



**ORGANIZATION OF MISO STATES, INC.
Cost Allocation Principles Committee
September 8, 2021**

Commissioner Sarah Freeman, Chair of the Organization of MISO States, Inc. (OMS) Cost Allocation Principles Committee, called the September 8, 2021 meeting to order via Webex at approximately 10:00am (CT). The following committee members or their proxies participated in the meeting:

Kim O'Guinn, Arkansas
Carrie Zalewski, Illinois
Sarah Freeman, Indiana
Richard Lozier, Iowa
Noel Darce, proxy for Erik Skrmetta, Louisiana
Dan Scripps, Michigan
Joseph Sullivan, proxy for Matt Schuerger, Minnesota
David Carr, proxy for Brent Bailey, Mississippi
Rodney Massman, proxy for Ryan Silvey, Missouri
David Shaffer, proxy for Helena Moreno, New Orleans
Julie Fedorchak, North Dakota
Werner Roth, proxy for Lori Cobos, Texas
Tyler Huebner, Wisconsin

Absent

Kentucky
Manitoba
Montana
South Dakota

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

Others present:

OMS staff and staff participants from individual state commissions
Other meeting attendees
MISO staff

Administrative Items

- Marcus Hawkins, OMS Executive Director, took the roll as noted above.
- **Approval of Minutes from the June 21, 2021 Cost Allocation Principles Committee Meeting**
The minutes were accepted as submitted.

Business Items

- **Progress Update on LRTP Process and Workshops:**

Aubrey Johnson, MISO, stated the team is continuing to focus on the reliability analysis and the transfer analysis. They are testing solutions to see how they resolve identified violations. The team has begun the economic analysis, which will be the primary focus of the September workshop. Additional workshops are scheduled through November. Futures 2 and 3 economic models have not been posted. They are working on resolving an issue they saw with the Future 3 20-year models and plan to bring that to the stakeholder community at the September Planning Advisory Committee meeting.

The team continues to engage with MISO senior leaders and discuss cost allocation. The earliest solutions will be available for MISO board review and approval is March 2022. This would require filing cost allocation changes around November of 2021.

- **Review of Latest MISO LRTP Cost Allocation Proposal:**

Marcus Hawkins, OMS Executive Director, summarized the latest LRTP cost allocation proposals. The July 28th MISO Proposal included a postage stamp cost allocation for the North/Central Region and had a place holder for the South sub-region. This relies heavily on the MVP tariff and may require modification. The second proposal, which came from the MISO South TOs and was presented at the August RECB meeting, included three criteria modified from the existing MVP tariff. A greater definition on what constitutes a reliability benefit was discussed.

Ben Sloan, OMS Director of Regulatory Affairs, noted that the MISO South proposal proposes to change the allocation method based on demand instead of energy. Commissioner Freeman asked how using demand-based allocation changes who pays. Ben stated, to his understanding, a demand-based charge would allocate costs based on a user's contributions at a peak, whereas an energy-based charge would focus on more consistently used energy throughout the year, regardless of time of day.

David Carr stated that Mississippi is in support of the MISO South Proposal. Commissioner Huebner asked for more detail on the support of demand-based allocation. David Carr explained that the rationale relates to this being a fixed cost and these demand-based charges have been used this way previously. Chair Fedorchak asked if there was concern a seam may be created. David Carr stated that while an intra-regional seam could be created the areas experience different issues and this could justify the use of different methodologies based on sub-region.

- **Discussion of CAPCom Position in Response to MISO's Proposal:**

Commissioner Freeman prefaced the discussion by stating despite the North and South constraint, MISO is a single RTO with a single footprint. This discussion is designed for the group to determine what feedback the whole or majority of the group would like to provide to MISO going forward in anticipation of their newly revised cost allocation proposal that will be released later this month. She posed a handful of questions to the group including, what makes LRTPs different from MVP's or MEP's? What footprint are we talking about for cost allocation? Are there two sub-regions? Are there multiple sub-regions? How many sub-regions can we have in a single tariff?

Can we reach an agreement on voltage thresholds, project cost thresholds, and B/C ratios? What does a portfolio look like?

Commissioner Sullivan asked for more detail on how public policy goals under the MVP could differ from utility goals, which appear to be the driver behind many LRTP projects, as they are the same in the aggregate. From the perspective of cost allocation what is the most economically efficient way? Commissioner Freeman responded that there could be a transparency issue between legislatively or administrative enacted policy goals and utility corporate goals and that the application of Order 1000 could affect the outcome.

Chair Fedorchak commented that evaluating 'what is LRTP' is important. It appears that MISO is leaning more toward the MVP allocation. It feels as though there are solutions that could be used without changing anything. LRTP differs since we have other technologies that are coming onboard, and we do not want to preclude these or make it harder for them to be implemented. Commissioner Freeman agreed with Chair Fedorchak's comment.

Commissioner Huebner stated that when comparing MVP and MEP which of these is fairer? If members are paying the same amount but benefitting differently is this reliability based? If these projects are about reliability, keeping the lights and heat on no matter what, then does that mean a certain way makes more sense to the customers that pay versus if this is about cost allocation zones and economics. Chair Scripps stated that he agrees with the point Commissioner Huebner has made and that if this is a reliability issue does the accessibility of the economic numbers matter to the problem we are trying to solve?

Commissioner Freeman asked the group where should we go from here? Do we need more information from MISO? Wait for the next workshop? Come back to this at the next board meeting? Chair Fedorchak stated that the information from MISO on the projects and the workshop information is helpful. She supports waiting until after the next workshop to continue with this discussion.

Marcus Hawkins noted that the next RECB Meeting is directly before the OMS Board Meeting on September 23rd and the group could meet in the afternoon to discuss what took place during the meeting. Commissioner Freeman supported this idea.

Commissioner Freeman discussed the flexibility of the tariff and whether sub-regions are an option. Ben Sloan stated that in paragraph 686 of Order 1000 it discussed having different cost allocation methods for each type of project within an RTO. Marcus Hawkins stated that the MEP tariff has a structure where you can use different zones for different types of benefits.

Commissioner Huebner asked the members of the MISO South Proposal why was a portfolio required even though you were allocating the benefits or costs per project? David Carr responded the reason that a portfolio was included was to align with MISO's proposal and cause the path of least resistance. Noel Darce agreed.

- **Open Mic:** N/A

The meeting concluded at approximately 11:00 am (CT).