

Upper Midwest Transmission Development Initiative

Cost Allocation Work Group **Chair, Eric Callisto, PSCW Chairman**

Study Groups and Timeline
2/25/09

Study Groups

Principles Study Group – Develop cost allocation principles as primary deliverable for the Cost Allocation Work Group by April 3, 2009. Study Group ceases upon completion of Principles. State staff leads: Randel Pilo (Wis.), Marya White (Minn.), & Jeff Kaman (Iowa).

Tariff Design Study Group – Review existing and new cost allocation concepts and practices and broadly assess their applicability to the UMTDI states; develop appropriate metrics for assessing benefits of transmission investment that support renewable energy; and develop 2-3 conceptual tariff designs. Report is due to Chairperson around June 1, 2009 after Principles have been established by the Governors. Final design sent to Chairperson around September 1, 2009.

Legal Framework Study Group – State, regional, and federal legal analysis to assess legal and statutory barriers and needs relevant to a UMTDI cost sharing agreement

Proposed Timeline

March 2009— UMTDI staff draft cost allocation principles with Executive Committee input and then distribute to UMTDI stakeholders for written comment. Principles Study Group uses one to two written comment iterations with UMTDI stakeholders. Principles Study Group submits last draft proposal to UMTDI Executive Committee for consideration.

The other 2 study Groups begin analysis based upon assignments made by UMTDI staff leaders of Study Groups, and using the initial staff draft cost allocation principles as a marker for the final principles. For instance, the Tariff Design Study Group compares and contrasts draft Principles with current RECB structure. This study group also

explores other cost allocation designs used elsewhere as well as any others, as appropriate given draft Principles. Tariff Design Study Group must also provide an analysis of generally accepted measurements of benefits, including a review of alternate benefits' measurement and the potential for use by UMTDI. For the Legal Framework Study Group, it begins its analysis of state, regional, and federal legal issues or statutory barriers and needs relevant to development of a UMTDI cost sharing agreement

April 2009 – Further refinement and adoption of cost allocation principles by UMTDI Executive Committee. Product forwarded to Governors. Final Principles version submitted to Governors around Friday, April 3, 2009.

Tariff Design Study Group conforms its work with Principles adopted by the Governors. Legal Framework Study Group continues its analysis. Possible full meeting of Cost Allocation Work Group.

May 2009 – Legal Framework Study Group presents findings to UMTDI Executive Committee. Tariff Design Study Group presents analysis to UMTDI Executive Committee of possible range of metrics. Possible full meeting of Tariff Design Study Group to assign tariff drafting responsibility and to assess progress of Transmission Planning Work Group.

June 2009 – Progress meeting of Cost Allocation Work Group.

July 2009 – Draft conceptual tariffs/proposed cost allocation methods to Executive Committee for consideration.

August 2009 – Progress meeting of Cost Allocation Work Group. Identify cost allocation impact of each scenario adopted by the Transmission Planning Work Group as well as impact of each scenario on each state under draft tariffs.

September 2009 – Modify conceptual tariffs/cost allocation methods as appropriate based upon status of final candidate projects.

October 2009 – UMTDI Executive Committee reports 2-3 conceptual tariffs/cost allocation methods and related information to Governors.