

PREPARED DIRECT TESTIMONY OF RICHARD DOYING
ON BEHALF OF THE MIDWEST INDEPENDENT TRANSMISSION
SYSTEM OPERATOR, INC.
DOCKET NO. ER04-____-000 BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Midwest Independent Transmission)
System Operator, Inc.)

Docket No. ER04-____-000

PREPARED TESTIMONY OF
RICHARD DOYING

I. INTRODUCTION

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Richard Doying. My business address is 701 City Center Drive, Carmel,
3 Indiana, 46032.

4 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

5 A. I am employed by the Midwest Independent Transmission System Operator, Inc.
6 (“Midwest ISO”) as the Director of the Market Development and Analysis Division.

7 Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND AND
8 BUSINESS EXPERIENCE.

9 A. I received my Bachelor of Arts in Geography from the University of California, Los
10 Angeles in 1991 and my Master of Arts of Public Affairs in Policy Analysis, Energy and
11 Environmental Policy from the University of Minnesota in 1993. Starting in 1993, I was
12 an Associate with ICF Resources Incorporated, becoming a Senior Associate in 1995. In
13 1997, I was made the Project Manager for ICF Resources Incorporated. In 1997, I
14 became a manager in the Market Assessment division of PG&E National Energy Group,
15 where I was also made Director of the same division in 1999. In 2001, I was named the

R. Doying

1 Director of the Strategy and New Initiatives division of the PG&E National Energy
2 Group. Finally, in December 2003, I became the Director of Market Development and
3 Analysis with the Midwest ISO.

4 **Q. WHAT ARE YOUR JOB RESPONSIBILITIES AT THE MIDWEST ISO?**

5 A. It is my responsibility at the Midwest ISO to direct market development activities. As
6 such, I have actively participated in the development of the Midwest ISO Energy Market
7 from the conceptual design through delivery of market systems for implementation. I
8 have also lead stakeholder groups in addressing market design issues, including the
9 Congestion Management Working Group (“CMWG”), the Transmission Rights Task
10 Force (“TRTF”), the Market Subcommittee (“MSC”) and the Demand Response Task
11 Force (“DRTF”). I have also participated in the development of the Open Access
12 Transmission and Energy Market Tariff for the Midwest Independent Transmission
13 System Operator, Inc. (the “Tariff”) through coordination of market design activities with
14 the Tariff team. It is also my responsibility to direct the market analysis function.
15 Accordingly, I have directed development of in-house analysis capability and continue to
16 oversee ongoing analysis of market design and systems. Finally, it is my responsibility to
17 communicate the analytical results to stakeholders.

18 **Q. HAVE YOU SPONSORED ANY OTHER TESTIMONY BEFORE**
19 **REGULATORY COMMISSIONS?**

20 A. I have orally testified before regulatory commissions, but I have never before supplied
21 written testimony.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

2 A. My testimony describes the extensive stakeholder process conducted to develop the
3 design of the Energy Markets and the principles embodied in the Tariff. My testimony
4 also explains the stakeholder process undertaken following the Commission's October
5 29, 2003 Order in Docket ER03-1118-000.¹ A number of issues were raised in that filing
6 that necessitated further clarification and resolution with stakeholders. Those issues were
7 some of the most contentious issues raised by the development of Energy Markets in the
8 Midwest ISO. My testimony is to inform parties of the process for resolving these issues
9 and to provide a road map of the meetings, materials distributed, and technical
10 conferences held to solicit input and comments from stakeholders.

11 **II. STAKEHOLDER PROCESS IN THE DEVELOPMENT OF THE ENERGY**
12 **MARKETS**

13 **Q. PLEASE DESCRIBE GENERALLY THE ROLE THE STAKEHOLDER**
14 **PROCESS PLAYED IN DEVELOPING THE ENERGY MARKET DESIGN AND**
15 **TARIFF.**

16 A. Since the Midwest ISO began the process of developing Energy Markets, stakeholders
17 have been significantly involved in the development of all details, including conceptual
18 market design and drafting of rules and procedures. While the Midwest ISO has taken
19 the lead in creating stakeholder groups to address specific issues, the stakeholder body
20 has become largely self-governing. The stakeholder body, just like the Midwest ISO's
21 membership, is a diverse group with a number of differing interests presented at many of

¹ See *Midwest Indep. Transmission Sys. Operator, Inc.*, 105 FERC ¶ 61,145 (“October 29 Order”), *reh'g denied*, 105 FERC ¶ 61,272 (2003).

1 the stakeholder meetings. A number of stakeholder working groups have been
2 established to assist the Midwest ISO in the development and adoption of Energy Market
3 design and rules. As I describe more fully below, stakeholders have had multiple
4 opportunities for input at committee meetings, working groups, task force meetings and
5 special technical conferences held to address market issues.

6 **Q. PLEASE PROVIDE A TIMELINE OF THE STAKEHOLDER PROCESS.**

7 A. Stakeholders have been involved since inception of the Midwest ISO. The first efforts to
8 define the requirements for market-based congestion management and balancing
9 provisions were the result of a group created by the Advisory Committee (“AC”) in
10 November 2000. Stakeholder efforts and involvement increased significantly with the
11 creation of the Congestion Management Working Group (“CMWG”) and Transmission
12 Rights Task Force (“TRTF”) in 2001. After over a year of discussions and the
13 development of market rules to govern the Energy Markets, the Midwest ISO, at the
14 behest of stakeholders, filed a straw proposal with the Federal Energy Regulatory
15 Commission (“FERC” or “Commission”) on December 17, 2002, seeking FERC
16 guidance and confirmation that the Midwest ISO was on the correct path in developing its
17 Energy Markets. Pursuant to the Declaratory Order issued by FERC on September 11,
18 2002, the Midwest ISO proceeded to develop tariff language that reflected the direction
19 provided by its stakeholders, FERC, and its own independent assessment of what was
20 necessary for the successful development of markets in the Midwest.² After continued
21 consultations with its stakeholders, and further market systems development, on July 25,
22 2003, the Midwest ISO filed its first Tariff containing market rules and procedures to

² See *Midwest Indep. Transmission Sys. Operator, Inc.*, 100 FERC ¶ 61,262 (2002).

1 implement Day-Ahead and Real-Time Energy Markets and the administration of
2 Financial Transmission Rights for managing congestion.³ At the behest of its
3 stakeholders on October 17, 2003, the Midwest ISO filed a motion to withdraw the entire
4 Tariff filing. The motion to withdraw was in response to stakeholder concern over
5 system failures experienced on August 14, 2003, the Midwest ISO's readiness to
6 implement Energy Markets in light of post-August 14 uncertainties, and the lack of
7 specificity in the Tariff over certain aspects of the markets.⁴ Following the
8 Commission's October 29 Order approving the withdrawal of the Tariff and providing
9 further guidance, the Midwest ISO implemented a very intensive stakeholder process to
10 address certain issues identified by its stakeholders, FERC and its own staff to develop a
11 comprehensive Tariff filed today.

