



Organization of MISO States

# Regional State Committees – The Midwest Approach

William H. Smith, Jr.

Executive Director

Organization of MISO States

NARUC Staff Subcommittee on  
Executive Management

July 12, 2004

# National Framework

- 1998 – MISO formed
  - Stakeholder Advisory Process
- FERC order 2000 (1999):
  - Formation of RTOs
- Calls for Multi-State Cooperation:
  - April 2002 – NGA report on Electric Transmission calls for multi-state entities
  - July 2002 – FERC SMD calls for Regional State Advisory Committees

**OMS**

# Existing State Role in Wholesale Markets

- Understand the wholesale market
- Understand decisions utilities must make in the wholesale market
- Shape the wholesale market for the benefit of the state's residents and businesses
- Decide value of reliability
- Assure adequate supply for future usage levels
- Land use for new facilities

**OMS**

# Available Legal Tools

- Interstate Compacts
  - Provides for joint decisions of state jurisdictional questions
- Joint Board
  - Provides for state participation in FERC-jurisdictional decisions
- Coordination
  - Especially relevant after *USTA v. FCC* decision criticizing sub-delegations to state commissions (March 2, 2004, D.C. Cir.)

# The Midwest Response: Multi-state cooperation

- Coordinated participation in MISO Stakeholder process
- Combined input to FERC when possible
- Facilitate participation and fund travel
- Share information 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”
- Earn deference from FERC

**OMS**

# OMS Formation

- November 2002 – planning began
- May 2003 - incorporation as Indiana non-profit corporation
- June 2003 - bylaws adopted, officers elected, funding agreement with MISO
- January 2004 - staff and office

# 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 is open to other state agencies

**OMS**

# OMS Organization

- Matches MISO footprint:
  - 14 state members and Manitoba
- Board of Directors has 15 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 sector

# Funding of OMS

- Funding agreement signed with MISO
- Includes statement of independence
- OMS budget is included in MISO budget
- Remittances are automatic
- OMS has applied for 501(c)(4) tax exempt status
- Agreement provides for dispute resolution by FERC

# Communications and Positions

- NARUC-like process:
  - Board assigns issues to working groups
  - Working groups formulate positions
  - Board adopts positions
- Seven Working Groups
- Board discusses monthly MISO Advisory Committee agenda – A/C representatives are guided by membership views
- Board meetings are open conference calls
- Executive Director is clearinghouse

**OMS**

# Work Groups

- Pricing (Randy Rismiller, Illinois)
  - Developing policy for interconnection pricing
  - Regional Through and Out Replacement Rate
  - Regional Expansion Criteria and Benefits
- Congestion Management and FTR Allocation (Mike Proctor, Missouri)
  - FTR allocations
  - Grandfathered agreements

# Work Groups (cont'd)

- Market Monitoring and Market Power Mitigation (Dave Hadley, Indiana)
  - Tariff provisions
  - State access to market monitoring data
- Resource Adequacy and Capacity Markets (Jan Karlak, Ohio)
  - Reliability issues

# Work Groups (cont'd)

- Seams Issues (Bob Nelson, Michigan)
  - Integration of PJM, Commonwealth Edison, Grid America, AEP
  - MAPP area seams
  - Joint Operating Agreement
  - Readiness Metrics
  - Regional Through and Out Replacement Rate

# Work Groups (cont'd)

- Market Rules and Implementation Timelines (Nancy Campbell, Minnesota)
  - Advice to MISO on Energy Market Tariff
  - Comments to FERC on Energy Market Tariff
  - Readiness Metrics
- Transmission Planning and Siting (Klaus Lambeck, Ohio)
  - Updating planning and siting reports
  - Midwest Transmission Expansion Plan
  - Regional Expansion Criteria and Benefits

**OMS**

# Recent Activities

- Comments on Generator Interconnection  
February 27
- Comments on Energy Market Tariff to MISO  
March 15
- Comments on Energy Market Tariff to FERC  
May 7
- Comment on Grandfathered Agreements  
June 25

# Upcoming Activities

- Seams
  - MISO/PJM Joint Operating Agreement filed December 31
  - MAPP area activity
  - Southwest Power Pool Seam Agreement
- Long-term regional transmission rate development
- Regional expansion criteria and benefits
- Market readiness and metrics

**OMS**

# First Year Snapshot

- OMS model builds technical analysis in state commission staff
  - FTR assignment, grandfathered agreements, tariff structure, generation interconnection pricing
  - Participation enriches state staff expertise
  - Travel reimbursement is key to participation
- Policy decisions need commissioner input
  - Respect for policy differences
  - Include minority viewpoints – iudicial v. legislative model

**OMS**

# The Value Proposition

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

**OMS**

# Relation to State Commissions

- Selecting and assigning staff to Work Groups
- Balancing OMS work with commission work
- Commissioner participation
- OMS support to state commissions
- Scheduling OMS items on decision agendas
- Handling differing positions

**OMS**

# OMS Office Contacts

- Staff: Bill Smith, Executive Director, [bill@misostates.org](mailto:bill@misostates.org)  
Julie Mitchell, Office Manager, [julie@misostates.org](mailto:julie@misostates.org)
- 100 Court Avenue, Suite 218  
Des Moines, Iowa 50309
- Phone: 515-243-0742
- Fax: 515-243-0746
- Website: [www.misostates.org](http://www.misostates.org)

**OMS**