



Organization of MISO States

OMS “Users’ Guide” Training

- **Federal and State Regulatory Roles in Transmission and Wholesale Markets**
- **Why State Regulators Should Pay Attention to Wholesale Markets**
- **The Organization of MISO States – How It Works and How You Can Participate**

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FERC's Wholesale Jurisdiction

Federal Power Act, § 201 (16 USC 824):

- (b) (1) The provisions of this subchapter shall apply to the **transmission of electric energy in interstate commerce** and to the **sale of electric energy at wholesale in interstate commerce** [. . .].
- (c) Electric energy in interstate commerce For the purpose of this subchapter, electric energy shall be held to be transmitted in interstate commerce if transmitted from a State and consumed at any point outside thereof; but only insofar as such transmission takes place within the United States.
- (d) “Sale of electric energy at wholesale” defined The term “sale of electric energy at wholesale” when used in this subchapter, means a sale of electric energy to any person for resale.

Federal Regulatory Issues

- Wholesale markets
 - RTO areas = centralized regional markets
 - Non-RTO areas = bilateral markets
- Regional Planning under FERC Order No. 890:
 - Open process
 - Competitive neutrality
 - Renewable resources for regional needs
- Operational issues
 - Lake Erie loop flows
 - MISO v. PJM market error
 - Non-member transmission agreements

Review of State Regulatory Role

- Broad responsibility for retail markets – sales to end users
- Retail rates
 - (except cooperatives and municipal utilities in most states)
- Electric service facilities – permitting and siting of generation and transmission facilities
 - Need
 - Cost
 - Location
- Includes Distribution, Transmission, Generation, Service Issues, and Safety

Typical Retail Regulatory Issues – Traditionally Regulated State

- Market structure
- Portfolio Decisions
- Resource and Transmission Planning
- Renewable Portfolio Standards
- Purchase Contracts
- PURPA and Feed-in Tariffs
- Demand Response; aggregation
- Smart Grid, Metering and Net Metering
- Service Area Boundaries
- Permits, Siting, Certificates of Need

Typical Retail Regulatory Issues – Retail Choice States

- Seller qualifications
- Customer service complaints
- Seller inventory and supply adequacy
- Provider of last resort
- Transition – rate freezes
- Procurement auctions
- Market monitoring and mitigation

How Regional and Wholesale Markets Affect State Regulatory Responsibilities

- States must understand the wholesale markets available to them to design a retail market structure
- Many states (but not all) approve changes in RTO membership or participation
- States must understand the wholesale markets in which their utilities operate in order to understand decisions utilities must make in their wholesale market activities
- States can use the Midwest ISO stakeholder process to advocate ways to shape the wholesale market for the benefit of the state's residents and businesses

How Regional and Wholesale Markets Affect State Regulatory Responsibilities - More

- States decide value of reliability
- States determine adequacy of supply for future usage levels
- States make land use decisions for new facilities
 - Balancing cost, need, and other land uses
 - Bring public policy into these decisions
 - May use criteria broader than the state
 - May use other political criteria

Reference Section

- Examples of states in MISO with:
 - Retail choice (IL, MI, OH)
 - Transmission spun off (IA, MI, MN, WI)
 - Generation spun off (IL, MT)
 - Multi RTO (IL, IN, MI, MO, OH)
 - Vertically integrated (IN, WI, MN, MI, IA, MO, ND, SD)

OMS Organization

Matches MISO footprint:s

- 13 state members and Manitoba

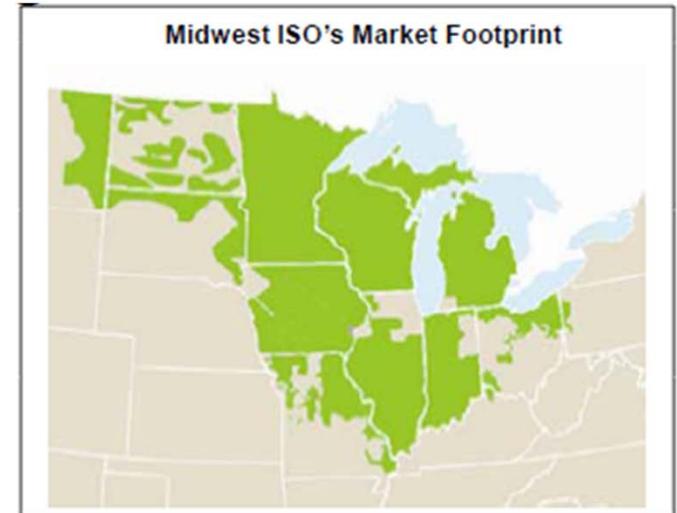
Board of Directors has 14 members

- One from each member agency

Executive Committee is composed of 5 members

- Includes the 3 members of the MISO Advisory Committee representing the State Regulatory Authorities sector

