FERC ¶ 61,069 (2010).

<sup>9</sup> November 2009 Order, 129 FERC ¶ 61,163 at PP 47-48, 51, 70, 74.

<sup>10</sup> *Id.* PP 86, 89, 96.

<sup>11</sup> *Southwest Power Pool, Inc.*, 137 FERC ¶ 61,011, at P 1 (2011) (October 2011 Order).

<sup>12</sup> *Id.* PP 29, 45-46, 48-49, 65-72, 78, 82-84, 88.

### **E. Extension of Time—Measurement and Verification Provisions**

6. On November 18, 2011, SPP filed a motion for an extension of time to implement the demand response baseline calculation, measurement, and verification methodologies required by Order No. 719 and the directives in the October 2011 Order. SPP requested that the Commission allow it to implement these provisions as part of its Integrated Marketplace (which SPP anticipates launching in March of 2014), rather than as part of its current EIS Market. SPP argued that attempting to implement these methodologies in its EIS Market for a short duration of time would divert internal and vendor resources from developing the Integrated Marketplace in a timely manner, causing delays with no concomitant benefit to stakeholders. The Commission granted SPP's motion on November 30, 2011.<sup>13</sup>

### **F. October 2012 Order**

7. On October 18, 2012, the Commission issued the October 2012 Order, which conditionally accepted a filing submitted by SPP in compliance with Order Nos. 719 and 719-A and the Commission's directives in the October 2011 Order. In the October 2012 Order, the Commission required further modification or explanation on a number of issues, including: SPP's proposed measurement and verification methodologies, ARC aggregation requirements, criteria regarding market rules governing price formation during periods of operating reserve shortage, remaining Order No. 719-A compliance requirements, and questions regarding various Tariff definitions.<sup>14</sup>

### **G. Integrated Marketplace Order**

8. On October 18, 2012, the Commission issued the Integrated Marketplace Order. As relevant here, the Commission required SPP to make a filing within 30 days after a final order in SPP's Order No. 719 compliance proceeding, proposing any necessary Tariff language applicable to the Integrated Marketplace.<sup>15</sup>

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

9. Notice of SPP's December 17, 2012 compliance filing was published in the *Federal Register*, 77 Fed. Reg. 76,022 (2012), with interventions and protests due on or before January 7, 2013. No interventions or protests were received.

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<sup>13</sup> *Southwest Power Pool, Inc.*, Notice of Extension of Time in Docket No. ER09-1050-001, *et al.* (Nov. 30, 2011).

<sup>14</sup> October 2012 Order, 141 FERC ¶ 61,047 at PP 19-22, 32, 46, 53, 59, 61, 66.

<sup>15</sup> Integrated Marketplace Order, 141 FERC ¶ 61,048 at P 76.

### **III. Discussion**

10. We conditionally accept SPP's December 17, 2012 compliance filing, as discussed below. In doing so, we will address in this order only those issues requiring further compliance or direction from the Commission. We accept for filing all Tariff revisions proposed and explanations provided by SPP that are not discussed in this order, as we find them to meet the compliance directives specified in the October 2012 Order.<sup>16</sup>

#### **A. Demand Response Measurement and Verification**

##### **1. Compliance Requirements**

11. In the October 2012 Order,<sup>17</sup> the Commission required SPP to explain what additional real-time measurement and verification capability it required for demand response resources to use the Submitted Methodology.<sup>18</sup> The Commission found that SPP had failed to explain what additional real-time measurement and verification

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<sup>16</sup> Specifically, among other matters, we accept revisions to the definition of "Market Participant" in SPP's Tariff, effective December 17, 2012, as requested (Southwest Power Pool, Inc., FERC FPA Electric Tariff, Open Access Transmission Tariff, Sixth Revised Volume No. 1, Definitions M, 1 Definitions M, 1.0.1). We also accept revisions to section 4.1.2 of Attachment AE in SPP's Tariff, effective March 1, 2014, as requested (Southwest Power Pool, Inc., FERC FPA Electric Tariff, Open Access Transmission Tariff, Sixth Revised Volume No. 1, Att. AE (MPL) 4.1.2, Attachment AE (MPL) Section 4.1.2, 0.2.0).

<sup>17</sup> October 2012 Order, 141 FERC ¶ 61,047 at P 20.

