

**UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF ELECTRICITY DELIVERY AND ENERGY RELIABILITY**

**Considerations for Transmission Congestion Study and
Designation of National Interest Electric Transmission Corridors**

COMMENTS OF THE ORGANIZATION OF MISO STATES

In response to the U.S. Department of Energy's (Department) Notice of Inquiry (NOI) published in the Federal Register on February 2, 2006, the Organization of MISO States, Inc. (OMS) submits the following comments regarding the designation of National Interest Electric Transmission Corridors (NIETCs). The OMS previously submitted comments to the Department on September 17, 2004, regarding designation of national interest electric transmission bottlenecks, and requests that the Department review the attached copy of those comments in this proceeding.

NIETC Should Be Designated Sparingly:¹

The OMS cautions that any designation of NIETCs should be applied sparingly with sensitivity and deference to the impacted states. Transmission siting is and has been held within the purview of state jurisdiction. Transmission siting has the potential for significant local impacts. Those most able to assess the need and balance a project's costs and benefits should have significant input into the siting process. National or regional oversight may very well have interests different and, in some cases, in contrast to those where the construction will actually take place.

While the goals of such designations may be well intentioned, federal designations of protected transmission corridors that would preempt state decisions on transmission siting issues should be used cautiously. Siting decisions have very real state and local impacts such as construction, environmental and political costs. Designation

¹ In this section, the North Dakota Public Service Commission, the South Dakota Public Utilities Commission, and the Illinois Commerce Commission would substitute the word "carefully" for the word "sparingly."

for purposes that may not have accompanying local benefits needs to be approached with care.

The OMS recommends that the Department avoid² NIETC designation of geographic areas where current planning and siting processes are functioning well and effectively addressing reliability and congestion issues.

Furthermore, the OMS stresses that where the Department takes the serious step of designating a corridor with regional, state and local cost impacts, the designation must not only result in regional benefits, but it should not unduly burden one particular state or stakeholder for the alleged benefit of another.

NIETC Should be Defined as Generalized Paths:

In its notice, the Department stated that it expects to identify corridors for potential projects as generalized paths between locations as opposed to specific routes and invited comments to address how broadly or narrowly corridors should be defined.

The OMS agrees that NIETC corridors would be best defined as generalized paths. Defining generalized paths leaves maximum flexibility to develop routes that maximize system value while minimizing adverse effects. The Department should consider the purpose for designation of a particular corridor and designate only the geographic area necessary to accomplish this purpose. Furthermore, the designation of an NIETC should not be at the request of one particular provider or for a particular predetermined project. Finally, designation should not foreclose alternative solutions to reliability or congestion problems.

Congestion Study and Corridor Designation Processes:

The OMS appreciates that the Department will provide opportunities for public comment regarding designation of particular corridors. The OMS looks forward to an opportunity to provide further input after the congestion study is published and the final criteria are established. The OMS believes the early designation option provided in the NOI should not be used except in extraordinary circumstances. NIETC designations should flow from and be directly related to the congestion study results.

²The North Dakota Public Service Commission, the South Dakota Public Utilities Commission, and the Illinois Commerce Commission would substitute “carefully consider” for “avoid” in this sentence.

Congestion Study:

To assist the Department in conducting and preparing its electric transmission congestion study, the Department requested comments on the following questions:

1. **The Department asks whether it should distinguish between persistent congestion and dynamic congestion, and if so, how?**

The OMS believes the Department should focus on persistent forward-looking congestion where the benefits of transmission upgrades would be most consistent and projects would be most likely to occur. The solution to persistent congestion should be a long term solution. The Department should define “persistent” in forward-looking terms that reflect numbers of events, amounts of MWs or the amount of difference between the real time price and the shadow price over a specified time period, such as years or seasons.

2. **Should the Department distinguish between physical congestion and contractual congestion and if so, how?**

The OMS believes the Department should focus on identifying physical congestion that can be remedied by physical system upgrades necessary to meet national standards. Physical congestion can be easily identified by performing steady state load flow studies.

