

126 FERC ¶ 61,144
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinohoff, Acting Chairman;
Sudeen G. Kelly, Marc Spitzer,
and Philip D. Moeller.

Midwest Independent Transmission System
Operator, Inc.

Docket Nos. ER08-394-006
ER08-394-008

ORDER ON REHEARING AND COMPLIANCE

(Issued February 19, 2009)

1. This order addresses requests for rehearing of an October 20, 2008 order (Compliance Order),¹ which conditionally accepted a May 27, 2008 compliance filing (May Compliance Filing) by the Midwest Independent Transmission System Operator, Inc. (Midwest ISO). The Compliance Order, and the underlying order requiring the May Compliance Filing,² addressed the Midwest ISO's proposed resource adequacy plan, as set forth in Module E of its Open Access Transmission and Energy Markets Tariff (Tariff).³ This order also addresses a November 19, 2008 compliance filing (November Compliance Filing) in Docket No. ER08-394-006 that was required by the Compliance Order. As set forth below, we deny requests for rehearing of the Compliance Order and conditionally accept the Midwest ISO's November Compliance Filing, subject to a further compliance filing.

¹ *Midwest Indep. Transmission Sys. Operator, Inc.*, 125 FERC ¶ 61,062 (2008).

² *Midwest Indep. Transmission Sys. Operator, Inc.*, 122 FERC ¶ 61,283 (March 26 Order), *order on reh'g*, 125 FERC ¶ 61,061 (2008).

³ *Midwest Independent Transmission System Operator, Inc.*, FERC Electric Tariff, Fourth Revised Vol. No. 1.

I. Background

2. As part of a two-phased approach, the Midwest ISO filed Phase II of its proposed long-term resource adequacy plan on December 28, 2007.⁴ In the March 26 Order, the Commission conditionally accepted the Midwest ISO's proposal, subject to its completion of financial settlement provisions, and ordered two compliance filings. The first compliance filing (i.e., May Compliance Filing) required the Midwest ISO to address various issues including, but not limited to, the planning reserve margins for load modifying resources, the methodology for calculating planning reserve margins, and the verification of resources for planning reserves. The second compliance filing dealt with the financial settlement provisions for the Midwest ISO's resource adequacy plans.⁵

3. On October 20, 2008, the Commission conditionally accepted the May Compliance Filing in the Compliance Order and directed further compliance filings on the issues of resource deliverability, reserve zones, and load under-forecasting. On November 19, 2008, the Midwest ISO subsequently filed the November Compliance Filing in Docket No. ER08-394-006.

II. Requests for Rehearing of the Compliance Order

4. Several parties filed requests for rehearing and/or clarification of the Compliance Order including: Hoosier Energy Rural Electric Cooperative, Inc. and Southern Illinois Power Cooperative (Hoosier and Southern Illinois); the Illinois Commerce Commission (Illinois Commission); Midwest Transmission-Dependent Utilities (Midwest TDUs); the Public Service Commission of Wisconsin (Wisconsin Commission); and Wisconsin Public Service Corporation and Upper Peninsula Power Company (WPSC/UPPCO).

III. Notice of the November Compliance Filing and Responsive Pleadings

5. Notice of the Midwest ISO's November Compliance Filing was published in the *Federal Register*, 73 Fed. Reg. 73,320 (2008), with interventions and protests due on or before December 10, 2008.

⁴ The Midwest ISO filed Phase I of its resource adequacy plan, its proposed ancillary services market, on February 15, 2007, and it was conditionally accepted on February 25, 2008. *Midwest Indep. Transmission Sys. Operator, Inc.*, 122 FERC ¶ 61,172, *order on reh'g*, 123 FERC ¶ 61,297 (2008).

⁵ The Midwest ISO submitted its proposed financial settlement provisions in June 2008, and the Commission conditionally accepted the provisions in another order dated October 20, 2008. *Midwest Indep. Transmission Sys. Operator, Inc.*, 125 FERC ¶ 61,060 (2008), *pending reh'g*.

6. Comments and protests on the November Compliance Filing were submitted by: the Detroit Edison Company (Detroit Edison); FirstEnergy Service Company (FirstEnergy); Hoosier and Southern Illinois; and Midwest TDUs.

7. On December 29, 2008, the Midwest ISO filed an answer to the protest to the compliance filing. In response, the Midwest TDUs filed an answer to the Midwest ISO's answer and, based on certain clarifications made by the Midwest ISO in its answer, filed a conditional withdrawal of certain issues in their protest to the November Compliance Filing and their request for rehearing of the Compliance Order.

IV. Discussion

A. Procedural Matters

8. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure⁶ prohibits an answer to a protest or an answer unless otherwise ordered by the decisional authority. We will accept the Midwest ISO's answer to comments and protests because it assisted us in our decision-making process. For the same reason, we will accept the Midwest TDUs' answer to the Midwest ISO's answer.

9. Rule 216 of the Commission's Rules of Practice and Procedure⁷ allows a party to file a notice of withdrawal of a pleading. As will be discussed in more detail below, we will permit the Midwest TDUs' withdrawal of certain issues in their protest and request for rehearing.

B. Substantive Matters

1. Requests for Rehearing of the Compliance Order

a. Planning Zones and Deliverability

i. Compliance Order

10. In the March 26 Order, the Commission generally accepted the Midwest ISO's proposal to use planning zones to address regional congestion issues for the purposes of resource adequacy planning. The Commission also accepted three specific planning zones that the Midwest ISO identified in Attachment FF-3, which would be used for its initial planning model. The Commission noted, however, that additional zones may need to be created in subsequent planning years and the Tariff failed to identify the

⁶ 18 C.F.R. § 385.213(a)(2) (2008).

⁷ *Id.* § 385.216.

methodology for developing these zones.⁸ The Commission also directed the Midwest ISO to clarify whether it intends to implement a minimum zone size. Finally, the March 26 Order emphasized the importance of resource deliverability when determining zonal configurations.

11. The Midwest ISO attempted to address these issues in its May Compliance Filing. In particular, the Midwest ISO proposed to use an eight-step process, as set forth in sections 68.1.1 – 68.1.3 of the Tariff, to develop additional planning zones. At its core, the process uses a Security Constrained Economic Dispatch methodology and a Loss of Load Expectation (LOLE) analysis to identify any sub-regions that are expected to experience a cluster of congestion based on positive and negative Marginal Congestion Components.⁹ The Midwest ISO did not, however, propose a minimum zone size.

