ORGANIZATION OF MISO STATES, INC.
Board of Directors Meeting
Conference Call Minutes
August 13, 2009

Approved with revisions – September 10, 2009

Lauren Azar, President of the Organization of MISO States, Inc. (OMS), called the August 13, 2009 meeting of the OMS Board of Directors to order via conference call at approximately 1:00 p.m. (CDT). The following board members or their proxies participated in the meeting:

Sherman Elliott, Illinois
Rob Berntsen, Iowa
Bill Bowker, proxy for David Armstrong, Kentucky
Monica Martinez, Michigan
Jeff Davis, Missouri
Brian Dekiep, proxy for Greg Jergeson, Montana
Valerie Lemmie, Ohio
Jerry Lein, proxy for Tony Clark, Pennsylvania
Tyrone Christy, Pennsylvania
Greg Rislov, proxy for Gary Hanson, South Dakota
Lauren Azar, Wisconsin

Absent
Indiana
Manitoba

Agency members participating
Randy Rismiller – Illinois
Dave Johnston – Indiana
April Paronish – Indiana OUCC
Jeff Kaman – Iowa
Bill Bokram, Angie Butcher – Michigan
Burl Haar - Minnesota
Jim Melia – Pennsylvania

Others on the call
John Bear, Dave Hadley – MISO
Beth Soholt – Wind on the Wires
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 July 9 and July 29, 2009 Board of Directors meetings

Brian Dekiep moved for approval of the minutes of the July 9 and July 29 board meetings. Monica Martinez seconded. The motion was approved by unanimous voice vote.

Treasurer's Report

Burl Haar moved for approval of the treasurer's report. Monica Martinez seconded. The motion was approved by unanimous voice vote.

Review of the Executive Committee Meeting – Bill Smith

Bill Smith presented a verbal summary of the July 23rd Executive Committee Meeting. He highlighted the following items that were discussed during the meeting:

- Reviewed topics for the upcoming sector meeting and board dinner;
- Looked at the process for setting priorities and budget for 2010;
- Review of the status of the nominating committee, the eastern interconnection project and the formation of the demand response work group;
- Developed agenda for board meeting;
- Closed session to review personnel issues related to planning and engineering topics and office support.

President Azar indicated there will need to be a closed session of the full board to discuss those same topics. A time for that closed session was discussed and whether it needed to be noticed. The question was asked if a closed session could be added to the end of this call. It was determined that a 2/3rd majority could amend the by-laws and revise the agenda to add a closed session to the meeting.

Valerie Lemmie moved to go into closed session after the meeting. Sherman Elliott seconded. The motion passed by voice approval.

Remarks by John Bear of the Midwest ISO

John Bear updated the directors on the state of MISO, including the First Energy withdrawal plan and the MidAmerican Energy addition.

Administrative Report from Executive Director – Bill Smith

A written report was submitted prior to the meeting. The following was highlighted from that report:

- The formation of the demand response work group (to be called the OMS Demand Response and Technology Work Group.)
- The FERC filing on RECB.

Work Group Status Reports

Demand Response WG

- Written report follows minutes. John Feit also briefed the Board on the issues surrounding Order 719 implementation. There are two memos following the status report regarding these issues.

Transmission Cost Allocation WG

- No report provided

Markets and Tariffs WG

- Written report follows minutes

Resources WG

- Written report follows minutes

Regional Planning WG

- Written report follows minutes

Governance and Budget WG

- No report provided

Modeling WG

- No report provided

PRESENTATION

Report from WOW/AWEA on their FERC filing on MISO RECB cost allocation – Beth Soholt

- Beth Soholt gave a presentation on the filing and took questions from the Board and staff.

BUSINESS

1/2. MISO Advisory Committee & Planning Advisory Committee Issues – Valerie Lemmie

- Valerie Lemmie distributed a report on the issues prior to the meeting. She emphasized the upcoming hot topic issues;
- RECB is the biggest issue on the PAC agenda.

3. Comments on MISO Hot Topic – Wind Integration – Jerry Lein

- Jerry Lein presented the hot topic comment. The comment is the consensus of the working group. The document was discussed.

  Valerie Lemmie moved to submit the comments to MISO. Brian Dekiep seconded. The motion was passed by voice vote. Pennsylvania abstained.

4. Nominating Committee – Ty Christy

- Ty Christy gave the nominating committee update. Progress is going well for both a new slate of officers and a new nominating committee.

5. OMS Budget (2010) – Bill Smith

- Bill Smith presented the draft budget;
- The budget needs to be discussed over the next month and adopted in September so it can be approved by MISO at the appropriate time;
- Certain parts of the budget will be discussed in closed session.

6. Eastern Interconnection Planning Process Update – Lauren Azar

- Lauren Azar gave a brief update. DOE granted an extension for submission of the funding application and the staffing issues are still being worked out;
- There are still some outstanding commitment letters.

7. TO Joint Defense Agreement – Lauren Azar

- An error was found in the formula – the “perpetuity problem.” TOs trying to resolve it and will propose a tariff change to FERC;
- In attempting to gain some details regarding the perpetuity problem, a confidentiality agreement called the “joint defense agreement” was discovered;
- No more details are currently available.

8. **Update on the RECB Task Force** – Lauren Azar
   - Lauren Azar gave an update on the progress of the RECB task force, highlighting injection withdrawal and cost allocation.

9. **Update on the UMTDI** – Jeff Kaman
   - Jeff Kaman gave a brief update on UMTDI and took questions from the board and staff.

ADJOURNMENT

The OMS Board of Directors meeting adjourned to closed session at 2:05 pm CDT.

The Board reconvened in closed session to discuss consulting and personnel issues.

OMS

Organization of MISO States
Report of the Treasurer
Tom Pugh, Minnesota Public Utilities Commission
to the
Board of Directors
August 13, 2009
Report for July 2009

CASH ON HAND

The beginning balance as of July 1 for the Wells Fargo Business Performance Savings Account was $59,621.99. Interest earned for this month was $12.66. The July 31, 2009 balance was $59,634.65.

The beginning balance as of July 1 for the Chase Bank One Checking account was $52,432.47. The total disbursements from the checking account for July 2009 were $62,408.96. Deposits, interest and adjustments were $85,616.51. As of July 31, 2009, the checking account bank balance was $84,205.79 and the book balance was $75,640.02 (with 19 checks outstanding).

The total savings and checking account balances as of July 31, 2009 is $135,274.67.

OMS

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

Wells Fargo Business Performance Savings Account

Balance as of 07/01/09			$	59,621.99	
7/31/09	DEP	Interest on Savings	$	12.66	
Business Performance Savings Account Balance at 07/31/09					$ 59,634.65

Chase Bank One Commercial Checking with Interest

Balance as of 07/01/09			$	52,432.47
7/13/09	DEP	MISO Remittance	$	40,000.00
7/13/09	DEP	Expense Reimbursement	$	14.00
7/20/09	DEP	Expense Reimbursement	$	23.66
7/29/09	DEP	Refund Iowa unemployment	$	550.34
7/29/09	DEP	Berkley Labs	$	44,846.30
7/29/09	DEP	Reimburse CARP VI hotel cost	$	181.67
7/31/09	DEP	Interest on checking	$	0.54
		Total Deposits	$	85,616.51

Checks and Charges

Date	Check #	Descriptions		
7/2/09	3066	Conference Suite	$	355.42
7/2/09	3067	Midwest ISO - Non travel meeting expense	$	423.50
7/2/09	3068	ND Travel Reimbursement	$	238.87
7/2/09	3069	MN Travel Reimbursement	$	1,573.97
7/2/09	3070	IA Travel Reimbursement	$	658.07
7/2/09	3071	PA Travel Reimbursement	$	1,187.80
7/2/09	3072	WI Travel Reimbursement	$	402.26
7/2/09	3073	WI Travel Reimbursement	$	41.00
7/9/09	3074	IN Travel Reimbursement	$	825.34
7/9/09	3075	IL Travel Reimbursement	$	415.57
7/9/09	3076	IL Travel Reimbursement	$	704.46
7/9/09	3077	IA Travel Reimbursement	$	970.58
7/9/09	3078	IA Travel Reimbursement	$	32.20
7/9/09	3079	IA Travel Reimbursement	$	652.89
7/9/09	3080	MN Travel Reimbursement	$	1,093.11
7/9/09	3081	MT Travel Reimbursement	$	1,531.30
7/9/09	3082	MT Travel Reimbursement	$	919.54
7/9/09	3083	ND Travel Reimbursement	$	1,447.72
7/9/09	3084	OH Travel Reimbursement	$	583.20
7/9/09	3085	OH Travel Reimbursement	$	331.77
7/9/09	3086	OH Travel Reimbursement	$	509.83
7/9/09	3087	PA Travel Reimbursement	$	422.70
7/9/09	3088	WI Travel Reimbursement	$	488.87
7/9/09	3089	ED Travel Reimbursement	$	35.35
7/17/09	3090	100 Court Investors	$	1,686.42
7/17/09	3091	Combined Systems Technology	$	41.34
7/17/09	3092	Doubletree Guest Suites	$	2,316.16
7/17/09	3093	Midwest ISO - Non travel meeting expense	$	88.00
7/17/09	3094	Platts Electric Utility Week	$	2,125.00
7/17/09	3095	Qwest	$	267.59
7/17/09	3096	Chase Card Services	$	3,871.01
7/17/09	3097	MI Travel Reimbursement	$	750.44
7/17/09	3098	MT Travel Reimbursement	$	1,638.75
7/17/09	3099	WI Travel Reimbursement	$	487.96

