Organization of MISO States

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

Approved December 5, 2013

Eric Callisto, President of the Organization of MISO States, Inc. (OMS), called the November 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:

Bert Finzer, proxy for Colette Honorable, Arkansas
Randy Rismiller, proxy for John Colgan, Illinois
Beth Roads, proxy for Jim Atterholt, Indiana
Libby Jacobs, Iowa
Linda Breathitt, Kentucky
Noel Darce, proxy for Eric Skrmetta, Louisiana
Regis Gosselin, Manitoba
Sally Talberg, Michigan
Burl Haar, proxy for David Boyd, Minnesota
James Richardson, proxy for Brandon Presley, Mississippi
Robert Kenney, Missouri
Kim Moran, proxy for Kirk Bushman, Montana
Jerry Lein, proxy for Brian Kalk, North Dakota
Greg Rislov, proxy for Gary Hanson, South Dakota
Ken Anderson, Texas
Eric Callisto, Wisconsin

Absent
City of New Orleans

Agency members participating
Bill Bokram, Chris Devon, Jessica Govindan – Michigan
Adam McKinnie – Missouri
Gail Maly, Don Neumeyer – Wisconsin

Others on the call
Julie Mitchell, Bill Smith – OMS Staff
Valerie Lemmie – EISPC

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

Eric Callisto noted that Kari Bennett has resigned from the Indiana Utility Regulatory Commission and OMS. He has assumed the presidency of OMS for the remainder of her term. The Executive Committee has the authority to fill the office of Vice President if it desires, but the suggestion will be made to allow the position to go unfilled until the 2014 officers assume their positions on January 1, 2014.

Approval of Minutes from the October 17 Board Meeting

The minutes of the October 17th Board Meeting were accepted as distributed.

Treasurer's Report

There were two corrections to the October 2013 Treasurer's Report, correcting a typo and adding the interest to the ending balance for a total of $25,328.35. The treasurer's report was accepted as corrected.

Review of the November 4th Executive Committee Meeting:

Eric Callisto highlighted the following:

Discussion of issues from the October 22nd planning meeting;
December Hot Topic discussion;
Preview of RoE complaint;
OMS office lease;
Deputy Executive Director hiring timeline;
OMS staff pay review.

Executive Director's Report

A written report was distributed prior to the meeting.

BUSINESS

1. MISO Advisory Committee

- There is no November Advisory Committee meeting.
- Hot Topic for December is a report of the MISO electric-gas task force. The structure of this Hot Topic is different from normal and Eric Callisto discussed how OMS would have input.
- Hot Topic recommendations for 2014: any suggestions will be forwarded to MISO.
- Advisory Committee Leadership nominations were released prior to the Board meeting. There is one candidate for the chair, two candidates for the vice-chair position. Eric Callisto asked Julie Mitchell to forward bios of all the candidates to the OMS membership and suggested that any staff or commissioners with an opinion send those to Bill Smith, Eric Callisto, Libby Jacobs and Colette Honorable for consideration.

2. MISO Planning Advisory Committee

- A written report was provided. Jessica Govindan highlighted the following:
  - MISO presented the MTEP '14 futures and their scope;
  - The motion on the OMS BPM language was postponed for the second time. Eric Callisto explained what the concerns were about the OMS language;
  - MISO has provided the first draft of the developers selection process BPM language and the draft application for new developers;
  - An out-of-cycle project from MidAmerican in Iowa was brought up for consideration and approval.

3. Status Update: OMS Resources Assessment Project

- Don Neumeyer provided an update on this project.

4. Update: Entergy Integration

- Bill Smith update Board members on the integration process.

5. Update: Eastern Interconnection Planning Process

- Valerie Lemmie provided a verbal update on EISPC activities.

6. Action Item: Reply Brief on Minimum Offer Pricing Rule, FERC Docket ER11-4081

- Eric Callisto introduced the brief, gave an overview and led the discussion.

A roll call vote to approve the comments was taken.

Arkansas – yes
Illinois – yes
Indiana – yes
Iowa – yes
Kentucky – yes
Louisiana – yes
Manitoba – abstain
Michigan – yes
Minnesota – yes
Mississippi – yes
Missouri – yes
Montana – yes
New Orleans – absent
North Dakota – yes
South Dakota – yes
Texas – abstain
Wisconsin – yes

The amended comments were approved with 14 yes, 2 abstentions and 1 absent. Voting will be held open to allow voting changes.

The reply brief is due at FERC November 25, 2013.

7. Update: Staff Comments on Market Vision Principles

- Bill Bokram gave an overview on these comments and led the discussion. There were minor edits to the document.

8. Action Item: Response to US Supreme Court Cert petitions seeking review of the 7th Circuit cost allocation case

- Bill Smith explained the cert petition and recommended that OMS not respond at this time. The matter is open if OMS wishes to weigh in. That recommendation was approved.

