



**ORGANIZATION OF MISO STATES, INC.  
Board of Directors Meeting  
Conference Call Minutes  
May 14, 2009**

**Approved June 11, 2009 with corrections**

Lauren Azar, President of the Organization of MISO States, Inc. (OMS), called the May 14, 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:

Randy Rismiller, proxy for Bob Lieberman, Illinois  
Bob Pauley, proxy for Greg Server, Indiana  
Rob Berntsen, Iowa  
Bill Bowker, proxy for David Armstrong, Kentucky  
Monica Martinez, Michigan  
Burl Haar, proxy for Tom Pugh, Minnesota  
Jeff Davis, Missouri  
Greg Jergeson, Montana  
Tony Clark, North Dakota  
Valerie Lemmie, Ohio  
Lauren Azar, Wisconsin

Absent

Manitoba  
Pennsylvania  
South Dakota

Agency members participating

Chris Ericson - Illinois  
Parveen Baig – Iowa  
Mike Proctor - Missouri  
Don Neumeyer, Randel Pilo – Wisconsin

Others on the call

Sandy Walstein - FERC  
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 April 9, 2009 Board of Directors meeting**

Greg Jergeson moved to approve the minutes from the April 9 Board meeting. Valerie Lemmie seconded. The motion was approved by unanimous voice vote.

**Treasurer's Report** – Burl Haar presented on behalf of Commissioner Tom Pugh

The beginning balance as of April 1 for the Wells Fargo Business Performance Savings Account was \$59,578.88. Interest earned for this month was \$14.69. The April 30, 2009 balance was \$59,593.57.

The beginning balance as of April 1 for the Chase Bank One Checking account was \$48,390.01. The total disbursements from the checking account for April 2009 were \$47,030.18. Deposits, interest and adjustments were \$40,316.45. As of April 30, 2009, the checking account bank balance was \$48,580.83 and the book balance was \$41,676.28 (with 21 checks outstanding).

The total savings and checking account balances as of April 30, 2009 is \$101,269.85.

**Valerie Lemmie moved to receive the treasurer's report. Burl Haar seconded. The motion was passed by unanimous voice vote.**

**Review of the Executive Committee Meeting** – Bill Smith

Bill Smith provided a summary of the April 23, 2009 Executive Committee meeting. He highlighted the following:

- Personnel report
- Completion of OMS audit for 2008 and IRS 990 filing
- Eastern Interconnection Meeting on May 15 at NARUC office in Washington, DC

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

The written report was distributed to the Board. Bill Smith highlighted the following items in depth:

- Discussed the distribution of the OMS audit for 2008
- President Azar requested Minnesota to review the audit materials on behalf of the Board.

**Work Group Status Reports**

**Transmission Cost Allocation WG** – Randy Rismiller

- Written report follows minutes

**MWDRI**

- Bob Lieberman and Lauren Azar plan to meet to discuss how to incorporate MWDRI into the CARP process
- Bill Smith discussed the \$55,000 contract with Lawrence Berkley labs for MWDRI expenses.

**Markets and Tariffs WG** – Chris Ericson indicated the M&T WG would discuss two action items on the board agenda.

- Written report follows minutes

**Resources WG** – Don Neumeyer

- Written report follows minutes

**Regional Planning WG** – Parveen Baig reported that MTEP '09 is due in September.

- Written report follows minutes

**Governance and Budget WG** – Burl Haar

- Written report follows minutes

## **Modeling WG – Valerie Lemmie**

- Written report follows minutes

## **Strategic Goal Update**

Lauren Azar gave an update on the OMS strategic goals.

- Cost Allocation and Regional Planning. There has been heavy focus within OMS on this goal with the CARP monthly meetings and with UMTDI.
- Market Design and Volume. Dr. Patton is working on a new, more transparent metric design to be easier for non-economists.
- Education. Mid-American Energy's recent joining of MISO highlights the need to continue a variety of educational initiatives aimed at a variety of audiences.
- Retail Distinctions. The Governance WG is charged with addressing this issue in their review due at the annual meeting.

## **BUSINESS**

### **1. MISO Advisory Committee Issues – Valerie Lemmie**

- There was no May meeting;
- June's hot topic is SmartGrid. Bill Smith asked if OMS should present comments on SmartGrid. A task team will be set up to have comments to the Board by the June 11<sup>th</sup> Board meeting.
- The June AC meeting is the same day as the MARC meeting. Greg Jergeson is planning to attend the AC meeting.

### **2. MISO Planning Advisory Committee – Valerie Lemmie**

- Valerie Lemmie had previously distributed her notes from the meeting to the Board. There were no questions.

### **3. Comment on MISO's Order 719 compliance filing – Chris Ericson**

- Chris Ericson provided background on the Order 719 compliance filing. The work group is recommending filing an intervention without comments and monitoring the filing.
- The Board discussed the issues surrounding the compliance filing: long term contracting, demand response, market monitoring, and governance.
- The Board agreed that Bill Smith will draft brief comments and that the Board will intervene.

### **4. Price Responsive Demand Proposal – Don Neumeyer**

- Don Neumeyer gave an update on the planning reserve issues;
- The Board discussed the issues and the timeline and whether an educational seminar was of interest.
- Progress continues to be made on the proposal by the task force and several states.

