

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
and Jon Wellinghoff.

Midwest Independent Transmission System Operator,      Docket No. ER07-235-000  
Inc.

ORDER ACCEPTING PROPOSED DESIGNATION  
OF CONSTRAINED AREA MITIGATION

(Issued January 18, 2007)

1. In this order, we accept for filing Midwest Independent Transmission System Operator, Inc.'s (Midwest ISO) proposed designation of a new Narrow Constrained Area (NCA), effective January 19, 2007.

**I. Background**

2. On November 20, 2006, Midwest ISO proposed pursuant to section 205 of the Federal Power Act (FPA),<sup>1</sup> to designate a new NCA in its region in accordance with the requirements of its Open Access Transmission and Energy Markets Tariff (TEMT or Tariff).<sup>2</sup> In addition, Midwest ISO requested an expedited comment period and review of this filing due to the market effects of designating a new NCA.

3. Midwest ISO states that the TEMT establishes a market-based congestion management program in the Midwest ISO Region, including day-ahead and real-time energy markets, locational marginal pricing (LMP) and a market for financial transmission rights (FTRs). Midwest ISO further states that the TEMT provides for the designation of NCAs based on recommendations of Midwest ISO's independent market monitor (IMM). Midwest ISO explains that a NCA is:

---

<sup>1</sup> 16 U.S.C. § 824d (2000).

<sup>2</sup> FERC Electric Tariff, Third Revised Volume No. 1.

An electrical area that has been identified by the IMM that is defined by one or more Binding Transmission Constraints that are expected to be binding for at least five hundred (500) hours during a given year and within which one or more suppliers are pivotal.<sup>3</sup>

Thus, as Midwest ISO explains, there are two criteria for the designation of a NCA: first, there must be constraints that are binding for more than 500 hours in the previous 12 months; and second, one or more suppliers must be pivotal, in the sense that their generation resources are needed to manage and relieve the congestion.<sup>4</sup> Midwest ISO argues that these two criteria have been met in the instant filing.

4. First, Midwest ISO contends that the period analyzed by the IMM<sup>5</sup> revealed that the transmission constraints in the proposed NCA were binding for a total of 1,453 hours. Midwest ISO states that this consisted of 643 hours when the constraints were binding in the energy market (*i.e.*, involving redispatch of generation and reflection of the congestion in the LMPs), and 810 additional hours when generation resources were committed to resolve the constraints.<sup>6</sup> Midwest ISO notes that the IMM found that the conditions contributing to such increased congestion are likely to persist. For example, the IMM observed that the congestion substantially increased in frequency in the fall of 2006, caused in part by significant reductions in imports over the Manitoba Hydro interface. Moreover, the IMM opined that the import reductions were likely caused by

---

<sup>3</sup> TEMT at § 1.207.

<sup>4</sup> Midwest ISO November 20, 2006 Filing at 3-4, *citing* TEMT at § 63.4.1.

<sup>5</sup> The analysis period ran from November 2005 through October 2006.

<sup>6</sup> Midwest ISO states that the IMM identified generation resources to be included in the proposed NCA, subject to future modification if warranted by topology changes. The IMM produced the list of generation resources by including all units with a generation shift factor (GSF) larger than 15 percent (positive or negative) on the Arnold-Hazelton line and the Lakefield-Lake Fox Line, which Midwest ISO argues are two of the primary transmission facilities associated with the NCA. Although the TEMT sets the default GSF cutoff for Broad Constrained Areas (BCA) at 6 percent, Midwest ISO argues that the 15 percent GSF it proposes here is justified because these are relatively high-voltage facilities, thereby causing generation resources to have higher GSFs over a broader area. Midwest ISO argues that an unjustifiably large NCA area would be created if a lower GSF value were to be used in defining the NCA.

low precipitation levels, which reduce the capability of hydroelectric facilities that supported exports over the interface, and predicted that such conditions would probably last throughout the winter.

