OMS

Organization of MISO States

ORGANIZATION OF MISO STATES, INC.
Board of Directors Meeting
Conference Call Minutes
April 12, 2012

Approved May 10, 2012

Robert Kenney, President of the Organization of MISO States, Inc. (OMS), called the April 12, 2012 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:

John Colgan, Illinois
Kari Bennett, Indiana
Libby Jacobs, Iowa
Richard Raff, proxy for David Armstrong, Kentucky
Bill Bokram, proxy for Orjiakor Isiogu, Michigan
Burl Haar, proxy for David Boyd, Minnesota (David Boyd joined during meeting)
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

Agency members participating
Randy Rismiller, Bill VanderLaan – Illinois
Tia Elliott, Dave Johnston, Beth Roads – Indiana
Janet Amick, Parveen Baig, Chancy Bittner – Iowa
Angie Butcher, Chris Devon – Michigan
Walt Cecil, Josh Harden, Adam McKinnie – Missouri
Brian DeKiep – Montana
Don Neumeyer, Randel Pilo, Lori Sakk – 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 seven directors being present.

Approval of Minutes from the March 8, 2012 Board Meeting and the March 27, 2012 Special Board Meeting

Kari Bennett moved approval of the minutes. John Colgan seconded. The minutes were approved by unanimous voice vote.

Treasurer's Report of March 2012

Brad Molnar moved acceptance of the report. Robert Kenney seconded. The report was approved by unanimous voice vote.

Review of the March 22, 2012 Executive Committee Meeting

Bill Smith highlighted the following items from the meeting:

- Appointment of Libby Jacobs (Iowa) to the OMS Secretary position;
- Approval of an OMS group subscription to both Customized Energy Solution (CES) and Cruthirds Report.

Administrative Report

The Executive Director's written report was distributed prior to the meeting and included a reminder of the OMS travel policy.

BUSINESS

1. MISO Advisory Committee – April 18

April Hot Topic – Order 1000

- Due to the anticipated length of this discussion, it was agreed to handle the rest of the business items first.
- Eric Callisto, on behalf of the Wisconsin PSC, proposed several revisions and edits to the draft, centered around more clearly laying out the rationale for and the details on an enhanced role for OMS in planning. He detailed those proposed revisions, which included the need for additional assurances regarding the allocation of MVP costs to remote areas. He didn't feel this would interfere with the attempt to secure Section 205 rights for the states as part of the Entergy integration.
- Kari Bennett said that Indiana is in a different position than Wisconsin on this issue and does not support a super-majority veto proposal. She also expressed a concern that what OMS is proposing doesn't get interpreted as any indication that the states are trying to oppose or put up obstacles to transmission development.
- Libby Jacobs of Iowa agreed with what Commissioner Bennett said. Chairman Jacobs said that while Iowa strongly agrees with having some enhanced opportunities for OMS, there is strong concern about pre-judgment issues and what the impact of the super-majority veto proposal would have on that.
- John Colgan and Randy Rismiller expressed Illinois' support for Wisconsin's proposal for the role for OMS and suggested making it stronger. Illinois recommended OMS request the proposed veto rights not for the portfolio as a group but for the individual projects within the portfolio.
- Burl Haar stated that Minnesota felt the discussion had merit, but expressed concern that time frame for the comments prohibited a more robust discussion by the Board.
- Robert Kenney said he felt that conceptually the concept is consistent with the goals that OMS has set out, but agreed with Burl Haar about the time frame constraints.
- Commissioner Bennett suggested a more general response that eliminates the specifics of the MVP proposal. Iowa staff offered some language that had originally been stricken from the draft as too general for consideration. There was discussion about how to best reflect that general statement. Wisconsin indicated they'd be willing to resolve their concerns on question 1 with a footnote.

- The answer to question 5 was changed to reflect that OMS is not in a position to take a position on the question at this time.
- Randy Rismiller presented the Illinois edits (minus questions 1 and 5). In question 2, they sought clarification on state regional planning groups. Tia Elliott of Indiana explained the drafters' intent, which was founded by concerns about planning along the seams. There was discussion about whether the language committed OMS to anything or relieved MISO of its obligations under Order 1000.
- Illinois stated they fundamentally disagreed with the staff answer to question 3. After discussion and an explanation from the drafters, it was suggested that answer be revised to include both points of view.
- Illinios' objection to the answer in question 4 was to language that exempts existing transmission owners from eligibility tests. After discussion and suggestions, it was decided to handle this objection with a footnote.
- On question 6, Illinois noted that there needed to be an explicit statement regarding a requirement on the developer to submit periodic project cost estimates. There were no objections to that addition.
- Illinois then expressed concern about the delay in compliance with the new Order 1000 compliant planning process in regards to question 7. The process could take up to 2 years given the need for FERC approval of the compliance filing prior to MTEP process beginning. After discussion and suggestions, it was decided to handle this objection with a footnote.
- Dave Johnston agreed to rewrite the draft based on the Board's discussion.

Robert Kenney moved to present the April Hot Topic comments to the MISO Advisory Committee as amended. Kari Bennett seconded the motion. A roll call vote was taken.

Illinois – yes
Indiana – yes
Iowa – yes
Kentucky – abstain
Manitoba – absent
Michigan – yes
Minnesota – yes
Missouri – yes
Montana – abstain
North Dakota – yes
South Dakota – yes
Wisconsin – yes

The motion passed with 9 ayes, 0 nays, 2 abstentions and 1 absent.

2. Planning Advisory Committee

- A written report was distributed. Eric Callisto highlighted the following items:
  - o Implications on planning obligations by FERC Order 1000;
  - o The 5-4 vote on the Module E capacity tracking tool. This vote results in a requirement that MISO collect all relevant demand-side and energy efficiency information and add it into the tool.

3. Action Item: Amendment of the OMS By-Laws

- Robert Kenney presented the updated amendments to the OMS By-laws. Randy Rismiller suggested a friendly amendment to Article II, Section 1-C (regarding New Orleans) that would make the following changes: strike the word "which" and add "to the extent that it is statutorily authorized to." Various suggestions were offered tweaking the language and the following was agreed to: "to the extent that it is authorized to."
- Randy Rismiller also noted an issue in Article 7 regarding the composition of the Executive Committee. Bill Smith explained the historical background of the language in question. It was agreed the language was superfluous and would be removed.

- Randy Rismiller expressed on behalf of the ICC that the geographic balance is a really important element of the by-laws.
- Bill Booth joined the call and clarified the source of the City of New Orleans' regulatory authority, which is the home rule charter provision of the Louisiana constitution.
- Bill Bokram asked for clarification on the creation of the past-president position. Robert Kenney explained that it was primarily for continuity. Libby Jacobs sought confirmation that if the immediate past-president is no longer a commission member, then the position will remain vacant. Robert Kenney provided that confirmation.
- Various grammatical edits were offered.

Robert Kenney moved to accept the OMS By-law amendments as revised. John Colgan 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 - abstain
South Dakota - yes
Wisconsin - yes

The motion passed with 10 ayes, 0 nays, 1 abstention and 1 absent.

4. Update – Entergy

- OMS has amended its by-laws to include the City of New Orleans.
- The next meeting between OMS and ERSC is scheduled for May 2nd in St. Louis. The agenda is being developed.

5. Update – Eastern Interconnection Planning Process

- Marya White gave a verbal report. This included information on the group's in-person meeting on April 10-11 in Atlanta.

Updates and Work Group Status Reports

<u>Demand Response WG</u>

- Written Report;

<u>Transmission Cost Allocation WG</u>

- Dave Johnston indicated the work group's main project had been the April Hot Topic draft;

<u>Markets and Tariffs WG</u>

- Bill Bokram highlighted the MISO FTRWG update on page 2 that detailed changes the Entergy companies were requesting. Written Report;

<u>Resources WG</u>

- Don Neumeyer highlighted the upcoming joint PAC-SAWG meeting on April 24th. Written Report;

Regional Planning WG

- Parveen Baig noted their work also included the April Hot Topic comments. Written Report;

Governance and Budget

- Burl Haar reported that the first meeting of the 2012 Finance Subcommittee is April 16th.

Modeling WG

- No report;

ADJOURNMENT

The OMS Board of Directors meeting adjourned at 3:20 pm CDT.

OMS

Organization of MISO States
Report of the Treasurer
Dr. David C. Boyd, Minnesota Public Utilities Commission
to the
Board of Directors
Report for March 2012

CASH ON HAND

The beginning balance as of March 1 for the Wells Fargo Business Performance Savings Account was $33,725.39. Interest earned for this month was $1.44. The March 31, 2012 ending balance was $33,726.83.

The beginning book balance as of March 1 for the Chase Bank One Checking account was $95,437.57. The total disbursements from the checking account for March 2012 were $43,283.64. Deposits and interest were $25,000.80. As of March 30, 2012, the checking account bank balance was $81,118.77 and the book balance was $77,154.73 (with 8 checks and 1 adjustment outstanding).

The total savings and checking account balances as of March 31, 2012 is $110,881.56.

OMS

OMS Treasurer Report for Month of March 2012

Wells Fargo Business Performance Savings Account

Beginning Book Balance	33,725.39	
Deposits and Interest Earned this Month	1.44	
Withdrawals	0.00	
Ending Balance		33,726.83

Chase Bank One Checking Account

Beginning Book Balance	95,437.57	
Total Disbursements	(43,283.64)	
Deposits/Interest/Adjustments	25,000.80	
Ending Book Balance		77,154.73
Bank Balance	81,118.77	
Outstanding Checks & Adjustments	(3,964.04)	
Book Balance	77,154.73	
Total Savings & Checking Balances as of March 31, 2012		**110,881.56**

8 Checks and 1 adjustment outstanding at 03/31/12

Organization of MISO States

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OMS Executive Director Report
April 10, 2012

FERC and DOE Activity

1. On March 30, the OMS filed comments on Coordination between the Natural Gas and Electricity Markets in Docket No. AD12-12.
2. FERC orders
   - PJM cost allocation, on remand from the 7th Circuit: 138 FERC ¶61,230, issued March 30, 2012. FERC accepted PJM's proposed postage stamp allocation.
   - MISO Interconnection queue improvements: 138 FERC ¶61,233, issued March 30, 2012. FERC accepted MISO's proposed process changes.
   - MISO deferral of Entergy integration costs: 139 FERC ¶61,018, issued April 6, 2012. FERC approved the deferral until the integration date.
   - Declaratory ruling on cost allocation of phase angle regulators, 139 FERC ¶ 61,024, issued April 6, 2012.

OMS-MISO Activity

1. MISO filings
   - March 14, in Docket ER12-1265, MISO submitted tariff revisions in compliance with Order No. 719 (Wholesale Competition in Regions with Organized Electric Markets).
   - March 14, in Docket ER12-1266, MISO submitted Tariff revisions in compliance with Order No. 745 (Demand Response Compensation), with a correction filed March 23.
   - March 15, in Docket ER12-480, MISO and the Transmission Owners filed an answer regarding the integration of Entergy Corporation.

- March 23, in Dockets RM96-1 and AD12-12-000, MISO joined comments of the ISO/RTO Council concerning gas-electric coordination. March 30, MISO submitted additional comments.

2. The Black Sea Regional Regulatory Initiative regulators met April 3 – 5. At that meeting, they presented regulatory principles on integration of renewable resources, developed by the regulators, to Transmission System Operators and government ministries.

Public Relations

1. Presentations:
   - Bill Smith participated in a panel at the Michigan State University Institute for Public Utilities Grid School on March 8.

2. Pending speaking/meeting invitations:
   - Bill Smith will participate OMS History to the National Conference of Regulatory Attorneys on May 22.

Upcoming dates:

- Next regular OMS Board of Directors meeting: April 12, 2012, at 1:00 pm CST
- Next OMS Executive Committee meeting: April 26, 2012, at 1:00 pm CST
- Regular OMS Board meetings: May 10, June 13 and 14
- OMS Executive Committee meetings: May 24, June 28
- Next phone conference with IMM: April 23 at 2:30 CST

Upcoming Midwest ISO FERC Filings

Filing Date	Docket No.	Description	Pursuant to Commission Action	Working Group or Committee where issue/change will be reviewed
04/18/2012	ER10-1791-000, et al	MISO to submit a compliance filing to amend tariff language to provide reviews of the MVP methodology.	137 FERC ¶ 61,074 (2011)	N/A
04/30/2012	RM10-13-001	MISO to submit a compliance filing on netting issues	Extension of Time granted	CPWG

		pursuant to Order No. 741-A (Credit Reforms in Organized Wholesale Electric Markets).	January 24	
04/30/2012	RM11-7-000 AD10-11-000	MISO to submit a compliance filing pursuant to Order No.755 (Frequency Regulation Compensation).	137 FERC ¶ 61,064, Order 755	MSC
09/21/2012	RM10-17-000	MISO to submit a compliance filing pursuant to the Commissions March 15, 2011 Order 745 regarding Demand Response ("DR").	Order 745 134 FERC ¶ 61,187 (2011)	DRWG
10/11/2012	RM10-23-000	MISO to submit a compliance filing pursuant to the Commissions July 21, 2012 Order 1000 regarding Transmission Planning and Cost Allocation.	Order 1000 136 FERC ¶61,051 (2012)	PAC RECBTF

OMS Traveler's Policy Review

OMS Travelers should use the Travel forms that are attached. Forms can also be downloaded from the OMS website www.misostates.org . You can submit by email, fax or postal mail. The OMS requests that expense reimbursements are filed in a timely fashion after travel.

