



Organization of MISO States

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OMS Executive Director Report: Accomplishments through October 1, 2010

Cost Allocation

The OMS held Cost Allocation and Regional Planning (CARP) workshops monthly or more often through June 2010. These sessions, though work-intensive, allowed OMS to take an active part in formulation of the Midwest ISO's positions on cost allocation issues and to respond effectively to FERC questions.

- On October 23, 2009 the FERC conditionally accepted the Midwest ISO filing on RECB phase 1, addressing the "Otter Tail" problem of transmission facilities primarily added to serve export needs. The Commission required further filings on cost allocation by July 15, 2010. The Midwest ISO developed a cost allocation proposal for Multi-Value Projects and filed it on July 15. The OMS filed comments on the proposal on September 10, 2010.
- On June 17, 2010, the FERC issued a Notice of Proposed Rulemaking on Transmission Planning and Cost Allocation by Transmission Operating Public Utilities. The NOPR is aimed at better coordination of regional and interregional planning, planning to reflect public policy objectives, removal of right-of-first refusal language, and better align costs and benefits of new transmission. The OMS filed comments on the Proposed Rulemaking on September 29.

Regional Planning

In addition to the CARP meetings, the OMS participated in or supported several planning activities.

- During late 2009, the OMS assisted in the formulation of the Eastern Interconnection States' Planning Council (EISPC), which was awarded a Department of Energy grant for interconnection-wide planning.

- The Midwest ISO has implemented of the procedures of FERC Order 890.
- Beginning in 2008, five OMS member states have worked as the Upper Midwest Transmission Development Initiative (UMTDI) to identify renewable energy zones, transmission corridors, and cost allocation principles to support the region's economic, energy, and environmental goals.

MISO membership

First Energy and Duke Companies have proposed to withdraw from the Midwest ISO and seek membership in PJM. The OMS commented on the First Energy filing in September 2009; that comment is applicable to the Duke filing as well.

Market-to-Market error

During 2009, the Midwest ISO and PJM discovered market dispatch and settlement errors in certain cross-market operations.

- Settlements conferences were held at the FERC in October and December 2009 and February 2010 to seek resolution without litigation. That effort was not successful.
- The Midwest ISO filed two complaints with the FERC on March 8, 2010. A third complaint was filed by PJM concerning MISO's proxy flowgate practices. On June 29, the FERC set the complaints for hearing and initiated settlement judge procedures. A settlement conference was held in August 2010. A further conference is scheduled November 3.
- The Midwest ISO held a stakeholder briefing on September 27 to discuss its proposals for distributing any refunds that may result from these dockets.

Module E – State reporting

During 2009, the Midwest ISO was implementing its new Module E procedures for assuring adequate generating supply to its members. The procedures include reporting capacity data to the states, including forecast accuracy and resource adequacy.

- On June 8, 2010, the FERC issued an order directing the Midwest ISO to further explore a locational capacity mechanism to ensure reliability, with a compliance filing due December 6, 2010. This

order has added urgency to the work of the Supply Adequacy Work Group as it examines the time elements and other issues under Module E.

Retail Aggregation of Demand Response

The FERC continues to urge greater availability of demand response in RTO markets.

- The OMS filed comments in November 2010 on the Midwest ISO's filing on Aggregation of Retail Customers.
- In May 2010, the OMS filed comments on compensation for aggregators of retail consumers.

ELMP

The Midwest ISO has begun to study improvements to the market pricing mechanism under the name Extended Locational Marginal Pricing, or Convex Hull Pricing. OMS staff have participated in MISO workshops on this modification.

OMS Planning

Beginning in 2008, the OMS has set its goals and priorities for the coming year. This year OMS held two planning meetings.

Monthly IMM calls

The OMS has begun holding monthly conference calls with the Independent Market Monitor. These calls review monthly market operations, quarterly reporting, and recommendations for improvement.

Black Sea partnership

The OMS has worked with the NARUC, under USAID sponsorship, to develop and implement a regional partnership with nations of the Black Sea region. A workshop was held in Moldova in May 2010. The Partnership will continue with attendance at the OMS Annual Meeting and Midwest ISO stakeholder meetings at Carmel during the week of October 18, 2010.