

**ORGANIZATION OF MISO STATES, INC.
Board of Directors Meeting
Conference Call Minutes
July 16, 2015**

Approved August 20, 2015

Sally Talberg, Vice-President of the Organization of MISO States, Inc. (OMS), called the July 16, 2015 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:

Ted Thomas, Arkansas
Sherina Maye, Illinois
Angela Weber, Indiana
Venkata Bujimalla, proxy for Libby Jacobs, Iowa
Talina Mathews, proxy for Jim Gardner, Kentucky
Noel Darce, proxy for Eric Skrmetta, Louisiana
Regis Gosselin, Manitoba
Sally Talberg, Michigan
Betsy Wergin, Minnesota
Sam Mabry, proxy for Brandon Presley, Mississippi
Adam McKinnie, proxy for Robert Kenney, Missouri
Kirk Bushman, Montana
Phil Movish, proxy for Jason Williams, City of New Orleans
Dave Charles & Jerry Lein, proxies for Brian Kalk, North Dakota
Greg Rislov, proxy for Gary Hanson, South Dakota
Ken Anderson, Texas
Mike Huebsch, Wisconsin

Absent
None

Agency members participating

Randy Rismiller – Illinois
Dave Johnston – Indiana
April Paronish – Indiana OUCC
Al Freeman, Bonnie Janssen – Michigan
Hwikwon Ham – Minnesota
Don Neumeyer, Lori Sakk – Wisconsin

Others on the call

Jan Brinch – EISPC
Patrick Clarey, Chris Miller – FERC
Tanya Paslawksi, Bill Smith, Colleen Dougherty – 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 the June 11, 2015 Board Meeting

Angela Weber moved to approve the minutes as distributed. Kirk Bushman seconded. The motion carried by unanimous voice vote.

Treasurer's Report

The July 2015 treasurer's report was accepted as submitted.

Review of the June 25, 2015 Executive Committee Meeting:

Tanya Paslawski highlighted the following from the June 25, 2015 Executive Committee meeting:

- OMS co-sponsorship of the MGA Transmission Meeting on September 30 in Washington DC;
- 2016 Budget.

Executive Director's Report

A written report was distributed prior to the meeting.

BUSINESS

1. FERC Update

- Chris Miller provided the FERC update for July.

2. EISPC Update

- Jan Brinch provided the EISPC update for July.

3. MISO Advisory Committee

- Sally Talberg provided an update on the July meetings, including: MISO Nominating Committee, vote on whether to include Resource Adequacy during the August meeting, a vote on a work plan for stakeholder reform, and a vote on changes to the governance guide;
- The August meeting will take place in St. Paul. The Hot Topic is on price formation.

4. MISO Planning Advisory Committee

- Angela Weber provided an update that included the following: there was a vote on 3 MISO-SPP market efficiency projects and OMS's request for more time to review MTEP futures.

5. Action Item: Hot Topic Paper on Price Formation

- Al Freeman introduced this topic and requested additional feedback on the document. It was agreed that the comments would be distributed and voted on by email.

6. MISO Board of Directors Nominating Committee Process

- Sally Talberg provided background on this item and gave an update on the process.

7. Discussion Item: Update on MISO Stakeholder Process

- Tanya Paslawski gave background on this issue and updated the Board on the process.

Sherina Maye moved to formally approve Libby Jacobs and Sally Talberg as the official OMS representatives, with Tanya Paslawski as an alternate, to the MISO Stakeholder Reform Process. Betsy Wergin seconded. The motion passed by unanimous voice vote.

- Mike Huebsch requested additional information about the survey that was distributed and how it will be used by OMS.

8. OMS Annual Meeting October 19, 2015 Update

- Tanya Paslawski gave an update on the planning for this year's Annual Meeting.

9. Possible Update: SPP/MISO Settlement Discussions

- Tanya Paslawski briefed the Board on the status of a potential agreement between MISO and SPP.

10. Open Mic

- Tanya Paslawski mentioned the opening for a co-chair on the Resources Work Group and gave an update on the hiring process for the new Director, Member Services & Advocacy position;

Updates and Work Group Status Reports

Demand Response WG

- April Paronish provided a verbal update.

