



**ORGANIZATION OF MISO STATES, INC.  
Board of Directors Meeting  
Conference Call Minutes  
June 14, 2012**

**Approved July 12, 2012**

Robert Kenney, President of the Organization of MISO States, Inc. (OMS), called the June 14, 2012 meeting of the OMS Board of Directors to order via conference call at approximately 2:00 p.m. (CDT). The following board members or their proxies participated in the meeting:

John Colgan, Illinois  
Kari Bennett, Indiana  
Libby Jacobs, Iowa  
Régis Gosselin, Manitoba (joined during the call)  
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  
South Dakota

Agency members participating

Randy Rismiller – Illinois  
David Johnston – Indiana  
Parveen Baig – Iowa  
Bill Bokram, Chris Devon – Michigan  
Burl Haar – Minnesota  
Don Neumeyer, Randy Pilo - Wisconsin

Others on the call

Marya White, Bob Pauley – EISPC  
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 May 10, 2012 Board Meeting**

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

### **Treasurer's Report of May 2012**

John Colgan asked for clarification on the OMS annual budget and funding processes. Bill Smith noted those materials were available on the OMS website and offered to walk Commissioner Colgan through them in a one-on-one session.

Kari Bennett moved acceptance of the report. Libby Jacobs seconded. The report was received by unanimous voice vote.

### **Review of the May 24, 2012 Executive Committee Meeting**

Bill Smith gave a brief overview of the meeting, which was concerned with discussion about ERSC issues and preparation for the Special Board meeting that occurred on June 13 and with items on the agenda for this meeting.

### **Administrative Report**

The Executive Director's written report was distributed prior to the meeting. Robert Kenney pointed out the briefing schedule for the FERC docket on MISO formula rates.

## **BUSINESS**

### **1. Planning Advisory Committee – Eric Callisto**

- A written report was distributed. Jessica Van Deusen gave a verbal summary of the report.
- Robert Kenney asked a question about the MTEP 12 future development, asking if MISO was justifying their previous EPA study with a secondary unit retirement study. Jessica Van Deusen confirmed that it was, indirectly.

### **2. Formation of OMS Personnel & Compensation Committee**

- Bill Smith introduced the formation of the OMS Personnel and Compensation Committee and announced the initial composition of the committee would be: Commissioner David Boyd, Minnesota; Commissioner John Colgan, Illinois; Commissioner Orjiakor Isiogu, Michigan.
- Robert Kenney requested an initial meeting with the committee to discuss, develop and formalize processes related to this committee going forward.

### **3. Action Item: OMS Order 1000 A Clarification/Rehearing**

- Randy Rismiller began the discussion of the draft comments. Eric Callisto offered some futures planning alternatives that were to be discussed during the meeting on June 13 in Des Moines.

**Eric Callisto moved to approve filing of the Order 1000 A clarification/rehearing as amended. Orjiakor Isiogu seconded.**

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

The motion passed: 7 ayes, 0 nays, 2 abstentions, 3 absent. The voting will be held open to all absent states to record their votes if they so choose.

**4. Action Item: OMS Intervention in FERC Investigation of MISO Formula Rates, Docket EL12-35**

- This item was taken out of order to allow individuals involved with drafting the intervention to participate and then leave the call for other responsibilities.
- Robert Kenney explained the background of the issue.
- Randy Rismiller discussed the document and proposed changes to the alternative language to the third paragraph on page 10.
- It was agreed to use the alternative language de-emphasizing MVPs.

John Colgan moved to approve the filing of the OMS Intervention in FERC Investigation Docket of MISO's formula rates. Orjiakor Isiogor seconded. A roll call vote was taken.

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

The motion passed: 9 ayes, 0 nays, 3 absent. The voting will be held open to all absent states to record their votes if they desire.

**5. Update: Seams Issues – Chris Devon**

- Chris Devon noted that the August Hot Topic is Seams and that Indiana is holding a Seams specific meeting on July 18 in Carmel.
- He then discussed his written report and took questions.
- Bill Bokram updated the Board on past requests for updates from MISO on some of the issues in Chris Devon's report. Bill indicated they were still waiting for those updates.