5. Second, Midwest ISO states that the IMM used the interval level results of the real-time energy market and found that 99 percent of binding intervals had at least one pivotal supplier. In order to determine whether a supplier was pivotal, the IMM evaluated the GSF for generation resources that affected the constraint,<sup>7</sup> or whose effect was such that the constraint could not be relieved without changing the base loadings of other suppliers' generation resources.<sup>8</sup> Midwest ISO contends that the GSFs indicate the portion of a generation resource's incremental output that flows over the constraint, and that upon determination of the GSFs for all generation resources, one can calculate the total impact an individual supplier has on the constraint. Midwest ISO asserts that the IMM studied how changes to a given supplier's output could maximize congestion on a transmission constraint. Therefore, Midwest ISO explains, this additional flow's impact on the constraint was compared to the impact that all other suppliers' generation resources have on the constraint if they are redispatched to minimize congestion on the constraint. Midwest ISO emphasizes that the supplier is considered pivotal if its impact is sufficient to cause the constraint's limit to be exceeded even when the other suppliers are redispatched to minimize the flows over the constrained facility. .

6. As of the start of the energy markets on April 1, 2005, Midwest ISO contends that, based on a market analysis, the IMM had previously identified two NCAs: the Wisconsin Upper Michigan System (WUMS) and North WUMS. Midwest ISO states that the IMM submitted and updated the list of generation resources subject to the NCA thresholds as directed by the Commission,<sup>9</sup> and acknowledges that the TEMT requires Midwest ISO to obtain the Commission's approval for the designation of any new NCA. Pursuant to the more recent market analysis by the IMM, Midwest ISO requests the Commission to approve the designation of the new proposed NCA.

---

<sup>7</sup> TEMT at § 63.4.1.c.

<sup>8</sup> TEMT at § 63.4.1.d.

<sup>9</sup> See *Midwest Independent Transmission System Operator, Inc., et al.*, 109 FERC ¶ 61,285 at P 287 (2004) (December 20 Order), *order on reh'g*, 111 FERC ¶ 61,053 (2005), *order on reh'g*, 112 FERC ¶ 61,086 (2005).

## II. Midwest ISO's Proposal

7. Midwest ISO proposes to designate as a NCA an electrical area that includes portions of northern Iowa, southwestern Wisconsin, and southeast Minnesota. Midwest ISO asserts that the proposal is based on the recommendation of the IMM and that the proposed NCA is defined by a set of constraints that generally limit power flows from south to north, from northern Iowa through southwest Wisconsin into southeast Minnesota. Midwest ISO states that the IMM identified two dominant parallel electrical paths that limit such power flows. The first path is identified as a series of 345 KV transmission facilities in a path from Raun in western Iowa to Lakefield, to Wilmarth, and to Blue Lake in southern Minnesota; the second path is identified as a series of 345 KV transmission facilities, from Tiffin in eastern Iowa to Arnold, to Hazleton, to Adams, to Pleasant Valley, and to Prairie Island in southern Minnesota.

8. Midwest ISO states that, pursuant to the TEMT, the IMM calculated the NCA threshold value for the energy offers that will be applied in the proposed NCA based on an equation in which the NCA threshold value equals the Net Annual Fixed Costs divided by the Constrained Hours, where Constrained Hours are the total number of hours during the 12-month period when there is expected to be a binding transmission constraint,<sup>10</sup> and the Net Annual Fixed Costs is the revenue per megawatt that would need to be earned by a new peaking generator in excess of the net revenue it can expect to receive from Midwest ISO energy markets to cover fixed costs and return on equity.<sup>11</sup> Midwest ISO states that Net Annual Fixed Costs were determined by utilizing the Gross Annual Fixed Costs in the Mid-Continent Area Power Pool (MAPP) region and subtracting the Net Revenues for the previous 12 months and that the Gross Annual Fixed Costs in the MAPP region are \$81,200 per MW-year.<sup>12</sup>

---

<sup>10</sup> Midwest ISO states that the expected number of hours used was the total of 1,453 constrained hours found in the prior 12 months.

<sup>11</sup> Midwest ISO states that the net revenue from the energy markets would equal the market revenue that could be expected from the unit minus its variable production costs. Midwest ISO further states that the NCA threshold would allow price increases in the NCA to the extent that additional profits derived from energy sales in these areas would be sufficient for a new peaking unit to profitably enter the market.

<sup>12</sup> Midwest ISO states that the net revenues were calculated using an assumed heat rate of 11,000 mmBTU/KWh, daily gas prices based on the Chicago City gate price plus a base differential for the Iowa/Minnesota area of eight percent, a forced outage rate of five percent, and a minimum runtime of two hours.

