



January 4, 2016

FERC REQUIRES CHANGES TO DOWNSTATE MISO CAPACITY AUCTION RULES IN RESPONSE TO MADIGAN'S COMPLAINT

Chicago — The Federal Energy Regulatory Commission (FERC) issued a decision December 31, 2015, agreeing with Attorney General Lisa Madigan that the rules governing the auction to set electricity capacity prices in downstate Illinois are “not just and reasonable.” FERC ordered that the rules must be changed for the next auction scheduled for April that will set prices to begin June 1, 2016. The Midcontinent Independent System Operator, Inc. (MISO), the entity that oversees the transmission of power in the Midwest, must file the rule changes with FERC within 30 and 90 days.

Capacity prices are paid by each residential and commercial and industrial customer as part of their electric bill. These prices are set through an auction in which companies that generate electricity submit bids. For Ameren electricity customers in Central and Southern Illinois, the auction is run by MISO. As a result of the flawed auction in April 2015, electricity prices for Ameren consumers in the MISO territory unnecessarily increased by close to 900 percent from the previous year’s auction. This resulted in an annual increase of \$131 for an average residential Ameren customer. Madigan’s office expects FERC’s decision will rightly result in lower prices for consumers as of June 1.

“It’s great news that FERC has acknowledged downstate electric customers deserve relief from an inflated and absurd pricing process,” said Madigan. “I am pleased with FERC’s decision to fix the auction rules, but FERC still needs to order refunds to consumers for the outrageously high prices.”

FERC’s decision calls for two major changes to the capacity auction rules. First, MISO cannot rely on prices set for the Pennsylvania, Jersey Maryland (PJM) power system, another entity that oversees transmission for mainly East Coast states and northern Illinois with different auction rules and different prices. MISO erred in setting the maximum bid price to \$155 when it should be \$25. Secondly, MISO did not correctly account for certain power exports, and must now increase the amount of electricity that is available to the Illinois market, potentially lowering the price.

Madigan’s May 28, 2015 complaint asked FERC to fix the auction rules and create new rules moving forward. The complaint also asked that consumers receive refunds for prices that unnecessarily increased as a result of the flawed auction rules. FERC has not yet issued a decision on potential refunds.

Public Utilities Counsel Susan Satter, Assistant Attorney General Sameer Doshi, and Energy and Environment Counsel James Gignac are handling the complaint for Madigan’s Public Utilities Bureau, which represents the people of Illinois on public utilities matters and advocates for adequate, efficient, reliable, environmentally safe and least-cost public utility services.

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