



Organization of MISO States

**ORGANIZATION OF MISO STATES, INC.  
Board of Directors Meeting  
Conference Call Minutes  
February 20, 2014**

**APPROVED March 27, 2014**

Eric Callisto, President of the Organization of MISO States, Inc. (OMS), called the February 20, 2014 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:

Colette Honorable, Arkansas  
John Colgan, Illinois  
Dave Johnston, proxy for Jim Atterholt, Indiana  
Libby Jacobs, Iowa  
Linda Breathitt, Kentucky  
Sally Talberg, Michigan  
Burl Haar, proxy for David Boyd, Minnesota  
David Carr, proxy for Brandon Presley, Mississippi  
Robert Kenney, Missouri  
Kirk Bushman, Montana  
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

Louisiana  
Manitoba

Agency members participating

Randy Rismiller, Linda Wagner – Illinois  
Chancy Bittner, Venkata Bujimalla – Iowa  
Bill Bokram, Chris Devon, Al Freeman – Michigan  
Bill Booth, Nick Puga – Mississippi  
Kim Moran – Montana  
Phil Movish – City of New Orleans  
Richard Greffe – Texas  
Julie Urban, Staff – Wisconsin

Others on the call

Julie Mitchell, Bill Smith – OMS Staff  
Valerie Lemmie – EISPC

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

### **Approval of Minutes from the January 16 Board Meeting**

The minutes of the January 16<sup>th</sup> Board Meeting were accepted as distributed.

### **Treasurer's Report**

The January treasurer's report was accepted as distributed.

### **Review of the January 30<sup>th</sup> Executive Committee Meeting:**

This meeting was cancelled.

### **Executive Director's Report**

A written report was distributed prior to the meeting.

Eric Callisto took this time to recognize Bill Bokram of the Michigan Staff for all of his work for OMS over the years and congratulate him on his upcoming retirement.

## **BUSINESS**

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

- Valerie Lemmie provided a verbal update on EISPC.
- The next EISPC meeting will be held in Naples, FL.

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

- Libby Jacobs provided an overview of the upcoming AC meeting agenda;
- The hot topic is on demand response;
- Another major issue is the OMS position on the MISO Board of Directors' proposed expansion. OMS is declining to take an official position because the OMS Board is split on the idea of expansion. Libby Jacobs indicated she would present the wide variety of opinions on the issue that were discussed by the OMS Board;

#### **Demand Response Hot Topic:**

- Libby Jacobs presented the hot topic draft comments;
- The comments were approved as presented with Illinois abstaining;
- It was also noted that Deb Erwin will be replacing John Feit as a co-chair for the Demand Response Working Group.

### **3. MISO Planning Advisory Committee**

- Sally Talberg provided an overview of the past two MISO PAC meetings that included approval of two out of cycle projects, approval of the MTEP 15 modeling futures, and a presentation on MISO's chosen vendor for conducting an independent 10-year load forecast;
- Julie Urban provided a more in-depth update on the process and timeline for the RPWG's comments on the MTEP '15 futures;

### **4. Status Update: OMS Resources Assessment Project**

- Eric Callisto presented this status update;

## 5. MISO Board of Directors Statement of Guiding Principles – Position Approval

- Eric Callisto gave an overview of the document and the suggested staff changes;
- Randy Rismiller presented Illinois' proposed edits. These edits, a proposal from the ERSC working group and the suggested staff changes were discussed by the Board;
- The suggested staff changes, along with the proposed edit to principle number seven by the ERSC working group were agreed to.

Ken Anderson moved to accept the statement as revised. Libby Jacobs seconded. The motion passed by unanimous voice vote with Louisiana and Manitoba absent.

## Updates and Work Group Status Reports

### Demand Response WG

- No report;

### Transmission Cost Allocation WG

- Written report;

### Markets and Tariffs WG

- Written report;

### Resources WG

- Written report;

### Regional Planning WG

- Written report;

### Governance and Budget

- No report;

### Seams WG

- Written report;

## **ADJOURNMENT**

The meeting of the OMS Board of Directors meeting adjourned at 2:05 pm CST.

The Organization of MISO States Board of Directors will hold its monthly meeting via conference call **Thursday, February 20, 2014 at 1:00 pm (central)**.

- Call-in number is **866-554-6142**. The conference code is **1385092764** followed by the # sign.
- Board members who cannot attend the call should notify Secretary Linda Breathitt ([Linda.Breathitt@ky.gov](mailto:Linda.Breathitt@ky.gov)) with a copy to OMS ([julie@misostates.org](mailto:julie@misostates.org)) to designate a proxy for this meeting.

### **Agenda**

Call Meeting to Order – President Eric Callisto 1:00  
Attendance, Recognition of Proxies, Declaration of a Quorum  
Approval of Minutes – January 16 Board meeting  
Treasurer’s Report –January 2014 – Colette Honorable  
Review of Executive Committee meeting – January 30 meeting cancelled

### **Administrative Update**

Report from the Executive Director 1:05

### **Business**

1. Update: Eastern Interconnection States’ Planning Council– Valerie Lemmie, Bob Pauley 1:10
2. MISO Advisory Committee –
  - February Hot Topic discussion and position approval 1:20
  - OMS position on MISO Board of Directors
3. Planning Advisory Committee – Sally Talberg 1:40
4. Status: OMS Resources Assessment Project – Eric Callisto and Don Neumeyer 1:50
5. MISO Board of Directors Statement of Guiding Principles – position approval 2:00

### **OMS Work Group Status Reports**

- Demand Response WG
- Transmission Cost Allocation WG
- Markets and Tariffs WG
- Resources WG
- Regional Planning WG
- Governance and Budget WG
- Seams WG

### **Announcements**

- Next OMS Executive Committee meeting: Thursday, March 6 , 2014 at 1:00 pm CT
- Next regular OMS Board of Directors meeting: Thursday, **March 27**, 2014 at 1:00 pm CT – **NOTE NEW DATE**
- Next OMS-MISO AFCWG, OWG,OPWG quarterly call: May 9

### **Adjourn**

2:15

# *OMS*

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

## CASH ON HAND

The beginning balance for the Wells Fargo Business Performance Savings Account on January 1 was \$25,329.83. Interest earned for this month totaled \$0.65 and there was no other activity. The January 31, 2014, ending balance was \$25,330.48.

The beginning book balance for the Chase Bank One Checking account on January 1 was \$160,732.71. The total disbursements from the checking account for January 2014 amounted to \$49,029.27. Deposits, interest and adjustments were \$60,018.07, which includes one month of MISO funding transactions. As of January 31, 2014, the checking account bank balance was \$171,721.51 (with 5 check payments outstanding) and the book balance was \$164,240.48.

The total savings and checking account (book) balances as of January 31, 2014, is \$189,622.22.



