



**ORGANIZATION OF MISO STATES, INC.
Board of Directors Meeting
Conference Call Minutes
February 12, 2009**

Approved March 12, 2009

Lauren Azar, President of the Organization of MISO States, Inc. (OMS), called the February 12, 2009 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
Greg Server, Indiana
Parveen Baig, proxy for Darrell Hanson, Iowa
Bill Bowker, proxy for David Armstrong, Kentucky
Monica Martinez, Michigan
Tom Pugh, Minnesota
Mike Proctor, proxy for Jeff Davis, Missouri
Brian DeKiep, proxy for Greg Jergeson, Montana
Jerry Lein, proxy for Tony Clark, North Dakota
Valerie Lemmie, Ohio
Tyrone Christy, Pennsylvania
Lauren Azar, Wisconsin

Absent

Manitoba
Nebraska
South Dakota

Agency members participating

Dave Johnston, Bob Pauley, Jeff Rhoads - Indiana
Robb Mork, Indiana UCC
Frank Bodine – Iowa
Bill Bokram, Angie Butcher – Michigan
Burl Haar – Minnesota
Hisham Choueiki – Ohio
Jim Melia - Pennsylvania
Randel Pilo, Jim Wottreng – Wisconsin

Others on the call

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 January 8 and January 15, 2009 Board of Directors meetings

Valerie Lemmie moved to approve the January 8 minutes. Brian DeKiep seconded. Lauren Azar questioned the wording of business item 3, bullet 3. Approval of the minutes was based on the presumption that the minutes would be corrected if further review of the audio recording indicated the wording was incorrect. Further review after the meeting indicated the wording was accurate. The minutes were approved by unanimous voice vote.

Valerie Lemmie moved to approve the January 15 minutes. Brian DeKiep seconded. The minutes were approved by unanimous voice vote.

Treasurer's Report – Tom Pugh

The beginning balance as of January 1 for the Wells Fargo Business Performance Savings Account was \$59,479.46. Interest earned for this month was \$32.60. The January 31, 2009 balance was \$59,512.06.

The beginning balance as of January 1 for the Chase Bank One Checking account was \$64,971.04. The total disbursements from the checking account for January 2009 were \$41,714.10. Deposits, interest and adjustments were \$.38. As of January 31, 2009, the checking account bank balance was \$23,437.31 and the book balance was \$23,257.32 (with 2 checks outstanding).

The total savings and checking account balances as of January 31, 2009 is **\$82,769.38**.

Bob Lieberman moved to accept the treasurer's report. Tom Pugh seconded. The motion passed by unanimous voice vote.

Review of the January 22, 2009 Executive Committee Meeting – Bill Smith

Bill Smith highlighted the following items:

- The state of the consulting proposals
- Clarification of the status of personnel agreements from a previous meeting
- Clarification of the minutes from that meeting
- Discussion of the personnel reviews
- Discussion of future meetings for April and June. There will be no sector meeting in April.

Administrative Report from Executive Director – Bill Smith

The following items were highlighted from the Executive Director's Report:

- The written report covers two months of activity
- March 19-20 there is a CARP meeting in Carmel

Graham Edwards Resolution

A resolution of thanks and gratitude to Graham Edwards for his service to MISO was submitted to the Board for approval. The Board gave verbal approval for the resolution to be passed on to Mr. Edwards.

Work Group Status Reports

Transmission Cost Allocation WG – Mike Proctor

- Written report follows minutes

MWDRI – Bill Smith

- Options memo is being prepared with future direction of MWDRI

Markets & Tariffs WG – Bill Bokram

- Written report follows minutes
- In regards to item #9, Mike Proctor updated the Board regarding the FTR ad hoc committee of the MISO advisory committee. This will be presented in March. President Azar suggested adding this to the March OMS Board meeting agenda.

Resources WG – Andy Satchwell

- Written report follows minutes

Regional Planning WG – Jerry Lein/Parveen Baig

- Written report follows minutes
- A conference call has been scheduled for March 4th

Governance and Budget WG – Burl Haar

- Written report follows minutes

Modeling WG – Hisham Choueiki

- The work group will be reviewing the details of the JCSP report
- Ohio will have an investigation into the value of RTO's from both MISO and PJM. This is pursuant to recently passed legislation

Strategic Goal Update

Lauren Azar reviewed the OMS Strategic Goals and how OMS is currently addressing them.

Education Goals

- RTO 101 – John Norris indicated he had a copy of the video that MISO put together on RTO 101. Lauren Azar asked if anyone in Iowa knew how to get a hold of it. NRRI is also working on putting together information to educate new commissioners and Lauren Azar will be working with Scott Hempling on that project.
- Lauren Azar will be speaking at a FERC Technical Conference on March 2nd on behalf of OMS on the topic of wind energy integration. She would like support from the appropriate work group.

MISO Governance Goals

- Bob Lieberman & Lauren Azar are the lead commissioners on this. OMS has been accepting leadership roles within MISO. Communication with MISO leadership has been outstanding. There will be a dinner with MISO leadership on Monday at NARUC as well as a lunch with MISO staff and leadership.

Resolve Differences between Retail Choice States and Regulated States

- Randy Rismiller and Susan Wefald were taking the lead on this issue. Randy Rismiller is not on the call and Susan Wefald has retired. Part of this initiative was re-engaging Manitoba.

BUSINESS

1. MISO Advisory Committee Issues

The January Hot Topic was submitted. The February meeting was cancelled. The March Hot Topic is on Load Forecasting and is due March 11th.

2. MISO Planning Advisory Committee

Randel Pilo gave a presentation on UMTDI at the meeting. A vote came up on the work plan for the year. Randy Pilo abstained on behalf of OMS.

3. Report from MISO Finance Committee – Joe Buckley

- Joe Buckley had emailed out a short power point presentation of his report.
- Lauren Azar asked how he could best keep OMS updated on the Finance Committee activities. Joe Buckley explained that there is only a year end report from the Committee. If the Board wants more frequent updates, he could do them, in either written or oral form in whatever frequency the Board requests. However, there isn't much to report until the second half of the year.
- The Finance Committee focuses around the budget and what MISO's doing with the budget and salaries and bonuses. It meets on an as needed basis and more frequently as the budget process gets going.
- Lauren Azar asked for reports from Joe Buckley when or if there were changes in budgeted expenditures and as the MISO budget process picked up.

4. MISO March Hot Topic – Load Forecasting – Resources WG

Resources work group is preparing OMS comments for this. The language is due on March 11th. The OMS Board will take it up during the March 12th meeting.

5. Order 719 Compliance Filing – Market Monitoring Issue – Markets and Tariffs WG

- Bill Bokram discussed the history of this issue and went over the documents.
- Valerie Lemmie offered an addition to Section 52.3a: last sentence, before the RTO independent monitor sentence, add language that talks about the need for the IMM to recommend improvements in mitigation software & practices. There was no objection from the Board to adding the language.
- In Section 57.1, on page 5, Lauren Azar asked about the deletion of the phrase "at least" in reference to "annually" and requested it be left in. There were no objections.
- There was discussion about striking out the word "confidential" from the second line and second to last line of Section 65.3.1. There were no objections to making that change.

