

July 18, 2014

Mr. Clair Moeller
Midcontinent Independent System Operator
720 City Center Drive
Carmel, IN 46032-7574

Dear Clair:

Please find enclosed a request from the Organization of MISO States (OMS) (through its 111(d) Work Group) and the Midcontinent States Environmental and Energy Regulators (MSEER) for specific modeling work to be done by the Midcontinent Independent System Operator (MISO) in regard to the U.S. Environmental Protection Agency's (EPA) 111(d) draft rule.

It is not hyperbole to state that the draft 111(d) rule may be the most important utility-related EPA air regulation that currently serving utility and environmental regulators (and those they regulate) have seen, or will ever see. Once finalized, its impact will be immediate and substantial across the MISO region and the country. Because of its import, MSEER was formed. Comprised of utility and environmental regulators from within the MISO footprint, its sole focus is on 111(d).

OMS has filed this identical request through its duly authorized representative at the MISO Planning Advisory Committee (PAC). MSEER is not a stakeholder in the MISO process, and thus it cannot participate in the PAC process. However, because we believe the additional, critical voice provided by the region's environmental regulators should help inform MISO's analytical work on 111(d), we are jointly filing this same request to you directly.

The public interest we all represent will be best protected by a regulatory dialogue informed by accurate modeling. We greatly appreciate the offer by MISO to model the draft rule, and we stand by to help inform that process and to benefit from its results.

Sincerely,



Eric Callisto
President, OMS
Commissioner, Public Service Commission of Wisconsin



Doug Scott
Chairman, Illinois Commerce Commission

Enclosure

MISO's Proposed 111(d) Rule Modeling – Suggested Direction

**Submitted by the Organization of MISO States and the Midcontinent States
Environmental and Energy Regulators¹**

July 17, 2014

The Organization of MISO States (OMS) and the Midcontinent States Environmental and Energy Regulators (MSEER) appreciate the planned efforts by MISO to model potential impacts of the EPA's proposed 111(d) rulemaking. Using the MISO presentation made at the June 25, 2014, Planning Advisory Committee (PAC) meeting as the presumed template for MISO's planned modeling efforts, OMS and MSEER provide the following suggestions for any modeling done by MISO. These suggestions are offered in an effort to get modeling results that provide the broadest value to all MISO stakeholders in the limited time provided for commenting on this complex and important rule.

Baseline Modeling – Model a reference case that represents the current announced future (retirements, new capacity, etc.) in the absence of EPA's 111(d) rule. This should use MTEP 15 BAU inputs, augmented as appropriate by the most recent results of the MISO/OMS Resource Adequacy Survey.

Baseline 111(d) Modeling – Model a series of cases that represent the four EPA building blocks, both individually and in combination. These models should represent the specific data provided by EPA in the proposal as closely as possible. (This is represented as "Phase 1" modeling in the 6/25/14 PAC presentation, at page 15).

Impact Modeling – Any "Phase 2" modeling, as represented in the 6/25/14 PAC presentation, at page 15, should include, at a minimum, the following series of cases that represent various paths to compliance or system impacts. These are provided in order of priority:

- Rate-based standard with trading;
- Emissions budget with trading; and
- Carbon value approach.

¹ The Midcontinent States Environmental and Energy Regulators is an ad hoc coalition of certain utility and environmental regulators in the MISO footprint. It was formed expressly for the purpose of providing a forum for regulators to discuss the impacts of the proposed 111(d) rule. For purposes of the request by MISO for input through its Planning Advisory Committee (PAC) process, these comments are submitted by the Organization of MISO States only (through its 111(d) Work Group), the appropriate PAC stakeholder.

The following assumptions should apply to all modeling runs done by MISO:

- Runs will be done at the regional (MISO footprint) and local resource zone level.
- All economic, reliability, transmission-related, and emissions results will be made public, subject to any standing MISO confidentiality requirement.
- Results will be presented in one or more formats that allow comparison between runs, between local resource zones, between utilities, and if possible, between states.
- Results will be presented as they are done in order to facilitate all stakeholders' timely comments to EPA, due in the Fall of 2014.

To the extent possible, state-specific runs will be produced. To the extent that is not possible or practical in the time allowed, MISO will make available state-specific data to allow states to run their own models.