Transmission Cost Allocation WG

- Randy Rismiller provided a verbal update.

Markets and Tariffs WG

- Hwikwon Ham provided a verbal update.

Resources WG

- Don Neumeyer provided a verbal update.

Transmission Planning WG

- Dave Johnston provided a verbal update.

Governance and Budget

- No report.

Seams WG

- Lori Sakk provided a verbal update.

Administrative Ad Hoc WG

- No report.

ROE Ad Hoc WG

- Tanya Paslawski provided a verbal update.

ADJOURNMENT

The meeting of the OMS Board of Directors meeting adjourned at 2:00 pm CDT.

The Organization of MISO States Board of Directors will hold its monthly meeting via conference call Thursday, July 16, 2015 at 1:00 pm (Central).

- Call-in number is **866-848-2216**. The conference code is **7422895954** followed by the # sign.
- Board members who cannot attend the call should notify Kirk Bushman at kbushman@mt.gov with a copy to Colleen at (colleen@misostates.org) to designate a proxy for this meeting.

Agenda

Call Meeting to Order – Vice-President Sally Talberg 1:00
Attendance, Recognition of Proxies, Declaration of a Quorum
Approval of Minutes from the June 11, 2015 Board meeting
Treasurer’s Reports – June 2015 – Ken Anderson
Review of Executive Committee meeting – June 25, 2015

Administrative Update

Report from the Executive Director – Tanya Paslawski 1:05

- FERC dockets

Business

1. FERC Update – Patrick Clarey or Chris Miller 1:10
2. EISPC Update – Jan Brinch 1:20
3. MISO Advisory Committee July & August meetings – Sally Talberg 1:30
4. Planning Advisory Committee – Angela Weber 1:35
5. Action Item: Hot Topic Paper on Price Formation – Al Freeman 1:45
6. MISO BOD Nominating Committee Process – Sally Talberg 1:55
7. Discussion Item: Update on MISO Stakeholder Process – Tanya Paslawski 2:00
 - Action Item: Selection of OMS participants
8. OMS Annual Meeting October 19, 2015 Update – Tanya Paslawski 2:05
9. Possible Update: SPP/MISO Settlement Discussions – Tanya Paslawski 2:10
10. Open Mic – membership comment opportunity 2:15

OMS Work Group Status Reports

- a. Demand Response WG
- b. Transmission Cost Allocation WG
- c. Markets and Tariffs WG
- d. Resources WG
- e. Transmission Planning WG
- f. Governance and Budget WG
- g. Seams WG
- h. Administrative Ad Hoc WG
- i. ROE Ad Hoc WG

Announcements

- Next OMS Executive Committee meeting: Thursday, July 30, 2015 at 1:00 pm CT
- Next regular OMS Board of Directors meeting: Thursday, August 20, 2015 at 1:00 pm CT

Adjourn

2:30

OMS

Organization of MISO States
Report of the Treasurer
Commissioner Ken Anderson, Public Utility Commission of Texas
to the Board of Directors
Report for June 2015

CASH ON HAND

The beginning balance for the Wells Fargo Business Performance Savings Account on June 1 was \$20,340.35. Interest earned for this month totaled \$0.51 and there was no other activity. The June 30, 2015, ending balance was \$20,340.86.

The beginning book balance for the Chase Bank One Checking account on June 1 was \$13,217.83. The total disbursements from the checking account for June 2015 amounted to \$77,910.90. Deposits, interest and adjustments were \$70,932.86 which includes MISO funding of \$70,000.00. As of June 30, 2015, the checking account bank balance was \$20,283.90 (with 14 check payments outstanding) and the book balance was \$6,239.79.

The total savings plus checking account balance as of June 30, 2015, is \$26,580.65.