Greg Server moved to submit the comments as revised to FERC. Bob Lieberman seconded. The motion passed by unanimous voice vote.

6. Update on RSG Issues – Markets WG

- Jim Wottreng gave the update on RSG issues.
- There were two parts to the update. One was on resettlement, the other was on credit issues. He presented the Comments Out of Time on behalf of the Markets Work Group.
- The Board discussed how best to handle the resettlement and credit issues.

Monica Martinez moved to file the Comments Out of Time with FERC as revised by Bob Pauley of Indiana and Jim Wottreng of Wisconsin. Valerie Lemmie seconded.

A roll call vote was taken: Vote yes to approve

**Illinois – abstain
Indiana – yes
Iowa – abstain
Kentucky – abstain
Manitoba – absent
Michigan – yes
Minnesota – yes
Missouri – abstain
Montana – abstain
Nebraska – absent
North Dakota – abstain
Ohio – abstain
Pennsylvania – yes
South Dakota – absent
Wisconsin – yes**

The motion failed to pass. Yes – 5; Abstain – 7; Absent – 3. 8 yes votes are required for passage. Votes may be changed through noon on Monday, March 2.

7. Nebraska Utilities move to SPP

Nebraska will probably ask to be accepted as an associate member of OMS after its utilities move to Southwest Power Pool (SPP). The Nebraska Power Board is scheduled to meet on February 20th to consider what steps it wants to take.

8. Consulting Proposals – Bill Smith

- Bill Smith updated the Board on this issue. He reviewed the Michigan State and NRRI proposals.
- Lauren Azar briefed the Board on the background of the issue and the Board debated the merits of each proposal.
- The Board directed Bill Smith to inquire with Michigan State how many hours are included for \$60,000.
- The vote on the different proposals will be during the March meeting.

9. Update on Cost-Allocation/Regional Planning – Commissioner Azar

- The next meeting is in Carmel on February 26-27.
- Upcoming dates also include March 19-20 when the topics will likely include the legal issues involved in regional planning. Scott Hempling is available for this meeting. He will be allocating time to all the states to pay for his time.
- Other upcoming CARP meetings are: April 23-24 and June 17-18.

10. New Business – FERC Technical Conference Comments

It was agreed that a Special Board meeting would be held to approve comments drafted by a work group for President Azar to make at the FERC Technical Conference on March 2nd.

ADJOURNMENT

The OMS Board of Directors meeting adjourned at 2:50 pm CST.

Transmission Cost Allocation Work Group
Status report
February 12, 2009

- On January 21, 2009, the Transmission Cost Allocation Work Group held a conference call to discuss the proposed tariff language for cross-border economic transmission expansion projects put forth by the Midwest ISO and PJM. The consensus of the group was to not draft OMS Comments regarding this matter.
- On January 28, the Midwest ISO and PJM filed their cross-border tariff proposal at FERC in Docket No. ER05-6-108 *et al.* The work group is currently in the process of reviewing the actual filing. We also plan to monitor any comments or protests that parties submit in that docket.
- The work group is looking forward to the first session of the renewed RECB task force to be held in Carmel, IN on February 25.

The **OMS Markets and Tariffs Work Group** is responsible for: ASM, Day2, FTR, ARR, RSG, LTTR, Market Monitoring and Mitigation, Module F. See <http://www.misostates.org/2008Oct14OMSWGstructureapprovedbyOMSBOD.pdf>

Work Group Issues (in order of importance and urgency):

1. Order 719 Market Monitoring Issues

Address 9 issue areas under the market monitoring category of Order 719 that MISO must address in revised Module D tariff revisions to be filed on 4/28. MISO addressed them during the 1/6 MSC meeting. See http://www.midwestmarket.org/publish/Document/1d44c3_11e1d03fcc5_-7c9c0a48324a/Item%2009%20FERC%20Order%20719.pdf?action=download&_property=Attachment

MISO's draft changes to Module E is in 2/4 MSC meeting materials at http://www.midwestmarket.org/publish/Document/20b78d_11ef44fc9c0_-7fd00a48324a/Delta%20View%20Module%20D%20Order%20719%20compliance%2001_20_09.pdf?action=download&_property=Attachment

After the OMS teleconference with MISO on 1/7 and with IMM David Patton on 1/16, the work group discussed the issues during a conference call on 2/4 and prepared draft tariff changes for OMS Board approval on 1/12 to present to MISO during the 3/3 MSC meeting.

Status: See 2/12/09 OMS Board meeting Business Agenda Item 5, Order 719 Compliance filing – Market Monitoring issues

2. ASM Issues

MISO must file further ASM compliance filings on 1/22 and 7/6/09. MISO's IMM must file compliance filings on 3/9, 4/6, and 7/6/09. MISO filed four filings on 1/22/09.

Regarding ASM concerns raised in OMS letter dated 11/13/08 ([http://www.misostates.org/LtrandReporttoMISOonASMIssues\(2\)corrected.pdf](http://www.misostates.org/LtrandReporttoMISOonASMIssues(2)corrected.pdf)), MISO has informally responded that they are working on this. Formal response is still pending, including the concern regarding ASM reference prices during the first 90 days of the market.

Status: Reviewing compliance filings for potential issues. Following up on ASM letter.

3. Revenue Sufficiency Guarantee (RSG)

Jim Wottreng and Brian DeKiep keep the work group up to date. There are potential issues on two fronts: The RSG design going forward, and RSG resettlement.

Status: See report included in 2/12 meeting materials. Monitoring for comment opportunities to MISO and FERC.

4. Market Monitoring, Market Power Mitigation, and OMS calls with MISO IMM

Bob Pauley is leader on these issues with Nick Bowden. We are planning to schedule a call within the next few weeks to continue with our discussion and questions that we started with David Patton on 1/16, our last call. We expect our next quarterly call to be sometime in April.

An ad hoc subgroup has been discussing various aspects of market monitoring via e-mail discussions.

Status: Following up with questions from 1/16 meeting and develop agenda/questions for next meeting.

5. MISO Market Subcommittee

Volunteers participate in the meetings, report item of interest to the group. The 2/3 meeting included action items on motions concerning RSG and FTRs. Some voted on motions as individual states.

Status: Expect Order 719 issues to be on 3/3 MSC agenda.

6. FERC Market Oversight Calls

Each month, FERC sponsors a call for the Midwest regarding its market snapshot reports. We are currently looking for volunteers to share with the work group anything of interest from those calls, as not all of us can participate. The FERC's Market Snapshot reports are at <http://www.ferc.gov/market-oversight/mkt-snp-sht/mkt-snp-sht.asp>

Status: The next FERC conference call is on 2/10/09 at 3 PM EST.

