

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Midwest Independent Transmission
System Operator, Inc.

Docket Nos. ER06-1099-000
ER06-1099-001

NOTICE OF TECHNICAL CONFERENCE

(August 25, 2006)

Take notice that the Commission will convene a technical conference on September 26, 2006, from 9:00 a.m. to 4:00 p.m. (EST), in Hearing Room 4 at the offices of the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

The technical conference will address issues related to the Midwest ISO's proposed shortage and emergency procedures, as discussed in the Commission's August 4, 2006 Order in this proceeding.¹ Specifically the Commission directed Commission staff to examine the reserves impacted and circumstances associated with the different steps of the procedures, the development of the proxy price, the rationale for the pricing mechanism adopted, the application of market power mitigation within the process, the effects upon Revenue Sufficiency Guarantee payments, how demand response may or may not be integrated, and the effects upon reliability of the new procedures.² A report on the technical conference is due to the Commission no later than November 2, 2006.

Attached to this notice, in Attachment A, are questions to the Midwest ISO. Responses to these questions should be filed no later than September 15, 2006. The submitted information will be discussed at the technical conference and used to supplement the record. Attachment B lists topical areas that the Midwest ISO will be asked to address at the technical conference.

FERC conferences are accessible under section 508 of the Rehabilitation Act of 1973. For accessibility accommodations please send an email to accessibility@ferc.gov or call toll free (866) 208-3372 (voice) or 202-502-8659 (TTY), or send a fax to 202-208-2106 with the required accommodations.

¹ *Midwest Indep. Transmission Sys. Operator, Inc.*, 116 FERC ¶ 61,124 (2006).

² *Id.* at 30.

All intervening parties are permitted to attend. For further information please contact Laurel Hyde at (202) 502-8146 or e-mail laurel.hyde@ferc.gov or Melissa Nimit at (202) 502-6638 or email melissa.nimit@ferc.gov.

Magalie R. Salas
Secretary

ATTACHMENT A

Questions to be Answered by Midwest ISO Prior to the Technical Conference

1. How often have you utilized the following steps described in currently-existing tariff section 40.2.15, from market start through June 2006?
 - a. Step 1
 - b. Step 2
 - c. Step 3

2. Please provide, for all capacity offered into the Midwest ISO hourly markets from April, 2005 to June 2006, where totals refer to the totals summed across market participants the:
 - a. Monthly average megawatt total of Emergency Maximums
 - b. Monthly average megawatt total of Economic Maximums
 - c. Monthly average megawatt total of Operating Reserves
 - d. Monthly average megawatt total of Spinning Reserves
 - e. Monthly average megawatt total of Regulation
 - f. Monthly average megawatt total of High Emergency

3. Please provide the following information on the gas price index to be used in the proxy price:
 - a. Your reference in the filing of the source of the index as the Energy Information Association appears to be in error. Clarify the correct proposed source of your index.
 - b. The report referenced in your filing, the Natural Gas Weekly Update, is a weekly report that is not available until after the week of gas delivery. Please explain how you plan to use the information in this report in developing your daily proxy price in the dispatch.
 - c. For any index you plan to use, identify:
 - i. the frequency of publication
 - ii. the time period of the index (next day deliveries, previous day deliveries)
 - iii. publication timing of the index
 - iv. how market participants can obtain the index

4. Please provide exact formulas (i.e., the relevant set of fully-specified mathematical equations) that clearly show:
 - a. How the unit start-up, no-load and energy offer prices for each hour will be combined with the daily spot gas price to calculate the hourly peaker proxy heat rates.
 - b. How these hourly peaker proxy heat rates will be used to calculate the daily and monthly peaker proxy heat rates.

5. Will the calculation of the peaker proxy heat rate include offer prices that have failed the Independent Market Monitor's conduct screen?

ATTACHMENT B

Items the Midwest ISO Should Come Prepared to Address

1. The definitions of and the relationships between:
 - a. High Emergency Range/High Dispatch Emergency Range
 - b. Operating Reserves
 - c. Other Reserve categories
2. Capacity involved in each revised step.
3. Circumstances under which each revised step can be called.
4. Development of proxy price.
5. Method and timing of notification to market participants associated with revised steps.
6. Reliability effects of using Adequate Ramp Capability (step 1) including how specific North American Electric Reliability Council standards will be maintained.
7. Rationale for pricing associated with each revised step.
8. Market power mitigation and pricing.
9. Effects on Revenue Sufficiency Guarantee (uplift) payments of the proposed Adequate Ramp Capability mechanism.
10. Current and proposed shortage procedures and how they may relate to demand response.