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DEPARTMENT OF ENERGY
FEDERAL ENERGY REGULATORY COMMISSION

Midwest Independent Transmission System Operator, Inc.	Docket Nos. ER12-678-000 ER12-679-000

SUPPLEMENTAL NOTICE CONCERNING
POST-TECHNICAL CONFERENCE COMMENTS

As announced in the Notice of Technical Conference issued on April 4, 2012, and as required in the Commission's March 30, 2012 order in these dockets,[1] Commission staff convened a technical conference in these proceedings on May 15, 2012 at the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC, Room 3M-2A&B. In light of the discussion therein, Commission staff posed questions to the conference participants. Staff requests that parties who choose to file post-technical conference take these questions into account, and respond to them as appropriate, in the course of formulating their written submissions. Post-conference comments need not be limited to the subject matter of these questions, but may address any topic discussed at the conference.

Questions directed to Midwest Independent Transmission System Operator, Inc.:

1. Please explain in depth each step of the commitment process with special emphasis on when and how VLR commitments are made as part of the SCUC process. In your response please explain why such VLR commitments are made at that time in the process instead of waiting until after the day-ahead market closes. Explain the difference between modeling VLR for planning and VLR commitments.

2. Please provide a simple example of how to calculate proxies for voltage limits.

3. Please explain the assertion that all low-voltage transmission facilities are presumed to have significant market power and should be designated for Voltage and Local Reliability (VLR) commitments. Please supplement the record with additional

[1] *Midwest Independent Transmission System Operator, Inc.*, 138 FERC ¶ 61,235 (2012).

materials as appropriate.

4. With regard to your written answer to pre-conference question 3, it appears that some units were not economically dispatched in hours when they had zero unit headroom. Why? Is it possible to have EcoMax equal EcoMin?

5. Please provide a numerical example to illustrate how you perform the calculations detailed in Tab B of your pre-conference comments.

6. Please explain why the word "or" that previously conjoined bullets (a) through (c) in proposed tariff section 64.1.3.a.i has been changed to "and."

Questions directed to Potomac Economics, Ltd.:

7. Your exhibit refers to units with incremental energy offer prices at half their reference level, as MISO proposes to mitigate through proposed Tariff Section 64.1.3.a.i(a). How could a market participant benefit by offering in this way?

8. Please explain your assertions that market power mitigation is necessary for any generation unit on a line rated less than 100 kV, and that constraints on facilities rated less than 100 kV are unlike constraints on facilities rated above 100 kV. Why are all low-voltage transmission facilities presumed to be locations for the exercise of significant market power? Please supplement the record with additional materials as appropriate.

9. With regard to the slide you presented from the 2010 State of the Market Report, please explain why reference levels have been rising.

10. Please explain why the word "or" that previously conjoined bullets (a) through (c) in proposed tariff section 64.1.3.a.i has been changed to "and."

Questions directed to all conference participants:

11. In light of the discussion at the conference, are changes to the definition of Voltage and Local Reliability Commitment (proposed tariff section 1.697a) necessary, and if so, what should those changes be?

12. There was discussion at the conference of whether it is possible to build a voltage component into locational marginal prices (LMP), and dispatching units for VLR via the Security-Constrained Economic Dispatch (SCUC). Please discuss the competing concerns of accurately constructing locational marginal prices and accurately allocating costs. For example, if it was possible to dispatch VLR units through the SCUC, could

this be done on a purely economic basis? What would be the effect on Revenue Sufficiency Guarantee cost incurrence?

13. Conference participants discussed two competing methodologies to address cost causation for resolving voltage limits. The first methodology was allowing the market to resolve such voltage limits by sending a price signal to behind-the-meter generation. The second method was MISO's methodology of uplifting the cost of VLR commitments to local loads.

a. Please explain the advantages and disadvantages of each methodology and explain how a finding of justness and reasonableness could be made for each methodology.

b. Please explain how to take such behind-the-meter generation into account in system models and send price signals.

c. Is it possible to provide incentives for behind-the-meter generation to respond to market forces in such a way as to address voltage issues, and if so, what is the best way to achieve this?

Parties wishing to file comments on the matters discussed at the technical conference, and wishing to reply to comments filed by others, should do so on the following schedule:

Comments:	Due on or before June 5, 2012
Reply comments:	Due on or before June 19, 2012

Dated: May 18, 2012

Nathaniel J. Davis, Sr.,
Deputy Secretary.

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