Please review the **OMS Travel Policy** also on the OMS web site. The main point of the policy is to minimize your costs consistent with accomplishing the goals of the trip. Specifically, note these sections:

- **Section D outlines Non-Reimbursable Expenses**.
- **Section E states that individuals who incur business travel expenses should neither gain nor lose personal funds as a result of travel.** This is an area of "let your conscience be your guide." However, OMS does not reimburse for meal expenses when the meal is provided at the meeting/conference.
- **Section G states that travelers should make reservations as soon as travel plans are finalized to obtain the advance travel purchase discounts**.
  Some states have contracts with Travel Agencies that are required to book state employees travel that is paid for by the State. If OMS is paying for the trip, travelers should be able to seek alternative and less expensive options usually online.
- **Section H outlines the Rental Car provisions.**
  The policy states that for insurance purposes the individual renting the car should include "OMS" with the name of the individual on the rental agreement in order to assure OMS's coverage by insurance. **(Note also that in Section D, rental insurance you purchase for domestic travel is not reimbursable*)*. OMS must have on file a copy of your current drivers' license information for the insurance company.**
- **Section L states that travelers will be reimbursed for telephone, fax and computer connections costs that are reasonable and necessary for conducting OMS or State Commission business.**
- **Section M. REIMBURSEMENT METHODS**

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

- **PER DIEM BASED; and ACTUAL COST BASED**

A traveler can use only **one** of these methods for the duration of a trip. Per-diem rates presented in this policy represent a flat rate reimbursable by the OMS. Incidental expenses include fees and tips for persons providing services, such as food servers, hotel housekeeping and luggage handlers. Because the OMS travel policy prohibits the reimbursement of alcoholic beverages, itemized receipts for meals should be provided.

PER DIEM REIMBURSEMENT METHOD

Domestic Per Diem Rates

The OMS will reimburse meal and incidental expenses based on the per-diem rate for the geographic region where the expenses are incurred. The OMS's reimbursement rate for domestic travel is based on the U.S. General Services Administration-maintained Web site of domestic per diems by geographic area; that site is now maintained at: www.gsa.gov/mie

The GSA mileage reimbursement rate as of January 1, 2012 is 51 cents/mile. This and the MI&E breakdowns for Carmel and St. Paul are listed on the OMS travel reimbursement form. The form is updated when rates change. Please ensure you are using the most current form.

ACTUAL COST REIMBURSEMENT METHOD

The OMS will generally reimburse travelers for three meals a day. On the days of travel to or from the destination, the individual's departure and return times should determine whether a meal was incurred during the period of travel. OMS requests that meals costs be in line with the per diem rates for the city visited. Exceptions will be considered by the Executive Director on a case by case basis.

Under either method of reimbursement, please remember that the OMS does not reimburse for meals furnished at no cost or nominal cost to the traveler. If meal costs are provided as part of a meeting or conference, reimbursement for those meals should not be requested.

Section N. DOCUMENTATION (PER DIEM AND ACTUAL COST METHODS)

Meal Receipts

The itemized copy of restaurant receipts is requested with any gratuity noted.

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

Required Receipts

Receipts for lodging are **always** required. **For any expenses over $25, receipts are also required.** These receipts must be submitted with a completed Expense Reimbursement Form.

MISO Advisory Committee
Carmel, IN
April 18, 2012
10:00 am – 3:00 pm EPT
Dial-in and WebEx information available at www.misoenergy.org

Agenda

1.	Administrative Items a. Welcome/ Roll Call b. Review of Agenda c. Review of Meeting Minutes d. Review Action Items	Dennis Kramer	10:00
2.	Hot Topic: FERC Order 1000 Opening Remarks: Jennifer Curran 5 Minute presentations per Sector, including any Minority Opinions as determined by the Sector following with debate- style exchange a. IPP b. Public Consumer Advocates c. Transmission Owners d. Eligible End Users e. Munis/Coop/TDU f. Power Marketers g. OMS h. Environmental i. Coordinating Members (no written comments)		10:15
3.	State Regulatory Update on State Representation	Kari Bennett	11:50
LUNCH			12:00
4.	Annual Meeting Discussion	Wayne Schug	1:00
5.	Advisory Committee Items a. BOD Nominating Committee Representatives b. Finance Subcommittee Elections√ c. ADR Nominations d. Review of AC Management Plan e. August Hot Topic Discussion f. May Meeting Discussion	Dennis Kramer	1:10
6.	Standing Committee/Other Stakeholder Committee Reports		
	a. Steering Committee	Dennis Kramer	1:30
	b. RECB Task Force	Dan Kline	1:40
	c. Stakeholder Governance Working Group	Bill SeDoris	1:50
	d. Reliability Subcommittee Update	Tony Jankowski	2:00
	e. Planning Advisory Committee Update	Bob McKee	2:10
	f. Market Subcommittee Update	Bill SeDoris	2:20
	g. Common Issues Meeting	Bill SeDoris	2:30

√ Denotes Potential Voting Item

* Denotes Report is Oral

h.	OMS Update	Bill Smith	2:40
i.	Transmission Owners Update*	Dennis Kramer	2:50
7.	New Business	All	3:00
8.	Recap – Issues/Assignments	Alison Lane	3:10

Rotating Agenda Team May: Kavita Mani
Nancy Campbell
Eric Callisto

Motion to the Advisory Committee
April 18, 2012

"The Advisory Committee approves the appointment of Mike Shields to the Chair position of the Finance Subcommittee."

MISO Advisory Committee Hot Topic
FERC Order 1000
April 18, 2012

Response of the Organization of MISO States

The OMS submits the following response to the April MISO Advisory Committee Hot Topic Questions regarding FERC Order 1000. It should be noted that this hot topic response occurs during a period when Entergy seeks integration into MISO and when the cost allocation of Multi-Value Projects (MVPs) are the subject of pending litigation. These two issues are highly relevant to the questions posed in this Hot Topic, yet their fate remains uncertain.

Regional Planning and Cost Allocation

1. ***MISO's review of the regional Planning and Cost Allocation requirements of Order 1000 indicate that MISO is mostly compliant with those requirements today. What process changes, if any, do you think need to be made to fully comply with Order 1000 Regional requirements?***

OMS believes MISO is not yet fully compliant with Order 1000 and that there are still several process changes required to meet the Order 1000 requirements.[1] With respect to the regional planning process, the OMS believes that the key paragraphs from Order 1000 where MISO needs to focus its attention are paragraph numbers 65, 148, 150, 152, 153, 208, 209 (especially footnote 189), 400, and 502, some of which are discussed in the subsequent paragraphs. These are listed in their entirety in the accompanying endnotes to this document.

OMS believes it is necessary to engage the states more fully, as Order 1000 strongly encourages, and proposes that OMS have an enhanced role during the planning process.[2,3] Foundation for better state integration into the planning process can be found in the following specific references from FERC Order 1000. In Paragraph 208, the FERC notes:

[1] The ICC believes that the issues discussed by the OMS in this section do not cover all of the matters on which MISO is not in compliance with Order 1000. The ICC elaborates on this point in its Supplemental Attachment.

[2] Given that the costs of MVP lines are allocated on a postage stamp basis, Illinois and Wisconsin believe that OMS should have a specific role in reviewing the MVP lines. One such option could be structured to provide OMS a veto over the portfolio of MVP lines. This veto would be exercised only by a supermajority of OMS members, would occur prior to the MISO Board of Directors vote for Appendix A determination for those lines, and would have to occur by a date certain prior to the scheduled MISO Board of Directors vote. The ICC would also support veto authority of this nature on a project-specific basis.

[3] OMS is still considering the specific method and needs more time to develop that specific role, especially since the Entergy integration effort is also ongoing.

> We allow for local and regional flexibility in designing the procedures for identifying the transmission needs driven by Public Policy Requirements for which potential solutions will be evaluated in the local or regional transmission planning processes." . . . "We therefore conclude that it is appropriate to require public utility transmission providers, in consultation with their stakeholders, to design the appropriate procedures for identifying and evaluating the transmission needs that are driven by Public Policy Requirements in their area, subject to our review on compliance.

Additional support comes from Paragraph 209 wherein the FERC indicates:

> Some public utility transmission providers might conclude, in consultation with stakeholders, to develop procedures that rely on a committee of load-serving entities, **a committee of state regulators**, or a stakeholder group to identify those transmission needs for which potential solutions will be evaluated in the transmission planning processes. [Emphasis added]

FERC further elaborates on the importance of input from state regulators in the planning process in Footnote 189 to Paragraph 209 where it specifically states:

> As noted below, we strongly encourage states to participate actively in the identification of transmission needs driven by Public Policy Requirements. Public utility transmission providers, for example, **could rely on committees of state regulators** or, with appropriate approval from Congress, compacts between interested states to identify transmission needs driven by Public Policy Requirements for the public utility transmission providers to evaluate in the transmission planning process. [Emphasis added]

In Paragraph 502, FERC also elaborates on how an enhanced role for state regulators would be in alignment with the requirement of Order 890 planning, namely:

> As explained above, [Order 1000] builds on Order No. 890's requirement that a public utility transmission provider have open and transparent transmission planning processes in which we encourage states or state committees to be involved.

An enhanced role for state regulators – through OMS – is a reasonable adjunct to the traditional final authority retained by individual states to approve ownership and siting of facilities that are planned to be physically located in their states.

OMS also has concerns with the current MISO Out-of-Cycle (OOC) process and believes it needs to be changed, with the addition of timing criteria to comply with Order 1000. Paragraph 150 in Order 1000 states:

> …stakeholders must be provided with an opportunity to participate in that [regional planning] process in a timely and meaningful manner. Therefore, we apply the Order No. 890 transmission planning principles to the regional transmission planning process, as reformed by this Final Rule. This will ensure that stakeholders have an opportunity to express their needs, have access to information and an opportunity to provide information, and thus participate in the identification and evaluation of regional solutions.

Paragraph 152 also states:

> …Additionally, absent timely and meaningful participation by all stakeholders, the regional transmission planning process will not determine which transmission project or group of transmission projects could satisfy local and regional needs more efficiently or cost-effectively.

Considering these Order 1000 paragraphs, OMS has a general concern related to the compressed schedule and applicability of the OOC process on candidate projects. OMS is concerned that there is a lack of distinction between candidate OOC projects that are smaller and more straightforward, likely requiring a shorter window of time for evaluation, than with those that are more complex.

Larger regional projects eligible for cost sharing may have numerous viable alternatives and require a longer time for sufficient, timely, and meaningful study and evaluation to recommend the best solution. However, currently OOC projects undergo a compressed schedule to study and evaluate candidate projects and alternatives. This creates the potential for the MISO Board to approve projects that may not be the best option because the compressed OOC schedule did not allow enough time for a full vetting of all of the possible options. Shortened and overlapping analysis of these OOC projects cause additional strain on MISO resources and subject matter experts who are relied on by stakeholders to perform the detailed analysis of the proposed projects.

OMS recommends that MISO consider incorporating timing criteria for all OOC proposals.[4] One suggestion would be to require a minimum of four months from when an OOC project is proposed to when MISO Board of Directors' approval of the project is expected. OMS also suggests that larger, complex projects with higher costs be given a longer minimum evaluation timing criteria, e.g., six months. This would allow MISO staff the necessary time to analyze the proposed projects and properly vet any and all alternatives to ensure that reliability of the system is not impacted and that the best solution is recommended for MISO Board approval. The addition of minimum timing criteria depending on the nature of the project and the number of alternatives also allows

[4] In previous Comments to FERC, the ICC has recommended elimination of the OOC tariff language. The ICC continues to support elimination of the OOC tariff provision.

stakeholders more time to be involved in the OOC planning analysis of projects, and better ensures that MISO continues to follow an open and transparent planning process as directed by FERC Order 890 and reinforced by Order 1000.