12. The Compliance Order accepted the Midwest ISO's proposal to use a Security Constrained Economic Dispatch methodology and a LOLE analysis to develop additional planning zones.¹⁰ While several parties claimed that the Midwest ISO had placed economics over reliability when selecting this methodology, the Commission disagreed noting that the Midwest ISO's proposal evaluated the resource level necessary for a zone to meet reliability criteria.¹¹ The Commission found the Midwest ISO's use of this methodology to be reasonable and further found that the Midwest ISO had accounted for deliverability.¹²

13. However, as several parties argued, the Commission found that there was a potential disconnect between the Midwest ISO's deliverability analysis for selecting planning zones and its deliverability analysis for designating capacity resources. The Commission specifically noted its concern that delivery constraints on capacity may not be mirrored in the planning zone determinations. The Commission therefore directed the Midwest ISO to clarify "and/or align the deliverability requirements of planning reserve zones and capacity resources."¹³

⁸ March 26 Order, 122 FERC ¶ 61,283 at P 169.

⁹ *Id.* P 170.

¹⁰ Compliance Order, 125 FERC ¶ 61,062 at P 158-160.

¹¹ *Id.* P 161.

¹² *Id.*

¹³ *Id.* P 162.

ii. Requests for Rehearing

14. Hoosier and Southern Illinois seek clarification as to whether the Compliance Order required the Midwest ISO to develop new planning zones after the first year or whether the Midwest ISO has the option of proposing changes to the planning zones in future years. The Wisconsin Commission seeks clarification confirming that the Commission expects the three current planning zones to continue for the next planning year.

15. WPSC/UPPCO argue that the Commission erred by accepting the Midwest ISO's proposal to use a Security Constrained Economic Dispatch model. They contend that such a model does not give sufficient weight to reliability concerns in determining planning zones. They submit that the sole reliance on a Security Constrained Economic Dispatch method does not identify reliability-based transmission constraints and instead identifies only constraints to least cost dispatch. WPSC/UPPCO argues that such a model is purely an economic dispatch that does not differentiate between generators under energy-only contracts and generators under contract to supply capacity.

16. WPSC/UPPCO further argue that, under the Midwest ISO's proposal, a planning zone could be established even though the zone has a large surplus of generation simply because the generation within the zone is more expensive than generation external to the zone. WPSC/UPPCO explain that under Section 68.1.2, planning reserve margins are determined using only zones with positive Marginal Congestion Components, but that these zones do not necessarily reflect reliability based congestion—they simply represent zones with more expensive generation. However, WPSC/UPPCO asserts that they are not opposed to the use of a Security Constrained Economic Dispatch model as a screening tool to assist in the development of planning zones. WPSC/UPPCO also claims that the Compliance Order fails to address their concern that the Midwest ISO did not properly vet its proposal through the Midwest ISO's LOLE working group.

17. The Illinois Commission argues on rehearing that the flaws in the Midwest ISO's capacity market design are too great to be fixed through clarification. It contends that the Commission erred in accepting a capacity market design that is built on the false premise of universal deliverability, because it ignores constraints that would limit the deliverability of capacity resources. By failing to consider these constraints, the Illinois Commission asserts the Midwest ISO's model will contain inaccurate price signals, causing an unfounded increase in capacity prices in unconstrained areas of the Midwest ISO and a decrease in constrained areas.

18. The Illinois Commission points to a study conducted by the PJM Independent Market Monitor as support for its conclusions.¹⁴ The Illinois Commission states that the PJM Independent Market Monitor conducted an analysis showing that certain locational deliverability areas within PJM should have been modeled as constrained in the reliability pricing model 2011/2012 auction.¹⁵ According to the PJM Independent Market Monitor, if these areas had been modeled as constrained, the auction clearing price for non-constrained areas of PJM would have been \$80/MW-day rather than the system-wide price of \$110/MW-day. The Illinois Commission estimates that this would have saved the Commonwealth Edison zone \$200 million in capacity costs for the 2011/2012 delivery year. It concludes that the Midwest ISO's capacity market design should therefore be rejected.

19. Midwest TDUs request rehearing on two issues. First, they assert that the Commission erred by not requiring the Midwest ISO to guarantee deliverability of capacity resources if those resources already have been designated as network resources. Second, they argue that the Commission erred to the extent its directive to align the deliverability requirements of planning zones and capacity resources results in the Midwest ISO subdividing reserve zones whenever a designated network resource is found to be non-deliverable across a constraint. Midwest TDUs contend that the resulting planning zones would be unduly discriminatory because the boundaries would not map to physical constraints so much as they would identify newly-designated resources located remotely from their load. According to Midwest TDUs, the zones would also not be just and reasonable as load serving entities (LSEs) would see their designated network resources placed outside the reserve zone where the corresponding load was located when such resources were no longer deemed deliverable. They argue that the new planning zone boundary would be due to the failure of the Midwest ISO to plan and hold its transmission owners to that plan, so as to maintain deliverability of designated network resources.

iii. Commission Determination

20. We clarify that the Commission is not requiring the Midwest ISO to develop additional planning zones. To the extent that the Midwest ISO identifies a need for new planning zones, the Midwest ISO will need to comply with the Tariff requirements, which includes notice provisions that require it to publish the annual technical analysis for proposed planning zones and their corresponding planning reserve margins at least

¹⁴ Illinois Commission November 19, 2008 Rehearing Request at 7 (citing Analysis of the 2011/2012 RPM Auction, Independent Market Monitor for RPM, September 12, 2008).

¹⁵ *Id.*

five months before the initial planning year.¹⁶ This should provide market participants with sufficient notice of any proposed changes to the planning zones.

21. We deny rehearing with respect to WPSC/UPPCO's request that we reject the Midwest ISO's use of a Security Constrained Economic Dispatch methodology. The Tariff's eight-step process to develop additional planning zones uses a Security Constrained Economic Dispatch model to identify or screen for candidate planning zones, but ultimately relies on reliability criteria to determine the need for the establishment of a new planning zone. While the Security Constrained Economic Dispatch model identifies clusters of same-sign Marginal Congestion Components as candidate planning zones, the Midwest ISO will perform a LOLE analysis using the General Electric Multi Area Reliability Simulation program to identify and exclude those candidate zones that can meet the reliability criteria requirements without relying on transmission ties to the adjacent system. In further steps of the LOLE analysis, the Midwest ISO will exclude those candidate zones that are found to have adequate effective import tie capability¹⁷ to meet reliability criteria. It is only at this point that any remaining areas may then be required to have their own planning zones and corresponding planning reserve margin.¹⁸ Thus, contrary to WPSC/UPPCO's argument, the Midwest ISO is not ignoring reliability issues in determining planning zones. Accordingly, we will deny their request for rehearing on this issue.

