



**ORGANIZATION OF MISO STATES, INC.  
Board of Directors Meeting  
Conference Call Minutes  
July 18, 2013**

**Approved as corrected - August 15, 2013**

Kari Bennett, President of the Organization of MISO States, Inc. (OMS), called the July 18, 2013 meeting of the OMS Board of Directors to order via conference call at approximately 1:00 p.m. (CDT). The following board members or their proxies participated in the meeting:

Collette Honorable, Arkansas  
Randy Rismiller, proxy for John Colgan, Illinois  
Kari Bennett, Indiana  
Libby Jacobs, Iowa  
Linda Breathitt, Kentucky  
Eric Skrmetta, Louisiana  
Sally Talberg, Michigan  
David Boyd, Minnesota  
David Carr, proxy for Brandon Presley, Mississippi  
Robert Kenney, Missouri  
Phil Movish, proxy for Cynthia Hedge-Morrell, City of New Orleans  
Jerry Lein, proxy for Brian Kalk, North Dakota  
Greg Rislov, proxy for Gary Hanson, South Dakota  
Richard Greffe, proxy for Ken Anderson, Texas  
Eric Callisto, Wisconsin

Absent

Manitoba  
Montana

Agency members participating

Melissa Watson – Louisiana  
Chris Devon, Angie Butcher, Jessica Govindan – Michigan  
Don Neumeyer, Randy Pilo– Wisconsin

Others on the call

Julie Mitchell, Bill Smith – OMS Staff  
Rob Berntsen – MISO  
Bob Pauley - EISPC

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 June 12 and June 13 Board Meetings**

There were no corrections to the minutes. They were accepted as distributed.

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

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

## **Review of the May 30 and July 2 Executive Committee Meetings:**

Kari Bennett provided an update on the issues discussed during the past two Executive Committee meetings. She highlighted the following:

- Executive Committee comments on top down planning to the PAC;
- Joint comments with OPSI concerning capacity deliverability;
- Personnel committee report;
- FERC capacity deliverability presentation on July 20, 2013 by Greg White, OPSI and Phil Montgomery, OMS;
- October 22, 2013 OMS Annual Meeting planning;
- FERC technical conference, September 25, on centralized capacity markets;

## **Executive Director's Report**

A written report was distributed prior to the meeting. Additionally, Bill Smith also mentioned that he had conducted OMS training on July 12-13 at the Mississippi Public Service Commission.

## **BUSINESS**

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

- Libby Jacobs was invited to join the MISO nominating committee and gave OMS directors an overview on the status of that process. The individuals whose terms are up are: Judy Walsh, Mike Evans, and Paul Feldman.
- Eric Callisto provided an overview of some issues of the upcoming July 24 Advisory Committee meeting. There are two action items: first is to fill a vacancy on the ADR committee (Bill Smith spoke favorably of the ADRC nominee, Susan Stewart of MidAmerican Energy); the second issue is the stakeholder governance guide.
  - There is a suggestion from the Stakeholder Governance Working Group of the Advisory Committee to modify the governance guide. Most are related to grammar and the specifics of the MISO name change. The first substantive change proposed is moving the authority for the annual review and approval of both charters and management plans from the AC to the Steering Committee. The second substantive change would put the obligation of authorizing initial charters for sub-entities onto the Steering Committee.
  - There will also be discussion about Hot Topic choices for October. The Board agreed that energy policy and governance models would be the two topics they would be interested in the AC pursuing.
- The August Hot Topic is on sector business models. The transmission owners and public consumer sector have volunteered to give presentations of their business models.
- A fourth OMS seat on the Advisory Committee for the southern region is also to be discussed during the July meeting and voted on during the August meeting.

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

- Written reports were provided prior to the meeting.
- Jessica Govindan indicated that MISO had provided early estimates of how many projects are in Appendix A and how much it's going to cost.

### 3. OMS Resource Assessment Project

- President Kari Bennett provided an overview of this project and gave an update on the Stakeholder meeting that occurred prior to the Board meeting. She indicated project updates would probably become a standing agenda item at future OMS Board meetings as the project moved forward. President Bennett also thanked Don Neumeyer and the Resources Work Group for their help with the project.

### 4. Action Item: OMS Drafting Guide

- Bill Smith introduced the proposed OMS Drafting Guide to provide formatting guidance to drafters of OMS documents.
- Randy Rismiller indicated that Illinois felt the paragraph on footnotes was a bit too binding and narrows the contents of what may be in a footnote beyond that which has been OMS experience in the past. Bill Smith indicated the paragraph could be modified to address those concerns.
- The Guide may be implemented and modified by OMS staff, with consultation with the WG Chairs.

### 5. Update: Energy Integration

- Bill Smith indicated that the integration is proceeding smoothly. Richard Greffe agreed with that assessment and talked about MISO's integration workshops.
- Randy Pilo asked if anyone knew when MISO's map of the energy market would include the southern region with the pricing. Rob Berntsen of MISO said he would verify the exact date and report it to the Board. The next ERSC meeting is August 13 in New Orleans.

### 6. Update: Eastern Interconnection Planning Process

- Bob Pauley provided an update on EISPC's status that included their collaborative effort on the resource assessment project. (His report follows the minutes.)

### 7. Litigation Items

It was agreed to discuss these issues in open session. Bill Smith highlighted the nature of each complaint. There was additional discussion about specifics amongst the Board and Staff.

*FERC Complaint, Indicated Load-Serving Entities v. MISO, re MISO-PJM resettlement, Docket EL13-75 (due July 22)*

**Kari Bennett moved for OMS to intervene in this docket without comment to preserve the right to substantively participate in the future. Eric Callisto seconded. The motion passed by unanimous voice vote.**

*FERC Complaint, Ameren v. MISO, re SSR costs, Docket EL13-76*

**Kari Bennett moved to approve intervening in this docket without comment to preserve the right to substantively participate in the future. Libby Jacobs seconded.**

There was additional discussion about three dockets related to the Ameren issue. Those additional dockets are ER12-2302, ER13-1962, and ER13-1963.

**Kari Bennett revised her motion to include the other related dockets as well. Libby Jacobs seconded the revised motion. The revised motion passed by voice vote with Michigan abstaining.**

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

### Demand Response WG

- No report;

### Transmission Cost Allocation WG

- Written report;

### Markets and Tariffs WG

- Written report; Bill Bokram introduced Hwikwon Ham as the new co-chair.

### Resources WG

- Written report;

### Regional Planning WG

- Written report; Jessica Govindan provided an update on the July 10, 2013 RPWG and TCAWG joint conference call on FERC Order 1000 compliance filings.

### Governance and Budget

- No report;

### Modeling WG

- No report;

### Seams WG

- Written report; Kari Bennett indicated the work group has decided to change its name to OMS Seams Work Group. Adam McKinnie, Tia Elliott, and Chris Devon are serving as co-chairs

## **ADJOURNMENT**

The OMS Board of Directors meeting adjourned at 2:30 pm CDT.



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

**CASH ON HAND**

The beginning balance for the Wells Fargo Business Performance Savings Account on June 1 was \$25,173.06. Interest earned for this month totaled \$1.03 and there was no other account activity. The June 30, 2013 ending balance was \$25,174.09.