TREASURER'S REPORT
Organization of MISO States
June 30, 2015

Wells Fargo Business Performance Savings Account

Book Balance as of 05/31/2015		\$ 20,340.35
6/30/2015	DEP Interest on Savings	\$ 0.51
		\$ 20,340.86

Chase Bank One Commercial Checking with Interest

Book Balance as of 05/31/2015		\$ 13,217.83
6/12/15	ACH Midcontinent ISO	\$ 70,000.00
6/18/15	DEP Deposit	\$ 932.48
6/30/15	DEP Interest on checking	\$ 0.38
Total Deposits		\$ 70,932.86

Checks and Charges

Date	Check #	Descriptions		
6/4/2015	5220	Wisconsin PSC (J. Wheeler)	\$	400.00
6/4/2015	5219	Sally Talberg (Michigan)	\$	185.79
6/4/2015	5218	Bill Smith	\$	31.00
6/4/2015	5217	Amy Schmelzer (OMS)	\$	22.45
6/5/2015	5225	Minnesota PUC (Bret Eknes)	\$	1,292.59
6/5/2015	5223	Arkansas AG (K. Lemley)	\$	984.10
6/5/2015	5221	Adam McKinnie (Missouri)	\$	724.27
6/5/2015	5222	Andrew Wells (IN)	\$	546.20
6/5/2015	5224	Bonnie Janssen (MI)	\$	449.35
6/9/2015	5231	Customized Energy Solutions	\$	3,500.00
6/9/2015	5228	100 Court Investors LLC	\$	1,849.90
6/9/2015	5235	Enventis	\$	416.33
6/9/2015	5237	Thor Projects LLC	\$	375.00
6/9/2015	5236	Tchoupitoulas Limousines	\$	336.00
6/9/2015	5230	Combined Systems Technology (CST)	\$	320.35
6/9/2015	5226	Adam McKinnie (Missouri)	\$	184.00
6/9/2015	5234	Energy Data LLC	\$	150.00
6/9/2015	5229	Cisco WebEx	\$	49.29
6/9/2015	5233	Diversified Management Services (DMS)	\$	39.00
6/9/2015	5232	Des Moines Stamp	\$	33.48
6/9/2015	5227	Bill Smith	\$	10.46
6/16/2015	5247	Jennings Strouss	\$	12,921.00
6/16/2015	w/d	VISA (Chase Bank One)	\$	6,831.31
6/16/2015	5249	Ryun.Givens & Co. PLC	\$	3,160.00
6/16/2015	5243	State of Iowa (V. Bujimalla)	\$	958.95
6/16/2015	5241	Minnesota PUC (C. Moseng)	\$	854.34
6/16/2015	5244	Walt Cecil (MO)	\$	792.60
6/16/2015	5246	Intercall	\$	452.72
6/16/2015	5245	Wisconsin PSC (Admin)	\$	187.36
6/16/2015	5248	Premier Copiers	\$	72.35
6/30/2015	w/d	Payroll	\$	18,303.92
6/30/2015	w/d 2	Payroll Taxes	\$	8,994.98
6/30/2015	w/d 3	Payroll - processing fee	\$	87.80
6/16/2015	5242	State of Iowa (S. Bents)	\$	858.93
6/16/2015	5238	Adam McKinnie (Missouri)	\$	729.96
6/16/2015	5239	Adam McKinnie (Missouri)	\$	447.91
6/16/2015	5240	Bill Smith	\$	56.00
6/25/2015	5253	David Shaffer (NOLA)	\$	1,643.65
6/25/2015	5254	Diane Hopingardner (TX)	\$	1,350.99
6/25/2015	5255	Kirk Bushman (MT)	\$	1,111.53
6/25/2015	5251	April Paronish (IN-UCC)	\$	899.92
6/25/2015	5252	David Johnston (IN)	\$	883.13
6/25/2015	5256	Samson Mabry IV (MS)	\$	635.80
6/25/2015	5258	Walt Cecil (MO)	\$	377.23
6/25/2015	5257	State of Iowa (V. Bujimalla)	\$	283.32
6/25/2015	5250	Andrew Wells (IN)	\$	176.14
6/30/2015	EFT	Expert Plan - MG Trust Co.	\$	5,022.99
3/12/2015	5106	Kirk Bushman (MT)	\$	(1,650.10) voided
6/26/2015		Deposit (Refund)	\$	(433.39)

