



**ORGANIZATION OF MISO STATES, INC.
Board of Directors Meeting
Conference Call Minutes
May 15, 2014**

Approved June 12, 2014

Eric Callisto, President of the Organization of MISO States, Inc. (OMS), called the May 15, 2014 meeting of the OMS Board of Directors to order via conference call at approximately 1:00 p.m. (CDT). The following board members or their proxies participated in the meeting:

Bert Finzer, proxy for Colette Honorable, Arkansas
John Colgan, Illinois
Angela Weber, Indiana
Libby Jacobs, Iowa
Linda Breathitt, Kentucky
Noel Darce, proxy for Eric Skrmetta, Louisiana
Sally Talberg, Michigan
Burl Haar, proxy for David Boyd, Minnesota
David Carr, proxy for Brandon Presley, Mississippi
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
Ken Anderson, Texas
Eric Callisto, Wisconsin

Absent

Manitoba

Agency members participating

Randy Rismiller, Linda Wagner – Illinois
David Johnston – Indiana
Melissa Watson – Louisiana
Hwikwon Ham – Minnesota
Darren Kearney – South Dakota
Richard Greffe – Texas
Andrew Kell, Gail Maly, Don Neumeyer, Julie Urban – Wisconsin

Others on the call

Bill Booth – Mississippi consultant
David Schaffer – New Orleans consultant
Colleen Dougherty, 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.

Approval of Minutes from April 17th Board Meeting

The minutes were accepted as submitted.

Treasurer's Report

The April 2014 treasurer's report was accepted as submitted.

There were requests from Board Members to delay approval of the IRS 990 filing so it could be more thoroughly reviewed. Those requests were granted and the IRS 990 filing will be taken up at the full Board meeting on June 12, 2014.

Review of the May 1, 2014 Executive Committee Meeting:

This meeting was cancelled

Executive Director's Report

A written report was distributed prior to the meeting. Bill Smith highlighted the following:

- The upcoming work group chairs meeting and IMM luncheon in St. Louis during MISO's Annual Stakeholder meeting.

BUSINESS

1. MISO Advisory Committee

- The May 21, 2014 Advisory Committee Meeting was cancelled

3. MISO Planning Advisory Committee

- Sally Talberg highlighted the following items from her written report: discussion around the MTEP '15 futures; the upcoming EPA rules on carbon; MISO continues to develop various studies on issues.
- David Johnston provided an update on the Transmission Developer workshop.
- Julie Urban noted that there is an upcoming MISO-PJM meeting.

4. Discussion: Transmission Developer Qualifications, MISO's May 2nd filing, Docket ER14-1859

- Eric Callisto explained MISO's filing and lead the discussion.
- Randy Rismiller gave an overview of comments drafted by the Illinois Commerce Commission.
- OMS decided not to file comments on this docket.

5. Comments to MISO on Load Forecasting

- Copies of OMS filings were included with the meeting materials. Julie Urban summarized the major points in those comments.

6. Action Item: OMS Comments/Position on MISO-SPP Dispute

- Pursuant to OMS By-laws, this item was discussed in closed session.

Updates and Work Group Status Reports

Demand Response & Technology WG

- Andrew Kell provided a verbal update;

Transmission Cost Allocation WG

- No report;

Markets and Tariffs WG

- Hwikwon Ham provided a verbal update. A written report was submitted;

Resources WG

- Don Neumeyer provided a verbal update. A written report was submitted;

Regional Planning WG

- Written report;

Governance and Budget

- Gail Maly provided a verbal update;

Seams WG

- Written report;

Administrative Ad Hoc WG

- Written report;

ADJOURNMENT

The meeting of the OMS Board of Directors meeting adjourned at 1:45 pm CDT.



**Organization of MISO States
Report of the Treasurer
Chairman Colette Honorable, Arkansas Public Utilities
Commission
to the Board of Directors
Report for April 2014**

CASH ON HAND

The beginning balance for the Wells Fargo Business Performance Savings Account on April 1 was \$25,331.70. Interest earned for this month totaled \$0.63 and there was no other activity. The April 30, 2014, ending balance was \$25,332.33.

The beginning book balance for the Chase Bank One Checking account on April 1 was \$189,106.19. The total disbursements from the checking account for April 2014 amounted to \$38,852.67. Deposits, interest and adjustments were \$60,001.65, which includes one month of MISO funding transactions. As of April 30, 2014, the checking account bank balance was \$187,617.82 (with 8 check payments outstanding) and the book balance was \$178,460.55.

The total savings and checking account (book) balances as of April 30, 2014, is \$203,792.88.