12 **Q. WHAT MEASURES DID THE MIDWEST ISO TAKE TO ADDRESS THE**
13 **ISSUES RAISED IN THE JULY 25, 2003 ENERGY MARKETS TARIFF FILING?**

14 A. The Midwest ISO developed a process for identifying the Tariff issues that needed to be
15 addressed prior to filing the next Tariff. During the Market Subcommittee ("MSC")
16 meeting on November 6, 2003, the Midwest ISO discussed this list of issues with its
17 stakeholders, and identified the stakeholder groups that would address these and any
18 other concerns. It was also determined at that time that in order to respond to FERC and
19 Midwest ISO AC direction that issues be resolved on an expedited basis, certain key

³ Midwest ISO, Third Revised, First Volume of the Midwest ISO OATT and EMT, Docket No. ER03-1118-000, July 25, 2003 ("July 25th Tariff Filing").

⁴ See Motion of the Midwest ISO to Withdraw without Prejudice the July 25, 2003 EMT Filing, Docket No. ER03-1118-000 (Oct.17, 2003); Midwest ISO Advisory Committee Meeting, Oct. 15, 2003, available at

http://www.midwestiso.org/meeting_minutes/advisory/October%2015%202003%20Minutes.pdf

1 stakeholder groups would meet on a bi-weekly basis.⁵ The MSC held bi-weekly higher
2 level policy discussions to arrive at decisions on the principles for each issue. The
3 Market Practices Task Force (“MPTF”) also met during this period to address detailed
4 language, reflecting decisions arrived at during the MSC meetings on the issues. The
5 Midwest ISO also worked closely with the Organization of MISO States (“OMS”) to
6 receive their input on the allocation of Financial Transmission Rights (“FTRs”), the
7 treatment of Grandfathered Agreements (“GFAs”) and resource adequacy.

8 **Q. WHAT WERE THE MAJOR ISSUES RAISED BY THE JULY 25TH TARIFF**
9 **FILING?**

10 A. The major issues raised by the July 25th Tariff Filing included FTR allocation, treatment
11 of GFAs, and the division of responsibilities between the Midwest ISO and Control Area
12 Operators.

13 **Q. WHAT OTHER ISSUES WERE RAISED BY THE JULY 25, 2003 ENERGY**
14 **MARKETS FILING?**

15 A. Other substantive issues raised by the July 25th Tariff filing included system support
16 resources, resource adequacy, credit policy issues, state access to confidential data, and
17 emergency energy purchases. Also, several issues were raised in interventions that had
18 been previously addressed by the stakeholders, but that required clarification or
19 additional detail. These issues included the return of excess losses revenue, annual FTR
20 auction, intermittent resources and demand response resources.

⁵ See Midwest Market Subcommittee, Issues Resolution Process.ppt, available at
http://www.midwestiso.org/meeting_agendas/mkt_subcommittee/msc_11062003.zip

1 the specific language included in the Tariff and on March 10, 2004,⁷ the Midwest ISO
2 and its stakeholders again discussed the separation of functions reflected in the Tariff.

3 **Q. PLEASE DESCRIBE THE DEVELOPMENT OF THE RELIABILITY**
4 **CHARTER.**

5 **A.** The Reliability Charter was developed by the Midwest ISO to reflect the principles
6 embodied in the Business Practices Manuals and its own assessment of the necessary
7 division of functions and responsibilities in order to reliably operate centrally dispatched
8 Energy Markets. On January 21, 2004,⁸ the CAWG discussed the Reliability Charter
9 prepared by the Midwest ISO reflecting the discussions it had held in coordination with
10 its stakeholders in the CAWG in the previous months. The Midwest ISO has since
11 incorporated those comments into the Reliability Charter and incorporated the Reliability
12 Charter's principles into the Tariff for which it is seeking FERC approval through this
13 filing.

14 **Q. PLEASE DESCRIBE THE STAKEHOLDER PROCESS USED TO RESOLVE**
15 **THE ISSUES RELATED TO THE TREATMENT OF GRANDFATHERED**
16 **AGREEMENTS.**

17 **A.** The Midwest ISO engaged its stakeholders in a series of special meetings dedicated to
18 addressing issues surrounding the treatment of GFAs. Specifically, these meetings were

⁷ See note 14 *supra*.

⁸ See Control Area Working Group, Lakeside Conference, Jan. 21-22, 2004, available at <http://www.midwestmarket.org/Attachments/CAWG/CAWG%20Agenda%2020040121%20v2.pdf>.

1 held on November 24, 2003,⁹ December 17, 2003,¹⁰ January 21, 2004,¹¹ January 28,
2 2004,¹² February 3 and 4, 2004.¹³ In addition, on March 10 and 11, 2004, the Midwest
3 ISO held a pre-filing conference to discuss further actual Tariff language to address the
4 issue of GFAs distributed on February 11 and February 25, 2004.¹⁴

5 Based on the comments and protests submitted to the July 25th Tariff filing and
6 based on its own evaluation of the existing GFAs, the Midwest ISO discussed with its
7 stakeholders the challenges it faced in accommodating schedules for GFAs in a manner
8 that was different than, and potentially inconsistent with, schedules for Tariff schedules
9 within the context of an LMP market. Dr. McNamara's testimony discusses in detail
10 these challenges.¹⁵ Through its dialogue on this issue, the Midwest ISO was able to

⁹ See Treatment of Grandfathered Agreements in the MISO Energy Markets Tariff, Meeting Information and Agenda, Nov. 24, 2003, available at http://www.midwestiso.org/meeting_agendas/gfa/GFA%20Meeting%20Agenda%20112403.pdf ("GFA Meeting"); Grandfathered Agreement stakeholder Meeting, Nov. 24, 2003, available at http://www.midwestiso.org/meeting_agendas/gfa/GFA%20Meeting%20112403.pdf.

¹⁰ See GFA Meeting, Dec. 17, 2003, available at http://www.midwestiso.org/meeting_agendas/gfa/gfa_12172003.zip; Affidavit of Ronald McNamara, Docket No. ER03-1118-000, available at http://www.midwestiso.org/meeting_agendas/gfa/McNamara%20Affidavit%20with%20Attach.pdf; Methodology used in the Midwest ISO's Review of Grandfathered Agreements, available at http://www.midwestiso.org/meeting_agendas/gfa/GFA%20Review%20Methodology.pdf.

¹¹ See GFA Meeting, Jan. 21, 2004, available at http://www.midwestiso.org/meeting_agendas/gfa/gfa_01212004.zip.

¹² *Id.*, Jan. 28, 2004, available at http://www.midwestiso.org/meeting_agendas/gfa/gfa_01282004.zip.

¹³ *Id.*, Feb 4, 2004, http://www.midwestiso.org/meeting_agendas/gfa/GFA%20Meeting%20Agenda%20020404.pdf.

¹⁴ See http://www.midwestiso.org/meeting_agendas/ttc/Meeting%20Materials%20for%20Technical%20Conference.ZIP.

¹⁵ See Prepared Direct Testimony of Ronald McNamara, Exhibit No. ____ (MISO-4).

1 develop a proposal that allows it to operate its transmission system and reliably develop
2 dispatch instructions through the Energy Market, while providing optional treatment of
3 transactions pursuant to GFAs that keep parties to those agreements financially
4 indifferent.

5 **Q. WERE THE STAKEHOLDERS SUPPORTIVE OF THE MIDWEST ISO'S**
6 **PROPOSALS REGARDING GRANDFATHERED AGREEMENTS?**

7 A. As with other issues, the process was one of refinement. The Midwest ISO worked with
8 stakeholders to identify and resolve issues over the course of the several meetings held on
9 this subject. As discussed more fully by Drs. McNamara and Hogan, the Midwest ISO
10 was able to develop a proposal that meets its operational needs while enabling parties to
11 GFAs to remain financially indifferent to operations in the Day 2 Energy Markets. By
12 the end of the process, the Midwest ISO and the stakeholders had developed a process
13 that was generally supported by the participants to the GFA meetings.

