

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Midcontinent Independent System        )  
Operator, Inc.                                )        Docket No. ER15-2256-000  
  )

**COMMENTS OF THE ELECTRIC POWER SUPPLY ASSOCIATION**

Pursuant to Rule 212 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or the “Commission”), 18 C.F.R. § 385.212 (2014), the Electric Power Supply Association (“EPSA”)<sup>1</sup> respectfully submits these comments regarding the July 23, 2015 filing by Midcontinent Independent System Operator, Inc. (“MISO”) in the above-captioned proceeding.<sup>2</sup> In this proceeding, MISO filed its proposed revisions to its Open Access Transmission, Energy and Operating Reserve Markets Tariff (“Tariff”) changing the time for which results of MISO’s Day-ahead Energy Market and reliability unit commitment processes will be posted and the justifications for the limited proposed changes. MISO requested that the Commission accept the Tariff revisions submitted in this filing to be effective November 5, 2016, for the Operating Day November 6, 2016.

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<sup>1</sup> EPSA is the national trade association representing competitive power suppliers, including generators and marketers. Competitive suppliers, which collectively account for 40 percent of the installed generating capacity in the United States, provide reliable and competitively priced electricity from environmentally responsible facilities serving power markets. EPSA seeks to bring the benefits of competition to all power customers. The comments contained in this filing represent the position of EPSA as an organization, but not necessarily the views of any particular member with respect to any issue.

<sup>2</sup> *Midcontinent Independent System Operator, Inc.*, Docket Nos. ER15-2256-000 and EL14-25-000 (filed July 23, 2015) (“MISO Filing”).

## I. BACKGROUND

On March 20, 2014, the Commission issued three Orders proposing interrelated action to address natural gas and electric industry coordination issues. One order was a Notice of Proposed Rulemaking (“NOPR”) to amend the Commission regulations relating to the scheduling and of transportation service on interstate natural gas pipelines.<sup>3</sup> The NOPR proposed to start the first day-ahead gas nomination opportunity for pipeline scheduling, the Timely Nomination Cycle, at 1:00 p.m. Central Time (“CT”) to allow electric utilities to finalize their day-ahead energy market scheduling before natural gas fired resources make gas purchases and submit nomination requests for natural gas transportation service to gas pipelines. The second order initiated proceedings pursuant to Section 206 of the Federal Power Act (“FPA”) to ensure that organized market system operators implement changes to their Day-ahead energy market and reliability unit commitment processes.<sup>4</sup> The third order initiated a show cause proceeding pursuant to the Natural Gas Act (“NGA”) to require natural gas pipelines to provide a place on their internet websites for customers to post offers to purchase and sell released pipeline capacity.<sup>5</sup>

After the Commission issued the final rule in Order No. 809 on April 16, 2015, MISO began a stakeholder process to evaluate opportunities to improve reliability and economic efficiency given Order No. 809 revised gas scheduling timelines and existing gas day. That process identified benefits through adjusting the Day-ahead commitment

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<sup>3</sup> *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, 151 FERC ¶ 61,049 (2015), Docket No. RM14-2-000 (“Order 809”).

<sup>4</sup> *Order Initiating Investigation into ISO and RTO Scheduling Practices and Establishing Paper Hearing Procedures*, 146 FERC ¶ 61,202 (2014), Docket No. EL14-25-000, *et al.* (“FPA 206 Order”).

<sup>5</sup> *Posting of Offers to Purchase Capacity, Order to Show Cause*, 146 FERC ¶ 61,202 (2014).

schedule to allow for generators to take advantage of FERC's newly proposed Intraday 2 gas nomination cycle for pipelines. The MISO adjustments would allow generators an additional opportunity to schedule gas during the current gas day and help address potential issues with operational needs during the "morning ramp." MISO also identified reliability and economic benefits to be attained by adjusting MISO's Forward Reliability Assessment Commitment ("FRAC") schedule. MISO asserts that both changes will enable additional longer lead notification generation capacity to be considered for dispatch. Further, MISO believes its changes will improve the reliability and efficiency with seams neighbors, PJM and SPP.

MISO decided that there would be no benefits from moving its day-ahead schedule process sufficiently to take advantage of FERC's newly proposed pipeline Timely Nomination Cycle. MISO cited that certain stakeholders believed there were risks of "greater price uncertainty, impacts to earlier timing and staffing, degraded stakeholder forecast accuracy, and increased stakeholder uncertainty around unit availability as the basis for their concerns." MISO contends that these identified concerns and the lack of preset benefits were sufficient to show cause that MISO should not be required to change its day-ahead energy market schedule in order to post its day-ahead schedule in advance of the pipeline Timely Nomination Cycle.

