Organization of MISO States

ORGANIZATION OF MISO STATES, INC.
Board of Directors Meeting
Conference Call Minutes
November 10, 2011

Approved December 1, 2011

Robert Kenney, President of the Organization of MISO States, Inc. (OMS), called the November 10, 2011 meeting of the OMS Board of Directors to order via conference call at approximately 1:00 p.m. (CDT). The following board members or their proxies participated in the meeting:

Sherman Elliott, Illinois
Tia Elliott, proxy for Kari Bennett, Indiana
Chancy Bittner, proxy for Libby Jacobs, Iowa
Talina Mathews, proxy for David Armstrong, Kentucky
Orjiakor Isiogu, Michigan
Burl Haar, proxy for David Boyd, Minnesota
Robert Kenney, Missouri
Brad Molnar, Montana
Tony Clark, North Dakota
Eric Callisto, Wisconsin

Absent
Manitoba
Ohio
South Dakota

Agency members participating
Dave Johnston, Beth Roads – Indiana
Bill Bokram, Chris Devon – Michigan
Adam McKinnie – Missouri
Brian DeKiep, Kim Moran - Montana
Don Neumeyer, Randel Pilo – Wisconsin

Others on the call
Bill Smith – OMS Staff
Marya White – EISPC
Jennifer Curran - MISO

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

Approval of Minutes from October 13, 2011

Robert Kenney moved approval of the minutes. Eric Callisto seconded. The minutes were approved by unanimous voice vote.

Treasurer's Report

Robert Kenney moved acceptance of the October Treasurer's report as submitted. Burl Haar seconded. The report was accepted by unanimous voice vote.

Review of the October 27, 2011 Executive Committee Meeting

The October 27, 20011 Executive Committee Meeting was cancelled.

Administrative Report

The Executive Director's written report was distributed prior to the meeting. Bill Smith highlighted the following items from it:

- The Arkansas Commission issued an order stating its expectations for Entergy Arkansas's RTO membership;
- FERC Technical Conference on reliability of the Bulk-Power System;
- Work Group change: Jessica Van Deusen will be the co-chair of the Regional Planning WG.

BUSINESS

1. **MISO Advisory Committee** – Robert Kenney
   - Robert Kenney presented the AC agenda, highlighting the one voting item: membership of the ADR committee. Bill Smith explained the purpose of the committee.

     Orjiakor Isiogu moved to vote for the two incumbents. Sherman Elliott seconded. The motion was approved by consensus.

   - PAC summary – Eric Callisto distributed a summary of the September 26 PAC meeting. He highlighted the following two items: does OMS want to weigh in on MISO's conclusions about how MISO believes it is in compliance with FERC's Order 1000 regional planning obligations; did OMS have any views on MTEP '12. It was suggested to have the Modeling work group take a look at the MTEP '12 futures and submit staff comments.

2. **Comment on MISO Proposed Tariff Sheets to OMS in response to FERC's order on Entergy**
   - David Johnston gave the background on drafting of the comments. Eric Callisto suggested that this comment be submitted as an OMS staff document and explained his notes in the distributed document which were discussed by the Board and staff. It was agreed to submit the comments to MISO as work group staff comments.

3. **Judicial Review of FERC order on MISO cost allocation**
   - Bill Smith explained what the OMS options are at this point. He suggested that the OMS's best option right now would be to intervene by having staff write the intervention document and retaining outside counsel to write the brief to the 7th Circuit Court of Appeals. It was decided to file an intervention and wait until the Circuit Court determines the briefing schedule to consider retaining outside counsel.

4. OMS Rehearing of FERC decision on Generator Interconnection charges, Docket EL11-30

- Bill Smith reviewed the background of this issue and proposed that OMS file a rehearing petition alleging that FERC ignored the consumer rate impact, which would support the transmission owner's position.

  Robert Kenney moved to proceed as Bill Smith proposed. Eric Callisto seconded. The motion passed by unanimous voice vote.

5. MISO filing on depreciation allocation – Intervention without position in FERC Docket ER12-312

- Bill Smith explained this issue, suggesting OMS intervene without position, which could allow OMS to take a position at a later date. Robert Kenney suggested that OMS file intervene without position and the TCAWG take a closer look at the filing to make a recommendation about whether and what position OMS should adopt.

6. Filings for Incentive Rate treatment on MVP projects – OMS Intervention: Otter Tail, Docket ER12-342; MidAmerican, Docket ER12-242; Missouri River Energy Services, Docket ER12-351.

- Robert Kenney gave the background on these filings. Bill Smith mentioned that the work group chairs felt that intervention was appropriate.

  Robert Kenney moved that OMS intervene and request a stay in these dockets and four other older dockets so that the decisions are consistent. Orjiakor Isiogu seconded. The motion passed by voice vote with Iowa abstaining.
- Brad Molnar asked if it would be appropriate to discuss the acceptance of the various MVP projects into the portfolio based on their business plan at MISO's December Board meeting or not because OMS will now be interveners in a lawsuit. There was discussion about the best way for Commissioner Molnar to address his concerns to the MISO Board. Robert Kenney pointed out that OMS has historically avoided commenting on specific proposals to avoid the appearance of pre-judging a specific set of projects.

7. Eastern Interconnection Planning Process

- A written report was distributed.

Updates and Work Group Status Reports

<u>Demand Response WG</u>

- No Report;

<u>Transmission Cost Allocation WG</u>

- No Report;

<u>Markets and Tariffs WG</u>

- Written Report;

<u>Resources WG</u>

- Written Report;

<u>Regional Planning WG</u>

- Written Report; Parveen Baig welcomed Jessica Van Deusen as the new co-chair and thanked Jerry Lein for his service.

<u>Governance and Budget</u>

- Burl Haar reported that the work group has developed some brief comments on MISO's proposed 2012 incentive metrics;

Modeling WG

- Brian DeKiep reported that the Modeling WG is following the ELMP discussion, but had nothing else to report;

Randy Pilo reminded the Board that if any individual states have comments on MISO's proposal for market efficiency projects, they are due to MISO by Tuesday, November 15.

ADJOURNMENT

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

OMS

Organization of MISO States
Report of the Treasurer
Kari Bennett, Indiana Utility Regulatory Commission
to the
Board of Directors
November 10, 2011
<u>Report for October 2011</u>

<u>CASH ON HAND</u>

The beginning balance as of October 1 for the Wells Fargo Business Performance Savings Account was $33,718.37. Interest earned for this month was $1.43. The October 31, 2011 ending balance was $33,719.80.

The beginning balance as of October 1 for the Chase Bank One Checking account was $138,176.22. The total disbursements from the checking account for October 2011 were $35,698.38. Deposits and interest were $25,001.22. As of October 31, 2011, the checking account bank balance was $127,479.06 and the book balance was $112,993.98 (with 16 checks outstanding).

The total savings and checking account balances as of October 31, 2011 is $146,713.78.

OMS

OMS Treasurer Report for Month of October 2011

Wells Fargo Business Performance Savings Account

Beginning Balance	33,718.37	
Deposits and Interest Earned this Month	1.43	
Withdrawals	0.00	
Ending Balance		33,719.80

Chase Bank One Checking Account

Beginning Balance	138,176.22	
Total Disbursements	35,698.38	
Deposits/Interest/Adjustments	25,001.22	
Ending Balance		127,479.06
Bank Balance	127,479.06	
Outstanding Checks & Adjustments	14,485.08	
Book Balance		112,993.98
Total Savings & Checking Balances as of October 31, 2011		**146,713.78**

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TREASURER'S REPORT
Organization of MISO States
October 31, 2011

Wells Fargo Business Performance Savings Account

Balance as of 10/01/2011			$ 33,718.37	
10/31/2011	INT	Interest on Savings	$ 1.43	
Business Performance Savings Account Balance as of 10/31/11				$ 33,719.80

Chase Bank One Commercial Checking with Interest

Balance as of 10/01/2011				$ 138,176.22
10/7/2011	DEP	Midwest ISO		$ 25,000.00
10/31/2011	DEP	Interest		$ 1.22
			Total Deposits	$ 25,001.22

Checks and Charges

Date	Check #	Descriptions	
10/3/2011	404	MG Trust Co	$ 79.64
10/3/2011	405	MG Trust Co	$ 2,243.86
10/3/2011	406	MG Trust Co	$ 463.17
10/31/2011	410	MG Trust Co	$ 2,243.86
10/31/2011	411	MG Trust Co	$ 472.43
10/31/2011	412	MG Trust Co	$ 105.32
10/11/2011	WD	PAYCHEX	$ 114.67
10/13/2011	WD	Chase Credit Card	$ 2,972.85
10/28/2011	WD	PAYCHEX - Payroll	$ 10,516.34
10/31/2011	WD	PAYCHEX - Taxes	$ 5,297.69
9/7/2011	3836	State of Iowa	$ 405.16
9/7/2011	3838^	Wisconsin PSC	$ 297.70
9/9/2011	3839	Gail Maly	$ 332.70
9/9/2011	3841^	Minister of Finance Manitoba PUB	$ 1,152.80
9/20/2011	3845^	Jerry Lein	$ 1,086.58
9/20/2011	3846	Wisconsin PSC	$ 332.70
10/6/2011	3848^	Citizens Utility Board of WI	$ 468.83
10/6/2011	3849	David Boyd	$ 440.56
10/6/2011	3850	Jessica Van Deusen	$ 143.20
10/6/2011	3851	Robert Kenney	$ 556.07
10/6/2011	3852	State of Michigan	$ 183.60
10/6/2011	3853	Wisconsin PSC	$ 719.12
10/13/2011	3854	100 Court Investors	$ 1,706.42
10/13/2011	3855	Adam McKinnie	$ 306.98
10/13/2011	3856	Conference Suite	$ 644.21
10/13/2011	3857	Gail Maly	$ 437.91
10/13/2011	3858	Indiana Insurance Co	$ 42.00
10/13/2011	3859	Orjiakor Isiogu	$ 283.49
10/13/2011	3860	CenturyLink	$ 257.40
10/13/2011	3861	State of Michigan	$ 398.30
10/26/2011	3868^	Julie Mitchell	$ 556.81
10/28/2011	3872^	Combined Systems Technology	$ 436.01

Total Checks and Charges	$ 35,698.38	
CHECKING ACCOUNT BALANCE 10/31/11		$ 127,479.06
CERTIFICATES OF DEPOSIT, SAVINGS AND CHECKING ACCOUNT BALANCES AS OF 10/31/11		$ 146,713.78

CHASE CHECKING ACCOUNT RECONCILIATION

	Check #		Amount
Bank Balance 10/31/11			$ 127,479.06
Less Checks Outstanding			
6/30/2009	ADJ	Visa Adjustment	$ 0.02
10/6/2011	3847	Chris Devon	$ 127.85

10/25/2011	3862	Angela Butcher	$	46.41
10/25/2011	3863	Christine Ericson	$	608.36
10/25/2011	3864	Minnesota PUC	$	707.55
10/25/2011	3865	Minnesota PUC	$	1,158.53
10/25/2011	3866	Sherman Elliott	$	286.30
10/25/2011	3867	William Bokram	$	254.13
10/28/2011	3869	Adam McKinnie	$	421.94
10/28/2011	3870	Bill Smith	$	66.65
10/28/2011	3871	Chris Devon	$	22.34
10/28/2011	3873	Minnesota PUC	$	924.21
10/28/2011	3874	Randy Rismiller	$	244.76
10/28/2011	3875	Renaissance Indianapolis	$	8,969.40
10/28/2011	3876	Robert Kenney	$	316.91
10/28/2011	3877	Walt Cecil	$	26.47
10/28/2011	3879	Monica Martinez	$	303.25
Total Outstanding Checks & Book Adjustments			$	14,485.08
Book Balance 10/31/11			$	112,993.98

OMS

Organization of MISO States

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OMS Executive Director Report
November 2, 2011

FERC and DOE Activity

1. On October 14, , the OMS filed with the FERC an answer to comments on the OMS protest and comments on MISO's resource adequacy filing in FERC Docket No. ER11-4081.

