

OMS Board Comments to MISO on the MTEP17 Study Scope

The OMS President and Vice-President received a formal request from Jennifer Richardson of MISO for feedback on the study scope of MTEP17. This is in accordance with Section 2.8.2.1. of the MISO Transmission Planning Business Practices Manual, in particular, the request of study topics outside the fixed MTEP scope. OMS recognizes that all stakeholders have the opportunity to comment at Subregional Planning Meetings (SPMs), at the Planning Subcommittee (PSC), and at the Planning Advisory Committee (PAC). The deadline for all comments was changed to September 30, 2016.

The OMS supports MISO's MTEP17 scope of study and does not have suggestions for additional, separate studies in MTEP17. But the OMS does have specific areas of interest. As noted below and in the OMS Transmission Planning Work Group Overlay comments, areas of OMS interest include studying MISO North-South diversity, and the inclusion of new wind turbine technology for low wind resource areas in MISO's MTEP modeling. We also note that Michigan has recently requested Michigan-specific studies.

The request is to respond to the posted MTEP17 Study Scope:

<u>Study</u>	<u>Status</u>
MTEP 17 NERC Reliability	Core
MTEP 17 Market Congestion Planning	Core
MTEP 17 Regional Overlay	Continuing
EPA Clean Power Plan	Continuing
Refresh of DR/EE/DG study assumptions	Continuing
Independent Load Forecasting	Continuing
MISO-PJM Targeted M2M Study	Continuing
MISO-SPP CSP study	Continuing
Review Existing Special Protection Schemes	Continuing

Regional Overlay

The OMS Transmission Planning Work Group submitted detailed comments per the September 9th deadline per the stakeholder feedback request posting. We will not repeat in this document, but will attach for your reference.

OMS agrees that the Overlay Study process should explore the MISO footprint diversity with the South Region integration concerning economic efficiencies and the effects of parallel path flows from market transactions.

EPA Clean Power Plan

Now that MISO has finished its first CPP generalized assessment, the analysis work on any explicit analysis of the EPA rule should be paused until there is a significant federal action by the courts or agencies. OMS recognizes that different state

authorities have varying positions on their staff's analysis work concerning this EPA rule.

Coordinated studies of the future can continue with our seams' Planning Authorities and RTOs partners. See SSP comment below.

Refresh of Demand Response/Energy Efficiency/Distributed Generation (DER) study assumptions

This work is important as the electric "distribution" side of the energy business is evolving. New paradigms are being seen with technology developments and customer interfaces via vendors and distribution system operators. The OMS Modeling Work Group will continue to engage with MISO modelers for further workshops where states can collectively learn of the application of various demand side programs and energy sources. The states look forward to the opportunity of individual state learning workshops. The DER work also needs to link with the Independent Load Forecasting.

The OMS Modeling work group wants to continue working with MISO on the distributed energy siting assumptions. There are newer technologies, such as low speed wind turbines for instance, and these should be revisited for siting locations in the Southern Region.

Independent Load Forecasting (ILF)

The original purpose of the independent forecasting effort at MISO was to have a reasonable check on the individual LSE's cumulative forecasts to see if there were hidden traps that would lead to risks in planning, reliability, or transmission development. Comments have been supplied by the stakeholders and the next workshop is scheduled for September 26th. We will continue to follow the workshops and supply comments when requested. We have concerns about the ILF and any direct linkage to Module E analysis for MTEP17

MISO – PJM Targeted Market Efficiency Projects (TMEP) M2M Study

The TMEP process is moving extremely quickly regarding how to allocate the costs intra-RTO. The sub-345 kV projects with Adjusted Production Cost metrics presentation at the August 16th RECB meeting was very informative and needs to be expanded. The analysis should continue with more analysis around location, granularity of benefit, congestion hedging, FTR conversion or not, and TO pricing zones. We have great concern there is not adequate time to proceed for any project approval without knowing the cost allocation methodology. At this time even the analysis to determine beneficiaries of projects is not complete. We note that feedback requests continue on this issue, and the OMS work groups will be following this issue closely.

