



**ORGANIZATION OF MISO STATES, INC.  
Board of Directors Meeting  
Conference Call Minutes  
March 6, 2008**

**Approved April 10, 2008**

Dan Ebert, Vice President of the Organization of MISO States, Inc. (OMS), called the March 6, 2008 meeting of the OMS Board of Directors to order via conference call at approximately 1:00 p.m. (CST). The following board members or their proxies participated in the meeting:

Bob Lieberman, Illinois  
Parveen Baig, proxy for John Norris, Iowa  
Jeff Johnson, proxy for Mark David Goss, Kentucky  
Monica Martinez, Michigan  
Tom Pugh, Minnesota  
Mike Proctor, proxy for Jeff Davis, Missouri  
Greg Jergeson, Montana  
Susan Wefald, North Dakota  
Valerie Lemmie, Ohio  
Kim Pizzingrilli, Pennsylvania  
Greg Rislov, proxy for Gary Hanson, South Dakota  
Dan Ebert, Wisconsin

Absent

Indiana  
Manitoba  
Nebraska

Agency members participating

Randy Rismiller – Illinois  
Laura Cvengros – Indiana  
Jeff Kaman – Iowa  
Rick Bertelson, Jorge Valladares - Kentucky  
Angie Butcher - Michigan  
Jerry Lein – North Dakota  
Jan Karlak, Dorothea Hives – Ohio  
Heather Forney – South Dakota  
Don Neumeyer, Randel Pilo – Wisconsin

Others on the call

Graham Edwards, David Hadley, Roy Jones – MISO  
Chris Miller - FERC  
David Sapper  
Warren Day - ATC  
Bill Smith, Julie Mitchell – OMS Staff

The directors and proxies listed above established the necessary quorum for the meeting of at least eight directors being present.

### **Approval of Minutes from 2008 Board of Directors meeting February 14, 2008**

Valerie Lemmie moved for approval of the February 14, 2008 OMS Board of Directors meeting minutes as distributed to board members. Greg Jergeson seconded the motion. The minutes were approved by a unanimous voice vote of the directors.

### **Review of the Actions of the Executive Committee on February 28, 2008 – Bill Smith**

Bill Smith highlighted information from the February OMS Executive meeting:

- Reviewed upcoming deadlines.
- Discussed plans for OMS Commissioner Retreat – March 27-28, 2008 in Columbus

### **Treasurer's Report – Heather Forney on behalf of Treasurer Gary Hanson**

Heather Forney presented a summary of the February Treasurer's report:

The beginning balance as of February 1 for the Wells Fargo Business Performance Savings Account was \$58,411.07 Interest earned for this month was \$84.94. An additional miscellaneous deposit of \$20 was also made. The February 29, 2008 balance was \$58,516.01.

The beginning balance as of February 1 for the Chase Bank One Checking account was \$115,457.55. The total disbursements from the checking account for February 2008 were \$29,991.23. Deposits, interest and adjustments were \$40,444.23. As of February 29, 2008 the checking account bank balance was \$125,910.55 and the book balance was \$125,855.13 (with 12 checks outstanding).

The total savings and checking account balances as of February 29, 2008 is \$184,426.56.

**Greg Rislov moved to accept the treasurer's report. Jeff Johnson offered a second. The motion passed by unanimous voice vote of the directors present.**

### **Administrative Report from Executive Director – Bill Smith**

Bill Smith highlighted items from the Executive Director's Report (follows minutes)

- The interconnection queue filing is due in April.
- OMS is working with Dave Hadley on presentations on JCSP and MTEP-08.
- Stakeholder briefings continue on value proposition.
- Presented information about the OMS Commissioner Retreat – reminding commissioners last date to reserve a hotel room is March 7.
- Encouraged participation at MISO Annual Stakeholder meeting – reminding board members that the OMS Sector meeting is scheduled for 8:30 am EST April 15.

## **BUSINESS**

### **1. Ancillary Services Market Implementation Progress - MISO**

- Roy Jones of the Midwest ISO provided OMS directors an update on the Ancillary Services Market implementation progress. Mr. Jones indicated MISO is ready to comply with the FERC order. MISO will not start the market until it is ready. Next week MISO will be announcing either a reaffirmation of the June launch date or a new launch date.

Graham Edwards briefly spoke about the Sector Meeting in April and its purpose, encouraging participation by OMS board members.

