

HOT TOPIC COMMENT
October 23, 2013

Question #1. A number of the August 2013 Sector reports on governance indicated the desire to remove the requirement from the current Transmission Owners Agreement (TOA) “that a seat of the sector be assigned to an Owner who was a member of the Mid-Continent Area Power Pool (MAPP) as of March 1, 2000.” Given that all sectors (except for the Coordinating Sector) have this MAPP requirement, should the language simply be removed from the TOA? Are there alternative recommendations?

The OMS noted that several sectors mentioned in their August Hot Topic Comments that the MAPP sector designation should be dropped and that each sector should be relied on to determine the appropriate balance of representation to the Advisory Committee. The OMS understands the basis for this suggestion. One observation the OMS has with this suggestion is prompted by the possible Basin/WAPA/Heartland integration into the Southwest Power Pool. It seems quite possible this integration, if it is ultimately consummated, would raise seams issues for MISO, particularly the MISO region in and around the MAPP footprint. MISO may want to consider this as it looks at this issue.

Question #2. Currently the TOA states the MISO Board of Directors may revise or expand the stakeholder groups as circumstances and industry structures change. *[The Hot Topic notice then cites several examples of entities whose business is not clearly captured by an existing Sector definition]* Given these examples and the ever-changing industry structure and circumstances, what direction would you provide the Board with respect to adding/modifying the sectors?

The OMS recommends that a formal MISO stakeholder process be initiated to examine the pros and cons regarding various ways to enhance MISO’s governance process through the possible creation of new sectors, or re-defining or re-aligning existing sectors, to better match entity identities and business structures. The number of sectors and the sector definitions in MISO’s governance process have not significantly changed since MISO started up, but the industry has certainly not remained static. So to ensure a robust stakeholder process, the OMS recommends an Advisory Committee review of processes to ensure that sector definitions categorize MISO

stakeholders fairly and accurately, and that there are orderly means to determine when a modification may be needed and how that would best be accomplished. In addition, the AC should consider establishing general principles for sector engagement in MISO affairs in order to ensure meaningful participation by sector members and improved governance practices.

Question #3. Each sector according to the TOA “proposes their own methods of eligibility and voting and approval by the MISO Board of Directors of such procedures is not to be unreasonably withheld” but no sector to-date has ever presented their criteria to the Board (other than the TOA for the Transmission Owners Sector). As we review and discuss modifications and enhancements to the TOA with specific regard to governance, should it be required for each sector to provide to the MISO Board of Directors their eligibility, voting and any other pertinent criteria and if so at what periodicity? And if so, please describe what appeal rights should members be afforded in the event issues arise based on Board-approved sector criteria?

The OMS believes that given the advisory-only capacity of sector representatives to the Advisory Committee, there is no need for the MISO Board to expend its valuable time on internal sector governance processes. If sector voting was binding in the MISO process there might be a need to police the sector membership choices so that a small sector, for example, couldn't be over-run by a coordinated initiative of some other parties. However, the current structure makes that less likely, and seems able to accommodate minority perspectives on issues of importance to members and to the Board.

With that said, the OMS sees no harm in sectors periodically providing an explanation of their internal processes to the Board, for its information. The OMS recommends these reports be submitted annually. However, there seems to be no need, at this point, for Board approval of such processes.