



**ORGANIZATION OF MISO STATES, INC.
Board of Directors Meeting
Conference Call Minutes
December 5, 2013**

Approved January 16, 2014

Eric Callisto, President of the Organization of MISO States, Inc. (OMS), called the December 5, 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:

Keith Berry, proxy for Colette Honorable, Arkansas
John Colgan, Illinois
Beth Roads, proxy for Jim Atterholt, Indiana
Venkata Bujimalla, proxy for Libby Jacobs, Iowa
Linda Breathitt, Kentucky
Melissa Watson, proxy for Eric Skrmetta, Louisiana
Regis Gosselin, Manitoba
Sally Talberg, Michigan
Burl Haar, proxy for David Boyd, Minnesota
David Carr, proxy for Brandon Presley, Mississippi
Goldie Tompkins, proxy for Robert Kenney, Missouri
Kim Moran, proxy for Kirk Bushman, Montana
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

None

Agency members participating

Randy Rismiller, Linda Wagner – Illinois
Chancy Bittner, Amy Christiansen – Iowa
Bill Bokram, Chris Devon – Michigan
Nancy Lang, Betsey Wergin – Minnesota
Adam McKinnie – Missouri
Don Neumeyer, Julie Urban – Wisconsin

Others on the call

Julie Mitchell, Bill Smith – OMS Staff
Joe Goffman, Ellen Kurlansky – EPA

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 November 14 Board Meeting

The minutes of the November 14 Board Meeting were accepted as distributed.

Treasurer's Report

The November treasurer's report was accepted as distributed.

Review of the November 26th Executive Committee Meeting:

Eric Callisto highlighted the following:

- Decision to not to fill the VP vacancy;
- Overview of the OMS Planning Session;
- Renewal of the office lease for 2 years with a six month out-clause;
- Grid School stipend of \$1,250 for each member;
- Discussion of PEO for office payroll and benefits;
- DED position approval;
- Closed session regarding OMS staff salaries for 2014.

Executive Director's Report

A written report was distributed prior to the meeting. Bill Smith initiated discussion on the following:

- OMS materials distribution email lists.

BUSINESS

1. MISO Advisory Committee

- The December Hot Topic is on the electric/gas interface study that MISO is doing.
- The window at MISO remains open for suggesting 2014 Hot Topics. Recommendations should be forwarded to Bill Smith, Eric Callisto, or Libby Jacobs.
- There is an upcoming vote for AC Vice-Chair. The candidates are Kevin Murray and Matt Lacey. Based on feedback at this time, the OMS vote will be split between the two candidates. December 6th is the deadline for feedback on the candidates.
- There is also a vote for ADR committee representatives. The vote is for 2 of 4. The Board agreed to support Brian Ballinger of the Michigan PSC and Jami Young.

2. MISO Planning Advisory Committee

- A written report was distributed. Julie Urban gave a verbal update on the special PAC meeting that was held December 4th on futures.
 - There will be a vote on the futures in January or February. Eric Callisto asked if there was a ground-swell support for changing some of the inputs or if it was just OMS. Julie Urban indicated that OMS should expect support from a variety of sectors on the possibility of low economic growth and that MISO seemed open to getting more diversity in the futures.

3. Status Update: OMS Resources Assessment Project

- Don Neumeyer provided an update on this project, the results of which were posted to the MISO website on December 4th.
- Eric Callisto highlighted information about a projected shortfall of 7.5 GW in the MISO Central and North regions and a projected 7.6 GW surplus in the South region from the presentation. There were questions about how MISO got to some of the numbers in the presentation and how the survey was conducted. MISO continues to refine the data they've received and reach out to the LSEs to make sure they're correctly interpreting the information the LSEs provided.
- Eric Callisto suggested that each state consider seeking out the document that is referenced in the presentation called the "2016 Year Resource Balance Sheet." This is a one-page

document that MISO is sending out to the LSEs that summarizes the information that the LSE gave to MISO and the analysis that MISO has done and whether the LSE is long or short. All of this data was confidentially provided to MISO, but Eric feels it is information the state regulators have the right to ask for from the individual LSEs under their jurisdictions so everyone is working with the same information.

4. Update: ERSC Meeting and Entergy Integration

- Bill Smith provided an update from the ERSC meeting. He highlighted the following:
 - Integration will proceed on December 19th;
 - Ken Anderson was chosen to fill the 4th Advisory Committee seat. The effective date will be upon integration;
 - There was discussion on the DC Circuit Court decision remanding to FERC its ruling on the controversy between SPP & MISO on use of each other's transmission systems.

5. Update: Eastern Interconnection Planning Process

- This item was taken out of order. Valerie Lemmie provided a verbal update on EISPC.

6. EPA Briefing & Discussion

- Ellen Kurlansky and Joe Goffman provided a briefing on the "design of a program to reduce carbon polluting from existing power plants" and engaged in discussion with the Board and staff.
- Several states indicated that they have no authority over environmental regulations in their states and do not speak on behalf of the state regarding such.
- There was then discussion about whether OMS should consider filing comments with EPA on their upcoming rule-making. No decision was made, but Eric will follow up with the Commissioners via email.

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 also reported on the OMS comments filed regarding the MISO Market Enhancement Development Project.

Resources WG

- Written report;

Regional Planning WG

- Written report;

Governance and Budget

- No report;

Seams WG

- Written report;

ADJOURNMENT

The public portion of the meeting of the OMS Board of Directors meeting adjourned at 3:10 pm CST.



**ORGANIZATION OF MISO STATES, INC.
Board of Directors Closed Meeting
Conference Call Minutes
December 5, 2013**

Approved January 16, 2014

Eric Callisto, President of the Organization of MISO States, Inc. (OMS), called the December 5, 2013 special closed meeting of the OMS Board of Directors to order via conference call at approximately 3:15 p.m. (CST). The following board members or their proxies participated in the meeting:

John Colgan, Illinois
Venkata Bujimalla, proxy for Libby Jacobs, Iowa
Melissa Watson, proxy for Eric Skrmetta, Louisiana
Regis Gosselin, Manitoba
Sally Talberg, Michigan
Burl Haar, proxy for David Boyd, Minnesota
David Carr, proxy for Brandon Presley, Mississippi
Joshua Harden, proxy for Robert Kenney, Missouri
Kim Moran, proxy for Kirk Bushman, Montana
Phil Movish, proxy for Cynthia Hedge-Morrell, City of New Orleans
Greg Rislov, proxy for Gary Hanson, South Dakota
Richard Greffe, proxy for Ken Anderson, Texas
Eric Callisto, Wisconsin

Absent

Arkansas
Indiana
Kentucky
North Dakota

Agency members participating

Randy Rismiller, Linda Wagner – Illinois
Amy Christiansen – Iowa
Noel Darce – Louisiana
Bill Bokram, Chris Devon – Michigan
Nancy Lang, Betsey Wergin – Minnesota
Janis Fischer, Adam McKinnie – Missouri
Don Neumeyer, Julie Urban – Wisconsin

Others on the call

Julie Mitchell, Bill Smith – OMS Staff

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

BUSINESS

1. OMS Response on Formula Rates, FERC Docket ER13-2379

- John Colgan moved to adopt the comments. Greg Rislov seconded. The comments were approved by voice vote with Manitoba abstaining.

2. Discussion: OMS Strategy on Return on Equity, FERC Docket EL14-12

- It was agreed that the ad hoc work group would follow the guidance given during the Board and staff discussion and create a draft filing for consideration.
- Eric Callisto and Bill Smith will reach out to the Consumer Advocate sector to explore sharing an expert on this topic.

ADJOURNMENT

The closed meeting of the OMS Board of Directors meeting adjourned at 4:00 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 November 2013**

CASH ON HAND

The beginning balance for the Wells Fargo Business Performance Savings Account on November 1 was \$25,328.35. Interest earned for this month totaled \$0.84 and there was no other activity. The November 30, 2013, ending balance was \$25,329.19.

The beginning book balance for the Chase Bank One Checking account on November 1 was \$147,376.69. The total disbursements from the checking account for November 2013 amounted to \$63,390.32. Deposits, interest and adjustments were \$1.08. The monthly electronic MISO remittance issued in November (an amount of \$60,000) was not reflected in November activity because the deposit occurred early December. As of November 30, 2013, the checking account bank balance was \$102,343.78 (with 21 check payments outstanding) and the book balance was \$83,987.45.

The total savings and checking account (book) balances as of November 30, 2013, is \$109,316.64.



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

Wells Fargo Business Performance Savings Account

Book Balance as of 10/31/13			\$	25,328.35
11/29/2013	DEP	Interest on Savings	\$	0.84
				\$ 25,329.19

Chase Bank One Commercial Checking with Interest

Book Balance as of 10/31/13			\$	147,376.69
11/29/13	DEP	Interest on checking	\$	1.08
Total Deposits				\$ 1.08