The beginning book balance for the Chase Bank One Checking account on June 1 was \$62,114.72. The total disbursements from the checking account for June 2013 amounted to \$41,473.91. Deposits, interest and adjustments were \$60,031.14. As of June 30, 2013, the checking account bank balance was \$82,690.23 (with 8 check payments outstanding) and the book balance was \$80,671.95.

The total savings and checking account (book) balances as of June 30, 2013 is \$105,846.04.



TREASURER'S REPORT  
Organization of MISO States  
June 30, 2013

**Wells Fargo Business Performance Savings Account**

Book Balance as of 5/31/13				\$	25,173.06
6/30/2013	DEP	Interest on Savings		\$	1.03
					<hr/>
Business Performance Savings Account Balance at 6/30/2013					<u>\$ 25,174.09</u>

**Chase Bank One Commercial Checking with Interest**

Book Balance as of 5/31/13				\$	62,114.72
6/10/13	ACH	Midwest ISO	\$	60,000.00	
6/24/13	DEP	Freestore - FedEx Reimbursement	\$	30.39	
6/28/13	DEP	Interest on checking	\$	0.75	
Total Deposits					<hr/>
					\$ 60,031.14

**Checks and Charges**

Date	Check #	Descriptions		
6/10/13	EFT	Paychex Invoice (May. P/R)	\$	106.55
6/17/13	E-Pay	Chase Bank Card	\$	3,677.62
6/17/13	4368	100 Court Investors - Office Rent & Pkg, Op. exp chrg	\$	1,724.03
6/17/13	4369	A. McKinnie - Travel Exp. 4/16-4/19	\$	428.49
6/17/13	4370	B. Smith - Travel Exp. 5/28-5/29	\$	96.00
6/17/13	4371	Conference Suite - May. conf. calls (BofD, Exec., etc.)	\$	801.42
6/17/13	4372	Customized Energy Solutions - May. subscription	\$	3,500.00
6/17/13	4373	D. Johnston - Travel Exp. 5/16-5/17	\$	565.66
6/17/13	4374	Diversified Management Systems (web updates)	\$	48.75
6/17/13	4375	InfoMax Office Systems (toner)	\$	49.40
6/17/13	4376	CenturyLink - office phone, fax, DSL, LD calls	\$	278.50
6/18/13	4377	W. Bokram - Travel Exp. 6/5-6/7	\$	472.41
6/18/13	4378	WI PSC - Maly travel exp. 5/19-5/21	\$	602.72
6/18/13	4379	WI PSC - Urban travel exp. 6/3-6/5	\$	645.07
6/18/13	4380	WI PSC - Montgomery travel exp. 5/9-5/10 & 5/16-5/17	\$	1,756.45
6/25/13	4381	B. Smith - Travel Exp. 5/5-5/8, 6/9-6/12 & 6/18-6/20	\$	98.00
6/25/13	4382	B. Ballinger - Travel Exp. 6/17-6/20	\$	322.51
6/25/13	4383	InfoMax Office Systems (copier repair)	\$	143.10
6/25/13	4384	J. Goivindan - Travel Exp. 6/17-6/20	\$	271.38
6/25/13	4385	J. Colgran - Travel Exp. 6/12	\$	285.58
6/25/13	4386	L. Wagner - Travel Exp. 6/12	\$	233.30
6/25/13	4387	MN PUC - Boyd travel exp. 6/12	\$	693.93
6/25/13	4388	R. Greffe - Travel Exp. 6/12	\$	527.13
6/25/13	4389	Ryan, Givens & Co. PLC (2012 audit, annual rpt prep)	\$	4,918.46
6/25/13	4390	State of Michigan - Ballinger travel exp. 6/17-6/20	\$	144.30
6/25/13	4391	W. Bokram - Travel Exp. 6/17-6/20	\$	358.06
6/25/13	4392	WI PSC - Neumeyer travel exp. 6/5-6/7	\$	546.39
6/25/13	4393	WI PSC - Montgomery travel exp. 6/12	\$	20.00
6/30/13	EFT	Paychex Payroll net pay (ck.nos. 528-530)	\$	9,774.25
6/30/13	EFT	Paychex Payroll Taxes	\$	5,068.65
6/30/13	531	MG Trust (401(k))	\$	883.18
6/30/13	532	MG Trust (401(k))	\$	2,339.83
6/30/13	533	MG Trust (401(k))	\$	92.79

Total Disbursements - Checks and Charges					<hr/>
					\$ 41,473.91

CHECKING ACCOUNT BALANCE at 6/30/13

\$ 80,671.95

**TOTAL Certificates of Deposit, Savings and Checking Account Balances as of: 6/30/13**

\$ 105,846.04

<b>CHASE CHECKING ACCOUNT RECONCILIATION</b>
--

Bank Balance 6/30/13	<u>\$ 82,690.23</u>
----------------------	---------------------

Less Checks Outstanding

	<u>Check #</u>			
6/17/13	4375	InfoMax Office	\$	49.40
6/25/13	4381	B. Smith - Travel Exp.	\$	98.00
6/25/13	4382	B. Ballinger - Travel	\$	322.51
6/25/13	4385	J. Colgran - Travel	\$	285.58
6/25/13	4386	L. Wagner - Travel	\$	233.30
6/25/13	4388	R. Greffe - Travel	\$	527.13
6/25/13	4390	State of Michigan	\$	144.30
6/25/13	4391	W. Bokram - Travel	\$	358.06

Total Outstanding Checks	<u>\$ 2,018.28</u>
--------------------------	--------------------

Book Balance 6/30/13	<u>\$ 80,671.95</u>
----------------------	---------------------



## Organization of MISO States

100 Court Avenue, Suite 315  
Des Moines, Iowa 50309

Phone: 515-243-0742  
Fax: 515-243-0746  
[www.misostates.org](http://www.misostates.org)

### **OMS Executive Director Report July 1, 2013 (covering May and June)**

#### **FERC Orders**

1. FERC found, in a May 16 order, that MISO's and MISO members' formula rates do not provide sufficient consumer protection. A compliance filing is due mid-September. Docket No. EL12-35.
2. On May 23, the FERC approved MISO and the TOs' agreement to recognize the OMS in the Transmission Owners' Agreement and to provide the OMS with particular rights to require MISO to make section 205 filings. These provisions are effective on the integration of Entergy Arkansas into MISO. Docket ER13-708.
3. On May 16, the FERC denied rehearing requests with respect to MISO's compliance filings under Orders 719 and 745, dealing with demand response, aggregation of retail customers, market monitoring, and related matters. Compliance filings are due in 45 days. Dockets ER12-1265 and ER12-1266.
4. An initial decision is scheduled to be issued about July 16 in the case dealing with the level of exit charges for Duke and FirstEnergy's departure from MISO. Docket ER12-715.
5. FERC on June 20 approved the transfer of Entergy transmission assets to ITC Holdings. Dockets ER12-145, ER12-2681, ER12-2682, and ER12-2693.
6. On June 20, the FERC heard presentations by PJM, MISO, OPSI, OMS, and the independent market monitors for the two RTOs on capacity deliverability across the MISO/PJM seam. For OMS and OPSI, Chairman Montgomery and Commissioner White presented a joint statement. OMS President Bennett, staff members Chris Devon and Tia Elliott, and OPSI Executive Director Gregory Carmean also attended the meeting.
7. FERC directed its staff to convene a technical conference on Centralized Capacity Markets in RTOs/ISOs on September 25, 2013.