14 **Q. PLEASE EXPLAIN THE DIFFICULTIES IN REACHING CONSENSUS OVER**
15 **THE GRANDFATHERED AGREEMENTS.**

16 A. The GFAs issue is complicated by several factors. First, the interests of the parties to the
17 GFAs are not necessarily aligned. As a consequence, solutions that are preferred or
18 acceptable to one party may not be acceptable to another. As a result, parties must reach
19 compromises. Additionally, the interests of the parties to the GFAs are not necessarily
20 aligned with the interest of those taking Tariff service. Potential treatment of GFAs in
21 the Energy Market may adversely affect Tariff customers.

1 In some cases, Tariff customers also have GFAs. The tradeoffs between GFAs
2 and Tariff service discussed above are internalized by these customers. Therefore, no
3 single proposal can meet the needs and desires of all stakeholders. The Midwest ISO had
4 to come to a solution that satisfied the majority of concerns. The general acceptance of
5 the proposed treatment of GFAs was further reflected by the limited opposition presented
6 by those that attended and called into the March 10, 2004 pre-filing conference.

7 Although certain parties still had some concern over how certain aspects of the proposed
8 treatment will impact them individually, participants did not express significant overall
9 opposition.

10 **Q. PLEASE DESCRIBE THE STAKEHOLDER PROCESS USED TO ARRIVE AT**
11 **THE FTR ALLOCATION PROCEDURES.**

12 A. The stakeholder process used to develop FTR allocation procedures began in mid-2001
13 through the CMWG and TRTF. The basic framework of the FTR allocation process was
14 determined in March 2003.¹⁶ At that time, stakeholders voted to adopt a process based on
15 customer nominations, reduced as necessary to satisfy the conditions of simultaneous
16 feasibility. Left unresolved at that time was the issue of whether nominations would be
17 restricted to reflect historical use of the system. The FTR allocation was not included in
18 the July 25th Tariff filing at the request of stakeholders in order that stakeholders could
19 continue to address outstanding FTR allocation issues. Since the July 25th Tariff filing,
20 the Midwest ISO has been actively involved in dialogue with its stakeholders to resolve
21 the outstanding issues on the FTR allocation procedures and to prepare a sample

¹⁶ See Midwest Market Initiative Transmission Rights Task Force, Agenda March 6, 2003, available at http://www.midwestiso.org/meeting_agendas/cmwg/20030306.pdf.

1 allocation. On September 4 and 5,¹⁷ September 18 and 19,¹⁸ and October 2 and 3, 2003¹⁹
2 the Midwest ISO discussed a detailed presentation on the FTR nomination and allocation
3 procedures with its stakeholders. On September 18, 2003, the Midwest ISO took a straw
4 vote during the MSC meeting to determine whether stakeholders felt that the FTR
5 proposal represented an acceptable basis for further development of the FTR allocation
6 methodology.²⁰ The result of the vote indicated that a majority of the participants felt

¹⁷ See Midwest Market Initiative, Market Subcommittee Agenda, Sept. 4-5, 2003, available at http://www.midwestmarket.org/Attachments/Market_Subcommittee/Draft%20agenda%20090403.pdf (“Market Subcommittee Agenda”); *Id.*, presentations, available at http://www.midwestmarket.org/Attachments/Market_Subcommittee/FTR%20Allocation%20Nomination%200909403.ppt, http://www.midwestmarket.org/Attachments/Market_Subcommittee/Seasonal%20vs%20monthly.ppt, http://www.midwestmarket.org/Attachments/Market_Subcommittee/Source%20for%20Slice%20of%20System.ppt, http://www.midwestmarket.org/Attachments/Market_Subcommittee/FTRR%20open%20issues.ppt, http://www.midwestmarket.org/Attachments/Market_Subcommittee/FTR%20Reduction%20Methods%20to%20Enforce%20SFT%20v2.ppt.

¹⁸ See Market Subcommittee Agenda Sept. 18-19, 2003, available at http://www.midwestmarket.org/Attachments/Market_Subcommittee/Agenda%20091803.pdf; Presentations available at http://www.midwestmarket.org/Attachments/Market_Subcommittee/Load%20Growth.pdf, http://www.midwestmarket.org/Attachments/Market_Subcommittee/FTR%20Vote_Recommendation.pdf, http://www.midwestmarket.org/Attachments/Market_Subcommittee/FTR%20Allocation%20091803.pdf, http://www.midwestmarket.org/Attachments/Market_Subcommittee/CFTR%20Validation.pdf, http://www.midwestmarket.org/Attachments/Market_Subcommittee/CA%20Source%20FTRs.pdf, http://www.midwestmarket.org/Attachments/Market_Subcommittee/Seasonal%20Allocation.pdf.

¹⁹ See Market Subcommittee Agenda, available at http://www.midwestiso.org/meeting_agendas/mkt_subcommittee/msc20031016.zip; http://www.midwestiso.org/meeting_agendas/mkt_subcommittee/20031002materials.zip.

²⁰ See Market Subcommittee Meeting Notes, Sept. 18-19, 2003, available at http://www.midwestmarket.org/Attachments/Market_Subcommittee/MS_C_Notes_091803_Draft.pdf.

1 that the proposed allocation was an acceptable basis for further development. On
2 November 20, 2003, Cinergy presented an alternative proposal for the FTR nomination
3 and allocation procedures.²¹ A motion to further develop that proposal at the December
4 18, 2003 MSC meeting passed by a narrow margin. The AC subsequently requested that
5 the MSC develop a compromise between the proposal presented by Cinergy and the
6 proposal previously under development by the MSC. Independently, the OMS task force
7 responsible for addressing FTR issues began development of an FTR allocation proposal
8 that balanced the objectives of Cinergy and prior Midwest ISO staff proposals. Based on
9 the OMS proposal outline, the Midwest ISO developed a detailed compromise proposal
10 for consideration by the MSC. On January 20, 2004, the Midwest ISO presented a white
11 paper providing the details of a compromise between the Midwest ISO proposal and the
12 Cinergy proposal based on the OMS proposal.²² In addition, at the January 20, 2004
13 meeting, the Midwest ISO took straw polls to gather stakeholder input on several
14 elements related of the compromise FTR allocation. Based on the results of those straw
15 polls, an updated version of the compromise FTR allocation white paper was developed
16 and discussed with stakeholders at the February 3, 2004 MSC meeting.

²¹ See Market Subcommittee Agenda, available at
http://www.midwestiso.org/meeting_agendas/mkt_subcommittee/MSC20031120.zip.

²² See Market Subcommittee Agenda and Meeting Material, available at
http://www.midwestiso.org/meeting_agendas/mkt_subcommittee/msc_01202004.zip.