9. Midwest ISO contends that the IMM examined the effects of the proposed NCA on the energy markets and determined that the data indicates a dramatic increase in the frequency of binding transmission constraints in October 2006. For example, Midwest ISO argues that the reduced availability of imports from Manitoba and extended planned outages in recent months resulted in increased south-to-north flows into Minnesota, causing more frequent overloading of the transmission facilities in Iowa and southern Minnesota. Midwest ISO explains that such congestion causes LMP separation between the West region and the rest of Midwest ISO, thereby compelling Midwest ISO to make daily real-time commitments.

10. Midwest ISO emphasizes that the exercise of local market power can result not only in higher prices, but also in inflated Revenue Sufficiency Guarantee (RSG) payments to units that must be committed to manage the constraint. For example, according to Midwest ISO, the IMM found that the proposed NCA units received almost \$68 million in RSG payments in the past 12 months, including over \$13 million in December 2005 alone, despite BCA mitigation that resulted in a reduction of over \$2 million in RSG payments.<sup>13</sup> Moreover, Midwest ISO argues, a significant portion of the RSG payments were made to resources that would have failed a conduct test under the proposed NCA threshold of \$32.70 per MWh. Midwest ISO notes that approximately \$34 million of the \$68 million in RSG paid to units located in the proposed NCA were paid to the owners of units whose offers exceeded the NCA conduct test for energy or minimum generation at the NCA thresholds. Accordingly, Midwest ISO concludes that the exposure of the energy markets to local market power in the proposed NCA is substantial and will be sustained due to outages and the expected continuation of the reduction in imports over the interface with Manitoba Hydro.

11. In its filing, Midwest ISO requests an expedited comment period and disposition of this proceeding in order to proactively and preventively mitigate the potential exercise

---

<sup>13</sup> In a BCA, monitoring and mitigating market power is conducted on a variable set of generators determined in real time, when a binding constraint occurs. In a NCA, monitoring and mitigating market power is continually conducted on a defined set of generators. In comparing a BCA to a NCA, a BCA is used to address occasional concerns about the exercise of market power whereas a NCA is used to address the exercise of market power by identified generators located in the NCA where binding constraints are expected to occur.

of significant market power in the new NCA.<sup>14</sup> Additionally, Midwest ISO requests an effective date of November 21, 2006 (*i.e.*, one day after the date of the filing) and that the Commission's 60 day notice requirement be waived.

### **III. Notice of Filing and Responsive Pleadings**

#### **A. Notice**

12. Notice of Midwest ISO's filing was published in the *Federal Register*, 71 Fed. Reg. 70,375 (2006), with interventions and protests due on or before December 11, 2006.

13. The following parties filed timely motions to intervene: Ameren Service Company (Ameren), Calpine Corporation (Calpine), Duke Energy Shared Services, Inc. (Duke), Otter Tail Power Company (Otter Tail), and the Public Service Commission of Wisconsin (PSCW). ALLETE, Inc, (ALLETE), Midwest Transmission Dependent Utilities<sup>15</sup> (Midwest TDUs), Minnesota Public Utilities Commission and Minnesota Department of Commerce (jointly, MPUC/MDOC) and Xcel Energy Services Inc. (Xcel) filed timely motions to intervene and comments. Great River Energy and Split Rock Energy LLC (jointly, GRSR) filed a timely motion to intervene, comments and request for technical conference. Minnesota Municipal Power Agency (MMPA) filed a timely motion to intervene and protest and an untimely request for technical conference. Southern Minnesota Municipal Power Agency (SMMPA) filed comments in support of its joint motion to intervene with the Midwest TDUs. WPS Companies (WPS),<sup>16</sup> Wisconsin Electric Power Companies (Wisconsin Electric), Manitoba Hydro and Alliant Energy Corporate Services, Inc. (Alliant) filed untimely motions to intervene.

---

<sup>14</sup> See Transmittal Letter at 8.

<sup>15</sup> The Midwest TDUs are comprised of the following entities: Great Lakes Utilities; Lincoln Electric System; Madison Gas and Electric Company; Midwest Municipal Transmission Group; Missouri Joint Municipal Electric Utility Commission; Missouri River Energy Services; Southern Minnesota Municipal Power Agency; and Wisconsin Public Power Inc.

<sup>16</sup> The WPS Companies are comprised of the following entities: WPS Resources Corporation; Wisconsin Public Service Corporation; Peninsula Power Company; WPS Energy Services, Inc.; and WPS Power Development, LLC.