**OMS / MISO Activity**

1. At its regular meeting on May 29, the ERSC adopted a resolution asking MISO to add a fourth Advisory Committee seat, as provided in MISO’s testimony to the Arkansas PSC. The subject is on the Advisory Committee’s July 24 agenda for discussion.
2. On May 20, the OMS submitted comments to MISO on Resource Adequacy.
3. On May 31, the OMS gave MISO comments on the top-down planning process and Order 1000.
4. On June 11, the OMS responded to FERC on an extension motion relating to MISO’s formula rates, urging MISO and the TOs to discuss formula revisions with regulators and other stakeholders. FERC did not include conditions with its grant of the extension.

**Public Relations**

1. Presentations:
  - Bill Smith spoke on two panels at Electric Power Conference on May 15 and 16.
  - The Black Sea Regulatory Initiative held a workshop June 3-5 in Istanbul, addressing cross-border trading issues.
  - Commissioner Boyd and Bill Smith met with a study tour of the Southeast Europe Cooperation Initiative Transmission System Planning Project Working Group on June 25 in Carmel. We addressed the role of regulators in the planning process.
  - Bill Smith spoke on a NRRI tele-seminar panel on State Rights of First Refusal Statutes in light of FERC Compliance Orders.
2. Pending speaking/meeting invitations:
  - N/A

**Upcoming MISO Filings**

07/10/2013	RM10-23	MISO to submit compliance filing for interregional transmission coordination and cost allocation requirements of Order No. 1000	Order 1000	PAC; RECB TF
07/12/2013	N/A	MISO to submit Transmission Constraint Demand Curve – Establish a multi-step demand curve to price transmission constraints for non-market-to-market interfaces, to	N/A	Markets Subcommittee; Reliability Subcommittee

		be implemented in a new Schedule 28 (Demand Curves for Operating Reserve, Regulating and Spinning Reserve, and Regulating Reserve).		
07/22/2013	ER13-186, ER13-187	MISO to submit compliance filing pursuant to the Commission's March 23, 2013 Order on MISO's regional Order No. 1000 compliance filing.	142 FERC 61,215	PAC RECB TF
07/22/2013	ER12-2682	MISO to make a compliance filing regarding the 9/24/12 filing proposing pro forma tariff sheets for a new Module B-1 to MISO's tariff addressing filings made by various applicants to effectuate the merger of the transmission facilities of Entergy into ITC Midsouth LLC, a newly created subsidiary of ITC Holdings Corp., and to integrate these transmission facilities, as well as the load and generation in Entergy's footprint, into MISO.	143 FERC ¶61,258	

**Upcoming dates:**

- Next OMS Board of Directors meeting: July 18, 2013, at 1:00 pm CT
- Next OMS Executive Committee meeting: August 1, 2013, at 1:00 pm CT
- Future OMS Board meetings: August 15, September 19
- OMS Executive Committee meetings: September 5, October 3
- Next OMS meetings with IMM: August 1, 2:30 CT



## MISO Advisory Committee

### Conference Call

July 24 2012

10:00 am – 12:20 pm EPT

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. State Regulatory Update on State Representation*       | Kari Bennett   | 10:05 |
| 3. Advisory Committee Structure                           | Steve Kozey    | 10:15 |
| 4. Advisory Committee Items                               | Gary Mathis    | 10:35 |
| a. ADR Representative√                                    |                |       |
| b. Review of AC Management Plan                           |                |       |
| c. Nominating Committee of BOD Update                     |                |       |
| d. October Hot Topic Discussion                           |                |       |
| e. August Meeting Reminder                                |                |       |
| 5. Standing Committee/Other Stakeholder Committee Reports |                |       |
| a. Steering Committee                                     | Dennis Kramer  | 11:00 |
| b. RECB Task Force  | Dan Kline      | 11:10 |
| c. Reliability Subcommittee Update                        | Tony Jankowski | 11:20 |
| d. Planning Advisory Committee Update                     | Bob McKee      | 11:30 |
| e. Market Subcommittee Update                             | Bill SeDoris   | 11:40 |
| • Action Item: MSC –ELMP Implementation Process Update    |                |       |
| f. Stakeholder Governance Working Group√                  | Bill SeDoris   | 11:50 |
| g. OMS Update   | Bill Smith     | 12:00 |
| h. Transmission Owners Update*                            | Dennis Kramer  | 12:05 |
| 6. New Business   | All            | 12:10 |
| 7. Recap – Issues/Assignments                             | Alison Lane    | 12:20 |

Rotating Agenda Team August: Kent Feliks, Chris Plante, Robb Mork

√ Denotes Potential Voting Item

\* Denotes Report is Oral

## 6/14/13 PAC Summary

- **What to expect at upcoming Planning meetings:**

- June 26<sup>th</sup> PAC:
  - Potential Motion on Critical Asset Identification BPM Language
  - Order 1000 compliance discussion – w/ draft compliance language
  - MTEP 13 progress update
  - Continued work on Top Down Regional BPM language.

For meeting materials, [click here](#). Next full PAC meeting 6/28.

- **Order 1000 Regional Planning – Continuation from May 15<sup>th</sup> PAC meeting:**

- MISO's amended compliance filing is due: **July 22, 2013**. MISO continued the discussion about what they are proposing to file with FERC for compliance items, specifically relating to the following:
  - Modifying Tariff definition to include consideration of local laws and regulations in the planning process.
  - How public policy issues are to be identified and selected.
  - Issues related to more detail on deposits for developer evaluation, interest payments owed to those not selected, and the general approach for calculating costs for bid evaluation.
  - Modifying Tariff language to incorporate the milestones for MISO's proposed milestone approach to project status updates
- Next Steps: MISO has requested feedback for these specific topics (**due 6/21**). MISO will post before the June 26<sup>th</sup> PAC meeting the initial draft language they intend to file at FERC and provide stakeholders with a chance to provide feedback on this language following the next PAC meeting.

## 6/26/13 PAC Summary

### • What to expect at upcoming Planning meetings:

- July 31<sup>st</sup> PAC:
  - MTEP 13 progress update, including continued discussion on MTEP project cost variance
  - Continued discussion on various ongoing studies.

For meeting materials, [click here](#). Next full PAC meeting 7/31.

### • Order 1000 Regional Planning Update:

- MISO's updated compliance filing is due: **July 22, 2013**. MISO walked stakeholders through their proposed draft Attachment FF and Module A Tariff language for the compliance update. MISO asked for feedback by July 10<sup>th</sup>, noting that there would be no further meetings to discuss amendments before the filing on the 22<sup>nd</sup>.
- The OMS Regional Planning and Transmission Cost Allocation Work Groups submitted Staff comments to MISO about specific issues with verbiage in the proposed amendments, as well as reiterated previous OMS comments on issues that MISO still did not provide comments on (i.e., weight for cost factors as evaluation criteria for developer selection).