3. **Appendix A lists those transmission plans and studies the Department currently has under review. In addition to those listed in Appendix A, what existing, specific transmission studies and other plans should the Department review: How far back should the Department look when reviewing transmission planning and path flow literature?**

The OMS believes the Department has done a good job identifying existing studies that reflect wholesale transmission transactions. However, the identified studies do not reflect the quality of service or impact of congestion on the prices seen by native load consumers. The Midwest Transmission Expansion Plan (MTEP) of the Midwest ISO and other such regional transmission plans should be the primary

source for identifying congestion. In the Midwest ISO region, the Northwest Exploratory Study and Midwest ISO West RSG Consolidated Study included in the MTEP should be reviewed for possible NIETC designations. Additionally, the Western Area Power Administration's recent Dakota Wind Study provides detail on export constraints faced by North and South Dakota. The Northeast blackout studies and the 2004 CERA Interconnect Congestion Study may be further sources that could help with identification of NIETC designations.

The Department should be mindful of the relative need for NIETC designations in regions served by organized markets and in non-market regions. The results from studies prior to the Midwest ISO energy market start-up can indicate persistent congestion, but should be used with caution because flow and usage patterns may have changed with the start of the Midwest ISO's market.

4. **What categories of information would be most useful to include in the congestion study to develop geographic areas of interest?**

All types of historical operational actions to prevent physical real time transmission line overloading should be included in the congestion study. The Department should include constraint information for areas where operating agreements have historically limited the need to curtail wholesale transactions. The Department should examine areas where independent regional planning has shown the need for transmission relief, but needed projects are not being addressed. Data regarding international congestion and cooperation in siting international transmission lines could also be useful when designating NIETCs where it does not increase the cost or congestion to U.S. customers. Seams between RTOs and market to non-market seams should be studied, especially where congestion can interfere with more efficient functioning of energy markets. Another category of information that could prove useful is data concerning the cost-effective development of remote resources such as clean coal and wind that can reduce the use of natural gas and oil.

Draft Criteria:

The Department invited comment on what criteria to use when evaluating the suitability of geographic areas for NIETC status and requested comment on eight preliminary draft criteria:

Draft Criterion 1: *Action is needed to maintain high reliability.* Maintaining high electric reliability is essential to any area's economic health and future development. Accordingly, an area would be of interest for possible NIETC designation if there is a clear need to remedy existing or emerging reliability problems. Metric: A definition of the affected area in terms of load population and demand growth: a description of the expected degree of improvement in reliability associated with a proposed project: if appropriate, identification of existing or projected violations of NERC Planning Criteria.

It is unclear what is meant by "high reliability." The degree of reliability maintained is always a matter of cost. Accordingly, the cost of reliability should be no higher than necessary to meet FERC approved reliability standards. The OMS suggests metrics identifying existing or projected violations of these standards. The OMS further suggests that the Department consider the age of existing infrastructure and the recommendations of any regional planning groups who have assessed the existing infrastructure in an area as additional metrics. Finally, the DOE should consider prioritization of designations, so that areas with greater potential for economically significant blackouts are designated first.

Draft Criterion 2: *Action is needed to achieve economic benefits for consumers.* An area may need substantial transmission improvements to enable large economic electricity transfers that would result in significant economic savings to retail electricity consumers. Metrics: Estimates, based on transparent calculations and data, of the aggregate economic savings per year to consumers over the relevant geographic areas and markets. A demonstration of expected reduction in end-market concentration and how economic benefits for consumers would be affected.

The OMS generally agrees that economic benefit is in the national interest and an appropriate criterion. The OMS would request that the expected economic benefits be reasonably widespread among customer groups throughout a region and suggests that the DOE establish a metric that includes this consideration. In addition, the Department

should consider establishing a threshold requirement for an appropriate minimum magnitude of benefits needed to meet this criterion.

The OMS would like to point out that the studies used to include this criterion have not been based upon benefits to end consumers, but rather upon studies of wholesale transactions. Accordingly, the OMS recommends the Department include a metric that reflects estimated economic benefits to all retail electricity consumers in the corridor if all savings were passed through.

Draft Criterion 3: *Actions are needed to ease electricity supply limitations in end markets served by a corridor, and diversify sources.* Metrics: Areas that are dependent on “reliability-must-run” plants would benefit from targeted improvements, in terms of enhanced reliability, reduced costs, or both. Similarly, areas that are highly dependent on specific generation fuels could economically benefit from supply diversification. Estimate the likely magnitude of such benefits, showing calculations.

