

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

SOUTHWEST POWER POOL, INC.

DOCKET No. ER12-1586-000

**ANSWER OF SOUTHWEST POWER POOL,
WESTERN AREA POWER ADMINISTRATION,
BASIN ELECTRIC POWER COOPERATIVE AND
HEARTLAND CONSUMERS POWER DISTRICT
TO PROTESTS AND COMMENTS**

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Southwest Power Pool, Inc. (“SPP”), Western Area Power Administration (“Western”), Basin Electric Power Cooperative (“Basin Electric”) and Heartland Consumers Power District (“Heartland”) (Western, Basin Electric and Heartland are referred to as the “IS Parties”) hereby request permission to answer, and submit this answer to, the Protests of the Midwest Independent Transmission System Operator, Inc. (“MISO”) and Xcel Energy Services, Inc. (“Xcel”) and the Comments of the MISO Transmission Owners (“MISO TOs”) filed in this proceeding.¹ The Commission should reject the Protests and Comments, which have only one objective: to prohibit the owners of the Integrated System (“IS”) and SPP from clearly delineating how contract path capacity can be used between their systems and force the IS to share contract path capacity with SPP so that MISO can then argue that it is entitled to use the IS’s contract path capacity without charge. The Protests and Comments mischaracterize the nature and purpose of the Joint Operating Agreement between SPP and Western (the “JOA” or the “SPP-Western

¹ On May 11, 2012, Western, Basin Electric and Heartland each submitted an intervention and comments in support of SPP’s April 20, 2012 filing of the JOA.

JOA”),² and are otherwise irrelevant. Consequently, the Commission should reject the MISO and Xcel Protests and the MISO TOs’ Comments and accept the JOA for filing without suspension or setting it for hearing.

I. MOTION FOR LEAVE TO ANSWER

Rule 213(a)(2) provides that a party may answer a protest in circumstances where the decisional authority permits the answer for good cause shown. The Commission has permitted answers to protests that clarify the record, contribute to an understanding of the issues or assist the decision-making process.³ MISO, the MISO TOs and Xcel have raised new issues concerning the relationship between the SPP-Western JOA and the transmission service provided under MISO’s Tariff that SPP and the IS Parties could not have anticipated when SPP made its filing in this docket. Consequently, SPP and the IS Parties should be entitled to respond to those issues. This Answer will assist the Commission in its decision-making process, will ensure a complete record, and will provide information helpful to the disposition of key issues. Therefore, good cause exists to grant this motion for leave to answer.

² The SPP-Western JOA provides for coordination between the transmission system of SPP and the IS of Western, Basin Electric and Heartland. For simplicity, this Answer generally refers to Western, as the signatory of the JOA on behalf of the IS Parties, and refers to the IS as Western’s transmission system even though Western, Basin Electric and Heartland each own portions of the IS.

³ See, e.g., *Northwestern Corporation*, 127 FERC ¶ 61,266, at P 15 (2009) (answers to protest accepted because they assisted the Commission in its decision-making process); *Mountain States Transmission Intertie, LLC*, 127 FERC ¶ 61,270, at P 55 (2009) (answers to protest accepted because they assisted the Commission in its decision-making process); *S. Natural Gas Co.*, 121 FERC ¶ 61,118, at P 5 (2007) (answer to protest accepted because it assisted the Commission in understanding the issues and ensured a complete record); *N.Y. Indep. Sys. Operator, Inc.*, 121 FERC ¶ 61,112, at P 4 (2007) (answer to protest accepted because it provided information that assisted the Commission in its decision-making process).

II. ANSWER**A. THE COMMISSION SHOULD REJECT MISO'S ATTEMPT TO FORCE THE IS PARTIES TO SHARE THEIR CONTRACT PATH CAPACITY WITH MISO.**

MISO's lengthy criticism of Sections 5.4, 5.5 and 5.6⁴ of the JOA is intended to achieve a single objective: have the Commission reject the bilateral agreement that clearly delineates how contract path capacity is used between the IS and SPP, and force the IS Parties to share their contract path capacity with SPP so that MISO can argue that it is entitled to use the IS's contract path capacity without compensation. The Commission should reject MISO's attempt to interfere with SPP's and the IS Parties' bilateral agreement on how to manage their seam.

Contrary to MISO's claim, the SPP-Western JOA does not interfere with the contractual rights to use other transmission providers' transmission systems that MISO has negotiated or otherwise obtained. The FERC has ruled that Section 5.2 of the MISO-SPP JOA provides that MISO has the right to share contract path capacity with SPP.⁵ The SPP-Western JOA defines "Contract Path" as including rights obtained by contract. Therefore, the SPP-Western JOA incorporates MISO's right to use SPP's system on a contract path basis, as well as any other agreement that permits MISO to use another transmission system on a contract path basis, and it does not interfere with those rights as MISO claims.

The real reason for MISO's lengthy protest of Sections 5.4, 5.5 and 5.6 of the SPP-Western JOA is that MISO is attempting to gain the right to use the IS on a contract path basis without compensation. This is not the first time that MISO has attempted to achieve that

⁴ Sections 5.4, 5.5 and 5.6 of the SPP-MISO JOA are included as Attachment 2 to this Answer.

⁵ *Midwest Independent Transmission System Operator, Inc.*, 136 FERC ¶ 61,010, PP 60-65 (2011), *order on reh'g*, 138 FERC ¶ 61,055 (2012), *appeal docketed sub nom. Southwest Power Pool, Inc. v. FERC*, No. 12-1158 (D.C. Cir. Mar. 23, 2012).

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objective. In Docket No. ER11-3281-000, MISO unilaterally modified Section 82.5a of Part II of Module F of its Tariff (“Seams Service”) to provide that Seams Service customers are required to share their contract path capacity with MISO. The IS Parties objected to being forced to share contract path capacity with MISO without compensation because they believed that the “sharing” would be almost all one-way. That is, MISO would use the IS’s contract path capacity, but the IS would not make significant use of MISO’s contract path capacity. In response, both MISO and the Commission stated that Seams Service is voluntary, and that if the IS did not like the provision, it could terminate Seams Service.⁶ Western terminated Seams Service on behalf of the IS Parties in order to avoid having to share its contract path capacity with MISO without compensation.

Now that MISO no longer has the right to use the IS on a contract path basis without compensation under its unilateral Tariff change, MISO is attempting to use the SPP-Western JOA as a basis for obtaining that right again. The real reason for MISO’s incorrect claims that the SPP-Western JOA requires compensation for loop flows is that MISO objects to Sections 5.4, 5.5 and 5.6, which provide that SPP, Western and SPP’s transmission-owning members will continue to pay for their usage of the transmission system in excess of their contract path rights pursuant to the terms of the applicable tariffs. Evidently, MISO has concluded that these sections will make it more difficult for MISO to subsequently obtain the right to use the IS on a contract path basis without compensation.⁷ The Commission should reject MISO’s attempt to interfere with the bilateral agreement between SPP and Western. SPP and Western should be

⁶ *Midwest Independent Transmission System Operator, Inc.*, 135 FERC ¶ 61,205, at PP 42-43 (2011).

⁷ MISO would not have the right to use the IS on a contract path basis even if Sections 5.4, 5.5 and 5.6 were deleted from the SPP-Western JOA, absent an agreement with the IS Parties.

able to agree on how to manage their seam without self-serving interference from MISO and the MISO TOs.

The Commission should be able to resolve the issues raised in the Protests and Comments by simply holding that nothing in the SPP-Western JOA affects the rights of any non-party to that JOA and that SPP and Western are entitled to enter into a bilateral agreement regarding how they will use their transmission systems. However, in the event that the Commission concludes that it must analyze each of the issues raised in the Protests and Comments, SPP and the IS Parties address each of those issues below.

B. THERE IS NO MERIT TO MISO’S ASSERTION THAT THE COMMISSION SHOULD REJECT THE JOA AS A PATENT NULLITY.

The Commission should reject MISO’s request for rejection of SPP’s filing of the JOA on “patent nullity” grounds. In order for FERC to reject a filing on “patent nullity” grounds, the filing must be “so deficient on its face that the agency may properly return it to the filing party without even awaiting a responsive filing by any other party in interest.”⁸ Rarely are filings so deficient that they merit outright rejection,⁹ and there are certainly no grounds for rejection of the SPP filing in this proceeding. SPP followed the proper procedures for filing an agreement under Section 205 and filed several pages of explanation of the basis for the agreement. Moreover, the Protesters have challenged only Sections 5.4, 5.5 and 5.6 of the JOA, implicitly acknowledging

⁸ *Municipal Light Boards of Reading and Wakefield, Mass. v. FPC*, 450 F.2d 1341, 1346 (D.C. Cir. 1971).

⁹ *See, e.g., Westar Energy, Inc.*, 127 FERC ¶ 61,222, P 19 (2009) (finding that filing of a Formula Rate Agreement without Section 35.15 cost support data “minimally satisfies our threshold filing requirements and is not patently deficient.”); *Xcel Energy Services, Inc.*, 122 FERC ¶ 61,098, P 76 (holding that although a formula rate filing was incomplete, it was “not so patently deficient as to warrant rejection.”); *Northern Natural Gas Co.*, 76 FERC ¶ 61,343, 62,637-638 (1996) (rejecting a request for dismissal of a tariff filing on patent nullity grounds and finding instead that a number of issues warranted further examination.).

that the remainder of the JOA is just and reasonable. Consequently, the filing is not patently deficient, and the Commission should reject MISO's argument.

Contrary to MISO's assertion,¹⁰ there was no need for SPP to seek a waiver of the 18 C.F.R. Section 35.13 requirements that public utilities file data to support their proposed rate changes. Section 35.13 is not applicable to this proceeding because the JOA does not establish any charges for transmission service. MISO's assertion that Sections 5.4 through 5.6 of the JOA "appear to impose additional charges on customers" is patently incorrect. The referenced sections specify the circumstances in which transmission customers must obtain transmission service pursuant to applicable tariffs. SPP cannot file any cost support because any charges that are assessed as a result of use of a third party's system will be assessed under that party's tariff, and not under the JOA.

C. MISO'S ASSERTION THAT THE JOA PROVIDES FOR COMPENSATION FOR LOOP FLOWS IS INCORRECT.

MISO's entire Protest is based on a fundamental misconception: that the JOA provides for compensation for all loop flows.¹¹ Contrary to MISO's assertion, the JOA merely reflects long-standing industry practice of requiring a transmission provider to have a valid contract path with sufficient capacity to support the transmission service usage it provides.¹² The JOA provides only that the Parties and their member Transmission Owners must arrange for transmission service that exceeds their Contract Path capacity. Therefore, the JOA does not

¹⁰ MISO Protest, pp. 10-11.

¹¹ MISO's incorrect assertion that the MISO-SPP JOA provides for compensation for loop flows, which it sometimes refers to as parallel path flows, is found explicitly at Protest, pp. 7, 9, 11, 12, 14, 15, 16, 17, 18, 25 and 26, and it forms the basis for the entire remainder of MISO's Protest.