7. Duquesne portability agreement ER08-1345-000

Duquesne has now decided to go back to PJM, so our concerns are now that of exit fees to MISO so that remaining MISO market participants are not left paying for costs left on the table. FERC's 1/29/09 order approved 12/10/08 settlement and invited MISO to make a separate filing in a new proceeding. MISO says that it has a contract with Duquesne, and that it owes \$9.1 million to MISO, (reimbursement of \$2.0 million for amounts already spent and \$7.1 million exit fee).

Status: Monitoring for MISO action.

8. Joint and Common Market

The last meeting for MISO/PJM Joint and Common Market Joint Stakeholder Meeting was on 11/14/08. Nick Bowden, our volunteer to monitor JCM, provided a summary for the work group on 11/21. No date yet for next meeting.

Status: Waiting for announcement of next meeting.

9. Financial Transmission Rights (FTRs)

FTR issues now reside in our work group. Mike Proctor and Jim Wottreng have volunteered to track these issues for our group. This will involve following the MISO FTR Funding Task Force and providing status reports to the group and Board on developments.

Status: Monitoring continues.

10. MISO Market Pricing Project

MISO is conducting a study to determine a better way to calculate LMPs.

MISO is providing updates at MSC meetings. See 1/6 update at http://www.midwestmarket.org/publish/Document/1d44c3_11e1d03fcc5_-7c330a48324a/Item%2012%20Market%20Pricing%20Project%20Update.pdf?action=download&_property=Attachment

MISO is working with the University of Connecticut (UCONN) in developing algorithms, and software developer Nexant to develop a "flexible test bed." Earlier presentations available on request.

Status: Monitoring for upcoming results.

Chris Ericson and Bill Bokram, Markets and Tariffs Work Group co chairs

The **OMS Resources Work Group** is responsible for: Module E, Resources BPM, LOLE and PRM, Price Responsive Demand, DSM, Energy Efficiency, resource qualification and verification, and resource assessments.

Credit Requirements for Module E

The Midwest ISO is developing credit requirements for, among other things, Resource Adequacy Requirement (RAR). The Resources WG has been following this issue and is working with OMS Markets and Tariffs WG.

Price Responsive Demand Work Group

The Price Responsive Demand Work Group has been formed and materials were sent to members this past weekend. Members will first address conceptual issues and then make edits to tariff language.

Midwest ISO's March Hot Topic

March Hot Topic is Load Forecasting. Comments are due March 11, 2009.

Load Diversity Calculations, Capacity Tracking, and GADS Data Collection

The Resources WG continues to monitor these issues as they are addressed in Midwest ISO stakeholder meetings.

Don Neumeyer and Andy Satchwell, Co-Chairs

Regional Planning WG
Status report update
February 12, 2009.

The OMS Regional Planning Workgroup met by conference call on February 4, 2009. The agenda included

1. Presentations by AEP and Duke Energy summarizing the Pioneer and Dakota – Hartland 765 kV transmission line projects.
2. Discussion regarding stakeholder comments and Midwest ISO responses regarding the Interconnection Process Task Force RPGIP proposal.
3. Summary of UMTDI and OMS Cost allocation meetings held January 28-30 in St. Paul.

The next meeting is scheduled by conference call during the first week of March, 2009. The agenda so far includes

1. Presentation by ITC summarizing its Green Power Express 765 kV project and FERC Section 205 filing.
2. Discussion/summary of RGOS report due to be released February 17
3. Discussion/Summary of JCSP Report
4. Continued discussion of IPTF RPGIP (FLIP) proposal

Prepared by Parveen Baig and Jerry Lein, RPWG Co-chairs.

The **OMS Governance and Budget Work Group** (G/B WG) is responsible for assessing the reasonableness of the Midwest ISO's new products and services, strategic plan, short-term and long-term incentive plans, and budgets.

<http://www.misostates.org/WG9LongTermDevelopmentWIP.htm>.

Work Group Update:

1. Midwest ISO Proposed 2009 Incentive Metrics

The G/B WG prepared staff comments there were submitted to the Midwest ISO. The comments focused metrics dealing with reliability, compliance, & markets; financial control; customer service; and strategic initiatives.

2. Midwest ISO Hot Topic regarding Board Responsiveness

The G/B WG prepared draft "Hot Topics" comments that were ultimately adopted by the OMS Board of Directors and submitted to the Midwest ISO. The comments deal with the provisions in the Federal Energy Regulatory Commission's Order 719 dealing with the responsiveness of regional transmission organizations boards to stakeholders concerns. The comments focused on current practices; the ability of diverse stakeholder groups to communicate their views; communications of minority positions; and possible issues for a future workshop on stakeholder communications.

3. Federal Energy Regulatory Commission response to the Government Accounting Office report on Regional Transmission Organizations

FERC has not taken any formal steps in response to this report, though some of the issues are touched on in FERC Order 719.

4. Federal Energy Regulatory Commission audit of the Midwest ISO, FERC Docket PA08-28-000

The Notice was issued May 27, 2008.

5. Midwest ISO budget development

This is an on-going task. G/B WG member, Joe Buckley, of the Ohio Commission staff, is OMS's designated representative on the Midwest ISO Finance Committee.

Upcoming activities:

5. Midwest ISO Strategic Plan

G/B WG will be monitoring and preparing draft comments if necessary.

OMS

Organization of MISO States
Report of the Treasurer
Tom Pugh, Minnesota Public Utilities Commission
to the
Board of Directors
February 12, 2009
Report for January 2009

CASH ON HAND

The beginning balance as of January 1 for the Wells Fargo Business Performance Savings Account was \$59,479.46. Interest earned for this month was \$32.60. The January 31, 2009 balance was \$59,512.06.

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The total savings and checking account balances as of January 31, 2009 is \$82,769.38.



TREASURER'S REPORT
Organization of MISO States
January 31, 2009

Wells Fargo Business Performance Savings Account

Balance as of 01/01/09			\$	59,479.46
1/31/09	DEP	Interest on Savings	\$	<u>32.60</u>
Business Performance Savings Account Balance at 01/31/09				\$ <u>59,512.06</u>

Chase Bank One Commercial Checking with Interest

Balance as of 01/01/09			\$	64,971.04
1/31/09	DEP	Interest on Checking	\$	0.38
		Total Deposits	\$	<u>0.38</u>

Checks and Charges

Date	Check #	Descriptions		
1/2/2009	194	401(k) Contribution	\$	4,340.61
1/2/2009	196	401(k) Contribution	\$	10,486.13
1/2/2009	198	401(k) Contribution	\$	159.65
1/16/2009	2868	IA Travel Reimbursement	\$	273.99
1/16/2009	2869	IA Travel Reimbursement	\$	549.38
1/16/2009	2870	Combined Systems Technology	\$	41.34
1/16/2009	2871	Chase Card Services	\$	2,158.69
1/16/2009	2872	Infomax Office Systems	\$	173.14
1/16/2009	2873	InterCall	\$	2,183.27
1/16/2009	2874	Qwest	\$	240.84
1/16/2009	2875	Two Men and a Truck	\$	260.00
1/19/2009	2876	100 Court Investors	\$	1,686.42
1/22/2009	2877	Combined Systems Technology	\$	2,226.00
1/22/2009	2878	Indiana Insurance Company	\$	2,274.00
1/26/2009	2879	ED Travel Reimbursement	\$	149.76
1/29/2009	W/D	Paychex, Payroll	\$	9,164.65
1/30/2009	W/D	Paychex, Taxes	\$	5,346.23
Total Checks and Charges				\$ <u>41,714.10</u>
CHECKING ACCOUNT BALANCE 01/31/09				\$ <u>23,257.32</u>
CERTIFICATES OF DEPOSIT, SAVINGS AND CHECKING ACCOUNT BALANCES AS OF 01/31/09				\$ 82,769.38