7/17/09	3100	IA Travel Reimbursement	$	425.40
7/17/09	3101	IA Travel Reimbursement	$	417.58
7/17/09	3102	MO Travel Reimbursement	$	445.79
7/17/09	3103	ND Travel Reimbursement	$	353.36
7/17/09	3104	PA Travel Reimbursement	$	341.41
7/17/09	3105	MN Travel Reimbursement	$	1,705.05
7/17/09	3106	MN Travel Reimbursement	$	513.10
7/17/09	3107	MT Travel Reimbursement	$	1,573.40
7/17/09	3108	IL Travel Reimbursement	$	146.49
7/17/09	3109	IL Travel Reimbursement	$	751.66
7/17/09	3110	MO Travel Reimbursement	$	299.27
7/17/09	3111	WI Travel Reimbursement	$	283.00
7/17/09	3112	SD Travel Reimbursement	$	472.06
7/17/09	3113	MT Travel Reimbursement	$	757.26
7/17/09	3114	IA Travel Reimbursement	$	648.20
7/17/09	3115	SD Travel Reimbursement	$	798.90
7/17/09	3116	MI Travel Reimbursement	$	143.48
7/17/09	3117	MI Travel Reimbursement	$	263.69
7/28/09	3118	Conference Suite	$	727.26
7/28/09	3119	DWX Internet	$	35.00
7/30/09	3120	IA Travel Reimbursement	$	784.18
7/30/09	3121	MN Travel Reimbursement	$	612.10
7/30/09	3122	MO Travel Reimbursement	$	180.46
7/30/09	3123	MT Travel Reimbursement	$	1,283.59
7/30/09	3124	ED Travel Reimbursement	$	131.73
7/30/09	3125	WI Travel Reimbursement	$	620.40
7/30/09	3126	WI Travel Reimbursement	$	741.88
7/30/09	3127	MI Travel Reimbursement	$	33.66
7/30/09	3128	ND Travel Reimbursement	$	27.00
7/31/09	241	401(k) Contribution - July	$	752.64
7/31/09	242	401(k) Contribution - July	$	68.04
7/31/09	243	401(k) Contribution - July	$	2,224.30
7/30/09	W/D	Paychex Payroll	$	9,620.20
7/31/09	W/D	Paychex Payroll Taxes	$	5,109.43

Total Checks and Charges $ 62,408.96

CHECKING ACCOUNT BALANCE 07/31/09 $ 75,640.02

CERTIFICATES OF DEPOSIT, SAVINGS AND CHECKING ACCOUNT BALANCES AS OF 07/31/09 $ 135,274.67

CHASE CHECKING ACCOUNT RECONCILIATION

	Check #		Amount
Bank Balance 07/31/09		$	84,205.79
Less Checks OS	2468	$	74.00
	2885	$	76.00
	3010	$	253.19
	3076	$	704.46
	3097	$	750.44
	3100	$	425.40
	3103	$	353.36
	3109	$	751.66
	3118	$	727.26
	3119	$	35.00
	3120	$	784.18
	3121	$	612.10
	3122	$	180.46
	3123	$	1,283.59
	3124	$	131.73
	3125	$	620.40
	3126	$	741.88
	3127	$	33.66
	3128	$	27.00
Book Balance 07/31/09		$	75,640.02

OMS Treasurer Report for Month of July 2009

Wells Fargo Business Performance Savings Account

Beginning Balance	59,621.99	
Interest Earned this Month	12.66	
Ending Balance		59,634.65

Chase Bank One Checking Account

Beginning Balance	52,432.47	
Total Disbursements	(62,408.96)	
Deposits/Interest/Adjustments	85,616.51	
Ending Balance		75,640.02
Total Savings & Checking Balances as of July 31, 2009		**135,274.67**

19 checks outstanding at 07/31/09

Organization of MISO States

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OMS Executive Director Report
August 5, 2009

FERC and DOE Activity

1. Settlement discussions relating to formula rate issues continue in the dockets concerning Pioneer and Green Power Express. The next settlement conference in the Green Power docket is scheduled for September 1. The Pioneer docket may be settled without an additional conference. Rehearing is still pending with respect to the financial incentives.
2. The “quick fix” regional cost allocation revision applicable to wind-producing areas was filed at the FERC on July 9, Docket No. ER09-1431. The OMS Board approved a comment to be filed August 13.
3. The Midwest ISO filed a new Schedule 34 to allocate costs of any NERC assessment on July 10, Docket No. ER09-1435. OMS comments were filed July 31.
4. The confirmation hearing for John Norris, past OMS president, to serve as a FERC commissioner is scheduled for August 6.

OMS-MISO Activity:

1. States continued work on a proposal in response to the Department of Energy’s Funding Opportunity for Eastern Interconnection-wide planning. The proposal date has been extended to September 14.
2. The OMS held a cost allocation / regional planning (CARP) workshop July 8. Future meetings are scheduled in St. Paul August 17-18 and in Carmel September 24. Meeting dates for the rest of 2009 will be established soon.

Public Relations

1. Presentations:
   - Bill Smith participated in a training course for the Regional Electricity Regulators Association of Southern Africa July 27-31.

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
August 2009	ER09-___-000	The Midwest ISO and Minnesota Power to submit proposed revisions to the Tariff for HVDC transmission service.	N/A	TBPSC
August 2009	ER08-1486-00_	The Midwest ISO to submit a compliance filing pursuant to the Commission's May 8, 2009 letter regarding Black Start Compensation.	Letter Order dated 05/08/2009.	N/A
08/14/2009	ER09-___-000	The Midwest ISO to submit revisions to Attachment X, Queue Reform, Phase II.	N/A	TBPSC
08/17/2009	ER09-1435-000	The Midwest ISO to submit an Answer to any comments and/or protests received on the July 10, 2009 proposed revisions to the Tariff to include a new Schedule 34 (Allocation of Costs Associated with Reliability Penalty Assessments).	The Midwest ISO will submit an answer.	N/A
08/17/2009	ER09-1252-00_	The Midwest ISO and MidAmerican Energy Co. to submit a compliance filing regarding revisions to Schedules 7, 8, 9, 26 and Attachment O to include MidAmerican with its proposed integration.	128 FERC ¶ 61,047 (2009)	N/A
08/17/2009	ER09-1248-00_	The Midwest ISO and MidAmerican Energy to submit a compliance filing regarding revisions to Attachment FF.	128 FERC ¶ 61,046 (2009)	TBPSC
08/17/2009	ER09-1253-00_	The Midwest ISO and MidAmerican Energy to submit a compliance filing regarding Attachment P MidAmerican listings of Grandfathered Agreements.	128 FERC ¶ 61,046 (2009)	N/A

08/18/2009	ER08-394-00_	The Midwest ISO to submit a compliance filing informing the Commission of steps to develop a permanent approach to addressing congestion that limits aggregate deliverability.	126 FERC ¶ 61,144 (2009)	MSC SAWG
08/18/2009	ER09-991-001	The Midwest ISO to submit an Answer to any comments and/or protests received on the July 13, 2009 proposal for a transition program for EDR Day-Ahead Offers to comply with the Commission's June 12 directive.	127 FERC ¶ 61,239 (2009)	N/A
08/25/2009	OA08-42-002	The American Transmission Company, LLC and Midwest ISO to submit an Answer to any comments and/or protests received on the July 20, 2009 proposed revisions to the Midwest ISO Tariff in compliance with the Commission's May 21, 2009 Order regarding Order 890 planning directives.	Comments due 08/10/2009.	N/A
08/25/2009	OA08-53-002	The Midwest ISO to submit an Answer to any comments and/or protests received on the June 20, 2009 filing pursuant to the Commission's May 21, 2009 Order regarding Order 890 planning directives.	Comments due 08/10/2009.	N/A
08/25/2009	ER08-1169-00_	The Midwest ISO to submit an Informational Report regarding Queue Reform and its developments.	124 FERC ¶ 61,183 (2008)	N/A
08/28/2009	ER09-1431-000	The Midwest ISO to submit an Answer to any comments and/or protests received on the July 09, 2009 proposed revisions that the Midwest ISO and Midwest ISO Transmission Owners submitted to the Midwest ISO Tariff to revise the method for allocating the cost of Network Upgrades for generation interconnection projects meeting the Midwest ISO's Regional Expansion Criteria and Benefits ("RECB") standards.	Comments due 08/13/2009.	N/A
08/31/2009	ER06-18-000 ER06-18-004 ER06-18-005	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
09/23/2009	ER08-1169-001	The Midwest ISO to submit a 90-day compliance filing to clarify the methodology and specific assumptions to set operational limits for temporary Generator Interconnection Agreements with ERIS in the Tariff.	127 FERC ¶ 61,295 (2009)	N/A
10/14/2009	OA10-___-000	The Midwest ISO to submit an Informational Report regarding operational penalty assessments and revenue distributions in compliance with Order No. 890.	Order No. 890	N/A
10/21/2009	ER08-404-00_	The Midwest ISO to submit a Quarterly Status Report on the progress made in allowing EDR resources to set Locational Marginal Pricing ("LMP").	123 FERC ¶ 61,070 (2008)	N/A

10/26/2009	ER08-622-000	The Midwest ISO to submit a Quarterly Status Report on Section 205 Revisions to the FTR Credit Policy in Attachment L.	123 FERC ¶ 61230 (2008)	N/A
10/27/2009	RM07-19-001	The Midwest ISO to submit a compliance filing to amend market rules as necessary to accept bids from ARCs that aggregate the demand response of (1) the customers of utilities that distributed more than 4 million MWh in the previous fiscal year, and (2) the customers of utilities that distributed 4 million MWh or less in the previous fiscal year, where the relevant electric retail regulatory authority permits such customers' demand response to be bid into organized markets by an ARC.	Order 719-A	AC MSC
10/28/2009	RM07-19-000 AD07-7-000	The Midwest ISO to submit its assessment regarding pilot projects or other mechanisms of the technical feasibility and value to the market of smaller demand response resources providing ancillary services including how smaller demand response resources can reliably and economically provide operating reserves.	Order No. 719	AC MSC
12/01/2009	ER08-394-004 ER08-394-005	The Midwest ISO to submit a report detailing how the overall generation mix affects the planning reserve margin calculated for planning zones.	126 FERC ¶ 61,143	N/A