### **5. OMS position on Cost-Allocation for Phase I of the RECB TF – Lauren Azar**

- Lauren Azar summarized the latest updates from the last RECB task force meeting.
- Phase I will only deal with the "Otter Tail" problem. Phase II will begin in July. The materials the Board received for this meeting relate predominately with Phase II.
- The Transmission Cost Allocation Work Group will coordinate the OMS position on RECB.

### **6. Update on Cost Allocation /Regional Planning – Lauren Azar**

- Lauren Azar gave an update on the CARP process. The next meeting is May 28<sup>th</sup>.
- The inputs for the variables for the regional plans have been sent out to the stakeholders and responses are expected back by the next meeting. Those comments will be discussed then.

- Also, there will be finalization of the remaining issues before turning the project over to MISO for indicative planning.

#### **7. Eastern Interconnection-wide Planning**

- Lauren Azar provided a background summary on this issue.
- The main question for OMS is what role should state regulators play in this issue. There was discussion about what model would best represent the state regulators.

#### **ADJOURNMENT**

The OMS Board of Directors meeting adjourned at 2:30 pm CDT.

## OMS

Organization of MISO States  
Report of the Treasurer  
Tom Pugh, Minnesota Public Utilities Commission  
to the  
Board of Directors  
May 14, 2009  
Report for April 2009

### CASH ON HAND

The beginning balance as of April 1 for the Wells Fargo Business Performance Savings Account was \$59,578.88. Interest earned for this month was \$14.69. The April 30, 2009 balance was \$59,593.57.

The beginning balance as of April 1 for the Chase Bank One Checking account was \$48,390.01. The total disbursements from the checking account for April 2009 were \$47,030.18. Deposits, interest and adjustments were \$40,316.45. As of April 30, 2009, the checking account bank balance was \$48,580.83 and the book balance was \$41,676.28 (with 21 checks outstanding).

The total savings and checking account balances as of April 30, 2009 is \$101,269.85.



TREASURER'S REPORT  
Organization of MISO States  
April 30, 2009

Wells Fargo Business Performance Savings Account

Balance as of 04/01/09			\$	59,578.88
4/30/09	DEP	Interest on Savings	\$	14.69
				<hr/>
Business Performance Savings Account Balance at 04/30/09			\$	59,593.57

Chase Bank One Commercial Checking with Interest

Balance as of 04/01/09			\$	48,390.01
4/13/09	DEP	MISO Remittance	\$	40,000.00
4/30/09	DEP	Paychex Taxes	\$	315.94
4/30/09	DEP	Interest on checking	\$	0.51
				<hr/>
Total Deposits			\$	40,316.45

Checks and Charges

Date	Check #	Descriptions		
4/2/09	217	Balance 401(k) Contribution - March	\$	1,708.33
4/2/09	218	Balance 401(k) Contribution - March	\$	497.64
4/2/09	219	Balance 401(k) Contribution - March	\$	44.30
4/2/09	2953	IA Travel Reimbursement	\$	359.65
4/2/09	2954	MI Travel Reimbursement	\$	234.13
4/2/09	2955	ND Travel Reimbursement	\$	319.07
4/2/09	2956	PA Travel Reimbursement	\$	442.41
4/2/09	2957	SD Travel Reimbursement	\$	805.20
4/2/09	2958	SD Travel Reimbursement	\$	75.00
4/2/09	2959	ED Travel Reimbursement	\$	34.00
4/9/09	2960	IL Travel Reimbursement	\$	183.46
4/9/09	2961	IL Travel Reimbursement	\$	274.64
4/9/09	2962	IN Travel Reimbursement	\$	256.00
4/9/09	2963	IA Travel Reimbursement	\$	619.48
4/9/09	2964	IA Travel Reimbursement	\$	888.95
4/9/09	2965	MT Travel Reimbursement	\$	950.57
4/9/09	2966	MT Travel Reimbursement	\$	975.57
4/9/09	2967	OH Travel Reimbursement	\$	482.50
4/9/09	2968	WI Travel Reimbursement	\$	109.42
4/16/09	2969	Triplett Office Essentials	\$	140.87
4/16/09	2970	100 Court Investors	\$	1,686.42
4/16/09	2971	Chase Card Services	\$	8,048.14
4/16/09	2972	Intercall	\$	510.81
4/16/09	2973	Qwest	\$	294.65
4/16/09	2974	Check not mailed as of 4/30/09	\$	-
4/21/09	2975	IL Travel Reimbursement	\$	466.28
4/21/09	2976	MT Travel Reimbursement	\$	1,154.72
4/21/09	2977	OH Travel Reimbursement	\$	127.04
4/21/09	2978	OH Travel Reimbursement	\$	127.04
4/21/09	2979	WI Travel Reimbursement	\$	45.00
4/21/09	2980	WI Travel Reimbursement	\$	26.00
4/21/09	2981	ED Travel Reimbursement	\$	51.00