CHASE CHECKING ACCOUNT RECONCILIATION

	<u>Check #</u>	<u>Amount</u>
Bank Balance 01/31/09		\$ 23,437.31
Less Checks OS	2468	\$ 74.00
	2867	\$ 105.99
		<hr/>
Book Balance 01/31/09		<u>\$ 23,257.32</u>



Organization of MISO States

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Des Moines, Iowa 50309

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www.misostates.org

RESOLUTION

WHEREAS, Graham Edwards was persuaded to give up his comfortable retirement to take full time employment at the Midwest ISO, and

WHEREAS, Graham chose to give up a comfortable Board seat for the often less comfortable seat of CEO, and

WHEREAS, Graham's charm and preparation allowed him to remain unflappable in the face of slings and arrows of federal and state regulators and market participants, and

WHEREAS, Both as Board Member and as CEO, Mr. Edwards has provided skilled leadership of the Midwest ISO and has directed it through successful accomplishment of major system improvements, including the adoption of Module E, the launch of the energy and ancillary services markets, and the innovative use of the Value Proposition to track consumer benefits, and

WHEREAS, Graham Edwards throughout his tenure has maintained open and cooperative relationships with state regulators, and

WHEREAS, Graham has earned the highest level of trust and respect among the state regulatory community, and

THEREFORE, The Board of Directors of the Organization of MISO States extends sincerest thanks to Graham Edwards for his contributions to the progress of the Midwest, sends best wishes for the resumption of Graham's retirement, and hopes that he will continue to be engaged in the energy affairs of our region and the nation.

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March Hot Topic is Load Forecasting. Comments are due March 11, 2009.

Load Diversity Calculations, Capacity Tracking, and GADS Data Collection

The Resources WG continues to monitor these issues as they are addressed in Midwest ISO stakeholder meetings.

Don Neumeyer and Andy Satchwell, Co-Chairs

Regional Planning WG
Status report update
February 12, 2009.

The OMS Regional Planning Workgroup met by conference call on February 4, 2009.
The agenda included

1. Presentations by AEP and Duke Energy summarizing the Pioneer and Dakota – Hartland 765 kV transmission line projects.
2. Discussion regarding stakeholder comments and Midwest ISO responses regarding the Interconnection Process Task Force RPGIP proposal.
3. Summary of UMTDI and OMS Cost allocation meetings held January 28-30 in St. Paul.

The next meeting is scheduled by conference call during the first week of March, 2009.
The agenda so far includes

1. Presentation by ITC summarizing its Green Power Express 765 kV project and FERC Section 205 filing.
2. Discussion/summary of RGOS report due to be released February 17
3. Discussion/Summary of JCSP Report
4. Continued discussion of IPTF RPGIP (FLIP) proposal

Prepared by Parveen Baig and Jerry Lein, RPWG Co-chairs.

Transmission Cost Allocation Work Group
Status report
February 12, 2009

- On January 21, 2009, the Transmission Cost Allocation Work Group held a conference call to discuss the proposed tariff language for cross-border economic transmission expansion projects put forth by the Midwest ISO and PJM. The consensus of the group was to not draft OMS Comments regarding this matter.
- On January 28, the Midwest ISO and PJM filed their cross-border tariff proposal at FERC in Docket No. ER05-6-108 *et al.* The work group is currently in the process of reviewing the actual filing. We also plan to monitor any comments or protests that parties submit in that docket.
- The work group is looking forward to the first session of the renewed RECB task force to be held in Carmel, IN on February 25.

The **OMS Governance and Budget Work Group** (G/B WG) is responsible for assessing the reasonableness of the Midwest ISO's new products and services, strategic plan, short-term and long-term incentive plans, and budgets. <http://www.misostates.org/WG9LongTermDevelopmentWIP.htm>.

Work Group Update:

1. Midwest ISO Proposed 2009 Incentive Metrics

The G/B WG prepared staff comments there were submitted to the Midwest ISO. The comments focused metrics dealing with reliability, compliance, & markets; financial control; customer service; and strategic initiatives.

2. Midwest ISO Hot Topic regarding Board Responsiveness

The G/B WG prepared draft "Hot Topics" comments that were ultimately adopted by the OMS Board of Directors and submitted to the Midwest ISO. The comments deal with the provisions in the Federal Energy Regulatory Commission's Order 719 dealing with the responsiveness of regional transmission organizations boards to stakeholders concerns. The comments focused on current practices; the ability of diverse stakeholder groups to communicate their views; communications of minority positions; and possible issues for a future workshop on stakeholder communications.

3. Federal Energy Regulatory Commission response to the Government Accounting Office report on Regional Transmission Organizations

FERC has not taken any formal steps in response to this report, though some of the issues are touched on in FERC Order 719.

4. Federal Energy Regulatory Commission audit of the Midwest ISO, FERC Docket PA08-28-000

The Notice was issued May 27, 2008.

5. Midwest ISO budget development

This is an on-going task. G/B WG member, Joe Buckley, of the Ohio Commission staff, is OMS's designated representative on the Midwest ISO Finance Committee.

Upcoming activities:

5. Midwest ISO Strategic Plan

G/B WG will be monitoring and preparing draft comments if necessary.

Finance Committee

Review Capital and Operating Budgets

Report Annually to the Advisory
Committee

Not a Management Audit

Finance Committee

MISO Operating Budget is approximately \$150-\$190 million and the Capital Budget is approximately \$20-\$30 million

Salaries and benefits are the primary component of the Operating Budget

In approximately 2007 MISO went to a rolling three year budget

Finance Committee

Typically the Committee meets in late 1st quarter or Early 2nd quarter to discuss the final budget of the current year (previous budget) and compare last year's actual expenditures to budget and discuss large up coming initiatives.

