



**ORGANIZATION OF MISO STATES, INC.  
Special Board of Directors Meeting  
Conference Call Minutes  
June 13, 2012**

**Approved July 12, 2012**

Robert Kenney, President of the Organization of MISO States, Inc. (OMS), called the June 13, 2012 special meeting of the OMS Board of Directors to order via conference call at approximately 12:15 p.m. (CDT). The following board members or their proxies participated in the meeting:

John Colgan, Illinois  
Kari Bennett, Indiana  
Libby Jacobs, Iowa  
Orjiakor Isiogu, Michigan  
David Boyd, Minnesota  
Robert Kenney, Missouri  
Kim Moran, proxy for Brad Molnar, Montana  
Jerry Lein, proxy for North Dakota  
Eric Callisto, Wisconsin

Absent

Kentucky  
Manitoba  
South Dakota

Agency members participating

Mark Hanson, Randy Rismiller, Doug Scott, Linda Wagner – Illinois  
Tia Elliott, David Johnston, Beth Roads – Indiana  
Janet Amick, Parveen Baig, Chancy Bittner, Mack Thompson – Iowa  
Bill Bokram, Angie Butcher, Chris Devon, Patricia Poli, Jessica VanDeusen – Michigan  
Burl Haar – Minnesota  
Josh Harden – Missouri  
Don Neumeyer, Ellen Nowak, Randel Pilo, Julie Urban – Wisconsin

Others on the call

Bev Hall, Dennis Kramer, Jackie Voiles – Ameren  
Brittany Miller, Dave Slaton – Arkansas PSC  
Laura Chappelle – Chappelle Consulting  
Bill Booth – City of New Orleans  
Jeremy Vanderloo – Entergy Service Inc.  
Kristine Schmidt – ESPY Energy Solutions/ERSC  
Patrick Clarey, Joyce Davidson, Chris Miller – FERC  
Edward Garvey – Galvin Electricity Initiative  
Melissa Watson – Louisiana PSC  
Gary Mathias – Madison Gas & Electric Company  
Richard Schaefer, Tim Tessier – Mid American Energy

Nancy Campbell – Minnesota Dept. of Commerce  
Rob Berntsen, Jennifer Curran, Bill Malcolm, Clair Moeller,  
Eric Stephens, Aldie Warnock - MISO  
Wendy Reed – MISO Transmission Owners  
Chad Allen, Brandon Presley, Dave Richardson – Mississippi PSC/ERSC  
Claudia Earls, Dave Hadley, Jodi Walters – NIPSCO  
David Svanda – Svanda Consulting  
Richard Greffe – Texas PUC  
David Cruthirds – The Cruthirds Report  
Jim Cox – Vectren  
Natalie McIntire, Beth Soholt – Wind on the Wires

Bill Smith, Julie Mitchell, Amy Schmelzer – OMS Staff

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

## **BUSINESS**

### **1. OMS/ERSC Integration Issues and Report on June 6-7 ERSC Meeting**

Robert Kenney provided an update on the June 6-7 ERSC Board meeting that he attended. The second day of the meeting was supposed to focus on discussing issues from meeting with OMS and a review the various documents related to the OMS enhanced authority debate. For legal reasons having to do with ex parte communications relating to open dockets, the ERSC members recused themselves. President Kenney gave some brief remarks and the meeting adjourned. He stated there was no legal impediment to the discussion of those issues at this OMS meeting.

Commissioner Brandon Presley requested the record indicate that the Mississippi PSC gave notice of his participation in the OMS Special Board Meeting.

### **2. OMS Enhanced State Authority Regarding Cost Allocation and Planning**

OMS President Robert Kenney began this discussion with a summary of his June 4<sup>th</sup> memo. From there, the Board and staff continued debating the issues surrounding enhanced state authority; primarily involving cost allocation, transmission planning, and Section 205 filing rights. Documents to be discussed included: the May 11, 2012 memo (OMS Draft Scope of Enhanced Authority); comments from a variety of sectors/companies on that memo; the sur sur rebuttal testimony of Wayne Schug and Clair Moeller to the Arkansas PSC; Mr. Moeller's letter to OMS; comments from the state commissions of Wisconsin and Iowa; John Bear's letter to OMS.

President Kenney said he felt two of the proposals were non-controversial. One is contingent on Entergy joining MISO and the other isn't. The first was to add a member to the MISO Advisory Committee from the ERSC region. The second was to recognize OMS as an external committee with the ability to meet with the MISO Board of Directors on par with the transmission owners.

John Colgan stated he felt the issues were non-controversial and Illinois was prepared to move forward. Eric Callisto said Wisconsin felt a few issues still needed to be discussed, but consensus on these was near. Libby Jacobs stated Iowa concurred with Wisconsin. Kari Bennett said Indiana did as well. Commissioner Bennett said they have the larger stakeholder process to consider regarding the fourth spot on the AC, and that it is the July hot topic. David Boyd indicated Minnesota agreed with Indiana.

President Kenney stated he wished to move away from the issues that didn't require a great deal of debate, but did ask for comments from other stakeholders present.

Dennis Kramer of Ameren stated that votes on controversial issues don't happen very often at the AC, because most of the work is done at the individual committee level and that's where the arguments really take place. He noted the TO's comments were spelled out in their memo, but that there would need to be serious discussion to modify the voting of the Advisory Committee and to make OMS a separate external committee.

**President Kenney moved to support adding one new OMS representative to the MISO AC from the ERSC, based on Wisconsin's proposal and the sur sur rebuttal testimony of Wayne Schug before the Arkansas PSC, and that OMS should be recognized as an external committee on par with the Advisory Committee and the Transmission Owners Committee with certain rights to make reports to the MISO Board. The motion was seconded.**

Commissioner Boyd requested that the motion more accurately portray the proposed interaction between OMS and the MISO Board. It was clarified that the motion came from Wayne Schug's testimony (page 2) and John Bear's letter. Mr. Moeller clarified the access that the TOC and AC have with the MISO Board; at every board meeting there is an opportunity for those committees to provide feedback to the Board of Directors. The Board's meetings are public and it cannot have private meetings with the stakeholders.