4/21/09	2982	ED Travel Reimbursement	\$	111.50
4/21/09	2983	DWX Internet	\$	35.00
4/21/09	2984	Conference Suite	\$	549.82
4/21/09	2985	MI Travel Reimbursement	\$	420.61
4/21/09	2986	MI Travel Reimbursement	\$	248.52
4/21/09	2987	MI Travel Reimbursement	\$	261.73
4/21/09	2988	MI Travel Reimbursement	\$	230.08
4/21/09	2989	ND Travel Reimbursement	\$	1,006.64
4/21/09	2990	SD Travel Reimbursement	\$	659.20
4/29/09	2991	IL Travel Reimbursement	\$	588.28
4/29/09	2992	IA Travel Reimbursement	\$	618.88
4/29/09	2993	IA Travel Reimbursement	\$	727.48
4/29/09	2994	MI Travel Reimbursement	\$	112.87
4/29/09	2995	MI Travel Reimbursement	\$	181.20
4/29/09	2996	MO Travel Reimbursement	\$	224.46
4/29/09	2997	MO Travel Reimbursement	\$	207.87
4/29/09	2998	MO Travel Reimbursement	\$	433.70
4/29/09	2999	OH Travel Reimbursement	\$	134.04
4/29/09	3000	WI Travel Reimbursement	\$	521.34
4/30/09	223	401(k) Contribution - April	\$	731.42
4/30/09	224	401(k) Contribution - April	\$	2,224.30
4/30/09	225	401(k) Contribution - April	\$	85.05
4/29/09	W/D	Paychex Payroll	\$	9,663.95
4/30/09	W/D	Paychex Payroll Taxes	\$	5,113.95

Total Checks and Charges \$ 47,030.18

CHECKING ACCOUNT BALANCE 04/30/09 \$ 41,676.28

CERTIFICATES OF DEPOSIT, SAVINGS AND CHECKING ACCOUNT BALANCES AS OF 04/30/09 \$ 101,269.85

**CHASE CHECKING ACCOUNT RECONCILIATION**

	<u>Check #</u>	<u>Amount</u>
Bank Balance 04/30/09		\$ 48,580.83
Less Checks OS	2468	\$ 74.00
	2885	\$ 76.00
	2955	\$ 319.07
	2978	\$ 127.04
	2979	\$ 45.00
	2980	\$ 26.00
	2984	\$ 549.82
	2985	\$ 420.61
	2986	\$ 248.52
	2987	\$ 261.73
	2989	\$ 1,006.64
	2991	\$ 588.28
	2992	\$ 618.88
	2993	\$ 727.48
	2994	\$ 112.87
	2995	\$ 181.20
	2996	\$ 224.46
	2997	\$ 207.87
	2998	\$ 433.70
	2999	\$ 134.04
	3000	\$ 521.34
Book Balance 04/30/09		\$ <u>41,676.28</u>



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## **OMS Executive Director Report May 7, 2009**

### **FERC and DOE Activity**

1. On April 13, 2009, the FERC accepted most of the incentive return and accounting proposals of Green Power Express for its proposed line through the Dakotas, Iowa, and Illinois. The order tracks the pattern used in the Pioneer order. Formula rate issues were set for hearing or settlement procedures. Further technical conferences and settlement conferences are scheduled for May 12 (GPE) and May 14 (Pioneer). Rehearing petitions were filed in the Pioneer docket in April and are due in the GPE docket on May 13. The ISO/RTO Council submitted a clarification request on April 27 in the Pioneer docket, asking FERC to clarify the relationship between these proceedings and the regional planning requirements of Order 890. The clarification request is at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12001313>.
2. On April 16, 2009, the FERC issued an order on rehearing and compliance relating to Midwest ISO's Module E filing. The FERC affirmed its earlier decision (October 20, 2008) that the Midwest ISO should not purchase capacity on behalf of deficient load-serving entities. It required strengthening the tariff with respect to monitoring and mitigation. OMS positions were partially accepted. 127 FERC ¶61,054.
3. The Midwest ISO made a substantial Order 719 compliance filing on April 28, 2009. The filing is being reviewed by OMS working groups.
4. Following the appointment of Jon Wellinghoff as Chairman, the FERC has announced several personnel and organizational changes. Shelton Cannon will retire as director of the Office of Energy Market Regulation, replaced by Mike McLaughlin, with Anna Cochrane as his deputy. An Office of Energy Policy and Innovation has been created, headed by Jamie Simler. All these staff members have



been very helpful to OMS. Jim Pederson will serve as FERC Chief of Staff.

**OMS-MISO Activity:**

1. The OMS held a cost allocation / regional planning (CARP) workshop April 28 in Carmel. Future meetings are scheduled in Carmel May 28, in Traverse City June 17-18, in Carmel July 8, St. Paul August 17-18, and in Carmel September 24.

**Public Relations**

1. Presentations:
  - Bill Smith spoke on financial markets at the Energy Bar Association annual conference on April 23.
2. Pending speaking/meeting invitations:
  - Bill Smith will participate in a training course for the Regional Electricity Regulators Association of Southern Africa May 18-22.