OMS-MISO Activity

1. The OMS annual meeting was held October 18 in Carmel. In addition to the election of officers and other business, the OMS heard presentations from MISO, the Independent Market Monitor, and the Independent Power Producer and Power Marketer sectors, and an update on FERC activities.
2. A Black Sea Regional Regulatory Initiative Workshop on Renewable Energy Investment Framework and Development of Principles of Regulation was held October 10-12 in Budapest. The workshop reviewed a draft of principles on integration of renewable resources and compared best practices in energy efficiency.
3. On October 28, the Arkansas Public Service Commission issued an order with guidance on Entergy Arkansas's RTO membership plans. Pages 97-103 give additional insights into that Commission's expectations of governance within the selected RTO and the regional state committee.

Public Relations

1. Presentations:
   - October 4: Bill Smith briefed the NARUC International Relations Staff Subcommittee on the Black Sea project.

- October 26: Bill Smith was asked to appear at a conference on the Law of Demand Response at the George Washington Law School.

2. Pending speaking/meeting invitations:
   - November 9: Bill Smith has been invited to appear at a conference on Capacity Markets.

Upcoming dates:

- Next regular OMS Board of Directors meeting: November 10, 2011, at 1:00 pm CDT
- Next OMS Executive Committee meeting: November 22, 2011, at 1:00 pm CDT
- Regular OMS Board meetings: December 1, January 12
- OMS Executive Committee meetings: December 15, January 26

Upcoming Midwest ISO FERC Filings

Filing Date	Docket No.	Description	Pursuant to Commission Action	Working Group or Committee where issue/change will be reviewed
4TH qtr 2011		ELMP changes		
03/01/2012	ER10-1791-000	The Midwest ISO to submit a compliance filing to describe what changes to its allocation of congestion rights are necessary to reflect the allocation of Multi Value Project costs.	133 FERC ¶ 61,221 (2010)	RECB TF

MISO Advisory Committee
Conference Call
November 16, 2011
10:00 am – 12:30 pm EPT
Dial-in and WebEx information available at www.misoenergy.org

Agenda

1. Administrative Items	Gary Mathis	10:00
a. Welcome/ Roll Call		
b. Review / Approve Agenda		
c. Approval of Meeting Minutes√		
d. Review Action Items		
2. Entergy – Arkansas filing Update	Steve Kozey	10:15
3. Advisory Committee Items	Gary Mathis	10:35
a. Elect Representatives for Alternate Dispute Resolution Committee√		
b. AC leadership Nominating Committee Update*		
c. Solicit February Hot Topic Draft Team*		
d. Updated 2012 Meeting Schedule		
e. Review Management Plan		
f. Solicit 2012 AC Members*		
g. December AC member training		
4. Standing Committee/Other Stakeholder Committee Reports		
a. Nominating Committee of the Board of Directors*	Ron Ryckman	10:55
b. Steering Committee	Dennis Kramer	11:05
c. RECB Task Force Update	Paul Jett	11:15
d. Stakeholder Governance Working Group	Bill SeDoris	11:25
e. Reliability Subcommittee Update	Tony Jankowski	11:35
f. Planning Advisory Committee Update	Bob McKee	11:45
g. Market Subcommittee Update	Bill SeDoris	11:55
h. OMS Update	Bill Smith	12:05
i. Transmission Owners Update*	JoAnn Thompson	12:15
5. New Business	All	12:25
6. Recap – Issues/Assignments	Alison Lane	12:30

Rotating Agenda Team December: JoAnn Thompson
Melissa Seymour
Jennifer Easler

√ Denotes Potential Voting Item

* Denotes Report is Oral

Advisory Committee
Alternate Dispute Resolution Committee Representatives Election
March 18 – March 25, 2011

Please choose TWO candidates to serve 3 year terms on the ADR Committee

Alternate Dispute Resolution Committee Representatives	Choose TWO
Joe Lakshmanan	
Bill Smith	
Sean Cavote	

Nominee Bios are available with the November 16 meeting materials:
https://www.misoenergy.org/Events/Pages/AC20111116.aspx

Election will take place during the Advisory Committee Meeting.

Joseph L. Lakshmanan

Joe Lakshmanan is a Managing Director for regulatory affairs at Dynegy, focusing on Illinois regulatory and legal issues. In addition to an undergraduate degree in biophysics, he has a law degree and is admitted to practice in both Illinois and Washington, D.C. He clerked for a federal appellate judge and worked for several years at private law firms in Washington, specializing in large litigation and economic deregulation. In 1995, he joined Illinois Power. Subsequent to the passage of the deregulation bill in 1997, he focused on implementation of that law and other regulatory initiatives for the next several years. Over the course of his time at Illinois Power, he held several positions, culminating as Senior Corporate Counsel and Chief Legal Officer. Following the sale of Illinois Power to Ameren in 2004, Joe stayed with Dynegy and has worked on a variety of matters, including, state and federal regulatory cases, litigation and general legal issues.

Sean Cavote

Senior Counsel, FERC Electric Policy
NiSource Corporate Services – NIPSCO

Sean Cavote has over 15 years of experience in the electric utility industry. At NiSource, he is responsible for providing legal support on FERC and MISO electric matters to NIPSCO and other NiSource companies. Prior to working for NiSource, he was employed by Van Ness Feldman in Washington, D.C. as an associate energy attorney, and by United Dynamics, Corp., in Louisville, Kentucky as a fossil-fired power generation consultant. He has gained experience in regulatory compliance, transmission planning, MISO market operations, MISO transmission tariff interpretation and administration, and contract administration, negotiation, and development.

Sean graduated from the University of Louisville with a BA in Political Science and later earned a Juris Doctor from the George Washington University Law School. He is a member of the American Bar Association and the Energy Bar Association, and currently serves as the Vice President of the EBA Midwest Chapter. He is licensed to practice law in Indiana, Kentucky, and Washington D.C.

His office is based in Indianapolis, Indiana.

Biography

William H. Smith, Jr.

William H. Smith, Jr., began as Executive Director of the Organization of MISO States in January 2004. OMS is the regional state committee for states served by the Midwest Independent Transmission System Operator. Previously, he was Government Relations Manager for the Iowa Utilities Board, and coordinated the Board's legislative positions and its representation before FERC and other federal agencies. He earlier directed the Board's rate and safety staff. Before 1986, Smith served as a legal advisor to two commissioners of the Federal Energy Regulatory Commission and practiced energy law in a Washington, D.C., firm. He is a member of the Energy Bar Association and the District of Columbia Bar. He holds a B.A. degree in Economics from Yale University and a J.D. degree from Cornell University.

2012 - Advisory Committee

January						
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30	31					

	Thursday	
Jan.	18	10 - 1pm (Conference Call)
Feb	15	10:00am - 3pm
Mar	14	10 - 1pm (Conference Call)
Apr	18	10:00am - 3pm
May	16	10 - 1pm (Conference Call)
Jun		no meeting
Jul	18	10 - 1pm (Conference Call)
Aug	22	10:00am - 3pm
Sep	19	10 - 1pm (Conference Call)
Oct	17	10:00am - 3pm
Nov	14	10 - 1pm (Conference Call)
Dec	12	10:00am - 3pm

February - New Orleans, LA
June- Annual Meeting - French Lick, IN
August - St. Paul, MN

MISO Holidays		
Jan.	2	
Feb.	20	
May	28	
Jul.	4	
Sept.	3	
Nov.	22	23
Dec.	24	25

Report to OMS Board

Summary of the October 26, 2011, Planning Advisory Committee Meeting

- **Two Questions for the OMS Board:**
  - Do we weigh in on MISO's conclusions about its existing compliance with Order 1000 regional planning obligations? (Comments to MISO due Nov. 15)
  - Do we make any comments on the MTEP-12 key assumptions and futures? (Comments to MISO by Nov. 23, PAC decision on Nov. 30)

- **Leadership** – Bob McKee and Julie Voeck were unopposed and re-nominated to serve in their current positions. They were supported by PAC and their term will extend through Dec. 2012.
- **Energy Storage Study** – MISO has been studying various energy storage technologies' ability to make the system more reliable and/or the market more efficient. The study examines different time periods from minutes to days to weeks, etc. MISO is using another tool named PLEXOS. This a mixed Integer Programming energy market simulation and optimization software that can simulate time frames down to minutes. Traditional production cost modeling is limited to hourly. Staff is finishing PLEXOS modeling while the EGEAS work is done. A draft report in progress by MISO. The next TRG is Nov. 15 and will be the last meeting in Phase I of the study.
- **Queue Reform** – E. Laverty explained that MISO is proposing a third reform to the Generation Interconnection Queue due to uncertainty (uncertain projects higher in the queue effect firmer projects lower down), resource adequacy (capacity won't come with such uncertainty), and the renewable mandates (RPS mandates arguably at risk). Changes have been proposed to the System Planning and Analysis (SPA), Definitive Planning Phase (DPP), and Net Zero Service. Primarily the wind project owners expressed a lot of concern on the filing with the MVP projects still needing approval. Many want to wait on the outcome of the MVP decision before committing to the next interconnection milestone. This could be only one wind interconnection study area known as Group 5. MISO agreed to delay until November after more comments. This will likely be contested.
- **Manitoba Hydro Wind Synergy Study –** Z. Zhou explained how the modeling is being done to study enhanced use of the existing transmission system between MISO and MH as well as the value of potential transmission expansion. Jeff Webb also explained that detailed sub-hourly modeling is being investigated for additional metrics that could be used in a future MVP portfolio. OMS representatives raised questions about the relevance of state RPS mandates that exclude MH energy and ability of any new expansion to fall within the MVP criteria. MH currently does not fall within the MVP tariff.
- **Order 1000 Update –** J. Moser and M. Tackett presented the proposal for compliance. Two compliance filings required – Oct. 11, 2012 (regional), and Apr. 11, 2013 (inter-regional). MISO presented only on the regional obligations of Order 1000. MISO believes the order has nine specific regional planning requirements. MISO feels they are generally in compliance with the regional obligations, but that they need some action in three specific areas:
  - **Order 1000, paragraph 65** - Provide clarity on the point in time at which existing planning projects are subject to Order 1000.

