

# Transmission Organizations in the Midwest

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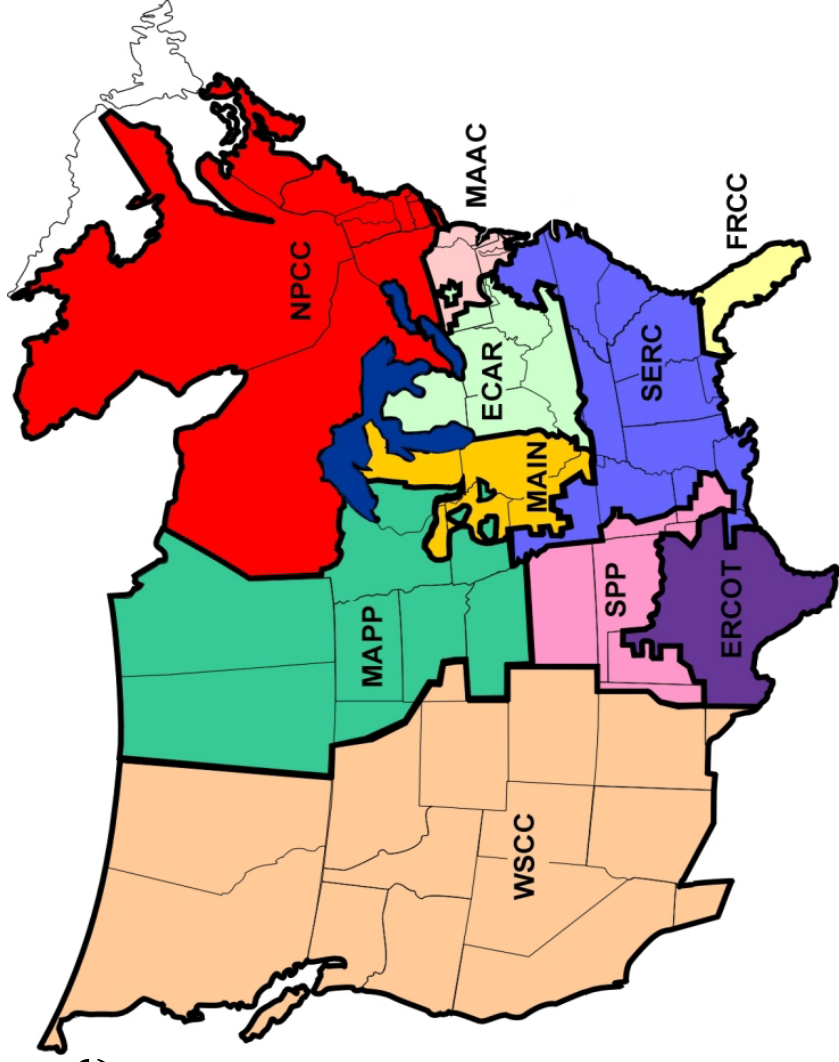
Council of European Energy Regulators

6-7 December 2001

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# The Midwest Electric Market

- Geographically large
- Economically diverse
- Few natural electrical boundaries
- Transnational area
- ECAR, MAIN, MAPP, SPP



# Many Kinds of Utilities

- Investor-owned
- Rural Cooperatives
- Municipals – Lansing, Omaha
- State – Nebraska Public Power District
- Federal – Western Area Power Authority
- Provincial – Manitoba Hydro
- Independent Transmission Companies
- Restructured
- Vertically integrated

# FERC Guidance

- Order 888 (1996)
  - Open transmission access
  - Independent system operator
- Order 2000 (1999)
  - Regional transmission organizations
  - Operational by 15 December 2001

