



**ORGANIZATION OF MISO STATES, INC.  
Cost Allocation Principles Committee  
April 19, 2021**

Commissioner Sarah Freeman, Chair of the Organization of MISO States, Inc. (OMS) Cost Allocation Principles Committee, called the April 19, 2021 meeting to order via Webex at approximately 2:00 pm (CT). The following committee members or their proxies participated in the meeting:

Kim O'Guinn, Arkansas  
Christine Ericson, proxy for Carrie Zalewski, Illinois  
Sarah Freeman, Indiana  
Richard Lozier, Iowa  
Talina Mathews, Kentucky  
Noel Darce, proxy for Erik Skrmetta, Louisiana  
Dan Scripps, Michigan  
Hwikwon Ham, proxy for Matt Schuerger, Minnesota  
Brent Bailey, Mississippi  
Ryan Silvey, Missouri  
David Shaffer, proxy for Helena Moreno, New Orleans  
Julie Fedorchak, North Dakota  
Greg Rislov, proxy for Gary Hanson, South Dakota  
Werner Roth, proxy for Arthur D'Andrea, Texas  
Tyler Huebner, Wisconsin

Absent

Manitoba  
Montana

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 March 29, 2021 Cost Allocation Principles Committee Meeting**  
The minutes were accepted as submitted.

## **Business Items**

- **L RTP Discussion Question 6:**

Question 6: How should we explore quantifying these MVP metrics to assess projects considered in the initial focus areas of the LRTP roadmap (i.e., MWEX, North-South, MI-import)?

Commissioner Huebner, Wisconsin, started the discussion by stating that looking at Long Range Transmission Projects (LRTPs) using the portfolio approach can mask pros and cons of an individual project. Each project should be evaluated individually based on its own characteristics. Since the MISO footprint has changed since the first MVP, Wisconsin is open to the concept of subregional postage stamp allocation and bringing in MVP metrics for projects where they make sense. He also mentioned there is a timing consideration and need to recognize how hard it will be to get a new cost allocation method in the near-term and time should be taken to clearly identify benefits related to longer-term needs.

Hwikwon Ham, Minnesota, responded that the focus should not be on MVP or MEP but rather on the data and if a benefit is generated. If the benefit is quantifiable, it should be used. Once an agreement on policy is made the benefit matrix should be used as it is simple to quantify, and the group can agree on the quantification. The possibility of subregional postage stamp allocation could be considered after that.

Commissioner Freeman, Indiana, stated general agreement with the Minnesota comments. She also stated that Indiana is aware of MVP-light but recognizes that if LRTP projects exhibit different attributes and confer different benefits that are not reflected in an existing tariff it is beneficial to have a plan already in place.

Noel Darce, Louisiana, expressed that MVP is not the best place to start. He noted that what appears to be missing from the LRTPs is a public policy metric and that is what should be the focus. Production costs are what is looked at and as other things are added those can be addressed after you clearly identify what the project is for. Louisiana is opposed to the postage stamp approach in any regard.

Greg Rislov, South Dakota, responded that the focus needs to be on identifying roughly commensurate benefits and costs for every state. MVP projects can be so large that it is not always possible to have extremely accurate detailing of benefits and a perfect allocation. Greg also noted reliability benefits during extreme events are very difficult to quantify. He agrees with the statements made by Minnesota.

Chair Scripps, Michigan, agreed with Wisconsin by looking at the near-term to then evaluate if there is a long-term need. This approach uses existing tariffs which were first approved and not specifically tied to the process but rather the project. If an existing tariff is applicable for LRTPs then it should be utilized. Those may have a connection with public policy as well, but noted

L RTP is not driven by policy goals but utility goals, announced retirements and additions, etc. Commissioner Freeman noted that economics have caught up with what was public policy.

Christine Ericson, Illinois, stated that the Illinois Commerce Commission does not engage in transmission planning. The legislature has determined methods to reduce long-term costs to consumers by decreasing environmental impacts and by avoiding the need for new generation, transmission, and distribution infrastructure. MISO should optimize regional efficiencies for reliable electric service and savings for consumers, while respecting local goals. MVP metrics should be quantifiable with a strong showing of the validity of the more difficult to quantify aspects.

Chair Fedorchak, North Dakota, agreed with Chair Scripps on the public policy issue and stated that there is policy driving changes today. The economic benefits could change and could serve as an obvious point for cost allocation while understanding how to measure who is benefiting. She also stated queue congestion is an issue that needs to be accounted for as a driver.

- **Compare/Contrast OMS & Certain TO Principles:**

Chair Scripps opened the discussion and stated general support for the TO Principles. He noted that the TO Principles did not refer to MEP and MVP benefits specifically but that the idea is there, which aligns with OMS Principles 1 and 2. A point of contention surrounds the use of subregional postage stamp allocation, which is referenced in OMS Principle 7 and TO Principle 4.

Commissioner Freeman followed, stating the preamble in the OMS Principles addressed the “urgency” in TO Principle 1. OMS Principle 2 corresponds with TO Principle 3. OMS Principle 7, minus the footnote, encourages the consideration of subregional cost allocation and planning without explicitly supporting it.

Noel Darce stated that the TO Principle 4 is inconsistent to the OMS Principle 2 that requires for costs to be allocated to cost causers on a granular and accurate basis. OMS Principle 4 makes provision for potential allocation to generators in certain situations and the TO Principles have no language to this point. TO Principles also lack language addressing provisions for allocation to public policy requirements which is referenced in OMS Principle 5.

Commissioner Huebner stated he agrees with Chair Scripps point that policy is no longer the only thing driving renewable energy. In Wisconsin renewable energy is being driven by economics.

Greg Rislov stated that the TO Principle language around “supports targeted cost allocation granularity where appropriate” is problematic, noting everyone would support cost allocation granularity when appropriate, but sometimes it is just not *possible*.

- **Conclusion**

Commissioner Freeman concluded the meeting by noting the next CAPCom meeting will be on May 17, 2021.

- **Open Mic:** No comments.

The meeting concluded at approximately 3:00 pm (CT).