Interregional Planning and Cost Allocation

2. ***What key factors should be considered when addressing the interregional planning and cost allocation requirements of Order 1000? Are there areas where MISO should pursue reforms that go beyond the minimum requirements of the Order? For example, Order 1000 defines an interregional facility as one that terminates in two different regions; however, the current Joint Operating Agreement with PJM allows for an interregional (i.e. cost shared between the two regions) facility to be located solely within one region but shows benefits to both. What can MISO member utilities, interested stakeholders and state commissions do to move forward and/or enhance interregional planning?***

Key factors to be considered in this area include: 1) mechanisms for improving market transactions across MISO and other RTO regions, 2) improvements in transactions between MISO and non-RTO regions, and 3) improvements in planning between MISO and its neighbors. Market congestion is an important issue for all market participants, and OMS appreciates that MISO examines the Top Congested Flowgates. MISO has expanded these studies in MTEP 12 to include flowgates outside of MISO, and OMS supports this effort. OMS believes that, if there are projects identified that have benefits beyond MISO, then there should be a cost allocation mechanism that enables costs of such a project to be allocated to all the beneficiaries – both inside and outside of the MISO, commensurate with the estimated benefits that the project provides.[5]

Many of the MVP projects that have been approved by the MISO Board have in-service dates that are several years out. Moreover, MISO is scheduled to make a compliance filing in the very near future that reduced the benefit-cost threshold for Market Efficiency Projects (MEPs) to 1.25. Given the length of time before the MVPs are placed in-service and the reduced benefit-cost ratio for MEPs, there is a possibility that beneficial projects on the seams between MISO and its neighbors could be identified. Such projects should receive MISO's full consideration and should not automatically be precluded from MISO's planning process.

Stakeholders can enhance interregional planning by ensuring that relevant transmission providers and RTOs are fully engaged in a joint planning process across their seams. MISO and SPP have

[5] The ICC believes that some weight should be given to, or some account should be taken of, parties' positions about whether or not they really will benefit from MISO projects. There are methods to discern between free riders and non-beneficiaries.

begun initial steps down this path by developing a joint future study in 2012. OMS encourages MISO to pursue similar efforts with its other neighboring transmission providers. OMS also intends to engage neighboring regional state committees and state regulatory commissions, to ensure that transmission providers pursue robust and efficient interregional planning which should result in increased benefits to electricity consumers.[6] One way that state commissions can do this is to establish their own regional planning groups, especially groups that span the boundaries of multiple transmission providers. By doing this, states along the seams are more fully engaged, will better understand each other's goals and priorities, and will provide more meaningful input to the transmission providers. This idea is not however intended to be a substitute for anything mandated by Order 1000.

Elimination of the Federal Right of First Refusal

3. ***What types of projects does your sector believe qualify for the elimination of the Right of First Refusal (ROFR) - Multi Value Projects (MVP's), Market Efficiency Projects (MEP's), Baseline Reliability Projects?***

On this particular topic, OMS is not in full agreement on which projects should have the federal ROFR eliminated. There are two conflicting viewpoints among the states. First is the viewpoint that the elimination of the federal ROFR, if adopted, should be limited in application. For example, given that the scope of MVP and MEP projects are arguably more regional in nature,[7] as well as their need drivers (i.e., public policy, market efficiency) and benefits,[8] removal of the ROFR may be warranted for such projects. Therefore, opening up the process to a qualified non-incumbent transmission owner, who may be able to provide a solution at a lower cost than an incumbent transmission owner, would be beneficial to the customers. Similarly, MEPs have a long-term, regional economic focus[9] (i.e., relieving transmission congestion and improving market efficiency) and therefore, are another category of project that can benefit from more competition to provide for the best solution within a particular region, as well as across multiple regions.

[6] The ICC is supportive of OMS efforts to engage regulators in bordering areas in discussion regarding inter-regional planning. However, State commissions are not in a position to "ensure that transmission providers pursue robust and efficient interregional planning" because such planning requires cooperation from the state regulators and the transmission providers in the other region.

[7] The ICC does not agree that "MVP and MEP projects are arguably more regional in nature." There is nothing in the tariff criteria requirements for these types of projects that requires them to be regional in nature. The ICC agrees that the ROFR should be eliminated for MVP and MEP projects.

[8] Note that by making this statement OMS is not waiving any of its pending objections to the MVP process, and further note that some OMS states are not in favor of certain aspects of MISO's MVP proposals to date.

[9] The ICC does not agree that MEPs necessarily have a long-term, regional economic focus.

Some states believe Baseline Reliability Projects (BRPs) on the other hand should not be subject to the elimination of the federal ROFR,[10] because these projects are more local in nature, and driven by local reliability needs, usually on a shorter time horizon. The transmission grid is best served by transmission owners meeting the applicable reliability standards (i.e., NERC standards) for their service territory in a sufficient and least cost manner for their customers.

However, some BRPs may also provide regional reliability benefits, as well as interregional benefits (i.e., increased reliability on two neighboring systems, which in turn helps increase transfer capability between the two systems). That poses the question, should certain BRPs be subject to the ROFR elimination, and if so, to what extent? Some OMS states would like to suggest that MISO consider establishing a set of criterion advance of a filing to set a standard when selecting the BRPs that qualify for elimination of ROFR. In other words, some BRPs may be local enough in nature that they should retain the federal ROFR, while some that provide for more regional benefits could be opened to competition. Specific criteria would be necessary for determining when a BRP may provide more benefits beyond a specific local footprint and should be opened to non-incumbent TOs. For example, the size and impact of a project (i.e., a 345kV that can be shown to provide reliability to two neighboring RTOs), a cost threshold for a project (i.e., $10 million), and/or the location of a project (i.e., a transmission line upgrade that sits on, or near a seam whose upgrade would provide for a more robust system, and directly or indirectly, a more reliable link with a neighboring RTO).

The second viewpoint specifies that the elimination of the federal ROFR from the MISO FERC Tariff be applicable for all projects, MVPs, MEPs, and BRPs, where the project's costs are allocated outside the transmission owner zone in which the project is physically located.[11] Given that project costs are to be allocated outside the zone in which the project is to be located, the construction of the project should be open to qualified non-incumbents who may be able to produce the project at a lower cost than an incumbent transmission owner. Competition among qualified transmission developers would help to minimize the costs that are being allocated outside of the zone without compromising project quality. In a situation where the cost of the project is to be allocated completely within the zone where the project is to be located, the selection of a project developer can be left to the parties that will ultimately bear those costs.

It bears stating that in making these suggestions on elimination of the ROFR, OMS believes that ROFRs sounding in state law are unaffected by Order 1000. As FERC stated repeatedly,[12]

[10] OMS supports MISO's retention of the federal ROFR for Participant Funded, Generator Interconnection, and Transmission Delivery Service projects as well, for similar reasons.
[11] The ICC supports this position.
[12] *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, 136 FERC ¶61,051 (July 21, 2011): See, e.g., ¶ 107; ¶ 159, n.155; ¶ 212; ¶ 227; ¶ 290; and ¶ 337.

Order 1000's elimination of the federal ROFR has no preemptive effect on state laws that dictate which entities may build within a state or a specific territory within a state.

4. ***What are the primary factor(s) that should be considered in selecting which transmission developer should construct an approved facility?***
    a. ***What qualifications should be required to be a transmission developer?***
    b. ***By what method should a developer be selected? (i.e. competitive bid, sponsorship, etc.)***
    c. ***Should there be a preference for the proposer of a project?***

a. Current MISO Transmission Owners who have demonstrated the ability to construct, own and operate transmission assets should be automatically included as potential transmission developers in their current service territories.[13] Affiliates of current MISO TOs would seem to be qualified, but it may be difficult to determine the scope and abilities of the affiliate, relative to the MISO TO. Rather than making a special accommodation for existing TO affiliates, it is probably cleaner for MISO to develop the criteria for all new potential TOs.

At a minimum, a prospective transmission developer needs to have a plan for how it would meet all of the NERC requirements to own and operate these critical assets. This would include demonstration of previous experience or a plan as to how and when they would hire personnel to accomplish the regulatory permitting, acquisition of land easements, construction and operation of a transmission project, including outage recovery. An affiliate needs to have a plan detailing the personnel from other parts of the parent corporation (or its affiliates) that would be utilized on its project, and positive affirmation from their upper management or Board of Directors that the plan has been approved.

b. OMS is paying close attention to the MISO ROFR workshops and has yet to develop a formal position on either of the two stakeholder proposals that were presented during the March 23 ROFR meeting. OMS understands that MISO will present an initial proposal in the near future.

To date, the MTEP process has been developed as a cooperative endeavor where individual TOs propose projects at the beginning of the MTEP cycle and then all of the projects are optimized in a give-and-take between the TOs, MISO, and other interested stakeholders, followed by the analysis and decision-making of MISO. This method should result in a more optimal transmission system that realizes the benefits of planning the transmission system on a regional basis rather than using an individual utility perspective.[14]

[13] The ICC does not agree that incumbents should automatically be included as potential transmission developers. There should be an objective eligibility test applied to all potential developers.

[14] The ICC does not support the bottom-up only style of transmission planning described in this paragraph and does not agree that such process would result in an optimal plan.

Order 1000 layers on to this cooperative process the benefits to be accrued from competition. While it is difficult to argue against the theoretical conclusion that competition leads to lower prices, the calculus used to evaluate the public interest involves additional factors. Regardless of which process MISO ultimately chooses, long-term value for the utility customer should dictate the result. This value encompasses not only capital costs, but issues of reliability, owner/operator accountability, ease of process, and operation and maintenance costs.

If MISO chooses a "competitive bid" methodology, one method of helping to ensure that only serious offers are made for a potential project would be to require a company wishing to bid on a project to post a "bid bond."[15] Not only would that make sure that only serious offers were made, but a "bid bond" could be forfeited if the developer ultimately chooses not to complete the project.

c. The question of whether the original project sponsor should get a preference brings up the issue of how new projects will be proposed. OMS does not want to see MISO overrun with potential proposals that results in MISO resources being consumed with performing studies. If there is a window to propose projects for MISO-identified problems, there will likely be several proposals for each problem. In other words, there could be many "original project sponsors". Giving a preference to the original sponsor can also be problematic when the project is changed in some way, resulting in parties arguing about whether the modified proposal still qualifies as the "original proposal" or a whole new project. If the original project sponsor is given preference, MISO will need to be clear as to when that developer's "rights" expire if the project does not make it into Appendix A in the year that it is proposed or what project changes constitute a project being classified as a "new project". Favoring the original project sponsor could take away from the current collaborative aspect of the planning process, as developers keep their projects and ideas close to the vest in an attempt to keep their original proposer status. OMS would also like to point out that individual proposals are developed based on a unique perspective and while multiple proposals may differ, the outcomes of the proposals may offer similar benefits. This could create a potential impasse when determining the best solution. This is something MISO will have to consider when selecting an approach for project proposals, selection and development.

5. ***Some stakeholders have commented that, for transmission projects whose developer is selected through competitive bidding, a third party evaluator should be used to make the selection. What entity should fill this role? Why?***

OMS will refrain from taking a position on this point at this time.

[15] http://construction.about.com/od/Bidding-Process/a/What-Is-A-Bid-Bond.htm

6. ***What measures can MISO or others take to ensure accurate estimated costs and timely construction once a developer is selected? How should cost overruns and delays be handled should they occur?***

OMS supports the cost containment methods contained in the OMS comments to FERC in its Notice of Inquiry on Transmission Incentives.[16] OMS acknowledges that the FERC has complete control over transmission incentives received by transmission developers. However, MISO could collect a "definitive cost estimate" from a transmission developer having received MISO Board approval to construct a transmission project. This "definitive cost estimate" is further defined on page 14 of the OMS Transmission Incentive Comments:

> Definitive cost estimates would typically include more concrete cost estimates and other project-specific information such as line routes, engineering studies and, where required, state determination of the routes for the transmission project… …For projects requiring a cost-benefit test, such projects must continue to prove to be cost-beneficial. For all projects, there should be a showing that the investment is cost-effective in meeting the purpose for which the project was initially approved. This will require detailed elements for the cost estimate, and a determination that these estimates are not out of line with industry experience.

OMS recommends that there be a requirement on the developer to submit periodic project cost estimate updates. To the extent this "definitive cost estimate," or any updated cost estimate collected by MISO after MISO Board approval of a transmission project, differs significantly, OMS suggests that MISO form a group similar to SPP's Project Cost Working Group to assess whether a significant change in a cost estimate is justified.[17] If a project's new cost estimate is found to be imprudent, then the developer should be given the opportunity to assume responsibility for the overrun. If the developer should choose to not assume responsibility for the overrun, then the project should be subject to cancelation by the MISO Board or transfer to another developer.

