



FEDERAL ENERGY REGULATORY COMMISSION

December 18, 2008

Commissioner Suedeen G. Kelly

Docket Nos.: ER07-1372-002, -005, -011, -013; ER08-1254; ER08-1257-000, -001, ER09-24-000, ER07-1372-007, ER08-1256-000,-001, ER09-15-000, ER09-97-000, ER07-1372-009, -010, ER06-1552-000, -002 and -003

Item Nos. E-3, E-4, E-13, E-14 & E-32

Statement of Commissioner Suedeen G. Kelly on Midwest ISO Ancillary Services Market

"I would like to thank the team for all of their hard work on these orders. You did a great job of tackling numerous, complex issues in anticipation of the start up of the Midwest ISO's ancillary services market.

This has been a long road to the implementation of the ancillary services market, which the Commission now concludes is ready to go live on January 6, 2009. I appreciate the many efforts made by the Midwest ISO and its stakeholders to improve and refine the ancillary services market design since the Commission first provided guidance on the Midwest ISO's initial proposal.

I am particularly pleased that we accept the Midwest ISO's proposal to reduce the existing regulating reserve demand curve price of \$1000 per MWh to more accurately reflect the economic value of regulating reserves during shortages. I note that the market monitor supports this proposal. I believe this tariff revision provides an important balance between ensuring that resources are priced appropriately during scarcity conditions while not unduly burdening consumers who have to pay.

I also wanted to note my support for the role that stored energy resources will have in the ancillary services market. These are important resources and I believe the market will function better by allowing them to participate. Therefore, I support the decision to allow them to provide contingency reserves, as well as regulating reserves.

Thanks again to the team for their efforts. I am happy to vote for these orders."