Total Disbursements - Checks and Charges		\$ 77,910.90
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CHECKING ACCOUNT BALANCE at 06/30/2015

\$ 6,239.79

TOTAL Certificates of Deposit, Savings and Checking Account Balances as of: 06/30/2015

\$ 26,580.65

CHASE CHECKING ACCOUNT RECONCILIATION

Bank Balance 06/30/2015			<u>\$ 20,283.90</u>
<u>Less Checks Outstanding</u>			
6/16/2015	5242	State of Iowa (S. Bents)	\$ 858.93
6/16/2015	5238	Adam McKinnie (Missouri)	\$ 729.96
6/16/2015	5239	Adam McKinnie (Missouri)	\$ 447.91
6/16/2015	5240	Bill Smith	\$ 56.00
6/25/2015	5253	David Shaffer (NOLA)	\$ 1,643.65
6/25/2015	5254	Diane Hopingardner (TX)	\$ 1,350.99
6/25/2015	5255	Kirk Bushman (MT)	\$ 1,111.53
6/25/2015	5251	April Paronish (IN-UCC)	\$ 899.92
6/25/2015	5252	David Johnston (IN)	\$ 883.13
6/25/2015	5256	Samson Mabry IV (MS)	\$ 635.80
6/25/2015	5258	Walt Cecil (MO)	\$ 377.23
6/25/2015	5257	State of Iowa (V. Bujimalla)	\$ 283.32
6/25/2015	5250	Andrew Wells (IN)	\$ 176.14
6/30/2015	EFT	Expert Plan - MG Trust Co.	\$ 5,022.99
6/26/2015		Deposit (Refund)	\$ (433.39)
Total Outstanding Checks			<u>\$ 14,044.11</u>
Book Balance 06/30/2015			<u>\$ 6,239.79</u>



OMS Treasurer Report for Month of June 2015

Wells Fargo Business Performance Savings Account

Beginning Balance	20,340.35	
Interest Earned this Month	0.51	
Ending Balance		<u><u>20,340.86</u></u>

Chase Bank One Checking Account

Beginning Balance	13,217.83	
Total Disbursements	(77,910.90)	
Deposits/Interest/Adjustments	<u>70,932.86</u>	
Ending Balance		<u><u>6,239.79</u></u>
Ending Bank Balance	20,283.90	
Outstanding Checks and Deposits	<u>(14,044.11)</u>	
Book Balance	<u><u>6,239.79</u></u>	

Total Savings & Checking Balances as of June 30, 2015

26,580.65

14 checks outstanding at 6/30/2015



Organization of MISO States

100 Court Avenue, Suite 315
Des Moines, Iowa 50309

Phone: 515-243-0742
Fax: 515-243-0746
www.misostates.org

OMS Executive Director Report July 16, 2015

FERC

- MISO Transmission Owner ROE complaint docket (EL14-12) - OMS submitted discovery requests to the MISO Transmission Owners and the FERC staff witness. The second complaint case (EL15-45) was not consolidated with the first as requested by several parties and will go forward in mainly in 2016.
- MISO/SPP settlement negotiations – a settlement agreement will be circulated to the parties on July 24th. Parties, including OMS, will have 30 days to provide comments. Discussions continue in the related cost allocation docket.
- Reply comments supporting export of MVP charges to PJM was filed with FERC on June 22nd (ER10-1791-003).
- Joint comments from OMS and OPSI on the MISO/PJM Joint and Common Market (JCM) were filed on June 15th (AD14-3).

MISO

- Stakeholder Process Review - OMS is a member of the planning team and will be a stakeholder participant in a review of the MISO stakeholder process to identify opportunities for improvements.
- Resource Adequacy - the OMS/MISO Resource Adequacy Survey results have been released showing adequacy across the footprint in 2016 with the need for additional resources in longer timeframes.
- OMS filed comments in the MISO Resource Adequacy Workshop process July 2nd.
- MISO Markets Training was held July 8-9 in Little Rock.