# RTO Characteristics and Functions

## 4 Characteristics

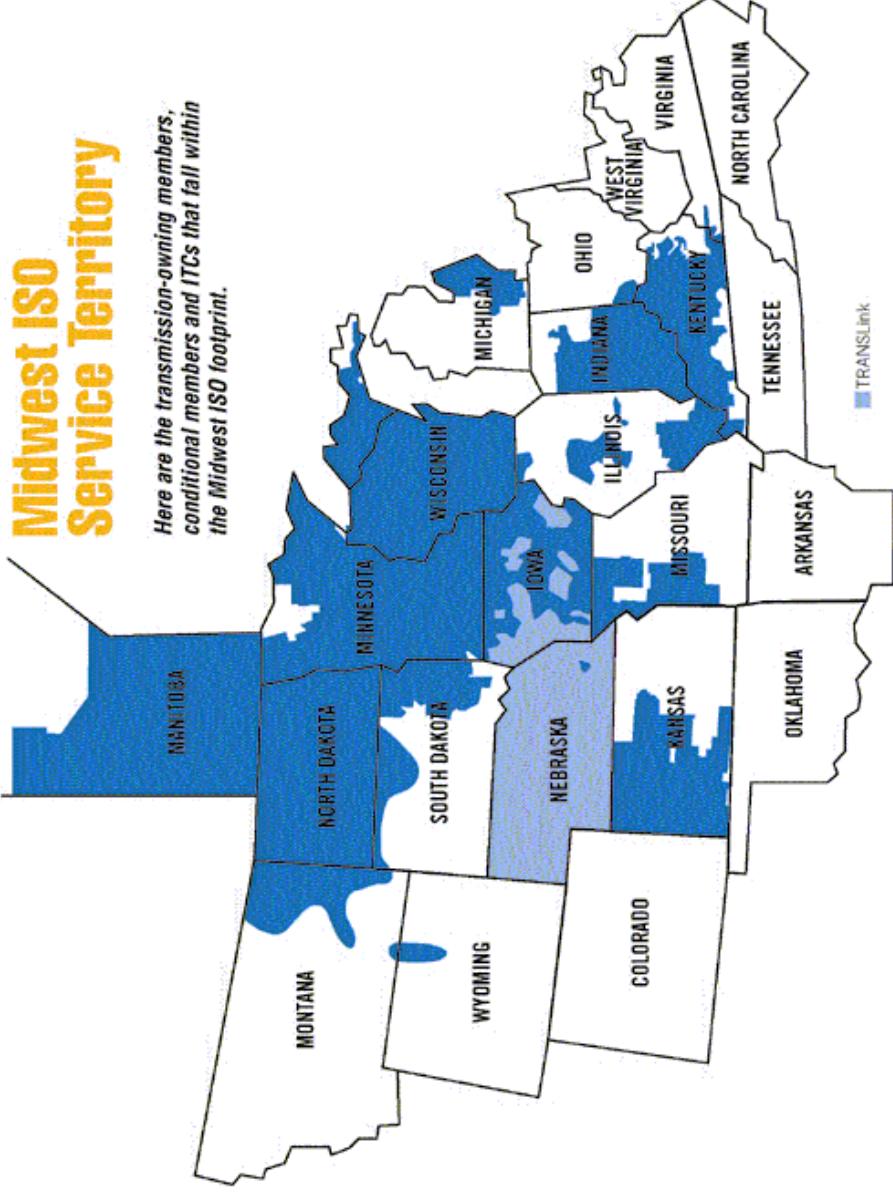
- Independence
- Scope and configuration
- Operational authority
- Short-term reliability