The OMS generally agrees with this criterion. In particular, there has been a growing trend towards reliance on natural gas-fired generation as a baseload energy resource, rather than as a supplemental peaking capacity resource. While the draft metrics are generally appropriate, the Department should consider adding a metric for considering whether congestion limits the output of certain generators during normal system operating conditions. The OMS would also like to see more specific metrics that measure the extent to which supply diversification available from the corridor could reduce dependency on natural gas or increase the use of other resources. The OMS recommends that the Department establish a threshold level of benefit requirement for meeting this criterion.

Draft Criterion 4: *Targeted actions in this area would enhance the energy independence of the United States.* Metrics: Provide calculations showing how specific actions aided by designation as an NIETC would increase fuel diversity, improve domestic fuel independence, or reduce dependence on energy imports. Quantify these impacts including possible impacts on U.S. energy markets.

The OMS generally agrees that this criterion is appropriate. The OMS asks the Department to recognize that some of the natural gas being used for generating electricity

in the United States is imported. The OMS recommends that the Department publish a prioritized list of energy resources it considers important to meeting this criterion.

Draft Criterion 5: *Targeted actions in the area would further national energy policy.*

The OMS recognizes that "the designation would be in the interest of national energy policy" is listed in EPACT section 1221. However, as proposed, this criterion is too vague and undefined to be useful. Accordingly, the OMS suggests that the Department's efforts to capture national energy policy considerations in the other criteria would be more effective than attempting to do so in a separate criterion.

Draft Criterion 6: *Targeted actions in the area are needed to enhance the reliability of electricity supplies to critical loads and facilities and reduce vulnerability of such critical loads or the electricity infrastructure to natural disasters or malicious acts. Metrics: For this criterion, relevant metrics would be case specific.*

The OMS agrees with this criterion. The OMS notes that this criterion is considered under the current NERC transmission planning requirements and presumes it will be required under the new ERO transmission planning requirements that will ultimately be approved by the FERC.

Draft Criterion 7: *The area's projected need [or needs] is not unduly contingent on uncertainties associated with analytic assumptions, e.g., assumptions about future prices for generation fuels, demand growth in load centers, the location of new generation facilities, or the cost of new generation technologies.*

The OMS understands this criterion to be asking: "are the load and capability projections reasonably robust across contingencies?" There is a need for transparency in the assumptions included in the modeling and forecasting of system needs to determine possible NIETC designations. A reasonable degree of forecasting certainty is necessary, but certainty in itself is not a criterion for designation. Therefore, as an alternative to making the accuracy of projections and forecasts a separate criterion, the OMS suggests

that the Department consider applying analytical robustness as a metric for evaluating designation criteria.

The Department requested comment regarding what metrics would be suitable for gauging uncertainties under Draft Criterion 7. Some of the major factors that most models would use to project the need for future transmission projects include fuel prices, equipment prices, inflation levels, transportation prices, population trends, and economic trends. Some of these factors are much more volatile than others, especially during the short-run (e.g. fuel prices). Each model that could be used will have different levels of sensitivity, and as a result, will have different levels of confidence depending on the assumptions made. Stated another way, the more a model or analysis depends upon the more volatile/variable factors, the lower the level of confidence. The key phrase in Draft Criterion 7 is "unduly contingent." Each model will have some variability built in. It is up to each user to be aware of the potential variability.

Draft Criterion 8: *The alternative means of mitigating the need in question have been addressed sufficiently.*

The OMS believes this criterion could be restated as "Have non-wire or other solutions been adequately considered in the geographic area?" The OMS believes it is critical to consider alternative non-wire solutions when evaluating each of the designation criteria. It appears that proper consideration of alternatives is necessary, but not in itself a criterion for designation. Therefore, as an alternative to making the proper consideration of alternative solutions a separate criterion, the OMS suggests the Department consider applying the identification of alternative solutions as a metric to be used when evaluating designation criteria. The OMS recommends the Department include new generation resources (including distributed generation) and demand side load reduction programs as alternatives to the construction of new transmission lines in its evaluations for possible NIETC designations.