TREASURER'S REPORT
Organization of MISO States
April 30, 2014

Wells Fargo Business Performance Savings Account

Book Balance as of 3/31/14				\$	25,331.70
4/30/2014	DEP	Interest on Savings		\$	0.63
					<hr/>
Business Performance Savings Account Balance at 4/30/2014					<u>\$ 25,332.33</u>

Chase Bank One Commercial Checking with Interest

Book Balance as of 3/31/14				\$	157,311.57
4/7/14	ACH	Midcontinent ISO	\$	60,000.00	
4/30/14	DEP	Interest on checking	\$	1.65	
Total Deposits					<hr/>
					\$ 60,001.65

Checks and Charges

Date	Check #	Descriptions		
4/9/14	w/d	VISA (Chase Bank One)	\$	2,765.89
4/9/14	4685	Minnesota PUC (H. Ham)	\$	2,020.67
4/9/14	4690	100 Court Investors LLC	\$	1,829.69
4/9/14	4687	Sally Talberg (Michigan)	\$	674.43
4/9/14	4688	State of Michigan (Sally Talberg)	\$	550.00
4/9/14	4689	Wisconsin PSC (Julie Urban)	\$	528.04
4/9/14	4686	Wisconsin PSC (Randy Pilo)	\$	250.69
4/9/14	4691	Combined Systems Technology (CST)	\$	159.00
4/9/14	4693	Expert Plan - Management Fee.	\$	150.00
4/9/14	4692	Crystal Clear Water	\$	34.54
4/11/14	10003	Expert Plan - MG Trust Co.	\$	7.02
4/21/14	4694	Bill Smith	\$	37.00
4/23/14	4696	Bill Smith	\$	67.99
4/23/14	4697	Combined Systems Technology (CST)	\$	55.12
4/28/14	EFT	WF Payroll Service - Net Wages	\$	13,861.17
4/28/14	EFT	WF Payroll - Taxes	\$	6,649.35
4/28/14	ACH	WF Payroll Service - Processing Fee	\$	54.80
4/21/14	4695	Wisconsin PSC (Julie Urban)	\$	371.96
4/23/14	4699	Customized Energy Solutions	\$	3,500.00
4/23/14	4698	Conference Suite	\$	728.49
4/23/14	4702	Qwest/CenturyLink	\$	228.70
4/23/14	4701	Premier Copiers	\$	49.41
4/23/14	4700	King Delivery Service	\$	8.95
4/28/14	10004	Expert Plan - MG Trust Co.	\$	3,683.28
4/28/14	10004	Expert Plan - MG Trust Co. #2	\$	586.48

Total Disbursements - Checks and Charges \$ 38,852.67

CHECKING ACCOUNT BALANCE at 4/30/14 \$ 178,460.55

TOTAL Certificates of Deposit, Savings and Checking Account Balances as of: 4/30/14 \$ 203,792.88

CHASE CHECKING ACCOUNT RECONCILIATION
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Bank Balance 4/30/14		<u>\$ 187,617.82</u>
Less Checks Outstanding		
4695	Wisconsin PSC (Julie Urban)	\$ 371.96
4699	Customized Energy Solutions	\$ 3,500.00
4698	Conference Suite	\$ 728.49
4702	Qwest/CenturyLink	\$ 228.70
4701	Premier Copiers	\$ 49.41
4700	King Delivery Service	\$ 8.95
10004	Expert Plan - MG Trust Co.	\$ 3,683.28
10004	Expert Plan - MG Trust Co. #2	\$ 586.48
Total Outstanding Checks		<u>\$ 9,157.27</u>
Book Balance 4/30/14		<u>\$ 178,460.55</u>



OMS Treasurer Report for Month of April 2014

Wells Fargo Business Performance Savings Account

Beginning Balance	25,331.70	
Interest Earned this Month	0.63	
Ending Balance		<u><u>25,332.33</u></u>

Chase Bank One Checking Account

Beginning Balance	157,311.57	
Total Disbursements	(38,852.67)	
Deposits/Interest/Adjustments	<u>60,001.65</u>	
Ending Book Balance		<u><u>178,460.55</u></u>
Bank Balance	187,617.82	
Outstanding Deposits	0.00	
Outstanding Checks	<u>(9,157.27)</u>	
Book Balance	<u><u>178,460.55</u></u>	

Total Savings & Checking Balances as of April 30, 2014

203,792.88

8 checks outstanding at 4/30/14



Organization of MISO States

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OMS Executive Director Report May 13, 2014

FERC Issues

1. A settlement conference was held on April 29 on the MISO-SPP unscheduled power flows controversy. Parties are now exchanging and responding to informational questions. A further conference is tentatively scheduled for June 3.

OMS Documents Filed

1. On April 18, OMS filed a rehearing request on the formula rates compliance filings. Docket ER13-2379 et al.
2. OMS gave staff feedback to the MISO Market Subcommittee on Market Initiatives on May 5.
3. OMS commented to MISO on Resource Adequacy Principles on April 17.
4. The OMS Regional Planning Work Group submitted comments to MISO on the Transmission Developer Qualification and Selection Process on April 30.
5. The OMS Regional Planning Work Group submitted comments to MISO on the MISO-SPP Coordinated System Plan on April 25.

Recent and Upcoming MISO filings

1. MISO filed on May 9 to revise the Transmission Owners Agreement to create a sector for Competitive Transmission Developers with one Advisory Committee seat. FERC Docket ER14-1859.
2. MISO plans to file revisions to the Transmission Owners Agreement concerning prohibited investments by employees and directors.