**Upcoming MISO Filings of Regional Interest**

Filing Date	Docket No.	Description	Pursuant to Commission Order	Working Group/Committee where issue/change will be reviewed
05/08/2009	ER09-___-000	The Midwest ISO to submit Tariff revisions regarding the Stored Energy Resources ("SERs").	N/A	TBPSC MSC
05/11/2009	PL09-4-000	The Midwest ISO to submit its Comments regarding the Commission's proposed Smart Grid Policy Statement and Action Plan for the development of key standards to achieve interoperability of smart grid devices and systems and a proposed rate policy for the interim period until interoperability standards are adopted.	126 FERC ¶ 61,253	(2009)
05/18/2009	ER08-394-007 ER08-394-009	The Midwest ISO to submit a compliance filing pursuant to the Commission's April 16, 2009 Resource Adequacy Requirements ("RAR") Order. Specifically, the Midwest ISO must	127 FERC ¶ 61,054 (2009)	N/A

OMS Executive Director Report

April 7, 2009

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		propose Tariff provisions addressing the monitoring and mitigation of the monthly capacity auction and address the issue of deliverability of load modifying resources.		
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
08/03/2009	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
08/18/2009	ER08-394-006 ER08-394-008	The Midwest ISO to submit a compliance filing informing the Commission what steps are being taken to develop a more permanent approach to addressing congestion that limits aggregate deliverability.	126 FERC ¶ 61,144	MSC SAWG
08/25/2009	ER08-1169-000	The Midwest ISO to submit an Informational Report regarding Queue Reform and its developments.	124 FERC ¶ 61,183	(2008)
10/14/2009	OA10-___-000	The Midwest ISO to submit its Informational Report regarding operational penalty assessments and revenue distributions in compliance with Order No. 890.	Order No. 890	N/A
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	N/A
11/30/2009	ER07-1372-0__	The Midwest ISO to submit its Informational Filing regarding reliability issues that arise from the use of Stored Energy Resources ("SER") for contingency reserves as well as regulating reserves.	125 FERC ¶ 61,319	(2008)
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:**

## OMS Executive Director Report

April 7, 2009

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- Next OMS regular Board of Directors meeting: **May 14** at 1:00 pm CDT
- OMS Cost Allocation and Regional Planning Meeting, Carmel, **May 28**
- Next OMS Executive Committee meeting: **May 28** (time and place TBD)
- Next OMS regular Board of Directors meeting: **June 11** at 1:00 pm CDT
- OMS Cost Allocation and Regional Planning Meeting, **June 17-18**,  
Traverse City
- OMS Cost Allocation and Regional Planning Meeting, Carmel, **July 8**
- 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**
- OMS Cost Allocation and Regional Planning Meeting, Carmel, **September 24**
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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. Executive Committee assignments – Possible Bylaw changes for 2009 Annual BOD meeting**

- OMS Strategic Goal of resolving retail distinctions, including adopting practices that assure clear expression and indication of the viewpoints of all member states. The Illinois CC staff has presented amended By-Law language to the Board, but no action yet has been taken on it. The work group will use the proposed language as a starting point for its work.
- Electronic voting. The work group will evaluate what OMS bylaw changes, if any, are needed to allow for electronic voting by the OMS Board.
- Delayed voting: The current 24 hour rule to allow states to discuss OMS actions before voting on an issue is routinely waived. The work group is to consider possible modifications that would reflect operational realities to a greater degree.

Comments have been received. A conference call for the Work Group is being planned.

**2. 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.

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

The Notice was issued May 27, 2008. Nothing new here

**4. 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.

### **1. Revenue Sufficiency Guarantee (RSG)**

There are potential issues on two fronts: The RSG design going forward, and RSG resettlement. Regarding RSG design, the MISO RSG WG meets each month (6/3 next meeting). It reports to the MSC. A current issue is whether and to what extent intermittent resources should be subject to real time (RT) RSG. The RSG WG passed a motion that would subject intermittent resources to RSG. This is now before the MSC for a vote on 6/2.

**Status:** setting up workgroup call to discuss issues surrounding intermittent resources being subject to RSG May 20<sup>th</sup>, 2pm central/3pm eastern.

Regarding RSG resettlement, MISO gave an update to the MSC on 5/5. MISO is providing weekly updates on its web site under the Documents tab, Credit, Information on Market Participant Defaults. ([http://www.midwestmarket.org/publish/Folder/2c41ee\\_1200f54a695\\_-7dd20a48324a?rev=1](http://www.midwestmarket.org/publish/Folder/2c41ee_1200f54a695_-7dd20a48324a?rev=1)) FERC issued an order 5/6 that revised the effective refund date from 8/10/07 to 11/10/08 for the Section 206 complaint docket EL06-876 et al. While OMS has previously filed comments in support of the earlier refund effective date, the M&TWG recommends no action at this time. Requests for rehearing are due on June 5, 2009. Jim Wottreng follows RSG issues for the work group.

**Status:** Continuing monitoring resettlement issues before MISO and FERC.

### **2. ASM Issues**

MISO launched ASM markets on 1/6/09. Compliance filings are due from MISO and the IMM on 7/6/09. Regarding OMS Board 11/13/08 letter ([http://www.misostates.org/LtrandReporttoMISOonASMIssues\(2\)corrected.pdf](http://www.misostates.org/LtrandReporttoMISOonASMIssues(2)corrected.pdf)) on ASM concerns, MISO has informally responded that they are working on this. However, no formal response was ever received. With respect to the three concerns addressed in the November 13, 2008, OMS letter to the MISO, the three key issues remain a concern: (1) zonal cost allocation; (2) need for more detail in the reference price calculation; (3) clarification on level of IMM involvement.

MISO Tariff and Business Practices (T&BP) Subcommittee expects to review the Energy & Operating Reserves BPM at its next meeting on 5/18/09.

