



Organization of MISO States

**ORGANIZATION OF MISO STATES, INC.
Board of Directors Meeting
Conference Call Minutes
June 9, 2011**

Approved July 14, 2011

Monica Martinez, President of the Organization of MISO States, Inc. (OMS), called the June 9, 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
Dave Johnston, proxy for Kari Bennett, Indiana
Rob Berntsen, Iowa
Bill Bowker, proxy for David Armstrong, Kentucky
Monica Martinez, Michigan
David Boyd, Minnesota
Josh Harden, proxy for Robert Kenney, Missouri
Brad Molnar, Montana
Jerry Lein, proxy for Tony Clark, North Dakota
Greg Rislov, proxy for Gary Hanson, South Dakota
Eric Callisto, Wisconsin

Absent

Manitoba
Ohio
Pennsylvania

Agency members participating

Randy Rismiller – Illinois
Robb Mork, Indiana OUCC
Bill Bokram – Michigan
Burl Haar, Minnesota
Adam McKinnie – Missouri
Don Neumeyer, Randy Pilo – Wisconsin

Others on the call

Bill Smith, Julie Mitchell – OMS Staff

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

Approval of Minutes from May 12, 2011

Eric Callisto moved approval of the minutes from May 12, 2011. Sherman Elliott seconded. The minutes were approved by unanimous voice vote.

Treasurer's Report

The May 2011 Treasurer's report was approved by consensus.

Review of the May 26, 2011 Executive Committee Meeting

Monica Martinez highlighted the following items from the May 26, 2011 Executive Committee Meeting:

- Nominating Committee vacancy and Monica Martinez's pending departure due to term expiration;
- A request for some volunteers for the Personnel Committee; Kari Bennett volunteered;
- OMS commission training continues
- The ERSC meetings in Carmel;
- Need for OMS by-law review by the OMS Governance & Budget Work Group;
- Copies of the OMS audit have been distributed.

Administrative Report

The Executive Director's written report was distributed prior to the meeting.

BUSINESS

1. MISO Advisory Committee Issues – Bill Bowker

Bill Bowker presented the AC action items:

- The Hot Topic comments have been distributed by the Regional Planning WG along with comments from Wisconsin. Eric Callisto presented Wisconsin's proposed amendment regarding the answer to question three and there was discussion about economic benefits versus policy goals. The wording of the amendment was changed to, "Inter-regional planning focused on identifying and developing transmission projects that advance policy needs economically."

A roll call vote was taken on approving the amendment.

**Illinois: Yes
Indiana: Yes
Iowa: Yes
Kentucky: No
Manitoba: Absent
Michigan: Yes
Minnesota: Yes
Missouri: Abstain
Montana: No
North Dakota: Yes
Ohio: absent
Pennsylvania: absent
South Dakota: Yes
Wisconsin: Yes**

The amendment was adopted with 8 yes votes, 2 no votes, 1 abstention and 3 absent.

A roll call was taken on the submission of the comments:

Illinois: Yes
Indiana: Yes
Iowa: Yes
Kentucky: Abstain
Manitoba: Absent
Michigan: Yes
Minnesota: Yes
Missouri: Abstain
Montana: No
North Dakota: Yes
Ohio: Absent
Pennsylvania: Absent
South Dakota: Yes
Wisconsin: Yes

The submission was approved with 8 yes votes, 1 no vote, 2 abstentions and 3 absent.

- There will also be a vote on members of the Nominating Committee for the Board of Directors and a vote on the Steering Committee motion for approving all the charters.
- Eric Callisto explained the Wisconsin motion to MISO's Advisory Committee, which is an attempt to allow more time for the MISO stakeholders to review the RA proposal.

Eric Callisto moved for support of the Wisconsin motion. Sherman Elliott seconded. A roll call vote was taken.

Illinois: Yes
Indiana: Yes
Iowa: Yes
Kentucky: Yes
Manitoba: Absent
Michigan: Yes
Minnesota: Yes
Missouri: Yes
Montana: Yes
North Dakota: Yes
Ohio: Absent
Pennsylvania: Absent
South Dakota: Yes
Wisconsin: Yes

The support of Wisconsin's motion as approved with 11 yes votes and 3 absent.

2. Planning Advisory Committee – Adam McKinnie

A written report was distributed. The only action item was the MTEP '11 future weighting. Any states that wish to weigh in on this need to do so by June 9th.