Finance Committee

The Committee meets more frequently as the budget process progresses

A report is prepared in the 4th quarter and presented to the Advisory Committee

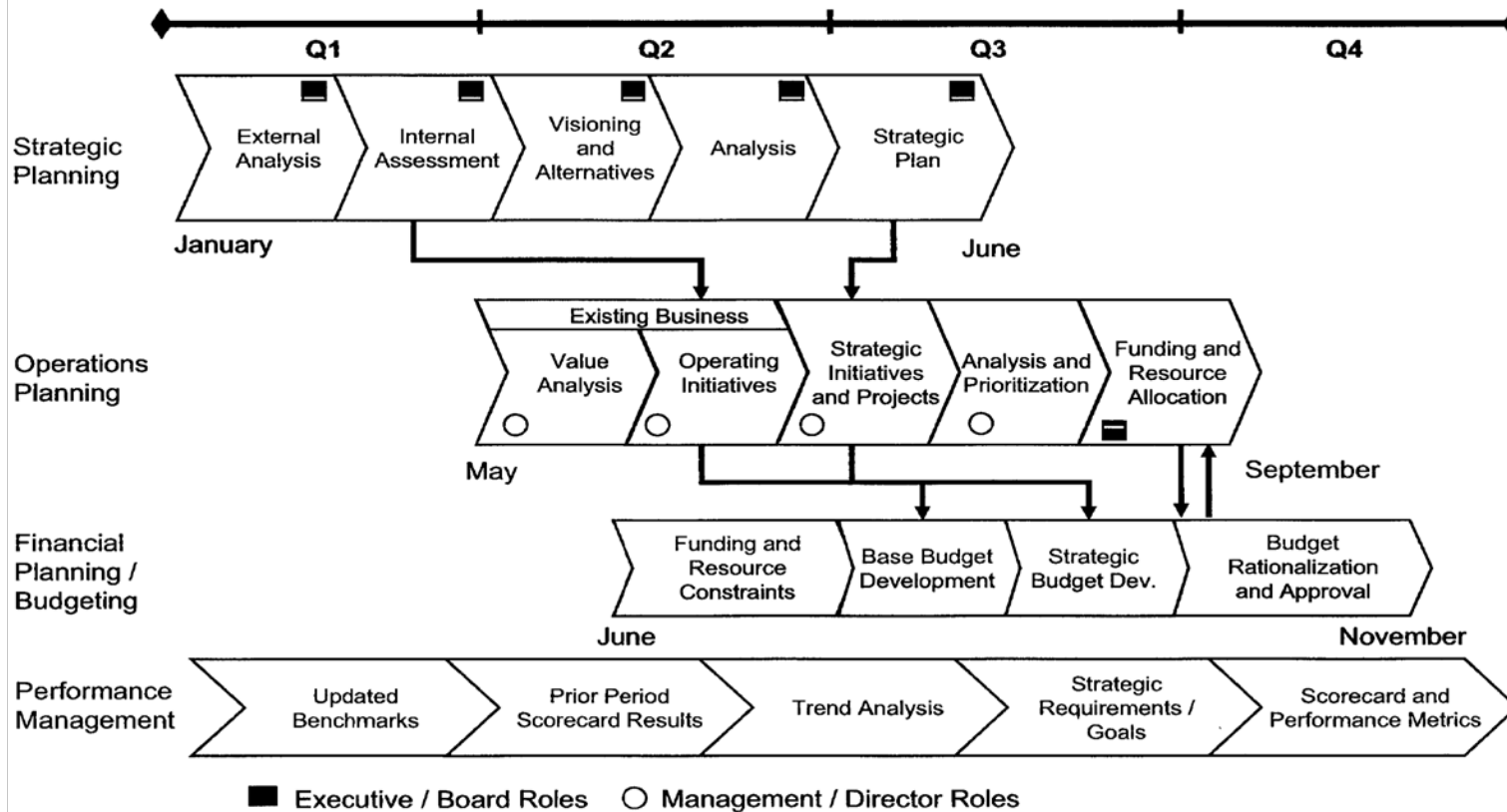
MISO is typically very forthcoming with information but occasionally does not allow data to be removed due to competitive concerns

Finance Committee

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In 2007, Midwest ISO introduced operations planning into its traditional planning cycle



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OMS Executive Director Report December 2008 – January 2009

FERC and DOE Activity

1. On December 5, the OMS asked for reconsideration of FERC's October 20 order on resource adequacy. The OMS urged two points:
 - The Commission erred in failing to distinguish between Demand Resources and Behind the Meter Generation in rejecting the Midwest ISO's forecast Load netting proposal.
 - In addition, the Commission erred in failing to permit verifiable Demand Resources from being netted against a Load Serving Entity's forecast load requirements.
2. Also on December 5, the OMS submitted comments to the FERC on the MISO and the IMM November 19 compliance filings. With respect to the MISO filing, the OMS asked FERC to more carefully delineate the retail suppliers for whom resource adequacy information would be reported to state commissions. With respect to the IMM filing, the OMS asked for evaluation of market power potential in capacity markets and for more complete tariff language.

OMS-MISO Activity:

1. The MWDRI held a Workshop on Dynamic Pricing on December 8 in the Illinois CC Hearing Room, Chicago. Materials are posted at <http://www.misostates.org/MWDRIMeeting8December2008.htm>. The MWDRI is preparing an option paper for the OMS Board on future directions.
2. The Joint Combined System Plan held a final stakeholder meeting in Dallas on December 10. The final plan was released in early February.
3. The Midwest ISO successfully launched the Ancillary Services Market on January 6.

4. The OMS held a cost allocation workshop In St. Paul January 28-29 to give the state commissions a starting point for this year's RECB discussions. Reference and meeting materials are available at <http://www.misostates.org/CostAllocationBoardmtg28-29Jan2009.htm>
5. The OMS office moved to Suite 315 at the same address effective January 6.
6. OMS members have been participating in discussions on FERC Order 719 in the Midwest ISO Markets Subcommittee and in the Advisory Committee. A Hot Topic statement was presented at the January Advisory Committee meeting.

Public Relations

1. Presentations:
 - None.
2. Pending speaking/meeting invitations:
 - None.

Upcoming MISO Filings of Regional Interest

Filing Date	Docket No.	Description	Pursuant to Commission Order	Working Group/Committee where issue/change will be reviewed
02/01/2009	ER08-1285-00_	The Midwest ISO to submit a compliance filing regarding FTR allocation.	126 FERC 61,003 (2008)	N/A
02/17/2009	ER07-1372-007	The Midwest ISO to submit an informational report pursuant to the Commission's December 18, 2008 Order regarding the Midwest ISO's April 25, 2008 ASM Compliance Filing.	125 FERC ¶ 61, 319 (2008)	N/A
February 2009	ER09-____-000	The Midwest ISO to submit proposed revisions to the depreciation lives in Schedules 10, 16, and 17.	N/A	TBPSC
February 2009	ER09-____-000	The Midwest ISO to submit proposed revisions to Schedule 10 of the Tariff in order to revise the Energy Demand split from 60/40 to 50/50.	N/A	TBPSC