- Order 1000, paragraph 164 - Define for merchant developer projects what information is needed for the public utility transmission providers to assess the reliability of the systems. This overlaps with the Right of First Refusal (ROFR) issue.
  - **Order 1000, paragraph 209** - Public utility transmission providers must post on their website and explain which transmission needs driven by public policy requirements will be evaluated for potential solutions in the local or regional planning process as well as what other suggested needs will not be evaluated. A straw proposal will be presented to PAC at the Nov. 30th meeting.
  - Some stakeholders thought more is needed for compliance with **paragraph 148**, which requires the consideration of non-transmission alternatives. MISO believes the current process is compliant.
  - All comments due COB Nov. 15 to Matt Tackett.
- **Loss of Load Expectation Study Results** – C. Tyson discussed the findings for the Planning Year (PY) 2012. The Planning Reserve Margin for installed capacity is 16.9% and the UCAP is 3.79%. Both down slightly from 2011 largely due to better external modeling and slightly better Equivalent Forced Outage Rates. The wind capacity credit is 14.7% (corrected after meeting). Comments on the draft report due Nov. 2. The LOLEWG will finalize Nov. 9.
- **Future Scenarios** – R. Konidena reviewed the assumptions used in the MTEP12 futures. He explained the need to arrive at a more accurate mid-value number in the load forecast matrix. With the newer rules for demand side program in the Module E Capacity Tracking Tool (METC), a modification to the documentation is needed to account for the current embedded DSM programs. A 0.5% DSM correction is added to the base MECT data which raises the mid-value of 0.91% demand rate up to a 1.4% demand rate. The 1.17% energy growth now has a mid-value 1.7%. The current METC reflects only the <u>registered</u> DR programs and not the Energy Efficiency (EE) programs. MISO proposes not to have a full data entry DR and EE until the planning year of 2013. The Business As Usual (BAU) case has a 1.4% demand and 1.7% energy growth which is the lowest among the four futures. Several stakeholders stated a lower demand and energy scenario is needed in at least one run. There was concern with that the 12.6 GW of retirements, which appears in three of the four futures, is too high. Stakeholder comments due Nov. 23.
  - MTEP12 Futures Next Steps:
    - Futures approval Nov. 30, '11 PAC
    - MISO – SPP joint future development Dec. '11
    - Capacity expansion approval – Feb. '12 PAC
    - Siting approval – Feb/Mar '12 PAC
- **Planning Subcommittee** – The critical facilities methodology update to the BPM (passed) and IROL methodology (passed). Two out of cycle projects were introduced. MISO was asked to provide an explanation of the out of cycle methodology generally, and these two projects specifically.

Next PAC – Nov 30th in St. Louis, followed by a MISO – SPP Joint Futures meeting Dec 1, in St. Louis.

Notes by Don Neumeyer/Eric Callisto, Nov. 7 2011

OMS Transmission Cost Allocation Work Group
Staff Comments on MISO's Proposed Attachment FF-6[1]

The Transmission Cost Allocation Work Group (TCAWG) supports the intent in MISO's proposed Attachment FF-6,[2] which is to ensure that when a very large transmission owner (and its associated load) joins MISO, customers in the existing MISO footprint do not share in the costs[3] of any new transmission project in the Second Planning Region until it is clear that the two regions have achieved comparability in terms of transmission infrastructure and transmission planning, and the ability to enable new market transactions.[4]

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[1] Randy Rismiller, a member of the OMS TCAWG, does not support these TCAWG Comments.

[2] Randy Rismiller **does not support** Attachment FF-6. Attachment FF-6 is on the table only because MISO uses an arbitrary cost socialization approach for transmission cost allocation (100% of MVP costs and 20% of BRP and MEP costs). If, instead, MISO's tariff required the identification of transmission beneficiaries and allocation of transmission expansion costs to beneficiaries (including generators) roughly proportionate to their benefits, no special treatment would be necessary to facilitate the Entergy Companies' integration into MISO.

[3] The Commission stated in the *Duquesne Withdrawal Rehearing Order*, that "a new transmission owner joining PJM would become subject to charges [for regional facilities], because it would be a zone in PJM with a zonal annual peak load, regardless of when the projects were approved and regardless of who these projects may have previously benefited."[3] 124 FERC ¶ 61,219 at P 164.

In *American Transmission Systems, Inc.* 129 FERC ¶ 61,249 (2009) at PP 111-114, the Commission disagreed with ATSI's contention that "PJM should not be permitted to apply to ATSI PJM's current tariff provision that allocates system-wide costs (upgrades 500 KVs or greater) approved through its RTEP process to all PJM zones based on the zone's load ratio share." (129 FERC ¶ 61,249 at P 112) The Commission stated,

> Transmission owners that seek to change RTOs should be prepared to assume the costs attributable to their decisions. ATSI is permitted to balance the benefits it associates with its decision to join PJM under its existing tariff against the costs it anticipates it will incur in exiting the Midwest ISO and joining PJM to determine whether such a move is cost-justified. While we have held that companies are free to join and exit RTOs, we have applied the existing tariffs for each RTO in determining the costs to be allocated to the transmission owners seeking to exit and/or enter. (129 FERC ¶ 61,249 at P 113) See also *See Duquesne Light Co.*, 122 FERC ¶ 61,039 (2008).

The Commission said, "We see no basis to modify the existing RTO rules simply because a particular cost allocation makes a transmission owner's business decision more expensive." (129 FERC ¶ 61,249 at P 113)

Randy Rismiller believes the same logic applies to Attachment FF-6.

[4]In *Midwest Independent Transmission System Operator, Inc.* 123 FERC ¶ 61,265 (2008) at PP154-155, the Commission declined to approve a special tariff provision to facilitate the integration of certain MAPP companies into the Midwest ISO. One of the Commission's concerns was the treatment of cost allocation for new transmission facilities. Randy Rismiller believes the same flaw exists in proposed Attachment FF-6.

Qualification

The tariff should be very clear about the qualifications required for a joining entity to be eligible for Attachment FF-6 treatment.[5] The joining entity should be of sufficient size and scope so that the larger proposed MISO footprint would gain improved market efficiency, reliability, and transmission planning.[6] The definition of the Second Planning Region may need to be generic and not have references to Entergy in it—this could be seen as unduly discriminatory by FERC.[7] If the language is generic, it could accommodate a future, additional Second Planning Region if a large enough member were to join MISO.

Transition Period

The OMS supports the start date of the transition period as proposed, and supports the length of the transition period of five years. As MISO explained, this will enable the RTO to obtain and analyze market data, prior to planning projects in the Second Planning Region. This will provide MISO with an adequate time frame to analyze and establish comparable transmission systems between the regions,[8] following the five year transition period. Additionally, OMS believes it is best to review the performance of a jointly dispatched system in an LMP based hourly market throughout the combined MISO footprint before jointly planning additional transmission infrastructure. This is based on Entergy's geographical proximity to the current MISO footprint and lack of an hourly locational power market between the combined areas.

Phase-In Period

The proposed tariff outlines an eight year phase-in period as this is the approximate period of time for an MVP to be constructed and placed into service. This reason was given by MISO during the tariff waiver workshop. A calculation[9] of the 17 project MTEP11 MVP portfolio shows the average in-service date is 66 months, or 5 years, 6 months after approval. We wonder if there are more reasons behind the eight year phase-in of costs.

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[5] It is Randy Rismiller's position that the type of special treatment that MISO proposes to offer to Entergy Corporation is inherently unduly discriminatory.

[6] Randy Rismiller believes that proposed Attachment FF-6 is flawed regardless of the size and scope of the potential new entrant into MISO.

[7] Randy Rismiller believes it is the substance of Attachment FF-6 that is discriminatory, regardless of whether or not it contains specific references to Entergy.

[8] Randy Rismiller believes comparability is only an issue in this case because MISO's tariff features transmission cost socialization that is not based on beneficiaries.

[9] This was not weighted for the cost of each line (which would indicate distance), but was adjusted for the Michigan Thumb Wind Zone approval in December 2010. The other 16 projects were assumed to be approved in December 2011.

Cost-Benefit Calculation (Section II)

MISO's draft tariff language is too vague on the cost-benefit calculation. OMS has many questions about the calculations to determine the benefits and costs of each regions MVP portfolios in a given MTEP. Why is the standard that every local resource zone not be negatively impacted? Is that the only or best standard that could be used to determine the allocation of benefits throughout the MISO region? In the recent MVP Order on Rehearing FERC directed MISO to perform periodic reviews, at least every three years, to monitor the costs and benefits of the cumulative effects associated with all MVPs approved in the MTEP.[10] Will MISO update the calculation of MVP cost-sharing to accurately reflect the latest cost benefit analysis during the phase-in period? When are the calculations to determine cost-sharing of the MVP portfolios performed; and what data is used as inputs to those calculations?[11] Is the data for MVP Portfolio_1 the same data used in the business case in 2010, or data that is updated based on future model runs? The MVP equations in the draft tariff language should be changed accordingly to accurately reflect MISO's intentions.

One potential scenario to consider: with Arkansas fully integrated, what happens if the Second Planning Region equation is met in year 1, but fails in year 2 with the addition of a zone in another Entergy state. Does Arkansas (and only Arkansas) continue to pay for the MVPs? Another situation that could likely arise is that of an MVP portfolio in the joining region benefiting some but not all of the resource adequacy subregions in MISO's historic footprint. How would the costs for those MVPs be shared; throughout the joining region but only in the benefiting historic MISO subregions? Could the standard for MVP cost-sharing change whereby costs are allocated only to a benefiting subregion, regardless of the subregion's location? What if the MVP portfolio benefitted only some of the joining region's subregions, but a majority of the subregions (or local resource zones) in both historic MISO and the joining region?

Finally, it is unclear to OMS which discount rate will be used in the cost benefit calculation. Both 3% and 8% have been used in the MVP business case developed this year.

Study Period (Section II)

One OMS concern appears to have been cleared up in the October 31 draft. Instead of using a 20 or 40 year study period (or both to get two answers), Section II.B.3.f states the time period of the study begins the first year that costs are incurred (presumably as soon as a project is assumed to be approved) and ends after 20 years of benefits are included in the calculation ("considered" is the word in the tariff). For example, if a project took 5 years to construct, and the benefits are assumed to start at the in-service date, the study time period for that project

[10] 137 FERC ¶ 61,074 MVP order denying in part and granting in part rehearing ¶ 30.
[11] Section II.B.3 of proposed Attachment FF-6.

would be 25 years. This method means that there will be different study time periods for different projects, depending on the construction time.