¹² The term "transmission service usage" means both point-to-point service and generation-to-load service.

provide that transmission service must be arranged for loop flow caused by transmission service within the Contract Path capacity of the Parties or their Transmission Owners. MISO's fundamental misunderstanding and mischaracterization on this point so distorts the issues that it calls the validity of its entire Protest into question and therefore warrants rejection of MISO's Protest in its entirety.

1. LOOP FLOW IS DISTINCT FROM CONTRACT PATH TRANSMISSION.

It is vitally important to understand the difference between loop flow, which is also known as parallel flow, and contract path capacity. The McGraw-Hill Dictionary of Scientific and Technical Terms defines parallel flow as follows: "Also known as loop flow. The flow of electric current from one point to another in an electric network over multiple paths, in accordance with Kirchhoff's laws. In particular, the flow of electric current through electric power systems over paths *other than the contractual path*."¹³ (Emphasis added.) The contractual path is limited to the physical capacity of the transmission provider's facilities and any additional contractual rights of the transmission provider that are utilized to support the transmission service usage it provides.

The Commission's long-standing policy is that a transmission provider may provide and charge for transmission service up to its contract path rights on the transmission system. Loop flow that results from such transmission service within the sum of a system's physical capability and within contractual rights is generally not compensated.¹⁴ This is *permissible* loop flow.

However, the Commission has never required that transmission providers accommodate loop

¹³ McGraw Hill Dictionary of Scientific & Technical Terms, 6E (2003).

¹⁴ *American Electric Power Service Corporation*, 49 FERC ¶ 61,377, 62,381 (1989) (*AEP I*); *Southern Company Services*, 60 FERC ¶ 61,273, 61,928 (1992) (*Southern*); and *American Electric Power Service Corporation*, 93 FERC ¶ 61,151, 61,474 (2000) (*AEP II*).

flows caused by another transmission provider's use of the transmission grid *in excess of* its contract path capacity. A valid and sufficient contractual path must be present in order to impose such loop flows on other systems.

Attachment 1 to this pleading contains three diagrams that illustrate the difference between (1) permissible loop flows where sufficient contract path capacity exists to accommodate a party's energy deliveries; and (2) impermissible loop flows where insufficient contract path capacity exists to accommodate a party's energy deliveries. Page 1 of Attachment 1 shows that Transmission Provider A is delivering 600 MW of energy across the interface between Area A and Area C; that the physical capacity at the interface between Area A and Area C is 600 MW; and that based upon the impedance of the overall network, only 400 MW of the delivery flows directly from Area A to Area C, resulting in 200 MW of parallel flow from Area A to Area B to Area C across Transmission Provider B's system. Page 1 shows that the loop flow on Transmission Provider B's system that results from Transmission Provider A's energy deliveries is permissible loop flow because it is within the limits of Transmission Provider A's own contract path capacity. Transmission Provider B would not charge for service on its system because Transmission Provider A has sufficient contract path capacity of its own.

In contrast, Page 2 of Attachment 1 shows that Transmission Provider A is delivering 750 MW of energy across the same interface between Area A and Area C; that the physical capacity at the interface between Area A and Area C is 600 MW; and that based upon the impedance of the overall network, only 500 MW of the delivery flows directly from Area A to Area C, resulting in 250 MW of parallel flow from Area A to Area B to Area C across Transmission Provider B's system. Transmission Provider A does not have sufficient contract path capacity to accommodate its full energy deliveries. Of the total 250 MW of parallel flow on Transmission

Provider B's system, 100 MW of the flow is permissible loop flow, but the remaining 150 MW of flow is impermissible loop flow because Transmission Provider A does not have sufficient contract path capacity between Area A and Area C to accommodate its entire 750 MW energy delivery. Transmission Provider B would charge for 150 MW of transmission service on its system because Transmission Provider A does not have sufficient contract path capacity to accommodate its energy delivery.

Finally, Page 3 of Attachment 1 shows a situation in which Transmission Provider A has no contract path between Area A to Area C and that all of the 600 MW of energy delivery from Area A to Area C is delivered and flows across Transmission Provider B's system. Transmission Provider B would charge for 600 MW of transmission service on its system because Transmission Provider A does not have any contract path capacity from Area A to Area C.

2. THE JOA DOES NOT PROVIDE FOR COMPENSATION FOR PERMISSIBLE LOOP FLOW.

No matter how many times MISO wrongly describes the issue, Sections 5.4, 5.5 and 5.6 of the JOA simply do not and cannot reasonably be construed as providing for or demanding compensation for permissible loop flow. Instead, the JOA explicitly permits and accepts permissible loop flows across the JOA Parties' systems without compensation. Consistent with standard industry practice, the JOA requires compensation only for Contract Path usage of the Parties' transmission systems resulting from impermissible loop flow. Referring to the examples included in Attachment 1, the JOA does not provide that transmission service must be arranged with respect to the permissible loop flow shown on page 1; and it provides that transmission service must be arranged under the applicable tariff only for the impermissible loop flow, or contract path usage shown on pages 2 and 3. In other words, the JOA only provides that the Parties and their Transmission Owners must arrange for transmission service to the extent that

they have insufficient Contract Path capacity to accommodate their energy deliveries. These provisions of the JOA are explained more fully below.

Section 5.4 of the JOA provides that SPP and Western may exchange energy up to the Contract Path capacity between the Parties; and that compensation for the use of that Contract Path capacity shall be in accordance with the Parties' transmission tariffs. Section 5.4 defines Contract Path capacity as the sum of the capacity of all direct interconnections between the Transmission Owners of the Parties and the contractual arrangements between Transmission Owners of each Party.¹⁵ Section 5.4 does not impose any charges for transmission service between the Parties as MISO claims. Instead, it provides that "The necessary transmission service required to facilitate such energy exchange [that is, energy exchange up to the Contract Path capacity of the parties] shall be compensated in accordance with the Parties' tariffs."¹⁶ Therefore, nothing in Section 5.4 provides, either explicitly or implicitly, for compensation for loop flows. MISO's assertion to the contrary is either disingenuous or misinformed.

Section 5.5 provides that energy may be delivered over the system of a Transmission Owner located within a Party's region or between Transmission Owners within a Party's system, even though it causes energy flows on the other Party's system, up to the Contract Path capacity of those Transmission Owners, so long as those deliveries do not exceed the Contract Path capacity of those Transmission Owners. Section 5.5.1 defines Contract Path capacity in the same way as Section 5.4.1, as including both physical capacity and contract rights. Section 5.5.2 states that the only instance in which transmission service must be arranged with the entity on

¹⁵ The use of the term "all direct interconnections" and the comparable provision of Sections 5.5 and 5.6 demonstrate that the JOA uses the term "Contract Path" capacity to refer to interconnect-to-interface capacity and not point-to-point transmission service.

¹⁶ JOA, Section 5.4.2.

whose system the energy is flowing is when the transmission service required to make those deliveries exceeds the Party's Contract Path capacity. In other words, Section 5.4 provides for permissible loop flow, and provides that energy exchange in excess of the Party's Contract Path capacity causing loop flow must be arranged pursuant to the tariff of the Party providing the transmission service. This is entirely consistent with uniform industry practice.

Section 5.6 contains comparable language to Section 5.5. It provides that each Party will limit its energy exchange with a third party to its Contract Path capacity with that third party, and that additional transmission is reserved in accordance with the appropriate transmission tariff. Section 5.6.1 defines Contract Path capacity in the same way as Sections 5.4.1 and 5.5.1. Section 5.6.2 provides that each Party may exchange energy in excess of its Contract Path capacity pursuant to the applicable tariffs. Therefore, Section 5.6, like Sections 5.4 and 5.5, does not provide for compensation for permissible loop flows, and provides only that energy exchanges resulting in loop flow in excess of Contract Path capacity must be arranged pursuant to the tariff of the entity providing the transmission service.

The definition of Contract Path capacity in the JOA is completely consistent with the Commission's interpretation of the term. In ruling on MISO's request for a declaratory order concerning the meaning of Section 5.2 of the MISO-SPP JOA, the Commission stated that since the term "contract path" was not defined in the MISO-SPP JOA, "the context of section 5.2 and how it has been used by MISO and SPP suggests that the term was intended to encompass transmission on physical or contractual interconnections...."¹⁷ Thus, the MISO-SPP JOA and the SPP-Western JOA use the term "contract path" in the same way.

¹⁷ *Midwest Independent Transmission System Operator, Inc.*, 136 FERC ¶ 61,010 P 62 (2011).

In summary, nothing in Sections 5.4, 5.5 or 5.6 directly or indirectly imposes charges for loop flows. Instead, those Sections confirm the universally accepted practice of accepting uncompensated loop flow while preserving the requirement that each Party make appropriate arrangements and make appropriate tariff payments at tariff rates with the appropriate Transmission Provider – be it the other Party or a third party – for transmission service in excess of its Contract Path capacity. What these sections do NOT do, and what MISO really is complaining about, is allow the Parties to deliver energy within their systems, with each other or with third parties in excess of their Contract Path capacity without arranging for appropriate transmission service.

3. THE JOA SIMPLY MEMORIALIZES OBLIGATIONS THAT WOULD EXIST IN THE ABSENCE OF THE JOA.

What is particularly remarkable about MISO's Protest is that MISO is protesting standard industry practices that would apply even if the JOA did not exist. The principle that an entity may not impose contract path transmission usage on another system without compensating for that usage is embedded in the concept of open access transmission service. The fundamental principles of open access transmission service are that customers may request transmission service from transmission providers; that transmission providers are obligated to provide that service; and that transmission providers are entitled to compensation for that service. Customers who use transmission service without reserving it or who use transmission service in excess of

their reservations are subject to penalties.¹⁸ Of course, those principles are modified by the Commission's policy that permissible loop flows generally are not compensated.¹⁹ However, the FERC has never suggested that the distinction between permissible loop flow and contract path transmission service should be eliminated. If that were to happen, transmission providers would be permitted to grant requests for transmission service and receive revenues for that transmission service without regard to whether their systems actually have the capacity to provide that service. They would be able to "lean on" other transmission systems by using those transmission systems without reserving or paying for the use of those systems. Obviously, widespread use of that approach would create complete chaos and destroy reliability. Nothing in the Commission's orders indicates that it has adopted such a policy.

The fact that the JOA simply adopts and confirms adherence to industry practice rather than imposing new restrictions on transmission service is demonstrated by the fact that SPP and Western already operate under the principle that they must obtain transmission service from each other if they provide service in excess of their contract path capacity. Also, MISO itself clearly recognizes that it cannot use another party's system as its own contract path without agreement or compensation. For example, MISO recognized that it could not utilize the IS as its contract path without agreement by Western as the IS Administrator and sought to impose that requirement by adding Section 82.5a to Seams Service, which required contract path sharing

¹⁸ See *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats & Regs. ¶ 31,241 at P 834. Under Order No. 890, a customer is subject to an Unreserved Use Penalty "where the transmission customer has a transmission service reservation, but uses transmission service in excess of its reserved capacity." See also *Granite Reliable Power, LLC*, 137 FERC ¶ 61,187, at P 11 (2011) (denying "Granite's requests for waivers of the unreserved use penalty provisions and the advance reservation requirements," and noting that "Granting the waivers would be inconsistent with Commission precedent and policy and contrary to Order Nos. 890 and 890-A.").

