
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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Docket Nos. ER04-691-014
and EL04-104-013, et al.

COMMISSION GIVES GREEN LIGHT TO MIDWEST ISO ENERGY MARKET

Today the Federal Energy Regulatory Commission accepted the Midwest Independent Transmission System Operator's (Midwest ISO, or MISO) certification that it is ready to launch its energy markets on April 1, 2005, finding the regional transmission organization has undertaken the necessary steps and testing to assure continued power grid reliability and continuity of operations and systems.

"I expect MISO's integrated energy markets will bring significant benefits to customers, both in terms of reliability and cost savings," said Chairman Pat Wood, III.

Today's order cites supportive comments from the Organization of MISO States (OMS) and statements by the North American Electric Reliability Council (NERC), the industry group that oversees power grid reliability standards, that the energy markets are ready for start.

"We find the Midwest ISO Readiness Certification to be in compliance with the requirements of previous orders, and therefore consider the Midwest ISO energy markets to be ready for start-up on April 1, 2005. The Midwest ISO has made operational the necessary systems for market start-up, conducted numerous tests, completed the allocation [of Financial Transmission Rights (FTRs)] and certified that testing will be completed prior to market start. Furthermore, the Independent Market Readiness Advisor has been verifying that all necessary steps for market start have been completed and tested," the Commission order stated.

This important step in the Midwest ISO's evolution paves the way for increased system reliability and competition in the broad region that extends from eastern Montana through the upper Midwest and south to parts of Kentucky and Missouri. The area, which also includes the Canadian province of Manitoba, includes more than 100,000 miles of high voltage transmission lines.

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On December 20, 2001, the Midwest ISO became the first FERC-approved regional transmission organization in the nation. The Commission has been actively working with, and providing guidance to, the Midwest ISO and other stakeholders and affected parties in developing all the elements necessary for a reliable and competitive wholesale power market in the 15-state region.

The Midwest ISO energy markets will operate under the terms and conditions of the Open Access Transmission and Energy Markets Tariff (TEMT), approved in an August 2004 order, required for the implementation of a market-based congestion management program and energy spot markets. Implementation of the Day 2 market on April 1 includes a day-ahead energy market and a real-time energy market, locational marginal pricing (LMP) and a market for FTRs.

The TEMT incorporates the major features used successfully in three eastern Independent System Operators – PJM Interconnection (PJM), New York Independent System Operator (NYISO), and ISO New England (ISO-NE), including security-constrained unit commitment, centralized security-constrained economic dispatch, LMP and market power mitigation.

In prior orders the Commission has noted that the Midwest ISO does not have a history of centralized power pool dispatch, as do the three eastern ISOs. To address this feature, the Commission directed the Midwest ISO to implement additional safeguards to ensure protections for wholesale customers during startup and transition to fully functioning Day 2 markets.

In addition, the Commission established measures to provide market participants in load pockets with enhanced protection against congestion charges associated with remote network resources or system purchases from outside of existing load pockets.