**6. Discussion: MISO request for feedback on ROFR – RPWG**

- Jessica Van Deusen gave background on this issue and presented the work group's work.
- Don Neumeyer and Parveen Baig also offered comments.

**7. Action Item: Direction to file OMS Form 990**

- Bill Smith presented the OMS Form 990 and explained new IRS requirements regarding recorded approval of filing the Form 990.
- John Colgan requested verification of OMS's independent incorporation as a 501(c) entity. Bill Smith clarified that OMS is a 501(c)(4). John Colgan asked if there was a Finance Committee. Bill Smith indicated that OMS uses the treasurer as the Finance Committee. John Colgan suggested the formation of a Finance Committee. He then asked how many years the auditing firm OMS uses has been auditing OMS. Bill Smith indicated the firm was selected the first year and has conducted the audit and prepared the Form 990 every year since. Bill also suggested the Executive Committee take up the issue of a Finance Committee or delegate it to the OMS Governance and Budget Working Group.
- John Colgan also suggested that the auditors present the audit to the Board in the future.

Robert Kenney moved that OMS file the Form 990 with the IRS. David Boyd seconded. The motion passed by unanimous voice vote.

#### **8. Update: Eastern Interconnection Planning Process – Marya White**

- A written report was distributed. Marya White indicated that EISPC is becoming very active in its studies and white papers which are primarily headed up by Bob Pauley.

#### **Updates and Work Group Status Reports**

##### Demand Response WG

- No report;

##### Transmission Cost Allocation WG

- Dave Johnston said that aside from the two action items presented by Randy Rismiller during this meeting, the TCAWG is waiting on a FERC decision in a tariff dispute between MISO and PJM. Dave Johnston said that TCAWG was looking at PJM's TO's cost allocation plan for Order 1000 compliance.

##### Markets and Tariffs WG

- Bill Bokram indicated that MISO has a number of tweaks and fixes pending that OMS may need to comment on.

##### Resources WG

- Don Neumeyer reported on SAWG activities.

##### Regional Planning WG

- Jessica Van Deusen gave an update on the issues in their report not covered by agenda items during this meeting.

##### Governance and Budget

- Burl Haar reported on possible governance changes related to the Entergy issue.

##### Modeling WG

- No report;

#### **ADJOURNMENT**

The OMS Board of Directors meeting adjourned at 3:15 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 May 2012**

## CASH ON HAND

The beginning balance as of May 1 for the Wells Fargo Business Performance Savings Account was \$33,728.21. Interest earned for this month was \$1.43. The May 31, 2012 ending balance was \$33,729.64.

The beginning book balance as of May 1 for the Chase Bank One Checking account was \$68,290.82. The total disbursements from the checking account for May 2012 were \$40,294.38. Receipts and interest were \$25,430.65. As of May 31, 2012, the checking account bank balance was \$59,874.88 and the book balance was \$53,427.09 (with 9 checks and 1 adjustment outstanding).

The total savings and checking account balances as of May 31, 2012 is \$87,156.73.



## OMS Treasurer Report for Month of May 2012

### Wells Fargo Business Performance Savings Account

Beginning Book Balance	33,728.21	
Interest Earned this Month	1.43	
Withdrawals	<u>0.00</u>	
Ending Balance		<u><u>33,729.64</u></u>

### Chase Bank One Checking Account

Beginning Book Balance	68,290.82	
Total Disbursements	(40,294.38)	
Deposits/Interest/Adjustments	<u>25,430.65</u>	
Ending Book Balance		<u><u>53,427.09</u></u>
Bank Balance	59,874.88	
Outstanding Deposits	0.00	
Outstanding Checks & Adjustments	<u>(6,447.79)</u>	
Book Balance	<u>53,427.09</u>	

**Total Savings & Checking Balances as of May 31, 2012** 87,156.73

9 Checks, and 1 adjustment outstanding at 05/31/12

## 5/30/12 PAC Summary

(Please see [meeting materials](#) for more details.)