**President Kenney withdrew his original motion and made two separate motions.**

**1) President Kenney moved to accept MISO's proposal as follows: expand the advisory committee sector representing regulators to include an additional commissioner from the Entergy Regulatory Authority. Commissioner Isiogu seconded. The motion passed by unanimous voice vote.**

**2) President Kenney moved to accept MISO's proposal as follows: that MISO will amend its FERC-filed documents to add a regulatory committee reporting directly to the Board of Directors; which new committee would be comparable to the Advisory Committee and Transmission Owners' Committee. Commissioner Colgan seconded.**

Commissioner Callisto raised the issue of a confidential, closed meeting with the Board and he wished to clarify that neither the TOC nor AC have access to closed meetings and that OMS would have parity of access. Commissioner Boyd noted there would probably need to be additional discussion on this following the July 18<sup>th</sup> AC meeting. President Kenney agreed, but felt that OMS probably didn't need to revisit the two specific voting items.

Commissioner Bennett spoke, saying she feels it's important for OMS to recognize and publicly acknowledge that OMS is committed to the stakeholder process. She also wanted to make clear that while her expectation of the day's meeting was to reach a consensus on what the collective OMS position would be on these issues, but that they would need to revisit them based on the response of the other stakeholders.

**Following this discussion, President Kenney called for the vote. The motion passed by unanimous voice vote.**

The discussion then shifted to the various proposals for enhanced state authority for regional planning and cost allocation and the ability to direct MISO with respect to MISO's Section 205 filing rights.

President Kenney asked for the presentation of the proposals that came after the May 11 memo. He asked Iowa, Wisconsin, and MISO to talk about their proposals. He stated his intent was discussion of the issues, not necessarily a vote on anything.

**Iowa:** Commissioner Jacobs indicated that the Iowa memo was intended as an alternative proposal to the May 11 memo. She discussed the Iowa proposal, emphasizing the IUB's concern that participation in MISO's planning process could present the appearance of pre-judgment of specific projects.

**Wisconsin:** Commissioner Callisto presented Wisconsin's proposal. He made a correction on page 3 and explained that it only applied to the OMS's planning rights, not Section 205 filing rights. Commissioner Callisto compared the Wisconsin proposal to Mr. Moeller's testimony and explained the contents of the proposal, specifically adding opportunities for OMS input at the beginning and end of the MTEP process.

There was significant discussion about the potential implications of Wisconsin's proposal on the stakeholder process, the MTEP process, and the MVP process.

**MISO:** Mr. Moeller presented the MISO proposal in its June 8<sup>th</sup> letter, saying the most important thing for MISO is it is attempting to preserve the collaborative relationship it has with its stakeholders generally and OMS specifically. He explained that MISO's attempt to develop a response to the States' concerns has been fairly ad hoc and organic. He indicated that prejudgment issues have generally precluded OMS from commenting on the planning process. MISO would request increased input from OMS in the MTEP process as early as possible and what MISO's desire for increased OMS participation would look like. There was also discussion about how the MTEP planning process worked and planning futures.

*Following this discussion the meeting took a short break.*

President Kenney brought the meeting back to order and said he wanted to wrap up the discussion on the planning component and outline what will be the next steps and then move discussion onto the Section 205 directive authority issue. He said he would ask that Mr. Moeller present the testimony he gave before the Arkansas Commission and that Wisconsin present its proposal and then have discussion about those juxtaposed against what was included in the May 11 memo.

Commissioner Bennett asked for a "process check" and asked if this was the appropriate time to discuss what people felt was good, bad, or ugly about the transmission planning component. President Kenney said if there were any more comments about the planning part, now was the time to voice them. Commissioner Bennett summarized her concerns about the alternatives in the May 11 memo that essentially provided OMS with veto power over MISO projects. She said that Indiana wanted to make sure OMS wasn't doing anything to compromise the "I" in MISO and that Indiana would not be supportive of any proposal that would put OMS in a position to be able to veto or prohibit the transmission planning process. Commissioner Kenney indicated there were numerous concerns expressed about the veto proposal. He agreed that OMS should not tread on MISO's independence and the alternatives expressed in Iowa and Wisconsin's proposal did not do that.

Commissioner Callisto asked Mr. Moeller if he concurred with President Kenney's assessment. Moeller explained that MISO's governance is different from PJM and SPP. He expressed that MISO's independence was eroded when words like "direct" and "require" show up in a proposal. He said it was less a FERC order issue and more an issue with the Transmission Owners Agreement (TOA). Commissioner Isiogu, Commissioner Callisto and Commissioner Jacobs all indicated they have no interest in "veto power" and are equally concerned about intruding on MISO's independence. Commissioner Colgan indicated that Illinois thought this was a huge

opportunity to gain more authority for OMS. He said he didn't see Illinois supporting anything that doesn't have some teeth in it, that gives OMS enhanced authority in this process.

President Kenney said the goal of the conversation was not necessarily to come out with a vote on anything regarding those two items, but it is to see where there are points of agreement and where there are points of disagreement and how OMS can go back to the drawing board to draft a response to MISO's proposal. He felt the Iowa and Wisconsin proposals could be reconciled with Mr. Moeller's letter and that it would have some teeth, some significant enhanced authority. Commissioner Colgan agreed and felt there was enough in the proposals that Illinois could support. Commissioner Callisto asked if OMS owed it to the stakeholder community to let them know whether OMS intends to pursue the veto power or take it off the table, so they can or cannot focus on that in their July Hot Topic responses. No vote was taken, but President Kenney indicated that he felt it was clear that the "veto power" was off the table. Dennis Kramer, vice-chair of the Advisory Committee, said the Hot Topic questions were distributed with the notice that the questions were subject to revision. He asked if there were something OMS could provide, non-binding, that could be distributed to the stakeholders to provide them additional information.