9. Complaint on Equity Returns – extension for response

- Eric Callisto provided an explanation of the complaint and the Board then discussed the issue. Bill Smith recommended asking for an extension of approximately three weeks.
- The Board instructed Bill Smith to do the following:
    - Request an extension from FERC for as long as reasonably possible;
    - Form ad hoc work group to begin preparation of comments;
    - Distribute NESCO brief;

Updates and Work Group Status Reports

Demand Response WG

- No report;

Transmission Cost Allocation WG

- No report;

Markets and Tariffs WG

- Written report; Bill Bokram indicated the work group is also looking for a volunteer to monitor MISO FTR proceedings; and highlighted the MISO Virtual Spread Bid Workshop.

Resources WG

- Written report;

Regional Planning WG

- No report;

Governance and Budget

- Burl Haar and Gail Maly gave a verbal update highlighting Todd Hillman's email regarding the governance question from the OMS Annual Meeting.

Seams WG

- Chris Devon and Adam McKinnie gave a brief verbal update on the MISO-SPP Memorandum of Understanding (MOU). There is an upcoming meeting in Dallas, November 22, 2013 to further discuss the MOU.

ADJOURNMENT

The meeting of the OMS Board of Directors meeting adjourned at 2:15 pm CST.

OMS

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

CASH ON HAND

The beginning balance for the Wells Fargo Business Performance Savings Account on October 1 was $25,327.28. Interest earned for this month totaled $1.07 and there was no other activity. The October 31, 2013, ending balance was $25,328.35.

The beginning book balance for the Chase Bank One Checking account on October 1 was $123,212.26. The total disbursements from the checking account for October 2013 amounted to $35,836.96. Deposits, interest and adjustments were $60,001.39. As of October 31, 2013, the checking account bank balance was $155,818.17 (with eight check payments outstanding) and the book balance was $147,376.69.

The total savings and checking account (book) balances as of October 31, 2013, is $172,705.04.

TREASURER'S REPORT
Organization of MISO States
October 31, 2013

Wells Fargo Business Performance Savings Account

Book Balance as of 9/30/13				**$**	**25,327.28**
10/31/2013	**DEP**	**Interest on Savings**		**$**	**1.07**
Business Performance Savings Account Balance at 10/31/2013					**$ 25,328.35**

Chase Bank One Commercial Checking with Interest

Book Balance as of 9/30/13				**$**	**123,212.26**
10/7/13	**ACH**	**MISO**	**$**	**60,000.00**	
10/31/13	**DEP**	**Interest on checking**	**$**	**1.39**	
		Total Deposits			**$ 60,001.39**

Checks and Charges

Date	Check #	Descriptions		
10/10/13	EFT	Paychex Invoice - Sep. P/R processing	$	103.40
10/10/13	E-Pay	Chase Bank Card	$	2,839.14
10/22/13	ACH	Management Trust - 401(k) Annual Fee	$	725.00
10/10/13	4485	100 Court Investors - Office Rent & Pkg, Op. exp chrg (Nov)	$	1,724.03
10/10/13	4486	C. Devon - Travel Exp. 9/24-9/26	$	1,303.26
10/10/13	4487	Combined Systems Technology - cloud storage	$	159.00
10/10/13	4488	Diversified Management Services (web updates)	$	162.50
10/10/13	4489	K. Bennett - Travel Exp. 9/19-9/20 & 9/24-9/26	$	1,886.49
10/10/13	4490	Triplett Office Essentials - office supplies	$	121.34
10/10/13	4491	W. Cecil - Travel Exp. 10/2-10/3	$	685.00
10/10/13	4492	WI PSC - J. Urban - travel exp. 10/2-10/3	$	149.04
10/24/13	4493	Awards Program Services - OMS Annual Board Recognition	$	216.24
10/24/13	4494	B. Smith - Travel Exp. 10/6-10/9	$	77.57
10/24/13	4495	Combined Systems Technology - firewall subscription	$	75.26
10/24/13	4496	Conference Suite - Sep. conf. calls (BofD, Exec., etc.)	$	1,083.49
10/24/13	4497	Customized Energy Solutions - Sep	$	3,500.00
10/24/13	4498	King Delivery Service (p/u & delivery of plaques)	$	7.15
10/24/13	4499	MN PUC - H. Ham - travel exp. 9/30-10/3	$	1,121.87
10/24/13	4500	CenturyLink - office phone, fax, DSL, LD calls	$	228.47
10/31/13	EFT	Paychex Payroll net pay (ck.nos. 554-556)	$	10,604.20
10/31/13	EFT	Paychex Payroll Taxes	$	5,519.71
10/31/13	557	MG Trust (401(k))	$	1,086.17
10/31/13	558	MG Trust (401(k))	$	118.80
10/31/13	559	MG Trust (401(k))	$	2,339.83

Total Disbursements - Checks and Charges	**$ 35,836.96**	
CHECKING ACCOUNT BALANCE at 10/31/13		**$ 147,376.69**

TOTAL Certificates of Deposit, Savings and Checking Account Balances as of: 10/31/13	**$ 172,705.04**