## 8 Functions

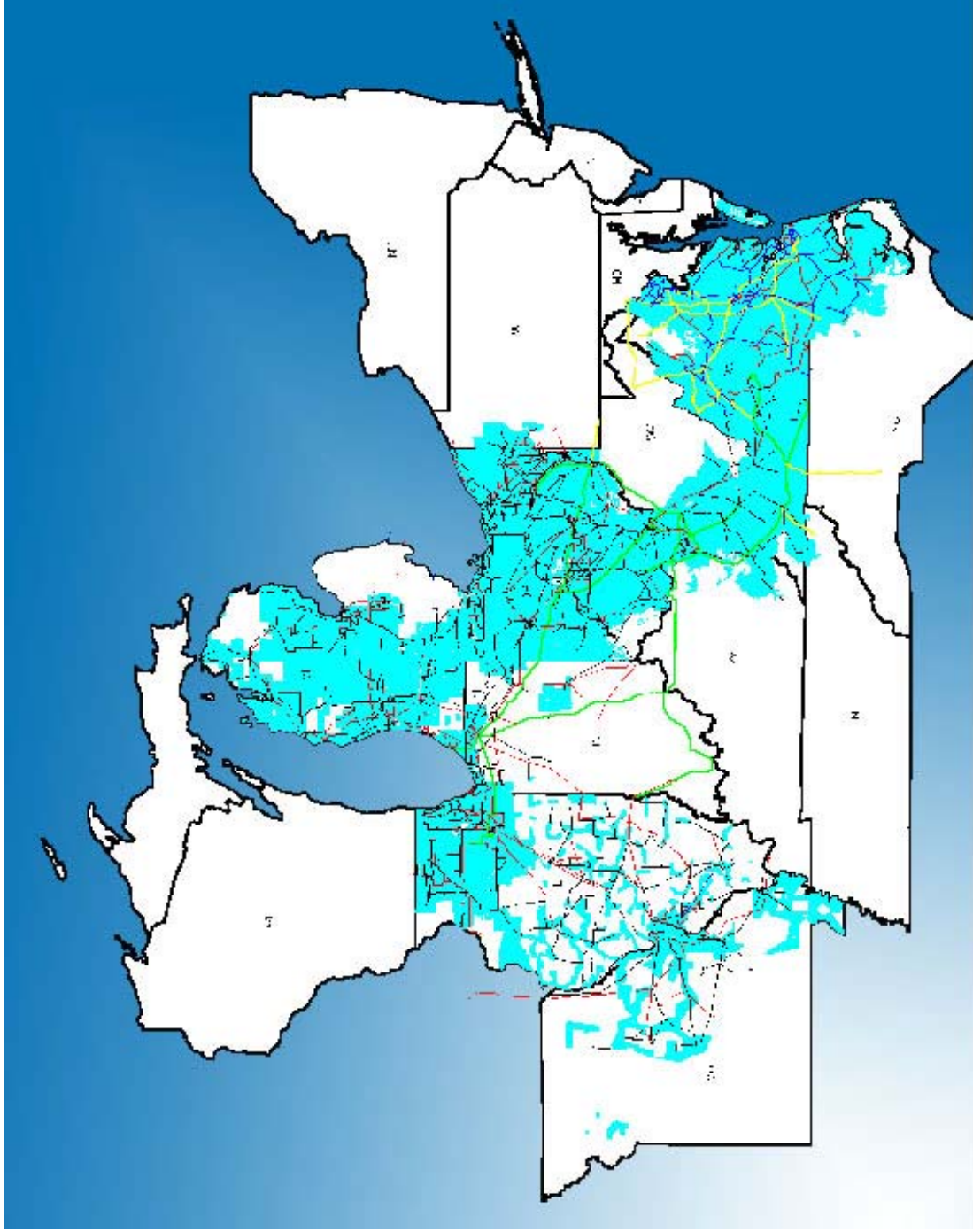
- Tariff administration
- Congestion management
- Parallel path flows
- Ancillary services
- OASIS
- Market Monitoring
- Planning and expansion
- Interregional coordination

