

Gary Mathis – Chair of the Midwest ISO Advisory Committee

Stakeholder Process

The MISO stakeholder process is set up to discuss a wide variety of topics, covering all the functions of the Midwest ISO. The purpose of these discussions is to provide advice to the Midwest ISO. The stakeholder process is solely advisory to the Midwest ISO.

The structure of the stakeholder process is a committee format. There are approximately 30 committees covering all the topics. Each of these committees meets at least once a month. Most of these committees are open to all members to state their views and vote. There are over 100 members who can participate in each of the committees. Each of those members has business or policy interests in the operation of the Midwest ISO.

The three major functions of the Midwest ISO are to (1) direct the reliable operation of the transmission system, (2) operate the energy and ancillary services markets, and (3) plan the expansion of the transmission system. As a result, there are three major stakeholder committees. Those committees are the reliability committee, the markets committee, and the planning committee. Each area has a number of subcommittees, dealing with specific technical issues, which report up to the main committee.

Those three main committees report to the Advisory Committee. The Advisory Committee is the highest stakeholder group. You will be attending the Advisory Committee meeting Wednesday morning. The Advisory Committee provides representation of the 9 industry sectors, rather than individual member representation. This structure of the Advisory Committee is to guarantee balanced representation at the highest level.

The 9 industry sectors represented on the Advisory Committee are: the transmission owners, the coordination member which operates transmission in Canada, the load serving utilities which do not own transmission, the independent power producers, power marketers, end-use customers, state regulatory authorities, public consumer groups, and environmental groups.

The Advisory Committee meetings are attended by the Midwest ISO Board of Directors. Those directors are elected by the stakeholders. At the Advisory Committee meeting, we often present position papers on major issues, called “Hot Topics”, to the Board of Directors. The Directors ask questions and we have

a full discussion. At Wednesday's Advisory Committee, we will discuss the adequacy of the price signals provided by Midwest ISO operations as the Hot Topic.

In the stakeholder process, we strive for consensus. We have found that the strongest advice we can give to the Midwest ISO is when we can speak with a single voice. So many times the stakeholders are willing to compromise to reach a consensus position.

Consensus is not always possible because of the diverse business interests of the members. In those cases we debate, and then vote, under prescribed voting protocols. Nearly all committees vote using one vote for each member that wishes to vote. The Advisory Committee and lead planning committee vote by industry sector. These votes provide information to the Midwest ISO on the level of support of the various conflicting positions.

You will hear Wednesday morning at the Advisory Committee meeting a discussion on a highly contentious topic. The Midwest ISO is proposing to implement a capacity market, and stakeholders have strong feelings about if, and how, this should be done. We may have a vote on this topic on Wednesday.

All stakeholder meetings are conducted under agreed upon governance rules. These rules were established to achieve efficiently run meetings, and provide equal opportunities for all members to state their positions.

We are constantly seeking improvements to our stakeholder process. One of our committees has as its main goal the task to seek advice about ways to improve our process, and then work to implement those changes. Mr. Bill Smith of the Organization of Midwest ISO states is one of the leaders of that committee.

You will be viewing our stakeholder process from your unique perspective and background. We welcome any ideas and observations you may have this week to improve our stakeholder process.

I will stop here and entertain questions. Thank you for your attention.