Organization of MISO States

ORGANIZATION OF MISO STATES, INC.
Board of Directors Meeting
Conference Call Minutes
January 21, 2010

Approved February 11, 2010

Valerie Lemmie, President of the Organization of MISO States, Inc. (OMS), called the January 21, 2010 meeting of the OMS Board of Directors to order via conference call at approximately 1:00 p.m. (CST). The following board members or their proxies participated in the meeting:

Sherman Elliott, Illinois
Dave Johnston, proxy for Jim Atterholt, Indiana
Jeff Kaman, proxy for Rob Berntsen, Iowa
Bill Bowker, proxy for David Armstrong, Kentucky
Monica Martinez, Michigan
Burl Haar, proxy for Tom Pugh, Minnesota
Robert Kenney, Missouri
Brian Dekiep, proxy for Greg Jergeson, Montana
Tony Clark, North Dakota
Valerie Lemmie, Ohio
Tyrone Christy, Pennsylvania
Greg Rislov, proxy for Gary Hanson, South Dakota
Randel Pilo and Brian Rybarik, proxies for Lauren Azar, Wisconsin

Absent
Manitoba

Agency members participating
Nick Bowden, Randy Rismiller – Illinois
Parveen Baig, Frank Bodine – Iowa
Bill Bokram – Michigan
Jerry Lein – North Dakota
Quanetta Batts – Ohio
Gail Maly, Don Neumeyer – Wisconsin

Others on the call
Bill Smith, Julie Mitchell – OMS Staff

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

Approval of Minutes from November 12 and November 30, 2009 and January 12, 2010

Brian Dekiep moved for approval of the minutes of the November 12 and November 30, 2009 and January 12, 2010 board meetings. Bill Bowker seconded. The motion was approved by unanimous voice vote.

Treasurer's Report – Robert Kenney

November 2009

The beginning balance as of November 1 for the Wells Fargo Business Performance Savings Account was $59,666.44. Interest earned for this month was $9.80. The November 30, 2009 balance was $59,676.24.

The beginning balance as of November 1 for the Chase Bank One Checking account was $80,109.36. The total disbursements from the checking account for November 2009 were $49,670.65. Deposits, interest and adjustments were $40,182.50. As of November 30, 2009, the checking account bank balance was $84,260.39 and the book balance was $70,621.21 (with 20 checks outstanding).

The total savings and checking account balances as of November 30, 2009 is **$130,297.45.**

December 2009

The beginning balance as of December 1 for the Wells Fargo Business Performance Savings Account was $59,676.24. Interest earned for this month was $10.14. The December 31, 2009 balance was $59,686.38.

The beginning balance as of December 1 for the Chase Bank One Checking account was $70,621.21. The total disbursements from the checking account for December 2009 were $49,840.15. Deposits, interest and adjustments were $40,035.67. As of December 31, 2009, the checking account bank balance was $64,134.19 and the book balance was $60,816.73 (with 11 checks outstanding).

The total savings and checking account balances as of December 31, 2009 is **$120,503.11.**

Monica Martinez moved to accept the treasurer's reports for November and December, 2009. Bill Bowker seconded. The motion was approved by unanimous voice vote.

Review of the Executive Committee Retreat

- Valerie Lemmie and Monica Martinez reported on the Executive Committee Retreat on January 6, 2010. The theme was "Advancing Through Partnership." Take-aways included: MISO continued commitment to the OMS-MISO partnership, identifying individuals (commissioners or staff) who need RTO 101 training, and OMS goals.
- Commissioner Martinez commented on goals creation. She is working on refining the "laundry list of goals and objectives" to actionable items. The revised list should be available by January 25. Some new/revised goals were developed and will be distributed at the next meeting.
- Bill Smith noted that at the December 19th Executive Committee meeting, Robert Kenney was elected Treasurer and the appropriate banking resolution was passed.
- At the same meeting, there was a preliminary informational discussion about NARUC's international regional partnership plan. The next step is to discuss with NARUC what form the national discussions would take. The Board and staff talked about the rough details of how the funding would possibly work. Commissioner Lemmie asked if there was broad support on the board for the international partnership.

Bill Bowker moved to endorse the Black Sea project described by Bill Smith and as detailed by NARUC in the materials. Randy Pilo seconded. The motion carried by unanimous voice vote. Bill Smith was instructed to proceed with the project.

Administrative Report from Executive Director – Bill Smith

Bill Smith highlighted the following from his written executive director's report:

- Green Power Express Settlement – a draft settlement is circulating
- The MISO-PJM market flow settlement discussions will be resumed in Washington on February 25 and 26.
- OPSI and OMS will provide a briefing to PJM states regarding injection withdrawal next week.
- Update to the OMS travel policy. The OMS office staff has updated the OMS travel policy to reflect changes in how the policy is used and implemented.

Randy Pilo moved to adopt the revised OMS travel policy. Greg Rislov seconded. The motion carried by unanimous voice vote.

Updates and Work Group Status Reports

RECB Task Force – Randel Pilo

- There is currently an issue with the wind developers the task force is attempting to resolve;

Eastern Interconnection Project – Brian Rybarik

- The DOE has awarded this project $14 million. There is an effort underway to make sure the DOE funding is in place in time for the February meeting. The EISPC governance committee is drafting by-laws and nomination committee is working on nominating people for the executive committee and the steering committee. EISPC is also working on hiring office staff;

Demand Response WG

- Written report follows minutes;

Transmission Cost Allocation WG

- No report;

Markets and Tariffs WG – Bill Bokram

- Written report follows minutes. Bill Bokram followed up on items #2 and #3 in the written report;

Resources WG – Don Neumeyer

- Written report follows minutes. Don Neumeyer announced that Bob Pauley has volunteered to be vice-chair. He also briefed the highlights of his report;

Regional Planning WG

- Written report follows minutes. Jerry Lein talked about the content of the Regional Planning WG report;

Modeling WG – Nick Bowden

- Written report follows minutes. Nick Bowden gave an overview of the report. Jeff Kaman will serve as the co-chair.

BUSINESS

1. MISO Advisory Committee Issues – Monica Martinez

- MISO AC meeting was held on January 20. OMS motion (as described in the meeting materials) failed 11-10. The second proposed motion passed.
- Next month's hot topic is on cost allocation and wind integration. OMS might want to consider asking two work groups to tackle this hot topic.

2. **Planning Advisory Committee –** Parveen Baig
   - Jerry Lein covered this material in his work group report.
   - Parveen Baig reported that the responses are due today.

3. **Work Group Leadership for 2010 –** Valerie Lemmie
   - President Lemmie announced the list of work group chairs for 2010.
   - The names for the MISO Finance Committee will be presented to the Executive Committee at their next meeting for consideration.

4. **OMS Goals for 2010**
   - This material was covered in the Executive Committee Retreat discussion.

5. **Governance WG Recommendation on Advisory Committee Representation**
   - Bill Smith discussed the background on proportional representation in Advisory Committee voting.
   - The Board and staff discussed the inclusion of abstentions.
   - Commissioner Lemmie asked Bill Smith to work with the Work Group to come up with a ballot or straw poll that the Board can use to express its preference in regards to the issues expressed in document presented by the Governance Work Group to reach a policy that can be incorporated into the by-laws.

ADJOURNMENT

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

OMS

Organization of MISO States
Report of the Treasurer
Tom Pugh, Minnesota Public Utilities Commission
to the
Board of Directors
December 10, 2009
Report for November 2009

CASH ON HAND

The beginning balance as of November 1 for the Wells Fargo Business Performance Savings Account was $59,666.44. Interest earned for this month was $9.80. The November 30, 2009 balance was $59,676.24.

The beginning balance as of November 1 for the Chase Bank One Checking account was $80,109.36. The total disbursements from the checking account for November 2009 were $49,670.65. Deposits, interest and adjustments were $40,182.50. As of November 30, 2009, the checking account bank balance was $84,260.39 and the book balance was $70,621.21 (with 20 checks outstanding).

The total savings and checking account balances as of November 30, 2009 is $130,297.45.

OMS Treasurer Report for Month of November 2009

Wells Fargo Business Performance Savings Account

Beginning Balance	59,666.44	
Interest Earned this Month	9.80	
Ending Balance		59,676.24

Chase Bank One Checking Account

Beginning Balance	80,109.36	
Total Disbursements	(49,670.65)	
Deposits/Interest/Adjustments	40,182.50	
Ending Balance		70,621.21
Total Savings & Checking Balances as of November 30, 2009		**130,297.45**

20 checks outstanding at 11/30/09

OMS

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CASH ON HAND

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OMS

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

Wells Fargo Business Performance Savings Account

Balance as of 12/01/09			$	59,676.24	
12/31/09	DEP	Interest on Savings	$	10.14	
Business Performance Savings Account Balance at 12/31/09					$ 59,686.38

Chase Bank One Commercial Checking with Interest

Balance as of 12/01/09			$	70,621.21
12/14/09	DEP	MISO Remittance	$	40,000.00
12/31/09	DEP	Repay Expense Reimbursement	$	34.95
12/31/09	DEP	Interest on checking	$	0.72
		Total Deposits	$	40,035.67

Checks and Charges

Date	Check #	Descriptions		
12/3/09	3261	IL Travel Reimbursement	$	62.50
12/3/09	3262	IN Travel Reimbursement	$	368.00
12/3/09	3263	IA Travel Reimbursement	$	512.45
12/3/09	3264	MT Travel Reimbursement	$	964.00
12/3/09	3265	MT Travel Reimbursement	$	420.41
12/3/09	3266	ND Travel Reimbursement	$	119.20
12/3/09	3267	OH Travel Reimbursement	$	200.78
12/3/09	3268	WI Travel Reimbursement	$	178.02
12/10/09	3269	IL Travel Reimbursement	$	225.40
12/10/09	3270	IA Travel Reimbursement	$	512.95
12/10/09	3271	IA Travel Reimbursement	$	40.00
12/10/09	3272	MI Travel Reimbursement	$	426.03
12/10/09	3273	MN Travel Reimbursement	$	244.53
12/10/09	3274	MO Travel Reimbursement	$	562.35
12/10/09	3275	SD Travel Reimbursement	$	491.62
12/10/09	3276	WI Travel Reimbursement	$	148.90
12/10/09	3277	WI Travel Reimbursement	$	29.50
12/10/09	3278	ED Travel Reimbursement	$	304.49
12/18/09	3279	Triplett Office Essentials	$	391.37
12/18/09	3280	100 Court Investors	$	1,686.42
12/18/09	3281	Chase Bank One Visa	$	11,331.01
12/18/09	3282	Comference Suite	$	1,293.61
12/18/09	3283	DWX Internet	$	35.00

12/18/09	3284	Qwest	$	264.90
12/18/09	3285	The Novick Group	$	3,324.00
12/18/09	3286	Indiana Insurance Company	$	2,328.00
12/22/09	3287	IL Travel Reimbursement	$	221.11
12/22/09	3288	IA Travel Reimbursement	$	277.40
12/22/09	3289	IA Travel Reimbursement	$	632.72
12/22/09	3290	IA Travel Reimbursement	$	419.91
12/22/09	3291	IA Travel Reimbursement	$	558.58
12/22/09	3292	KY Travel Reimbursement	$	159.90
12/22/09	3293	MI Travel Reimbursement	$	42.54
12/22/09	3294	MI Travel Reimbursement	$	54.22
12/22/09	3295	MI Travel Reimbursement	$	146.21
12/22/09	3296	MI Travel Reimbursement	$	896.74
12/22/09	3297	MN Travel Reimbursement	$	711.79
12/22/09	3298	MO Travel Reimbursement	$	700.30
12/22/09	3299	OH Travel Reimbursement	$	921.20
12/22/09	3300	WI Travel Reimbursement	$	285.16
12/22/09	3301	WI Travel Reimbursement	$	707.21
12/22/09	3302	ED Travel Reimbursement	$	94.50
12/22/09	3303	Office Reimbursement - Kinkos	$	10.90
12/31/09	271	401(k) Contribution - December	$	66.98
12/31/09	272	401(k) Contribution - December	$	434.30
12/31/09	273	401(k) Contribution - December	$	2,602.31
12/30/09	W/D	Paychex Payroll	$	9,804.13
12/31/09	W/D	Paychex Payroll Taxes	$	3,626.60

Total Checks and Charges	$ 49,840.15	
CHECKING ACCOUNT BALANCE 12/31/09		$ 60,816.73
CERTIFICATES OF DEPOSIT, SAVINGS AND CHECKING ACCOUNT BALANCES AS OF 12/31/09		$ 120,503.11

CHASE CHECKING ACCOUNT RECONCILIATION

	Check #		Amount
Bank Balance 12/31/09		$	64,134.19
Less Checks OS	3266	$	119.20
	3282	$	1,293.61
	3287	$	221.11
	3288	$	277.40
	3292	$	159.90
	3293	$	42.54
	3294	$	54.22
	3295	$	146.21
	3300	$	285.16
	3301	$	707.21
	3303	$	10.90
Book Balance 12/31/09		$	60,816.73

Organization of MISO States

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OMS Executive Director Report
December 30, 2009

FERC and DOE Activity

1. The OMS filed responses to FERC's questions on Order 890 planning issues on November 23. Docket No AD09-8.
2. On December 18, the Department of Energy announced awards for interconnection-wide planning, including $14 million to the Eastern Interconnection States Planning Council.
3. Settlement discussions relating to formula rate issues are nearing completion in the Green Power Express docket, ER09-681. An offer of settlement should be filed with the Commission soon.
4. A second settlement conference was held on December 10-11 in an undocketed matter involving market settlement errors between PJM and the Midwest ISO. After further data discovery between the RTOs, another conference is scheduled February 25-26 at the FERC offices. Docket No. ND10-1.

