

UNITED STATES OF AMERICA 85 FERC ¶ 61,248
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: James J. Hoecker, Chairman;
Vicky A. Bailey, William L. Massey,
Linda Breathitt, and Curt Hébert, Jr.

Southwest Power Pool, Inc.) Docket No. ER98-3888-001

ORDER DENYING REHEARING

(Issued November 18, 1998)

In this order, we deny Southwest Power Pool, Inc.'s (SPP) request for rehearing of the order issued in this proceeding on September 18, 1998.¹

Background

In this proceeding, SPP proposed to modify its open access transmission tariff's (SPP Tariff) self-supplied losses provision, which it had been directed to implement in a previous order.² SPP proposed, among other things, to delete the self-supply option and to require customers to purchase losses from the individual SPP

¹Southwest Power Pool, Inc., 84 FERC ¶ 61,251 (1998) (September 18 order).

²In Southwest Power Pool, Inc., 82 FERC ¶ 61,267 (March 13 order), modified, 82 FERC ¶ 61,285, order on reh'g, 85 FERC ¶ 61,031 (1998), the Commission accepted the SPP Tariff subject to certain modifications, including the requirement that the SPP Tariff be revised to permit customers to self-supply losses. SPP submitted a compliance tariff which contained a provision allowing customers to self-supply losses. SPP indicated that it would implement the provision by requiring that these self-supplied losses be delivered one week after the actual transaction. Intervenor objected to the loss provision because the time lag for supplying losses would make some transactions uneconomic after the fact due to price volatility in the wholesale power market. The Commission accepted the compliance tariff, but directed SPP to implement the self-supplied losses provision in a manner that would permit customers to elect simultaneous loss delivery. Southwest Power Pool, Inc., 84 FERC ¶ 61,055 (1998) (July 20 order).

transmission providers. The September 18 order accepted for filing the revised transmission tariff sheets, temporarily allowing SPP to modify the SPP Tariff loss provision,

but SPP was directed to implement the self-supplied losses provision by no later than March 1, 1999.

Discussion

SPP seeks rehearing to change the March 1, 1999 deadline to June 1, 2000. SPP alleges that the September 19 order provides no reasoned basis for the March 1, 1999, deadline. SPP further claims that it cannot meet the March 1, 1999, deadline.

SPP requests a June 1, 2000 deadline because the necessary software must be developed, installed, and tested, and personnel must be trained. SPP further alleges that it must develop new scheduling processes which require significant coordination and negotiations with 12 SPP control areas currently under the SPP tariff and neighboring non-SPP control areas. ³

SPP notes that the newly approved Midwest Independent Transmission System Operator, Inc. (Midwest ISO) will need to develop the same software and implement the same self-supplied losses provision, but the Midwest ISO will not be fully functional until sometime in 2000. ⁴ SPP argues that the Midwest ISO, as well as the Electric Reliability Council of Texas (ERCOT), may be willing jointly to develop software to provide for the real-time self-supply of losses. Such cooperation, which would have great economic benefits, would require a target date of 2000 in order to be consistent with the Midwest ISO's timetable. ⁵ Finally, SPP asserts that it intends to develop an ISO proposal for its members' consideration by May 1999, and that economic considerations justify developing the self-supplied losses software as part of the ISO proposal.

We are not persuaded by SPP's arguments. SPP has been aware of the requirement to give customers the option to self-supply losses

³See Rehearing Request at 6.

⁴See Midwest Independent Transmission System Operator, Inc. 84 FERC ¶ 61,231 (1998), reh'g pending.

⁵See Rehearing Request at 6-7.

since Order No. 888 was issued.⁶ When SPP submitted its proposed open access transmission tariff on December 19, 1997, we found that the tariff was inconsistent with the pro forma tariff of Order No. 888 and directed SPP to include the pro forma tariff's self-supplied losses option in the SPP tariff.⁷

We do not believe that the March 1, 1999, deadline is unreasonable. We note that SPP's original filing in this docket set no date certain for compliance while an intervenor requested compliance by November 1, 1998. SPP has not brought to our attention any technical reasons that would justify extending the deadline for an additional 15 months. Moreover, we have no reason to believe that pending the development of appropriate software, SPP cannot accommodate its customers' desire to self-supply losses through other means. Thus, even if SPP does not have in place on March 1, 1999, a system-wide, software-based method of complying with the self-supplied losses provision, it must have available by that date customer-specific methods of meeting a customer's request to self-supply losses.

The Commission orders:

SPP's request for rehearing is hereby denied.

By the Commission.

(S E A L)

Linwood A. Watson, Jr.,
Acting Secretary.

⁶Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities, Order No. 888, 61 Fed. Reg. 21,540 (1996), FERC Stats. & Regs. ¶ 31,036 (1996), order on reh'g, Order No. 888-A, 62 Fed. Reg. 12,274 (1997), FERC Stats. & Regs. ¶ 31,048 (1997), order on reh'g, Order No. 888-B, 62 Fed. Reg. 64,688, 81 FERC ¶ 61,248 (1997), order on reh'g, Order No. 888-C, 82 FERC ¶ 61,046 (1998).

⁷See 82 FERC at 62,054.