**TREASURER'S REPORT**  
**Organization of MISO States**  
**January 31, 2014**

<b>Wells Fargo Business Performance Savings Account</b>
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Book Balance as of 12/31/13		\$	25,329.83
1/31/2014 DEP Interest on Savings		\$	0.65
			25,330.48
Business Performance Savings Account Balance at 1/31/2014			\$ 25,330.48

<b>Chase Bank One Commercial Checking with Interest</b>
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Book Balance as of 12/31/13		\$	153,302.94
1/8/14 ACH Midcontinent ISO		\$	60,000.00
1/22/14 DEP Reimbursement from Liz Kayser		\$	16.56
1/31/14 DEP Interest on checking		\$	1.51
1/8/14 4589 Voided Check		\$	-
<b>Total Deposits</b>			<b>\$ 60,018.07</b>

**Checks and Charges**

Date	Check #	Descriptions	\$
11/6/13	4505	J. Colgan	257.64
11/25/13	4551	K. Bushman	132.00
12/10/13	4562	MS PU Staff	915.59
12/23/13	4565	B. Smith	6.06
12/23/13	4566	C. Devon	300.44
12/23/13	4567	D. Boackle	517.74
12/23/13	4568	State of IA	602.49
12/23/13	4570	W. Bokram	240.87
12/23/13	4571	WI PSC	531.65
12/23/13	4572	WI PSC	228.10
12/23/13	4573	B. Smith	67.99
12/23/13	4579	W. Bokram	200.39
12/31/13	569	MG Trust (401(k))	987.00
12/31/13	570	MG Trust (401(k))	101.99
12/31/13	571	MG Trust (401(k))	2,339.82
1/13/14	4580	100 Court Investors LLC	1,855.13
1/10/14	4581	Combined System Technology	159.00
1/13/14	4582	Liberty Mutual Insurance	2,862.00
1/10/14	4583	Triplett Office Essentials	28.78
1/21/14	4584	Minnesota PUC	1,159.60
1/14/14	4585	Minnesota PUC	2,618.25
1/29/14	4586	Wisconsin PSC	39.77
1/29/14	4587	Wisconsin PSC	348.47
1/29/14	4588	Wisconsin PSC	452.57
1/24/14	4590	Bill Smith	67.99
1/22/14	4591	Iowa Utilities Board	769.50
1/31/14	4592	Wisconsin PSC	553.32
1/17/14	4593	Combined System Technology	28.62
1/27/14	4594	Conference Suite	772.64
1/22/14	4595	Customized Energy Solutions	3,500.00
1/22/14	4596	Premier Copiers	6,725.29
1/21/14	4597	CenturyLink	228.53
1/27/14	4601	Minnesota PUC	1,250.00
1/31/14	4602	Wisconsin PSC	1,250.00
1/24/14	4603	Bill Smith	81.10
1/8/14	w/d	Chase Card	1,105.41
1/10/14	w/d	Paychex Inc	106.55
1/29/14	w/d	Wells Fargo Payroll	10,165.49
1/29/14	w/d	Wells Fargo Taxes	5,418.49
1/29/14	w/d	Wells Fargo Processing Fee	53.00

Total Disbursements - Checks and Charges

\$ 49,029.27

CHECKING ACCOUNT BALANCE at 1/31/14

\$ 164,291.74

**TOTAL Certificates of Deposit, Savings and Checking Account Balances as of: 1/31/14**

\$ 189,622.22

**CHASE CHECKING ACCOUNT RECONCILIATION**

Bank Balance 1/31/14

\$ 171,721.51

Less Checks Outstanding

Check #

4600	Michigan PSC	\$	1,250.00
4598	Aditi Tiwari NO-CC	\$	1,250.00
4599	Indiana URC	\$	1,250.00
4604	Sally Talberg MI	\$	63.22
	MG Trust	\$	3,667.81

Total Outstanding Checks

\$ 7,481.03

Book Balance 1/31/14

\$ 164,240.48



## OMS Treasurer Report for Month of January 2014

### Wells Fargo Business Performance Savings Account

Beginning Balance	25,329.83	
Interest Earned this Month	0.65	
Ending Balance		<u><u>25,330.48</u></u>

### Chase Bank One Checking Account

Beginning Balance	153,302.94	
Total Disbursements	(49,029.27)	
Deposits/Interest/Adjustments	<u>60,018.07</u>	
Ending Book Balance		<u><u>164,291.74</u></u>
Bank Balance	171,721.51	
Outstanding Deposits	0.00	
Outstanding Checks	<u>(7,481.03)</u>	
Book Balance	<u><u>164,240.48</u></u>	

**Total Savings & Checking Balances as of January 31, 2014** 189,622.22

5 checks outstanding at 1/31/14



# *OMS*

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

## CASH ON HAND

The beginning balance for the Wells Fargo Business Performance Savings Account on December 1 was \$25,329.19. Interest earned for this month totaled \$0.64 and there was no other activity. The December 31, 2013, ending balance was \$25,329.83.

The beginning book balance for the Chase Bank One Checking account on December 1 was \$83,987.45. The total disbursements from the checking account for December 2013 amounted to \$50,685.87. Deposits, interest and adjustments were \$120,001.36, which includes two months' of MISO funding transactions. The monthly electronic MISO remittance designated for November (an amount of \$60,000) was not reflected in November activity because the deposit was received in early December, rather than in November. As of December 31, 2013, the checking account bank balance was \$160,732.71 (with 15 check payments outstanding) and the book balance was \$153,302.94.

The total savings and checking account (book) balances as of December 31, 2013, is \$178,632.77.



**TREASURER'S REPORT**  
**Organization of MISO States**  
**December 31, 2013**

**Wells Fargo Business Performance Savings Account**

Book Balance as of 11/30/13				\$ 25,329.19
12/31/2013	DEP	Interest on Savings		\$ 0.64
Business Performance Savings Account Balance at 12/31/2013				\$ 25,329.83

**Chase Bank One Commercial Checking with Interest**

Book Balance as of 11/30/13				\$ 83,987.45
12/2/13	ACH	Midcontinent ISO	\$ 60,000.00	
12/16/13	ACH	Midcontinent ISO	\$ 60,000.00	
12/31/13	DEP	Interest on checking	\$ 1.36	
<b>Total Deposits</b>				\$ 120,001.36