MISO – SPP CSP Study

The scope should now focus on how the future scenario (s) should be coordinated for load growth and public policies. We note the explicit Clean Power Plan is not being used and we agree.

Review Existing Special Protection Schemes

No comment.

Proposed Retirement Sensitivity Analysis in MTEP17 Reliability Assessment

This Retirement Analysis was not explicitly called out in the MTEP17 core reliability studies. This analysis was also to inform the Overlay Study process. One set of comments has been supplied and additional comments have been solicited in September. The inclusion of retiring nuclear plants in addition to large fossil fuel plants would be informative to States on possible reliability issues. The current energy market has clearly shown this to be true.

These general comments have been approved by the OMS Board September 22. The OMS Transmission Planning Work Group Co-Chairs Don Neumeyer and David Johnston can be contacted for any questions on the details of these general comments by the OMS Board.

Sincerely,

OMS Board President Talberg and Vice President Weber

APPENDIX

MISO Planning Advisory Committee Feedback on: *MISO Regional Transmission Overlay Study Scope* (DRAFT, August 17, 2016)

From: OMS Transmission Planning Work Group

Date: September 9, 2016

The OMS Transmission Planning Work Group (TPWG) appreciates this opportunity to comment on the MISO Regional Transmission Overlay Study Scope document. MISO notes that the 2011 approval of the Multi-Value Projects (MVPs) was the result of over eight years of planning efforts between MISO and its stakeholders. Some of those efforts entailed close collaboration between MISO and the OMS Board of Directors. While the TPWG has and will continue to inform the OMS Board of Directors of this overlay planning, we urge MISO to directly work with the OMS Board of Directors to share its vision of this new overlay planning process. Indeed, one of the “conditions precedent” that MISO lists in order for approval of a transmission overlay is “Policy Consensus”.

The Regional Generation Overlay Study Scope document cites “Federal and state energy policies” and “environmental regulations” as key drivers for MISO engaging in a long-term overlay planning effort.^[1] Moreover, “EPA-Clean Power Plan and Other Rules” is one of the five 2016 MISO Strategic Planning Priorities approved by the Advisory Committee, yet the Overlay Study Scope doesn’t use the term “Clean Power Plan” (“CPP”) anywhere.^[2] Can MISO confirm that the CPP is one of, and perhaps the largest, drivers for the overlay study?

The TPWG recognizes the impact that the CPP would have on the MISO region. However, given that the United States Supreme Court has stayed implementation of the CPP pending judicial review, the TPWG would urge MISO to recognize that the implementation of the CPP is still uncertain. While it is prudent for MISO to include a project timeline in the Overlay Study Scope, given that the outcome of the judicial review of the CPP, with potentially new compliance deadlines, will be a major driver in the need for any MISO transmission overlay, the TPWG cautions against any presumptions that a new, multi-billion dollar transmission overlay will meet the “conditions precedent” in 2019.^[3]

Page 2 of the Study Scope states: “MISO, in its role as Regional Planning Authority, is prompted to engage in long-term overlay planning efforts in support of such a significant shift in

the resource mix”. Please explain further where this “prompting” is from, such as NERC requirement, FERC order, etc.

The TPWG appreciates the new process of developing Futures that can be used for two or three MTEP cycles. However, there will always be a need to incorporate new information into the Futures over time, or create a new Future to test boundary conditions. As electricity growth rates continue to fall in many parts of MISO, the TPWG may want to explore lower boundary conditions in which no transmission overlay would be necessary at all. Some of the evolving technologies that MISO cites, such as distributed energy resources and even new gas-fired plants located closer to load centers, lean toward less or no new transmission build, not toward a new transmission overlay. For convenience, the OMS TPWG includes below its comments from March 2016 on MTEP17 Futures Development, which touches on many of the same questions and topics as this current feedback item.

The TPWG notes that Section 2.3.3 of the Overlay Study Scope includes “a broad list of financially quantifiable benefits, in combination with qualitative and social benefits”, many of which are not currently included in the transmission project benefit calculation, per the MISO tariff. MISO should be very clear as to what benefits are included (or not) in its modeling, and should always perform one modeling future that considers only the tariff-approved benefits. MISO should clarify if it has a plan or timeline to include these other benefits in the tariff?