1 **Q. WAS THERE SIGNIFICANT OPPOSITION TO THE FTR ALLOCATION AND**
2 **NOMINATION METHODOLOGY ULTIMATELY ADOPTED BY THE**
3 **MIDWEST ISO?**

4 A. As is the case with the GFAs, the allocation of FTRs is a highly sensitive issue that
5 affects the various stakeholders in significantly different ways. When evaluating a
6 proposed FTR allocation methodology, parties are not only concerned with finding a
7 methodology that works well, but one that provides them the optimal allocation of FTRs.
8 While certain parties feel confident that their existing rights will be fully protected
9 through the allocation, others are concerned that the allocation will not adequately hedge
10 them from congestion once the energy markets become operational. Because parties'
11 existing rights, the characteristics of the systems, and parties' commercial arrangements
12 and strategies vary significantly across the footprint, it is difficult to propose a single
13 methodology with which all parties will be completely satisfied. It is the Midwest ISO's
14 duty to adopt a methodology that is not particularly favorable to one Market Participant
15 or a group of Market Participants, but one that equitably allocates FTRs to all Market
16 Participants. These diverse interests led this issue to be particularly contentious.

17 **IV. RESOLUTION OF MISCELLANEOUS TARIFF ISSUES**

18 **Q. PLEASE DESCRIBE GENERALLY THE STAKEHOLDER PROCESS USED TO**
19 **RESOLVE THE MISCELLANEOUS TARIFF ISSUES.**

20 A. Since the withdrawal of the Tariff last fall, the Midwest ISO has discussed and developed
21 Tariff provisions for the miscellaneous Tariff issues raised by stakeholders during the bi-
22 weekly MSC and other stakeholder meetings. As explained in more detail below, in
23 some instances, all that was required was further clarification. In other instances, new

1 Tariff language was developed to reflect the policies discussed by the MSC. During the
2 March 10 and 11, 2004 pre-filing conference, stakeholders had further opportunity to
3 comment on draft Tariff language for most of the miscellaneous Tariff issues raised. For
4 those issues that the Midwest ISO had not yet developed specific language, the Midwest
5 ISO staff discussed the changes to be made to the Tariff.

6 **Q. PLEASE DESCRIBE THE STAKEHOLDER PROCESS USED DURING THE**
7 **DEVELOPMENT OF THE SYSTEM SUPPLY RESOURCE PROGRAM.**

8 A. At the November 20, 2003 meeting, the Midwest ISO presented a proposal for the
9 development of a System Support Resource (“SSR”) program.²³ Midwest ISO staff
10 solicited comments and presented a timeline for further development of the SSR
11 proposal, including a vote on December 18, 2003. On December 3, 2003, the Midwest
12 ISO presented an updated version of the SSR program based on stakeholder comments.²⁴
13 On December 18, 2003, the Midwest ISO presented and the MSC discussed a white paper
14 on the topic.²⁵ A motion related to the proposal was considered, but tabled at the
15 December 18, 2003 meeting. The Midwest ISO continued to work with stakeholders to
16 resolve substantive issues that were raised as the proposal was developed and refined.
17 On January 6, 2004, a new white paper was put forth by the Midwest ISO with further
18 refinements and modifications to the program. A motion to not include the SSR program
19 in the March 31, 2004 Tariff filing was passed by a vote of 13 to 9. The motion was not,

²³ See Market Subcommittee Agenda and Meeting Material, available at
http://www.midwestiso.org/meeting_agendas/mkt_subcommittee/MSC20031120.zip.

²⁴ See Market Subcommittee Agenda and Meeting Material, available at
http://www.midwestiso.org/meeting_agendas/mkt_subcommittee/20031203.zip.

²⁵ See Market Subcommittee Agenda and Meeting Material, available at
http://www.midwestiso.org/meeting_agendas/mkt_subcommittee/msc_121803.zip.

1 however, intended to stop the Midwest ISO from further developing the program. The
2 motion stated that the SSR proposal required further detail and the merits of the SSR
3 proposal could not be evaluated until such time as the delineation of roles and
4 responsibilities between the Midwest ISO and Control Area Operators had been
5 resolved.²⁶

6 **Q. WHY DID THE MIDWEST ISO INCLUDE THE SSR PROVISIONS DESPITE**
7 **THE MOTION PASSED BY STAKEHOLDERS REQUESTING THE PROPOSAL**
8 **NOT BE ADOPTED?**

9 A. The failure of the motion did not indicate that there was no need for such a program. The
10 Midwest ISO believes that the SSR program is necessary to ensure that, under certain
11 conditions, facilities that are not economic to run at all times will be available during
12 times they are required to ensure reliability on the system. Rather than not include any
13 provisions in the Tariff, the Midwest ISO decided it is best to start the market with an
14 SSR program and refine further the elements of the SSR program as necessary.
15 Moreover, the motion indicated that the SSR program could not be “appropriately
16 evaluated prior to a resolution of the respective roles and responsibilities of the Midwest
17 ISO and control areas regarding the allocation of functions necessary to ensure reliability
18 objectives.”²⁷ As the Midwest ISO and its stakeholders have since developed the proper
19 separation of functions between the Midwest ISO and its Control Area Operators,
20 stakeholders should be able to evaluate the current proposal.

²⁶ See January 6, 2004 Market Subcommittee Meeting Minutes, available at:
http://www.midwestiso.org/meeting_agendas/mkt_subcommittee/msc_01202004.zip.

²⁷ See notes 31 and 33.

1 **Q. DID THE SSR PROGRAM CONTINUE TO RECEIVE FURTHER OPPOSITION**
2 **AFTER THE TARIFF LANGUAGE WAS RELEASED?**

3 A. No. Stakeholders provided comments on the SSR Tariff provisions at the March 10 and
4 11, 2004 pre-filing conference. For the most part, however, comments focused on
5 implementation details related to, for example, timing requirements for Market
6 Participants to notify the Transmission Provider of the intent to retire a unit and turn
7 around time for the Transmission Provider to analyze requests to retire a unit. No overall
8 objection to the SSR program or the inclusion of the program in the March 31, 2003
9 Tariff filing was raised.

10 **Q. PLEASE DESCRIBE THE STAKEHOLDER PROCESS USED TO DEVELOP**
11 **THE RESOURCE ADEQUACY REQUIREMENTS.**

12 A. Following the October 29 Order on the July 25th Tariff filing, the MSC considered
13 resource adequacy requirements during the fall/winter meetings at the end of 2003 and
14 beginning of 2004, with development and refinement of an interim proposal to be
15 employed until such time as the OMS and stakeholders could develop a permanent
16 resource adequacy solution. The MSC discussed the interim approach during meetings
17 on November 20, 2003,²⁸ December 3, 2003,²⁹ December 18, 2003,³⁰ and January 6,
18 2004.³¹ The stakeholders ultimately rejected the interim approach and voted to re-
19 institute the Supply Adequacy Working Group (“SAWG”). The motion passed by

²⁸ See note 23.

²⁹ See note 24.

³⁰ See note 25.

³¹ See Market Subcommittee Agenda and Meeting Material, available at
http://www.midwestiso.org/meeting_agendas/mkt_subcommittee/msc_01062004.zip.