MISO Footprints



<p>Interconnected High Voltage Transmission Lines</p> <ul style="list-style-type: none"> ▶ 56,300 miles <p>Installed Generation Capacity</p> <ul style="list-style-type: none"> ▶ 144,132 MW (market footprint) <ul style="list-style-type: none"> – 1,304 generating units ▶ 160,757 MW (reliability footprint) <ul style="list-style-type: none"> – 1,522 generating units <p>Peak Demand – 7/13/2006</p> <ul style="list-style-type: none"> ▶ 116,030 MW (market footprint) ▶ 136,520 MW (reliability footprint) 	<p>Midwest Market Highlights</p> <ul style="list-style-type: none"> ▶ \$24 billion annual gross market charges (2009) ▶ 300 Market Participants who serve 40+ million people <p>Three Control Centers</p> <ul style="list-style-type: none"> ▶ Carmel, IN (Headquarters) ▶ St. Paul, MN ▶ Indianapolis, IN (Backup)
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OMS Membership

- Membership is open to state regulatory authorities:
 - That regulate retail electricity or distribution rates of transmission-owning MISO members or transmission-dependent MISO members
 - That have primary siting authority
 - Associate membership open to other state agencies

OMS's Objective: Multi-state Cooperation

- Combined input to FERC when possible
- Coordinated participation in MISO Stakeholder process
- Facilitate participation and fund travel
- Share information, expertise, and analysis
- Emphasis on regulators and siting agencies
 - Best skill set to deal with RTO and FERC issues
- Not joint decisions
 - Not “another layer of regulation”

Funding of OMS

- OMS is an Indiana not-for-profit corporation with 501(c)(4) tax exempt status
- Funding agreement signed with MISO
- Funding agreement includes statement of independence
- Agreement provides for dispute resolution by FERC
- Remittances are automatic
- OMS budget is included in MISO budget
- OMS budget for 2011: \$752,500 (includes >\$200,000 for contingencies)

Communications and Positions

- Process modeled on NARUC:
 - The OMS Board assigns issues to work groups
 - Seven standing work groups formulate positions
 - Other work groups as needed
 - Commission staff members may volunteer for any groups
 - OMS Board adopts positions only with a majority of all members
- Board discusses monthly MISO Advisory Committee agenda – A/C representatives are guided by membership views
- Board meetings are open monthly conference calls
- Executive Director is clearinghouse
- Guided via Board-approved Bylaws and written policies

Seven Work Groups

- Markets and Tariffs
- Transmission Cost Allocation
- Regional Planning
- Demand Response and Technology
- Resources
- Governance and Budget
- Modeling

Governance and Budget Work Group

Co-chairs: Burl Haar, Minnesota PUC and Gail Maly, Wisconsin PSC

Coverage:

- MISO Strategic Plan
- MISO Budgets
- Officer Duties
- Weight given to state input
- Increased transparency

Markets and Tariffs

Co-chairs: Bill Bokram, Michigan PSC and Christine Ericson, Illinois CC

Coverage:

- Market Design and Value (the other cost allocation)
- Energy and Operating Reserves Markets
- Market Monitoring and Mitigation Issues
- Market integration of Renewable Generation
- FTR, ARR and Transmission Rights Issues
- Market seams with Adjoining Markets

Demand Response and Technology

Co-Chairs: April Paronish, Indiana OUCC
and John Feit, Wisconsin PSC

Coverage:

- Customer response to market conditions
- Rules to participate in Midwest ISO markets
- Retail demand response
- Smart Grid

Regional Planning

Co-chairs: Jerry Lein, North Dakota PSC
and Parveen Baig, Iowa UB

Coverage:

- Midwest Transmission Expansion Plan (MTEP)
- Other transmission studies
- Minimum generation issues
- Seasonal reviews
- Interconnection Process
- Reliability studies and planning

Resources

Co-chairs: Don Neumeyer, Wisconsin PSC and ???

Coverage:

- Resource Adequacy (planning reserve requirements)
- Loss of Load Expectation and Planning Reserve Margins
- Resource Assessments
- Price Responsive Demand
- Demand Side Management
- Energy Efficiency

Transmission Cost Allocation

Co-chairs: Randy Rismiller, Illinois CC
and Dave Johnston, Indiana URC

Coverage:

- Regional cost allocations and pricing under RECB 1, RECB 2, and MVP
- Cross border cost allocations

Modeling

Co-chairs: Nick Bowden, Illinois CC and ??

Coverage:

- Analytic support to other work groups on economic, engineering and forecasting models

OMS Filings

- Include minority positions
 - Judicial model rather than legislative
- List participating states in conclusion
 - Also identifies non-participating states
 - Non-participation may indicate unavailability of commissioners
- Some states require formal internal approval to join a filing (IL, OH, MT)

OMS Lessons to Date

- The OMS model builds technical analysis in state commission staff
 - Staff members gain knowledge of RTO operations and personnel
 - Participation builds state staff expertise on issues and networking resources
 - Combined resources/expertise more efficient
 - Travel reimbursement is key to participation
- Policy decisions need commissioner input
 - Respect for policy differences

Participation Guide

- OMS e-mail lists
- MISO e-mail lists
 - <https://www.midwestiso.org/StakeholderCenter/Pages/StakeholderCenter.aspx>
- Register for MISO meetings on web calendar
- OMS travel request **prior**
 - http://www.misostates.org/OMSTravelApprovalReques_tupdated16Feb2010.doc
- OMS travel reimbursement **after**
 - http://www.misostates.org/Travel_Reimbursement_NEW_01_10.xls

The OMS Value Proposition

- Efficiency of dealing with the states collectively
 - FERC
 - RTO
 - RTO members
- The states get better attention from FERC and the RTO
- States improve their expertise on issues and provide better analysis of issues

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