03/09/2009	ER07-1372-007	The IMM to submit an informational report pursuant to the Commission's December 18, 2008 Order regarding the Midwest ISO's April 25, 2008 ASM Compliance Filing.	125 FERC ¶ 61, 319 (2008)	N/A
04/06/2009	ER08-1256-000 ER08-1256-001	The IMM to submit an informational report pursuant to the Commission's December 18, 2008 Order regarding the Midwest ISO's July 11, 2008 filing regarding Ex Post pricing.	125 FERC ¶ 61, 320 (2008)	N/A
04/28/2009	ER09-___-000	The Midwest ISO to submit a compliance filing pursuant to Order No. 719.	Order No. 719	N/A
05/01/2009	EL05-55-002 EL05-63-002 EL05-63-004	The Midwest ISO to submit a Refund Report regarding the complaints filed by City of Holland, Michigan, and DTE Energy Trading, Inc.	123 FERC ¶ 61, 187 (2008)	N/A
June 2009	ER07-1372-00_	The Midwest ISO to submit a 180-day Report to the Commission on the merits of instituting a minimum reserve zone size.	122 FERC ¶ 61, 172 at P 240 (2008)	N/A
07/06/2009	ER07-1372-002 ER08-1254-000 ER08-1257-000 ER07-1372-005 ER09-24-000	The Midwest ISO to submit an informational report pursuant to the Commission's December 18, 2008 Order Authorizing the Midwest ISO ASM Start-Up.	125 FERC ¶ 61, 318 (2008)	N/A
07/06/2009	ER07-1372-002 ER08-1254-000 ER08-1257-000 ER07-1372-005	The IMM to submit an informational report pursuant to the Commission's December 18, 2008 Order Authorizing the Midwest ISO ASM Start-Up.	125 FERC ¶ 61, 318 (2008)	N/A
08/01/2009	ER09-___-000	The Midwest ISO to submit a report to analyze the effectiveness of the transmission expansion cost allocation methodologies.	118 FERC ¶ 61, 209 at P 203 (2007)	N/A

Other upcoming dates:

- Next OMS regular Board of Directors meeting: **February 12** at 1:00 pm CDT
- Next OMS Executive Committee meeting: **February 26** at 1:00 pm CDT [may be rescheduled]
- OMS Cost Allocation and Regional Planning Meeting, Carmel, **February 26-27**
- MISO Stakeholder Meeting, **April 14-15**, 2009
- OMS Cost Allocation and Regional Planning Meeting, Carmel, **April 23-24**, Carmel

- OMS Cost Allocation and Regional Planning Meeting, **June 17-18**,
Traverse City

To: MISO Market Subcommittee
From: OMS Board of Directors
Subject: OMS comments and motions regarding Order 719 market monitoring issues
Date: 2/24/09

The OMS has reviewed the Midwest ISO's draft tariff language that it provided on 1/21 to discuss during 2/3 and 3/3 MSC meetings.¹ The OMS provides these comments to clarify and improve the tariff language in Module D, as well as raise some overall concerns on the role and responsibilities of the market monitor. At the end of this document are six motions that the OMS will present to the MSC on 3/3 in support of these comments.

1. Core Functions and Responsibilities of the IMM

The draft tariff changes the IMM's core functions in Module D of its market tariff to six specific functions. They are: i. Evaluate existing and proposed market rules, tariff provisions and market design elements and recommend proposed rule and tariff changes, ii. Review and report on the performance of the Markets, iii. Notify certain entities of significant market problems or potential tariff violations, iv. Assist in the development of the market monitoring Plan, v. Recommend modifications to market rules or tariffs to improve trading between, MISO and adjacent RTOs or BAs, and vi. Have such other duties and responsibilities as specified in this Plan, as amended from time to time.

A. Report on Prospective Mitigation

As background, FERC found "In order to strengthen MMU independence, the Commission proposed in the NOPR that MMUs be removed from tariff administration, including mitigation. This proposal was designed to free MMUs from a role that might make them subordinate to the RTO or ISO. The Commission regulates public utilities, and it is the public utilities that we hold accountable for tariff implementation. To the extent this function is performed by MMUs, the MMUs are assisting the RTOs and ISOs in the administration of their tariff, which places the MMUs in a subordinate position to the RTOs and ISOs. The proposal was also designed to remove the bias that might arise from the MMUs' analyzing the health of the markets they themselves had affected."²

As the OMS is aware, Ohio and Wisconsin have asked the FERC for reconsideration on this matter, namely that the tariff administration function, including mitigation, remain with the IMM. Acknowledging that the Midwest ISO must comply with the FERC's Order 719, the OMS recommends, as a way to accommodate these concerns, that the Midwest ISO add a seventh core function for the IMM in Module D. Specifically, that the IMM be required to report on a quarterly basis whether the RTO management now in charge of prospective mitigation has

¹ The draft changes to Module D are part of the 2/4 MSC meeting materials. See http://www.midwestmarket.org/publish/Folder/1d44c3_11e1d03fcc5_-7f200a48324a

² Order 719, at P 361

appropriately identified and mitigated improper market behavior using the IMM's developed software. The OMS Markets WG suggests the following specific wording for this seventh core function:

Section 52.3(a)(vii) On a quarterly basis, the IMM will provide to the Board, the Commission and the State Commissions a thorough review of the Transmission Provider's use of developed and installed mitigation software that is used prospectively as the Commission defines the term. The IMM's review should identify any instances where the Transmission Provider may have misapplied mitigation methods or where RTO management may have overrode procedures embedded in the mitigation software used in real time market operation and recommend improvements in software mitigation and practice. In order for the IMM to make such a report, the RTO must maintain and provide sufficient detailed records and logs and make them available to the IMM.

The OMS believes that this seventh function would provide the appropriate check on the Midwest ISO's newly sanctioned exclusive right to prospective market power mitigation. While the findings of the quarterly report would not be binding on market operations, they would highlight where the actions of RTO management may be impeding the public interest that markets be workably competitive and absent of market power abuse. Such a report need not be long if the MMU believes that the RTO management has properly proceeded in its new prospective mitigation function.³ In fact, favorable short reports would strengthen the credibility of the RTO management's use of its prospective market power mitigation authority.

It is the OMS's understanding that to comply with FERC Order 719, the Midwest ISO will have to purchase a license agreement from the market monitor to use the mitigation software. As long as the mitigation software is automated, the Midwest ISO's use of the software should not be different than the IMM's. As such, the burden of this additional core function should be minimal.

B. Proposed Market Rules and Tariff Provisions

Section 52.3(a)(i)(ii) effectively allows the IMM to keep proposed market rules, tariff provisions, etc from affected state commissions if the IMM believes that such knowledge may be "exploited". While market participants may be able to gain an unfair advantage from foreknowledge of rule or tariff changes, it is unclear why or how state commissions could "exploit" this type of information. Indeed, the OMS believes that this is the type of issue that the state commissions could provide valuable service to the IMM and the Midwest ISO. As such,

³ The Commission appears to find objectionable MMU actions that are applied prospectively to participant offers because such actions affect market outcomes, such as altering the prices of offers or altering the physical parameters of offers such as ramp rates and start-up time. Such MMU actions affect the market clearing price, and the Commission believes only an entity under its jurisdiction such as a public utility like the MISO should have that responsibility.

state commissions should not be lumped together with the market participants, but instead be included with the Transmission Provider and the FERC staff in 52.3(a)(i)(ii) as shown below:

(ii) the IMM shall limit distribution of its identifications and recommendations to the Transmission Provider, FERC Staff and to affected State Commissions ~~FERC staff~~ in the event the IMM believes broader dissemination could lead to exploitation, with an explanation of why further dissemination should be avoided at that time;

2. IMM control of data

The last sentence in Section 54.1 of Module D states:

Any data created by the IMM, including, but not limited to, compilations or modifications of the Transmission Provider's data, will be kept within the exclusive control of the IMM.

