

MISO Advisory Committee Hot Topic
Cross Border Transmission Planning, Analysis and Participation
June 9, 2011

Response of the Organization of MISO States

- 1. Different RTOs have varying planning practices. Do variations in planning practices between neighboring regions present barriers that limit the effectiveness of inter-regional planning? To what degree would it be beneficial if neighboring RTOs to some degree adopted similar practices? Which areas of planning should be similar – at least to some degree – between RTOs (e.g., model years, planning assumptions/scenarios, planning cycle timeline?) What recommendations do you have for how the MISO should proceed to minimize variations in planning practices?**

The OMS generally supports the concept of efficient transmission planning, regardless of individual RTO boundaries. Done properly, interregional planning may lead to improved efficiency of the transmission grid, while minimizing expense and optimizing expansions. In order to achieve improved coordinated inter-regional planning, it will be necessary for the individual RTOs to adopt at least a minimum number of common planning practices, including standardization of data formats. Areas of planning practices could include commonly used planning analysis, steady state, voltage stability, dynamic stability, generation deliverability, etc. Where common practices cannot be developed, the RTOs should pursue a high level of coordination between planning regions. Absent generally applicable mandates, advancing commonality of planning processes between RTOs will depend on voluntary actions of RTOs in cooperation with their stakeholders. As discussed in more detail in Question 2, the MISO would have to balance the development of common planning practices with ensuring that needed granularity in the planning process is not lost.

- 2. Coordinated planning can be performed on a one-to-one basis or on a broader inter-regional basis. Should the inter-regional planning priority be on more effective coordination across multiple interconnected regions (E.g. SPP, MAPP, MISO, PJM) or should the focus be on specific seams issues between two adjacent regions?**

Ideally, all transmission planning efforts would focus on developing the most efficient electrical grid - regardless of RTO boundaries. Accordingly, the MISO should advocate for and participate in coordinated planning practices on a broad inter-regional basis, up to and including interconnection-wide planning. The scale at which to plan would be best if varied to suit the intended purpose. There is a difference between general planning for informational purposes and more specific transmission expansion planning.

The goal of planning for informational purposes is more to inform policy decisions or provide higher level overview of an issue (i.e., EIPC, EWITS). Performing such broad inter-regional or interconnection-wide planning to examine scenarios and produce corresponding optimized alternatives, provides information, insights and knowledge to participants. Such broad

planning does not necessarily lead directly to actionable transmission projects for which some transmission developers may be required to act on—nor should they.

Planning for purposes of determining a buildable expansion plan where projects are tested for their validity, reliability, and benefit to the electric grid should require a specific focus on where the impacts will be felt and identification of beneficiaries. Transmission facility project development is advanced through the individual transmission planning efforts of each RTO, assisted by involved stakeholders. No MISO project approval should require any transmission developer to expend efforts on any transmission project unless that transmission project has been vetted through MISO's transmission planning process (including meaningful stakeholder participation), approved by MISO's Board of Directors as a needed transmission project, and sited by the appropriate state regulatory agency.

In sum, while broad inter-regional and interconnection-wide transmission planning exercises can produce benefits of information and insight, ultimately transmission expansion projects must be studied and approved through individual RTO processes and state regulatory proceedings.

While it is beneficial to understand how multiple regions perform their individual planning efforts, and in some cases have coordination at a high level across multiple regions, a broader interregional planning effort can be too broad for more localized matters. Under certain situations, issues that may be significant to two neighboring regions may not be as significant to a more distant region, because they do not share the same concerns. For example, addressing the loop flow around Lake Erie is likely to be more significant to the MISO, PJM, Ontario and NYISO regions than it would to SPP, as SPP is not directly impacted by it. In this example, more one-to-one, seams issue-specific coordination efforts between adjacent, neighboring regions would provide more granularity in the planning effort – allowing more resources, time, attention to detail and awareness to be directed at planning among RTOs and stakeholders to solve a specific transmission planning issue.

The MISO should be sure to balance its efforts to improve planning practices with ensuring that needed granularity in the planning process is not lost. With an increase in planning region participation, comes increased differences in geographical, operational, planning and market issues that can complicate the planning process. When coordinating across multiple, diverse regions the comparison is more like apples to oranges. Trying to plan on broader more interregional basis, could diminish the ability to effectively focus on significant issues, model development, and an overall efficiency.

Improving the RTO-to-RTO coordination on seams-specific issues would allow development of accurate models that can reflect both systems, common future scenarios and assumptions into both regions' transmission planning efforts, allowing for cross border issues to be addressed on their own scale.