Other upcoming dates:

- Next OMS regular Board of Directors meeting: **August 13** at 1:00 pm CDT
- OMS Cost Allocation and Regional Planning Meeting, St. Paul, **August 17-18**
- OMS Sector Meeting with MISO officers and dinner with MISO Directors, St. Paul, **August 18**
- Next OMS Executive Committee meeting: **August 27** at 1:00 pm CDT

- OMS regular Board of Directors meetings: **September 10**, **October 8**
- OMS Cost Allocation and Regional Planning Meeting, Carmel, **September 24**

OMS
Organization of MISO States

100 Court Avenue, Suite 218
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Phone: 515-243-0742
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To: OMS Board of Directors

From: William H. Smith, Jr.
Executive Director

Date: August 6, 2009

Re: OMS Demand Response Working Group
Notes of Meeting

At its last regular meeting, the OMS Board of Directors formed a Demand response Working Group. That Group met August 4 by conference call. In attendance were:

Brian DeKiep, Montana
Adam McKinnie, Missouri
Benjamin Stafford, Ohio
Rob Ozar, Michigan
John Feit, Wisconsin
Valerie Lemmie, Ohio
Sherman Elliott, Illinois
Dave Johnston. Indiana
Greg Scheck, Ohio
Paul Centolella, Ohio
April Paronish, Indiana
Gordon Dunn, Iowa

The initial task list includes short term and long term tasks.

<u>Short term tasks:</u>

- Aggregation
- Compensation
- Missing money
- Measurement and verification
- Ancillary Services

<u>Long-term tasks:</u>

- Follow MISO DRWG and other stakeholder groups
- Planning
- Education
- Use of MWDRI resources
- Market preparations for electric vehicles
- Smart grid, AMI
- Dynamic pricing
- Price responsive demand (coordinated with Resources WG activity)

The group selected Co-Chairs, with focused responsibility:

John Feit, Short term tasks
April Paronish, Long term tasks and liaison to MISO DRWG
[Greg Scheck was also asked to take a leadership role, but was unable due to other work obligations].

The Group will consider a name that is not duplicative of the MISO work group. Suggestions should be sent to the co-chairs.

The Group's attention was called to two memos on aggregation issues.

Upcoming dates:

- The MISO DRWG will meet in St. Paul and by phone on August 19 at 3:00 CDT (subject to confirmation). Draft tariff language will be presented/discussed.
- The OMS DRWG will plan a meeting after the MISO's draft tariff language is available.

Public Service Commission of Wisconsin

Eric Callisto, Chairperson
Mark Meyer, Commissioner
Lauren Azar, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

June 26, 2009

TO: Mike Robinson, Midwest ISO

FROM: John Feit, Public Service Commission of Wisconsin

Subject: Aggregators of Retail Customers

CC: Marlene Parsley, Chair, Demand Response Working Group
Kacey George, Midwest ISO Stakeholder Relations
Randy Pilo, Public Service Commission of Wisconsin
Valy Goepfrich, WPPI Energy
Bill Smith, Organization of MISO States

The purpose of this memo is to communicate several concerns relating to the Midwest ISO's proposal to accommodate the participation of Aggregators of Retail Customers (ARCs) in the Midwest ISO's markets as mandated by FERC in Order 719. This memorandum reflects my opinions only and it does not necessarily represent the views of the Public Service Commission of Wisconsin. This memorandum only addresses the participation of ARCs in the Energy Market. I have not reviewed the issues associated with ARC participation in the Ancillary Services Market.

Since the Fall of 2008, the Demand Response Working Group has been discussing the issue of the appropriate compensation for ARCs. One of the concepts that received considerable attention is what has become known as the "missing money" problem. The missing money problem arises due to the requirement that the Midwest ISO be revenue neutral in its daily settlements in the Energy Market. The missing money problem can be simply stated as follows: If the Midwest ISO makes payments to ARCs for load reductions in the Real Time Energy Market, where does the money for these payments come from?

In its April 28, 2009, Order 719 compliance filing, the Midwest ISO stated that it had a goal of filing final tariff revisions to accommodate the participation of ARCs on or before August 31, 2009. It is clear that resolution of the missing money problem must be resolved and a proposed resolution included in the August 31, 2009 filing.

At the Demand Response Working Group meeting on June 1, 2009, Tom Rutigliano of CPower made a presentation of a proposed resolution of the missing money problem. Under this proposed resolution, each load serving entity's (LSE) actual hourly energy withdrawals in the Real Time Energy Market would be "reconstituted" to include megawatt-hour (MWh) load reductions during that hour which had been sold into the Real Time Energy Market by ARCs from each LSE's load zone. That is, a quantity of MWhs equal to the MWhs of load reduction

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would be added back to the LSE's hourly metered MWh quantity and the total would be settled at the LMP. The ARC would be paid for the MWh load reductions at the same LMP. This would result in revenue neutrality for the Midwest ISO.

The June 1 presentation was the first time that I had heard of the reconstituted load solution to the missing money problem. I was somewhat confused when Mike Robinson stated at the conclusion of the presentation that the reconstituted load method had been included in the draft tariff language in Exhibit C (Informational ARC Provisions) of the April 28, 2009, compliance filing. It was only the next day when I reread the proposed tariff language in Exhibit C that I discovered that the definition of "Actual Energy Withdrawal" shown on proposed First Revised Sheet No. 75 included the phrase "plus Actual Energy Injections for the Demand Response Resources-Type I and Actual Energy Injections for the Demand Response Resources-Type II assets which are contained in the Load Zone."

I believe that my confusion is somewhat understandable and was shared by other members of the Demand Response Working Group. Although the April 28, 2009, compliance filing at pages 16-19 addresses many of the other significant issues related to the participation of ARCs in the Midwest ISO Energy and Ancillary Services Markets, the filing does not mention the missing money problem or any proposed resolution, much less indicate the implications of the proposed revision to the definition of "Actual Energy Withdrawal" shown on proposed First Revised Sheet No. 75. In addition, the reconstituted load proposal was not mentioned or discussed at the first meeting of the Demand Response Working Group immediately following the April 28 compliance filing, on May 4, 2009.

The reconstituted load method does provide a solution to the missing money problem for the Midwest ISO. However, it shifts the missing money problem to LSEs. In doing so, it would present complex rate and billing issues for LSEs and state regulatory commissions.

Under the reconstituted load proposal, an LSE will face the same costs in the Real Time Energy Market whether or not a retail customer participating with an ARC consumes MWhs or provides these MWh as a load reduction to the ARC. Either way, the LSE pays the Real Time LMP for those MWhs. However, if a retail customer does provide a load reduction to an ARC, the LSE's metered retail energy sales will go down, and thus its retail revenue goes down. The LSE is now missing money in the form of a reduction in retail revenue. This is a problem for the LSE because its costs are the same, but its revenue has been reduced.

As was discussed at the Demand Response Working Group meeting on June 1, the solution is for retail energy quantities to be similarly reconstituted. The MWh quantities that had been added to the LSE's hourly Real Time Energy Market settlement would have to be added back to actual metered quantities for the applicable hours for the retail customers that had provided the load reductions for the ARC. Thus the retail customer would be paid for load reductions (by the ARC) but the retail customer would still pay the LSE the retail energy rate for the energy represented by the load reduction. In other words, the retail customer's load would also be reconstituted to include the MWhs represented by the load reduction. If this were done, the LSE would have the same retail revenue whether the retail customer consumes the MWhs, or provides them as a load reduction to an ARC. Therefore, the reconstituted load proposal only provides a comprehensive solution to the missing money problem if the MWh load reduction quantities are added back to both the LSE's Real Time Energy market quantities <u>and</u> to the participating customers' retail billing quantities. It is important to understand that this requires the LSE to bill the customer for energy which the customer did not consume and which was not metered.

It should also be noted that reconstituting the retail customer's load would result in the retail customer receiving the "correct" net compensation for a load reduction, which is the difference between the LMP and the retail energy rate.

I am not taking a position at this time concerning the relative merits of the reconstituted load proposal. However, this proposal does raise a number of issues for state commissions and LSEs that should be addressed before it is filed with the FERC. It is my belief that many members of the Demand Response Working Group and other stakeholders are not cognizant of the reconstituted load proposal, much less its downstream implications. I am concerned that the current timeline will not allow proper review of these issues by the state commissions and other stakeholders.

The most significant concern is the lack of state commission awareness of the proposal. As far as I know, most of the state commissions are unaware of the reconstituted load solution to the missing money problem that the Midwest ISO is proposing and the implications of the proposal. To avoid shifting responsibility for the cost of reconstituted energy to nonparticipating customers, LSEs and state commissions will have to revise retail tariffs for customers that do business with ARCs to include billing for energy which has not been consumed and metered. These tariff revisions could be complex, time consuming and could possibly involve novel legal issues – namely, billing retail customers for energy which they have not consumed and which was not metered. LSEs will also have to develop and implement billing mechanisms for participating retail customers that can accommodate billing information from outside of their normal metering and data acquisition systems.

Another solution would be for the Midwest ISO to subtract the LSE's retail energy charges from the LMPs as part of its settlements with ARCs. However, during discussions of the missing money issue, Mike Robinson has been consistent and clear that the Midwest ISO does not want to get involved in retail rate issues and that the Midwest ISO does not want to include retail rate provisions as part of its settlement process. During the June 1, 2009, Demand Response Working Group meeting, Mike Robinson stated that it would be up to the LSEs and the state commissions to revise retail tariffs to accommodate the mismatch between purchases of reconstituted energy in the Real Time Energy Market and reductions in metered retail energy quantities. This position is reasonable. However, the Midwest ISO should take the time to make sure that the state commissions and LSEs understand the implications that the proposed reconstituted load proposal would have for retail ratemaking and billing.