**Status:** Reviewing compliance filings, MSC meetings for potential issues. No substantive response received from MISO on the ASM letter sent by the OMS Board in November 2008.

### **3. Financial Transmission Rights (FTRs)**

The MISO FTR Working Group meets each month (6/3 next mtg) with the objective of finding ways to improve funding available to pay FTR revenues. It reports to the MSC. During the most recent FTR WG meeting on 5/6/09, stakeholders discussed FTR funding, obtaining ARRs, and changes the current LTTR process. Some of the highlights from the FTRWG meeting on 5/6 were:

- concern over MISO's use of selective constraints on binding flowgates for the 2009-2010 ARR/FTR Models was expressed and a study of one month with, and without, the constraints was requested. [Agenda Item 9]

## **OMS Markets and Tariffs Work Group Status Report For 5/14/09 OMS Board Meeting**

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- the difficulty in obtaining ARRs for new generation was discussed and at least one motion with a fix will come before the FTRWG on June 3, 2009. [Agenda Item 6]
- MISO discussed proposed changes to the current LTTR process, such as in the areas of restoration and termination (including counterflow assignment). [Agenda Item 8]

Meeting materials [http://www.midwestmarket.org/publish/Folder/414a82\\_11e1c3d5faa\\_-7fdd0a48324a](http://www.midwestmarket.org/publish/Folder/414a82_11e1c3d5faa_-7fdd0a48324a)  
Jim Wottreng and Mike Proctor track issues here for our group.

**Status:** Continuing to monitor the FTR Work Group and watch for future opportunities for OMS to comment to MISO on FTRs.

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

The M&TWG held a conference call with MISO IMM David Patton on 3/20. IMM has responded to OMS questions during the calls, but thus far has not responded in writing to the M&TWG's questions. The next call is on 5/13, at 1pm central time. Bob Pauley and Nick Bowden track these issues for the M&TWG.

**Status:** Next call is 5/13. Developing agenda/questions.

### **5. Order 719 Market Monitoring Issues ER09-1049-000 - Comments due 5/26.**

MISO filed on 4/28 revised Module D tariff revisions to comply with the market monitoring category of Order 719. MISO has included the OMS proposed changes that were approved at the 3/3/09 MSC meeting. This was sufficiently important that the OMS provided feedback and caused tariff changes to be incorporated before MISO filed at FEREC. No member of the M&TWG has raised other issues or recommended filing comments.

**Status:** We recommend filing an intervention (without comments) and monitoring in this docket.

### **6. Resource Adequacy Market Monitoring Issues ER08-394-007, ER08-394-009**

The FEREC, in its 4/16/09 resource adequacy order, required MISO (in response to OMS and state concerns) to work with the Market Monitor and stakeholders to file Module D tariff provisions addressing the monitoring and mitigation of the Voluntary Capacity Auction. The filing was due 5/18, but MISO has asked FEREC for a 30-day extension so that it can work with OMS and others on Module D tariff language before filing with FEREC on June 17.

**Status:** Evaluate MISO proposal and potential comments for OMS approval at 6/11/mtg.

### **7. Stored Energy Resources (SERs) Tariff**

MISO expects to file tariff revisions soon regarding using of Stored Energy Resources, pursuant to stakeholder discussions in MISO MSC meetings held on 3/3 and 4/7 and a motion approved 5/5. MISO's proposal reflects that supported by the MSC, which allows SERs to provide regulation (but not contingency) at a fixed dispatch of the mean of the MaxLimit and MinLimit. MISO believes that this option results in best use of SERs.

## **OMS Markets and Tariffs Work Group Status Report For 5/14/09 OMS Board Meeting**

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**Status:** Evaluate 5/8 FERC filing for potential OMS comments to FERC. Unless we discover something significant in the MISO filing, we do not expect to be recommending comments.

### **8. MISO/PJM Portable Capacity Agreement ER09-1074-000**

MISO filed, on 4/30/09, a capacity portability agreement between itself and PJM for Buckeye Power, proposed effective 5/1/09. The agreement allows Buckeye to use capacity acquired on Buckeye's behalf in PJM's RPM to satisfy MISO Module E obligations, including the requirement that Buckeye must offer into MISO's Day-Ahead Energy Market the PJM daily UCAP obligation. We asked the work group to identify any issues with this agreement because we had some concerns last year when MISO and PJM attempted to construct a portability agreement with Duquesne (ER08-1345). The work group did not recommend comments on any particular concerns.

**Status:** We recommend filing a motion to intervene to monitor this docket. Interventions are due on 5/21.

### **Other items that we monitor:**

#### **9. MISO Market Subcommittee - monthly, meetings 5/5, 6/2**

##### **Update re: Market Subcommittee meeting 5/5**

MISO shared the status of RSG resettlement credit & default. As of 3/23, 18 market participants are either in default or not paying invoices. Short pay totals \$8.7 million. The bulk of short payments will be through June. (Agenda Item 8)

MISO presented two approaches to change its dispatch band modeling to address a problem of frequent disabling of dispatch bands. Dispatch bands have been disabled about 60% of the time. MISO posed questions regarding if dispatch bands should be eliminated altogether or if dispatch bands should be eliminated in operations but used in settlements. MISO expects to present for vote at next the MSC meeting two choices to resolve. (Agenda Item 11)

The MSC passed by general consent a motion that MISO give a least 10 minutes warning before enabling dispatch bands. The intent was for MISO to give a warning when possible before enabling or disabling dispatch bands. (Agenda Item 11)

MISO reviewed its list and status of IMM recommendations and Other 2009 Market Advisory Committee Initiatives. The MAC is an internal management committee. See meeting materials for list and dates. (Agenda Item 13)

MISO reviewed its proposed filing for stored energy resources (SERs). The MSC approved a motion 16 in favor, 1 against, and 24 abstentions that supports MISO's proposal.