### • Order 1000 Interregional Planning Update:

- **MISO – MAPP** → FERC rejected MAPP's regional proposal for using only avoided project cost benefit metric for regional cost allocation. This leaves MISO and MAPP considering next steps as MAPP works to re-file amendments to their regional filing. MISO & MAPP sought an extension of the interregional July 10<sup>th</sup> filing deadline. On July 8<sup>th</sup> FERC granted a 120-day extension.
- **MISO – SPP** → No change since the last update. SPP and MISO have agreement on interregional coordination, but not for interregional cost allocation. MISO and SPP will be submitting separate compliance filings on 7/10/13 and letting FERC pick one.
- **MISO – PJM** → PJM and MISO have agreement on interregional coordination, but not for interregional cost allocation. MISO and PJM will be submitting separate compliance filings on 7/10/13 and letting FERC pick one.
  - MISO-PJM Joint Planning Study Update: Continuing congestion analysis and transmission development on select flowgates for Futures 1 through 3 in this study. There are 26 market-to-market flowgates and 11 non-market-to-market flowgates being analyzed. There was some concern over the timing of the IPSAC planning cycle with the regular MISO & PJM planning cycle, especially when consideration is given to the effective date of the Order 1000 ROFR removal requirements and new developer selection process within MISO. If a project failed under the IPSAC planning, then it would come back to MISO under the next planning cycle, which would now require any MEP to go through the developer selection process, which adds delay. MISO states that they are unsure if this would occur, because the big question is if that did occur would the project be under MTEP 13 still or MTEP 14. It is still TBD. Next MISO-PJM IPSAC tentatively scheduled for end of July.
- **MISO – SERTP** → MISO faces challenges with SERTP, in light of fact that FERC has yet to rule on SERTP's regional compliance filing. SERTP, like MAPP proposed using only avoided project costs benefits metric for their regional cost allocation methodology, which FERC rejected in MAPPs filing. MISO and SERTP likely to file on 7/10/13.

- **MTEP 13 Update:**
  - MISO provided a breakdown of MTEP 13 Appendix A projects. Currently, there are 289 Appendix A projects totaling \$1.27 Billion. Of that 86 are BRP (~\$344 M), 2 are GIP (~\$10M), and 201 are Other (~\$918 M). MISO presentation materials provide more details and further breakdowns, including a chart showing the frequency of cost variance from approval through construction for all projects from MTEP 03 – MTEP 12, excluding MVPs. Roughly 60 projects; majority not cost shared, have a cost variance of 25% or greater, with 20 having a cost variance over 100%. MISO will provide further breakdown of these numbers at the next PAC meeting.
  - MISO also provided an overview of notable MTEP Report changes to expect for the MTEP 13 Report. Expect the first draft of the MTEP 13 Report to be posted August 2<sup>nd</sup>, with final PAC review and motion late September.
  
- **Market Efficiency Planning Study Update:**
  - MISO's MEP study has narrowed down the initial 44 transmission options to 3 preferred solutions. There has been a lot of discussion related to the timing of this study and the concurrent MISO-PJM IPSAC, because there are noted interregional benefits with at least one of the preferred solutions. Initially, MISO was targeting MTEP 13 Appendix A for these projects. However, following immense stakeholder discussion about concern that an MEP showing interregional benefits could be approved before being considered at the interregional level, MISO announced that they would recommend MTEP 13 Appendix B. MISO suggested waiting until IPSAC is over to see if these projects should be moved to Appendix A. The next MEP TRG meeting is July 19<sup>th</sup>.
  - Note also that MISO is concurrently performing a similar MEP Study for the Southern Region. The next meeting is July 18<sup>th</sup>.
  
- **2nd Quarter EPA Survey Update:**
  - Since the 1<sup>st</sup> Quarter survey 2.2 additional GW of coal resources have provided updated information. 2<sup>nd</sup> Quarter survey shows 39.4 GW (114 units) of coal will need control equipment, up from 37.7 GW (109 units) last Quarter. 6.2 GW (83 units) of coal will be replaced or retired, up from 5.7 GW (81 units) last Quarter. Of this 6.2 GW, 2 GW has already retired since the beginning of the survey a few years ago.
  
- **MISO South Planning Integration Update:**
  - MISO has been hosting monthly Southern Region Integration Workshops (two more are scheduled for July 11<sup>th</sup> and August 8<sup>th</sup>) to assist integrating entities and provide information for existing MISO members. At the June workshop MISO provided an overview of the MTEP process, Southern Integration details, and discussed the MTEP 14 timeline reflecting integration. Southern Region TOs will be able to participate in MTEP 14 from the beginning, although some activities will occur off-cycle.
  
- **Additional Topics –**
  - CIP-002-4 Discussion: MISO has continued to discuss amendments they would like to make to the Critical Asset Identification methodology and associated BPM language. Further discussion will be at the next Planning Subcommittee meeting before coming back to PAC for discussion and a vote.

John R. Bear  
President & CEO  
317-249-5176  
jbear@misoenergy.org



July 12, 2013

The Honorable Kari Bennett  
President, Organization of MISO States (OMS)  
100 Court Avenue, Suite 315  
Des Moines, Iowa 50309

Dear President Bennett and Members of the OMS Executive Committee:

Over the last year, MISO and OMS have engaged in meaningful discussions about resource adequacy. These discussions reflect a commitment to our shared responsibility to ensure reliable operation of the electric grid and are critical as reliability is central to MISO's mission and is a fundamental element of state statutory requirements. However, the resource adequacy picture becomes more complicated as we respond to changing regulatory and economic drivers. This uncertainty heightens the potential for system deficiencies, which could ultimately result in pro-rata load shedding across the system. Avoiding these negative outcomes requires increased collaboration to fulfill our reliability requirements and develop a system that enhances the economic benefits of a regional transmission system.

To that end, we have been working together to develop a more granular forward resource assessment intended to enhance our planning efforts. To keep our collaboration on this assessment (and the resource adequacy issue in general) moving forward, **I would like to meet with the OMS Executive Committee Members during the upcoming Summer NARUC meetings in Denver.** I have reserved a meeting room and call-in number for a meeting following the MISO-OMS lunch on Monday, July 22<sup>nd</sup>.

In advance of that meeting, I want to highlight some of the reasons why our collaboration is essential. Foremost, we both have an obligation to maintain reliability. MISO must maintain regional reliability of the electric grid through standards set by the

North American Electric Reliability Corporation (NERC). These standards are a main driver of our operations and planning efforts. At the same time, states have jurisdiction over generation resources, as reflected in specific statutory requirements to ensure that adequate resources are available for the state's energy needs. Simply put, our requirements and goals on reliability are aligned.

Going forward, we are facing significant uncertainties that present new reliability challenges that require us to collaborate even more. We have operated in the past with healthy reserve margins in the MISO footprint, as evidenced by the 2011 and 2012 MISO Summer Assessments, which show actual reserve margins well above our planning requirements. (See Figure 1, below.) That picture changes dramatically as we respond to new and proposed emission regulations. MISO studies on the potential impact of current and proposed air regulations, combined with concerns over reliable gas supply, show the potential for a 3 to 7 GW capacity shortfall as early as 2016 under moderate load growth assumptions. (See Figure 2, below.) This analysis raises major concerns about our ability to fulfill our respective reliability requirements in the future.

The uncertainty increases with the potential for carbon emission limitations, which the President recently identified as a priority. While we do not yet know the specifics of this proposal, it is clear that any carbon emission limitations will negatively impact MISO's coal generation fleet and further increase the resource deficiency. While the details of any carbon reduction plan are essential to understanding the impacts, it is clear that any required reductions in carbon emissions would have significant impacts on MISO's fleet.