**Checks and Charges**

Date	Check #	Descriptions	
11/14/13	4527	Melissa Wason - Travel Exp. OMS Annual mtg	\$ 964.66
11/20/13	4534	100 Court Investors (rent & parking Jan 2014)	\$ 1,724.03
11/20/13	4535	Chris Devon, MI -Travel - MISO/PJM JCM Mtg, Nov. 8, 2013, Carmel	\$ 135.32
11/20/13	4540	Randy Rismiller Travel expenses OMS Annual meeting	\$ 249.74
11/20/13	4541	Wisconsin PSC - Eric Callisto travel reimbursement	\$ 1,343.85
11/20/14	4542	Wisconsin PSC - Lori Sakk travel exp. MISO mtgs Nov 7-8 2013	\$ 119.66
11/20/14	4543	Conference Suites - OMS conference call charges, Oct.2013	\$ 893.59
11/25/13	4544	Customized Energy Solutions - OMS CES Subscription - Oct. 2013	\$ 3,500.00
11/25/13	4545	Century Link - OMS fax, phone, DSL charges - Oct 2013	\$ 228.09
11/25/13	4546	Bill Smith - laptop wifi card	\$ 135.98
11/25/13	4547	Adam McKinnie - travel expenses - MISO mtgs Sept 11 2013	\$ 980.40
11/25/13	4548	Bill Smith - Travel - NARUC Mtg, Nov. 16-19, 2013, Orlando, FL	\$ 15.00
11/25/13	4549	David Carr -Travel - OMS Annual Mtg, Oct. 20-24, 2013, Carmel	\$ 1,582.12
11/25/13	4550	Julie Mitchell - Travel - OMS Annual mtg	\$ 689.28
11/25/13	4552	Minnesota PUC - Travel expenses - Hwikwon Ham	\$ 2,432.68
11/25/13	4553	Mississippi - PUS - Brandi Myrick - Travel - OMS Annual mtg	\$ 723.15
11/25/13	4554	Tom Stratton (NOCC)Travel - OMS Annual Mtg, Oct. 20-23, 2013	\$ 850.00
11/25/13	4555	Wisconsin PSC - Travel Julie Urban	\$ 1,010.25
11/25/13	4556	Wisconsin PSC - Travel - Phil Montgomery - OMS Annual mtg	\$ 388.89
12/9/13	4557	VOID	\$ -
12/10/13	EFT	Paychex Invoice - Nov. P/R processing	\$ 106.55
12/10/13	E-Pay	OMS Visa account at Chase Bank	\$ 19,518.10
12/10/13	4558	100 Court Investors - Office Rent & Pkg, Op. exp chrg (Jan. 2014)	\$ 1,804.25
12/10/13	4559	Combined Systems Technology - cloud storage	\$ 159.00
12/10/13	4560	Diversified Management Services (web updates)	\$ 33.74
12/10/13	4561	O.P.S.I. - Hotel exp for Bill Smith at OPSI	\$ 470.16
12/10/13	4563	R. Raff - Travel Exp. 10/20-10/22)	\$ 334.00
12/10/13	4564	WI PSC - J. Feit - travel exp. 8/20-8/22	\$ 543.69
12/23/13	4569	W. Cecil - Travel Exp. 12/4-12/6	\$ 916.29
12/23/13	4574	Conference Suite - Nov. conf. calls (BoD, Exec., etc.)	\$ 766.99
12/23/13	4575	Customized Energy Solutions - Nov. subscription	\$ 3,500.00
12/23/13	4576	CenturyLink - office phone, fax, DSL, LD calls	\$ 228.09
12/23/13	4577	Triplett Office Essentials - binders, 2014 office supplies	\$ 424.16
12/23/13	4578	Triplett Office Essentials - office supplies	\$ 48.74
12/31/13	EFT	Paychex Payroll net pay (ck.nos. 566-568)	\$ 10,822.88
12/31/13	EFT	Paychex Payroll Taxes	\$ 3,969.10

Total Disbursements - Checks and Charges \$ 61,612.43

CHECKING ACCOUNT BALANCE at 12/31/13 \$ 142,376.38

TOTAL Certificates of Deposit, Savings and Checking Account Balances as of: 12/31/13

\$ 167,706.21

<b>CHASE CHECKING ACCOUNT RECONCILIATION</b>
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Bank Balance 12/31/13	<b>\$ 160,732.71</b>
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**Less Checks Outstanding**

<u>Check #</u>		
11/6/13	4505 J. Colgan	\$ 257.64
11/25/13	4551 K. Bushman	\$ 132.00
12/10/13	4562 MS PU Staff	\$ 915.59
12/23/13	4565 B. Smith	\$ 6.06
12/23/13	4566 C. Devon	\$ 300.44
12/23/13	4567 D. Boackle	\$ 517.74
12/23/13	4568 State of IA - V.	\$ 602.49
12/23/13	4570 W. Bokram	\$ 240.87
12/23/13	4571 WI PSC - L. Sakk - travel exp. 12/2-12/4	\$ 531.65
12/23/13	4572 WI PSC - R. Pilo - travel exp. 12/2-12/4	\$ 228.10
12/23/13	4573 B. Smith - WIFI Nov.	\$ 67.99
12/23/13	4579 W. Bokram - Travel	\$ 200.39
12/31/13	569 MG Trust (401(k))	\$ 987.00
12/31/13	570 MG Trust (401(k))	\$ 101.99
12/31/13	571 MG Trust (401(k))	\$ 2,339.82

Total Outstanding Checks	<b>\$ 7,429.77</b>
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Book Balance 12/31/13	<b>\$ 153,302.94</b>
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## OMS Treasurer Report for Month of December 2013

### Wells Fargo Business Performance Savings Account

Beginning Balance	25,329.19	
Interest Earned this Month	0.64	
Ending Balance		<u><u>25,329.83</u></u>

### Chase Bank One Checking Account

Beginning Balance	83,987.45	
Total Disbursements	(61,612.43)	
Deposits/Interest/Adjustments	<u>120,001.36</u>	
Ending Book Balance		<u><u>142,376.38</u></u>
Bank Balance	160,732.71	
Outstanding Deposits	0.00	
Outstanding Checks	<u>(7,429.77)</u>	
Book Balance	<u><u>153,302.94</u></u>	

**Total Savings & Checking Balances as of December 31, 2013** 167,706.21

15 checks outstanding at 12/31/13



## Organization of MISO States

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### **OMS Executive Director Report February 5, 2014**

#### **Filings to FERC**

1. On January 28, SPP filed a complaint against MISO relating to flows of power between MISO South and other MISO regions over SPP facilities in Docket EL14-21. These questions are also pending on remand from the D.C. Circuit in Docket EL11-34. SPP also submitted an unexecuted service agreement in Docket 14-1174.

#### **FERC Orders**

1. On January 17, FERC accepted MISO's re-collation filing of its Tariff for MISO Rate Schedules and MISO Agreements. 146 FERC 61,031, Docket ER14-425.

#### **MISO / OMS Activity**

1. On February 3, MISO sent to each state commission the results of the Supply Adequacy survey.
2. On January 15, 2014, OMS officers met with each of the FERC commissioners. Discussion focused on OMS transitions and the resource adequacy survey.
3. The OMS received a good number of applications for the position of Deputy Executive Director. Interviews are being planned for late February.
4. Beginning February 11, Colleen Dougherty will join OMS, sharing the Office Manager position with Julie Mitchell.

#### **Public Relations**

1. Presentations:
  - N/A
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: February 20, 2014, at 1:00 pm CT
- Next OMS Executive Committee meeting: March 6, 2014, at 1:00 pm CT
- Future OMS Board meetings: March 20, April 17
- Future OMS Executive Committee meetings: March 6, April 3
- Next OMS meeting with IMM: February 7

MISO Advisory Committee  
February 26, 2014  
Hot Topic: Demand Response  
Organization of MISO States (OMS) Response<sup>1</sup>  
for the State Regulatory Authorities Sector

The Organization of MISO States (OMS) appreciates this opportunity to provide the MISO Board of Directors, MISO staff and other stakeholders with the State Regulatory Authorities sector perspective on several demand response subjects.

The MISO demand response (DR) hot topic questions were grouped into three broad areas:

1. appropriateness of MISO's objective to enable reliable delivery of lowest-cost energy to customers, with full DR participation in a non-discriminatory manner;
2. expansion of DR resources as a means to increase system reliability and lower electric costs; and
3. any MISO actions with respect to DR resources that are not registered in the MISO markets.

