

# UPPER MIDWEST TRANSMISSION DEVELOPMENT INITIATIVE

## Staff Request for Stakeholder Information August 6, 2009

### **STAKEHOLDER RESPONSES MUST BE EMAILED BY CLOSE OF BUSINESS ON AUGUST 28, 2009**

Please make all replies to:

[randel.pilo@psc.state.wi.us](mailto:randel.pilo@psc.state.wi.us), [marya.white@state.mn.us](mailto:marya.white@state.mn.us), [jeff.kaman@iowa.gov](mailto:jeff.kaman@iowa.gov),  
[greg.rislov@state.sd.us](mailto:greg.rislov@state.sd.us), [jlein@nd.gov](mailto:jlein@nd.gov)

UMTDI Staff has prepared a series of questions (attached) to solicit Stakeholder input and suggestions that would be gathered and used to inform and assist the Staff with providing information to the UMTDI Executive Team.

In order to receive a fairly consistent “body” of responses overall, the Staff requests that:

- In addition to giving your opinion, it is important to go further to provide your productive suggestions for changes that, in your view, would benefit the topic of the question.
- Please respond to all questions in the survey. (Unanswered questions or questions using a different format may negate the value of your response or make it less useable in comparing to the remainder of the responses.)
- Please use the electronic file (Word document) form and email it back to the senders of this email.
- Please provide your Company/Organization name, a contact name, and the stakeholder group to which you would belong (using the list below). Staff intends to use this information to ensure that all pertinent stakeholder groups are represented in the responses received.

Transmission Owner	Cooperative Wholesale G&T
Public Consumer Advocate	Retail Cooperative Association
State Regulatory Authority	Municipal Wholesale G&T
Environmental-Other Advocate	Municipal Utility
Marketer	Other Transmission Dependent Utility
Independent Power Producer	Eligible End-use Customer
Exempt Wholesale Generator	Other (please specify)

- *Again, please remember that Staff must receive all emailed responses **BY CLOSE OF BUSINESS ON AUGUST 28, 2009.***

# UPPER MIDWEST TRANSMISSION DEVELOPMENT INITIATIVE

## Staff Request for Stakeholder Information

August 6, 2009

**Company/Organization Name: Basin Electric Power Cooperative**

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**Contact Email Address: dklempel@bepc.com**

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**Stakeholder Group: Cooperative Wholesale G&T**

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(1) Do the present RECB and generator interconnection cost allocation mechanisms adequately and equitably allocate the costs of new transmission facilities constructed to collect and deliver the prime wind-energy resource areas of the five UMTDI States? YES NO

Please provide reasons and examples to support your answer (use as many lines as needed):

*No. The Midwest ISO RECB and generator interconnection cost allocation mechanisms are undergoing extensive discussions aimed at correcting the inequitable allocation of costs that the original methodologies caused. In its April comments on cost allocation principles, Basin Electric commented on the inequities of the Midwest ISO mechanisms. The Midwest ISO has proposed an "interim" methodology to remedy these inequities, but a long-term solution has not been developed. As the Midwest ISO stated in its Motion for Leave to Answer and Answer under FERC Docket No. ER09-1431-000 which was filed on August 26, 2009, the RECB rules "have the potential to severely misallocate transmission upgrade costs for generator interconnections wherever there are a significant volume of interconnections relative to load." Basin Electric supports a region-wide postage stamp transmission rate. However, such a costing mechanism cannot be partially applied; in the absence of complete conversion to a single postage stamp rate for all networked transmission facilities being used to provide market benefits throughout the Midwest ISO and other markets, cost allocation will continue to be the Gordian knot of transmission expansion. The best alternatives are to assign costs to those who cause the costs or propose transmission projects and solicit support from subscribers who perceive adequate benefit to pay for a project.*

(2) Should UMTDI investigate a cost allocation method to fund transmission construction adequate to fulfill the RES/RPS requirements of just the five UMTDI States?

YES      NO

Please provide reasons and examples to support your answer (use as many lines as needed):

*No. Satisfaction of RES/RPS requirements needs to include both the development of resources and the delivery of the energy from those resources to load. The resource developer should consider costs of transmission in its determination of where to locate resources. Removal of the energy transportation cost from a resource developer's consideration when choosing potential sites will profit developers and penalize consumers.*

(3) If your answer to No. 2 was NO, what justifications and methods would you provide to States outside of the UMTDI footprint to convince them to pay for a portion of any new transmission costs required to deliver energy to those States outside of the five-State footprint?