Public Relations and Other Meetings

- None

Items of Interest

- The Resources work group has an open positions for a co-chair due to Don Neumeyer moving to the Transmission Planning work group. Interested members should notify Tanya for consideration.

Upcoming dates:

- Next Executive Committee Meeting: July 30
- Next ERSC Board Meeting: August 11
- Next OMS Board Meeting: August 20
- Future OMS Board meetings: September 17, October 22
- Future OMS Executive Committee meetings: September 3, October 29

MISO Advisory Committee
August 26, 2015
Hot Topic: Price Formation
Organization of MISO States (OMS) Response
For the State Regulatory Sector

Introduction:

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 Price Formation. MISO's purpose is to deliver the lowest cost of power, by optimizing generation and transmission costs. Price signals and market design are critical and threshold issues for MISO's goal of an economically efficient wholesale market. The OMS comprises both vertically integrated and retail choice jurisdictions. Consequently, some of our response below will be more applicable to the former than the latter. Additionally, for those states that participate in multiple RTOs and ISOs, these answers are intended to be applicable for the MISO market only.¹

Policy Questions:

1. *Do the projects specified in the Market Vision Program further promote appropriate price formation?*

Generally, the Market Vision Program projects promote appropriate energy price formation. The project list will be updated with new projects and reprioritized annually. Therefore, it is too early to judge the merits of the Market Vision Program. At this time the OMS puts greater value on the process and transparency of the process, rather than the end list product. We want to see how MISO executes the projects to improve energy price formation. The OMS anticipates a robust dialogue in the future as the MISO stakeholder community evaluates the Market Vision Programs proposals.

MISO's Day Ahead and Real Time energy markets, in conjunction with the Ancillary Services Markets (ASM), have worked well according to the Independent Market Monitor's (IMM) State of the Market reports spanning 2005 through 2014. This success of price formation in energy markets is enhanced by the IMM serving as a sheriff to mitigate the effects of any exercise of market power. One of the IMM's tools is setting reference prices and comparing offers to those

¹ Kentucky, Illinois and Indiana abstain from these comments.

reference levels to determine if market power is being exercised in pricing. The current system generally works well.

An exception that occurred recently is the Revenue Sufficiency Guaranty (RSG) tariff design. In the 2013 State of the Market report, IMM Dr. David Patton found a flaw in the tariff². Lacking sufficient RSG mitigation authority, uplift costs went to the wrong stakeholders. However, MISO made a recent ameliorative tariff filing at the Federal Energy Regulatory Commission (FERC).

The IMM establishes Broadly Constrained Areas, Narrowly Constrained Areas and Reference Level Prices for the MISO markets. This is a crucial aspect of the IMM's ability to address market design issues. Using these tools among others, the IMM polices the market design and operations to make sure that price formation is economically efficient.

The OMS believes there is one area where there is a need for additional education and improved communication. Both MISO and the IMM should better explain and potentially publish the methodology used to determine reference levels and the resulting prices. The IMM also has the ability to mitigate inappropriate offers if they distort the market clearing Locational Marginal Prices (LMPs). Mitigating price offers contributes to price transparency.

To determine market power pricing, the IMM needs to know what the energy market marginal costs are at different time periods. From his analysis of expected and marginal costs, Dr. Patton calculates reference levels for all generator offers. The IMM regularly tells stakeholders that he examines hyper competitive periods to establish the reference level prices. However, Dr. Patton has never shared this methodology nor the resulting price levels.

While the OMS recognizes this request is novel and may result in additional work for both the IMM and MISO, the broader MISO stakeholder community will only benefit from a better understanding of this critical process. In particular, the requested information would enable the OMS to see how the IMM measures energy market marginal costs and provide additional efficacy in his State of the Market reports.

The OMS acknowledges that simply posting all the relevant data the IMM uses to determine generator reference levels may potentially reveal market sensitive information. Consequently, the OMS is willing to work with MISO and the IMM to protect this data to ensure this information would be available solely to regulators and not MISO market participants. In short, greater transparency is needed to ensure proper price formation.

