

OMS Statements on Hot Topic, January 16, 2008 "End User Focus"

- 1) In Order No. 2000, FERC's goal was to promote efficiency in wholesale electricity markets and to ensure that electricity consumers pay the lowest price possible for reliable service. FERC stated in part: "All of these improvements to the efficiencies in the transmission grid will help improve power market performance, which will ultimately result in lower prices to the Nation's electricity customers." For this reason, the OMS believes the primary objective for the Midwest ISO is to produce consumer benefits, especially in the form of lower electric prices. While MISO must make sure its efforts are fair to all stakeholders, MISO's efforts must result in benefits to consumers.
- 2) Due to different regulatory environments, the Midwest ISO should not be directly involved in retail or state rate issues, unless specifically invited by the state commission. Retail rate setting and development is the jurisdiction of the states and not the FERC nor the Midwest ISO. In general, there is no need to modify the tariff for Midwest ISO to develop a better focus on consumers.
- 3) The Midwest ISO needs to weigh input from its stakeholder community very carefully. Midwest ISO should not make decisions that get the most votes among the stakeholders if consumers will lose. Decisions that advance the self interests of various interest groups are only of value to the extent the consumer is better off as a result.
- 4) With respect to the ASM initiative and the Module E filing on Resource Adequacy, the OMS has clearly articulated what it believes is the appropriate policy that protects consumers' interests. OMS will continue to do so in the future on other subjects, and the MISO should pay special attention to the consumer concerns raised by the OMS, as state Commissioners set the rates and terms of service that directly affect consumers. A specific example in which MISO is not focused on end user price effects is its delay in implementing recent FERC orders on calculating appropriate revenue sufficiency guarantee charges. This delay has clearly cost load in the states.
- 5) MISO must not be distracted from its core role in making sure the transmission grid is run competently, efficiently, and without discriminatory access, the original purpose for its creation.
- 6) In terms of value driven benefits for end use customers, the OMS and the states are in the unique position to understand how energy efficiency and demand response can positively affect end users' consumption of electricity. On these issues, deference should be given to the OMS and the states. The Midwest ISO should pay heed to OMS' demand response principles adopted in November 2007 and submitted with the December Hot Topic comment, which addressed related issues.