CHASE CHECKING ACCOUNT RECONCILIATION

Bank Balance 10/31/13			**$**	**155,818.17**
Less Checks Outstanding				
	Check #			
10/24/13	**4494**	**B. Smith**	**$**	**77.57**
10/24/13	**4496**	**Conference Suite**	**$**	**1,083.49**
10/24/13	**4497**	**Customized Energy Solutions**	**$**	**3,500.00**
10/24/13	**4498**	**King Delivery Service**	**$**	**7.15**
10/24/13	**4500**	**CenturyLink**	**$**	**228.47**
10/31/13	**557**	**MG Trust (401(k))**	**$**	**1,086.17**
10/31/13	**558**	**MG Trust (401(k))**	**$**	**118.80**
10/31/13	**559**	**MG Trust (401(k))**	**$**	**2,339.83**
Total Outstanding Checks			**$**	**8,441.48**
Book Balance 10/31/13			**$**	**147,376.69**

OMS Treasurer Report for Month of October 2013

Wells Fargo Business Performance Savings Account

Beginning Balance	25,327.28	
Interest Earned this Month	1.07	
Ending Balance		25,328.35

Chase Bank One Checking Account

Beginning Balance	123,212.26	
Total Disbursements	(35,836.96)	
Deposits/Interest/Adjustments	60,001.39	
Ending Book Balance		147,376.69
Bank Balance	155,818.17	
Outstanding Deposits	0.00	
Outstanding Checks	(8,441.48)	
Book Balance	147,376.69	

Total Savings & Checking Balances as of October 31, 2013 **172,705.04**

8 checks outstanding at 10/31/13

Organization of MISO States

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OMS Executive Director Report
November 5, 2013

FERC Orders and MISO Filings

MISO made a large number of tariff filings during October in anticipation of a self-imposed moratorium on filings November 4 – 27 while a new tariff filing software is implemented.

OMS / MISO Activity

1. MISO hosted a "bootcamp" for new regulators on October 21. The sessions summarize the background of wholesale regulation and MISO's formation and its major operations. The sessions were recorded and are available for regulators who could not attend.
2. The OMS annual meeting on October 22 included recognition of the 10th anniversary of OMS, updates from MISO, FERC, other regional state committees, the Eastern Interconnection States Planning Council, Manitoba Hydro and the Coordinating Sector, and the Independent Market Monitor. New officers were elected for 2014 and necessary business was conducted. At dinner, staff volunteers and outgoing officers were recognized.
3. The OMS held a planning meeting on October 24. That discussion will guide OMS activity into 2014.
4. On October 18, the OMS filed comments on Formula Rate protocols in Docket ER13-2379.

Public Relations

1. Presentations:
   - Bill Smith spoke at a Keystone Center conference on Advancing Energy Innovation on October 16.
   - Chairman Kenney and Bill Smith spoke at an EUCI conference on Transmission Expansion in the Midwest on October 17.
   - On October 28-29, Bill Smith appeared on a panel at the EISPC meeting.

   - On October 30-31, Commissioner Callisto and Bill Smith attended the Midwest Governors Association meeting. They appeared on a panel featuring the three Regional State Committees.

2. Pending speaking/meeting invitations:
   - Bill Smith has been invited to speak at an EUCI conference on capacity markets on November 7.

Upcoming dates:

- Next regular OMS Board of Directors meeting: November 14, 2013, at 1:00 pm CT
- Next OMS Executive Committee meeting: November 26, 2013, at 1:00 pm CT
- Future OMS Board meetings: December 5, January 16
- Future OMS Executive Committee meetings: December 19, January 30
- Next OMS meeting with IMM: December 18

BIOGRAPHIES OF MISO ADVISORY COMMITTEE LEADERSHIP CANDIDATES - 2014

BIOGRAPHY OF GARY MATHIS

Gary is the Senior Director – Electric Policy for Madison Gas and Electric Company (MGE). His duties include developing and advocating transmission policies and generation strategies for MGE. Gary coordinates MGE's interactions with the Midwest ISO and represents MGE on the Midwest ISO's TDU sector. He has been active at the Advisory Committee from its beginning, and has served as the Chair of the Advisory Committee since 2009. Prior to joining MGE in 1998, Gary held a management position at the Public Service Commission of Wisconsin for 18 years, with responsibilities for electric policy, planning, and rates.

Kevin Murray
21 East State Street 17th Floor
Columbus, Ohio 43215
614-719-2844
murraykm@mwncmh.com

Kevin Murray is the Executive Director of the Industrial Energy Users-Ohio and a Technical Specialist in the Columbus, Ohio office of McNees Wallace & Nurick LLC. He has worked with customers addressing matters that affect the pricing, availability and reliability of natural gas, electricity and other utility services. His experience includes evaluating regulatory proceedings at the Federal Energy Regulatory Commission and various state agencies; providing analysis of proposed tariff or rate offerings; assisting in the development of regulatory and commercial strategies; and providing clients assistance in utility contract negotiations, utility and site selections for new facilities, and performing competitor analysis and analysis of customer usage patterns. He has assisted customers on committing energy efficiency projects towards electric distribution company portfolio obligations to comply with recent legislative requirements. He has been extensively involved in activities related to the creation and start up of regional transmission organizations and energy markets in the Midwest. He is currently a sector representative for end use customers on the Midwest ISO Advisory Committee.