### 1) MTEP Scenario Weights – Statistical Approach Update

- a. MISO presented an overview of stakeholder feedback. Some of the general concerns include; 1) using historical data, while realizing some data is not normal, nor would there be 30 data points for certain types of data, 2) some uncertainty variables are not mutually exclusive and should not therefore be treated as such, 3) MISO should develop a whitepaper to better describe the proposed approach, 4) MISO needs to still consider sector feedback regarding the outputs from this statistical approach, 5) MISO should consider industry expertise for some uncertainty variables rather than this proposed approach, and 6) MISO needs to consider covariance between variables. Next steps include incorporating the feedback into the proposed weighting approach for the June PAC meeting, detailing how MISO will develop the probability distribution curve for each uncertainty variable, and providing a comparison of MTEP 13 scenario weighting results with previous MTEP weights to better highlight the benefits of using this new statistical weighting approach.

### 2) MTEP 12 Future Development Update

- a. Performed regional resource forecasting for Eastern Interconnect, including economic unit retirements and future capacity forecast from EGEAS. MISO ran a secondary unit retirement study (for reference purposes only) using \$2.5/MMBTU natural gas and the four current EPA regulations of discussion. The results of this recent study found 10.3 GW to 14.6 GW of retirements. These results are higher than MISO's previous EPA Study (~3GW – 12.6 GW), due to the lower gas price, removal of carbon costs, and a softening of the CSAPR rule (trading side) for this analysis. This analysis further validates that MISO's EPA study was somewhat reasonable, but for MTEP 12 modeling purposes 12.6 GW will still be used for retirements in the four future scenarios (with exception of the combo, which uses the higher end of the EPA Study; ~26 GW). MISO also compared unit retirement forecasts of surrounding planning regions and found that MISO's forecasted level are one of the highest predicted, alongside PJM.
- b. When siting potential unit retirements for this development MISO assumes the oldest, smallest units with high compliance costs will be candidates for retirement. This does not use actual units identified specifically as retiring.

### 3) MTEP 12 Update

- a. Three Out of Cycle (OOC) projects are slated for June 2012 Approval.
- b. ATC OOC analysis is still underway, with a targeted approval date of August 2012. An update scheduled for the June PAC meeting with a tentative West TSTF scheduled for June 22<sup>nd</sup> to discuss details of the ongoing analysis.
- c. Schedule for MISO's 3<sup>rd</sup> SPMs:
  - i. East – June 15<sup>th</sup>
  - ii. West – June 28<sup>th</sup>
  - iii. Central – June 29<sup>th</sup>

### 4) MECT Tool Enhancement Update

- a. MISO management is still internally processing stakeholder feedback received over the last month to evaluate the right path to take. They are also evaluating some alternative methodologies that stakeholders provided. MISO should have an update at the June PAC.

### 5) Order 1000 Update

- a. Ongoing discussion in various forums:
  - i. ROFR Issues - Next ROFR workshop June 25<sup>th</sup>
  - ii. Interregional Issues - RECB meeting. Last one was May 31<sup>st</sup>. MISO presented their compliance proposal and are requesting feedback by June 20<sup>th</sup>.
    1. Next MISO-SPP meeting scheduled for July 9<sup>th</sup>
    2. First MISO-PJM meeting TBD (likely in fall)
    3. MISO-MAPP meeting August 30<sup>th</sup>
- b. *Side note* - as of May 25<sup>th</sup> there have been a few Petition for Reviews at the US DC Circuit Court of Appeals for both Order 1000 and Order 1000-A (RM10-23).

## 6) Study Updates

- a. Expanded Market Efficiency Planning Process – MISO presented in greater detail their expanded MEP (Market Efficiency Project) process that will incorporate both flowgate specific mitigation projects, as well as larger scale regional project/portfolio solutions. The goal of this new enhanced process will be to produce zonal/regional/interregional congestion relief economic information at the beginning of each MTEP planning cycle, which can be used by other studies and plans for finding the most cost effective solution(s). A high level process overview includes: 1) Needs Identification (Zonal/Regional/Interregional & Top Congested Flowgates), 2) Project Submission (following specific MEP criteria), 3) Evaluation of Projects (economic model development incorporating local through interregional analysis; Economic Study Models User Group to monitor and coordinate model building efforts), 4) Project Selection (as MEP, Cross Border MEP, or MVP). MISO should have the scope document out to PAC in the next couple of weeks.
- b. EPA Study – MISO sent generators a second survey in early May 2012 to get a status update on how generators will comply with the EPA rules. This second survey was more targeted at compliance with the CSAPR rule, but did ask generators for any updates, if known since the previous survey was sent around in February 2012. MISO plans on conducting this survey on a quarterly basis so that they can get as much information about compliance and potential retirements for planning purposes. MISO had a deadline of June 1<sup>st</sup> to get the surveys back.