## **2.MISO Advisory Committee Issues – Dan Ebert**

- The March 12 meeting is a 2-hour meeting focused on transmission planning issues with opportunity for questions and discussion
- There is to be one vote on the governance issue. It is to reaffirm that there is one vote per member including all within a holding company.
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## **3. Planning Advisory Committee – Dan Ebert**

- PAC has asked the sectors to prepare a position about what direction MISO's planning process should take. There is opportunity for OMS to lay out a general framework of its position. Dan Ebert suggested having Jerry Lein and his working group begin that process. There was discussion about whether this was a process position or not. There was additional discussion about what general guidance to give to the working group.

## **4. Resource Adequacy Work Group - Jan Karlak**

- Jan Karlak presented background on long-term resource adequacy – Module E and then reviewed the Doying survey results and Duke Energy proposals.
- There was discussion about how to best talk about the issues and data in the proposals.
- It was decided to have Jan Karlak put together a power point presentation for dissemination to the Board to be followed up with a conference call in one week.
- Vice President Ebert requested an in-person meeting on Resource Adequacy during the Commissioner Retreat March 27-28 with a second in-person meeting early in April.
- Bill Smith and Julie Mitchell were instructed to find a date to schedule a meeting in April as soon as possible.

## **ANNOUNCEMENTS**

- March **12** – MISO Advisory Committee [**note date change**]
- March 27-28 – OMS Commissioner Retreat [Columbus, Ohio]
- April 10 – OMS Board of Directors Meeting (1:00 CDT)
- April 15-16 – OMS Sector meeting with MISO and Annual Stakeholder meeting [Carmel]

## **ADJOURNMENT**

The OMS Board of Directors meeting adjourned at 2:20 pm CST.

## OMS

Organization of MISO States  
Report of the Treasurer  
Gary Hanson, South Dakota Public Utilities Commission  
to the  
Board of Directors  
March 13, 2008  
Report for February 2008

### CASH ON HAND

The beginning balance as of February 1 for the Wells Fargo Business Performance Savings Account was \$58,411.07. Interest earned for this month was \$84.94. An additional miscellaneous deposit of \$20 was also made. The February 29, 2008 balance was \$58,516.01.

The beginning balance as of February 1 for the Chase Bank One Checking account was \$115,457.55. The total disbursements from the checking account for February 2008 were \$29,991.23. Deposits, interest and adjustments were \$40,444.23. As of February 29, 2008, the checking account bank balance was \$128,855.13 and the book balance was \$125,910.55 (with 12 checks outstanding).

The total savings and checking account balances as of February 29, 2008 is **\$184,426.56**

# OMS Treasurer Report for Month of February 2008

## Wells Fargo Business Performance Savings Account

Beginning Balance	58,411.07	
Meal Reimbursement	20.00	
Interest Earned this Month	<u>84.94</u>	
Ending Balance		58,516.01

## Chase Bank One Checking Account

Beginning Balance	115,457.55	
Total Disbursements	(29,991.23)	
Deposits/Interest/Adjustments	<u>40,444.23</u>	
Ending Balance		<u>125,910.55</u>

## **Total Savings & Checking Balances as of February 29, 2008**

**184,426.56**

12 checks outstanding at 02/29/08

## **OMS Executive Director Report**

**March 5, 2008**

### **FERC and DOE Activity**

1. On February 25, 2008, the FERC issued its order on the MISO Ancillary Services Market. The FERC seems generally supportive of the ASM but raised a number of technical points which MISO is reviewing. The FERC accepted the OMS suggestion for a ratcheted reference price.
2. MISO made significant filings this week. On March 3, 2008, it filed revisions to the revenue sufficiency guarantee allocations in Docket No. EL07-86.
3. On March 4, it filed Module F to improve reliability and "seams" coordination and permit closer integration of members of the Mid-Continent Area Power Pool ("MAPP") into the MISO Energy and Operating Reserves Markets.

### **OMS-MISO Activity:**

1. The OMS Resource Adequacy Work Group and the MISO Supply Adequacy Work Group met together on February 25 to continue development of a Module E compliance element for submission to FERC in June 2008.
2. The OMS held a conference call with analysts from the US General Accountability Office, as a part of its study of RTO benefits, on February 27.
3. The MISO will conduct a second stakeholder briefing on its Value Proposition on March 11.
4. MISO's Interconnection Process Task Force has continued to meet to finalize recommendations for improvement of the interconnection queue for presentation to stakeholder groups in late March and April and filing at FERC in late April.
5. MWDR1 will hold a general meeting in Chicago March 7.

