



**ORGANIZATION OF MISO STATES, INC.  
Board of Directors Meeting  
Conference Call Minutes  
February 14, 2013**

**Approved March 14, 2013**

Kari Bennett, President of the Organization of MISO States, Inc. (OMS), called the February 14, 2013 meeting of the OMS Board of Directors to order via conference call at approximately 1:00 p.m. (CST). The following board members or their proxies participated in the meeting:

John Colgan, Illinois  
Kari Bennett, Indiana  
Libby Jacobs, Iowa  
Linda Breathitt, Kentucky  
Eric Skrmetta, Louisiana  
Orjiakor Isiogu, Michigan  
Burl Haar, proxy for David Boyd, Minnesota  
Chad Allen, proxy for Brandon Presley, Mississippi  
Robert Kenney, Missouri  
Kirk Bushman, Montana  
Phil Movish, proxy for Cynthia Hedge-Morrell, City of New Orleans  
Brian Kalk, North Dakota  
Greg Rislov, proxy for Gary Hanson, South Dakota  
Ken Anderson, Texas  
Eric Callisto, Wisconsin

Absent  
Manitoba

Agency members participating

Randy Rismiller – Illinois  
David Johnston – Indiana  
Chancy Bittner – Iowa  
Melissa Watson, Paul Zimmering – Louisiana  
Angie Butcher, Jessica Govindan – Michigan  
Josh Harden – Missouri  
Kim Moran – Montana  
Bill Booth – New Orleans  
Jerry Lein – North Dakota  
Richard Greffe – Texas  
Don Neumeyer, Randy Pilo, Julie Urban – Wisconsin

Others on the call

Julie Mitchell, Bill Smith – OMS Staff  
Clair Moeller - MISO

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

### **Approval of Minutes from the January 17 Board Meeting and the January 31 Special Board Meeting**

Ken Anderson noted that Texas was not listed as participating in the January 31 Special Board Meeting Minutes and requested a correction, as they were on the call.

The minutes of January 17 were accepted as submitted and the minutes of January 31 were accepted as corrected.

### **Treasurer's Report of January 2013**

There were no questions regarding the January 2013 Treasurer's report. It was accepted as distributed.

### **Review of the January 31, 2013 Executive Committee Meeting**

The meeting was cancelled.

### **Administrative Report**

Bill Smith was unavailable for this item. Kari Bennett again mentioned that the February Special Board meeting in New Orleans was cancelled. She offered another reminder about Grid School 2013 stipends.

## **BUSINESS**

### **1. MISO Advisory Committee**

- Eric Callisto presented a brief primer on how the MISO AC functions for the new OMS members.
- The draft of the OMS comments on MISO's February hot topic of Coordinated Regional Resource Assessment was then discussed. Clarifications and edits were made.

**Eric Callisto moved to accept the draft as amended. Orjiakor Isiogu seconded. The motion was approved by unanimous voice vote.**

- Kari Bennett presented the following other advisory committee action items:
  - Prospective nominees for the ADR Committee and Finance Subcommittee;
  - The motion to accept the 2013 charters and management plans for the Advisory Committee;
  - Proposal to sunset the RSG task force;

### **2. Planning Advisory Committee**

- Jessica Govindan provided an overview of the January PAC meeting.

### **3. Action Item: Consideration of OMS Draft Comments on MISO's Guiding Principles**

- Julie Urban introduced the MISO's Guiding Principles document and reviewed the edits the Regional Planning Work Group made. Additional edits were made during the discussion.

**Kari Bennett moved to remove suggested principle #6. Libby Jacobs seconded. After additional discussion on the principle, the motion was approved by voice vote with Texas abstaining.**

**Kari Bennett moved the comments, as amended during the call, be approved and sent to MISO on their Guiding Principles. Orjiakor Isiogu seconded. The motion was approved by voice vote with Texas and Louisiana abstaining.**

#### **4. ERSC/Entergy Update**

- There is an ERSC meeting in New Orleans on February 22<sup>nd</sup>.

#### **5. Update on MISO's EPA Survey**

- Clair Moeller reviewed MISO's EPA Survey. He then took questions from the Board and staff.

#### **6. Update: Eastern Interconnection Planning Process**

- A written report was submitted.

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

#### Demand Response WG

- Written report;

#### Transmission Cost Allocation WG

- Written report;

#### Markets and Tariffs WG

- Written report;

#### Resources WG

- Written report;

#### Regional Planning WG

- Written report;

#### Governance and Budget

- No report;

#### Modeling WG

- No report;

#### Seams WG

- Written report;

### **ADJOURNMENT**

The OMS Board of Directors meeting adjourned at 3:30 pm CST.



**Organization of MISO States  
Report of the Treasurer  
Dr. David C. Boyd, Minnesota Public Utilities Commission  
to the  
Board of Directors  
Report for January 2013**

**CASH ON HAND**

The beginning balance for the Wells Fargo Business Performance Savings Account as of January 1 was \$25,167.85. Interest earned for this month was \$1.07 and there was no other account activity. The January 31, 2013 ending balance was \$25,168.92.

The beginning book balance for the Chase Bank One Checking account as of January 1 was \$17,773.01. The total disbursements from the checking account for January 2013 were \$36,590.30. Deposits, interest and adjustments were \$60,000.42. As of January 31, 2013, the checking account bank balance was \$44,533.61 (eight checks remain outstanding) and the book balance was \$41,183.13.

The total savings and checking account (book) balances as of January 31, 2013 is \$66,352.05.



## OMS Treasurer Report for Month of January 2013

### Wells Fargo Business Performance Savings Account

Beginning Balance	25,167.85	
Interest Earned this Month	1.07	
Ending Balance		<u>25,168.92</u>

### Chase Bank One Checking Account

Beginning Balance	17,773.01	
Total Disbursements	(36,590.30)	
Deposits/Interest/Adjustments	<u>60,000.42</u>	
Ending Book Balance		<u>41,183.13</u>
Bank Balance	44,533.61	
Outstanding Deposits	0.00	
Outstanding Checks	<u>(3,350.48)</u>	
Book Balance	<u>41,183.13</u>	

**Total Savings & Checking Balances as of January 31, 2013** 66,352.05

8 checks outstanding at 1/31/13



**MISO Advisory Committee  
New Orleans, LA  
February 20, 2013  
10:00 am – 3:30 pm CPT**

Dial-in and WebEx information available at [www.misoenergy.org](http://www.misoenergy.org)

**Agenda**

- |  |                |       |
|--|----------------|-------|
| 1. Administrative Items  | Gary Mathis    | 10:00 |
| a. Welcome/ Roll Call  |                |       |
| b. Review of Agenda  |                |       |
| c. Review of Meeting Minutes   |                |       |
| d. Review Action Items   |                |       |
| 2. Hot Topic: Coordinated Regional Resource Assessment   |                | 10:10 |
| Opening Remarks: Wayne Schug, Eric Callisto  |                |       |
| 5 Minute presentations per Sector, including any Minority Opinions as determined by the Sector following with debate- style exchange |                |       |
| a. OMS   |                |       |
| b. Coordinating Member   |                |       |
| c. Environmental   |                |       |
| d. Eligible End Users  |                |       |
| e. Munis/Coop/TDU  |                |       |
| f. Power Marketers   |                |       |
| g. Transmission Owners   |                |       |
| h. IPP   |                |       |
| i. Public Consumer Advocates   |                |       |
| 3. Value Proposition Discussion  | Wayne Schug    | 11:55 |
| 4. Southern Region Integration Update  | Scott Herbst   | 12:05 |
| LUNCH  |                | 12:10 |
| 5. Annual Stakeholders' Meeting  | Wayne Schug    | 1:10  |
| 6. MISO Customer Satisfaction Survey Results   | Sidney Jackson | 1:15  |
| 7. State Regulatory Update on State Representation*  | Kari Bennett   | 1:25  |
| 8. Stakeholder Committee Issue Tracking Tool   | Alison Lane    | 1:30  |
| 9. Advisory Committee Items  | Gary Mathis    | 1:35  |
| a. Finance Subcommittee Elections√   |                |       |
| b. ADR Election√   |                |       |
| c. Advisory Committee Charter√   |                |       |
| d. Review of AC Management Plan  |                |       |
| e. April Hot Topic Discussion  |                |       |
| f. March 2013 Meeting Discussion   |                |       |

√ Denotes Potential Voting Item

\* Denotes Report is Oral



10. Standing Committee/Other Stakeholder Committee Reports		
a. Steering Committee√	Dennis Kramer	1:55
b. RECB Task Force	Dan Kline	2:05
c. Market Subcommittee Update	Bill SeDoris	2:15
d. Planning Advisory Committee Update	Bob McKee	2:25
e. Reliability Subcommittee Update	Tony Jankowski	2:35
f. OMS Update	Bill Smith	2:45
g. Transmission Owners Update*	Dennis Kramer	2:55
11. New Business	All	3:00
12. Recap – Issues/Assignments	Alison Lane	3:05

Rotating Agenda Team March: Robb Mork  
Melissa Seymour  
Beth Sohlt

√ Denotes Potential Voting Item

\* Denotes Report is Oral

## **MISO Advisory Committee**

**February 20, 2013**

### **Hot Topic: Coordinated Regional Resource Assessment**

#### **Organization of MISO States (OMS) Response for the State Regulatory Authorities Sector**

Utility regulatory authorities are charged with ensuring that electric utilities provide service in a safe and reliable manner. Resource regulatory authorities in the MISO region have several models to conduct their responsibilities. Some are more structured under a legislative charge, others use an assessment style, and one has a competitive market structure. Most of the MISO states (including the regulatory jurisdictions within the Entergy region) have retained authority over generation and demand side resources, and therefore, MISO's role in transmission planning is impacted by state utility regulatory decisions on these matters. In such states, individual utility resource actions are made within the broader context of a utility's and/or the state's long term resource planning processes. Many of the states have statutes and regulations establishing objectives and required methodologies concerning resource planning and resource actions. The primary purpose of such laws and processes is to assure that individual utility resource actions are necessary and prudent within the broader context of long range needs and costs, reflecting consideration of a wide range of resource alternatives and the risks and uncertainties inherent in making decisions about long term resource investments. State energy policies and economic development goals may also play a role. The goal of this structure is to provide information and analysis necessary to enable utilities and regulators to make sound decisions regarding large investments funded by ratepayers. It is a core function of our public interest obligation.

