

Midwest ISO Overview - ATC Customer Meeting

February 26, 2009

Agenda

- Overview – January 2009
- Dashboard
- Module E
- RAR Timeline
- Questions

Overview

January was characterized by seasonal cold temperatures, with extremely cold temperatures across the footprint during the second week, and decreased levels of planned generation outages and transmission outages.

- Implementation of the Maximum Generation Emergency Procedures (1 Alert, 0 Warning, 0 Events) occurred in the western portion of our footprint as a result of the extremely cold temperatures.
- Implementation of the Minimum Generation Emergency Procedures did not occur for the month of January.
- Ancillary Services Market (ASM) market was successfully launched on January 6, 2009. During the first full week of operation, the Midwest ISO managed near record peak loads due to widespread extremely cold temperatures across the footprint.
- A larger average monthly price difference between the Day-Ahead and Real-Time markets favored virtual supply in January 2009. However, the overall profits gained by virtual supply transactions this month only slightly offset the losses experienced by virtual demand transactions. The net effect was a decline in the net monthly virtual profit index to \$0.05/MWh for January 2009 from \$1.02/MWh the previous month.
- Virtual Market Profitability metric criteria changed beginning 1/09. According to the new criteria, the previous three months on the dashboard would be at an “Expected” status.
- Day-Ahead congestion costs declined due to reduced transmission and generator outages associated with conservative operations during the ASM launch and extremely cold temperatures across the footprint.
- Financial Transmission Rights (FTR) funding for January 2009 was reduced primarily due to lower overall DA congestion and shortfalls associated to external scheduled outages and associated M2M congestion.
- Total installed capacity for wind in January increased to 4,327 MW.
- Four Transmission Loading Relief (TLR) Level 5 events were experienced in January.

Dashboard

Operations Excellence

Metric	Current Month Indicator	Prior 3 Months		
DA/RT Price Convergence	●	●	●	●
Load Cleared Day Ahead	●	●	●	●
Headroom	●	●	●	●
MTLF Accuracy	●	●	●	●
Virtual Market Profitability	●	▼	■	●
FTR Funding	▼	▼	●	▼
Fuel Normalized RSG per RT MWh Served	●	●	●	●

Metric	Current Month Indicator	Prior 3 Months		
Tie Line Error	●	●	●	●
CPS 1 Performance	●	●	●	●
NERC Violations	●	●	●	●
Unit Commitment Efficiency	●	●	●	●
ARS Deployment	●	●	●	●

Customer Service

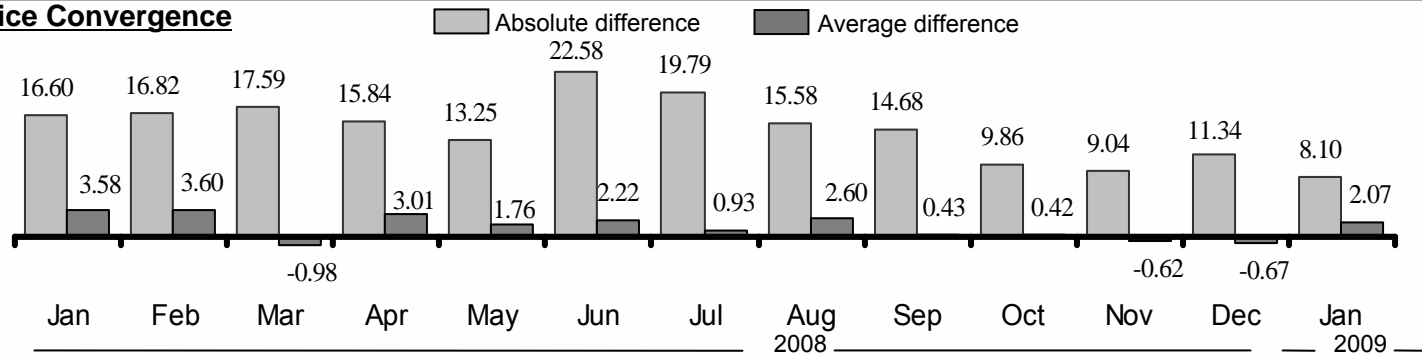
Metric	Current Month Indicator	Prior 3 Months		
Application Availability	●	●	●	●
UDS Solution %	●	●	●	●
Day 1 Settlements Accuracy	●	●	●	●
Day-Ahead Post Time	●	●	●	■
Settlements Disputes	●	●	●	●

Metric	Current Month Indicator	Prior 3 Months		
Monthly Transmission Queue Cycle Time	●	●	●	●
Increase in Yearly Transmission Queue Backlog	●	●	●	●
Generation Queue Status and Progress	●	●	●	■