For a transmission project whose justification to build is based upon a benefit cost ratio, such as a Market Efficiency Project, if the cost estimate has reached the point where the project is no longer able to be justified because of the increased cost--especially before construction has begun--then either (a) the project's cost allocation should be reviewed for qualification as a different project type that is less dependent on achieving a certain cost benefit ratio; or (b) the MISO Board should be asked to "reevaluate" the project under the current cost allocation scheme

[16] See OMS Comments in Docket No. RM11-26, *Promoting Transmission Investment Through Pricing Reform*, (September 12, 2011)
[17] http://www.spp.org/committee_detail.asp?commID=101

with the cost variance, only if the cost variance is prudent; and / or (c) some alternative remedy should be explored depending on the prudency of the cost estimate increase.[18]

Another possible way to ensure accurate estimated costs would be to impose a hard cost cap on the project, whereby any cost overruns are automatically assumed by the project developer. Borrowing from highway construction contracts, delays and cost control might be mitigated by providing rewards if projects are brought in under the time deadline and under budget. While such an approach removes the need for prudency analysis of cost overruns, it shifts the burden to the project/developer selection process to ensure that project cost estimates are not artificially inflated.

OMS would urge the MISO to be vigilant in protecting against imprudent cost overruns. Indeed, the FERC has created a perverse incentive for transmission developers to inflate final project costs by tying incentive ROEs to final project costs. The OMS commented on this topic in the FERC Transmission Incentives Notice of Inquiry. Specifically:

> Many of the incentives available under Order No. 679, such as ROE adders, have been allowed to apply to the actual costs of the projects rather than estimated cost of the project that is provided by the sponsors of the project. Basing rate incentives, particularly ROE adders, on a project's actual costs does not provide transmission project developers with an incentive to contain costs and more likely gives them an incentive to drive up costs, since they will effectively earn a bonus return for doing so.
>
> Experience has shown that developmental cost estimates used in the regional planning process are not definitive cost estimates and have been off by as much as 50 percent when compared to a project's actual costs. Assuming good faith on the part of project cost estimators, this difference may be primarily related to cost elements that cannot be known until detailed engineering studies have been performed to specifically determine line routes.
>
> In order to counteract this critical problem of project cost over-runs, the first step of the OMS's proposed two-step process can be implemented before a definitive cost estimate is available. In the first step, the Commission will evaluate an applicant's request for transmission rate incentives, other than ROE adders. In this step, the Commission should also require each applicant to provide a cost cap on capital that will be needed for the proposed project. Incentives to address identified financial barriers in the first step would

[18] While supportive of the need for cost containment mechanisms, Iowa believes care should be taken in the choice, design, and implementation of such, especially in regard to MVPs. The mechanisms should aim toward encouraging accurate costs estimates and putting the risk of cost overruns significantly, if not mostly, onto the developer. In doing this, MISO should avoid revisiting the MVP portfolio selection that has already been authorized by the MISO board.

only be applied up to the allowed cost cap. The second step would be initiated only after a definitive cost estimate is submitted, and any additional bonuses and penalties granted to the applicant with regard to ROE would be based on performance relative to the definitive cost estimate and scheduled time for completion.[19]

General

7. ***When should the Order 1000 reforms be implemented? [e.g., upon FERC approval, gradual phase in, beginning of a planning cycle, etc.]***

OMS is generally supportive of MISO's current proposed implementation,[20] where once FERC approves the MISO's compliance filings, realizing that both the regional and interregional reforms have different compliance deadlines and therefore potentially different FERC approval dates implementation would occur at the onset of a new planning cycle.[21] While this does present some delay in reaping the benefits of Order 1000, OMS believes that given the complex process (i.e., modeling timeframes, resource availability, and final MISO Board approval), it would be prudent to wait to change the rules prior to the start of a new planning cycle, rather than in the middle of a planning cycle.

Conclusion

This comment was supported by nine OMS members:

Illinois Commerce Commission
Indiana Utilities Regulatory Commission
Iowa Utilities Board
Michigan Public Service Commission
Minnesota Public Utilities Commission
Missouri Public Service Commission
North Dakota Public Service Commission
South Dakota Public Service Commission
Public Service Commission of Wisconsin

The Montana Public Service Commission and Kentucky Public Service Commission both abstained on this comment. The Manitoba Public Utilities Board was not present for the vote.

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[19] Comments of the Organization of MISO States, at 30, filed September 12, 2011, in *Promoting Transmission Investment Through Pricing Reform,* Docket No. RM11-26-000.

[20] The ICC supports implementation of Order 1000 compliant tariff language at the earliest possible date. By the time MTEP 13 is approved in December of 2013, MISO should be in full compliance with Order 1000. By waiting to change the rules prior to the start of a new planning cycle, it is possible that MISO would not implement the provisions of Order 1000 until MTEP 15.

[21] MISO has proposed that the first planning cycle for implementation of Order 1000 could be the MTEP 14 planning cycle. Please refer to slide 5 of the January 25th PAC meeting presentation titled "Order 1000 Discussion Local and Regional Planning Requirements".

End Notes Listing Relevant FERC Order 1000 Paragraphs

Paragraph 65
We also clarify that the requirements of this Final Rule are intended to apply to new transmission facilities, which are those transmission facilities that are subject to evaluation, or reevaluation as the case may be, within a public utility transmission provider's local or regional transmission planning process after the effective date of the public utility transmission provider's filing adopting the relevant requirements of this Final Rule. The requirements of this Final Rule will apply to the evaluation or reevaluation of any transmission facility that occurs after the effective date of the public utility transmission provider's filing adopting the transmission planning and cost allocation reforms of the pro forma OATT required by this Final Rule. We appreciate that transmission facilities often are subject to continuing evaluation as development schedules and transmission needs change, and that the issuance of this Final Rule is likely to fall in the middle of ongoing planning cycles. Each region is to determine at what point a previously approved project is no longer subject to reevaluation and, as a result, whether it is subject to the requirements of this Final Rule. Our intent here is that this Final Rule not delay current studies being undertaken pursuant to existing regional transmission planning processes or impede progress on implementing existing transmission plans. We direct public utility transmission providers to explain in their compliance filings how they will determine which facilities evaluated in their local and regional planning processes will be subject to the requirements of this Final Rule.

Paragraph 148
We address these deficiencies in the requirements of Order No. 890 through this Final Rule, beginning with the requirement that public utility transmission providers participate in a regional transmission planning process that produces a regional transmission plan. Through the regional transmission planning process, public utility transmission providers will be required to evaluate, in consultation with stakeholders, alternative transmission solutions that might meet the needs of the transmission planning region more efficiently or cost-effectively than solutions identified by individual public utility transmission providers in their local transmission planning process. This could include transmission facilities needed to meet reliability requirements, address economic considerations, and/or meet transmission needs driven by Public Policy Requirements, as discussed further below. When evaluating the merits of such alternative transmission solutions, public utility transmission providers in the transmission planning region also must consider proposed non-transmission alternatives on a comparable basis. If the public utility transmission providers in the transmission planning region, in consultation with stakeholders, determine that an alternative transmission solution is more efficient or cost-effective than transmission facilities in one or more local transmission plans, then the transmission facilities associated with that more efficient or cost-effective transmission solution can be selected in the regional transmission plan for purposes of cost allocation

Paragraph 150
Because of the increased importance of regional transmission planning that is designed to produce a regional transmission plan, stakeholders must be provided with an opportunity to participate in that process in a timely and meaningful manner. Therefore, we apply the Order

No. 890 transmission planning principles to the regional transmission planning process, as reformed by this Final Rule. This will ensure that stakeholders have an opportunity to express their needs, have access to information and an opportunity to provide information, and thus participate in the identification and evaluation of regional solutions. Ensuring access to the models and data used in the regional transmission planning process will allow stakeholders to determine if their needs are being addressed in a more efficient or cost-effective manner. Greater access to information and transparency also will help stakeholders to recognize and understand the benefits that they will receive from a transmission facility in a regional transmission plan. This consideration is particularly important in light of our reforms that require that each public utility transmission provider have a cost allocation method or methods for transmission facilities selected in a regional transmission plan that reflects the benefits that those transmission facilities provide.

Paragraph 152
We conclude that, without the requirement to meet the Order No. 890 transmission planning principles, a regional transmission planning process will not have the information needed to assess the impact of proposed transmission projects on the regional transmission grid. Additionally, absent timely and meaningful participation by all stakeholders, the regional transmission planning process will not determine which transmission project or group of transmission projects could satisfy local and regional needs more efficiently or cost-effectively.

Paragraph 153
A number of commenters specifically address the treatment of non-transmission alternatives in the regional transmission planning process. Order No. 890's comparability transmission planning principle requires that the interests of public utility transmission providers and similarly situated customers be treated comparably in regional transmission planning. In response to Order No. 890, public utility transmission providers have identified in their transmission planning processes where, when, and how transmission and non-transmission alternatives proposed by interested parties will be considered. As noted in Order No. 890, the transmission planning requirements adopted here do not address or dictate which transmission facilities should be either in the regional transmission plan or actually constructed. As also noted in Order No. 890, the ultimate responsibility for transmission planning remains with public utility transmission providers. With that said, the Commission intends that the regional transmission planning processes provide for the timely and meaningful input and participation of stakeholders in the development of regional transmission plans.

Paragraph 208
We allow for local and regional flexibility in designing the procedures for identifying the transmission needs driven by Public Policy Requirements for which potential solutions will be evaluated in the local or regional transmission planning processes. The effects of Public Policy Requirements on transmission needs are highly variable based on geography, existing resources, and transmission constraints. We therefore conclude that it is appropriate to require public utility transmission providers, in consultation with their stakeholders, to design the appropriate procedures for identifying and evaluating the transmission needs that are driven by Public Policy Requirements in their area, subject to our review on compliance. At a minimum, however, we require that all such procedures allow for input from stakeholders, including but not limited to

those responsible for complying with the Public Policy Requirement(s) at issue and developers of potential transmission facilities that are needed to comply with one or more Public Policy Requirements.

Paragraph 209

We decline to require that transmission needs driven by Public Policy Requirements be identified by a particular entity or subset of stakeholders. However, all stakeholders must have an opportunity to provide input and offer proposals regarding the transmission needs they believe should be so identified, as discussed above. In other words, while the procedures adopted by public utility transmission providers in response to this Final Rule must allow all stakeholders to bring forth any transmission needs they believe are driven by Public Policy Requirements, those procedures must also establish a just and reasonable and not unduly discriminatory process through which public utility transmission providers will identify, out of this larger set of needs, those needs for which transmission solutions will be evaluated. Some public utility transmission providers might conclude, in consultation with stakeholders, to develop procedures that rely on a committee of load-serving entities, a committee of state regulators, or a stakeholder group to identify those transmission needs for which potential solutions will be evaluated in the transmission planning processes. *Fn 189.* Another example would be the case where a public utility transmission provider identifies such transmission needs itself on behalf of its customers, following consultation with stakeholders, including participating state regulators. However, to ensure that requests to include transmission needs are reviewed in a fair and non-discriminatory manner, we require public utility transmission providers to post on their websites an explanation of which transmission needs driven by Public Policy Requirements will be evaluated for potential solutions in the local or regional transmission planning process, as well as an explanation of why other suggested transmission needs will not be evaluated. We conclude that this posting requirement is necessary to provide the Commission and interested parties with information as to how the identification procedures are implemented by public utility transmission providers

Fn 189 As noted below, we strongly encourage states to participate actively in the identification of transmission needs driven by Public Policy Requirements. Public utility transmission providers, for example, could rely on committees of state regulators or, with appropriate approval from Congress, compacts between interested states to identify transmission needs driven by Public Policy Requirements for the public utility transmission providers to evaluate in the transmission planning process.

Paragraph 400

While we acknowledge MidAmerican's concern that the Commission does not specify how interregional transmission facilities will be moved toward construction, we note that in the Proposed Rule, the Commission stated that, consistent with Order No. 890, the proposed regional transmission planning obligations do not address or dictate which investments identified in a transmission plan should be undertaken by public utility transmission providers. We affirm that statement, and further note that Order No. 890 already requires that public utility transmission providers make available information regarding the status of transmission upgrades identified in their regional transmission plans in addition to the underlying transmission plans and related transmission studies. The Commission made clear in Order No. 890-A that transmission providers must make available to other stakeholders information regarding the progress and construction of transmission upgrades and transmission facilities. To the extent neighboring transmission planning regions identify interregional transmission facilities of mutual benefit and have such transmission facilities in their individual regional transmission plans, these informational requirements will apply to the portions of the interregional transmission facilities within each of the individual region's transmission plans. We decline to require, as suggested by MidAmerican and National Grid, that every interregional transmission facility that is evaluated through the interregional transmission coordination procedures automatically be selected in a regional transmission plan for purposes of cost allocation. However, as discussed below, an interregional transmission facility must be selected in both of the relevant regional transmission plans for purposes of cost allocation in order to be eligible for interregional cost allocation pursuant to an interregional cost allocation method required under this Final Rule. Rather, we expect that information exchanged during the interregional coordination effort should inform discussions at the regional and local transmission planning level.