**B. Pleadings**

14. GRSR argues that the Midwest ISO's filing lacks the specific details required for the Commission or other affected parties to determine whether the IMM's proposal strikes an appropriate balance between the goals of preventing the exercise of market power through mitigation measures and the need to ensure that the market sends accurate price signals for appropriate levels of demand response and investment in needed transmission and generation resources. Specifically, GRSR argues that the IMM has not provided information that justifies: (1) the use of a GSF of 15 percent; (2) how the IMM determined net fixed cost (the numerator) in the equation to determine the threshold value;<sup>17</sup> and (3) the open-ended duration of the proposed NCA. With respect to duration, GRSR argues that the Commission could require Midwest ISO or the IMM to submit periodic monthly reports describing whether the NCA designation remains appropriate, the market impacts of the designation and an assessment of when the NCA designation may be lifted.

15. Similarly, MMPA argues that the proposal presents a number of cost, operational, market impact, and other technical issues that have not been adequately addressed. Both GRSR and MMPA request that the Commission convene a technical conference in order to validate the IMM's findings and to address concerns about implementing the NCA. In addition, MMPA requests an additional 45 days to evaluate Midwest ISO's filing and to file additional comments.

16. With respect to the proposed effective date, GRSR argues that the mitigation measures submitted by Midwest ISO cannot be fully understood based upon its November 20 filing, and therefore, Midwest ISO's request for waiver of the 60 day notice period should be denied. In contrast, Xcel argues that the Commission should grant the Midwest ISO's request for waiver of the 60 day notice period, but that that the NCA should go into effect on December 1, 2006 rather than November 21, 2006 as requested by Midwest ISO. While ALLETE takes no position on whether the Commission should accept Midwest ISO's request for waiver, it requests that the Commission adopt a policy favoring waiver and an effective date soon or immediately after the filing of a new NCA designation with the Commission in order to promote market stability.

17. In its supplemental comments, SMMPA states that Midwest ISO needs to apply the TEMT provisions for determinations of reference level in a manner that provides

---

<sup>17</sup>The NCA threshold value is equal to net annual fixed cost divided by the number of constrained hours. TEMT at § 64.1.2.d.

sellers the opportunity to recover their costs. That is, SMMPA contends that the reference price determination should reflect the opportunity costs associated with operating the unit during hours when output has higher value.

18. Finally, ALLETE, the Midwest TDUs, and MPUC/MDOC support Midwest ISO's filing and state that the proposal satisfies the criteria for designating a NCA and is essentially ministerial.

### **C. Midwest ISO's Answer**

19. On December 26, 2006, Midwest ISO filed an answer addressing the GSF cutoff level, the NCA threshold value, the duration of the NCA and the effective date requested for its proposal.

#### **1. GSF**

20. Midwest ISO states that "a significantly lower GSF cutoff, such as six percent or 10 percent, would lead to too large a NCA definition, while a cutoff above 15 percent would eliminate facilities known to be important in resolving the transmission constraints related to the proposed NCA."<sup>18</sup> Midwest ISO goes on to state that a 10 percent GSF would significantly expand the NCA area to include most of Wisconsin, almost all of Minnesota, and parts of North Dakota and eastern Montana and that such a NCA would include generation resources that have never been committed to resolve the NCA's constraints. In contrast, the Midwest ISO states that using a GSF of 18 percent would create a NCA that is too small because it would exclude four of the six stations usually committed to resolve the NCA constraints.

21. Midwest ISO also expounds on why the IMM chose to use a GSF of 15 percent. Specifically, Midwest ISO states that the IMM evaluated both potential over production from generation resources with positive shift factors, and economic withholding from those with negative shift factors. In response to GRSR's assertion that the GSF cutoff should recognize the variability of GSF distributions in each flowgate, the Midwest ISO submits that this alternative is undesirable and impractical because it would lead to uncertainty regarding the applicable thresholds due to the large number of potential constraints. Finally, Midwest ISO states that the IMM included all units within the Midwest ISO with both positive and negative shift factors with an absolute value greater than fifteen (15) percent.

---

<sup>18</sup> See Midwest ISO's Answer at 6.