Checks and Charges

Date	Check #	Descriptions		
11/12/13	EFT	Paychex Invoice - Oct. P/R processing fee	\$	120.55
11/20/13	E-Pay	Chase Bank Card	\$	7,810.42
11/6/13	4501	B. Smith - Travel Exp. (10/14-10/16; 10/20-10/24)	\$	95.88
11/6/13	4502	B. Ballinger - Travel Exp. 10/20-10/24	\$	23.00
11/6/13	4503	C. Devon - Travel Exp. 10/20-10/24	\$	53.66
11/6/13	4504	J. Govindan - Travel Exp. 10/20-10/24	\$	42.64
11/6/13	4505	J. Colgan - Travel Exp. 10/20-10/24	\$	257.64
11/6/13	4506	R. Greffe - Travel Exp. 10/20-10/24	\$	739.64
11/6/13	4507	State of MI - B. Ballinger - travel exp. 10/20-10/24	\$	191.88
11/6/13	4508	State of MI - J. Govindan - travel exp. 10/20-10/24	\$	199.29
11/6/13	4509	W. Cecil - Travel Exp. 10/20-10/24	\$	89.47
11/6/13	4510	W. Bokram - Travel Exp. 10/20-10/24	\$	240.87
11/6/13	4511	WI PSC - J. Urban - travel exp. 10/20-10/24	\$	17.82
11/6/13	4512	WI PSC - L. Sakk - travel exp. 10/20-10/24	\$	19.71
11/6/13	4513	B. Smith - Travel Exp. (10/28-10/29; 10/29-10/31)	\$	124.30
11/6/13	4514	C. Garbacz - Travel Exp. 10/20-10/23	\$	525.43
11/6/13	4515	D. Kearney - Travel Exp. 10/20-10/23	\$	229.90
11/6/13	4516	L. Breathitt - Travel Exp. 10/21-10/23	\$	286.56
11/6/13	4517	MN PUC - B. Haar - travel exp. 10/21-10/23	\$	624.47
11/6/13	4518	MN PUC - D. Boyd - travel exp. 10/21-10/23	\$	1,348.80
11/6/13	4519	IUB - C. Bittner - travel exp. 10/21-10/23	\$	636.62
11/6/13	4520	IUB - L. Jacobs - travel exp. 10/21-10/23	\$	578.07
11/6/13	4521	State of IA - V. Bujimalla - travel exp. 10/21-10/23	\$	274.88
11/6/13	4522	State of SD - D. Kearney - travel exp. 10/20-10/23	\$	426.10
11/6/13	4523	S. Wefald - Travel Exp. 10/20-10/23	\$	1,042.31
11/13/13	4524	State of IA - V. Bujimalla - travel exp. 10/21-10/23	\$	100.00
11/14/13	4525	B. Smith - Travel Exp. 11/6-11/8	\$	53.95
11/14/13	4526	G. Tompkins - Travel Exp. 10/19-10/24	\$	351.61
11/14/13	4527	M. Watson - Travel Exp. 10/20-10/23	\$	964.66
11/14/13	4528	MN Dept. of Commerce - N. Campbell - travel exp. 10/20-10/23	\$	636.80
11/14/13	4529	MN PUC - B. Wergin - travel exp. 10/20-10/23	\$	719.81
11/14/13	4530	MN PUC - C. Panait - travel exp. 10/20-10/23	\$	719.50
11/14/13	4531	R. Kenney - Travel Exp. 10/30-10/31	\$	598.27
11/14/13	4532	W. Cecil - Travel Exp. 10/30-10/31	\$	305.68
11/14/13	4533	WI PSC - D. Neumeyer - travel exp 3-trips Aug/Oct/Oct	\$	1,246.57
11/20/13	4534	100 Court Investors - Office Rent & Pkg, Op. exp chrg (Dec)	\$	1,724.03
11/20/13	4535	C. Devon - Travel Exp. 11/8	\$	135.32
11/20/13	4536	Combined Systems Technology - cloud storage	\$	159.00
11/20/13	4537	K. Collier - Travel Exp. 10/21-10/23	\$	939.09
11/20/13	4538	MN PUC - H. Ham - travel exp. 9/2-9/6	\$	1,362.79
11/20/13	4539	The Novick Group - OMS D&O insurance	\$	3,847.00
11/20/13	4540	R. Rismiller - Travel Exp. 10/21-10/24	\$	249.74

11/20/13	4541	WI PSC - E. Callisto - travel exp. 10/21-10/23; 10/30-10/31	\$	1,343.85
11/20/13	4542	WI PSC - L. Sakk - travel exp. 11/7-11/8	\$	119.66
11/25/13	4543	Conference Suite - Oct. conf. calls (BofD, Exec., etc.)	\$	893.59
11/25/13	4544	Customized Energy Solutions - Oct. subscription	\$	3,500.00
11/25/13	4545	CenturyLink - office phone, fax, DSL, LD calls	\$	228.09
11/25/13	4546	B. Smith - WiFi Sep & Oct	\$	135.98
11/25/13	4547	A. McKinnie - Travel Exp. - 3 trips Sep/Sep/Oct	\$	980.40
11/25/13	4548	B. Smith - Travel Exp. 11/16-11/19	\$	15.00
11/25/13	4549	D. Carr - Travel Exp. 10/20-10/24	\$	1,582.12
11/25/13	4550	J. Mitchell - Travel Exp. 10/20-10/25	\$	689.28
11/25/13	4551	K. Bushman - Travel Exp. 10/20-10/23	\$	132.00
11/25/13	4552	MN PUC - H. Ham - travel exp. 10/20-10/24; 10/28-10/31	\$	2,432.68
11/25/13	4553	MS PU Staff - B. Myrick - travel exp. 10/20-10/24	\$	723.15
11/25/13	4554	T. Stratton - Travel Exp. 10/20-10/23	\$	850.00
11/25/13	4555	WI PSC - J. Urban - travel exp. 8/20-8/22; 8/26-8/28; 11/12-11/14	\$	1,010.25
11/25/13	4556	WI PSC - P. Montgomery - travel exp. 10/21-10/24	\$	388.89

11/27/13	EFT	Paychex Payroll net pay (ck.nos. 560-562)	\$	10,101.34
11/29/13	EFT	Paychex Payroll Taxes	\$	4,809.90
11/29/13	563	MG Trust (401(k))	\$	2,339.83
11/29/13	564	MG Trust (401(k))	\$	889.39
11/29/13	565	MG Trust (401(k))	\$	111.19

Total Disbursements - Checks and Charges

\$ 63,390.32

CHECKING ACCOUNT BALANCE at 11/30/13

\$ 83,987.45

TOTAL Certificates of Deposit, Savings and Checking Account Balances as of: 11/30/13

\$ 109,316.64

CHASE CHECKING ACCOUNT RECONCILIATION
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Bank Balance 11/30/13			<u>\$ 102,343.78</u>
Less Checks Outstanding			
	<u>Check #</u>		
11/6/13	4505	J. Colgan	\$ 257.64
11/14/13	4527	M. Watson	\$ 964.66
11/20/13	4534	100 Court Investors	\$ 1,724.03
11/20/13	4535	C. Devon	\$ 135.32
11/20/13	4540	R. Rismiller	\$ 249.74
11/20/13	4541	WI PSC - E. Callisto	\$ 1,343.85
11/20/13	4542	WI PSC - L. Sakk	\$ 119.66
11/25/13	4543	Conference Suite	\$ 893.59
11/25/13	4544	Customized Energy Solutions	\$ 3,500.00
11/25/13	4545	CenturyLink	\$ 228.09
11/25/13	4546	B. Smith	\$ 135.98
11/25/13	4547	A. McKinnie	\$ 980.40
11/25/13	4548	B. Smith	\$ 15.00
11/25/13	4549	D. Carr	\$ 1,582.12
11/25/13	4550	J. Mitchell	\$ 689.28
11/25/13	4551	K. Bushman	\$ 132.00
11/25/13	4552	MN PUC - H. Ham	\$ 2,432.68
11/25/13	4553	MS PU Staff - B. Myrick	\$ 723.15
11/25/13	4554	T. Stratton	\$ 850.00
11/25/13	4555	WI PSC - J. Urban	\$ 1,010.25
11/25/13	4556	WI PSC - P. Montgomery	\$ 388.89
Total Outstanding Checks			<u>\$ 18,356.33</u>
Book Balance 11/30/13			<u>\$ 83,987.45</u>



Organization of MISO States

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OMS Executive Director Report December 3, 2013

MISO Filings

As part of its tariff clean-up, MISO filed a re-collation of its tariff on November 19. ER 14-281, 421, 422, and 425. Other filings were limited while new tariff software is implemented.

OMS / MISO Activity

1. On November 25, the OMS filed a Reply Brief dealing with the Minimum Offer Price Rule rehearing in Docket ER11-4081.
2. The OMS filed an intervention in the complaint filed by ABATE and other industrial customers challenging the MISO Transmission Owners return on equity. A position is due by January 6, 2014. Docket EL14-12.

Public Relations

1. Presentations:
 - Bill Smith spoke at an EUCI conference on capacity markets on November 7.
 - Bill Smith spoke to the Midwest Municipal Transmission Group on November 22.
2. Pending speaking/meeting invitations:
 - Dave Johnston will speak at a conference on resource adequacy structures in January 29-30.

Upcoming dates:

- Next regular OMS Board of Directors meeting: December 5, 2013, at 1:00 pm CT
- Next OMS Executive Committee meeting: December 19, 2013, at 1:00 pm CT
- Future OMS Board meetings: January 16, February 20
- Future OMS Executive Committee meetings: January 30, March 6
- Next OMS meeting with IMM: December 18



**MISO Advisory Committee
Carmel, IN**

December 11, 2013

10:00 am – 3:15 pm EPT

Dial-in and WebEx information available at 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		
e. AC Leadership Announcement		
f. ADR Election Announcement		
2. Electricity and Natural Gas Coordination		10:15
Lin Franks, Clair Moeller, Todd Ramey, John Lawhorn will provide background information followed by comments and questions from the Board of Directors and the Advisory Committee members.		
3. South Region Integration Readiness	Mike McMullen	11:30
4. MISO Updates		11:40
a. Members Meeting*	Steve Kozey	
b. Governance Questions Response Update*	Steve Kozey	
c. Customer Satisfaction Survey	Todd Hillman	
5. 2014 Incentive Goals and Metrics Stakeholder Feedback Discussion	Greg Powell	11:55
LUNCH		12:00
6. OMS Survey Results	Berntsen/Chatterjee	1:00
7. Advisory Committee Items	Gary Mathis	1:20
a. Solicit Finance Subcommittee candidates*		
b. Review of AC Management Plan		
c. 2014 Hot Topics (Determine February)		
d. 2014 Rotating Agenda Team		
e. January Meeting Discussion*		
8. Standing Committee/Other Stakeholder Committee Reports		
a. Steering Committee	Dennis Kramer	1:50
b. RECB Task Force	C. Wetterlin	2:00
c. Reliability Subcommittee Update	Tony Jankowski	2:10

√ Denotes Potential Voting Item

* Denotes Report is Oral



d. Planning Advisory Committee Update	Bob McKee	2:20
e. Market Subcommittee Update	Bill SeDoris	2:30
f. Stakeholder Governance Working Group	Bill SeDoris	2:40
g. OMS Update	Bill Smith	2:50
h. Transmission Owners Update*	Dennis Kramer	2:55
9. New Business	All	3:05
10. Recap – Issues/Assignments	Alison Lane	3:15

Next Meeting: January 23, 2014

Rotating Agenda Team January 2014: Kavita Maini, Libby Jacobs, JoAnn Thompson

11/13/13 PAC Summary

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

- December 18th 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 12/18.

• **Motions:**

- Out of Cycle Project Approval – MidAmerican Energy Liberty Substation; new 161/13 kV substation; ISD: 10/1/2014; \$2.7M to serve new customer. Other, not cost shared. Passed w/ 3.5 yes, 3.5 abstain, no against. Implicitly approved via this PAC vote.
- OMS Committee BPM language – a motion to approve the BPM language was postponed until the December PAC when OMS and MISO could work out some additional agreed to language during the November PAC meeting.