3. Review OMS Special Board Meeting – June 8 in Rapid City, SD

- Eric Callisto asked if individual states or OMS was planning to intervene in the MISO filing for MVP relief for Entergy during the transitional period. Wisconsin is considering filing a position.
- Dave Johnston stated that the TCAWG is planning on discussing this issue in a meeting on Monday.

4. Action Item: FERC notice of inquiry on transmission incentives, RM11-26 – comments due July 26

Randy Rismiller explained the background on this item. A draft is still pending, so no action was taken.

5. Action Item: Module E Resource Adequacy Issue. Comments to MISO due June 20.

Don Neumeyer presented this item and brought the Board up to date on the status of the on-going SAWG meeting and pending deadlines for comments.

6. Briefing: RECB asking comments on economic projects

Randy Rismiller presented this briefing on MISO's effort to re-examine the cost allocation methodology for the market efficiency project. These are projects that are not reliability projects and not MVP. MISO is specifically asking for feedback on the allocation of the 80% bucket to the sub regions.

7. Update – Eastern Interconnection Planning Process

Both Brian Rybarik and Lauren Azar have moved on to other positions and are no longer involved in the EISPC process. Volunteers are being solicited to continue to provide updates to the OMS Board.

Updates and Work Group Status Reports

Demand Response WG

- No Report;

Transmission Cost Allocation WG

- Written Report;

Markets and Tariffs WG

- Written Report;

Resources WG

- Written Report;

Regional Planning WG

- No Report;

Governance and Budget

- No Report;

Modeling WG

- No Report;

ADJOURNMENT

The OMS Board of Directors meeting adjourned at 2:10 pm CDT.

OMS

**Organization of MISO States
Report of the Treasurer
Kari Bennett, Indiana Utility Regulatory Commission
to the
Board of Directors
June 9, 2011
Report for May 2011**

CASH ON HAND

The beginning balance as of May 1 for the Wells Fargo Business Performance Savings Account was \$33,711.31. Interest earned for this month was \$1.43. The May 31, 2011 ending balance was \$33,712.74.

The beginning balance as of May 1 for the Chase Bank One Checking account was \$174,981.46. The total disbursements from the checking account for May 2011 were \$39,074.85.16. Deposits and interest were \$25,001.52. As of May 31, 2011, the checking account bank balance was \$160,818.13 and the book balance was \$157,707.43 (with 7 checks outstanding).

The total savings and checking account balances as of May 2011 is \$191,420.17.



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

Wells Fargo Business Performance Savings Account

Balance as of 05/01/2011	\$	33,711.31
5/31/2011 INT Interest on Savings	\$	1.43
		33,712.74
Business Performance Savings Account Balance as of 05/31/2011		\$ 33,712.74

Chase Bank One Commercial Checking with Interest

Balance as of 5/1/2011	\$	174,891.46
5/9/2011 DEP Midwest ISO	\$	25,000.00
5/31/2011 DEP Interest	\$	1.52
Total Deposits		\$ 25,001.52

Checks and Charges

Date	Check #	Descriptions	
4/29/2011	374	MG Trust Co	\$ 2,243.86
4/29/2011	375	MG Trust Co	\$ 679.48
4/29/2011	376	MG Trust Co	\$ 82.98
5/31/2011	380	MG Trust Co	\$ 429.68
5/31/2011	381	MG Trust Co	\$ 2,243.86
5/31/2011	382	MG Trust Co	\$ 106.06
4/27/2011	3748	Bill Smith	\$ 202.98
4/27/2011	3749	Brian Ballinger - Travel	\$ 315.82
4/27/2011	3750	Diversified Management Svcs	\$ 2,917.50
4/27/2011	3751	William Bokram - Travel	\$ 495.86
4/28/2011	3752	Rob Berntsen - Travel	\$ 661.85
4/28/2011	3753	Robert Kenney - Travel	\$ 600.20
4/28/2011	3754	Travis Kavulla - Travel	\$ 906.66
5/3/2011	3755	Adam McKinnie - Travel	\$ 515.59
5/3/2011	3756	Barbara Smith - Travel	\$ 40.50
5/3/2011	3757	Bill Smith - Travel	\$ 56.76
5/3/2011	3758	Mike Proctor - Travel	\$ 4,025.00
5/5/2011	3759	Greg Rislov - Travel	\$ 277.93
5/5/2011	3760	VOID	\$ -
5/5/2011	3761	Janet Amick - Travel	\$ 563.54
5/5/2011	3762	South Dakota PUC - Travel	\$ 458.40
5/10/2011	WD	Chase Bank Card	\$ 1,671.49
5/10/2011	WD	Paychex	\$ 117.97
5/10/2011	3763	100 Court investors - Rent	\$ 1,706.42
5/10/2011	3764	Angela Butcher - Travel	\$ 276.72
5/10/2011	3765	Kurt Simonsen - Travel	\$ 247.57
5/10/2011	3766	VOID	\$ -
5/11/2011	3768	Adam McKinnie - Travel	\$ 713.54
5/11/2011	3769	Jerry Lein - Travel	\$ 345.94
5/11/2011	3770	Lisa Pappas - Travel	\$ 383.46
5/11/2011	3771	Montana PSC - Travel	\$ 964.61
5/13/2011	3772	Qwest - Phone	\$ 254.77
5/16/2011	3773	Conference Suite - Conference Calls	\$ 569.47
5/16/2011	3774	Triplet Office Essentials - Supplies	\$ 85.48
5/17/2011	3775	Bill Smith - Reimbursement	\$ 66.99
5/20/2011	3780	Midwest ISO - Travel	\$ 866.00
5/27/2011	WD	Paychex Payroll	\$ 8,526.33
5/31/2011	WD	Paychex Taxes	\$ 4,453.58