Prior to joining McNees Wallace & Nurick LLC, Mr. Murray spent twelve years with a large industrial corporation where his duties including managing a 20,000 DTH per day natural gas portfolio for the company's Midwest facilities and participating in natural gas, pipeline and electric utility contract negotiation. He also was a company representative at the Electricity Consumers Resource Council (ELCON) and Process Gas Consumers (PGC), where he participated in the development of regulatory advocacy positions and worked with outside counsel representing the company in regulatory proceedings. Mr. Murray also spent several years in supervisory positions in manufacturing operations.

Mr. Murray received a Bachelor of Science degree in Metallurgical Engineering from the University of Cincinnati.

Matt Lacey
Manager, Transmission Regulatory Program
Great River Energy

Matt Lacey has more than 10 years of experience in the electric utility industry. Matt began his career as a utilities analyst for the Minnesota Department of Commerce where he worked on a broad range of electric utility topics before joining Great River Energy in 2005 as a resource planner. In 2007, Matt moved to the transmission division and has since gained critical knowledge and experience in a number of roles including those of regulatory policy specialist and transmission strategist. Matt was recently promoted to transmission regulatory program manager, where he provides leadership and influence to Great River Energy in various venues.

Matt is the Vice-Chair and Advisory Committee Representative for the Transmission Owners Committee ("TOC") for the 2014-2015 term. Matt has represented Great River Energy on the TOC since 2007 and has been involved in various task teams formed under the direction of the TOC.

Matt holds a Master of Science degree in Economics with a utility focus from the University of Wyoming. Prior to completing his graduate studies, Matt worked as an intern for the Public Utilities Commission of Texas.

10/16/13 PAC Summary

- **What to expect at upcoming Planning meetings:**
  - November 13th PAC:
    - Discussion of MTEP 14 scope and futures
    - Motion for Generator Interconnection BPM language, OMS Committee BPM language, and MEC Liberty OOC Review
    - Continued discussion on various ongoing studies

For meeting materials, click here. **Next PAC meeting 11/13.**

- **Motions:**
  - BPM Update for both OMS Committee Role in Planning and MISO/PJM GIP Coordination. Both of these potential motions were postponed until the November PAC meeting because of the untimeliness of posting the motion materials.

- **Interregional Planning Update:**
  - MISO updated stakeholders on the current developments within the Joint Planning Study with PJM, as well as the Joint Coordinated Study with SPP. Please see meeting materials for more details. MISO's Interregional Website is up and running as of October 18th and will include individual pages for each seam, as well as ongoing study status updates and links to JOA and Order 1000 filings.
  - https://www.misoenergy.org/Planning/InterregionalCoordination/Pages/InterregionalCoordination.aspx

- **MTEP 14 Scope:**
  - MISO presented the updated list (reflecting stakeholder suggested scope items) for MTEP 14 Scope. There are now seven items, including two suggested by the OMS Committee in the last round of feedback. Please see meeting materials for the list of studies. MISO asked for stakeholder input on prioritizing this list and determining if the number of studies could be reduced to allow for adequate time to address all of the studies.
    - *Feedback requested on prioritization of the studies: November 8 (Note: The RPWG has submitted staff suggested prioritization of these studies)*

- **MTEP 14 Futures Discussion:**
  - MISO staff presented the first glimpse at the MTEP 14 futures. No initial descriptions or confirmed uncertainty variables have been provided yet, so this was just a preliminary look at MISO staff's thoughts for the futures. There will be five futures for MTEP 14: 1) BAU, 2) High Demand, 3) Low Demand, 4) Public Policy, 5) Generation Shift. MISO hopes to have the futures flushed out and finalized over the next couple of PAC meetings. Please see the meeting materials for more details on inputs and data sources to be used for uncertainty variables, as well as suggested methods to be used for natural gas and demand and energy growth rates. (Note: Over the last couple of years these two topics have been of great debate at the PAC)
    - *Feedback requested on MTEP 14 futures: October 30 (Note: The RPWG has submitted staff comments and questions.)*

- **Transparent Resource Adequacy Assessment Program (TRAAP):**
  - MISO presented a new internal initiative that will look to create a MISO-wide (including both North and South) 10-year energy capacity base forecast. This initiative will consider many ongoing studies, initiatives, and regulations. MISO hopes that this will help supplement the

shorter term LSE Module E forecasts, by providing a longer term forecast. November 2014 is the targeted completion of this initiative.

- **Top Down Planning Update:**
  - MISO gave a verbal update. Please see the September PAC meeting materials for the details.
  - Related was a discussion about MEP facility grouping. MISO presented an example to illustrate how transmission issue identification would work under the Top Down Planning approach, specifically highlighting the potential grouping of MEPs. Please see the meeting materials for more details about this approach.