1 stakeholders stated that the re-instituted “SAWG will work together with the
2 Organization of MISO States to develop a solution. In the event the SAWG cannot
3 provide a recommendation for inclusion in MISO’s upcoming tariff filing, the SAWG
4 will provide a definitive work plan for developing a solution and this work plan will be
5 included in MISO’s tariff filing.”³² The SAWG has met jointly with the OMS on several
6 occasions since the MSC motion was passed. That joint group determined that
7 development of a permanent resource adequacy proposal could not feasibly be completed
8 in the near term and instead developed a timeline to guide the effort toward a permanent
9 solution. The resource adequacy plan detailed in Module E of the Tariff reflects the
10 approach that was last discussed with the MSC at the January 6, 2004 meeting.³³

11 **Q. DID THE RESOURCE ADEQUACY PROGRAM CONTINUE TO RECEIVE**
12 **FURTHER OPPOSITION AFTER THE TARIFF LANGUAGE WAS**
13 **RELEASED?**

14 A. As was the case for SSRs units, stakeholder input was sought and received on the Tariff
15 language related to resource adequacy at the March 10 and 11, 2004 pre-filing
16 conference. Most comments were in the form of requests for clarification to elements of
17 the proposal. In addition, some stakeholders have expressed concern with the “must
18 offer” requirement for resources identified as satisfying resource adequacy standards
19 under Module E. Most stakeholder concerns with the “must offer” requirement were
20 addressed as additional detail has been provided; for example, clarifying that the “must
21 offer” obligation can be met with a Self-Schedule, an Offer, or an indication that a

³² See *January 6, 2004 Market Subcommittee Meeting Minutes*, available at
http://www.midwestiso.org/meeting_agendas/mkt_subcommittee/msc_01202004.zip.

³³ See note 31.

1 Resource or portion thereof is being held for regulation or required operating reserves.

2 Still, some stakeholders have expressed ongoing concerns with the inclusion of a “must
3 offer” requirement, and the Midwest ISO continues to work with such stakeholders to
4 address their concerns.

5 **Q. PLEASE DESCRIBE THE STAKEHOLDER PROCESS USED TO DEVELOP**
6 **THE EMERGENCY ENERGY PURCHASES PROCEDURES.**

7 A. The emergency energy purchases procedures were discussed with stakeholders and
8 refined during the January 6, 2004,³⁴ January 20, 2004,³⁵ and February 3, 2004³⁶ MSC
9 meetings. The MSC chose not to vote on the final version of the proposal as detailed in a
10 white paper developed by the Midwest ISO, but did vote on one element related to
11 recovery of cost associated with any revenue shortfall due to emergency energy
12 purchases at the February 3, 2004 MSC meeting.³⁷ On March 10 and 11, 2004 during the
13 pre-filing conference, the Midwest ISO discussed the elements of emergency energy
14 purchases that would be included in the Tariff. Although stakeholders have not had an
15 opportunity to review the actual language for emergency energy purchases until this
16 filing, the Midwest ISO explained in detail the elements it would include in the Tariff
17 during the meetings discussed above.

³⁴ See Market Subcommittee Agenda and Meeting Material, available at
http://www.midwestiso.org/meeting_agendas/mkt_subcommittee/msc_01062004.zip.

³⁵ See Market Subcommittee Agenda and Meeting Material, available at
http://www.midwestiso.org/meeting_agendas/mkt_subcommittee/msc_01202004.zip.

³⁶ See Market Subcommittee Agenda and Meeting Material, available at
http://www.midwestiso.org/meeting_agendas/mkt_subcommittee/msc_02032004.zip.

³⁷ See Market Subcommittee Agenda and Meeting Material, available at
http://www.midwestiso.org/meeting_agendas/mkt_subcommittee/msc_02032004.zip.

1 **Q. WERE STAKEHOLDERS OPPOSED TO THE EMERGENCY ENERGY**
2 **PURCHASES PROVISIONS IN PRINCIPLE?**

3 A. No, the stakeholders did not express opposition to inclusion of an emergency purchases
4 provision. Expressed concerns related to certain implementation details, for example
5 related to transmission required on external systems to assure deliverability of emergency
6 energy. Some stakeholders also believed, as was the case with the SSR proposal, that
7 consideration by the MSC was complicated by work in other stakeholder groups related
8 to the delineation of responsibility between the Midwest ISO and Control Area
9 Operators.

10 **Q. PLEASE DESCRIBE THE STAKEHOLDER PROCESS USED TO DEVELOP**
11 **THE UNINSTRUCTED DEVIATION PENALTIES.**

12 A. The Uninstructed Deviation Penalties were developed with stakeholders prior to the July
13 25th Tariff filing. Intervenors to the July 25th Tariff filing commented that the proposed
14 Uninstructed Deviation Penalties provisions containing two-bands for varying levels of
15 penalties was not consistent with the proposals considered by stakeholders prior to the
16 July 25th Tariff filing. The current Tariff treatment of Uninstructed Deviations is
17 consistent with the approach considered and accepted by stakeholders in June 2003.

1 **Q. PLEASE DESCRIBE THE STAKEHOLDER PROCESS THROUGH WHICH**
2 **THE REQUIRED ENHANCEMENT CREDITWORTHINESS PROVISIONS**
3 **WERE AGREED UPON.**

4 A. For a discussion of the Stakeholder Process used to develop the enhancement
5 creditworthiness provisions, please see the testimony of Mr. Michael P. Holstein.³⁸

6 **Q. PLEASE DESCRIBE THE STAKEHOLDER PROCESS USED TO DEVELOP**
7 **THE STATE ACCESS TO CONFIDENTIAL INFORMATION PROVISIONS.**

8 A. The Midwest ISO proposed to revise the July 25, 2003 Tariff provisions pursuant to the
9 Commission guidance in the October 29 Order that State access to confidential
10 information policy should balance the interests of both States and Market Participants.³⁹
11 The Midwest ISO, working closely with the OMS, modified the provisions previously
12 filed on July 25, 2003. The proposal was presented to the OMS and MSC on January 20,
13 2004 for comment.

14 **Q. PLEASE DESCRIBE THE STAKEHOLDER PROCESS USED DURING THE**
15 **DEVELOPMENT OF THE DEMAND RESPONSE RESOURCES PROGRAM.**

16 A. Demand Response Resources (“DRRs”) were included in the July 25, 2003 filing.
17 Subsequently, the Demand Resources Task Force (“DRTF”) has discussed issues
18 surrounding DRRs at several of its monthly meetings. Based on discussions at the DRTF
19 and Midwest ISO staff work, an update to the DRR concept was presented and discussed
20 during the January 20, 2004 meeting of the MSC. At that meeting, the Midwest ISO was

³⁸ Prepared Direct Testimony of Michael P. Holstein, Exhibit No. ____ (MISO-10).

³⁹ See October 29 Order, 105 FERC ¶ 61,145 (2003).

1 asked to provide more detailed examples of settlement of DRRs in the Day Ahead and
2 Real Time Energy Markets.⁴⁰ Additional settlement examples were provided to the
3 group at the March 2, 2004 MSC meeting.⁴¹

4 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

5 A. Yes.

⁴⁰ See note 42.

⁴¹ See Market Subcommittee Agenda and Meeting Material, available at http://extranet.midwestiso.org/cmwg/index.html?current_directory=%2FMeeting_Documents%2F2004-03-02.