#### **1. What are the limitations of the current planning processes for integrated planning (IRP) for transmission, generation and/or demand side management (DSM) solutions?**

As the electric industry structure has evolved over the last few decades, particularly with the implementation of RTOs, utility functions have been dispersed among more and different types of entities making it more difficult to develop representative planning assumptions and to integrate quality information needed to conduct future system planning. In addition, the scope and scale of planning has greatly expanded as the nation seeks to optimize the use of its energy resources. In some regards, these developments make the output of the comprehensive planning processes potentially much more valuable. However, they also make future planning more difficult and more complicated, with much more coordination required among new entities, changing jurisdictional and non-jurisdictional entities, and states with various regulatory structures, to make sure that the best resource planning mix can proceed to implementation.



The major limitation of current planning processes for future resources is that any individual entity, state or RTO planning processes done over varying periods of time using different methodologies are limited in scope to that entity's responsibilities and structures and are not yet, or rarely, coordinated among multiple states, other entities, utilities, or RTOs in a region. There is no current forum for regional forward planning that includes or integrates all entities and all planning functions: transmission, generation, demand side (DSM) and supply side management solutions, resource adequacy, and resource siting. Perhaps, there needn't be. While continuing to respect legitimate lines of jurisdictional authority, there are likely to be ways to better facilitate the respective entities' different responsibilities and authorities over different industry elements to produce better separate plans. In the final analysis, coordination of such plans may come closer to mirroring plans which would be produced through any single integrated regional approach.

Entity-level transmission planning is primarily done by transmission owners: some in MISO are functionally or independently separate, the majority is vertically integrated. MISO's top down/bottom up planning depends on an open and transparent stakeholder transmission planning process to incorporate, consolidate, and optimize their transmission plans. FERC has directed that states have an increased role in the transmission planning process.

The RTO, as FERC required, has "ultimate responsibility for both transmission planning and expansion within its region that will enable it to provide efficient, reliable and non-discriminatory service and coordinate such efforts with the appropriate state authorities." (Order 2000 at 485). However, RTO membership is voluntary. RTO members can come and go, and as they do, the markets and state and regional planning are affected. MISO often states its continuing goal of reliable delivery at the lowest cost. The OMS believes this is the right goal.

Line siting, retail rate recovery of costs, reliability, just and reasonable retail rates, the stock of resources that make up the capacity of the MISO footprint, and generation and transmission siting are typically in the legal purview of the states. So an RTO's objectives will always be subject to the resource mix that exists due to state utility and regulatory decisions. States may use other tools for resource procurement, and may consider other factors, such as economic development, when approving new resources. State policy makers do not always make decisions from a purely economic or regional viewpoint within the confines of the electric industry. Due to state generation mandates or requirements, future resource planning needs to be developed with a degree of flexibility simply because the planning process has difficulty incorporating generation decisions in the outer years of the planning timeframe. Known generation plans should be incorporated in forward resource planning, to the extent they are not already, and the range of options could be specified using those boundaries. Notwithstanding, it may be fruitful for MISO and stakeholders to perform integration studies both with and without individual state determinations. Such comparative studies could inform future transmission and resource planning decisions and perhaps lead to an alignment of

planning goals. State policy decisions could be informed and enhanced by awareness of wider economic and regional implications raised in an RTO transmission planning process.

OMS believes that, because of the states' responsibility with respect to resource adequacy and because of their role in interpreting, implementing, and, in some cases, developing state public policy initiatives, state commissions may be in a unique position to assist MISO in performing its transmission planning function and help MISO develop quality transmission plans that can best satisfy future public convenience and necessity and the public interest. For example, to the extent applicable and binding, state integrated resource plans or energy plans might be interpreted as expressions of state public policy, similar to the way a state RPS requirement or energy efficiency standard might be treated in the planning process directed by FERC in Order 1000.

In crafting a solution to effective regional planning, any process must be careful to respect the legitimacy of each entity's jurisdiction and legal responsibilities over some areas. For example, MISO can, and has very helpfully, assisted the states in performing their resource adequacy responsibilities and reconciling varying load forecasts. OMS hopes that MISO will continue to accommodate the states in that regard.

The location of existing transmission infrastructure and the placement of future transmission infrastructure are key elements affecting the economics of existing supply-side and demand-side resources and affecting the economics of and market entry decisions of future supply-side and demand-side resources. MISO's transmission planning function directly affects the investment in future transmission infrastructure. So, MISO's decisions regarding future transmission infrastructure directly impact state commissions' options with respect to meeting future resource adequacy needs, and vice-versa.

Even though states continue to retain authority over resource procurement, the OMS recognizes that there are substantial benefits with MISO membership for their jurisdictional utilities. The regional transmission system coupled with energy markets easily enables utilities to purchase energy and capacity from outside their service territories and states. Broader regional markets enhance the ability of multiple utilities to join in larger projects. Energy and operating reserve market information serves as a very important input to the resource procurement decision. The resulting mix of resources from utilities in an RTO will be different than if each utility planned a resource mix to meet only its own needs.

#### Conclusion

To produce a transmission expansion plan, MISO must have information or make assumptions about numerous longer term inputs such as future generation retirements, new generation development and location, load forecasts, demand response programs, etc. The better information MISO can obtain about these inputs or the better

assumptions that MISO can make about them, the better will be the transmission expansion plan that MISO produces. Specifically, the better information MISO has about the inputs into the transmission planning process, the better MISO will be able to accomplish the goals FERC set forth in Order 2000 — “efficient, reliable and non-discriminatory service.” State commissions are in a position to provide unique insights into these transmission planning input assumptions and the reasonableness of the assumptions MISO makes in this regard. Asset owners are in a position to provide their unique inputs and expertise for the planning of their resources.

Electricity consumers have an interest in MISO producing better transmission plans. By better, OMS means better from a societal or public interest perspective — not from the perspective of any particular market participant. Because MISO must produce a transmission expansion plan, and because the type of inputs described above are necessary for MISO to perform that function, state regulators have considerable incentive to assist MISO’s discovery or development of the best information possible regarding transmission expansion planning inputs. Beyond that, Order 2000 requires MISO to conduct its transmission expansion planning function in coordination with “the appropriate state authorities.”

So, as is often the case, a cooperative relationship among MISO, the state commissions, and asset owners is most likely to enable all sides to perform their respective responsibilities and produce their respective plans in a way that is more likely to accomplish the interest of the public. That is the relationship OMS aspires to foster for regional forward resource planning.

## **2. How should traditional resource planning (DSM, generation, transmission planning) processes be enhanced given the regionalization of the transmission grid? What regional data and tools are needed?**

Much of the data and information that MISO needs as inputs into its transmission expansion planning process comes from the conduct and outcome of MISO’s resource adequacy program. MISO can look to that program for such information as load forecasts, generation capacity, demand response programs, etc. However, by its nature, MISO’s resource adequacy program is relatively short term compared to the planning horizon of transmission and other asset owners, and the states. For transmission planning purposes, which have a much longer future modeling timeframe, MISO would need to make extrapolations from the short-term data and information acquired through conducting its resource adequacy program or get consolidated information on longer-term inputs for resource planning through the states. One might ask whether modifying MISO’s resource adequacy program in order to produce more or better data and information which could be used as inputs into MISO’s transmission planning process would be the best course of action or are there better and less

disruptive ways of obtaining the level and quality of data and information that MISO would use as inputs into its transmission expansion planning process?

OMS is not averse to useful modifications to MISO's resource adequacy program, provided that those modifications respect state authority and are taken with the purpose of serving the public interest. For example, voluntary capacity auctions can continue to provide price information for meeting relatively shorter term resource adequacy requirements. However, there are limits to the efficacy of modifications to MISO's resource adequacy program in this regard. For example, there is no reasonable way of requiring the forward commitment term to extend as far out into the future as MISO must take into account in its transmission planning function. The potential effects of EPA rules require looking out at least five to ten years, well beyond that required by any resource adequacy construct. Accordingly, the OMS would suggest that a more efficient and effective way to improve the quality of the data and assumptions that MISO needs as inputs into its transmission planning process would be for MISO to work more closely with the state commissions which already have unique insights into these matters and work with other entities involved in resource planning. OMS can act as the vehicle through which the state commissions aggregate and may provide advice, data, and insights with respect to future demand-side and supply side resources, as well as other transmission planning inputs like anticipated generation, load, and price information.

Some ideas for discussion on where to change the planning process include:

- Modify the planning meeting forums early for a more comprehensive analysis of the energy "future scenarios" The content could include: information from such exercises used in the EIPC work with the North American Electricity and Environment Model (NEEM), more rigorous cross variable analysis, and other economic and demographic information.
- Expand LOLE analysis on inter-regional assumptions and capability.
- Continue to assess the various risks associated with the EPA compliance plans of generation owners.
- OMS aggregation of existing resource planning and energy assessments done by the states to be used by MISO. The aggregation would not be considered a binding commitment.

**3. What planning-related roles does your sector envision for each of the various parties (i.e., states, MISO, regulated utilities, non-regulated utilities, resource owners/developers, consumers and other market participants)?**

**Who should be responsible for determining:**

- a. Forecasting/modeling assumptions (including load forecasting, behind-the-meter generation forecasting and demand response forecasting)?
- b. The need for new resources and the MW quantity needed?
- c. The type of new resource (Combustion Turbine, Combined Cycle, Demand Response, etc.)?
- d. The location of a new resource?
- e. The timing for any new resource to be put in service?
- f. Whether a supply or Demand Side resource can be used as a substitute for transmission?

Answers in a table on the next page.

3. The major planning roles illustrated here are envisioned to remain essentially the same in the near term years. The OMS response to Topic #2 shows how the existing processes might be improved. The OMS responses in Topic #4 indicate where major planning techniques could change in the future.

