



Overview: MISO Reactive Power Compensation Order

Docket No. ER23-523-000

Erin Lai, Senior Counsel

Reactive Power Compensation Task Force

March 10, 2023

November 30, 2022

MISO Transmission Owners (“TOs”) file proposed revisions to Schedule 2 of its Tariff, which include:

- Terminating compensation for Reactive Power within the standard power factor range for MISO TOs' own and affiliated generation resources; and
- Terminating the comparable obligation to compensate unaffiliated generation resources.
- *Under TO Agreement, MISO TOs have 205 rights over ancillary services in their zones.

MISO TOs Assert –*The proposed revisions:*

- do not result in reliability impacts
- are consistent with CAISO's rules

January 27, 2023

FERC issues Order accepting the MISO TOs' filing, effective December 1, 2022.

FERC finds the Schedule 2 revisions just and reasonable and not unduly discriminatory or preferential:

- Relies on Order Nos. 2003 and 2003-A, finding that transmission providers are not obligated to compensate generators for reactive power service within the standard power factor range.
- Rejects reliability arguments finding them speculative and without support.
- Rejects Takings Clause argument.
- *Multiple parties have sought rehearing.

“The MISO TOs must present substantial evidence that the elimination of reactive power compensation is just and reasonable given the circumstances in MISO. The MISO TOs have not done so....”

Commissioner James P. Danly

“Even though this case reaches the right result based on the filing presented to us, I would have preferred a different approach ... it is a missed opportunity for the MISO TOs to have declined to involve stakeholders earlier in the process ... I encourage stakeholders in MISO to consider more effective alternatives to cost-based reactive power compensation.”

Commissioner Allison Clements

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