## 7) Miscellaneous

- a. HVDC Study – A few months ago MISO introduced their preliminary approach for how to better account for HVDC analysis in the MTEP planning process. MISO acknowledged at that time that the planning process needs to be enhanced to more efficiently incorporate DC lines as potential solutions to any problem. It was asked at this month's PAC meeting what the status of this study was and MISO said that they would likely be providing an update at the July PAC.
- b. In the near future MISO will present to stakeholders their consideration of a process to incorporate under frequency load shed programs into the planning process (per FERC ruling)
- c. At the last PAC meeting Alliant asked MISO to reconsider the Attachment FF GIP 100% Reimbursement policy for ITC. Bob McKee directed Alliant to the Steering Committee, who then said that this issue should not be address via the normal stakeholder process, but Alliant should work offline with MISO to address their concerns.

**Next PAC Meeting: June 27, 2012**

# 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.

## 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.

# **EASTERN INTERCONNECTION STATES PLANNING COUNCIL**

## **Briefing to the Organization of MISO States**

**June 14, 2012**

### **RECENT MEETINGS**

EISPC met for its second 2012 in-person meeting on May 31-June 1. The Council received briefings on the Phase 2 Transmission “Build out” studies including a report from the Transmission Options Taskforce (please see below), the Energy Zones Study and the other Studies and Whitepapers currently in process.

There were many interesting presentations provided at this meeting. Don Santa, Executive Director of the Interstate Natural Gas Association of America (INGAA) provided a presentation on work done by the natural gas industry on looking into joint planning for gas and electric infrastructure needs. In addition, presentations were given by MISO (John Lawhorn), American Public Power Association, Iowa State University, Southern Company and Argonne National Lab on co-optimizing planning for electric and gas infrastructure.

Presentations and panels were also provided on Demand Response. Representatives from Georgia Tech and Oak Ridge National Lab spoke to their work on this topic.

Lastly, EISPC’s vendor conducting studies or whitepapers on Energy Efficiency, Demand Response, Smart Grid, Energy Storage, Distributed Generation and Nuclear technologies provided briefings on their work.

The Energy Zones Workgroup and the three National Labs (Argonne, Oak Ridge and NREL) provided briefings to the Council on their work. Argonne also provided an “e-tour” of the beta-test version of the Energy Zones mapping tool currently under construction at Argonne along with the other Labs. (See further explanation below.)

In addition to the meeting, a tour was offered for all meeting attendees to the facilities of EnerNOC located in Boston not far from the EISPC meeting hotel. EnerNOC is a Demand Response aggregator for large commercial and industrial customers and is an active participant in the PJM capacity market. EnerNOC has facilities not only in the United States but is involved in projects in Europe and New Zealand.

### **PHASE 2 TRANSMISSION “BUILD-OUT” PLANNING**

As you may recall, the Phase 2 Transmission Studies began in earnest in January 2012. Phase 2 will continue throughout 2012 with its final report due at the end of December 2012. The bulk of the study at this point in the process is being conducted by a smaller sub-group of the SSC comprised of six members from EISPC and two members from each of the other SSC Sectors. This group, the Transmission Options Taskforce (TOTF) works directly with the EIPC Planning Authorities, including MISO, on the specific aspects of the Phase 2 transmission analysis conducted on each of the three Scenarios. The TOTF met on March 15-16, 2012 and will again meet on June 29<sup>th</sup> to continue its work. During each of these meetings, the first day (or, in the case of the Jun 29<sup>th</sup> meeting, at least the first half of the day) is devoted to CEII clearance-only sessions where the TOTF work closely with the RTOs on exploring different transmission options in detail for each of the regions. The second day (or second half of the day) of the meeting is open and addresses this work more generally and how different options fit into or impact the overall Phase 2 transmission studies.

