

**ORGANIZATION OF MISO STATES, INC.
EXECUTIVE COMMITTEE MEETING MINUTES
May 27, 2004**

Approved June 24, 2004

Commissioner Susan Wefald, President of the Organization of MISO States, Inc. (OMS), called the May 27, 2004, Meeting of the OMS Executive Committee to order via conference call at approximately 2:05 p.m. (CDT). The following directors participated in the meeting:

Susan Wefald, North Dakota
Laura Chappelle, Michigan
Bert Garvin, Wisconsin
Diane Munns, Iowa
Steve Gaw, Missouri

Some others participating in the meeting were:

Talina Mathews, Kentucky
Kim Joyce, Pennsylvania
Bill Smith, OMS
Raksha Krishna, EEI
Daryl Hanson, Ottertail Power Co.
David Svanda
Bill Malcolm, MISO

The directors listed above established the necessary quorum of three (3) Executive Committee members.

Comm. Gaw moved to approve the April 22, 2004 OMS Executive Committee meeting minutes as distributed. Comm. Chappelle seconded the motion. There were no changes to the minutes, but Comm. Munns asked a question concerning a follow-up to one of the items in the minutes; was a letter to Jeff Webb and his counterpart at PJM ever sent by OMS' Bill Smith? Bill Smith responded that answers had been determined before the turnaround time needed to send letters.

Comm. Munns then asked about a briefing paper on Reactive Power. Bill Smith responded that a briefing paper will be presented at the June 16 BOD meeting. No action has been taken yet by the MISO.

The motion to accept the minutes as presented was unanimously approved.

New Business

Item 1. Discussion of OMS Work that needs to be accomplished through September, so draft timetable can be created for June Board meeting.

President Wefald asked for input from the Executive Committee members on items that need to be included in the timetable Bill Smith is preparing for the BOD meeting June 16.

She asked Bill to enumerate those items he has already included. Bill indicated that OMS had just received the FERC filing issued May 26; from that filing OMS work groups will have to work on the following issues:

1. MISO's task force on Regional Expansion and Criteria Benefits (RECB) Process.
2. "SECA" or "Day 3" - Long term transmission rates in settlement mode at FERC - public meeting dates of July 12, August 12 and September 13; aiming at an October 1 FERC Filing. Has been shared with Pricing and Market Implementation Work Groups.
3. Market Timing Work Group - Readiness and Metrics issues need slightly more coordination.
4. Grandfathered Agreements. Mike Proctor's Congestion Management Work Group will have a significant role in this. GFAs were the major subject of yesterday's FERC filing. June 28 and July 23 are the FERC hearing dates. June 25 and August 17 are key filing dates.
5. Reactive Power. RAWG is doing an incredible amount of work on a Reactive Power Study.
6. Survey from NRRI. The Transmission Planning and Siting Work Group will be looking at those results at the end of the summer.

Bill then highlighted what each of the OMS Working Groups will be doing this summer:

- Pricing - has two main projects: The RECB Project and SECA 111 Docket
- Siting - has Questionnaire and ordinary following of planning process.
- Market Monitor & Mitigation - their regular agenda with no special items
- Market Implementation - Training Matrix discussion
- Seams - no significant difference from its agenda
- RAWG - Reactive Power; intense schedule of working with MISO's SAWG
- Congestion Management- GFA process and FTR assignment process with timeline of FTR allocations by October 1

Discussion followed. Comm. Munns asked who is working on Demand Response? Since markets have been moved back to March, does MISO have any plans to put any kind of demand response piece into this? Bill Smith did not have a quick answer to the questions. Bill Malcolm of MISO offered comments. MISO's Demand Response Task Force Meeting is scheduled for Tuesday of next week. This task force is under the Market sub-committee. Bill Malcolm offered to send information to the OMS BOD regarding this issue.

President Wefald suggested that if no group is handling demand response, the OMS Executive Committee will assign it to a working group at the next meeting.

Bill Smith then indicated that in terms of a timetable, most of the dates are out of OMS control; OMS will have to try to work within the time constraints dictated by the FERC. President Wefald asked if this is the only order to come out of filing with the FERC. Bill said OMS can expect more information from the FERC in the upcoming weeks.

Sometime between the ending of the hearing process July 23 and before October there will have to be an order on GFAs. That doesn't preclude other orders on other topics. FERC will be watching market readiness and will have to issue an order of readiness before market can proceed on March 1.

Bill will prepare a draft Timetable to be ready for the June 16 BOD meeting (to be available ten days before meeting for Board members to study.) Some dates will have to be adjusted. President Wefald said that the purpose of this timetable is to let the organization have plenty of notice as to what work will be need to be done in the next few months.

Comm. Garvin then asked about the Voltage Stability and reliability issues in MISO that have been mentioned in the various OMS email messages. President Wefald indicated that the issue of Voltage Stability would be added to the June 16 BOD agenda as item #5. Bill Smith has contacted Jim Torgeson of MISO to present information on this issue at the BOD meeting. Bert Garvin asked if he could see a report on this issue.

Action Item #2. (Old Business Item) Selection of a research project for DOE funding.