In addition to responding to these specific questions OMS offers comments on several related recommendations made by the Independent Market Monitor (IMM) in the 2012 State of the Market Report.

## **Introduction**

State commissions and Load Serving Entities (LSEs) have extensive experience with demand response programs and have utilized them as a resource for many years. Most typically, these programs include large commercial and industrial interruptible load programs, residential water heater and air conditioner direct load control programs, commercial HVAC direct load control programs and behind-the-customer meter generation. Some LSEs also have experimented with or implemented rate-based demand response programs such as real time pricing, critical peak pricing and peak time rebates.

Since the beginning of market operations, MISO has accommodated demand response programs in the energy and ancillary services markets. Further, MISO provided qualifying demand response programs with capacity credit under the provisions of Module E. MISO has also worked with stakeholders to eliminate barriers to the participation of demand response resources.

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<sup>1</sup> Illinois abstained from participating in these comments.

Due to the projected reduced capacity surplus in MISO and the potential for relatively volatile energy prices, demand response and other solutions that can be implemented relatively quickly will likely receive increasing attention during the next several years. In addition, new communication and control technologies and advanced metering have the potential to deliver needed resources much more quickly, at lower cost and provide an opportunity for greater participation by residential and commercial customers.

States have supported and continue to support demand response programs for a variety of reasons. DR programs can allow LSEs to achieve reliability targets at a lower cost than other conventional options (such as new generation) to meet peak loads. They can also mitigate fuel costs when energy prices spike and allow LSEs to balance needs among their entire customer base. In addition, many of these DR programs typically provide financial benefits in the form of rate discounts to participating customers, which can be especially important for large industrial customers.

OMS is supportive of MISO efforts to identify and eliminate barriers to the participation of demand response resources in MISO markets. That said, state commission jurisdiction over demand response programs must be recognized, as well as each state's decisions regarding participation in MISO markets by DR resource providers.

OMS also notes that the Advisory Committee's (AC) discussion of demand response issues lacks any direct input from third-party demand response providers. OMS observes that third-party demand response providers are not recognized in MISO's AC Sector structure, and therefore their perspectives may not be adequately represented by any of the Advisory Committee sectors today. As MISO works to modify market rules to integrate demand response resources, MISO should, as many states already do, actively seek input from all stakeholders who would play a large role in bringing demand response to the MISO market.

The state commissions recognize that jurisdiction over demand response programs requires the states to work closely with MISO and other stakeholders to ensure that the regional markets and retail customers continue to benefit from existing and new demand response programs. The states, LSEs, and their customers are prepared to consider examining existing programs as needed, and to think creatively to most efficiently address both local and regional needs.

**1. Is MISO's objective of enabling reliable delivery of lowest-cost energy to consumers while ensuring that DR can fully participate in a fair, efficient non-discriminatory manner the proper objective with respect to DR resources?**

MISO's stated objective with regard to demand response appears reasonable; the key to this question comes in how the objective is carried out in practice. OMS believes MISO can appropriately pursue this objective so long as MISO continues to recognize state regulatory



authority in the area of demand response and adhere to OMS's previously adopted Demand Response Principles.<sup>2</sup>

Since FERC Order 719 in 2008, MISO has conducted an open and transparent stakeholder process in the Demand Response Working Group to identify and eliminate barriers to the participation of demand response resources in MISO markets. This process has been successful. OMS encourages MISO to continue this effort.

It is not clear at this time if it is necessary for MISO to take explicit actions to encourage the use of demand response resources by LSEs. OMS is interested in hearing the perspectives of other stakeholders in this regard. It would be helpful for MISO to continue to identify and develop characteristics and requirements for demand response to qualify as resources under Module E and participate fully in MISO markets. The design and implementation of new DR programs take time however, and with reference to legacy programs, any new market rules should be implemented only after a reasonable transition period with sufficient notice of DR requirements to participate in MISO markets. Any new market rules and applicable transition period should be determined with stakeholder input, allowing sufficient time for state regulatory review and program design and approval (where applicable), and customer enrollment.

Demand response is an area where creativity and variety should be encouraged, and we can all learn what demand response is capable of through innovation. New actions by MISO in the area of demand response should strive to accommodate the range of programs that create value, and take care not to exclude retail programs from the market in an effort to streamline processes. It will be important for MISO to examine the scope of state approved retail demand response programs in detail to ensure that participation of new, legacy, wholesale, and retail DR products and programs is not be limited in a manner that is discriminatory or favored differently than supply side resources.

## **2. Should MISO seek to expand the use of DR resources as a means to increase system reliability and lower electric costs?**

When MISO was developing its proposals to comply with Order 719 and Order 745, state commissions were concerned that participation by aggregators of retail customers (ARCs) or Curtailment Service Providers (CSPs) in the MISO market could result in cost shifting from participating to non-participating customers (within a utility), between market participants and between states. Such cost shifting could result in unjust and unreasonable retail rates for non-participating customers. As a result of these concerns, some of the states have enacted policies or rules that prohibit third-party CSPs from doing business in their states. The market rules authorized by FERC that provide for CSPs to participate in the MISO energy and ancillary services market are complex. Given the tightening of the capacity situation in MISO, it is likely that CSPs will be more interested in participating in MISO's capacity auction under the

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<sup>2</sup> The OMS Demand Response Principles, adopted November 8, 2007, are attached to these comments.

provisions of Module E. The states have not determined whether rules for CSP compensation for capacity and cost allocation will result in unreasonable cost shifting.

As long as it does not diminish reliability or result in cost shifting, OMS is not against authorized third party participation in the MISO energy and capacity constructs or via bilateral contracts. OMS believes that MISO should neither encourage nor discourage the participation of CSPs. Each state can then determine whether the retail customers in its state will benefit from participation by CSPs in their state.

OMS has concerns about some of the actions proposed for DR resources in MISO, and expands upon these concerns below with regard to the IMM's 2012 State of the Market recommendations for DR. For example, retail interruptible load programs allow for interruptions for both economic and reliability reasons. When MISO develops market provisions to allow non-dispatchable DR (including behind-the-meter generation) to set energy prices in the real time market, those provisions will need to recognize the material differences in the available types of demand response programs. It may be necessary and appropriate to scrutinize offer parameters so that different types of demand response can set energy prices and perhaps in some cases operating reserves prices using an appropriate price for the program.

Another example concerns suggested changes in market rules that would call on interruptible load when the system is constrained prior to MISO taking other emergency actions. Such changes may be in direct conflict with the provisions of some state retail interruptible tariffs. Many of these retail tariffs were written at a time when the use of DR in an emergency was as a last resort for emergencies only on the local utility's system. Where the emergency is now anywhere within MISO, it increases the probability that the DR will be called upon and used by MISO. This fundamentally changes the deal. Some customers will likely decide to discontinue participating under an existing tariff service if it is possible that interruptions will occur more often than what the customer considered economic when they signed up. OMS recommends that the concept of changing when DR is called in an emergency be closely analyzed before any changes are implemented. In the short run, it does not make sense to make this change if it results in an overall net reduction in DR participating in MISO due to disenrollment.