Kristine Schmidt asked for clarification from Mr. Moeller on the MISO independence issue in transmission planning. She said Mr. Moeller indicated that MISO's position is that any kind of directive authority would essentially compromise MISO's independence. She then asked if that was just related to the transmission planning or if any directive rights in any fashion would cause the same concern. Mr. Moeller said that FERC is MISO's regulator and they direct MISO to do things all the time. MISO thinks it can have opportunities where if a filing is being made, MISO can provide opportunities for others to also file. He said that is not the same as MISO being directed to file. He talked about a question raised by Otter Tail Power that resulted in a change in MISO's cost allocation approach. Ms. Schmidt then asked if any sector has the authority to direct MISO to make a Section 205 filing and if directive authority for any sector would threaten MISO's independence. Moeller said no sector has the ability to direct MISO to change their planning process. He said there are a subset of regular requirements/filings that are the exclusive right of the TO's that MISO has to make, because it is in MISO's tariff. So that subset of filings that MISO makes on behalf of the TO's is delineated in the tariff.

President Kenney indicated this was a good segue into a discussion of Section 205 filing rights and asked if there was any additional discussion on the planning section. He asked that Iowa and Wisconsin work to combine their drafts into a single proposal to be circulated to the Board and to ERSC. He then asked Mr. Moeller to outline his testimony before the Arkansas Commission, but first tried to rephrase Ms. Schmidt's question. President Kenney asked if MISO was saying there were no circumstances under which MISO could take direction from a stakeholder whereby its independence wouldn't be violated. Moeller again indicated that those rights are delineated in the TOA and MISO's position is based on what's in the TOA, not whether it should be altered. He indicated that MISO did not exist before the TOA was signed and that the TOA is an agreement between the transmission owners' and that MISO is a steward of that agreement. Ms. Schmidt indicated her question wasn't what does the TOA say today, but what is MISO's position on making changes to the TOA. She recognized that the TO's might have a very different opinion on it and said her question wasn't about their position, but about MISO's position. Would MISO support changing the TOA on a prospective basis? Moeller said yes, if there was a consensus of all the stakeholders, and the July Hot Topic is to gauge what the opinion of the stakeholders is. He also indicated that MISO gets feedback on protecting its independence from a variety of stakeholders, including independent power producers. MISO's position on enhanced authority is currently embodied in his testimony before the Arkansas Commission, which he summarized.

Commissioner Callisto presented Wisconsin's position on Section 205 filing rights and asked if there were any questions. Mr. Moeller was asked to clarify MISO's proposal to Arkansas regarding the 5-year transition period. Mr. Moeller indicated that Arkansas needed a firm proposal to rely on to make their decision, so MISO is not willing to modify that timeline at this point. He indicated that there is some flexibility, but recognizes there are some tensions around the issues.

President Kenney said it didn't seem as though Wisconsin's proposal would affect any current MTEP projects and that new cost allocation methodologies would only apply to new transmission projects. Mr. Moeller stated that MISO encouraged OMS to bring its proposed process to MISO so it can be vetted by the stakeholders.

There was general discussion about Section 205 filing rights, the reasons for MISO's position, the SPP/RSC model, funding additional OMS costs, and resource adequacy.

President Kenney proposed that OMS use the same process it plans to use to develop a revised planning process position by having a working group develop a revised position incorporating the Wisconsin position, Mr. Moeller's testimony and the discussion from this meeting. It was agreed there would be one joint consensus document to consider at the end of the process. Commissioner Bennett volunteered to assist in the drafting and Commissioner Isiogu said Michigan would like to help as well. Ms. Schmidt said she couldn't commit the ERSC to participate in the drafting process and stated again the ERSC's position on the need for enhanced authority for state regulators. She suggested OMS develop their position and then circulate it to ERSC for response. Bill Smith indicated that July 4<sup>th</sup> would be a reasonable deadline for circulation of the revised proposal, allowing state commissions and MISO stakeholders the opportunity to review the revised position.

Commissioner Boyd indicated that at this point, the only thing Minnesota could support would be the Arkansas testimony as Minnesota does not wish to interfere with MISO's independence. Dennis Kramer stated that the majority of the TO's do not believe MISO has a right to share the authority given to it by the TOA in Attachment K and they look forward to seeing a specific proposal that has been approved by OMS and hopefully the ERSC.

President Kenney expressed his appreciation for MISO being willing to compromise despite the TO's disagreement and thanked everyone for their participation in the meeting.

## **ADJOURNMENT**

The OMS Board of Directors meeting adjourned at 3:55 pm CDT.

# Current MISO Seams Issues Update – 6/8/2012

Chris Devon, Michigan PSC, Energy Markets Section

## Capacity

- Capacity Deliverability – [Brattle Group Preliminary Issue Description](#) – [April 3<sup>rd</sup> MISO Enhancements Presentation](#) – [June 7<sup>th</sup> MISO Capacity Deliverability Update](#)
  - Initiative with the objective of allowing capacity to be sold between MISO/PJM.
    - Can provide more efficient capacity prices across the combined footprints.
  - Some key elements of latest MISO proposal to be presented to PJM through a recently reinstated JCM-like process:
    - 1) Jointly established total network capability across the seam, 2) Establish network service evaluation process across the seam, and 3) Model and enforce transfer limits in both MISO and PJM capacity auctions to ensure deliverability of resources during peak conditions.

## Energy

- Economically efficient energy transfers between RTOs – [January 30<sup>th</sup> MISO Overview](#)
  - Dispatchable Interchange Transactions (DIT) – [April 2<sup>nd</sup> MISO/PJM Stakeholder Feedback](#)
    - MISO and PJM have collaborated to develop the design of the protracted DIT effort.
    - Execution of the DIT effort will now be delayed and the newly proposed RDT will replace it.
  - Real-time Dispatchable Transactions (RDT) – [June 4<sup>th</sup> MISO RDT Presentation](#)
    - PJM stakeholders prefer to first align business rules related to scheduling of interchange transactions, DIT could still be an option subsequently if inefficiencies continue.
  - Outage Scheduling Coordination – [April 30<sup>th</sup> MISO Recommendations By Utilicast](#)
    - Initiative with objective of increasing the awareness of outage coordination communication and formalizing communication procedures.