Total Checks and Charges \$ 39,074.85

CHECKING ACCOUNT BALANCE 05/31/11 \$ 160,818.13

CERTIFICATES OF DEPOSIT, SAVINGS AND CHECKING ACCOUNT BALANCES AS OF 05/31/11 \$ 191,420.17

CHASE CHECKING ACCOUNT RECONCILIATION

	<u>Check #</u>	<u>Amount</u>
Bank Balance 05/31/11		\$ 160,818.13
Less Checks Outstanding		
6/30/2009 ADJ	Visa Adjustment	\$ 0.02
5/10/2011 3767	Manitoba Minister of Finance - Tr	\$ 835.08

5/17/2011	3776	Parveen Baig - Travel	\$	604.91
5/17/2011	3777	PSC Wisconsin - Travel	\$	689.24
5/20/2011	3778	Gail Maly - Travel	\$	12.00
5/20/2011	3779	Greg Watkins - Travel	\$	56.83
5/26/2011	3781	William Bokram - Travel	\$	486.74
5/26/2011	3782	Wisconsin PSC	\$	425.88

Total Outstanding Checks & Book Adjustments \$ 3,110.70

Book Balance 05/31/11 \$ 157,707.43

OMS

OMS Treasurer Report for Month of May 2011

Wells Fargo Business Performance Savings Account

Beginning Balance	33,711.31	
Deposits and Interest Earned this Month	1.43	
Withdrawals	<u>0.00</u>	
Ending Balance		<u><u>33,712.74</u></u>

Chase Bank One Checking Account

Beginning Balance	174,891.46	
Total Disbursements	39,074.85	
Deposits/Interest/Adjustments	<u>25,001.52</u>	
Ending Balance		<u><u>160,818.13</u></u>
Bank Balance	160,818.13	
Outstanding Checks & Adjustments	3,110.70	
Book Balance		<u><u>157,707.43</u></u>
Total Savings & Checking Balances as of May 31, 2011		<u><u>191,420.17</u></u>



Organization of MISO States

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OMS Executive Director Report June 7, 2011

FERC and DOE Activity

1. On May 13, the OMS filed intervened and filed comments in the complaint proceeding related to Interconnection payments. The OMS comments urge retention of Option 1. FERC Docket No. EL11-30.
2. On May 10, the OMS filed an intervention taking no position on the North Dakota Export flowgate. FERC Docket No. ER11-3280.
3. On May 19, the FERC asked for comments on its transmission incentives. FERC Docket No. RM-11-26.
4. On June 3, MISO submitted a request for waiver of the provisions of its Tariff regarding the planning and cost allocation of Network Upgrades, in order to establish a transition for the integration of Entergy Corporation and its Operating Companies into MISO as new transmission-owning members. FERC Docket No. ER11-3728.

OMS-MISO Activity

1. The OMS Resource Work Group continues to study the capacity auctions proposals under consideration in the Midwest ISO's Supply Adequacy Work Group.
2. On May 19-20, the Entergy States Regional Committee met in Carmel. OMS made a presentation to the ERSC and commissioners and staff were able to meet informally over dinner.