These uncertainties raise regional concerns. For example, in times of shortage, MISO's operating procedures allow for a number of solutions including calling on emergency generation resources, demand response and operating reserves. As a last resort, MISO will use firm load shed on a pro-rata basis. This means even if an individual state has sufficient resources it will still share in a pro-rata load shed.

Together, we have built an excellent record on reliability. New challenges, however, require new approaches to fulfill our reliability requirements. Failing to address these challenges can have significant regional reliability consequences. The forward resource assessment OMS and MISO are working on is a critical step and I want to thank you for your work on this. It is essential we keep collaborating on this effort. I look forward to

meeting with you on July 22<sup>nd</sup> in Denver to continue our discussion on how we can best achieve our shared goal of maintaining a reliable electric grid.

Sincerely,

A handwritten signature in black ink, appearing to read "JRB" with a long horizontal flourish extending to the right.

John R. Bear  
President and CEO

cc: OMS Executive Committee Members, Entergy Regional State Committee Members

**Figure 1: Reserve Margin Comparisons**

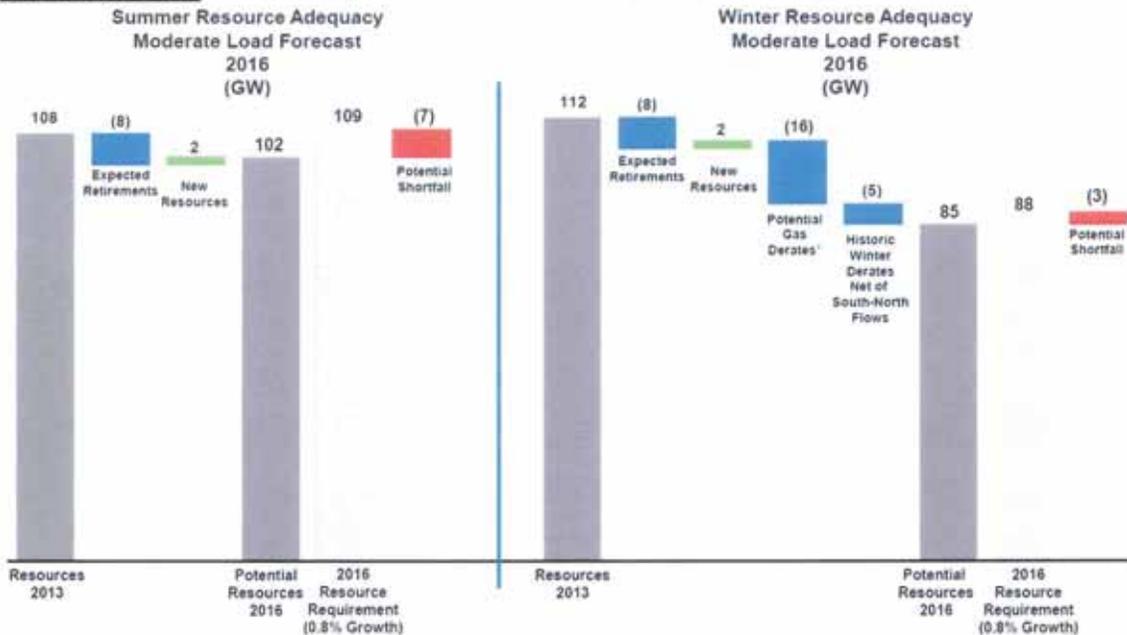


Forecast v. Actual Reserve Margins (ICAP) relative to Planning Reserve Margin



<sup>1</sup>Preliminary Forecasted PRM - study ongoing

Figure 2: 2016 Shortfall Forecast Under Moderate Load Growth Assumptions



\*Units without firm gas transport or distillate backup



July 9, 2013  
OMS Style Manual

Experience with many contributors drafting OMS comments suggests a need for consistency in drafting procedures and document standards to meet deadlines imposed by the Midcontinent Independent System Operator, Inc. (MISO) and the Federal Energy Regulatory Commission (FERC). This OMS Style Manual is intended to provide guidance to OMS Working Group Chairs and drafters.

In addition to this OMS guidance, FERC documents and Court documents need to follow format rules of the forum. MISO and other non-court documents should follow this Manual.

## **I. General**

### **A. Document Appearance**

Font is Times New Roman, size 12 in principal text, and size 10 in footnotes.

Margins are one inch on top, bottom, left, and right.

Line spacing is double-spaced for FERC filings. MISO comments may use single or double-spaced. No extra line after/between paragraphs.

The first line of each paragraph is indented one-half inch.

All paragraphs are left justified.

Quotes of more than 50 words are set in a separate paragraph that is indented an additional one-half inch on both left and right margins and is single spaced.

Page numbering is center of footer, using either “- X -” or “Page 1 of X” format. Page number is not shown on first page.

Legal authorities are to be identified in footnotes. Exception: if a quotation of a legal authority exceeds 50 words, the authority shall be cited immediately following the quotation at the standard text left margin.

Heading styles should be limited to bold and underlining, with italicization avoided except for emphasis in the text or for legal citations where permitted in lieu of underscore.

### **B. Work Group Drafting Responsibilities**

At top of document, upper left, a document identification block should specify the work group, lead drafting staff, short document description, due dates at MISO and for OMS Board meeting, initial document date, and version. The lead drafter controls version number changes.

Outline format (I. A., 1. a., etc.) is standard with each subordinate section indented one-half inch and the text an additional three spaces. This document is an example.

### **C. Approved Comments Posted/Archived**

OMS archives approved comments on its website, to facilitate future use (cut and paste).

## **II. Preparation of Comments to MISO**

### **A. Substantive Comments**

Working format segments: Introduction (or Background), Executive Summary, Comments and Analysis, Relief or Modifications Sought. These segments are used as the starting comment template and may be adjusted as nature of comments warrant.

Comments and Analysis segment should almost always have a statement about the subject matter being addressed and a catch-all stating what related matters are not specifically

addressed at this time and are reserved. This is to avoid creation of inferences by omission on the part of MISO.

Footnotes to indicate a minority position taken by a member may only indicate the identity of the member and one or two sentences maximum stating its differing view. Any substantial justification for a differing view is to be prepared by the proponent as its own submission or as an Appendix to the OMS document.

### **III. Preparation of Comments/Protest to FERC**

#### **A. Formal Pleading**

Must observe FERC Rule 203 regarding format but follow generally II. B. above as the template, with a Conclusion for Approving/Participating Jurisdictions and abstentions.

Pleading is presumed in initial drafting to be “comments” in nature, unless the OMS Executive Committee, the Board, or the Executive Director authorizes commencement of drafting as “protest.” The Work Group may recommend that the document be made a “protest.”

Summarization of the procedural posture of a case should be succinct, generally not exceeding one or two paragraphs.

#### **B. Legal Review**

If substantial legal authority is sought to be presented as part of the comments, then OMS legal counsel should be brought into drafting at the earliest opportunity. OMS legal counsel reviews final legal position. “OMS legal counsel” will usually mean the Executive Director, but might also include state counsel or outside counsel properly authorized by the OMS Executive Committee or Board.