The second concern is that there are no provisions in the proposed tariff language that require ARCs to notify LSEs and state commissions about participating retail customers. It seems logical that ARCs should be required to formally notify LSEs and state commissions that retail customers will be participating under the auspices of an ARC in the Energy or Ancillary Services Market. Such a requirement should be included in the tariff.

The third concern relates to Measurement and Verification (M&V) of load reductions. The importance of M&V has been mentioned several times during meeting of the Demand Response Working Group, but it has not been discussed in detail. The Midwest ISO has indicated that it plans to utilize the NAESB M&V protocols, which are currently under development. My review of the protocols in their current form is that they are quite general. It would be helpful if the Midwest ISO provided a review of these protocols for the Demand Response Working Group and how it intends to implement them. There are also several process issues relating to M&V that should be addressed at this time:

1. What entity will have oversight and control over the M&V process?
2. What entity will perform the M&V?
3. Who will pay for M&V?
4. What will be the process for incorporating MWh quantities from the M&V process into the Midwest ISO Energy Market settlement process?
5. What will be the process for providing the MWh quantities from the M&V process to LSEs for their retail billing systems?

My final concern is not something that needs to be addressed at this time, but it could become an issue in the future if the participation of ARCs in the Midwest ISO becomes significant or if large individual loads participate with ARCs in a single LSE's load zone.

Some types of energy reductions under demand response programs involve a corresponding "pay-back" of energy during hours later in the operating day. This is often the case for industrial customers as they make up lost production or as refrigeration or air conditioning equipment returns temperatures to the normal level. (A demand response program that controls charging of electric vehicles is a possible future example.) LSEs now take this pay-back effect into account when they design and implement their own demand response programs and the cost is internalized. This pay-back effect could present a financial issue for LSEs if the provision of demand response in an LSE's load zone by an ARC(s) involved a large amount of load and the pay-back energy resulted in load deviation charges. Such load deviation charges may have to be assessed to ARCs.

Public Service Commission of Wisconsin

Eric Callisto, Chairperson
Mark Meyer, Commissioner
Lauren Azar, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

July 20, 2009

TO: Mike Robinson, Midwest ISO

FROM: John Feit, Public Service Commission of Wisconsin

Subject: Proposed Amendment to the Reconstituted Load Proposal

cc: Marlene Parsley, Chair, Demand Response Working Group
Todd Hillman, Midwest ISO
Kacey George, Midwest ISO
Valy Goepfrich, WPPI Energy
Randy Pilo, Public Service Commission of Wisconsin
Bill Smith, OMS

The purpose of this memorandum is to reiterate the concerns expressed in my June 26, 2009, memorandum concerning the implementation of the Order 719 provisions relating to Aggregators of Retail Customers (ARCs) and to propose an amendment to the reconstituted load proposal that may make it more acceptable to state commissions and LSEs.

First, I want to point out a misconception in the June 26 memorandum. My longstanding assumption was that ARCs would only participate in the Real Time Energy Market (comparable to Emergency Demand Response Resources). This is the notion described in the June 26 memorandum. It is now my understanding that ARCs will also be allowed to bid demand response into the Day Ahead Energy Market. Fortunately this misconception on my part does not alter the concerns expressed in the June 26 memorandum.

I also want to reiterate the main concern expressed in the June 26 memorandum that the reconstituted load proposal as it is currently conceived shifts the missing money problem to LSEs and will present costly and complex legal, ratemaking and billing issues for LSEs and state commissions.

As discussed in the June 26 memorandum, the reconstituted load proposal would require LSEs to pay the Midwest ISO for energy which was not delivered to them or consumed by their customers. LSEs would also lose the revenues from the retail sale of this energy that is being sold by ARCs back to the Midwest ISO. In other words, LSEs will incur costs with no offsetting revenue. This is a significant shortcoming of the reconstituted load proposal now under consideration and it is likely to be an important concern to state commissions and LSEs.

In effect, the lack of a payment by the retail customer (or the ARC) to the LSE (the lost revenue) is a "distortionary subsidy" to the retail customer and the ARC. The concept of a subsidy or "double payment" to retail customers and ARCs is discussed on pages 36-40 of the Brattle report.[1] The source of this distortion is that the LMP is not an efficient price signal to the retail customer and the ARC for load reductions. The distorted price signal (and subsidy) results because the retail customer (through the ARC) would be selling MWHs back into the energy market which they have not paid for in the first place. This concept is difficult to comprehend because our mindset is that the LMP is always an efficient price. But in this case, it is not. A payment to ARCs based on the LMP is too high.

If the amount of lost retail revenue was guaranteed to be small, some LSEs might be willing to absorb the loss. However, FERC is definitely advocating a bigger role for ARCs and expectations are that demand response will be playing a bigger role in energy markets in the future. LSEs and state commissions are more likely to support the participation of ARCs in the Midwest ISO if non-participating customers do not have to bear additional costs as a result.

One approach to addressing the lost retail revenue and distorted price signal is apparently off the table. The last paragraph on page 3 of the June 26 memorandum discusses the reticence of the Midwest ISO to subtract the lost retail energy revenues (based on each LSE's retail rates) from the payments it makes to ARCs as part of Midwest ISO settlement process.

The solution that the Midwest ISO is apparently planning to propose would require LSE's to either absorb the lost revenue or revise their retail tariffs so that participating customers would be billed for the energy which the ARC resells into the energy market. This approach would require LSEs to bill customers for energy which was not consumed or metered. As is discussed in the June 26 memorandum, this solution would present costly and complex legal, ratemaking and billing issues for state commissions and LSEs.

The amendment to the reconstituted load proposal that I am proposing was briefly alluded to during the Demand Response Working Group meeting on July 6. Under this approach, the reconstituted load proposal would be amended to include a requirement that ARCs make payments to an affected LSE equal to the LSE's lost retail revenue. That is, as a condition of participating in the energy market, an ARC would be required pay the LSE an amount equal to the applicable LSE retail energy rate times the MWHs of load reduction on which the ARC's payment from the Midwest ISO is based.

LSEs and state commissions will have a significant disincentive to support the reconstituted load proposal as it is presently designed. This proposed modification would diminish this disincentive by resolving the issues associated with lost retail revenues and by eliminating the costly burden of revising retail rate schedules and collecting lost retail revenue from the state commissions and LSEs.

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[1] "Fostering Economic Demand Response in the Midwest ISO," The Brattle Group, December 30, 2008

1. Resource Adequacy Market Monitoring Issues

a) *Midwest Independent Transmission System Operator, Inc,* docket no. ER08-394-023:
On July 31, 2009, the Midwest ISO filed a compliance filing regarding annual cost of new entry value ("CONE") recalculation for the Transmission Provider Region, as defined in section 1 of their Open Access Transmission, Energy and Operating Reserves markets Tariff. The Financial Settlement Charge would be based, in part, on this annual CONE to develop a capacity resource in the Transmission Provider Region, based upon the capital, operating, and other costs that would be incurred for the facility, or load serving entity, that is deficient in meeting its resource adequacy requirements (RAR) obligations either through bilateral contracting or by acquiring capacity in the Midwest ISO's Voluntary Capacity Auction (VCA).

FERC issued notice of the filing on August 3, 2009. The M&TWG is in the process of reviewing this filing; no one has raised any issues or concerns to date.

Status: Comments are due August 21, 2009.

b) *Midwest Independent Transmission System Operator, Inc.*, docket nos. ER08-394-022, ER08-394-007, ER08-394-009:

On June 17, 2009, the Midwest ISO filed its Compliance Filing for RAR regarding financial settlements (compliance filing to the ER08-394-007 and -009 subdockets regarding the Phase II long-term resource adequacy proposal for Module E of its Tariff), which included Module D tariff provisions addressing the monitoring and mitigation of the VCA. There are 3 categories of Planning Resources that are not eligible for universal deliverability throughout the region: (1) load modifying resources (LMRs), demand response resources (DRR), and (3) external resources; this is because Planning Resources do not have Interconnection Service with the Midwest ISO under Attachment X of the Tariff. Such resources could be eligible if the customer were to make an interconnection request, select Network Resource Interconnection Service and have the necessary transmission upgrades constructed.

The Midwest ISO stated that it and the IMM have analyzed whether the absence of non-aggregate deliverable capacity in the VCA could result in the exercise of market power in the VCA. They have not found the exercise of market power.

The comment date was July 8, 2009. Comments and protests were filed. MISO filed an answer. On August 6, 2009, the Coalition of Midwest Transmission Customers and Midwest Transmission Dependent Utilities filed a motion for leave to answer and answer concerning the calculation of going-forward costs in the structuring of offer caps, which they indicate that MISO raised for the first time in its answer filed July 21, 2009. They argue that permitting a generator to submit capped offers that reflect all going forward costs for the year in a single month should not be permitted because it undercuts the market power mitigation that MISO was directed to implement and could lead to adverse consequences for customers.

Status: Awaiting FERC order. No action required. Continue to monitor.

2. Revenue Sufficiency Guarantee (RSG) Charges

The MISO RSG WG meets each month and reports to the MSC. Next meeting is 9/2. Issues are on two fronts: The RSG Redesign going forward, and RSG resettlement.