Public Relations

1. Presentations:
 - On May 19, Bill Smith will review OMS structure and organization for the Entergy States' Regional Committee at Carmel.
2. Pending speaking/meeting invitations:
 - None

Upcoming dates:

- Next regular **OMS Board of Directors meeting: July 14, 2011**, at 1:00 pm CDT
- Next **OMS Executive Committee meeting – June 23, 2010** at 1:00 pm CDT
- Regular OMS Board meetings: August 11, September 8
- OMS Executive Committee meetings: July 28, August 25, September 22

Upcoming Midwest ISO FERC Filings

Filing Date	Docket No.	Description	Pursuant to Commission Action	Working Group or Committee where issue/change will be reviewed
06/01/2011	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
07/01/2011	--	The Midwest ISO intends to file revisions of the resource adequacy process.		SAWG
07/22/2011	RM10-17-000	The Midwest ISO to submit a compliance filing pursuant to the Commission's March 15, 2011 Order regarding Demand Response ("DR").	Order No. 745 134 FERC ¶ 61,187	DRWG / TBPSC



**MISO Advisory Committee
Carmel, Indiana
June 15, 2011
10am – 3:10 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. Cross Border Transmission Planning, Analysis & Participation | | 10:15 |
| Opening Comments | Jeff Webb | |
| 5 Minute presentations per Sector,
including Minority Opinions | | |
| Following with debate- style exchange | | |
| a. Eligible End Users | | |
| b. IPP | | |
| c. Munis/Coop/TDU | | |
| d. Power Marketers | | |
| e. OMS | | |
| f. Transmission Owners | | |
| g. Public Consumer Advocates | | |
| h. Environmental | | |
| i. Coordinating Members | | |
| LUNCH | | 11:45 |
| 3. Attachment HH and ADR BPM | Lori Spence | 12:30 |
| 4. OMS Motion on RA Filing | Randy Pilo | 12:45 |
| 5. Entity Charters Review and Approval√ | Dennis Kramer | 12:55 |
| 6. Advisory Committee Items | Gary Mathis | 1:05 |
| a. Review of AC Management Plan | | |
| b. Elect Representatives for the Nominating Committee for the BOD√ | | |
| c. Governance Issue (Item 02 May 18, 2011 Agenda) | | |
| d. July Meeting Discussion | | |
| 7. Standing Committee/Other Stakeholder Committee Reports | | |
| a. Supply Adequacy Working Group | Tom Parker | 1:25 |
| b. Steering Committee | Dennis Kramer | 1:40 |
| c. RECB Task Force Update | Paul Jett | 1:45 |
| d. Stakeholder Governance Working Group√
Revised Governance Guide Approval | Bill SeDoris | 1:55 |
| e. Reliability Subcommittee Update | Tony Jankowski | 2:10 |
| f. Planning Advisory Committee Update | Bob McKee | 2:20 |
| g. Market Subcommittee Update | Bill SeDoris | 2:30 |



h. OMS Update	Bill Smith	2:40
i. Transmission Owners Update*	Dennis Kramer	2:50
8. New Business	All	3:00
9. Recap – Issues/Assignments	Alison Lane	3:05

Rotating Agenda Team July: John Moore
Audrey Penner
Mark Volpe

2011 Hot Topics:

- Policy impact to MISO market design (August 2011)
- Role of IMM and IMM State of the Market Recommendations

MISO Advisory Committee Hot Topic
Cross Border Transmission Planning, Analysis and Participation
June 9, 2011

Response of the Organization of MISO States

- 1. Different RTOs have varying planning practices. Do variations in planning practices between neighboring regions present barriers that limit the effectiveness of inter-regional planning? To what degree would it be beneficial if neighboring RTOs to some degree adopted similar practices? Which areas of planning should be similar – at least to some degree – between RTOs (e.g., model years, planning assumptions/scenarios, planning cycle timeline?) What recommendations do you have for how the MISO should proceed to minimize variations in planning practices?**

The OMS generally supports the concept of efficient transmission planning, regardless of individual RTO boundaries. Done properly, interregional planning may lead to improved efficiency of the transmission grid, while minimizing expense and optimizing expansions. In order to achieve improved coordinated inter-regional planning, it will be necessary for the individual RTOs to adopt at least a minimum number of common planning practices, including standardization of data formats. Areas of planning practices could include commonly used planning analysis, steady state, voltage stability, dynamic stability, generation deliverability, etc. Where common practices cannot be developed, the RTOs should pursue a high level of coordination between planning regions. Absent generally applicable mandates, advancing commonality of planning processes between RTOs will depend on voluntary actions of RTOs in cooperation with their stakeholders. As discussed in more detail in Question 2, the MISO would have to balance the development of common planning practices with ensuring that needed granularity in the planning process is not lost.