#### **C. Preparation of Petitions for Rehearing and/or Clarification**

Unless otherwise determined by the OMS Board, a petition seeking review of a FERC decision seeks rehearing and must comply with FERC Rule 703 to specify the FERC error and the legal authority upon which OMS relies. Only the OMS Board can determine that a post-decision petition may seek only clarification as such a posture on petition may constitute a waiver of the opportunity for judicial review under § 313 of the FPA.

#### **D. Standard Modules Suggested for FERC Pleadings.**

Periodically, OMS legal counsel will establish and update standard “boilerplate” modules for work group drafting purposes:

- Identification of OMS as a submitting entity;
- Request for leave to submit late-filed comments with authority;
- Complete “Blue Book” legal citations and “short names” for frequently cited FERC decisions;
- Conclusion paragraph(s) regarding Approving/Participating Jurisdictions
- Signature block
- Other standard provisions as authorized by the Executive Director or Board.

July 18, 2013

To: OMS Board of Directors meeting

From: Bob Pauley, EISPC

RE: EISPC Status Report

EISPC will be undertaking a collaborative effort on Risk Assessment and hope OMS will be active participants. We are retaining the Electric Power Research Institute to prepare a Study on Probabilistic Risk Assessment to help states (and others) better evaluate transmission projects in relation to other resource options for cost effectiveness and reliability implications.

EPRI was also selected to prepare a Whitepaper that will help states to better incorporate risk analysis into their planning processes or to help their evaluation process.

For our October 28 and 29<sup>th</sup> meeting, the topic of emphasis will be risk. We expect to have the National Laboratories and several other experts discuss the variety of risks that states should consider in their planning processes or their review of utility plans.

EISPC expects to announce a consultant to prepare a Transmission Planning Primer to help states (and others) better understand how the transmission system is planned. Again, this is a collaborative project and we hope OMS members will review this to ensure that it meets your needs.

On August 26<sup>th</sup>, EISPC will be hosting a collaborative regarding its "Long-Term Natural Gas and Electric Infrastructure Requirements" Study and Whitepaper. This is also a collaborative. EISPC is inviting the pipelines, LDCs, large energy intensive industries, public power, investor-owned utilities, RTOs / ISOs (including MISO), NERC, FERC, the North American Energy Standards Board, the National Laboratories, and others to participate in the collaborative.

EISPC is also participating in the Eastern Interconnection Planning Collaborative (that includes MISO) Study.

EISPC always welcomes input from the states.



## Organization of MISO States

100 Court Avenue, Suite 315  
Des Moines, Iowa 50309

Phone: 515-243-0742  
Fax: 515-243-0746  
[www.misostates.org](http://www.misostates.org)

### **OMS Report to the Advisory Committee July 2013** (covers events since April AC report)

#### **OMS Planning Activity:**

- On May 31, The OMS submitted comments to MISO on Order 1000 Compliance. Similar comments were given by OMS work groups on June 21 to the PAC and on July 10.
- On May 31, the OMS submitted comments on the top-down planning process.
- On April 26, the Regional Planning Work Group commented on project status update.

#### **Resource Adequacy Activity:**

- The OMS has undertaken a survey of future resource plans in cooperation with the MISO planning staff.

#### **Seams Activity:**

- The OMS and OPSI appeared FERC's June 20 meeting to discuss MISO-PJM capacity deliverability, recommending additional study of issues.

#### **ERSC Activity:**

- ERSC has scheduled a meeting on August 13. The agenda is still under development.

#### **OMS FERC Filings:**

- On June 13, the OMS and OPSI filed Joint Comments on Capacity Deliverability issues at the FERC in Docket AD12-16. One July 20, the presentation version of the Joint Comments were filed.

## **OMS Report to the Advisory Committee**

**July 2013**

**Page 2**

- On June 11, the OMS concurred with a requested extension of the Compliance filing date for Formula Rate Protocols in Docket EL12-35.
- On July 19, the OMS intervened in various SSR dockets without taking any substantive position. Dockets EL13-76, ER13-1962, ER13-1963, and ER12-2302
- On July 19, the OMS intervened in the Beaver Channel complaint without taking any substantive position. Docket EL13-75.

### **Advisory Committee Representation:**

- The OMS has designated Chairman Colette Honorable of the Arkansas PSC to serve as an OMS representative to the Advisory Committee.

### **Upcoming dates:**

- Next OMS Board of Directors meeting: August 15, 2013, at 1:00 pm CT
- Next OMS Executive Committee meeting: August 1, 2013, at 1:00 pm CT
- Future OMS Board meetings: September 19, October 17.
- Future OMS Executive Committee meetings: September 5, October 4.
- OMS Annual Meeting October 22, 9:00 – 2:30 ET, in Carmel.

**1. MISO Market Enhancement Development Project**

**Status:** Next meeting September 6, where MISO expects to seek further stakeholder input on market enhancement "focus areas."

MISO held a workshop on June 5<sup>th</sup>. We sent a e-mail to the work group on 6/6 asking for feedback on concerns and possible comments to MISO and Brattle. The work group did not provide any feedback.

**2. MISO Ramp Enhancement Workshops**

**Status:** MISO expects to seek stakeholder support in August. The OMS M&TWG is monitoring.

MISO held Ramp Enhancement Technical Workshops on June 10 and 28 and presented the conceptual design of the ramp capability products, as well as the results of the comprehensive cost / benefit analysis of these products and their economic impacts in the Real Time market. We shared highlights with the work group.

MISO discussed its proposal at the July 9 MSC meeting. MISO recommended implementation of up and down ramp capability (URC / DRC) product, expecting annual savings (net of costs) of \$3.8 to \$5.4 million.

**3. MISO Trading Hub Task Force**

**Status:** Tia Elliot will send an update to the WG. The OMS M&TWG is monitoring

MISO is working on establishing new trading hubs for the new southern region, to be effect by December integration.

**4. OMS August 1 Bi-monthly call with IMM**

**Status:** Next meeting is August 1<sup>st</sup>. Hwikwon Ham has volunteered to gather questions and lead next call. An announcement will go out soon.

**5. MISO July 9 MSC Meeting**

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

Items covered include review of IMM State of the Market Report (and recommendations) and IMM Seasonal Review, compensation for restoration energy, supplemental reserve deployment, additional combined cycle configurations for generation commitment processes, use of dynamic transmission ratings, ramp enhancement update (see above), changes to Day-Ahead Margin Assurance Payment (DAMAP) calculation, and operations reliability coordination agreement for Southern Region companies.

For items that MISO expects to work on and seek input on during 2013, see MISO's Market Enhancement Development Project.

**6. MISO July 10 FTRWG Meeting**

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

Items covered include 2013-14 annual ARR/FTR overview, Multi-Period Monthly Auction (a new FTR product offering) update, FTR funding and reporting, and FTR projects and prioritization. MISO is seeking stakeholder feedback on potential FTR projects for planning purposes for the next few years along with brief description of the suggested projects. Feedback and suggestions should be submitted to Shyam Sonti (ssonti@misoenergy.org) no later than Friday, July 19 at 4:00 PM.

**7. M&T WG leadership**

**Status:** Looking for volunteers.

Hwikwon Ham started this month as co chair. We are also looking for volunteers to gather questions and help run one of the future bi-monthly OMS calls with the IMM.

