

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Midwest Independent Transmission System Operator,  
Inc.

Docket Nos. ER07-1372-000  
ER07-1372-001

NOTICE OF STAFF TECHNICAL CONFERENCE

(November 19, 2007)

Take notice that on December 6, 2007, a staff technical conference will be held at the Federal Energy Regulatory Commission to discuss the market power analysis and mitigation measures set forth in the Midwest Independent Transmission System Operator, Inc.'s (Midwest ISO) ancillary services market proposal. This technical conference was established in an Order Establishing Technical Conference in the above-captioned dockets, issued November 19, 2007. It will be held in the Commission Meeting Room at the headquarters of the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, D.C. from 9:00 a.m. – 4:00 p.m. (EST).

The technical conference will be divided into two sessions. The first session will address market power issues and the second session will address mitigation issues. The format of the conference and sessions will be as follows:

<b>Staff and Midwest ISO Introduction To Conference</b>	9:00 – 9:15
<b>First Session: Market Power Issues</b>	
Independent Market Monitor (IMM) Presentation Addressing Appendix Questions (See attached Appendix to this Notice)	9:15 – 9:45
Questions and Issues From Parties	9:45 – 11:30
Staff Follow-up Questions	11:30 – 12:00
Lunch	12:00 – 1:00
<b>Second Session: Mitigation Issues</b>	
IMM Presentation Addressing Appendix Questions	1:00 – 1:30

Questions and Issues From Parties	1:30 – 3:15
Staff Follow-up Questions	3:15 – 3:45
<b>Next Steps</b>	3:45 – 4:00

The conference is open for the public to attend. The conference will not be transcribed and telephone participation will not be available.

The Commission will accept written comments on the discussion at this technical conference no later than 5:00 p.m. Eastern Time on December 20, 2007, and reply comments no later than 5:00 p.m. Eastern Time on January 7, 2008.

Commission conferences are accessible under section 508 of the Rehabilitation Act of 1973. For accessibility accommodations please send an email to [accessibility@ferc.gov](mailto:accessibility@ferc.gov) or call toll free 1-866-208-3372 (voice) or 202-208-1659 (TTY), or send a FAX to 202-208-2106 with the required accommodations.

For more information about this conference, please contact: John Nail, Office of Energy Market Regulation, Federal Energy Regulatory Commission, (202) 502-8209, john.nail@ferc.gov.

Kimberly D. Bose,  
Secretary.

## **APPENDIX**

The following questions pertain to aspects of the Midwest ISO proposal that require further clarification. The Midwest ISO is requested to provide materials at the conference addressing these questions and to be prepared to discuss them. The Midwest ISO should provide its full and complete answers to all questions for the record of this proceeding in its filing of comments.

### **Questions To Be Discussed In the First Session**

- Provide a market power analysis for the spring and fall shoulder seasons. Present the results of the new analysis at the technical conference.
- The definition of ancillary services sub-markets:
  - Provide the basis for how the sub-markets and reserve zones are defined and explain the differences between the two.
  - Is the IMM market power analysis for only illustrative purposes or is it intended to be relied on in this proceeding?
  - How will the potential for market power be evaluated as a result of any zonal reconfiguration?
- Either submit separate analyses for spinning and supplemental reserves or provide an analysis demonstrating that the two products are substitutes for each other. Present the results of the analysis at the technical conference.
- Provide historical data, separately for each ancillary services product (regulating reserves, spinning reserves and supplemental reserves), since the start of the Midwest ISO energy markets that indicates: (1) the capacity (in MWs) and number of generator resources that could provide ancillary services; and (2) the actual ancillary services provided, in MW and number of generator resources. Present the results of the analysis at the technical conference.

### **Questions To Be Discussed In the Second Session**

- What is the basis for the IMM's conclusion that there will be sufficient competition to ensure just and reasonable prices in those hours and locations when mitigation thresholds are not triggered?
- Explain how reference levels are determined for suppliers in constrained areas, such as those identified in the IMM analysis. In his testimony, the IMM indicates reference levels are based on competitive offers. Please provide the basis for this assertion and explain whether all offers by suppliers in constrained areas are considered to be offers made under competitive conditions. If not, how does the IMM determine which offers are made under competitive conditions?

- Is a backstop reference price, such as is used in the New York Independent System Operator (NYISO), appropriate for sub-markets with only one or two suppliers? Explain the reasons underlying your response.
- Considering the market power characteristics of the Midwest ISO ancillary services market and its sub-markets, what are the pros and cons of conduct/impact mitigation compared to mitigating offers at a cost-based rate?
- What method and criteria will the IMM use to audit and identify any supplier that withholds power in either the energy or ancillary services markets, including during periods of scarcity pricing?
- The Midwest ISO states that variations of how it intends to mitigate its ancillary services market are being used by existing RTOs/ISOs. Explain the similarities and differences between the Midwest ISO mitigation proposal and the PJM Interconnection (PJM) and California Independent System Operator (CAISO) ancillary services markets mitigation programs.
- The Midwest ISO states that there are no unreasonable barriers to entry that would compromise the competitiveness of the Regulating Reserve market. Prospectively, what will the Midwest ISO do to ensure a lack of barriers to entry and encourage suppliers to bid into the congested submarket areas?