¹⁹ See n. 9, *supra*, citing *AEP I, Southern* and *AEP II*.

between MISO and all of its Seams Service customers, including the IS pursuant to Western's Seams Service Agreement with MISO.²⁰

MISO and Transmission Owners in MISO also respected the difference between permissible loop flow and contract path usage of transmission for years, prior to MISO's unilateral adoption of Section 82.5a of Seams Service. Three examples demonstrate this fact. First, Section 5.1.10 of the Seams Operating Agreement between Midwest Independent Transmission System Operator, Inc. and MAPPCOR ("MISO-MAPP Seams Agreement"), which was in effect from 2005 until MISO terminated it in 2009, required the parties to observe their contract path rights, and did not provide for contract path sharing. Second, Seams Service under Part II of Module F of MISO's Tariff also did not provide for contract path sharing from 2009 until June 1, 2011, when MISO unilaterally amended it. Third, in *Xcel Energy Operating Companies, et al.*, the Commission accepted for filing a System Integration Coordination Agreement between Xcel and Western.²¹ The parties entered into that agreement because under certain conditions MISO did not have sufficient contract path capacity between the generators located in the Buffalo Ridge area and loads in MISO to accommodate all of the energy generated in the Buffalo Ridge area. The agreement provided the terms and conditions on which Xcel would take and pay for transmission service on Western's system. Nothing in that agreement provided for compensation to Western for loop flow – that is, transmission service within the

²⁰ Western terminated its Seams Service Agreement with MISO effective May 1, 2012, because the IS Parties were not willing to agree to allow MISO to use their system on a contract path basis without compensation. The Commission held that agreeing to this contract path sharing was voluntary. *Midwest Independent Transmission System Operator, Inc.*, 135 FERC ¶ 61,205, at P 42 (2011).

²¹ *Xcel Energy Operating Companies, et al.*, 129 FERC ¶ 61,203 (2009).

contract path capacity of MISO and Xcel. On the contrary, as the Commission noted, the service provided by Western was to continue only “until Northern States can construct the incremental transmission needed to provide that capacity on its own system.”²² MISO was a party to that proceeding and filed information in response to the Commission’s deficiency letter. Therefore, MISO is well aware of the difference between permissible loop flow within contract path capacity and impermissible loop flow in excess of contract path capacity, which requires the customer to arrange for transmission service.

4. THE JOA DOES NOT IMPOSE LIMITS ON THE FLOW OF ENERGY OR RESTRICT TRANSMISSION SERVICE.

There is no merit to MISO’s allegation that the “central deficiency of the [JOA] is that it limits the flow of energy both within and between the signatory parties’ transmission systems, as well as their exchanges with neighboring energy markets, such as MISO.”²³ Providing that a party should obtain transmission service as required by tariffs does not limit or restrict transmission service unless one begins by assuming that all transmission service should be free. Such an assumption is inconsistent with Commission policy. The JOA continues the current practices of the Parties to the JOA and industry practice of honoring their own contract path capacity limits, not requiring compensation for loop flow resulting from transmission service usage within those limits, and obtaining transmission service for transmission service usage in excess of those limits. Therefore, the JOA does not limit energy flow or market-to-market dispatch.

²² *Id.* at P 8.

²³ *See* MISO Protest, p. 2.

MISO's reliance on *AEP II*²⁴ as precedent for a prohibition on compensation for all loop flows due to the unavoidable consequence of interconnected operations, misstates the holding in that order. In that proceeding, the Commission dealt with the impact of the interconnection of new generation facilities on another system's transmission facilities, and discussed permissible loop flow, as that term is explained above, and not impermissible loop flow in excess of contract path capacity. Moreover, *AEP II* actually provides support for SPP and the IS Parties. The Commission held that it will "defer ... to the parties' own efforts to cooperate and resolve this matter on their own."²⁵ The SPP-Western JOA does just that: it is a bilateral agreement between SPP and Western that is consistent with the Commission's order because it resolves the loop flow issue by providing that loop flow resulting from transmission service usage within a Party's contract path capacity is permissible and that loop flow resulting from transmission service usage in excess of contract path capacity is not permissible unless additional transmission service has been arranged pursuant to the applicable tariff.

D. THERE IS NO MERIT TO MISO'S ASSERTIONS THAT THE JOA IS UNJUST AND UNREASONABLE.

1. THE JOA IS JUST AND REASONABLE BECAUSE IT PROVIDES FOR ENHANCED COORDINATION BETWEEN SPP AND WESTERN AND IMPROVES THE RELIABILITY AND EFFICIENCY OF TRANSMISSION SERVICE.

Contrary to MISO's assertions that the JOA is unjust and unreasonable, the JOA benefits the public because it improves communication, engineering, coordination, planning and cooperation between SPP and Western. Article 3 of the JOA provides for the establishment of

²⁴ *AEP II*, at 61,474.

²⁵ *Id.*

an Operating Committee composed of representatives of SPP and Western that will address issues that arise in the implementation of the agreement. Article 4 provides for the Parties to exchange numerous types of information, including the exchange of real-time and projected operating data; SCADA data; EMS models; and operations planning data, including flowgate information, information on transmission service reservations, flowgate capability data, load forecasts, generator data, dynamic schedules and forced outage data. The JOA also uses the same Congestion Management Process (“CMP”) that is used in the seams agreements of a number of entities in the Eastern Interconnection, including MISO and PJM.

Article 5 contains the heart of the JOA’s coordination provisions. It provides for the coordinated calculation of data related to Total Transfer Capability, Available Transfer Capability and Available Flowgate Capability (“AFC”), including generator outages, generation dispatch, transmission outages, interchange schedules, transmission reservations, load data and dynamic schedules. Article 5 also provides for the Parties to respect each other’s calculations of AFC and allocations as defined by the Congestion Management Process. In addition, it provides that the Parties will make transmission capacity available for reserve sharing. Articles 5.4, 5.5 and 5.6 provide that the Parties and Transmission Owners within the Parties’ systems may exchange energy with each other within their own transmission systems and with third parties up to their Contract Path capacity, even though that transmission service imposes loop flows on other transmission systems; and that in the event that the transmission service exceeds the Contract Path capacity, they will obtain transmission service pursuant to the applicable transmission tariff. This provision ensures that the Parties and their Transmission Owners will not charge each other for permissible loop flows, and it also ensures that the Parties will not

abuse their transmission rights because they will arrange for any transmission service that they need in addition to their Contract Path capacity.

Other sections of the JOA provide for additional coordination between SPP and Western. Article 6 establishes the principles on which the Parties will operate their systems in emergencies. Article 7 provides for the coordination of regional and inter-regional transmission expansion planning. Article 8 establishes joint checkout procedures. Article 9 provides for the establishment of procedures for the coordination of voltage control and reactive power. Article 10 establishes procedures for the resolution of disputes.

The objections stated by MISO, the MISO TOs and Xcel to the JOA, despite the vociferousness of those objections, do not demonstrate that the Agreement, taken as a whole, is unjust and unreasonable. The Protests and Comments have not raised any objections to the overwhelming majority of the JOA. The benefits to the public, in terms of increased reliability and efficiency in the operation of the transmission system, are self-evident. The only sections to which they object are Sections 5.4, 5.5 and 5.6, and the only provisions of those sections to which they object are the provisions for the Parties to obtain transmission service under the appropriate tariffs if their energy exchanges or transmission usages exceed their Contract Path capacity.

The Commission addressed the issue of whether a single provision invalidates an otherwise just and reasonable agreement in its order approving modifications to MISO's Seams Service (Part II of Module F of MISO's Tariff). The Commission rejected Protest of the IS Parties that Section 82.5a of Seams Service was unjust and unreasonable because it placed disproportionate burdens on them. The Commission stated, "If we rejected as unjust and unreasonable a single reciprocal coordination provision of Seams Service because that one

provision viewed in isolation may benefit IS Parties more [sic] than MISO, then any other individual reciprocal coordination provision of Seams Service that may benefit IS Parties more than it benefits MISO would likewise be unjust and unreasonable.”²⁶ Accordingly, the Commission accepted the modification to Seams Service on the ground that the Seams Service provisions, taken as a whole, are just and reasonable. Similarly, the Commission should not reject any single provision of the JOA on the ground that provision viewed in isolation might not provide MISO -- which, after all, is not even a Party to the JOA -- with all of the benefits and operating advantages it might desire.

2. THE JOA DOES NOT MODIFY ANY OPEN ACCESS TRANSMISSION TARIFF BY DENYING TRANSMISSION SERVICE.

MISO’s assertion that SPP and Western “have voluntarily assumed an obligation to deny transmission service”²⁷ is patently untrue. The JOA clearly states that service within a Party’s Contract Path capacity will be provided without additional compensation; and that service in excess of a Party’s Contract Path capacity will be provided pursuant to the appropriate OATT. Nothing in Sections 5.4, 5.5 or 5.6 could rationally be interpreted as constituting a denial of transmission service or modifying any OATT.

3. MISO’S ASSERTION THAT THE JOA SUBSTANTIALLY DEVIATES FROM PREVIOUSLY-APPROVED JOAS AND COMMISSION POLICY IS MISLEADING.

MISO’s assertion that the SPP-Western JOA substantially deviates from previously approved JOAs and Commission policy²⁸ is inconsistent with the facts. Although the

²⁶ *Midwest Independent Transmission System Operator, Inc.*, 135 FERC ¶ 61,205 P 43 (2011).

²⁷ MISO Protest, p. 13. MISO makes similar and equally incorrect claims that the JOA “limits” and “restricts” transmission service at Protest, pp. 2, 7, 9, 12 and 14.

²⁸ MISO Protest, p. 4.

Commission accepted the MISO-SPP JOA, which provides for contract path sharing, nothing in that order indicates that the Commission requires contract path sharing. In fact, neither the MISO-MAPP Seams Agreement, which was in effect from 2005 until 2009, nor MISO's Tariff-based Seams Service from 2009 through 2011 provided for contract path sharing. The Commission has approved JOAs that do not include the contract path sharing language that MISO seeks to impose on the SPP-Western JOA, including the JOA between SPP and Associated Electric Cooperative, Inc. ("AECI") and SPP and Entergy.²⁹ It is important to note that the Commission's ruling in the Declaratory Order on the MISO-SPP JOA held only that the contract path sharing provisions of that JOA will apply to Entergy when it joins MISO, and cannot be construed as a broad and generalized Commission policy of requiring contract path sharing that MISO argues for.