*"The Market Subcommittee (MSC) supports the intent of the draft tariff language intended to address certain issues related to the utilization of Stored Energy Resources in the Midwest ISO Energy and Ancillary Services markets; and recommends that the Midwest ISO proceed with filing these proposed tariff changes with FERC."*

Under MISO's proposal, SERs may participate in regulating reserve MCP only with dispatch fixed at the mean of MaxLimit and MinLimit. This represents Option 2A that the MSC approved at its last meeting (4/7). (Agenda Item 14)

## **OMS Markets and Tariffs Work Group Status Report For 5/14/09 OMS Board Meeting**

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MISO reviewed its list of deferred ASM items, including Day 2, short-term Day 3, and long-term Day 3 items. Examples include an expected whitepaper on a look-ahead tool at the end of this year. (Agenda Item 15)

MISO announced that its new outage scheduling system will go into effect by mid December 2009. (Agenda Item 17)

The MSC passed this motion by general consent (Agenda Item 18):  
*"The MSC supports the recommendation of the Market Settlements Working Group (MSWG) for the Midwest ISO to proceed in making a Section 205 filing to FERC incorporating the Calculation and Tariff Language changes to the RT Excessive/Deficient Energy Deployment Charge Amount as approved by the MSWG at the April 13, 2009 MSWG Meeting."*

Meeting materials

[http://www.midwestmarket.org/publish/Folder/1d44c3\\_11e1d03fcc5\\_-7f1d0a48324a](http://www.midwestmarket.org/publish/Folder/1d44c3_11e1d03fcc5_-7f1d0a48324a)

- 10. FERC Market Oversight Calls** - monthly, 5/12 3:30 EDT
- 11. Joint and Common Market** – semi-annually, 5/15 9 am – noon EDT
- 12. MISO Market Pricing Project** – later this year. Expect next status 6/2 MSC meeting.

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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 Modeling Work Group Status Report  
to OMS Board of Directors  
May 13, 2009

The Modeling WG is actively involved in compiling and summarizing information collected from the OMS states to develop the set of EGEAS inputs and associated futures to be run by MISO.

The two products delivered to the CARP team are:

- 1) The CARP summary Matrix and 2) The RPS summary Matrix.

Nick Bowden  
Hisham Choueiki

# **OMS Regional Planning Work Group Report to OMS Board of Directors – May 14, 2009**

## **MTEP- 09**

### Sub-regional Planning Meetings:

Second round of Sub-regional Planning Meetings (SPM) for preliminary project review were held May 5<sup>th</sup> for the Western sub-region and May 7<sup>th</sup> for the Central sub-region. The Eastern SPM is being held in Michigan today. In summary, the preliminary review indicated the following total project numbers and costs for reliability projects that are eligible for RECB cost sharing:

Eastern Sub-region:	13 projects totaling \$274 million
Central Sub-region:	5 projects totaling \$91 million
Western Sub-region:	3 projects totaling \$22 million

Stakeholder cutoff for providing project alternatives to MISO staff is late May 2009. Alternatives will be reviewed and final project justifications are expected to be presented during 3<sup>rd</sup> round of SPM in July.

### Stakeholder Review Schedule (Two Phases):

**MTEP 09 Background Information:** Review 1 content 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. Material to be distributed on June 24 for discussion at July 8 PAC meeting. Stakeholder feedback is due July 24<sup>th</sup> and will be discussed at the August 5<sup>th</sup> PAC meeting.

**MTEP 09 Overview & Plan Status:** Review 2 content includes an overview of project economic assessment and cost sharing along with a status report of MTEP 08 planned facilities, results of reliability and market efficiency analysis and regional energy policy studies. Material to be distributed July 17<sup>th</sup> for discussion at August 5<sup>th</sup> PAC meeting. Stakeholder feedback is due August 21 and will be discussed at the September 2<sup>nd</sup> PAC meeting.

### Final Report:

A final draft MTEP 09 report and stakeholder feedback is expected to be distributed to the Midwest ISO Board on September 18<sup>th</sup>

## **Interconnection Process Task Force:**

The Midwest ISO Interconnection Process Task Force (IPTF) met on April 29 to review draft Multi-Party Facilities Construction Agreement intended to simplify funding procedures for network upgrades involving multiple parties. The goal is to file the agreement in July 2009 as a new Appendix 8 to Attachment X. A second

filing effort (Phase II) is intended to develop procedures for incorporating Forward Looking Interconnection Projects (FLIPs) in the queue. Work efforts will be iterative with RECB Task Force which is scheduled to address FLIP cost allocation issues beginning in June. The filing goal is now 1<sup>st</sup> quarter 2010.