• **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.
- <https://www.misoenergy.org/Planning/InterregionalCoordination/Pages/InterregionalCoordination.aspx>

• **MTEP 14 Scope:**

- From the last PAC meeting stakeholders were asked to prioritize the seven MTEP 14 scope items. MISO presented the results and will continue with all seven study scopes, noting that some will be external from the regular MTEP cycle, while others will be part of the normal cycle activities. MISO also provided a tentative study duration estimation for each of the seven studies to give a sense of how long each one would likely take.

• **MTEP 14 Futures Discussion:**

- MISO provided further definition and description of the MTEP 14 futures, including a revised futures matrix. They also began high level discussion of the Load Forecast Uncertainty methodology for determining load growth, as well as the proposed “Plan B” for the natural gas price, which would incorporate the NYMEX and EIA forecast (high and low will be 25% above and below baseline) and escalation rates to be discussed at future PAC meetings.
- MISO will also schedule a MTEP 15 futures discussion with PAC sectors and stakeholders on December 4th to try to determine overall opinion and desires from stakeholders for key assumption methodologies and other future related discussions.

• **Transparent Resource Adequacy & Assessment Consolidation (TRAAC):**

- MISO provided presentation materials explaining more details behind this internal initiative. Please see the meeting materials for more details. Note that MISO will be using a consultant/external vendor for this initiative.

• **Top Down Planning Update:**

- MISO provided a short overview of a proposed solution idea solicitation processes that would allow stakeholders, TO's, and MISO staff alike to proposed projects for Top Down Planning (i.e,

Prepared by J Govindan

MVPs and MEPs). Some key takeaways: solution ideas don't equal projects right away, MEPs and MVPs are outputs rather than inputs into this process, following stakeholder review process MEPs and MVPs will have direct path to Appendix A.

- **Additional Topics –**

- 3rd Quarter EPA study – Please see meeting materials for the latest survey results.
- New NERC TPL-001-4 Planning Standard – MISO gave an overview of the new planning standard that focuses on planned outage provisions and changing the R1 violation risk factor to “high”. MISO also provided an overview of their game plan for how to tackle these required changes. Please see meeting materials for more information. Also, please follow the next Planning SubCommittee meeting, as well as the next PAC meeting for more information on this topic.
- 2014 – 2015 Planning Year LOLE Results – MISO planning reserve margin (PRM)14.8% installed capacity; 7.3% unforced capacity; net increase of 1% in PRMucap. Please see meeting materials for more details and break down of PRM by local resource zone.
- Transmission Developer Selection Qualification BPM Language – MISO presented the initial draft BPM language, as well as a tentative developer qualification application for stakeholder review and asked for feedback.

Organization of MISO States Discussion Questions on the Design of a Program to Reduce Carbon Pollution from Existing Power Plants

Background

On June 25, 2013, President Obama issued a Presidential Memorandum directing the EPA to work expeditiously to complete carbon pollution standards for the power sector. The Presidential Memorandum directed EPA to issue a new proposal of carbon pollution standards for future coal-fired plants by September 2013.¹ On September 20, the Administrator of EPA, Gina McCarthy announced those proposed standards. The Presidential Memorandum also called for EPA to propose regulatory guidelines, for states to set standards to reduce emissions at modified and existing power plants by no later than June 1, 2014. The final guidelines for existing and modified plants are to be issued no later than June 1, 2015. In addition, it directs EPA to include a requirement for state submittal of the implementation plans required under section 111(d) of the Clean Air Act by no later than June 1, 2016.

Section 111 of the Clean Air Act calls for different types of programs to cut pollution from new and existing emissions sources. Congress recognized that the opportunity to build emissions controls into a source's design is greater for new sources than for existing sources. Partly for that reason, section 111 allows for new source standards and existing source standards to be quite different. Under section 111(b), EPA issues national emissions standards that apply to new sources in a category of similar sources. By contrast, section 111(d) provides that EPA shall establish a procedure for states to submit plans containing performance standards for existing sources. Under section 111(d), EPA issues guidelines for states to use in developing plans implementing standards of performance for the affected sources. These state plans are then submitted to EPA for approval. Note that the existing source provisions only apply to certain pollutants such as carbon dioxide that are not regulated under other specified Clean Air Act authorities.

The Presidential Memorandum directs EPA to develop the existing source rule with direct engagement with stakeholders, experts and the public on issues informing the design of the program. As system operators you have special expertise and knowledge that we want to tap as we develop this program. Below are some key questions that cover a number of issues relevant to the potential design of a program under section 111(d) for existing power plants that we would like you to consider. While these questions are not all inclusive we hope that they will help to foster a robust discussion with us about the design of a program that ensures cost-effective solutions, provides flexibility, and builds upon programs that have been put in place in states over the past decade.

1. What is your experience with programs that reduce CO₂ emissions in the electric power sector?

Over the past decade, a variety of strategies have been employed that reduce CO₂ emissions from the electric power sector. Some of these have specifically focused on CO₂ emissions while others have had other purposes but still result in CO₂ emissions reductions at power plants. Some have been required by state statute, others initiated by state utility commissions under existing statutory authorities, while others have been undertaken at the initiative of utilities or independent owners of power generation facilities. Examples include greenhouse gas (GHG) emissions performance standards, emissions budget trading programs,

¹ EPA proposed a carbon standard for new plants in April 2012. The agency received more than 2.5 million comments. After reviewing the comments EPA is making changes that are substantial enough that it wants the public to have an opportunity to comment before finalizing the rule.

resource planning requirements, end-use energy efficiency resource standards, renewable energy portfolio standards, and appliance and building code energy standards.

Questions for further discussion

- From your perspective, which approaches to reducing CO₂ emissions work well and are there some that do not?
- What kinds of problems have you encountered if any?
- Some approaches alleviate the need for new transmission and generating capacity. Are there some that make problems worse?

2. How should EPA set the performance guidelines for state plans?

CAA Section 111(d) calls for EPA to issue guidelines for state plans that must contain “standards of performance.” As with previous section 111(d) rules, EPA believes that its guidelines should identify for sources and states the required level(s) of performance prior to plan submittal. Under section 111:

“Standard of performance” means “a standard for emissions of air pollutants which reflects the degree of emission limitation achievable through the application of the best system of emission reduction which (taking into account the cost of achieving such reduction and any nonair quality health and environmental impact and energy requirements) the Administrator determines has been adequately demonstrated.”

There are a number of ways to reduce CO₂ emissions from existing power plants that might be included in an evaluation of the best system of emission reduction (BSER), including:

- Onsite actions at individual affected section 111(d) sources (at power generating units.)
 - Supply-side energy efficiency improvements (“heat rate improvements”).
 - Fuel switching or co-firing of lower-carbon fuel.
- Shifts in electricity generation among sources regulated under section 111(d) (e.g., shifts from higher- to lower-emitting affected fossil units) as a result of requirements that change relative prices.
- Offsite actions that reduce or avoid emissions at affected section 111(d) sources.
 - Shifts from fossil generation to non-emitting generation due to portfolio requirements or requirements that change relative prices.
 - Reduction in fossil generation due to increases in end-use energy efficiency and demand-side management.

Questions for further discussion

- Which approaches to reducing CO₂ emissions from power plants should be regarded as part of the “best system of emission reduction” that EPA uses to determine the performance level(s) that state plans must achieve? Should the reduction requirement be source-based or system-based?
- What should be the form and specificity of the performance level(s) in EPA guidelines? (Rate-based or mass-based? Separate levels for each subcategory of sources, or one level for the covered sources in the state? A uniform national level or different levels by state or region based on a consistent methodology that takes into account differences in generation mix?)

- When can emission reductions from existing power plants be achieved, considering different reduction strategies?

3. What flexibility should be provided to states in developing their plans?

Many states and stakeholders have voiced support for state flexibility to include different types of program designs in their state plans. Regardless of how we set the performance guidelines, there are numerous and varied means for reducing or avoiding carbon pollution from existing electric generating units (EGUs), including options that target electricity supply and those that target electricity demand. Furthermore many states have developed a portfolio of programs and measures that reduce electricity sector CO₂ emissions while providing significant economic, consumer and reliability benefits.

Questions for further discussion

- Can a state plan include requirements that apply to entities other than the affected EGUs? For example, must states place all of the responsibility to meet the emission performance requirements on the owners or operators of affected EGUs, or do states have flexibility to take on some (or all) of the responsibility to achieve the required level of emissions performance themselves or assign it to others (e.g., to require an increase in the use of renewable energy or require end-use energy efficiency improvements, which would result in emissions reductions from affected EGUs)?
- What enforceability issues might arise if a state plan includes requirements that apply to entities other than affected EGUs (e.g., an electric distribution utility or a state program administrator)?
- How are the differences in the extent and nature of regulation and industry structure from state to state likely to affect state plans? Do these differences present any pitfalls that we should be aware of and avoid?
- Are there any consequences for grid reliability that we should be aware of in allowing these kinds of state flexibility?
- What should be the process for demonstrating that a state plan will achieve a level of emissions performance comparable to the level of performance in the EPA emission guidelines?
- What measurement and verification issues might arise, depending on the types of state measures and programs that states include in their plans (e.g., end-use energy efficiency resource standards, renewable portfolio standards, financial assistance programs to encourage end-use energy efficiency, and energy codes for buildings)?
- What issues arise from the fact that operation and planning of the electricity system is often regional, but CAA section 111(d) calls for state plans? How should interstate issues be addressed, where actions in one state may affect EGU emissions in another state? For example, where actions have interstate impacts, which state would receive credit for the emission reductions in its state plan?
- Should EPA consider providing for coordinated submittal of state plans that demonstrate performance on a regional basis?

4. What can EPA do to facilitate state plan development and implementation?

Under CAA section 111(d), states are able to determine the combination of measures that will achieve an equivalent or better level of emission performance as those specified by EPA's emissions guidelines. To help states develop their plans, EPA has historically issued a model rule under section 111(d). However, many

states are deploying a range of policies, programs, and measures that reduce electricity sector CO₂ emissions. In these circumstances, the potential role of a model rule is less clear, and any such model rule would need to consider the unique regional and sometimes integrated nature of these existing programs. In addition, states without current programs may be better informed by the experiences of their sister states in finding the appropriate mix of measures and programs.