4. MISO'S ASSERTION THAT SPP AND WESTERN HAVE NOT DEMONSTRATED THAT THE JOA IS CONSISTENT WITH OR SUPERIOR TO THE PRO FORMA TARIFF IS INVALID.

There is no merit to MISO's assertion that SPP and Western have not demonstrated that the JOA is consistent with or superior to the Commission's *pro forma* open access transmission tariff.³⁰ The sections of the JOA that MISO is protesting – Sections 5.4, 5.5 and 5.6 – do not themselves provide for transmission service. Instead, they establish the terms and conditions in which the open access transmission tariffs of SPP, Western and third parties apply to energy exchanges in excess of the amounts that they have the physical or contractual rights to exchange.

²⁹ See *Southwest Power Pool, Inc.*, Docket No. ER08-1516-000 (October 20, 2008) (unpublished letter order accepting SPP-AECI JOA); *Southwest Power Pool, Inc.*, Docket No. ER11-3490-000 (July 26, 2011) (unpublished letter order accepting the SPP-Entergy Comprehensive Seams Agreement).

³⁰ MISO Protest, pp. 12-13.

The JOA is explicit in this regard. Section 5.4.2 provides that transmission service between SPP and Western is compensated pursuant to the Parties' tariffs. Section 5.5.2 provides that service within the Parties' systems in excess of the Contract Path capacity of those systems must be compensated pursuant to the applicable tariff; and Section 5.6.2 provides that transmission service with third parties in excess of the Contract Path capacity must be compensated pursuant to the applicable tariffs. Therefore, it is the tariffs under which the transmission service is provided, and not the JOA, that must meet the "consistent with or superior" standard. Moreover, the SPP-Western JOA will not be filed as part of SPP's OATT; it will be filed as part of its Seams Tariff. The only way in which these provisions of the JOA would not be consistent with the *pro forma* tariff would be if the *pro forma* tariff prohibited compensation for transmission in excess of contract path capacity – which it does not.

5. THE JOA'S PROVISION FOR THE PARTIES TO REQUIRE THE ARRANGEMENT OF APPROPRIATE CONTRACT PATH TRANSMISSION SERVICE IS CONSISTENT WITH COMMISSION PRECEDENT.

The Commission orders that MISO cites in support of its argument that the JOA violates established Commission policies actually demonstrate the invalidity of MISO's own argument. *Associated Electric Cooperative, Inc. v. Southwest Power Pool, Inc.*,³¹ on which MISO relies,³² demonstrates the difference between contract path capacity, the use of which requires compensation, and loop flow, the effects of which the Commission expects parties to work out among themselves. In that proceeding, Associated Electric filed a complaint against SPP alleging that SPP should not have granted rollover transmission to American Electric Power

³¹ *Associated Electric Cooperative, Inc. v. Southwest Power Pool, Inc.*, 115 FERC ¶ 61,213, *reh'g denied*, 117 FERC ¶ 61,114 (2006).

³² MISO Protest, p. 14, n. 44.

Company because the MoKanOk transmission path on which SPP had previously provided the service was no longer available. SPP answered the Complaint by demonstrating that “SPP has the ability to satisfy the entire AEP rollover request over a contract path involving SPP facilities, thus rendering service over the MoKanOk Line unnecessary.”³³ The Commission denied the Complaint, holding that SPP had adequate transmission capacity to support the transaction, and that Associated Electric was not entitled to compensation for loop flow.³⁴ In other words, the order is consistent with the principle that transmission service usage that is within a transmission provider’s contract path capacity but that also results in parallel flows on other systems is permissible loop flow. Conversely, transmission service usage that exceeds the transmission provider’s contract path capacity and that also results in parallel flows on other systems is impermissible loop flow, and must be obtained pursuant to the appropriate tariff. The JOA provides that permissible loop flow is not compensated, consistent with *Associated Electric*, and also provides, consistent with industry practice, that transmission usage in excess of a Party’s Contract Path capacity must be obtained pursuant to the appropriate tariff.

Exelon Generation Company, LLC v. Southwest Power Pool, Inc.,³⁵ on which MISO also relies,³⁶ simply stands for the proposition that a transmission provider must grant rollover rights if it has not restricted rollover rights when it first grants the transmission service. While the Commission stated that service cannot be denied based on changes in loop flows, the Commission and SPP clearly were using the term “loop flow” to mean permissible loop flow,

³³ *Associated Electric, supra*, at P 12.

³⁴ *Id.* at P 17.

³⁵ *Exelon Generation Company, LLC v. Southwest Power Pool, Inc.*, 99 FERC ¶ 61,235 (2002).

³⁶ MISO Protest, p. 14, n. 44.

which is the way the term is customarily used, and were not using it to mean flows resulting from transmission service in excess of contract path capacity. Therefore, that order also demonstrates the invalidity of MISO's assertions.

The fact of the matter is that MISO's citation of the cases discussed above illustrates clearly that there is no disagreement with respect to the treatment of or compensation for loop flow as opposed to transmission service. Rather, MISO is rather transparently attempting to redefine the concept of permissible loop flow to include what standard industry practice and Commission precedent have clearly recognized impermissible loop flow or unauthorized use of another party's transmission system. There is obviously no precedent in any forum supporting that concept, and the concept clearly provides no legitimate basis for attacking the JOA.

MISO's reliance on *Southwest Power Pool*, in which the Commission held that Seams Agreements cannot modify OATTs,³⁷ also is unavailing. As explained above, the JOA simply explains the circumstances in which the Parties must require appropriate contract path transmission service. That service must be obtained under the applicable OATTs. Nothing in the JOA constitutes a modification of the OATTs.

MISO's attempt to equate the JOA to a denial of rollover transmission service³⁸ is equally invalid. MISO's reliance on the Commission's statement in *Commonwealth Edison Co.* that a party may not refuse to provide rollover service on the ground that there is insufficient transmission capacity on a third party's transmission system³⁹ is irrelevant in this proceeding. It

³⁷ *Southwest Power Pool, Inc.*, 131 FERC ¶ 61,236, P 17 (2010).

³⁸ MISO Protest, p. 13.

³⁹ *Commonwealth Edison Co.*, 95 FERC ¶ 61,252, 61,875, *reh'g denied*, 96 FERC ¶ 61,158 (2001), quoted at MISO Protest, pp. 13-14.

is irrelevant because as noted above, the JOA does not provide for a denial of transmission service; all it provides is that an entity that uses transmission service in excess of its system capability, whether physical or contractual, must obtain that transmission service pursuant to the transmission tariff of another transmission provider.

6. ANY PANCAKED CHARGES THAT RESULT FROM TRANSMISSION SERVICE IN EXCESS OF A PARTY'S CONTRACT PATH CAPACITY ARE CONSISTENT WITH COMMISSION PRECEDENT.

MISO's attempt to denigrate the JOA on the ground that it requires the payment of pancaked charges for transmission service does not demonstrate that the JOA is not just and reasonable. MISO's demand that SPP and Western "explain why the imposition of a pancaked charge for service between a source and sink entirely within SPP is just and reasonable for customers of SPP"⁴⁰ is disingenuous because it implies that MISO does not understand why such charges are appropriate. As explained in Section II.C.3 above, MISO was a party to a proceeding in which the Commission accepted for filing an agreement that provided for pancaked transmission charges for service from a MISO generator to MISO loads.⁴¹ That agreement was just and reasonable because MISO did not have sufficient contract path capacity to enable Xcel Generation to deliver energy from generators located at Buffalo Ridge to loads in MISO and Xcel needed to rely on Western to provide the transmission service. Of course, neither the agreement between Xcel and Western nor the SPP-Western JOA provides for pancaked charges for permissible loop flows.

⁴⁰ MISO Protest, p. 14.

⁴¹ *Xcel, supra*.

7. THE JOA IS CONSISTENT WITH THE SPP TARIFF.

MISO incorrectly asserts that the JOA is inconsistent with the SPP Tariff because it does not permit parties within SPP to transmit power through an intervening SPP transmission owner at a single rate unless they have a direct interconnection.⁴² In the first place, Section 5.5.1 of the JOA does not “limit” the amount of energy that can be delivered between two Transmission Owners in SPP as MISO claims; it simply establishes the amount of energy that can be transmitted “without the reservation of transmission service on the other Party” if the transaction results in “energy flows on the other Party’s system.” Second, MISO’s assertion that Section 5.5.1.2 of the JOA does not permit consideration of contractual arrangements among all Transmission Owners in SPP⁴³ is flatly incorrect. Section 5.5.1.2 provides as follows:

5.5.1.2. The total amount of Contract Path capacity between Transmission Owners within a Party shall be limited to:

1. The sum of capacity of all direct interconnections between the Transmission Owners; and/or
2. Contractual transmission agreements between the Party’s Transmission Owners.

MISO’s assertion is based on interpreting Section 5.5.1.2(2)’s use of the word “between” instead of “among” as limiting consideration of contractual arrangements to those between the two Transmission Owners who are parties to the exchange of energy and excluding contractual arrangements between multiple Transmission Owners.⁴⁴ That is not what the section provides or what the Parties intended. Section 5.5.1.2(2) takes into consideration contractual arrangements

⁴² MISO Protest, p. 17.

⁴³ MISO Protest, p. 17 n. 50.

⁴⁴ MISO Protest, p. 17 n. 50.

between *all* of SPP's Transmission Owners. Therefore, an entity within SPP may utilize transmission service to a load in SPP up to the combined physical capacity and contractual transmission rights of *all* SPP Transmission Owners without having to compensate any other transmission provider.

8. MISO'S OBJECTION THAT THE JOA DOES NOT EXPLAIN HOW MUCH TRANSMISSION SERVICE IS REQUIRED IS INVALID.

There is no merit to MISO's objections that the SPP-Western JOA does not explain how to determine which transmission flows must be compensated⁴⁵ or how SPP and Western will determine the availability of service for new transmission service or generator interconnections.⁴⁶ The technical details of how the flows on transmission systems under various operating scenarios will be modeled are typically contained in operating guides and manuals rather than in a JOA, and contract path capacity is determined pursuant to studies. The MISO-SPP JOA provides for contract path sharing, and it does not contain a specific methodology for determining and applying each party's contract path capacity, but the Commission did not find the agreement unjust and unreasonable on that ground. MISO's Seams Service provisions in Module F of its Tariff also do not provide details on how MISO calculates its contract path capacity rights following the termination of Section 82.5, which provided for coordinated determinations of rights on the North Dakota Export flowgate ("NDEX"), but the Commission did not find Seams Service to be unjust and unreasonable either. The Commission simply directed MISO to complete its studies and made the provision effective after MISO submitted an informational

⁴⁵ MISO Protest, p. 18.