- **Additional Topics –**
  - Transmission Ratings Discussion – MISO and We Energy gave overview presentations on transmission ratings: the authority to set them, types of line ratings, and how ratings are used for economic planning. Please see meeting material for more information.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Midwest Independent Transmission System Operator, Inc.	))	ER11-4081-001

REPLY BRIEF OF THE ORGANIZATION OF MISO STATES

Pursuant to the Commission's *Order Initiating Briefing Procedures* issued by the Federal Energy Regulatory Commission ("Commission" or "FERC") on August 12, 2013,[1] and the Notice issued by the Commission on August 30, 2013, establishing November 25, 2013, as the deadline for parties in this proceeding to file reply briefs, the Organization of MISO States ("OMS") respectfully submits the following Reply Brief in the above-captioned docket, supporting the Commission's decision to reject the use of a minimum offer price rule ("MOPR") for the capacity auction of the Midcontinent Independent System Operator, Inc. ("MISO").[2]

I. Reply

As of November 7, 2013, with the exception of NRG, the Capacity Suppliers and the IMM, all of the initial briefs filed in this proceeding support the Commission's decision to reject the MOPR for the MISO region. Indeed, it appears that of the 20 briefs filed in this proceeding, only those three objected to the Commission's decision with respect to the MOPR. As discussed below, the briefs filed by NRG, the Capacity Suppliers and the IMM include arguments and discussion that go beyond the scope of issues the Commission set for this briefing.

[1] Midwest Independent Transmission System Operator, Inc., 144 FERC ¶ 61,125 (2013) ("August 12 Order").
[2] Effective April 26, 2013, MISO changed its name from "Midwest Independent Transmission System Operator, Inc." to "Midcontinent Independent System Operator, Inc."

Accordingly, this OMS Reply does not address those issues herein and recommends that the Commission disregard those arguments in its consideration. The OMS also responds to the rhetorical question posed by MISO's Independent Market Monitor ("IMM") and notes evidence showing that load serving entities ("LSEs") in the MISO footprint have no incentive to engage in price suppressing behavior.

A. Arguments on Topics Other Than MOPR Should Be Disregarded.

The briefs submitted by the Capacity Suppliers, NRG, and the IMM offer arguments and discussion that go well beyond the scope of the specific issues the Commission set for briefing. In particular, NRG urges the Commission to revisit its order approving MISO's resource adequacy construct and direct MISO to adopt other reforms, including a sloped demand curve and the requirement to procure the resource adequacy needs of the entire system in the auction.[3] Likewise, the IMM proposes numerous revisions to MISO's resource adequacy construct.[4] Finally, the Capacity Suppliers urge the Commission to implement a mandatory capacity construct with effective buyer market power mitigation at the earliest possible date.[5]

The August 12 Order was specific concerning the scope of the arguments that parties were to address, inviting briefs: "with respect to the Commission's rejection of MISO's proposed minimum offer price rule."[6] Given the specificity of the Commission's direction, the OMS recommends that the arguments and discussion submitted by the Capacity Suppliers, NRG, and the IMM that are outside of the scope of the August 12 Order be disregarded.

[3] NRG Brief, at 2.
[4] IMM Brief, at 3-6.
[5] Capacity Suppliers Brief, at 3.
[6] August 12 Order, at P 4.

B. The Rhetorical Question Posed By the IMM Misses the Point of This Proceeding.

OMS appreciates the IMM's evident willingness to reconsider his previous position regarding the value of a MOPR in relation to other factors regarding MISO's proposed capacity market. The IMM does not undertake to rebut the numerous and substantial arguments presented against the MOPR, thereby implicitly acceding to the OMS position. However, the IMM asserts that the following is an "important threshold question:"

> Is the purpose of the capacity market to provide price signals (together with the energy and ancillary services markets) to facilitate efficient investment, retirement, and maintenance decisions that will satisfy MISO's resource adequacy needs?[7]

The IMM's question is rhetorical in nature and misses the point of this proceeding. The real question at issue in this proceeding is whether the Commission should impose a MOPR in pursuit of a goal to cause the price signal produced by the MISO capacity auction to become the predominant (or only) influence on investment, retirement and maintenance decisions by OMS member jurisdictions. As explained in the OMS's Initial Brief, OMS members determine resource adequacy through multi-faceted, long-term determinations that account for a variety of demand, environmental, energy efficiency, fuel diversity, and other concerns affecting the overall public welfare. Wholesale capacity prices are not the sole determining factor for resource adequacy decisions by OMS members. As a result, a MOPR is not necessary or desirable.

The OMS and MISO are currently engaged in a coordinated long term resource adequacy survey initiative that is intended to supplement the price signals produced by the MISO capacity auction. The OMS looks forward to continued positive initiatives with MISO and the MISO market participants in regards to the issue of resource adequacy. However, adoption of a MOPR

[7] IMM Brief, at 2.

by the Commission would substantially and adversely impact the policy and regulatory methods OMS members use to ensure resource adequacy and would also undermine any additional coordinated resource adequacy initiatives that OMS could engage in with MISO.

The question faced by the Commission in this case is whether imposing a MOPR in pursuit of a goal of "improving" the price signal produced by MISO's capacity auction is worth what would be lost by such a pursuit. The OMS strongly states that the answer to this question is "no." The Commission cannot both institute a MOPR *and* respect the states' authority concerning public policy and traditional regulatory decision-making.

C. As Explained in the OMS's Initial Brief and in the Affidavit of Mr. James F. Wilson, on Behalf of the Midwest TDUs, Load Serving Entities in the MISO Region Generally Do Not Have an Incentive to Engage in Price Suppression Strategies.