EPA is exploring whether and how to develop a “toolbox” of decision-making and implementation resources for states that might include information about state programs and measures that reduce electricity sector CO₂ emissions. Examples of information in the decision-making toolbox might include criteria for demonstrating how system-wide actions can meet the level of performance in the emission guidelines; a compendium of existing state energy and GHG policies, programs, and measures that includes information about key design attributes and how the states are estimating energy savings and emission reductions; and links to tools that help quantify energy savings and emissions reductions from state programs and measures.

Questions for further discussion

- What types and amount of guidance and implementation support should be provided to states?
- Are there benefits for coordination among neighboring states in the development and submittal of state plans? Should EPA facilitate the coordination of multi-state plan submittals?
- Would certain types of measures that might be included in state plans increase the need for coordination among states?
- Are there model rules that EPA could develop that would assist states, and what would those rules cover?

There are many other questions that deserve consideration in the development of the section 111(d) guidelines, and EPA encourages the suggestion of other topics. EPA welcomes input on these and any other questions.

There are many other questions that deserve consideration in the development of the section 111(d) guidelines, and EPA encourages the suggestion of other topics. EPA welcomes your input on these and any other questions.

The website for the development of the carbon pollution standards is <http://www2.epa.gov/carbon-pollution-standards>.

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Midcontinent Independent System Operator, Inc.)	Docket No. ER13-2379-000
)	
Midcontinent Independent System Operator, Inc., (Northern Indiana Public Service Company))	Docket No. ER13-2376-000
)	
)	
Midcontinent Independent System Operator, Inc. (Vectren))	Docket No. ER13-2375-000
)	

**MOTION FOR LEAVE TO ANSWER AND ANSWER
OF THE ORGANIZATION OF MISO STATES**

Pursuant to Rule 212 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.212, the Organization of MISO States (“OMS”) respectfully submits the following Motion for Leave to Answer and Answer in the above-captioned dockets in response to the Answers submitted to the Commission by the MISO Transmission Owners (“MISO TOs”), Vectren Energy Delivery of Indiana, Inc. (“Vectren”), and Northern Indiana Public Service Company (“NIPSCO”) on November 15, November 1, and November 14, respectively.

I. MOTION FOR LEAVE TO ANSWER

Pursuant to Rule 212,¹ OMS respectfully requests leave to file this Answer. Generally, an answer to comments or a protest is not permitted;² however, the Commission allows such answers when the answer provides useful and relevant information that will assist the

¹ 18 C.F.R. § 385.212 (2013).

² 18 C.F.R. § 385.213(a) (2013).

Commission in its decision-making process,³ corrects factual inaccuracies and clarifies the issues,⁴ assures a complete record in the proceeding,⁵ provides information helpful to the disposition of an issue,⁶ or permits the issues to be narrowed.⁷

OMS submits that this Answer satisfies the above criteria by aiding the Commission in its decision-making process, clarifying the record, assuring a complete factual record in the proceeding and providing information helpful to the disposition of the issue of whether the compliance filings submitted in these dockets constitute formula rate protocols that are just and reasonable and not unduly discriminatory.

II. ANSWER

A. Effective Date for the Protocols

In its comments submitted to the Commission in this proceeding on October 18, 2013, (“October 18 Comments”), the OMS noted the Commission’s Orders setting May 23, 2012, as the refund effective date for the compliance protocols directed by the Commission in this case.⁸ The OMS requested that the Commission retain that date as the effective date for the protocols,

³ See e.g., *Pioneer Transmission, LLC v. Northern Indiana Public Service Co. and Midwest Independent Transmission Sys. Operator, Inc.*, 140 FERC ¶ 61,057 at P 93 (2012); *Midwest Independent Transmission Sys. Operator, Inc.*, 131 FERC ¶ 61,285 (2010); *Southwest Power Pool, Inc.*, 131 FERC ¶ 61,252 at P 19 (2010), *reh’g denied*, 137 FERC ¶ 61,075 (2011) (accepting answers that “provided information that assisted us in our decision making process”); *Duke Energy Kentucky, Inc.*, 122 FERC ¶ 61,182 at P 25 (2008) (accepting answers in proceeding on Wholesale Distribution Service agreements that “provided information that assisted us in our decision-making process”); *Tallgrass Transmission, LLC et al.*, 125 FERC ¶ 61,248 at P 26 (2008); *PJM Interconnection, L.L.C.*, 120 FERC ¶ 61,083 at P 23 (2007) (answer to protests permitted when it provides information to assist the Commission in its decision-making process).

⁴ See e.g., *Entergy Services Inc.*, 123 FERC ¶ 61,227 (2009).

⁵ See e.g., *Pacific Interstate Transmission Co.*, 85 FERC ¶ 61,378 at P 62,443 (1998), *reh’g denied*, 89 FERC ¶ 61,246 (1999); *Morgan Stanley Capital Group, Inc. v. New York Independent Sys. Operator, Inc.*, 93 FERC ¶ 61,017 at P 61,036 (2000) (accepting an answer that was “helpful in the development of the record...”).

⁶ See e.g., *CNG Transmission Corp.*, 89 FERC ¶ 61,100 at P 61,287, n. 11 (1999).

⁷ See e.g., *PJM Interconnection, L.L.C.*, 84 FERC ¶ 61,224 at P 62,078 (1998); *New Energy Ventures, Inc. v. Southern California Edison Co.*, 82 FERC ¶ 61,335 at P 62,323, n. 1 (1998).

⁸ OMS Comments, at 9.

rather than January 1, 2014, as requested by the MISO TOs, Vectren, and NIPSCO.⁹ As the OMS explained, the refund effective date, which was properly established by the Commission in its Orders pursuant to the Federal Power Act, must be respected and given meaning.¹⁰ The OMS also proposed a workable remedy to the companies' inability to go back in time to implement the new protocol milestones and timelines for the period between May 23, 2012 and December 31, 2013, while still providing a means for review and challenge by Interested Parties.¹¹

The MISO TOs, however, continue in their Answer to urge the Commission to ignore the Commission's previous determination establishing May 23, 2012, as the applicable refund effective date for the compliance protocols.¹² In particular, the MISO TOs state that the Commission has "equitable discretion" in establishing an effective date.¹³ While the MISO TOs are correct about the Commission's equitable discretion in setting a refund effective date, they ignore the fact that the Commission has already exercised its discretion on this issue in this case by establishing the earliest refund effective date allowable under Section 206 of the Federal Power Act, rather than an alternative date up to five months thereafter.¹⁴ The Commission specifically explained that its reason for choosing the effective date in this case was to "provide maximum protection to customers."¹⁵ As the OMS explained, to make this maximum protection real, the Commission cannot accept a January 1, 2014, effective date in this case without adopting compensating measures for the period between May 23, 2012, and December 31, 2013.

⁹ OMS Comments, at 11.

¹⁰ OMS Comments, at 11-12.

¹¹ OMS Comments, at 12-13.

¹² MISO TOs' Answer, at 29-30.

¹³ MISO TOs' Answer, at 30.

¹⁴ The OMS notes that it would have been statutorily impermissible for the Commission to have selected January 1, 2014 as the refund effective date in this case. Despite this statutory prohibition, the adoption of the MISO TOs' proposal would have the same effect.

¹⁵ Midwest Indep. Transmission Sys. Operator, Inc., 139 FERC ¶ 61,127 (2012) at P 25.

The MISO TOs follow their “equitable discretion” statement with an attempt to tie the facts of the instant case to previous cases wherein the Commission also exercised its discretion to decide whether or not to actually order refunds, having previously set a refund effective date. In particular, the MISO TOs cite the following cases for the precept that the Commission has “discretion in fashioning remedies”¹⁶ and, particularly, whether or not the Commission has discretion to order refunds:

- *Consolidated Edison Co. v. FERC*, 510 F.3d 333, 339 (D.C. Cir. 2007);
- *Town of Concord v. FERC*, 955 F.2d 67, 72-76 (D.C. Cir. 1992);
- *La. Pub. Serv. Comm’n v. FERC*, 174 F.3d 218, 225 (D.C. Cir. 1999).

However, the relevance of these cases to the issue at hand is suspect as they dealt directly with rates, rather than the processes by which transmission charges are developed under a formula rate approach. Furthermore, in this proceeding the Commission found that “the MISO and individual company formula rate protocols are insufficient to ensure just and reasonable rates.”¹⁷ The Commission has also stated that “annual formula rate updates and informational filings are not themselves rates and do not constitute changes in the underlying rate itself (that is, the formula, which is the rate).”¹⁸

So, the Commission in this case has found that the MISO protocols that have been in effect, and which are part of the tariff and constitute a process by which the transmission charges are periodically updated pursuant to a formula rate, are unjust and unreasonable. The question at issue here is whether the Commission may (or must), once it determines the just and reasonable protocol process, establish and fix that just and reasonable protocol process and apply it to the period beginning with the refund effective date previously established. The OMS has

¹⁶ MISO TOs’ Answer, at 30.

¹⁷ May 16 Order, at P 1.

¹⁸ *Midwest Indep. Transmission Sys. Operator, Inc.*, 143 FERC ¶ 61,149 (2013), at P 85, (“May 16 Order”).

acknowledged that it is not possible in this case for the Commission to apply the new protocol process, including the timelines and mileposts, to past periods without some modifications.¹⁹ Nevertheless, the Commission may (and perhaps must) apply a protocol process that the Commission determines to be just and reasonable to cover the period back to the established refund effective date, and that is what the OMS recommends the Commission do in this case. Once Interested Parties have access to use the revised protocol process to review charges levied under the formula rates in place during the period May 23, 2012 through December 31, 2013, it may be discovered that some charges may have been incorrectly or inappropriately levied and some revenues may have been improperly recovered. The OMS urges the Commission to explain in this case how such possibilities might be resolved. Options may include refunds, reconciliations or true-ups.

NIPSCO also continues to support January 1, 2014, as the effective date for the protocols in this case.²⁰ NIPSCO cites a sentence in the OMS's Comments as indicating "some confusion" on the OMS's part as to the findings in the Commission's May 16 Order²¹ regarding the refund effective date.²² The sentence in the OMS's forty-one page Comments that NIPSCO refers to states as follows:

The Commission has found that the formula rates that have been in use since May 23, 2012, are unjust and unreasonable.

The OMS wishes to concede that this sentence should have stated as follows:

The Commission has found that the formula rates protocols that have been in use since May 23, 2012, are unjust and unreasonable.

¹⁹ OMS Comments, at 12.

²⁰ NIPSCO Answer, at 4.

²¹ May 16 Order, at P 1.

²² NIPSCO Answer, at 4, citing to 2 and 9-13 of the OMS Comments.