22. We also reject WPSC/UPPCO's contention that a planning zone could be established by the mere fact that the zone has a surplus of generation that is more expensive than generation external to the zone. While a zone with surplus generation may be initially identified by the Security Constrained Economic Dispatch model, the Midwest ISO will apply the LOLE analysis to determine if the candidate zone meets reliability criteria with transmission tie capability before determining whether a new planning zone is warranted. In sum, the Midwest ISO will not develop an additional planning zone if reliability criteria can be met under the existing transmission system.

23. We also reject as unsubstantiated WPSC/UPPCO's claim that the Midwest ISO's proposed methodology was not properly vetted through the LOLE working group.

¹⁶ Midwest ISO Tariff, Sheet No. 1442.

¹⁷ Effective import tie capability is defined in the Tariff as the maximum aggregate level of power in MW that can be reasonably expected to flow on the transmission tie lines into a specified zone of the transmission system while maintaining reliable operation.

¹⁸ Midwest ISO Tariff §§ 68.1.1-68.1.3; Midwest ISO July 2, 2008 Answer at 25-26, Docket No. ER08-394-002.

According to the Midwest ISO, elements of the proposed zone development process were shared at the Midwest ISO's Supply Adequacy Working Group meetings throughout 2008, including a one and one-half day LOLE workshop on April 29-30, 2008. The zone formation process was also shared in detail during an April 3, 2008 Planning Subcommittee meeting.

24. The Illinois Commission is incorrect in its assertion that the Commission accepted a capacity market design built on a premise of universal deliverability. On the contrary, in the Compliance Order we raised several concerns and directed the Midwest ISO to explain the deliverability analysis used in the creation of planning reserve zones and the deliverability analysis used to evaluate designated capacity resources.¹⁹ And, while the Illinois Commission points to one study on import-constrained zones in PJM, it points to no evidence suggesting that similar constraints exist in the Midwest ISO. We do not find the PJM Independent Market Monitor study, by itself, to be determinative of the issue in the Midwest ISO. Accordingly, we deny rehearing.

25. Midwest TDU's request for rehearing on the issues of deliverability and planning zones (i.e., part III.B of its request for rehearing) and its request to withdraw its rehearing request as to those issues is discussed below, *infra* part IV.B.3.

b. Load Modifying Resources

26. As noted in the Compliance Order, the Midwest ISO proposed that load modifying resources be available for emergencies within 12 hours of notice. The Commission found this requirement to be reasonable in the Compliance Order and therefore accepted it.²⁰

i. Requests for Rehearing and Clarification

27. The Midwest TDUs seek clarification that the 12-hour notice requirement applies to both demand resources and behind-the-meter generation. They are concerned that the Midwest ISO may require behind-the-meter generation to be available in less than 12 hours.

ii. Commission Determination

28. The Compliance Order made clear that the 12-hour availability requirement applied to load modifying resources. Under Module E, load modifying resources include both demand resources and behind-the-meter generation.²¹ Accordingly, the

¹⁹ Compliance Order, 125 FERC ¶ 61,062 at P 162.

²⁰ *Id.* P 85, 91.

²¹ *Id.* P 65 n.28.

Commission's acceptance of the 12-hour availability requirement applies to behind-the-meter generation.

2. November Compliance Filing

a. Planning Zones and Deliverability

i. Compliance Order

29. As noted above, the Compliance Order required the Midwest ISO to submit a compliance filing that clarified and/or aligned the relationship between the deliverability analysis for planning zones and the deliverability analysis for designating capacity resources. Additionally, we directed the Midwest ISO to comply with the March 26 Order, which required the Midwest ISO to identify a minimum reserve size for the planning zone.

ii. November Compliance Filing

30. In the November Compliance Filing, the Midwest ISO modified section 68.1.2 of the Tariff to establish a minimum zone size of 2,000 MW. With regard to the potential differences between the deliverability analyses for planning zones and designating capacity resources, the Midwest ISO states for clarification it has included a table, which illustrates the different ways deliverability is addressed and applied throughout the Midwest ISO.²² The table lists different deliverability treatments for the Market Transition Delivery Test, System Impact Study, Firm Designation for Network Integration Transmission Service, Firm Point-to-Point Transmission Service and the Marginal Congestion Component. For illustration, the Midwest ISO explains that the deliverability study, which is part of the System Impact Study for a new interconnection, will include validation that a new candidate capacity resource can be dispatched along with other network resources specified by network customers in the vicinity of the newly designated candidate capacity resource. In comparison, the Midwest ISO states that the LOLE study accounts for wider treatment of deliverability due to congestion that may prevent generation in the same vicinity from serving other portions of the network.

31. The Midwest ISO states that the LOLE study accounts for congestion in determining a reliable planning reserve margin. It adds that while other phases, such as granting Network Resource Interconnection Service or Point-to-Point service, seek to treat requests on an equal and non-discriminatory basis with reasonable expectations about transmission limitations, they do not guarantee a congestion-free environment. The

²² See Midwest ISO November 19, 2008 Compliance Filing at Appendix 1, Docket No. ER08-394-006.

Midwest ISO adds that the LOLE study, however, accounts for the impact of future congestion through the modeling of congested areas or zones, based on tracking the locational impact of the Marginal Congestion Component in study simulations.

iii. Comments and Protests

32. FirstEnergy submits that no area with less than 2,000 MW load should be defined as a planning zone. FirstEnergy asserts that, contrary to the Midwest ISO's proposed language, 2,000 MW of modeled generation should also not be a sufficient criterion for designation of a planning zone. FirstEnergy suggests that, for example, a generating plant exceeding 2,000 MW could in theory be defined as its own planning zone, even though it has effectively little or no load, potentially creating unnecessary, scattered small pockets of export constrained zones.

33. FirstEnergy argues that no planning zone should be designated an Import Constrained Zone unless the MW load value in the zone is greater than the MW generation capacity value in the zone. FirstEnergy contends that this will eliminate the possibility that a region could be classified as an Import Constrained Zone strictly on an economic basis, such as where the use of some existing generation capacity is not economically feasible. Similarly, FirstEnergy submits that no zone should be designated an Export Constrained Zone unless the MW load value in the zone is less than the MW generation capacity value in the zone. It asserts that this will eliminate the possibility that a region could be defined as export-constrained solely because it is on the wrong side of congestion, defined solely by positive Marginal Congestion Component values, while in theory the zone could have less generation than load.