**Public Relations**

1. Presentations:
  - Commissioners Davis, Hardy, Lieberman, and Ebert will present a panel discussion at the Energy Bar Association Midwest conference in Chicago March 6.
2. Pending speaking/meeting invitations:
  - None

**Upcoming MISO Filings of Regional Interest**

3/14/2008	N/A	The Midwest ISO to submit an annual report to the Planning Advisory Committee and the OMS that details the steps taken in the MTEP to develop a portfolio of projects that spread benefits throughout each sub-region.	118 FERC ¶ 61,209 at P 76 (2007)
8/1/2008	ER08-___-000	The Midwest ISO to submit a report to analyze the effectiveness of all the transmission expansion cost allocation methodologies.	118 FERC ¶ 61,209 at P 203 (2007)
8/1/2008	ER05-6-044, <i>et al.</i> EL04-135-046, <i>et al.</i> EL02-111-064, <i>et al.</i> EL03-212-060, <i>et al.</i>	The Midwest ISO and PJM Interconnection to submit their economic cross-border cost allocation proposals in compliance with the Commission's Order on Cross-Border Facilities Cost Allocation.	122 FERC ¶ 61,084 at P 29 (2008)

**Other upcoming dates:**

- March 7 – MWDRI
- March 27 – 28 – OMS commissioners retreat – Columbus
- March 27 – Executive Committee will meet in Columbus [if needed]
- April 10 - OMS Board meeting
- April 15 – OMS Sector meeting with MISO management
- April 16 – MISO Stakeholder meeting – Indianapolis
- April 16 – OMS Work Group Chairs meet [Indianapolis]

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## Summary of Proposed Process

- On an annual basis, develop Cost of New Entry (CONE) rate as the basis for the floor price for non-compliance by LSEs
- On a monthly basis, determine which LSEs are deficient and by what amount
- On a monthly basis, develop list of resources choosing to participate in the compliance clearing process and their capacity offer values
- Select resources to satisfy LSE deficiency requirements using a clearing price approach
- Deficient LSEs will pay a deficiency clearing price
- Committed resources will receive a resource clearing price
- Revenue received in excess of resource payments allocated to compliant loads
- Resources must meet all requirements for Network Resources during the commitment period



**Comparison of Doying I, Doying II, Dynegy, and Duke Proposals for Deficiency Charge**

2/22/08 jsk

PROVISION:	<u>Doying I</u>	No?	<u>Doying II</u>	No?	<u>Dynegy</u>	No?	<u>Duke Energy</u>	No?
		Yes?		Yes?		Yes?		Yes?
		<i>Mdn?*</i>		<i>Mdn?*</i>		<i>Mdn?*</i>		<i>Mdn?*</i>
		<i>*(Mdn = "More detail needed")</i>						
<b>I. Market-based deficiency charge</b>	Established by "competitive bidding process" for financial settlement; MISO "procures" resources							
<b>II. Administratively-determined settlement charge</b>			May use capacity cost in neighboring regions (SPP? PJM?), cost of gas combined cycle turbine, or cost of capacity resources on MISO electronic bulletin board				Maximum deficiency rate established by MISO and Independent Market Monitor (IMM) for the Operating Month before the month prior to Operating Month	
<b>III. Timing</b>	Monthly offers from excess capacity owners & demand response resources (DRRs) will occur within 2 days after prior month cut-off date for compliance, ending within 5 days after beginning of the month prior to the "planning" [ <i>sic</i> ] month. MISO "procures" resources.		Deadline for load serving entities (LSEs) to designate capacity resources to meet Forecast Load + planning reserve margin (PRM) = no later than 30 days prior to beginning of each month, with "settlement" for deficient LSEs 29 days prior to the Operating Month		Deadline for LSEs to designate capacity resources to meet Forecast Load + PRM is first business day of the month prior to beginning of the Operating Month, with Monthly Supply Auction completed within 5 days.		Capacity Resources offered to MISO in a competitive bidding process 2 days after the month prior to cutoff date for compliance cannot exceed the administratively-determined deficiency rate. Winning suppliers will be selected by MISO within 5 days after the beginning of the month prior to the "planning" [ <i>sic</i> ] month.	



Comparison of Doying I, Doying II, Dynegy, and Duke Proposals for Deficiency Charge (cont'd)

		No?		No?		No?		No?
PROVISION:	<u>Doying I</u>	Yes?	<u>Doying II</u>	Yes?	<u>Dynegy</u>	Yes?	<u>Duke Energy</u>	Yes?
		Mdn?*		Mdn?*		Mdn?*		Mdn?*

**NOTE:** A "bid" is made by a purchaser who bids in the amount of megawatts of capacity needed to serve his load; an "offer" is made by a supplier who offers in a megawatt amount of capacity or DRRs.