OMS-MISO Activity

1. On December 17, the Executive Committee selected Commissioner Robert Kenney of the Missouri PSC as OMS Treasurer for 2010.
2. The OMS held cost allocation / regional planning (CARP) workshops November 18-19 and December 14-15. Future meetings are scheduled January 12-13, February 9-10, and March 9-10.
3. On November 16, 2009, the Midwest ISO filed tariff revisions on Auction Revenue Rights and Long-Term Transmission Rights. Dockets ER10-277 and -279.

Public Relations

1. Presentations:
   - Bill Smith moderated a panel at a workshop on Regional Transmission Network Development: Implications for Trade and Investment, sponsored by Southeast Europe Coordination Initiative Transmission Planning Project and the Black Sea Regional Transmission Planning Project.
   - On December 7, Bill Smith moderated a panel at the Midwestern Transmission Conference.

2. Pending speaking/meeting invitations:
   - Bill Smith to participate in the faculty of Michigan State Public Utility Institute Grid School March 8-12.

Upcoming MISO Filings of Regional Interest

Filing Date	Docket No.	Description	Pursuant to Commission Order	Working Group/ Committee where issue/change will be reviewed
01/12/2010	RM07-19	The Midwest ISO to submit a compliance filing to develop appropriate mechanisms for sharing information about demand Response Resources.	128 FERC ¶61,059 (2009)	DRWG
01/22/2010	ER07-235-000	The Independent Market Monitor (“IMM”) to submit an annual Informational Report regarding the Establishment of New Narrowly Constrained Areas (“NCAs”).	118 FERC ¶ 61,020	(2007)

Other upcoming dates:

- Next OMS Executive Committee meeting: **January 28** at 1:00 pm CST
- OMS regular Board of Directors meeting: **January 21** at 1:00 pm CST
- OMS Cost Allocation and Regional Planning Meetings, **January 12-13, February 9-10, and March 9-10 (St. Paul).**

January 19, 2010

Report of the OMS Demand Response and Technology Working Group

The Demand Response and Technology Working Group held a conference call meeting on Tuesday, January 19, 2010. The agenda items for the meeting are shown below in bold type.

1. **Status report on pending FERC action on MISO's ARC filing and timeline for implementation. Docket ER09-1049**

   The Midwest ISO filed an answer to the comments and protests in this docket in December. An order from FERC could be issued at any time.

2. **Discussion of Demand Response and Technology Work Group Tasks and 2010 Work Plan**

A. Review of State Commission responsibilities under MISO's ARC filing.

State regulatory commissions have certain responsibilities under the Midwest ISO's ARC proposal. Following the issuance of the FERC order, John Feit will work with the Midwest ISO to develop a workshop for the state commissions outlining the duties state commissions will have in implementing the provisions of the order.

B. Monitoring MISO's plan for Measurement and Verification of Demand Response Resources.

This is an important issue because the M&V protocols that the Midwest ISO implements for ARCs will also be used for other demand response resources, such as emergency demand response. The Demand Response and Technology Working Group is seeking a volunteer to monitor this issue for OMS.

C. Incorporation of Price Responsive Demand into Load Forecasts for Module E.

This is a high priority issue for the Demand Response and Technology Working Group. It is being pursued at the direction of Commissioners Lemmie, Centolella and Elliot. Commissioner Centolella joined the meeting at this time and provided background information on this issue. The work group will submit a memo to the OMS Board seeking support for a motion to the MISO Supply Adequacy Working Group. The motion will request that the SAWG consider allowing the use of a demand curve in an LSE's monthly Module E demand forecast as an alternative to a point forecast. John Feit will prepare a draft memorandum outlining this issue with assistance from Commissioner Centolella. This memorandum will be reviewed at the next meeting of the Demand Response and Technology Working Group for review prior to submission to the OMS Board.

D. Other?

Intra-Regional trading of RECs

John Feit will arrange a conference call with two staff members from the Wisconsin PSC who have been working with the MRETs system to host a discussion of the issues associated with intra-regional trading of RECs.

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. Protocol for determining OMS voting on Advisory Committee action items.

The Work Group was charged with addressing the issue of casting partial votes at the Midwest ISO Advisory Committee meetings. The WG held discussions and prepared a memo to the OMS Board for consideration at an OMS Board meeting.

2. Midwest ISO Proposed 2010 Incentive Metrics

The G& B WG submitted staff comments to the Midwest ISO. Arrangements are being made for a conference call with Midwest ISO personnel to address the concerns raised in the WG staff comments. No specific schedule has yet been set.

3. Transmission Owners Agreement – language regarding maximization of revenues

The Work Group has held discussions with members of the Transmission Owners sector to discuss the language in Article II, Section II, D of the TO Agreement that creates a fiduciary obligation for the Midwest ISO to "maximize transmission service revenues associated with 'Transmission Services,' as defined in the Transmission Tariff . . ." The suggestion was made to the TO representatives to drop that phrase from the Section. The Work Group is waiting to learn what action, if any, was taken by the TOs on this recommendation.

4. Technical Conference on RTO/ISO Responsiveness related to FERC Order 719 compliance filings (ER09-1048-000)

On January 7, 2010, FERC issued a notice announcing that the Commission staff would hold a technical conference on Thursday, February 4, 2010, to address issues raised in the Order No. 719 compliance proceedings. The conference is intended to provide a forum for participants to discuss issues related to the responsiveness of RTOs and ISOs to their customers and other stakeholders.

Written comments can be submitted up to 30 days after the conference.

1. Revenue Sufficiency Guarantee (RSG)

The MISO RSG Task Force meets each month (2/3, 3/3 next mtgs) and reports to the MSC.

MISO filed tariff revisions on 12/7 to address exemptions from RSG charges. We requested feedback, and no concerns were raised to bring to the Board. Jim Wottreng shared a summary of the filing with the group on 12/17/09.

Jim Wottreng also provided the attached update on RSG Issues that we shared with our group.

Status: Continue to monitor RSG Task Force.

2. Real-Time Pricing Volatility (Scarcity pricing events)

On 2/5/10 we will hold a meeting with certain MISO MPs to discuss their concerns regarding recent price spikes in MISO's real-time ancillary services markets, if such 5-minute shortages are true scarcity, what harm this causes MPs, and what they recommend to address this (see 11/12/09 status report).

Status: Meet with stakeholders and report to the OMS Board.

3. Financial Transmission Rights (FTRs)

The MISO FTR Working Group meets each month (2/3 3/3 next mtgs) with the objective of finding ways to improve funding available to pay FTR revenues. It reports to the MSC.

At the 1/6 FTRWG meeting, stakeholders expressed concern regarding recent shortfalls in FTR funding, which MISO shows as red flags on its Dashboard (presented in the Info Forums) for 4 of the 5 past months. MISO is working on monthly multi-period auctions that it expects to implement in 10/2011.

On 1/15, WPPI (Mike Stuart, Pat Connors) provided an update to Bill and Christine regarding the status of WPPI *et al* concerns regarding difficulties obtaining long term congestion protection for new baseload resources and their disappointment with MISO's preliminary Reserve Source Points(RSP)/Point-to-Point results (also presented in the 1/6 FTRWG meeting) that denied nearly all of the requested Baseload Reserve Source Set (BRSS) RSPs, the prerequisites for LTTRs. They think that new baseload generation should not be denied if congestion is from PJM loop flows or lack of transmission planning, and said that the denial gives financial players who purchase monthly FTRs a higher priority than holders of new physical assets. However, they admitted that MISO's algorithm must include PJM loop flow because of agreements between MISO and PJM. They are asking for support from OMS member states for new baseload units to gain access to LTTRs at a higher priority than FTR funding or FTRs sold in auctions to financial players. However, they acknowledged that to do so may be to the detriment of existing FTR holders. They said they would work on finding solutions.

Regarding MISO-PJM market-to-market coordination and correction and resettlement of market flow errors discovered earlier this year, the last settlement conference was on 12/10-11/09. OMS attended. MISO plans to hold a meeting with stakeholders before the next conference.

The next conference is planned for FERC on 2/25-26/10. Efforts continue to provide reasonably accurate estimates of the market error during 2005-2007.

Jim Wottreng tracks issues here for our group. Bill Smith attends the market-to-market resettlement proceeding for OMS.

Status: Continuing monitoring FTRWG, follow up on WPPI *et al* LTTR issues, continue participation in MISO/PJM market flow errors FERC conferences.

4. Pricing During Supply Shortage Emergencies

The MISO Minimum Generation Task Force meets each month (2/10, 3/10 next mtgs) with the objective of establishing administrative-based and/or market-based prices to address minimum generation issues. At the 1/13/10 MGTF meeting, the group completed a list of 5 market design changes to use towards preventing supply surplus emergencies and 5 criteria to apply to administrative prices to use during supply surplus emergencies. The group is also working on a review of minimum generation emergency procedures EOP-003. We shared a summary with our group on 1/19/10 OMS will have an opportunity to comment on the proposals through the MISO stakeholder process in future RSC and MSC meetings.

Jeff Kaman tracks issues here for our group.

Status: Continuing monitoring MGTF and market issues as they come before the RSC and MSC.

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

No changes since the last status report.

Events yet to schedule: A meeting with MISO to provide us with a day-in-the-life discussion of the mitigation process.
Bob Pauley and Nick Bowden coordinate communications and meetings with the IMM for the M&TWG.

Status: Monitoring..

6. Headroom Concerns

No changes since the last status report. The issue is how MISO determines and uses headroom (the amount of extra generation) that it needs day ahead and real time. This is an issue in the MISO MSC. We expect to discuss headroom as part of our 2/5 meeting on real-time pricing volatility (see item 2 above). This may also be related to MISO's development of a look-ahead tool (one of 11 market revisions that MISO is working on in response to IMM recommendations in the 2008 State of the Market Report).

Status: Scheduling follow up with stakeholders.

Notice of other related items:

7. **MISO Market Subcommittee** - monthly, meetings 2/2, 3/2
   Items coming up: Convex Hull pricing status, Look Ahead Commitment Tool status, Capacity/Ramp Management (Head-Room), and Wind Integration Discussion Continued
8. **FERC Market Oversight Calls** - monthly, last call 1/14

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

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

Update on the Real-Time Revenue Sufficiency Guarantee (RSG) Cost Allocation Issues – January 8, 2010

The purpose of this report is to update the OMS Board on recent developments in the RSG proceedings before FERC.

To ensure that adequate supply is available to meet real-time demand, resources that are made available as a result of the Reliability Assessment Commitment (RAC) process receive compensation at least equal to their start-up offers, no-load offers, and incremental energy costs, even if the resources are not dispatched. When real-time Locational Marginal Prices (LMP) are not sufficient to fully compensate resources to this minimum reimbursement level, they receive a real-time Revenue Sufficiency Guarantee (RSG) make whole payment for the shortfall. The real-time RSG make whole payments are funded primarily by RSG charges for real-time deviations from day-ahead schedules.