	States	MISO	Regulated utilities (LSE with gen. TO, & indep. TOs)	Non-Regulated Utilities (LSE, coops, munis)	Resource owners /developers (IPPs, aggregators)	Consumers & other participants (citizen boards, environ.)
<b>Forecasting/modeling assumptions (including load forecasting, behind-the-meter generation forecasting and demand response forecasting)?</b>	Review forecasts in Rate Cases, integrated planning or assessments, and construction permitting	Coordinates combined forecasts for models and future scenario studies	Primary forecast entity	Primary forecast entity	None – no load responsibility	Advise MISO and other sectors at planning meetings
<b>The need for new resources and the MW quantity needed?</b>	Usually sets or monitors the compliance level w/ various rules	Determines the overall, zonal, and LSE level of compliance	Determines specific detail of level of MW and site(s)	Determines specific detail of level of MW and site(s)	May offer alternatives to LSE, or system with MW and locations	Advise at planning meetings
<b>The type of new resource (Combustion Turbine, Combined Cycle, Demand Response, etc.)?</b>	Usually authorizes the cost and style by individual utility	May inform which resources could be of value at the regional level	Primary proposer of fuel/technology combination, or type of retail program for customer tariffs. Also determines demand side program retail tariffs	Primary proposer of fuel/technology combination Also determines demand side program retail tariffs	Primary proposer of fuel/technology combination. May offer consolidated demand side services	Advise at planning meetings. May offer alternative concepts for evaluation by responsible entity
<b>The location of a new resource?</b>	Usually final authority for construction permit – site specific	Indicates the transmission need based on proposed location(s). Also at the local zone or regional interface limits	Propose alternative locations for review	Propose locations for interconnection study	May offer different capacity at different sites	Advise at MISO level and at State review level which can be local
<b>The timing for any new resource to be put in service?</b>	Usually authorizes construction permit to match timing need	Provides regional needed level and year forward	Proposes plan for forward compliance of MW and MWh	Seeks local permits for a plan of compliance	Offers resources to LSE, or auction, or neighboring LSE or market	Advise at MISO on timing or at State hearings, or rate case recover

	States	MISO	Regulated utilities (LSE with gen. TO, & indep. TOs)	Non-Regulated Utilities (LSE, coops, munis)	Resource owners /developers (IPPs, aggregators)	Consumers & other participants (citizen boards, environ.)
<b>Whether a supply or Demand Side resource can be used as a substitute for transmission?</b>	May be able to have a preference on the magnitude tradeoff between the two functions	Ultimate reliability operator responsible for NERC compliance plan and daily operations	Propose the mix of supply side technology, demand side programs, and BTM generation	Propose the mix of supply side technology, demand side programs, and behind the meter generation	May offer unique site specific, local alternative solutions	Can advise at MISO meetings or at State docketed hearings

#### **4. Focusing on the role you envision for MISO:**

- a. What are the advantages / benefits that you see in MISO taking on this role?
- b. What are the disadvantages / risks that you see in MISO taking on this role?
- c. How do MISO's transmission planning obligations impact this role?

In the near term (next five years), focusing on improving the transmission expansion planning process would bring the greatest benefits per unit of effort expended. In the narratives above, the OMS provided several ways that MISO could improve its transmission expansion planning process to produce better transmission plans going forward. As described above, OMS and the state commissions are in a unique position to contribute to MISO's efforts to achieve improvements in the transmission planning process.

Because change in the energy industry never ends, MISO's functions and MISO's role cannot remain static. How MISO positions itself to address the future and MISO's strategic relationship with each industry sector must be constantly re-examined and re-evaluated by the MISO Board and MISO management and conducted in consultation with stakeholders and state regulators. Looking long term, and given the ongoing changes and evolution in the energy industry, the MISO Board, perhaps, could benefit from periodically teeing up issues on which the stakeholders and state regulators, collectively, consider and offer feedback on. For example, it would be perfectly legitimate to engage in a debate/discussion regarding such "big picture" and forward-looking issues as: methods for better identification of non-transmission solutions within the transmission planning process; inter-regional capacity access and transmission expansion; natural gas industry structural aspects for which the RTO model could inform solutions; load forecasting techniques; the pros and cons of modifying MISO's resource adequacy programs with the goal of obtaining more reliable data and information about supply-side and demand-side options for input into MISO's transmission expansion planning process; and organizational change driven by technological change.

The purpose of such stakeholder debate/discussion need not always be narrowly aimed at design of programs and other short-term fixes. There's a place for the "vision thing" in the RTO realm and the MISO Board would do well to try to jog the stakeholders into that mode of thinking more frequently. Scenario analysis is a useful tool for sketching out alternative possible visions of the future. OMS supports use of scenario analysis approaches. Scenario analyses need not always be directly used in positioning MISO into a particular future, but can be used to inform choices.



Motion to Approve Finance Subcommittee Members  
Advisory Committee  
February 20, 2013

The Advisory Committee approves the following nominees to serve on the Finance Subcommittee:

Representing the Public Consumer Advocate Sector: **Pradeep Sircar**

Pradeep K. Sircar is currently employed at the Office of Utility Consumer Counselor of Indiana. He is an economist with thirty years of experience in energy market analytics, monitoring, energy market operations, risk analyses, pricing, tariff, finance, settlement and forecasting. He has worked for investor owned utilities, two RTOs and regulatory agencies at various analytical and managerial capacities.

Pradeep has earned a Ph.D. in Economics and statistics and a MS in Economics from Iowa State University. He has completed Business Management Executive program from University of Akron.

Representing the State Regulatory Sector: **Gail Maly**

Gail Maly is the current State Regulators representative on the MISO Finance Subcommittee. She is a Public Utility Auditor with the Public Service Commission of Wisconsin. She performs audits of utility accounting records and procedures, develops demand forecasts and revenue requirements, and advises the Commission on energy policy and budgetary issues. She is an active member of the Organization of MISO States' (OMS) Governance and Budget Workgroup, serving as co-chair for the last four years.

Representing the Transmission Owner Sector: **Marty Blake**

Marty is a Principal of The Prime Group. He represents Big Rivers Electric Corporation, Southern Illinois Power Cooperative and Hoosier Energy on the Transmission Owners Committee, the TO Tariff Working Group, the Demand Response Working Group, the RECB Task Force and has been representing the Transmission Owners on the MISO Finance Subcommittee. The Prime Group has done cost of service, individual customer profitability, financial planning, strategic planning and rate work for G&T and distribution cooperatives throughout the country, and Marty has made presentations to numerous cooperative Boards on these subjects. Prior to joining The Prime Group, Marty was the Director of Marketing, Planning and Regulatory Affairs at Louisville Gas and Electric Company, where he was responsible for coordinating LG&E's retail gas and electric marketing, rates, strategic planning, and state and federal and regulatory efforts. Prior to joining LG&E, Marty served a four-year term as Commissioner and Chairman on the New Mexico Public Service Commission. He received a Master of Arts degree in Economics and a Ph.D. in Agricultural Economics from the University of Missouri.

Representing the Power Marketer Sector; **Mike Shields**

Mike currently serves as a primary liaison for DTE Energy to MISO on market related issues. He has served as a witness sponsoring testimony on MISO and Transmission related costs in State Regulatory Proceedings, and developed DTE responses in support of MISO-related FERC filings. He has worked for DTE Energy/Detroit Edison for 33 years. Starting in May 2007, he served two years as the Chair of the MISO Market Subcommittee (MSC). In past DTE positions, he was responsible for the sale and purchase of long-term (one-month or longer) energy and capacity for Detroit Edison, development of fuel cost and emissions forecasts in support of Power Supply Cost recovery proceedings, and for the purchase of emissions allowances. He also developed Integrated Resource Plans for Detroit Edison and worked as a Startup Engineer at the Fermi 2 Nuclear Site. He holds a Bachelor of Science, Nuclear Engineering degree from North Carolina State University, and a Masters of Business Administration from the University of Michigan, Ann Arbor.

Representing the Independent Power Producer Sector: **Melissa Seymour**

Melissa Seymour is the Director of Regional Markets and Regulation for Iberdrola Renewables, LLC, one of North America's leading developers and marketers of renewable energy and other energy products and services. Melissa has over 16 years' experience working in the power industry. In her current role, Melissa is responsible for representing Iberdrola Renewables' interests in both MISO and PJM, and for advancing changes in transmission and operations rules to better accommodate renewable energy into the power system. Prior to working at Iberdrola Renewables, Melissa held various strategic planning and regulatory positions at the Bonneville Power Administration, PacifiCorp, Georgia Natural Gas Company and Southern Company Energy Marketing. Melissa holds a B.S. in Engineering Science and Mechanics from the University of Tennessee.

Motion to Approve Alternative Dispute Resolution Committee Members  
Advisory Committee  
February 20, 2013

The Advisory Committee approves the following nominee to serve on the Alternative Dispute Resolution Committee:

**Joseph L. Lakshmanan**

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

### **Steering Committee Motion to Advisory Committee February 20, 2013.**

The Advisory Committee approves the sunset of the RSG Task Force.

**Background** – The RSG Task Force (RSGTF) has been a very active and important entity to the MISO Stakeholder process. With the implementation of the RSG redesign, the group believes that its purpose has been met and completed. The group has cancelled its last 3 meeting and currently has no Stakeholder leadership. The last issues that the group is working on (RSG exemption for physical bilateral transactions and Market Wide Netting and CMC) are near completion and are being concluded in the Market Subcommittee (MSC); with an expected closure at the February MSC meeting. The MSC held a discussion at it January 2013 meeting and a motion was approved by consensus to sunset the RSGTF.

The Steering Committee approved a motion to sunset on January 24, 2013.