- 2. Coordinated planning can be performed on a one-to-one basis or on a broader inter-regional basis. Should the inter-regional planning priority be on more effective coordination across multiple interconnected regions (E.g. SPP, MAPP, MISO, PJM) or should the focus be on specific seams issues between two adjacent regions?**

Ideally, all transmission planning efforts would focus on developing the most efficient electrical grid - regardless of RTO boundaries. Accordingly, the MISO should advocate for and participate in coordinated planning practices on a broad inter-regional basis, up to and including interconnection-wide planning. The scale at which to plan would be best if varied to suit the intended purpose. There is a difference between general planning for informational purposes and more specific transmission expansion planning.

The goal of planning for informational purposes is more to inform policy decisions or provide higher level overview of an issue (i.e., EIPC, EWITS). Performing such broad inter-regional or interconnection-wide planning to examine scenarios and produce corresponding optimized alternatives, provides information, insights and knowledge to participants. Such broad

planning does not necessarily lead directly to actionable transmission projects for which some transmission developers may be required to act on—nor should they.

Planning for purposes of determining a buildable expansion plan where projects are tested for their validity, reliability, and benefit to the electric grid should require a specific focus on where the impacts will be felt and identification of beneficiaries. Transmission facility project development is advanced through the individual transmission planning efforts of each RTO, assisted by involved stakeholders. No MISO project approval should require any transmission developer to expend efforts on any transmission project unless that transmission project has been vetted through MISO's transmission planning process (including meaningful stakeholder participation), approved by MISO's Board of Directors as a needed transmission project, and sited by the appropriate state regulatory agency.

In sum, while broad inter-regional and interconnection-wide transmission planning exercises can produce benefits of information and insight, ultimately transmission expansion projects must be studied and approved through individual RTO processes and state regulatory proceedings.

While it is beneficial to understand how multiple regions perform their individual planning efforts, and in some cases have coordination at a high level across multiple regions, a broader interregional planning effort can be too broad for more localized matters. Under certain situations, issues that may be significant to two neighboring regions may not be as significant to a more distant region, because they do not share the same concerns. For example, addressing the loop flow around Lake Erie is likely to be more significant to the MISO, PJM, Ontario and NYISO regions than it would to SPP, as SPP is not directly impacted by it. In this example, more one-to-one, seams issue-specific coordination efforts between adjacent, neighboring regions would provide more granularity in the planning effort – allowing more resources, time, attention to detail and awareness to be directed at planning among RTOs and stakeholders to solve a specific transmission planning issue.

The MISO should be sure to balance its efforts to improve planning practices with ensuring that needed granularity in the planning process is not lost. With an increase in planning region participation, comes increased differences in geographical, operational, planning and market issues that can complicate the planning process. When coordinating across multiple, diverse regions the comparison is more like apples to oranges. Trying to plan on broader more interregional basis, could diminish the ability to effectively focus on significant issues, model development, and an overall efficiency.

Improving the RTO-to-RTO coordination on seams-specific issues would allow development of accurate models that can reflect both systems, common future scenarios and assumptions into both regions' transmission planning efforts, allowing for cross border issues to be addressed on their own scale.

With respect to both inter-regional/interconnection-wide planning efforts and RTO-to-RTO planning, state authorities have an important role and can make important contributions. EISPC, CARP and the UMTDI are prime examples of the role that state leadership can play in transmission expansion planning. There are a variety of reasons why voluntary processes initiated by transmission organizations and state authorities are likely to produce better results

than a federally-imposed process. First, state commissions have the ultimate responsibility for retail electric rates and are therefore keenly aware of how the costs of transmission development will flow to ratepayers. Second, transmission planning must accommodate state choices with respect to generation portfolios and the complementary demand-side programs. Third, state authorities are better situated to identify and address transmission upgrades such that they do not harm or require excessive upgrades to existing facilities. Lastly, because state authorities are closer to those regulated, their decisions will be more legitimate to those affected most by new transmission facilities. State-level decision-making allows for more complete public information, participation, credibility and public acceptance.