With respect to both inter-regional/interconnection-wide planning efforts and RTO-to-RTO planning, state authorities have an important role and can make important contributions. EISPC, CARP and the UMTDI are prime examples of the role that state leadership can play in transmission expansion planning. There are a variety of reasons why voluntary processes initiated by transmission organizations and state authorities are likely to produce better results

than a federally-imposed process. First, state commissions have the ultimate responsibility for retail electric rates and are therefore keenly aware of how the costs of transmission development will flow to ratepayers. Second, transmission planning must accommodate state choices with respect to generation portfolios and the complementary demand-side programs. Third, state authorities are better situated to identify and address transmission upgrades such that they do not harm or require excessive upgrades to existing facilities. Lastly, because state authorities are closer to those regulated, their decisions will be more legitimate to those affected most by new transmission facilities. State-level decision-making allows for more complete public information, participation, credibility and public acceptance.

- 3. MISO and many of our neighboring regions currently identify and address their internal transmission expansion needs based on criterion that is differentiated as to drivers such as reliability, market efficiency, and energy policy. Assuming that reliability issues are being adequately addressed via the common NERC reliability standards, should the priority of inter-regional planning analyses be on resolving issues impacting MISO and neighboring system market efficiency or on policy driven needs?**

Inter-regional planning focused on identifying and developing transmission projects that advance policy needs economically would be a good use of RTO resources.

- 4. The EIPC effort is a long-range planning effort that involves all of MISO neighboring regions and all other regions in the Eastern Interconnection. It has significant input from the States in developing the planning scenarios to be analyzed. How should the results be applied by the MISO and its stakeholders as they are produced?**

The EIPC and EISPC efforts should provide a useful set of long range, large scale, planning assumptions, scenarios, and conceptual transmission designs to span the Eastern Interconnection. The inputs (i.e., initial stakeholder decisions, modeling assumptions, and scenarios) gathered from the States and other stakeholders actively participating in the EIPC effort can provide additional knowledge related to identifying the hot topics or major issues at the forefront of future large-scale transmission initiatives. Where is there general stakeholder consensus on issues? What are the major issues viewed by the States based on EISPC scenarios (e.g., small modular nuclear future)? This can provide MISO with an additional look into what is important to stakeholders. The results from the EIPC effort should help inform policy makers about the feasibility and cost of different potential policy decisions.

On the other hand, although the EIPC effort may provide some valuable information, we understand that the ultimate three transmission build out cases will be a snapshot for a future year. The EIPC website states that "This work will build upon, rather than replace, the current local and regional transmission planning processes developed by the Planning Authorities and associated regional stakeholder groups within the entire Eastern Interconnection." Since the first EIPC study does not have a similar study period as the MTEP, it is difficult to see how an Eastern Interconnection plan can be usefully compared to a MISO MTEP to see if the larger scope of the EIPC plan results in a lower cost transmission plan in the MISO footprint. The

OMS encourages MISO to explain to its stakeholders, once the EIPC study is finished, what value (if any) the EIPC study may have to the MTEP process. One question to consider is whether there should be a future EIPC study with a more contemporaneous timeline that could be compared with MTEP, RTEP or other RTO transmission expansion plans.

5. MISO engages stakeholders in inter-regional planning efforts that we direct via stakeholder forums referred to as Inter-regional Planning Stakeholder Advisory Committees (IPSAC), or joint versions of these (JIPSAC), as prescribed in the JOAs and tariff. Do these forums provide adequate opportunity for stakeholder participation in inter-regional planning studies? What recommendations do you have to improve stakeholder participation if needed?

While the opportunity is there, the means to effectively participate in the stakeholder process is often wanting. Those entities with focused business interests in the outcomes of these forums find it to be in their interest to devote resources to participating. Those entities whose interest are diverse or for whom the effect of the outcomes of these forums is far distant in the future (for example, beyond an election cycle or longer than the term between now and the retirement of key employees), may not be able to devote the resources to these forums that they merit. For example, consumer advocates and public service commissions must severely ration their resources. Accordingly, it is not sufficient merely to provide the opportunity to participate in these forums. Efforts must be made to facilitate the participation of sector interests that would otherwise be under-represented. This facilitation might involve, for example, flexibility regarding meeting times or location or separate outreach initiatives by MISO.

6. For projects that are identified pursuant to inter-regional planning protocols, what process should be followed to pursue their implementation and on what schedule or timelines to improve economic trading and cross border electric sales opportunities?

Regardless of whether a project is identified through an inter-regional planning protocol, MISO should not order or impose the development of any transmission expansion project unless it is comprehensively vetted through the internal MISO planning process, including meaningful stakeholder participation, and is approved by the MISO Board of Directors for inclusion in MTEP Appendix A. Such a project would also have to get the necessary state regulatory approvals.

Conclusion:

This comment was supported by eight OMS members:
Illinois Commerce Commission
Indiana Utilities Regulatory Commission
Iowa Utilities Board
Michigan Public Service Commission
Minnesota Public Utilities Commission

North Dakota Public Service Commission
South Dakota Public Utilities Commission
Public Service Commission of Wisconsin

The Montana Public Service Commission opposed the comment.

Three members were not present for the vote:

Manitoba Public Utilities Board
Public Utilities Commission of Ohio
Pennsylvania Public Utility Commission