

126 FERC ¶ 61,002  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

January 2, 2009

In Reply Refer To:  
Midwest Independent Transmission  
System Operator, Inc.  
Docket No. ER08-1399-000  
Docket No. ER08-1400-000  
Not consolidated

P.O. Box 4202  
Carmel, IN 46082-4202

Attention: Gregory A. Troxell  
Midwest Independent Transmission System Operator, Inc.

Re: Adjacent Balancing Authority Coordination Agreements with Manitoba Hydro and  
MidAmerican Energy Company

Dear Mr. Troxell:

1. On August 13, 2008, Midwest Independent Transmission System Operator, Inc. (Midwest ISO) submitted for filing Adjacent Balancing Authority Coordination Agreements (Agreements) with Manitoba Hydro and MidAmerican Energy Company. The substantively similar Agreements govern coordination operations between Balancing Authorities and provide for the purchase and sale of emergency energy between the contracting parties.
2. According to Midwest ISO, the proposed rate for emergency energy is the 150 percent of the locational marginal price previously approved by the Commission for PJM Interconnection, LLC.<sup>1</sup> In addition, Midwest ISO asserts that the Agreements, including the proposed rates for emergency energy, are consistent with other agreements

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<sup>1</sup> See *New York Independent System Operator and PJM Interconnection, LLC*, 92 FERC ¶ 61,107 (2000).

for the sale of emergency energy that the Commission has approved.<sup>2</sup> Under the Agreements between Midwest ISO and Manitoba Hydro and between Midwest ISO and MidAmerican Energy Company, the parties to the agreements will supply emergency energy to each other when the requesting party is in a declared Emergency Energy Alert, Level 2 condition. Midwest ISO states that the purpose of this restriction is to distinguish between economic energy transactions and true emergency energy sales.

3. Midwest ISO requests the same effective date for both Agreements, either September 9, 2008, or the date that coincides with the start of its Ancillary Services Market, whichever is later. On August 26, 2008, Midwest ISO deferred the previously-planned Ancillary Services Market's launch date of September 9, 2008. On November 3, 2008, Midwest ISO announced that its Ancillary Services Market would begin on January 6, 2009.<sup>3</sup>

4. Notices of both of Midwest ISO's filings were published in the *Federal Register*, 73 Fed. Reg. 50,606 (2008), with comments, interventions and protests due on or before September 4, 2008. Duke Energy Corporation<sup>4</sup> filed a timely motion to intervene in both dockets. MidAmerican Energy Company filed a timely motion to intervene for its Agreement, and Manitoba Hydro filed a timely motion to intervene with comments that support its Agreement. IPA Central, LLC filed a motion to intervene out-of-time, and Xcel Energy Services, Inc. (Xcel)<sup>5</sup> filed a motion to intervene out-of-time and comments in both dockets.

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<sup>2</sup> See Transmittal Letters at 3 fn 5 citing, *Midwest Independent Transmission System Operator, Inc.*, 117 FERC ¶ 61,092 (2006) (Commission approved the Midwest Contingency Reserve Sharing Group Agreement and the attached Emergency Energy Schedule CR-1); *Indiana Michigan Power Company*, 44 FERC ¶ 61,313 (1988) (Commission approved 100 mills/KWH for emergency energy); *ISO New England, Inc.*, 113 FERC ¶ 61,206 (2005) (Commission approved emergency energy rates of 110 percent of the locational marginal price); and *NSTAR Services Company v. New England Power Pool, et al.*, 92 FERC ¶ 61,065, *order granting clarification*, 92 FERC ¶ 61,254 (2000) (Commission conditionally approved proposed emergency energy transactions).

<sup>3</sup> See Notice of the Midwest Independent Transmission System Operator, Inc. Regarding Commission Action, Nov. 3, 2008.

<sup>4</sup> Duke Energy Corporation filed on behalf of Duke Energy Indiana, Inc., Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc. and Duke Energy Business Services, LLC.

<sup>5</sup> Xcel filed on behalf of Northern States Power Company and Northern States Power Corporation.

5. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2008), the timely, unopposed motions to intervene serve to make the entities that filed them parties to the proceeding in which they intervened.
6. We will grant IPA Central, LLC's and Xcel's motions to intervene out-of-time, given their interest in these proceedings, the early stage of these proceedings, and the absence of any undue prejudice or delay.
7. Xcel is concerned that the lack of a similar Balancing Authority Coordination Agreement with Dairyland Power Cooperative (Dairyland Power) may be problematic. Xcel also asserts that the coordination between Minnkota Power Cooperative's (Minnkota Power) utility operation (not in Midwest ISO) and the Otter Tail Power Company (Otter Tail Power) local balancing authority (in Midwest ISO's balancing authority) is not fully defined. Xcel requests that the Commission direct Midwest ISO to file a report with the Commission at least 60 days before the new Ancillary Services Market implementation date reporting on (1) the status of its efforts to execute Balancing Authority Coordination Agreements with adjacent balancing authorities, including but not limited to Dairyland Power, and (2) the planned Ancillary Services Market operating arrangements between Midwest ISO, Otter Tail Power, and Minnkota Power.
8. We find that the Agreements are just and reasonable and accept them for filing, effective January 6, 2009, the date on which Midwest ISO plans to begin operation of its proposed Ancillary Services Market, or on a later date that coincides with the start of Midwest ISO's Ancillary Services Market. While Xcel's comments are beyond the scope of this proceeding, we will briefly address these comments.
9. In these filings, Midwest ISO stated that it met with or contacted all of its adjoining Balancing Authorities to negotiate agreements that it believes will meet requirements of [NERC Standard EOP-001-0, R1]. Midwest ISO indicated that while many Balancing Authorities were willing and able to sign coordination agreements, others have not. Midwest ISO concluded that it "...is, however, arranging coordination agreements and operating protocols for all such adjoining Balancing Authorities, including those that will not be supplying or purchasing emergency energy."<sup>6</sup>
10. In fact, one such coordinating agreement, between Midwest ISO and Dairyland Power, is pending in Docket No. ER09-267-000. Regarding Otter Tail Power and Minnkota Power, we note that if coordination arrangements involving those parties do not provide for jurisdictional services and do not affect rates and the associated terms and conditions for service significantly, Midwest ISO is not required to file those agreements

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<sup>6</sup> See Transmittal Letters at 2

with the Commission. Therefore, it is incorrect to assume from the fact that coordination arrangements have not been filed with the Commission that such arrangements have not been or are not being developed.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.