## **Steering Committee Motion to the MISO Advisory Committee**

**February 20, 2013**

The Steering Committee proposes the Advisory Committee accepts the 2013 Charters and Management Plans (where applicable) of the following entities:

### **Market Subcommittee (MSC):**

Charter:

<https://www.misoenergy.org/Library/Repository/Meeting%20Material/Stakeholder/MSC/2013/MSC%202013%20Charter.pdf>

Management Plan:

[https://www.misoenergy.org/\\_layouts/MISO/ECM/Redirect.aspx?ID=143589](https://www.misoenergy.org/_layouts/MISO/ECM/Redirect.aspx?ID=143589)

### **Reliability Subcommittee (RSC):**

Charter:

<https://www.misoenergy.org/Library/Repository/Meeting%20Material/Stakeholder/RSC/2013/RSC%202013%20Charter.pdf>

Management Plan:

[https://www.misoenergy.org/\\_layouts/MISO/ECM/Redirect.aspx?ID=143579](https://www.misoenergy.org/_layouts/MISO/ECM/Redirect.aspx?ID=143579)

### **Electric and Natural Gas Coordination Task Force (ENGCTF):**

Charter:

<https://www.misoenergy.org/Library/Repository/Meeting%20Material/Stakeholder/ENGCTF/2013/2013%20ENGCTF%20Charter.pdf>

Management Plan:

[https://www.misoenergy.org/\\_layouts/MISO/ECM/Redirect.aspx?ID=145374](https://www.misoenergy.org/_layouts/MISO/ECM/Redirect.aspx?ID=145374)

### **Steering Committee**

Charter:

Management Plan:

### **Financial Transmission Rights Working Group (FTRWG) Charter:**

<https://www.misoenergy.org/Library/Repository/Meeting%20Material/Stakeholder/FTRWG/2013/FTRWG%202013%20Charter.pdf>

### **Demand Response Working Group (DRWG) Charter:**

<https://www.misoenergy.org/Library/Repository/Meeting%20Material/Stakeholder/DRWG/2013/2013%20DRWG%20Charter.pdf>

### **Supply Adequacy Working Group (SAWG) Charter:**

[https://www.misoenergy.org/\\_layouts/MISO/ECM/Redirect.aspx?ID=143128](https://www.misoenergy.org/_layouts/MISO/ECM/Redirect.aspx?ID=143128)

## 1/30/13 PAC Summary

- **Upcoming feedback deadlines:**
  - MTEP 13 future email vote (due 2/8)
  - Guiding Planning Principles (due 2/14)
  - Quarterly Operating Limits (due 2/12)
  - Out of Cycle Proposal (due 2/13)
  - SSR Cost Allocation (due 2/13)
  - Market Participant Funded Upgrades (due 2/13)
  - Southern Region Integration Issues (due 2/13)
- **What to expect at upcoming Planning meetings:**
  - February 27<sup>th</sup> PAC:
    - Voting on IPTF, PAC, LOLE WG, PSC Management plans
    - More on OOC straw proposal
    - MTEP 13 progress update
- **MTEP 13 Futures:**
  - MISO provided a summary of stakeholder feedback to their gas price methodology proposal from December 2012. In short, MISO proposed in advance of this PAC meeting that they would retain their current methodology for assuming gas price (using different starting values; L - \$3, M - \$4.25, H - \$8) and escalation rates (L – 1.5, M – 2.5, H - 4) for the MTEP 13 futures, but tee up the discussion on alternative methodology's (specifically the End Use sector's alternative, which would use NYMEX forward gas price for the first 3 years, followed by EIA's longer term rates). A motion had also been posted by MISO staff to have sectors vote on MTEP 13 futures. However after some discussion, a second motion was suggested (which amended the original one by seeking a vote on MTEP 13 futures using the End Use Sector gas price method, requested an email vote, and a roll call vote) and moved (OMS and Power Marketers took initiative). 7 in favor 1 against this second motion...which led to discussions about the intent of the End Use sector's proposal and request for extension and additional information from End Use and MISO. Therefore, MISO will reluctantly wait until sectors weigh in on the email ballot (sent around 2/1 with additional information) due 2/8.
  - There was additional discussion on other input variables, including carbon price in the Environmental future (MISO will keep CO2 price at \$50/ton), removal of 3.4 GW of nuclear retirements from the Generation Shift future, and a brief discussion of their intent to keep RPS assumptions across all futures at State Mandates (except Environmental Future) with no consideration of a federal RPS. Stakeholders made slight changes to some wording of the future narratives to better capture the intent of the given futures.
- **Manitoba Hydro Study Update:**
  - A brief update was given. This study is gearing up to start Phase 4; sensitivity and risk assessment, followed by recommendations from this study. Next meeting sometime in February.
- **Out of Cycle Review Straw Proposal:**
  - Proposal:
    - Project Applicability “must be needed within 3 years of OOC request date”
    - Drivers for urgent planning must be resolution of applicable reliability planning standards; new load requirements; avoid SSR designation for units
    - Review Time “as soon as MISO can complete Need/No Harm/PAC review”; no longer than 6 months from receipt of supporting analysis

- MISO BOD review for OOC projects w/out dissenting PAC sector comments will receive implicit BOD approval; OOC projects w dissenting PAC sector comments will be reviewed with MISO BOD for approval at first BOD meeting following OOC review
  - MISO also mentioned other aspects that could be included in this process, such as a need driver that would be NERC/State compliance supported in short time frame.
  - There was discussion about other aspects of the proposal that should be spelled out (i.e., can there be a checklist of sorts so everyone knows exactly what will/will not be considered for OOC review). MISO is requesting feedback on this proposal by February 13<sup>th</sup>.
- **EPA Survey Update:**
  - MISO provided their 4<sup>th</sup> quarter EPA survey update. Note that it was clarified that the CSAPR rule was not factored into this survey. One stakeholder suggested adding a category that would provide more granularity on how many units may convert to natural gas. MISO will consider this for future surveys sent to generators.
- **MISO BOD Guiding Planning Principles:**
  - MISO would like sector feedback on the MISO BOD guiding principles for MISO planning staff. Jeff Webb mentioned this hasn't been updated since in two years and they hope going forward this can be reviewed and comments made on an annual basis. Comments are requested of OMS by COB on February 14<sup>th</sup>.
- **Order 1000 Interregional Planning Update:**
  - *MISO – MAPP* → high level agreement on model and data exchange; following close to what MISO has done with SPP and PJM. Next meeting 2/15.
  - *MISO – SPP* → PROMOD model development is targeted for completion this month. SPP has requested a 32 day extension (MISO supports) for compliance filing. SPP would also like more expansive cost allocation project types than MISO.
  - *MISO – PJM* → JOA language is being reviewed on 2/13 and ongoing discussions on cross border market efficiency project criteria. MISO and PJM continue joint model building and joint future scenario assumptions.
  - *MISO – SERTP* → likely request a similar extension for filing compliance to SERTP's 120 day regional compliance filing.
- **Request for information on Southern Region Integration issues:**
  - MISO is asking for a list of planning topics or issues that sectors would like to hear updates on regarding the Entergy or other Southern regions integrations. These will be discussed at either the upcoming AC meetings or Information Forums. Any topics are requested by February 13<sup>th</sup>.
- **Additional Topics** – please refer to the PAC meeting materials for more information on the following:
  - System Support Resource cost allocation BPM language
  - Market Participant Funded upgrade language – potential vote on language at next PAC meeting.
  - Next Era's suggested approach to deal with Quarterly Operating Limits

For meeting materials, [click here](#). Next PAC meeting 2/27

# **MISO Board of Directors Statement of Guiding Principles For MISO Transmission Expansion Planning**

Upon the recommendation of the MISO Strategic Planning Committee, the Board of Directors of the MISO provides the following Guiding Principles to the MISO staff as they fulfill their RTO transmission system expansion planning responsibilities.

## **Guiding Principles for Transmission Expansion Planning**

MISO's transmission expansion planning process must enable the satisfaction of all applicable reliability standards, consider transmission needs driven by state and federal energy policy standards, enable a competitive energy market to benefit all customers, and support interregional coordination and planning processes. The plan must identify and support development of transmission infrastructure that is sufficiently robust to meet local and regional reliability standards, and enable competition among wholesale energy suppliers. To that end, the MISO transmission expansion planning process shall:

1. Identify transmission enhancements which would make the benefits of an economically efficient energy market available to customers by providing access to electricity at the lowest total system cost;
2. Direct the development of a transmission infrastructure that satisfies all applicable reliability standards;
3. Identify transmission enhancements which will support the satisfaction of state and federal energy policy requirements, as defined by state and federal policy makers;
4. With a focus on the impacts to end-use consumers, provide an appropriate cost allocation mechanism that ensures that costs of transmission expansion projects are allocated roughly commensurate with the projected benefits of those projects taking into account cost causation principles;
5. Consistent with existing data practices and policies, provide stakeholders, including state and federal energy policy makers, access to the data and models used in the regional transmission planning process to provide context and inform the choices they face; and
6. Engage in interregional coordinated transmission planning.