Note: A helpful overview of the interaction between various planning initiatives can be found on page 17 of the following April 29 IPTF meeting presentation:  
[http://www.midwestiso.org/publish/Document/54a750\\_1206d339413\\_-7c900a48324a/IPTF%20Meeting%20Presentation%20042909%20v2%20\(2\).pdf?action=download&\\_property=Attachment](http://www.midwestiso.org/publish/Document/54a750_1206d339413_-7c900a48324a/IPTF%20Meeting%20Presentation%20042909%20v2%20(2).pdf?action=download&_property=Attachment)

## **RGOS I**

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

Status -- Input was received from policymakers and model is being developed.

## **RGOS II**

Kick-off meeting is scheduled for May 14.

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.

**Price Response Demand Task Team**

Don Neumeyer had another contact from the Brattle Group familiar with MISO and other ISO operations. Sam Newell had experience with Emergency Operating Procedures and the sequence of events for non-firm and firm load shedding. That assistance was not able to help the Task Team because of numerous time conflicts. MISO has continued to develop BPMs concerning load forecasting, documentation of demand response programs, Module E Capacity Tracking, and proposals for Demand Response to set the margin in 2010.

The conflict continues to be the current market and operating procedures versus a voluntary signaling technique for reduce capacity obligations by reductions in load forecasts without a line item demand response planning reserve credit. This off course is the dynamic pricing adjustment to the month. The load forecast is demand (MW) curve with the expected price.

Illinois drafted a new Task Team report last week. That was recently (yesterday) circulated to the Task Team for review. A scheduled team conference call will be made soon.

No new material is available for the OMS Board to review for the May 14<sup>th</sup> Board Meeting.

**Supply Adequacy Work Group**

**-Voluntary Capacity Auctions (VCAs)**

The auction cleared at \$50/MW-month and 864 MWs were cleared at that price.-

**Reserve Compliance Information Reports Task Team**

Todd Hillman offered a template for a report that MISO would generate for each state to see how their respective LSEs were doing in respect to complying with the monthly MECT (portal for Module E compliance tracking). It is not a public available site. There has been a great deal of communication between the LSE's and MISO filling out the first month's compliance and how to position LSE in future months with their resources and Planning Reserve Credits and potential changes. Wisconsin reviewed the first sample and found some errors and some confusion in interpretation of the line items.

The original and a new template are in circulation to the task team.

There are several issues with State lines not following the reliability footprint and the LSEs footprint and resources. Another question is how to handle LSEs which are not under the jurisdiction of one state or under more than one State commission? Of course, MISO cannot share the information of one state with other states.

**Status Report of the OMS Transmission Cost Allocation Work Group—  
May 14, 2009**

- On May 8, 2009, the FERC issued a deficiency letter seeking additional information from the Midwest ISO and PJM in PJM/MISO's economic cross border cost allocation docket (ER05-6-108 et al).

CARP Update  
Planning Advisory Meeting  
May 6, 2009

Members of the Organization of MISO States (OMS) working on the Cost Allocation and Resource Planning (CARP) committee met April 28<sup>th</sup> in Carmel, Indiana and continued development of data inputs into indicative futures to be modeled by MISO. There continues to be active engagement from each of the states in the footprint, and we hope to finalize model inputs at the May 28<sup>th</sup> meeting in Carmel. While this phase has been time consuming, it is critical to our ultimate success so we have extended planned meetings through September 2009 to ensure a comprehensive and thorough vetting of all relevant issues and concerns by member states to best ensure a final product that accurately reflects the position of the OMS member states.

CARP agendas and reports can be downloaded from the OMS website.

Submitted by: Valerie A. Lemmie  
OMS Vice President  
Commissioner, Ohio Public Utilities Commission  
[valerie.lemmie@puc.state.oh.us](mailto:valerie.lemmie@puc.state.oh.us)

OMS Board Update  
Notes from  
May Planning Advisory Committee Meeting  
May 6, 2009  
By Valerie A. Lemmie

Cost Allocation Reports

- ❖ Randy Pilo gave report on UMTDI
  - MISO working on modeling for indicative futures.
  - Draft cost allocation principles distributed.
  - Study group appointed to work on tariff design.
  
- ❖ Valerie Lemmie gave CARP update. **Copy of report attached.**
  
- ❖ RECBTF
  - Jennifer Curran gave report.
  - Phase I- working on line outage distribution factor for generator interconnection projects underway. FERC filing expected in June/July.
  - Phase II- not yet underway; will involve development of tariff language for subscription to forward looking interconnection projects through Generator Interconnection study process.
  - Request by some members to bring final product to PAC before FERC filing. We will address this matter of weighing in at June meeting.
  
- ❖ How Initiatives Fit Together Report
  - Jennifer Curran reviewed chart describing the various transmission planning/cost allocation task forces and their respective responsibilities. **Copy of chart attached.**

Planning Updates

- ❖ MTEP Reliability and Targeted Study Status Report
  - Discussed MTEP 09 Report Review Schedule
    - ❖ Review 1 Content: background information includes 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.

- ❖ Review 2 Content: includes MTEP 09 overview and plan status.
- Key dates for OMS to provide feedback to PAC:
  - ❖ July 24<sup>th</sup> for stakeholder feedback on Review 1 content.
  - ❖ August 21<sup>st</sup> stakeholder feedback due on Review 2 content.
  - ❖ September 18<sup>th</sup> MISO distributes draft final report and stakeholder feedback to BOD.
  