In addition to the IMM's functions, the present MISO tariff caps generator offers in the co-optimized energy and ASM markets when operating reserves are dispatched at \$1000/MWh. In times of emergency, there is an exception. During such times, MISO calls upon operating

² 2013 MISO IMM State of the Market Report, pages 39-40.

reserves and employs its scarcity pricing methodology. Under this scenario, some generators could receive up to \$3,500/MWh due to constrained demand. FERC, the IMM, MISO and its stakeholders all agreed to this cap. Although the resultant scarcity offer cap is an administratively derived price, FERC, the IMM, MISO and stakeholders reached agreement on said cap only after balancing several factors.

In summary, the present price formation process works in MISO and should not be changed for the sake of changing.

2. ***With regards to scarcity pricing, are there elements on the current market design that impeded proper scarcity price formation? In your answer, consider the following:***
 - a. ***Do the market mitigation rules inhibit asset owners from offering their assets at their true opportunity cost?***

The current offer caps reflect a careful balance of federal and state policy interests on generation, dispatch efficiency, and LMP price volatility to protect consumers from price spikes.

What is “true opportunity cost”? What can we achieve by asset offers at “true opportunity cost”? There is no formal economic definition for "true opportunity costs". However, economics does use the concept of opportunity cost meaning either short run or long run marginal costs. For this question, OMS thinks the word true refers to the long run marginal cost. MISO's present energy market would only set short run marginal costs.

In MISO, most of the utilities are vertically regulated. Under this traditional regime, the meaning of “true opportunity cost” is very different from the meaning of “true opportunity cost” as used for merchant generation. In vertically integrated jurisdictions, most generators recover their capacity cost through retail rate making proceedings. In many cases, the energy-related costs are also recovered this way. In retail choice jurisdictions with deregulated generation facilities and independent power producers the economic paradigm is different.

MISO's market designs allows for an Independent Power Producer (IPP) to enter into the market bilateral contract with a Load Serving Entity (LSE). Unless short run prices are always very high, an IPP without a such a bilateral contract will not recover long run marginal costs.³

³ Although it does not recommend any changes to the MISO price cap at this time, the Public Utility Commission of Texas notes that the price cap in ERCOT has been gradually increased to a level of \$9,000/MWh. This cap is intended to incorporate both the scarcity price of operating reserves and the Value of Lost Load. Texas believes that the higher price cap will result in both greater operational reliability and greater assurance of resource adequacy. Prices may not reach the \$9,000 level frequently, if at all and then for only brief intervals (if coupled with a properly constructed operating reserve demand curve), but they nonetheless provide incentives for generators to participate in the market and to develop new generation.

b. Does the existence of or the level of offer caps and price caps inhibit proper scarcity pricing?

The current market rules allow for scarcity pricing exceeding the \$1,000/MWh offer cap. During an emergency, the energy price cap jumps to \$3,500/MWh. This is also MISO's Value of Lost Load (VoLL). Consequently, the scarcity pricing is maximized at \$3,500/MWh. Does a price signal above VoLL alter an energy consumer's or producer's behavior? If the VoLL is set properly, any price above it will not alter a market participants' energy consumption. Under this condition, a market participant would curtail its consumption as soon as the cost increased above the benefit of that consumption. A scarcity price exceeding \$3,500/MWh can alter an energy producer's behavior. It does not make economic sense for a producer to invest in a project where its expected revenue stream is below what's needed to justify its investment. Higher returns induce new investment which was not previously marginally profitable as long as the new increased revenue is equal or above the net loss of marginally unprofitable projects.

The OMS believes that a scarcity event where the energy price exceeds \$3,500/MWh is an extremely rare event. In other words, the expected return from this event will be very low due to low probability (expected return = probability of the event * return at the time of the event). Consequently, it is unlikely to alter an energy producer's behavior.

In summary, the OMS believes the current offer cap or price cap does not inhibit proper scarcity price formation.⁴

3. MISO continues to take steps to improve its price signals under emergency conditions. Under this effort, how important is it for:

a. MISO to allow demand response asset owners to be able to specify monetary offers for their load curtailment?

