

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. ER05-1201-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued September 1, 2005)

1. In an order dated August 6, 2004, the Commission approved the Midwest Independent Transmission System Operator, Inc.'s (Midwest ISO) proposed Transmission and Energy Markets Tariff (TEMT), under which the Midwest ISO has initiated Day 2 operations in its 15-state region.¹ The Midwest ISO's Day 2 operations include, among other things, day-ahead and real-time energy markets and a financial transmission rights (FTR) market for transmission capacity.

2. This order addresses the Midwest ISO's July 7, 2005 Filing (July 7 Filing), which proposes a revision to the timeline for submitting financial schedules through the Financial Scheduling Software (finSched) as set forth in the rules for Internal Bilateral Transaction Schedules in the TEMT.

¹ *Midwest Independent Transmission System Operator, Inc.*, 108 FERC ¶ 61,163 (2004) (TEMT II Order), *order on reh'g*, 109 FERC ¶ 61,157 (2004) (TEMT II Rehearing Order), *order on reh'g*, 111 FERC ¶ 61,043 (2005) (Compliance Order III). The TEMT contemplates that all services provided pursuant to its terms and conditions will be provided by a Transmission Provider. In turn, the TEMT defines "Transmission Provider" as the Midwest ISO or any successor organization. *See* Module A, section 1.320, Second Revised Sheet No. 133. For clarity, we will refer to the Midwest ISO wherever the TEMT refers to a Transmission Provider.

I. Background

3. The TEMT II Order accepted and suspended the proposed TEMT and permitted it to become effective March 1, 2005, subject to conditions and further orders.² Included in the TEMT are provisions specifying rules for bilateral transactions. The provisions in section 39.1.3 relating to internal bilateral transactions require that schedules be submitted through finSched at any time prior to 1200 Eastern Standard Time on the day after the operating day, and requires that the schedule identify the market participants; source, sink and delivery points; energy market at which the schedule will be settled and the scheduled volume.

II. July 7 Filing

4. In the July 7 Filing, the Midwest ISO stated that section 39.1.3 of Module C of its TEMT describes the rules for Internal Bilateral Transaction Schedules, including, but not limited to, the timeline for submitting financial schedules through finSched. According to the Midwest ISO, the current timeline for submitting the schedules is “any time prior to 1200 EST Hours of the Day after the Operating Day.” The Midwest ISO proposes to revise the timeline to “...any time prior to 1200 EST *Six (6) Calendar Days* after the Operating Day.”³

5. The Midwest ISO indicates that, on April 5, 2005, at a meeting of the Midwest ISO Market Subcommittee (MSC), a motion was made by market participants to make a change to section 39.1.3. The motion, which passed without opposition, stated:

The MSC recommends that the Midwest ISO move the deadline for submission of internal bi-lateral transactions to 5:00 PM EST the next business day when the Operating Day falls on a Friday, Saturday, Sunday, Holiday, or the day before a Holiday.

The Midwest ISO asserts that at the April 20, 2005 meeting of its Advisory Committee, a motion was made to approve the accepted motion made at the MSC. According to the Midwest ISO, the motion carried and was approved by the Advisory Committee following a brief discussion.

² In an order issued February 17, 2005, the Commission granted the Midwest ISO’s motion to change the effective date of the TEMT to April 1, 2005. *Midwest Independent Transmission System Operator, Inc.*, 110 FERC ¶ 61,169 (2005).

³ See TEMT, Module C, section 39.1.3, Third Revised Sheet No. 474.

7. The Midwest ISO states that it reviewed the proposed revision to section 39.1.3 and modified it slightly to provide market participants additional time to submit financial schedules. The Midwest ISO now proposes to revise the timeline for finSched submissions in section 39.1.3 to "...any time prior to 1200 EST *Six (6) Calendar Days* after the Operating Day." The Midwest ISO believes this language is superior to the current tariff language and provides more flexibility to market participants than the language proposed by the stakeholders in the MSC. It requests that the Commission waive the 60-day prior notice requirement⁴ and allow the filing to become effective on August 21, 2005, or on such earlier date as the software required to implement the change becomes available.

III. Notice and Responsive Pleadings

8. Notice of the Midwest ISO's filing was published in the *Federal Register*, 70 Fed. Reg. 41,699 (2005), with interventions and protests due on or before July 28, 2005. Timely motions to intervene were filed by Consumers Energy Company and by Wisconsin Public Service Corporation, Upper Peninsula Power Company, WPS Energy Services, Inc., and WPS Power Development, LLC (jointly). Wisconsin Electric Power Company (Wisconsin Electric) filed a motion to intervene and comments.

9. Wisconsin Electric believes that the Midwest ISO should have followed the MSC's recommendation. According to Wisconsin Electric, the MSC was only addressing the issue of having to enter schedules over the weekend and on holiday days and, with that exception, did not recognize an issue with the entering of such schedules the next day for all other transactions. Wisconsin Electric believes that the prompt entering of financial schedules on finSched will result in fewer errors and confusion in the settlements process.

10. In addition, Wisconsin Electric contends that the MSC's proposal mirrored the process currently in place for the energy market operated by PJM Interconnection, L.L.C. (PJM). Wisconsin Electric explains that adopting the MSC's recommendation will result in one less issue that must be resolved in the eventual coordination of the Midwest ISO and PJM energy markets.

⁴ See 16 U.S.C. § 824d(d) (2000).

IV. Discussion

A. Procedural Matters

11. 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. Discussion

12. The Midwest ISO's proposal provides additional time to submit financial schedules. The Midwest ISO considered the MSC's recommendation, but modified it in order to provide even greater flexibility to market participants. We have no basis to conclude that the Midwest ISO's proposal for additional time will result in more errors or create confusion, and Wisconsin Electric's claims of additional errors and confusion are merely unsubstantiated allegations. On the contrary, we believe the additional time and flexibility increases the probability that the schedules market participants submit will be accurate.

13. Wisconsin Electric also argues that the MSC motion mirrors PJM's process. The Midwest ISO's proposed extension of the timeline for submitting financial schedules concerns internal transactions. Since the Midwest ISO's proposal does not deal with external transactions, the provisions would not be expected to impact PJM, and therefore, we see no reason to deny acceptance on this basis.

14. Accordingly, we will accept the Midwest ISO's proposed revision to section 39.1.3. In these circumstances, we also find good cause to grant the Midwest ISO's request in its July 7 Filing for waiver of the 60-day prior notice requirement and allow the revised tariff sheet to become effective on August 21, 2005, as proposed.

The Commission orders:

The Midwest ISO's July 7 Filing is hereby accepted, effective August 21, 2005, as proposed.

By the Commission.

(S E A L)

Linda Mitry,
Deputy Secretary.