

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Nora Mead Brownell, and Suedeen G. Kelly.

Midwest Independent Transmission System
Operator, Inc.

Docket No. ER06-730-000

ORDER CONDITIONALLY ACCEPTING TARIFF REVISIONS

(Issued May 11, 2006)

1. On March 14, 2006, the Midwest Independent Transmission System Operator, Inc. (Midwest ISO) filed proposed revisions to sections 39 and 40 of its Open Access Transmission and Energy Markets Tariff (TEMT or tariff) to clarify its scheduling procedures for the day-ahead energy market and the Reliability Assessment Commitment (RAC) process, consistent with prior Commission orders. As discussed below, the Commission will conditionally accept the proposed tariff revisions, to become effective March 31, 2006.

Background

2. On August 6, 2004, the Commission issued an order accepting and suspending the proposed TEMT, subject to conditions and further orders.¹ In response to certain comments and protests, the Commission found that “[g]iven the delay in the implementation of the Day 2 market, we see no reason why the trading deadline of 1100 EST for the Day-Ahead Market should not be achieved,” and required the Midwest ISO to file a report on the progress toward this goal no later than 90 days prior to the implementation of the Day 2 market.² In its December 1, 2004 compliance filing, the

¹ *Midwest Independent Transmission System Operator, Inc.*, 108 FERC ¶ 61,163 (TEMT II Order), *order on reh’g*, 109 FERC ¶ 61,157 (2004), *order on reh’g*, 111 FERC ¶ 61,043 (2005).

² TEMT II Order at P 522.

Midwest ISO stated that it “is continuing all activities necessary to adjust the trading deadline from 0900 EST to 1100 EST, including complete testing of the systems necessary to ensure reliable systems operations given this later deadline” and “expects to be able to make the required change in trading deadline in the near future, but does not believe this change can be implemented before the Day 2 market commences on March 1, 2004.” The Midwest ISO noted that it “will continue to work with its stakeholders and to advise the Commission of the progress being made, and the expected time frame, for implementing a change in the trading deadline from 0900 EST to 1100 EST.”³

3. In the January 24, 2005 Order on the Midwest ISO’s December 1, 2004 compliance filing, the Commission directed the Midwest ISO to, *inter alia*, file a report on the progress being made toward moving the trading deadline for the day-ahead energy market from 0900 EST to 1100 EST.⁴ In a February 23, 2005 compliance filing, the Midwest ISO reported that it would use the 1100 EST trading deadline in its final trials (to begin February 25, 2005) “in order to ensure that the move to this deadline upon market start can be accommodated. Upon successful completion of Final Trials, the Midwest ISO will file with the Commission the necessary changes to the EMT to affect [sic] the permanent move of the Day-Ahead Energy Market trading deadline from 0900 to 1100 EST.”⁵

4. On March 7, 2005, the Midwest ISO made a compliance filing changing the day-ahead energy market trading deadline from 0900 EST to 1100 EST. On May 6, 2005, the Commission accepted the change in the trading deadline.⁶

5. At a February 28, 2006 Market Subcommittee meeting, the Midwest ISO provided an update regarding its plan to reduce the day-ahead clearing window from six to five hours. The one-hour change would enable the Midwest ISO to post day-ahead schedules

³ Midwest ISO Transmittal Letter at 10, Docket No. ER04-691-011, *et al.* (Dec. 1, 2004).

⁴ *Midwest Independent Transmission System Operator, Inc.*, 110 FERC ¶ 61,049 at P 53 (2005).

⁵ Midwest ISO Transmittal Letter at 6-7, Docket No. ER04-691-027, *et al.* (Feb. 23, 2005).