The OMS regrets the inadvertent drafting error in this regard and appreciates NIPSCO's attention to detail, but wishes to assure both NIPSCO and the Commission that OMS has no confusion about the Commission's clear statements regarding the refund effective date in this case.²³

NIPSCO also asserts that the letter to MISO from the Commission's Penny S. Murrell (Director, Division of Electric Power Regulation – Central) dated October 31, 2013, somehow supports NIPSCO's proposal to make January 1, 2014 the effective date for the protocols in this case, rather than May 23, 2012.²⁴ However, as the OMS reads Ms. Murrell's letter, it merely points out that the MISO TOs and NIPSCO submitted their September 13, 2013, filings under the wrong eTariff filing code.²⁵ Ms. Murrell's letter clearly states that the protocol tariff submitted to the Commission by the MISO TOs, NIPSCO, and the other transmission owners was "submitted to comply with the Commission's directives in the May 16 Order."²⁶ The refund effective date that the OMS supports was established by the Commission in the May 16 Order, so NIPSCO's suggestion that the letter pointing out NIPSCO's filing error somehow supports NIPSCO's proposed effective date has no substance or basis and should be ignored.

Vectren also opposes application of the Commission's May 23, 2012, refund effective date to the protocols in this case.²⁷ Vectren asserts that that the May 23, 2012, refund effective

²³ The OMS also wishes to point out that, although NIPSCO asserts that the OMS made this drafting error on both page 2 and pages 9-13 of its Comments, NIPSCO is incorrect. The OMS made the drafting error only on page 2 of its Comments, which was in the Summary section and not in the detailed section of the OMS's Comments.

²⁴ NIPSCO Answer, at 4.

²⁵ The MISO TOs and NIPSCO apparently used Code 10 (Rate Schedule Change Other Than Rate Increases) rather than Code 80 (Compliance Filing).

²⁶ Murrell letter, at 2.

²⁷ Vectren Answer, at 3.

date is not applicable because “there are no monies to be refunded.”²⁸ However, it is unclear how Vectren can assert with such confidence that there are no monies to be refunded for rate years in which there was no effective protocol process in place to allow interested parties to review or challenge Vectren’s formula rate updates. Indeed, Vectren’s conclusion can be reached only after the revised protocol process is applied. Accordingly, the OMS requests that the revised protocol process be applied to the maximum extent possible.

Vectren also argues that application of a May 23, 2012, refund effective date to the protocols in this case would “require that two years’ annual updates be re-opened.”²⁹ The OMS would point out that under the Commission’s rules and requirements, charges produced under formula rates are always “open” until definitively closed by the Commission. As the Commission stated in the May 16 Order,

We reject the arguments made by certain parties that, after its initial review, the Commission has no authority under section 205 of the FPA to review a formula rate or the formula rate inputs, as well as the arguments that it is beyond the Commission’s authority to require informational filings, additional audits, etc.³⁰ Transmission owners are responsible under the FPA for demonstrating that the charge produced by a formula rate complies with the requirements of section 205. Further, the Commission has discretion to prescribe the manner in which public utilities are to make available their books and records to the Commission. [footnote omitted] We find that, pursuant to the FPA, and exercising such discretion, the Commission does, in fact, have the authority to require utilities to make available detailed information regarding their formula rates and inputs.³¹

²⁸ Vectren Answer, at 3.

²⁹ Vectren Answer, at 3.

³⁰ See *PJM Interconnection, L.L.C.*, 110 FERC ¶ 61,053 at P 120 & n.105 (explaining that although the Commission’s acceptance of a formula rate authorizes a utility to use the formula rate on an ongoing basis, the costs used in applying the formula rate are not part of the rate and are subject to both challenge and review).

³¹ May 16 Order, at P 84.

In this context, the Commission has clearly stated, “the costs used in applying the formula rate are not part of the rate and are subject to both challenge and review”³² and that the transmission owner “continues to bear the burden of demonstrating the justness and reasonableness of the rate resulting from its application of the formula.”³³ So, establishing May 23, 2012, as the refund effective date in this case would not “re-open” the charges imposed by Vectren under the previous two rate updates. Rather, those rate updates are, and always have been, open and subject to refunds. Accordingly, the question at hand is what review and challenge processes should be available to Interested Parties with respect to those two rate updates.

The OMS continues to recommend, consistent with the Commission’s May 16 Order, that the protocols approved by the Commission in this case be applied, to the greatest extent possible, to the formula rate charges levied between May 23, 2012 and December 31, 2013 and that the full applicability of the protocols be applied going forward from January 1, 2014.

B. Application of the Protocols to Forward Net Revenue Requirement Projections³⁴

In its October 18 Comments, the OMS noted that the MISO TOs proposing to use a forward formula rate process have not proposed, in this case, a uniform approach for applying the formula rate protocols to their net revenue requirement projections.³⁵ Indeed, the OMS pointed out that only NIPSCO proposes to apply the protocol processes of notice, review, information exchange, challenge, and informational filing to their forward formula rate projections.³⁶ Accordingly, the OMS recommended that the Commission direct MISO and all

³² *PJM Interconnection, L.L.C.*, 110 FERC ¶ 61,053 at P 120 & n.105.

³³ May 16 Order, at P 120, underlining added.

³⁴ The Public Service Commission of Wisconsin does not join in this section of the pleading.

³⁵ OMS Comments, at 24.

³⁶ OMS Comments, at 24.

MISO TOs using a forward formula rate approach to revise their Attachment O protocols to make the formula rate projection step subject to all aspects of the protocol process.³⁷

In their Answer, the MISO TOs argue that applying the protocols to the projected net revenue requirements is not required by the Commission's Order and would provide little benefit to Interested Parties.³⁸ The MISO TOs assert that the Commission should focus on "the actual costs that customers pay", rather than the projected net revenue requirement.³⁹ Such a recommendation ignores the fact that customers do actually pay the costs reflected in the MISO TOs' projected net revenue requirement. Indeed, if those projections are inflated, customers will not obtain a refund of the improperly collected rates until several years later, and, even then, only if the subsequent challenge process is successful at the true-up stage.⁴⁰

The MISO TOs assert that applying the formula rate protocols to "costs that are only preliminary in nature" would be "wasteful, duplicative, and administratively burdensome."⁴¹ However, from the customer's perspective, it would not be wasteful to have access to a review and challenge process for revenue requirement projections that customers will actually have to pay. Indeed, it is unreasonable to expect customers to pay inflated rates for a year and only after that year has passed, have access to a process for reviewing and challenging costs that they have already been forced to pay. There would be no waste, duplication, or administrative burden if Interested Parties had an opportunity to review and challenge a MISO TO's inflated and unreasonable rate projection at the projection stage, and obtain relief at that stage, rather than only at the true-up stage.

³⁷ OMS Comments, at 26.

³⁸ MISO TOs' Answer, at 31.

³⁹ MISO TOs' Answer, at 31.

⁴⁰ This lag is at the heart of the intergenerational equity concern discussed in the OMS's Comments (at 25).

⁴¹ MISO TOs' Answer, at 31.

As to the MISO TOs' argument that applying the protocols to the projected net revenue requirements is not required by the Commission's Order,⁴² the OMS notes the following statements from the Commission's May 16, 2013 Order in this case:

- We find that MISO's formula rate protocols provide insufficient transparency with respect to information about the transmission owners' costs and revenue requirements.⁴³
- Having reviewed and considered the various arguments raised in the briefs filed, we find that the transparency currently provided by the MISO formula rate protocols is insufficient to ensure that transmission customers pay just and reasonable rates.⁴⁴
- Both a formula rate and its inputs must be transparent; it is essential to their being just and reasonable.⁴⁵
- To this end, to be just and reasonable, the MISO formula rate protocols must be revised to provide interested parties with the information necessary to understand and evaluate the implementation of the formula rate for either the correctness of inputs and calculations, or the reasonableness of the costs to be recovered in the formula rate.⁴⁶
- The MISO formula rate protocols must include greater detail regarding the financial and cost information upon which a transmission owner's rates are developed.⁴⁷
- Transmission owners are responsible under the FPA for demonstrating that the charge produced by a formula rate complies with the requirements of section 205.⁴⁸

These statements summarize the extent of the Commission's concern for transparency in MISO's formula rate protocols, including the reasonableness of the projected costs to be recovered in the formula rate. The Commission has been clear that the MISO TOs are responsible under the FPA for demonstrating that the charge produced by a formula rate

⁴² MISO TOs' Answer, at 31.

⁴³ May 16 Order, at P 81.

⁴⁴ May 16 Order, at P 81.

⁴⁵ May 16 Order, at P 83.

⁴⁶ May 16 Order, at P 83, underlining added.

⁴⁷ May 16 Order, at P 86.

⁴⁸ May 16 Order, at P 84.

complies with the requirements of Section 205 of the FPA. The Commission's expression of concern regarding transparency and the Commission's reiteration of the MISO TOs' responsibility to demonstrate the just and reasonableness of the charges produced by the formula rate apply to charges produced in the revenue requirement projection stage as well as the true-up stage. The protocol process, likewise, must be applied in both contexts as the OMS recommends.

Finally, in response to the OMS's concern that a lack of transparency in projected rate inputs makes it difficult for federal and state regulators and other stakeholders to compare projections to actual expenditures in a meaningful way⁴⁹, the MISO TO's argue that the proposed protocols provide defined and well-structured procedures pursuant to which all Transmission Owners will make actual data available, and by which Interested Parties (including OMS and each state commission) can submit Information Requests and make Informal or Formal Challenges.⁵⁰

The OMS acknowledges the TOs' willingness to make data available to interested parties and would reiterate that comparing projected costs to actual expenditures over the construction and life of a transmission project cannot be done optimally in the proposed Annual True-Up process without similar and complementary access to projected and actual numbers. Without consistent and continuing details on projections it is difficult, if not impossible, for any stakeholder to assess whether actual numbers are accurate, prudent, or appropriate. This need for information is necessary for state commissions to meet federal and state regulatory due diligence and statutory oversight responsibilities. Without the ability to make such comparisons, the

⁴⁹ OMS Comments, at 24-25.

⁵⁰ MISO TOs' Answer, at 34-35.

proposed protocols could still result in unjust and unreasonable rates. Moreover, well-defined and well-structured protocols need to include the ability to make available projected and actual data so OMS and each state commission, as well as other Interested Parties, can submit meaningful information requests and make informal or formal challenges based on comparisons of projected and actual data.