1. <u>Summary</u>

RSG Costs: Real-time RSG make whole payments declined in 2009 (as did LMPs). Real-time RSG make whole payments totaled $331 million in 2007, $216 million in 2008, and $116 million in 2009.

Currently, the intra-hour ramp capability that is necessary for load-following is cleared in the real-time and not in the day-ahead hourly market. It is expected that the day-ahead process will be modified in the first half of 2010 so that intra-hour ramp capability can be cleared in the day-ahead market, which is expected to increase day-ahead RSG, decrease real-time RSG, and result in a net decrease in overall RSG. (DART headroom Bias Analysis, MSC December 1, 2009 meeting materials)

MISO is working on pricing improvements that would minimize uplifts and allow block load gas turbines and demand response to set price. (Convex Hull Pricing update, MSC October 10, 2009 meeting materials)

RSG Under ASM: In the December 12, 2008 ASM clean-up filing, 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)”. On August 7, 2009, FERC indicated the Midwest ISO’s proposed exemptions from RSG charges may be unjust and therefore FERC made the tariffs effective January 6, 2009, subject to refund and further Commission order (P. 50).

In its December 7, 2009 filing in response to the FERC August 7, 2009 order, MISO proposed eliminating two of the exemptions and retaining the other 5. If FERC accepts the MISO proposal, there would be no refunds, changes would be prospective, dispatch bands would be eliminated March 10, 2010 (per the 12/7/09 filing on removing dispatch bands), and changes to intermittent resources as proposed in the RSG Redesign would occur when FERC approves the RSG Redesign. The IMM performed a cost attribution study, which attributed approximately 2%, or less than $2 million per year, of RT RSG costs to the remaining 5 identified exemptions.

RSG Redesign: On February 23, 2009, MISO filed proposed tariff revisions setting forth a redesigned framework for the allocation of RT RSG costs (RSG Redesign). FERC has not yet acted on this filing.

On January 5, 2010, We Energies' (WE) presented its RSG Redesign Alternative, which had passed at the RSGTF, to the Market Subcommittee (MSC). Under the WE RSG Redesign Alternative, not only would the real-time RSG allocation change, but the day-ahead RSG allocation would change as well. The allocation of day-ahead RSG costs would be expanded to all day-ahead energy, not just to day-ahead exports and demand bids (including virtual demand bids) as is currently done. The allocation of real-time RSG costs would be expanded to all metered real-time energy plus the real-time deviations from day-ahead. The WE RSG Redesign Alternative passed at the MSC with 43 votes in favor, 17 against and 8 abstentions. MISO expressed the view that the WE RSG Redesign Alternative is not sufficiently aligned with cost causation and indicated it will not file this proposal with FERC as an alternative to the RSG Redesign.

2. Historical Background

RSG, January 6, 2009 and forward until the RSG Redesign (Docket ER09-411-000)

In the December 12, 2008 ASM clean-up filing, 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 exemption 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. (FERC Order in docket ER09-411-000, August, 7, 2009, P.3)

On, February 9, 2009, FERC staff requested additional information regarding each exemption, including the policy basis and cost causation analysis. MISO responded on March 11, 2009 (P.7)

On May 8, 2009, FERC staff requested additional information including (1) a detailed description of how the Midwest ISO forecasts, schedules, and dispatches for intermittent and other resources that are exempt from real-time Revenue Sufficiency Guarantee charges under the proposal; and (2) a detailed description of how the Midwest ISO determines the amount of headroom needed for intermittent and other resources that are exempt from real-time Revenue Sufficiency Guarantee charges under the proposal. MISO responded on June 8, 2009. (P. 9)

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)
>
> We direct 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. 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, we direct the Midwest ISO to specify milestones for software development and expected implementation dates in this compliance filing. (P. 51)
>
> The Commission directs 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)

At the RSGTF's request, MISO requested and was granted a 30-day extension by FERC to December 7, 2009.

RSG Redesign, pending before FERC (Dockets EL07-86, EL07-88, and EL07-92)

On February 23, 2009, in further compliance with the November 10, 2008 Order on Paper Hearing, MISO filed proposed tariff revisions setting forth a redesigned framework for the allocation of RSG costs (RSG Redesign).[1] Describing the proposed framework, MISO stated:

> In particular, the Redesign Proposal enhances the tracking of cost causation by basing the calculation and allocation of RSG costs on three major reasons for the commitment of units in the RAC process: (1) to manage a transmission constraint or to address a local reliability concern; (2) to address the need for Headroom; and (3) to adjust to deviations from Day-Ahead Schedules. In addition, the Redesign Proposal allows Market Participants to net certain deviations when they provide the Midwest ISO sufficient advance notice of anticipated schedule changes, thereby avoiding the need for additional commitments in the RAC process. Lastly, the Redesign Proposal allocates RSG costs to all Market Participants pro rata based on their Market Load Ratio Share (also operationally described by the Midwest ISO as the “Second Pass” RSG allocation), to the extent such costs are not directly attributable on a cost-causation basis to the specific factors described above.[2]

On March 16, 2009, the comment due date, various Protests and Comments on the RSG Redesign proposal were filed.

Jim Wottreng, on behalf of the OMS Markets and Tariffs Work Group

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[1] Compliance Filing of the Midwest Independent Transmission System Operator, Inc. re Redesign of Revenue Sufficiency Guarantees Docket Nos. EL07-86-008, EL07-88-008, and EL07-92-008, February 23, 2009.

[2] Compliance Filing of the Midwest Independent Transmission System Operator, Inc. re Redesign of Revenue Sufficiency Guarantees Docket Nos. EL07-86-008, EL07-88-008, and EL07-92-008, February 23, 2009, p. 6 - 7.

OMS Modeling Workgroup Status Report for January 21^{st} Board of Directors Meeting

The Modeling Workgroup met with MISO's Matt Tackett on December 1, 2009 to discuss how the outputs of their power flow model were used to develop the percentages of new transmission facilities will be allocated to different geographic layers. A summary of these findings were presented to the CARP in December. The January meeting saw MISO suggest some changes related to the issues discussed in the December 1^{st} meeting.

The Modeling Workgroup is planning to consider RTO performance metrics forwarded by the FERC at the instruction of the DOE and GAO.

OMS Regional Planning Work Group
Report to OMS Board of Directors – January 21, 2010

PAC update: On January 6th, 2010, MISO PAC had a special meeting. The meeting was devoted to MTEP10 scope and planning. MISO reviewed existing future scenario definitions and input assumptions.

MISO would like to know by January 21, if there are additional scenarios that should be included in the analysis. Also, MISO would like everyone to prioritize three scenarios and let them know the priorities. On January 20, 2010, OMS RPWG had a WG call and call participants chose three CARP scenarios. These were S1 (priority 1), S1-a (a new scenario with lower growth rates than what is included in the CARP scenario as priority 2), and scenario S2 (20% Federal RPS as priority 3). This priority list was sent to MISO from the RPWG on January 20th.

The next PAC meeting is scheduled for January 27 to discuss additional scenarios, if proposed.

EWITS update: The National Renewable Energy Laboratory released its *Eastern Wind Integration and Transmission Study* today. A summary of the study, by Don Neumeyer, of Wisconsin staff is attached.

OMS Resources Work Group

Status Report to OMS Board of Directors – January 21, 2010

Resources WG Leadership

Don Neumeyer, PSC of Wisconsin, volunteered to stay as the Chair of the Resources WG. Bob Pauley, Indiana Utilities Regulatory Commission volunteered to be Vice-Chair. They were unopposed.

MISO LOLE WG

The wind planning capacity credit was reduced from the default 20% to 8% based on a statistical analysis of wind in the MISO footprint. This is closer to other RTO values around 10%. MISO continues to analyze zones based on congestion, but nothing is in place so far. The load diversity factor has moved up from 2.35% to 3.00%. Forced outage rates are increasing. Overall the Planning Reserve Margin on a UCAP basis has been reduced from 5.35% to 4.5% for this coming planning year.

MISO SAWG

MISO is continuing to work on the deliverability of Load Modifying Resources (LMR)and how to test each in an area.

On the must offer compliance monitoring concerning temporary derates, they have put a tolerance bands for minimal situations that do <u>not</u> need to be entered into the outage scheduler. The lesser of 10 MW or 10% for units greater than or equal to 50 MW.
The greater of 1 MW or 10% for units less than 50 MW

MISO posted a new revised Business Practices Manual (BPM) for Resource Adequacy, with new provisions (in Attachment J) regarding the capacity value treatment of:
Long-term generator de-rates and outages;
Generators with zero operating hours (a problem that will go away with mandatory testing in 2010-11); and generators de-rated during availability testing.

MISO, for Module E non-compliance, is asking each LSE participant that files a compliance plan to tell them which government agency is responsible for resource adequacy. For instance it could be a municipal utility commission in some states, or a cooperative's Board of Directors.

Eastern Wind Integration Study

January 20, 2010

By Don Neumeyer, PSC Wisconsin Staff

Summary of results by extracting selected content. This is a very limited view of the 48 page report and not meant to be comprehensive.

A brief description of each scenario follows:

• **Scenario 1, 20% penetration –** High Capacity Factor, Onshore: Utilizes high-quality wind resources in the Great Plains, with other development in the eastern United States where good wind resources exist.

• **Scenario 2, 20% penetration –** Hybrid with Offshore: Some wind generation in the Great Plains is moved east. Some East Coast offshore development is included.

• **Scenario 3, 20% penetration –** Local with Aggressive Offshore: More wind generation is moved east toward load centers, necessitating broader use of offshore resources. The offshore wind assumptions represent an uppermost limit of what could be developed by 2024 under an aggressive technology-push scenario.

• **Scenario 4, 30% penetration –** Aggressive On- and Offshore: Meeting the 30% energy penetration level uses a substantial amount of the higher quality wind resource in the NREL database. A large amount of offshore generation is needed to reach the target energy level.

TABLE 1. TOTAL AND OFFSHORE WIND IN THE SCENARIOS

Region	Scenario 1 20% High Capacity Factor, Onshore		Scenario 2 20% Hybrid with Offshore		Scenario 3 20% Local, Aggressive Offshore		Scenario 4 30% Aggressive On- and Offshore	
	TOTAL (MW)	Offshore (MW)	Total (MW)	Offshore (MW)	Total (MW)	Offshore (MW)	Total (MW)	Offshore (MW)
MISO/ MAPP[a]	94,808		69,444		46,255		95,046	
SPP	91,843		86,666		50,958		94,576	
TVA	1,247		1,247		1,247		1,247	
SERC	1,009		5,009	4,000	5,009	4,000	5,009	4,000
PJM	22,669		33,192	5,000	78,736	39,780	93,736	54,780
NYISO	7,742		16,507	2,620	23,167	9,280	23,167	9.280
ISO-NE	4,291		13,837	5,000	24,927	11,040	24,927	11,040
TOTAL	**223,609**	**0**	**225,902**	**16,620**	**230,299**	**64,100**	**337,708**	**79,100**

[a] *MAPP stands for Mid-Continent Area Power Pool.*

In general, though, the study shows the following:

- High penetrations of wind generation—20% to 30% of the electrical energy requirements of the Eastern Interconnection—are technically feasible with significant expansion of the transmission infrastructure.
- New transmission will be required for all the future wind scenarios in the Eastern Interconnection, including the Reference Case. Planning for this transmission, then, is imperative because it takes longer to build new transmission capacity than it does to build new wind plants.
- Without transmission enhancements, substantial curtailment (shutting down) of wind generation would be required for all the 20% scenarios.
- Interconnection-wide costs for integrating large amounts of wind generation are manageable with large regional operating pools and significant market, tariff, and operational changes.
- Transmission helps reduce the impacts of the variability of the wind, which reduces wind integration costs, increases reliability of the electrical grid, and helps make more efficient use of the available generation resources. Although costs for aggressive expansions of the existing grid are significant, they make up a relatively small portion of the total annualized costs in any of the scenarios studied.

- Carbon emission reductions in the three 20% wind scenarios do not vary by much, indicating that wind displaces coal in all scenarios and that coal generation is not significantly exported from the Midwest to the eastern United States; carbon emissions are reduced at an increased rate in the 30% wind scenario as more gas generation is used to accommodate wind variability. Wind generation displaces carbon-based fuels, directly reducing carbon dioxide (CO_2) emissions. Emissions continue to decline as more wind is added to the supply picture. Increasing the cost of carbon in the analysis results in higher total production costs.