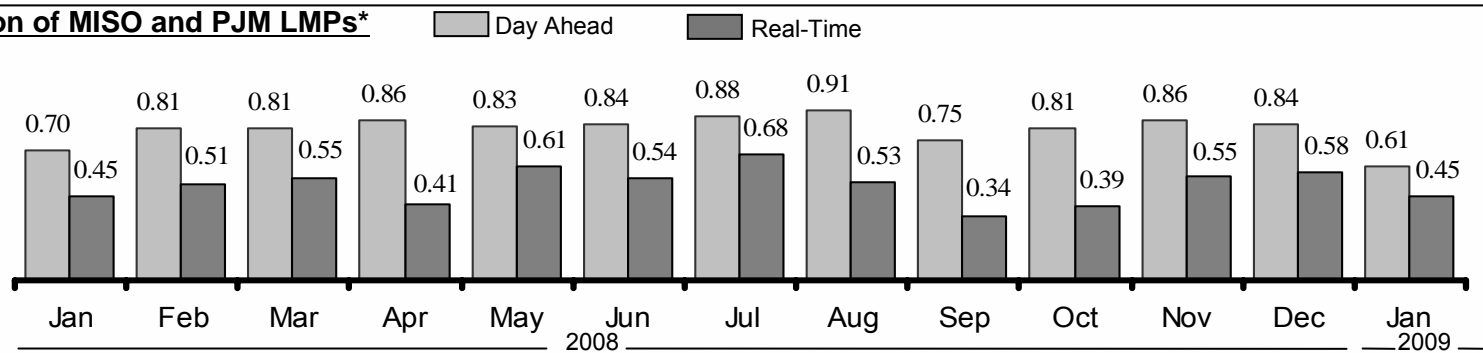
Pricing Statistics

DA/RT Price Convergence

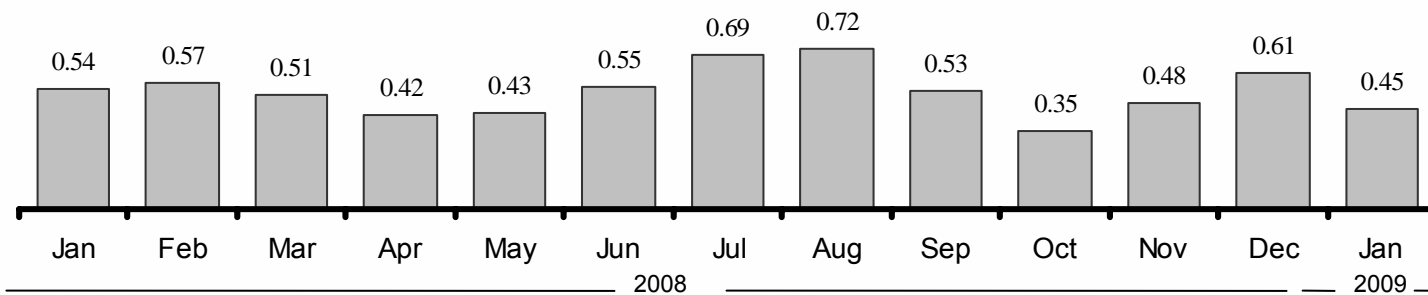
In dollars



Correlation of MISO and PJM LMPs*



Correlation of Real-Time Load and LMP in Peak Hours

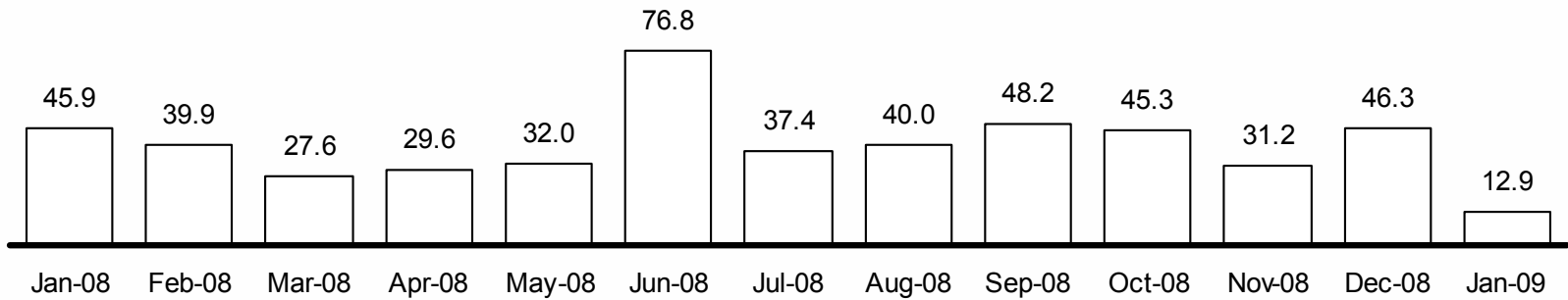


* - PJM's Western Hub price is correlated with the average of Midwest ISO's Michigan and First Energy Hubs