On August 7, 2009, in docket ER09-411-000, FERC issued an Order Accepting and Suspending Tariff Sheets Subject to Refund In Part and Conditionally Accepting Tariff Sheets in Part. With respect to the proposed exemptions FERC determined:

> Our review of the record in this proceeding indicates that the Midwest ISO's proposed exemptions from Revenue Sufficiency Guarantee charges have not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. Therefore, we will accept the Midwest ISO's proposed revisions for filing, suspend them and make them effective January 6, 2009, subject to refund and further Commission order. (P. 50)

FERC directed the Midwest ISO to submit to the Commission a filing within 30 days of the date of this order a proposed plan and timeline for the RSG Task Force to perform an analysis that considers and addresses, among other things that the RSG Task Force deems relevant: **(1)** the types of and characteristics of all resources that contribute to real-time Revenue Sufficiency Guarantee costs, as well as how such resources cause real-time Revenue Sufficiency Guarantee costs to be incurred; **(2)** the operation of the regulation and contingency reserve markets when accounting for real-time resource deviations and the interplay between such markets and the incurrence of real-time RSG costs; and **(3)** the operational, dispatch, and reliability rules and parameters that may be impacting the level of real-time Revenue Sufficiency Guarantee costs, including forecasting methods and headroom commitments.

FERC also directed the Midwest ISO, to the extent that the analysis of the RSG Task Force is expected to result in future revisions to the allocation of Revenue Sufficiency Guarantee charges, to specify milestones for software development and expected implementation dates in this compliance filing. (P. 51)

The Commission directed the Midwest ISO to submit a further compliance filing within 90 days of the date of this order providing further support for its proposed exemptions from real-time Revenue Sufficiency Guarantee charges based on the findings and recommendations of the RSG Task Force or, as appropriate, amending its proposal based on the findings and recommendations of the RSG Task Force. (p. 51)

The exemptions at issue relate to the MISO's December 12, 2008 ASM clean-up filing. There, MISO added parenthetical language that explicitly stated it subjects to real-time RSG charges only those Resource Deviations "(not otherwise exempt from hourly Excessive Energy Calculations and Excessive/Deficient Energy Deployment Charges pursuant to Section 40.3.4d)" (MISO 12/12/08 filing,p.4-5, tariff sheet no. 1096) Motions to intervene and protests were submitted. The exemptions would apply to the following resources: (1) resources following Midwest ISO directives; (2) resources in test mode, start-up or shut down mode; (3) resources that trip and go offline; (4) resources involved in a contingency reserve deployment; (5)

resources covered by the deactivation of dispatch band option; (6) resources affected by other events or conditions beyond their control; and (7) intermittent resources.

Jim Wottreng (WI) tracks RSG issues for the M&TWG.

Status: No action at this time. Continuing to monitor redesign and resettlement issues.

3. Financial Transmission Rights (FTRs)

The MISO FTR Working Group meets each month with the objective of finding ways to improve funding available to pay FTR revenues. It reports to the MSC. Next FTR meeting is 9/2.

The 2009 September Monthly Auction Model was posted on August 10, 2009, and has been updated as of August 12th, 2009.

Midwest ISO posted the 2009 September Monthly Auction Model on the Midwest ISO portal at https://markets.midwestiso.org/MISO. Navigate to "FTR > Public FTR > Downloads > Network" tab to retrieve the models. The Midwest ISO indicated that the base loading file will be updated on August 14, 2009 due to the incremental FTRs awarded in the Partial Year FTR Allocation for Iowa Integration.

The bidding window for the September 2009 Monthly FTR Auction will be open from August 18 to August 19 until 5 PM EST. The Midwest ISO will post the September monthly auction results by August 26, 2009.

Status: No action at this time. Continuing to monitor.

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

a) Order 719-A. On July 16, 2009, FERC issued Order 719-A, Wholesale Competition in Regions with Organized Electricity markets, after rehearing requests from, among others the Commissions in Ohio, Pennsylvania, Illinois, and Minnesota, and NARUC. Requests for rehearing are due at FERC on August 17th. Appeals would be due on September 14th. Some highlights of the order include:

MMU. Within the area of information sharing, the Final Rule required the MMU to make quarterly reports in addition to the annual state of the market report, to expand the recipients for the reports, and to hold regular telephone conferences among the MMU and FERC staff, RTO or ISO staff, interested state commissions, state attorneys general, and market participants.[1] It also established procedures for the MMU to share information with state commissions. The new rule provides a means by which state commissions can request tailored information, limited to general market trends and information, from MMUs.[2] FERC states that the type of information provided by the MMU may vary from region to region and is governed principally by the workload the requests impose on the MMU.[3] Unless the request violates confidentiality restrictions regarding commercially sensitive matter, is designed to aid state

[1] Order 719-A, F.E.R.C. Stats. & Regs. ¶ 61,059, at P 125.
[2] Order No. 719, at P 446-59.
[3] Order No. 719-A, at P 146.

enforcement actions, or impinges on the confidentiality rules of FERC, it may be produced so long as it does not interfere with the MMU's ability to carry out its core functions.

FERC does not forbid an MMU from providing raw data (properly redacted for confidentiality purposes), but stated that if the gathering, organizing, reviewing, and explaining of such data would be too time consuming, the MMU is not required to provide it.[4] FERC reasoned that if an entity sees that formerly non-public investigations are now being made public, it will be discouraged not only from making self-reports in the future, but also from cooperating and providing data in existing and future investigations, regardless of the origin of that investigation.[5]

Offer and Bid Data. The Final Rule shortened the period for release of offer and bid data to three months while retaining the policy of masking the identity of the participants.[6] FERC allows RTOs/ISOs to propose a shorter release time if they could demonstrate a danger of collusion or some alternative mechanism if release of a report were otherwise to occur in the same season as reflected in the data.[7] Petitioners objected to the policy of masking and proposed an alternative four month lag.[8] However, FERC asserted that the Final Rule provides RTOS/ISOs flexibility to propose a lag period that would work best for its particular situation and that would meet the desires of its stakeholders.[9]

DR. The demand response provisions remain basically unchanged from the original Order. RTOs and ISOs are required to amend their market rules to permit an Aggregator of Retail Customers (ARC) to bid demand response on behalf of retail customers directly into the organized market unless the laws or regulations of the relevant electric retail authority do not allow the customer to participate. The Commission did create a different mechanism for small utilities (that distribute 4 million MWh or less in the previous year) in order to accommodate public power concerns.

b) Calls with MISO IMM. The M&TWG met with Dr. Patton on July 30 to discuss current issues in the regulation of the MISO. Specific topics covered included recent changes to the Module D as a consequence of the incorporation of Module E's VCA under Docket ER08-394-022, the increase in the ASM conduct and impact thresholds under Docket No. ER07-1372-000, MISO 180-day compliance filings in ER07-1372 concerning a number of miscellaneous market design issues, and the 2008 State of the Market Report. Thanks to Bob Pauley (IN) and Nick Bowden (IL) for leading these communications with the IMM.

Status: No action at this time. Continuing to monitor.

Other items:

5. **ASM Issues ER07-1372** - MISO and IMM Compliance filings made 7/6/09. No tariff changes proposed, so filings are informational. No OMS action expected.
6. **MISO Market Subcommittee** - monthly, next meeting is 9/1

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[4] Id. at P 450.
[5] Order No. 719-A, at P 149.
[6] Order No. 719-A, at P 152.
[7] Id. at P 157.
[8] Illinois Commerce Commission RFR at 8.
[9] Order No. 719-A, at P 156.

7. **FERC Market Oversight Calls** - monthly, next meeting is 8/14 10:00am central, 11:00am eastern

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

Christine Ericson and Bill Bokram, Markets and Tariffs Work Group co-chairs

OMS Regional Planning Work Group
Report to OMS Board of Directors – August 12, 2009

MTEP- 09

Revised Stakeholder Review Process:

Review 1 material was distributed on July 1. It includes review of reliability and value-based planning methodologies, MISO planning approach evolution, MISO system information, historical congestion information, MTEP 09 long range projects and JCSP report summary. Midwest ISO discussed the material at July 8 PAC meeting. Stakeholder feedback is due July 24th .

Review 2a material was distributed on July 30th. Review 2a content includes an overview of investment and cost sharing along with a status report of MTEP 08 planned facilities, estimated impacts of future scenarios, results of reliability analysis with a new Appendix A project list and preliminary cost allocations. The Midwest ISO discussed the Review 2a content and Review 1 feedback at the August 7th PAC meeting. Final feedback (on feedback form) was due to Midwest ISO on September 1.

Review 2b content will be distributed September 1 and be discussed at the September PAC meeting. Content includes economic assessment of projects, resource adequacy risk assessment, congestion relief transmission study, Southern Indiana Market Efficiency Alternatives study, RGOS I and II, and EHV overlay design

A stakeholder meeting to review cost allocation projects is scheduled for September 8th. Final PAC editorial feedback on review 2a and Review 2b content is due to the Midwest ISO on September 16th and Final Feedback (on feedback form) is due on September 29th.

A final draft MTEP 09 report and stakeholder feedback is expected to be distributed to the Midwest ISO Board and AC on October 8th with Board approval expected on December 3rd.

MTEP-10

Proposed Scope of Work in 2010
Transmission solutions to address constraints not otherwise currently classified either as reliability or economic projects. Determine if the proposed solutions may have other reliability or economic benefits.

Potential new targeted studies include (1) planning for constraints resulting in LTTR infeasibility; (2) planning for constraints resulting in reduced deliverability of network resources; and (3) Southeast Wisconsin Issues Study.

Interconnection Process Task Force

The Midwest ISO issued a survey seeking feedback on queue reform effectiveness for August 2009 FERC informational filing. Midwest ISO reports feedback has been mostly positive with some constructive suggestions for ongoing improvement. Motions to move forward with filing pro forma language on both single and multi-party facilities construction agreements were passed and filing expected in mid-August. See documents posted with July 22nd IPTF meeting materials.