**Demand Response market mechanisms in response to the IMM's 2012 State of the Market Report recommendations should recognize material differences in demand response programs.**

In the 2012 State of the Market Report, the IMM made three recommendations relating to demand response. OMS offers the following brief comments on these recommendations.

***Recommendation 1. Develop provisions that allow non-dispatchable DR (including interruptible load and BTMG) to set energy prices in the real time market.***

While OMS supports this recommendation, in its implementation, it is important to recognize that there are several different types of interruptible load programs that would be setting prices.<sup>3</sup>

Economic interruptible load programs allow an LSE to call for an interruption when the price of energy in the day ahead or real time market exceeds a certain threshold level. These programs often allow the customer the option to “buy-through” an economic interruption at the real time price. Once the threshold price is exceeded, customers on such an interruptible rate are already facing the real time price and there is no need for MISO to take any action to administratively adjust the real time price.

Emergency interruptible programs allow for interruptions only in a system emergency. In these programs, typically the customer is provided with up-front rate credit and receives no additional payment from the LSE when an interruption occurs. When an emergency interruption is called, the customer must curtail their use – no buy through is allowed.

There are also hybrid interruptible programs which allow for interruptions for both economic and reliability reasons. If this recommendation is pursued, it will be important to design new market mechanisms with sufficient attention to material differences in the available types of demand response programs. It may not be appropriate to let all types of demand response set energy prices without additional steps to ensure the market participant would use an appropriate price for the program.

***Recommendation 16. Re-order MISO’s emergency procedures to utilize demand response efficiently.***

In this recommendation, the IMM calls for changing the order in which demand response resources are utilized when the system is constrained. In particular, the recommendation calls for utilizing interruptible load prior to the time that MISO takes other emergency actions. Such a change could be in conflict with the provisions of some interruptible tariffs. Some customers may decide not to continue to take interruptible service if it is possible that interruptions were more likely. Some resources have to be last in the dispatch order. OMS recommends that this recommendation be closely analyzed before any changes based on it are implemented.

***Recommendation 20. Evaluate capacity credits provided to wind resources and LMR to increase their accuracy.***

OMS is not opposed to an evaluation of the capacity credits provided to Load Modifying Resources. Such an evaluation should be conducted with the participation of all stakeholders.

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<sup>3</sup> OMS has supported using ELMP as a means to better set market prices. ELMP provides for allowing non-dispatchable DR to set real time energy prices.

### **3. Should MISO take any actions with respect to DR resources that are not registered in the MISO markets?**

It is important to recognize that almost all demand response deals with retail load. Therefore almost all demand response programs are directly related to the provision of retail electric service by LSEs and are regulated by the state commissions. LSEs have historically designed demand response programs to meet their local needs. State commission authority over *retail* demand response programs which are utilized as resources in *wholesale* markets results in jurisdictional tension. This duality raises the question of who should adapt to whom. OMS believes it is possible to respect existing state-authorized demand response programs while encouraging the creation of new programs that are designed with a regional market structure in mind.

MISO and its stakeholders now have and recognize the need for more visibility of state-authorized demand response programs to allow and account for all available resources to meet regional needs. State commissions recognize it may be necessary to update “legacy” demand response programs in order to reflect changing circumstances, and to consider new demand response programs that reflect the economics of MISO wholesale markets and market rules.

However, current and future needs should not run roughshod over existing legacy demand response programs. OMS believes MISO should have a reasonable transition period to encourage demand response to be more visible to MISO and market participants, without forcing abandonment of existing programs. Legacy demand response programs should not be forced to become part of a market for which they were not designed. Customers and LSEs have made investments to participate in legacy demand response programs based on the current parameters, and those investments should not be stripped of their value. LSEs with legacy demand response programs should be allowed to continue to use those programs to the extent they bring value to the LSE and its customers. And LSEs should get capacity credit (i.e., in Module E) for the adequately demonstrated value that the legacy programs bring to the LSE and its customers.

## Organization of MISO States Midwest Demand Resources Initiative Statement of Principles for Demand Resources

**Introduction** The Organization of MISO States supports a well-functioning wholesale power market in the MISO region, and agrees that engagement by customers, the demand side of the market, is vital to this objective. Its working group, the Midwest Demand Resources Initiative, is tasked to promote progress toward an active demand side throughout MISO.

In promoting this objective, the OMS recognizes that:

1. MISO tariffs should support the state commissions' responsibility in the setting of rules and conditions of service for retail demand response programs;
2. MISO tariffs should encourage flexibility to LSEs to offer retail demand response resources into the markets in a way that preserves both state and regional interests.

**Values** An active demand side can work in real time to signal that reduction of some electric use is more valuable than the dispatch of more expensive supply. OMS identifies some key values that flow from an active demand side:

1. Lower costs for safe and adequate electric service to all customers;
2. Customers who are more aware of the cost of electricity and what they can do about it, especially at times of peak demand and low reserves;
3. Reduced volatility in power prices;
4. More efficient signals for generation and transmission capacity as well as for demand side resources, including demand response, energy efficiency, and distributed generation;
5. Efficient maintenance of resource adequacy;
6. Efficient maintenance of system reliability;
7. Diminished potential for generators to exert market power;

8. A cleaner electric system impact; and
9. Delayed or avoided new electric generation.

Demand resources are everywhere since many customers from among all customer classes can offer a demand response if given a reasonable opportunity. Unfortunately, many of these demand resources are currently only prospective resources because of barriers to their active participation in the market. Demand resources represent a broad category of options potentially available to customers, including demand response, energy efficiency, distributed generation and dynamic or time-based rate options. The states also recognize that the system value of demand response may be enhanced for all participants if demand resources are developed and offered in all states. Analysis to test this premise should be developed with cooperation from MISO and OMS.

**Principles** The OMS accepts the following as principles to guide the work of MWDR and for use in other applicable venues, and OMS expects that these principles will evolve over time:

1. **Well-functioning wholesale electric markets and their associated benefits require an active and engaged demand side;**
2. **Markets should recognize and assure economic value** from real time load reduction actions, especially in congested areas, through material payments to market participants and customers, as appropriate, that enable the response to occur;
3. **MISO and state regulators should make transparent the value of investments in demand resources to reduce costs to consumers and increase reliability and environmental quality;**
4. **Regulators (and lawmakers, when necessary) should remove inefficient institutional barriers** to demand response and other demand resources, both at the state level and in all the markets that MISO operates, including ancillary services;
5. Market rules and tariffs should **maximize cost-effective demand response enrollment and participation;** all demand resource market participants should be subject to equivalent registration and technical requirements as any other resource in a MISO market.
6. **Legacy load control and interruptible tariffs,** largely designed in a pre-organized market framework for purposes defined by individual states, **will continue** and may be more valuable if they are consistent with a well-functioning wholesale electric market; Legacy programs shall not be required to participate in the MISO market;

7. **Regulation should enable and encourage those business structures and relationships** that facilitate and promote demand resources; such encouragement does not imply the subsidization of demand resources;
8. **The environmental effect** of demand response that involves behind the meter generation should not be unduly negative; and
9. **Education and dialogue** among stakeholders to achieve progress on these principles will be important for some time.