## Order 1000 Interregional Planning and Cost Allocation

- FERC Order 1000 MISO-SPP Interregional Coordination Workshop – [May 31<sup>st</sup> Draft Proposed MISO Interregional Planning and Cost Allocation Processes](#)
  - One meeting has already taken place – [April 12<sup>th</sup> Joint MISO-SPP Meeting Materials](#)
  - Next FERC Order 1000 MISO-SPP Interregional Meeting will be a Face-to-Face in St. Louis on July 9 and July 10 and the meeting will cover Interregional Transmission Planning and Interregional Cost Allocation – [Registration is available on the SPP website.](#)
- A joint SPP-MISO Future meeting has been scheduled for July 10, 2012 from 1:00 to 4:00 pm CT in St. Louis, MO – [Registration is available on the SPP website.](#)
- PJM/MISO Joint Interregional Meetings
  - PJM/MISO meeting schedule still TBD.
  - MISO staff has indicated meetings will likely be scheduled during the July-September timeframe.
- Order 1000 Interregional compliance filings are due by April 11<sup>th</sup>, 2013.

## Other Broad FERC Initiatives and Issues Affecting the MISO Region

- Joint and Common Market
  - During a seams issues meeting on May 14<sup>th</sup> between MISO and PJM management it was agreed to reinstate a JCM-like process with a series of joint stakeholder meetings with the focus of identifying and developing solutions to several seams related issues.
- Broader Regional Markets Initiative (Docket No. ER08-1281)
  - Initiated Lake Erie Loop Flow Study that identified the necessity of a MI-ONT PARS solution.
- Entergy Integration Issues
  - It has been identified that FTR/ARR rights and rules changes are necessary due to substantial differences in the topology, congestion, and utilization of the Entergy system.

The **OMS Governance and Budget Work Group** (G/B WG) is responsible for assessing the reasonableness of the Midwest ISO's new products and services, strategic plan, short-term and long-term incentive plans, and budgets.

**Work Group Update:**

1. Reviewed OMS bylaws for further needed or desirable updates in anticipation of possible enhanced state authority: e.g., additional Advisory Committee representatives; creation of a Regulatory Committee; expanded role in transmission planning. Because there are many details to be settled, this work has been very preliminary in nature.

**1. Capacity Portability**

No change since last month, with plans to meet with MISO still on hold. MISO reported to the MSC this month that it has a conceptual plan with PJM to start, but is still working on the details (see below).

**2. MISO June 5 MSC Meeting**

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

**EPA Rule impact**

Participants discussed (under new business) whether MISO's continuing analysis of the impact of EPA rules should belong in the MSC and SAWG instead of the PAC, given MISO's parallel work on Attachment Y (System Support Resources) and natural gas – electric coordination efforts. This will be a Steering Committee issue.

**Constraint Relaxation Update**

MISO provided BPM language changes for determining default Marginal Value Limit (MVL) caps for pricing congestion when MISO cannot bring a transmission constraint down to its limit during the dispatch interval. The MVL, which MISO considers the "true reliability cost of violating the constraint," ranges from \$500 (for 69 kV) up to \$3,000 based on voltage and potential negative consequences. MISO has used the MVLs since it discontinued constraint relaxation on 2/1/12. MISO expects this change to improve DA and RT price convergence and perhaps exacerbate RT interval price spikes. MISO is looking into developing transmission constraint demand curve capability for pricing.

**Capacity Deliverability Proposal**

MISO met with PJM on May 14 and agreed to reinstate a "JCM-like process" to address seams issues. Key elements includes establishing network capability across the seam, modeling and enforcing transfer limits to ensure resource deliverability during peak conditions, establishing a network service evaluation process, maintaining firm transmission service customer existing rights, and establishing joint emergency operating procedures. After finalizing process details, MISO expects to share.

**Spread Bidding**

CityGroup Energy shared a proposal for using new financial instruments for real-time congestion hedging. Participants would bid a source and sink spread hourly in the DA market. If a position clears, it will pay or be paid when it "unwinds" real time. While traded in ERCOT (Point-to-Point Obligation) and PJM (Up-To Congestion), this would be a new product in MISO. This is different than an FTR. According to CityGroup, it would provide DA and RT price convergence, allow market participants to be price sensitive, removes execution risk with virtuals, and is not subject to energy price risk. CityGroup said that it will bring this proposal to the MSC again in August.

**Removing Make Whole Payments for Deployed Contingency Reserves**

In response to an IMM recommendation, MISO proposes to remove make-whole payments to energy producers in response to a Spinning Reserve Deployment. This improves efficiencies because if each Resource owner includes probability-weighted deployment cost in its Spinning Reserve Availability Offer, the SCED would select the most economical generation resource. MISO expects to provide draft tariff changes in July then file at FERC in late July or August.

**Wind Integration DIR Update**

MISO now has 4,860 MW of wind registered as Dispatchable Intermittent Resources, and estimates that it will have 10,950 MW of registered DIR by March, 2013. Negative LMPs occur more often because manual curtailments are not picked up by the Unit Dispatch System, so we are now seeing true cost in an area. MISO is considering future improvements and changes.

**Interchange Optimization Update**

MISO gave the same presentation given at the June 4 SMWG meeting. MISO is now proposing Real-time Dispatchable Transactions (RDT) as a phased approach towards later Dispatchable Interregional Transactions, and plans to file revised tariffs with FERC by the end of 2012.

**3. MISO RSGTF update**

While MISO cancelled the June RSGTF meeting, participants are working on an open issues list that is posted as part of July meeting materials. The list contains 13 items that are ranked per a participant survey. All concern what qualifies as RSG, who pays, and who gets paid. Four of the issues are IMM concerns. They are, in ranked order from highest to lowest: monthly drivers of RSG, VLR (Voltage and Local Reliability) cost allocation and mitigation, FRAC/IRAC (Forward Reliability Assessment Commitment preceding each Operating Day and the Intra-Day Reliability Assessment Commitment conducted within each Operating Day) commitment distinction, market-wide netting, correct virtual sign convention, eliminate RSG for contingency reserve deployment, moving unutilized capacity of units committed to other RSG buckets for allocation of RSG costs, allocation of mileage-make-whole payment, allocation for double contingency as single contingency, impact of RSG on price convergence, physical transaction RSG exemption, impact on DITs, and increase price-sensitive virtual bids/offers. The second issue, VLR cost allocation and mitigation, is also the subject of MISO filings pending before the FERC in ER12-678-000 and ER12-679-000.