Midwest ISO Studies are ongoing/done for ~37,500 MW of wind generation. Total RPS Mandates for Midwest ISO regions are ~ 23000 MW

RGOS I

Purpose – To provide indicative transmission and generation to the regulatory community for input concerning the renewable zone strategy.

Status – Technical review group met July 16 and August 4th. Vendor selected for dynamic stability analysis. Power Flow analysis under way. Two scenarios (15 and 25 GW transfers) being studied. See August 4th meeting materials for summary of preliminary results and indicative maps for 345 and 765 kV alternatives. Executive report target date is August 31, but some additional detailed analysis will be needed after August.

RGOS II

RGOS II is designed to develop transmission alternatives needed to implement Renewable Portfolio Standards or goals at the least cost for consumers while continuing to reliably serve load.

In addition to the five RGOS I states, RGOS II covers Missouri, Illinois, Indiana, Michigan, Ohio and Pennsylvania. Any increases for RGOS I states will also be included.

Analysis will be performed in an open and transparent fashion involving stakeholders throughout, coordinate with neighboring systems.

The study is a Mid-term (5-15yr) bridge between the Generator Interconnection queue and longer term planning efforts.

RGOS II is a targeted study that is a coordinated effort within the Midwest ISO Transmission Expansion Plan (MTEP) “umbrella” that is intended to develop real projects.

A workshop to develop indicative transmission plans was conducted July 28-30 in Carmel.

EWITS August 6, 2009 Webinar

The EWITS (Eastern Wind Integration and Transmission Study) Technical Review Committee (TRC) had a Webinar meeting August 6th. The meeting covered LOLE (Loss of Load Expectation) and ELCC (Effective Load Carrying Capability) analysis and production simulations with high wind penetration scenarios. The presentations are draft are for the use of the TRC during their review work and are not considered public information for publication. The EWITS report this fall will contain the final information and associated appendices of the technical information.

There are four wind scenarios being studied:

- Scenario 1 - 20% Lowest Cost Wind
- Scenario 2 – 20% Hybrid with Offshore
- Scenario 3 - 20% Load-Weighted Wind with Aggressive Offshore
- Scenario 4 – 30% Aggressive On and Offshore

The Production runs simulate the regional interfaces and their respective ability to transfer power in one or both directions. The goal is to find the ELCC of wind. The work is using the real wind and load profiles from 2004, 2005 and 2006. The conclusion is the ELCC of Wind can vary greatly geographically depending on which historical load and wind profiles are being studied. The study is also looking at the LOLE tie benefits of an Inter-Connected system by looking at the reliability differences. There was much discussion on the methodology to define the reference level such as with and without a conceptual overlay or even a “copper-sheet” analysis.

The high penetration production runs are examining wind curtailment sensitivity cases. Such sensitivities include: set coal units to non-must run, no transmission thermal limits, and a -$40/MWh. The work has observed the transmission constraints and min generation events are interrelated. On the large scale being reviewed, the transmission constraints caused a majority of the wind curtailment. The study further is reviewing the wind integration costs. Again, a very vigorous discussion of how to set the base line across the regions was carried out at the meeting. Analysis will continue on bidding logic and carbon sensitivity production simulations.

Enerex is the consultant helping with the analysis. They are simulating for each region a week with maximum wind and a week of minimum wind and seasonal load variations. They are looking at PJM, MISO, SPP, ISONE, NYISO and SERC. They check the load, transactions, dispatch generation, wind generation, and wind curtailment. Each region has different patterns.
Notes by Don Neumeyer, TRC member

OMS Resources Work Group

Status Report to OMS Board of Directors - August 13, 2009

Module E Compliance Template

Todd Hillman shared back to OMS on Monday August 10 the likely final template that MISO will share with the individual States on the compliance of the State's total LSE's on meeting the reserve obligation. The data will come from the Module E Capacity Tracking Tool which the LSE enter their data through an on-line portal with MISO every month. The template covers the months in the planning year. MISO will sum the commercial nodes for a State and report the total. If a State desires individual LSE information a confidentiality agreement must be signed that meets section 38.9 requirements. MISO will then will inform the LSE of the detail data request.

The "public" template reports only if there is any deficient LSE. If any LSE is deficient that is report separately. Also the template will report past monthly peak demand. A separate report will be made if an LSE has been determined to be outside the +/- one standard deviation allowed on forecast errors. This is after weather and pricing corrections have been determined.

Staffing Change

Andy Satchwell, Co-Chair of the Resources WG resigned from the Indiana Office of Utility Consumer Counselor to take on a great opportunity with Lawrence Berkeley National Laboratory in the Electricity Markets and Policy Group. No action has been taken on his replacement.

Price Response Demand

Wisconsin staff, with some additional summer help, has been analyzing the past capacity emergency events. The review includes LMPs, notices levels such as alerts, warnings, and EEA stages, time periods and time of the year. The internal working document will be shared soon with the PRD Task Team.

VCA Results

APRCs	Sept 09	Aug 09	Jul 09	Jun 09
Offers submitted	13,729.5	3,588	363.8	7,525.3
Bids submitted	300	110	1,216.6	864
Cleared Amount	300	110	363.8	864
Clearing Price	$0.01	$1	410,015	$50

SAWG

Below is a partial topic list the SAWG is working on:

- Resource Adequacy Requirements Tariff language improvements
- Wind capacity factor – Wind Workshop coming up in Sept
- Load Modifying Resources – Deliverability and how to handle in the VCA
- Generator testing requirements
- EFORd for DR

- External Resources and Must-Offer

Minimum Generation Events

The Min Gen Task Force is examining the minimum generation events this past spring and summer. Wisconsin is also investing. The low loads, wind profiles, weekly & daily unit commitment logic to follow tariffs, must run units, and generation showing up in RT and not in the Day Ahead are contributors to the events. The analysis continues.

CONE

MISO submitted and an update of the Cost of New Entry to FERC. They suggested raising the existing figure of $80,000/MW-month to $90,000 for the Planning Year commencing on June 1, 2010.

SAWG email notice Aug. 11.

The Brattle Group has been retained by the Midwest ISO to prepare a report for the Board of Directors evaluating the Midwest ISO's progress in meeting its strategic goals regarding Resource Adequacy (RA). The report will enable the Board to "grade" the Midwest ISO's accomplishments in 2009 relative to the goals outlined in the 2009 Incentive Plan. It will also enable the Board to establish specific goals for 2010 to improve its long-term resource adequacy construct.

The Midwest ISO selected The Brattle Group for its nationally recognized expertise in resource adequacy / capacity markets, and for its credibility as an independent, objective evaluator of wholesale market designs. The effort will be led by Sam Newell and Attila Hajos. They will have access to Midwest ISO data and personnel for interviews. Their evaluation will incorporate extensive stakeholder input through meetings with each sector from now through September. Their report will also be reviewed with stakeholders and will incorporate feedback in November before being submitted to the Board in early December.

Their assessment will include the following:

- Determine whether specific goals in the 2009 Incentive Plan have been met
- Evaluate the success of the RA construct in the first planning year (2009-10)
- Review the determination of RA requirements, including load forecasting, LOLE modeling, and determination of capacity zones
- Analyze whether the RAR attracts and retains sufficient capacity efficiently – consider self-supply, the bilateral market, and the Voluntary Capacity Auction
- Assess whether the treatment for generation, DR, and new transmission projects is comparable re qualification criteria, performance requirements, etc.
- Review performance incentives and penalties to ensure that resources receiving Planning Resource Credits have sufficient incentives to make themselves available in emergencies
- Identify potential deficiencies in the design
- Compare to other ISOs, considering differences in regulatory environments

We appreciate your participation in this effort.

EWITS August 6, 2009 Webinar

The EWITS (Eastern Wind Integration and Transmission Study) Technical Review Committee (TRC) had a Webinar meeting August 6th. The meeting covered LOLE (Loss of Load Expectation) and ELCC (Effective Load Carrying Capability) analysis and production simulations with high wind penetration scenarios. The presentations are draft are for the use of the TRC during their review work and are not considered public information for publication. The EWITS report this fall will contain the final information and associated appendices of the technical information.

There are four wind scenarios being studied:

- Scenario 1 - 20% Lowest Cost Wind
- Scenario 2 – 20% Hybrid with Offshore
- Scenario 3 - 20% Load-Weighted Wind with Aggressive Offshore
- Scenario 4 – 30% Aggressive On and Offshore

The Production runs simulate the regional interfaces and their respective ability to transfer power in one or both directions. The goal is to find the ELCC of wind. The work is using the real wind and load profiles from 2004, 2005 and 2006. The conclusion is the ELCC of Wind can vary greatly geographically depending on which historical load and wind profiles are being studied. The study is also looking at the LOLE tie benefits of an Inter-Connected system by looking at the reliability differences. There was much discussion on the methodology to define the reference level such as with and without a conceptual overlay or even a "copper-sheet" analysis.

The high penetration production runs are examining wind curtailment sensitivity cases. Such sensitivities include: set coal units to non-must run, no transmission thermal limits, and a -$40/MWh. The work has observed the transmission constraints and min generation events are interrelated. On the large scale being reviewed, the transmission constraints caused a majority of the wind curtailment. The study further is reviewing the wind integration costs. Again, a very vigorous discussion of how to set the base line across the regions was carried out at the meeting. Analysis will continue on bidding logic and carbon sensitivity production simulations.

Enerex is the consultant helping with the analysis. They are simulating for each region a week with maximum wind and a week of minimum wind and seasonal load variations. They are looking at PJM, MISO, SPP, ISONE, NYISO and SERC. They check the load, transactions, dispatch generation, wind generation, and wind curtailment. Each region has different patterns.