Planning Study

Section II.B states MISO will conduct "planning studies", while Section III.A refers to the "length of the study". This reference indicates studies will be performed for Baseline Reliability Projects (BRP), Market Efficiency Studies (MEP), and Multi-Value Projects (MVP). It is not clear whether there will be one study for each of these areas at the end of the transition period, or whether there will be a study for each area early in the transition period that is updated annually as MISO gains more information in each of the areas.

There is a contradiction, or at least ambiguity, between Section II.B.3.f and Section II.B.3.f.1.b. Section II.B.3.f refers to costs “for a time period beginning in the first year costs are incurred and ending after twenty years of full portfolio benefits have been considered.” But Section II.B.3.f.1.b states that “Costs will be a minimum of 20 years and will include the time between project approval and the in-service date.” This “include” is not all inclusive, as it appears that the costs that are included in the calculation will run from the project approval to whatever year the end of the benefits are. This may need to be clarified in the Section II.B.3.f.1.b definition.

Section III.B.3.f contains the term “full portfolio”. When is a portfolio full so as to start the 20-year timeframe? This term needs a definition, as we suggest at the end of this document.

Second Planning Region’s Transition Period (Section III)

Section III.A hinges on “the date that the first transmission owning member of the Second Planning Region becomes a fully integrated transmission owning Member of the MISO.” This description is ambiguous. What’s needed is a definitive date such as “the date the utility signs the Transmission Owners’ Agreement”.

Section III.B refers to “an MVP portfolio”. Shouldn’t it refer to an “MVP Portfolio_2”? Same issue for Section III.C.

Section III.B refers to an MVP Portfolio that “is reasonably expected to be approved by the end of the Second Planning Region’s Transition Period.” This reference is way too vague.

Section III.B states that MISO will inform FERC at the end of the transition period whether there is an MVP portfolio that satisfies the cost-sharing criteria. What happens if there isn't an MVP portfolio that meets the criteria? What if the MVP portfolio is very small, with only a few projects?

The second sentence of Section III.C is very confusing. This appears to be an impossible condition as it states there could be an MVP portfolio that meets Section II.B.3 but has not been approved by the MISO Board of Directors. However, the definitions of MVP Portfolio 1 and 2 in Section II.B.3 state that the projects are approved. A solution may be to refer to it as a candidate MVP portfolio. The last four lines of the sentence ("…except that those projects") appears to be unnecessary as it restates what is in the tariff elsewhere.

Section IV.A.2(b).ii and Section IV.B.2(b) appear to contain the same idea, only the first one lists MVPs along with the other MTEP projects, while the second one leaves out the MVPs. Does this nearly identical language need to appear twice, once under "Projects Terminating Exclusively in One Planning Region, and once under "Projects Approved During the Second Planning Region's Transition Period"?

Cost Responsibility (Section IV)

In Section IV.B.1, it is unclear what the phrase "provided, that" is trying to accomplish. It seems to be saying that if the tariff is followed, then certain costs won't be allocated to the Second Planning Region, but if the tariff is not followed, those costs will be allocated to the Second Planning Region.

Assuming that all of Section IV.B.1 is not some kind of misprint, then the reference in Section IV.B.1 referring to Section IV.C.3 should (apparently) be a reference to Section IV.B.3 because there is no Section IV.C.3 in Attachment FF-6. It is not clear what the reference to Section IV.B.3 is intending to refer to. Perhaps it means to refer to Section II.B.3.

Terms Needing More Definition Include:

"full portfolio benefits" (Section II.B.3.f)

"identified, documented, and determined eligible for cost-sharing under Attachment FF" (Section IV.B)

UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT

Illinois Commerce Commission	)	
	)	
Petitioner,	)	
	)	
v.	)	Case No. 11-3421
	)	
Federal Energy Regulatory Commission,	)	
	)	
Respondent.	)	

Hoosier Energy Rural Electric	)	
Cooperative, Inc.	)	
and	)	
Southern Illinois Power Cooperative	)	
	)	
Petitioners,	)	Case No. 11-3430
	)	
v.	)	
	)	
Federal Energy Regulatory Commission,	)	
	)	
Respondent.	)	

FirstEnergy Service Company	)	
	)	
Petitioner,	)	
	)	
v.	)	Case No. 11-3584
	)	
Federal Energy Regulatory Commission,	)	
	)	
Respondent.	)	

Duke Energy Ohio, Inc. and	)	
Duke Energy Kentucky, Inc.	)	
	)	
Petitioners,	)	
	)	
v.	)	Case No. 11-3585
	)	
Federal Energy Regulatory Commission,	)	

	)	
Respondent.	)	
Midwest ISO Transmission Owners	)	
	)	
Petitioners,	)	
	)	
v.	)	Case No. 11-3586
	)	
Federal Energy Regulatory Commission,	)	
	)	
Respondent.	)	
American Municipal Power, Inc.	)	
	)	
Petitioner,	)	
	)	
v.	)	Case No. 11-3620
	)	
Federal Energy Regulatory Commission,	)	
	)	
Respondent.	)	
Coalition of Midwest Transmission Customers	)	
	)	
Petitioner,	)	
	)	
v.	)	Case No. 11-3787
	)	
Federal Energy Regulatory Commission,	)	
	)	
Respondent.	)	
Bill Schuette, *et al.*	)	
	)	
Petitioner,	)	
	)	
v.	)	Case No. 11-3795
	)	
Federal Energy Regulatory Commission,	)	
	)	
Respondent.	)	(consolidated)
Public Service Commission of Wisconsin	)	
	)	

Petitioner,	)	
	)	
v.	)	Case No. 11-3806
	)	
Federal Energy Regulatory Commission,	)	
	)	
Respondent.	)	

MOTION OF THE ORGANIZATION OF MISO STATES, INC., FOR LEAVE TO INTERVENE

Pursuant to Rule 15(d) of the Federal Rules of Appellate Procedure, the Organization of MISO States, Inc. ("OMS") respectfully moves for leave to intervene in the above-captioned proceedings. As explained below, the OMS may support issues raised by Petitioners or by Respondents. In support of this motion, OMS states as follows:

1. The OMS is a not-for-profit, self-governing organization of representatives from each state with regulatory jurisdiction over entities participating in the MISO. The purpose of the OMS is to coordinate regulatory oversight among the states, including recommendations to MISO, the MISO Board of Directors, the FERC, other relevant government entities, and state commissions as appropriate.

2. Petitioners seek review of the following orders issued by the Federal Energy Regulatory Commission ("Commission"):

a) *Midwest Indep. Transm. Sys. Operator, Inc.*, Docket No. ER10- 1791-000, "Order Conditionally Accepting Tariff Revisions," 133 FERC ¶ 61,221 (issued December 16, 2010) ("December 16 Order"); and

b) Midwest Indep. Transm. Sys. Operator, Inc., "Order Denying in Part and Granting in Part Rehearing, Conditionally Accepting Compliance Filing, and Directing Further Compliance Filings," Docket Nos. ER10-1791-001 and ER10-1791-002, 137 FERC ¶ 61,074 (issued October 21, 2011) ("October 21 Order").

3. The orders under review relate to a proposal of the Midwest Independent Transmission System Operator, Inc., ("MISO") to establish a new category of transmission projects called Multi Value Projects ("MVPs"), and to establish a cost allocation method for such projects. MISO's cost allocation methodology was developed with significant input from state regulators; many but not all state regulatory recommendations were included in its filing to the Commission. The Commission's orders likewise accept many but not all recommendations of state regulators. The costs that are to be incurred and allocated under these orders will become provisions of MISO's tariff and ultimately recovered from retail electricity customers through rates within the jurisdiction of OMS members. Accordingly, the OMS respectfully submits that it has a direct and substantial interest in the outcome of this proceeding and that no other party can represent OMS's interests adequately herein. The OMS may support certain issues that may be raised by Petitioners and may support the Commission's orders with respect to other issues.

4. Pursuant to Rule 26.1 of the Federal Rules of Appellate Procedure and of the Rules of this Court, the OMS is submitting a Corporate Disclosure Statement with this motion.

WHEREFORE, the OMS respectfully moves the Court for leave to intervene with the right to participate fully in all aspects of these proceedings.

Respectfully submitted,
William H. Smith, Jr.

William H. Smith, Jr.
Executive Director
Organization of MISO States
100 Court Avenue, Suite 218
Des Moines, Iowa 50309
E-mail: bill@misostates.org
Tel: 515-243-0742

Dated: December 28, 2011

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

E.ON Climate & Renewables North America, LLC, *et al.*, Complainants v. Midwest Independent Transmission System Operator, Inc., Respondents	))))))))	Docket No. EL11-30-___

REQUEST FOR REHEARING
OF THE ORGANIZATION OF MISO STATES

Pursuant to section 313 of the Federal Power Act ("FPA"), 16 U.S.C. § 825*l*, and Rule 713 of the Federal Energy Regulatory Commission's ("Commission" or "FERC") Rules of Practice and Procedure, 18 C.F.R. § 385.713, the Organization of MISO States ("OMS") seeks rehearing of the Commission's October 20, 2011, order in this proceeding.[1] In the October 20 Order, the Commission granted the Complaint and Request for Expedited Commission Action filed by the Development Group ("Complaint")[2] and ordered the Midwest Independent Transmission System Operator, Inc. ("MISO") to remove Option 1 from Attachment FF of MISO's Open Access Transmission, Energy and Operating Reserve Markets Tariff ("Tariff"). The October 20 Order failed to appreciate that the relief would harm other customers by forcing them to

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1 *E.On Climate & Renewables North America, LLC v. Midwest Indep. Transmission Sys. Operator, Inc.*, 137 FERC ¶ 61,076 (2011) ("October 20 Order")

2 The Development Group consists of Clipper Windpower Development Co., Inc., E.ON Climate & Renewables North America, LLC, Horizon Wind Energy LLC, Iberdrola Renewables, Inc. and Invenergy Wind Development LLC and Invenergy Thermal Development LLC.

pay costs of Network Upgrades that would not have been constructed but for the need to interconnect an Interconnection Customer. Option 1 is consistent with the Commission's established cost causation principles. The Commission should grant rehearing of the Order 20 Order, and deny the Development Group's Complaint.

The OMS position with respect to this cost shift has been aligned with the position of the MISO Transmission Owners at earlier stages of this docket and in the rehearing request. For that reason, the OMS will avoid duplication in this pleading of arguments being made by the Transmission Owners.