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

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

To date the TOTF and EIPC has completed most of the transmission-option work for Scenario 1 and Scenario 3. EIPC has begun taking the initial steps for starting the work on Scenario 2.

### **ENERGY ZONES WORKGROUP**

At the May 31-June 1 EISPC meeting, the National Labs provided a preview of the beta-test version on the Clean Energy Zones mapping tool and the many ways that users can manipulate the different datasets to provide clusters of information regarding potential clean energy resource areas in a state, portion of a state, a region or throughout the entire Eastern Interconnection. The mapping tool is scheduled to be fully populated with all of the "map layers" datasets by around Labor Day and will be presented to EISPC at its September 6-7 meeting in Chicago.

The Labs and the Workgroup continue to work with the Environmental Focus Group which consists of small group of individuals with GIS or natural resources backgrounds. Jessica VanDeusen, Michigan Commission Staff, has volunteered to participate in this group as well as representatives of NGO groups, Transmission Owners (including Xcel Energy and ATC) and EIPC. This Group is assisting the Labs in identifying areas with environmental challenges that may impact potential energy development. This information will be built into the mapping tool.

### **OTHER STUDIES AND WHITEPAPERS**

EISPC is putting together the final review comments on the Market Structures Whitepaper. The final version of the Market Structures Whitepaper is in the final stages of production and is now, or will be very shortly, posted at [www.eispc.org](http://www.eispc.org) and on the NARUC website.

EISPC's Studies and Whitepapers Workgroup, assisted by Bob Pauley, is currently evaluating proposals submitted in response to RFPs to conduct evaluations on Resource Adequacy and Clean Coal (including carbon capture and storage).

Other Study and Whitepaper topics currently in progress include Energy Efficiency and Demand Response, Nuclear Technologies, and Generation and Transmission co-optimization in energy planning.

### **UPCOMING MEETINGS**

As mentioned in previous reports, EISPC has scheduled five in-person meetings during 2012. The dates for these five meetings are: April 10-11 (Atlanta), May 31-June 1 (Boston), September 6-7 (Chicago), October 18-19 (Indianapolis) and November 29-30 (Nashville). In conjunction with the September 6-7<sup>th</sup> meeting plans are currently in the works for a tour of Argonne National Lab and training on using the Energy Zone Mapping tool. EISPC will also hold webinar meetings as needed. Information about all EISPC meetings will be posted as it becomes available at [www.eispc.org](http://www.eispc.org).

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



then the conditions for satisfaction of Cost Allocation Principle 2 will be determined to have been met.

### III. ARGUMENT

In Order No. 1000, the Commission adopted (and affirmed in Order 1000-A) the following Cost Allocation Principle 2 for regional cost allocation:

Regional Cost Allocation Principle 2: 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.<sup>2</sup>

In its request for reconsideration of Order 1000, ITC Companies sought clarification that a “likely future scenario” that would justify an allocation of costs for new transmission facilities “includes the transmission planning scenarios being used by a transmission provider to prepare a regional transmission plan.”<sup>3</sup>

In paragraph 690 of Order 1000-A, in response to ITC Companies’ petition, the Commission purports to clarify the language of Principle 2. Specifically, the Commission stated:

In response to ITC Companies, we therefore clarify that public utility transmission providers may rely on scenario analyses in the preparation of a regional transmission plan and the selection of new transmission facilities for cost allocation. If a project or group of projects is shown to have benefits in one or more of the transmission planning scenarios identified by public utility transmission providers in their Commission-approved Order No. 1000-compliant cost allocation methods, Principle 2 would be satisfied.<sup>4</sup>

The OMS has no issue with scenario planning as a concept or the use of futures scenarios as tools to guide the identification of needed transmission facilities. As the Commission explained, “scenario analysis is a common feature of electric power system planning.”<sup>5</sup>

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<sup>2</sup> Order 1000-A, at P 684, underlining added. The Commission adopted a similar Principle 2 for inter-regional cost allocation.

<sup>3</sup> Order 1000-A, at P 687 citing ITC Companies, at 14.

<sup>4</sup> Order 1000-A, at P 690, underlining added.