A. President Wefald introduced another idea for DOE funding by stating that several ideas have been proposed, but none have received approval so far. She would like to introduce for consideration a training program for state regulators on background information on RTO organizations and their work. If OMS wants to send people to test this idea, funding will be necessary to enable the training to go on the road to the commissioners. Just the first part of the training will be available at the June 16 meeting by MISO.

Comm. Munns wants a "ground up" training to explain all the issues. Instead of doing it regionally, the training could be presented to smaller groups - requiring travel funds to provide. Having this training available is a good foundation to prepare us to discuss RTOs with other parts of the country. Comm. Munns explained that David Hadley of Indiana has been working to coordinate all the pieces and has a power point presentation explaining all the details. She emphasized it is not a sell job on why we need regional transmission, but provides information surrounding the issue.

President Wefald guessed that it would take at least \$25K to fund the training of the 25 or so commissioners. OMS does not presently have the money available in the budget to fund this training.

President Wefald then asked if there was anyone wanting to pursue the OMS Regional Planning Study. No responses came forth.

B. Comm. Munns proposed another idea for use of DOE Funds she obtained from a regulatory economics seminar she attended. Several OMS commissioners, also present at the seminar, asked if the economists could experiment with MISO's Market Rules and create an interactive computerized model of it. A proposal is being prepared and will be sent to Comm. Munns with the projected cost. She expects to have the proposal by the end of June for discussion by OMS directors.

Comm. Munns agreed to have proposals ready by the next Executive Committee for both the market model and the commissioner RTO training.

Action Item #3. Final Plans for OMS Business Meeting on June 16

President Wefald highlighted items to be addressed at the next OMS BOD meeting which will be a working lunch.

- A) Matrix for Capacity Market Designs - updated report and different options by Jan Karlak
- B) Reactive Power short paper - Jan Karlak
- C) Discussion item on the Process for Filing Comments to FERC and MISO - written proposal being prepared by President Wefald - she plans to share her draft with Executive Committee members early next week.
- D) Planning and Siting Group plans to share the Principles they've been working on.
- E) Discussion of Voting Items on Summer/Fall Issues Timeline (prepared by Bill Smith)
- F) David Patton, MISO's Market Monitor, has agreed to a 30 minute presentation from 1:30 pm to 2:00 pm.
- G) Break from 2:00 to 2:15 pm.
- H) Tune Up of State Regulations from 2:15 pm to 3:00 pm. A three-person panel to explain what's happening in the markets. As we enter Day 2 are there any changes states may want to consider.

President Wefald then asked if there were suggestions for panel members to please forward them to the executive director.

Steve Gaw then suggested that representatives to the MISO A/C meeting on June 16 should try to meet prior to the meeting in Carmel to make sure that votes are covered.

Talina Mathews from Kentucky raised the issue that Kentucky will not be able to attend the BOD meeting in Madison due to conflicting plans with SEARUC. She requested a conference call setup for commissioners not able to attend. President Wefald agreed that a conference call set up would be available. Kim Joyce from Pennsylvania then indicated she planned to be in Madison for the meeting.

Action item #4. Shall OMS pay travel expenses for 4-5 people to attend a test run of a training program titled "RTO 101?"

Comm. Chappelle moved for OMS to pay travel expenses for a test run of 4 to 5 people to sit through an 8 hour training session of "RTO 101". Comm. Munns seconded.

Comm. Munns did not think it could be done before Madison. President Wefald didn't think it mattered whether the test run of the project could be done before Madison or not.

Comm. Chappelle liked the concept and felt that if funds were managed thoughtfully, it could be accomplished within OMS budget constraints.

Roll Call Vote taken:

Iowa, Michigan, North Dakota voted YES to approve the training cost.

Wisconsin - absent.

Missouri voted NO.

Comm. Gaw didn't think it was necessary to do the test run first. He felt the training should be put together as efficiently as possible to be provided to all; without need of a test run.

Comm. Munns indicated further discussion would take place in Madison.

Executive Director's Report - Bill Smith

Bill Smith began by responding to Comm. Gaw's question about what might have caused MISO's market delay. Bill's after-the-fact speculation centered on the FERC's intention of dealing with Grandfathered Agreements before moving forward with anything else.

Bill indicated that Bob Burns would be present at the June 16 BOD meeting to entertain questions about NRRRI questionnaire. Survey needs to be completed by June 18. If help is required, please contact Bill Smith or Bob Burns.

Bill described meeting he attended with the Nebraska Power Review Board. Directors are part-time and need more information about MISO. May choose in the future to move to an associate member status with OMS.

PJM Directors will be at MARC to meet with state commissioners. Some OMS member commissioners may be asked to attend their event.

Bill has had two requests to talk about regional committees at NARUC. The New England state committee is well on its way to formation. Membership is designated by the governors not by the state commissions. The SW Pool has formed its group. And the PJM group has asked OMS for its bylaws.

Announcements

- **Special OMS BOD Meeting on Friday, June 11** to discuss MISO A/C agenda items. Commissioner Gaw was asked to get MISO information to everyone as soon as possible.
- **Regular OMS BOD Meeting Wednesday, June 16, 12:00 noon to 3:00 pm (cdt) in Madison, WI**
- **Next OMS Executive Committee Meeting to be held June 24 at 2:00 pm (cdt)**

Meeting adjourned at 3:20 p.m. (cdt)