34. FirstEnergy further contends that while the Midwest ISO includes an overview of various deliverability tests, studies and treatments, it did nothing to clarify or address the "disconnect" in deliverability that the Commission identified. FirstEnergy is concerned about the impact of assuming intra-Midwest ISO universal resource deliverability for transactions, even though deliverability may not be feasible. FirstEnergy argues that there must be a check to ensure that the sum of the resources procured outside a zone does not exceed the transmission import limits into that zone. FirstEnergy also contends that deliverability assumptions inconsistent with transmission grid physics will lead to inappropriate resource adequacy choices and potentially inadequate reliability. FirstEnergy suggests that, if the Midwest ISO is nevertheless not required to align the deliverability requirements of planning zones and capacity resources, the Midwest ISO should disallow outside capacity resources in excess of the maximum import capability of a zone to qualify as capacity resources to meet planning reserve margin requirements within that zone.

35. While Midwest TDUs support a minimum planning zone size, they argue that the minimum size should be conditioned such that the creation of new planning zones with less than 10,000 MW of load will trigger: (1) a review of transmission plans to consider

relieving the constraints that led Midwest ISO to break out the new zone; and (2) consideration of transitional protections. Midwest TDUs are concerned that areas that have import constraints may be susceptible to being broken out as new planning zones and subsequently face a higher reserve obligation. They describe a situation in which an individual LSE in an area with a small number of large resources could find itself in a planning zone that has a high planning reserve margin²³ with little or no other load to share in the costs of meeting its resource adequacy requirements. Midwest TDUs submit that creating a new planning zone with an above-average planning reserve margin makes LSEs with load located within the planning zone pay the price for the fact that the transmission system cannot be counted on to enable those LSEs to meet their firm service obligations using their designated capacity resources located elsewhere in the Midwest ISO. They add that LSEs would only have six months to complete any capacity procurement in response to the raised planning reserve margin.

36. Midwest TDUs note that the PJM parallel to Midwest ISO's resource adequacy program, the Reliability Pricing Model, includes an explicit linkage between the constraints necessitating a new planning zone with transmission planning protocols that would seek to alleviate the constraint. They assert that under the PJM approach, if there are capacity delivery constraints PJM shall evaluate in the regional transmission planning process the costs and benefits of a transmission upgrade to alleviate the constraint.²⁴

37. In addition to transmission planning provisions, Midwest TDUs suggest that the Midwest ISO be directed to make, upon the creation of new zones with less than 10,000 MW of load, a section 205 filing under which it would explain whether transitional protections were appropriate. They contend that at a minimum, the Commission should direct the Midwest ISO to make an informational filing describing whether transitional protections were considered, and make clear that if a section 206 complaint seeking such protections follows, it will be evaluated on its merits and not viewed as a collateral attack on the approval of Module E.

38. Midwest TDUs also request that the Commission direct the Midwest ISO to clarify that it intends to account for projected limitations on the physical deliverability of a designated network resource by creating planning zones and adjusting their planning reserve margins, and not by disqualifying the designated network resources as capacity resources for lack of deliverability. Midwest TDUs are concerned that if future congestion is treated as not only increasing an area's planning reserve margin but also as

²³ Midwest TDUs note that an area with a small number of resources may need a higher planning reserve margin than an area with a large number of small resources.

²⁴ Midwest TDUs Protest at 14-15 (citing PJM Tariff Attachment DD, Section 15, Sheet 627).

iv. Answers

39. As noted above, the Midwest ISO filed an answer to the comments and protests to the November Compliance Filing. In that answer, the Midwest ISO agrees with FirstEnergy that the intent of section 68.1.2 is that no area less than 2,000 MW of load can be used to describe a minimum size planning zone. However, the Midwest ISO disagrees with FirstEnergy's other points. It argues that while the rating of generation in a planning zone may be greater than the load, it is possible that the generation may be composed of only a few units or have associated high forced outage rates such that on a probabilistic basis, the planning zone is deficient to serve the load reliably. The Midwest ISO continues that similarly, while generation may be less than the load in a planning zone, the generation can be subject to reduction due to transmission constraints outside of the planning zone. The Midwest ISO adds that while the study process monitors the power flow over the topological ties into the planning zone, it also studies constraints throughout the entire system that may reduce the flow on those ties.

40. With regard to the relationship between deliverability analysis for network resources and deliverability analysis for capacity resources, the Midwest ISO notes that the study process it follows distinguishes between zones that are required for proper modeling of congestion in the LOLE model versus zones that may have sufficiently limited effective import tie capability to warrant a separate and higher planning reserve margin. The Midwest ISO indicates that only an import-restricted zone has the potential for being assigned a higher planning reserve margin than the surrounding larger area. The Midwest ISO clarifies that Module E accounts for limitations on physical deliverability of designated network resources by creating planning zones and adjusting their planning reserve margins, not by disqualifying them as capacity resources for lack of deliverability.

41. In addition, the Midwest ISO agrees that the Tariff needs clarification of the transitional treatment of import-restricted zones and is currently working with stakeholders to draft provisions in the Business Practice Manuals. Therefore, the Midwest ISO offers to modify section 68.1.2, step 7 as follows (additions are underlined):

Step 7: For the current Planning Year, Zones that are found in step 5 to not have adequate transmission tie capability to meet the required critical amount of [effective import tie capability or] EITC to meet reliability criteria are assigned the [planning reserve margin] obligation equal to the [planning reserve margin] in the merged Zones in step 6. Zones with

inadequate EITC are more likely than the Zones identified in step 6 with adequate EITC to experience Emergency conditions requiring RTO operating procedures to be implemented in accordance with NERC standards. These RTO procedures would be implemented by the Reliability Authority to target local Zone level congestion, including limited generation supply. Such RTO operating procedures do not pre-empt the arrangement of other short term mitigating measures, such as moving mobile generation into the area. For study years 2 through 10, the Midwest ISO will identify Zones that are found in Step 5 to not have adequate transmission tie capability to meet the required critical amount of EITC and the Midwest ISO will identify such Zones as transmission reliability needs in the [Midwest ISO Transmission Expansion Plan] process to ensure that plans are developed to meet reliability standards.