The OMS TPWG appreciates and looks forward to this modeling process and the information it can provide to state regulators and other stakeholders as important decisions are made in the coming years. Below are additional specifics regarding the Overlay Study modeling process, which may be best considered in the coming months, but we are including them here to allow MISO and other stakeholders to consider and amplify the suggestions and questions.

Recently wind turbine manufacturers have developed, and are now manufacturing, a new class of machines specifically designed to produce electricity in low wind resource areas, such as the southern United States. The TPWG encourages MISO to develop assumptions and parameters for this new technology option in the transmission and generation planning and siting analysis models.

On page 2 of the Overlay Study Scope MISO lists five “drivers” of transmission needs. Two of these five drivers are “footprint diversity” and “aging infrastructure replacement.” While MISO elaborates at length about the other three drivers (public policy, economic efficiency, and reliability) MISO does not even mention footprint diversity or aging infrastructure anywhere else

in the Overlay Study Scope. The OMS TPWG expects that, before these drivers are used in analysis, MISO will explain how these drivers will be assessed and incorporated.

Section 2.2.1 of the Overlay Study Scope describes MISO's transmission needs identification process. The OMS TPWG would like additional discussion on how MISO develops the "unconstrained case" and how MISO uses that case in "as a reference to measure the production cost performance of all the other cases."

In the "Economic Unconstrained Analysis" portion of Section 2.2.1, MISO lists five types of "economic information" produced by the comparison of the unconstrained case to various constrained cases. Two of these economic information types are "interface energy flow changes" and "incremental power transfer needs." MISO states that these pieces of information will provide "candidate locations for conceptual corridors to increase low cost energy delivery" and "estimates on the size and type of transmission technologies such as voltage level and number of lines." The OMS TPWG would like more information on these topics.

Also in the "Economic Unconstrained Analysis" portion of Section 2.2.1, MISO identifies "targeted economical potential" and states that that information can be used for "indicating the total budget available for transmission expansion investment". The OMS TPWG would like more information on this topic.

In Section 2.2.3, MISO states, "The plan with the highest value, most flexibility and lowest risk in adapting to future policy and economic changes will be considered as the best fit long term transmission strategy. MISO goes on to describe at length "value measures," but does not discuss "flexibility" or "risk." What metrics does MISO plan to use to measure flexibility risk in adapting to future policy and economic changes?

In Section 2.4 (Interregional Coordination), MISO states, "This study will be in close coordination with interregional planning efforts with the goal of identifying the most efficient and cost effective regional and interregional solutions concurrently." FERC Order 1000 explains that the purpose of interregional coordination in planning is to assist in developing "the most optimal regional plan." Is that what MISO means by "identifying the most efficient and cost effective regional and interregional solutions concurrently"? Or, does MISO mean something more than that?

Section 5 explains that MISO plans to create a "Technical Review and Design Task Team" which "will serve as the technical forum to review and provide inputs on detailed study

assumptions, methodology and results, and to collectively design transmission solutions with MISO staff.” Why does MISO feel a need to create yet another stakeholder group, rather than simply using the existing Planning Subcommittee for this purpose?

(This is the end of the OMS Transmission Planning Work Group comments for September 9, 2016)

[1] *MISO Regional Transmission Overlay Study Scope*, August 17, 2016, at 2. (“Overlay Study Scope”)

<https://www.misoenergy.org/Library/Repository/Meeting%20Material/Stakeholder/PAC/2016/20160817/20160817%20PAC%20Item%2002a%20DRAFT%20Regional%20Transmission%20Overlay%20Study%20Scope.pdf>

[2] See, [Advisory Committee Minutes](#), June 22, 2016.

<https://www.misoenergy.org/Library/Repository/Meeting%20Material/Stakeholder/AC/2016/Advisory%20Committee%20Priorities.pdf>

[3] The Minnesota PUC Staff does not support paragraphs 2 and 3.