Public Relations

1. Presentations:
 - N/A
2. Pending speaking/meeting invitations:
 - OMS has been invited to participate in a panel at Morningstar's investment management conference in Chicago September 17.
 - OMS has been asked to advise the Multistate Tax Commission on understand wholesale electric markets at its summer meetings, July 28-31. The MTC is a compact organization of state tax officials to facilitate equitable apportionment of tax bases of multistate taxable entities, including utilities and energy companies.

Upcoming dates:

- Next regular OMS Board of Directors meeting: May 15, 2014, at 1:00 pm CT
- Next OMS Executive Committee meeting: May 29, 2014, at 1:00 pm CT
- Future OMS Board meetings: June 12, July 17
- Future OMS Executive Committee meetings: June 26, July 31
- Next OMS meeting with IMM: June 18 (in person, St. Louis, 12:30 – 1:45)

5/14/14 PAC Summary

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

- June 25^h PAC:
 - Vote on BPM Language for Backfilling
 - Continued discussion on new classification of transmission projects and restructuring MTEP Appendices.
 - Adjustment to Generation Shift Future.
 - Discussion of MVP Triennial Review Process.

For meeting materials, [click here](#). Next PAC meeting 6/25/14.

- **News:**

- The Generation Shift Future will require additional stakeholder feedback.
- MISO will be conducting Greenhouse Gas Regulation Impact Analysis.
- MISO will be conducting a MVP Triennial Review.

- **Motions:**

- No motions.

- **Interregional Planning Update:**

- MISO/PJM IPSAC meeting May 16.
- MISO-PJM Joint RTO Planning Committee met May 2. Discussion focused on capacity deliverability. Next meeting will be June 6.
- The updated scope document was presented at the MISO-SPP IPSAC meeting on May 12. June target date for joint economic models. Next in-person meeting targeted for August.

- **MTEP15 EGEAS Results:**

- The effective demand and energy growth rates range from 0.71% to 0.76% for BAU, Generation Shift (GS) and the Public Policy Futures. The effective demand and energy growth rates for the Low Growth Future is 0.08% and 0.1% respectively. The effective demand and energy growth rates for the High Growth Future is 1.44% and 1.45% respectively. The capacity additions must be re-run for the Generation Shift Future. In addition, when using the assumptions of the GS Future, the EGEAS run results in 45% of generation coming from coal rather than the original objective of 40%. MISO is looking for feedback on changes to the Future in order to achieve 40%. The next steps are to complete external region capacity expansions and to site the forecasted regional resource units into the powerflow model for production cost modeling.

- **Additional Topics –**

- Discussion of new classification of transmission project types and restructuring of MTEP Appendices.
- Backfilling BPM language modified and discussed again. Redline will be posted and will be brought back to PAC for vote next month.
- MISO presented an EPA Survey Update.
- MISO will be conducting Greenhouse Gas impact analysis to better understand the impacts of the EPA111(d) rules. MISO is soliciting stakeholder input. MISO expects to start working on the analysis soon after the draft rule is released.
- MISO will be conducting a MVP Triennial Review. This process will be discussed at the June or July PAC meeting.

**OMS Regional Planning and Resources Work Groups
Feedback on Independent Long-Term Load Forecast
May 14, 2014**

The OMS work groups appreciate the process and content of the workshop conducted on April 30, 2014. Stakeholders were engaged and had state specific and econometric knowledge to share. Likewise, the State Utility Forecasting Group (SUFG) explained their modelling process and seemed open to suggestions from the stakeholders. There was a lot of useful information exchanged between SUFG and the stakeholders. We are hopeful that the suggested modelling diagnostics and enhancements will be incorporated into the forecast effort.

The OMS Work Groups have comments on a number of aspects of the forecast modelling process.

Econometric modeling

On April 30, the SUFG presented an energy demand curve model. The model is subject to a simultaneity problem due to the data proposed to be used in the regression analysis. The energy consumption data and price data proposed to be used in regression analysis are equilibrium energy consumption and price data which are subject to the interaction of demand and supply curves. In that case, instrumental variables should be used to overcome the simultaneity problem. If the goal of the analysis is not to estimate price elasticity, or in other words, identification of the coefficient on the demand curve is not an issue, a reduced form model can produce better (unbiased and more efficient) estimates. By establishing a demand and supply curve model (structural model based on economic theory), the reduced form model can be easily derived. If the reduced form model is derived from a structural model based on sound economic theory, it will reduce potential argument over the "best fit model" which can be subject to judgment. Therefore, this process can be easily duplicated in the future without much revision.

"The Project Schedule contains these two items: "Develop an econometric forecasting model for each state" and "Develop an electricity price projection model for each state." The OMS Work Groups would like more explanation of the latter model. The paragraph above argues that energy consumption and price are two endogenous variables that could be estimated in a better way by a reduced form equation. The two models above suggest that a historical model for energy consumption is first developed, and then the electricity price projection model is used to create a future price to be used in the running of the econometric state model for the future to produce the load forecast. In this sense, it appears there are two equations solving two variables; however, the OMS Work Groups would like more explanation of the price projection model and how that relates to the future load forecast."