Please provide reasons and examples to support your answer (use as many lines as needed):

*If States outside of the UMTDI footprint depend upon resources within the UMTDI footprint for renewable resource energy they should support the transmission required for delivery of that energy. In the absence of such need, there is no equitably logical reason to expect such support.*

(4) When allocating costs, should Generators pay for a portion of any new transmission construction required to collect, interconnect, or upgrade transmission facilities to deliver renewable energy from the Generator's facilities to load? YES NO

Please provide reasons and examples to support your answer (use as many lines as needed):

*Yes. Generators should expect to pay for the facilities required to collect and interconnect. Transmission costs for facilities that are constructed in order to satisfy RES/RPS requirements of the load should be allocated to the loads that obtain their energy from those resources.*

(5) When allocating costs, should Transmission Owners pay for a portion of any new transmission construction required to collect, interconnect, or upgrade transmission facilities to deliver renewable energy from a Generator's facilities to load? YES NO

Please provide reasons and examples to support your answer (use as many lines as needed):

*Allocating costs to a Transmission Owner simply because such ownership exists is not appropriate. Transmission constructed to collect and interconnect a Generator's facilities to the transmission grid does not provide either direct or indirect benefit to the Transmission Owner nor do the loads served by that Transmission Owner benefit unless these resources are being delivered to those loads.*

(6) When allocating costs, should Load-Serving Entities (Retail Utilities) in the wind collection area, LODF footprint, or RPS load footprint pay for a portion of any new transmission construction required to collect, interconnect, or upgrade transmission facilities to deliver renewable energy from a Generator's facilities to load? If so, in what proportion?

YES NO

Please provide reasons and examples to support your answer (use as many lines as needed):

*No. Load-Serving Entities in the wind collection area should not be required to pay for any new construction required to collect or interconnect, or upgrade transmission facilities to deliver renewable energy from a Generator's facilities to load in another area. Load-Serving Entities in the RPS load footprint will pay for new transmission construction required to collect or interconnect facilities to produce renewable energy from a Generator's facilities because those costs should be included as part of the Generator's supply costs. The "LODF footprint" is not useful as a cost allocator because it skews costs to the Transmission Owner that has already provided the greatest amount of transmission benefit.*

(7) When allocating costs, should the stockholders/owners of a Load-Serving Entity (Retail Utility) pay, or a transmission owner forgo incentives in some fashion, for a portion of any new transmission construction required to collect, interconnect, or upgrade transmission facilities to deliver renewable energy from a Generator's facilities to load? YES NO

Please provide reasons and examples to support your answer (use as many lines as needed):

*No Comment.*

(8) When allocating costs, should energy consumers in the wind collection area, LODF footprint, or RPS load footprint pay for a portion of any new transmission construction required to collect, interconnect, or upgrade transmission facilities to deliver renewable energy from a Generator's facilities to load? Should this be above and beyond any renewable energy credit (REC) payment they might pay to the generator? YES NO

Please provide reasons and examples to support your answer (use as many lines as needed):

*No, energy consumers in the wind collection area should not be required to pay for any additional costs because those costs should already be included in the Generator's supply costs.*

(9) When allocating costs, should any other Parties/Entities pay for a portion of any new transmission construction required to collect, interconnect, or upgrade transmission facilities to deliver renewable energy from a Generator's facilities to load?

YES NO

Please provide reasons and examples to support your answer (use as many lines as needed):

*No.*

(10) From an end-use customer's perspective, what do you believe is a reasonable incremental cost for transmission facilities resulting from the UMTDI effort? Please attempt to quantify your answer on a per MWH, percentage, or other basis.

(use as many lines as needed):

*No Comment.*

(11) Should the initial set of interconnecting generators to a newly constructed transmission line be the only generators charged a portion of the costs of the new transmission line that is required for UMTDI projects?

YES NO

Please provide reasons and examples to support your answer (use as many lines as needed):

*No. Because transmission is a "lumpy" investment, it would be appropriate to use a window within which all generators would provide support for the costs of new transmission facilities (possibly five years). Alternatively, an appropriate rate mechanism could be for Generators to pay 50 percent of the transmission upgrade costs based on nameplate MW rating and loads in the delivery area pay the other 50 percent of the transmission upgrade costs. This would share the transmission costs between generators and loads equally. Facilities costs for collection and interconnection should remain the responsibility of the Generators.*

END