

# 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: Western Area Power Administration,  
Upper Great Plains Region (UGPR)**

**Contact Email Address: lloyd@wapa.gov**

**Stakeholder Group: Transmission Owner (Federal Government)**

(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 (MISO) RECB and generator interconnection cost allocation does not provide for appropriate cost allocations. The current RECB and generator interconnection cost allocation method could misallocate a significant portion of the cost to a local area where the interconnection requests significantly exceed the load. MISO recognizes this and is in the process of revising this allocation method. An interim solution has been proposed by MISO and filed with FERC (FERC Docket No ER09-1431-000).*

(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. Not all States have the capability to meet their RES/RPS needs from resources within their State and will need to look at resources in States that have over abundant supply of renewable resources. The State seeking to import renewable energy for their RES/RPS need to bear the true cost of these resources, which includes not only the resource developers cost, but the cost to deliver the energy.*

(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 the States need to utilize renewable resources in other States, in order to meet their RES/RPS, they should expect to bear the cost of delivery. They cannot expect the rate payers in other States to subsidize the cost of them meeting their RES/RPS, by paying for the transmission needed to deliver the energy. If the support from resources in other States is not needed to meet a RES/RPS it would be hard to justify them paying for any transmission in another State.*

(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 pay for the facilities need to collect and interconnect the renewable resources to the grid.*

(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):

*No, unless the Transmission Owner has a mechanism to ensure that the loads receiving the delivery of renewable energy are paying their share of the transmission cost. As stated above, it is not appropriate for the rate payers of one Transmission Owner to subsidize the cost of load connected to another Transmission Owner to meet their RES/RPS requirement, by paying for the transmission system needed to deliver the renewable energy.*

(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. The cost of the collection and interconnection facilities should be covered by the generator. Retail Utilities in the wind collection area should not be expected to pay for transmission facilities needed to deliver the renewable energy to another area. The load in the RPS footprint should be paying for the transmission needed to deliver the renewable energy to its footprint. The use of a LODF footprint is inappropriate, since it bases the allocation on who has the most existing transmission in the area and not on who needs the new transmission.*

(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):

*The cost of the collection and interconnection facilities should be covered by the generator. The consumer receiving the energy from this generator will pay for the costs that the generator passes on in its rate. Also the cost of the transmission needed to deliver the renewable energy will be passed on to the energy consumer in the RPS footprint, by the LSE in the RPS footprint.*

(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):

*Since Western, UGPR, is not an end-use customer, we have 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. While initially the first interconnecting generator may bear the full cost, there should be a mechanism to allocation of the generator costs to other generators that connect at a later date.*

END