Further Comment and Recommendations:

The Department seeks comment on whether there are other criteria or considerations that should be considered and whether certain criteria or considerations

are more important than others. The OMS believes it might be worthwhile to consider criteria such as whether an NIETC is a well-suited candidate for a merchant transmission or advanced technology solution. With regard to whether certain criteria or considerations are more important than others, the OMS believes that the NOI generally presented the draft criteria in order of importance. Nevertheless, the Department should make an effort to apply all of the criteria to a geographic area when determining whether the area should be designated as an NIETC. Priority for designation should be given to geographic areas that satisfy multiple criteria.

The OMS recommends that the Department initiate a formal rule making proceeding to establish NIETC application and designation procedures.

The OMS recommends that the Department set a finite time period during which a designation remains in effect and establish a procedure to un-designate an area. The time period for a designation should not be longer than the three-year period between congestion studies and should expire with final authorization of transmission facilities fulfilling the needed transfer capability specified for the corridor.

The OMS recommends that the Department require or give additional weight to an assessment from an independent regional planning body that a geographic area should be designated or meets certain criteria.

Conclusion:

The OMS submits these comments because a majority of the members have agreed to generally support them. Individual OMS members reserve the right to file separate comments regarding the issues discussed in these comments. The following members generally support these comments.

Illinois Commerce Commission
Iowa Utilities Board
Kentucky Public Service Commission
Michigan Public Service Commission
Minnesota Public Utilities Commission
Missouri Public Service Commission
Montana Public Service Commission
Nebraska Power Review Board

North Dakota Public Service Commission
Pennsylvania Public Utility Commission
South Dakota Public Utilities Commission
Wisconsin Public Service Commission

The Public Utilities Commission of Ohio abstained for procedural reasons.

The following OMS members did not participate in this comment:

Manitoba Public Utilities Board
Indiana Utility Regulatory Commission

The Iowa Office of Consumer Advocate, as an associate member of the OMS, participated in these comments and generally supports these comments.

Respectfully Submitted,

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**UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY**

Office of Electric Transmission and Distribution

**Designation of National Interest
Electric Transmission Bottlenecks**

COMMENTS OF THE ORGANIZATION OF MISO STATES

I. SUMMARY

In response to the U.S. Department of Energy's (DOE) Notice of Inquiry (NOI) published in the Federal Register on July 22, 2004, 69 Fed. Reg. 43833, the Organization of MISO States (OMS) hereby submits the following comments. The NOI seeks comments on issues relating to the identification, designation and possible mitigation of National Interest Electric Transmission Bottlenecks (NIETBs). It states that by publicly identifying and designating NIETBs, DOE will help mitigate transmission bottlenecks that are a significant barrier to the efficient operation of regional electricity markets, threaten the safe and reliable operation of the electric system, and/or impair national security. OMS shares these goals, but it believes that DOE's approach may impede current mechanisms already in place to achieve these goals.³ In any NIETB designation process, DOE must work closely and in conjunction with the applicable regional, state and local entities, and it must not hamper current mechanisms addressing bottlenecks.

³ The North Dakota Public Service Commission (NDPSC) believes DOE's designation of NIETBs can complement current mechanisms already in place to achieve these goals. NDPSC views NIETB designation as assisting to mitigate the most critical transmission constraints identified through state and regional transmission planning processes.

The OMS is a regional state committee comprised of fourteen state regulatory commissions⁴ and the regulatory authority of Manitoba encompassing the footprint of the Midwest Independent Transmission System Operator (MISO). The OMS appreciates the DOE's request for information regarding NIETBs and as such the OMS wishes to submit comments to the DOE as it initiates its inquiry concerning NIETBs. However, as an initial matter, the OMS has two concerns. First, what will be done with the information gathered in the inquiry? Second, what action does the DOE intend to take in response to the information being gathered? Appropriate answers to these questions are crucial in order to understand how the DOE's proposed national designation process achieves its stated goals.

