



# FEDERAL ENERGY REGULATORY COMMISSION

NEWS

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NEWS MEDIA CONTACT

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

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## FERC Authorizes Midwest ISO Ancillary Services Market for January 2009 Startup

The Federal Energy Regulatory Commission (FERC) today issued a series of orders that authorize the start-up of the Midwest Independent Transmission System Operator's (Midwest ISO) ancillary services market (ASM) on Jan. 6, 2009, and conditionally accept revisions to its Open Access Transmission and Energy Markets Tariff to implement the Midwest ISO ASM.

In February 2008, FERC conditionally accepted the Midwest ISO's ASM proposal, praising its approach to minimize overall production costs in the Midwest ISO markets by coordinating the market-based procurement of energy and operating reserves. FERC noted that the Midwest ISO's ASM proposal incorporated the best design features that have worked successfully in other regional transmission organizations and independent system organizations (ISO), such as the New York ISO, the PJM Interconnection and ISO New England. At that time, the Midwest ISO was directed to make further compliance filings, which the Commission acted on today.

"The Midwest ISO continues to show steady improvements in their market rules, and today's actions represent continued progress towards more perfect competition," FERC Chairman Joseph T. Kelliher said.

Among today's actions:

- FERC found the Readiness Certification and Reversion Plan provided by the Midwest ISO, the certification of its Chief Operating Officer, and the North American Electric Reliability Corp. certification of the Midwest ISO as the Balancing Authority for the Midwest ISO region to be in compliance with its requirements for the start of the ASM. (ER07-1372-002, ER07-1372-011, ER07-1372-013)
- FERC accepted the Midwest ISO's plan to limit the applicability of scarcity pricing to situations of true scarcity. Specifically, the Commission accepted the Midwest ISO proposal to share ramp capability among energy and operating reserve products, similar to procedures used by other ISOs, and to cap the regulating reserve price at the cost of a peak generator during periods of short-term, or transitory, scarcity. (ER09-24-000)
- FERC accepted the Midwest ISO's proposal to use stored energy resources for contingency reserves as well as regulating reserves. To the extent that stored energy resources meet the eligibility requirements for regulating reserves, they should meet the requirements for providing contingency reserves, FERC said. (ER07-1372-007)
- FERC directed the Midwest ISO to make an informational filing within 180 days of the implementation date for stored energy resources (June 1, 2009) discussing any reliability issues that arise from their use. (ER07-1372-007)
- FERC conditionally accepted revisions to the Midwest ISO's tariff that modify its method of





determining five-minute *ex post* locational market prices and market clearing prices effective on the start-up date of the ASM. The Midwest ISO's proposal to use short-term forecasts of system demand would result in nearly identical *ex ante* and *ex post* prices. After the ASM launch date, the Midwest ISO must complete compliance filings on this operation. (ER08-1256-001)

- FERC conditionally accepted the Midwest ISO's proposed tariff, replacing its current tariff. The revised tariff converges existing tariff provisions with those that have been amended as part of the ASM proceeding. (ER09-15-000)
- FERC denied rehearing of a June 23, 2008, order in which FERC conditionally accepted the Midwest ISO's compliance filing relating to the February 2008 ASM order. (ER07-1372-009 and ER07-1372-010)

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