## **2. NCA Threshold Value**

22. In its answer, Midwest ISO states that it followed the terms set forth in its TEMT in defining the proposed NCA threshold value. In determining the net annual fixed costs (the numerator of the NCA threshold value equation), the IMM used the gross annual fixed costs for MAPP (as provided by the Energy Information Administration (EIA)) and subtracted the net revenues to come up with the net annual fixed costs. And although start-up and no-load costs were not considered in the net revenue calculations, Midwest ISO argues that this is not significant in the result because most of these costs were already included in the assumed full-load heat rate. Midwest ISO also states that none of the interveners questioned the underlying assumptions used to calculate the net annual fixed costs.

23. With respect to SMMPA's concerns regarding the reference level, Midwest ISO states that the TEMT gives sellers access to their reference levels and permits them to notify the IMM when their marginal costs change and warrant modification.

## **3. Duration of NCA**

24. With regard to the duration of the NCA, Midwest ISO asserts that the factors necessitating the new NCA are sufficiently clear to permit the IMM to assess the likelihood that congestion levels would persist or abate and thus when it would be appropriate to disband the NCA. Furthermore, Midwest ISO states the TEMT does not obligate the IMM to produce monthly status reports of mitigated situations and that it is inappropriate to impose such a reporting regime in this case.

## **4. Effective Date**

25. Finally, in defending its proposed effective date of November 21, 2006, Midwest ISO states that it and the IMM oppose a protracted deferment of the NCA designation and that the public interest requires that market power imbalances in the NCA be recognized and mitigated quickly. Midwest ISO also states that it is willing to defer to the Commission's judgment on the propriety of allowing a brief review period for market participants before the NCA designation becomes effective.

## **D. Procedural Matters**

26. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2006), the notices of intervention and timely unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. We will grant the motions for late intervention of Alliant, WPS, Wisconsin Electric, and Manitoba

Hydro given the early stage of this proceeding and the absence of any undue delay, prejudice or burden to the parties. We will also accept the untimely request for technical conference by MMPA for the same reasons.

27. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2005), prohibits an answer to a protest or another answer unless otherwise ordered by the decisional authority. We will accept Midwest ISO's answer because it has provided information that assisted us in our decision-making process.

#### **IV. Discussion**

28. Section 63.4 of Midwest ISO's TEMT directs the IMM, on at least a yearly basis, to evaluate the patterns of congestion in the Midwest ISO region to determine constrained areas that should be identified as NCAs. Here, the IMM has fulfilled its obligation and Midwest ISO has submitted an appropriately justified recommendation to create a new NCA.<sup>19</sup> Thus, we find that the TEMT criteria for establishing a NCA, namely that there are at least 500 constrained hours during a given 12-month period and the existence of at least one pivotal supplier have been met.

##### **A. GSF**

29. In its filing, Midwest ISO states that the IMM used a GSF of 15 percent in determining the topology of the NCA. In his testimony,<sup>20</sup> the IMM states that the 15 percent GSF, while higher than the six percent default GSF cutoff used to define a BCA,<sup>21</sup> is appropriate because the facilities in question are relatively high-voltage facilities, which cause generators to have higher GSFs over a broader area. Additionally, the IMM contends that using a lower GSF value to define the NCA would create an unjustifiably large NCA and that using a higher GSF value would create a NCA that is too small.

30. The Commission agrees with the IMM with respect to the use of a GSF of 15 percent. In the TEMT II Order, the Commission set a GSF default limit of six percent as it relates to the identification of BCAs. Additionally, even though the Commission set a default GSF as a means of limiting the IMM's discretion regarding the designation of

---

<sup>19</sup> See TEMT at § 63.4.1.g.

<sup>20</sup> See Transmittal Letter, Exhibit 1 at 14.

<sup>21</sup> *Midwest Independent Transmission System Operator, Inc.*, 108 FERC ¶ 61,163 at P 274 (2004) (TEMT II Order).

constrained areas, the Commission did include language that allowed the IMM to petition “to change the GSF cutoff, as appropriate, to include additional market players or exclude market players.”<sup>22</sup> In this case, using a GSF cutoff of 15 percent to define the NCA is appropriate because it includes the generators most able to avoid or resolve a binding constraint while excluding generators that are unlikely to have significant impact. Stated another way, because we are dealing with a NCA and not a BCA, it is appropriate for the IMM to use a GSF cutoff that will limit the size of the NCA in order to minimize the number of entities that are subject to mitigation. Additionally, the IMM’s examination of alternate GSF values, as detailed in its answer, sufficiently brackets the IMM recommended value of 15 percent in a manner that demonstrates that a higher or lower GSF value is inappropriate. Thus, we reject the protests of GRSR and MMPA on this matter.