The OMS calls on MISO: 1) to maintain a commitment to improving its market design procedures that affect demand response, 2) to assess and reflect the value of demand resources in its transmission expansion process, (MTEP), and 3) to take what steps it can to enable OMS states to improve demand response programs under their jurisdiction. OMS expects that a well functioning demand side to the MISO wholesale electric market will make that market more beneficial to all market participants, including customers, and will address expectations for market performance by Federal energy regulators.

**Strategies** Following are state regulatory strategies that offer support for these principles:

1. Consider the value of **dynamic or time-sensitive retail prices** such as critical peak pricing and variations of real time pricing, **and supporting infrastructure**;
2. The **distribution of revenues** to demand resources should reflect the values contributed by customers, utilities and, where they operate, third parties;
3. Advocate that all MISO markets, tariffs, resource adequacy determinations and system planning should promote demand response as a resource, while recognizing distinctions between demand response resources and generation resources;
4. Ensure (with appropriate safeguards) necessary **access to and use of meter data** by retail customers and, where they operate, third parties market participants, for the purpose of valuing and improving the performance of demand resources;
5. Ensure **timely settlement** for compensation for demand response actions;
6. **Assess** legacy load control and interruptible rate tariffs for effectiveness;
7. **Monitor environmental effects** from increased demand response and any resulting increase in behind the meter generation and facilitate cooperation between utility and environmental regulatory agencies to evaluate these effects; and
8. Promote **continuing engagement and inquiry** among stakeholders in MISO committees and in OMS committees.

**MISO Board of Directors  
Statement of Guiding Principles  
For the MISO Transmission Planning Process and Regional Expansion Plan  
(April 25, 2013)**

Upon the recommendation of the Board's System Planning Committee, the Board of Directors provides the following Guiding Principles to the MISO staff as it fulfills its RTO transmission expansion planning obligations.

**Guiding Principles for Expansion Plans**

The transmission expansion plan produced through the MISO transmission planning process must be designed to maintain the reliable operation of the transmission system, support achievement of federal energy policy requirements and energy policy requirements of states in the region, and enable a competitive wholesale energy market that benefits all consumers in the region. The planning process must be transparent and comprehensive, and enable active stakeholder participation.

In support of these goals, the MISO transmission planning process and regional expansion plan shall:

1. Make the benefits of an economically efficient electricity market available to customers by identifying transmission projects which provide access to electricity at the lowest total electric system cost.
2. Direct the development of transmission facilities that meet all applicable NERC and regional reliability standards and criteria, while safe guarding local system reliability.
3. Provide analysis and identify transmission options that support state and federal energy policy requirements.
4. Ensure that the costs of transmission projects included in the plan are reasonable and that those costs are allocated in a manner roughly commensurate with the projected benefits of those projects.
5. Develop and analyze reasonable futures based on input from state public utility commissions and other stakeholders and share inputs and modeling results with state and federal energy policy makers and other stakeholders to provide context and to inform choices.
6. Coordinate transmission planning with neighboring planning regions to seek alternatives or enhancements to intra-RTO planned transmission projects that are more efficient and cost-effective solutions.
7. Approved transmission projects should be subject to appropriate review and reconsideration as necessary in order to ensure that there is a continuing need for the



projects and/or that there is a continuing expectation that the required minimum level of benefits will be achieved.

## **OMS Resources WG Report to OMS Board – February 20, 2014**

### **Supply Adequacy Work Group**

#### The Resource Adequacy Survey

The February 6<sup>th</sup> SAWG had a presentation on the update of the MISO-OMS Resource Adequacy survey from the December release of preliminary data. The December slide set showed a 8 GW (potential) shortfall in the North/Central Region. This was reduced to a 2 GW short fall in the end of January reconciliation process with LSEs. The South region had an expected surplus of 5.5 GW over reserve requirement. Zone 7 (Lower Michigan) had a potential 3000 MW shortfall. However, there was room on the capability import limit to take advantage of other zone excesses. It was verbally reported that Zone 2 (ATC) the 500 MW short position was moving to an 1,500 MW excess with the correction of the roll up of resources to the slide set. In some cases loads declined because some Demand Side programs were properly counted and thus reduced the net (emphasis added) demand forecast. More discussion will be at the Advisory Committee meeting next week. The numbers will continue to move as MISO staff is continuing to work with LSEs on their plans. The staff effort will go in March with a more formal release later this Spring. How the range of uncertainties with each element was not displayed, was commuted to MISO by the regulatory staff. No firm date for an update has been announced.

#### Emergency Pricing

In a separate White Paper on Pricing during emergencies presented at the Feb. 4 Market Subcommittee meeting, another short metric was mentioned. The paper stated 100% probability on a 3,000 MW capacity shortage in 2015. Side conversations recently indicate this was an inaccurate statement by the market side of MISO. The paper will likely be corrected.

The next SAWG meeting is March 6, 2014.

### **Loss of Load Expectation Working Group**

The 2015-16 planning year study will have a forecast of Planning Reserve Margin for 1, 2, 3, and 10 years out. The Capacity Import and Export Limits (CIL, CEL) will be recalculated for years 1 and 2.

There discussion around how CIL and CEL are determined. One concern is the use of redispatch within a zone which would happen in Real Time. MSIO is agreeing to look at this issue. More will be present at the Feb. 18 Planning Subcommittee. Work and methodology documentation on pseudo-tied generators will be checked. More discussion was had on how to adjust capacity to determine the local resource zone to 1 day in 10 year LOLE. More information will come in the March LOLE meeting. Work

is continuing with the Electric and Natural Gas Coordination Task Force concerning how natural gas generators will be used after the retirement of many coal units. One issue is the fuel related outage codes and the hours of reserved shut-down effect on Equivalent Forced Outage Rates.

The next LOLE meeting is March 12.

### **Load Forecast Uncertainty Task Team (LFUTT)**

Day continued with the LFUTT meeting. The basics of how LFU has been used was reviewed including the use of the NERC Bandwidth methodology to analysis the historical actual peaks. Other stakeholders present some work on their processes for weather correction, etc. The stakeholder asked for more information on exactly how the GE MARS program makes its multi area calculations for coincident footprint risk.

LFU and coincidental zonal and MISO demand is much more important these days with lower growths when consider risk. MISO has their internal Transparent Resource Adequacy Assessment Coordination (TRAAC) process. MISO has contracted with the Purdue State Utility Forecasting Group (SUFUG) for help in determining LFU such as weather, economics, demographics, etc. MISO is looking for how to combine the individual 140 LSE's forecasts for reliability assessments and not over or under state the risk. A presentation is being held at the Feb. 19 PAC meeting. At this time is not clear how MISO's internal process will be shared with the stakeholders at the relevant working teams or groups. LSE are concerned be supplanted by a MISO forecast at the end of the process when it comes to reserve obligations. MISO says they will not change the LSE's individual forecasts but just how to find the coincident zonal peak, MISO coincident peak, and LFU.

A LFUTT workshop is set for March 13.