## **II. COMMENTS**

EPSA and its members participated in the North American Energy Standards Board ("NAESB") process that looked at the natural gas pipeline industry's nomination and scheduling process, which was accepted in large part in the Commission's Order

No. 809. EPSA members also were active in the MISO stakeholder process underlying proceeding in Docket No. ER15-2256-000 in which MISO and its stakeholders examined its day-ahead energy market bidding and commitment schedule to see if conforming changes are necessary to achieve sufficient and important benefits from the changes required of the gas industry.

During its stakeholder process, MISO offered for consideration three limited alternatives. The initial alternative and majority stakeholder position was the status quo. The second alternative considered, but least favored, proposed to move the Day-ahead market close forward by two hours (when daylight savings time is not in effect). The third alternative, receiving the second most support from stakeholders, was submitted to FERC for approval in the instant filing and modifies the Day-ahead market and next day FRAC posting times earlier by four hours, from 1:00 p.m. to 5:00 p.m. CT (in daylight savings time), preceding the revised pipeline Evening Nomination Schedule.

As an initial matter EPSA believes the choices offered by MISO for stakeholder consideration were conservative and likely overly limited or narrow. While there can be some reluctance to consider tariff changes which require extensive corresponding information technology changes, this concern may have been weighed too heavily by MISO. The alternatives offered for consideration were not materially beneficial, thereby possibly advantaging the status quo over the alternative proposals.

That said, EPSA commends MISO for shortening its clearing window for its day-ahead Energy Market from four hours to three hours for the March through November period (daylight savings time). This improvement is not merely administrative but is critical to allowing generators access to the natural gas market during its most liquid and

transparent time. By shortening the clearing window for its day-ahead scheduling process, MISO's proposal attempts to balance the conundrum faced by gas-fired generators in every market: (1) whether to purchase gas and transportation capacity during liquid gas markets and scheduling periods before knowing a unit's electricity market commitment, running a risk of holding gas and pipeline capacity that is not necessary if the unit is not dispatched; or, (2) waiting to learn a unit's electricity market commitment before acquiring natural gas and related pipeline capacity, leading to the need to purchase both supply and transportation later the day when natural gas supply markets are illiquid and pipeline capacity may not be available at all.<sup>6</sup> By answering this conundrum and shortening the clearing window generators will get some benefit from MISO proposal.

However, this revised process was overly conservative in its approach resulting in limited changes that only benefit offers for the pipelines' Evening Nomination Cycle and do not provide any such opportunities for the pipelines' Timely Nomination Cycle. Further, such benefits are only realized during Daylight Savings Time, so are limited seasonally as well as limited to the Evening Nomination Cycle. Natural gas-fired generators may require a similar opportunity for the pipelines' Timely Nomination Cycle. MISO contends that keeping the close of the Day-ahead market no later than 10:00 a.m. CT<sup>7</sup> allows sufficient time for price discovery during the most liquid trading period for natural gas, noting that in order to allow for offers/bids to be made through 10:00 a.m., the posting time for the day-ahead energy market does not occur in advance of the Timely Nomination Cycle. While EPSCA agrees that allowing for natural gas

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<sup>6</sup> Comments in AD12-12 and Order No. 809, pp 8-10.

<sup>7</sup> The filing presents this as 1100 Eastern Prevailing Time ("EPT").

procurement during this liquid period of the day is important for natural gas-fired generation, a more specific and clear showing must be made that such a benefit outweighs gas users ability to nominate for pipeline capacity during the revised Timely Nomination Cycle. Further, that this “bargain” is necessary at all requires more support from MISO before any proposed revisions are approved by the Commission. MISO contends that the pipelines Evening Nomination Cycle is “nearly as good” for one class of shippers due to natural gas scheduling bumping rules, or that scheduling in the Timely Nomination Cycle “maybe no more effective or beneficial than scheduling in the Evening cycle.” These justifications are not sufficient to support MISO’s proposal or to respond to the show cause requirements set out in the March 20 Order.

### **III. CONCLUSION**

**WHEREFORE**, for the foregoing reasons, EPSA respectfully requests that the Commission consider these comments in developing its Order on the MISO Filing.

Respectfully submitted,

*/s/ Nancy Bagot*

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Dated: August 13, 2015

**CERTIFICATE OF SERVICE**

I hereby certify that I have served a copy of the comments via email upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., August 13, 2014.

*/s/ Nancy Bagot*

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Nancy Bagot, VP of Regulatory Affairs