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

**MISO Board of Dirs Markets Committee** – bi-monthly meetings (8/21 next mtg)

**MISO Market Subcommittee** - monthly meetings (8/6 next mtg)

**MISO FTR Working Group** – monthly meetings (8/7 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/2013OMSworkgroupOvervie\\_28\\_February2013.pdf](http://www.misostates.org//images/stories/work_groups/2013OMSworkgroupOvervie_28_February2013.pdf)

Bill Bokram, Hwikwon Ham, Markets and Tariffs Work Group co-chairs

**OMS Regional Planning Work Group**  
**Report to OMS Board of Directors – July 18, 2013**  
(Co-Chairs Jessica Govindan and Julie Urban)

**PAC Update**

At the June PAC meetings MISO provided updates on Order 1000 compliance efforts. June 16<sup>th</sup> MISO finalized briefing stakeholders on specific proposals, followed by a review at the June 26<sup>th</sup> PAC meeting of the draft Attachment FF and Module A language MISO would likely file. Also at the June 26<sup>th</sup> meeting, MISO provided an MTEP 13 update, including MTEP 13 project cost estimates and cost variances over for approved projects from MTEP 03 – MTEP 12. They also provided updates on the 2<sup>nd</sup> Quarter EPA Survey results, as well as the Market Efficiency Planning Study and the MISO South Planning Integration effort.

MISO requested feedback from stakeholders on some PAC issues, including Order 1000 Regional Compliance Update. The RPWG, jointly with the TCAWG submitted Staff comments to MISO on July 10<sup>th</sup>. Please see next section for more details.

**FERC Order 1000 Compliance – Regional Planning and Cost Allocation**

MISO has presented proposed Tariff language changes to reflect FERC's compliance Order. Both the OMS Executive Committee, as well as the RPWG, jointly with the TCAWG submitted various rounds of comments. The final round of comments by OMS staff was submitted to MISO on July 10<sup>th</sup>. In short, this last round of comments focused on concerns with certain verbiage in the proposed amendments to Attachment FF. OMS Staff also reiterated previous OMS comments on issues that MISO still did not provide comments on, including the weight for cost factors as evaluation criteria for developer selection and the 20 contiguous-mile threshold for upgrades status. Final compliance amendments are due to FERC on July 22<sup>nd</sup>.

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

*Reminder:* Order 1000 Interregional Compliance filings due July 10, 2013.

MISO has agreement with PJM, SPP, and SERTP on interregional coordination plans and I filed jointly on these issues. However, there is disagreement on interregional cost allocation matters with PJM and SPP, primarily on the issue of retaining the cost allocation for Cross Border Baseline Reliability Projects, which MISO wants removed in order to be consistent with MISO's retention of ROFR for Baseline Reliability Projects. Therefore, all three will file separately on this issue. MAPP and MISO were recently granted a 120-day extension to file their interregional compliance plans. The RPWG, jointly with the TCAWG will be reviewing MISO's interregional compliance plans and will have recommendations for the OMS BOD on possible comments to FERC at a later date.

## OMS Resources WG Report to OMS Board – June 18, 2013

### OMS LSE Resource Adequacy Survey

Commissioners Bennett and Callisto will introduce the OMS- MISO collaborative Long-Term Resource Adequacy Survey at the Joint SAWG-LOLE-ENGCTF meeting on July 18. Don Neumeyer with Digaunto Chatterjee and Stu Hansen will present the details.

- **Process/Next Steps**

- Introduced at SAWG 07/18/2013
- Receive stakeholder feedback 08/02/2013
- Incorporate feedback 08/02-09/2013
- Deliver Survey Instrument to Participants 08/12/2013
- Completed & returned to MISO 09/13/2013

- **When Received:**

- MISO will use aggregated responses to report out and incorporate into current Forward Resource Assessment study

The Resources WG will review the MISO report out and determine if OMS will produce any document.

Presentation at:

<https://www.midwestiso.org/Events/Pages/JointMeeting20130718.aspx>

### SAWG Comments

On July 17, the Resources WG was sent an email by Don Neumeyer to solicit any comments or questions from the July 11<sup>th</sup> SAWG meeting. One primary issue was the reintroduction of the sloped Demand Curve for a Capacity Market. This included the Potomac Economics Market Report recommendations which included the same.

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

# **OMS Seams Work Group**

## **July 2013 Report to OMS Board of Directors**

Co-Chairs: Tia Elliott and Chris Devon

### **Additional Work Group leadership**

The Seams Work Group leadership has recently considered adding a leadership member taking into account the Work Group's expanded scope related to SPP seams issues and those related needs. Adam Mckinnie of the Missouri PSC was approached and has kindly agreed to join the group's leadership ranks. Adam will be added as a co-chair, joining the current co-chairs, Tia Elliott (IN) and Chris Devon (MI). The Seams Work Group would like to officially welcome Adam into his new leadership role. Adam will bring his knowledge and experience with SPP and MISO SPP seams issues to the Work Group leadership. Adam's location in Missouri will cause the Work Group leadership to be more evenly distributed geographically and this will also more easily allow for additional Work Group leadership participation in-person at MISO SPP seams meetings.

### **OMS Seams Work Group name**

The OMS Seams Work Group (previously the OMS States' Seams Work Group) is changing its name. The Work Group will now be named the **OMS Seams Work Group**. The change is to better follow the naming convention of the other OMS Work Groups and avoid duplicative wording.

### **MISO PJM Joint and Common Market (JCM) Initiative Update**

MISO and PJM held the latest JCM meeting on July 12<sup>th</sup> in Carmel, IN at the MISO Headquarters building. Meeting Materials can be accessed at: [Joint and Common Market website](#). Some highlights of the meeting include:

A notice of a recent **Market-to-Market Resettlements** adjustment referred to as the Quad Cities JOU resettlement. The resettlement was due to apparent inconsistent treatment of Quad Cities Jointly Owned Units in the Firm Flow Entitlement and Market Flow calculations causing improper M2M settlements. The amount of the resettlement is \$651,956 with payment made by MISO to PJM. Related dates: 7/23 MISO invoice customers, 8/1 Funds transferred to PJM, 8/7 PJM monthly invoice.

MISO and PJM introduced a new resettlement reporting form to the JCM under this issue. A copy of resettlement form can be accessed at: [Quad Cities JOU resettlement form](#).

From now on for all resettlements; all settlements values will have notification made via website posting and the following criteria will be followed:

- If settlement value is less than \$500K, notification will ONLY be made via website notification.
- If settlement value is between \$500K and \$1M, notification will be made at individual RTO stakeholder meetings.
- If settlement value is greater than \$1M, notification will be done at JCM.

A continuing dialogue on **Outage Scheduling Rules** was also a notable agenda item. The issue included a lengthy and detailed discussion involving a number of related aspects including potential schedule and process alignment, Firm Flow Entitlements (FFE), and FTR underfunding contribution. This issue may need a longer amount of time on future JCM agendas or a separate JCM meeting for further detailed/technical discussion.

A verbal update on **Interchange Optimization** was given to stakeholders. This issue was put on hold to examine related issues impacts on the need for Interchange Optimization. The two RTOs are looking at the current scheduling rules and other related interchange issues to determine when work on the issue can restart. The RTO executive management will be discussing restarting work on this initiative and a report on the status of the analysis and discussions will be provided at the September JCM meeting.