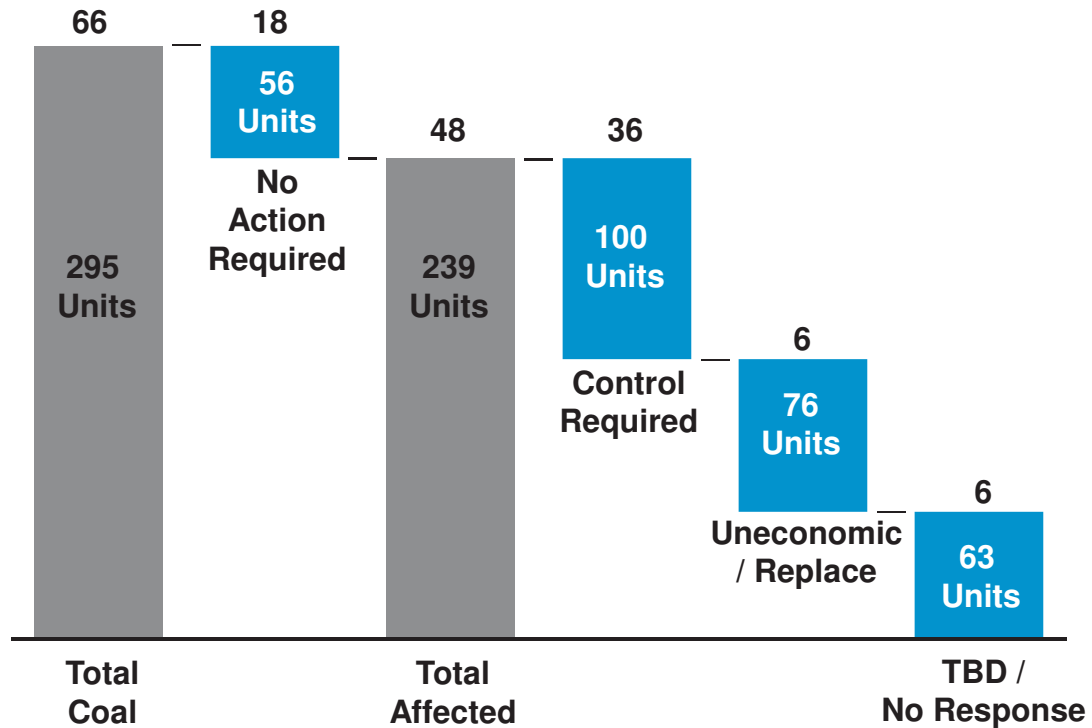


# EPA Compliance Update

January 11, 2013

# MISO's latest EPA/coal survey

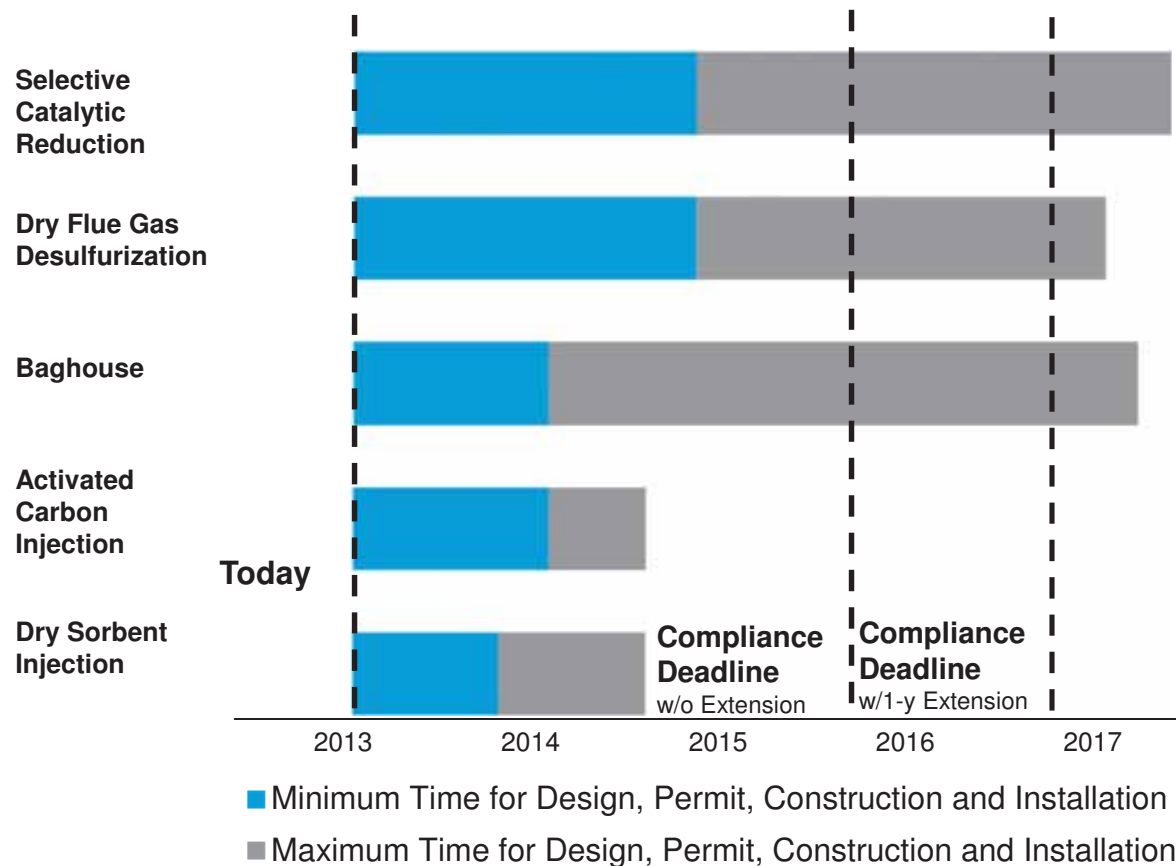
## Coal Resources Affected – 4<sup>th</sup> Quarter Survey Capacity, GW



GWs Impacted	Total Coal		Total Affected			TBD / No Response
	66	19	47	35	5	7
Sept '12 Survey Results*	66	19	47	35	5	7
June '12 Survey Results	66	19	47	35	4	8
March '12 Survey Results	66	18	48	31	5	12
MISO Study (10/2011)	66	9	57	44	13	-

# EPA compliance efforts are focusing more on shorter lead time methods

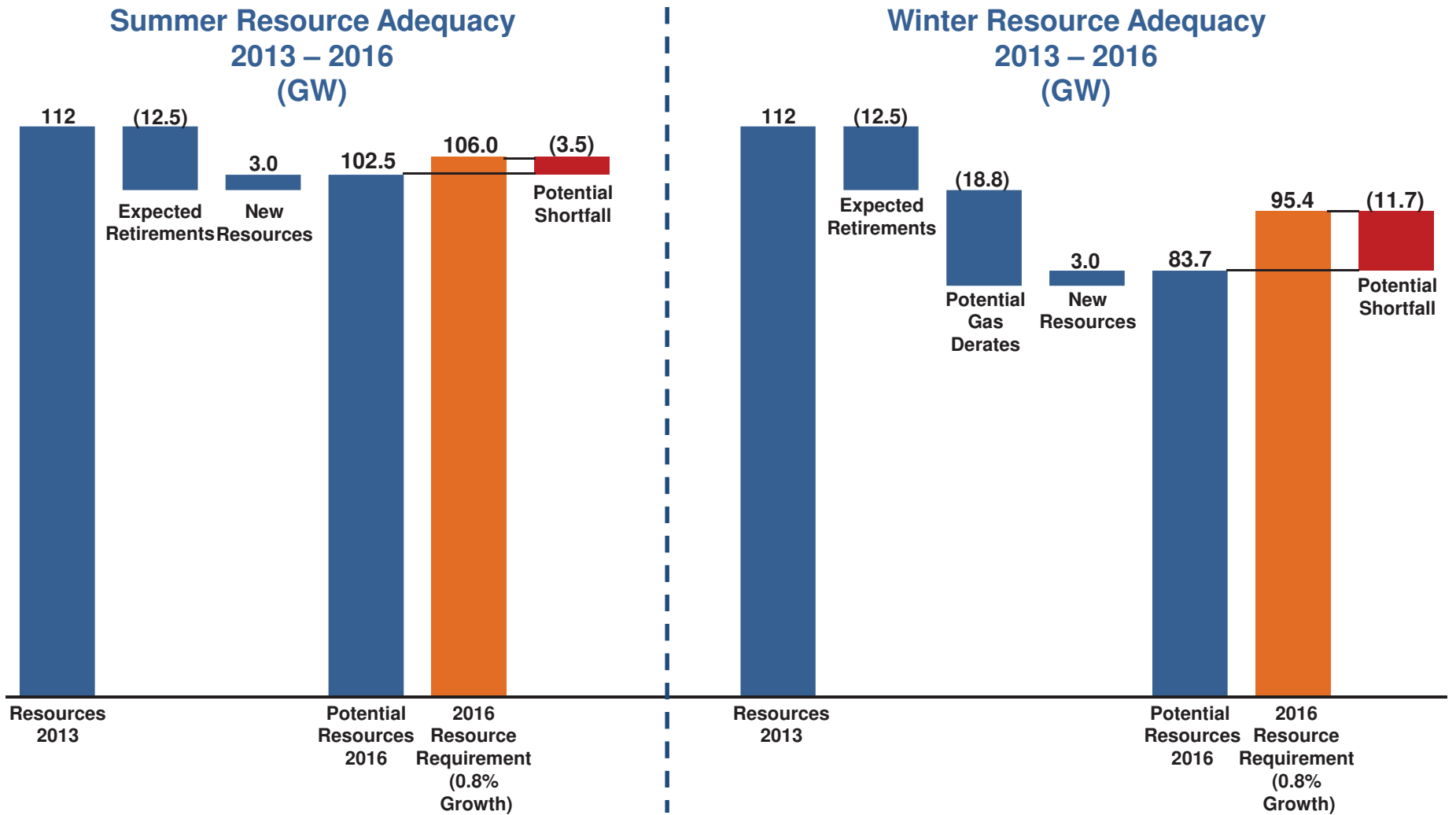
## Retrofit Project Timeline Relative to MATS Compliance Deadlines



Revised 1/1/13

Work Required (GW)	Work Scheduled (GW)	Work Contracted (GW)	Outage Scheduled (GW)
6.5	5.0	4.8	5.0
9.5	7.4	6.9	7.4
8.2	6.4	3.9	6.2
31.4	23.5	11.2	15
12.1	10.9	5.5	3.8

# Post-EPA implementation resource adequacy is a concern





## **UPDATE**

### **Organization of MISO States**

### **February 2013**

**Valerie Lemmie is the new EISPC Director**

#### **The 3 Interconnections Meeting**

The 3 Interconnections Meeting following the NARUC Winter Meeting in DC emphasized the importance of collaboration among the three interconnections on matters of mutual interest, the need for “new generation” of planning models, the need for improved data quality, quantity, and consistency, and the importance of improved understanding of the operational and long-term planning requirements of the natural gas and electric power industries.