Congestion

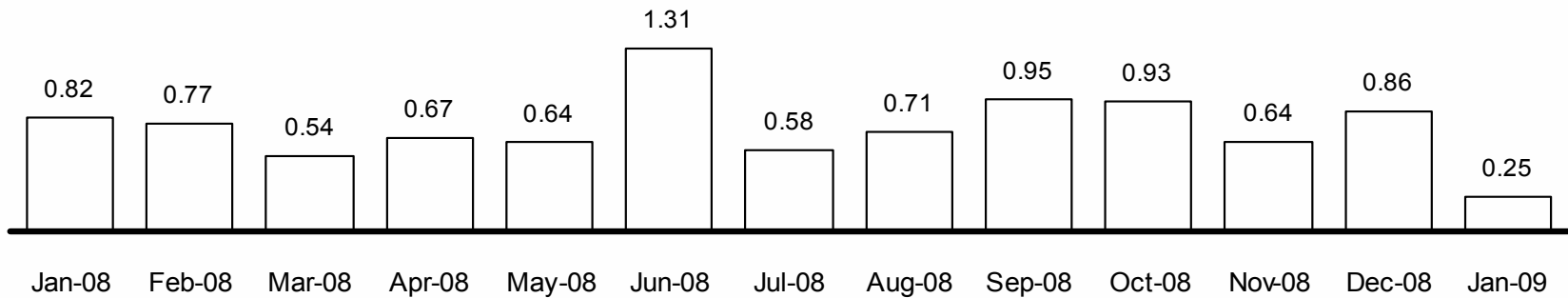
Day Ahead Market Congestion Costs

\$ in millions

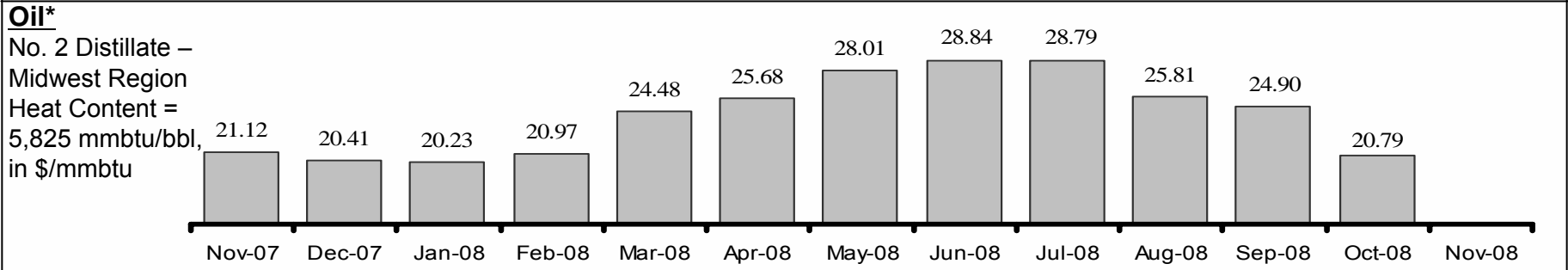
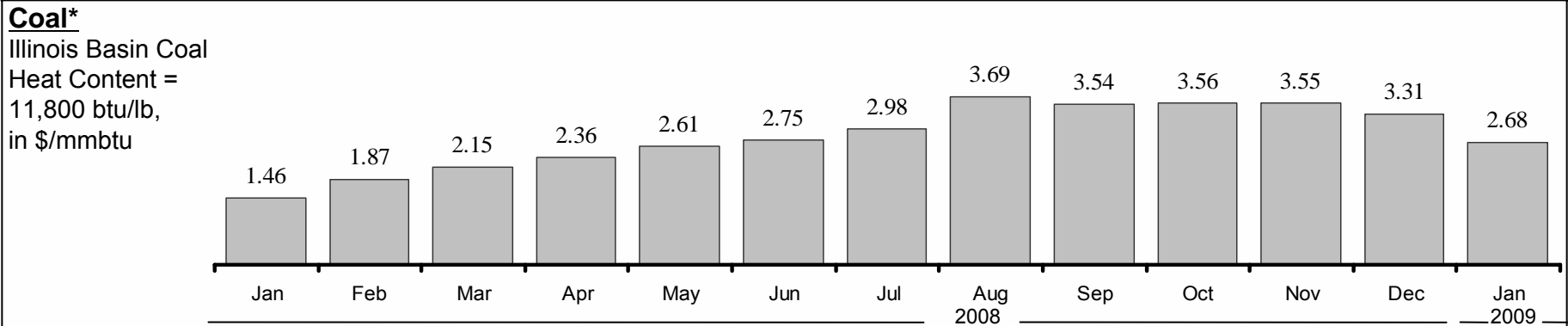
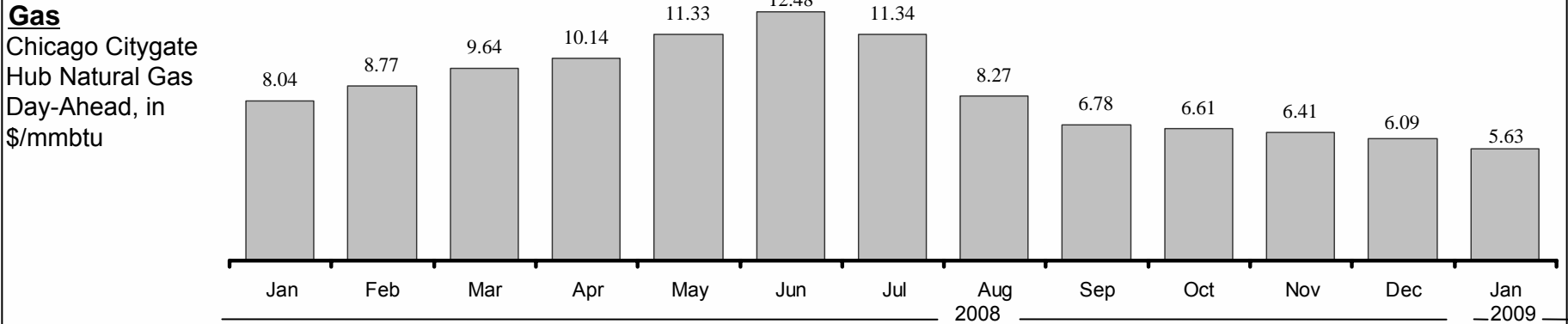