C. Timeline and Date for the Annual Meeting

In its October 18 Comments, the OMS noted the MISO TOs' proposal would permit delay of the annual meeting up to, and including, October 1.⁵¹ The OMS described various problems that such a delay could create.⁵² To address these concerns, the OMS proposed that the annual meeting be held no later than 30 days after the posting of a MISO TO's formula rate update/true-up and no earlier than 10 days of such posting.⁵³

In their Answer, the MISO TOs acknowledged various parties' concerns about the MISO TOs' proposed timeline for the annual meetings.⁵⁴ The MISO TOs state that they have no intent to use the timeline they proposed to "prevent Interested Parties from being able to submit information requests."⁵⁵ Nevertheless, the MISO TOs accede to change the allowed date for the annual meeting from October 1 to September 1, if so directed by the Commission.⁵⁶

The OMS appreciates the MISO TOs' reconsideration of this issue and their 30 day concession. Nevertheless, that concession does not satisfy the concerns expressed in the OMS's comments. In addition, whether or not the MISO TOs have the intent to create the kinds of problems described in the October 18 Comments is irrelevant. If the timeline permits those

⁵¹ OMS Comments, at 15.

⁵² OMS Comments, at 15-16.

⁵³ OMS Comments, at 17.

⁵⁴ MISO TO Answer, at 15.

⁵⁵ MISO TO Answer, at 15.

⁵⁶ MISO TO Answer, at 15.

kinds of problems to develop and those problems could be obviated by making modifications to the annual meeting timeline, such modifications should be made. Prevention of potential abuse at the outset, rather than delayed and/or disputed remediation after the fact, better serves the interests of efficiency and stability in the protocols finally adopted. Accordingly the OMS continues to recommend that the annual meeting be held on the timeline proposed in the OMS's Comments.

D. Joint Annual Meeting and Information Exchange Process for Transmission Projects Having Shared Costs

In its October 18 Comments, the OMS noted that transmission project cost sharing is widespread in the MISO region.⁵⁷ The OMS observed that a transmission customer physically located in one MISO TO's footprint will be required to contribute payments (through the TO's transmission rates) to the costs of projects physically located in the footprint of other MISO TOs.⁵⁸ If such a transmission customer participates in only its local TO's annual rate update meeting, it would not find out about transmission projects physically located in other TOs' footprints, and the costs of those projects, even though the transmission customer will be making payments towards the costs of those other projects. Indeed, in order to obtain detailed information about all of the transmission projects throughout the MISO region for which a transmission customer contributes through its rates, the transmission customer would need to participate in the annual meetings of all, or nearly all of the MISO TOs. This is an exceedingly high burden on transmission customers borne just because of the transmission cost sharing in the MISO region.

⁵⁷ OMS Comments, at 18-19.

⁵⁸ OMS Comments, at 19.

Because of these circumstances, the OMS recommended that a joint annual meeting and joint informational exchange process be held each year wherein all transmission owners charging shared project costs could explain to all interested parties how these costs are reflected in each MISO TO's formula rate update, rate projection or true up. Such a joint and centralized meeting and information exchange process would streamline the review that an interested party would otherwise have to undertake by separately participating in each MISO TO's annual meeting and information review process. For ease of administration, the OMS recommended that MISO serve as host or otherwise annually facilitate such a joint centralized meeting and information exchange process.⁵⁹

In their Answer, the MISO TOs asserted that a joint annual meeting and information exchange process for MISO TOs charging shared transmission project costs is not required by the Commission's May 16 Order⁶⁰ and argued that such a joint process is unnecessary.⁶¹ The MISO TOs offered two points in support their argument that the OMS's joint process proposal is unnecessary:

- (1) "Information concerning a Transmission Owner's costs for both cost-shared and non-cost shared projects will be available both in the information posted for each transmission owner and in information that is currently available on the MISO website;" and
- (2) "[E]ven for cost-shared projects, Transmission Owners develop their company's portion of the revenue requirement based on their company's individual costs."⁶²

Neither of these two points addresses the OMS's observations about shared transmission project costs in the MISO region and the lack of transparency regarding rate recovery for those

⁵⁹ OMS Comments, at 19.

⁶⁰ MISO TOs' Answer, at 15.

⁶¹ MISO TOs' Answer, at 16.

⁶² MISO TOs' Answer, at 16.

projects. The OMS did not assert that the MISO TO responsible for the transmission project does not cause populated Attachments O, GG and MM worksheets to be posted on MISO's website. Nor did the OMS assert that the MISO TO responsible for the transmission project does not develop its portion of its revenue requirement based on its individual costs. Rather, the OMS's proposal stemmed from its observation about the lack of transparency for Interested Parties in the rate recovery for shared transmission project costs in the MISO region. For example, it is unrealistic to expect transmission customers located in Otter Tail's service territory to know to go to MISO's website to view, for example, International Transmission Company's posted Attachments O, GG and MM worksheets to assess the reasonableness and prudence of certain ITC project costs being recovered through Otter Tail's transmission rates. Moreover, even if the transmission customer in the Otter Tail service territory knew where to find such information on MISO's website, that Otter Tail transmission customer would still not receive notice of ITC's annual meeting or be familiar with the timeline and procedures for ITC's information exchange process and challenge process. This is an unwieldy and burdensome process at best and the OMS' concerns are compounded by the fact that there are millions of end-use customers throughout the MISO region that could potentially become Interested Parties. Without a joint centralized meeting and information exchange process the inefficiency, burdensomeness and lack of transparency of the process advocated by the MISO TOs for shared transmission project cost review becomes manifest.

In addition, the scattering of rate recovery across the MISO region for shared transmission projects likely diminishes the attention of the MISO TO responsible for the transmission project in regards to cost containment. In contrast, when the full cost of a transmission project is recovered from the transmission customers in a MISO TO's own service

territory, the process for rate recovery of that project's costs is more transparent and the MISO TO's formula rate updates and/or projections are more likely to receive the appropriate level of scrutiny and possibly, prudence challenges. Such attention is likely to foster enhanced project cost control on the part of the MISO TO responsible for the transmission project. On the other hand, if a significant portion of transmission project costs is borne by ratepayers outside the service territory of the MISO TO responsible for the project, as is the case for many cost shared projects in the MISO region, focus on reasonableness or prudence of the project costs is, at best, scattered across the MISO region.

The OMS's proposal for a joint annual meeting and information exchange process for transmission projects having shared costs is an administratively efficient first step toward improving the transparency of rate recovery for shared project costs in formula rates. As the magnitude of shared project costs continues to increase across the MISO region, the Commission must begin to put in place processes to improve the transparency of the rate recovery procedures and to develop mechanisms by which transmission project costs will be controlled and imprudent costs avoided. For all these reasons, the OMS urges the Commission to disregard the MISO TOs' objections and the OMS recommends that the Commission make the OMS's proposal for a joint annual meeting and information exchange process for transmission projects having shared costs part of the protocol process.

E. Requirement to Make a Good Faith Effort to Consolidate Information Requests

In its October 18 Comments, the OMS noted the MISO TOs' proposal to "require that parties making informational requests "make a good faith effort to submit consolidated sets of information and document requests that limit the number and overlap of questions to the

maximum extent practicable.”⁶³ The OMS explained how this requirement places an unrealistic burden on Interested Parties.⁶⁴ The OMS pointed out that an Interested Party may not know the identities of other Interested Parties, let alone whether or not they have shared concerns.⁶⁵ Consequently, the OMS recommended that this provision of the MISO TOs’ proposed protocol be deleted.⁶⁶

In their Answer, the MISO TOs note some (but not all) of the concerns expressed by the OMS and other parties, and respond by asserting that their proposed provision “will promote efficiency by discouraging duplicative requests.”⁶⁷ In addition, the MISO TOs clarified that they “will not decline to respond to an information or document request on the basis that it is duplicative of another request.”⁶⁸

The OMS appreciates the MISO TOs’ concession on this issue. But, given the concerns raised by the OMS and other parties regarding the MISO TOs’ proposal to require Interested Parties to coordinate and consolidate information requests, and given that the administrative burden on the part of Interested Parties to attempt to comply with this requirement will likely exceed the administrative burden on a MISO TO to respond to duplicative information requests (if any), the OMS continues to recommend that the Commission direct the MISO TOs to delete the provision from the protocol.

If the Commission, nevertheless, decides not to delete the provision entirely and, instead decides to accept the MISO TOs’ commitment that they will not decline to respond to

⁶³ OMS Comments, at 16.

⁶⁴ OMS Comments, at 16.

⁶⁵ OMS Comments, at 17.

⁶⁶ OMS Comments, at 18.

⁶⁷ MISO TOs’ Answer, at 19-20.

⁶⁸ MISO TOs’ Answer, at 20.

duplicative information requests, the OMS requests that the Commission make that commitment part of the protocol tariff.

F. MISO TOs' Proposed Merger Reporting Qualification

In its October 18 Comments, the OMS noted the Commission's directive that "the formula rate protocols must provide for identification of any reorganization or merger transaction and explain the effect of the accounting for such transactions on inputs to the formula rate."⁶⁹ The OMS noted the MISO TOs' proposal to avoid full compliance with the Commission's directive by proposing to limit and qualify the extent of their merger reporting.⁷⁰ In their Answer, the MISO TOs admit that they proposed to qualify and limit their compliance with the Commission's directive, and defended that qualification by asserting that their proposed limited merger reporting would be sufficient to capture "transactions that are likely to affect the charges that result from the formula rate calculations."⁷¹

In their Answer, the MISO TOs characterize the Commission's directive to report "any reorganization or merger transaction and explain the effect of the accounting for such transactions on inputs to the formula rate" as imposing a different standard than would otherwise apply under the generally applicable provisions of Section 203 and 205 of the Federal Power Act.⁷² The MISO TOs fault the OMS for not explaining why the MISO TOs should be held to what they characterize as a different standard than generally applies.

In response, the OMS would point out that it is the responsibility of the MISO TOs to comply with Commission directives. If the MISO TOs object to the merger reporting

⁶⁹ OMS Comments, at 41, citing the Commission's May 16 Order, at P 87.

⁷⁰ OMS Comments, at 41.

⁷¹ MISO TOs' Answer, at 14, underlining added.

⁷² MISO TOs' Answer, at 14.

requirement in the Commission's May 16 Order, the proper venue for pursuit of redress would have been to seek rehearing on that issue. Contrary to the MISO TOs' characterization, although the OMS supports the Commission's merger reporting directive, the OMS bears no burden to explain or defend that directive. Nevertheless, the OMS did explain in its Comments why the Commission's merger reporting decision is reasonable in the context of MISO TO formula rate protocols. In particular, the OMS pointed out the variety of corporate forms exhibited by the MISO TOs and their various jurisdictional statuses.⁷³ The Commission's directive would achieve uniformity of merger and reorganization reporting amongst the MISO TOs with respect to formula rate cost recovery.

