



Midwest ISO 2006 Highlights 2007 Glimpses

ATC Quarterly Customer
Meeting
February 22, 2007

○ November NERC Audits

■ Positive Reports

■ Readiness Audit

- “Midwest ISO has competent and experienced Real Time operations staff”
- Neighboring Reliability Coordinators, member companies expressed high degree of confidence in Midwest ISO’s Real Time Operations staff.
- Potential for at least 5 NERC Examples of Excellence awards, including daily Operational Scorecard.

○ Steady State Market Operations

- Steady state
- Significant reductions in RSG charges
 - Eg: \$31 million August 2006, compared with \$60 million August 2005.
- Two-part bid analysis
 - Re-run of market information allows analysis of potential changes and how they would affect market operations
 - No other market performs this analysis

○ Steady State Market Operations

■ Ramp Reservation System

- Implemented May 2006
- Market Participants can now schedule ramp in advance of energy deals
- Provides greater assurance transmission service can be scheduled against physical delivery

○ Membership

■ New Members

- Michigan South Central Power Agency
- Southern Minnesota Municipal Power Agency

■ Minnesota Power, Southern Illinois Power Cooperative rescind letters of intent to withdraw

■ LGE paid \$32M exit fee

■ \$10M trimmed from operating budget to offset loss of LGE load

○ Transmission Services

- St. Paul begins Duke Tariff Administration services
 - Evaluation/approval of all transmission service requests
 - TTC, ATC calculations
 - Operation/administration of Duke OASIS
 - Evaluation/processing all generation interconnection requests, performance of related studies
 - Coordination of transmission planning

○ PSR Drills/Training

- AOP, business continuity drills with neighbors
- Oct. PSR drills largest ever
 - 230 events simulated – from emergency response to restoration
 - Two days – conducted twice
 - 750 participants – Midwest ISO's BAs, PJM, TVA, IESO
 - Dispatcher Training Simulator imitated real time environment

○ Corporate/Finance

- Millions saved through business process improvements, in-sourcing or contract renegotiation
- Power remediation adds flexibility, greater stability to critical systems
- S&P Affirms A+ Credit Rating
- Clean opinion on 2006 SAS 70 audit
- Successful Sarbanes-Oxley audits

○ Other Efforts

- Client Relations closed 2,898 inquiries
- Market Quality resolved 11,906 disputes
- Legal made more than 400 FERC filings
- NOC processed 17,788 Remedy tickets

○ Contingency Reserve Sharing

- Implemented agreement Dec. 31, 2006
- ECAR, MAIN, MAPP members signed agreement July 31, 2006
- 39% reduction in reserve obligation
- \$59-\$118 million est. annual savings (gross)

○ Ancillary Services Market

- Proof of concept tested
- Regular, ongoing stakeholder meetings
 - Project Updates
 - Market Design
 - IT Infrastructure
- Draft business practices under discussion
- FERC filing Feb. 15, 2007
- Spring 2008 implementation

Ancillary Services Market (ASM) Major Milestones and Timeline



2007

- Midwest ISO Tariff filing – February 15th
- Market Training initiated – mid April
- FERC initial Order issued – mid June
- Vendor software deliveries on as filed Tariff - mid August
- FERC Compliance Order issued – mid September
- Implementation scope freeze – mid October
- Market Trials initiated – mid September
- Vendor software deliveries on Compliance Order – early December

2008

- Market Start software deliveries – mid January
- System Operation Testing initiated – early February
- Ancillary Service Market start window – 2nd Quarter

○ **Questions ?**