Day Ahead Market Congestion Costs

\$ per Cleared MWh



Fuel Prices

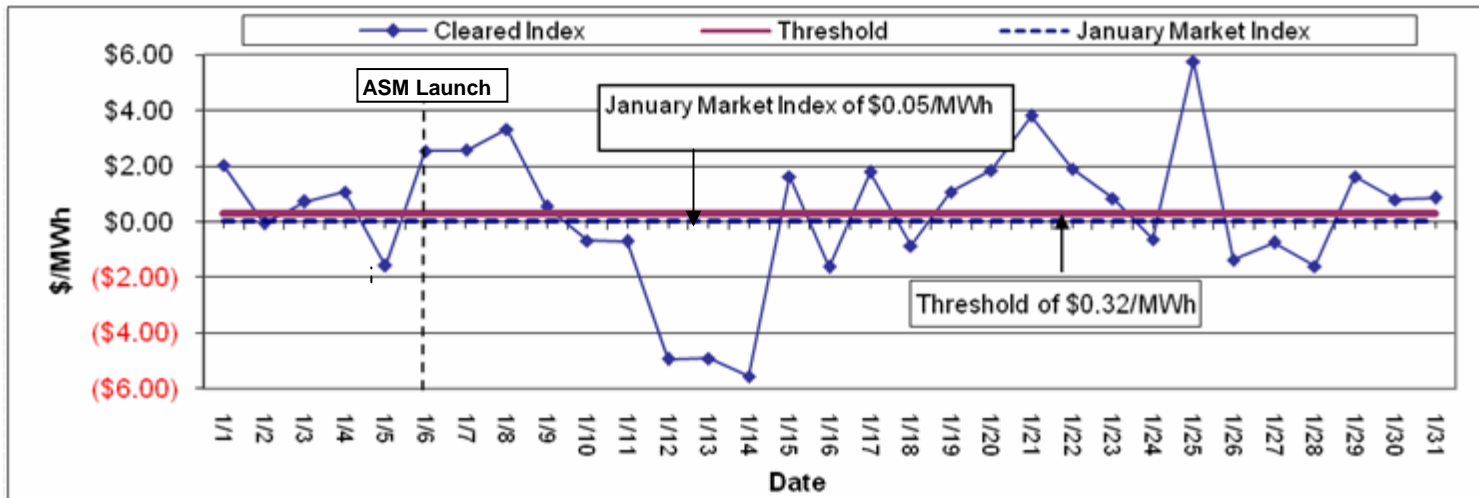


* - Oil prices have a two month lag; Coal weekly spot prices for week ending 12/26 not captured due to holiday. November 2008 data not yet available.