42. In response, Midwest TDUs request to conditionally withdraw parts II and III of their protest, which both deal with the issues of planning zones and deliverability, but only if the Commission accepts: (1) the Midwest ISO's explanation in its answer regarding the relationship between deliverability analysis for network resources and deliverability analysis for capacity resources; and (2) the Midwest ISO's proposed modification to step 7 in section 68.1.2 of the Tariff. Additionally, the Midwest TDUs seek clarification that the Compliance Order does not impact the Midwest ISO's obligation, if any, to enforce the Midwest ISO Transmission Owners' Agreement and certain provisions regarding good-faith efforts to build facilities identified in Midwest ISO's transmission plans.

v. Commission Determination

43. Midwest ISO states that it agrees with FirstEnergy's assertion that no area with less than 2,000 MW load should be defined as a planning zone. The Commission also finds the use of a planning zone with at least 2,000 MW load to be reasonable. However, we note that section 68.1.2 states that a zone qualifies if it "contains either a modeled peak load value of at least 2,000 MW, or contains 2,000 MW of modeled generation."²⁵ We therefore direct the Midwest ISO to modify the Tariff provision to clearly and simply state that a planning zone will contain no less than 2,000 MW of load in a compliance filing within 30 days of the issuance of this order.

44. We decline to impose FirstEnergy's additional proposed restrictions on the development of planning zones. We agree with the Midwest ISO that simply comparing nominal MW values of load versus generation in a region does not take into account other factors that might prevent load from being reliably served.

²⁵ Midwest ISO Tariff, Sheet No. 1445.

45. We find that the Midwest ISO has complied with the Commission's directive to clarify the deliverability requirements of planning zones and capacity resources. The Midwest ISO indicates that it will not disqualify capacity resources from meeting the planning reserve margin requirements of an LSE in an import-restricted zone if the LOLE study reveals congestion that limits aggregate deliverability of some qualified resources. Instead, the Midwest ISO submits that it will address this congestion by creating a new planning zone and adjusting the planning reserve margin for the zone. We find this clarification to be reasonable.

46. However, as the Midwest ISO notes, outside capacity resources in excess of the maximum import capability of the zone are unable to serve the load in the import-limited zone. To address the constraints resulting in limited import capability into a zone as identified in the LOLE study, we accept the Midwest ISO's proposal in its answer to: (1) identify zones with inadequate transmission tie capability as transmission reliability needs in the Midwest ISO Transmission Expansion Plan to ensure that plans are developed to meet reliability standards; (2) in the meantime, provide for RTO operating procedures and other short-term mitigating measures to target local zone level congestion; and (3) work with stakeholders to potentially develop further transitional protections for the import restricted zones until any transmission expansion plans can take effect. We direct the Midwest ISO to file the corresponding Tariff provisions on compliance within 30 days of the issuance of this order. To the extent that any further transitional provisions are developed with stakeholders as part of the Business Practice Manuals and not included in the Tariff, we direct the Midwest ISO to submit these transitional provisions as an informational filing.²⁶

47. We recognize that the Midwest ISO and its stakeholders continue to develop and refine the resource adequacy program in Module E of the Tariff. While today we are accepting the Midwest ISO's proposal to resolve the deliverability issues raised by commenters, we believe that a more robust and permanent approach to addressing congestion that limits aggregate deliverability is ultimately required. ISO New England and the California ISO, for example, have developed a locational capacity requirement to insure that sufficient capacity is procured within import-restricted zones to meet reliability requirements. We direct the Midwest ISO to evaluate these and any other approaches with its stakeholders and inform the Commission in a compliance filing within 180 days of the issuance of this order as to what steps are being taken to develop a more permanent approach.

48. We address the Midwest TDUs' request to withdraw parts II and III of its protest in part IV.B.3, *infra*.

²⁶ The Commission does not intend to set this informational filing for notice and comment, nor issue an order on it.

b. **Full Responsibility Purchases and Full Responsibility Sales Agreements**

i. **Compliance Order**

49. After the May Compliance Filing, several parties raised questions regarding the Midwest ISO's treatment of system purchase contracts, where an LSE may sell or purchase its capacity or load obligation (energy and reserves). The Midwest ISO refers to these agreements as "Full Responsibility Purchases" and "Full Responsibility Sales" agreements. Several parties noted that Module E and the May Compliance Filing failed to address these agreements or the impact these agreements had on an LSE's resource adequacy requirements. Accordingly, these parties requested rehearing and clarification on these agreements.

50. In the Compliance Order, the Commission agreed with the parties and directed the Midwest ISO to specify the resource obligations of sellers and buyers to Full Responsibility Purchases and Full Responsibility Sales agreements.²⁷ The Commission further directed the Midwest ISO to specify the criteria by which agreements would qualify as Full Responsibility Sales and Full Responsibility Purchases agreements.²⁸

ii. **November Compliance Filing**

51. According to the Midwest ISO, it revised the definition of Forecast LSE Requirement in section 1.238 of Module E to show that the capacity or load shift assignment made via a Full Responsibility Purchases or Full Responsibility Sales agreement is netted against both the purchasing and selling LSEs' expected demand. The proposed language states that an LSE must subtract Full Responsibility Purchases from its expected demand and add Full Responsibility Sales to its demand. The Midwest ISO explains that this modification also will shift the reserve obligations from the original or purchasing LSE to the new or selling LSE. The Midwest ISO also added definitions for Full Responsibility Sales and Full Responsibility Purchases in Module A of the Tariff. The Midwest ISO further clarified that while the obligation to serve load under these agreements may be shifted, the obligation to forecast demand remains with the original LSE or the purchaser. Similarly, the planning reserve margin for the zone in which the load resides will be applied to the load, regardless of what LSE has the planning reserve obligation.

²⁷ Compliance Order, 125 FERC ¶ 61,062 at P 63.

²⁸ *Id.*

iii. Comments

52. Hoosier and Southern Illinois point out that the new definitions for Full Responsibility Purchases and Full Responsibility Sales include the statement that “each purchaser and seller must agree on which of their transactions are to be reported.” They contend, however, that the definitions are silent about what results if the purchaser and seller are not able to reach agreement, which could award a veto to the seller. Hoosier and Southern Illinois request that the Commission clarify that if the seller and purchaser are unable to reach agreement regarding an existing agreement, the Tariff’s dispute resolution procedures may be invoked to determine whether a particular transaction does or does not create a Full Responsibility Sale or Purchase.