⁴⁶ MISO Protest, p. 18.

filing stating that the studies were complete.⁴⁷ As is the case with respect to MISO's Tariffs and agreements, the SPP-Western JOA establishes a framework for coordination of the evaluation of the transmission systems, in order to ensure that transmission service is provided efficiently, reliably and with appropriate compensation. The absence detailed scenarios for the conduct of studies that implement the coordination does not make it unjust and unreasonable.⁴⁸

9. MISO'S OBJECTION TO REQUIRING INTERMITTENT RESOURCES TO PAY FOR THE TRANSMISSION SERVICE THAT THEY USE IS INVALID.

There is no merit to MISO's attempt to confuse the issues by discussing the public policy requirements of Order No. 1000.⁴⁹ Order No. 1000 is not applicable because transmission providers are not required to submit tariff modifications to implement Order No. 1000 until October 11, 2012 for regional requirements and April 11, 2013 for interregional requirements. Moreover, MISO's assertion that requiring intermittent resources to pay for the transmission service that they use imposes a "financially unacceptable risk"⁵⁰ contravenes long-standing transmission policy. Nothing in the public policy provisions of Order No. 1000 or any other Commission order requires transmission providers to subsidize intermittent resources with free transmission service. If an intermittent resource needs to obtain transmission service in order to maintain a contract path between generation and load, it is obligated to pay for it, even if it obtains part of its transmission service from one transmission provider and the remainder of its service from a second transmission provider. Also, contrary to MISO's assertion, such a

⁴⁷ *Midwest Independent Transmission Operator, Inc.*, 136 FERC ¶ 61,152, P 56, n.29 (2011).

⁴⁸ MISO's concern about an "OATT loop flow rate" is not coherent. No FERC-filed tariff contains a special "loop flow rate" and the Commission does not generally permit compensation for loop flow.

⁴⁹ MISO Protest, p. 19.

⁵⁰ MISO Protest, p. 19.

requirement does nothing to “tie the hands of WAPA and SPP planners” because IS and SPP planners always take into consideration the contract path capability and requirements of their transmission systems.

E. THE JOA DOES NOT IMPOSE UNREASONABLE LIMITATIONS ON MARKET-TO-MARKET CONGESTION MANAGEMENT.

1. MISO’S CONCERN ABOUT THE CALCULATION OF TRANSMISSION CAPACITY IS UNFOUNDED.

MISO's assertion that the use of the term "and/or" in Sections 5.4.1(1), 5.5.1.2(1) and 5.6.12(1) of the JOA to define Contract Path capacity is ambiguous⁵¹ is incorrect. The intent of the provision is clear: if there are both direct interconnections and contractual agreements, the Contract Path capacity is the sum of the two. If there is only a direct interconnection or only a contractual agreement, only the one is used to determine Contract Path capacity. Thus, in the situation posited by MISO, in which physical interconnections total 25,000 MW and contractual rights total 15,000 MW, the Contract Path capacity is 40,000 MW. If there are no contractual rights, the Contract Path capacity is 25,000 MW, and if there are no physical interconnections, the Contract Path capacity is 15,000 MW. There is nothing ambiguous about that provision.

2. THE JOA DOES NOT CREATE UNCERTAINTY CONCERNING DAY-AHEAD OR REAL-TIME OPERATIONS.

Contrary to MISO’s assertion,⁵² the JOA does not create ambiguity concerning how SPP will effectuate market dispatch. SPP will continue to determine the physical and contractual capability of its transmission system and the contractual rights to transmission of its Transmission Owners and will dispatch generation to load within that capability. Nothing in the

⁵¹ MISO Protest, p. 20.

⁵² MISO Protest, p. 20.

JOA creates any ambiguity on that issue. On the contrary, the JOA clarifies that neither SPP nor Western will dispatch generation to load in a way that causes it to exceed its system's physical transmission capability and contractual transmission rights. That provision is just and reasonable because neither SPP nor Western should be able to dispatch generation in a way that exceeds the capability of its system without making arrangements with the system that is actually providing the transmission capacity for that service. Furthermore, under the contract path sharing provisions of the MISO-SPP JOA, MISO is limited to dispatching its system to support transactions with other parties to its contract path rights as provided in Section 5.2 of the MISO-SPP JOA.

Contrary to MISO's assertion, market-to-market dispatch also is not complicated by the JOA. When SPP raises and lowers generator pairs to manage congestion in MISO's market, it will attempt to do so within the physical and contractual capacity of its system. Permissible loop flows on third party systems resulting from dispatch within SPP's system capacity are explicitly permitted by the JOA. If management of congestion would require transmission service usage in excess of SPP's physical and contractual capacity, either SPP would choose another set of generator pairs to dispatch; or it would inform MISO that it cannot manage MISO's congestion alone, and MISO would have to manage its congestion by obtaining transmission service from a third party. There is nothing unusual or unreasonable about this scenario. What would be unusual and unreasonable would be a scenario in which MISO could request SPP to dispatch generation in excess of SPP's physical and contractual capacity for the benefit of MISO, and MISO's transmission customers could avoid paying the transmission provider who provides the transmission service usage to accommodate that dispatch. However, that is what MISO appears to be seeking in its Protest.

3. THERE IS NO MERIT TO MISO’S ASSERTION THAT THE JOA INTERFERES WITH SPP’S COMPLIANCE WITH COMMISSION ORDERS OR COLLATERALLY ATTACKS THOSE ORDERS.

MISO’s assertion that the SPP-Western JOA will “make it problematic, if not impossible” for SPP to comply with the Commission’s orders concerning the integration of Entergy into MISO⁵³ is based on a misstatement of the Commission’s orders. The “Capacity Sharing Orders” to which MISO refers addressed the narrow issue of whether Section 5.2 of the MISO-SPP JOA permits MISO to make use of SPP’s available transmission capacity to Entergy Arkansas.⁵⁴ In those orders, the Commission stated that the parties have an obligation to negotiate in good faith concerning revisions to the MISO-SPP JOA that either may propose,⁵⁵ and it encouraged the parties to work together to address those revisions.⁵⁶ However, the Commission did not require SPP and MISO to make any specific modifications to the MISO-SPP JOA, either to accommodate Entergy’s integration into MISO or for any other reason. As the Commission stated in its order on rehearing, MISO’s petition for a declaratory order did not seek guidance as to how to implement Section 5.2 or whether compensation would be necessary.⁵⁷ Therefore, any concerns with respect to negotiation of amendments to the MISO-SPP JOA are entirely speculative since MISO has not pointed to any revisions of the MISO-SPP JOA that it or SPP has proposed that would be made more difficult to implement as a result of the SPP-Western JOA.

⁵³ MISO Protest p. 21.

⁵⁴ *Midwest Independent Transmission System Operator, Inc.*, 136 FERC ¶ 61,010 (“*Capacity Sharing I*”), order on reh’g, 138 FERC ¶ 61,055 (2011) (“*Capacity Sharing II*”).

⁵⁵ *Capacity Sharing I*, P 64.

⁵⁶ *Capacity Sharing II*, P 30.

⁵⁷ *Capacity Sharing II*, P 30.

MISO's related argument that the SPP-Western JOA constitutes a collateral attack on the Commission's Capacity Sharing orders⁵⁸ is equally unavailing. MISO's assertion that the Commission rejected "the notion of the capacity path based on point-to-point transmission service"⁵⁹ is a red herring. The SPP-Western JOA defines the permissible Contract Path usage in the same way as the Commission defined it which includes interface-to-interface capacity.⁶⁰ As Sections I.C.1, I.C.2 and II.C.1 and Attachment 1 to this Answer make clear, the SPP-Western JOA adopts an interface-to-interface approach to Contract Path capacity, and not a point-to-point approach.

MISO's assertion that the SPP-Western JOA is a collateral attack on the Capacity Sharing Orders because the Commission rejected SPP's assertion that MISO should reserve transmission service on the SPP system to utilize capacity sharing⁶¹ is inconsistent with the Commission's order and the terms of the SPP-Western JOA. The Capacity Sharing orders addressed the narrow issue of whether Section 5.2 of the MISO-SPP JOA, which is not a part of the SPP-Western JOA, entitled MISO to use SPP's contract path capacity to integrate Entergy into MISO. Those orders have nothing to do with the SPP-Western JOA. The Commission's statement in that order that RTOs do not reserve transmission service also cannot be rationally interpreted as prohibiting users of the transmission system from reserving transmission service because the SPP-Western JOA does not specify who should take transmission service. Sections 5.4.2, 5.5.2 and 5.6.2 instead state that transmission service in excess of Contract Path capacity

⁵⁸ MISO Protest, pp. 24-25.

⁵⁹ MISO Protest, p. 24.

⁶⁰ Compare Sections 5.4.1, 5.5.1 and 5.6.1 of the SPP-Western JOA and *MISO I*, P 62.

⁶¹ MISO Protest, p. 24-25.

that causes energy flows on another party's system shall be compensated pursuant to the appropriate tariff, and do not specifying who must take that transmission service. Those provisions are consistent with the Capacity Sharing orders.

MISO's statement that the Commission rejected SPP's assertion that a physical or contractual interconnection between SPP and MISO should not trigger capacity sharing⁶² is true but irrelevant. The SPP-Western JOA is consistent with the MISO-SPP JOA because it permits the use of Contract Path capacity, including capacity obtained by contractual arrangements such as the capacity sharing provisions of the MISO-SPP JOA.

F. THE SPP-WESTERN JOA DOES NOT AMEND THE MISO-SPP JOA.

There is simply no basis for MISO's assertion that because the JOA provides that transmission service in excess of Contract Path capacity must be obtained pursuant to the appropriate tariff, the JOA unilaterally amends the MISO-SPP JOA or overturns the Commission's decisions on it.⁶³ The SPP-Western JOA provides for SPP to use its physical transmission capacity and its contractual rights to transmission capacity, *including* its contractual rights under the MISO-SPP JOA.

Contrary to MISO's assertion,⁶⁴ the provisions of the MISO-SPP JOA and the SPP-Western JOA that address the parties' rights to use transmission are completely consistent with each other. Indeed, the SPP-Western JOA explicitly accounts for third party contractual arrangements within the definition of Contract Path capacity. Section 5.2 of the MISO-SPP JOA

⁶² MISO Protest, p. 25.

⁶³ MISO Protest, pp. 21-25.

⁶⁴ MISO Protest, p. 23.

provides that the parties may share each other's contract path capacity.⁶⁵ The Commission held that the term "contract path capacity" in the MISO-SPP JOA means "transmission capacity on physical or contractual interconnections."⁶⁶ Sections 5.4, 5.5 and 5.6 of the SPP-Western JOA adopt that same definition of Contract Path capacity. Since the MISO-SPP JOA gives each of MISO and SPP the contractual right to use the other's contract path capacity, the SPP-Western JOA also honors SPP's and MISO's ability to use each other's Contract Path capacity. To use a simple example, if MISO and SPP have physical and contractual rights to exchange 5,000 MW pursuant to the MISO-SPP JOA, the SPP-Western JOA provides that SPP may exchange 5,000 MW with MISO without first obtaining additional transmission service or contractual rights to use another party's system. This does not amend the MISO-SPP JOA or interfere with the parties' rights under it.