Data Source: Publicly Available/Government Sources – EIA and ICE

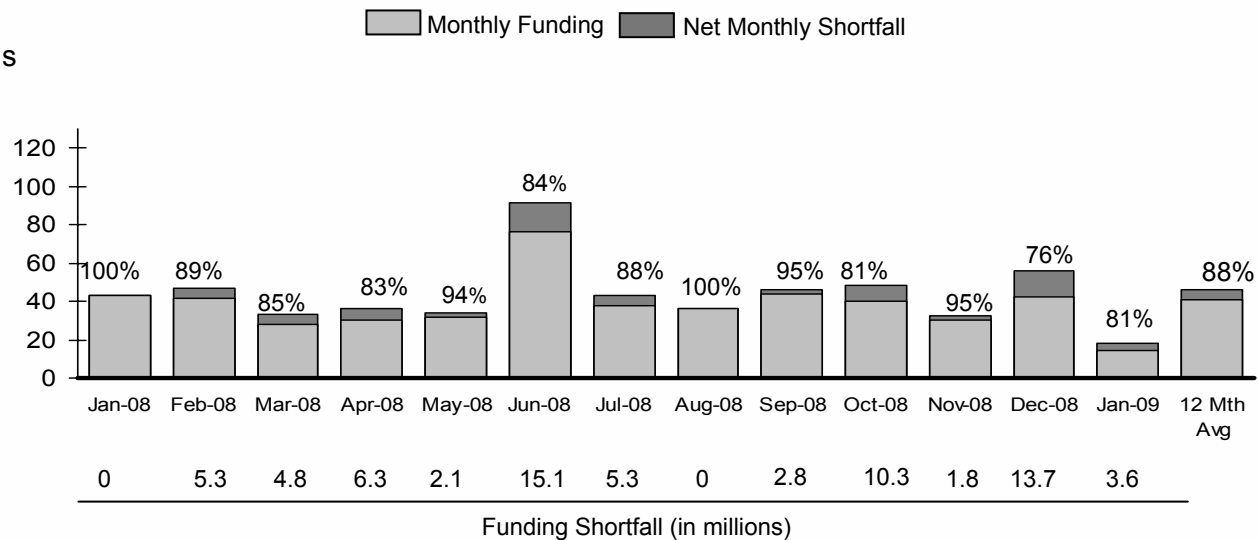
Virtual Market/FTRs

Virtual Profitability



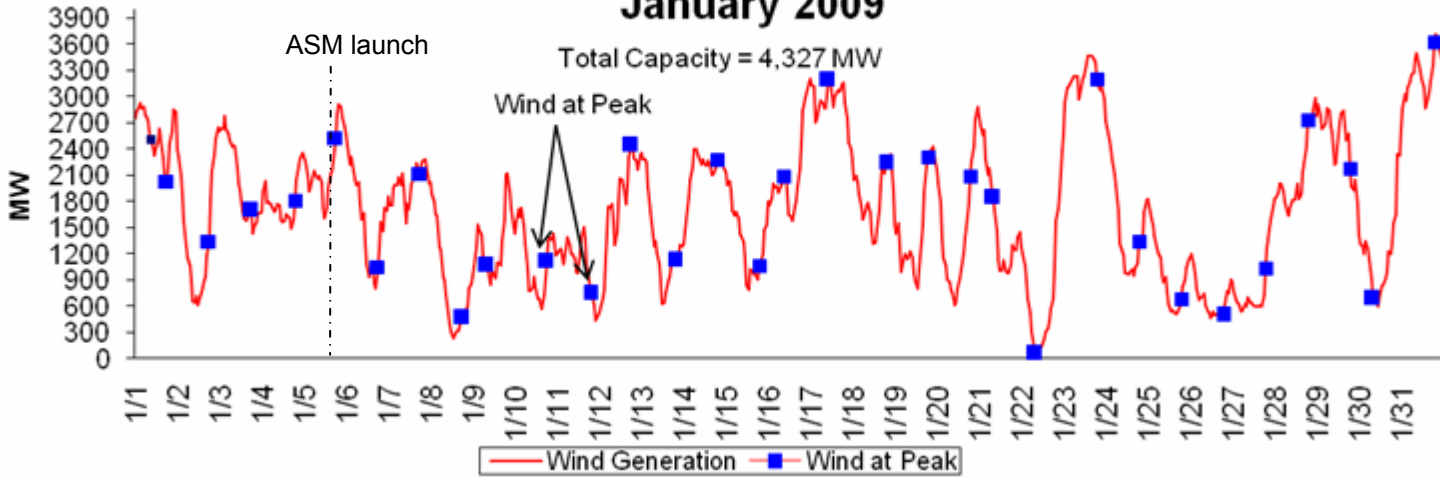
FTR Funding*

Dollars in millions



Wind Utilization