The OMS Work Groups are also concerned with what seems to be arbitrarily defined time lags on electricity price in the individual state models as well as elimination of annual observations to "get a better fit." The OMS Work Groups also suggest more careful analysis of structural breaks. The structural break analysis based on splitting the number of observation in half seems arbitrary. For example, observations from 1990-1996 were eliminated from the Missouri model. Perhaps a structural

break analysis should be conducted on these early years. In addition a more in-depth analysis for the recession years of 2008-2010 seems prudent.

Data

Other than the trending component, weather is an essential component of the model. Therefore, this important variable should be carefully developed. First, the choice of weather station should be carefully discussed with a LSE/TO or state regulator to properly reflect the situation in the respective state. For example, in case of state of Minnesota, Minneapolis-St Paul airport weather station can reflect air conditioning load better than St Cloud weather station which was chosen by the SUFG. Further, it is not clear why cooling degree days (CDD) is used instead of temperature and humidity index (THI). THI can be a better proxy variable for summer weather. THI should be evaluated as one of the summer weather variable proxies.

The use of a price variable in proposed models raises concern with development of future price. At this point, it is not known how the future price will be developed, however, it has to be developed to forecast future energy consumption in the proposed model. If the future value of the price is developed in a precarious manner, the overall result of the forecasting process will be in doubt. This concern is minimized if the reduced form model is used instead of the proposed model.

Statistical Testing

During the April 30 meeting, proper explanation was not provided on why certain statistical tests were not carried out. A multicollinearity test is one of them. In the case of multicollinearity, interpretation of individual coefficients can be misleading. If a modeler finds any counter intuitive estimates of a coefficient, he/she cannot judge the validity of the overall model since highly correlated variables can pull the real impact from one to another. So, all the diagnostic tests discussed during the April 29th meeting should be carried out at the same time to judge the validity of the model.

Also, it is unclear how the diagnostic tests will feed back to model revision decisions. As a good practice of modeling, it is essential to have set procedure to feed diagnostic test results back into model adjustment or proxy variable selection.

Inference on the outcome

Since this is the first trial of MISO wide forecasting, MISO doesn't have a previous forecast with which to check the reasonableness of the new forecast. MISO and SUFG should specify how the reasonableness of the forecast model will be evaluated both for its initial specification and going forward as new actuals become available.

Also, it is a concern whether the proposed forecasting process is repeatable without new input from stakeholders for subsequent years. If there is clear plan for subsequent year forecasts, it should be presented to stakeholders as soon as possible.

Additional Comment

The OMS Work Groups request an additional workshop between now and July in order for the SUFG to provide an explanation on how they are converting the state energy forecast to LRZ forecasts, and how they are converting an energy forecast into a peak demand forecast for each LRZ. This would allow stakeholder input before the modelling is completed and estimates are made.

1. MISO Market Enhancement Development Project

Status: monitoring

At the April 29, 2014 Market Subcommittee (MSC) meeting, MISO reviewed initial evaluation of initiatives to be included on the Roadmap.

Feedback is requested on prioritization of market enhancement candidate initiatives. WG sent OMS April 24, 2013 MISO Hot Topic response as comments on slopped demand curve. WG put slopped demand curve under "don't do this" category.

MISO will schedule a special Market Subcommittee conference call on May 15 to provide the initial rankings of the Market Roadmap Initiatives based on evaluations.

2. MISO April 29 Market Subcommittee (MSC) Meeting

Status: monitoring.

At the April 29, 2014 MSC meeting, MISO reviewed Update on Capacity Sharing Dispute (SPP), Update on Market Roadmap Development, Emergency Events and Demand Resource Pricing, FERC NOPR on Gas/Electric Scheduling, and Operations Reliability Coordination Agreement (ORCA) Update.

Feedback is requested on MISO's design proposal for Pricing under Emergency Conditions. Since MISO didn't respond to February 21 OMS comments on same topic, WG resent the previous comments.

3. MISO April 30 Financial Transmission Rights Working Group (FTRWG) Meeting

Status: monitoring.

At the April 30 meeting, workgroup discussed Outage Coordination Update, 2014 MVP ARR allocation, and Updates on ARR Service Request.

4. OMS call with the IMM

Status: Provided summary of May 8 meeting to WG. We are looking for volunteer to gather questions and lead next call.

During the call, we discussed MISO Sub-Regional Power Balance (SRPB) Constraint, MISO Transmission Surcharge (a cost recovery methodology to recover the penalty rate charges from SPP), MISO's proposal to eliminate the RSG charge to load that reduces when MISO makes a public appeal for voluntary load reductions during an emergency, and seasonal resource adequacy construct. Two additional topics were briefly discussed and delayed for future meetings.

For those interested, please note the following MISO meetings:

MISO Board of Dirs Markets Committee – monthly meetings (5/28 next mtg)

MISO Market Subcommittee – Market Roadmap conference call (5/15)

MISO Market Subcommittee - monthly meetings (6/3 next mtg)

MISO FTR Working Group – monthly meetings (6/4 next mtg)

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

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

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

Brandon Mauch and Hwikwon Ham, Markets and Tariffs Work Group co-chairs

OMS Resources WG Report to OMS Board – May 15, 2014

Supply Adequacy Work Group

MISO issued a second draft of the Resource Adequacy Principles on May 9th.