# Two Regional Transmission Organizations

- Midwest Independent System Operator



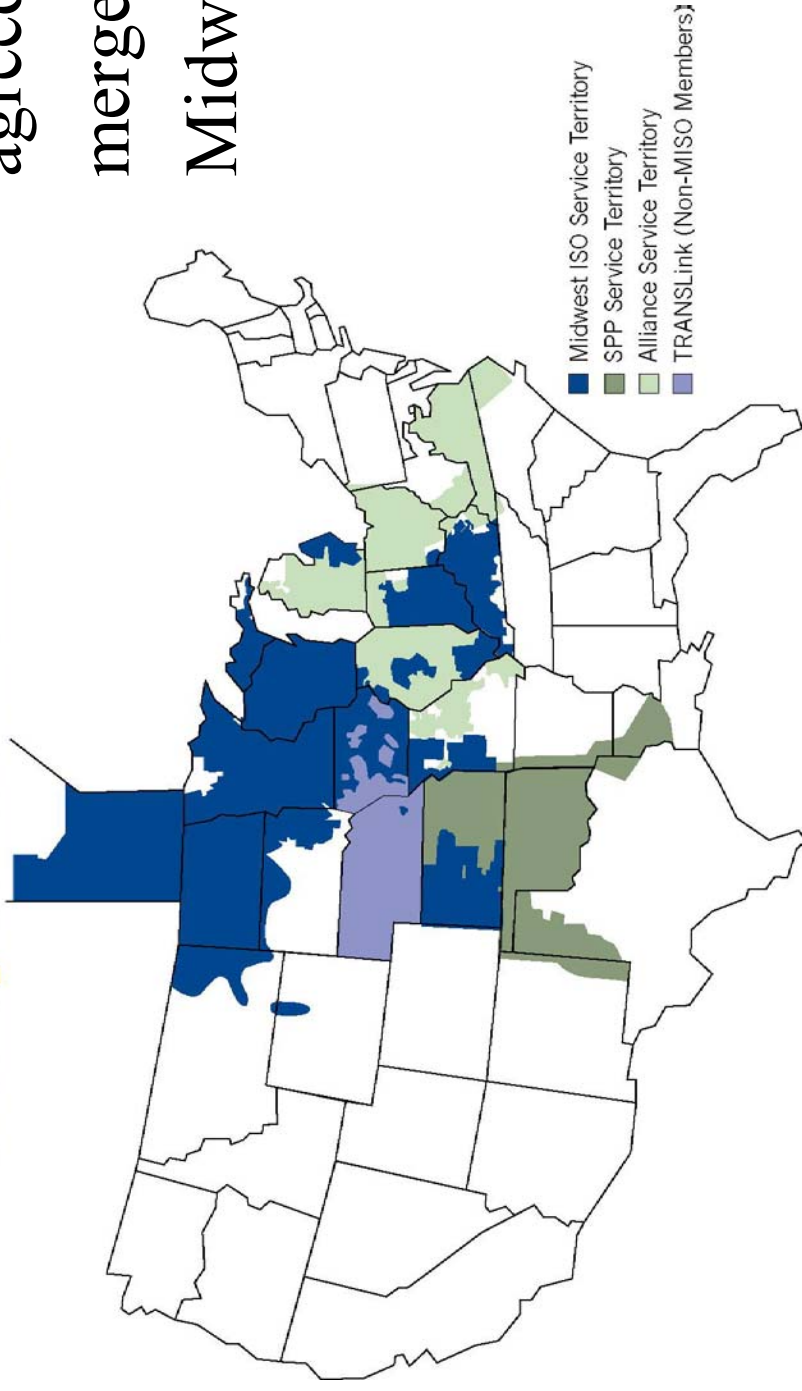
# Alliance RTO



# Southwest Power Pool

## Midwest ISO Service Territory and Adjacent Control Areas

SPP has  
agreed to  
merger with  
Midwest ISO





# [Issues][Hurdles] in Designing Midwest Wholesale Electricity Market

- FERC's principle of voluntary association
- Membership changes
- Irregular geographic coverage
- “Seams” problems for transactions crossing RTO border
- No pre-existing tight pool

# Inter-RTO Coordination Agreement

- Super-regional rate
- Coordinated transmission planning
- Coordinated security operations
- Determination and coordination of available transfer capability (ATC)
- Independent market monitoring
- Compatible balancing markets, generation interconnection standards, congestion management, and business practices

# Implementation

- Different speeds
- MISO:
  - Control center completed and tested
  - Prepared to begin operations 15 December 2001
  - MISO OASIS live on 27 November
  - FERC approval could come as soon as 19 December
- Alliance RTO:
  - National Grid Company's proposal to act as managing partner pending before FERC
  - Awaiting FERC approval

# MISO RTO Readiness

- The MISO can perform the functions identified by FERC for a non-profit RTO
  - Security Coordination
  - Market Monitoring
  - ATC Calculation
  - Market Administration
  - Tariff Administration
- Plus all the other functions of an RTO

# Recent FERC Discussion

- Desire for one market design
  - Business rules
  - Congestion management
  - One-stop shopping
- Role for independent transmission companies
- Proposal for regional councils to work with states
- Commissioner Brownell: “Let facts dictate” how many RTOs in the country