<sup>5</sup> Order 1000-A, at P 689.

OMS's concern with the Commission's new clarification in response to ITC Companies is that it reads out of Principle 2 the concept of the likelihood of a future scenario. The Commission's statement in Paragraph 690 of Order 1000-A suggests that if benefits are shown under any scenario studied by the transmission provider in its planning process, then Principle 2 would be satisfied. But, that conclusion goes too far. By omitting the concept of likelihood from the clarification in paragraph 690 of Order 1000-A, the Commission contradicts Principle 2, which has the likelihood of a future scenario at its heart. Indeed, the language of Principle 2 uses that precise wording—"in a likely scenario."

By not taking likelihood into account, the Commission's conclusion in paragraph 690 of Order 1000-A, if not amended, will lead to serious unintended consequences in the regional planning processes of transmission providers. By removing, or reading out, the part of Principle 2 that requires benefits to be shown for a party under a "likely future scenario" in order for costs to be allocated to that party, the Commission would effectively be permitting transmission providers to allocate costs to a party if any future scenario that the transmission provider decides to study shows a benefit for that party.

The purpose of scenario planning is to study a wide range of potential futures. The purpose of studying a wide range of futures scenarios is to help create a transmission plan that will be robust. The study of a wide range of future scenarios provides all stakeholders with the opportunity to consider transmission projects in the context of numerous potential outcomes. However, if parties fear that they may be allocated costs just because the transmission provider has studied a wide range of future scenarios, even ones recognized to have very low probabilities of occurring, then parties' incentives will be to try to narrow the set of futures that the

transmission provider studies to only those having the highest probabilities of occurring. Indeed, under the context of paragraph 690, stakeholders would have a strong incentive to try to limit the transmission provider's exploration to only a few narrowly defined future scenarios. Such an outcome is not conducive to a meaningful and comprehensive transmission planning approach. The more narrow the range of futures scenarios studied, the closer the process comes to "bright line" planning, for which the Commission expressed concern, since this type of approach could "unnecessarily exclude certain transmission projects from long term transmission planning".<sup>6</sup>

For example, MISO studies several future scenarios in its transmission planning process.

In the MTEP 11, these future scenarios were:

- (1) Business as Usual with Mid-low Demand and Energy Growth Rates;
- (2) Business as Usual with Historic Demand and Energy Growth Rates;
- (3) Carbon Constraint Future Scenario; and
- (4) Combined Energy Policy.<sup>7</sup>

It is commonly understood that some of these futures scenarios are more likely to occur than others. Indeed, the likelihood of some of these scenarios occurring may be quite low. However, it is the range of scenarios studied that provides valuable insight into creating a robust transmission expansion plan.

Under the conditions of paragraph 690, MISO could, apparently, allocate costs to a party for a project that shows benefits in any of these scenarios; regardless of how likely the scenario is as a prediction of the future. If such conditions prevail, there will be very strong pressure on MISO to dramatically limit the range of future scenarios to be studied.

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<sup>6</sup> Order 1000, at P 223 and Order 1000-A, at P 284.

<sup>7</sup> Executive Summary of MISO's MTEP 11, at 5

(<https://www.midwestiso.org/Planning/TransmissionExpansionPlanning/Pages/MTEP11.aspx>)

The OMS suspects that the contradiction between Principle 2 and paragraph 690 of Order 1000-A is unintentional on the part of the Commission and that the unintended consequences described in this petition were unforeseen by the Commission. Therefore, the OMS requests that the Commission clarify that its discussion in Paragraph 690 of Order 1000-A only applies to “likely” future scenarios as required by Principle 2.

However, if the Commission chooses not to clarify its statement in Paragraph 690 of Order 1000-A as requested by the OMS above, then the OMS requests rehearing of this issue. Given the negative impact that the conditions in Paragraph 690 of Order 1000-A would have on the transmission planning process, the transmission planning process established by Order 890 and 1000/1000-A would be rendered unjust and unreasonable.

#### **IV. CONCLUSION**

Wherefore, for the reasons explained above, the OMS seeks clarification that the Commission’s conclusion in paragraph 690 of Order 1000-A is intended to only apply to “likely” future scenarios as required by Principle 2. If the Commission chooses not to so clarify, the OMS requests rehearing.