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

**1. MISO Market Enhancement Development Project**

**Status:** monitoring

At the February 4, 2014 Market MSC meeting, MISO's proposed language for the Market Vision statement and Guiding Principles was voted and passed over the objections of Indiana TOs and the IN URC, who plan on bringing up their concerns at the March MSC meeting. We urged via e-mail that WG members vote. About a half dozen OMS states voted. The next Market Enhancements Roadmap workshop will be on March 4 and 5.

**2. MISO Design of Pricing Under Emergencies**

**Status:** WG met and is preparing comments to send to MISO by Feb 21 deadline.

After MISO presented a whitepaper on the Design of Pricing under Emergencies at the February 4 MSC meeting, the WG met on February 13 and discussed our concerns. We discussed how there are two components to MISO's proposal. One is pricing when generators are deployed beyond their economic limits (up to their emergency limits). MISO is trying to make this more market sensitive. The other component concerns LMRs that MISO deploys during an emergency. There is a concern that LMRs showing up depresses the price signal.

Many of us questioned if the first component could better be addressed by separate price offers that reflect higher offer prices beyond the economic limits, and discussed that we do not understand why MISO needs a default offer cost instead to address this. We discussed how the answer may be related to LMRs being deployed first (and that effect on price), but reached no consensus or common understanding on why MISO's proposal is necessary or better.

Regarding the second component, we discussed that LMRs do not have an offer price except for EDR (LMRs can register as Emergency Demand Response) and that they are generally are not dispatchable, so when they are deployed as a group, demand decreases, and therefore LMP decreases. John Feit (PSCW) raised a concern with Aggregators of Retail Customer (ARCs). He said that the pricing scheme for ARCs is to pay them full LMP is based on a net benefit to other customers which would occur because the other customers would see a reduction in LMPs. MISO's proposal to establish a default offer cost so that "price signal are adequate to reflect the severity of the situation" would prevent the LMP from decreasing so it is fundamentally in violation of FERC's Order 745 ARC compensation policy. John said that MISO is proposing to take administrative actions because MISO does not call LMRs based on a price.

We circulated draft comments to the WG on February 19 and intend to send the final version to MISO on February 21. The draft comments note that MISO's presentation and white paper has raised more questions than provided answers, then asks questions such as what MISO means by terms such as "adequate price signals" and "efficiency gain opportunity." The comments also ask MISO to share "Evaluation studies" that MISO relied on.

**3. MISO January 31 Virtual Spread Bid Workshop**

**Status:** monitoring.

The next workshop will be on February 20 2014. At the January 31 workshop, MISO provided three examples to show VS impact to the market. Based on the examples, it wasn't beneficial to LSEs. More examples were requested. We have kept the WG informed via e-mail summaries and discussions with the MISO IMM.

**4. OMS February 7 Bi-monthly call with IMM**

**Status:** Will provide summary of meeting to WG. Looking for volunteer to gather questions and lead next call.

During the February 7 call, we asked MISO IMM David Patton about his thoughts and position on demand response matters, interface pricing, and MISO's proposal for a new virtual spread bid product. No date has been set yet for the next call.

**5. MISO February 4 MSC Meeting**

**Status:** monitoring.

At Feb 4 meeting, the MSC passed the motion to support MISO Market Enhancement Vision, Guiding Principles, and Focus Areas. In March MSC, the roadmap for implementation of the Vision will be discussed. Also, MISO's view on ORCA was presented. It stated that 2,000 MW limit is too conservative. MISO presented a whitepaper on Emergency Event and Demand Resource Pricing and asked for feedback. The MSC also passed a motion for RSG exemptions during emergencies. Next meeting Mar 4.

**6. MISO February 5 FTR Work Group Meeting**

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

March meeting is cancelled. MISO responded to the request for price interface data. MISO suggested that stakeholders follow the data-request process through the Data Transparency Working Group (DTWG). MISO provided an overview of the history of modeling practice and FTR model posting. Stakeholder training was discussed. The group discussed the possibility that some of training modules could be provided during months when there is a short FTRWG agenda

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 (2/26 next mtg)

**MISO Market Subcommittee** - monthly meetings (3/4 next mtg)

**MISO FTR Working Group** – monthly meetings (4/2 next mtg)

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

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

[http://www.misostates.org/images/stories/work\\_groups/OMS2013WGOverviewForWebsiteRevised23August2013.pdf](http://www.misostates.org/images/stories/work_groups/OMS2013WGOverviewForWebsiteRevised23August2013.pdf)

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

**OMS Regional Planning Work Group**  
**Report to OMS Board of Directors –**  
**February 20, 2014**  
(Co-Chairs Jessica Govindan and Julie Urban)

**PAC Update**

Two Entergy upgrade projects located in Louisiana were approved as Out-of-Cycle projects. The projected cost for both projects is \$38M.

There will be a vote on the MTEP 15 futures at the February 19 meeting. Weighting of the Futures by Sector will occur in March.

MISO has proposed two new studies: the South to North Transfer Study and the Unused Generation Capacity Study. These two studies will be discussed at the Common Issues Meeting in Carmel on March 20.

MISO will provide an update on the TRAAC which is a 10-year load forecast effort at the February 19 PAC meeting. A list of deliverables can be accessed at:

<https://www.misoenergy.org/Library/Repository/Meeting%20Material/Stakeholder/PAC/2014/20140219/20140219%20PAC%20Supplemental%20Independent%20Load%20Forecast%20Project%20Task%20List%20Summary.pdf>

**Other WG Activities**

The RPWG held a joint meeting with the TCAWG on February 5, 2014 to discuss feedback to MISO on a variety of topics. The RPWG made edits and additions to the MISO BOD MTEP Guiding Principles. MISO is requesting sector feedback on these principles. The RPWG proposed edits have been sent to the OMS Board for consideration at the OMS Board call on February 20, 2014.

Jessica Govindan and Julie Urban participated in a call with David Van Beek of MISO to better understand the individual state entries for RPS mandates from DSIRE and how MISO estimates the necessary RPS mandate for the footprint as a whole.

# **OMS Seams Work Group**

## **February 2014 Report to OMS Board of Directors**

Co-Chairs: Adam Mckinnie and Chris Devon

### **MISO PJM Seams Update**

#### **JCM Initiative Update**

- The next MISO and PJM JCM meeting is scheduled for March 21st, at the MISO facilities in Carmel, IN. Expect the agenda and most materials for the meetings to be posted one week prior to the meeting.
- MISO and PJM staff will provided the final results of the fact-finding analysis for the capacity deliverability:
  - MISO and PJM have been working on the fact-finding diligently. Both RTOs jointly presented a portion of the deliverability analysis of the fact-finding effort at the January 24<sup>th</sup> JCM meeting.
  - Timeline for the fact-finding is still set for completion and decision on the issue in the March 2014 timeframe. MISO and PJM *still* have a considerable amount of work to complete within that timeframe.
  - OMS and OPSI will need to consider the results of the fact-finding and determine what actions and/or direction to take on this issue.
- At recent JCM meetings the MISO IMM raised a concern regarding double counting of congestion on the MISO PJM seam. MISO, PJM, and both regions IMM's have acknowledged this is a concern.
  - MISO, PJM, and the IMM's are continuing to review and analyze this issue. Expect continued discussions on interface pricing and double counting of congestion to be ongoing within the JCM.
- Market to Market Resettlements
  - Both prior M2M resettlements that were under discussion have been resolved.
  - The RTOs indicated that there is now one new M2M resettlement issue related to the treatment of tags for the Quad-Cities JOU and the associated M2M settlements.