The scenarios developed for EWITS do not in any way constitute a plan; instead, they should be seen as an initial perspective on a top-down, high-level view of four different 2024 futures. The transition over time from the current state of the bulk power system to any one of the scenarios would require additional technical and economic evaluation, including detailed modeling of power flows and a study of the effects on the underlying transmission systems. A more thorough evaluation of the sensitivity of the EWITS results to the range of assumptions made would also be required to guide the development of any specific bottom-up plans.

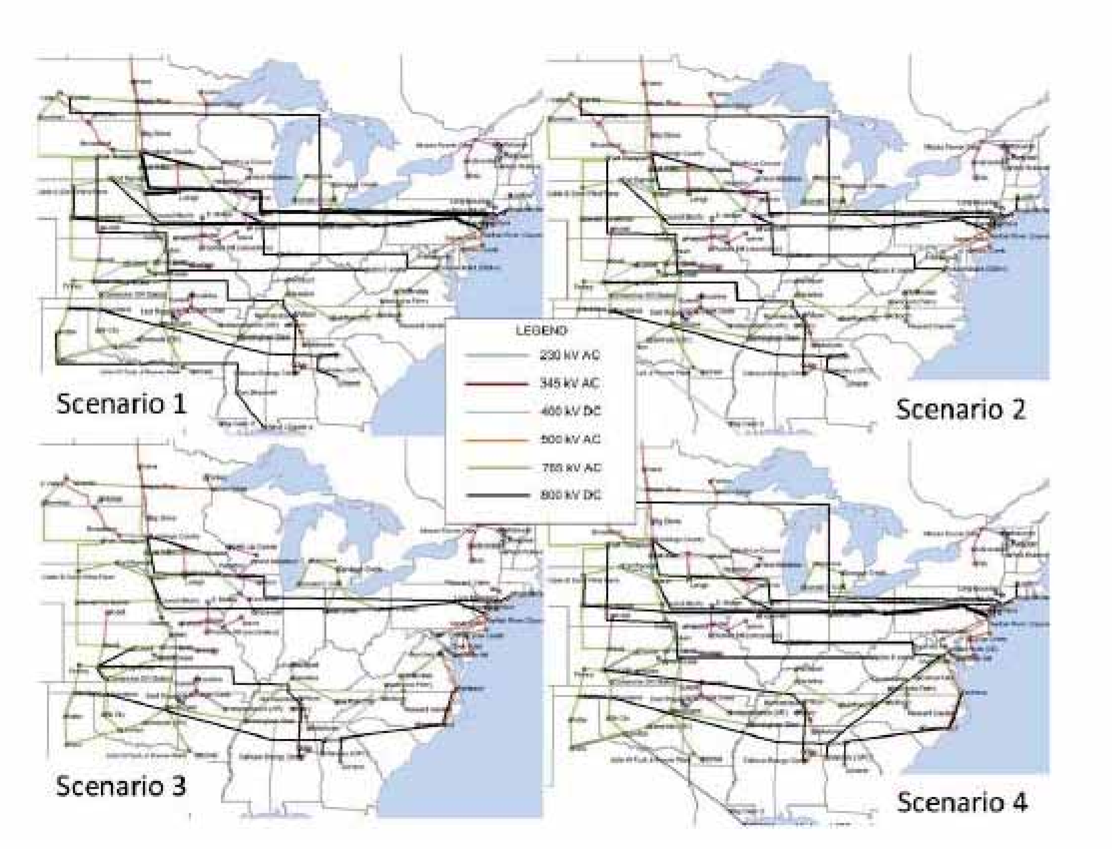

Figure 8. Conceptual EHV transmission overlays for each study scenario

TABLE 2. TRANSMISSION COST ASSUMPTIONS							
Cost-per-Mile Assumption							
Voltage Level	345 kV	345 kV AC (double unit)	500 kV	500 kV AC (double circuit)	765 kV	400 kV DC	800 kV DC
US$2024 (millions)	2,250,000	3,750,000	2,875,00	4,792,00	5,125,000	3,800,000	6,000,000

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Estimated Line Mileage Summary								
Voltage Level	345 kV	345 kV AC (double circuit)	500 kV	500 kV AC (double circuit)	765 kV	400 kV DC	800 kV DC	TOTAL
Scenario 1	1,977	247	1,264	243	7,304	560	11,102	22,697
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Scenario 3	1,977	247	1,264	742	7,304	769	4,747	17,050
Scenario 4	1,977	247	1,264	742	7,304	560	10,573	22,667

TABLE 4. ESTIMATED COSTS BY SCENARIO (US$2009, MILLIONS)								
Estimated Cost Summary (US $2024, millions)								
Voltage Level	345 kV	345 kV AC (double circuit)	500 kV	500 kV AC (double circuit)	765 kV	400 kV DC	800 kV DC	Total
Scenario 1	5,560	1,158	4,543	1,456	46,791	2,397	83,265	145,170
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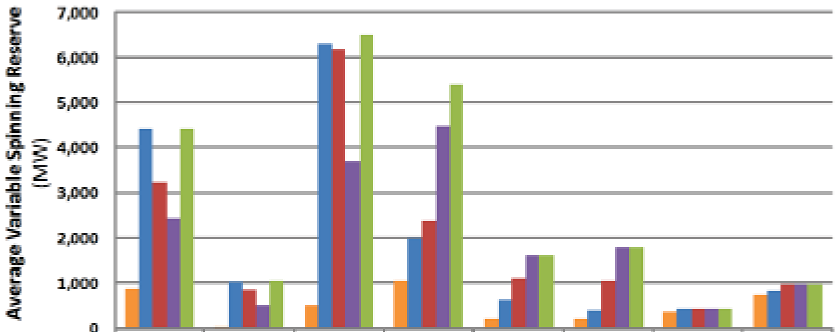

	MISO	MAPP	SPP	PJM	NYISO	ISO-NE	TVA	SERC
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Region

Figure 9. Regulating reserve requirements by region and scenario. *The incremental amount resulting from wind generation is the difference between the scenario number and the load-only value.*

Salient points from the integration impacts and costs analysis include the following:

- Because the production simulation model contains multiple operating areas, and because transactions between and among these areas are determined on an economic basis, variability from wind in a given area is carried through economic transactions to other areas. In earlier integration studies, wind impacts were isolated in the subject area by restricting transactions to predefined shapes based on historical contracts.
- Costs for integrating wind across the interconnection vary by scenario. For the 20% cases, Scenario 1 shows the highest cost at $5.13/MWh (US$2009) of wind energy; Scenario 3 shows the lowest integration cost at $3.10/MWh (US$2009).
- Integration costs average $4.54/MWh (US$2009) for the 30% scenario, which is roughly a combination of scenarios 1 and 3.
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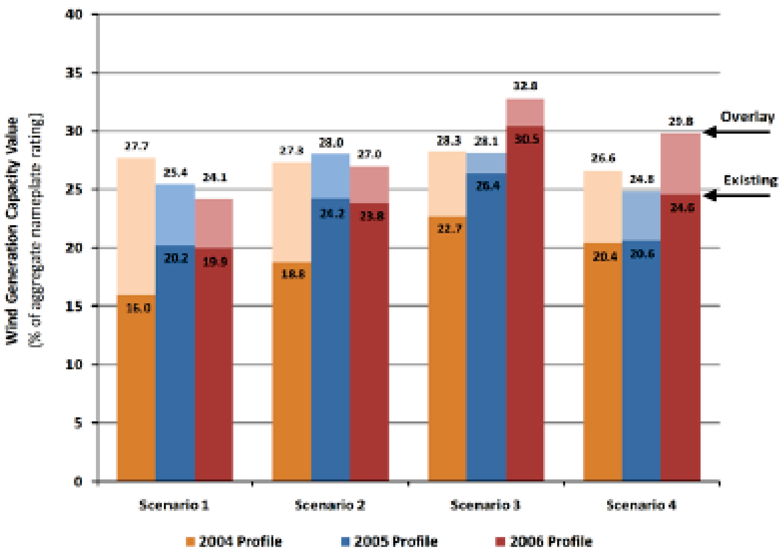

Figure 18. LOLE/ELCC results for high penetration scenarios, with and without transmission overlays

Specific findings and conclusions include the following:

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- The LOLE analysis of the Eastern Interconnection with wind generation and the transmission overlays shows that the ELCC of the wind generation ranges from 24.1% to 32.8% of the rated installed capacity.
- The transmission overlays increase the ELCC of wind generation anywhere from a few to almost 10 percentage points (e.g., 18% to 28%).
- The ELCC of wind generation can vary greatly by geographic region depending on which historical load and wind profiles are being studied. Although interannual variations were observed, they are much smaller than those seen in previous studies (see, for example, EnerNex Corporation [2006]).
- Characteristics of the zonal ELCC differences among profiles tended to be the same across all four scenarios.

Eastern Wind Integration Study

January 20, 2010

By Don Neumeyer, PSC Wisconsin Staff

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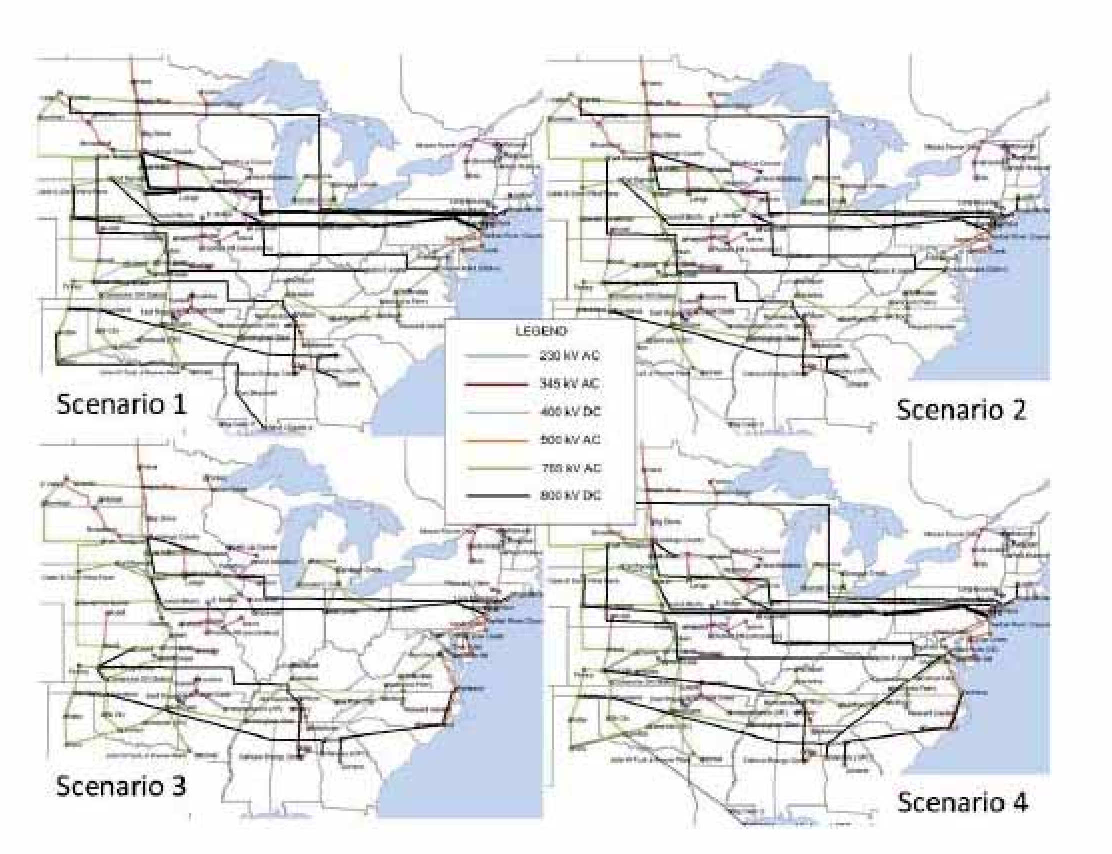