Notes by Don Neumeyer, TRC member

MISO Committee Reports
August 12, 2009
Prepared by Valerie Lemmie

Advisory Committee

The July meeting was cancelled and the August meeting is the 19th in St. Paul. Wind Integration is Hot Topic. Scheduled Hot Topics to date are:

October—Regional Infrastructure Planning

December—Resource Adequacy

Planning Advisory Committee

- At the September 2nd meeting PAC members will develop motion on approval of MTEP09 Appendix A and B projects. To view projects, go the MISO committee's website under PAC meeting attachments.

- At the October 7th meeting PAC will vote on accepting MISO's designation of MTEP09 Appendix A and B projects.

- MTEP09 goes to the Advisory Committee for its action at their October meeting.

- In MTEP09 there are 21 Baseline Reliability Projects across MISO's three Planning Regions eligible for RECB cost sharing at a total cost of $313M:
    - East: 3 Projects-- $88M
    - Central: 5 Projects-- $96M
    - West: 13 Projects-- $129M

- MISO is conducting numerous transmission planning studies.

- In MTEP09, MISO has done a 2024 retail rate comparison. The current load-weighted retail rate is 8.41/kWh. Under a Renewable Future with a 20% federal RPS mandate, the corresponding retail rate could rise to 9.56 cents/kWh. This report is also on MISO's website.

WIND INTEGRATION HOT TOPIC QUESTIONS - OMS ANSWERS

1) What are the key barriers[1] to participation of wind resources in the Midwest ISO markets?

a) Limited, inadequate or constrained transmission capacity.

b) Uncertainty in timing of Midwest ISO queue/interconnection process.

c) Time to complete new interconnection upgrades and upgrade costs. Problematic even if developers get 100% of the costs refunded after commercial operation begins, as is the case for some Midwest ISO states..

d) Lack of economical energy storage. Because wind generation is higher during times when load is lower, with high levels of wind generation there can be significant operational issues that will limit the amount of wind generation that can be integrated into the Midwest ISO region. Energy storage would help to expand this limitation.

e) Learning curve for existing market and operational processes to incorporate wind resources.

f) Many wind stakeholders are not used to working within Midwest ISO stakeholder process.

g) Some of what is happening regarding wind is outside of Midwest ISO's and/or state regulators' sphere of influence. For example, it is not clear whether federal legislation will require a "federal transmission highway" to deliver wind from the best resource locations throughout the entire Eastern Interconnection. Thus, the amount of wind that can be integrated into the MISO footprint may be significantly restricted by MISO's ability to integrate only limited amounts of wind power because of operational issues.

h) Longer-term wind generation forecasts have a high level of inaccuracy making participation in Midwest ISO day-ahead market problematic.

i) Under tariff provisions during low load periods, the scope and use of must-run, must-offer coal facilities with the potential curtailment of wind may act as a barrier to entry to wind resources.

2) What recommendations would you have to address these barriers?

a) The Midwest ISO Reliability Subcommittee should work on operational issues associated with wind generation and report to the Midwest ISO Advisory Committee and OMS Board of Directors.

b) Continue work in Minimum Generation Task Force. Created last year, the objective of the Minimum Generation Task Force is to provide input, policy guidance, and recommendations to the Market Subcommittee (MSC) and the Reliability Subcommittee (RSC) on how the Midwest ISO might mitigate and better deal with issues that arise during Supply Surplus situations, as defined under the Midwest ISO Emergency Operating Procedure RTO-EOP-003, "Supply Surplus Procedures".

c) Resolve cost allocation issues.

d) Keep interconnection queue reform a priority.

[1] The OMS recognizes that many of these barriers apply to wind and to other forms of generation as well.

e) The Midwest ISO should sponsor seminars or other forums on wind integration issues for exchange of ideas and educational purposes. Invited attendees could include industry, academia, system operators, regulatory and legislative representatives.

f) The Midwest ISO's Independent Market Monitor (IMM) should opine whether any tariff provisions or bidding and offer provisions or other opportunities exist for the exercise of market power by must-run base load fossil fuel units that are not committed by economics.

g) Possible solutions to forecasting difficulties could include showing wind in real time or in shorter and more reliable four-to-six-hour time increments.

3) Given the characteristics of wind resources, how can the Midwest ISO products and services be enhanced to enable participation of significant amount of wind resources in the markets?

a) Explore possible changes to the Reliability Assessment Commitment (RAC) process to better integrate intermittent resources such as wind. For example, consider whether adding a four-to-six-hour RAC would allow for more accurate wind forecasts.

b) Explore how well the current Renewable Energy Credit (REC) exchange processes are working and report whether further actions are needed to facilitate exchanging of credits among participants.

c) To reduce problems with trapping wind generation in supply zones, the Midwest ISO should proactively plan transmission that will more fully integrate wind power into Midwest ISO energy markets.

4) What specific changes would you recommend to the Midwest ISO with respect to integration of variable generation resources - based on what the other RTOs, RROs, or other reliability/market organizations are doing?

a) The Midwest ISO is already involved in issues related to wind integration. Along with the Southwest Power Pool and ERCOT, these three RTOs encompass some of the most significant wind resources in the United States. It is important that these RTOs coordinate and share information on wind integration. The Midwest ISO is reviewing wind interconnections with the experience of day-ahead, real-time and nodal markets across multiple RTOs.

b) The Southwest Power Pool is running Generation Interconnection Cluster studies to determine transmission upgrades necessary to integrate large amounts of wind, and is using the results of these studies along with other potential transmission upgrade needs to evaluate the cost-effectiveness of various near-term upgrades to its transmission system. While MISO has several good longer-term planning processes for possible futures, it needs to move forward with near-term plans that will help to systematically integrate wind into its footprint.

c. ERCOT currently has the greatest wind penetration to load and is therefore already dealing with operational issues that the Midwest ISO is likely to face in the near future. While it is clear the Midwest ISO is aware of many of the operational issues associated with wind integration, meeting with and seeking input from ERCOT on operational issues and solutions could prove helpful. ERCOT does have experience with Competitive Renewable Energy Zones and the performance of transmitting wind power out of those zones to load zones.

d) Coordinate information from the Western Interconnection on wind integration. Research and present any wind integration work done internationally.

5) In the presentation provided, it is stated that Midwest ISO strives to provide a level playing field for all Market Participants. What areas of market design related to Wind Integration should Midwest ISO consider in creating this level playing field?

a) As a nascent industry, wind generation is currently being incubated by different tax, regulatory, and operational policies. Midwest ISO operational policies that favor certain generation types should be phased out as the wind industry matures. Any temporary skewing of competitive markets due to these incubation policies needs to be addressed. For example, wind generation has still run at -$40 LMP due to renewable portfolio standard (RPS) requirements, dollars coming in from RECs, and tax credits. Typical generation would stop generating at such a high negative LMP if it could.

In this regard, MISO may want to consider revisiting methods used to set LMPs. For example in the day-ahead market for energy, MISO may want to look further into the future with respect to unit commitments to determine the cost impact that shutting down base-load, non-wind generation at night will have in terms of that generation not being available to meet load the next day when wind generation has significantly decreased. If there are significant cost increases,then perhaps they should be reflected in the LMPs that are paid both day-ahead and real-time for generation at night.

b) Wind generation should be subject to the same Revenue Sufficiency Guarantee (RSG) rules as other generation while also being allowed to provide services that use shorter term forecasts. (See # 3 above.)

6) To the extent you believe there are operational (from presentation slide 6) and planning (from presentation slide 7) process challenges associated with integrating significant amounts of wind generation, how would you propose addressing them?

a) Capacity credits under Module E – resource adequacy. The Midwest ISO should continue stakeholder work toward qualifying wind resources in a manner that recognizes geographical and other operational differences.

For example, the Midwest ISO may want to assign a capacity credit based on average capacity credit information in the zone and then revise the number based on historical information once site-specific historic information is available.

Another example would be to consider the use of statistical analysis when determining capacity credits. An appropriate statistical metric may include use of the coefficient of variation (defined as standard deviation divided by mean) in determining how much of a capacity credit to give a particular generating unit. Technologies or resources in locations with a low coefficient of variation should be given significantly more credit than resources with a high coefficient of variation. At a high enough level, no credit for Module E purposes would be appropriate. The coefficient of variation is a useful statistical technique in assessing risk, and is used extensively in the insurance industry where risk assessment is paramount, a situation not unlike system electric reliability and resource adequacy assessment under Module E.

Another statistical example would be to consider using the standard deviation of the percentage change as a measure of the volatility of capacity available from a particular generating unit during monthly peak periods. This is the metric used in measuring the level of price volatility in both bilateral and RTO energy markets.

b) RSG – revenue sufficiency guarantee. Currently wind generation does not pay RSG charges for deviations in real time. The Midwest ISO should consider changes in the RAC process such that wind can better avoid deviations and be subject to the same rules as other generators within the Midwest ISO.

c) Min Gen alerts. Issue resolution should continue to be handled in the Midwest ISO Min Gen Task Force with changes to Midwest ISO procedures and tariffs recommended to the MSC and RSC.

d) Load following. Wind can start up and cease very quickly resulting in significant ramping problems for other generation. The Midwest ISO should consider a pricing method that has the cost causer pay the cost. Currently it is assumed that load is the cost causer for ramping problems, but with significant amounts of wind coming on line, this will no longer be true.

e) Market power. Some states require that RPS be met from in-state renewable generation or must be met by a certain amount of hours of renewable generation without regard to market prices. States must be vigilant to spot possible market power abuse from a critical supplier. Beyond a state however, there may be a potential for market power issues such as the exercise of market power due to renewable generation sellers' involvement in a sellers market. The Midwest ISO IMM should provide information as to how/if it monitors such market power abuse potential.