- This resettlement has been reported through the new reporting form that was implemented following numerous recent M2M resettlements.
- [Quad Cities JOU Resettlement Form](#)

### **PJM Capacity Import Limit Proposal Proceedings**

- PJM's filed its proposal on capacity import limits (CIL) that will be applied to their RPM Capacity Market parameters under [Docket No. ER14-503](#) on November 29<sup>th</sup>.
- On December 20<sup>th</sup> OMS filed a placeholder Intervention in this docket to preserve the ability to file substantive comments at a later time if necessary.
  - FERC issued a [deficiency letter](#) on January 28<sup>th</sup>, informing PJM that their filing is deficient and requests responses on a number of questions relate to the proposed revisions.
  - PJM must respond to this letter within 30 days.

### **MISO PJM JOA Biennial Review Report**

- The OMS Seams WG provided comments to MISO and PJM as feedback on the draft report. A copy of those Seams WG comments were including in last month's Board Meeting materials and will posted to the OMS website's WG comments page.
- The RTOs responded to our WG comments and incorporated many of our WG recommendations and suggestions that helped improve the report. The final report was posted with the February 2<sup>nd</sup> MISO Seams Management WG meeting materials: [JOA Biennial Review Report](#).

### **MISO SPP Seams Update**

**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.
- MISO does not anticipate any impact because the court's decision did not make any determination on either party's position regarding JOA Section 5.2. MISO has stated they believe that Section 5.2 still remains in the MISO-SPP JOA. MISO intends to continue operating consistent with its



interpretation of this provision. MISO does not anticipate any changes to its operations on the SPP seam, and plans to continue operating per the MISO-SPP JOA and the ORCA.

### **SPP Complaint against MISO– Docket No. EL14-21**

- On January 28, SPP filed a complaint against MISO alleging that MISO was operating in violation of the MISO SPP JOA and requesting relief to compensate SPP for MISO’s use of SPP’s transmission system in accordance with the SPP Tariff.
- OMS filed an intervention without comments in this proceeding on February 14<sup>th</sup>.

### **MISO Complaint against SPP – Docket No. EL14-30**

- In relation to the SPP complaint in Docket No. EL14-21, MISO filed a complaint against SPP at FERC on February 18, 2014, asking to nullify the SPP invoices sent to MISO and to prevent SPP from sending future invoices.

### **MOPSC 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 April 1, 2014.

### **SPP SSC Meeting, February 4, 2014**

- Discussed the EL14-21 complaint above, in a limited manner in the open meeting.
- Discussed the SPP-MISO “Memorandum of Understanding” - goal is to have Joint Operating Agreement (JOA) language jointly filed at FERC by March 1, 2014.
- SPP is claiming that MISO is already violating the ORCA restrictions (of 2,000 megawatts sent between MISO North and MISO South) on the amount of energy flow between MISO North and MISO South in the December 19-29, 2013 timeframe. Note that MISO, at their Market Subcommittee meeting on February 4, said they thought there was an extra 5,000 megawatts of transfer capacity available between MISO North and MISO South, in addition to the current 20000 megawatt limit imposed by phase 1 of the ORCA.

### **SPP MISO JOA call, January 17, 2014**

- Topics included the MOU discussed above – plan is still to file before March 1, 2014.

**SPP MISO Interregional Planning Stakeholder Advisory Committee (IPSAC) Meeting, Dallas, Texas, January 22, 2014**

- Discussed transmission issues and potential transmission solutions submitted by multiple parties.
- Note that, at this point in the study, MISO Staff *only submitted economic issues* and submitted no primarily reliability issues for interregional study.
- April 8, 2014 is the next IPSAC face to face meeting, scheduled to be held at MISO's facilities in Carmel, IN. There, parties will discuss the proposed scope of which transmission issues and transmission projects to be considered for future analysis.
- There is the possibility of a conference call to be held in March about the proposed scope in advance of the April 8, 2014 IPSAC face to face meeting.

**WAPA has announced an interest in joining SPP**

- [http://ww2.wapa.gov/sites/western/newsroom/NewsReleases/Documents/2013/110113\\_UGP\\_RTO.htm](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.
- SPP parties are discussing the terms of WAPA joining SPP.

**Co Chairs: Dave Johnston, Indiana; and Randy Rismiller, Illinois**

**Proposed Metrics for Market Efficiency Projects:**

The Transmission Cost Allocation Work Group (TCAWG) held a joint call on February 5 with the OMS Regional Planning Work Group to discuss cost allocation issues in MISO. Specifically we discussed a poll on two proposed metrics for the benefit-cost formula for Market Efficiency Projects (MEPs), and feedback on the concept of lowering the threshold voltage for the qualification of an MEP from the current 345 kV to 230 kV.

The two proposed metrics for MEPs are (1) capturing the avoided resource addition through a reduced effective Planning Resource Margin in a constrained Local Resource Zone, and (2) capturing avoided reliability project cost.

Since this is a poll and votes will be submitted by each state, it is not a TCAWG project. However, we did agree to email our votes (by state) and any accompanying explanations for our votes as we have them. The feedback is due to MISO on February 28.

**MISO Reliability Expansion Criteria and Benefits (RECB) Feedback Request on MEP Voltage Threshold Criterion**

MISO has also requested feedback by February 28 on the concept of lowering the threshold voltage for the qualification of an MEP from the current 345 kV to 230 kV. The idea has been brought to RECB by a stakeholder who argues that the transmission system in MISO South is substantially a lower voltage system, and so it makes sense to allow MEPs that are 230 kV. The work group had a robust discussion, and with the input from one of the southern states, decided on the draft comment (below), which states that we should hold off on developing and discussion the concept until the results of the MISO South Region MEP Study are apparent, as there a large number of proposals in that study that are 345 kV. If the results show that 345 kV projects are not viable MEPs in MISO South, then RECB could again take up the question of lowering the threshold voltage.

**TCAWG Draft Response:**

**February 10, 2014**

**Feedback from:** The Organization of MISO States (OMS) Transmission Cost Allocation Work Group (TCAWG). The TCAWG offers the following comments for MISO's consideration.

1. Do you support RECB TF discussing modification to the MEP 345 kV voltage threshold criterion?

**Response:** No. The OMS TCAWG does not support discussing modification to the MEP 345 kV voltage threshold criterion at this time. The MISO Market Efficiency Planning Study—South Region, is being conducted throughout 2014 and it may result in MEPs that are recommended for approval in 2014. The OMS TCAWG prefers to see the results of this planning study before revisiting the voltage threshold criterion question.

2. If “yes” do you think the cost allocation would need to be changed and how so?

**Response: Not applicable.**

3. Does your answer to part II of question 2 change if the threshold is 200 kV or above versus 100 kV or above?

**Response: Not applicable.**

4. Would it be appropriate to have different MEP voltage threshold criterion for portions of the MISO footprint?

**Response:** The OMS TCAWG prefers to wait for the results of the South MEP Study before discussing this issue again in RECB.