### **B. NCA Threshold Value**

31. Midwest ISO’s TEMT defines the NCA threshold value as net annual fixed cost divided by constrained hours. The TEMT then defines net annual fixed cost as “[a]nnual fixed costs of a new peaking generator per MW, including recovery of capital costs, minus appropriate credits for net revenue the new peaking generator would receive from the Markets and Services provided under the Tariff and any applicable resource adequacy mechanisms.”<sup>23</sup> In its filing, Midwest ISO states that the net annual fixed costs were determined by estimating the gross annual fixed costs in the MAPP region and subtracting the net revenues for the previous 12 months. Based on the information provided in both the initial filing and Midwest ISO’s answer, we are satisfied that the IMM has met its tariff obligations in determining the NCA threshold value. Thus, the Commission accepts \$32.70/MWh as the NCA threshold value for the proposed NCA.

32. With respect to SMMPA’s concerns regarding reference level, the Commission is not aware of any violation of Midwest ISO’s TEMT. Additionally, in this proceeding we are only evaluating a NCA designation, not other tariff provisions such as determining reference level. If SMMPA or any other party believes that their rights are being violated with respect to adjusting their respective reference levels for changes in marginal or opportunity costs they may make an appropriate filing to the Commission.

33. In a NCA, a unit’s reference level plus the threshold level does not constitute an “offer cap.” In a NCA, if a unit makes an offer that is higher than the sum of its reference

---

<sup>22</sup> *Id.*

<sup>23</sup> TEMT at § 64.1.2.d

level and the NCA threshold level, then it will automatically trigger conduct and impact testing. The NCA threshold level for triggering mitigation for units making energy offers is lower than it is in a BCA.<sup>24</sup>

**C. Duration of the NCA**

34. With respect to how long it will be necessary for the NCA in this proceeding to remain active, it is not clear that the IMM, Midwest ISO or the Commission could make an accurate prediction. However, the Commission believes that the IMM is in the best position to collect and analyze the data required to make a determination of when it is appropriate to decommission this NCA. Thus, the Commission will require the IMM, via Midwest ISO, to file an informational report summarizing the effectiveness or changes required to the NCA (for example, re-defining the NCA with a updated GSF or updating the NCA threshold value to incorporate new net annual fixed costs data) yearly (from the date of this order) or sooner if necessary. Moreover, the IMM continues to have an ongoing obligation to monitor areas to determine whether further NCA designations are appropriate as required by Midwest ISO's TEMT. Finally, as specified in § 63.4.1.g of Midwest ISO's TEMT, the Commission expects Midwest ISO to file to decommission or terminate a NCA designation if conditions warrant such action.

35. While one party requested monthly reporting, we will deny this request because Midwest ISO's TEMT already requires the IMM to evaluate the market on a yearly basis.

**D. Effective Date**

36. We reject Midwest ISO's proposed effective date of November 21, 2006 and instead accept for filing Midwest ISO's proposed designation of a new NCA, effective January 19, 2007, which is 60 days after the date of the filing, to ensure market certainty.

**E. Request for Technical Conference**

37. Having found that the TEMT requirements for designating a NCA have been met, that a GSF of 15 percent is sufficient to identify the generation resources that will be subject to mitigation and that the NCA threshold value of \$32.70/MWh is proper, we are

---

<sup>24</sup> In a BCA, the conduct threshold is the lower of 300 percent of the BCA threshold value or \$100/MWh; the conduct threshold for startup is 200 percent of the BCA threshold value; and the impact threshold is the lower of 200 percent of the BCA threshold value or \$100/MWh. In a NCA, the conduct threshold is the NCA threshold value of \$32.70; the conduct threshold for startup is 50 percent of the NCA threshold value; and the impact threshold is the NCA threshold value.

not aware of any outstanding issues that would require the convening of a technical conference. Therefore, the Commission rejects protestors' request for a technical conference.

The Commission orders:

(A) Midwest ISO's request for the designation of a NCA is accepted for filing, as discussed in the body of this order, effective January 19, 2007.

(B) The IMM is hereby directed to submit a compliance filing, consistent with the discussion herein, within one year of the date of this order and annually thereafter, as discussed in the body of this order.

By the Commission. Commissioner Moeller not participating.

( S E A L )

Magalie R. Salas,  
Secretary.