In brief, the October 20 Order granted the relief requested in the Complaint, finding that requiring an Interconnection Customer to pay the costs under Option 1 after being refunded its initial prepayment is not just and reasonable, and ordered Option 1 "removed" from the Tariff. The Commission only briefly addressed the concerns that Option 1 protects the transmission owner or other ratepayers from having to shoulder the costs associated with the Network Upgrades constructed to allow the Interconnection Customer to interconnect, stating "such costs are reduced at the expense of interconnection customers who already incurred the risk of financing the network upgrades at the election of the transmission owner."[3]

I. SPECIFICATION OF ERRORS AND STATEMENT OF ISSUES

The Commission erred in determining that Option 1 is unjust and unreasonable because it requires the Interconnection Customer to pay the O&M and other costs associated with the Network Upgrades that would not have been built but for the need to

[3] October 20 Order at P 40.

interconnect the Interconnection Customer?[4] The Commission's decision is inconsistent with basic causation principles and other decisions and constitutes reversible error. The Commission also failed to respond adequately to the arguments made by OMS and others that eliminating Option 1 would unfairly burden other customers.

II. THE COMMISSION SHOULD GRANT REHEARING OF ITS DETERMINATION THAT OPTION 1 IS UNJUST AND UNREASONABLE BECAUSE OPTION 1 REQUIRES AN INTERCONNECTION CUSTOMER TO PAY COSTS ASSOCIATED WITH THE NETWORK UPGRADES BUILT TO ACCOMMODATE ITS INTERCONNECTION.

In rejecting Option 1, the Commission disagreed with assertions of OMS and other parties that Option 1 is consistent with cost-causation principles and that eliminating it could adversely affect customers in other zones, especially those in zones with a high degree of generation relative to load.[5] The Commission explained only that "such costs are reduced at the expense of interconnection customers who already incurred the risk of financing the network upgrades at the election of the transmission owner" and that the Commission was not required to accept a tariff provision that "creates opportunities for undue discrimination."[6]

The Commission's conclusion that it is unfair to require an Interconnection Customer to provide an upfront payment for which it is reimbursed and then required to pay the O&M, taxes and other components of the Option 1 charge is flawed.[7] It is

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[4] October 20 Order at P 37.

[5] OMS Comments at 6; MISO Answer at 10-16; Midwest ISO Transmission Owners Protest at 19-20, 25; Midwest ISO Transmission Owners Answer at 12-13

[6] October 20 Order at P 40.

[7] October 20 Order at P 37.

undisputed that the Network Upgrades are those facilities that would not have been constructed but for the need to interconnect an Interconnection Customer. In other contexts, the Commission has found requiring an Interconnection Customer to pay such costs is just and reasonable.[8] The Commission's findings are also inconsistent with its recent determinations that costs are to be allocated in a manner that is at least roughly commensurate with benefits.[9] The Commission failed to explain why it did not follow its own precedent or why these principles do not merit the rejection of the Complaint.

The Commission did not adequately respond to the cost causation arguments.[10] The Commission's findings are therefore arbitrary, capricious, and not the result of reasoned decision making.

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8 *See Midwest ISO Transmission Owners*, 133 FERC ¶ 61,196, at PP 41-42 (2010) (approving revisions to Attachment GG of the MISO Tariff that allocate a portion of depreciation expenses to Interconnection Customers).

9 *See Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, III FERC Stats. & Regs., Regs. Preambles ¶ 31,323 at PP 662 and 667 (2011) (approving cost allocation methodologies that require that costs be allocated to those that benefit from those facilities in a manner that is at least roughly commensurate with estimated benefits); *see also Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890 at P 559, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,241, (stating that in evaluating a cost allocation proposal, the Commission will consider whether the "cost allocation proposal fairly assigns costs among participants, including those who cause them to be incurred and those who otherwise benefit from them"), *order on reh'g*, Order No. 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007), *order on reh'g and clarification*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g and clarificatio*n, Order No. 890-C, 126 FERC ¶ 61,228 (2009), *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

10 To the extent the Commission's discussion in P 37 of the October 20 Order is intended to respond to the concerns about cost causation, this explanation is inadequate, for the reasons stated above.

III. CONCLUSION

For the reasons stated above, the Commission should grant rehearing of the October 20, reject the Complaint and allow Option 1 to remain in place in the Tariff as previously approved by the Commission.

The OMS submits this request because a majority of the members have agreed to generally support it. Individual OMS members reserve the right to file separate comments regarding the issues discussed. The Manitoba Public Utilities Board did not participate in this pleading.

Respectfully Submitted,
William H. Smith, Jr.
William H. Smith, Jr.
Executive Director
Organization of MISO States
100 Court Avenue, Suite 218
Des Moines, Iowa 50309

Dated: November 21, 2011

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding. Dated at Des Moines, Iowa, this 21st day of November, 2011.

William H. Smith, Jr

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Midwest Independent Transmission System Operator, Inc.	))	Docket No. ER12-312

NOTICE OF INTERVENTION OF
THE ORGANIZATION OF MISO STATES, INC.

Pursuant to Rule 214(a)(2) of the Federal Energy Regulatory Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(a)(2), the Organization of MISO States files its Notice of Intervention in the above-captioned proceedings. Service of all pleadings, documents, and communications in this matter should be made on the undersigned.

Respectfully Submitted,
William H. Smith, Jr.
William H. Smith, Jr.
Executive Director
Organization of MISO States
100 Court Avenue, Suite 218
Des Moines, Iowa 50309
E-mail: bill@misostates.org
Tel: 515-243-0742

Dated: November 11, 2011

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding. Dated at Des Moines, Iowa, this 11th day of November, 2011.

William H. Smith, Jr

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Otter Tail Power Company	)	Docket No. ER12-342-000

NOTICE OF INTERVENTION OF
THE ORGANIZATION OF MISO STATES, INC.
AND SUGGESTION TO DEFER SUBSTANTIVE RULING

Notice of Intervention

Pursuant to Rule 214(a)(2) of the Federal Energy Regulatory Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(a)(2), the Organization of MISO States ("OMS") files its Notice of Intervention in the above-captioned proceedings. Service of all pleadings, documents, and communications in this matter should be made on the following:

William H. Smith, Jr.
Executive Director
Organization of MISO States
100 Court Avenue, Suite 315
Des Moines, Iowa 50309
(515) 243-0742

Suggestion to Defer Substantive Ruling

In this docket, the applicants request certain transmission rate incentives pursuant to the Commission's regulations now in effect. The OMS takes no position with respect to the particular requested incentives.

In Docket No. RM11-26 the Commission has initiated a timely re-evaluation of its transmission incentives and regulations and sought input from interested parties by posing numerous questions. That Notice of Inquiry could well lead to revisions in the Commission's transmission incentive regulations and policies that would make them more responsive to current conditions in the power and financial markets.

The OMS suggests that the Commission defer substantive decisions in this docket until it has completed its re-evaluation of those regulations and policies. The OMS is making the same suggestion in other dockets requesting incentives in the Midwest Independent Transmission System Operator's region, which consists of the OMS's member states.[1] The Commission should avoid decisions granting incentives while it is reviewing its policies because those incentives would reflect older policies that may no longer be consistent with current conditions in the electric industry and financial markets. Such incentive awards would not encourage the development of transmission infrastructure in the most cost-efficient manner. To avoid awarding potentially anachronistic incentives, the Commission dispose of the current incentive requests until it has completed its Inquiry in Docket No. RM11-26 and any resulting rulemaking. At that point, this application could be addressed in conformity with any policy changes the Commission might make.

The OMS recommends suspension of this filing pending the outcome of Docket No. RM11-26 and any rulemaking resulting from that inquiry. Alternatively, the Commission may prefer to reject this filing without prejudice to resubmission upon the completion of those proceedings.

Respectfully Submitted,

William H. Smith, Jr.

William H. Smith, Jr.
Executive Director
Organization of MISO States
E-mail: bill@misostates.org
Tel: 515-243-0742

Dated: November 21, 2011

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding. Dated at Des Moines, Iowa, this 21st day of November, 2011.

William H. Smith, Jr

[1] Missouri River Energy Services, Docket No. ER12-352-000
MidAmerican Energy Company, Docket No. ER12-242-000

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

MidAmerican, Inc. and the Midwest Independent Transmission System Operator, Inc.)	))	Docket No. ER12-242-000

MOTION FOR LATE INTERVENTION OF THE ORGANIZATION OF MISO STATES, INC. AND SUGGESTION TO DEFER SUBSTANTIVE RULING

Motion for Intervention

Pursuant to Rule 213 and 214 of the Federal Energy Regulatory Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213 and 214, the Organization of MISO States ("OMS") files this Motion for Late Intervention in the above-captioned proceedings. OMS's ability to file timely was precluded by the schedule of regulatory meetings; this filing is one business day out-of-time. OMS accepts the docket as it stands. As indicated below, the OMS's regulatory members have an interest in this filing. Service of all pleadings, documents, and communications in this matter should be made on the following:

William H. Smith, Jr.
Executive Director
Organization of MISO States
100 Court Avenue, Suite 315
Des Moines, Iowa 50309
(515) 243-0742

Suggestion to Defer Substantive Ruling

In this docket, the applicants request certain transmission rate incentives pursuant to the Commission's regulations now in effect. The OMS takes no position with respect to the particular requested incentives.

In Docket No. RM11-26 the Commission has initiated a timely re-evaluation of its transmission incentives and regulations and sought input from interested parties by posing numerous questions. That Notice of Inquiry could well lead to revisions in the Commission's transmission incentive regulations and policies that would make them more responsive to current conditions in the power and financial markets.

The OMS suggests that the Commission defer substantive decisions in this docket until it has completed its re-evaluation of those regulations and policies. The OMS is making the same suggestion in other dockets requesting incentives in the Midwest Independent Transmission System Operator's region, which consists of the OMS's member states.[1] The Commission should avoid decisions granting incentives while it is reviewing its policies because those incentives would reflect older policies that may no longer be consistent with current conditions in the electric industry and financial markets. Such incentive awards would not encourage the development of transmission infrastructure in the most cost-efficient manner. To avoid awarding potentially anachronistic incentives, the Commission dispose of the current incentive requests until it has completed its Inquiry in Docket No. RM11-26 and any resulting rulemaking. At that point, this application could be addressed in conformity with any policy changes the Commission might make.

The OMS recommends suspension of this filing pending the outcome of Docket No. RM11-26 and any rulemaking resulting from that inquiry. Alternatively, the Commission may prefer to reject this filing without prejudice to resubmission upon the completion of those proceedings.

Respectfully Submitted,

William H. Smith, Jr.

William H. Smith, Jr.
Executive Director
Organization of MISO States
E-mail: bill@misostates.org
Tel: 515-243-0742

Dated: November 21, 2011

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding. Dated at Des Moines, Iowa, this 21st day of November, 2011.

William H. Smith, Jr

[1] Otter Tail Power Company, Docket No. ER12-342
Missouri River Energy Services, Docket No. ER12-351

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Midwest Independent Transmission System Operator, Inc. and Missouri River Energy Services	)))	Docket No. ER12-351-000

NOTICE OF INTERVENTION OF
THE ORGANIZATION OF MISO STATES, INC.
AND SUGGESTION TO DEFER SUBSTANTIVE RULING

Notice of Intervention

Pursuant to Rule 214(a)(2) of the Federal Energy Regulatory Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(a)(2), the Organization of MISO States ("OMS") files its Notice of Intervention in the above-captioned proceedings. Service of all pleadings, documents, and communications in this matter should be made on the following:

William H. Smith, Jr.
Executive Director
Organization of MISO States
100 Court Avenue, Suite 315
Des Moines, Iowa 50309
(515) 243-0742

Suggestion to Defer Substantive Ruling

In this docket, the applicants request certain transmission rate incentives pursuant to the Commission's regulations now in effect. The OMS takes no position with respect to the particular requested incentives.