The OMS is supportive of Extended Locational Marginal Pricing in non-emergency conditions. We look forward to a robust dialogue as MISO explores the issues surrounding demand response compensation options.

b. MISO to revisit the steps involved in the emergency operating procedures?

Recently MISO filed tariff revision with FERC (ER15-1776) to address pricing during Emergency Events. When an emergency event occurs MISO is proposing to establish methods to allow price signals to adequately reflect the severity of the situation without impacting system reliability. MISO's proposal is designed to prevent uneconomic price suppression during an emergency and to appropriately value emergency resources through appropriate price signals.

⁴ The Public Utility Commission of Texas believes that demand response should be priced at LMP-G.

To address this, MISO proposes an Emergency Offer Floor (EOF) to assign Proxy Offers for Emergency resources. These Proxy Offers will then be used to determine the prices reflective of the Emergency conditions with minimal impact on existing services and processes. The proposed tariff revisions can be found at <https://www.misoenergy.org/Library/Repository/Tariff/FERC%20Filings/2015-05-22%20Docket%20No.%20ER15-1776-000.pdf>. FERC has not yet ruled on the proposed revision. The OMS is monitoring the situation as the Supreme Court potentially could address these issues in the Order 745 case.

- 4. During FERC's Price Formation Workshops, focus areas addressed the use of uplift payments, offer price mitigation and offer price caps, scarcity and shortage pricing and operator actions that affect prices. Are there any issues or initiatives identified by FERC, other RTOs or interested parties that you believe should be considered by MISO?***

The OMS appreciates the thoughtful conversations on these issues. At this time, there are no additional issues we would like to highlight.

- 5. Are there other price formation issues that have not been identified by the Market Vision Program or in the FERC Price Formation Workshops that MISO should be discussing?***

The OMS does not raise any other price formation issues at this time. However, all price formation initiatives must result in a net benefit to ratepayers or improve reliability. If MISO's price formation analysis cannot clearly show a benefit or improve reliability, the issue is not ready for stakeholder vote. MISO should rework any proposal and bring it back to the stakeholder process for further discussion.

Then the parties should work to answer the benefits and reliability questions thoroughly to fully analyze and vet the benefits and reliability impacts and determine if work on the price formation issue should be prioritized or implemented.

MISO and its stakeholders should apply the public interest standard to analyze the costs and benefits of any price formation proposal to determine which initiatives are the most beneficial to customers and rate payers in the MISO footprint, and prioritize their work on the proposals accordingly.

Work Group	Issue	Description
Governance & Budget	OMS Rep to the MISO Finance Subcommittee	
Markets & Tariffs	State of the Market Report	Dr. Patton presented his report at MSC on July 7.
Markets & Tariffs	Market Subcommittee (MSC) meetings	Market Roadmap for 2017-2019
Markets & Tariffs	Market Subcommittee (MSC) meetings	Order 809
Markets & Tariffs	Market Subcommittee (MSC) meetings	
Transmission Planning	Transmission Developer Qualification and Selection (TDQS) process	Since no projects have been put forward for June approval, the TDQS stretched its timeframe and will file tariff language and develop final BPM language later this year. The April meeting was primarily a workshop on the reevaluation of transmission projects.
Transmission Planning	OMS Planning Authority	Concern over the interpretation of BPM language by some MISO staff on the timing of the OMS request for supplemental analysis was raised after a meeting between MISO staff and RPWG members on the futures. David Johnston and Julie Urban have provided clarifying edits for the BPM that were approved by the TPWG.
Resources	The OMS/MISO Long Term Resource Adequacy Survey	The second survey has been completed and being used for the NERC Long Term Reliability Assessment which is 10 years.