#### **New Orleans Meeting**

During the EISPC meeting in New Orleans in January, Argonne National Laboratory gave an update on the Energy Zones Mapping Tool. Argonne would be pleased to provide a demonstration of this tool to OMS, MARC, and other groups of states. It now has over 200 data layers (e.g., each power plant, transmission facilities, environmentally sensitive areas, natural gas pipelines) in the Eastern Interconnection. There was a panel discussion that included FERC, Navigant, Oak Ridge National Laboratories, and Purdue University to discuss the need for improved quality, quantity, and consistency of information for demand response, energy efficiency, energy storage, customer-owned generation, and smart grid. To this end, EISPC will be supporting the FERC’s and EIA’s efforts to improve their survey instrument to obtain better information on these resources. EISPC would welcome OMS’ support as well.

Navigant and Georgia Tech provided EISPC with an update on their analysis of demand response and energy efficiency resources. The Georgia Tech analysis is complete (their analysis is on EISPC’s website) and Navigant’s is expected to be completed by April 2013.

Astrape provided an update on their Whitepaper entitled the Economics of Resource Adequacy. The final Report will be released this month.

#### **Studies and Whitepapers**

In addition to the Astrape analysis of Resource Adequacy and the Navigant / Georgia Tech / Oak Ridge National Laboratory Studies:

- EISPC believes the remaining contractual issues have been resolved to move forward on the Whitepaper “Co-Optimization of Transmission and other Resources.” The Whitepaper should be completed in June.
- Studies and Whitepapers regarding the potential for both coal and nuclear power should be completed by early summer.
- EISPC approved the issuance of a Request for Proposals to study “Probabilistic Risk Analysis” to provide another perspective on transmission planning. This work would have applications to all elements of Resource Planning. EISPC hopes to engage RTOs as well as our counterparts in the Western Interconnection and ERCOT in this effort.
- EISPC intends to issue an RFP, subject to DOE approval, of the long-term infrastructure requirements of the electric and natural gas industries. This would be a broad collaborative effort that includes the natural gas industry, FERC, NERC, NAESB, EEI, APPA, NRECA, electric utilities (hopefully including MISO), and our counterparts in the Western Interconnection and ERCOT.

- Data Mining of the information that wasn't included in the three transmission build-outs that EIPC / EISPC / and stakeholders completed in December 2013. This includes a more in-depth examination of such things as the treatment of intermittent resources.

Some of the Whitepapers such as Co-Optimization, Probabilistic Risk Assessment, and Resource Adequacy may result in an expanded effort to develop next generation planning tools.

EISPC's next meeting is in Philadelphia at the May 30 – 31.

**1. OMS monthly call with IMM**

**Status:** Next meeting on April 3.

M&TWG members participate on the monthly calls (that are for all in OMS) and provide meeting summaries after via e-mail. At the January 30 meeting, we discussed the IMM's thoughts on various MISO-PJM seams issues involving capacity deliverability, market to market issues with SPP (including Congestion Management process), compensation for loop flows caused by neighbors, and the pros and cons of physically controlling loop flows versus economically pricing congestion and using market to market processes. When asked about the potential price and dispatch effects of retirements of three large generating units, the IMM said he would have to look at that and discuss at the next meeting. We circulated a summary after the meeting. For the next meeting, we expect to again provide questions in advance.

**2. MISO February 6 FTRWG Meeting**

**Status:** Feedback requested on disallowing zero-cost FTRs is due to MISO On 2/13/13.

MISO presented its proposal to improve the process adding/replacing Reserve Source Points, the ARR/FTR timeline for MISO Southern Region integration, the timeline for the multi-period monthly FTR auction, and a proposal to disallow zero-cost FTRs, which are FTRs that source and sink at the same CPNodes. We asked the WG on 2/6 for feedback on MISO's proposal to disallow zero cost FTRs.

**3. MISO February 5 MSC Meeting**

**Status:** The OMS M&TWG is monitoring this subcommittee.

Items covered include suggestions for topics for the upcoming common issues MSC/RSC/PAC meeting, the MSC new liaison is Renuka Chatterjee, MISO's resource adequacy transition tariff Module E-2, approval of a motion that exempts certain interchange schedules from RSG Deviation charges, two changes to Real-Time RSG Distribution (based on IMM recommendations) that would affect dollars allocated to Real-Time RSG, a tariff change to address RSG sign convention (also based in IMM recommendation), review of FERC-approved revised method for calculating regulation mileage via use of a deployment ratio, a draft proposal for compensation to generation for restoration, revised modifications to internal point-to-point service, the OASIS replacement project, and an analysis of the impact of PARS on the market and reduced congestion around Lake Erie.

Here are some **items that MISO expects to work on and seek input on during 2013:**

**Transmission Constraint Demand Curve (TCDC)**

Q1 2013: MISO filed its proposal at FERC on 2/11/13 to replace MVLs with a two-step TCDC to address different violation levels for transmission constraints. Interventions are due by 3/4/13. Docket ER13-921-000.

**Look Ahead Commitment (LAC)**

Q1 2013: MISO will share cost-benefit study results for LAC stage 2 and LAD with plans to determine whether or not to continue developing enhancements towards Look Ahead Dispatch. LAC went into effect on April 1, 2012.

**Modifications to Internal Point to Point Service.**

Q1 2013: MISO will propose tariff language perhaps in February, expects to file in March, and plans to implement in June. While the original proposal was that customers purchasing energy from the market using internal Point-to-Point transmission service must change to Network Integration Service, the revised proposal allows for continuing to use of P2P.

**Ramp Capability Enhancement**

Q1-Q3 2013: Complete proposal Q1, file by June. MISO expects to implement in March, 2015 after ELMP goes live October 2014. MISO requested feedback on upcoming workshops. We requested feedback from the WG and will send it to MISO by the 2/15 deadline.

**ELMP**

Q1-Q4 2013: MISO will continue testing and refining ELMP prototype engine, complete ELMP engine testing April, commence work on final ELMP after April (after Single Server Project completed), then complete ELMP software about 4 months later. Parallel testing and implementation will occur during 2014. (see 11/19/12 status report ER12-668-000) MISO filed compliance filings on 8/2012 and 11/19/12 that await FERC action.

**Real-Time Congestion Hedge (RTCH),**

Q3-Q4 2013: MISO will present benefit studies and additional evaluation of the RTCH product. Continued evaluation is warranted but at lower priority than current or planned efforts.

**4. System Supply Resources (SSR) cost allocation**

**Status:** No feedback provided to MISO. The OMS M&TWG is monitoring.

MISO has refined its process for determining the need for SSRs and the allocation method for assessing to local loads by allocating the costs to LSEs by pricing zone. The MISO PAC requested additional feedback on SSR issues, including cost allocation issues by 2/13. We requested any WG concerns via a 2/4 e-mail. IL expressed concerns with the cost allocation method and will provide comments to MISO separately.

**5. M&T WG leadership**

**Status:** Looking for volunteers.

We are looking for a volunteer to co-chair the M&TWG. We are also looking for volunteers to help gather questions and help run the quarterly OMS calls with the IMM.

**For those interested, please note the following MISO meetings:**

**MISO Board of Dirs Markets Committee** – bi-monthly meetings (2/20 next mtg)

**MISO Market Subcommittee** - monthly meetings (3/5 next mtg)

**MISO RSG Task Force** – monthly meetings (3/6 next mtg)

**MISO FTR Working Group** – monthly meetings (3/6 next mtg)

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The **OMS Markets and Tariffs Work Group** covers: Energy and Operating Reserve markets, Market Monitoring and Mitigation. See

<http://www.misostates.org/index.php/work-groups-2/workscopereference/63-markets-a-tariffs-workscopereference>

Bill Bokram, Markets and Tariffs Work Group co-chair



**OMS Regional Planning Work Group**  
**Report to OMS Board of Directors – February 14, 2013**  
(Co-Chairs Jessica Govindan and Julie Urban)

## **PAC Update**

Via email vote on February 8<sup>th</sup>, sectors voted 7 in favor of supporting the proposed five futures and the alternative gas price escalation model proposed by the End Use Sector. The TO Sector abstained and Coordinating Sector had a no vote. Instead of relying on inflation rates, the NYMEX Futures prices will be used for the first three years forward and the EIA projections for the years beyond.

MISO requested feedback from stakeholders on several PAC issues, including Quarterly Operating Limits, MISO MTEP Guiding Principles, SSR Cost Allocation methodology, Out of Cycle Project Review Process, Market Participant Funded upgrade BPM language, and Southern Region Integration Issues. All feedback was due 2/12 – 2/13, with exception of OMS extension for Guiding Principles. Due to time constraints and other OMS assignments the WG provided comments on these issues:

- Out of Cycle Review Process – These remained in line with our previous Staff comments from October 2012, reiterating certain issues addressed by staff that MISO did not incorporate into their latest straw proposal. We also suggested that MISO clarify all the elements of their proposal clearly in the BPM language so that there will be no confusion in the future when implementing this process.
- Southern Region Integration Issues – Staff compiled a list of questions we would like clarification on regarding how and when the Southern entities will be integrated into MISO's planning process.
- MISO's MTEP Guiding Principles – RPWG drafted edits to MISO's principles for OMS BOD consideration. This item will be discussed as a separate agenda item during the OMS BOD meeting.

## **MISO Efficiency Planning Study**

Thirty transmission options have been proposed to date. Additional inputs will be accepted through Feb 15. At the Feb 15 meeting, MISO described their screening process to refine the transmission options. Thirteen of the thirty projects are considered group A projects based on the preliminary screening process. The majority of group A projects focus on mitigating specific flowgates with low costs. Nine out of the 13 group A projects are localized smaller plans with voltage below 345kV. Nine of the projects are in group B. Some focus on mitigating specific flowgates, some address zonal/sub-regional needs. Project costs range from \$82M to \$226M. Eight of the 30 projects are considered group C projects. Most of the group C projects are larger scale projects of 345kV or above and address zonal/sub-regional needs. Project costs range from \$137M to \$450M. Three groupings of flowgates were discussed at the meeting. The next step is to test the projects for

robustness across the futures. Recommendations for Board approval are targeted for the end of May.

