



Organization of MISO States

# Regional State Committees Midwest Approach in the U.S.

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# National Framework

- 1992 – Federal legislation expands competitive wholesale markets
- FERC order 888 (1996):
  - Promotes open access to transmission
- 1998 – MISO (independent system operator in Midwest) formed
- FERC order 2000 (1999):
  - Formation of Regional Transmission Organizations
- 2000 – Enron and California market problems lead to calls for more oversight of competitive wholesale markets

# Calls for Multi-State Cooperation

- April 2002 – National Governors’ Association report on Electric Transmission calls for multi-state entities
- July 2002 – FERC calls for Regional State Advisory Committees

# 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

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# Available Legal Tools

- Interstate Compacts
  - Provides for joint decisions of state jurisdictional questions
- Joint Board
  - Provides for state participation in FERC-jurisdictional decisions
- Coordination and Cooperation
  - Sharing of information
  - Joint planning

# The Midwest Response

- Coordinate participation in MISO and FERC issues
  - Not joint decisions
  - Not “another layer of regulation”
  - FERC will give deference as it is earned
- Emphasis is on regulators and siting agencies
  - Best skill set to deal with RTO and FERC issues
  - Provision for other agencies to participate as associate members

# Organization of MISO States Formation

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

# OMS Membership

- Membership is open to state regulatory authorities that
  - regulate the retail electricity or distribution rates of transmission-owning members or transmission-dependent utility members of the Midwest Independent System Operator (MISO), or
  - are the primary regulatory authority responsible for siting electric transmission facilities in states or provinces where there are transmission-owning members of the MISO or independent transmissions companies that own or operate transmission facilities associated with the MISO.

# OMS Organization

- Matches MISO footprint:
  - 14 state members and Manitoba
- Board of Directors has 15 members
  - One from each member agency
- Executive Committee composed of 5 members
  - Includes the 3 members of the MISO Advisory Committee representing the state regulatory sector
- RTO funding
  - Independence agreement collected through transmission revenues

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# Three Major Functions

- Advise MISO
- Advise FERC
- Resource to states
- Coordination between and among states
- NOT a decision-making body

# Communications and Positions

- Seven Working Groups
  - Board assigns issues to working groups
  - Working groups formulate positions
  - Board adopts positions
- 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

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# 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
- States can determine outcome of issues through consensus and compromise