MISO's assertion that the SPP-Western JOA requires MISO to pay Western for transmission service regardless of whether there is any effect on Western⁶⁷ also is incorrect. The references in Sections 5.4.2, 5.5.2 and 5.6.2 of the SPP-Western JOA to "the Parties' tariffs", "the applicable Transmission Service Provider's tariffs" and "the applicable tariffs", respectively clearly provide that any payment obligation is controlled by the tariff of the party providing the service. Since Western's OATT does not require payment for permissible loop flow or transmission service that is not provided on Western's system, there is no merit to MISO's claim.

⁶⁵ See Section 5.2 of the MISO-SPP JOA.

⁶⁶ *Capacity Sharing I*, P 62.

⁶⁷ MISO Protest, p. 21.

G. THE SPP-WESTERN JOA IS CONSISTENT WITH THE CMP.

MISO's assertion that the SPP-Western JOA is inconsistent with the CMP⁶⁸ is incorrect. The SPP-Western JOA includes the same standard CMP that is included in the MISO-SPP JOA and other seams agreements that don't include contact path sharing provisions. SPP and Western are obligated by the SPP-Western JOA to implement the CMP, and have not identified any issues with implementing it under the JOA. The CMP is a congestion management tool that recognizes permissible loop flow; it does not grant transmission rights to the other party's system. Transmission rights are established in the JOA, specifically Sections 5.4 through 5.6 of the SPP-Western JOA. Section 5.2 of the MISO-SPP JOA accomplishes the same thing.

1. THE CMP PROVIDES FOR THE MANAGEMENT OF CONGESTION.

Contrary to MISO's assertion, Section 5.6 of the SPP-Western JOA is compatible with flow-based congestion management as contained in the CMP. The CMP provides for recognition of permissible loop flow on the neighbor's system with Allocations being granted to the reciprocal parties on Reciprocal Coordinated Flowgates. The Allocations establish the priority of market flows on the neighbor's system during a TLR event, and also are used to coordinate forward transmission sales on one's own system by explicitly recognizing the permissible loop flows on a neighbor's system. As made abundantly clear by the insertion of contract path sharing language into Section 5.2 of the MISO-SPP JOA, the CMP does NOT grant contract path sharing or rights to utilize the neighbor's system as the contract path. The reciprocal parties must have sufficient contract path on their own systems to impose the permissible loop flows, and utilize their Allocations on a neighbor's flowgates under the CMP.

⁶⁸ MISO Protest, pp. 7, 25-26.

In other words, sufficient contract path rights are a condition for the use of CMP, absent some other agreement between the parties to share contract path capacity. Therefore, Section 5.6 of the SPP-Western JOA is completely compatible with the CMP.

2. THE SPP-WESTERN JOA AND THE MISO-SPP JOA BOTH DELINEATE THE PARTIES' RIGHTS TO USE TRANSMISSION, BUT DO NOT INTERFERE WITH THE CMP.

Section 5.2 of the MISO-SPP JOA interacts with the CMP in much the same way that Section 5.6 of the SPP-Western JOA interacts with the CMP. Section 5.2 of the MISO-SPP JOA provides that MISO and SPP may share their contract path rights, but it does not permit the parties to exceed the transmission usage that is available as a result of contract path sharing. Therefore, Section 5.2 delineates the amount of a transaction between MISO or SPP and another entity even though the CMP would not impose such a limit on the transaction. Similarly, Section 5.6 of the SPP-Western JOA delineates the amount of a transaction between SPP or Western and another entity that can occur without requiring the arrangement of transmission service to the applicable tariff, even though the CMP would not impose such a limit on the transaction. MISO's objection to the scope of the limitation that SPP and Western have agreed to continue to place upon themselves, as is consistent with industry practice, does not render that Section 5.6 of the SPP-Western JOA incompatible with the CMP. In fact, the CMP is not impacted by the delineation of the parties' transmission usage under both Section 5.2 of the MISO-SPP JOA and Section 5.6 of the SPP-Western JOA. Therefore, because Section 5.6 of the SPP-Western JOA does not interfere with the CMP, MISO's objections should be rejected by the Commission.

3. THE SPP-WESTERN JOA IS CONSISTENT WITH THE CMP AND THE COMMISSION'S PRIOR ORDERS.

The lack of merit of MISO's assertion that the SPP-Western JOA is inconsistent with the CMP is demonstrated by the fact that MISO itself has been a party to seams agreements that

included the CMP but that did not provide for contract path sharing. MISO and MAPP were parties to the MISO-MAPP Seams Agreement from 2005 until 2009. That agreement included the then-current standard CMP Version 4.1 as Attachment B, and also included in Section 5.1.10, which required the parties to observe their contract path rights in performance of the seams agreement.⁶⁹ The Commission accepted the seams agreement as just and reasonable.⁷⁰ Also, the MISO-Western Seams Service Agreement, under which MISO agreed to provide Seams Service to Western pursuant to Part II of MISO's Tariff, incorporated the CMP, but it did not provide for contract path sharing from April 1, 2009 until June 1, 2011. During that period of time, Section 82.5 of MISO's Tariff in part required MISO and Western to observe contract path restrictions, stating that the parties "shall honor each other's rights when evaluating requests for transmission service under their respective tariffs."⁷¹ This requirement to restrict the provision of transmission service usage to the party's respective contract path limits was not deemed to be inconsistent with CMP, and the Commission held that Seams Service was just and reasonable.⁷²

⁶⁹ Section 5.1.10 provided, "Each Party will identify and document rights to capacity of Flowgates comprised of multiple elements owned by multiple parties, such as but not limited to NDEX and MHEX. These rights, other than transmission tariff service entitlements, have been established through existing contracts, operating agreements and operating guides. Each Party agrees to honor transmission service *up to the rights of affected parties established for these Flowgates*. (Emphasis added.)

⁷⁰ *Midwest Independent Transmission System Operator, Inc., et al.*, 110 FERC ¶ 61,290 (2005).

⁷¹ Section 82.5 provided, "To the extent that the Congestion Management Customer holds rights, other than transmission tariff service entitlements, to transmission capacity across the North Dakota Export flowgate ("NDEX"), as established and documented through FERC-filed documents, or through existing contracts, operating agreements, and operating guides that are specified in the Service Agreement executed by the Transmission Provider and the Congestion Management Customer pursuant to Section 85 of the Tariff, the Transmission Provider and the Congestion Management Customer will manage congestion on the NDEX flowgate consistent with existing agreements among the holders of such rights rather than as an RCF under Attachment LL of this Tariff. The Transmission Provider and each Congestion Management Customer shall honor each other's rights when evaluating requests for transmission service under their respective tariffs."

⁷² *Midwest Independent Transmission System Operator, Inc., et al.*, 123 FERC ¶ 61,265, P 49 (2008).

In addition, as MISO acknowledges,⁷³ it continues to engage in seams coordination with the TVA, including the implementation of the CMP, even though TVA does not engage in contract path sharing. Therefore, MISO's assertion that "the CMP can no longer function as intended"⁷⁴ as a result of the provisions of the SPP-Western JOA for the Parties to continue to respect Contract Path rights is refuted by its own prior and current agreements.

MISO's assertion that the SPP-Western JOA is inconsistent with the CMP because the CMP cannot be used to restrict transmission service available to customers⁷⁵ misstates both the terms of the JOA and the terms of the CMP. The SPP-Western JOA does not restrict transmission service; it simply provides that transmission service in excess of a customer's or a Party's Contract Path capacity must be arranged pursuant to the appropriate tariff. Also, the CMP unquestionably imposes restrictions on transmission service. If it did not, the CMP would be a license to use transmission service without regard to contractual or operating limits, which would be devastating to system reliability. The JOA's provision for customers to arrange for any needed transmission in excess of their Contract Path capacity therefore is consistent with the CMP's provision for covered entities to respect the limits of the transmission system.

⁷³ Motion to Intervene and Protest of Midwest Independent Transmission System Operator, Inc., *Southwest Power Pool, Inc.*, Docket No. EL12-60-000, p. 24.

⁷⁴ MISO Protest, p. 25.

⁷⁵ MISO Protest, p. 10.

4. XCEL'S PROTEST CONCERNING THE RELATIONSHIP BETWEEN THE JOA AND THE CMP DEMONSTRATES A LACK OF UNDERSTANDING OF THE CMP.

Xcel's assertion that SPP should clarify whether the CMP or Sections 5.4 - 5.6 of the SPP-Western JOA take precedence⁷⁶ demonstrates a lack of understanding of the purposes of the CMP and Sections 5.4 - 5.6. As Xcel recognized, there is a distinct difference between energy flows and the manner in which the energy commodity is purchased, sold and scheduled.⁷⁷ The CMP is compatible with the SPP-Western JOA because the CMP addresses energy flows and management of congestion in real-time, whereas Sections 5.4 through 5.6 of the SPP-Western JOA address the Parties' obligations to obtain transmission service.

The CMP is not the controlling document for the sale of transmission service as Xcel contends. The CMP deals with the management of congestion of power flow on transmission facilities throughout the footprints of participating entities. The CMP is a multi-party "agreement" whose purpose is to implement consistent congestion management procedures throughout the participating parties' footprints. The CMP does not grant contract path transmission rights to another party's system. It does not provide that a flowgate allocation for congestion management purposes represents "payment in kind" for the other party's use of the transmission system. It is true that each party may receive allocations on the other's system, and that each party may impose permissible loop flow on the other party. However, allocations on RCFs are not contract path rights, but are a recognition of the agreement made by a party to the CMP to accommodate and respect the permissible loop flow of another participating party at an

⁷⁶ Xcel Protest, p. 4.

⁷⁷ CMP § 1.1.1

agreed-upon level, and at an agreed-upon priority, during a congestion management event. The purpose of the CMP is to promote reliability within a wide footprint, and not to provide unrestricted transmission service for a party on another party's system as Xcel apparently believes.

Section 5.6 of the SPP-Western JOA, like Section 5.2 of the MISO-SPP, establishes a limitation on the rights of the parties to use the transmission system. While Section 5.2 provides for the parties to share their contract path capacity and Section 5.6 provides that each party must use its own contract path capacity, the provisions have the same effect. They affect how the energy commodity is purchased, sold and ultimately scheduled between the parties to the JOAs; however, they do not affect the implementation of the CMP to manage congestion.

H. THE MISO TOs' ASSERTION THAT THE SPP-WESTERN JOA IS INCONSISTENT WITH MODULE F OF THE MISO TARIFF IS IRRELEVANT AND ILLOGICAL.

The MISO TOs' assertion that the SPP-Western JOA appears to be an attempt to circumvent Module F of MISO's tariff⁷⁸ is both illogical and irrelevant. First, as the MISO TOs acknowledge,⁷⁹ Western terminated Seams Service under Module F on April 30, 2012. Therefore, Module F no longer applies to Western, and it is irrelevant to this proceeding.

Second, Module F applied to the relationship between MISO and Western, whereas the SPP-Western JOA applies to the relationship between SPP and Western. It is unclear why the MISO TOs appear to believe that the SPP-Western JOA circumvents now-terminated provisions of the relationship between Western and MISO.