<b>IV. Determination of deficiency</b>	Difference between Forecast LSE load (+) PRM, (-) LSE Capacity Resources procured 30 days before the following (operating?) month		Any LSE not taking steps to obtain Capacity Resources equal to Forecast Load (+) PRM for the following month will be declared deficient.		Difference between Forecast LSE load (+) PRM, (-) Capacity Resources LSE has procured by the due date.		Difference between Forecast LSE load (+) PRM, (-) LSE Capacity Resources procured.	
<b>V. Process</b>	MISO & IMM establish a maximum rate for subsequent month including a premium; does not establish a "capacity market."		MISO & IMM establish a Capacity Resource Transaction Price (CRTP) for subsequent month sufficient to encourage LSEs to obtain capacity without being excessive.				MISO & IMM establish a maximum rate on deficient capacity for Operating Month plus a premium to encourage timely procurement of planning capacity. An independent process to address deficiencies.	
<b>VI. Deficiency Charge</b>	Cost of purchasing capacity at the "highest price cleared" for capacity by the winners plus the administrative costs of the process levied on a pro rata basis to all the "short" LSEs		A settlement based on the MWs an LSE is short of its resource adequacy requirement (RAR) (x) the CRTP for the month.		Settlement for each LSE deficiency will be set at (a) greater than 2 times the clearing price of the most recent Monthly Supply Auction or the cost of new entry (CONE) times the MWs of deficiency.			

Comparison of Doying I, Doying II, Dynegy, and Duke Proposals for Deficiency Charge (cont'd)

PROVISION:	<u>Doying I</u>	<i>No?</i> Yes? <i>Mdn?*</i>	<u>Doying II</u>	<i>No?</i> Yes? <i>Mdn?*</i>	<u>Dynegy</u>	<i>No?</i> Yes? <i>Mdn?*</i>	<u>Duke Energy</u>	<i>No?</i> Yes? <i>Mdn?*</i>
<b>VII. Capacity "Trading"</b>					About 45 days before the Operating Month, MISO or its agent conducts a secret Monthly Supply Auction for all LSEs who may or may not <i>bid</i> in the megawatt (MW) amount of Capacity Resources they want to purchase and suppliers who <i>offer</i> in MWs and prices of capacity resources for sale. Amount of MWs LSEs bid are revealed after selection of winning offers.		All resources not used to meet other's RAR, including DRRs to add to capacity or modify load, may voluntarily participate competitive bidding process at prices no higher than administratively established (deficiency) rate (the 'default' rate).	
<b>VIII. Cost of New Entry (CONE)</b>					CONE determined annually by MISO and IMM, based on a stakeholder process documented in a subsequent FERC filing.			

Comparison of Doying I, Doying II, Dynegy, and Duke Proposals for Deficiency Charge (cont'd)

PROVISION:	<u>Doying I</u>	<i>No?</i> Yes? <i>Mdn?*</i>	<u>Doying II</u>	<i>No?</i> Yes? <i>Mdn?*</i>	<u>Dynegy</u>	<i>No?</i> Yes? <i>Mdn?*</i>	<u>Duke Energy</u>	<i>No?</i> Yes? <i>Mdn?*</i>
<b>IX. Withholding</b>					LSEs are prohibited from resolving any LSE deficiencies with Capacity Resources not procured <u>prior</u> to the start of Monthly Supply Auction or offered after the Monthly Auction ends.		Offers would be stacked from low to high as incentive to offer resources at a price lower than the deficiency rate. IMM would not need to review individual offer prices.	
<b>X. Price Received by Suppliers</b>	Each winning supplier receives "highest price cleared" for capacity for the Operating Month		MISO will distribute revenue collected from the settlement to LSEs with excess Capacity resources on a MW ratio basis of the total amount of excess Capacity Resources.		Each winning Capacity Resource offer receives the "clearing price," i.e., the highest offer price necessary to met the total MWs bid into the Monthly Supply Auction by LSEs. MISO will use settlement funds to procure capacity equal to total amount of MW deficiencies.		Each winning supplier in the competitive bidding process shall receive the highest price cleared for capacity for the Operating Month.	