MISO said they incorporated many of the stakeholder comments. It does appear they took some of our OMS comments into the second draft. The Resources Work Group was sent the information and cover letter below:

Dear Stakeholders,

Please find attached an updated version of the Resource Adequacy Principles. Comments received from the MISO Board members at the Joint Markets and System Planning Committee meeting on April 23, as well as comments received from stakeholders since the previous version, were considered and have contributed to and been incorporated in this draft. We are currently targeting to present the next version of these principles during the June Markets Committee Meeting of the Board of Directors, which is scheduled for June 18.

In order to be able to incorporate any further comments from stakeholders and meet the posting deadline, please send comments to Joe Gardner (jgardner@misoenergy.org) by June 6, 2014.

Thanks to everyone who contributed their thoughtful comments to date

Attached is the second draft with notes from only the Co-Chairs today in order to have something in time for presenting to the Board meeting tomorrow.

By: Don Neumeyer & Walt Cecil, Co-Chairs Resources Work Group.

OMS Regional Planning Work Group (RPWG)
Report to OMS Board of Directors – May 15, 2014
(Co-Chairs Julie Urban and Dave Johnston)

PAC Update

The effective demand and energy growth rates range from 0.71% to 0.76% for BAU, Generation Shift (GS) and the Public Policy Futures. The effective demand and energy growth rates for the Low Growth Future is 0.08% and 0.1% respectively. The effective demand and energy growth rates for the High Growth Future is 1.44% and 1.45% respectively. When using the assumptions of the GS Future, the EGEAS run results in 45% of generation coming from coal rather than the original objective of 40%. MISO is looking for feedback on changes to the Future in order to achieve 40%.

MISO will be conducting a Greenhouse Gas Regulation Impact Analysis.

MISO will be conducting a MVP Triennial Review.

Other WG Activities

The RPWG sent feedback to MISO on the Transmission Developer Qualification and Selection process on April 30 and on the SPP IPSAC planning process on April 25.

The RPWG held a joint meeting with the TCAWG and Resources WG on May 8 to discuss three topics: 1. Feedback on the Independent Long Term Forecast; 2. The MVP Triennial Review Process; and 3. Meeting with the proposed new Transmission Developer Sector.

Purdue University's State Utility Forecasting Group (SUFG) which is conducting the Independent Long Term Forecast held the first of three stakeholder meetings on April 30. SUFG described the modelling approach for the state-level load forecast. Each individual state model was reviewed. There was a useful exchange of information between stakeholders and SUFG. The RPWG sent feedback on this workshop to MISO on May 13. There will be two additional stakeholder workshops: one in July and one in September. Staff requested an additional workshop before July so that SUFG could provide an explanation on how they are converting the state energy forecast to LRZ forecasts, and how they are converting an energy forecast into a peak demand forecast for each LRZ.

The RPWG and TCAWG recommended immediate and full stakeholder involvement in this process through a series of workshops. MISO will discuss the MVP Triennial Review Process in the June or July PAC Meeting.

The Work Groups recommended a meeting between OMS Commissioners and Staff and Transmission Developers at the St. Paul Meetings later in the summer. In addition Bill VanderLaan has drafted a set of comments responding to MISO's Filing at FERC to create an additional sector for Transmission Developers. The RPWG and Governance and Budget Work Groups will discuss the possibility of OMS filing comments on this filing. May 23, 2014 is the deadline for comments.

OMS Seams Work Group

May 2014 Report to OMS Board of Directors

Co-Chairs: Adam Mckinnie and Chris Devon

MISO PJM Seams Update

JCM Initiative Update

- **The RTOs held a special JCM conference call to discuss the report and results on April 14th.**
 - ♦ The RTOs released an executive summary report and each released detailed draft reports for results of steps #1 and #2 of the fact-finding analysis for capacity deliverability.
 - ♦ The draft reports also contain information regarding the remaining fact finding questions to be answered and explain that much more discussion and time would need to be put into answering those more difficult fact finding questions posed by OMS and OPSI.
 - The RTOs seem reluctant to quantify the benefits of capacity deliverability, only providing categories of qualitative benefits. OMS Seams WG members and other Stakeholders requested quantification of these purported benefits.

- Interchange Optimization
 - ♦ **The RTOs held a special issue meeting on Interchange Optimization on April 18th.**
 - ♦ MISO and PJM reviewed plans to implement Coordinated Transaction Scheduling (CTS) and discussed the proposed work plan for MISO-PJM solution development.
 - ♦ PJM plans to follow the NYISO-PJM CTS model and cost allocations that were recently implemented for CTS between those regions.
 - ♦ MISO and PJM plan to follow the same framework but MISO needs to develop its treatment of cost allocations for certain charges to CTS transactions, such as RSG and DA Make Whole payment.
 - MISO requested Stakeholder feedback on related questions they posed. The OMS Seams WG did not provide feedback on this request due to the technical nature and unknown impacts of advocating for certain approaches over others.
 - ♦ RTOs plan to work on this issue through 2014 within the JCM and then move to individual stakeholder forums later in 2014 and have targeted a FERC filing in January 2015.