II. APPROPRIATENESS OF CRITERIA

In the NOI, DOE points to the DOE Secretary's Electricity Advisory Board (EAB) Transmission Grid Solutions Report issued in 2002 in which the Board recommends that to be designated a National Interest Electric Transmission Bottlenecks (NIETB), the bottleneck must meet one of three criteria:

1. The bottleneck jeopardizes national security;
2. The bottleneck creates a risk of widespread grid reliability problems or the likelihood that major customer load centers will be without adequate electricity supplies; or
3. The bottleneck creates the risk of significant consumer cost increases in electricity markets that could have serious consequences on the national or a broad regional economy or risks significant consumer cost increases over an area or region.⁵

The NOI requests comments on these criteria as well as on a number of related questions. Are the EAB's recommended criteria for designation of NIETBs appropriate and sufficient? If not, what should they be? For example, should DOE also consider disaster recovery, economic

⁴ Members of the OMS are listed in the conclusion of this comment.

⁵ NOI at 43834.

development, and the enhancement of the ability to deal with market and system contingencies in designating NIETBs?

The OMS believes that an independent effort by DOE to identify NIETBs that meet the three recommended criteria would be duplicative of the efforts of FERC, the Regional Transmission Organizations (RTOs) and Regional State Committees (RSCs). In particular, the Midwest ISO either has in place, or is in the process of developing, policies that will identify bottlenecks that exhibit the reliability or economic concerns outlined in criteria two and three. Furthermore, there are potential infrastructure security concerns associated with designating a bottleneck as a threat to national security, as suggested by criterion number one.⁶

The EAB's report also suggests "additional criteria" regarding congestion and the exercise of market power. Again, the Midwest ISO either already has, or will shortly have, policies or procedures in place to address these concerns. As explained in more detail below, there are RTO and ISO policies that are designed to both identify and resolve the problems associated with transmission system congestion. Furthermore, there are market monitors in place that have authority to address the potential exercise of market power that may result from transmission bottlenecks.

If the DOE chooses to move forward to implement NIETB procedures, one criterion that may warrant consideration for designation is bottlenecks that are the result of seams between RTOs and other transmission operators. Bottlenecks at seams are potentially critical, as they occur where two or more different entities are involved and where transmission connections bridge systems, states and even countries. Accordingly, it is vital that such bottlenecks not be

⁶ NDPSC believes that transmission bottlenecks restricting the development of significant and economic domestic energy resources should be considered under criterion number one because these bottlenecks cause increased dependence on foreign energy.

allowed to either persist or develop. While FERC has made some progress on this issue in the Midwest, it has been slow. Should progress falter, the OMS believes that it would be helpful for the DOE to address these particular types of bottlenecks.

Economic development may also serve as a useful criterion for designation of a NIETB in order to alleviate such transmission bottlenecks. Supporting load growth, new resources, and business and market structures should be considered in the identification of NIETB. Significant economic development opportunities may only be captured if sufficient transmission is available in certain areas. For example, low cost resources may be available in remote areas that can only be utilized if transmission limitations are relieved. In addition to the lower cost of these resources, there could also be benefits from encouraging a more diverse portfolio of resources. Economic development also can be served by developing processes to alleviate bottlenecks that might interfere with the proper functioning of electricity markets.

III. ROLE OF REGIONAL ENTITIES

DOE also asks what should be the role of transmission grid operators, utilities, other market participants, regional entities, states, federal agencies, Native American tribes and others in the process of identifying, designating, and addressing NIETBs?

OMS recognizes that transmission constraints are becoming more prevalent nationwide, and regional entities such as RTOs are working to identify regional needs and bottlenecks. In the Midwest, MISO and Mid-Continent Area Power Pool (MAPP) are developing regional transmission plans to identify and mitigate the negative impacts transmission constraints have on both reliability and the cost of electricity in the Midwest. These plans also incorporate elements

intended to resolve local and regional needs. However, it is unlikely that the resolution of local and regional transmission issues will resolve the needs of other regions.

Nevertheless, the OMS believes that the identification and mitigation of bottlenecks is best performed at the state and regional level, using those practices that are currently in place. The OMS also supports a stakeholder process that recognizes differences in regional transmission constraints and provides regional solutions for the alleviation of these constraints. The OMS believes flexibility is needed to accommodate regional differences. The DOE should not independently designate NIETBs since it does not have institutional, detailed knowledge of local transmission issues and other system intricacies. In contrast, regional transmission plans from an RTO should be the primary source for identifying bottlenecks. RTOs have the requisite knowledge and operational understanding of the transmission system and would be best able to identify transmission constraints that endanger reliability and adequacy of the electric system and reduce the efficiency of electricity markets.