**4. MISO June 6 FTRWG Meeting**

MISO initiated its Entergy Integration Stakeholder Process Kickoff with a presentation on four general areas where it thinks changes are required. The Entergy region will be “challenged” to achieve ARR entitlements comparable to current MISO members because the entitlements depend on type of facilities, a 5-year historic requirement, use of short-term transmission, and use of Reliability Must Run units. MISO said, “Failure to represent historic baseload flows via ARR Entitlements may impact feasibility of the entire set of long term transmission rights available to customers in the Entergy region.” MISO prepared a survey asking for stakeholder feedback on changes to the four items. MISO’s plan is to develop a proposal via FTRWG meetings then file at FERC in November or December so that the effective date leaves time for data gathering, ARR registration and allocation, and the FTR auction during 2013 by the integration target date of December.

Other items include MISO’s proposal for multi period monthly auctions (MPMA) that it expects to complete and file with FERC this fall, and a discussion of stakeholders’ desire for MISO to post Attachment Y related capacity outage and reduction information to its OASIS to provide clarity and transparency for future FTR requests.

For more a more detailed meeting summary see the Cruthirds Special Report: Entergy Regional State Committee - June 6-7, 2012 Meeting, circulated to OMS on June 11<sup>th</sup>.

**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. FERC may use the information gathered to open a new proceeding.

**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. OMS intervened 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 (7/10 next mtg)

**MISO RSG Task Force** – monthly meetings (7/11 next mtg)

**MISO FTR Working Group** – monthly meetings (7/11 next mtg)

**MISO Seams Mgt Working Group** – monthly meetings (7/9 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](http://www.misostates.org/index.php?option=com_content&view=article&id=63:markets-a-tariffs-workscopereference&catid=60:workscopereference&Itemid=206)

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

**OMS Regional Planning Work Group**  
**Report to OMS Board of Directors – June 13, 2012**  
(Jessica VanDeusen and Parveen Baig – Co-chairs)

**PAC Update:** Three Out of Cycle projects slated for June Approval, with one additional remaining on target for August approval. Updates at the last PAC include:

- 1) MISO is still incorporating feedback on their proposed scenario weighting statistical approach and will hopefully have more details at the June meeting.
- 2) MISO ran a secondary unit retirement study, for reference purposes only, that further validates their earlier EPA Study. This second study found that with lower gas prices, among other variables; 10.3 GW – 14.6 GW of retirements are expected, which is higher than the EPA Study; 3 GW – 12.6 GW, but still validates the 12.6 GW of retirements being used by MISO for most of the MTEP 12 future scenarios.
- 3) HVDC Study update for July PAC meeting.
- 4) 3<sup>rd</sup> SPMs scheduled for mid to end of June.

Please see the PAC summary for more details.

**FERC Order 1000 Compliance:** ROFR issues: Feedback from last month's survey suggest that the majority of stakeholders prefer some sort of competitive bidding process for selecting developers, so MISO presented their draft proposal for a developer selection process that encompasses a bidding process for applicable projects. MISO is requesting additional feedback on portions of their proposal; due 6/20.

The Workgroup is in the process of compiling an informal set of staff ideas/suggestions related to the feedback requested. These comments are not intended to reflect an official OMS view point at this point, so the WG is not seeking a vote by the OMS BOD at this time. The next ROFR meeting has been scheduled as a two-day meeting set for June 28<sup>th</sup> & 29<sup>th</sup>, following the Joint RECB/PAC meeting discussing Interregional Compliance with Order 1000. Note that there will also be a ROFR meeting/call on June 14<sup>th</sup>.

**Northern Area Study:** On June 7<sup>th</sup> MISO had their kick-off meeting for their new Northern Area Study. The intent of this meeting was to present the study's scope and proposed methodology, as well as principle drivers and assumptions to be used for this analysis. In short, this study will address the long term reliability and economic need drivers affecting the study area (MISO's Northern footprint: North Dakota, Minnesota, Wisconsin, Michigan and Manitoba). Their overarching goal is to evaluate these on a regional, rather than local perspective. A major input into this study will be the hydro power potential from Manitoba. Please refer to the [meeting materials](#) for more information.

**OMS Transmission Cost Allocation Working Group**  
**Monthly Report**  
**OMS Board Meeting**  
**June 13, 2012**

**FERC Investigation in MISO Transmission Owner Formula Rate Protocols, EL12-35-000 (new)**

On May 17, 2012, FERC initiated a Section 206 investigation into the Formula Rate Protocols of all of the MISO Transmission Owners. The purpose of the investigation is to determine whether the formula rate protocols are sufficient to ensure just and reasonable rates. The May 17 FERC order established paper hearing procedures. Briefs are due on June 22, 2012.

The TCAWG has drafted a response to the investigation. The draft will be considered at the June 14, 2012 OMS Board of Directors meeting.

The OMS draft makes the following arguments:

The MISO Formula Rate Protocols have become deficient and must be amended to provide integrity and transparency to ensure that the charges produced by the formula rates are just and reasonable;

Without transparent and comprehensive formula rate protocols specified in the MISO tariff, MISO transmission customers and other interested parties will be unduly discriminated against vis a vis transmission customers and interested parties in other RTO regions with formulate rates vis a vis transmission customers and interested parties subject to traditional stated rates.

In addition to ensuring sufficient protocols, the Commission has a separate and independent obligation as the relevant regulatory commission to ensure that the charges produced by formula rates are, and remain, just and reasonable.

