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# FEDERAL ENERGY REGULATORY COMMISSION

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WASHINGTON, D.C. 20426

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## NEWS RELEASE

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### FOR IMMEDIATE RELEASE

May 26, 2004  
Docket Nos. ER04-691-000 and  
EL04-104-000

### COMMISSION SETS TIMELINES AND PROCEDURES FOR MIDWEST ISO TARIFF IMPLEMENTATION

The Federal Energy Regulatory Commission today initiated a proceeding to address aspects of some 300 grandfathered agreements (GFAs) currently in effect in the Midwest Independent Transmission System Operator's (Midwest ISO) market region. Midwest ISO defines GFAs as agreements entered into prior to September 16, 1998, and states that up to 40,000 megawatts of capacity may be covered by these agreements, which could potentially conflict with Midwest ISO's grid-congestion management framework.

The Commission's order strongly encourages parties to settle their contracts consistent with the Midwest ISO's proposed grid rules. For parties unable to reach settlement, the Commission set up a 30-day trial-type evidentiary hearing before a Commission Administrative Law Judge to determine, for each unsettled contract, the following information:

- the responsible entity;
- the scheduling entity;
- the sources of the wholesale electricity;
- the sinks for the wholesale electricity;
- the maximum number of megawatts transmitted; and
- the appropriate standard of review for contract modifications.

Gathering this additional information will give the Commission the ability to ensure the GFAs are accommodated in Midwest ISO's energy markets and do not harm reliability or third parties' interests.

As a consequence, the Commission also revised the implementation date for the Midwest ISO's transmission and energy market tariff (TEMT) to ensure an efficient and reliable transition to a Midwest power market.

The Commission also set a timeline for considering the remaining portions of the filing and the necessary steps to make the market operational.

The TEMT contains the terms and conditions for implementation of a market-based congestion management program, including a Day-Ahead Market, Real-Time Energy Market and Financial Transmission Rights (FTRs).

Congestion management is “critical” to the Midwest ISO’s transition, the Commission said, and to facilitate the transition the Commission has given parties additional time to March 1, 2005.

The Commission also seeks information through a paper hearing, with information on GFAs due to be filed by June 25, 2004. Disputed GFA data will be set for an expedited trial-type hearing before an administrative law judge, scheduled from June 28 through July 23, 2004. The ALJ’s findings are due July 28, 2004.

Given the new implementation timetable, the Commission said it expects the Midwest ISO will begin initial market trials in early December and complete them by January 2005. The Commission directed the Midwest ISO to file a report with FERC on the initial market trials at least 45 days before the start of market operations.

The Commission also directed the Midwest ISO to develop appropriate default mechanisms and procedures to override any breakdown in communication resulting in any loss of the Midwest ISO signal to any Control Area.