- 3. MISO and many of our neighboring regions currently identify and address their internal transmission expansion needs based on criterion that is differentiated as to drivers such as reliability, market efficiency, and energy policy. Assuming that reliability issues are being adequately addressed via the common NERC reliability standards, should the priority of inter-regional planning analyses be on resolving issues impacting MISO and neighboring system market efficiency or on policy driven needs?**

Inter-regional planning focused on identifying and developing transmission projects that advance policy needs economically would be a good use of RTO resources.

- 4. The EIPC effort is a long-range planning effort that involves all of MISO neighboring regions and all other regions in the Eastern Interconnection. It has significant input from the States in developing the planning scenarios to be analyzed. How should the results be applied by the MISO and its stakeholders as they are produced?**

The EIPC and EISPC efforts should provide a useful set of long range, large scale, planning assumptions, scenarios, and conceptual transmission designs to span the Eastern Interconnection. The inputs (i.e., initial stakeholder decisions, modeling assumptions, and scenarios) gathered from the States and other stakeholders actively participating in the EIPC effort can provide additional knowledge related to identifying the hot topics or major issues at the forefront of future large-scale transmission initiatives. Where is there general stakeholder consensus on issues? What are the major issues viewed by the States based on EISPC scenarios (e.g., small modular nuclear future)? This can provide MISO with an additional look into what is important to stakeholders. The results from the EIPC effort should help inform policy makers about the feasibility and cost of different potential policy decisions.

On the other hand, although the EIPC effort may provide some valuable information, we understand that the ultimate three transmission build out cases will be a snapshot for a future year. The EIPC website states that "This work will build upon, rather than replace, the current local and regional transmission planning processes developed by the Planning Authorities and associated regional stakeholder groups within the entire Eastern Interconnection." Since the first EIPC study does not have a similar study period as the MTEP, it is difficult to see how an Eastern Interconnection plan can be usefully compared to a MISO MTEP to see if the larger scope of the EIPC plan results in a lower cost transmission plan in the MISO footprint. The

OMS encourages MISO to explain to its stakeholders, once the EIPC study is finished, what value (if any) the EIPC study may have to the MTEP process. One question to consider is whether there should be a future EIPC study with a more contemporaneous timeline that could be compared with MTEP, RTEP or other RTO transmission expansion plans.

5. MISO engages stakeholders in inter-regional planning efforts that we direct via stakeholder forums referred to as Inter-regional Planning Stakeholder Advisory Committees (IPSAC), or joint versions of these (JIPSAC), as prescribed in the JOAs and tariff. Do these forums provide adequate opportunity for stakeholder participation in inter-regional planning studies? What recommendations do you have to improve stakeholder participation if needed?

While the opportunity is there, the means to effectively participate in the stakeholder process is often wanting. Those entities with focused business interests in the outcomes of these forums find it to be in their interest to devote resources to participating. Those entities whose interest are diverse or for whom the effect of the outcomes of these forums is far distant in the future (for example, beyond an election cycle or longer than the term between now and the retirement of key employees), may not be able to devote the resources to these forums that they merit. For example, consumer advocates and public service commissions must severely ration their resources. Accordingly, it is not sufficient merely to provide the opportunity to participate in these forums. Efforts must be made to facilitate the participation of sector interests that would otherwise be under-represented. This facilitation might involve, for example, flexibility regarding meeting times or location or separate outreach initiatives by MISO.

6. For projects that are identified pursuant to inter-regional planning protocols, what process should be followed to pursue their implementation and on what schedule or timelines to improve economic trading and cross border electric sales opportunities?

Regardless of whether a project is identified through an inter-regional planning protocol, MISO should not order or impose the development of any transmission expansion project unless it is comprehensively vetted through the internal MISO planning process, including meaningful stakeholder participation, and is approved by the MISO Board of Directors for inclusion in MTEP Appendix A. Such a project would also have to get the necessary state regulatory approvals.

Conclusion:

This comment was supported by eight OMS members:
Illinois Commerce Commission
Indiana Utilities Regulatory Commission
Iowa Utilities Board
Michigan Public Service Commission
Minnesota Public Utilities Commission

North Dakota Public Service Commission
South Dakota Public Utilities Commission
Public Service Commission of Wisconsin

The Montana Public Service Commission opposed the comment.

