

REPORT OF THE OMS LONG-TERM DEVELOPMENT AND GOVERNANCE WORK GROUP

to

OMS ANNUAL MEETING

October 19, 2010

Carmel, Indiana

General tasks

To advise the OMS Board on the following:

1. The reasonableness of MISO's new products and services
2. MISO Strategic Plan
3. MISO's short-term and long-term incentive plans
4. MISO budgets

The membership of the Work Group is as follows:

Gail Maly, Wisconsin (Co-Chair)
Burl Haar, Minnesota (Co-Chair)
Randy Rismiller, Illinois
Beth Roads, Indiana
Jeff Johnson, Kentucky
Jorge Valladares, Kentucky
Gerry Gaudreau, Manitoba
Allan Freeman, Michigan
Wanda Jones, Michigan
Kim Moran, Montana
Brian Dekiep, Montana
Dan Shields, Ohio
Joseph Buckley, Ohio
Brian Rounds, South Dakota
Randy Pilo, Wisconsin
Mike Varda, Wisconsin

The Long-term Development and Governance Work Group was involved in the following OMS initiatives during the past year:

- Monitored the **Midwest ISO's 2011-2013 Capital Budget rankings** meeting on September 13, 2010. Guided by the principles OMS has consistently emphasized to the Midwest ISO Board, the Work Group developed staff comments for submission to the Midwest ISO.
- Facilitated the preparation of draft comments for a **Hot Topics** discussion on **New Products and Services and Strategic Direction** presented at the August Midwest Advisory Committee meeting. The comments issues related to renewable energy credits, the importance of perfecting price signals, coordination

with other regional transmission organizations, the impact of the Value Proposition, comments on expansion plans, and commendation of formal actions by the Midwest ISO to challenge the structural flaw in the current configuration of FERC approved RTOs.

- The Work Group coordinated the development of OMS staff comments on the **Midwest ISO's 2010 Incentive Goals and Metrics plan**. This involved evaluation of several proposed incentive metrics that will affect Midwest ISO management compensation.
- Prepared a memo the OMS Board concerning a **proposed protocol for determining OMS voting on Advisory Commission action items**. In the end, the OMS Board voted not to change the current protocol.
- Developed recommendations for amendments to the **Organization of Midwest ISO States bylaws**. The amendments dealt with a number of possible amendments, including clarification on the following: a) electronic voting; b) delayed voting; and c) incorporation of minority positions in OMS comments. The amendments were adopted at the 2009 OMS Annual meeting.
- Continued discussion with various members of the Transmission Owners sector about the **TO Agreement language** which places a fiduciary responsibility on the Midwest ISO to “**maximize transmission revenues.**”