The above language is likely an effort to comply with Order 719's direction for RTOs to "grant MMUs exclusive control over any MMU-created data".⁴ The OMS supports allowing the IMM to have primary control over its own data creations. However, the above language may be misinterpreted to suggest that the IMM is prevented from releasing this data or information, if the IMM were so inclined. Such an outcome would clearly represent a reduction in the independence of the IMM. As such, the OMS suggests the following edits to Section 54.1 to both capture the Commission's intent and resolve any potential ambiguity concerning the control of the IMM's data creations:

~~Any data created by t~~The IMM's control and dissemination of any data the IMM creates including, but not limited to, compilations or modifications of the Transmission Provider's data, shall not be dictated by the Transmission Provider.
~~will be kept within the exclusive control of the IMM.~~

3. Tailored requests for data from state commissions

The language in Section 54.3(b) of the proposed Module D concerns Tailored Requests for Information from Authorized Agencies. While the Commission's intent behind this provision is to expand the dissemination of information to the state commissions, the reality is that the proposed language is in direct conflict with the existing data access provisions found in Section 38.9.4 of the Midwest ISO tariff and represents a potential impediment to state commissions seeking confidential information that is in the possession of the IMM.⁵ Specifically, Section 54.3(b) would grant the IMM the authority to refuse requests for reports, analysis and raw data from authorized requestors (i.e. state commissions). If approved by the Commission, Section

⁴ Order 719, at P 328

⁵ Order 719, at P 449

54.3(b) would result in a drastic reduction in the amount of confidential information that could potentially be made available to the state commissions to fulfill their statutory obligations.

Paragraph 448 of Order 719 states that it will be up to each RTO or ISO, together with its stakeholders, to propose the confidentiality provisions they deem most appropriate, and to propose them to the Commission in a tariff filing. Further, in Paragraph 416, the Commission clarified that Order 719 is not intended to limit existing arrangements between MMUs and state commissions regarding the provision of information, subject to appropriate restrictions related to confidentiality concerns. Given that Commission-approved provisions concerning access to data in possession of the Midwest ISO/IMM already exist in Section 38.9.4 of the Midwest ISO's tariff, the OMS urges the Midwest ISO to adopt the following edit to the proposed Section 54.3(b).

54.3(b) Tailored Requests for Information from Authorized Agencies.

~~The IMM will entertain tailored requests for information from Authorized Agencies regarding general market trends and the performance of the Markets, excluding any information designed to aid state enforcement actions. Granting or refusing such requests shall be at the IMM's discretion based on time and resource availability.~~ The IMM shall fulfill ~~entertain~~ requests from Authorized Agencies for information in accordance with section 38.9.4 and Attachment EE of the Tariff.

The proposed edit would retain the data access provisions currently in the Midwest ISO tariff, while not placing any greater burden on the IMM to provide additional data, reports or analysis for the state commissions. The proposed edit also does not interfere with the IMM's ability to carry out its core functions. The edit also maintains the protection afforded to confidential information by the state commissions and the Midwest ISO/IMM.

4. IMM Information dissemination and quarterly reports

Order 719 requires the IMM to “Review and report on the performance of the wholesale markets to the Commission-approved independent system operator or regional transmission organization, the Commission, and other interested entities such as state commissions and market participants, on at least a quarterly basis and submit a more comprehensive annual state of the market report. The Market Monitoring Unit may issue additional reports as necessary.”⁶

Section 57.1 of the proposed Module D states that the IMM is required to provide a detailed state of the market report to FERC and the Midwest ISO Board, but only a “less extensive” report to the State Commissions. Given the nebulous nature of the term “less extensive”, the OMS would recommend that the Midwest ISO insert the exact Order 719 language directly into the tariff as follows:

⁶ Part 35.28 CFR

57.1 Annual and Quarterly Reports And Periodic Reports- Conference Calls

The IMM shall review and report on the performance of the wholesale markets to the Transmission Provider's Board of Directors, the Commission and other interested entities such as state commissions and market participants, on at least a quarterly basis. Copies of these reports shall be forwarded by the IMM to each of the Interested Government Agencies. Copies of the reports shall be made publicly available by the Transmission Provider by posting on its website, subject to redaction or other measures necessary for the protection of Protected Information. The IMM shall also prepare and submit to the Transmission Provider's Board of Directors a more detailed state of the market report on market trends and the competitive performance and efficiency of the Markets and Services. Such report shall be submitted at least annually and include any recommendations of the IMM for the improvement of the Markets and Services, or of the monitoring, reporting and other functions undertaken pursuant to this Plan.. The report shall also include a description of all requests for investigation/complaints and the resolution or disposition thereof. A copy of the report shall be forwarded by the IMM to each of the Interested Government Agencies. Copies of the report shall be made publicly available by the Transmission Provider by posting on its website, subject to redaction or other measures necessary for the protection of Protected Information. The IMM may issue additional reports to the Transmission Provider's Board of Directors, the Commission or other interested entities such as state commissions and market participants, as necessary. The IMM shall make one or more of its personnel available for regular conference calls, which may be attended, telephonically or in person, by the Commission and Authorized Agencies' staff, by representatives of the Transmission Provider, and by Market Participants, subject to appropriate measures for the protection of Protected Information.

5. Referrals to FERC regarding non public and confidential

Clarifying Confidential Non-Public Definition for Sanctions Imposition Purposes
the proposed Module D tariff wording to comply with FERC Order 719 is as follows:

65.3 Sanctions

65.3.1 Imposition

a. If the IMM identifies potential Tariff violations for which penalty charges are provided under this Tariff, the IMM must make a ~~confidential~~ non-public referral of such violations to the Commission so that the Commission can determine the appropriate penalty charges under this Section. If the IMM determines in accordance with the thresholds and other standards specified in this Module D, Part III that: (i) a Market Participant has engaged in physical withholding, or (ii) a Market Participant has engaged in uneconomic production; or (iii) a Load Serving

Entity is subject to a Penalty Level payment in accordance with Section 65.4 below; or (iv) a Transmission Owner has physically withheld transmission that causes transmission congestion, including the operation of network control devices in a manner that was not economic, the IMM must make a ~~confidential~~ non-public referral of such violations to the Commission.

The OMS acknowledges that the Midwest ISO is attempting to comply with Order 719. However, the OMS has long argued that the affected state commissions should also be notified of any referral of potential tariff violations to the FERC by the IMM.⁷ Accordingly, the OMS recommends that subsection (a) be modified to include language indicating that the IMM will also notify affected state commissions of any referral of potential tariff violations to the FERC by the IMM.