The DOE designation of NIETBs needs to serve a useful purpose. Criteria numbers (2) and (3) are set up to identify problem areas that FERC's Order 2000 already addresses.

Specifically, Order 2000 requires RTOs, such as MISO and PJM to:

1. Independently calculate Total Transmission Capability and Available Transmission Capability (confirmed in the FERC's April 28, 2003 White Paper on Wholesale Power Market Platform)⁷

⁷ RTO function 5, in Appendix A to FERC White Paper on Wholesale Market Platform, April 28, 2003. The White Paper was issued to clarify the requirements of Order No. 2000, Regional Transmission Organizations, 65 Fed. Reg. 809 (January 6, 2000), FERC Stats. & Regs., Regulations Preambles July 1996-December 2000 ¶ 31,089 at 31,226-27 (1999), order on reh'g, Order No. 2000-A, 65 Fed. Reg. 12,088 (March 8, 2000), FERC Stats. & Regs., Regulations Preambles July 1996- December 2000 & 31,092 (2000), affirmed sub nom. Public Utility District No. 1 of Snohomish County, Washington, et al. v. FERC, 272 F.3d 607 (D.C. Cir. 2001).

2. Be responsible for planning and for directing or arranging necessary transmission expansions, additions, and upgrades that will enable it to provide efficient, reliable, and non-discriminatory transmission service and coordinate such efforts with appropriate state authorities.⁸; and
3. Ensure the integration of reliability practices within an interconnection and market interface practices among regions and RTOs ... within an electrical interconnection (are required to) coordinate to resolve seams issues.⁹

FERC has also issued orders to MISO, PJM, and SPP that have consistently pushed those regional organizations toward a coordinated fulfillment of these required functions.¹⁰ MISO also has regional seams negotiations and joint-operating agreements already completed, or well underway, with PJM, MAPP, and SPP. The OMS states are working with all these entities to assist in that process. Up to now, the state-federal cooperative relationship has enjoyed both: (1) A sharing of overall jurisdiction on transmission issues, with FERC having the lead on certain issues, states having the lead on others, and OMS helping to build consensus among its member states; and (2) DOE support of OMS through funding and information building activities. The relationship between FERC, MISO, and the OMS is starting to produce measurable success in resolving difficult issues. Furthermore, with other RTOs working to develop RSCs, the potential exists for similar success in other regions. Accordingly, the OMS appreciates DOE's recognition that it "must work with State, regional and local government officials to encourage proposals

⁸ RTO function 7, *ibid.*

⁹ RTO function 8, *ibid.*

¹⁰ See, e.g., *Midwest Independent Transmission System Operator, Inc. and PJM Interconnection, L.L.C.*, 106 FERC ¶ 61,251 (2004) and *Southwest Power Pool, Inc.*, 106 FERC ¶ 61,110 (2004).

from industry participants and to monitor progress toward elimination of designated bottlenecks”¹¹ rather than take a unilateral approach.

In addition, if the DOE does move forward to implement NIETB procedures, it should do so only in consultation with affected states so that state regulatory commission findings are an integral part of any declaration of bottlenecks. If need be, most state regulatory commissions have the ability to order utilities to build transmission infrastructure to alleviate a specific bottleneck. Further, state commissions have a keen participatory interest in both the MISO expansion planning and approval processes, based partly on the fact that transmission projects will be subject to individual state permit processes.

The OMS believes that DOE should work toward coordinating federal agency facilitation of state siting efforts. In the past, federal land and waterway agencies have significantly delayed transmission expansion proposals, both during and after state permitting reviews.¹² As the OMS continues to work on effective regional strategies that address the challenges of coordinating the state siting of interstate projects, DOE could make a critical contribution by leading a similarly tasked initiative among federal agencies.

¹¹ NOI at 43833.