The Commission has decided that it would not be appropriate for the MISO TOs to have the continued discretion to decide which merger or reorganization transactions to report in the formula rate protocols context and which ones not to report.⁷⁴ The Commission directed that any reorganization or merger transaction be reported and that an explanation of the effect of the accounting for such transactions on inputs to the formula rate be provided.⁷⁵ The MISO TOs' judgment regarding which reorganization or merger transactions are likely to affect the charges that result from the formula rate calculations is not relevant.

For these reasons, the OMS recommends that the Commission disregard the MISO TOs' objections and further recommends that the Commission implement its merger reporting requirement as directed in the May 16 Order.

⁷³ OMS Comments, at 41

⁷⁴ May 16 Order, at P 87.

⁷⁵ May 16 Order, at P 87.

G. Filing Requirements for Formal Challenges

In its October 18 Comments, the OMS objected to the MISO TOs' proposal to require parties submitting formal challenges to comply with all filing requirements applicable to formal complaints under Section 206 of the Federal Power Act.⁷⁶ The OMS explained that "Imposing the regulations and filing requirements for FPA Section 206 complaints on challengers under the formula rate protocols would conflate Section 206 complaints with formal challenges under the formula rate protocol in violation of the Commission's practice and precedent."⁷⁷ The OMS explained that applying the rules in 18 C.F.R. § 385.206 to formal challenges would eliminate any distinction between the processes, rules and standards to be applied to formal challenges as opposed to Section 206 complaints, contrary to the Commission's clear intent that these be separate and distinct options.⁷⁸ The OMS explained that application of those rules would improperly shift the burden of proof from the MISO TO to the party submitting the formal challenge.

In their Answer, the MISO TOs defend their proposal to apply the Commission's FPA Section 206 complaint rules to formal challenges in the formula rate context.⁷⁹ The MISO TOs point to the existence of another sentence in the proposed protocol tariff language that discusses the burden of proof and argue that, because that sentence exists, the Commission should ignore the contradictory provision, also in the proposed protocol tariff, which the OMS objects to here. The MISO TOs provide no explanation for why one of these tariff sentences should be read to

⁷⁶ OMS Comments, at 30-32.

⁷⁷ OMS Comments, at 32-33

⁷⁸ OMS Comments, at 32-33

⁷⁹ MISO TOs' Answer, at 24-25.

trump the other. Given their contradictory nature, the two sentences cannot simultaneously apply.

In their Answer, the MISO TOs also challenge the OMS and other parties protesting this provision of the proposed formula rate protocol to identify exactly which filing procedures they would propose to apply to formal challenges.⁸⁰ In response, the OMS notes that MISO and the MISO TOs are responsible for demonstrating that tariff language they propose is just and reasonable. Such a burden does not belong to the OMS and other parties in this case. With response to the provision identified by the OMS herein, MISO and the MISO TOs have failed to carry their responsibility.

However, having been challenged by the MISO TOs, and in the spirit of being helpful, the OMS would suggest that appropriate and workable filing requirements for formal challenges could be crafted from amongst provisions in the Commission's Rules 207 (Petitions), 211(Protests) and 212 (Motions).

In its May 16 Order, the Commission specifically stated that applying the section 206 framework to formula rate challenges "imposes significant informational and financial obstacles that interested parties must overcome in order to raise issues with a transmission owner's implementation of its formula rate. [footnote omitted] Such a burden could be particularly onerous for smaller entities. Further, such impediments could discourage interested parties from raising issues of less financial significance, even when their concerns are valid."⁸¹

⁸⁰ MISO TOs' Answer, at 25.

⁸¹ May 16 Order, at P 115

For all these reasons, the OMS continues to recommend that the Commission direct the deletion of any tariff language that would require formal challenges to be filed under and satisfy all filing requirements applicable to Section 206 complaints.

H. Time Limit on Interested Parties' Right to Challenge

In its October 18 Comments, the OMS noted the MISO TOs' proposal to place a time limit on Interested Parties' right to submit a formal challenge to a MISO TO's formula rate update/true-up.⁸² The OMS opposed such limitation, citing extensive Commission precedent.

In their Answer, the MISO TOs do not attempt to refute the extensive Commission precedent cited by the OMS. Indeed, the only argument raised by the MISO TOs in defense of their proposal to limit formal challenges is that the Commission has, apparently, accepted some provisions limiting formal challenges in the cases of Atlantic City and Commonwealth Edison.⁸³

In response, the OMS points out that the preponderance of precedent supports the OMS's position, not that of the MISO TOs. In addition, the OMS notes that the Commission has specifically addressed this issue in the May 16 Order, which applies specifically to the MISO TOs' compliance obligation in this case. Specifically, the Commission addressed the informal challenge process and indicated that compliance procedures proposed by the MISO TOs may feature a time limit. In particular, with respect to informal challenges, the Commission stated,

Such procedures must, at a minimum, permit interested parties to raise informal challenges for a reasonable period of time after transmission owners initially propose their annual updates.⁸⁴

With respect to formal challenge procedures, the Commission stated in the May 16 Order that "interested parties must be permitted to raise a formal challenge with the Commission."⁸⁵

⁸² OMS Comments, at 37-38.

⁸³ MISO TOs' Answer, at 27.

⁸⁴ May 16 Order, at P 119, underlining added.

The Commission did not put a time limit on this right. Indeed, the Commission stated that the transmission owner “continues to bear the burden of demonstrating the justness and reasonableness of the rate resulting from its application of the formula.”⁸⁶

For all these reasons, the OMS continues to recommend that the Commission direct the MISO TOs to remove the proposed language that would put a time limit on interested parties’ rights to formally challenge charges flowing out of the formula rate.

I. Use of Confidential Information in Formal Challenges

In its Comments, the OMS recommended that the Commission direct the MISO TOs “to include a provision enabling challenges to be based on confidential information,” citing the ComEd protocol as an example.⁸⁷ The OMS explained how the inability of an Interested Party to use confidential information in its formal challenge can dramatically hinder the Interested Party’s ability to exercise its challenge rights.⁸⁸

In its Answer, the MISO TOs state that the OMS’s request in this regard is “not justified.”⁸⁹ The MISO TOs cite to a statement in a footnote 197 of the Commission’s May 16 Order to support their objection to the OMS’s proposal.⁹⁰ However, that footnote is inapplicable to the OMS’s recommendation. The Commission’s statement in footnote 197 of the Commission’s May 16 Order applies to the informal challenge process, in particular, the process of having a senior representative of the MISO TO to “work with” the interested party toward of resolution of its informal challenge. The Commission was indicating that nothing about the nature of that aspect of the informal challenge process necessarily needs to conflict with the

⁸⁵ May 16 Order, at P 120.

⁸⁶ May 16 Order, at P 120, underlining added.

⁸⁷ OMS Comments, at 36-37.

⁸⁸ OMS Comments, at 36-37.

⁸⁹ MISO TOs’ Answer, at 29.

⁹⁰ MISO TOs’ Answer, at 29.

confidentiality provisions in the MISO Transmission Owners Agreement and the Tariff. The OMS agrees with the Commission on that point. But the statement is irrelevant to the issue of whether, or how, confidential information may be used in formal challenges.

For these reasons, the OMS continues to recommend that the Commission direct the MISO TOs to include a provision in the protocol specifically providing that formal challenges may be based on confidential information.

III. CONCLUSION

Wherefore, the OMS respectfully requests leave to file this Answer.

The OMS submits this pleading because a consensus 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 Manitoba Public Utilities Board did not participate in this pleading.

Respectfully Submitted,

William H. Smith, Jr.
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Dated: December 5, 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 5th day of December, 2013.

William H. Smith, Jr.

1. MISO Market Enhancement Development Project

Status: The work group provided additional comments to MISO on November 18.

At the December 3, 2013 Market Vision Workshop, MISO presented revised Market Vision, five Guiding Principles, and seven Focus Areas (attached below). The changes reflected many of the OMS MTWG comments and suggestions provided on October 4th. The Brattle Group presented Focus Area Evaluation and Prioritization, finding "Very High Value" for three of the revised seven Focus Areas: Maximize the Economic Utilization of Existing Transmission Infrastructure, Support Efficient Development of Resources Consistent with Long-term Reliability & Public Policy Objectives, and Facilitate Efficient Exchange of Energy and Capacity across Seams with Neighboring Regions. Based on feedback at the workshop, MISO expects to publish its final vision in January, and then develop the Market Enhancements Roadmap starting with a workshop in February.

2. MISO December 3 MSC Meeting

Status: monitoring.

Items covered include Voltage and local Reliability Commitments for MISO South, Electric and Natural Gas Alignment Whitepaper, Demand Response Plan/Voluntary Load Management, Contingency Reserve Deployment Update, and Transmission Constraint Demand Curve Reporting Update. There were no action items.

3. MISO November 18 Virtual Spread Bid Workshop

Status: monitoring.

The workshop covered MISO's proposal for 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. MISO, Potomac Economics (MISO IMM), and Monitoring Analytics (PJM IMM) all made presentations. MISO said that virtual spread bids improve price formation, but it is "difficult to say whether Virtual Bids help or harm DA/RT price convergence." (pg 21) The MISO IMM supported such a product, saying "To the extent that matched transactions are attempting to arbitrage congestion related price differences, a virtual spread product to allow participants to engage in these transactions price sensitively would be more efficient." The PJM IMM provided cautions based on his analysis of a comparable product in PJM, which shows no evidence of DA/RT price convergence, increases DA congestion, and contributes to FTR underfunding. MISO is looking at implementing around 2016 or later. See also CES Report. After the workshop, MISO asked for feedback by December 6th. We did not provide feedback.

4. MISO December 4 FTR Work Group Meeting

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

Items covered include Partial Year FTR Results from MISO South and Reserved Source Point Priority Change Project Scope.