**Midwest ISO Wind Generation
January 2009**

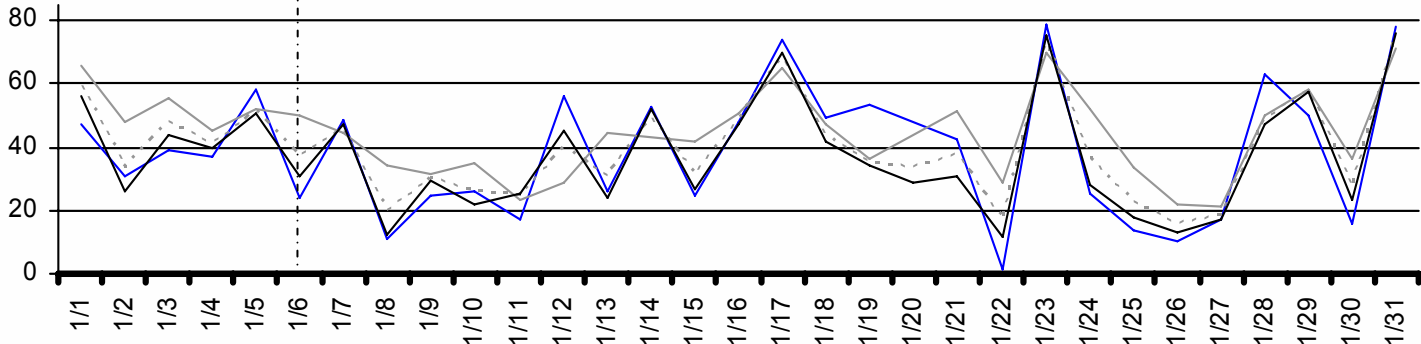


Wind Capacity Factor*

%

ASM launch

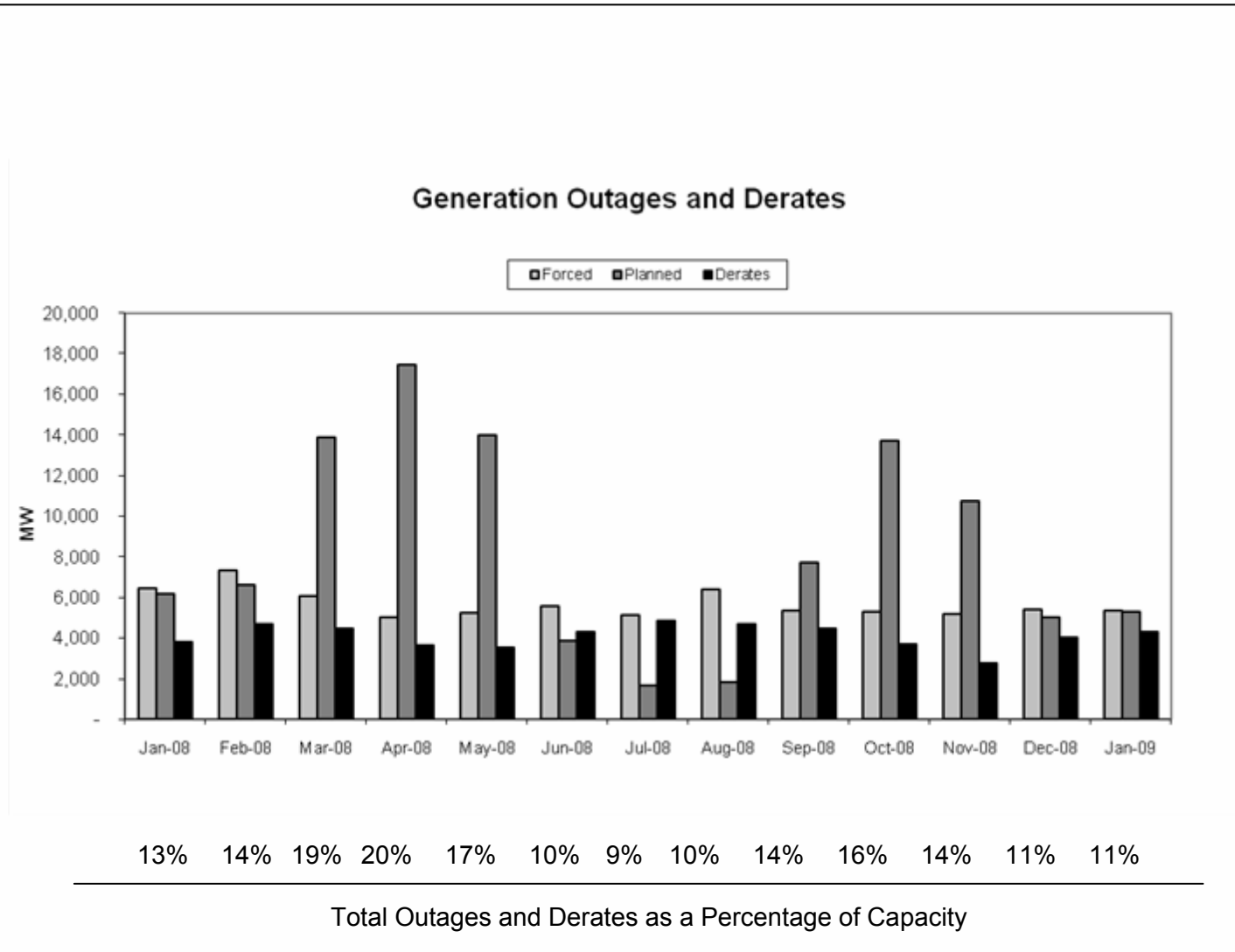
— Off-Peak Hours — Peak Hour
— On-Peak Hours ····· Daily Average