The OMS submits these comments because a majority of the members have agreed to generally support them. Individual OMS members reserve the right to file separate comments regarding the issues discussed in these comments. The following members generally support those comments:

Illinois Commerce Commission  
Indiana Utility Regulatory Commission  
Iowa Utilities Board  
Kentucky Public Service Commission  
Michigan Public Service Commission  
Minnesota Public Utilities Commission

Missouri Public Service Commission  
Wisconsin Public Service Commission

The Manitoba Public Utilities Board, the Montana Public Service Commission, and the South Dakota Public Utilities Commission abstained from voting on this pleading. The North Dakota Public Service Commission did not participate in this pleading.

The Iowa Office of Consumer Advocate, as an associate member of the OMS, participated in this pleading and generally supports it.

Respectfully Submitted,

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## **OMS Executive Director Report June 8, 2012**

### **Requests for OMS Involvement**

1. MWDRI. The Regulatory Assistance Project, which advised OMS on the Mid-West Demand Resources Initiative (MWDRI) during 2007 – 2008, has suggested a renewal of this work. Staff will work with RAP to bring a proposal to the OMS Board in October 2012.
2. NAESB has formed a Gas-Electricity Harmonization Committee in anticipation of FERC action in Docket AD12-12. NAESB would be interested in having OMS participation in this project.
3. PJM and MISO continue to discuss a process for interregional talks to clarify and work towards resolution of seams issues. No active OMS participation appears to be needed at the moment. MISO plans to brief the OMS Board in July.

### **FERC Orders and Activity**

1. On May 17, the FERC opened an investigation of the formula rate protocols under MISO's Tariff. The order establishes intervention and paper hearing procedures to address whether MISO's pro forma formula rate protocols and individual MISO transmission owners' formula rate protocols give sufficient notice and opportunity for challenge. Briefs are due June 22; reply briefs July 13. 139 FERC ¶61,127, Docket No. EL12-35.
2. On May 17, FERC accepted by letter order MISO's compliance filing stating it had completed the transition the NDEX to the Congestion Management Process. Docket No. ER11-3280.

### **MISO Filings and Activity**

1. On May 29, MISO, ISO New England and New York Independent System Operator answered Exelon Corporation's comments regarding the filings by each of the ISOs to become the central counterparties to market participant transactions. Docket Nos. ER12-1663, ER12-1651, ER11-3949 and ER11-3951.
2. On May 24, MISO protested the Petition for Declaratory Order filed by SPP, WAPA, Basic Electric Coop and Heartland Consumers Power District requesting coordination of certain MAPP region flowgates under MISO's standard seams coordination procedures. Docket No. EL12-60.

### **1. OMS Activity**

1. On May 11, the OMS intervened in Duke ATC Midwest Holdings LLC's a request for a transmission rate formula and certain transmission rate incentives for its investment in major 345 and 500 kV transmission projects that it proposes to build in Iowa, Illinois, Wisconsin, Indiana, and Ohio. Docket No. ER12-1593.
2. Staff comments were filed with MISO on Order 1000 Right of First Refusal and MTEP Scenario Weighting.

### **Public Relations**

1. Presentations:
  - Bill Smith gave a presentation on regional state committee structure to the National Conference of Regulatory Attorneys on May 22.
2. Pending speaking/meeting invitations:
  - N/A

### **Upcoming dates:**

- Special OMS Board of Directors meeting: June 13, 2012, at 12:00 noon CDT
- Next regular OMS Board of Directors meeting: June 14, 2012, at 1:00 pm CDT

- Next OMS Executive Committee meeting: June 28, 2012, at 1:00 pm CDT
- Future OMS Board meetings: July 12, August 9
- OMS Executive Committee meetings: July 26, August 23
- Next OMS meetings with IMM: June 20 (in person) at 12:00 EDT, July 25 (phone conference) at 2:30 CDT

**Upcoming Midwest ISO FERC Filings**

<b>Filing Date</b>	<b>Docket No.</b>	<b>Description</b>	<b>Pursuant to Commission Action</b>	<b>Working Group or Committee where issue/change will be reviewed</b>
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