<sup>18</sup> In the Integrated Marketplace, the Submitted Methodology (or Submitted Resource production option) is described in section 4.1.2.1(1)(a) of proposed Attachment AE. Under the Submitted Methodology, the demand response resource output is sent directly to SPP by the market participant via telemetering for real-time operational purposes, and the meter agent submits either five minute or hourly actual output values to SPP for use in settlements. Section 4.1.2.1(1)(a) further specifies that this option is only available to demand response resources that utilize strictly behind-the-meter generation to provide their response or demand response resources where the market participant is offering the resource under a retail tariff provision that includes near real-time measurement and verification terms.

capability it required of demand response resources that are eligible to use the Submitted Methodology beyond that required for those only eligible to use the Calculated Methodology.<sup>19</sup>

12. The Commission also required SPP to provide additional explanation on why it proposes to exclude demand response resources with real-time measurement and verification capability not associated with retail demand response programs from using the Submitted Methodology. The Commission required SPP to explain whether these demand response resources with real-time measurement and verification capability associated with retail demand response programs have additional real-time measurement and verification capability that allows them to use the Submitted Methodology. If they do not, the Commission required SPP to address concerns that it could be unduly discriminatory to treat such resources differently from demand response resources with real-time measurement and verification capability that are not in retail demand response programs.<sup>20</sup>

## 2. SPP's Filing

13. SPP explains that it has limited the use of the Submitted Methodology to demand response resources facilitated by behind-the-meter generation and demand response provided under a retail demand response program because these types of demand resources are capable of providing SPP with the value of the demand response in real-time, without SPP having to calculate a baseline under the Calculated Methodology.<sup>21</sup>

14. SPP states that, for demand response facilitated by behind-the-meter generation that utilizes the Submitted Methodology, SPP requires meters on both the load and generator that report values in real-time. This enables SPP to compare generation output and load values to measure demand response. For demand response associated with a

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<sup>19</sup> In the Integrated Marketplace, the Calculated Methodology (or Calculated Resource production option) is described in section 4.1.2.1(1)(b) of proposed Attachment AE. Under the Calculated Methodology, for each dispatch interval in each hour in which the demand response resource has been committed, the demand response resource output for real-time operational purposes is calculated by SPP as the greater of zero or the difference between: (1) the lesser of (a) the real-time consumption of the demand response load associated with the demand response resource in the dispatch interval immediately preceding initial deployment of the demand response resource or (b) the hourly baseline for the hour; and, (2) the actual value of the associated demand response load received via telemetering.

<sup>20</sup> October 2012 Order, 141 FERC ¶ 61,047 at PP 21-22.

<sup>21</sup> SPP Filing at 8-9.

retail tariff program that utilizes the Submitted Methodology, SPP explains that the demand response value is provided by the retail provider using the measurement and verification procedures set forth in the retail tariff. Thus, SPP claims, both types of demand response resources utilizing the Submitted Methodology are capable of reporting a demand response value directly to SPP without the need to calculate the value using a baseline established under the Calculated Methodology. SPP asserts that, at the present time, it is not aware of other types of demand response within its region capable of producing real-time values that would enable it to determine a demand response value without calculating a baseline under the Calculated Methodology.<sup>22</sup> Additionally, SPP states that it verifies all demand response by comparing reported values to values calculated by the State Estimator in SPP's Energy Management System.<sup>23</sup>

15. SPP reiterates that the Submitted Methodology provides a streamlined option for demand response resources that are capable of providing real-time measurement and verification of demand response.<sup>24</sup> According to SPP, for demand response resources associated with retail tariff programs, measurement and verification is performed by the retail service provider using the baseline, measurement, and verification methodologies set forth in the retail tariff. As a result, SPP asserts that it is able to rely upon the values provided by the retail service provider in lieu of calculating a baseline and performing measurement using the Calculated Methodology. SPP explains that it honors the relevant electric retail regulatory authority's approval of demand response programs through a retail service tariff. Additionally, SPP states that this permits retail load to participate as demand response in the wholesale market without violating or conflicting with the retail tariff. SPP asserts that such treatment does not result in undue discrimination because customers that are participating through a retail tariff provision are not similarly situated to demand response resources that are not participating through their retail service provider.<sup>25</sup>

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<sup>22</sup> *Id.* at 9.