**PJM-MISO Dispute over how PJM bills and pays for its share of the ITC Phase Angle Regulating Transformers (PARS), ER12-1761 (new)**

The PARS have been the subject of considerable debate and filings involving FERC and the DOE. After an authorizing permit from the DOE on February 24, 2012, the PARS went into service on April 5, 2012. The PARS are intended to fix loop flow problems around Lake Erie. These problems affect MISO, Ontario, NYISO, and PJM. The cases involved who and what percentage should each entity be responsible for. MISO issued its first invoice to PJM on May 7, 2012, which PJM has refused to pay until this FERC case is decided.

- PJM submitted its proposed tariff changes to FERC on May 10, 2012. MISO alleges that:

- PJM’s proposal allocates the charges on the basis of transmission usage (megawatt-hour)—making under of over collection a real possibility;
- the proposed tariff would completely relieve PJM of any responsibility for pursuing deficiencies on remittances to PJM thereby placing the responsibility to collect from those PJM transmission customers who refuse to pay their allocated share of the PARS-related costs on MISO; and
- PJM’s proposal is that customers who refuse to pay are not considered in default under the PJM tariff.

MISO argues that in essence, the PJM proposal does not require PJM to pay MISO a single dollar; rather, it only creates a mechanism by which PJM will pay MISO any amounts that PJM’s transmission customers choose to pay. MISO argues the PJM proposal is not just and reasonable.

Awaiting action by FERC.

### **MISO filing to provide a mechanism to ensure that departing Transmission Owners pay for MVPs that are approved before they depart, ER12-715**

On December 29, 2011, MISO and the MISO Transmission Owners filed to add a mechanism to ensure that departing TOs pay for their share of any MVPs that are approved before they leave MISO. Currently, since MVPs will be charged to current MISO load, there isn’t a mechanism to charge the departing TOs. This filing adds Schedule 39 to provide the mechanism.

In an Order issued February 27, 2012, FERC generally accepted Schedule 39 as it will apply to transmission owners that withdraw after the date of the Order. However, FERC set for hearing the issue of application of Schedule 39 to ATSI and Duke.

On March 28 Duke Energy Ohio/Kentucky and ATSI filed for rehearing of FERC's order. On April 26 FERC issued an order stating that they were taking more time to consider the request.

June update: On June 5, FERC issued a docket entry which reported that the parties could not come to a settlement, and the case would proceed with the hearing that was ordered on the issues on February 27, 2012.

### **Midwest ISO Multi-Value Project Filing:**

On December 16, 2010, FERC approved the Midwest ISO filing in ER10-1791-000. The

FERC order approved the new transmission project category of Multi-Value Projects (MVPs) and the cost allocation of sharing the costs throughout the Midwest ISO footprint and exports based on MWh withdrawn.

FERC rejected MISO's proposed per MWh MVP charge as it applies to exports that sink in the PJM region.

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

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

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

Numerous parties appealed FERC's MVP Orders and those appeals were consolidated in the United States court of Appeals for the Seventh Circuit. The OMS filed an intervention in the court case.

June update: Awaiting action by the Seventh Circuit Court

## **FERC Order 1000**

### **Right of First Refusal:**

**Update:** MISO has held five ROFR workshops with the next one scheduled for June 28-29.

On June 1 MISO put forward a draft proposal and a hypothetical RFP document. MISO has requested written comments on these by June 20. The Regional Planning Working Group is coordinating comments from OMS staff.

**Regional Planning and Regional Cost Allocation:** MISO presented its view of its degree of compliance with Order 1000 in terms of regional cost allocation at the Oct. 27 RECB meeting. MISO considers itself compliant with nearly all of the six FERC principles. MISO made its Market Efficiency Project filing in April, which would lower the B/C ratio to 1.25, which is in compliance with Order 1000. With this filing, MISO believes it will be compliant with this part of Order 1000.

### **Interregional Planning and Cost Allocation**

This compliance deadline for this requirement is April 2013.

SPP: The first MISO-SPP meeting occurred on April 12, 2012 in Oklahoma City. Adam McKinnie of the Missouri staff attended the meeting in person. MISO asked for feedback on a number of issues following the meeting and OMS Staff submitted extensive comments to MISO. The second meeting is scheduled for July 9-10 in St. Louis.

No meetings have been scheduled with any other regions. Staff has informally learned the MISO-PJM meetings will start in the August—September timeframe.

### **MISO Tariff Filing of Attachment FF-6 Regarding Transmission Cost Allocation for Entergy, ER12-480**

This case involves the integration of Entergy into MISO and associated cost allocation for transmission projects. The proposal is for a five-year transition period during which no costs would be allocated from one region to the other, while MISO applies the same transmission planning to the Entergy region as it already does within MISO. If the systems are comparable and MISO can show benefits flowing from one region to the other, then costs for projects will be phased in during an eight year period following the transition period.

MISO and the MISO Transmission Owners made its tariff filing in this case on November 28, 2011 as a result of FERC's decision in ER11-3728. MISO asked FERC to rule on the filing by February 17, 2012.

Due to timing issues over the holidays, and the potential for developing a consensus opinion, the OMS did not file comments on the MISO filing, or any reply comments. The OMS did intervene in the case. The commissions of Illinois and Missouri filed comments. MISO and the TOs filed its answer on January 10, 2012.

On January 25, 2012, FERC issued a deficiency letter with a large number of questions for MISO to answer. On February 3, 2012 MISO filed its response to FERC's deficiency letter. Comments on MISO's response were due on February 24.

FERC Order approved the MISO proposal on April 19, 2012 with some minor compliance issues for MISO to address.

Update: MISO filed its tariff revisions as directed by FERC on May 21, 2012.

On June 11, 2012, FERC gave notice that it would take more time than 30 days to consider the requests for rehearing.

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

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

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

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

The OMS Board approved filing a request for rehearing in this case at its November 10 meeting. The request argues that:

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

June update: Awaiting FERC action on Rehearing.

### **MISO Filing to Revise Market Efficiency Project Elements ER12-1577-000**

On April 19, 2012, MISO filed proposed revisions for calculation of benefits and sub-regional cost allocation of market efficiency projects. The revisions were vetted through RECB meetings in late 2011 and early 2012, and overwhelmingly approved by a RECB stakeholder vote. This table shows the current and proposed changes for market efficiency projects.