53. Midwest TDUs contend that the Midwest ISO’s proposed Tariff language regarding Full Responsibility Purchases and Full Responsibility Sales²⁹ needs to be refined further. They argue that the second sentence in both definitions, which states that the “Planning Reserve provision by the seller as a percent must meet or exceed the PRM [planning reserve margin] obligation for the purchasing LSE,” will produce irrational and unintended consequences.³⁰ According to Midwest TDUs, this sentence would make the customer’s purchase completely ineligible to meet its Forecast LSE Requirement if its planning reserve margin increases above the planning reserves in the Full Responsibility Purchases or Sales agreement. They contend that this could result in a purchaser receiving no credit for reserves even though it has supplied most of the reserves under the agreement.

54. For example, Midwest TDUs describe an LSE with a long-term contract to purchase 100 MW of power that includes a provision for planning reserves capped at a 12 percent reserve obligation. Midwest TDUs contend that if the LSE’s planning reserve margin is 11.5 percent, the LSE would receive full credit for the reserves it pays because the contract qualifies as a Full Responsibilities Purchase. However, if the LSE’s planning reserve margin is increased to 12.5 percent, the LSE’s contract would no longer qualify as a Full Responsibilities Purchase under the proposed definition and, thus, the LSE would receive no credit for the 12 MW it purchased under the contract. Midwest TDUs suggest that a better solution would require the LSE to show that it has another 0.5 MW of reserves to meet its planning reserve margin shortfall.

55. Second, Midwest TDUs argue that the proposed Tariff revision in section 68—that is, “FRP/FRS [Full Responsibility Purchases/Full Responsibility Sales] agreements are

²⁹ Midwest TDUs refer to Full Responsibility Purchases and Full Responsibility Sales agreements by their more common name, as system purchase contracts.

³⁰ Midwest ISO Tariff, Revised Sheet No. 161.

treated effectively like a transfer of Demand and PRM [planning reserve margin] requirements from one LSE to another”³¹—could be read as reflecting the intent to limit Full Responsibility Purchases and Full Responsibility Sales treatment to situations in which the seller is an entity that only serves retail load in the Midwest ISO. The Midwest TDUs note that a number of their members purchase system power, including reserves, from the Western Area Power Administration, which is not an LSE. Midwest TDUs therefore seek confirmation that these agreements can be treated as Full Responsibility Purchases agreements.

iv. Answer

56. The Midwest ISO states that it does not oppose Hoosier and Southern Illinois’s requested clarification regarding the use of dispute resolution procedures and will make the necessary modifications upon order of the Commission.

57. However, the Midwest ISO disagrees with Midwest TDU’s interpretation of the Tariff with regard to Full Responsibility Purchases contracts and system power contracts. The Midwest ISO explains that section 68 specifies that Full Responsibility Purchases contracts are treated effectively like a transfer of demand and planning reserve margin requirements from one LSE to another. It argues that “there is no intent for the customer [to] receive no credit whatsoever for the amount of reserves it is paying for under its contract, as alleged by the Midwest TDUs.”³² The Midwest ISO views this as a contractual issue between the purchaser and seller.

58. Midwest TDUs counter that while the Midwest ISO’s answer appears to agree that a purchaser under a Full Responsibility Purchases agreement should receive credit for reserves that it purchases, the Midwest ISO fails to acknowledge that its proposed definitions are in conflict with its stated intent. They also claim that it does not directly respond to the question of whether a Full Responsibility Seller must be an LSE—that is, an entity that serves load in the Midwest ISO.

v. Commission Determination

59. We find reasonable Hoosier and Southern Illinois’s proposal to invoke the Tariff’s dispute resolution procedures if a seller and purchaser cannot agree on whether a particular transaction is a Full Responsibility Sales or Full Responsibility Purchases

³¹ *Id.*, Revised Sheet No. 1442.

³² Midwest ISO December 29, 2008 Answer at 12 (internal quotation marks omitted).

agreement. Accordingly, we direct the Midwest ISO to incorporate this provision into the Tariff on compliance within 30 days of the issuance of this order.

60. We agree with Midwest TDUs in their answer that while the Midwest ISO appears to confirm that a buyer of a Full Responsibility Purchases agreement should receive credit for the reserves that it purchases under a system purchase contract, the Midwest ISO's response is less than clear and the Midwest ISO's proposed definitions of Full Responsibility Sales and Full Responsibility Purchases may be in conflict with the Midwest ISO's stated intent. Accordingly, we direct the Midwest ISO to fully respond to Midwest TDUs' concern in a compliance filing within 30 days of the issuance of this order.

61. With regard to Midwest TDU's concern that some sellers of Full Responsibility Purchases are not LSEs, we find that further clarification is necessary. The Commission believes that it is reasonable for a non-LSE to be a seller under a Full Responsibility Purchases agreement. However, the resource adequacy construct under Module E places responsibility for ensuring resource adequacy upon LSEs. The Midwest ISO's proposed Tariff revisions assume that the entity selling under a Full Responsibility Sales agreement would assume responsibility for the demand and planning reserve margin requirements. To the extent that this entity is not an LSE—or not an LSE within the Midwest ISO—the Tariff may be unenforceable to ensure that the seller meets its resource adequacy requirements. For example, the seller would not be subject to the financial settlement charge for deficient LSEs. To ensure the Midwest ISO has a workable resource adequacy program that it can enforce, we clarify that the LSE is responsible for the deficiencies in Full Responsibility Purchases and Full Responsibility Sales agreements in which the seller is not an LSE under the jurisdiction of the Midwest ISO. We direct the Midwest ISO to modify its Tariff on compliance within 30 days of the issuance of this order.

c. Power Purchase Agreements

i. Compliance Order

62. In response to the May Compliance Filing, a number of parties filed comments or protests regarding the Midwest ISO's treatment of power purchase agreements vis-à-vis an LSE's planning reserve requirements. One issue, among others, concerned the Midwest ISO's obligation to verify that a power purchase agreement is tied to a specific resource and to ensure that such resources are not committed to other market participants or to load outside of the Midwest ISO. The parties raised particular concerns about power purchase agreements where the power was not being provided by a particular generation resource, but was provided by multiple resources on the system. In addition, some parties also raised confidentiality concerns if they had to provide a power purchase agreement to the Midwest ISO for verification purposes. As these parties noted, such agreements may contain pricing information and other sensitive business information.