⁶ *Midwest Independent Transmission System Operator, Inc.*, 111 FERC ¶ 61,176 at P 36-37 (2005).

and locational marginal prices by 1600 EST, rather than 1700 EST.⁷ At that meeting, it was explained that the RAC process would begin an hour earlier at 1600 EST versus 1700 EST allowing Market Participants to submit offers to the Midwest ISO for consideration in the RAC process during this same time period, that currently takes place from 1700 EST to 1800 EST. Notification to those generation resources selected in the RAC process would occur by 1900 EST versus 2000 EST.⁸ As recognized previously, these revisions would conform the associated day-ahead energy market trading deadlines in the Midwest ISO to PJM Interconnection, L.L.C.'s energy market deadlines.⁹ The Midwest ISO adds that "the majority of stakeholders present reacted favorably to the one-hour reduction."¹⁰

March 14 Filing

6. To effectuate these changes, the Midwest ISO proposes revisions to sections 39 and 40 of its TEMT. The Midwest ISO proposes changes to sections 39.1.5 (Posting of the Day-Ahead Schedules) and 40.1.2 (The RAC Process) to revise the time for posting of the day-ahead schedules and the day-ahead locational marginal prices from 1700 EST to 1600 EST. The Midwest ISO also proposes changes to sections 40.1.1 (Role, Responsibilities and Requirements of Transmission Provider) and 40.1.2 to reflect that the RAC process will be performed by the Midwest ISO from 1600 EST to 1700 EST, rather than the currently-stated time, 1700 EST to 1800 EST. The Midwest ISO further proposes revisions to sections 40.1.5 (RAC Selection Process) and 40.1.2 to move the notification time from 2000 EST to 1900 EST for those generation resources selected during the RAC process. Finally, the Midwest ISO proposes revisions to section 40.2.13 (Real-Time Offer Revenue Sufficiency Guarantee) to reflect the start of the RAC process at 1600 EST, rather than 1700 EST. The Midwest ISO seeks waiver of the 60-day prior notice requirement to allow the proposed revisions to become effective March 31, 2006.¹¹

⁷ March 14 Transmittal Letter at 2.

⁸ *Id.* at 3.

⁹ See *Midwest Independent Transmission System Operator, Inc.*, 110 FERC ¶ 61,049 at P 3, 53.

¹⁰ March 14 Transmittal Letter at 2.

¹¹ *Id.* at 3-4.

Notice and Responsive Filings

7. Notices of the filing were published in the *Federal Register*, 71 Fed. Reg. 15,406 and 71 Fed. Reg. 16,771 (2006), with interventions and protests due on or before April 4, 2006.

8. Timely motions to intervene were filed by Consumers Energy Company; and Wisconsin Public Service Corporation, Upper Peninsula Power Company, WPS Energy Services Inc., and WPS Power Development, LLC. A timely motion to intervene and comments was filed by Wisconsin Electric Power Company (WEPCO).

Discussion

A. Procedural Matters

9. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2005), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

B. Analysis

10. We accept the Midwest ISO's proposed revisions to its TEMT to be effective March 31, 2006, subject to the condition discussed below.

11. WEPCO does not object to the revisions proposed by the Midwest ISO, but it asserts that the Midwest ISO should amend section 39.2.12 of the TEMT (Load Forecasts) to note that the next-day load forecast will also be posted at 1600 EST rather than 1700 EST. WEPCO maintains that the failure to make this change appears to be an oversight and that the change is necessary "in order to maintain logical consistency with the other information collection and posting requirements."¹²

12. We find that amending the posting deadline for the load forecast appears to be reasonable and consistent with the timing changes requested by the Midwest ISO. Accordingly, we direct the Midwest ISO to make a compliance filing, within 30 days of the issuance of this order, addressing WEPCO's suggested revision. Such compliance filing may consist of a revised tariff sheet reflecting the change in load forecast posting time from 1700 EST to 1600 EST, or, in the alternative, an explanation of why this change is not needed.

¹² WEPCO Comments at 4.

13. Finally, we find good cause exists to grant the Midwest ISO's request for waiver of the 60-day notice requirement to permit an effective date of March 31, 2006.¹³

The Commission orders:

(A) The Midwest ISO's proposed tariff revisions are hereby conditionally accepted for filing, effective March 31, 2006, as discussed in the body of this order.

(B) The Midwest ISO is hereby directed to submit a compliance filing within 30 days of the date of this order, as discussed in the body of this order.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

¹³ See *Prior Notice and Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ 61,139, *reh'g denied*, 65 FERC ¶ 61,081 (1993); *Central Hudson Gas & Electric Corporation*, 60 FERC ¶ 61,106, *order on reh'g*, 61 FERC ¶ 61,089 (1992).