

Proposed Redispatch Agreement

3. Under the proposed Redispatch Agreement, if a TLR is called for a constraint on a flowgate on the EKPC system, EKPC may, at the Midwest ISO's request, voluntarily redispatch EKPC generating units in Kentucky to reduce flows on the flowgate for the Midwest ISO. When EKPC provides such redispatch service, the Midwest ISO would compensate EKPC to make EKPC whole for the service provided, generally at a rate equal to 110 percent of the change in EKPC's total system cost due to the redispatch. If EKPC increases or reduces the output of generation on one side of the constraint but does not make an offsetting adjustment to the output of generation on the opposite side of the constraint, it will make a corresponding energy sale to or energy purchase from the Midwest ISO energy market at the locational marginal price at the EKPC-Midwest ISO interface node. The amounts paid by the Midwest ISO to EKPC for redispatch during a particular hour will be funded by the Midwest ISO real-time congestion collections for that hour, as provided by the Midwest ISO Open Access Transmission and Energy Markets Tariff (TEMT).

4. The Midwest ISO states that the proposed Redispatch Agreement is a significant step forward in coordinating seams between market and non-market regions. The Midwest ISO notes that EKPC is currently under no obligation to provide such assistance and states that it is unaware of another instance in which a non-market entity has agreed to redispatch its generation to assist a market region with its redispatch obligations under agreed NERC TLR standards. By agreeing to redispatch for compensation, according to the Midwest ISO, the parties are now able to relieve transmission congestion in a manner that is both operationally and economically more efficient.

5. The Midwest ISO requests waiver of the Commission's 60-day prior notice requirement (18 C.F.R 35.3(a)) to permit the Redispatch Agreement to take effect May 1, 2007, one day after filing. The Midwest ISO submits that the Redispatch Agreement does not constitute a change or amendment to an existing rate schedule and that a May 1 effective date will ensure timely and efficient coordination of the Midwest ISO's energy market congestion relief obligations with EKPC's flowgates and redispatch capability at the earliest opportunity.

Notice of the Filing and Responsive Pleadings

6. Notice of the filing was published in the in the *Federal Register*, 72 *Fed. Reg.* 26,623 (2007), with comments, protests, or interventions due on or before May 21, 2007. EKPC filed a timely motion to intervene, and Duke Energy Shared Services, Inc, on behalf of its public utility operating companies Duke Energy Ohio, Inc., Duke Energy Indiana, Inc., and Duke Energy Kentucky, Inc., (together, Duke Energy) filed a timely motion to intervene and comment on May 21, 2007. On June 5, 2005, the Midwest ISO filed a motion for leave to answer and answer to Duke Energy's comments.

Discussion

A. Procedural Matters

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2006), the timely, unopposed motion to intervene serves to make the entity that filed it a party to this proceeding.

8. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2006), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept the Midwest ISO's answer to Duke Energy's comments, as it provided information that assisted us in our decision-making process.

B. Comments of Duke Energy

9. Duke Energy states that it believes that the proposed Redispatch Agreement would provide the Midwest ISO with an additional tool at its disposal to mitigate congestion costs. Duke Energy requests that the Midwest ISO be required to post a report on its website each time the Redispatch Agreement is called upon, listing the megawatt impact to each generator included in the transaction, the cost of the transaction, and the associated savings for the Midwest ISO's customers.

C. Answer of the Midwest ISO

10. According to the Midwest ISO, it cannot post confidential price information regarding transactions with EKPC because the confidentiality of such information outweighs the benefits of posting all of the requested information sought by Duke Energy. The Midwest ISO explains that EKPC is a registered market participant in the Midwest ISO energy market and disclosure of specific transaction details could competitively harm not only EKPC, but other market participants as well, by inviting market manipulation and creating phantom congestion.

11. The Midwest ISO claims that it is unable to post settlement quality values representing the savings for the Midwest ISO transmission customers associated with transactions under the Redispatch Agreement. The Midwest ISO states that the associated savings for customers are only estimates. According to the Midwest ISO, there is no foreseeable means by which to precisely determine avoided costs.

12. The Midwest ISO offers to address Duke's concerns by posting, at the time a redispatch event occurs, a general notice of the flowgate involved, the time of the event, the relief provided in megawatts, and the amount of energy, if any, flowing into or out of the Midwest ISO energy market as a result of the relief provided by EKPC during the event. In addition, the Midwest ISO offers to post on an annual basis, to coincide with

the effective date of the Redispatch Agreement, a report aggregating the redispatch events, the amount paid for redispatch service during the year, and the estimated costs avoided by using the redispatch service.

Commission Determination

13. We will conditionally accept the Redispatch Agreement for filing, subject to the requirement that the Midwest ISO post certain information relating to the Redispatch Agreement.

14. We find that the Redispatch Agreement will provide opportunities to improve coordination across the seams between Midwest ISO and non-market regions. We note that the Redispatch Agreement incorporates principles of efficient dispatch to solve congestion that are contained in the joint operating agreement between the Midwest ISO and the PJM Interconnection, L.L.C. for coordination of their markets.²

15. We agree with the Midwest ISO that it cannot post the costs and savings associated with each redispatch transaction under the Redispatch Agreement due to the commercial sensitivity of such information. We find the Midwest ISO's proposal to post non-commercially sensitive information each time the Redispatch Agreement is called upon, and on an annual aggregate basis, to be a reasonable accommodation of Duke Energy's concerns. If such information is based on market settlement data that is subject to dispute resolution, the Midwest ISO should so indicate in the posting. This data will inform the Midwest ISO's customers of the Redispatch Agreement's effectiveness and its impact on rates, without releasing information that could competitively harm EKPC or other market participants. Therefore, we will require the Midwest ISO to post this data as a condition of our acceptance of the Redispatch Agreement.

16. We find good cause exists to grant the Midwest ISO's request that the Commission waive its 60-day notice requirement under the Commission's regulations and make the proposed agreement effective as of May 1, 2007.³

² See *Midwest Independent Transmission System Operator, Inc.*, 106 FERC ¶ 61,251 (2004).

³ *Central Hudson Gas and Electric Company, et al.*, 60 FERC ¶ 61,106 at 61,339, *reh'g denied*, 61 FERC ¶ 61,089 (1992); and *Prior Notice Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ 61,139 at 61,983-84 (1993), *clarified*, 65 FERC ¶ 61,081 (1993) (the Commission will generally grant waiver of notice for new services if good cause is shown and the agreement is filed before the commencement of service).

The Commission orders:

The Redispatch Agreement is hereby conditionally accepted for filing, effective May 1, 2007, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.