The OMS commends to the Commission's attention the affidavit of Mr. James F. Wilson, on behalf of the Midwest TDUs. In particular, Mr. Wilson notes:

> "A new resource, such as a new gas-fired power plant, would have to be under construction years before any PRA [Planning Resource Auction] for which it would be eligible, giving the market years to adjust to the knowledge that the incremental capacity will become available before the PRA is held."[8]

Under this condition, which prevails in the MISO region, developers or LSEs with which a developer might contract are very unlikely to even attempt capacity price suppression efforts. The long-term generation and resource determinations of OMS members effectively preempt the pricing signal of a capacity auction and any embedded sloped demand curve, which according to the IMM is the predicate to the need for a MOPR.[9]

[8] Initial Brief of Midwest TDUs on MOPR Issues, Ex. 1 Affidavit of James F. Wilson in Support of the Brief of the Midwest TDUs, at P 48.
[9] IMM Brief, at 5-6.

II. Conclusion

The Commission should not be swayed by the flawed arguments of the IMM, NRG and the Capacity Suppliers. There is no reason for the Commission to consider adopting a MOPR in the MISO region. The Commission's decision to reject MISO's proposed MOPR provisions was based on substantive evidence, including the significant differences between the MISO region and the regions of other RTOs and the regulatory structure in the MISO region that already ensures resource adequacy. The Commission's decision rejecting the MOPR proposed by MISO is correct and should be affirmed.

Wherefore, for all of the reasons explained above, the OMS requests that the Commission deny the requests for rehearing by the IMM and the Capacity Suppliers.

The OMS submits this Brief because a majority of its members have agreed to generally support it. Individual OMS members reserve the right to file separate pleadings regarding the issues discussed herein. The following members generally support this Brief:

Arkansas Public Service Commission
Illinois Commerce Commission
Indiana Utility Regulatory Commission
Iowa Utilities Board
Kentucky Public Service Commission
Louisiana Public Service Commission
Michigan Public Service Commission
Minnesota Public Utilities Commission
Mississippi Public Service Commission
Missouri Public Service Commission
Montana Public Service Commission
City of New Orleans
North Dakota Public Service Commission
South Dakota Public Utilities Commission
Wisconsin Public Service Commission

The Public Utility Commission of Texas abstained from voting on this pleading. The Manitoba Public Utilities Board did not participate in this pleading.

The Indiana Office of Utility Consumer Counsellor, the Minnesota Department of Commerce, the Iowa Office of Consumer Advocate, and the Missouri Office of the Public Counsel, as associate members of the OMS, participated in this Brief and generally support it.

Respectfully Submitted,
William H. Smith, Jr.

William H. Smith, Jr.
Executive Director
Organization of MISO States
100 Court Avenue, Suite 315
Des Moines, Iowa 50309
Tel: 515-243-0742

Dated: November 25, 2013

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Des Moines, Iowa, this 25th day of November, 2013.

William H. Smith, Jr.

OMS Markets and Tariffs Work Group
Feedback to MISO on Market Vision Focus Areas

November 18, 2013

As part of the Market Vision Update presented to the October 29, 2013, Market Subcommittee meeting, MISO asked for feedback on three questions regarding Focus Areas evaluation. In response, the OMS Markets and Tariff s Work Group staff (MTWG) respectfully offers these comments.

• For each Focus Area, what specific information, cost-benefit estimates, or other analyses do stakeholders need to review before deciding what initiatives are the most valuable to pursue within each Focus Area?

In general, when making decisions for initiatives in all the Focus Areas, MISO should conduct theoretical analysis first and present it to stakeholders. If stakeholders agree on the validity of the MISO's analytical work, MISO should then conduct or cause to be conducted a quantitative/qualitative analysis supported by stakeholder agreement. If MISO can clearly show that there is quantitative/qualitative NET benefit, then MISO can prioritize the issues based on the analysis. The initiatives that are most valuable are those that result in a net benefit to ratepayers. If the analysis cannot clearly show such a benefit, MISO should bring the issue back to the stakeholder process for further discussion.

The MTWG has an interest in responding specifically to this question for Focus Area 4: Increasing Efficiency of the Energy Market Seams. When addressing seams issues, MISO and its seams partners should focus on pursuing initiatives that strive for greater coordination on the seams whenever possible, specifically focusing on areas that would clearly improve the operational efficiency of the markets and attempt to mitigate negative impacts created by market inefficiencies between the seams.

MISO and its seams partners have previously asked the same question posed here, and requested stakeholder input to prioritize these seams efforts through surveys. The prioritization surveys have been highly contentious and in some cases have been utilized to focus more effort on certain areas, while depriving others areas of effort that would otherwise be warranted. In addition to the net benefits standard described above, some additional consideration should be given to issues addressing the public interest and recommendations coming from the Regional State Committees, consumer advocates, and State regulators located on, or near the seams, who represent those who will be most impacted by seams issues. More attention should also be provided to seams issue recommendations from the region's Independent Market Monitors.

