

**OMS Comments on the
Proposed MTEP 13 Futures
December 10, 2012**

OMS would like to take this opportunity to comment once again on the MTEP 13 Futures Development.

Although OMS and four other commenters requested a future based on low energy and demand growth rates, there is still no future to balance the Robust Economy bookend future. The BAU future reflects the energy and demand growth rates expected by the LSEs (Mod E 50/50) or mid-level. Although this mid-value growth rate is likely to be lower than in the past, it does not represent a slower economy bookend future. Just as the Robust Economy future is based on 1.5 x Mod E 50/50 we need a bookend future with 0.5 x the Mod E 50/50 to balance out the Robust Economy future. As pointed out in the previous OMS comments of November 8, the U.S. economy is not currently in an economic downturn. The U.S. GDP has been growing since the third quarter of 2009. It is prudent planning to have a bookend future that represents lower growth than expected by the utilities.

There are a number of factors that substantiate the possibility of lower or even negative economic growth rates. The current economic slowdown in Europe could worsen and have negative impacts on the U.S. economy. The U.S. economy could face negative consequences if current "fiscal cliff" bargaining fails. Some economists are predicting longer term low economic growth because of the predominance of the older population cohort which spends much less on consumption as compared to the smaller younger cohorts.

Although the Generation Shift future has low energy and demand growth rates, it is based on other assumptions that we would not expect should the economy move towards an even lower level of economic activity than experienced recently. It has mid-level retirements and natural gas prices. If there is lower economic activity, expanded environmental regulation is unlikely and all the other uncertainty variables are likely to be low. If there is a concern over too many futures, it is reasonable to combine the Generation Shift infrastructure and BAU future. After all, we have an aging infrastructure and the new economics of gas will push us towards this shift under BAU conditions.

The importance of a slow economy bookend was evident in the Northern Area Study. Under the low growth future none of the scenarios resulted in sufficient benefit in 2027 to justify a \$300 million project based on the 1.25 B/C criterion required for MEPs. This does not mean we don't go forward with a project but it provides valuable information that should be utilized in the planning process. It is prudent when conducting transmission planning to consider which projects are economically feasible across a wide range of bookend futures.

OMS is not arguing that a slower economy is the most likely future but is a crucial future for testing the robustness and timing of transmission project proposals. Once again MISO is proposing three pro-transmission build futures along with the BAU future. Because a slower economy future can provide insight to other planning risks not properly addressed in the other futures, OMS would like to see a true low growth future without linkage to pro-transmission building policies.