- **The next MISO and PJM JCM meeting is scheduled for May 28th, at the PJM facilities in Valley Forge, PA.**

PJM Capacity Import Limit Proposal Proceedings

- PJM's capacity import limits (CIL) filing: [Docket No. ER14-503](#).
- On December 20th OMS filed a placeholder Intervention in this docket to preserve the ability to file substantive comments at a later time if necessary.
- FERC issued an [Order accepting PJM's proposed revisions](#). Commissioner Norris concurred with a separate statement attached.

MISO SPP Seams Update

FERC accepts and suspends the unexecuted MISO-SPP Service Agreement subject to refund:

FERC Docket ER14-1174, related to the SPP Complaint in FERC Docket EL14-21.

The effective date for any refunds related to the SPP Complaint (EL14-21) has been set for January 29, 2014. The effective date for any refunds from the MISO Complaint (EL14-30) has been set for February 18, 2014.

Settlement proceedings have been ordered in this and the consolidated dockets below.

MISO files to limit MISO North to MISO South transfers to the 1,000 mW contract path between SPP and MISO

FERC Docket ER14-1713 is the FERC Docket where MISO has made a tariff filing to limit such flows. MISO first discussed this flow limit in the March 31, 2014 Seams Management Working Group meeting. MISO began limiting the flow on Saturday, April 12, 2014.

SPP and MISO Complaints – FERC Dockets No. EL14-21 and EL14-30

These dockets have been consolidated (order released March 28, 2014), along with the docket involving the unexecuted SPP Service Agreement (ER14-1174) and the remanded court decision on Section 5.2 of the MISO-SPP JOA (EL11-34-002, as discussed below).

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](#).

- Apparently FERC is not obligated to issue a new order or take any further action as a result of the court's decision for remand. At this time, it is unknown what action, if any, FERC will take on this matter.
- Additional filings have been made in various dockets by MISO and SPP (EL14-30, ER14-1175, EL14-21), and FERC has consolidated those dockets.

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.”
 - ♦ Comments are requested within the docket by July 1, 2014 (updated as of March 18, 2014).

SPP Seams Steering Committee Call, May 6, 2014

Items of importance:

- (1) Update on March 2014 FERC Order consolidating SPP and MISO complaints & accepting and suspending SPP's unexecuted service agreement filing, subject to refund.

There was a settlement conference on this issue on April 28th, with the next settlement conference scheduled for June 3. MISO and SPP have issued each other data requests as part of the settlement conference, and it is possible a settlement offer will be made in the near future.

MISO Transmission Owners filed for a “stay” of the effective date of the suspended unexecuted service agreement, asking for it to be not currently effective. If the “stay” is granted, this would keep MISO from sending payments to SPP subject to refund.

- (2) MISO is currently limiting MISO North- MISO South flows to 1,000 mW, and SPP is currently billing MISO for any flows over that 1,000 mW number, subject to refund.

MISO has filed at FERC to limit flows to this number, as well as filed a mechanism to recover costs from utilities in the MISO footprint to make such payments.

- (3) SPP-MISO joint planning

There was a MISO-SPP stakeholder / IPSAC call, May 12th, to discuss stakeholder comments on the proposed Scope of the Coordinated System Plan. The call include MISO and SPP staff supporting a sensitivity of keeping the MISO North-MISO South flows constrained at 1000 mW, plus issues related to interregional reliability.

- (4) SPP-AECI joint planning

Had a May 1, 2014, IPSAC call. They're discussing the inclusion of a low hydro sensitivity. The expectation is to ask for transmission solutions to identified issues in August, and concluding the study by December 2014. The next expected call is tentatively scheduled for late May / early June.

(5) Seams Project definition – most recent task force call was on Thursday, May 1, 2014

The task force concluded that it would work on a whitepaper with principles similar to the Order 1000 projects whitepaper. Next meetings are 5-16-2014 (call), and 6-18-2014 (in person).

(6) Other issues of notes:

- a. SPP is working on a FERC filing in response to a FERC deficiency letter regarding the market flow filing. MISO and PJM are also working on deficiency letter responses
- b. SPP is working on JOA changes with MISO for the “Emergency Agreement Assistance” provision.

Upcoming SPP Seams meetings:

- a) May 12, 2014 SPP-MISO IPSAC Conference Call ([Register](#))
- b) June 19, 2014 SSC Meeting ([Register](#))
- c) June 27, 2014 SPP-MISO JOA Joint Stakeholder Meeting ([Register](#))
- d) July 8, 2014 SSC Conference Call ([Register](#))

SPP MISO Interregional Planning Stakeholder Advisory Committee (IPSAC) Call, May 12, 2014

- Discussed the comments provided on the Scope of the Coordinated System Plan study prepared by multiple parties, including the OMS Regional Planning Work Group. MISO and SPP staff have agreed to include a 1,000 mW limit between MISO North and MISO South as a sensitivity within the current study. The scope is to study reliability and economic issues in a single “Business as Usual” future.
- Next MISO-SPP IPSAC is tentatively scheduled for August 2014.