Three members were not present for the vote:

Manitoba Public Utilities Board
Public Utilities Commission of Ohio
Pennsylvania Public Utility Commission

OMS Planning Advisory Committee Update
Meeting of May 25, 2011

- **MVP MTEP Appendix A Projects Recommendation**
 - Biggest of the projects in the midyear MTEP MISO Staff recommendation is the Brookings County line in Minnesota
 - There was some concern expressed regarding the difference between the support for a project's inclusion in a portfolio versus support for the entire portfolio, plus the lack of economic analysis for the Brookings County line specifically. MISO stated they didn't do the economic analysis for the Brookings County line because the project clearly met MVP criterion 1, enabling public policy goals (mostly renewable energy standards).
 - There was a motion to send the draft report to the Advisory Committee and the MISO Board of Directors. OMS voted "yes" on the motion, as did all other sectors except for 1/5 of the Transmission Dependent Utilities (TDU) sector.
- **MTEP 11 Futures Weighting:**
 - Sectors were given additional time to construct weights, after it was noted that some sectors may have assigned probabilities to futures they wanted to occur, not what they thought probable to occur.
 - **OMS members have until this Friday, June 10th to turn in their probability weights for the four futures to Parveen Baig and Jerry Lein.** MISO has requested the probability weights be submitted by Wednesday June 15th.
 - The four futures for MTEP 11 are as follows:

S1: Business as Usual
S2: Business as Usual with high growth rate for D+E
S3: Combined Policy (Federal RPS + Carbon Cap + Smart Grid + Electric Cars)
S4: Carbon Constraint

- **PROMOD Data Publication**
 - Based on stakeholder feedback, data from MISO's PROMOD runs (including such things as nodal price predictions) will be made available to stakeholders on MISO's website. An e mail will be sent when such information is available.
- **SAWG Update**
 - Very brief, still working towards June tariff filing.
- **EPA Update**
 - MISO is continuing to work on this future, and expects to have information from PROMOD runs by the end of July.
- **EGEAS and Loss of Load Expectation Primer**
 - Similar to the PROMOD primer presented to PAC recently, this is a good reference if there are questions regarding how MISO works with optimal capacity expansion for the planning reserve requirement.

Next PAC Meeting – Wednesday June 22, 2011

1. MISO Extended Locational Marginal Pricing (ELMP)

At the 5/23 ELMP TT meetings, Paul Gribik presented the decision tree ballot results, where stakeholders supported MISO's recommended direction on high level decisions regarding the optimization method, period, and treatment of commitment costs (start up and no load) for fast start and slow start generating units. Some OMS states voted, while the OMS sent comments to MISO on 5/12. The next step is for stakeholders to vote on a motion that supports MISO's proposal at the 6/14 ELMP TF meeting. See 6/14 meeting materials that includes MISO's proposal and the motion.

Status: Recommend that each state consider voting at the ELMP TT meeting on 6/14.

2. MISO June 7 MSC Meeting

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

ELMP Update

Lee Zhang reported the results of the ballots on ELMP design:

- Supports using approximation method (RD and DA).
- Start with current interval and extend to future (RT).
- Use a 24 hour pricing window (DA)
- Fast start resources all offer costs (start up, no load, incremental energy) (RT and DA)
- Slow start resources only incremental energy costs. (RT and DA)
- Use a staged approach to implement ELMP

Capacity Portability

MISO had a kick off meeting several weeks ago with PJM, and expects to develop a work plan by mid July. After PJM feedback, MISO will release a whitepaper around mid July.

Key Strategic Initiatives

MISO discussed five projects and how they tie together: Look Ahead Commitment (LAC), Look Ahead Dispatch (LAD), Interchange Optimization, Ramp Management/Load Following, and ELMP. The projects increase efficiency of dispatch, improve price signals, and help manage forecast uncertainty. See meeting materials agenda item 6. LAC Stage 1 goes into testing for 6 months starting August, with a FERC filing expected in December so that LAC can be effective February 2012. LAD follows later. Ramp Management involves two new market products, Ramp Capability (RC) up and down, that would be simultaneously optimized with existing Energy and Operating Reserves markets.