7) To the extent there are additional market costs associated with addressing operational issues, how should they be allocated?

a) Where possible Midwest ISO should determine the cause of additional operational costs and develop policies (cost allocations or pricing) that result in the additional operation costs being paid by those causing the costs.

8) Should a stakeholder Task Force be established to coordinate Wind Integration issues or should the issues be vetted at existing stakeholder groups? Does your sector have any comments or recommendations on the time line provided?

a) The wind integration issues cover almost every aspect of market and reliability operations. Therefore, Midwest ISO needs some way to coordinate these issues among the existing stakeholder groups. A possible approach is to have each of existing stakeholder groups appoint a small number of representatives to a Wind Integration Team. The Wind Integration Team would group the various issues that the representatives bring to the table. Then as the stakeholder groups propose solutions for these issues, the Wind Integration Team would review the solutions for consistency across the various area involved.

b) Though ambitious, time line for high-level milestones and deadlines meshes with the OMS Cost Allocation Regional Planning (CARP) and the Midwest ISO Regional Expansion Criteria & Benefits Task Force timelines. Facing a possible national renewable energy standard, wind integration should be a top priority for Midwest ISO. Wind integration issues and solutions for these issues need to be fully developed and ready for implementation by the end of 2010.

Organization of MISO States, Inc.

DRAFT 2010 Budget

		Budget 2007	Actual 2007	Budget 2008	Actual 2008	Budget 2009	Actual Thru June 2009	Budget 2010	Comment	2009 actual as % of budget
1	Ordinary Income/Expense									
2	Income									
3	Excise Tax Refund - IRS		1,191		21		603			
4	MISO Grant	480,000	360,000	480,000	360,000	480,000	240,000	609,600		50%
5	Interest - Checking Acct and Savings	2,000	2,201		1,188		126			
6	Miscellaneous revenue	0	0		1,645		914			
7	Total Income	482,000	363,392	480,000	362,854	480,000	241,643	609,600		45%
	Cash carried forward from prior year	150,000	204,871	166,277	166,277	*110,000*	109,570	114,000		99%
	Total funds available	632,000	568,263	646,277	529,131	590,000	351,213	723,600		60%
8	Expense									
9	Personnel Compensation and Benefits									
10	OMS retirement matching funds				1,269					
11	Staff Compensation	241,000	188,661	241,000	195,374	250,000	101,771	470,600		41%
12	FTEs	*2.4*	*2.1*	*2.4*	*2.1*	*2.4*	*2.1*	*3.5*		
14	Other Personnel Expenses									
15	Staff Training	2,000	40	2,000	0	2,000	0	2,000		0%
16	Paychex Accounting Fees	1,500	1,377	1,500	1,091	1,500	1,020	2,200		68%
17	**Total Personnel Expenses**	**244,500**	**190,078**	**244,500**	**196,465**	**253,500**	**102,791**	**474,800**		**41%**
18	Office Expenses (non-personnel)									
19	Computers	5,000	523	6,000	227	6,000	0	6,000		0%
20	Furniture/Office Equipment	1,500	1,890	1,500	42	1,500	5,363	1,500	move to larger office	358%
21	Rent, parking, other occupancy	10,500	11,001	11,500	12,870	11,500	10,379	20,500	larger office	90%
22	Books, subscriptions, reference	3,000	1,940	3,000	2,294	3,000	2,125	3,000		71%
23	Equip rental & maintenance									
24	Computer support	6,000	5,434	6,000	5,157	8,000	3,678	8,000		46%
25	Web Site Hosting	600	575	600	540	600	210	600		35%
26	Printer/Copier/Fax Rental	2,500	2,027	2,000	2,245	2,000	173	1,000		0.9%
27	Postage, shipping, delivery	1,200	456	1,000	328	1,000	228	1,000		23%

28	Printing & copying	600	0	600	335	600	838	1,000	early CARP mtgs	140%
29	Supplies	1,800	1,380	2,000	1,332	2,000	1,434	3,000		72%
30	Phone, Fax, DSL	3,000	2,748	3,000	2,814	3,000	1,945	4,000		65%
31	Miscellaneous Operating Expense	0	64	0	-129	0	0			
32	**Total Office Expenses (non-personnel)**	**35,700**	**28,038**	**37,200**	**28,055**	**39,200**	**26,373**	**49,600**		**67%**
33	Organizational (corp) and Insurance Expenses									
34	Professional, Audit, Other	3,200	4,877	3,200	3,937	3,200	4,425	5,000		138%
35	General Office Insurance	2,800	0	2,600	0	2,600	2,274	2,600	inc w/c ins	87%
36	Workers' Comp	1,300	3,399	600	3,114	600	26	600	audit adj	
37	Directors & Officers Insurance	3,500	6,824	3500	3,324	3500	0	3,500	pd in Dec	
38	**Total Organization and Insurance Expense**	**10,800**	**15,100**	**9,900**	**10,375**	**9,900**	**6,725**	**11,700**		**68%**
39	**Consultants / DC Counsel**	**60,000**	**0**	**60,000**	**0**	**100,000**	**4,266**	**100,000**	**CARP II speakers**	**0.4%**
40	OMS - meetings and training									
41	Officers	3,000	2,278	3,000	1,747	3,000	0	3,000		0%
42	Exec Dir	10,000	14,822	11,000	10,901	12,000	6,291	13,000		52%
43	Other Staff	3,500	483	2,000	949	2,000	0	2,000		0%
44	Total OMS Officer and Staff Expenses	16,500	17,583	16,000	13,597	17,000	10,557	18,000		
45	MISO Meeting Expenses									
46	MISO work groups and committees	36,000	26,530	45,000	31,758	45,000	6,077	35,000		14%
47	MISO BOD,AC - Lead States	20,000	18,223	20,000	14,137	20,000	11,521	20,000		58%
48	Consumer Advocate Travel	30,000	6,010	30,000	11,969	30,000	2,615	15,000		9%
49	Exec Dir (MISO AC,BOD)	8,000	6,067	9,000	9,077	10,000	4,472	11,000		45%
50	Total MISO Meeting Expenses	94,000	56,830	104,000	66,941	105,000	24,685	81,000		24%
51	OMS Meetings									
52	OMS Annual Meeting						0			
53	Director attendance expense	12,000	15,392	14,000	28,494	20,000	0	25,000		0%
54	Annual Meeting Location Costs	2,000	2,652	2,500	-8,083	2,500	0	2,500	audit adj for prior year	0%
55	Total OMS Annual Meeting	14,000	18,044	16,500	20,412	22,500	0	27,000		
56	Regular OMS BOD Meeting									
57	Regular BOD Mtg Location Costs	1,500	2,066	1,500	4,664	4,000	0	4,000		0%
58	Regular BOD Meeting attendance expe	10,000	4,484	10,000	19,652	12,000	0	20,000		0%
59	Total Regular OMS BOD Meeting	11,500	6,550	11,500	24,316	16,000	0	24,000		0%
60	OMS Executive Committee Meeting									

61	OMS Exec Com Mtg attendance expen	3,000		3,000	0	3,000	0	3,000		0%
62	OMS Exec Comm - Meeting Location	500	23	500	0	500	0	500		0%
63	**Total OMS Executive Committee Meeting**	3,500	23	3,500	0	3,500	0	3,500		0%
64	Conference Calls	16,000	30,517	24,000	19,550	24,000	9,892	15,000	cheaper service	41%
65	OMS Work Group Meetings - attendance ex	12,000	3,978	12,000	0	12,000	0	8,000		0%
66	OMS Work Group meeting - location costs		243		0		0	0		0%
67	MWDRI meetings - attendance exp	55,000	20,385	55,000	12,926	55,000	844	0		0.2%
68	MWDRI meetings - location/call costs	0	2,912	0	1,170	0	0	0		0%
69	FERC/DOE Tech Conference - attendance e	5,000	8,104	8,000	2,268	8,000	1,187	8,000		15%
70	OMS Technical Training	50,000	1,791	50,000	3,047	10,000	51,519	50,000	7- CARP mtgs	515%
71	Technical training location costs		1,137		62		4,084	6,000		4084%
72	**Total OMS Meeting and Training Expenses**	**167,000**	**93,684**	**180,500**	**164,289**	**273,000**	**102,768**	**240,500**		**45%**
73	**Total Expenses**	**628,500**	**401,313**	**652,100**	**524,450**	**675,600**	**242,923**	**876,600**		**35%**
74	**Operating surplus of funds available over expenses**	3,500	166,950	-5,823	4,681	-85,600	112,556	-153,000		
75	**Depreciation allowance**	0	0		5412		0			
	Net Surplus of available funds over expenses	**3,500**	**166,950**	**-5,823**	**-731**	**-85,600**		**-153,000**		

Organization of MISO States Board of Directors Meeting
August 13, 2009

Agenda Item 9 - UMTDI Update

The UMTDI is the 5-state effort to evaluate state renewable needs, wind potential, and then mutually acceptable transmission and cost allocation solutions that could deliver and integrate that wind energy reliably. UMTDI states could capture efficiencies not available to an individual state while still being focused enough to make these goals achievable. To date, UMTDI has suggested wind zones best for development within our states and confirmed state RPS requirements and goals to MISO. MISO has incorporated these inputs into its RGOS 1 analyses.

Notably, this is a 5-state Governors' effort with commissioners and governors' office representatives participating and several iterations of input from other stakeholders including TOs, utilities, consumer advocates, wind developers, environmental groups and others. Also, as a state effort, the footprint does not align directly with MISO (for example, it must span MAPP utilities).

Last Thursday August 4, UMTDI released two documents to stakeholders in those states. One is a legal whitepaper that reviews existing state siting and cost allocation. The other is a stakeholder survey. Following stakeholder responses to the survey, we anticipate issuing draft tariff designs (competing options) for stakeholder comments in September.

Jeff Kaman
Iowa Utilities Board