



# FEDERAL ENERGY REGULATORY COMMISSION

October 16, 2008

Docket Nos. ER08-394-003; ER08-556-000, ER06-615-020 and ER08-1178-000; and ER08-1419-000

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## FERC Accepts RTO Tariff Provisions to Improve Market Operations

The Federal Energy Regulatory Commission (FERC) acted to improve the market designs of three organized power markets today with orders that that establish a process for developing economic transmission upgrades in the market operated by the Southwest Power Pool Inc. (SPP) and establish new resource acquisition processes in the Midwest Independent Transmission System Operator Inc. (Midwest ISO) and the California Independent System Operator Corp., (California ISO).

“These orders, combined with our new final rule on competition in organized markets, underscore this Commission’s commitment to ensure that wholesale power markets function smoothly and, ultimately, provide the service, supply options and low costs that will benefit consumers,” FERC Chairman Joseph T. Kelliher said.

The orders are described below:

- **Southwest Power Pool** (ER08-1419-000) This order accepts tariff revisions that SPP filed to establish a process for including a “balanced portfolio” of economic upgrades in the SPP Transmission Expansion Plan and to recover the cost of those upgrades through a regional, postage-stamp rate design.
- **Midwest ISO** (ER08-394-003) This order conditionally accepts the financial settlement provisions of the resource adequacy section of the Midwest ISO’s Open Access Transmission and Energy Markets Tariff. But FERC is requiring the Midwest ISO to justify the calculation of its proposed \$80,000 per megawatt month cost of new entry (CONE). And the Commission, rejecting the ISO’s proposal to charge the annual CONE for each month’s deficiency, said that the deficiency charges would be excessive if applied to a load-serving entity with deficiencies in multiple months.
- **California ISO** (ER08-556-000, ER06-615-020, ER08-1178-000) In these orders, FERC opens an investigation under section 206 of the Federal Power Act and announces it will convene a technical conference to discuss whether both the proposed changes to the Exceptional Dispatch provisions of the Market Redesign and Technology Upgrade (MRTU) tariff, and the Exceptional Dispatch mechanism itself, are or continue to be just and reasonable. Since the mechanism and the MRTU tariff were approved in September 2006, FERC has identified at least two main categories of changed circumstances that justify the investigation: California ISO has significantly increased its anticipated usage of Exceptional Dispatch, and the evolution of FERC’s policy that non-resource adequacy resources should receive compensatory payment for the resource adequacy services they provide.