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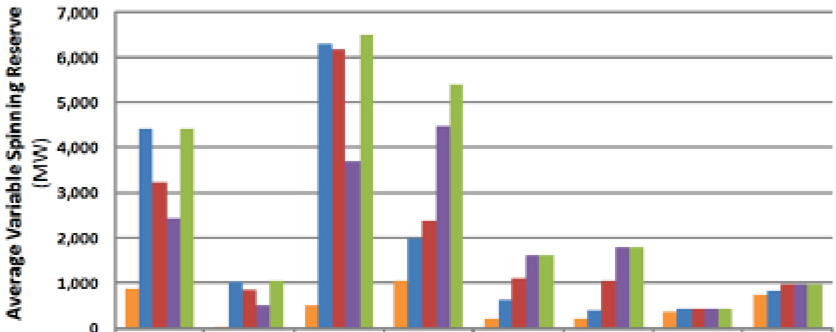

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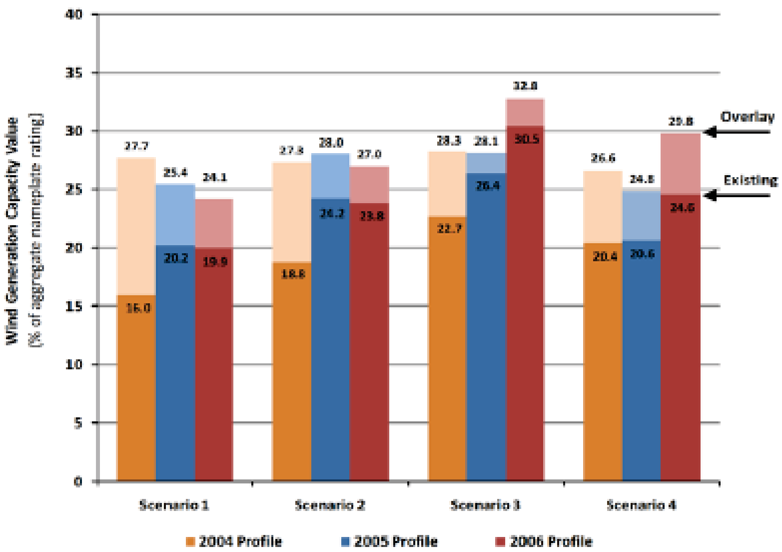

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- The LOLE analysis of the Eastern Interconnection with wind generation and the transmission overlays shows that the ELCC of the wind generation ranges from 24.1% to 32.8% of the rated installed capacity.
- The transmission overlays increase the ELCC of wind generation anywhere from a few to almost 10 percentage points (e.g., 18% to 28%).
- The ELCC of wind generation can vary greatly by geographic region depending on which historical load and wind profiles are being studied. Although interannual variations were observed, they are much smaller than those seen in previous studies (see, for example, EnerNex Corporation [2006]).
- Characteristics of the zonal ELCC differences among profiles tended to be the same across all four scenarios.

MidwestISO
Energizing the Heartland

Midwest ISO Advisory Committee
Conference Call
January 20, 2010
10am – 11:45am EPT
Dial-in and WebEx information available at www.midwestmarket.org

Agenda

1.	Administrative Items a. Welcome/ Roll Call b. Review / Approve Agenda c. Approval of Meeting Minutes√ d. Review Action Items	Gary Mathis Alison Johnson	10:00
2.	RECB Task Force Update and Discussion√	L Azar/J Curran	10:20
3.	FERC Technical Conference – RTO Stakeholder Processes	Stephen Kozey	10:50
4.	Advisory Committee Items a. Finance Subcommittee Candidates b. Review of AC Management Plan	Gary Mathis	11:00
5.	Standing Committee/Other Stakeholder Committee Reports a. Steering Committee* b. SGWG Governance Guide Motion√ c. Transmission Owners'* d. Organization of Midwest ISO States	 Paul Jett Bill SeDoris JoAnn Thompson Bill Smith	 11:20 11:25 11:30 11:35
6.	New Business	All	11:40
7.	Recap – Issues/Assignments	Alison Johnson	11:45

Rotating Agenda Team February: Jim Keller, Ron Ryckman, Blaine Poff

Upcoming Hot Topics:

March:	Coordination Improvements between PJM (or other RTOs) and Midwest ISO
August:	Long Term Perspective - new products and services and strategic direction
October:	Adequate Price Signals
December:	IMM State of the Market Recommendations

√ Denotes Potential Voting Item

* Denotes Report is Oral

Motion for Midwest ISO Advisory Committee

The Advisory Committee recommends that the RECB TF and the MSC fully analyze both the injection/withdrawal proposal and the highway/byway proposal. This analysis of both options equally will involve the consideration of both the short-term and long-term market impacts/consequences. It will also include, but not be limited to, a similar analysis of both options by Midwest ISO market design experts and the Midwest ISO IMM. Once such analysis is complete, the RECBTF and the MSC will both report the results to the AC for further discussion.

This motion is jointly brought by the following companies:

Dynegy

Exelon

LS Power

RRI Energy

OMS Motion – Item 2

The Midwest ISO AC recommends that Midwest ISO management and the RECB Task Force continue to move forward to address stakeholder concerns and further define and develop tariff language and business rules as needed to implement the proposed IW approach for transmission cost allocation.

The goal of this work is to achieve consensus on a fair and workable cost allocation methodology. Since all final input assumptions and refinements to the IW method are not known at this time, an affirmative vote on this motion would not commit any stakeholder to subsequent support of the IW method.

Midwest ISO Advisory Committee Meeting
December 2, 2009
10:00am – 3:00pm EPT
Dial-in available at www.midwestmarket.org

Minutes

1. **Welcome* (Gary Mathis)**
   Chair Gary Mathis called the meeting to order at 10:05 pm ET.

   Advisory Committee Members Present
   Chair: Gary Mathis
   Vice Chair: David Hastings
   Stakeholder Relations: Alison Johnson, Amanda Brower
   TO Sector: JoAnn Thompson, Kevin Largura, Malcolm Bertsch
   TDU Sector: Chris Plante, Steve Gaarde
   IPP Sector: Mark Volpe, Marka Shaw, Brett Kruse
   PM Sector: Joanne Borrell, Ann Scott
   End User Sector: Kevin Murray
   Public Consumer Sector: Robert Mork, Jennifer Easler
   State Regulatory Sector: Valerie Lemmie, Bill Bowker
   Coordinating Sector: Allan Silk

   All 9 members of the Board of Directors were present.

2. **Review of agenda (Gary Mathis)**
   No changes were made to the agenda.

3. **Approval of the November 2009 Meeting Minutes√ (Gary Mathis)**
   Minutes were approved as provided with meeting materials.

4. **Action Items from previous AC Meetings (Alison Johnson)**
   All action items are closed. Alison asked Advisory Committee members that have not yet voted for committee leadership to submit their ballot by lunch today.

5. **Sector Hot Topic – Resource Adequacy**
   Todd Hillman provided an introduction on Resource Adequacy on behalf of Midwest ISO.

   a. IPP
   The IPP whitepaper was posted with meeting materials. Comments for the sector were provided by Mark Volpe.

   The sector has concern that the scope of the TOA should be broadened and discussed issues with the Midwest ISO Transmission Expansion Plan (MTEP). They advocate a mandatory capacity market. They feel that Midwest ISO, with the macro view, should provide more coordination on resource adequacy and outage coordination.

   b. Public Consumer Advocates

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The Public Consumer Advocates whitepaper was posted with meeting materials. Comments for the sector were provided by Jennifer Easler.

The sector thought Module E was working as intended.

c. Eligible End Users
The Eligible End Users whitepaper was posted with meeting materials. Comments for the sector were presented by Kevin Murray.

The sector does not see a need for a major overhaul since the auction has only been active for a short while. There is a need for more experience before significant changes are considered. There were no questions or additional comments

d. OMS
The OMS whitepaper was posted with meeting materials. Comments for the sector were provided by Valerie Lemmie.

The sector believes that, given their macro view, the Midwest ISO should conduct Load forecasting. They are not in favor of a mandatory capacity market. It was also noted that standards are important while considering the retail states and their unique needs. The states struggle with price responsive demand but believe they may be able to resolve the issues with help from the Midwest ISO. They are in favor of standards as well.

e. Power Marketers
The Power Marketers whitepaper was posted with meeting materials. Comments for the sector were provided by Joanne Borrell.

The Power Marketers are concerned with whether or not the auction works for the deregulated states and if not, what should be done about it. Load forecasting should be done several years into the future.

f. Munis/Coop/TDU
The Munis/Coop/TDU whitepaper was posted with meeting materials. Comments for the majority of the sector were provided by Steve Gaarde and were against a mandatory capacity market.. Neil Balu provided the minority opinion in favor of a capacity market. The entire sector was against centralized forecasting.

g. Transmission Owners
The Transmission Owners whitepaper was posted with meeting materials. Comments for the sector were provided by Dennis Kramer.

The Transmission Owners do not advocate IRP on the part of Midwest ISO. They would like to see better market signals with the goal of accuracy and transparency in the Resource Adequacy construct as it evolves. They do not support the standardized forecasting methodology. There was no discussion.

h. Coordinating Members
The Coordinating Members whitepaper was posted with meeting materials. Comments for the sector were provided by Alan Silk.

The Coordinating Members are working closely with the Midwest ISO staff to resolve the issues raised in their white paper and they are pleased with the level of support.

i. Environmental Sector (no comments provided)

6. Market to Market Flow Error Settlement Update* (Richard Doying)

Richard Doying (Midwest ISO) noted that this issue was discussed in more detail at the December 1 Market Subcommittee meeting. This is a confidential process at the Commission, and those interested in participating must sign an NDA. The first meeting was held on October 19th and 20th with a follow-up meeting scheduled for December 10th and 11th at the FERC Building in Washington DC. The primary issue is the allocation method within the Midwest ISO. The Midwest ISO is considering what impact the errors had on various market elements and, based on that, how were individual market participants impacted. Reductions in ARR calculations, reduced FTR funding (loop flow assumptions), and reductions in Real Time congestion settlements have been identified as the main areas of impact. The discussions will continue at the Market Subcommittee, and the methodology will be filed with FERC once discussions are completed. There was no discussion on this issue.

7. Value Proposition Review (Wayne Schug)

Two open stakeholder meetings have been held, as well as individual discussions requested by the IPP and OMS sectors. As a result of comments received, the Value Proposition was updated and handouts provided in the meeting. Calculations in the report will be revisited on a regular basis.

8. Midwest ISO Incentive Goals and Metrics Update* (Mark Wyatt)

Mark Wyatt (Midwest ISO) reviewed the Midwest ISO incentive goals and metrics noting that the recommendations will go before the HRC for approval at their December 4th meeting. He explained how the 2010 goals were derived and announced that they were posted for stakeholder review. Comments were incorporated. The metrics will go before the full board in the afternoon on December 4th (if approved by the HRC). The Midwest ISO uses a balanced scorecard approach and several metrics were carried over from last year. At the conclusion of his presentation, Mark answered clarifying questions from meeting participants.

9. State of the Market Recommendations Update (Darlene Phillips)

Darlene Phillips (Midwest ISO) reviewed the posted presentation and noted that Kim Sperry (Midwest ISO) has been assigned to the UDS Look Ahead Tool Project. In conclusion, Darlene answered clarifying questions from meeting participants.

10. RSG Task Force Update (Jason Minalga)

Jason discussed the update report provided with meeting materials. After the original voting results were tallied, it was discovered that a market participant provided a vote that was not a voting member. The removal of their votes affected two items and adjustments were made prior to recommendations being submitted to FERC.

11. Advisory Committee Items (Gary Mathis)

a. Advisory Committee Leadership Election

The results of the 2010 AC Leadership Elections were announced. Gary Mathis was re-elected as Chair, and Paul Jett was elected as Vice Chair. They will assume their roles at the January, 2010 meeting.

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b. 2010 Hot Topics
The Board liked the list of Hot Topics but would like to drop the MTEP and Resource Adequacy topic and add Role of the IMM in its place. There were no objections to these changes. The Wind Integration and Cost Allocation Topic will be addressed at the February meeting. The other items will be addressed in order and revisited at each meeting. Alison Johnson will send a note to stakeholders to solicit volunteers for February 2010 Hot Topics papers.

c. 2010 Meeting Schedule
Gary Mathis suggested that, in the months when the Board does not meet, the AC meet via conference call. He noted that this would be subject to change if the need arises. The group agreed to meet via conference call in January.

d. Solicit candidate for 2010 Finance Subcommittee*
Alison Johnson will send a note to stakeholders and solicit candidates for the 2010 Finance Subcommittee. The vote will be taken in February for terms starting in March.

e. 2010 Rotating Agenda Team Schedule
There were no objections to the schedule as posted.

f. Review AC Management Plan
There were no questions or comments on the AC Management Plan.