Paragraph 502

Turning to specific comments on this topic, we are not persuaded to adopt Illinois Commerce Commission's proposal for separate review and decision by a committee of state regulators on the reasonableness of proposed transmission expansion projects for which regional cost allocation would apply. As explained above this Final Rule builds on Order No. 890's requirement that a public utility transmission provider have open and transparent transmission planning processes in which we encourage states or state committees to be involved. Additionally, as required by this Final Rule, through transmission planning process, the public utility transmission providers and other parties, including state regulators, will have opportunities to participate in the identification of transmission needs. We decline, however, to mandate veto rights for state committees, but do not preclude public utility transmission providers from proposing such mechanisms on compliance if they choose to do so.[389]

FN 389 For example, Entergy's OATT allows Entergy's committee of state regulators to add a project to Entergy's transmission plan upon unanimous vote of the committee members. *See Entergy Arkansas, Inc.*, 133 FERC ¶61,211 (2010).

MISO Advisory Committee Hot Topic
April 18, 2012

Supplemental Statement of the Illinois Commerce Commission

Regional Planning and Cost Allocation

Although MISO has indicated that it believes it is already mostly in compliance with Order 1000, the ICC states that MISO has numerous changes to make in order to comply with the regional planning and cost allocation portion of Order 1000. For example:

Regional Planning

¶ 65 states that Order 1000 applies to any transmission facility evaluated or re-evaluated after the effective date of the MISO's compliance filing. Specifically, each region is to determine at which point a previously approved project is no longer subject to re-evaluation and, as a result, whether it is subject to the requirements of the final rule. MISO's tariff does not provide for any re-evaluation of MISO Board-approved transmission expansion projects. Order 1000 specifically envisions transmission providers having such a process in their tariff. Accordingly, MISO needs to work with the stakeholders to develop a project re-evaluation process for submission in its Order 1000 compliance filing.

¶ 148 requires public utility transmission providers, when evaluating the merits of alternative transmission solutions, to consider proposed non-transmission alternatives on a comparable basis. MISO has not provided a process by which this requirement will be met.

¶¶ 150 and 153 state that the MTEP process must provide stakeholders with an opportunity to participate in the MTEP process in a timely and meaningful manner. Ensure that stakeholders have: (a) an opportunity to express their needs; (b) access to information and an opportunity to provide information; (c) an opportunity to participate in the identification and evaluation of regional solutions; and (d) access to models and data used in the RTEP process, as well as greater access to information and transparency.

In the past, state commissions have been denied access to data and information that was deemed confidential. MISO must ensure that the confidentially provisions in its tariff concerning access to confidential data do not preclude state commissions that actually can and will keep confidential data confidential from receiving needed data and information that would allow this Order 1000 requirement to be satisfied. Indeed, without access to this information, state commissions attempting to participate in the MTEP process will likely be relegated to little more than the role of spectator. If this happens, it would be difficult for MISO to claim that its stakeholders have "access to models and data" that is used in the RTEP process, "greater access to information and transparency" or "access to information".

In addition, MISO has not explained how its existing planning process provides state commissions with "access to models" that MISO uses in the planning process.

¶ 209 requires public utility transmission providers to post on their websites an explanation of which transmission needs driven by public policy requirements will be evaluated for potential solutions in the local or regional transmission planning process, as well as an explanation of why other suggested transmission needs will not be evaluated. The FERC concluded that this posting requirement is necessary to provide both the FERC and interested parties with information as to how the identification procedures are implemented by public utility transmission providers. Unless MISO provides such information on their web page, MISO cannot be considered compliant with this provision of Order No. 1000. MISO has not explained how it will decide which transmission needs driven by public policy requirements will be evaluated for potential solutions in the regional transmission planning process.

¶ 400 requires that MISO make available information regarding the status of transmission upgrades identified in their plans in addition to the underlying transmission plans and related transmission studies. In order to gain access to MTEP powerflow models, MISO Series Models or even the MTEP transmission map, MISO stakeholders must first complete the appropriate non-disclosure agreements (NDAs). In particular, MISO's Expansion Planning Information order form clearly states that the powerflow and series models are only available to members and market participants that have executed a universal NDA and confidentiality agreement.[1] Given that certain stakeholders, such as the state commissions are considered part of the non-members sector and many of the state commissions are unable to execute a universal NDA (even though they are quite capable of keeping confidential data confidential and committed to that objective), it is unclear how these underlying transmission plans and studies can be considered "available information". Accordingly, MISO's compliance with this requirement is thwarted by MISO's arbitrary NDA for state regulators.

Cost Allocation

¶ 603 requires each public utility transmission provider to show on compliance that its cost allocation method or methods for regional cost allocation and its cost allocation method or methods for interregional cost allocation are just and reasonable and not unduly discriminatory or preferential by demonstrating that each method satisfies the six cost allocation principles. As discussed below, MISO's cost allocation approach for MVPs fails to comply with almost all of these cost allocation principles. For example:

Regional Cost Allocation Principle 1 (¶ 622): The cost of transmission facilities must be allocated to those within the transmission planning region that benefit from those facilities in a manner that is at least roughly commensurate with estimated benefits. In determining the beneficiaries of transmission facilities, a regional transmission planning process may consider benefits including, but not limited to, the extent to which transmission facilities provide for maintaining reliability and sharing reserves, production cost savings and congestion relief, and/or meeting Public Policy Requirements.

With the exception of the 20 percent postage stamp allocation, MISO's cost allocation for baseline reliability projects and market efficiency projects complies with cost allocation principle

[1] See, "Order Models & Maps" link at https://www.midwestiso.org/Planning/Models/Pages/Models.aspx

1. However, MISO has yet to actually show that the cost allocation methodology for each MVP allocates costs to those utilities that benefit from those facilities in a manner that is at least roughly commensurate with estimated benefits for those utilities. MISO's MVP approach—which starts with a postage stamp cost allocation—and then attempts to find a set of transmission expansion projects that spreads benefits across the region, is backwards. Order 1000 starts with transmission expansion planning. Then Principle 1 requires the costs of projects that are included in the plan to be allocated to beneficiaries roughly commensurate with their benefits. Accordingly, MISO is not compliant with this portion of Order 1000.

For example, MISO's most recent MTEP contains no meaningful analysis detailing how the costs of the individual MVPs that are allocated across the MISO region are roughly commensurate with the benefits provided to each utility by each MVP. Rather, MISO simply provides a benefit/cost calculation on a portfolio basis at the local resource zone level showing positive benefits.[2] MISO also repeatedly makes variations of the statement that, "MVP benefits will be spread commensurate with the allocation of the costs". However, MISO showing that the MVP portfolio provides positive benefits across the seven local resource zones is not sufficient to comply with cost allocation principle 1. Rather, MISO must make a showing that the benefits provided by the projects in the MVP portfolio, either individually or in aggregate, will be spread across the MISO footprint in a manner that is roughly proportionate to the energy withdrawals from the MISO system. This is due to the fact that the costs of the MVPs are to be recovered on a per-MWh charge. Until MISO provides such analysis, it cannot be compliant with Principle 1.

Regional Cost Allocation Principle 2 (¶ 637): Those that receive no benefit from transmission facilities, either at present or in a likely future scenario, must not be involuntarily allocated any of the costs of those transmission facilities.

MISO is not compliant with this principle due to the fact that MISO presents the expected estimated benefits for its MVP portfolio on an aggregate basis, rather than on an individual project-specific basis and individual utility basis. Until MISO provides the estimated costs and benefits of the MVPs and how they were calculated, both on an individual project and individual utility basis, load-serving entities will not be able to determine if the projects from which they are being allocated costs, actually provide them with any benefit.

MISO's intention to recover MVP costs on a per-MWh basis from all parties withdrawing energy from the MISO system also makes compliance with Principle 2 difficult. MISO intends to recover the costs of its MVP portfolio through a per-MWh charge assessed to all parties withdrawing energy from the Midwest ISO system (with the exception of parties located in PJM). Given that the intended purpose of MVPs is to address public policy requirements, there are certain users of the MISO system that are effectively being charged for MVPs that they do not need to use. For example, Illinois LSEs are able to purchase renewable energy credits that allow them to meet their public policy standard obligations without actually taking delivery of the wind energy. Michigan's RPS requires all wind energy to be produced in-state. Indiana and Kentucky do not have public policy requirements. In sum, anyone withdrawing energy from the

[2] A local resource zone is an aggregate of transmission owner zones. MISO suggests that there will initially be seven local resource zones across the MISO region.

MISO system will be assessed a charge for the MVPs through the per-MWh charge – including those who do not need the remotely located wind energy made available by the MVPs. Allocating these costs to such parties not only violates cost principle 2, but the principle that "cost causers should pay".

One may argue that these transmission customers derive other benefits from MVPs, such as increased reliability. However, under tariff Criterion 1, MVPs are not proposed for the purpose of addressing any specific reliability concerns. Rather, they are proposed for the purpose of delivering renewable energy to help LSEs meet their public policy obligations. If a reliability violation needs to be addressed, MISO should look to address those needs through the construction of baseline reliability projects, rather than through MVPs.

Consequently, MISO has not demonstrated that its MVP tariff criteria will ensure that Principle 2 of Order 1000 will be met.

Regional Cost Allocation Principle 3 (¶ 646): If a benefit to cost threshold is used to determine which transmission facilities have sufficient net benefits to be selected in a regional transmission plan for the purpose of cost allocation, it must not be so high that transmission facilities with significant positive net benefits are excluded from cost allocation. A public utility transmission provider in a transmission planning region may choose to use such a threshold to account for uncertainty in the calculation of benefits and costs. If adopted, such a threshold may not include a ratio of benefits to costs that exceeds 1.25 unless the transmission planning region or public utility transmission provider justifies and the Commission approves a higher ratio. (P 646)

MISO stakeholder groups have been contemplating modifying the MEP criteria to incorporate a b/c ratio threshold of 1.25. This 1.25 b/c ratio technically complies with the requirement of Principle 3 for MEPs. However, because MVP tariff Criterion 1 does not require a benefits standard, MISO is not in compliance with Principle 3.

Furthermore, Principle 3 specifically requires the benefit analysis and the b/c ratio to be calculated on a "transmission facility" basis. Beside the fact that MVP tariff Criterion 1 does not even require satisfaction of a b/c ratio, the b/c ratio that MISO did provide in MTEP 11 was provided on a portfolio basis and not on a project or "facility" basis.

For all these reasons, MISO is not in compliance with Principle 3.

Regional Cost Allocation Principle 4 (¶ 657): The allocation method for the cost of a transmission facility selected in a regional transmission plan must allocate costs solely within that transmission planning region unless another entity outside the region or another transmission planning region voluntarily agrees to assume a portion of those costs. However, the transmission planning process in the original region must identify consequences for other transmission planning regions, such as upgrades that may be required in another region and, if the original region agrees to bear costs associated with such upgrades, then the original region's cost allocation method or methods must include provisions for allocating the costs of the upgrades among the beneficiaries in the original region.

MISO imposes an MVP charge on export transactions and through transactions that sink outside the MISO region (except for transactions sinking in PJM). It cannot be said that those entities outside the MISO region voluntarily agree to assume those costs. As such, MISO is not compliant with Principle 4.

Regional Cost Allocation Principle 5 (¶ 668): The cost allocation method and data requirements for determining benefits and identifying beneficiaries for a transmission facility must be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed transmission facility.

As noted above, MISO currently provides the benefits calculations of its MVPs on a portfolio basis and only at the local resource zone level. As such, the determination of benefits and identification of beneficiaries for a transmission facility are not provided. Principle 5 specifically requires the determination of benefits and the identification of beneficiaries on a "transmission facility" basis. MISO's portfolio approach also fails to provide any meaningful documentation that would allow a stakeholder to determine how benefits were calculated and attributed for a specific proposed transmission facility. In simple terms, without project-specific and LSE-specific data and analysis, there is no way for a stakeholder to assess whether the beneficiaries for each facility in the proposed portfolio were properly identified and the corresponding costs were properly allocated.