WAPA has announced an interest in joining SPP

- http://ww2.wapa.gov/sites/western/newsroom/NewsReleases/Documents/2013/110113_UGP_RTO.htm
- This development is important because of the possibility that it may create new seams between MISO and SPP, if WAPA joins SPP.
- The SPP Regional State Committee has a meeting set for May 27, 2014, to see if they wish to provide any specific input to the SPP Board on this topic. The SPP Board is scheduled to vote June 9, 2014 on WAPA integration.

Next MISO-SPP JOA meeting has been scheduled for Friday, June 27th in Egan, Minnesota

OMS Administrative Ad Hoc Work Group Status Report
May 15, 2013 OMS Board meeting

The Administrative Ad Hoc WG (AAHWG) met on April 4th and 30th.

The WG has focused on issues related to development of OMS documents in MISO and FERC activities. The AAHWG has developed draft guiding principles for document development. The focus of the discussion has been on achieving greater process efficiency while preserving the high quality of OMS submissions. Work on these principles is on-going and will be taken up at the next WG meeting.

The WG has also reviewed the document development process utilizing a work-flow diagram. As part of this effort, the WG reviewed the OMS Process for Approving Position Statements for FERC and MISO. Work-flow diagrams have been developed to reflect that process as well as possible future modifications to that process. Topics discussed in this context included the following: a) consider a protocol for ranking issues based on importance and urgency and setting work processes accordingly; and b) possibly develop a standardized format in order to be able to more readily locate language changes and edits; c) further discussion about the final voting process at the BOD meeting and the need to accommodate several states which full commissions votes on OMS actions; d) how to get earlier indications from Board members about concepts or approaches in comment drafts that just “won’t fly” with Board members, and possibility of involving the Executive Committee to provide guidance in such instances (e.g., regular participation in the monthly Work Group Chair and Key Staff meetings where developing issues are regularly discussed. As with the guiding principles project, work continues on the work-flow ideas.

Finally, a request from President Callisto to evaluate the possibility of consolidating the Executive Director’s Report with the various WG reports for presentation at the monthly BOD meetings was also briefly discussed. It was suggested that the current report the WG Chairs prepare for the monthly WG Chair/Key Staff meetings might be a better presentation of this information for purposes of the BOD meeting. Using that Report for this purpose would also eliminate the need for a separate report from the various OMS WGs. The members of the Administrative Ad Hoc WG were tasked with checking with their commissioners to get a preliminary indication of whether the monthly WG Chair/Key Staff Report would be a better option for BOD meetings and/or consolidation with the ED’s Report. This will be discussed further at the next meeting.

Other agenda items were tabled until the next meeting, which will be May 19th at 1:00 PM.



Organization of MISO States

**ORGANIZATION OF MISO STATES, INC.
Board of Directors Closed Meeting
Conference Call Minutes
May 15, 2014**

Approved June 12, 2014

Eric Callisto, President of the Organization of MISO States, Inc. (OMS), called the May 15, 2014 closed meeting of the OMS Board of Directors to order via conference call at approximately 1:45 p.m. (CDT). The following board members or their proxies participated in the meeting:

Bert Finzer, proxy for Colette Honorable, Arkansas
John Colgan, Illinois
Angela Weber, Indiana
Libby Jacobs, Iowa
Linda Breathitt, Kentucky
Noel Darce, proxy for Eric Skrmetta, Louisiana
Sally Talberg, Michigan
Burl Haar, proxy for David Boyd, Minnesota
David Carr, proxy for Brandon Presley, Mississippi
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
Ken Anderson, Texas
Eric Callisto, Wisconsin

Absent

Manitoba

Others on the call

Beth Roads, Indiana
Quon Winn, Kentucky
Melissa Watson, Louisiana
Angie Butcher, Michigan
Bill Booth, Mississippi
Richard Greffe, Texas
Colleen Dougherty, 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. Action Item: OMS Comments/Position on MISO-SPP Dispute

A) MISO Cost Recovery, Docket ER14-1736

Following discussion, OMS declined to comment on this issue.

B) Rehearing and Stay of March 28 Order on Remand

Noel Darcy moved to adopt the document as amended. Libby Jacobs seconded. A roll call vote was taken:

**Arkansas – abstain
Illinois – aye
Indiana – no
Iowa – aye
Kentucky – abstain
Louisiana – aye
Manitoba – absent
Michigan – aye
Minnesota – aye
Mississippi – abstain
Missouri – abstain
Montana – aye
New Orleans – aye
North Dakota – aye
South Dakota – aye
Texas – aye
Wisconsin – aye**

The motion passed with 11 ayes, 1 no, 4 abstentions, & 1 absent. Voting will be held open until 2:00pm CDT on May 16 for any changes.

ADJOURNMENT

The closed meeting of the OMS Board of Directors meeting adjourned at approximately 2:25 pm CDT.