**Market and Tariff
Issues List
March 31, 2004**

#	Issue	Description Summary	Key Stakeholder Dates	Current Status / Remaining Work	MISO Owners	Task Force or Work Group
1	Market Mitigation Measures	Monitoring and mitigation elements not included in July 25, 2003, EMT.	<p>Market Mitigation Plan initially filed in mid-2003.</p> <p>December 18, 2003: Dr. Patton presented updated plan to MSC. Included discussion of modifications from original filing based on FERC guidance.</p> <p>February 11, 2004 and February 25, 2004: Module D included in the draft EMT distributed for stakeholder comment.</p> <p>March 10, 2004: Dr. Patton presented results of analysis to support NCA designations and GSF criteria defining the BCAs at pre-filing technical conference.</p>	MPTF will review Business Practices Manuals language.	Ramey	MSC MPTF
2	FTR Allocation / Nomination	Methodology to annually allocate FTRs.	<p>September 4, 2003: Discussion at MSC of white paper detailing FTR nomination and allocation procedures. The white paper described a multi-tiered nomination and allocation process. During a 3-year transition period, customers would be required to accept an allocation of “base load” FTRs for an amount equal to the customer’s minimum load. FTR nominations in early Tiers were restricted based on historical usage. At the end of the transition period, the proposal would lock in Base and nominated CFTRs. A simultaneously feasible set of FTR obligations would be determined annually from these CFTRs.</p> <p>September 18, 2003: Continued discussion at MSC of white paper, refined to reflect input at previous meeting. A “directional” straw poll was taken to determine whether stakeholders believed that the proposal formed the basis of an appropriate allocation methodology. The vote showed the majority of stakeholders approved of the current direction. A second straw poll was taken to determine whether stakeholders preferred to resolve infeasibility in the set of nominated FTRs by socializing costs or by curtailing CFTRs. The vote showed 19 votes to curtail and 3 votes to socialize costs.</p> <p>November 13, 2003: Review at MPTF of Protocols language based on the September 18, 2003 white paper discussed by MSC.</p> <p>November 20, 2003: Cinergy presented an alternative FTR nomination and</p>	MPTF will review Business Practices Manuals language.	Doying / Gribik	MSC MPTF OMS

#	Issue	Description Summary	Key Stakeholder Dates	Current Status / Remaining Work	MISO Owners	Task Force or Work Group
			<p>allocation proposal at the MSC. The proposal was based on a multi-tiered process and included no restrictions on the ability of customers to nominate from valid existing entitlements.</p> <p>December 3, 2003: Further consideration and discussion at MSC of Cinergy’s alternative FTR nomination and allocation proposal.</p> <p>December 18, 2003: Further discussion at MSC of Cinergy’s alternative FTR nomination and allocation proposal. Motion to endorse the proposal as the preferred policy direction was passed by a vote of 15 for and 13 against.</p> <p>January 6, 2004: Brief discussion at MSC of efforts underway by OMS to develop an alternative FTR nomination and allocation proposal based on elements of both the previous MISO staff proposal and the Cinergy proposal.</p> <p>January 14, 2004: MSC reported to Advisory Committee on status of development of the FTR nomination and allocation process. A motion was made that the FTR proposals be sent back to the MSC for further work aimed at development of a proposal with broader support. No action was taken on the motion. MISO staff committed to work with stakeholders, including the OMS, to develop a compromise that could be more broadly supported.</p> <p>January 20, 2004: Presentation and discussion at MSC of compromise FTR nomination and allocation proposal developed by MISO staff based on proposal under consideration by OMS. Proposal included multi-tiered approach with unrestricted nominations from eligible existing entitlements and a restoration process that would provide the opportunity to restore “Base Eligible FTRs” that were curtailed in Tiers I and II. A series of straw votes was taken on elements of the compromise FTR Allocation white paper, including:</p> <ol style="list-style-type: none"> 1. Whether to “Include Counter Flow FTRs if available (from CFTRs that were not nominated) to allocate full nominated MWs up to ___% of peak load.” Approved by a vote of 23 to 7. 2. Maximum MW threshold for determination of FTRs eligible for restoration: 20 votes for 35% of peak load and 15 votes for 50% of peak load. 3. Eligibility of curtailed CFTRs for restoration: 10 votes for restoration eligibility for all nominated CFTRs and 17 votes for eligibility 			

#	Issue	Description Summary	Key Stakeholder Dates	Current Status / Remaining Work	MISO Owners	Task Force or Work Group
			<p>restricted to “base load” CFTRs.</p> <p>4. Assignment of financial responsibility for Counter Flow FTRs: 13 votes for a direct assignment of cost, 5 votes for a regional assignment of cost and 10 votes for a split between direct and regional assignment.</p> <p>5. Whether to “Include additional Counter Flow as needed to allocate full nominated MWs up to __% of peak load. Regional assignment of cost.” Failed with 6 votes for and 20 votes against.</p> <p>MISO staff forwarded the results to the OMS and agreed to update the compromise proposal white paper to reflect the vote results and any further OMS direction.</p> <p>February 3, 2004: Continued discussion at MSC of white paper, updated to reflect votes at prior MSC meeting. Updated version also included additional details related to incorporation of GFAs into allocation process. The MSC discussed, but chose not to take action on, the latest proposal.</p> <p>February 19, 2004: Presentation and discussion at MSC of tier definitions for FTR nomination and allocation. Options of discrete versus cumulative tiers discussed.</p> <p>March 2, 2004: Vote taken at MSC on motions related to tier definitions. MSC approved use of cumulative tiers by a vote of 17 for, 5 against, and 10 abstentions.</p>			
3	SSR & Pro-forma SSR Agreement	Method to identify, contract with units, compensate, and fund payments to SSR units.	<p>November 20, 2003: Presentation and discussion at MSC of staff proposal for SSR designation, utilization and compensation.</p> <p>December 3, 2003: Continued discussion of SRR proposal, updated to reflect input received at previous meeting. Staff committed to preparation of white paper to develop details of proposal for next MSC meeting.</p> <p>December 18, 2003: Presentation and discussion at MSC of SSR white paper. Motion on topic made but tabled until the next meeting.</p> <p>January 6, 2004: Continued discussion of SSR white paper, updated to reflect input at previous MSC meeting. A motion recommending that MISO not include SSR provisions was approved by a vote of 13 for and 9 against. Motion</p>	MPTF will review Business Practices Manuals language.	Robinson	MSC RSC MPTF