Additionally, the OMS recommends that the Midwest ISO eliminate the word confidential above as well. While this word has been in prior versions of the Module D tariff, its inclusion prevents outside scrutiny. Such scrutiny once again assists in assuring that the markets remain competitive. Non-confidential treatment acts as a deterrent to inappropriate competitive behavior. It is not the intent of the OMS to require the release of any information that may have criminal investigation implications.

⁷ See OMS' comments in Docket No. RM07-19-000 (2007), at 37-40 and (2008), at 10-11.

OMS proposed motions regarding Order 719 market monitoring issues

1. Core Functions and Responsibilities of the IMM

A. Report on Prospective Mitigation

“The Market Subcommittee supports the recommendation made by the Organization of MISO States of adding a seventh core function to Section 52.3(a) that the market monitor be required to report on whether the Transmission Provider has appropriately identified and mitigated improper market behavior using the market monitor’s developed software.”

B. Proposed Market Rules and Tariff Provisions

“The Market Subcommittee supports the recommendation made by the Organization of MISO States of excluding affected state commissions from the distribution limitation in Section 52.3(a)(i)(ii).”

2. IMM control of data

“The Market Subcommittee supports the recommendation made by the Organization of MISO States of clarifying Section 54.1 that the control and dissemination of data the market monitor creates is not subject to control of the Transmission Provider.”

3. Tailored requests for data from state commissions

“The Market Subcommittee supports the recommendation made by the Organization of MISO States of clarifying Section 54.3(b) that the market monitor shall fulfill requests for information from Authorized Agencies under Section 38.9.4 and Attachment EE.”

4. IMM Information dissemination and quarterly reports

“The Market Subcommittee supports the recommendation made by the Organization of MISO States of clarifying Section 57.1 by expanding the requirements of periodic reports to include Order 719 language.”

5. Referrals to FERC regarding non public and confidential

“The Market Subcommittee supports the recommendation made by the Organization of MISO States of revising Section 65.3.1 such that affected state commissions may also be notified.”

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

Midwest Independent Transmission System Operator, Inc)	Docket Nos. ER04-691-088
)	ER04-691-089
Ameren Services Company)	Docket No. EL07-86-000
Northern Indiana Public Service Company)	
v.)	
Midwest Independent Transmission System Operator, Inc.)	
Great Lakes Utilities, et al.)	Docket No. EL07-88-000
v.)	
Midwest Independent Transmission System Operator, Inc.)	
Wabash Valley Power Association, Inc.)	Docket No. EL07-92-000
v.)	
Midwest Independent Transmission System Operator, Inc.)	

**Comment of the Organization of MISO States and
Motion to Accept Comment out-of-time**

Pursuant to Rule 212 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (Commission), 18 C.F.R. § 385.212, the Organization of MISO States (“OMS”) hereby submits its comments on the Supplemental Information Regarding Compliance Filings of the Midwest Independent Transmission System Operator, Inc. (Midwest ISO) filed on December 19, 2008.¹

The OMS respectfully request that the Commission require the resettlement to be implemented immediately in the settlement system so that Revenue Sufficiency Guarantee

¹ Supplemental Information Regarding Compliance Filings of the Midwest Independent Transmission System Operator, Inc., Addressing Real Time Revenue Sufficiency Guarantee Charges, Docket Nos. ER04-691-088, ER04-691-089, EL07-86-000, EL07-88-000, EL07-92-000, December 19, 2008. (Supplemental Filing)

(RSG) charges associated with past transactions are properly reflected in the exposure calculations.

Background

On December 8, 2008 and December 10, 2008, the Midwest ISO submitted compliance filings in the above-captioned dockets.

On December 19, 2008, the Midwest ISO submitted an informational filing to advise the Commission of the credit implications of the resettlements required by the November 7 and 10 rulings. In that filing the Midwest ISO observed that the RSG charges will be substantial, which if included in the Total Potential Exposure (TPE) calculation would result in a demand for \$77.7 million in Financial Security due within two business days. The Midwest ISO believed that some market participants would suffer substantial hardship, and the market could be harmed, if such Market Participants were to be immediately required to increase their Financial Security. The Midwest ISO stated that it did not intend to include the estimated RSG resettlement amounts in the TPE values until such time as the Commission has indicated whether the Midwest ISO should immediately resettle the market pursuant to the Midwest ISO's December 8 Compliance Filing.²

Comment

An immediate demand for Financial Security is likely to result in substantial hardship to affected market participants only if the demand is both significant and unexpected. In this situation, it is not likely that the demand for Financial Security would be unexpected as market participants have known for some time their approximate RSG charge exposure.

Concern for market harm should instead focus on not allowing continued participation in the market by those market participants with insufficient credit. Under the Midwest ISO proposal, its credit system will believe that adequate secured and unsecured credit exists for some market participants when in fact it does not. The credit system will not recognize that

² Supplemental Filing, p.2 - 3.

some or all of a market participant's credit has been consumed because the RSG resettlement charges are being withheld from the exposure calculations.

Moral hazard can arise when a participant does not bear the full risk of the consequences of its actions. Allowing continued market participation by those that may be insolvent can result in risk taking that leaves other market participants to bear the responsibility for those risky actions.

The OMS wishes to express deep concern about recent defaults in the Midwest ISO and other RTOs' facilitated markets and strongly supports the Midwest ISO's efforts to immediately adopt appropriately stringent credit policies in an effort to reduce the number of defaults and to limit the attendant exposure that is ultimately borne by our citizens. The OMS has confidence in the Midwest ISO's Management and Staff ability to evaluate the credit risks and appreciates the additional steps that the Midwest ISO has already taken, such as including the estimated RSG resettlement charges in its evaluations of any and all requests to withdraw from the market or draw down Financial Security. Moral hazard makes it imperative that a corrective action be taken immediately.

The Commission should require the resettlement to be implemented immediately in the settlement system so that RSG charges associated with past transactions are properly reflected in the exposure calculations of TPE.

Motion to Accept Comment out-of-time

The OMS moves the Commission, in the interest of a more complete record, to accept this comment out-of-time if such relief is deemed necessary.

Conclusion

The OMS respectfully request that the Commission require the resettlement to be implemented immediately in the settlement system so that RSG charges associated with past transactions are properly reflected in the exposure calculations.

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.

Indiana Utility Regulatory Commission
Iowa Utilities Board
Michigan Public Service Commission
Minnesota Public Utilities Commission
Missouri Public Service Commission
Montana Public Service Commission
Pennsylvania Public Utility Commission
Wisconsin Public Service Commission

The Illinois Commerce Commission, the Kentucky Public Service Commission, the North Dakota Public Service Commission, and the Public Utilities Commission of Ohio abstained from the vote on this pleading.

The Manitoba Public Utilities Board, the Nebraska Power Review Board, and the South Dakota Public Utilities Commission did not participate in this pleading.

The Indiana Office of Utility Consumer Counselor and the Iowa Office of Consumer Advocate, as associate members of the OMS, participated in these comments and generally support these comments.

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: March 2, 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 2nd day of March 2009.

William H. Smith, Jr.
William H. Smith, Jr.