63. The Commission generally accepted the Midwest ISO's various revisions regarding the treatment of power purchase agreements, subject to certain modifications. In particular, we directed the Midwest ISO to add language to its Tariff clarifying that resources can only be designated as capacity resources if the contract identifies one or more specific resources, as verified by the Midwest ISO.³³ We further directed that for "slice of system" contracts, each unit specified in the contract must meet the criteria for a capacity resource for the portion of the unit assigned to the contract, and the capacity resource amount should be reduced to remove amounts that fail to meet this criterion.³⁴ In addition, the Commission acknowledged that the Midwest ISO, as part of its verification process, may need to review portions of an LSE's power purchase agreement. It directed the Midwest ISO to submit a compliance filing reserving such a right in its Tariff.³⁵

ii. November Compliance Filing

64. The Midwest ISO made several modifications to section 69.2.1 of the Tariff in response to the Compliance Order. The Midwest ISO modified this section to ensure that power purchase agreements identify one or more specific resources, which must be verified by the Midwest ISO. It also proposed provisions to ensure that generation sources for "slice-of-system" contracts are identified and can be verified by the Midwest ISO. Finally, the Midwest ISO added a provision requiring LSEs to provide a "copy of every power purchase agreement . . . to enable it [the Midwest ISO] to verify the capacity backing the power purchase agreement and to confirm compliance with RAR [Resource Adequacy Requirements]."³⁶

iii. Comments

65. Hoosier and Southern Illinois challenge the Midwest ISO's proposal to require LSEs to provide a copy of every power purchase agreement for verification purposes. They contend that this language exceeds the Compliance Order, which directed the Midwest ISO to propose language reserving its right to receive and review "portions of the agreements." Hoosier and Southern Illinois request that the Commission reject this language and direct the Midwest ISO to provide a list of the specific contract provisions that should be submitted with an application for capacity resource designation.

³³ Compliance Order, 125 FERC ¶ 61,062 at P 33.

³⁴ *Id.*

³⁵ *Id.* P 35.

³⁶ Midwest ISO Tariff, Revised Sheet No. 1462.

66. Midwest TDUs request that the Midwest ISO clarify whether, under section 69.2.1.2.e, it will accept as a capacity resource a contract that identifies a “fleet of resources” as backing the power purchase agreement without naming any specific generation units within the fleet. In addition, Midwest TDUs request that the Midwest ISO eliminate the apparent requirement in this section requiring that a power purchase agreement identify the specific portions of resources that will be dedicated to serve the buyer. Midwest TDUs contend that most system power contracts are not written in the manner apparently specified in the proposed Tariff, but instead allow the seller to make use of its entire fleet to serve the buyer, with particular resources and associated outputs changing hour to hour and month to month.

67. Finally, Midwest TDUs have concerns with section 69.2.1.2.d, which provides how the Midwest ISO will accredit different types of capacity resources, generally at their unforced capacity rating. Midwest TDUs argue that this section should be revised to “comply with the Commission’s October 20 orders requiring Tariff provisions embodying [the Midwest ISO’s] new approach for system purchases.”³⁷ Midwest TDUs add that if the section is ultimately retained, the Midwest ISO should: (1) eliminate references to “non-unit specific,” consistent with Commission directives;³⁸ and (2) clarify language that calls for a multiple unit specific power purchase agreement to be accredited up to the seller’s remaining unforced capacity.³⁹

iv. Answer

68. The Midwest ISO asserts that an entire copy of the power purchase agreement is necessary for verification purposes. However, the Midwest ISO also recognizes the sensitivity of such information. It therefore offers to include clear confidentiality provisions and permit redacted copies of an agreement so long as the redacted version contains sufficient information to comply with the verification requirements in the Tariff.

69. In response to Midwest TDUs’ concerns, the Midwest ISO argues that the Commission specifically directed the Midwest ISO to add language to the Tariff requiring a power purchase agreement to identify one or more specific resources for purposes of verification. Separately, the Midwest ISO offers to make revisions to comply

³⁷ Midwest TDU December 10, 2008 Protest at 9.

³⁸ Compliance Order, 125 FERC ¶ 61,062 at P 33.

³⁹ Midwest TDUs contend that it is not clear in what order customers’ purchases are to be deducted from the seller’s capacity for purposes of determining how much “remaining” capacity the seller has.

with the Compliance Orders, which required the Midwest ISO to replace the term “non unit specific” with the term “multiple unit specific.”

70. Midwest TDUs counter that while the Midwest ISO’s proposed language in section 69.2.1.2.e, which requires the specification and allocation of resources (in percentage or MW) that will back a contract, may be justified when a single plant is involved, such a requirement is not justified in the context of system power purchases. They submit that the Midwest ISO’s insistence that the contract go to this level of detail ignores the Commission’s intent that the Midwest ISO rely on its verification process. Midwest TDUs argue that unlike “seller’s choice” contracts, which the Commission intended to limit, a system power contract provides capacity and energy from a verifiable set of resources. They claim that the Midwest ISO’s language creates an unreasonable burden and ignores how such agreements work.

v. Commission Determination

71. We emphasize that the Midwest ISO must have sufficient information to satisfy the verification requirements under the Tariff, which may include access to an entire power purchase agreement in some cases. While we recognize the sensitive and confidential nature of these agreements, we find that the Midwest ISO’s offer to include clear confidentiality provisions and to permit redacted copies should satisfy Hoosier and Southern Illinois’s concerns. However, as the Midwest ISO notes, the redacted contracts must contain sufficient information to demonstrate that the power purchase agreement complies with the Tariff requirements. Accordingly, we direct the Midwest ISO to file corresponding Tariff revisions in a compliance filing within 30 days of the issuance of this order.

72. While the Commission has emphasized that a viable resource adequacy plan must ensure that planning resources are not committed to other market participants or to load outside the Midwest ISO so that these resources are not double counted, we recognize that Midwest TDUs and other LSEs may have executed power purchase agreements long before the existence of the Midwest ISO’s resource adequacy program that do not specify the necessary information for verification purposes in the contracts themselves. Accordingly, we accept the Midwest ISO’s proposed Tariff revisions in section 69.2.1.2.e, but direct the Midwest ISO to work with market participants to determine how the Midwest ISO can use alternative documentation and verification procedures to ensure that power purchase agreements can qualify to be capacity resources even if the terms of the contracts do not expressly specify each and every requirement of section 69.2.1.2.e, such as the requirement that agreements specify the portions and allocation of resources pursuant to section 69.2.1.2.e.ii, in the body of the contracts themselves. On compliance, we direct the Midwest ISO to submit proposed Tariff revisions that specify the process by which an LSE may submit alternative documentation to verify power purchase agreements and how the Midwest ISO will determine whether such alternative documentation is sufficient. We emphasize that, in accordance with

section 69.2.1, the burden is on the LSE to provide sufficient documentation that enables the Midwest ISO to verify a power purchase agreement as a capacity resource.