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

June update: Awaiting a FERC order.

### **MISO Compliance Filing to Provide a Triennial Review Process for MVP Projects ER12-1564-000**

On April 18, MISO submitted a filing to comply with FERC's directives to develop a tariff procedure for the triennial review of MVPs.

June update: Awaiting a FERC order.

**Proposal: Scope of Enhanced OMS Authority**

**Public Service Commission of Wisconsin**

**June 7, 2012**

Acceptance of MISO offer as described by R. Wayne Schug (MISO) in his 5/24/12 testimony in the Arkansas case:

- MISO recognizes OMS as the representative for the retail regulatory authorities (Section I in May 11, 2012, ERSC/OMS Scope Document)
- As internal modifications, MISO does/establishes the following (Sections II. and III. in May 11, 2012, ERSC/OMS Scope Document) —
  - Adds one new OMS representative for AC from ERSC.
  - Locks in 4 seats by provision that only OMS itself can vote to reduce number.
  - Recognizes OMS as external committee like AC and TOC.
  - Provides that OMS Board of Directors has certain rights to meet with MISO Board.

Section 205 Rights:

- Section 205 filing right for OMS to direct MISO to make a filing related to the amendment of existing, or the proposal of new, cost allocation methodologies and formulae for regional transmission cost allocation.
  - This differs from the proposal made by Clair Moeller (MISO) in his 5/24/12 testimony in the Arkansas case in the following ways:
    - The right applies to new as well as existing cost allocation methodologies and formulae.

- The right exists independent of an initiative by MISO to amend its existing methodologies and formulae.
  - The rights exists as soon as the relevant documents can be filed and/or modified (i.e., there is no 5-year waiting period).
- Nothing in this section would prohibit MISO or any MISO transmission owner from filing its own related proposal(s) pursuant to Section 205 of the Federal Power Act.
- Nothing in this section is intended to affect any existing or currently planned transmission project in the 2011 MISO Transmission Expansion Plan, Appendix A.
- Section 205 filing right for OMS to direct MISO to make a filing for determination as to resource adequacy (Section IV.a.2. in May 11, 2012, ERSC/OMS Scope Document).
- OMS can exercise these Section 205 rights by a 66% vote of the OMS states present and voting.

Planning Rights:

- One of two options:
  - MISO grants OMS approval of two future scenarios in each MTEP process (not a Section 205 right).

**OR**

  - MISO grants OMS the right to decide which future scenarios are “likely” in each MTEP process<sup>1</sup> (not a Section 205 right).

---

<sup>1</sup> This wording is suggested because FERC is linking cost allocation to benefits in any “likely” scenario. FERC’s Order No. 1000 adopted Cost Allocation Principle 2 for regional cost allocation: “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.” Order 1000-A, P 684. In an attempt to clarify, FERC stated: “If a project or group of projects is shown to have benefits in one or more of the transmission planning scenarios...Principle 2 would be satisfied.” Order 1000-A, P 690. The clarification fails to acknowledge the reasonable limitation intended

- Prior to each PAC meeting where the PAC will be voting on the projects to be forwarded to the MISO Board for inclusion in Appendix A, OMS may request reconsideration by MISO staff of projects receiving regional cost allocation (other than intrastate BRP (RECB I) projects). OMS shall supply to MISO staff a statement of its reasons for requesting such reconsideration. MISO cannot forward to the PAC any projects on which OMS seeks reconsideration until it has responded to the concerns raised by OMS.
- OMS can exercise these ~~Section 205~~ planning rights by a simple majority present and voting or by any combination of voting members present and voting having, in sum, more than 50% of the total MISO load in the last calendar year.

---

by the word “likely” in Principle 2. The impact of this is to compromise establishment of a wide range of planning scenarios for fear of tagging too many states with a benefit and thus a cost share. If *any* scenario (not just “reasonable” scenarios) could lead to MISO establishing a tariff that involuntarily assigns costs, then the tendency will be to narrow the range of futures, which may limit the value of a planning process that should provide a wide range of maximum and minimum transmission need scenarios. Example: A Combined Policy scenario with a Federal RPS, EPA regulations on carbon, Smart Grid and electric cars is used to create an extreme bookend for planning purposes. Four states are found to be beneficiaries when a transmission project is analyzed using this scenario. However this same project only provides benefits to one state under other “likely” scenarios. FERC’s ruling in Order 1000-A, as it now stands pending any rehearing, would allow for costs of the transmission project to be allocated to all four states even though the combined policy scenario is not likely.

## **OMS Resources Work Group Report for Special OMS Board meetings June 13 & 14, 2012**

FERC Approves MISO's Enhanced Resource Adequacy Filing on June 11, 2012

June 12, 2012 – DGN Notes

The following is a quick summary of the 111 page document and is not meant to be a comprehensive analysis, and therefore has limitations of interpretation. A MISO SAWG meeting is scheduled June 14<sup>th</sup>.

- Work has continued since March 2008 with the mandatory reserve margin for LSEs and the FERC clarification on methods, zones, transmission constraints, etc.
- FERC accepts the self-supply and voluntary capacity auction, and opt-out, but remains concerned with resource deliverability and congestion limits. FERC rejects “one-size-fits-all” approach.
- FERC does not support the MOPR and must remove those provisions
- FERC accepts zonal delivery charges as a differential of resources in the zones which signals locational value.
- MISO should correct Grandmother Agreements for collective capacity throughout the year. They had to have been executed before July 20, 2011 and two other requirements. They will be valid for two years end with the 2014-2015 planning year.
- FERC accepts MISO's zonal deliverability charge hedge and appropriately recognizes the cost of new capacity. MISO needs to modify wording.
- FERC accepts the zonal benefit based on *pro rata* share of demand within a zone. No merit to firm transmission right argument. MISO must revise the calculation so there is 100% allocation of excess debits.
- FERC accepts the multi-zone optimization methodology. Agrees with Wisconsin that the non-simultaneous transfers are not accurate for multiple areas. But would not be known until after the auction. So MISO is to use a conservative estimated so as not to be exceeded by the resources to be used by the LSEs. MISO must define the import and export limits during the auction based on simultaneous transfers.
- FERC accepts one-year auction and a two-month forward period.
- FERC accepts sampling of forecast methodologies.
- FERC redirect MISO to use peak load contribution methodology in retail choice regions.
- FERC accepts MISO's inclusion of energy efficiency resources as planning resources. However they need to be in the “Tariff” and not the BPM. Four revisions are directed to be included that explicitly register and document the including a measurement and verification plans. Any unforced capacity must be defined in the tariff.
- FERC accepts the fixed planning reserve requirement.