¹² AEP's Wyoming-Jacksons Ferry project in Virginia and West Virginia is often cited as an example where federal agencies have had a major timing impact on transmission development. Details on that project's permitting history (spanning the years 1990 to 2001), and a discussion of Western states' problems with federal permits for transmission projects can be reviewed at <http://www.westgov.org/wga/initiatives/energy/preemptfacts.pdf>. DOE may also have a lead role of coordinating federal agency permit review when a Presidential Permit is required for international border crossings (four OMS states have land boundaries with Canada). A recent example, including a discussion of the complex timing and coordination required, is described in detail for an Arizona-Mexico project at <http://www.ttclients.com/tep/eis.htm>. The Minnesota Department of Commerce cites a series of state siting procedures for interstate transmission projects that were complicated by federal agency jurisdiction, and where there was significant uncertainty whether federal agency permits could be obtained after the state issued permits. All of the projects (Chisago-Apple River 230kV, Prairie Island-Eau Claire 345kV, Arrowhead-Weston 345kV) were proposed to cross the Minnesota-Wisconsin boundary, which is in large part coincident with the St. Croix River (National Scenic Riverway) and the Mississippi River (National Scenic Byway, National Wildlife Refuge). The Department also cites difficulties in how federal land crossings and/or right-of-way sharing are addressed during or following state siting procedures when national forests (DOA-FS), tribal reservations (DOI-BIA), airports (FAA), navigable rivers (Corps of Engineers-Civil), military installations (DOD), and interstate highways (DOT) are involved.

IV. IDENTIFYING BOTTLENECKS

The NOI also seeks comment on how might DOE identify bottlenecks in regions where much pertinent data are not available, in contrast to regions where transmission expansion plans have been developed and made public?

The OMS finds that this question does not apply to areas with operational RTOs or independent system operators or to areas such as the western interconnection states that have a long history of joint transmission planning. For areas such as the Southeast or those where electric transmission is provided by federal power administrations or authorities, OMS believes that the DOE should work closely with FERC and its jurisdictional transmission providers and owners in the area to obtain the necessary information.

DOE ACTIONS TO MONITOR PROGRESS

The NOI requests comments on what actions should DOE undertake to facilitate and monitor progress towards mitigation of designated NIETBs?

As explained above, FERC, RSCs and the RTOs have implemented numerous policies and programs intended to facilitate and monitor progress towards mitigation of transmission bottlenecks. These policies are in effect for a large portion of the United States. In these regions, the DOE's efforts to mitigate transmission bottlenecks would be most effective through close coordination with FERC, RTOs, RSCs and other stakeholders.

For about 40 years, various administrations have touted the compelling economic and reliability advantages of consolidating the existing three grids in the continental United States into a single national grid. However, there are too few interconnections between the three grids

for unrestricted flow of power. The previous system designs result in limits on transfer capacity that do not automatically permit a single non-constrained market for economic purposes.

Accordingly, within the three interconnections, the DOE might play a useful role in resolving differences among regions that have RTOs and those that do not. The OMS supports the DOE's continued commitment to the integration, participation, and coordination of the Tennessee Valley Authority and other federal power marketing agencies with RTOs.

DOE could also facilitate and monitor progress towards mitigation of designated NIETBs and stand ready to provide funding mechanisms for transmission expansion projects intended to alleviate NIETBs.¹³

VI. CONCLUSION

The Organization of MISO States submits these comments because a majority of the members have agreed to support them. The following members generally support these comments. Individual OMS members reserve the right to file clarifying comments or minority reports on their own regarding the issues discussed in these comments.

Montana Public Service Commission
North Dakota Public Service Commission
Minnesota Public Utilities Commission
Nebraska Power Review Board
Missouri Public Service Commission
Iowa Utilities Board
Wisconsin Public Service Commission
Illinois Commerce Commission
Indiana Utility Regulatory Commission
Kentucky Public Service Commission
Pennsylvania Public Utility Commission
Michigan Public Service Commission

The Public Utilities Commission of Ohio will submit its views in a separate statement.

¹³ Montana believes that any public funding mechanisms should not distort private investment decisions related to transmission projects.

Members not participating in these comments are:

Manitoba Public Utilities Board
South Dakota Public Service Commission

The Minnesota Department of Commerce and the Iowa Consumer Advocate, as associate members of the OMS, participated in the preparation of these comments and support these comments.

Respectfully Submitted,

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Dated: September 17, 2004