#	Issue	Description Summary	Key Stakeholder Dates	Current Status / Remaining Work	MISO Owners	Task Force or Work Group
			<p>stated that continued development of proposal was appropriate, but that the MSC could not evaluate the proposal's merits "prior to resolution of the respective roles and responsibilities of the Midwest ISO and control areas regarding the allocation of functions necessary to ensure reliability objectives."</p> <p>January 14, 2004: MISO staff reported at AC on MSC motion. Staff also emphasized that the tariff would be complete when filed and that SSRs had been previously identified as an item that required further detail.</p> <p>January 15, 2004: Discussion at MPTF regarding the impact of stakeholder input on the SSR protocols language given the policy level vote at the MSC. MISO staff stated that the FERC order giving guidance on the original tariff filing suggested that this was an element of the filing lacking sufficient detail and MISO was continuing to work on the SSR concept in order to address the issue in the upcoming filing.</p>			
4	Marginal Losses Treatment	Methodology to return excess revenues associated with use of marginal losses to Market Participants.	<p>Policy direction established in mid-2003.</p> <p>November 13, 2003: Detailed protocols language was discussed at MPTF.</p> <p>January 15, 2004: Continued review by MPTF on various sections of the market protocols related to the determination and disposition of the excess marginal losses for both the real-time and the day-ahead markets.</p>	MPTF will review Business Practices Manuals language.	Robinson	MPTF
5	Creditworthiness Provisions	New creditworthiness provisions are needed for the Energy Markets.	<p>CPTF has met regularly to discuss new creditworthiness provisions related to "Day 2" markets including issues related to settlement periodicity, and energy and FTR market participation.</p> <p>November 19, 2003: Discussion at Advisory Committee concerning the need for a market concentration cap limit, and a recommendation related to a Market Participant maximum unsecured credit limit. The AC passed motions to remove the market concentration cap limit and to establish the maximum unsecured credit limit at \$50 million per Market Participant.</p>	CPTF efforts ongoing.	Holstein	CPWG
6	Treatment of Grandfathered Agreements	Treatment of GFAs in the energy market for the purposes of allocating FTRs and assigning the costs of congestion and losses.	<p>GFA stakeholder group formed to address issues. Group held meetings on: November 24, 2003, December 17, 2003, January 21, 2004, January 28, 2004, and February 3-4, 2004.</p> <p>February 3, 2004: Discussed GFA treatment and relationship to FTR nomination and allocation methodology at joint meeting of MSC and GFA stakeholder group.</p>	MPTF will review Business Practices Manuals language.	McNamara / Doying	MSC (FTRs) MPTF OMS

#	Issue	Description Summary	Key Stakeholder Dates	Current Status / Remaining Work	MISO Owners	Task Force or Work Group
7	MISO / Control Area Roles & Responsibilities	FERC guidance in ER03-1118 relayed the high importance of the MISO's various undertakings that address reliable operations under a centralized bid-based dispatch market over the entire MISO footprint.	<p>CAWG has held numerous meetings to discuss roles and responsibilities of MISO and CA operators, and to discuss the development of the Reliability Charter.</p> <p>October 15, 2004: David Zwergel reported to the Advisory Committee on efforts to clarify the roles and responsibilities between Control Areas and RTOs to ensure reliability and determine how to perform each function.</p> <p>December 2, 2003: Discussion at CAWG of reliability functional map. Also discussed TO effort to map NERC reliability functional model to MISO operations.</p> <p>December 16-17, 2003: Continued discussion at CAWG of reliability function mapping and control area responsibilities. Also discussed issues related to reserve sharing arrangements.</p> <p>January 8-9, 2004: Continued discussion at CAWG of reliability function mapping, control area responsibilities, and reserve sharing implementation.</p> <p>January 21-22, 2004: Discussion at CAWG of Reliability Charter. Also discussed BPM for Coordinated Reliability Dispatch and Control. Also continued discussion of reliability function mapping.</p> <p>January 28, 2004: Discussion at CAWG of NERC functional model.</p> <p>February 19, 2004: Presentation and discussion at MSC of BPM for Coordinated Reliability, Dispatch, and Control. BPM subsequently presented to the Reliability Subcommittee.</p> <p>February 26-27, 2004: Discussion of Tariff Module C at CAWG. Continued discussion of NERC functional model.</p> <p>March 9, 2004: Conference call to gather comments on Module C. Stakeholder input taken as redlines to draft document for inclusion in future version.</p>	CAWG efforts ongoing.	Gardner	CAWG MPTF
8	Resource Adequacy & Interrelationship of Market	Means of assuring resource adequacy in Midwest ISO footprint and inter-	November 20, 2003: Presentation and discussion of MISO staff proposal for interim resource adequacy mechanism. A motion was made to send the issues discussed in the Resource Adequacy presentation to the Reliability Subcommittee. The motion failed.	SAWG/OMS RAWG efforts ongoing	Doying	MSC SAWG RSC OMS RAWG

#	Issue	Description Summary	Key Stakeholder Dates	Current Status / Remaining Work	MISO Owners	Task Force or Work Group
	Design Elements	relationship of market design Features related to must-offer requirements, bid-caps and scarcity pricing.	<p>December 3, 2004: Continued discussion of MISO staff proposal, updated to reflect input at previous MSC meeting.</p> <p>December 10, 2003: Discussion of resource adequacy issues at AC meeting. Staff was requested to prepare a white paper for distribution to the AC and MSC for further consideration by the MSC.</p> <p>December 18, 2003: Presentation and discussion at MSC of white paper on resource adequacy.</p> <p>January 6, 2004: Presentation and discussion of Network Resource deliverability analysis. Also, continued discussion of white paper, updated to reflect input at previous MSC meeting. Motion made that “stakeholders do not support” staff proposal and requesting reactivation of the SAWG. Motion instructed SAWG to work with OMS and either develop an alternative plan for inclusion in the March 31, 2004 EMT or a work plan outlining how such an alternative plan will be developed. Motion passed 20 for to 9 against.</p> <p>January 14, 2004: During the Advisory Committee meeting, MISO staff reports that MISO believes it has an obligation to include a resource adequacy provision in the tariff and would welcome a proposal from the SAWG. The staff resource adequacy white paper was posted with the Advisory Committee meeting materials.</p> <p>January 20, 2004: MSC elected chair of reactivated SAWG.</p> <p>Joint meetings of the SAWG and OMS RAWG were held on: February 9, 2004; February 17, 2004; February 26, 2004; March 1, 2004; March 15, 2004 and March 26, 2004.</p> <p>March 15, 2004: Work plan for further development of permanent resource adequacy plan prepared by SAWG/OMS RAWG for inclusion in the March 31, 2004 EMT filing package.</p> <p>March 18, 2004: Presentation and discussion at MSC of SAWG/OMS RAWG work plan.</p>			

#	Issue	Description Summary	Key Stakeholder Dates	Current Status / Remaining Work	MISO Owners	Task Force or Work Group
9	Emergency Energy Purchases	Methodology for Midwest ISO to make emergency purchases from external suppliers and to settle cost among Market Participants.	<p>January 6, 2004: Presentation and discussion at MSC of staff proposal for emergency energy purchase authority. Stakeholders requested white paper to further develop details of proposal.</p> <p>January 20, 2004: Presentation and discussion at MSC of emergency energy purchases white paper.</p> <p>February 3, 2004: Discussion at MSC of cost allocation issues related to emergency energy purchases. Motion made to allocate cost to Energy Deficient Entity or Entities. Motion passed 17 for to 4 against.</p> <p>Potential Energy Market Tariff language discussed with stakeholders at pre-filing conference on March 11, 2004.</p>	MPTF will review Business Practices Manual language.	Doying	MSC MPTF
10	Uninstructed Deviation Penalties	Treatment of real-time deviations from dispatch instruction.	<p>January 15, 2004: Discussion at MPTF of prior stakeholder action related to uninstructed deviations. Subsequent review by MISO staff determined provisions in July 25, 2003 Tariff were not consistent with motion passed by stakeholders in mid-2003. Tariff language updated to reflect stakeholder approved treatment.</p>	MPTF will review Business Practices Manual language.	Robinson	MPTF
11	Seams Agreements/JOA Update	JOA and seams arrangements and potential market related implications, such as compensation for redispatch in adjacent systems.	<p>July 2003: PJM and the Midwest ISO began JOA negotiations. PJM and the Midwest ISO continued to work on the Congestion Management Seams White Paper.</p> <p>August 5, 2003: Midwest ISO provided a draft JOA to stakeholders for comment.</p> <p>October 15, 2003: Mr. Torgerson reported to the Advisory Committee that PJM and MISO had reached an agreement on the JOA, however, due to the blackout, the JOA was put on hold. MISO and PJM indicated they would go forward without the DOE report and plan to finalize the JOA in December 2003</p> <p>December 10, 2003: Mr. Torgerson reported to the Advisory Committee that MISO and PJM had a tentative agreement on the JOA and unresolved issues included the status of AEP with regard to Flowgate coordination, lack of "PJM Classic" Flowgates in Phase 1 coordination, and the need for more details on Phase 2 implementation.</p> <p>December 31, 2003: The JOA was executed and filed with FERC.</p>	MISO efforts to develop and implement seams arrangements ongoing.	Troxell / Schug	AC MSC