<sup>23</sup> *Id.* at 10, n.46. SPP explains that the State Estimator is “[a] standard industry tool that produces a power flow model based on available real-time metering information, information regarding the current status of lines, generators, transformers, and other equipment, bus load distribution factors, and a representation of the electric network, to provide a complete description of system conditions, including conditions at busses for which real-time information is unavailable.” SPP Tariff, Attachment AE § 1.1 Definitions – S.

<sup>24</sup> SPP Filing at 10-11 (citing SPP December 5, 2011 Filing in Docket No. ER12-550-000 at 18-19).

<sup>25</sup> *Id.* at 11.

### 3. Commission Determination

16. SPP's explanations have provided further clarity with respect to the Submitted Methodology. Upon considering SPP's response, we will require SPP to revise the Submitted Methodology to allow demand response resources with near real-time measurement and verification capability not associated with behind-the-meter generation to use the Submitted Methodology, so long as this near real-time measurement and verification is compliant with North American Energy Standards Board (NAESB) measurement and verification standards, which became enforceable mandatory standards when incorporated by reference in Commission regulations.<sup>26</sup> We believe that demand response associated with controllable load (regardless of whether it is associated with a retail tariff program) should have the same opportunity as demand response facilitated by behind-the-meter generation to use the streamlined option afforded by the Submitted Methodology, provided those resources have comparable near real-time telemetry and measurement and verification capability. While SPP states that it is not aware of any controllable load demand response resources in its region that have this type of capability, we find nonetheless that this option should be included in the Submitted Methodology for the benefit of future demand response participants. This will avoid the potential for discriminatory treatment between demand response facilitated by behind-the-meter generation and demand response associated with controllable load. It will also avoid the potential for discrimination between demand response associated with near real-time measurement and verification capability under a retail tariff program and those where this capability is provided by or on behalf of the customer. Accordingly, we will require SPP to revise section 4.1.2.1(1)(a) of Attachment AE to permit demand response resources associated with controllable load to use the Submitted Methodology, provided that the resource possesses near real-time measurement and verification capability that is compliant with NAESB measurement and verification standards, as incorporated by reference in Commission regulations. We will require SPP to make this modification to its Tariff in a compliance filing due 30 days after the issuance of this order, in keeping with the compliance directive in the Integrated Marketplace Order.<sup>27</sup>

17. In regard to use of the Submitted Methodology by demand response resources with near real-time measurement and verification capability associated with retail demand response programs, we find that it is just and reasonable for these resources to submit to SPP demand reduction values calculated in accordance with the baseline calculation and measurement methodology specified under the retail tariff, so long as that methodology is in compliance with NAESB standards. The ability of these market participants to use the measurement methodologies established by retail programs avoids having these market participants use two different methodologies (i.e., the methodology

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<sup>26</sup> 18 C.F.R. § 38.2 (2013).

<sup>27</sup> See Integrated Marketplace Order, 141 FERC ¶ 61,048 at P 76.

under the retail program and the Calculated Methodology under SPP's Tariff) to calculate their baselines and measure their demand response. Such dual requirements could present a barrier to participation by demand response resources associated with retail tariff programs in the SPP region. Accordingly, we will require SPP to revise section 4.1.2.1(1)(a) of Attachment AE to provide that, where the market participant is offering a demand response resource under a retail tariff provision that includes near real-time measurement and verification terms, the market participant may use the Submitted Methodology, so long as the methodology under the retail program is compliant with NAESB measurement and verification standards, as incorporated by reference in Commission regulations. We will require SPP to make this modification to its Tariff in a compliance filing due 30 days after the issuance of this order, in keeping with the compliance directive in the Integrated Marketplace Order.<sup>28</sup>

18. After SPP has gained a year of experience using the Calculated and Submitted Methodologies in its Integrated Marketplace, we will require SPP to include, as part of its informational report due 15 months after launch of the Integrated Marketplace,<sup>29</sup> a discussion of: (1) the extent to which market participants have utilized the Submitted Methodology; (2) the extent to which market participants have utilized the Calculated Methodology; (3) whether any market participants have found that the Calculated Methodology has not produced an accurate estimation of their demand reduction; (4) whether SPP and its stakeholders have considered developing a third, customized baseline calculation and measurement methodology in cases where the Calculated Methodology has produced inaccurate estimates;<sup>30</sup> and (5) whether SPP has encountered any other problems implementing or applying the methodologies. We are requiring these additional reporting requirements because we believe they will provide useful information to SPP's stakeholders and the Commission regarding the implementation of SPP's demand response measurement and verification methodologies.