- ❖ Regional Generation Outlet Study
  - Presented by Jarred Miland.
  - Indicative scenario results reviewed.
  - RGOS I May-August will work on transmission design, including power flow, production cost and stability.
  - RGOS II kick-off meeting May 14<sup>th</sup> for states with most recent or pending legislative enactment of RPS. Illinois, Indiana, Missouri and Ohio are states included along with PJM.
  
- ❖ Where to Find Planning Initiatives
  - Distributed chart identifying MISO planning groups and committees. **Copy of chart attached.**
  
- ❖ Wind Integration Update Report
  - Steering Committee comprised of team of internal MISO staff from market operations, real-time operations, transmission planning and information technology.
  - Desired outcomes
    - ❖ Efficient market operations
    - ❖ Reliability
    - ❖ Level playing field for all generation types.
  - Transmission and Resource Adequacy Issues Under Investigation:
    - ❖ Transmission planning
    - ❖ Transmission cost allocation
    - ❖ Loss of load expectation calculations
    - ❖ Capacity credit issues



- ❖ Energy resource issues
- ❖ Wind generation modeling
- Operations, Markets and Modeling Issues under Investigation:
  - ❖ Emergency operations
  - ❖ Normal operations
  - ❖ Market design
  - ❖ Modeling and forecasting
- Technical Issues Under Investigation:
  - ❖ Impacts on frequency response
  - ❖ Impacts on voltage and dynamic reactive support
  - ❖ Stability issues
  - ❖ Role of energy storage technologies
  - ❖ Dispatchability and controllability of wind resources
  - ❖ Compliance with NERC standards
  - ❖ Special protection system requirements
- Potential Interconnection Solutions
  - ❖ Drive increased transmission build out
  - ❖ Evaluate tariff changes to provide greater alignment with market and reliability operations
- Wind Forecasting Accuracy
- Surplus Generation Pricing
  - ❖ Occurs when real-time demand less regulating reserve within the MISO balancing authority area is less than the minimum supply during any dispatch interval
  - ❖ Event drivers
  - ❖ Occurs primarily from May to September
  - ❖ Event frequency
  - ❖ Summer wind capacity
- Curtailment Process to Address Surplus Generation
  - ❖ Steps will take if pricing and emergency limit use not sufficient to get below requirement.

### Committee and Other Updates

- ❖ Interconnections Process Task Force
  - Verbal update, new MISO staff liaison no major announcements.

❖ Planning Subcommittee

- Draft solution proposed for NERC C3 cost sharing event. Will be finalized at their June meeting and forwarded in June to PAC.

New Business

- ❖ June 3<sup>rd</sup> next meeting
- ❖ August meeting scheduled for the 7<sup>th</sup>

**To: OMS Board of Directors**

**From: OMS Markets and Tariffs Work Group**

**Subject: MISO Order 719 Compliance filing (ER09-1049) issues**

**Date: 5/12/09**

Re: OMS Board of Directors meeting 5/14/08

Business Item 3: Comment on MISO's Order 719 Compliance filing (May 26)

The OMS Markets and Tariffs Work Group recommends that the OMS Board consider comments to FERC on [summarize ]. MISO filed on 4/28. Comments are due on 5/26.

### ***Demand response aggregation***

In its filing, MISO explains a plan to work further with stakeholders to develop a detailed Aggregated Retail Customer (ARC) proposal that it will complete by the end of August and file with the FERC. MISO included draft tariff language for informational purposes only.

**Recommended action:** Provide feedback to MISO over the next few months.<sup>1</sup>

### ***Market Monitoring***

MISO filed Module D tariff revisions to comply with the 9 issue areas of the market monitoring category of Order 719. MISO has included all of the OMS proposed changes that were approved at the 3/3/09 MSC meeting.<sup>2</sup> This was sufficiently important that the OMS provided feedback and caused tariff changes before MISO filed at FERC. While we remain concerned about the IMM informing states about referrals to FERC and what responsibilities should remain with the IMM instead of MISO, those are matters to argue with the FERC in a different venue. We shared MISO's filing with the M&TWG, with no additional concerns raised to date.

**Recommended action:** None, or approval of a motion that approves preparing comments on additional concerns, if any, that will be circulated to Board members at least 2 days before filing on 5/26.

### ***Governance***

MISO says in its filing that its practices and procedures conform to the inclusiveness requirements of Order 719. MISO proposes changes in responsiveness [ask Bert and Gail? ]

**Recommended action:** None?

OMS Markets and Tariff [and Governance and Budget?] work group members will be available at the OMS Board of Directors meeting to answer questions.

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<sup>1</sup> Feedback will likely be required by MISO DRWG mtg on 8/3, MSC mtg on 8/4, and AC mtg on 8/19.

<sup>2</sup> Reference the six OMS-approved motions in the 3/3 MSC meeting materials at [http://www.midwestmarket.org/publish/Document/20b78d\\_11ef44fc9c0\\_-7a150a48324a?rev=1](http://www.midwestmarket.org/publish/Document/20b78d_11ef44fc9c0_-7a150a48324a?rev=1). All but Motion no 3, which was voted down in the MSC, were included in MISO's revised tariff language. Motion 3 was to simplify language, and was not a material change.