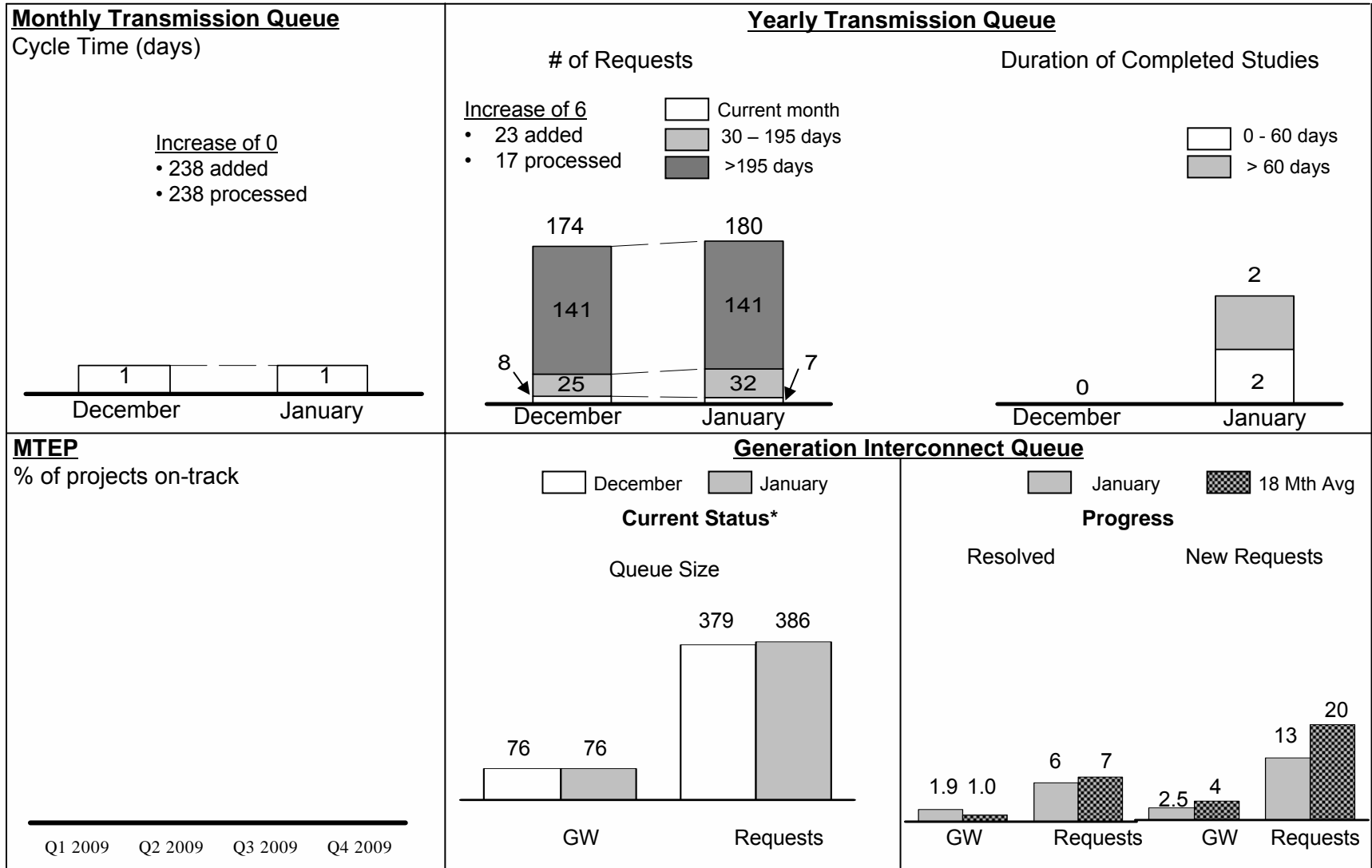
Standard Deviation
of Peak Hour Capacity
Factor = 20.7

* - Capacity factor is calculated by dividing actual generation by the installed capacity

Outages



Transmission Services



*Processing Status Metric removed due to change in new queue process.

Module E - FERC Activity

- Midwest ISO filed a motion with FERC regarding eligibility of certain contracts as Capacity Resources (1/21/09)
 - The Midwest ISO (1) has been delegated the authority to determine if PPA Contracts qualify as Capacity Resources and (2) has properly determined that the contracts are eligible as Capacity Resources or (3) in the alternative, FERC should determine that the contracts are eligible Capacity Resources
 - Requested expedited consideration, given short timeframe
 - Shortened comment period received (closed 2/5/09)
- Midwest ISO plans to file responses to stakeholder comments by 2/14/09

Module E – Recent Deliveries

- Bi-lateral capacity bulletin board
(via Midwest ISO Market Portal) completed
 - Allows for both short and longer-term posting of bilateral capacity transactions
- Midwest ISO Capacity Tracking Tool (MECT)
in Production environment on 2/1
 - Issue with Full Responsibility Sales/Purchases (FRP/FRS) resolved on 2/7
- Initial scoping phase for Voluntary Capacity Auction (VCA)
 - Vote on path forward from Market Subcommittee regarding treatment of VCA or CONE defaults

Module E – Areas of Focus

- Stakeholder-specific issues with data, load forecast, unit information, etc.
- LMR (DR/BTMG) confirmations ongoing
- Planning Year # 1 reporting
- Working with LBA regarding LMR in EOP-02
- Issues Management via Stakeholder Sessions
 - February 13th: Transmission Losses
 - February 18th: Finalize BPM
 - February 20th: Capacity Contracting/Planning Resource Credits (PRC)
 - February 27th: After-the-Fact Analysis of Load Forecasting