Once areas of potential seams improvement are identified, MISO and its seams partners should apply the public interest standard to analyze the costs and benefits to determine which initiatives are the most beneficial to their combined regions' customers and rate payers, and

prioritize their work on issues accordingly. The MTWG believes that one such issue that should be given a higher priority based upon the urging of those representing public interests as well as the IMMs, is the interchange optimization effort between MISO and PJM. Interchange optimization is a highly beneficial effort to undertake as expeditiously as possible, but MISO and PJM have balked at prioritizing the effort and accelerating its implementation due to some stakeholders' strong opposition. However, if MISO and PJM gave more weight to closely representing the public interest and the IMMs, the beneficial effort of interchange optimization would be much further along than it is currently.

Where there is disagreement amongst parties as to the validity of seams initiatives that MISO and its seams partners are attempting to prioritize, then those parties in disagreement should provide other stakeholders with questions that ought to be considered on that specific topic. Then the parties should work to answer those questions thoroughly to provide a full record on the subject that can be used to analyze the impacts and benefits, that can help to ultimately conclude if the issue should be prioritized and work towards implementation.

A prime example of this method for working on contentious seams issues where many parties disagree is the capacity deliverability fact-finding effort advocated by OMS and OPSI, and supported by other stakeholders, as a way to ultimately determine the need, or lack thereof, for attempting to implement capacity deliverability. The outcome of this fact-finding has yet to be concluded, and OMS is not advocating in support for, or against, the specific issue of capacity deliverability at this time; more simply, OMS would like to highlight that this type model can be applied to other issues help make decisions on contentious seams issues going forward.

• How should MISO address issues where there is strong disagreement among stakeholders?

MISO should consider the nature of the disagreement and the cost-benefit to participants, including ratepayers. If the disagreement concerns areas that are generally outside of MISO's purview, such as resource adequacy, then MISO should work with and rely on the other entity with jurisdiction for advice and assistance with stakeholder discussions.

When there is strong disagreement among stakeholders, MISO should be reminded that it too is a public entity, specifically a federal public utility with public interest obligations per its objective as a 501(c)(4) non-profit tax exempt organization that exists to provide a public or societal benefit. In that regard, MISO's role comes closest to the regulatory role of the states which balance and determine policy outcomes solely using a public interest standard, not a private interest standard. As an example, MISO may face an issue with a divergent opinion from one sector imbued with a strong incentive for private economic gain, whereas another sector may have more diverse objectives reflected in its input. The latter sector is again more likely to be the governmental sector. The governmental sector, whether through elections or

appointments, reflects more closely the combined divergent views of society into a unique perspective, the public interest. MISO should pay heed to that.

Sectors such as those representing private economic interests and/or corporate business priorities are unique in creating added value, wealth, and income. But, private sectors' engagement in an RTO stakeholder forum may necessarily pursue private gain, self-interest, or at worse, monopoly rent-seeking as defined in the public goods literature. In those circumstances, a simple balance is not the optimal outcome. Rent-seeking behavior is checked by arms-length negotiations which is not the intent of the RTO stakeholder process.

• How should MISO prioritize issues that are very important to one or only a few stakeholders but that are unimportant to the majority of stakeholders?

While the question seems to ask what MISO should do, it can also be read to ask what stakeholders should do. Where only a few stakeholders deem an issue important, they should continue to be given the opportunity in the appropriate work groups to present their concerns and proposals, and then use that opportunity to demonstrate benefits and garner further support as many do now. Depending on stakeholder support, MISO might provide some of its analyses to address benefit/cost aspects. If there were to be any bias brought to this process by MISO, it should be to give public interest issues additional consideration.

1. MISO Market Enhancement Development Project

Status: The work group provided comments to MISO on October 4 and expects to provide comments on November 18. Next meeting is December 3 2013, where MISO expects to address feedback to date and seek further stakeholder input on its draft Vision, Guiding Principles, and Focus Areas.

At its October 29th Market Subcommittee meeting, MISO provided an update on the project. MISO also provided three questions on the Focus Areas and asked for feedback by November 18th.

The work group met on November 5 and discussed possible OMS responses and agreed to prepare a response from the workgroup and also discuss it with the OMS Board at the November 14 board meeting. The group consensus was to comment on Focus Areas of concern (specifically Focus Area 4, Increasing Efficiency of Market Seams), urge MISO to address issues by considering net benefits to ratepayer, public interest (using resource adequacy as an example), and the current stakeholder process.

2. MISO October 29 MSC Meeting

Status: monitoring.

Items covered include Market Enhancement project update, Extended LMP update, UP/Down Ramp Capability tariff proposal, and a recent tariff change filed at FERC to address Make Whole Payment gaming opportunity.

The Extended LMP project is multiyear project in near fruition. The ELMP software will go into service in February 2014. MISO will run parallel settlements for three months prior to the October 2014 effective date.

3. MISO November 18 Virtual Spread Bid Workshop

Status: monitoring.

The workshop will cover a proposal and seek feedback on adding a Virtual Spread Bid product in the Day Ahead Market, which was recommended by the Independent Market Monitor in the 2012 State of the Market Report

4. MISO October 30 FTR Work Group Meeting

Status: Looking for M&TWG volunteer to participate and help monitor.

Items covered include continuing work on FTR project plan and Auction Revenue Rights service requests. MISO will hold an ARR Registration Workshop on November 18th. We are looking for a work group volunteer that is willing to learn about ARRs, FTRs and LTTRs (Long Term Transmission Rights), participate, and help identify issues of interest to OMS.

