

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

In Reply Refer To:
Southwest Power Pool, Inc.
Docket No. ER12-1586-000

June 19, 2012

Southwest Power Pool, Inc.
415 North McKinley, Suite #140
Little Rock, AR 72205

Attention: Heather Starnes
Manager - Regulatory Policy

Reference: Joint Operating Agreement

Dear Ms. Starnes:

On April 20, 2012, you filed on behalf of Southwest Power Pool, Inc. (SPP) an executed Joint Operating Agreement between SPP and Western Area Power Administration, Upper Great Plains Region (Western) (SPP-Western JOA). SPP states that the SPP-Western JOA provides for coordination of data exchange, planning, scheduling, and other aspects of transmission operations, and will benefit the public by improving coordination, engineering, planning and cooperation between SPP and Western as neighboring transmission systems.¹

Please be advised that your April 20, 2012 submittal is deficient and that additional information is required in order to process the filing. Please provide the information requested below.

1. Sections 5.5 and 5.6 of the SPP-Western JOA contain “excess use” provisions, under which deliveries in excess of contract path capacity or contractual transmission agreements will require reservations and/or compensation under SPP and Western’s respective OATTs. Provide technical details of how such “excess use” deliveries on (a)

¹ SPP April 20, 2012 Filing, Transmittal at 2. Western is the transmission operator and open access transmission tariff (OATT) administrator for the Integrated System, which includes the transmission facilities of Western, Basin Electric Power Cooperative, and Heartland Consumers Power District.

SPP's system, (b) the Western-administered Integrated System, and (c) Third Party transmission systems will be determined under the framework set forth by the SPP-Western JOA.

2. Section 5.5.2 of the SPP-Western JOA provides that SPP and Western may impose charges under their OATTs for certain energy deliveries considered "excess use" deliveries caused by transactions on another transmission owner's system. State whether SPP or Western has any study(ies) that demonstrates how these energy deliveries jeopardize the reliability of the SPP or Western system or diminish SPP's or Western's ability to operate its system in the most economical manner. If so, provide all such studies. In any studies you provide, identify specific flowgates and the estimated cost of loop flow, if determined, on the SPP or Western system at each flowgate.

3. Under sections 5.5.1 and 5.5.1.1 of the SPP-Western JOA, the amount of energy that can be delivered within a Transmission Owner's² system that causes energy flows on the other Party's system may not exceed the sum of the capacity of the transmission facilities owned by the Transmission Owner. However, section 5.2 of the Joint Operating Agreement between the Midwest Independent Transmission System Operator, Inc. (MISO) and SPP (MISO-SPP JOA) provides that, if MISO and SPP have contract paths with the same Third Party, the combined contract path capacity will be made available for use by both MISO and SPP. State whether sections 5.5.1 and 5.5.1.1 of the SPP-Western JOA will change the capacity shared between MISO and SPP under section 5.2 of the MISO-SPP JOA. If so, describe the change. Provide examples to illustrate your answer.

4. Section 5.6.1 of the SPP-Western JOA limits energy exchange between SPP or Western and a Third Party³ to the sum of capacity of all direct interconnections between SPP or Western and the Third Party and the contractual transmission agreements between SPP or Western and the Third Party. However, section 5.2 of the MISO-SPP JOA provides that, if MISO and SPP have contract paths with the same Third Party, the combined contract path capacity will be made available for use by both MISO and SPP. State whether section 5.6.1 will affect the capacity shared between MISO and SPP under section 5.2 of the MISO-SPP JOA. If so, describe the change. Provide examples to illustrate your answer.

5. Section 5.6.2 of the SPP-Western JOA states that SPP or Western "may exchange

² Transmission Owner shall mean the entity that owns and maintains transmission facilities (SPP-Western JOA at 2.2.46).

³ A Third Party refers to any entity other than a Party to the SPP-Western JOA (SPP-Western JOA at 2.2.41)

energy in excess of its contract path 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.” Describe the process by which an entity will acquire the additional requisite contract path capacity and reserve the appropriate transmission service for an excess energy exchange under the applicable tariffs. Include a description of the type of transmission service (e.g., firm or non-firm, point-to-point or network) that will be considered “appropriate.” Also include an explanation of how in practice transmission service can be scheduled in excess of contract path capacity and/or contractual transmission agreements.

6. State whether, since April 30, 2012, the effective date of Western’s termination of its Seams Service Agreement with MISO under Module F of the MISO tariff,⁴ energy generated in MISO has caused loop flows on the Western-administered Integrated System that would be considered “excess use” deliveries under sections 5.5 or 5.6 of the SPP-Western JOA. If so, state whether the loop flow affected the reliability of the Western-administered Integrated System or diminished Western’s ability to operate the system in the most economical manner. Also describe how the loop flow was treated, including whether all or part was allowed to flow, and explain how the loop flow was measured. In addition, state whether charges would have been assessed for this loop flow had the SPP-Western JOA been in effect. If charges would have been assessed, describe to whom the charges would have been assessed, and which OATT service rate would have been charged.

7. Explain how sections 5.4-5.6 of the SPP-Western JOA will affect:

- a. Third Parties, including MISO.
- b. SPP’s analysis of requests for transmission service under the SPP OATT. Include an explanation of whether requests for transmission service that SPP would grant under its existing OATT could or would be denied once the SPP-Western JOA takes effect. Explain whether there are any scenarios under which a customer could be granted transmission service today under the SPP OATT without having to make payments to Western, but if that same customer waited until after the SPP-Western JOA takes effect, the customer would then have to reserve transmission service under the Western OATT for the same service.
- c. Existing SPP or Western transmission service customers, including whether

⁴ See March 30, 2012 Letter from Western to MISO, cited in SPP, Western, et al. Petition for Declaratory Order in Docket No. EL12-60-000, at 9.

any existing transmission customers will be responsible for additional transmission service charges.

Provide examples to illustrate your answers.

The information requested in this letter order will constitute a supplement to your filing and a new filing date will be established.⁵ For your response, use Type of Filing Code 180, Deficiency Filing.

This letter order is issued pursuant to 18 C.F.R. 375.307 (2011) and is interlocutory. The letter order is not subject to rehearing under 18 C.F.R. § 385.713 (2011), and a response to this letter order must be filed within 30 days of the date of this letter order. In addition, submit an electronic version of your response to Helen Shepherd at helen.shepherd@ferc.gov.

Failure to respond to this letter order within the time period specified may result in a further order rejecting your filing.

Sincerely,

Penny S. Murrell, Director
Division of Electric Power
Regulation – Central

⁵ See *Duke Power Company*, 57 FERC ¶ 61,215 (1991).

Document Content(s)

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