Resources	Resource Adequacy - Issues Process	MISO is setting an 18th month process RA issues such as, seasonal, winter performance, retirements,, operations, etc. Special RA Forums being held every 2 months or so.
Resources	2015-16 PRA results	Zone 4 higher PRA clearing price
Resources	SSR Filing by MISO	MISO was directed Feb. 19th to modify its SSR cost allocation process and methodology. Several FERC Dockets. EL14-34, ER14-2952
Seams	MISO-PJM	For Interchange Optimization/CTS, the RTOs have not met their expected timelines and currently have or will be requesting stakeholder approval of their individual efforts. FERC issued an Order in AD14-3 directing the RTOs and IMMs to file reports on the status of these issues: (1) interface pricing; (2) capacity deliverability; (3) Day-Ahead market coordination; (4) modeling of the Ontario/Michigan phase angle regulators for congestion management; (5) Firm Flow Entitlement Freeze Date; and (6) use of commercial flow in the Market-to-Market process.
Seams	MISO-SPP Seams Issues	MISO and SPP are holding ongoing discussions to make necessary JOA changes that were ordered by FERC because of the upcoming SPP integrated marketplace launch. MISO SPP IPSAC seams planning starting another iteration
Seams	ORCA	Adam, Lori watch regularly
Seams	MISO-SPP JOA Dispute	Contains confidential information

Transmission Cost Allocation	ER10-1791-003	MVP Cost Allocation to PJM
Transmission Cost Allocation	ER13-1943-000 and 001	MISO-PJM Inter-regional Order 1000 compliance.

Status

Venkata Bujimalla was appointed by the Advisory Committee meeting at its February meeting.

Workgroup meeting is scheduled on July 15th to discuss the Report.

On July 7 MSC meeting, MISO Provided the Market Roadmap Candidate Report Cards and asked for Stakeholder's feedback by July 24th. MISO provided ranking template to fill in

MISO will submit compliance filing on July 23, 2015. MISO will pursue Alternative 3.

Next meeting Market Subcommittee (MSC) on Tuesday, August 4, 2015 in Carmel.

The RPWG held a call on May 7 and developed comments on reevaluation. The RPWG submitted comments on May 22. We supported the general concept and in addition the idea of reevaluating the benefits sides as well as costs. Following the June TDQS meeting, the work group is pursuing a call with the TOs to discuss reevaluation. MISO also has some questions for OMS on how siting cases work in our states.

Yes

Clarifying edits to the BPM language were discussed during the OMS Board Call on May 22. The Board directed us to keep our 60 day comment window after the first Futures are proposed by MISO. This was presented at the June PAC meeting and received some pushback as to "what problem are we trying to solve?" MISO said they were looking to change how the Futures process works and would discuss their ideas with OMS.

Yes

At the July 9th SAWG a 69 slide set of detailed information concern LRZ and future years was presented. Several suggestions were made to MISO for additional breakdowns, which some they committed to providing

The Resources WG responded to the June forum directive to respond to 3 major issues with specific responses on: proposals, priorities, and trade offs.

The Board approved them and they were sent in July 2 per deadline. The next forum has been suggested to occur in August

Considerable discussion in different MISO forums and pending challenges are in progress. The details of LRZ formation and future characteristics being asked for in the RA survey. However the legal challenges hindering discussion.

Motions to leave to answer and answer being filed by parties. There has been a request for a "paper hearing" to cover the technical issues. Some queries have been made on training concerning SSR issues.

MISO is requesting Stakeholder approval of its CTS proposal at the next MSC meeting.

PJM has already gained stakeholder approval of its CTS proposal at the February MIC meeting. Next JCM meeting August 20, 2015 – PJM Headquarters.

Comment deadlines passed for AD14-3 and awaiting FERC decision.

MISO-SPP Market to Market Operations went live on March 1, 2015

MISO, SPP, and the joint Parties have filed a one year extension to the ORCA, which was originally an 18 month agreement that was due to expire in Spring 2015. This extension increases the amount of energy that can flow from MISO North-South to 3,000 megawatts. It is possible elements of ORCA will be incorporated into the SPP-MISO JOA dispute

MISO offered an official settlement on February 14, 2015. In the last few weeks, MISO SPP and the Joint Parties have been meeting in Atlanta to continue negotiations. The next FERC Settlement Conference is March 26th in Washington D.C

Current deadline to submit comments to FERC is February 21, 2015. That deadline may be extended to July 22, 2015.

MISO is seeking comments and suggestions on the cost allocation approach for cross-border reliability projects and public policy projects. Due February 27, 2015.