

then the conditions for satisfaction of Cost Allocation Principle 2 will be determined to have been met.

III. ARGUMENT

In Order No. 1000, the Commission adopted (and affirmed in Order 1000-A) the following Cost Allocation Principle 2 for regional cost allocation:

Regional Cost Allocation Principle 2: Those that receive no benefit from transmission facilities, either at present or in a likely future scenario, must not be involuntarily allocated any of the costs of those transmission facilities.²

In its request for reconsideration of Order 1000, ITC Companies sought clarification that a “likely future scenario” that would justify an allocation of costs for new transmission facilities “includes the transmission planning scenarios being used by a transmission provider to prepare a regional transmission plan.”³

In paragraph 690 of Order 1000-A, in response to ITC Companies’ petition, the Commission purports to clarify the language of Principle 2. Specifically, the Commission stated:

In response to ITC Companies, we therefore clarify that public utility transmission providers may rely on scenario analyses in the preparation of a regional transmission plan and the selection of new transmission facilities for cost allocation. If a project or group of projects is shown to have benefits in one or more of the transmission planning scenarios identified by public utility transmission providers in their Commission-approved Order No. 1000-compliant cost allocation methods, Principle 2 would be satisfied.⁴

The OMS has no issue with scenario planning as a concept or the use of futures scenarios as tools to guide the identification of needed transmission facilities. As the Commission explained, “scenario analysis is a common feature of electric power system planning.”⁵

² Order 1000-A, at P 684, underlining added. The Commission adopted a similar Principle 2 for inter-regional cost allocation.

³ Order 1000-A, at P 687 citing ITC Companies, at 14.

⁴ Order 1000-A, at P 690, underlining added.

⁵ Order 1000-A, at P 689.

OMS's concern with the Commission's new clarification in response to ITC Companies is that it reads out of Principle 2 the concept of the likelihood of a future scenario. The Commission's statement in Paragraph 690 of Order 1000-A suggests that if benefits are shown under any scenario studied by the transmission provider in its planning process, then Principle 2 would be satisfied. But, that conclusion goes too far. By omitting the concept of likelihood from the clarification in paragraph 690 of Order 1000-A, the Commission contradicts Principle 2, which has the likelihood of a future scenario at its heart. Indeed, the language of Principle 2 uses that precise wording—"in a likely scenario."

By not taking likelihood into account, the Commission's conclusion in paragraph 690 of Order 1000-A, if not amended, will lead to serious unintended consequences in the regional planning processes of transmission providers. By removing, or reading out, the part of Principle 2 that requires benefits to be shown for a party under a "likely future scenario" in order for costs to be allocated to that party, the Commission would effectively be permitting transmission providers to allocate costs to a party if any future scenario that the transmission provider decides to study shows a benefit for that party.

The purpose of scenario planning is to study a wide range of potential futures. The purpose of studying a wide range of futures scenarios is to help create a transmission plan that will be robust. The study of a wide range of future scenarios provides all stakeholders with the opportunity to consider transmission projects in the context of numerous potential outcomes. However, if parties fear that they may be allocated costs just because the transmission provider has studied a wide range of future scenarios, even ones recognized to have very low probabilities of occurring, then parties' incentives will be to try to narrow the set of futures that the

transmission provider studies to only those having the highest probabilities of occurring. Indeed, under the context of paragraph 690, stakeholders would have a strong incentive to try to limit the transmission provider's exploration to only a few narrowly defined future scenarios. Such an outcome is not conducive to a meaningful and comprehensive transmission planning approach. The more narrow the range of futures scenarios studied, the closer the process comes to "bright line" planning, for which the Commission expressed concern, since this type of approach could "unnecessarily exclude certain transmission projects from long term transmission planning".⁶

For example, MISO studies several future scenarios in its transmission planning process.

In the MTEP 11, these future scenarios were:

- (1) Business as Usual with Mid-low Demand and Energy Growth Rates;
- (2) Business as Usual with Historic Demand and Energy Growth Rates;
- (3) Carbon Constraint Future Scenario; and
- (4) Combined Energy Policy.⁷

It is commonly understood that some of these futures scenarios are more likely to occur than others. Indeed, the likelihood of some of these scenarios occurring may be quite low. However, it is the range of scenarios studied that provides valuable insight into creating a robust transmission expansion plan.

Under the conditions of paragraph 690, MISO could, apparently, allocate costs to a party for a project that shows benefits in any of these scenarios; regardless of how likely the scenario is as a prediction of the future. If such conditions prevail, there will be very strong pressure on MISO to dramatically limit the range of future scenarios to be studied.

⁶ Order 1000, at P 223 and Order 1000-A, at P 284.

⁷ Executive Summary of MISO's MTEP 11, at 5

(<https://www.midwestiso.org/Planning/TransmissionExpansionPlanning/Pages/MTEP11.aspx>)

The OMS suspects that the contradiction between Principle 2 and paragraph 690 of Order 1000-A is unintentional on the part of the Commission and that the unintended consequences described in this petition were unforeseen by the Commission. Therefore, the OMS requests that the Commission clarify that its discussion in Paragraph 690 of Order 1000-A only applies to “likely” future scenarios as required by Principle 2.

However, if the Commission chooses not to clarify its statement in Paragraph 690 of Order 1000-A as requested by the OMS above, then the OMS requests rehearing of this issue. Given the negative impact that the conditions in Paragraph 690 of Order 1000-A would have on the transmission planning process, the transmission planning process established by Order 890 and 1000/1000-A would be rendered unjust and unreasonable.

IV. CONCLUSION

Wherefore, for the reasons explained above, the OMS seeks clarification that the Commission’s conclusion in paragraph 690 of Order 1000-A is intended to only apply to “likely” future scenarios as required by Principle 2. If the Commission chooses not to so clarify, the OMS requests rehearing.

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 those comments:

Illinois Commerce Commission
Indiana Utility Regulatory Commission
Iowa Utilities Board
Kentucky Public Service Commission
Michigan Public Service Commission
Minnesota Public Utilities Commission

Missouri Public Service Commission
Wisconsin Public Service Commission

The Manitoba Public Utilities Board, the Montana Public Service Commission, and the South Dakota Public Utilities Commission abstained from voting on this pleading. The North Dakota Public Service Commission did not participate in this pleading.

The Iowa Office of Consumer Advocate, as an associate member of the OMS, participated in this pleading and generally supports it.

Respectfully Submitted,

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