In order to meet this obligation, MISO should explore the use of PROMOD analysis to determine the benefits for each individual project down to the transmission owner pricing zone level. The ICC acknowledges that in the past, MISO staff has expressed concerns of "arbitrary precision" or "false precision" with the provision of such data to stakeholders. However, the ICC believes that such concerns are unsupported and MISO's providing such data and analysis to stakeholders would help improve the transparency of MISO's MVP benefit calculations and ensure that the costs of each individual facility in the MVP portfolio are distributed to utilities commensurate with their benefits. If there are any real issues concerning "precision", MISO and its stakeholders should be able to address them during the stakeholder process. Providing such granular analysis will allow MISO to both comply with Principle 5 and remove the doubt in the minds of MISO's stakeholders that the MVPs truly provide a level of benefits that are commensurate with the cost allocations.

¶ 669 states that stakeholders must be able to clearly see who is benefiting from and who must pay for transmission expansion projects. The current process employed by MISO does not provide stakeholders with this clarity. Thus, MISO is not in compliance with Principle 5.

Report to OMS Board (4/11/2012)
Summary of Planning Advisory Committee Meeting on March 21, 2012

Issue for the OMS Board to Consider:

- With respect to Order 1000, should OMS have more authority in transmission planning, and, if so, how should OMS proceed on this front?

HVDC Interconnection Procedures – E. Laverty gave short presentation and led discussion on HVDC interconnection procedures and options for evaluation. Questions asked of stakeholders were related to what the process should look like, who should solve this issue, and what linkages are necessary.

Provisional GIA – MTEP Planning Process – D. Chatterjee reviewed comments submitted by stakeholders and MISO response to the comments; posted on the MISO website are comments from CWLP, MISO TOs, NextEra, We Energies, WPSC, and MISO responses. D. Chatterjee reviewed draft changes to the Transmission Planning Business Practices Manual, and the PAC will consider a motion to support these changes at the next PAC meeting.

Review June Appendix A Recommended Projects – D. Duebner reviewed the four out-of-cycle projects that MISO plans to recommend for Board Approval in June. Out-of Cycle projects with target approval of June 2012 include:

- P3637 ITCM Dubuque 161/69 kV transformer addition and upgrade
- P3792 BREC Wilson – Matanzas 161 kV BREC-LG&E/KU interconnection
- P3836 ITCT Vital loop 120 kV lines into new distribution sub
- P3679 ATC LLC Green Bay to Plains 345 kV and Menominee Co to Delta Co 138 kV double circuit line (revised scope)

Order 1000 – Regional Planning Compliance Language – M. Tackett explained that of the nine requirements of Order 1000 related to regional planning, MISO believes only three require additional action (MISO believes it is already compliant with the other six). One of the three items overlaps with ROFR requirements, so there are only two action items for MISO to address related to regional planning in its October 2012 filing. Tackett outlined draft changes to Attachment FF associated with the two action items.

Review Schedule 26/26-A Cost Projection Methodology – J. Doner presented follow-up items from a presentation made at the January PAC meeting. Stakeholders were to provide feedback on preferred timeframe for Schedule 26 and 26-A projections, and MISO evaluated modifying methodology to capture a more granular accounting of in-service dates for projects. The majority of responses received from stakeholders indicated a preference for having values provided for at least five years. MISO will continue to provide projections over the same timeframe as it currently does – at least 10 years out. MISO will use the proposed in-service date methodology when preparing Schedule 26 and 26-A projections going forward. MISO anticipates this will reduce rates in most transmission pricing zones, but it is possible a slight increase in rates may be seen in the Vectren transmission pricing zone, and the CWLP zone is expected to see no change.

MTEP 12 Future Weights – J. Smith explained how the weights will be used to identify the relative impact that each scenario will have on the results from the PROMOD analyses and the calculation of benefit-to-cost ratio (B/C) of economic projects. The weights should be assigned based on the sectors' views about the probability that each scenario will occur. Based on stakeholder feedback, MISO will use the following weights:

- Business as Usual – 37%
- Limited Growth – 28%
- Historical Growth – 19%
- Combined Policy – 16%

For example, the expected B/C ratio of a project = 0.37*(BAU B/C ratio)+0.28*(Limited Growth B/C ratio)+0.19*(Historical Growth B/C ratio)+0.16*(Combined Policy B/C ratio).

MISO/SPP Joint Futures Assumptions – J. Smith presented rationale and objectives for developing a joint future. The sectors voted to approve the MISO-SPP Joint Future Assumptions for the MISO region as well as the general direction MISO is taking toward a joint future development with SPP.

Order 1000 – Interregional Planning Principles – J. Moser gave an overview of Order 1000 Interregional Planning and Cost Allocation Requirements, and identified 12 interregional planning and 11 interregional cost allocation requirements that MISO believes need to be addressed in the April 11, 2013 compliance filing. MISO's interpretation of Order 1000 is that any changes will apply to projects approved after FERC approves MISO's compliance filing. Next steps include:

- April 12th MISO-SPP Interregional Workshop
- May 24th RECB TF discussions on MISO-SPP JOA Revisions

MECT Tool Request – The Environmental Sector motion to recommend the 2012 update to the Module-E Capacity Tracking (MECT) Tool include data fields to collect all relevant demand-side management (DSM) program information needed to accurately measure current levels of DSM, project future levels of DSM, and calculate the effective demand and energy growth rates used in transmission planning passed 5-4. MISO will provide its response to this request at the April 2012 PAC meeting. In light of the vote, there will be a joint PAC/SAWG meeting on Module E MECT Tool on April 24, 2012.

Meeting Materials – Here

Next Meeting Date – April 25, 2012

Notes by Lori Sakk, WI PSC staff, April 11, 2012

Organization of MISO States BYLAWS

ARTICLE I –NAME

The organization shall be known as the Organization of MISO States, Inc. (Organization). The principal office of the Organization shall be at such location, either within or outside of the state of Indiana, as the Board of Directors shall from time to time establish. The Organization may also maintain such branch offices and places of business as the Board of Directors may deem necessary or of advantage in the conduct of its business.

ARTICLE II – MEMBERSHIP

1. MEMBERSHIP. Membership shall be open to all state and provincial regulatory authorities that
(a) regulate the retail electricity or distribution rates of transmission-owning members or transmission-dependent utility members of the Midwest Independent System Operator (MISO), or
(b) are the primary regulatory authority responsible for siting electric transmission facilities in states or provinces where there are transmission-owning members of the MISO.

2. ASSOCIATE MEMBERSHIP. Associate membership shall be open to all state and provincial agencies that
(a) are involved with energy planning, and or environmental issues that relate to electric transmission, or
(b) are involved with consumer advocacy issues that relate to electric transmission, or
(c) are approved by the Board of Directors for associate member status.

ARTICLE III – ANNUAL MEETING

The Annual Meeting of the Organization (Annual Meeting) shall be held at such time and place as may be determined by the Executive Committee. Notice of the time, place, and purpose of the meeting, shall be provided by mail or electronic means to each Member and Associate Member of the Organization not less than thirty (30) days prior to the meeting. At the Annual Meeting, all members of member regulatory agencies may have seat and voice. The business of the Annual Meeting will be conducted by vote of the Board of Directors as provided in these bylaws.

ARTICLE IV – BOARD OF DIRECTORS

1. POWERS, RESPONSIBILITIES AND ACCOUNTABILITIES. The corporate business and affairs of the Organization shall be managed by the Board of Directors, except as may be otherwise provided in these bylaws or the Organization's articles of incorporation (Articles of Incorporation).

2. COMPOSITION. Each member regulatory authority, as defined in Article II.1 of these bylaws, may designate one Commissioner to serve on the Board of Directors. In

the case of member agencies organized without commissioners, an official of similar level may be designated. When any such person ceases to be the duly authorized representative of that Member, he or she shall be replaced on the Board of Directors by another representative from his or her state or provincial regulatory authority. A member regulatory authority may replace its Director at any time by notifying the Secretary of the Organization.

3. RESPONSIBILITIES. The Board of Directors shall elect the officers of the Organization, select members to serve on the MISO Advisory Committee, appoint the members of the Nominating Committee, and determine the general policies and direction of the Organization. The Board of Directors may amend the Articles of Incorporation and bylaws, take all other action requiring membership vote, and conduct other business as delineated in Article X.

4. REGULAR MEETINGS. Regular meetings of the Board of Directors shall be held at such time and place as may be determined by the Executive Committee, except that the Board of Directors shall meet no less than one time each calendar year, in addition to the annual meeting. Notice of the time, place and purpose of the meeting(s) shall be provided by mail or electronic means to each Member and Associate Member of the Organization not less than ten (10) days prior to the meeting.

5. SPECIAL MEETINGS. The president may call a special meeting of the Board of Directors. Notice of the time, place and purpose of the meeting(s) shall be provided by mail or electronic means to each Member and Associate Member of the Organization not less than three (3) days prior to the meeting.

6. QUORUM If a Director from each of a majority of the member state or provincial regulatory authorities is present (either in person or by authorized telephonic or electronic means), a quorum exists for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the members that are present may adjourn the meeting without further notice. The Directors present at a properly called meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum. A member regulatory authority may allow a proxy from the same agency to participate as a substitute for its designated director at a meeting of the Board of Directors by notifying the Secretary of the Organization.

7. VOTING PROCEDURES. Each Director present (either in person or by authorized telephonic or electronic means) shall be entitled to one vote. However, if a state or province has more than one regulatory authority that is a Member of the Organization, voting rights shall be divided equally among the Directors from that state or province present and voting (one vote per state).

(a) Elections for Officers of the Organization shall be by ballot in contested elections and may be by voice or other means in uncontested elections. A plurality of votes cast shall elect.

(b) Changes in the bylaws shall require a vote of two-thirds of the Directors.

(c) All other matters shall be determined by a majority of the Directors present and voting, unless otherwise provided by Indiana law or these bylaws.

(d) Voting on all matters may be conducted via e-mail or other electronic means as authorized by the Board.

8. POSITIONS ON POLICY ISSUES. The Board of Directors will give direction to formation of issue statements in accordance with the Process for Approving Position Statements for FERC and MISO, which will then be referred to member state and provincial regulatory authorities. A position approved by a majority of the Board of Directors may be issued as the Organization’s position with identification of the participating and non-participating Member authorities. Individual Member authorities retain all rights to object to, support, or otherwise comment on, issues statements of the Organization, including the attachment of a minority report or dissenting opinion, provided it is submitted in a timely manner. The Board of Directors may authorize intervention in proceedings before federal regulatory agencies and in related judicial proceedings to express the Organization’s positions, and may authorize the Executive Committee to retain legal counsel to represent the Organization in such proceedings. The Board of Directors may authorize members present to cast their vote on proposed OMS positions within a later, specified time period, not to exceed ten days.

ARTICLE V - OFFICERS

1. NUMBER AND TITLE. The officers of the Organization shall be the president, vice president, secretary, treasurer, and an at-large member.

2. ELECTION, TERM, VACANCIES. The president, vice president, secretary, treasurer, and an at-large member shall be elected by the Board of Directors for a term of one year, or until their successors are elected, and shall not consecutively serve for more than one term in any one office. Partial terms are not counted as one term of office. Officers shall be elected at the Annual Meeting to take office on the first day of January following the Annual Meeting at which elections are held. The Executive Committee may fill a vacancy among the officers other than the president to serve until the next scheduled election. In the case of a permanent vacancy in the office of the president, the vice-president will succeed until the next scheduled election.

3. GEOGRAPHIC BALANCE. Two of the officers shall be Directors from states predominantly west of the Mississippi River. Two of the officers shall be Directors from states predominantly east of the Mississippi River.

4. DUTIES. The duties of the officers shall be as follows:

(a) The PRESIDENT shall be the principal officer of the Organization and shall preside at the Annual Meeting and all meetings of the Board of Directors and the Executive Committee, shall be responsible for seeing that the lines of direction given by the Board of Directors and the Executive Committee are carried into effect, and shall have such other powers and perform such other duties as may be assigned by the Board of Directors.

(b) In the temporary absence or disability of the president, the VICE-PRESIDENT shall preside at meetings of the Board of Directors and the Executive Committee.

The Vice President shall also serve as the lead state representative on the MISO Advisory Committee. He or she shall have such other powers and perform such other duties as may be assigned by the Board of Directors.

(c) The SECRETARY shall be responsible for keeping a roll of the Members and seeing that notices of all meetings of the Board of Directors and the Executive Committee are issued and shall see that minutes of such meetings are kept. The secretary shall be responsible for the custody of corporate books, records and files, shall exercise the powers and perform such other duties usually incident to the office of secretary, and shall exercise such other powers and perform such other duties as may be assigned by the president or Board of Directors. The secretary shall also serve as a member of the MISO Advisory Committee.