In Docket No. RM11-26 the Commission has initiated a timely re-evaluation of its transmission incentives and regulations and sought input from interested parties by posing numerous questions. That Notice of Inquiry could well lead to revisions in the Commission's transmission incentive regulations and policies that would make them more responsive to current conditions in the power and financial markets.

The OMS suggests that the Commission defer substantive decisions in this docket until it has completed its re-evaluation of those regulations and policies. The OMS is making the same suggestion in other dockets requesting incentives in the Midwest

Independent Transmission System Operator's region, which consists of the OMS's member states.[1] The Commission should avoid decisions granting incentives while it is reviewing its policies because those incentives would reflect older policies that may no longer be consistent with current conditions in the electric industry and financial markets. Such incentive awards would not encourage the development of transmission infrastructure in the most cost-efficient manner. To avoid awarding potentially anachronistic incentives, the Commission dispose of the current incentive requests until it has completed its Inquiry in Docket No. RM11-26 and any resulting rulemaking. At that point, this application could be addressed in conformity with any policy changes the Commission might make.

The OMS recommends suspension of this filing pending the outcome of Docket No. RM11-26 and any rulemaking resulting from that inquiry. Alternatively, the Commission may prefer to reject this filing without prejudice to resubmission upon the completion of those proceedings.

Respectfully Submitted,

William H. Smith, Jr.

William H. Smith, Jr.
Executive Director
Organization of MISO States
E-mail: bill@misostates.org
Tel: 515-243-0742

Dated: November 21, 2011

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding. Dated at Des Moines, Iowa, this 21st day of November, 2011.

William H. Smith, Jr

[1] Otter Tail Power Company, Docket No. ER12-342
MidAmerican Energy Company, Docket No. ER12-242-000

EASTERN INTERCONNECTION STATES PLANNING COUNCIL

Briefing to the Organization of MISO States

November 3, 2011

RECENT MEETINGS

EISPC met via webinar on Friday October 28, 2011 (and the SSC subsequently met on Monday October 31st.) Agenda topics focused on discussion the unexpected modeling results from earlier revisions to one of the three Scenarios chosen at the September EISPC and SSC meetings and whether and what further revisions should be made. The webinar also discussed Phase 1 (of the two-phase project funded by this DOE grant) reports currently in progress by the EIPC and EISPC's inputs into that report and how such inputs should occur.

MODELING UPDATES

The last of the reserved modeling runs to fine-tune the three chosen Scenarios are currently in process with results anticipated for next week. This will complete all of the computer modeling for Phase 1 of this grant-cycle project. These three Scenarios will be used as the basis for transmission analyses in Phase 2 of this project.

PHASE 1 REPORTING

Now that Phase 1 of this project is coming to a close, EIPC, EISPC and SSC are focusing on Phase 1 reporting. EIPC has a specific DOE-contracted charge to provide a written report on Phase 1. EISPC has only a generic reporting requirement for Phase 1. Nevertheless, EISPC is expending much effort in two tracks of Phase 1 reporting: (1) reviewing and commenting on EIPC's draft report, and (2) reviewing a draft written by EISPC Staff of a separate Phase 1 for EISPC to be "chunked up" and inserted through-out the EIPC report or, alternatively, to be filed separately as an EISPC report. Discussions are currently being held as to whether EISPC's report will be issued as is or if it will be inserted in the EIPC report.

PHASE 2 TRANSMISSION "BUILD-OUT" PLANNING

Phase 2 work formally begins with week with a webinar to be held on Friday November 4th as an introduction for the members of the Transmission Options Taskforce (TOTF). The purpose of the TOTF is to designate a small number of members from each SSC Sector to work directly with the Planning Authorities on the specific aspects of the Phase 2 transmission analysis conducted on each of the three Scenarios. The TOTF is made up of six members from EISPC and two members of each of the other SSC Sectors. The TOTF work will constitute the bulk of the SSC's duties during 2012. EISPC will have the TOTF work as well as the Studies and Whitepapers projects (see below.)

As a reminder, the three Scenarios chosen by EISPC and the SSC upon which EIPC and the TOTF will be conduction transmission studies are:

(1) The Business as Usual Future (Future no. 1) including the new EPA Regulations' impacts and with revisions to moderate the Carbon price after 2030,
(2) A National Carbon Policy with high Energy Efficiency and Demand Response Future (Future no. 8) with revisions to moderate the Carbon price after 2030 plus other "tweaks", and
(3) The National RPS Policy with a Regional Implementation Future (Future no. 6).

ENERGY ZONES WORKGROUP

As reported previously, the three National Labs (Argonne, Oak Ridge and NREL) have moved forward with providing EISPC a proposal to conduct the vast majority of the Energy Zone Study (the Labs received specific funding from DOE for this work.) However, there are certain databases and tasks that the Labs recommended be procured from outside sources. The Labs and EISPC's Energy Zone Workgroup have now completed drafts of RFPs to procure two of the sets of information needed for the Study: (1) to procure licensing rights to use a commercial infrastructure database for the Energy Zone mapping tool, and (2) to create an inventory of laws, rules, and regulations that could impact the development of clean energy resource areas into Energy Zones. Both of these RFPs are in EISPC and NARUC review and are expected to be issued sometime this month.

OTHER STUDIES AND WHITEPAPERS

EISPC is currently negotiating contracts with successful bidders on RFPs to conduct Studies or Whitepapers on topic regarding Energy Market Structures and Energy Efficiency and Demand Response. RFP's are also in the works for other topics such as Clean Coal with Capture/Storage and Nuclear Technologies.

The Studies and Whitepapers Workgroup is assessing the remaining topics to see if they remain important and relevant enough to issue RFPs on or if other topics would be more worthwhile for investigation. It is not surprising that more alternative topic ideas are being generated than EISPC has time or money to do.

UPCOMING MEETINGS

EISPC will likely hold one webinar sometime in early-mid November on the Phase 1 reporting (day/time currently in the works.) EISPC's next in-person meeting will be held on November 16-17, 2011 in St. Louis, immediately after the close of the NARUC meeting. Information about all EISPC meetings will be posted as it becomes available at www.eispc.org.

Respectfully submitted,
Marya White, Director
Eastern Interconnection States Planning Council

OMS Regional Planning Work Group
Staff Comments on MISO's MTEP 12 Futures Scenarios and Inputs

Following are comments from the OMS Regional Planning Work Group staff on the MTEP 12 Futures Scenarios.

<u>Inputs and Assumptions:</u>

1) **Demand and Energy Growth Rates –**
    a. The methodology MISO has used for choosing the initial demand and energy growth rates needs clarification. Further explanation of how those values were initially chosen, as well as how the Global Energy Partner estimates will be factored in, would be valuable to better understand the rationale for the specific growth values that act as the starting point for the Low, Medium, and High values used in the futures.
    b. Growth rates are higher than they should be, especially when the embedded DSM value is factored in. Also, further clarification on why MISO has chosen a value of +/- 0.5% for embedded DSM would also be helpful to better understand the rationale for the suggested growth rates.
2) **Natural Gas Prices –**
    a. The Mid-Level price in the Futures Matrix for natural gas ($5) seems high and a value of $4.25 seems more reasonable.
3) **Renewable Penetration Assumptions –**
    a. MISO should consider the likelihood that state mandates should decrease. Some workgroup members suggest the addition of a Low value (which does not exist at this time) that would represent a potential decrease in State mandates by a given amount. A high value could represent a Federal RPS.
    b. More explanation regarding how MISO models the actual values of state mandates would be helpful. For example, for Mid Value, during the modeling process does MISO use the MWh values representing the corresponding existing mandates? If not, MISO should consider quantifying the mandate levels so stakeholders have a better grasp on how these are actually modeled.
    c. Are the National Mandate levels still reasonable? Being based off the older Waxman-Markey Bill with a target date of 2025, the future of this target date may be unreasonable by today's standards and it is suggested that MISO reevaluate the proposed mandate levels.
4) **NOx and SO2 Emission Modeling –**

a. Please explain in greater detail how MISO plans to quantify the NO_X and SO_2 emission levels for modeling purposes?

Proposed MTEP 12 Futures:

1) The OMS Workgroup believes that the Mid Values for demand and energy growth rates for the **BAU** are too high and should be replaced with the Low Values, so that there is a Low Demand and Energy Growth future represented as a feasible bookend for MTEP 12 modeling purposes. We understand that the Carbon Constraint future has Low values for demand and energy, but it also has High coal retirements. It seems more reasonable to include a future that has low demand and energy, in addition to Mid coal retirements. Some workgroup members suggest that if no changes to the BAU are sought, then the addition of another future that focuses on Low Demand and Energy would be a good idea.
2) The OMS Workgroup believes the Historical Growth scenario should represent a mid-level scenario with Medium demand and energy growth rates.
3) The combined policy future is adequate for representing a high book end because it assumes a $50/ton cost for CO2 emissions and includes high EPA impacts.

The Organization of MISO States
Staff Comments on
MISO's Proposed 2012 Incentive Metrics
November 10, 2011

The Organization of MISO States (OMS) Staff appreciates the opportunity to provide feedback on MISO's Proposed 2012 Incentive Metrics. The comments below address concerns in metric 4.2, Product and Performance Enhancement Strategic Goals.

- We recommend that Goal 7, Resource Adequacy, be changed to account for the fact that FERC has not approved MISO's Resource Adequacy filing in ER11-4081, and suggest the following edits:

  7. Resource Adequacy

  Develop and implement enhancements to the Resource Adequacy application including adding locational ~~market~~ mechanisms (required by a June 8, 2011 FERC order), enhanced load forecasting processes, and retail load tracking and capacity settlement~~, and enhanced auction mechanism~~.
  This goal requires the upgraded system to be in production by year-end.

- We also note that the Threshold, Target and Excellent levels of Metric 4.2 are measured by completion of a certain number of Goals, without consideration of the complexity or importance of the individual projects. For example, the efforts required to meet the Interchange Optimization goal may not equal those necessary to replace or upgrade OASIS. We suggest that the differences be taken into account in either the design of the Incentive Plan, or in the performance evaluation.

1. MISO Extended Locational Marginal Pricing (ELMP)

MISO plans to extend LMP by adding in unit commitment cost (start up/no load) to energy prices. This will require a separate model for determining prices that integrates unit commitment costs into the cost functions for specified units. The purpose is to allow block-loaded resources (i.e., fast start Combustion Turbines and Emergency Demand Resources) to set prices. It is also intended to reduce uplift charges related to under-collection of unit commitment costs and below-offer prices for block loaded resources when other units are constrained down to allow block loaded resources to be dispatched.