#	Issue	Description Summary	Key Stakeholder Dates	Current Status / Remaining Work	MISO Owners	Task Force or Work Group
			Ongoing: Midwest ISO meeting with other areas (AEP, SPP, IMO, TVA) in order to develop seams agreements with these parties. Concerted effort currently underway in MAPP to address seams issues in the western portion of the MISO footprint.			
12	FTR Annual Auction	Process for conducting annual auction of FTRs	November 6, 2003: Presentation and discussion at MSC of the FTR annual auction and the process for obtaining FTRs in conjunction with new Transmission Service Requests.	MPTF will review Business Practices Manual language.	Gribik	MPTF
13	Reliability Must Run Units	Reliability Must Run units were not proposed in the July 25, 2003 Tariff.	December 4, 2003: Discussion at MPTF of Reliability Must Run units. MISO staff stated that this element would not be included in the Day 2 Market Design. Rather, MISO proposed the use of System Support Resources (SSRs) as a variant of RMR units to reliably operate the grid. (See SSR, Issue # 4 above.) January 6, 2004: Brief discussion at MSC of RMR issue. MISO staff indicated that RMR related issues were addressed in SSR proposal and that no further develop of RMRs was planned.	No additional work.	Robinson / Doying	MSC MPTF
14	Offer Revenue Sufficiency Guarantee	Generators committed by the Midwest ISO receive revenues at least equal to offer. Costs allocated to other Market Participants.	December 4, 2003: Discussion at MPTF of RSG issue -- applicability to generators and allocation of costs. February 3, 2004: Overview presentation and discussion at MSC of RSG issues. February 19, 2004: Presentation and discussion at MSC of RSG details. Stakeholder concern expressed concerning potential overlap between RSG cost allocation and uninstructed deviation penalties for generation resources.	MPTF will review Business Practices Manual language.	Clarke / Doying	MSC MPTF
15	Transmission / Generator Outage Scheduling	Process for outage scheduling and resolution of any related compensation issues.	This issue is closely related to the ongoing discussions in Issue #7 above.	Ongoing efforts of the Control Area Work Group and the Reliability Subcommittee	Gardner	CAWG RSC MPTF
16	Demand Response Resources (DRR)	Treatment of DRRs for commitment, dispatch and settlement in the Day Ahead and Real Time markets.	Discussion of DRRs at DRTF over several meetings on: October 15, 2003, November 18, 2003, December 17, 2003, January 13, 2004, February 2, 2004, and March 1, 2004. January 20, 2004: Presentation and discussion at MSC of DRR functionality and settlement. Stakeholders requested additional settlement examples. March 2, 2004: Presentation and discussion of additional examples of DRR settlement in Day Ahead and Real Time.	MPTF will review Business Practices Manual language.	Robinson	MSC MPTF

#	Issue	Description Summary	Key Stakeholder Dates	Current Status / Remaining Work	MISO Owners	Task Force or Work Group
17	Definitions Cleanup	Revisions to several defined terms have been suggested.	January 15, 2004: Definitions reviewed by MPTF. Group determined that several of the definitions would be changed back to those originally filed with FERC with July 25, 2003 EMT.	No additional work.	Volpe	MPTF
18	Reliability Assessment Commitment (RAC)	Additional clarity was requested regarding: 1) the type of penalties, if any, that would apply for resources that do not offer into the RAC; and 2) the recovery of RAC costs.	Cost allocation issues addressed under Offer Revenue Sufficiency Guarantee, Issue # 14 above.	BPM language will be presented to the MPTF. Module D provisions were modified to specify that physical withholding penalty does not apply to the RAC process.	Robinson	MSC MPTF
19	State Commission Access to Market Data	Circumstances under which confidential data may be made available to state commissions.	January 20, 2004: Presentation and discussion of proposed language for inclusion in March 31, 2004, EMT related to state access to data.	No additional work expected.	Ramey	MSC MPTF
20	Dispatch Instructions	Dispatch Protocols and relationship to reliability, uninstructed deviation penalties and financial liability.	Closely related to the ongoing discussions in Issue #7 above.	MPTF will review Business Practices Manuals language.	Gardner	CAWG RSC MSC MPTF
21	Security Constrained Unit Commitment (SCUC)	Details of unit commitment and startup process.	See Issues #14 and #18 above.	BPM language will be presented to the MPTF.	Robinson	MSC MPTF
22	Day-Ahead Load Forecasting	Details of the timing for control area operators (CAO) to submit load forecasts and the interface of the CAO with LSEs to obtain their	Closely related to the ongoing discussions in Issue #7 above. Will primarily be addressed through the development of the separation of functions and responsibilities by the Midwest ISO and its stakeholders.	MPTF will review Business Practices Manuals language.	Gardner	CAWG MPTF

#	Issue	Description Summary	Key Stakeholder Dates	Current Status / Remaining Work	MISO Owners	Task Force or Work Group
		individual forecasts.				
23	Clarifications issues	Areas of the Protocols that required further detail and clarification.	December 4, 2003, and January 15, 2004: Discussion at MPTF related to the following list of issues identified as needing additional clarification. Proxy Bus Definitions External Dispatchable Generation Offer Revenue Sufficiency Guarantee Generation Resource Aggregation Self-Scheduled Resource Scheduling of Operating Reserves Resource Base Point Definition Next-Hour Market Service Self-Provided Load Following Intermittent Resources Not Dispatchable Block Load Units Transmission Service Penalty Provisions Day-Ahead/Real-Time Offer Linkage Ability to Operate with Virtual Transactions Settlements using approved estimates Surplus/Shortage conditions Day-Ahead Market Deadline LSE Scheduling Flexibility Nodal vs. Zonal Pricing	Stakeholder review of definitions in Module A to EMT. MPTF will review Business Practices Manuals language.	Robinson	MPTF
24	Losses at 69kv	Does MISO have the legal authority to charge for transmission losses that occur over non-transferred facilities owned and operated at 69kv or lower?		Under the Transmission Owners Agreement Appendix E, the Midwest ISO has the authority to implement and administer the tariff over non-transferred (lower than 100kv) transmission facilities.	Volpe	NA
25	Residual load and financial effects (negative) that result from	The current policy may encourage MPs to under-estimate residual load. No interest/penalty	March 4, 2004: Issue identified by MPTF.	Market Settlements Task Force assigned responsibility to evaluate issue and bring proposal for resolution	Don Blackburn	MSTF MSC MPTF

#	Issue	Description Summary	Key Stakeholder Dates	Current Status / Remaining Work	MISO Owners	Task Force or Work Group
	under estimation of load	results from errors.		to MSC.		