

# 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: MidAmerican Energy Company**

**Contact Email**

**Address: tcmielnik@midamerican.com**

**Stakeholder Group: transmission owner**

(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):

The present MISO cost allocation mechanisms leave certain transmission customers located in areas with high potential for wind development and small loads at risk for bearing an inordinately high share of new transmission costs necessary to support large levels of new wind generation. This is even truer if the wind generation is built to deliver renewable energy to areas of the country with low wind resources. A new cost allocation mechanism is needed to support the interregional extra high voltage (transmission overlay) that will likely be needed to collect and deliver large amounts of renewable generation to areas in the country with low wind resources.

Otter Tail Power Company is an example of this problem and their plight was one of the primary drivers behind the effort to revamp the MISO cost allocation mechanism for generator interconnection projects.

The current RECB cost allocation mechanism adequately allocates costs for baseline reliability projects and regionally beneficial projects. However, since not all of the transmission owners in the five-state UMTDI area are part of the Midwest ISO, cost-sharing provisions are inconsistent between those inside the Midwest ISO and those outside.

(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):

UMTDI should investigate new transmission cost allocation methods associated with interregional extra high voltage transmission necessary to deliver wind generation from areas with high wind resources to areas with low wind resources. Interregional transmission costs should be heavily allocated to those parties benefiting from the new transmission facilities. For instance, if those benefitting within the region are wind developers who plan to deliver to other regions in need of those resources, then costs should be allocated to those stakeholders, not just to customers within the local region.

Furthermore, the UMTDI effort should be expanded to include neighboring states to the UMTDI states such as Missouri, Illinois, Indiana and Ohio because of their proximity and large number of direct transmission interconnections to transmission systems in the five UMTDI states.

(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):

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(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):

As stated above, Interregional transmission costs associated with moving wind generation to areas with low wind resources should be heavily allocated to those parties benefiting from the new transmission facilities.

(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):

Yes, but only in cases where the new transmission facilities enhance the performance of the host Transmission Owner's system and are shown to mitigate known reliability problems. The local transmission customer should not have to pay for all of the costs associated with transmission facilities that move wind generation long distances to areas where wind resources are low.

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):

Interregional transmission costs associated with moving wind generation to areas with low wind resources should be heavily allocated to those parties benefiting from the new transmission facilities.

(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. Because of the lack of transmission currently being built, reasonable returns are required to incent transmission investment. Reducing investor returns serves as a disincentive for transmission investment.

(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):

Customers in high wind generation areas should not be heavily burden with the costs for interregional transmission facilities required to move renewable energy long distances to areas with low wind resources.

(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):

Those benefiting from the new transmission facilities should be responsible for the costs.

(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):

It is difficult to develop a reasonable target cost per MWH for transmission facilities associated with the UMTDI effort. Studies should be completed that compare the cost of transmission to deliver renewable energy located at points distant from load centers to the cost of renewable energy located closer to load centers but where wind speeds are relatively low.

(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):

An allocation system should be developed to apportion the costs of new transmission facilities required to move renewable energy from generation to load among the entities benefiting from the new facilities.

END