For those interested, please note the following MISO meetings:

MISO Market Subcommittee - monthly meetings (6/28 next mtg)

MISO RSG Task Force – monthly meetings (6/29 next mtg)

MISO FTR Working Group – monthly meetings (6/29 next mtg)

MISO ELMP Task Team – as needed meetings (6/14 next mtgs)

MISO Seams Mgt Working Group – monthly meetings (6/27 next mtg)

The **OMS Markets and Tariffs Work Group** covers: Energy and ASM markets, Market Monitoring and Mitigation. See <http://www.misostates.org/2008Oct14OMSWGstructureapprovedbyOMSBOD.pdf>

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

Resources WG Report to OMS Board – June 9, 2011

SAWG

MISO posted on June 6th a new set of draft tariff language to further explain the opt-out concept. Comments are requested by June 20th. The Resources WG is reviewing the information now and will exchange comments. The Work Group has a conference call scheduled for June 16th. A combine set of comments will be available to the OMS Board for their consideration on Friday 17th if so desired.

A motion has been posted for the June 9th SAWG to requesting MISO delay their filing so the MISO stakeholders could have more time for a better understanding of the proposal. The motion has 6 supporters. Each OMS state can vote independently on this motion.

The following SAWG is June 24th.

LOLE

The June 8th LOLE meeting provided an update on the new RA construct, the 2012 reserve study and the topic of Load Forecast Uncertainty. MISO went through the details of the import/export limits of the planning zones individual with the check of having an additional forced transfer of 1500 MW between adjacent zones. The bottom line from Integrys was to ask for a simultaneous feasibility test after the auction to confirm the outcome did not compromise reliability for the peak days.

A limited discussion on the difference between the suggested test and how the Security Constrained Energy Dispatch test is done ensued. MISO staff will discuss and bring an answer at the next SAWG.

The next LOLE is June 13th.

Submitted by:

Don Neumeyer, Chair Resources WG

Transmission Cost Allocation Working Group

Monthly Report for the OMS Board Meeting June 9, 2011

Entergy Plans to join MISO

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.

Updated Information: 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 are considering filings in their states will know the outcome of the FERC decision regarding the allocation of transmission project costs.

The waiver centers 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.

FERC NOI on Transmission Incentives

On May 19, FERC issued a Notice of Inquiry (NOI) on Promoting Transmission Investment Through Pricing Reform (Docket No. RM-11-26-000).

The NOI focuses on several topics related to FERC's implementation of its transmission incentives program, such as the following:

- What factors should the Commission consider in evaluating an application for incentives?
- What obstacles are faced by transmission developers and what incentives are best suited to addressing those obstacles?
- How should the Commission consider changes in cost estimates?
- What other factors should the Commission consider in implementing the law?

There are 74 questions asked by FERC throughout the NOI. Comments are due on July 26 and the TCAWG, along with the OMS Planning WG, will be developing draft comments for consideration by the OMS Board.

Generator complaint against MISO interconnection cost allocation and reimbursement option (Docket No. 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 May 20, 2011, Complainants filed an answer.

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 takes up the last of its three 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.

Latest information: MISO has solicited input from stakeholders regarding cost allocation for the 80% of MEP costs that are currently allocated on a postage stamp basis within benefiting sub-regions. The TCAWG plans to consider the matter of developing OMS comments on this issue. The next RECB meeting is scheduled for June 21, 2011.

Midwest ISO Multi-Value Project Case

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. FERC directed MISO to make a compliance filing by February 14, 2011, on four items:

- Revise Tariff to state that MVPs will be reviewed on a portfolio basis (FERC Order ¶ 223)
- Clarify that the Monthly Net Actual Energy Withdrawals definition is consistent with the Filing Parties rate design objectives and does not result in double netting of Demand Response resources and Emergency Demand Response resources (FERC Order ¶ 389)
- Submit Tariff revisions to provide that wheel-through and export transactions to PJM are not subject to MVP charges (FERC Order ¶ 441)
- Clarify that the divisor of the MVP usage charge in Att. MM in fact reflects the MWhs of grandfathered service provided by each Transmission Owner to reflect an allocation of the costs of MVPs recovered under grandfathered agreements (FERC Order ¶ 452)

The Midwest ISO made its compliance filing on February 14, addressing all four items. The explanation of the review of MVPs on a portfolio basis is the following:

"In compliance with the Commission directive to revise the Tariff to state that all MVPs will be reviewed on a portfolio basis, the Midwest ISO has revised Attachment FF to clarify that a "Multi Value Project must be evaluated as part of a portfolio of projects, as designated in the transmission expansion planning process, whose benefits are spread broadly across the footprint."⁷ The new defined term "Portfolio" has also been added to Module A to clarify that it refers to MVPs that, when evaluated together, have the effect of addressing one or more Transmission Issues." (page 3)

The OMS filed a Request for Rehearing 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.

Latest Information: We are still waiting on the FERC order on rehearing.