12. Standing Committee/Other Stakeholder Committee Reports

a. Finance Subcommittee 2010 Budget Update (Andy Dotterweich)
Andy Dotterweich (Chair of the Finance Subcommittee) reviewed the posted presentation and noted the Midwest ISO high level of transparency and cooperation with the Committee. The discussion surrounded the static budget and suggestions for improving the report. Mike Holstein (Midwest ISO) agreed to post a quarterly report with updates, and Andy will add this to the Finance Subcommittee's Action Items List.

b. SGWG Training schedule for 2010* (Bill SeDoris)
Bill SeDoris (Chair of the SGWG) provided a verbal update on the 2010 proposed training schedule and activities. The Governance Guide Training will be offered at the Annual Meeting in April and during the Board Week in St. Paul, MN in August. He also announced that the Training is available on-line and is posted with SGWG materials. The Parliamentary Procedure Training is tentatively scheduled in March and October. There were no questions or discussion.

c. Steering Committee* (David Hastings)
David Hastings (Chair of the Steering Committee) provided a brief update and there were no questions.

d. Transmission Owners'* (JoAnn Thompson)
JoAnn Thompson (Chair of the TO Committee) gave a verbal update and noted that Cost Allocation was the primary focus of their most recent meeting in addition to 2010 elections. She announced the results of the election. She was elected as Chair, Dennis Kramer is the Vice Chair, and Malcolm Bertsch is the Secretary.

e. Organization of Midwest ISO States (Bill Smith)
Bill Smith (Chair of the OMS) provided a review of OMS' recent activities. They met for two days regarding Cost Allocation and will meet again in two weeks. They are working hard to get

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preliminary, tentative decisions to give to the Midwest ISO time to address the July, 2010 filing. He commented that these are open meetings and are available via conference call or in person. He also announced the newly determined 2010 CARP schedule (Jan 12 & 13, February 9 & 10, and March 9 & 10).

13. New Business* (Gary Mathis)
There was no new business to discuss.

14. Recap – Issues/Assignments* (Alison Johnson)

- Alison Johnson will send an e-mail to AC to solicit volunteers for the February Hot Topic
- Alison Johnson will send an e-mail to AC to solicit nominations for Finance Subcommittee (AC, TO, Coordinating Member, PCA, Environmental)
- The January AC meeting will be conference call only
- Alison Johnson will work with committee leadership to schedule a joint Reliability Subcommittee and Market Subcommittee during the afternoon of the January AC meeting
- 2010 AC membership is posted on Committee Page. Alison will also post the committee calendar, hot topic list for 2010, and rotating agenda team schedule

Rotating Agenda Team January: Kevin Murray
Monica Martinez
JoAnn Thompson

Upcoming Hot Topics: Wind Integration and Cost Recovery

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DRAFT

To: OMS Executive Committee

From: William H. Smith, Jr.
Executive Director

Date: November 24, 2009

Re: Opportunity for international partnership

The National Association of Regulatory Utility Commissioners (NARUC)'s Director of International Programs, Erin Skootsky, has initiated discussion of a regional forum for regulators in the Black Sea region of Europe and Asia. Attached is a concept proposal outlining the Black Sea Forum.

One aspect of the Forum under consideration is a partnership with a regional group in the United States. OMS has been suggested as an appropriate partner. To explore that possibility in more detail, I was invited to meet with regulators from six nations in the Black Sea region on November 12. The partnership would be sponsored and funded by the US Agency for International development (USAID).

In the exploratory meeting, Dr. Robert Ichord of USAID provided an overview of USAID's policy of support for energy development in Eurasian markets. Erin Skootsky summarized NARUC's role in conducting regulatory partnerships in the region and its experience with supporting regional regulatory associations. She also outlined the proposal and extended an invitation for discussion of a regional partnership with a US regional entity. I provided an introduction to OMS.

The partnership proposal is for an informal relationship consisting of mutual exchanges and workshops, with topics to be selected by participants. Emerging needs of the participants would be allowed to guide the scope of the partnership. A formal memorandum of understanding would not be required, and the partnership proposal is not contingent on formation of a Black Sea Regional Forum, which may be a lengthier process. Existing bilateral relationships (such as Illinois-Kosovo) would continue unaffected.

The proposal was received with general interest but with some questions. One regulator suggested that the region's reliance on long-term contracting may be waning as export opportunities increase. New mechanisms may be needed to permit discussion of sharing the savings achieved. Specific questions arose about geographic qualifications, participation of ministries with market responsibilities, the structure of the Regional Forum, and its relationship to other regional associations.

It was agreed that the Black Sea regulators would be able to formulate questions through December 1, and that NARUC and USAID would be able to provide responses through January 1. There is hope that activities could begin early in 2010.

Also needed at this time is an indication of interest from OMS to serve as the US regional partner. As with other NARUC partnerships, the expectation would be to design two to three exchange activities each year, conducted in our region and at sites in the Black Sea region. Early activities are designed to gain familiarity with the respective market settings and the regulatory systems. Activities focus on particular issue areas suggested by the participants, with review by NARUC and USAID program management. My observations are that the regulators in Eastern Europe are dealing with very much the same issues facing regulators in the US; their increasing sophistication and their creativity mean that exchange activities can be as beneficial to us as to our partners.

I would propose discussing this opportunity at the OMS Executive Committee meeting on December 17, but would invite any comments or questions at any time.

Attachments:
1. Concept Proposal
2. NARUC Seeks interest in New Partnerships
3. NARUC Resolution Supporting the Working Paper on the Benefits of Participation in International Regulatory Exchange Activities (July 2003)

DRAFT

<u>Black Sea Regional Regulatory Forum</u>: Concept Proposal for Discussion in Istanbul

November 5, 2009

I. Background and Purpose:

Since 1999, USAID and the National Association of Regulatory Utility Commissioners have been working together to further national and regional energy regulatory development in Eastern Europe and the former Soviet Union. We have sponsored partnerships, technical workshops and training courses; provided expert technical advice; and supported the creation and growth of the Energy Regulators Regional Association (ERRA). Through our cooperative agreement, we have worked to advance the Energy Community and the development of the Energy Community Regulatory Board.

This paper presents a concept for a Black Sea Regional Regulatory Forum to provide special focus on regulatory development in an expanded regional context. It proposes a technical forum for consideration of issues of common concern related to electricity transmission system regulation and electricity trading across national borders. The objective is to increase interaction among regulators and facilitate information exchange among participating regulators and other stakeholders on current practices and regulatory and market developments in both Europe and the United States.

This Black Sea Regional Regulatory Forum would collaborate with the Athens Energy Community, the Energy Regulators Regional Association, the Black Sea Economic Council, and the EU Eastern Partnership Initiative, the Council for European Energy Regulators and the new EU Energy Regulatory Agency. Its role would be synergistic in nature and seek to contribute to the professional discussion on regional and sub-regional electricity market development. It would complement and intersect with the on-going USAID and US Energy Association projects on regional electricity transmission planning and investment.

II. Illustrative Activities of the Black Sea Regional Regulatory Forum

NARUC proposes to organize bilateral and regional activities with regulators from the Black Sea region through various arrangements involving the regulatory counterparts from the U.S. and Europe. Three areas of cooperation are envisioned in our initial steps: regional regulatory partnership, workshops, and bilateral partnerships.

a. Regional Regulatory Partnership (Black Sea-OMS)
2010 Activities: 2 one-week exchanges

Regional advisory bodies formed by U.S. State commissions, such as the Organization of Midwestern States (OMS), will be invited to participate in the Black Sea Regional Regulatory Partnership to offer their perspectives on regulatory oversight and coordination among U.S. member state commissions to advance the stakeholder interests and demonstrate the value of a transparent and well-coordinated regulatory dialogue.

The OMS region (14 States and 1 Canadian Province) covers a diverse energy market in different stages of development and represents extra-jurisdictional regulatory groups with unprecedented functions and capacities which enable state commissions to act in concert on matters critical to their members. NARUC believes the Black Sea regulators will benefit from exchange information with OMS on regional harmonization issues such as cross-border monitoring, transmission tariffs, electricity trade, market development, renewables, and charts of accounts.

OMS consists of work groups that focus on governance, markets and tariffs, regional planning, transmission cost allocation, resources – emerging regulatory areas that are of particular relevance to the Black Sea region. OMS is showing successful consensus building in the areas of transmission planning and cost allocation to provide policy direction to utility planners. This regulatory involvement leads to better understanding of the planning inputs and greater acceptance of the results.

b. Technical In-country Workshops
2010 Activities: 2 two-day workshops
NARUC will organize two technical workshops in the region to further explore issues related to regional harmonization. The specific topics will be identified with participation from the Black Sea regulators. (Potential topics could include: national harmonization of tariff methodologies, monitoring, treatment of renewables, etc.).

c. Bilateral Regulatory Partnerships
For those countries in which the local USAID Mission and/or USAID/Washington can provide funding, NARUC will implement its bilateral regulatory partnership program (www.narucpartnerships.org). NARUC will coordinate with regulatory partners and USAID to ensure that topics addressed through the partnership mechanism are integrated into the Black Sea Regional program activities as appropriate.

III. Next Steps

This proposal will be discussed at a special side-meeting on November 12 following the Istanbul Regional Electricity Transmission Network Development workshop. A draft Activity Description will be prepared from this meeting and circulated to interested Black Sea Regulators. Written expressions of interest will be solicited; and assuming sufficient interest, USAID will authorize the development of specific exchanges, training and workshops.

THE ORGANIZATION OF MISO STATES, INC.

<u>TRAVEL EXPENSE REIMBURSEMENT POLICY</u>

Amended January 21, 2010

THE ORGANIZATION OF MISO STATES, INC.
<u>TRAVEL EXPENSE REIMBURSEMENT POLICY</u>
January 21, 2010

A. OVERVIEW AND POLICY STATEMENT

It is the intent of the Organization of MISO States (OMS) that travel should be judiciously used in order to carry out and promote the efficient work and duties of the OMS and otherwise protect and promote its interests. All travel at OMS expense must be for the purpose of conducting OMS business.

OMS travel expenses will be confined to reimbursement of OMS staff, OMS directors, work group members and other state/provincial regulatory officers or staff, who have been pre-approved for travel by the Executive Director of the OMS, as provided for in this policy and the annual budget.

This Travel Expense Reimbursement Policy (Policy) is modeled after the Expense Reimbursement Policy adopted by the National Association of Regulatory Utility Commissioners. It is intended to represent a fair policy that complies with both applicable federal regulations and the Funding Agreement between the OMS and the Midwest Independent Transmission System Operator, Inc. (MISO). The OMS Policy is designed to meet the Internal Revenue Service definition of an accountable plan. As a result, expenses and reimbursements that conform to this policy are not reported as taxable income to the individual.

OMS appreciates the efforts of those who travel on OMS business to keep costs within reasonable limits and to follow consistent policy and procedures with respect to the reimbursement of these expenses. Directors, work group members and other state/provincial regulatory officers or staff must apply the provisions of this policy consistently to all travel expenses incurred. Additional restrictions may apply to travel expenses funded by federal agencies.

This Policy is designed to:

- Provide a clear and consistent understanding of OMS's travel expense reimbursement policy;
- Explain requirements that promote the reasonableness of costs incurred for travel on OMS business.

The Treasurer will perform the functions designated in this policy to the Executive Director, if the Executive Director requests assistance or is unavailable.

B. GENERAL REIMBURSEMENT GUIDELINES:

Automatically Approved Travel

Although these requests are automatically approved, we ask you to send the request form to help with budget control and to speed reimbursement.