(d) The TREASURER shall be responsible for monitoring the receipt and custody of all monies of the Organization and for monitoring the disbursement thereof as authorized, for assuring that accurate accounts of monies received and disbursed are kept, for execution of contracts or other instruments authorized by the Board of Directors, and for overseeing the preparation and issuance of financial statements and reports. The Executive Director shall assist the treasurer in the performance of his/her duties. The treasurer shall give a report of the organization's finances at the Annual Meeting. The treasurer shall be an ex officio member of the finance committee, if such a committee shall be established by the Board of Directors, shall exercise the powers and perform such other duties usually incident to the office of treasurer, and shall perform such other duties as may be assigned by the president or Board of Directors.

(e) The AT-LARGE member shall serve as a member of the MISO Advisory Committee.

5. REMOVAL. An officer of the Organization may be removed from such officer position with or without cause by written vote of two-thirds of the total membership of the Board of Directors.

ARTICLE VI - COMMITTEES

1. ESTABLISHED. The Board of Directors may establish and abolish committees and work-groups as it deems necessary and provide for their governance.

2. COMPOSITION AND APPOINTMENT. The president shall appoint members of the committees, with Executive Committee approval. Unless otherwise provided by the Board of Directors, a committee may elect its chair. Members and Associate Members may participate in work of committees and work-groups that relate to matters within their jurisdiction.

ARTICLE VII – EXECUTIVE COMMITTEE

EXECUTIVE COMMITTEE. The Executive Committee shall consist of no more than 5 members of the Board of Directors, among whom shall be the officers of the

Organization and any other Member selected to serve on the MISO Advisory Committee. The Executive Director is an ex officio non-voting member of the Executive Committee. The Executive Committee shall be elected by the Board of Directors at each Annual Meeting. The Executive Committee shall have, and may exercise, the powers of the Board of Directors in the interim between Board of Directors meetings, except that the Executive Committee shall not have the power to adopt the budget, or to take any action which is contrary to, or substantial departure from the direction established by the Board of Directors, or which represents a major change in the affairs, business or policy of the Organization. The Executive Committee shall meet as needed in person or by telephone or electronic means. Such meetings shall be called by the president as chair of the Executive Committee. Notice, quorum and filling of vacancies shall be consistent with, and adhere to, Articles IV, V, VIII, XI, and XII of these bylaws.

ARTICLE VIII –NOMINATING COMMITTEE

1. COMPOSITION. The nominating committee shall consist of three members of the Board of Directors.

2. METHOD OF ELECTION, TERM, VACANCIES. Members of the nominating committee shall be elected by the Board of Directors for a term of one year, or until their successors are elected. Terms of office shall begin at the close of the Annual Meeting at which elections are held, and shall expire at the close of following Annual Meeting. The Executive Committee shall have the power to fill vacancies in the nominating committee.

3. RESPONSIBILITIES. At the Annual Meeting, the nominating committee shall present to the Board of Directors a single slate of nominations for elected officers of the Organization, subject to the provisions of Article V.3 and Article V.4.b and c, and following rotation guidelines adopted by the Board of Directors. Any Director may make additional nominations.

ARTICLE IX – STATES NOT BOUND

No vote of, or resolution passed by, the Board of Directors has any binding effect upon any state or provincial regulatory authority, or any individual member thereof, in the exercise of the authority's powers.

ARTICLE X - FISCAL RESPONSIBILITIES OF THE BOARD OF DIRECTORS

1. FISCAL YEAR. The Board of Directors shall establish the fiscal year of the Organization.

2. FUNDING. Any funds shall be accepted or collected only as authorized by the Board of Directors.

3. DEPOSITORIES. All funds of the Organization shall be deposited to the credit of the Organization in fully insured accounts.

4. APPROVED SIGNATURES. Approvals for signatures necessary on contracts, checks, and orders for the payment, receipt, or deposit of money, and access to securities of the Organization shall be provided by resolution of the Executive Committee.

5. BONDING. All persons having access to or major responsibility for the handling of monies and securities of the Organization shall be bonded as provided by resolution of the Board of Directors.

6. INDEMNIFICATION AND INSURANCE. Indemnification and Directors and Officers insurance shall be provided by resolution of the Board of Directors in accordance with the Articles of Incorporation and Indiana law.

7. BUDGET. The annual budget of estimated income and expenditures shall be approved by the Board of Directors. No expenses shall be incurred in excess of approved budget levels without prior approval of the Executive Committee with notice to the Board of Directors.

8. CONTRACTS AND DEBTS. Contracts may be entered into or debts incurred only as directed by resolution of the Executive Committee after general authorization from the Board of Directors.

9. AUDITS. A certified public accountant or other independent public accountant shall be retained by the Executive Committee to make an annual examination of the financial accounts of the organization. A report of this examination shall be submitted to the Board of Directors.

10. LEGAL COUNSEL. Independent legal counsel should be retained by the Organization to: (a) insure compliance with federal and state requirements, (b) review and advise on any and all legal instruments the Executive Committee executes, such as leases, contracts, property purchases, or sale. Legal Counsel may also be retained for administrative matters determined necessary by the Executive Committee. The Executive Committee may retain legal counsel for interventions before federal regulatory agencies and related judicial proceedings pursuant to authorization of the Board of Directors.

11. PROPERTY. Title to all property shall be held in the name of the Organization, unless otherwise approved by the Board of Directors.

12. INVESTMENT. The treasurer shall invest the funds of the Organization in accordance with the direction of the Board of Directors or any Committee of the board appointed for such purpose.

ARTICLE XI - PARLIAMENTARY AUTHORITY

All meetings shall be conducted in a manner that will allow fullest possible participation by the members. In the event of a dispute, Robert’s Rule of Order, newly revised, shall be the parliamentary authority governing the meetings of the Board of Directors, the

Executive Committee, and all committees, subject to the laws of Indiana, the Articles of Incorporation, these bylaws, and any special rules of order adopted by the Organization.

ARTICLE XII - OPEN MEETINGS

The Annual Meeting and all meetings of the Board of Directors, the Executive Committee, and subordinate committees for which the majority of the appointed members are commissioners shall be open meetings, except that discussion of commercially sensitive, legal, and personnel issues, as well as the meetings of the Nominating Committee (Article VIII), may be conducted in closed session. For the purposes of these bylaws, open meeting means:

(a) Notice of the time, place, and purpose of the meeting, as provided in Article III, shall be made available to public, through printed or electronic means.

(b) Minutes of the Board of Directors and the Executive Committee meetings shall be made available to the public, through printed or electronic means, within two weeks of the date of the meeting.

(c) The public may attend all open meetings of the Organization.

(d) The Board of Directors may provide for participation by telephone or electronic means.

ARTICLE XIII- AMENDMENTS

These bylaws may be amended at the Annual Meeting or any meeting of the Board of Directors, provided that the proposed amendment was included in the notice of the meeting. Passage of a bylaws amendment requires an affirmative vote of two-thirds of the Board of Directors.

ARTICLE XIV- EXECUTIVE DIRECTOR

1. EMPLOYMENT. The Executive Committee shall select an Executive Director, subject to ratification by the Board of Directors at its next regular or special meeting. The Board of Directors shall determine the terms and conditions of the employment of the Executive Director. The Executive Director’s employment may be terminated by a majority of all serving Directors.

2. RESPONSIBILITIES. The Executive Director shall be the chief executive of the organization under the supervision and day-to-day policy guidance of the Executive Committee. The Executive Director shall be responsible for providing advice and assistance to the Board of Directors, the Executive Committee, the president and other officers, and the committees; and shall be responsible for administering the operations of the Organization. The Executive Director shall have such other powers and perform such other duties as may be provided by the Board of Directors and the Executive Committee. The Executive Director is an ex officio non-voting member of the Executive Committee.

STATE OF MINNESOTA PUBLIC UTILITIES COMMISSION

April 6, 2012

The Honorable Jon Wellinghoff, Chairman
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Docket No. ER11-4081-000
Docket No. AD12-1-000

Dear. Chairman Wellinghoff:

The Minnesota Public Utilities Commission (MPUC) writes to express its support for the requests filed by numerous parties that the Federal Energy Regulatory Commission (FERC) should convene a technical conference to examine the transmission issues affecting the deliverability of electric capacity between multiple regions. The MPUC desires a transmission grid that enables efficient wholesale markets for electricity and encourages FERC to ensure that administrative rules between regions are not imposing unnecessary'barriers that detract from realization of that efficiency. The MPUC is concerned that some administrative rules governing region to region deliverability have not yet adapted to the dynamics of broader regional operations that we are seeing today. It appears these rules were designed for an industry that functioned quite differently than today and the MPUC is concerned they are hindering realization of the full potential efficiency afforded by today's technology and institutional evolution.

We believe the Midwest ISO needs to engage all its neighbors regarding inefficiencies stemming from outdated market to market operational rules. However, the clearest case involves the relationship between the Midwest ISO and PJM and that is the natural place to focus efforts at this point. The MPUC joins others in asking the FERC to convene a technical conference to identify the barriers to efficient transmission of capacity between PJM and the Midwest ISO. The MPUC agrees it is imperative that PJM and the Midwest ISO be expected to work together to define and resolve the issues that inhibit adequate deliverability of capacity between the two markets. Such a technical conference would also allow both RTOs to better manage compliance with the proposed emission rules from the U.S. Environmental Protection Agency.

This request by the MPUC is focused on the "seams issue" between PJM and the Midwest ISO and should not be interpreted as modifying the MPUC's position on the Midwest ISO's resource adequacy issue now pending before the FERC. However, it is obvious that addressing issues that remove inefficiencies in inter-regional transmission operations will carry implications for the Midwest ISO's ability to provide adequate planning reserves in its footprint.

Thank you.

Sincerely,

Phyllis A Reha

Phyllis Reha, Acting Chair

David C. Boyd

David Boyd, Commissioner

Betsy Wergin

Betsy Wergin, Commissioner

Dennis O'Brien , Commissioner

Report of the Demand Response and Technology Working Group

April 11, 2012

Update on MISO Demand Response Filings

On December 15, 2011, FERC issued two orders relating to MISO's compliance filings for Order 719 and Order 745. On March 14, 2012, MISO made another set of compliance filings in response to the December 15, 2011 orders.

Shown below is a brief history of MISO's Demand Response filings and a short summary of MISO's March 14, 2012 compliance filings. Please note that this discussion touches very lightly on the issues it does addresses and does not address many of the issues contained in these complex orders and filings. It is meant to be a quick two-page refresher and primer.

History of MISO DR Filings

Order 719 (10-17-2008), Order 719-A (7-29-20090 and Order 719-B (12-17-2009)

This series of orders addressed a wide variety of issues. In general, the orders required RTOs to allow ARCs to bid demand response directly into wholesale energy markets unless the laws or regulations of the applicable "Relevant Retail Regulatory Authority" do not permit it. The orders also provided that "small" utilities which distribute less than 4 million MWHs have a specific opt-in provision.

MISO made its Order 719 compliance filing on demand response issues on October 2, 2009. The gist of MISO proposal was that compensation for demand response would be equal to the LMP – Retail Rate. (MISO referred to the retail rate as the MFRR or Marginal Forgone Retail Rate). MISO also proposed that the cost of this compensation would be directly assigned to the LSE which provided retail service to the customer that made the load reduction. OMS supported MISO's proposal.

After MISO filed its proposal, FERC decided that it wanted to establish a generic policy for ARC compensation and cost allocation. On March 18, 2010, FERC issued a NOPR in which it proposed that ARCs should be compensated for load reductions at the "full LMP." OMS filed comments in which it supported the compensation and cost allocation proposal that MISO had made in its Order 719 compliance filing.

On March 15, 2011, FERC issued Order 745. FERC ruled that compensation for load reductions should be equal to LMP, that payments only had to be made when a "net benefits test" was met, and that the costs of these payments should be recovered proportionately from all entities that purchase energy in the relevant area where the demand response reduces the LMP.

On August 19, 2011, MISO made a filing in compliance with Order 745. MISO proposed a net benefits test based on the elasticity of supply offers into the energy market and a bi-furcated cost allocation in which part of the cost of compensation was recovered from the LSE that serves the retail load (based upon the financial losses the LSE avoids by selling energy at its retail rate and buying energy at the higher LMP) and the remainder from the other market participants in that Reserve Zone.

On December 15, 2011, FERC issued the orders mentioned in the initial paragraph above in which it rejected both MISO's Order 719 October 2, 2009 compliance filing and MISO's August 19, 2011 Order 745 compliance filing.

