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Docket Nos. EL14-34-001, EL14-103-000

Item Nos. E-3, E-4

FERC Acts on Allocation of Costs for Certain System Support Resources in MISO

The Federal Energy Regulatory Commission (FERC) today addressed several proceedings related to the allocation of costs associated with operating generation resources needed to maintain reliability in the American Transmission Company LLC (ATC) pricing zone within the Midcontinent Independent System Operator Inc. (MISO) region.

MISO can designate as a System Support Resource (SSR) unit any generating resource that otherwise would shut down, if the SSR unit is needed for reliability. The SSR agreements between the resources and MISO are filed with the Commission, and they specify the terms and conditions of the service, including the compensation to be provided to the resource for its continued operation.

In a July 2014 order, the Commission held that MISO could not allocate SSR costs to all load-serving entities within the ATC pricing zone on a *pro rata* basis because that allocation does not follow cost causation principles. Today's order denies rehearing and affirms that SSR costs must be allocated to the load-serving entities that require the operation of the SSR unit for reliability purposes.

The order also finds that MISO's current practice fails to allocate costs of the three SSR units located within the ATC pricing zone directly to the entities that benefit from their operation. It directs MISO to file a new study method to identify the entities that benefit from the operation of those units and allocate costs directly to them. The order does not direct any refunds at this time and instead holds that the Commission will address any refund requirements in a future order addressing MISO's new study methodology.

In addition, the order rejects a MISO filing to revise the allocation of the costs for the three SSR units to reflect new local balancing authority boundaries in the ATC pricing zone. Finally, it dismisses a complaint contesting that proposed allocation, finding that MISO must allocate SSR costs directly to benefitting load-serving entities without reliance on local balancing authority boundaries.

In a related order today, FERC dismissed as moot two complaints objecting to the formation of the new local balancing authority and the corresponding cost allocation implications for the three SSR units in the ATC zone.

R-15-25

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