## **B. ARC Aggregation Requirements**

### **1. Compliance Requirements**

19. In the October 2012 Order, the Commission found that SPP had not provided sufficient justification that its "electrically equivalent point" ARC aggregation

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<sup>28</sup> *Id.*

<sup>29</sup> *Id.* P 50, n.58. This report should utilize 12 months of market data following commencement of the Integrated Marketplace.

<sup>30</sup> *See, e.g., Midwest Indep. Transmission Sys. Operator, Inc.*, 140 FERC ¶ 61,060, at PP 72, 79-80 (2012).

requirement was just and reasonable.<sup>31</sup> The Commission required SPP to discuss whether: (1) software or modeling limitations have necessitated that aggregations be at an electrically equivalent point in the EIS Market; (2) SPP has considered alternative ARC aggregation requirements that permit aggregation on a sub-regional level while allowing SPP to manage localized congestion; (3) SPP considers a broader aggregation requirement feasible for its EIS Market and for the Integrated Marketplace; and (4) SPP intends to broaden its aggregation requirements as it implements the Integrated Marketplace and, if so, a timeline for implementation.<sup>32</sup>

## 2. SPP's Filing

20. SPP states that the Commission is correct that software limitations in the EIS Market necessitate that aggregations occur at an electrically equivalent point. SPP explains that EIS Market dispatch occurs on a nodal basis consistent with the calculation of Locational Imbalance Prices (LIP) and that the EIS Market software is not capable of dispatching aggregated resources on a level broader than the nodal level. Therefore, SPP asserts, dispatching a demand response resource that includes multiple, aggregated retail customers and calculating the LIP requires all of the resources to be located at the electrically equivalent point.<sup>33</sup> SPP states that it has considered broader aggregation for the EIS Market and determined that, given the limitations of the EIS Market software, such aggregation is not feasible. SPP states that it continues to examine whether broader aggregation may be feasible for the Integrated Marketplace. At the present time, however, SPP asserts that it must continue to require aggregations to occur at the electrically equivalent point in the Integrated Marketplace.<sup>34</sup>

## 3. Commission Determination

21. We continue to have reservations about limiting ARC aggregation behind a single price node and believe SPP's proposed requirement may unnecessarily restrict the ability of ARCs to effectively and efficiently aggregate demand response. However, despite these reservations, we will accept this ARC aggregation requirement for the EIS Market, given current software limitations and the impending transition to the Integrated Marketplace.

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<sup>31</sup> This requirement limited the aggregation of retail customers behind a single price node.

<sup>32</sup> October Order, 141 FERC ¶ 61,047 at P 46.

<sup>33</sup> SPP Filing at 11.

<sup>34</sup> *Id.* at 12 (citing SPP Integrated Marketplace Tariff, Attachment AE § 2.8(2)(a)).

22. We note that SPP recently filed a provision applicable to the Integrated Marketplace that proposes an aggregated pricing node concept for demand response load under section 205 of the Federal Power Act.<sup>35</sup> Given that this proposal may impact SPP's electrically equivalent point ARC aggregation requirement, we will rule on whether SPP's ARC aggregation requirements for the Integrated Marketplace are compliant with Order No. 719 in SPP's ongoing Integrated Marketplace proceeding.

**C. Market Rules Governing Price Formation during Periods of Operating Reserve Shortage**

**1. Compliance Requirements**

23. In the October 2012 Order, the Commission found that SPP had failed to meet the second and sixth criteria laid out in Order No. 719 with respect to price formation.<sup>36</sup> The Commission did not address SPP's compliance with the second criterion, except to require SPP to further explain, and possibly modify, its requirements to participate in ARC aggregation. The Commission explained that it would review SPP's compliance with the second criterion upon reviewing SPP's forthcoming submission relating to ARC aggregation requirements.<sup>37</sup>

24. With respect to the sixth criterion, the Commission found that SPP's description of the nature and extent of demand response participation in its wholesale market in its December 5, 2011 Order No. 719 compliance filing may be inconsistent with data that

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<sup>35</sup> 16 U.S.C. § 824, *et seq.* (2006). See SPP March 28, 2013 Filing in Docket No. ER13-1173-000 at 8. SPP proposes revising section 2.2(2) of Attachment AE to state, "Both Non-Conforming Load and Demand Response Load may only be associated with a single Price Node *except that Non-Conforming Load and Demand Response Load may be associated with an aggregated Price Node that contains multiple electrically equivalent Price Nodes*" (proposed revisions in italics).

