

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Midwest Independent Transmission) Docket No. ER09-1431-000
System Operator, L.L.C)

**COMMENTS OF THE ORGANIZATION OF MISO STATES
AND NOTICE OF INTERVENTION**

Pursuant to Rule 211 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.211 and the Notice of Filings issued by the Secretary of the Commission on July 14, 2009, setting the comment date to July 30, 2009, the Organization of MISO States ("OMS") files these comments in response to the filing made by the Midwest Independent Transmission System Operator, Inc. ("Midwest ISO") on July 9, 2009 in the above captioned docket ("July 9 Filing").¹

I. SUMMARY OF THE JULY 9 FILING

The July 9 Filing contains amendments to the Midwest ISO's Open Access Transmission, Energy and Operating Reserve Markets Tariff ("Tariff") to revise the method for allocating the cost of Network Upgrades for generation interconnection projects meeting the Midwest ISO's Regional Expansion Criteria and Benefits ("RECB") standards. The Midwest ISO states that the changes in the allocation method are being proposed in response to the increase in the development of renewable resources located in the zones on the western edge of the Midwest ISO's footprint, but which are remote from historical load centers.² The Midwest ISO states that the problem lies in the fact that while these western zones have significant wind resources, they have low load densities. According to the Midwest ISO, under the current RECB policy, these

¹ The Illinois Commerce Commission and the Michigan Public Service Commission do not support these OMS Comments. Each will be submitting separate comments to the Commission in this proceeding.

² July 9 Filing, at 1-2

circumstances result in the disproportionate allocation of generator interconnection network transmission upgrade costs to these low load density zones under the current policy.³

The Midwest ISO states that its proposed revisions aim to ensure that more interconnection-related network transmission upgrade costs are allocated to the parties that cause, or benefit from, such costs.⁴ The July 9 Filing proposes the following changes to the current cost allocation method: (1) eliminating the Line Outage Distribution Factor (“LODF”) allocation to pricing zones; (2) assigning to interconnecting generators the share of costs currently allocated on an LODF basis to loads; and (3) eliminating the current requirement that interconnecting generators show a one-year power purchase agreement or one-year designation as a Midwest ISO Network Resource.⁵

II. POSITION AND RECOMMENDATION OF THE OMS

The OMS supports the Midwest ISO’s July 9 Phase I proposal and recommends that the Commission make that proposal effective as of July 10, 2009, as requested by the Midwest ISO.⁶ Because of the reasons outlined by the Midwest ISO, as well as other inequities inherent in the current allocation methodology, the OMS supports development of a longer term solution. Therefore, the OMS considers the current MISO proposal to be a short-time fix and urges the Commission to stress the importance of the Phase II work that the Midwest ISO has committed to⁷ and recommends that the Midwest ISO be required to submit a Phase II filing no later than July 15, 2010.

³ July 9 Filing, at 1-2

⁴ July 9 Filing, at 1-2

⁵ July 9 Filing, at 8

⁶ While recognizing the issues and concerns addressed by the Midwest ISO's July 9 filing, the Michigan Public Service Commission thinks that implementing such a policy, even on an interim basis, could affect the timely deployment of needed renewable resources.

⁷ Moeller Testimony, at 12

III. NOTICE OF INTERVENTION

Pursuant to Rule 214(a)(2) of the Federal Energy Regulatory Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(a)(2), the Organization of Midwest ISO States files its Notice of Intervention in this proceeding. Service of pleadings, documents, and communications should be made on the following:

William H. Smith, Jr.
Executive Director
Organization of MISO States
100 Court Avenue, Suite 315
Des Moines, Iowa 50309

IV. CONCLUSION

As stated above, the OMS supports the Midwest ISO's July 9 proposal and recommends that the Commission make that proposal effective as of July 10, 2009, as requested by the Midwest ISO. The OMS also urges the Commission to stress the importance of the Phase II work that the Midwest ISO has committed to⁸ and recommends that the Midwest ISO be required to submit a Phase II filing no later than July 15, 2010.

The OMS submits these comments because a majority of the members have agreed to generally support them. Individual OMS members reserve the right to file separate comments regarding the issues discussed in these comments. The following members generally support these comments.

Iowa Utilities Board
Indiana Utility Regulatory Commission
Minnesota Public Utilities Commission
Missouri Public Service Commission
Montana Public Service Commission
North Dakota Public Service Commission
Public Utilities Commission of Ohio
South Dakota Public Utilities Commission

⁸ Moeller Testimony, at 12

Wisconsin Public Service Commission

The Kentucky Public Service Commission and the Pennsylvania Public Utility Commission abstained from the vote on this pleading. The Manitoba Public Utilities Board did not participate in this pleading.

The Michigan Public Service Commission and the Illinois Commerce Commission do not support these OMS Comments. Each will be submitting separate comments to the Commission in this proceeding.

The Indiana Office of Utility Consumer Counselor, the Iowa Office of Consumer Advocate and the Minnesota Office of Energy Security, as associate members of the OMS, participated in this pleading and generally support it.

Respectfully Submitted,
William H. Smith, Jr.
William H. Smith, Jr.
Executive Director
Organization of MISO States
100 Court Avenue, Suite 315
Des Moines, Iowa 50309
Tel: 515-243-0742

Dated: August 13, 2009

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Des Moines, Iowa, this 13th day of August 2009.

William H. Smith, Jr.
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