



Skill. Integrity. Efficiency.

November 28, 2016

VIA FEDERAL EXPRESS

Dr. Talina R. Mathews
Executive Director
Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

NOV 28 2016

PUBLIC SERVICE
COMMISSION

Re: *In the Matter of: Application of Big Rivers
Electric Corporation for a Declaratory Order*
Case No. 2016-00278

Dear Dr. Mathews:

Enclosed for filing are an original and ten (10) copies of Big Rivers Electric Corporation's response to the information requested in the Kentucky Public Service Commission's November 21, 2016, Order in the above-referenced matter. I certify that on this date, a copy of this letter and a copy of the response were served on each of the persons listed on the attached Service List by first class mail.

Sincerely,

Tyson Kamuf
Counsel for Big Rivers Electric Corporation

TAK/abg

Enclosures

cc : Service List

Service List
Case No. 2016-00278

Dawn Kelsey
City Attorney
City of Henderson
222 First Street
Henderson, Kentucky 42420

John N. Hughes
124 West Todd Street
Frankfort, Kentucky 40601

H. Randall Redding
King, Deep, Branaman
127 North Main Street
Post Office Box 43
Henderson, Kentucky 42419

Sharon W. Farmer
King, Deep, Branaman
127 North Main Street
Post Office Box 43
Henderson, Kentucky 42419

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A DECLARATORY ORDER
CASE NO. 2016-00278**


COMMISSION
PUBLIC SERVICE

NOV 28 2016

VERIFICATION

RECEIVED

I, Robert W. (Bob) Berry, verify, state, and affirm that the data request response filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Robert W. (Bob) Berry

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Robert W. (Bob) Berry on this
the 28th day of November, 2016.



Notary Public, Kentucky State at Large

My Commission Expires 10-31-2020



ORIGINAL



Your Touchstone Energy® Cooperative 

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

**APPLICATION OF
BIG RIVERS ELECTRIC CORPORATION
FOR A DECLARATORY ORDER**)
)
)

**Case No.
2016-00278**

**Responses to Commission Staff's Request for Information
dated
November 21, 2016**

FILED: November 28, 2016

ORIGINAL

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF
BIG RIVERS ELECTRIC CORPORATION
FOR A DECLARATORY ORDER
CASE NO. 2016-00278**

**Response to Commission Staff's Request for Information
dated November 21, 2016**

November 28, 2016

1 Supplemental Item) *Provide a detailed explanation of Big Rivers'*
2 *obligation to run Station Two in situations where Big Rivers bids Station*
3 *Two into the MISO capacity and energy markets and Station Two clears*
4 *those markets.*

5

6 Response) A couple of clarifications are necessary to properly respond to this
7 request. First, the MISO capacity market and MISO energy market are two
8 distinct processes. There is no excess capacity associated with HMP&L's
9 reservation; therefore, this response assumes the request refers to the energy
10 market only.

11 The process through which Big Rivers "bids" Station Two into the
12 market is called an Energy Offer. The Energy Offer for any generating resource,
13 including the two units at Station Two, will include a great deal of detailed
14 information about the terms under which the resource is offered into the MISO
15 energy market as well as information on the operating characteristics of the
16 generating resource.

17 Two important terms under which a resource is offered into the
18 market are the Commitment Status and Dispatch Status. There are five valid
19 Commitment Statuses for generating resources:

20

21 1. Outage – The resource is not available for commitment because
22 the resource is on a planned or forced outage.

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF
BIG RIVERS ELECTRIC CORPORATION
FOR A DECLARATORY ORDER
CASE NO. 2016-00278**

**Response to Commission Staff's Request for Information
dated November 21, 2016**

November 28, 2016

- 1 2. Emergency – The resource is available for commitment in
2 emergency situations only.
- 3 3. Economic – The resource is available for commitment by MISO.
- 4 4. Must-Run – The commitment of the unit is established by the
5 entity making the generation offer.
- 6 5. Not Participating – The resource will not participate in the
7 market, but is otherwise available

8

9

There are two valid energy Dispatch Statuses:

10

11

12

13

14

15

16

17

18

19

20

21

22

1. Economic – Designates that Generation Resources that have
 been committed are available for dispatch by MISO and Dispatch
 Targets for Energy may be calculated for the Resource.
2. Self-Schedule – Indicates that the resource is Self-Scheduled. The
 MW amounts of the Self-Schedules for Energy will be indicated as
 part of the Day-Ahead Schedule Offer or Real-Time Schedule
 Offer.

Due to HMP&L's demands that Big Rivers must keep both units in
continuous operation, Big Rivers offers the Station Two units into MISO as "Must
Run" Commit status and "Economic" Dispatch status. This offer designation
simply means that MISO will always award the units to operate regardless if they
are economical or not. If the offer price (variable cost) of the unit is higher than

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF
BIG RIVERS ELECTRIC CORPORATION
FOR A DECLARATORY ORDER
CASE NO. 2016-00278**

**Response to Commission Staff's Request for Information
dated November 21, 2016**

November 28, 2016

1 the Day Ahead market price then MISO will dispatch the unit at its minimum
2 operating level. If the offer price is lower than the Day Ahead market price then
3 MISO will dispatch the unit above its minimum operating level, up to its
4 maximum operating level.

5 The Day Ahead Award creates a financial obligation on the part of
6 the generator and MISO. The generator must provide the MW's specified in the
7 Day Ahead Award and MISO must pay the generator for those MW's at the Day
8 Ahead Locational Marginal Pricing ("DA LMP"). If the generator fails to produce
9 the MW's, it must purchase replacement power in the MISO Real-Time market.
10 The Real-Time Locational Marginal Price ("RT LMP") could be more or less than
11 the DA LMP and the generator bears the risk for that difference.

12 If HMP&L would allow Big Rivers to idle the Station Two units when
13 they are not economical to operate, Big Rivers could offer the units in "Economic"
14 Commitment and "Economic" Dispatch status. This offer strategy would allow
15 MISO to consider all of the operating capabilities and operating costs of the unit
16 when determining whether the unit will receive a Day Ahead Award. In those
17 circumstances, MISO also guarantees that that the unit will realize full cost
18 recovery either through the DA LMP or other after-the-fact adjustment
19 mechanisms. Therefore, MISO will not grant the unit a Day Ahead Award unless
20 it actually clears the market.

21
22 **Witness)** Robert W. Berry