<sup>36</sup> The six criteria are: (1) improve reliability by reducing demand and increasing supply during periods of operating reserve shortages; (2) make it more worthwhile for customers to invest in demand response technologies; (3) encourage existing generation and demand resources to continue to be relied upon during an operating reserve shortage; (4) encourage entry of new generation and demand resources; (5) ensure that the principle of comparability in treatment of and compensation to all resources is not discarded during periods of operating reserve shortage; and (6) ensure market power is mitigated and gaming behavior is deterred during periods of operating reserve shortages including, but not limited to, showing how demand resources discipline bidding behavior to competitive levels. Order No. 719, FERC Stats. & Regs. ¶ 31,281 at PP 246-247.

<sup>37</sup> October 2012 Order, 141 FERC ¶ 61,047 at P 59.

SPP presented in its May 2, 2012 Order No. 745<sup>38</sup> compliance filing. The Commission required SPP to provide additional information to address this apparent discrepancy, to provide a better understanding of demand response resource participation in the SPP region, and to aid in the assessment of SPP's compliance with the sixth criterion. Specifically, the Commission requested that SPP provide, for the past year: (1) the number of demand response resources registered in the EIS Market; (2) the number of registered ARCs; (3) the amount (in MWs) of registered demand response resources associated with controllable load; (4) the amount (in MWs) of registered demand response resources associated with behind-the-meter generation or cogeneration; and (5) the amount (in MWs) of demand response offered, cleared, and dispatched during periods of operating reserve shortages, broken into categories for controllable load and behind-the-meter generation.<sup>39</sup>

## 2. SPP's Filing

25. SPP provided the following information in its compliance filing:<sup>40</sup>

- The number of demand response resources registered in the EIS Market: 12. Prior to June 2012, SPP states that there were 13 demand response resources.
- The number of registered ARCs: None.
- The amount of registered demand response resources associated with controllable load: one registered, 34 MW controllable load demand response resource in the EIS Market. Prior to June 2012, SPP states that there were two controllable load demand response resources with a combined registration capacity of 104 MW.
- The amount of registered demand response resources associated with behind-the-meter generation or cogeneration: 11 (currently and during the past 12 months), for a total capacity of 1,410 MW.
- The amount of demand response offered, cleared, and dispatched during periods of operating reserve shortages over the past year, broken into

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<sup>38</sup> *Demand Response Compensation in Organized Wholesale Energy Markets*, Order No. 745, FERC Stats. & Regs. ¶ 31,322, *order on reh'g*, 137 FERC ¶ 61,215 (2011).

<sup>39</sup> October 2012 Order, 141 FERC ¶ 61,047 at P 61.

<sup>40</sup> SPP Filing at 15.

categories for controllable load and behind-the-meter generation: SPP states that it has not experienced an operating reserve shortage over the past year.

### 3. Commission Determination

26. We find that SPP has complied with the second criterion for its EIS Market, given our acceptance of SPP's ARC aggregation requirements for its current EIS Market. We note that the Commission will address SPP's compliance with the six criteria for the Integrated Marketplace in SPP's ongoing Integrated Marketplace proceeding.<sup>41</sup>

We find that SPP has complied with the sixth criterion for its EIS Market. In view of the current lack of operating reserve shortages and the amount of demand response in SPP, there is the potential for demand response to discipline bidding behavior to competitive levels during periods of operating reserve shortages.<sup>42</sup>

#### The Commission orders:

(A) SPP's compliance filing is hereby conditionally accepted for filing, effective December 17, 2012 and March 1, 2014, as discussed in the body of this order.

(B) SPP 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.

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<sup>41</sup> Integrated Marketplace Order, 141 FERC ¶ 61,048 at P 217.

<sup>42</sup> In its December 5, 2011 Order No. 719 compliance filing, SPP indicated that its contingency reserve requirement was 1,800 MW. SPP argued that the demand response currently participating in its EIS Market was of sufficient size to provide almost all of these required contingency reserves. SPP December 5, 2011 Filing in Docket No. ER12-550-000 at 17.