Which Brings us to MISO's March 14, 2012 Compliance Filings

On March 14, 2012 MISO made two compliance filings in response to the December15 2011 orders. MISO proposed to pay full LMP for load reductions and to collect these costs from all load in the Reserve Zone where the load reduction occurred. MISO also modified its proposal to allow customer-owned Behind the Meter Generation to qualify for DR payments in the same manner that load reductions are compensated.

The state commissions will need to consider how MISO's proposal will affect the distribution of the benefits and costs of demand response among the various LSEs and among the states. Because the boundaries of the Reserve Zones are not coterminous with the state borders and some LSEs serve load in multiple states, it is possible that there could be a mis-match in this distribution.

This issue will require further study when FERC issues a decision on the MISO proposal.

Respectfully submitted,

John Feit

Public Service Commission of Wisconsin

1. Capacity Portability

Status: Planning next WG conference call with MISO

The M&TWG is monitoring capacity market seams issues with particular attention to capacity portability between MISO and PJM. Since our status report last month, MISO presented an update to the MSC, on its proposal to enhance capacity portability. MISO states that it proposes to develop and implement:

- Consistent processes for determining which resources are deliverable across the seam (bi-directional)
- Jointly established seams transfer limits based on common zonal deliverability studies
- Modeling and enforcement of transfer limits in both MISO and PJM capacity auctions to ensure deliverability of resources during peak conditions
- Additional changes (if necessary) to align market or reliability concerns, such as resource registration for auction participation to ensure no double counting, and must offer requirements to ensure efficient regional dispatch

MISO said that it is seeking commitment from PJM to evaluate transmission deliverability enhancements. MISO has not yet provided an update to the M&TWG on the status of MISO's discussions with PJM on this matter (or on its efforts to address the recommendations of the Utilicast report on compliance with the Joint Operating Agreement).

2. MISO April 3 MSC Meeting

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

Constraint Relaxation Update

On February 1, 2012, MISO disabled constraint relaxation in the Real-Time Market (for constraints that are not Market-to-Market Constraints), and implemented procedures for modifying default Marginal Value Limits (MVL), which provide pricing for constraint violations. MISO explained that the MVL can change each day, but normally does not. Discussion followed with significant concerns expressed regarding the need for clarification on procedure, the lack of notice for changes, and the fact that this procedure changes prices and should, therefore, be part of the tariff. MISO expects to provide additional information on the status of turning off constraint relaxation and a discussion on MVL at the 5/1/12 MSC meeting.

IMM Seasonal Market Review

MISO's IMM presented his market review for the last quarter. Regarding operating reserve prices, he said that reserve shortages from ramp constraints are a big contributor to prices, and that the biggest contributor to ramp constraints is changes in load, and the biggest culprit is non-conforming (NC) load that can change unpredictably. He found that the largest quantity of NC load was in FirstEnergy. After First Energy (FE) left, less constraints resulted.

Regarding Price Volatility Make Whole Payments, there is still potential for gaming opportunities, so he is talking to MISO about changes to make. MISO is considering using a demand curve to set the Marginal Value Limit for constraints, which he fully supports. He thinks that MVLs have a significant impact on price and is surprised that FERC does not require this in the tariff. During a discussion about capacity prices, he repeated his position that he supports use of a sloped demand curve in MISO's resource adequacy construct and again opined that MISO uses a vertical demand curve.

Regarding the allocation of RSG to virtual trading, he said that the MISO change to the RSG cost allocation last April (that eliminated any allocation of RSG to virtual supply when netted against virtual load) has resulted in allocations that do not follow cost causation principles.

Note that this is the same concern that he shared with the OMS on 3/28, when he explained that MISO currently does not allocate congestion related RSG to virtual trades and that about 90% of RSG is allocated to deviations between the Real Time and Day Ahead markets but in reality only about 40% of RSG is caused by RT-DA deviations. The IMM told OMS that MISO is working on both voltage support and market wide deviation RSG allocation changes and he will be proposing further changes to remedy the issue in the upcoming SOM report. These possible corrections will allow for a much larger share of RSG to be allocated to load and deviations that have actually caused the need for peakers to be committed, which in his opinion is a major cause of RSG, as well as allow for allocation of RSG that more closely follows cost causation.

FERC Order 755 Frequency Regulation Compensation

The MSC passed a motion that supports MISO's proposal for frequency compensation: A two-part payment for frequency regulation, accounting for performance accuracy in the compensation. MISO expects to make a FERC filing at the end of April.

System Support Resources

Further discussion on what changes MISO needs to make to its Attachment Y, such as distinguishing between very long outages and retirements, what outages belong instead in MISO's outage scheduler, what requests and studies should be confidential, and the interrelationship between SSRs and Black Start units. Some raised concerns about lack of incentives and high risks for Black Start service, and urged further discussions on how best to handle retirements of units that provide this service.

3. <u>MISO April 4 RSGTF Meeting</u>

At the last Revenue Sufficiency Guarantee Task Force meeting, participants discussed the future of the task force and expressed concerns and disappointment on MISO's responsiveness to the task force and on MISO and FERC's handling of recent filings that resulted in a 5-month suspension and technical conference. See 3/30/12 FERC Order in ER12-678-000 and ER12-679-000. The group decided to prepare and use an issues list as other MISO groups do.
On 4/5, RSGTF Chair David Hastings requested from stakeholders all open issues that need to be addressed, using a template posted with the May 2 RSGTF meeting materials, and return responses to David Hastings (david@dhast.com) and Amanda Brower (abrower@misoenergy.org) by 4/13.

4. <u>MISO April 4 FTRWG Meeting</u>

At the last Financial Transmission Rights Working Group meeting, MISO gave a presentation on the changes that the Entergy companies want. The Entergy Companies assert that the Entergy region's historical transmission usage will leave them with a less than sufficient amount of ARRs under MISO's current ARR allocation process due to their greater reliance on short-term purchases when compared to existing MISO membership. Entergy said that it is asking for a new/additional set of rules, or a change in the current rules, to allow them to get ARRs for generation from PURPA Qualifying Facilities (QF) under short-term contracts. Entergy relies heavily on these short-term purchases from their own QFs as well as merchant QFs in the Entergy footprint. Entergy said that their own analysis for joining MISO or SPP included the assumption of being able to receive the necessary ARRs and corresponding FTRs from MISO to be appropriately hedged from the uncertainty of congestion expense. Entergy expects to receive historical allocation of ARRs for these QFs under their Base Reserve Source Set (BRSS) that may not qualify under MISOs current requirements for BRSS (only resources with 50% or greater capacity/scheduling factor are currently allowed).

Entergy said their footprint commonly uses short-term capacity agreements with short-term firm transmission that is regularly renewed and they believe that over the long run this circumstance should be equated with long-term firm transmission. MISO said that this is not just an Entergy issue, but is an issue for all entities in the Entergy footprint. With several large loads located in the region that are unique, including refineries along the gulf coast that can cause very large load swings, MISO has not seen such a difference of this magnitude before.

MISO said that it is holding training now and learning concerns from the Entergy region perspective. The related ARR and FTR training materials are available and can be accessed through the MISO calendar under the pages for the various Entergy ARR/FTR training events. MISO plans on making any ARR rule changes by later this year so that they can be in effect by the end of 2013 (the target date for Entergy COs joining MISO). MISO has not yet determined whether further meetings on this subject will be held in the Entergy footprint or current region and whether the issue will reside under this group or a separate group.

5. Waiting on FERC action

OMS participated in these cases that are pending decision before FERC:

FERC Gas-Electric Interdependence and Coordination AD12-12-000

The OMS filed comments on 3/30/12 concerning gas-electric interdependence and coordination.

Extended Locational Marginal Pricing (ELMP) ER12-668-000

MISO plans to extend LMP by adding in unit commitment cost (startup/no load) to energy prices. The OMS filed an intervention on 1/13/12.

ASM Zonal Cost Allocation ER10-1361-000

The FERC rejected MISO's proposed tariff revisions that would revise the zonal allocation of the costs of Operating Reserves from the current Grouped Zonal method to the Market Load Ratio Share method, finding it unjust and unreasonable because it does not follow their cost causation principles. The OMS intervened in this case without taking a substantive position. Rehearing is pending on 8/30/10 requests for rehearing (MISO) and clarification (ICC). At issue is the allocation of operating reserve costs between zones.

For those interested, please note the following MISO meetings:

MISO Market Subcommittee - monthly meetings (5/1 next mtg)
MISO RSG Task Force – monthly meetings (5/2 next mtg)
MISO FTR Working Group – monthly meetings (5/2 next mtg)
MISO Seams Mgt Working Group – monthly meetings (4/30 next mtg)

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 – April 11, 2012
(Jessica VanDeusen and Parveen Baig – Co-chairs)

MTEP 12 Future Weights: Transmission Planning WG provided to MISO proposed Joint SPP/MISO MTEP 12 future scenario weighting recommendations from the WG.

FERC Order 1000 Compliance: Transmission Planning WG worked with the Cost Allocation WG in drafting response to MISO AC hot topic questions on Order 1000. OMS Board will consider this draft at its April 12, 2012 meeting.

MISO meeting to discuss compliance filing on Interregional planning and cost allocation is scheduled on April 12th in Oklahoma City, focusing on SPP. Filing is due to FERC on 4/2013.

OMS Resources WG Report to OMS Board – April 12, 2012

SAWG

Capacity Accreditation for Hydroelectric Units

The major discussion was a repeat proposal by Manitoba Hydro to more accurately rate the capacity of different hydro generation for peak day assessment of risk. Instead of annual average ratings, the new rating would distinguish between reservoir and run of river, median tail conditions, focus on the summer peak day hours, and have a certain longer history range.

LMR for Transmission Emergencies

MISO is seeking tariff language to clarify the deployment of Load Modifying Resources for transmission emergencies.

Capacity Deliverability

Work continues with PJM on capacity resources by first looking at the constraining transmission interfaces. External expertise will be employed.

Resource Adequacy Enhancements

Zonal Resource Credit (ZRC) transactions will be enabled and track with MECT. A new wholesale load switching screen has been added. New dates have been set for the June 2012 planning month for the VCA stepped sequences during April.

PAC/SAWG Combined Meeting April 24th.

The April PAC report to the Board has similar information as this report.

Below is the email notification Tuesday April 10 of the activity to accommodate the motion passed at the last PAC meeting regarding the documentation of DM programs in METC and associated use.

> SENT ON BEHALF OF Bob McKee, Planning Advisory Committee (PAC) Chair, and Tom Parker, Supply Adequacy Working Group (SAWG) Chair
>
> Dear Stakeholders,
>
> A joint meeting of the Planning Advisory Committee (PAC) and Supply Adequacy Working Group (SAWG) has been scheduled for April 24, 2012, from 1:00 to 5:00 pm ET. The purpose of this meeting is to discuss proposed MTEP-related changes to the Module E Capacity Tracking (MECT) Tool that are specific to Demand Response and Energy Efficiency.

In a 5-4 vote at the 3/21/12 meeting the PAC supported recommending "that the 2012 update to the Module-E Capacity Tracking (MECT) Tool include data fields to collect all relevant demand-side management (DSM) program information needed to accurately measure current levels of DSM, project future levels of DSM, and calculate the effective demand and energy growth rates used in transmission planning." Accordingly, the PAC and SAWG Chairs request stakeholder suggestions to inform MISO staff how best to meet the "planning principles" as indicated by the System Planning Committee of the Board of Directors, particularly as it relates to seeking information from LSEs through the MECT Tool for the purposes developing assumptions used in MTEP economic studies. Sector responses can be verbal, however written comments are preferred. Additionally, minority and individual company comments are encouraged. Whenever possible, the stakeholder chairs have requested that in the event that there are minority Sector comments, the company names for both minority and majority views are provided.

Stakeholder input is requested on the questions posted with materials for the April 24 meeting at the URL below. Please provide responses and any whitepapers or presentations to Amanda Brower (abrower@misoenergy.org) no later than close of business, Thursday April 19, 2012 in order to provide ample time for MISO staff and stakeholder chairs to review the written comments.

https://www.misoenergy.org/Events/Pages/PACSAWG20120424.aspx

Thank you in advance for your participation and your commitment to the MISO Stakeholder process. We look forward to receiving your comments and direction.

REFERENCE INFORMATION:

Stakeholders are encouraged to read the MISO proposal from the June 17, 2011 Common Issues Meeting (Item 03) and the Environmental sector proposal from the March 21, 2012 PAC meeting (Item 12). Links to both sets of materials are provided below.

https://www.misoenergy.org/Events/Pages/MSCRSCPACJointMeeting.aspx

https://www.misoenergy.org/Events/Pages/PAC20120321.aspx

The OMS WG Chairs will see how to respond.

Submitted by Don Neumeyer, Chair Resources Work Group