- FERC accepts some confidentiality provisions and not in general.
- FERC accepts 50 MW as the limit threshold for identifying physical withholding. Some clarification to market participants and not corporations.
- The transition from Module E to Module E-1 is not clear – MISO must supply more information in several areas.
- MISO will calculate the transmission losses in zonal resource credits and in the forecasting process, but must include an explanation of its process and tariff revisions that specify those losses in 30 days. Also include an explanation of behind-the-meter generation
- Generally FERC agrees with the CONE determination method. However, it should be an annually on Sept. 1 as a 205 filing justifying its reasonableness. There is agreement the price of zonal offers cannot not exceed the CONE value in the zone where the zone is located.
- The MISO FRAP mechanics are generally accepted, but must add a process for the newly registered Load Modifying Resources.
- MISO must clarify the owners of jointly owned facilities can bid in separately into the auction.
- No changes to the ARC participation requirements in section 38.6 of the Tariff.
- FERC found that any Capacity Portability issues would require a change of the Joint Operating Agreements and are beyond the scope of this proceeding. However, FERC staff is directed to solicit comments on this issue between MISO and PJM and any administrative rules that are barriers to capacity transfers.
- It is reasonable to expand the scope of the Market Monitor to include reviewing behind the meter generation and demand resources as LMRs as planning resources to determined they are not being withheld.

Submitted by Don Neumeyer, Chair Resources Work Group

## OMS Regional Planning Workgroup Members' Feedback on RFP Component of MISO's FERC Order 1000 Right of First Refusal Compliance

6/20/12

June 12, 2012 Draft

The following are suggestions provided by some state staff members of the OMS Regional Planning Workgroup (RPWG) and ~~are~~ therefore ~~not intended to do not represent suggest an~~ OMS's opinion at this time regarding the states' role in the developer selection process, ~~nor should it~~ be considered as an official OMS acceptance or rejection of any proposals that have been presented to stakeholders to date. Note also that these comments do not represent a unanimous agreement amongst workgroup members and that there are workgroup members who have differing viewpoints or concerns. ~~These comments and~~ are therefore presented for discussion purposes only.

### **Request for Proposal and Bid Evaluation:**

Below are a couple of initial thoughts from some RPWG members of aspects that would be beneficial for inclusion into a Request for Proposal for project developer selection. There has been some discussion during previous ROFR surrounding workshops surrounding the states' ability to provide input into the RFP process, as well as states' (or some sort of state consortium, ~~or group of states~~ state focus group, or regulator task team) having an input into selecting the end developer for non-ROFR applicable projects, with MISO's aid and technical advice where applicable.

- Regarding the information to be included in a RFP, some WG members appreciate MISO's consideration that States be given a chance to incorporate certain requested content into a RFP, so that the process for selecting the best developer for a given project is more efficient and worth the time and effort in evaluating all the potential prospects. This would also help streamline potential processes down the line for state specific needs, because a developer would be chosen based on their ability to fulfill a potential state requirement, in addition to MISO's applicable requirements. Such information requested from the states in the RFP could include details, where applicable, such as when proposing a route per a state mandate there can only be X% of state highway Right of Way or Z% of wetlands impacted. This could even include a list of filing requirements of a given state (i.e., EMF calculations, mapping, environmental impact tables). This step would normalize the proposals, helping ~~to~~ match the best developer with ~~the~~ specific project. This state specific content could be given a separate section under the "Information Request" in the hypothetical RFP document. Including the state specific content in the RFP may not be possible in every situation, or in every state, so this should be voluntary for the state(s).
- In addition, some WG members believe that as a condition of bidding a proposal, all potential developers should be required to respond to any and all information requests by a state or group of states for a given project proposal. Note that these ideas would only apply to the prospective developers and not specifically to any of the proposed projects themselves.
- Related to the actual information being requested (i.e., costs, substation design, project management, etc.) some WG members believe that for more effective comparison purposes all proposal elements should be unitized.
- Also, it would be important to stress that in a RFP there be a clear requirement that a company dictate specifically who (i.e., affiliate, parent company, etc.) would actually be constructing the project. Some WG members believe that an affiliate should not be allowed to construct a project.

A couple of WG members would also like to provide comments regarding the states' involvement in the actual selection of a developer. As noted earlier there have been previous discussions at the ROFR workshops on this topic. For discussion purposes, one possible idea might be for MISO to work in parallel with the states (or some sort of special state working group) to provide technical advice on specific projects, while the states try to select the best developer to match up with a project. The suggested idea would be sequence oriented, meaning that MISO coordinate with this group on pre-qualifying developers, then MISO performs it's normal selection process for selecting and approving the

actual projects in a given year. For pre-judgment concerns, states would remain neutral on this step, as is normally the process. However, once a project is selected in MTEP Appendix A and approved by the MISO BOD, MISO could act as an advisor (i.e., technical) to the states/focus group providing input to the RFP, when sending it out for developer bidding. Then after a given amount of time for evaluation of potential developers, this state focus group or states would select the best developer to a selected project. Following the developer selection, states would proceed through their respective legal sequences for approving or disproving transmission projects (i.e., CPCN, rate cases, etc). The underlying message of this idea is that any role a state(s) may play in the developer selection process (i.e., RFP or actual developer selection) should not be construed as a state's approval of any actual transmission projects, but only in selecting who would be the best developer for a project. It's MISO's responsibility to approve transmission projects from the Regional Transmission Expansion Plan, not the states.