The three state representatives to the MISO Advisory Committee are automatically approved for travel to attend the monthly MISO Advisory Committee meetings. Additional travel to MISO Advisory Committee meetings by Advisory Committee representative states or other OMS Board Members (or their designees) may be reimbursed subject to prior approval. (See Section C., Travel Approval Policy). Expenses for each trip should be reasonable and customary for travel from the representative state to the meeting location. Up to three individuals from each member state are automatically approved for reimbursement for attending the Annual OMS Meeting. Expenses for each trip should be reasonable and customary. The Board member from each state is responsible for notifying the Executive Director in advance of the meeting who the designated travelers are.

Each OMS board member, plus one additional person per state, is automatically approved for reimbursement for to attending a duly designated board meeting of the OMS. Expenses for each trip should be reasonable and customary. The Board member from each state is responsible for notifying the Executive Director in advance of the meeting who the designated travelers are.

Executive Committee members are automatically approved for reimbursement for attending a duly scheduled Executive Committee meeting. Expenses should be reasonable and customary.

1. The Executive Director is automatically approved for travel to all meetings listed in paragraphs 1 through 4 above. Expenses approved for the Executive Director should also be reasonable and customary for travel from the OMS office to the meeting location.

Case-by-Case Travel Approval

All other travel requires prior approval by the Executive Director, except that other travel for the Executive Director requires approval by the Treasurer.

6. An OMS board member or work group member (or their designees) may be reimbursed to attend a MISO work group or task force meeting. Normally a maximum of two individuals per work group meeting will be approved for reimbursement. Expenses for each trip should be reasonable and customary.

7. An OMS board member or work group member (or their designees) may be reimbursed for attendance in person at OMS work group or project group meetings. (See Section C., Travel Approval Policy). Expenses should

8. OMS Board members or work group members (or their designees) may be reimbursed for attending FERC Technical Conferences. (See Section C., Travel Approval Policy). Expenses should be reasonable and customary.

9. Additional attendees at any of the meetings designated above as having automatic approval for a limited number of people, (paragraphs 1-4) may be approved. Expenses should be reasonable and customary.

10. However, associate members may be approved for OMS reimbursement on a case-by- case basis as determined appropriate by the Executive Director in accordance with the Travel Approval Policy contained in Section C. Reimbursement for Consumer Advocate travel from designated Consumer Advocate may be approved by the Executive Director

The Executive Director is authorized to approve other travel expenses not covered under these general guidelines if necessary to carry out the official functions and duties of the OMS.

C. TRAVEL APPROVAL POLICY

1. All travel at OMS expense must be for the purpose of conducting OMS business. The intent of this policy is to ensure that all travel on behalf of OMS can be reimbursed by OMS. The Executive Director shall have the authority to limit the number of travelers to a specific event if necessary based on the needs of OMS. It is expected that the Executive Director will confer with a Work Group chair before approving travel related to that Work Group's issues.

2. For expenses to be reimbursable, travel must be approved in advance. Whenever possible, Requests for Approval should be sent to the Executive Director 10 days prior to travel. Travel approvals will be automatically transferable to substitutes for approved travelers.

D. NON-REIMBURSEABLE EXPENSES

The following expenses are not reimbursable under this policy:

- Alcoholic beverages.
- Car rental insurance purchased for domestic travel.
- Childcare.
- Corporate card delinquency fees or finance charges.
- Dues in private clubs.
- Personal grooming services, such as barbers, hairdressers and shoe shines.
- Membership fees associated with frequent flier and other similar awards for hotel and car rentals.
- Gym and recreational fees, including massages and saunas.
- In-room movies.
- Insurance costs such as life insurance, flight insurance, personal automobile insurance and baggage insurance.
- Laundry or valet service for travel of fewer than five days.
- Lost baggage.
- Loss or theft of cash advance money, airline tickets, personal funds or property.
- “No-show” charges for hotel and car service.
- Parking tickets or traffic violations.
- Personal automobile repairs.
- Personal credit card annual fees.
- Personal telephone charges in excess of one telephone call home per day
- Upgrades (air, hotel, car, etc.).

<u>EXCEPTIONS</u>

The Executive Director and the Treasurer have the authority to approve exceptions to provisions of this policy. Approved exceptions must be explicitly justified as related to OMS business.

E. TRAVELER RESPONSIBILITIES

Travelers should spend OMS funds prudently. Business travel expenses will be paid by OMS only if they are reasonable, necessary and in accordance with this Policy. Individuals who incur business travel expenses should neither gain nor lose personal funds as a result of their travel.

The traveler is responsible for submitting all forms related to his/her travel within 30 days of returning. The traveler is also responsible for ensuring compliance with OMS requirements.

Whether using the Per Diem Reimbursement or Actual Cost Reimbursement Method, all business travel expenses require dated, receipts or invoices for expenses of $25 or more.

Authorization

All forms related to travel must be approved by the Executive Director or the Treasurer IN ADVANCE OF TRAVEL. The following must be verified:

- Business purpose of the travel is valid and directly related to official OMS business.
- Total cost of the trip is within the approved budget.
- Expenses are charged to the proper accounts.

F. REIMBURSEMENTS – GENERAL

Expense Advances

Expense advances may be approved for an individual traveling on business upon filling out a Request for Approval form. The amount of cash advance is calculated based on anticipated pre-paid expenses of the trip including lodging, meals, tips and the cost of local transportation. The request for funds should be submitted to the Executive Director for approval and processing at least 20, but not more than 90 days prior to travel. The cash advance must be netted against actual expenses, within 30 days after return, by filling out an Expense Reimbursement Form. The original receipts must accompany the completed Expense Reimbursement Form.

Travel advances will be authorized based on conservative estimates of out-of-pocket expenses due before the actual travel. Advance amounts are intended to defray a significant amount (but not all) of costs in advance of approved travel.

Transportation Tickets

Passenger copies of transportation tickets are required when each expense is $25 or greater. For electronic tickets, obtain proof of payment from the travel agent or obtain a passenger coupon at the ticket counter.

Transportation receipts should include dates, destinations and amounts.

G. AIR TRAVEL

Travelers must purchase the lowest-priced tickets available using a commercial discount airfare or customary standard (coach or equivalent) airfare.

Travelers should make reservations as soon as travel plans are finalized to obtain advance purchase discounts. OMS will reimburse travelers for additional meals and lodging associated with a longer stay if such costs are less than the airfare savings resulting from an earlier arrival or later departure.

Air Travel Funded by Grants from United States Government Agencies

Federal requirements of the Fly America Act[1] state that domestic grantees must use U.S. flag carriers to the maximum extent possible when commercial air transportation is the means of travel between the United States and a foreign country or between foreign countries. This requirement shall not be influenced by factors of cost, convenience or personal travel.

Seating Upgrades

Seating upgrades will not be reimbursed.

Airport/Airline Club Memberships

OMS will not pay dues for membership in airline clubs.

Advance Purchase of Miles

Advance purchase of travel miles (VIP Miles) is not permitted and will not be reimbursed.

Reimbursement of Early Airfare Purchase

If transportation tickets are purchased with personal funds far in advance of the trip, travelers may be reimbursed by submitting an Expense Reimbursement Form prior to the start of their trip.

H. RENTAL CARS

Long distance travel by rental car is discouraged, since it increases travel time and places the OMS at higher risk for business travel accident liabilities.

OMS will reimburse the traveler for the cost of renting a compact or standard-size car and for the automobile-related expenses if use of the rental vehicle is the most economical mode of transportation. Upgrades to full-sized cars may be pre-approved if a detailed explanation (for example, number of persons, luggage accommodations, length of commute between airport and destination)

[1] Section 5 of the International Air Transportation Fair Competitive Practices Act of 1974 (pub. L. 93-624, January 3, 1975), 40 U.S.C. App. 1517, as amended by section 21 of the International Air Transportation Competition Act of 1979 (Pub. L. 96-192, February 15, 1980), 94 Stat. 43).

accompanies the request. Before renting a car, the traveler should consider shuttle services and taxis, particularly for transportation between airport and lodging. Mileage is not reimbursable for rental cars. In these cases, the direct cost of gasoline may be reimbursed. **Car rental agreements for both employees and non-employees renting cars for OMS business should, for insurance reasons, include "OMS" with the name of an individual.**

Accident Notification

If a rented vehicle is involved in an accident, the Executive Director should be notified no later than the following business day.

Insurance

For the traveler to be covered by the rental agency's basic insurance, the rental vehicle may not be driven by persons other than the renter or leave the state in which it is rented without the agency's permission.

I. OTHER GROUND TRANSPORTATION

Travelers should select the most cost effective means of ground transportation, whether shuttle, taxi, limousine or local bus, as needed to travel between business locations.

Private Automobiles

OMS will pay a standard rate per mile for official OMS travel by private automobile based on the actual driving distance by the most direct route. The standard mileage allowance, defined by the IRS, is in lieu of all actual automobile expenses such as fuel and lubrication, towing charges, physical damage to the vehicle, repairs, replacements, tires, depreciation, insurance, etc.

In addition to the standard mileage allowance, necessary and reasonable charges for the following automobile-related expenses are allowed: tolls, ferries, parking, bridges, tunnels, and liability and physical damage insurance coverage for driving in foreign countries. Traffic ticket and parking ticket expenses will not be reimbursed.

Other Forms of Travel

For travelers using railroads, non-local buses or other commercial vessels OMS will pay the cost of the lowest first-class accommodations available for the trip. Reimbursement will not exceed the commercial airfare that would be reimbursable for the same trip.

J. HOTEL AND LODGING CONSIDERATIONS

Deposits and Cancellations

Hotels normally hold a room without prior financial commitment until approximately 6:00 p.m. on the check-in date (local destination time). In order to hold a confirmed reservation beyond that hour, the hotel will generally require an advance deposit (normally prepayment for one night) or a guarantee by the traveler's credit card. After a deposit is submitted or a guarantee is made, the traveler is responsible for notifying the hotel of cancellation. The traveler will not be reimbursed for the deposit or guarantee penalty if he/she fails to make a cancellation notification unless there is extreme extenuating circumstances beyond the control of the traveler (for example, a canceled flight). Such circumstances must be documented on the expense report.
Some hotels hosting large conferences may require a prepayment irrespective of the guest's arrival time. If hotel reservation is made on OMS block direct-billing system, the traveler will be responsible for avoidable charges resulting from failure to cancel.

Hotel Frequent Guest Programs

Business travelers will not be reimbursed for free accommodations awarded in connection with hotel frequent guest programs.

K. LAUNDRY

Travelers will be reimbursed for reasonable and actual expenses for laundry services that are necessary due to an absence from home for five or more days or when unusual and documented circumstances mandate these services. These circumstances should be included on the expense report.

L. TELEPHONE

Travelers will be reimbursed for telephone, fax and computer connection costs that are reasonable and necessary for conducting OMS business. One personal phone call per day to allow travelers to stay in contact with their families will also be reimbursed.

M. REIMBURSEMENT METHODS

OMS will reimburse a traveler for allowable meal and incidental expenses incurred during OMS-related travel. The OMS provides two distinct methods for reimbursement:

- PER DIEM BASED; and
- ACTUAL COST BASED

A traveler can use only one of these methods for the duration of a trip. When and if applicable, only the per-diem based method is used for domestic federally funded grant activities.

Per-diem rates presented in this policy represent the maximum per diem reimbursable by the OMS. When the method of per diem for meals is chosen, there will be no reimbursement of meals charged to the lodging receipt.

Incidental expenses include fees and tips for persons providing services, such as food servers, hotel housekeeping and luggage handlers. Incidental expenses do not include ground transportation, telephone calls or laundry.

Meals and incidentals on lodging receipts must be itemized separately.

PER DIEM REIMBURSEMENT METHOD

Domestic Per Diem Rates

The OMS will reimburse meal and incidental expenses based on the per-diem rate for the geographic region where the expenses are incurred. The OMS's reimbursement rate for domestic travel is based on the U.S. General Services Administration-maintained Web site of domestic per diems by geographic area at http://www.gsa.gov/Portal/gsa/ep/contentView.do?programId=9704&channelId=-15943&ooid=16365&contentId=16177&pageTypeId=8203&contentType=GSA_BASIC&programPage=%2Fep%2Fprogram%2FgsaBasic.jsp&P=MTT

Consult that site for the per-diem rate of the destination city or region.

Because rates for specific localities may change as often as every two months, the traveler must be careful to ensure that the applied rate is appropriate to the actual dates of travel.

Per Diem Meal Reductions

On the days of travel to or from the destination, per diems should be adjusted for the individual's departure and return times, to exclude any meals not incurred during the time of travel.