### **FERC Order 1000 Compliance – Interregional Planning and Cost Allocation**

MISO has been continuing to work with its neighbors on establishing or improving interregional planning and cost allocation methodologies. MAPP: MISO staff is working on a joint proposal to address Order 1000 compliance requirements and for review on Feb 15. PJM: Reviewed joint proposals and the role of the IPSAC at the Jan 16 meeting. Meeting Feb 13 to discuss JOA enhancements. SPP: Compliance filing due May 13 pending FERC approval of request for extension. MISO staff is drafting JOA redlines. Next meeting scheduled February 22. SERTP: next meeting not scheduled yet.

## **OMS Resources WG Report to OMS Board – February 14, 2013**

### **OMS Resource Planning Survey & February Hot Topic Questions**

The OMS Survey was sent out January 11<sup>th</sup> concerning the individual state planning process including some questions concerning the upcoming EPA compliance issues within a state jurisdiction. The targeted due date was Jan. 23<sup>rd</sup>. MISO sent out the four Hot Topic questions on Jan 11<sup>th</sup> also. The OMS survey information was compiled into a spreadsheet for posting on Feb. 5<sup>th</sup> for the other sectors to reference while responding the Hot Topic Planning questions.

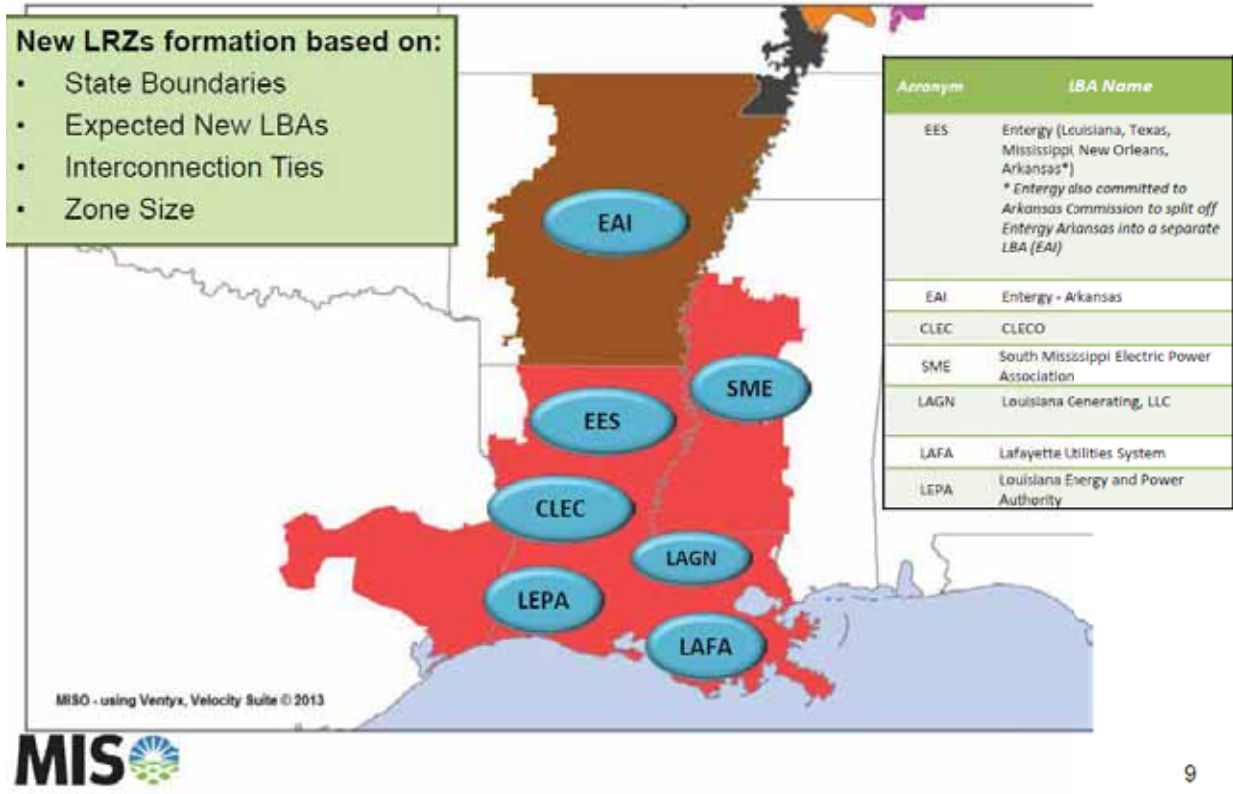
The Resources WG prepared a draft set of answers this week to each of the four planning for the OMS Board to consider for our sector's response. All Sector's Hot Topic responses are due Feb. 13 which one week before the AC meeting. The OMS has been granted a one day delay to match our standing, scheduled Board meeting.

The survey responses will be summarized for a short presentation at the February Advisory Committee meeting Feb. 20<sup>th</sup>. A summary of the OMS Hot Topic answers will also be prepared for the three OMS Commissioners at the AC meeting. The Resources WG is collecting names from each state to assist in answering any particular state specific questions during the AC meeting.

### **MISO LOLE WG**

MISO did determine there will be two Local Resource Zones in the new southern area utilities. The number of Balancing Authorities will be reduced from the existing 16 to 7 on Dec. 19, 2013. See diagram below:

# New South Region Local Resource Zones (LRZ)



Submitted by Don Neumeyer, Chair Resources Work Group

TO: OMS Board

FROM: Chairman Phil Montgomery, Public Service Commission of Wisconsin

RE: State Seams Work Group (SSWG) Update

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The following update from the SSWG provides information on the most recent Joint and Common Market Initiative meeting, the latest meeting of the MISO Seams Management Work Group as well as the upcoming State Seams Work Group.

On January 29, 2013, members of the SSWG participated in a meeting of the Joint and Common Market Initiative (JCM). Among the topics discussed at the JCM were the improvements being made to the coordination of day-ahead and real-time markets as well as a proposal to align interchange scheduling practices. This scheduling alignment proposal will now move through the individual stakeholder processes in each RTO (see update on MISO Seams Management Work Group below).

Another critical issue discussed at the JCM was the inclusion of a more formal role for state regulators in the JCM meetings. Chairman Montgomery announced the formation of a subgroup to discuss governance and process issues. Participants of this subgroup have now been identified. Chairman Montgomery and Commissioner Greg White (on behalf of OPSI) will be meeting soon to identify next steps for this subgroup, which will work to develop governance and process proposals for the JCM.

On February 4, 2013, the MISO Seams Management Workgroup (SMWG) held its monthly meeting. The interchange scheduling rules modification proposal was a key topic of discussion. Currently, MISO business practice rules do not permit physical schedules to be submitted any later than 30 minutes before start of the schedule or power flow. Under the proposal unveiled at the JCM, MISO would modify its scheduling interchange rule to allow transmission schedules to be submitted up to 20 minutes prior to the interval. This means a physical schedule starting at 10:00 could be submitted to MISO up until 09:40. This change would align MISO's rules with PJM's current 20-minute rule. PJM would move to the MISO intra-hour scheduling restrictions, which allow for 15 minute intervals rather than 45 minutes intervals (the current PJM rule), but limit the number of transactions that may be scheduled within any hour. This proposal shows compromise between the two RTOs in developing a single proposal. Further, lining up these rules to create a single set of rules for transactions has the potential to increase efficiency.

The SMWG meeting also included updates on MISO-PJM data sharing, an update on the integration of Entergy and the impact to seams issues; as well as, an update on the current status of modifications to the MISO-SPP Joint Operating Agreement (JOA). Finally, MISO announced its plans to schedule a JOA Workshop in March to educate stakeholders on the JOA and potential issues that need to be addressed.

On February 14, 2013, the SSWG will hold a short telephone conference to brainstorm ideas for the upcoming JOA Workshop. This will be an opportunity for state members to identify the issues that the JOA Workshop should focus on. Comments/ideas for the JOA Workshop are due to MISO by February 15, 2013. The SSWG will transmit the ideas identified at the February 14 call to MISO, as staff suggestions.

# **Transmission Cost Allocation Work Group Monthly Report for February 2013 OMS Board Meeting**

## **Co-Chairs:**

**Dave Johnston, Indiana**

**Randy Rismiller, Illinois**

## **RECB Activities and Comments:**

Resulting from the January 31 RECB meeting, MISO has requested comments on two items:

Due by Feb. 19: Possible additional metrics to be considered in the Market Efficiency Projects calculation; and

Due by Feb. 12: MISO's proposal for reevaluation of interregional projects.

The TCAWG is considering comments; otherwise states can always submit comments to MISO.

## **Order 1000 Interregional Filings:**

MISO-SPP: Targeted filing date is May 13, 2013 pending approval of a 52 day request. The next meeting is Feb. 22 in Dallas with a final call expected in March.

MISO-PJM: On target to file April 11. Next meeting is February 13

MISO-MAPP: On target to file on April 11. Meetings will occur in February and March.

MISO-Southeastern Regional Transmission Planning (SERTP): Some parties will request a 180 day extension.

## **ER13-708-000: MISO Filing regarding enhanced authority for OMS.**

The OMS Board approved comments in this case, and they were filed on February 8, 2013. Eleven states voted to approve the comments. There were three states that abstained and commented that the OMS comments raise objections to the previous position of OMS as contained in the August 30, 2012 OMS proposal. These three states do not believe the OMS comments are in the best interest of OMS, nor the broader stakeholder community.

## **FERC Docket No. EC12-145-000 Entergy-ITC Transaction**

Joint Application Under Sections 203 and 205 of the Federal Power Act and Petition for Declaratory Order on Application of Section 305(a) of the Federal Power Act of ITC Holdings Corp., Entergy Corporation et. al. EC12-145, et al.

Entergy filed for approval at FERC for its transaction regarding the transfer of all of its operating companies' transmission assets to a newly created subsidiary of ITC Holdings Corp.