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:

MISO Board of Dirs Markets Committee – bi-monthly meetings (12/11 next mtg)

MISO Market Subcommittee - monthly meetings (1/7 next mtg)

MISO FTR Working Group – monthly meetings (1/8 next mtg)

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

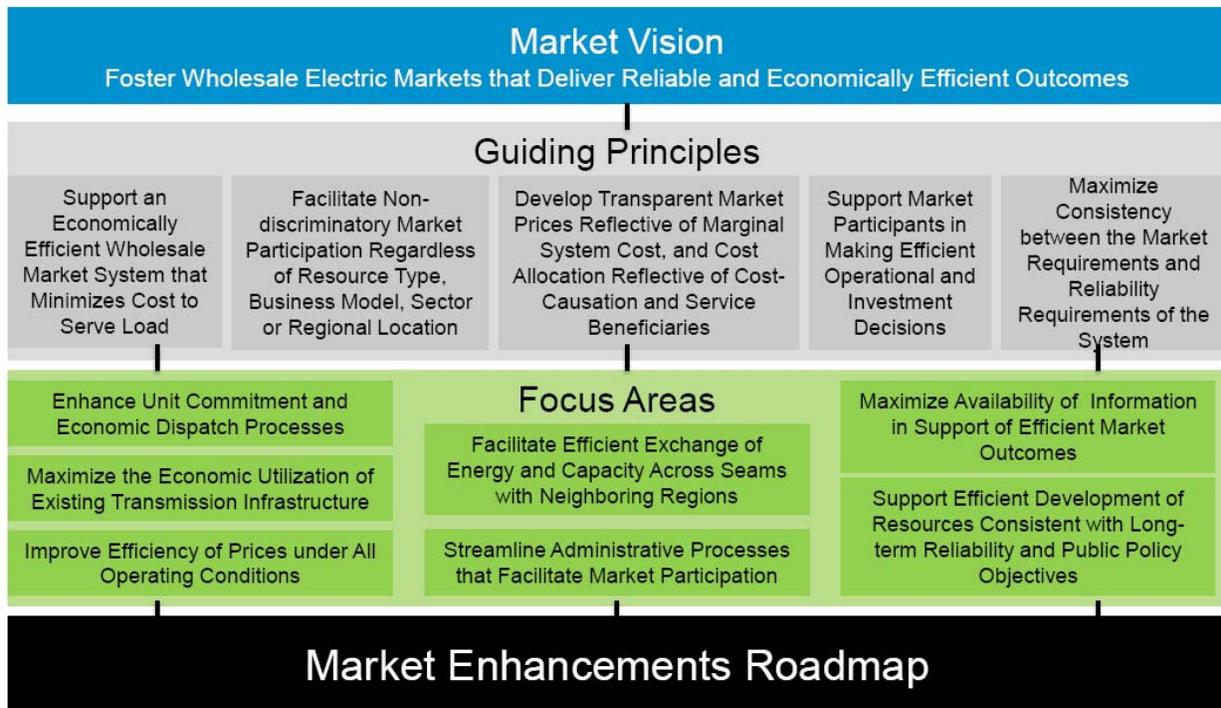
<http://www.misostates.org/index.php/work-groups-2/workscopereference/63-markets-a-tariffs-workscopereference>

http://www.misostates.org/images/stories/work_groups/OMS2013WGOverviewForWebsiteRevised23August2013.pdf

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

From December 3 2013 Market Vision Workshop presentation (page 13):

DRAFT VISION



OMS Regional Planning Work Group
Report to OMS Board of Directors –
December 5, 2013
(Co-Chairs Jessica Govindan and Julie Urban)

PAC Update

A MidAmerican Out-of-Cycle interconnection project for \$2.8 million was approved. The motion on the BPM language for OMS planning authority was postponed until December in order to clarify language on the deadline for OMS input on the futures.

MISO continued the discussion about the MTEP 14 Scope and MTEP15 Futures. The MTEP14 scope includes seven items of focus. Some will be incorporated into the normal MTEP planning process others will be separate studies. MISO has suggested a limited growth future with a mid-level demand and energy growth rate moderated by DSM only, not the economy. There will be a special PAC meeting December 4 devoted to the discussion of the futures.

An interregional planning update was provided. PJM presented an update on import limits at the November Joint Planning Committee (JRPC) meeting. The MISO PJM Joint Planning IPSAC meeting will occur on January 16 and the MISO SPP IPSAC will occur on January 21 with the initial discussion on futures. An interregional coordination website has been deployed and can be found on the “Planning” tab of the MISO website.

In the Top-Down Planning presentation MISO said that following the issue and opportunity identification process with stakeholder, solution ideas will be solicited. MISO is trying to break with the project sponsorship approach of the past.

MISO has established the Transparent Resource Adequacy & Assessment Consolidation (TRAAC) Steering Committee to provide oversight of this initiative. The goal of the committee is to manage the resource portfolio transition. MISO has not decided which stakeholder group will be coordinating these efforts.

FERC approved the new version of transmission planning standards designated as NERC TPL-001-4 but directed NERC to modify planned outage provisions and to change R1 risk factor from “medium” to “high”.

MISO is documenting the process to determine Capacity Import and Export Limits which determines the zonal planning reserve margin. Seek BPM approval at LOLEWG in December and at PAC in January.

The RPWG submitted a second round of feedback on the futures last week. The RPWG will hold a meeting in the near future to solicit feedback on the developer selection process.

OMS Resources WG Report to OMS Board – December 5, 2013

MISO-OMS Long-Term Resource Assessment Survey

MISO presented a high level summary of the Long-Term Resource Adequacy Assessment Survey to the OMS Commissioners at the NARUC meeting in November. Over 99% of the load responded to the survey. There appears to be a possible shortfall of capacity in MISO Midwest area in the Planning Year 2016-17. There could be a 8.5 GW shortfall when not counting on the lower probability of certain resources coming into the LSE's plans. The number of retirements is now about 5 GW which about ½ of the prediction of maybe 10 GW. The South region should have a 7 GW surplus, but there is a limited transmission system between the regions and other regional transmission organizations such as SPP and TVA. The current limit of inter-regional flows is around 1000 – 2000 MWs.

There is more demand response in the footprint that is not registered which maybe could be checked for availability.

MISO is doing a double check with any LSE that appears to maybe be short on the data they turned in. The detailed planning zone information is anticipated in the January SAWG.

MISO has not posted the presentation for the Dec. 5th SAWG at the time of this report.

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

OMS Seams Work Group

December 2013 Report to OMS Board of Directors

Co-Chairs: Adam Mckinnie and Chris Devon

MISO PJM Seams Update

JCM Initiative Update

MISO and PJM held a JCM meeting in Carmel, IN on November 8th. Some issues of note discussed during the JCM meeting include:

- MISO and PJM staff provided an update on enhanced coordination efforts for forward markets, including for FTR Processes as well as a new effort to better align the Day Ahead (DA) Market Process.
 - ♦ This new coordination effort is a drastic change and has the potential to drastically improve the efficiency of both regions forward markets. OMS members should be aware of this important long term undertaking that is being proposed. The Seams WG will continue monitor and report on the effort.
- MISO Staff provided an update on MISO interface pricing calculations.
 - ♦ Presentation by Steve Leovy of WPPI regarding efficient interface pricing methodology.
 - ♦ MISO and PJM staff provided an update on “Overcharging of Congestion in Interface Prices” issue raised by the MISO IMM.
- MISO and PJM staff provided an update on the fact-finding analysis for the capacity deliverability.
 - ♦ MISO and PJM have been working on the fact finding diligently and are continuing work while concurrently negotiating on certain areas including some aspects of the methodologies for determining transfer capability and cost benefit analysis.
 - ♦ Timeline on the fact finding is still set for completion and decision on the issue in the March 2014 timeframe. MISO and PJM have a considerable amount of work to complete within that timeframe.
- PJM staff provided an update on an analysis for determining capacity import limits (CIL) that will be applied to their RPM Capacity Market parameters.
 - ♦ PJM filed this proposal at FERC under [Docket No. ER14-503](#) on November 29th. Deadline for Interventions and Comments is December 20th.

Next MISO PJM JCM meeting will be on January 24, 2014 at the PJM Headquarters and Conference Center in Valley Forge, PA.

MISO SPP Seams Update

Recent and future events of importance include:

- **The US Court of Appeals for the DC Circuit vacated FERC's orders interpreting the MISO-SPP Joint Operating Agreement on December 3,2013: [USCA Case #12-1158 Document #1468583](#).**
 - ♦ The DC Circuit has vacated FERC's orders interpreting the MISO-SPP JOA in a manner that permits use of the SPP system to serve Entergy.
 - ♦ The Court found that, in ruling on the meaning of Section 5.2 of the JOA, FERC put complete reliance on the "course of performance" evidence submitted by MISO and improperly disregarded the evidence SPP offered about the significance of the one previous instance in which Section 5.2 was applied to support the use of interface capacity to serve another party (Ameren).
 - ♦ The Court indicated that it would be permissible for FERC to give MISO's "course of performance" evidence greater weight than the SPP evidence, but that FERC was not permitted to completely disregard the SPP evidence. For this reason, the Court has vacated FERC's orders interpreting the JOA and the matter will be sent back to FERC for further proceedings consistent with the Court's ruling.
 - ♦ **This ruling may affect the integration of Entergy into MISO. The ramifications of this decision are still yet to be determined and OMS members should be aware of this decision.**
- MOPSC opened a Docket on SPP-MISO issues: [Docket No. EW-2014-0156](#).
 - ♦ 11-26-2013 MOPSC order opening workshop on "eliminating or mitigating the negative effects of the MISO/SPP seams"
- SPP SSC Meeting, November 5, 2013

- ♦ Discussed the SPP-MISO “Memorandum of Understanding” - goal is to have Joint Operating Agreement (JOA) language review by stakeholders finished by February 1, 2014, with any JOA changes to be filed at FERC by March 1, 2014.
- ♦ “Seams Transmission Project” concept was discussed.

- SPP MISO Interregional Planning Stakeholder Advisory Committee (IPSAC) Call, November 6, 2013
 - ♦ Deadline for submitting transmission issues for consideration is December 12, 2013.
 - ♦ MISO and SPP are also creating a website for information related to joint MISO-SPP planning.

- SPP MISO JOA Meeting, November 22, 2013
 - ♦ MOU was further discussed.
 - ♦ SPP and MISO also discussed “next steps” and are continuing to work towards identifying additional issues to work on.
 - ♦ The Next SPP MISO JOA meeting is TBD.

- SPP SSC Meeting, December 5, 2013
 - ♦ Note that Entergy is scheduled to be included in MISO beginning December 19, 2013, so expecting much discussion at this meeting of last minute integration issues.
 - ♦ The recent Court of Appeals decision to vacate FERC's orders interpreting the MISO-SPP Joint Operating Agreement (noted above) will have possibly impacts on the Entergy integration into MISO and will likely be a topic of much discussion.