MISO is continuing to hold ELMP Task Team meetings every two weeks, with the most recent meeting on 11/4. At that meeting MISO presented draft tariff language and discussed new terms such as SCED-pricing to refer to use of approximate ELMP to calculate ex post prices. MISO plans on presenting draft tariff language to the MSC on 12/6.

The M&T Work Group met on 11/7 and drafted questions to MISO as a follow-up to MISO's ELMP presentation at the OMS Annual Meeting and the last ELMPTT meeting.

Status: Drafting questions for the work group to send to MISO.

2. MISO proposed MVP ARR Entitlements

MISO, at the 11/2 FTRWG meeting, discussed its proposal to establish, under the Auction Revenue Rights (ARR) provisions of the Tariff, a new class of expansion ARR entitlements ("MVP ARR Entitlements") to reflect the incremental transfer capability made available by the Multi-Value Projects. The ARR revenue amounts for each MVP project would be used as an input to the next MVP billing process and would be applied as an offset (credit) to the monthly revenue requirement amount for the related project, thereby reducing the total transmission charge obligation by that amount, and also reducing the rate. At the FTRWG meeting, WPPI said that MISO's proposal would set aside capacity that will not be available to support new ARR Entitlements for new capacity that would use the MVPs, that investment in new generation will be more difficult, and that it will limit MISO's ability to improve feasibility of existing LTTRs. WPPI wants to change MISO's proposal to make MVP capacity available to support Reserve Source Point Addition and Replacement requests.

Status: Monitoring and evaluating for potential OMS involvement.

3. MISO November 1 MSC Meeting

From the last Market Subcommittee meeting, here are some items of interest:

The IMM will be on the MSC agenda the month following his quarterly report to the MISO Board, so he will be on the MSC 1/6/12 agenda.

Price Signals within Emergency Capacity Events

The MSC passed a motion that MISO evaluate the 7/21/11 Emergency Capacity event to determine if pricing rules/methodologies should be incorporated to ensure proper price signals within Capacity Emergency Events. Ameren presented the motion because ELMP will not yet be in effect next summer to smooth out brief real-time price spikes.

Quarterly Market Advisory Committee MAC) Update

MISO presented its high and medium priority projects, with Look Ahead Capability, ELMP, Resource Adequacy, Integration/Transition (Duke and Entergy), Wind Integration , and Voltage and Local Reliability all being high priority. Stakeholders asked MISO to include a calendar on its next update.

System Support Resources (SSR) Provision Overview

MISO presented an overview of SSR provisions in its tariff Section 38.2.7 and Attachment Y that is good reference. MISO currently has no SSRs.

Constraint Relaxation Update

MISO announced that it will discontinue the use of constraint relaxation on non-RCF (reciprocal coordinated flowgates) transmission constraints starting 2/1/12. RCF congestion is subject to JOAs. Stakeholders asked that MISO provide an analysis of the potential impact.

Look Ahead Commitment (LAC)

MISO is using commitment cost minimization as the objective function of LAC but is evaluating the effect of using production cost minimization instead. MISO presented two sets of tariff sheets for stakeholder reviewed based on the two different objectives and will be seeking feedback.

Reserve Procurement Enhancements (RPE)

MISO put the software for its reserve procurement enhancements into effect 11/1. MISO performed a study that found potential for price spikes when a manual disqualification occurs and that zonal level RPE can provide better control with less likelihood of price spikes.

For those interested, please note the following MISO meetings:

MISO Market Subcommittee - monthly meetings (12/06 next mtg)
MISO RSG Task Force – monthly meetings (12/14 next mtg)
MISO FTR Working Group – monthly meetings (12/14 next mtg)
MISO ELMP Task Team – as needed meetings 11/18, 12/2, 12/16 next mtgs
MISO Seams Mgt Working Group – monthly meetings (12/12 next mtg)
MISO/PJM Seams Mgt Workshop – meeting 12/8

The **OMS Markets and Tariffs Work Group** covers: Energy and Operating Reserve markets, Market Monitoring and Mitigation. See
http://www.misostates.org/index.php?option=com_content&view=article&id=63:markets-a-tariffs-workscopereference&catid=60:workscopereference&Itemid=206

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

OMS Regional Planning Work Group
Report to OMS Board of Directors – November 9, 2011

(Jessica VanDeusen and Parveen Baig – Co-chairs)

The work group welcomes Jessica VanDeusen as WG co-chair and thanks ex co-chair Jerry Lein for many years of valuable contributions, efforts, and leadership.

PAC Update: PAC meeting was held on October 26, 2011. Bob Mckee and Julie Voeck were re-nominated to serve as chair and vice-chair.

- MISO presented their view on Order 1000 compliance. MISO feels they have nine specific regional planning requirements and that they are generally in compliance with them, with the exception of three (at what point are projects subject to Order 1000, further definition of what merchant developer needs to supply for reliability analysis, the need to post planning process needs on the website - straw proposal presented at the 11/30 PAC). Any stakeholder comments on compliance due to MISO (Matt Tackett) on 11/15.
- Update on MISO's generator interconnection queue reform (Attachment X) was presented.
- Updates were given regarding various MISO studies (Manitoba Hydro-Wind Synergy, Energy Storage Study, LOLE Study).
- Planning Subcommittee: two out of cycle projects for MTEP 12 Appendix A were presented; one ATC (Wisconsin to MI U.P.) and one BREC (by Tennessee).

MTEP12 Futures: MISO continues to work with stakeholders to finalize the MTEP12 futures scenarios and assumptions (i.e., demand and energy growth rates and capital costs for generic units). Vote on these are due at next PAC meeting (11/30).

MTEP11 Update: On November 8, 2011, the System Planning Committee of MISO's Board of Directors endorsed MTEP11 which recommends $6.5 billion in transmission investments.

MTEP11 recommends 215 new projects, including 16 Multi-Value Projects (MVPs. The Committee had requested additional comments from stakeholders at its October 19th meeting and did receive 12 comment letters. Committee discussed comments received (including ICC comments) and MISO's response to those comments.

MISO estimates that the MVP portfolio will deliver between 1.8 to 3 times more benefits than costs. For the average residential customer it translates to about $11 a year in costs versus benefits of $23 in reduced energy costs. MTEP11 now goes before MISO's full Board of Directors for consideration at its Dec. 8 meeting.

MISO Study on EPA Rules: MISO issued its Final Report on October 31, 2011, based upon 4 proposed EPA rules. The report indicates that MISO has no intention or authority to direct generators' strategies for compliance. The study evaluated the impacts on capacity cost, Resource Adequacy, cost of energy and transmission reliability.

- The regulations will impact unit operations in the near-term (1-3 years) in addition to requiring utilities to retrofit their generators with environmental controls or retire them in the 2015 timeframe.
- 12.6 GW of Coal Capacity is identified as at-risk
- Capital Investment of $31.6 to $33.0 Billion will be required to retrofit and/or replace units. 12.6 GW of retirement will require replacement of 10 GW to maintain reserve margins through year 2016
- Energy Prices will increase from $1/MWh to as high as $5/MWh

There are uncertainties associated with EPA rules. Three of the four rules have not been finalized. Energy Prices could increase with a higher natural gas price or due to carbon cost. Carbon constraints, if implemented and significant, will result in fleet configuration changes

OMS Resources WG Report to OMS Board – November 10, 2011

Resource Adequacy – FERC Filings

OMS filed a Motion to Leave and Answer to the IMM an Capacity Suppliers on Oct. 14. The Motion opposed the forward auction for four reasons: The centralized forward auction is not necessary, 2) it raises significant jurisdictional issues, 3) could impose substantial and unnecessary economic burden on ratepayers, 4) and finally it could jeopardize the historic long-standing resource adequacy of the region.

MISO answered with a 66 page document on Oct. 14. They did not reference the OMS explicitly in their answers but did to 37 separate pleadings. Many of the OMS points were repeated by others. Basically MISO restated the Resource Adequacy Requirement Enhancements in their July 20th filing meet the FERC's Order points.

A final ruling from FERC is expected in January or February 2012.

SAWG

The November SAWG meeting was cancelled. The next SAWG is December 1st.

LOLE

MISO made a slight correction to the Wind Effective Load Carrying Capacity (ELCC) credit. At the Oct. 26th PAC meeting it was reported at 14.9% and it has been corrected to 14.7%.

The second (Nov. 4) draft of the 2012 LOLE report was presented at the Nov. 9th LOLE WG meeting. Below are two extracts. The table below quantifies the changes in the Planning Reserve Margin from thfe Planning Year (PY) 2011.

Table 2.1: Details of Changes in Waterfall Chart Figure 2.4

	PY 2011 - PRM $_{SYSIGEN}$	**17.4%**
Sensitivity	**Description**	**Change**
External Support	PY2011: 1,470 MW non-firm external support decreased PRM 1.4% {18.8% Stand-Alone PRM} PY2012: 4,167 MW non-firm external support decreases PRM 4.1% {18.5% Stand-Alone PRM}	**-2.0%**
Forced Outage Rates	PY2011: MISO System-Wide EFORd was 8.02% PY2012: MISO System-Wide EFORd is 7.39% {0.3% of the PRM decrease from change to 5-year period of historic GADS data from 3-year}	**-0.7%**
Membership Changes	Duke Kentucky and Duke Ohio leaving	**-0.2%**
Load Forecast	PY2011: Load Forecast Uncertainty (LFU) was 4.45% PY2012 Load Forecast Uncertainty is 4.42%	**-0.1%**

Uncertainty		
Peak-Load Outage-Rate Adjustment	PY2011: Normal adder for Outside Management Control (OMC) impact from GADS data was 0.6% PY2012: The OMC component was increased by **2.3%** and set at 2.9%, to sustain the PY 2012 PRM_{UCAP} comparable to PY 2011 PRM_{UCAP} level	**+2.3%**
	PY 2012 - PRM $_{SYSIGEN}$	**16.7%**

Below is the comparison of the three MISO Planning Reserve Margin metrics since 2009.