RAR Timeline *(as of 02/10/09)*

4Q			1Q			2Q			3Q			4Q		
O	N	D	J	F	M	A	M	J	J	A	S	O	N	D

Regulatory Items

- Conditional Acceptance of RAR Filing
- 30 and 60 Day Compliance Orders
- Compliance Filings
- Rehearing Request - LMR

Business Practices Manual

- Version 1 (Initial Tariff Filing)
- Version 2 (Compliance Orders)
- Version 3 (Final for 1st Planning Year)

Business Impact Assessment

- Midwest ISO

Infrastructure and Technology

- Non-MISO Bilateral Transaction BB
- Capacity Tracking Tool
- Voluntary Auction Application

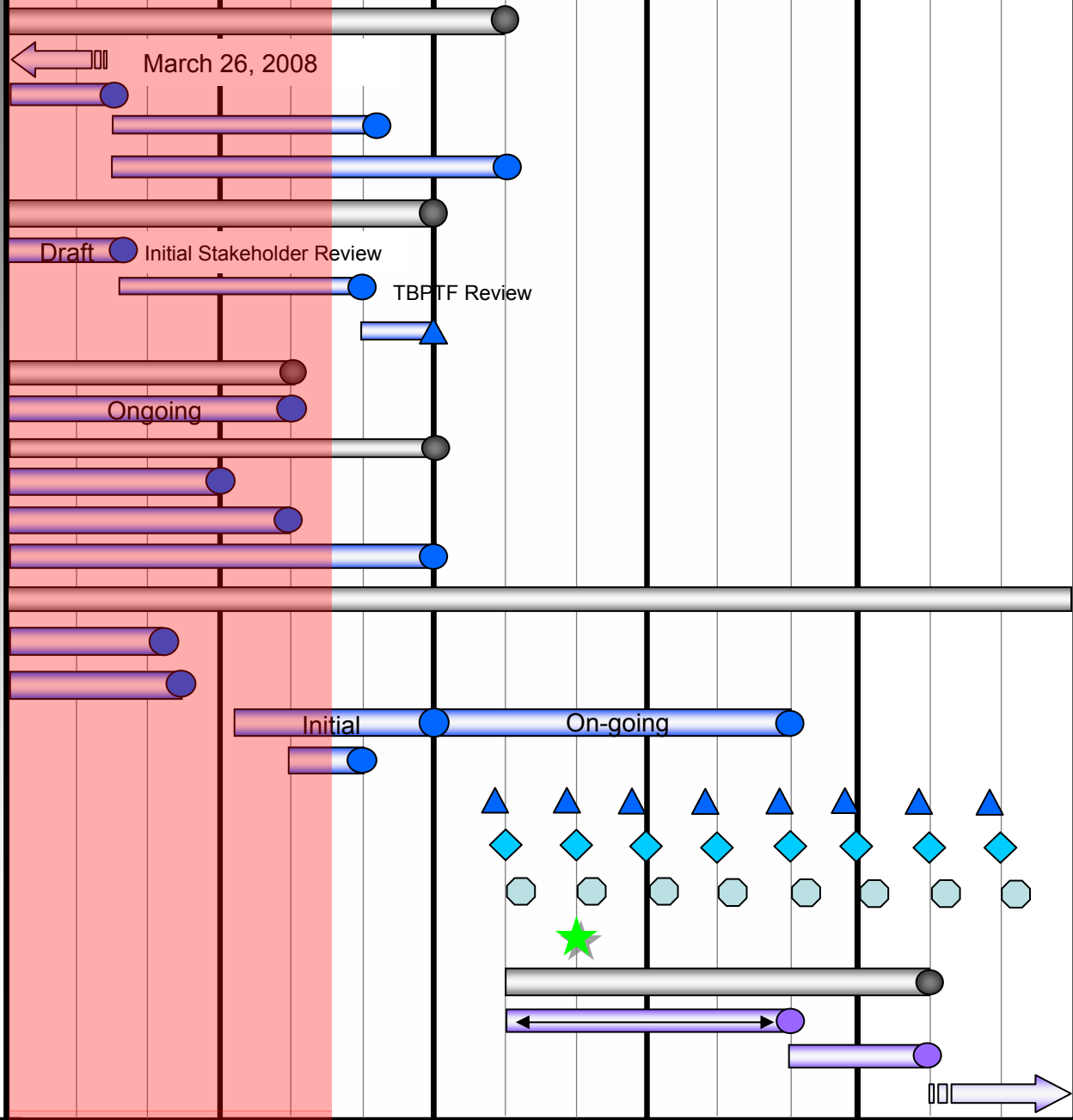
Planning Year 2009 - 2010

- Planning Reserve Margin Determination
- Resource Specific UCAP Determination
- Asset Registration – DR, BTMG
- Submittal of Annual Resource Plans
- Monthly Voluntary Capacity Auction▲
- Monthly Updates to Resource Plans◆
- Determine Sufficiency of Monthly Plans◉

Phase II RAR Processes Effective

Phase II RAR Assessment

- Assessment of Planning Year 1
- Recommendations for Future PY
- Implement Future PY Enhancements



Questions