⁷⁸ MISO TO Protest, p. 4.

⁷⁹ MISO TO Protest, p. 2.

Third, in accepting MISO's proposed modifications to Seams Service in Docket No. ER11-3281-000, the Commission stated that Seams Service is voluntary, and that Western could terminate the service if it believed that the service unfairly benefited MISO.⁸⁰ Western's termination of that service and execution of the bilateral JOA with SPP on terms that preserve Western's rights to its own transmission capacity is completely consistent with the Commission's order.

There is no merit to the MISO TOs' assertion that the SPP-Western JOA would limit transmission service to historic usage.⁸¹ In the first place, a Party to the JOA that has insufficient Contract Path capacity can purchase additional service from the entity whose transmission system it is using, as Sections 5.4 through 5.6 of the JOA make clear. As noted in Section II.C.3 above, Xcel currently is purchasing transmission service from Western because there is insufficient contract path on the MISO system to deliver its generation to load. Such arrangements would continue to be permissible under the JOA. Second, the MISO TOs' concerns are entirely irrelevant because neither the MISO TOs nor MISO is a party to the SPP-Western JOA. The MISO Tariff does not apply to the provisions of the SPP-Western JOA, and the SPP-Western JOA does not impact the MISO Tariff.

Finally, the MISO TOs' argument would be valid only if the Commission's policy were that all transmission providers are obligated to engage in contract path capacity sharing regardless of whether they are parties to a sharing agreement. The Commission has not adopted

⁸⁰ *Midwest Independent Transmission Operator, Inc.*, 135 FERC ¶ 61,205, PP 42-43 (2011).

⁸¹ MISO TO Protest, p. 5.

such a policy. Consequently, evaluation of the SPP-Western JOA based on whether it contains the same provisions as the MISO-SPP JOA is not appropriate.

I. THE COMMISSION SHOULD REJECT MISO'S CHALLENGE TO THE REQUEST FOR AN APRIL 30, 2012 EFFECTIVE DATE.

The Commission should reject MISO's challenge to SPP's request for an April 30, 2012 effective date. SPP has made a sufficient case for waiver under the *Central Hudson*⁸² standards. First, the JOA is consistent with the public interest because it improves the coordination of data exchange, planning, scheduling, and other aspects of the transmission operations between SPP and Western and their Transmission Owners. Second, as explained above in Sections II.C.2 and II.C.3 of this Answer, the JOA does not have any rate impact on transmission customers.

Third, despite MISO's arguments to the contrary, the public interest requires that the JOA become effective on April 30, 2012. MISO's assertion that there is no urgent need to make the JOA effective April 30, 2012 or, alternatively that if there is in fact any urgency it is self-inflicted⁸³ is incorrect. As the IS Parties explained in their May 2, 2011 Protest in Docket No. ER11-3281-000, MISO's unilateral revisions to Part II of Module F forced the IS Parties to terminate Seams Service effective April 30, 2012 in order to keep MISO from using their system on a contract path basis without compensation. Since the CMP was a component of the Seams Service Agreement with MISO, it is necessary for the JOA to become effective on April 30, 2012 in order to ensure that the CMP will continue to apply to the IS. This will enhance regional reliability.

⁸² *Central Hudson Gas & Elec. Corp.*, 60 FERC ¶ 61,106, 61,339 (1992), *reh'g denied*, 61 FERC ¶ 61,089 (1992).

⁸³ MISO Protest, pp. 11-12.

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III. CONCLUSION

Wherefore, SPP and the IS Parties request that the Commission grant their motion for leave to answer the Protests of MISO and the MISO TOs and the Comments of Xcel; deny the

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Protests; and make the SPP-Western JOA effective on April 30, 2012 without modification or suspension.

Respectfully submitted,

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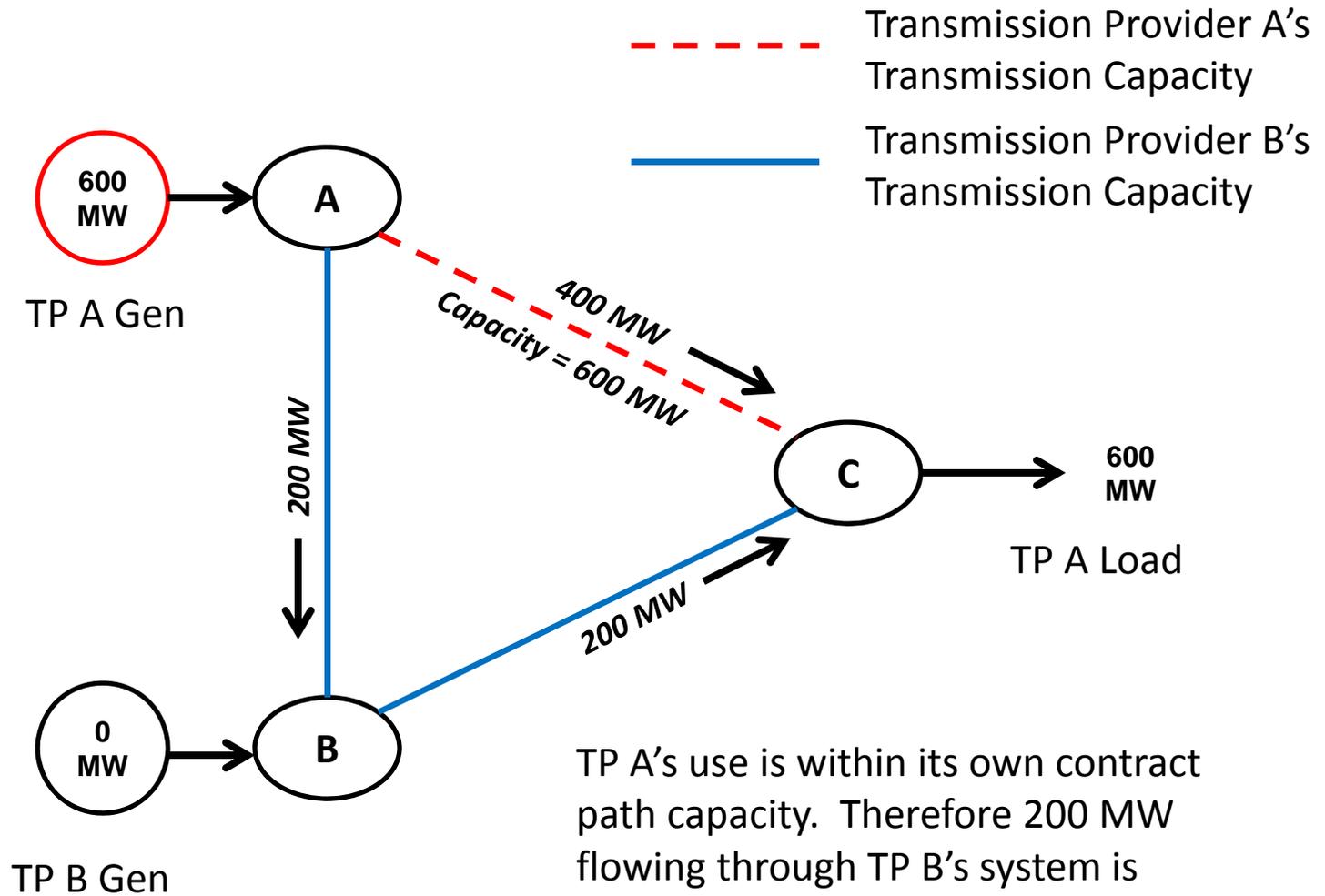
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May 29, 2012

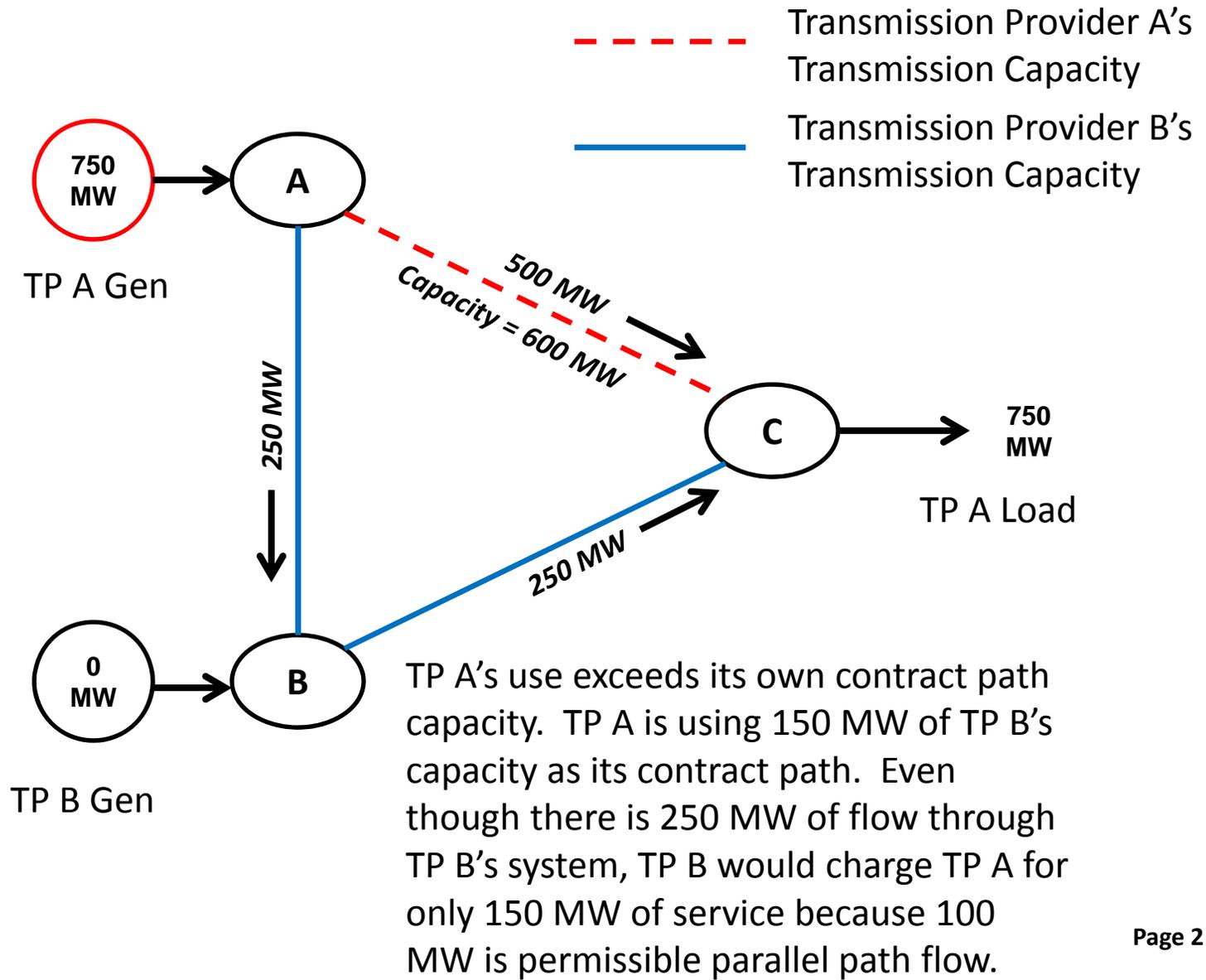
ATTACHMENT 1

Attachment 1 Sufficient Contract Path for TP A's Energy Delivery:

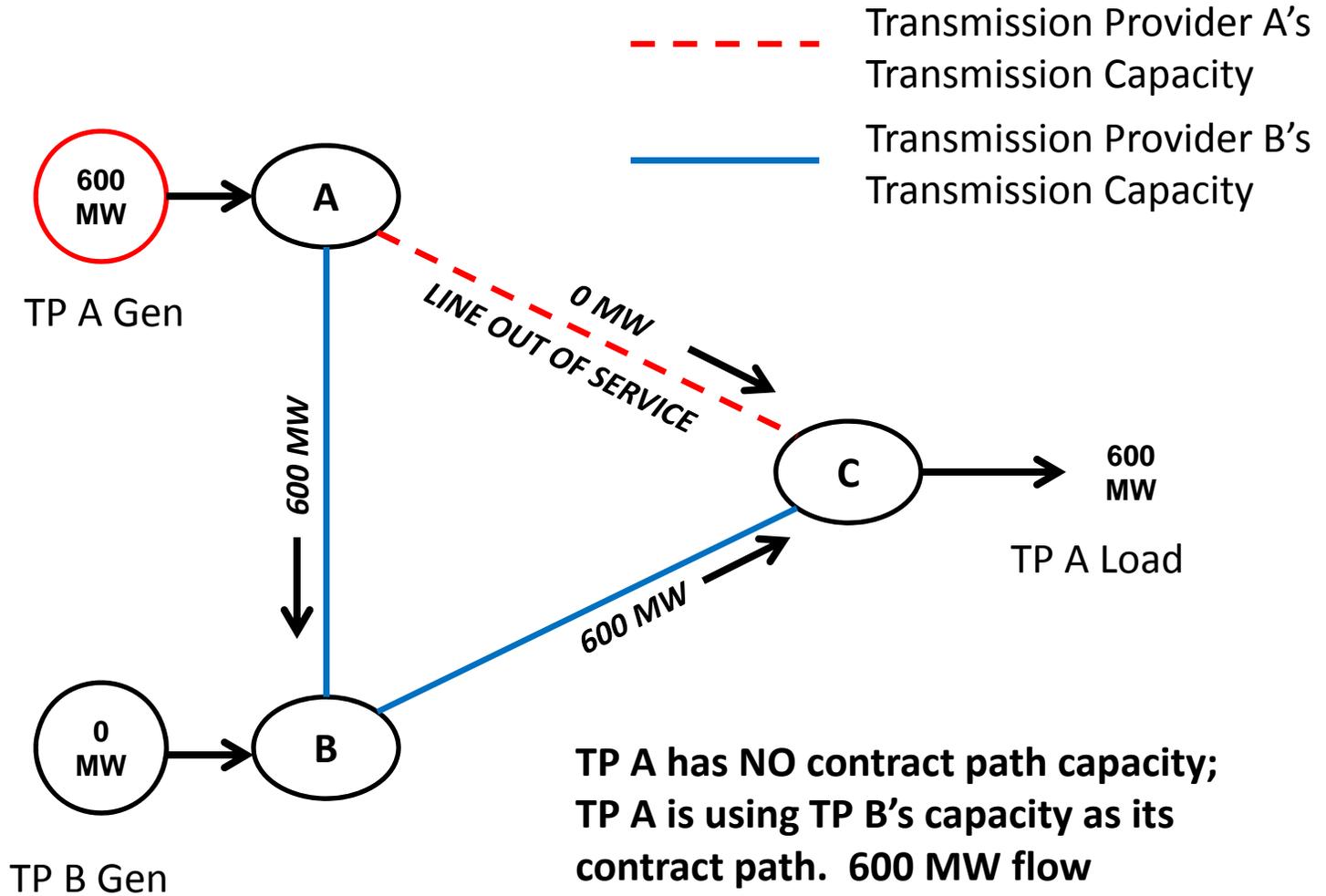


TP A's use is within its own contract path capacity. Therefore 200 MW flowing through TP B's system is permissible parallel flow or "loop flow" and TP B does not charge TP A for service.

Attachment 1 Insufficient Contract Path for TP A's Energy Delivery:



Attachment 1 No Contract Path for TP A's Energy Delivery:



TP A has NO contract path capacity; TP A is using TP B's capacity as its contract path. 600 MW flow through TP Y is NOT "loop flow". TP B would charge for 600 MW of service.

ATTACHMENT 2

Each Party shall continue to use its established methodology for determining AFC/ATC information, by which it evaluates requests for and grants access to short-term transmission service (less than one year), but shall consider limitations on the other Party's system as follows:

5.2.1 Reciprocal Coordination of Flowgates Operating Protocols In order to coordinate congestion management proactively, each Party agrees to respect the other Party's determinations of AFC and calculations of firmness for real-time operations applicable to the Party's Coordinated Flowgates. Additionally, each Party agrees to respect the allocations defined by the allocation process set forth in the Congestion Management Process included as Attachment 2 to this agreement. The Parties commit to developing the process and timing for exchanging their respective AFC calculations and Firm Flow calculations/allocations with respect to all RCFs. The Parties' capabilities and real time actions shall be governed by and in accordance with the Congestion Management Process.

5.2.2 Costs Arising From Reciprocal Coordination of Flowgates. In the event redispatch occurs in order to coordinate congestion management under Section 5.2.1 or subparts thereof, including redispatch necessary to respect the other Party's Flowgate, as set forth in Attachment 1 to this agreement, the Party responsible for the flow that required the redispatch shall bear the costs of the redispatch.

5.2.3 Maintaining Current Flowgate Models. Each Party will maintain a detailed model of the other Party's system for operations and planning purposes. Each Party's model will be sufficiently detailed to properly honor that Party's Coordinated Flowgates. Furthermore, each Party will populate its model with credible data and will keep such models up-to-date.

5.3 Transmission Capacity for Reserve Sharing.

Each Party shall make transmission capacity available for reserve sharing by either redispatching its generation or holding TRM on its Flowgates for generation outages in the other Party's system. The Party responsible for making transmission capacity available for the reserve sharing obligation shall bear the costs of the redispatch to the extent the costs may be recovered under such Party's OATT.

5.4 Direct Exchanges of Energy Between the Parties.

5.4.1 General Terms of Use. Energy may be exchanged between the Parties up to the total amount of Contract Path capacity between the Parties. The total amount of Contract Path capacity between the Parties shall be limited to:

1. The sum of capacity of all direct interconnections between Transmission Owners of the Parties; and/or
2. The contractual transmission agreements between Transmission Owners of each respective Party.

5.4.2 Compensation for Use. The necessary transmission service required to facilitate such energy exchange shall be compensated in accordance with the Parties' tariffs.

5.5 Exchanges of Energy Within a Party Causing Flows on the Other Party.

5.5.1 General Terms of Use. The amount of energy that can be delivered within a Transmission Owner's system, or exchanged between the systems of two Transmission Owners located within a Party's region, which causes energy flows on the other Party's system that will be permitted without the reservation of transmission service on the other Party, is limited as follows:

5.5.1.1 The total amount of Contract Path capacity within a Transmission Owner's system is limited to:

1. The sum of capacity of the transmission facilities owned by the Transmission Owner.

5.5.1.2 The total amount of Contract Path capacity between Transmission Owners within a Party shall be limited to:

1. The sum of capacity of all direct interconnections between the Transmission Owners; and/or
2. Contractual transmission agreements between the Party's Transmission Owners.

5.5.2 Excess Use. Energy deliveries in excess of the total amount of Contract Path capacity, as limited by Section 5.5.1, within a Transmission Owner's system, or energy exchanges in excess of the total amount of Contract Path capacity between the Transmission Owners exchanging energy shall require transmission service reservations from one or more other Transmission Service Providers that have sufficient Contract Path capacity with the Transmission Owner(s) to facilitate the delivery or exchange. Compensation for such service shall be in accordance with the applicable Transmission Service Providers' tariffs.

5.6 Usage of Contract Path Capacity with Third Parties.

5.6.1 General Terms of Use. Each Party agrees to limit its energy exchange with a Third Party to its Contract Path capacity with that Third Party and subject to the appropriate additional transmission service being reserved in accordance with the Party's and Third Party's tariffs. For purposes of this section, the total amount of Contract Path capacity between a Party and Third Parties shall be limited to:

1. The sum of capacity of all direct interconnections between the Party and Third Party; and/or
2. Contractual transmission agreements between the Party and Third Party;

- 5.6.2 Excess Use.** Each Party may exchange energy in excess of its Contract Path capacity with a Third Party if it obtains the additional requisite Contract Path capacity from the other Party or another entity that is also connected to the Third Party and reserves the appropriate transmission service in accordance with the applicable tariffs.

**ARTICLE SIX:
PRINCIPLES CONCERNING JOINT OPERATIONS IN EMERGENCIES**

6.1 Emergency Operating Principles.

- 6.1.1** In the event a Party declares an emergency condition in accordance with its published operating protocols, the Parties shall coordinate respective actions to provide immediate relief until the declaring Party eliminates the declaration of emergency. The Parties shall notify each other of emergency maintenance and forced outages as soon as possible after the conditions are known. The Parties shall evaluate the impact of emergency and forced outages on the Parties' systems and coordinate their actions to develop remedial steps as necessary and appropriate. If time permits, the normal procedures for action requests will be followed. The Parties shall conduct joint annual emergency drills, and shall require that all appropriate operating staff are trained and certified, and shall practice joint emergency drills for declaring an emergency, prioritizing action plans, staffing and responsibilities, and communications.
- 6.1.2** Each Party shall communicate with and to its respective Reliability Coordinator to identify and assist in the resolution of any emergency condition that develops or is expected to develop on the system(s) of the Party(ies).
- 6.1.3 Joint Voltage Stability Operating Protocol.** The Parties shall coordinate their operations in accordance with Good Utility Practice in order to maintain stable voltage profiles throughout their respective Regions. The Parties shall coordinate their established daily voltage/reactive management plans.
- 6.1.4 Operating to the Most Conservative Result.** When either Party identifies an overload/emergency situation that may impact the other Party's system and the affected Party's results/systems do not observe a similar situation, the Parties will operate to the most conservative result until the Parties can identify the reasons for these difference(s).

CERTIFICATE OF SERVICE

I hereby certify that I have served this day copies of the foregoing on the official service list compiled by the Office of the Secretary in accordance with Rule 2010 of the Commission Rules of Practice and Procedure.

Dated at Washington, D.C. this 29th day of May, 2012.

/s/

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