73. We find that section 69.2.2.d appears to contain Tariff language that is inconsistent with the Commission's directive in the Compliance Order to conform the must-offer requirements of external multiple unit specific capacity resources to that of internal multiple unit specific resources.⁴⁰ Section 69.2.2.d specifies that an external multiple unit specific power purchase agreement will be accredited at 100 percent of its capacity, while an internal multiple unit specific power purchase agreement will be accredited up to the seller's remaining unforced capacity. We direct the Midwest ISO on compliance to revise its Tariff so that the accreditation requirements are consistent for the two types of resources, or, in the alternative, explain why there is a need to treat them differently. To the extent the existing language is retained, we direct the Midwest ISO on compliance to: (1) replace references to "non-unit specific" with "multiple unit specific," as required by the Compliance Order;⁴¹ and (2) clarify what is meant by "remaining unforced capacity."

74. We direct the Midwest ISO to file the revisions and clarifications directed in this section as part of a compliance filing within 30 days of the issuance of this order.

d. Load Under-Forecast

i. Compliance Order

75. Parties raised concerns regarding the Midwest ISO's definition of Under-Forecast in its May Compliance Filing, especially the meaning of the phrase "RTO accepted normalization." In response, the Midwest ISO offered to revise the definition and the Commission ordered such a revision in the Compliance Order.⁴²

ii. Midwest ISO Compliance Filing

76. The Midwest ISO states it has revised the definition of Under-Forecast as follows:

The negative difference between the forecasted Demand and actual measured Demand, after adjustment for actual weather conditions, retail Load changes and actual [locational marginal prices or] LMPs. LSEs with load whose withdrawals vary based on LMP and who provide verifiable statistical analysis

⁴⁰ Compliance Order, 125 FERC ¶ 61,062 at P 176-178.

⁴¹ *Id.* P 33.

⁴² *Id.* P 112 n.40.

to support the associated price elasticity can normalize actual measured Demand to reflect differences between forecasted and actual LMPs.

iii. Comments

77. Detroit Edison argues that the second sentence of the Midwest ISO's proposal indirectly introduces the concept of price responsive demand into a forecasting requirements definition, which is contrary to the directive in the Compliance Order. Detroit Edison contends that the second sentence is nothing more than a description of price-responsive demand in economic terms. It adds that one of the issues being discussed in ongoing stakeholder meetings has been what "verifiable statistical analysis" is appropriate to approximate price elasticity of price-responsive demand existing in the Midwest ISO footprint. Detroit Edison suggests that the second sentence of the proposed definition be deleted until further stakeholder discussions are completed and a subsequent formal filing is made regarding changes to the Midwest ISO Tariff on price-responsive demand.

iv. Answer

78. The Midwest ISO requests that the Commission reject Detroit Edison's arguments. It submits that the proposed modification to the definition of Under-Forecast does not introduce the concept of price-responsive demand or preclude ongoing stakeholder discussions. The Midwest ISO contends that the proposed language removes any confusion that existed regarding "RTO accepted normalization" and provides clarification as to some of the techniques that LSEs can use to forecast their demand.

v. Commission Determination

79. We disagree with Detroit Edison that the definition of Under-Forecast inappropriately introduces the concept of price responsive demand into forecast requirements. Each LSE will be required to meet its resource adequacy requirements based on its forecasted demand plus a planning reserve margin. To the extent an LSE responds to locational marginal prices with varied levels of demand, the Midwest ISO should be allowed to account for this factor in order to assess the accuracy of the LSE's forecast. By restricting its proposal to a demand forecast, and defining how it intends to verify adjustments to the forecast, the Midwest ISO has clarified the meaning of "RTO normalization practices" and thus met the compliance requirements of the Compliance Order. The Midwest ISO is not pre-empting ongoing stakeholder discussions on price-responsive demand. For this reason, we reject Detroit Edison's arguments.

e. Other Issues

80. The Midwest ISO's November Compliance Filing contains other minor Tariff revisions and clarifications concerning, among other things, load modifying resource

accreditation standards and the calculation of the planning reserve margin. We find these proposed Tariff revisions to be reasonable and accept them.

3. Midwest TDUs' Request to Withdraw Certain Matters Raised

81. As noted above, the Midwest TDUs' seek withdrawal of part III.B of their request for rehearing and parts II and III of their protest, all of which deal with the issues of deliverability and planning zones. The Midwest TDUs, however, conditioned that withdrawal based on the Commission's acceptance of: (1) the Midwest ISO explanation in its answer regarding the relationship between deliverability analysis for network resources and deliverability analysis for capacity resources; and (2) the Midwest ISO's proposed modification to step 7 in section 68.1.2 of the Tariff. Additionally, the Midwest TDUs sought clarification that the Compliance Order did not impact the Midwest ISO's obligation, if any, to enforce the Midwest ISO Transmission Owners' Agreement and certain provisions regarding good-faith efforts to build facilities identified in Midwest ISO's transmission plans.

82. As discussed above, we accept the Midwest ISO's explanation in its answer regarding the relationship between deliverability analyses for network resources and capacity resources. We also accept the Midwest ISO proposed modification to step 7 in section 68.1.2. of the Tariff. With regard to the Midwest TDUs' requested clarification, we clarify that nothing in the Compliance Order was intended to pre-judge or otherwise interpret the good-faith provisions in the Midwest ISO Transmission Owner's Agreement. In light of these findings, we find it appropriate to grant Midwest TDUs' request to withdraw their pleadings as to deliverability and planning issues.

The Commission orders:

(A) The requests for rehearing of the Compliance Order are hereby denied, as discussed in the body of this order.

(B) The Midwest ISO is hereby directed to make a compliance filing within 30 days of the date of this order, as discussed in the body of this order.

(C) The Midwest ISO is hereby directed to make a further compliance filing within 180 days of the date of this order, as discussed in the body of this order.

(D) Part III.B of the Midwest TDUs' request for rehearing and parts II and III of their protest to the November Compliance Filing are, pursuant to their request, withdrawn.

By the Commission. Commissioner Kelliher is not participating.

(S E A L)

Kimberly D. Bose,
Secretary.