Comparison of Doying I, Doying II, Dynegy, and Duke Proposals for Deficiency Charge (cont'd)

PROVISION:	<u>Doying I</u>	<i>No?</i> Yes? <i>Mdn?*</i>	<u>Doying II</u>	<i>No?</i> Yes? <i>Mdn?*</i>	<u>Dynegy</u>	<i>No?</i> Yes? <i>Mdn?*</i>	<u>Duke Energy</u>	<i>No?</i> Yes? <i>Mdn?*</i>
<b>XI. Surplus Excess Capacity</b>	Surplus excess resources receive a pro rata allocation.				MISO will distribute excess settlements funds to all LSEs meeting RAR prior to or by means of the Monthly Supply Auction based pro-rata on Forecast LSE Requirements for Operating Month.			
<b>XII. Prohibitions</b>			LSEs who receive settlement money are precluded from designating settled Capacity Resources to meet RAR or for use in any other capacity market.		Capacity resources, including Load Modifying DRRs are not eligible for the auction if they have been otherwise used to meet RAR requirements			
<b>XIII. Administrative Cost Recovery</b>					A purchasing LSE who bids Forecast Load + PRM into Monthly Supply Auction pays cost of purchasing winning offer capacity plus a pro rata share of administrative costs based on the LSE's MW bid.			

## ASM - - Readiness Advisor issues and update for 3/6/08 OMS BOD

- FERC conditionally approved MISO's filing. MISO is reviewing any changes for compliance. At the 3/12-3/13 AC or BOD meeting, Graham will reaffirm the June 1<sup>st</sup> target start date or announce any changes.
- MISO's Readiness Advisor (RA) is SAIC. There is a detailed readiness process with good stakeholder participation. There are 11 "Benchmarks" and 40 subordinate "Criteria"; 8/40 had passed as of 2/19. MISO's Board of Directors makes the final call on "Readiness."
- MISO and the Readiness Advisor have committed to providing a session for the states on readiness (systems, staffing, training, switchover and reversion plan, etc.).
- The Readiness Advisor has a criterion #CPR-1 called "State Commission Readiness." States should individually consider:
  - Assuming the Readiness Advisor process is satisfied, does your commission or do your utilities have additional concerns about technical readiness, market monitoring or other implementation issues?
  - Is your commission comfortable with applicable tariffs, e.g. energy cost adjustment mechanisms, and how costs (or revenues) for your jurisdictional utilities will be treated?
- **RECOMMENDATION:** Don McCormick, SAIC lead on this project, can provide a 5-10 minute summary at the April 10<sup>th</sup> OMS BOD with additional time for Q&A. (This is just days before the RA will submit a final readiness recommendation to MISO on/about April 15<sup>th</sup>.) Jeff and Hisham can provide any additional material desired in advance.

**Special Meeting of the  
Midwest ISO Advisory Committee Meeting  
Carmel, Indiana  
March 12, 2008  
10:00 A.M. EPT  
DIAL IN NUMBER: (800) 216-0480**

**Meeting Agenda**

		<u>Starting</u>
A. Standing Items		
1. Call to Order, Representative Roll Call (Peggy Ladd)	5 min	10:00
2. Review of Agenda (Peggy Ladd)	5 min	10:05
3. Approval of February Meeting Minutes (Peggy Ladd) ✓	5 min	10:10
4. Action Items from Previous AC Meetings (Todd Hillman)	5 min	10:15
B. Discussion Items		
1. SGWG Motion to modify the Stakeholder Gov Guide (J. Soller) ✓	10 min	10:20
2. Topic Discussion – Transmission Planning		
o Transmission Planning function within Midwest ISO (C. Moeller)	20 min	10:30
o Planning Advisory Committee 2008 Activities (Beth Soholt)	20 min	10:50
o Open Discussion	50 min	11:10
C. May Advisory Committee Meeting		
Wednesday	May 14, 2008	10:00am EST
Rotating Agenda Team for May:	David Grover	
	Jim Keller	
	Blaine Poff	



Motion for Midwest ISO Advisory Committee  
To be voted upon at March 12, 2008 Meeting

Whereas the Stakeholder Governance Working Group (SGWG) met on February 28, 2008, and unanimously approved the motion to modify the proposed changes to the language of the Governance Guide in the following five areas:

1. "Introduction" (page 4), pertaining to stakeholder representation, and
2. "IV. Logistics Requirements" (page 12), pertaining to the process of submitting and posting motions and materials for stakeholder meetings, and
3. "F. Voting Process" (page 21), pertaining to one vote per member holding company, and
4. "Midwest ISO Committee Organization" (page 5), added comment to reference the Midwest ISO website for the most up to date committee structure, and
5. "Appendix A" (page 27), to replace the body of the appendix with a reference to see the "Committees" folder on the Midwest ISO website for up to date specific information about each entity.

It is hereby resolved that the Advisory Committee approves these sections of the Governance Guide as modified to incorporate the proposed language as discussed and recommended by the SGWG on February 28, 2008.