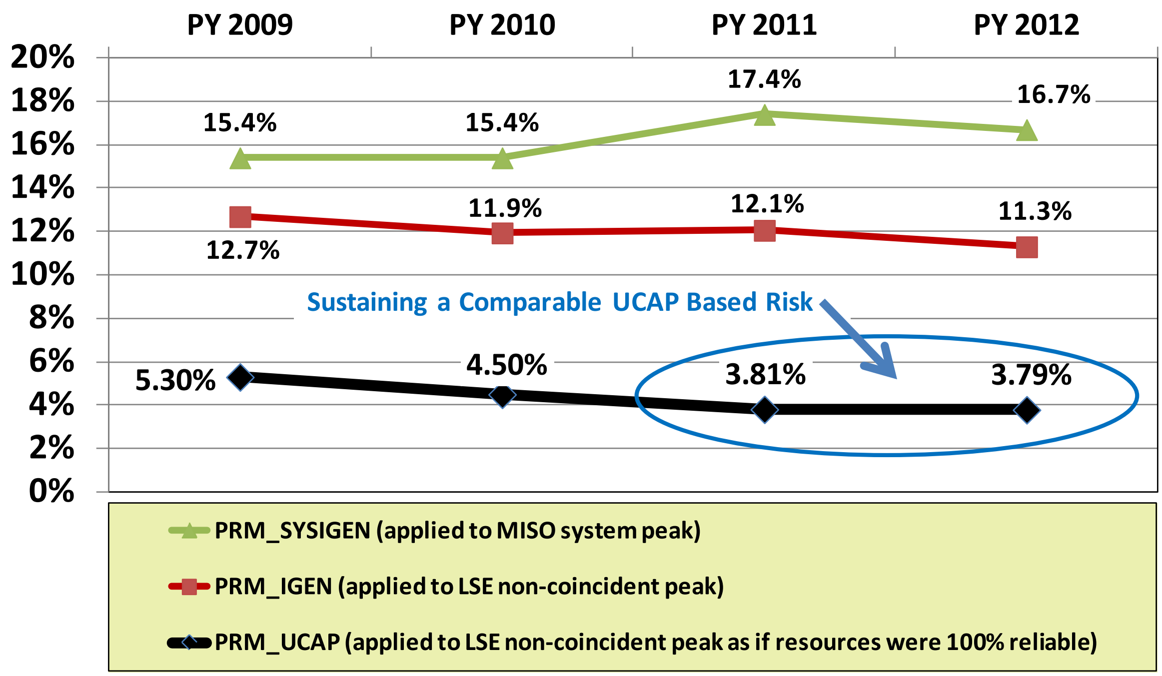

Figure 2.1: Comparison of PRM Targets

There might be a Nov. 17th conference call to cover any significant comments.

MISO EPA Impact Analysis

MISO is giving individual states an individual presentation on their EPA Impact Analysis. Clair Moeller has said the first serious resource adequacy issue will be the coordination of 62,000 MW of coal capacity that has to be retrofitted during long outages with emission controls or retired and need transmission additions. MISO estimates approximately 13,000 MW of old coal capacity might be retired. This mid-point estimate is based on the cost of compliance vs. new gas generation.

Submitted by Don Neumeyer, Chair Resources Work Group

Transmission Cost Allocation Working Group
Monthly Report
OMS Board Meeting
November 10, 2011

Midwest ISO Multi-Value Project Filing:

On December 16, 2010, FERC approved the Midwest ISO filing in ER10-1791-000. The FERC order approved the new transmission project category of Multi-Value Projects (MVPs) and the cost allocation of sharing the costs throughout the Midwest ISO footprint to MISO load. FERC rejected the MISO proposal to initiate an export charge to PJM for projects constructed in MISO that benefit PJM load.

The OMS Board approved various sections of a draft rehearing comments that the TCAWG had developed for the board meeting on January 13, 2011. With that direction, the group developed the final document which was filed on January 14, 2011. The OMS sought rehearing on the following issues:

- The Commission Erred in Accepting a Cost Allocation that Does Not Allocate Any Cost of MVPs to Interconnecting Generators.
- The Commission Erred in Eliminating the Midwest ISO's Proposal to Apply an MVP Charge to Exports Sinking in PJM.
- OMS Clarifies That There Was Not Full OMS Consensus of This Complex Cost Allocation Issue, However, There Was a Nine State Majority That Generally Supported the Midwest ISO's MVP Proposal.
- The Commission Erred in Accepting the Midwest ISO's Proposed MWh-Only Charge.
- The Commission Erred in Accepting a Portfolio Approach to MVP Project Selection.

The Midwest ISO also filed for rehearing, seeking to overturn FERC's decision to not allow the export charge to PJM.

Update: On October 20, FERC issued Order which largely affirmed its original order. FERC did not reverse itself on any of the points the OMS argued on rehearing. The new wrinkle in the Oct. 20 Order is that FERC has directed MISO to conduct a periodic check at least once every three years to compare the costs and benefits of the cumulative effects of all approved multi-value projects, and to post the analyses on its website and discuss them in its stakeholder process.

Numerous parties appealed FERC's MVP Orders and those appeals were consolidated in the United States court of Appeals for the Seventh Circuit

FERC Order 1000

On July 21, 2011, FERC issued Order 1000, Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities. Excerpts from the FERC fact sheet are below. In late August, FERC received more than 60 requests for rehearing and/or clarification.

How MISO complies with this order, and how the transmission projects are assigned to transmission owners will be important topics for the TCAWG in the coming year.

MISO presented its view of its degree of compliance with Order 1000 in terms of regional cost allocation at the Oct. 27 RECB meeting. MISO considers itself compliant with nearly all of the six FERC principles. One principle MISO is not compliant is having a 1.25 B/C ratio for market efficiency transmission projects, but MISO will be in compliance with that once its MEP proposal is accepted by FERC. The other principle

MISO asked for comments on this by November 15, and the TCAWG not to produce a consolidated OMS position, recognizing that each state may provide comments if they wished to.

MISO Filing Regarding Transmission Cost Allocation Waiver for Entergy, ER11-3278

On April 25, Entergy announced its intention to join the Midwest ISO. Entergy is a large, multi-state holding company with operating companies in Arkansas, Mississippi, Louisiana and Texas. It has around 30,000 MW of generating capacity and approximately 15,000 miles of transmission.

The move will need to be approved by elected officials and regulators in each of Entergy's jurisdictions. The Entergy operating companies are Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc. and Entergy Texas, Inc. The integration has a targeted implementation date of December 2013.

MISO filed for a waiver of certain tariff provisions on June 3, 2011 (ER11-3728-000), asking for a FERC ruling on or before July 31, 2011 so that the states that will be considering Entergy filings will know the outcome of the FERC decision regarding the allocation of transmission project costs.

The waiver centered on studying and, ultimately, ensuring the comparability of the Northern Planning Region (MISO footprint today) and the Southern Planning Region (the Entergy area). Until comparability is achieved or confirmed, between 5-10 years, each region will pay for its own projects. When comparability is assured, the both regions will participate in cost sharing as a single region. However, even after the 5-10 year transition period, cost sharing in the Southern Region for MVPs will be phased in over four years, with their share going from 25%, 50%, 75% and 100% in year four.

On September 27, FERC issued an order on the MISO request for a tariff waiver for integrating the Entergy companies into MISO. FERC did not rule on the merits of the case, but rather told MISO that they needed to make a Section 205 filing and supply tariff sheets that support the change. FERC stated "A properly-supported Section 205 filing with tariff sheets setting forth the cost allocation provisions that would apply to the Northern and Southern Planning Regions during the transition period" should have been filed with the Commission.

Update: Since the FERC order, MISO presented a new version of the tariff waiver in a special meeting and at the RECB meeting, both in the last week of October. MISO asked for comments by November 14. They originally wanted comments sooner, but the OMS asked for more time to consider the tariff waiver language.

The TCAWG held a conference call on this, and developed the comments for the November 10, 2011 Board meeting. The comments generally support the intention of the MISO waiver, but point to several places where the tariff falls short in language, definitions, or references to other parts of the new tariff. We also ask MISO to consider shortening the proposed 8 year phase-in period to 5 or 6 years, since that's how long the estimates are for the current MVPs to be in service. This time period was put forth by MISO as the reason for the 8 year period.

It's important to realize that OMS will have another chance at formal comments once this is filed at FERC.

Generator complaint against MISO interconnection cost allocation and reimbursement option, EL11-30-000

On March 22, a group of wind developers/generators filed a complaint against MISO and its Transmission Owners. The developers want to eliminate Option 1 for how they pay for generator interconnections. This option allows a transmission owner to initially reimburse the interconnecting customer and then to establish a monthly charge that includes the Project Cost for Network Upgrades, and components for the recovery of O&M expenses, General and Common Depreciation ("Depreciation") Expense, Taxes other than Income Taxes, Income Taxes, and a Return.

On May 13, 2011, the OMS filed comments arguing that eliminating Option 1 could have detrimental effects on the TOs, and, consequently, their ratepayers.

On October 20, FERC granted the Development Group (the wind developers/generators) the relief requested in the Complaint, finding that requiring an Interconnection Customer to pay the costs under Option 1 after being refunded its initial prepayment is not just and reasonable, and ordered Option 1 removed from the MISO tariff effective March 22, 2011.

The OMS Board agenda for the November 10, 2011 meeting includes a Request for Rehearing (written by Jerry Lein). The request argues that:

> The Commission Should Grant Rehearing Of Its Determination That Option 1 Is Unjust And Unreasonable Because It Requires An Interconnection Customer To Pay Costs Associated With The Network Upgrades Built To Accommodate Its Interconnection;

Midwest ISO Reliability Expansion Criteria and Benefits Task Force (RECB),

Phase III: Market Efficiency Projects

After spending 2009-10 working on issues that became the MISO MVP proposal, in 2011 the RECB Task Force took up the last of its three assigned tasks (the first was to address interconnection issues in low load areas, aka the "Otter Tail problem"), which is to reexamine the criteria and cost allocation for market efficiency projects. These projects are also known as "RECB II projects" because in the first iteration of the RECB TF in 2005-2008, first reliability projects were dealt with ("RECB I projects") and then market efficiency projects were dealt with; both resulted in FERC filings and tariff changes. A market efficiency project is just how it sounds: a project that isn't needed for reliability but one that can produce benefits by relieving transmission congestion and lowering the costs of power for customers.

At the recent October 27 RECB meeting, MISO made a new proposal for revising the criteria for Market Efficiency Projects (MEPs). The table below shows the current and proposed criteria. MISO plans to file the revisions around March of 2012. MISO requested initial comments on the proposal by Nov. 15. The TCAWG decided not to attempt a WG or OMS set of comments, but to leave it to each state to make comments to MISO.

Category	Currently Effective	Proposed Revisions
Benefit Metric	70% Adjusted Production Cost Savings + 30% Load LMP Savings	100% Adjusted Production Cost Savings
Benefit/Cost Ratio Threshold	sliding scale based on in-service date from 1.2 to 3.0	1.25
Timeframe for calculating the B/C Ratio	First 10 years of in-service life	First 20 years of in-service life, but not to exceed 25 years from approval year
Discount Rate used to Calculate B/C ratio	Does not specify methodology	Use MISO TO average after-tax Weighted Average Cost of Capital (WACC)
Voltage Criteria	345 kV and above (345 kV portion must be more than 50% of total project cost)	To Be Determined.
Project Cost Threshold	$5 million	No Change
Cost Allocation Methodology	1) 80% allocated based on planning sub-region benefits; 2) 20% postage stamp across footprint	1) 80% allocated based on local resource zone benefits; 2) 20% Postage Stamp