

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Midwest Independent Transmission System
Operator, Inc.

Docket Nos. ER08-622-000
ER08-622-001

(Issued June 3, 2008)

KELLY, Commissioner, *concurring*:

This order addresses Midwest Independent System Operator's (MISO) proposed revisions to the credit requirements for holding Financial Transmission Rights (FTRs) acquired through the FTR auctions. All parties agree that a reexamination of the existing MISO FTR collateral requirements was needed in order to reduce the risks of credit defaults associated with holding FTRs. MISO has proposed—and this order approves—provisions that achieve that end. However, I believe that parties to the proceeding have raised valid issues regarding the long-term feasibility of the provisions. I am pleased to see that MISO is committed to continuing to review the process in order to consider all of the concerns and possible solutions and I support the quarterly reporting requirement developed herein. As participants discuss and assess modifications to the credit requirements, I encourage them to consider the potential effects of temporal disconnects embedded within the credit requirements, as noted by DC Energy. More generally, I encourage participants to bear in mind the costs and practical effects of establishing credit requirements that are insufficiently precise. The objective should be to balance requiring an appropriate amount of credit for the risks involved with maintaining liquidity.

For these reasons, I respectfully concur with this order.

Sudeen G. Kelly