Per diems should also be adjusted to exclude meals furnished at no cost or nominal cost to the traveler. If meal costs are provided in the cost of a conference, those meals should be deducted from the per-diem rate following the federal rate reduction schedule.

OMS travelers are requested to show the calculation of per diem amounts.

ACTUAL COST REIMBURSEMENT METHOD

The OMS will generally reimburse travelers for three meals a day. On the days of travel to or from the destination, the individual's departure and return times should determine whether a meal was incurred during the period of travel.

As a guideline, the OMS suggests the following maximum meal reimbursement levels:

- $10 for breakfast, $15 for lunch, and $25 for dinner.
- Restaurant receipts are required when the total meal expenses for the day exceed the average per-diem rate of $60
- Individual meals over $40 should include justification.

The OMS will not reimburse for gratuities that are greater than the accepted standards. (Currently, the domestic standard is 15-20% of the total bill; international standards may vary.)

N. DOCUMENTATION (PER DIEM AND ACTUAL COST METHODS)

Meal Receipts

Original restaurant receipts, when required, must include all of the following information:

- The name and location of the restaurant.
- The number of people served.
- The date and amount of expense.

Gratuities should be shown on the credit card receipt or restaurant receipt. When using the per diem method of reimbursement, gratuities count toward the overall per diem allocation per attendee.

Required Receipts

Receipts for lodging are *always* required. All other expenses require dated, original receipts only when each expense is $25 or greater. These receipts must be submitted with a completed Expense Reimbursement Form.

Lost Receipts

If a lodging or other receipt equal to or greater than $25 is not issued or is lost, a detailed log will serve as sufficient documentation of the actual cost. The OMS expects that a good faith effort will be made by travelers to collect and retain all required receipts. Receipts are always the preferred form of documentation.

Local Travel

In general, trips of less than 50 miles one way do not qualify for reimbursement for an overnight stay.

Non-Business Days

Weekends, holidays and other necessary layover days may be counted as business days only if they fall between business travel days. If they are at the end of a traveler's business activity and the traveler remains at the business destination for non-business reasons, reimbursement is not allowed for the additional days. The only exception is when travel is at a lower total cost if the traveler stays over a weekend or holiday. This case must be explicitly justified on the travel expense report.

Travel Expenses of Family and Friends

In general, the expenses of a spouse, family or others accompanying the business traveler are not reimbursable.

OMS TRAVEL EXPENSE REPORT

Organization of MISO States
100 Court Avenue, Ste 315
Des Moines, IA 50309

Use for **OMS Travel ONLY**

Submit original receipts with this Expense Report

OMS Fax Number: 515-243-0746

Traveler's Name (Last, First / MI)	Commission	Mailing Address for Check
For expenses from (date) through (date)		City, State, Zip
Travel Purpose/Meeting:		

TRAVEL							
Date							
From Location							
Depart Time							
To Location							
Arrival Time							

	MEETING EXPENSES								TOTALS	
1	Airfare									1
2	Rental Car									2
3	Rental Car Gas									3
4	Parking									4
5	Ground Transportation									5
6	Tolls									6
7	Other Transportation*									7
8	Private Auto Mileage*									8
9	Mileage Cost @50¢/mi									9
10	Lodging									10
11	Internet Useage									11
12	Meals									12
13	Misc Expenses*									13
	Total Lines 1-12									

MAKE CHECK PAYABLE TO: ______________________

*Requires explanation in Meeting Expenses section:

Misc Prepaid Expenses*:	
Paid by OMS* :	
Travel Advances:	
Total Due	$0.00

*EXPLANATION OF MEETING EXPENSES (required for items marked with asterisk)

I certify that these expenses represent official Organization of MISO States business and authorize allowable expenses to be costed to the accounts listed.

I certify the foregoing, to the best of my knowledge, is a true statement of allowable expenses incurred for the official business of the Organization of MISO States in accordance with OMS policy and that expenses claimed are not being reimbursed by others.

Approved for Payment

Print Name Date

Traveler Signature

Print Name Date

MEAL BREAKDOWN

Date:								Carmel	Mpls
Breakfast								10	12
Lunch								15	18
Dinner								31	36
Incidentals								5	5

Proposal to Clarify the Process for Casting the Votes of the State Regulatory Sector at Midwest ISO Meetings

Governance and Budget Work Group
January 8, 2010

I. Midwest ISO Advisory Committee

Article Two, Section VI.A.1 of the Agreement of Transmission Facilities Owners to Organize the Midwest Independent Transmission System Operator, Inc. ("MISO Transmission Owners' Agreement") created the MISO Advisory Committee, and set the membership of that committee. It created nine "stakeholder groups", commonly referred to as sectors. One of the sectors is the state regulatory sector. Section VI.A.1 of the MISO Transmission Owners' Agreement provides that "three (3) representatives of state regulatory authorities" shall be members of the Advisory Committee.

Section VI.A.2.c of the MISO Transmission Owners' Agreement provides that,

> The representatives of state regulatory authorities on the Advisory Committee shall be chosen by the state public service commissions which regulate the retail electric or distribution rates of the Owners who are signatories to this Agreement.

Pursuant to Section IV.3 of the OMS Bylaws, the state public service commissions have authorized the Board of Directors of the OMS to "select members to serve on the MISO Advisory Committee."

a. Proportional Voting

The OMS currently has 14 members. Accordingly, each OMS Member is entitled to 3/14 of a vote at the MISO Advisory Committee.

The Advisory Committee permits sectors to cast proportional votes. As such, when the OMS Board of Directors has adopted a clear position on a policy issue or a specific issue that is expected to come up for a vote at the Advisory Committee, the three representatives of the regulatory sector will cast their votes in proportion to the underlying distribution of state regulator positions as expressed by the decisions of the OMS Board of Directors.

For example, if twelve OMS Board members voted "for" a particular position and two voted against, then the state regulatory sector vote at the Advisory Committee would be: (12) X (3/14) = 2.571 "yes" and (2) X (3/14) = .4286 "no." The two positions of the OMS Board—yes and no--would be represented proportionately in the Advisory Committee vote. This could be rounded to the nearest tenth (2.6 "yes" and .4 "no"), or to full, half or quarter votes so that the total does not exceed three.

The OMS Governance and Budget Work Group supports this proposal.

b. Abstentions

Abstentions in votes of the OMS Board could be represented in the Advisory Committee voting. For example, if at the OMS Board level, there were ten “yes” votes, two “no” votes and two “abstain” votes, then the state regulatory sector vote at the Advisory Committee would be: (10) X (3/14) = 2.14286 “yes”, (2) X (3/14) = .4286 “no ”and (2) X (3/14) = .4286 “abstain.” The three positions of the OMS Board—yes, no, and abstain--would be represented proportionately in the Advisory Committee vote. This could be rounded to 2.1 “yes” .45 “no” and .45 “abstain,” or to full, half, quarter or tenth votes, as discussed above.

> *There is no consensus on the OMS Governance and Budget Workgroup on whether or not abstentions should be counted. An argument for counting these votes is that it recognizes abstentions from OMS Board votes and reflects them in Advisory Committee polling. They are often cast for a specific reason. The reason is often procedural, but it may also be substantive. While the MISO Governance Guidelines normalize abstentions for purposes of reporting the “for/against” percentage split at the Advisory Committee, the abstentions are still reported and recorded.*
>
> *Conversely, since abstentions usually are not driven by the substance of the question, and are not reflected in the Advisory Committee’s results, there may be no compelling reason to count them in the OMS vote. In addition, abstentions needed to accommodate commission decision-making requirements (the more common occurring version) should be minimized with the recent bylaw changes allowing for extended voting periods.*
>
> *As an alternative, the burden could be put on the state that wants its abstention reflected to the Advisory Committee to so indicate when the question is considered by the OMS.*

c. Absences

Absences from the OMS Board vote could be distributed equally over the positions of the OMS Board. For example, if there are two absences from the OMS Board vote, but the rest of the members are unanimous in support of a particular position, then the vote at the Advisory Committee would be unanimously in favor. Mathematically, the absences would be spread over the single OMS yes position. Since 12 + 2 = 14, the Advisory Committee vote would be cast as (14) X (3/14) = 3 yes.

Similarly, if the OMS Board split with a majority of the members in favor of a particular position but some members opposed, then the absences would be spread evenly over the two positions, “yes” and “no”. For example, if ten OMS members voted “yes” and two voted “no” and two were absent from the vote, the two absences would be distributed equally across the two positions (yes and no) for purposes of Advisory

Committee representation as follows: (11) X (3/14) = 2.35714 “yes” and (3) X (3/14) = .64286 “no.” This could be rounded to 2.4 “yes” and .6 “no.”

If there are three OMS Board positions—yes, no, and abstain, the absences from the OMS Board vote would be spread evenly over the three positions for purposes of Advisory Committee representation. For example, at the OMS Board vote, 12 members were present and two were absent. The vote tally on the issue decision therefore might be eight “yes”, two “no”, two “abstain”, and two “absent.” In this case, we would need to distribute the two absences over three Board positions—yes, no, and abstain. In such a case, the two “absent” votes would be distributed equally over the three positions of the OMS Board. Since 2 absences divided by 3 positions equals .667, then for purposes of Advisory Committee representation, .667 would be added to each of the three OMS Board positions. Accordingly, the state regulatory sector vote at the Advisory Committee would be cast as follows: (8.667) X (3/14) = 1.857 “yes”, (2.667) X (3/14) = .5715 “no” and (2.667) X (3/14) = .5715 “abstain.” This could be rounded to 2 “yes” and .5 “no” and .5 “abstain.”

> *There is no consensus on the OMS Governance and Budget Workgroup on whether or not absences should be counted. In support of the proposal is that it ensures that none of the regulatory sector’s weight at the Advisory Committee is thrown away or not utilized just because some OMS Board members may have been absent from OMS Board meetings.*
>
> *Conversely, spreading the absences “equally” will always weight the minority position proportionately more than the majority position. Spreading the absences in proportion to the “weighted” positions would yield a more accurate result. From a practical standpoint, the final Advisory Committee vote tally would not be affected using either method, and may not be worth the effort. In addition, absences, like abstentions, should be reduced with the recent bylaw changes allowing for extended voting periods.*

II. Other Midwest ISO Representational Committees

The OMS Governance and Budget Work Group recommends that voting at other Midwest ISO representational committees (i.e. the Planning Advisory Committee)[1] on behalf of the state regulatory sector be conducted in the same way as voting at the Advisory Committee.

III. The Votes in Midwest ISO Forums Could be Cast as Those of the “State Regulatory Sector”

The votes cast in Midwest ISO forums to represent the state regulatory sector could specifically be cast as those of the “state regulatory sector,” rather than as votes of the

[1] Section II of Appendix B of the MISO Transmission Owners states that, “There is hereby created a Planning Advisory Committee consisting of one (1) representative from each of the constituent groups represented on the Advisory Committee established pursuant to Article Two, Section VI, Paragraph A of the Agreement.

"OMS." The reason for this is two-fold. First, the MISO Transmission Owners' Agreement specified a "state regulatory authorities" sector, not an OMS sector. OMS is an entity created to facilitate the coordination of policy by its member state commissions. OMS is merely the agent for its members. In this case, it is the vehicle by which the state commissions chose to decide how to cast their three Advisory Committee votes, given that there are fourteen state regulatory agencies to be represented. Second, describing the decision of the state regulators as the decision of the OMS could be misleading because the OMS Bylaws allow associate membership in OMS of agencies other than state commissions. Some of the same agencies that are associate members of OMS are represented at the MISO Advisory Committee with their own sector. For example, "public consumer groups" have their own sector with voting rights on the Advisory Committee. Specifying the positions of the state commissions as the positions of the "state regulatory sector" could avoid potential confusion over who is being represented in Advisory Committee votes.

> *There is no consensus on the OMS Governance and Budget Workgroup on this issue. It is accurate to say that the Advisory Committee votes are cast on behalf of state regulatory authorities; that is how members usually answer the roll call.*
>
> *Conversely, it is unlikely that there is any confusion in the "OMS" shorthand. Other sectors coordinate their participation in similar groupings. Associate members do not vote in OMS, so the fact that they have their own sector doesn't break the identity of OMS and the "state regulatory authorities".*