The status of **Capacity Deliverability** was discussed including a verbal update of the June 20<sup>th</sup> FERC Meeting which contained presentations on the subject by MISO, PJM, OMS and OPSI, and both IMMs. The RTOs both agreed that an additional JCM meeting would need to be scheduled in August to specifically address the work plan, milestones, and timeline that were discussed by the FERC Commissioners after the presentations. The RTOs and stakeholder comments made it clear that the next steps would need to be the fact finding and answering the public interest questions that OMS and OPSI advocated for in their joint presentation to FERC. Starting work on the fact finding is already on the agenda for the September JCM meeting.

## **MISO SPP Seams Issues Update**

On June 28<sup>th</sup> SPP submitted to FERC in Docket No. ER13-1864-000 its **proposed Market-to-Market coordination mechanism** with MISO in compliance with FERC's order in Docket No. ER12-1179. The filing can be accessed at: [ER13-1864 - M2M JOA Compliance Filing from ER12-1179](#). SPP has requested, in its Compliance Filing, that the Market to Market mechanism implementation be delayed until the SPP-MISO Market Flow calculation dispute is resolved.

MISO will be required to submit a status report detailing the status of the negotiations regarding revisions to existing JOAs or the development of new JOAs to address the loop flow concerns with SPP, TVA, and Associated Electric Cooperative in Docket No. ER13-1864 by November 1<sup>st</sup>.

The **next SPP-MISO Joint Operating Agreement Stakeholder Meeting to be held on September 12<sup>th</sup>** in Carmel, IN at the MISO headquarters from **9:30am to 3:00pm EST** to continue discussions related to the MISO-SPP Joint Operating Agreement (JOA). Registration is required by September 6, 2013 for those planning to attend the meeting in person. Registration and meeting information can be accessed at: [MISO's website](#). Agenda and materials will be posted closer to the meeting date.

# **Transmission Cost Allocation Work Group**

## **July 2013 Monthly Report**

This report focuses on two recent items that have received a lot of attention in the trade press and in our OMS world: The Seventh Circuit Court decision on the MISO MVP issues, and the WIRES petition at FERC on how returns on equity are decided.

We should also note that on July 10 MISO made a few compliance filings on FERC Order 1000 for Interregional issues. FERC did grant an extension of 120 days for the MISO-MAPP filing. The TCAWG will be working with the RPWG on potential OMS comments on these filings. (We hear there will be a 45 day comment period, making the deadline August 26—the Monday following the 45<sup>th</sup> day.)

### **Seventh Circuit Court Decision on MISO MVP Tariff**

#### **Decided June 7, 2013**

This decision reviewed FERC Orders ER10-1791-000, ER10-1791-001 and ER10-1791-002, is titled “Illinois Commerce Commission, et al., v Federal Energy Regulatory Commission, and was authored by Judge Richard Posner.

Six issues were reviewed:

1. The proportionality of benefits to costs;
2. The procedural adequacy of FERC’s treatment of proportionality;
3. The propriety of apportioning the cost of MVPs among utilities on the basis of their total power consumption while allocating no MVP costs to generating plants;
4. Whether MISO should be permitted to add the MVP fee on exports of energy into PJM;
5. Whether MISO should be permitted to assess some of the multi-value projects’ costs on departing members of MISO; and
6. Whether FERC’s approval of the MVP tariff violates the Tenth Amendment by invading state prerogatives.

The decision affirmed FERC’s Order on items 1, 2, 3 and 6. The Court decided that item 5 was premature until the FERC case involving the departed MISO members is concluded. Perhaps most interesting, item 4 was remanded back to FERC.

The Court explains the history in which MISO and PJM negotiated a joint transmission rate within the two footprints to prevent transmission rate pancaking. This was done in part because of the jagged seam that existed between the two RTOs in 2003. MISO argued that as a result of the changes in membership between MISO and PJM, the border is straightened out, and therefore FERC should have permitted charges to PJM for the MVPs, which bring benefits to

PJM customers. Also discussed is the idea that previously, the projects were local and so the benefits tended to be local. According to the Court, the MVPs are generally much larger projects with generally broader benefits, and perhaps, the beneficiaries identified in PJM should help pay for them. FERC did allow MVP charges on exports to other external entities. The court states that “MISO and PJM may eventually negotiate an allocation agreement, as they did in the pre-MVP era, but the rest of the grid is left to pay for PJM’s share unless and until they do so.

The Court decided against the Illinois and Michigan commissions. Each had argued for the opportunity to provide more evidence and/or to conduct more discovery, but the court essentially ruled that this should have been done during the FERC cases. In rejecting Michigan’s arguments, Judge Posner stated that the Michigan RPS law violates the Commerce Clause of the Constitution. The non-binding dictum has attorneys arguing both sides of the meaning of it—whether it means all such state RPS requirements are unconstitutional, or that it was a throwaway observation (<http://www.jdsupra.com/legalnews/judge-posner-suggests-some-renewable-por-28403/> and <http://www.eenews.net/stories/1059983289> and <http://www.energybusinesslaw.com/tags/commerce-clause/>).

## **WIRES Petition**

### **RM13-18**

On June 26, 2013, the Working Group for Investment in Reliable and Economic Electric Systems, self-identified as the WIRES group, filed a petition at FERC asking FERC to conduct an expedited generic proceeding and “to provide such policy and clarifications as necessary to provide transmission owners and operators, transmission customers, electricity consumers, and the investment community with greater stability and predictability regarding regulated rates of return on equity for existing and future investments in high voltage electric transmission infrastructure.”

The petition was available on the WIRES website for a day or more before FERC posted it on their website, with the rulemaking docket number. WIRES members include the following, in full:

AltaLink, American Electric Power, American Transmission Company, CAPX2020, Duke Energy, ITC Holdings, InfraREIT Capital Partners, LLC, Manitoba Hydro, NextEra Energy, Oncor and Sunflower Electric Power Corp. MISO, SPP and PJM are all listed as Associate Members. The website notes that Associate Members are not responsible for the policy, legal, or strategic decisions of the organization.

WIRES petitions FERC for a reexamination of how its prevailing Discounted Cash Flow (“DCF”) methodology is employed to arrive at appropriate rates of return on equity.

“Petitioner therefore recommends a new policy that (1) standardizes selection of proxy groups; (2) denies complainants a hearing on rates of return for existing facilities unless it is shown that existing returns are at the extremes of the zone of reasonableness; (3) allows consideration of competing infrastructure investments of other industries; (4)

permits use of other rate of return methodologies; and (5) supports use of more forward-looking data and modeling. In addition, this Petition urges the Commission to support consideration of a project's actual and anticipated benefits when a complaint is filed against a rate of return on equity for an existing project.”

As of July 10, there has been no response from FERC on the petition. A draft response from the Joint Commenters group, and group of public power, regulators, consumer advocates and industrial customers was circulated and discussed on the July 2 OMS Executive Committee call. Last year the OMS signed onto a letter from this group which thanked FERC for issuing a Transmission Rate Incentives Policy Statement. As background material on this issue an informative memo on ROE issues from the Illinois Commission was circulated to the Executive Committee email list. An email vote of OMS Board members concluded on July 10, and the motion for OMS to sign on to the Joint Commenters' response in received majority support of the OMS Board.