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

Midcontinent Independent System Operator, Inc.))	Docket Nos. ER14-1713-000 (not consolidated)
Southwest Power Pool, Inc.)	Docket Nos. ER14-1174-000
Midwest Independent Transmission System Operator, Inc.))	EL11-34-002
Southwest Power Pool, Inc. v. Midcontinent Independent System Operator, Inc.))	EL14-21-000
Midcontinent Independent System Operator, Inc. v. Southwest Power Pool, Inc.))	EL14-30-000 (consolidated)

SUPPORT OF MOTION TO STAY EFFECTIVENESS OF SERVICE AGREEMENT AND REQUEST FOR REHEARING, AND MOTION FOR INTERVENTION OUT-OF-TIME OF THE ORGANIZATION OF MISO STATES

Background

The Commission well knows the importance, urgency, and complexity of the issues relating to power flows between the northern and southern zones of the Midcontinent Independent System Operator (“MISO”) that affect facilities of the Southwest Power Pool (“SPP”) and other adjoining transmission systems. The Commission most recently addressed these issues in its “Order on Remand and Complaints, Accepting and Suspending Service Agreement, Consolidating Proceedings and Establishing Hearing and Settlement Judge Procedures,” issued March 28, 2014, 146 FERC ¶ 61,231, (hereafter “Order on Remand”).

The Order on Remand distorts market operations within the MISO region. These distortions may affect coordinated market regions as well. MISO responded to the Order on Remand by filing its plan to limit flows over SPP facilities on April 11, 2014.

Through this filing, MISO proposed to avoid incurring charges to SPP, but at the cost of lost economic benefits to its ultimate customers. The OMS hopes it was not the Commission's intention to reduce economic benefits in this way, and we recommend procedural steps to restore economic operations by retaining the status quo prior to the Order on Remand.

Motion for Intervention Out-of-Time

Pursuant to Rules 211 and 214 of the Federal Energy Regulatory Commission's Rules of Practice and Procedure, 18 C.F.R. §385.211 and §385.214, the Organization of MISO States ("OMS") moves for leave to intervene out-of-time in Docket No. ER14-1713. Timely intervention was required by May 2, 2014; this deadline was overlooked by OMS in the flurry of events surrounding this issue. No parties will be surprised or inconvenienced by the late intervention. Service of all pleadings, documents, and communications in this matter should be made on the following:

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

The OMS is a non-profit, self-governing organization of representatives from each state regulatory authority¹ with regulatory jurisdiction over entities participating in MISO. The OMS acts as the regional state committee for the MISO region, coordinates regulatory oversight among the states; makes recommendations to MISO, the MISO Board of Directors, and the Commission; and intervenes in proceedings before the Commission to express the positions of the OMS member agencies.

¹ OMS membership includes the Province of Manitoba, Canada, and the City of New Orleans.

Support of Stay and Rehearing

MISO's filing in Docket ER14-1713 proposes a regime of dispatch curtailment to avoid payment of SPP charges by limiting flows to levels that have earlier been agreed to by SPP. The MISO implemented this dispatch regime effective April 12, 2014. The MISO's Independent Market Monitor, in its May 3 Motion to Intervene and Comments, outlines the economic costs of this dispatch regime to the MISO region. The MISO Transmission Owners, in a Motion to Stay Effectiveness of Service Agreement Pending Decision on Rehearing, filed April 28, 2014, describe the injuries and harms to various parties as a result of the Commission's Order on Remand.

The OMS agrees that to achieve benefits to the MISO region and its neighbors, economic use of available transmission assets should be optimized while equitable interregional relationships are considered in the settlement discussions, in the Order 1000 processes, and by the Commission. Staying the Commission's March 28 Order would accomplish that result, but without time limit. The Commission may prefer to retain inducements for an early settlement, and it could achieve that outcome by modifying its Order on Remand to provide a five-month suspension for the SPP Service "Agreement."² That action would restore the status quo through approximately June 29, five months from the January 29 filing date of the Service "Agreement" and would provide a finite time and incentive for settlement. Such a result is consistent with the Commission's suspension practice and would obviate the need for the Commission to analyze the conditions of a Stay as explained in the Transmission Owners' April 28 Stay filing.

² The OMS finds it inappropriate to refer to an unexecuted offer of service as a "Service Agreement."

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

Illinois Commerce Commission
Iowa Utilities Board
Louisiana Public Service Commission
Michigan Public Service Commission
Minnesota Public Utilities Commission
Montana Public Service Commission
City of New Orleans
North Dakota Public Service Commission
South Dakota Public Utilities Commission
Public Utility Commission of Texas
Wisconsin Public Service Commission

The Arkansas Public Service Commission, the Kentucky Public Service Commission, the Mississippi Public Service Commission, and the Missouri Public Service Commission abstained from voting on this pleading. The Manitoba Public Utilities Board did not participate in this pleading. The Indiana Utility Regulatory Commission opposed this pleading.

Respectfully Submitted,

William H. Smith, Jr.
William H. Smith, Jr.
Executive Director
Organization of MISO States
E-mail: bill@misostates.org
Tel: 515-243-0742

Dated: May 16, 2014

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 16th day of May, 2014.

William H. Smith, Jr