The following state and city commissions have filed comments:

February 6: Arkansas Public Service Commission

February 6: Council of the City of New Orleans, Louisiana

January 22: Public Utility Commission of Texas

January 22: Louisiana Public Service Commission

January 22: Council of the City of New Orleans, Louisiana

January 22: Kansas Corporation Commission

January 22: Nebraska Power Review Board

January 22: Arkansas Public Service Commission

January 18: Oklahoma Corporation Commission

## **FERC Docket No. EL11-66 Complaint regarding ISO New England transmission owner base ROE of 11.14%.**

In September 2011 a large group of stakeholders filed a complaint regarding the 11.14% base ROE of the transmission owners. FERC Trial Staff filed on January 18, 2013 to recommend that the ROE be lowered to 9.66%. The recommendation is now in front of the Commission to decide. Of course, we are watching this case closely for the implications it might have for the current base ROE of 12.38% for the MISO Transmission Owners.

FERC Docket EL13-33: On December 27, 2012, another group of New England stakeholders filed a complaint, arguing that the ROE be lowered to 8.7%. The recommendation is based upon newer information than was filed in the earlier case.

**FERC Docket No. ER13-186-000:** MISO and the MISO TOs (Filing Parties) proposal to change the cost allocation of Baseline Reliability Projects (BRPs) from the current formula (which has some sharing outside of the "home" transmission pricing zone) to 100% cost allocation to the local pricing zone.

On January 17, 2013, the Filing Parties filed their response to all of the intervener filings in December. The Filing Parties argue the following in rebutting various commenters:



They provided substantial evidence as to why their proposal is just and reasonable;

None of the protests filed refute the Filing Parties' evidence;

Cost allocation has been recognized by the courts as not being an exact science;

Allocating costs to the local zones is roughly commensurate with benefits and cost causation;

MISO submitted actual, historical evidence based on actual, historical analysis to demonstrate that the vast majority of benefits from BRPs remain with the pricing zone in which the BRP is located;

The Filing Parties don't have to prove the existing methodology is not just and reasonable; there can be numerous just and reasonable cost allocation methodologies;

While the Filing Parties acknowledge that their proposal would allow the TOs to retain a ROFR for BRPs, the purpose of the filing is to align cost allocation with cost causation--all that matters is whether the proposal is just and reasonable;

The fact that the filing allows the TOs to retain the ROFR provides no basis for FERC to reject the filing; and

Parties that argued that the Filing Parties should have requested a waiver of the Order 1000 ROFR requirement were just stating a legal strategy, and this doesn't weigh on whether the proposal is just and reasonable.

### **FERC Docket Nos. ER12-480-003 and ER12-480-004: Entergy Waiver**

On January 22, "The Indicated Members of the Organization of MISO States" filed comments in the Entergy Tariff Waver case. The members included were the Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, North Dakota and Wisconsin commissions, and the Minnesota Department of Commerce. The comments were discussed during the January OMS Board meeting. The comments seek to ensure that if customers in a transmission planning region will not pay for the projects, then benefits in that region cannot be used by MISO to justify projects that are approved for other transmission planning regions.

### **FERC Docket Nos. EL11-30-001, ER12-451-000: E.ON Climate & Renewables North America, LLC v MISO.**

On January 17, 2013, FERC denied rehearing in this case. On March 22, 2011, a group of wind developers (the Development Group) filed a complaint at FERC regarding one (Option 1) of the two Interconnection Cost methods employed in the MISO tariff was

unjust and unreasonable. The method was that Interconnection customers would pay for the interconnection, and then the MISO Transmission Owner repaid the money to the interconnection customer and instead charged a monthly Network Upgrade fee to recoup the costs over time, with an allowance for any other customers that might interconnect on the line in the future. The Network Upgrade fee was contract that covered a negotiated period of time. It included: 1) return on rate base, including general and common plant, (2) O&M expenses, (3) depreciation expenses, (4) taxes other than income taxes, and (5) income taxes calculated under Attachment GG of the tariff.

The Development Group argued that Option 1 significantly increased the cost of interconnection; was inconsistent with Order No. 2003, contrary to cost causation principles, and that the TO was not providing any service that warranted recovery under Option 1. The Development Group also argued that Option 1 was unduly discriminatory because it imposed different costs on different groups of interconnection customers based on the TO's election of Option 1 or Option 2 (which was upfront funding).

In the Initial Order, the Commission found that Option 1 was unjust, unreasonable, unduly discriminatory and contrary to Order No. 2003.<sup>10</sup> The Commission explained that it was unjust and unreasonable for the “interconnection customer to bear the burden of funding the network upgrades up-front but then be repaid these costs and be subjected to a monthly Network Upgrade Charge reflecting the transmission owner’s capital costs and income tax allowance, which unreasonably increases the interconnection customer’s costs over time – solely at the discretion of the transmission owner.”<sup>11</sup> The Commission also found that leaving the election of Option 1 to the sole discretion of a Transmission Owner “creates unacceptable opportunities for undue discrimination by affording a transmission owner the discretion to increase the costs of interconnection service by assigning both increased capital costs, as well as non-capital costs . . . to particular interconnecting generators, but not others.”<sup>12</sup> Accordingly, the Commission granted the relief requested in the complaint and directed MISO to submit a compliance filing revising its Tariff to remove Option 1, effective March 22, 2011.<sup>13</sup> On November 21, 2011, MISO made the compliance filing.<sup>14</sup>

MISO and the MISO Transmission Owners sought rehearing and clarification on a number of fronts. In addition, the OMS filed a separate request for rehearing. The OMS argument was summarized in paragraph 16 of the January 17 2013 FERC order:

16. The Organization of MISO States maintains that the Commission incorrectly concluded that it is unfair to require an interconnection customer to provide an upfront payment for which it is reimbursed and then require that customer to pay the O&M, taxes, and other components of the Option 1 charge.<sup>38</sup> The Organization of MISO States argues that it is undisputed that network upgrades are facilities that would not have been constructed but for the need to interconnect an interconnection customer. The Organization of MISO States argues that in other contexts, the Commission has previously found that requiring an

interconnection customer to pay such costs is just and reasonable.<sup>39</sup> Additionally, the Organization of MISO States maintains that the Commission's findings are inconsistent with cost causation principles. The Organization of MISO States contends that the Commission's failure to adequately respond to these cost causation arguments renders the Initial Order arbitrary and capricious.

FERC made the following findings regarding the MISO and MISO TOs filing:

26. The MISO Transmission Owners argue that the Commission's findings are inconsistent with recent decisions holding that costs should be allocated to parties in a manner that is at least "roughly commensurate" with benefits received.<sup>56</sup> The MISO Transmission Owners contend that if the Commission has found that it is unfair to require an interconnection customer to pay O&M, taxes, and other portions of the Option1 charge, then its decision is unfair. The MISO Transmission Owners state that no party has demonstrated that Network Upgrades are anything other than facilities that would not have been constructed but for the need to interconnect an Interconnection Customer, and that requiring an interconnection customer to pay its share of such costs is just and reasonable.<sup>57</sup> The Organization of MISO States also seeks rehearing stating that Option 1 is consistent with cost causation principles.<sup>58</sup> We will deny rehearing on this point.

29. Finally, we disagree with the contention that the Commission failed to address the MISO Transmission Owners' argument that the elimination of Option 1 would adversely affect customers in other zones, especially those zones with more generation than load. The Commission explained that "[t]o the extent that MISO believes that elimination of Option 1 raises concerns about the impact of certain costs on particular transmission owners and their customers, MISO may file a proposal under section 205 of the FPA to address such concerns."<sup>62</sup>

34. Finally, we grant in part the MISO Transmission Owners' request for clarification. We find that the Initial Order did not automatically modify any existing agreement; this issue was not before the Commission. However, the Commission will clarify that its decision will not apply to agreements effective prior to March 22, 2011.<sup>69</sup> We believe that this is a reasonable remedy that balances the interests of the parties, the need for regulatory certainty, and ease of administration.

**FERC Docket No. AD12-9-000 and AD11-11-000: FERC Policy Statement on the Allocation of Capacity on New Merchant Transmission Projects and New Cost-Based, Participant-Funded Transmission Projects. And Priority Rights to New Participant-Funded Transmission Projects.**

On January 17, 2013, FERC issued a policy statement on merchant and participant-funded transmission lines. FERC clarified its policies governing the allocation of capacity for these types of projects. The new policy will allow the developer to select a subset of customers with whom it can negotiate directly the key rates, terms and conditions for subscribing up to 100% of the project's capacity. The selection must be done on a not unduly discriminatory or preferential criteria.

FERC stated that each project has unique characteristics and so is allowing this extra freedom, coupled with additional detail from the developer as to how they intend to allocate the capacity on their proposed project. The previous policy required the developer to hold an open season for at least 25% of the capacity on the line.

MISO does not have any of these lines currently, but one company, Clean Line Energy, has proposed a few direct current projects in the footprint.

February 13, 2013

Report of the Demand Response and Technology Working Group

LSE Load Forecasts and the Use of Energy Efficiency Resources in Module E

Docket ER13-669

Many LSEs in the MISO region have included the effects of energy efficiency programs on peak loads as part of their energy and peak load forecasts for many years. Included as part of the modifications to Module E approved by FERC in 2012, was a provision that allowed LSE's to utilize Energy Efficiency Resources as Planning Resources when calculating their Planning Reserve Margin. These Energy Efficiency Resources could be used like Load Modifying Resources as a credit against the peak load forecast.

On December 28, 2012, MISO made a filing at FERC to incorporate the use of Energy Efficiency Resources by LSEs in their peak demand forecasts for the purposes of determining compliance with the resource adequacy requirements of Module E. Several LSEs protested MISO's filing arguing that it was unclear as to whether MISO intended whether LSEs could continue to treat energy efficiency programs as part of their load forecasts (as these LSE's prefer) or whether LSEs had to explicitly seek treatment of these existing energy efficiency programs and new programs as Energy Efficiency Resources.

MISO filed an answer to these protests. Unfortunately MISO's answer was not clear. Rather than clarifying MISO's position, the answer created more confusion as to MISO's position.

This issue was discussed at length during the MISO Demand Response Working Group and Supply Adequacy Working Group meetings on February 6 and 7. Unfortunately, MISO was unable to clarify its position and no resolution was reached. We will continue to monitor this issue and will report back to the OMS Board with further information.

Submitted by John E. Feit, Public Service Commission of Wisconsin