For those interested, please note the following MISO meetings:

Virtual Spread Bid Workshop – Next meeting (11/18 next mtg)
MISO Board of Dirs Markets Committee – bi-monthly meetings (11/20 next mtg)
MISO Market Subcommittee - monthly meetings (12/3 next mtg)
Market Vision Workshops – Next meeting (12/3 next mtg)
MISO FTR Working Group – monthly meetings (12/4 next mtg)

The **OMS Markets and Tariffs Work Group** covers: Energy and Operating Reserve markets, Market Monitoring and Mitigation. See
http://www.misostates.org/index.php/work-groups-2/workscopereference/63-markets-a-tariffs-workscopereference
http://www.misostates.org/images/stories/work_groups/OMS2013WGOverviewForWebsiteRevised23August2013.pdf
Bill Bokram and Hwikwon Ham, Markets and Tariffs Work Group co-chairs

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

PAC Update

At the last PAC meeting MISO continued the discussion about the MTEP 14 Scope and Futures, mentioning that there would be five futures for this planning cycle, similar to MTEP 13. MISO also introduced a new internal planning initiative that would focus on the creation of a MISO-wide long term (10-year) energy capacity base forecast. More details to follow at future planning meetings. They also provided an update on interregional coordination efforts with its neighbors and the current Top Down Planning process. There were two motions posted for voting at the October PAC, however due to untimely posting of the motion materials stakeholders moved that these motions be postponed until a later PAC meeting. The two motions were for BPM language updates for GIP Coordination with PJM and the OMS Committee role in transmission planning.

MISO once again had several feedback request items, including the topics mentioned above. The RPWG submitted feedback on three of the items: MTEP 14 Scope, MTEP 14 futures, and OMS Committee Role BPM language. The MTEP 14 Scope in particular included a staff prioritization of the seven studies proposed for MTEP 14 consideration. For the MTEP 14 futures feedback, the comments were directed at the proposed methodologies MISO will use to determine the futures' uncertainty variables. For the OMS Committee Role BPM language, additional suggestions were provided in light of the latest round of proposed amendments from other stakeholders.

FERC Order 1000 Update

MISO filed an answer to interventions and protests in both their regional and interregional compliance filings (both ER13-187 on October 15th and ER13-1943 on November 1st).

NIPSCO 206 Complaint (EL13-88)

Related to the FERC Order 1000 Interregional filings, NIPSCO filed a separate Section 206 filing to address current flaws in the MISO-PJM Joint Operating Agreement. Both MISO and PJM filed answers to NIPSCO's complaint on October 31st.

OMS Resources WG Report to OMS Board – November 14, 2013

MISO-OMS Long-Term Resource Assessment Survey

MISO is continuing to check the data supplied by the Module E responders for consistency. MISO is back checking from public information, or MISO's own EPA survey for instance, that the responses of uncertainty are internally consistent. MISO will share a high level summary of the results with OMS prior to the Dec. 5th SAWG.

MISO SAWG

The transitional planning resource auction window for MISO South will be open from Nov. 8 through 12 and results posted Nov. 19.

The Planning Year 2014-2015 LOLE study was posted on Nov. 1. The Planning Reserve Margin on Installed Capacity basis is 14.8% and the unforced capacity basis is 7.3%.

There will be upcoming tariff language on likely provide an exemption of the local replacement requirement for committed generators that retire in the planning year specifically for the MATS-related requirements.

A Maintenance Limit White Paper was posted. MISO plans to implement the Maintenance Limit on a voluntary basis by the end of 1Q 2014. Non-nuclear generators are required to submit their planned outages requests on a minimum 2 year rolling schedule. MISO will check for compliance.

MISO intends to hire a consultant to provide 10-year load forecasts. The newly created Transparent Resource Adequacy Assessment Committee (TRAAC) is an internal MISO committee to address longer term resource adequacy and assure better coordination between the MISO work groups of SAWG, LOLE, and transmission planning. A great amount of discussion with the interface of the stakeholders ensued. For instance, much of the data would duplicate products for the LOLE WG.

MISO sent in their Long Term Resource Assessment (LRTA) to NERC for its review. A portion of the LTRA is in MTEP13.

The Oct. 31 SAWG meeting materials can be found at:

https://www.misoenergy.org/Events/Pages/SAWG20131031.aspx

MISO LOLE WG

The final 2014 LOLE Study Report was posted on November 1 in compliance with the Tariff. There was no change from the Oct. 21 draft.

There will be a Load Forecast Uncertainty (LFU) Task Team (TT) created in 1st Quarter 2014. The areas of improvement will be:

- Capture weather uncertainty and weather correlation between Local Resource Zones.
- Enhance the GE MARS model to do Monte Carlo simulation for load by incorporating uncertainty between LRZ.
- Connect LFU with the different futures.

The 2014-15 Wind Capacity Credit is 14.1%. The 12.2 GW of wind is a 13% penetration level.

The Nov. 6th LOLE WG meeting materials can be found at:

https://www.misoenergy.org/Events/Pages/LOLEWG20131106.aspx

By: Don Neumeyer, Co-Chair Resources Work Group.