



MEP Proposal and MVP Current Thinking

November 16, 2017



Presentation Overview

- OMS MEP Proposal
 - Key Provisions: Reduce voltage threshold; 100% allocation to benefiting zones; increased granularity
- Minority MEP Position and Concerns
- Current MVP Thoughts
 - Either remain with status quo or transition to public policy planning approach

OMS MEP Proposal and Minority Concerns

MEP COST ALLOCATION



Organization of MISO States

MEP Proposal Overview

- Revise MEP qualification criteria
 - Lower voltage threshold to 100 kV; adopt reliability safeguard
 - Implement tiered, voltage-based project cost threshold tied to MISO's interregional agreements and recent FERC decisions
 - Continue to study additional benefit metrics; only add easily, accurately quantifiable metrics that are supported by analysis and data
- Revise MEP cost allocation to better match costs to beneficiaries
 - Eliminate 20% postage stamp
 - Define beneficiaries at most granular level practical; majority support to define beneficiaries at TPZ-level; MISO should continue to study
 - Adopt minimum benefit threshold and hold-harmless provision



Revise MEP Criteria

- Reduce voltage threshold to 100 kV
- Adopt a reliability safeguard
 - If a project (a) qualifies as MEP and BRP, and (b) is needed to address a near-term (5 years or sooner) reliability issue(s), the project would be allocated as MEP, but would not open for competitive bidding.

Revise MEP Criteria (cont.)

- Implement tiered project cost threshold¹
 - 100 – 200 kV: \$5M (matches MISO-SPP JOA's Interregional Project cost threshold)
 - 200 – 300 kV: \$10M
 - 300 kV +: \$20M

Note: MISO-PJM interregional economic projects not subject to revised cost thresholds per the NIPSCO Order

¹ IN, MN, MO, ND, SD, and TX support the \$5M threshold for all three voltage tiers.

Revise MEP Criteria (cont.)

- Majority continue to support APC¹
- Only add benefit metrics that are (a) easily and accurately quantifiable and (b) supported by analysis and data.
 - OMS lacks sufficient information to determine whether any of the potential metrics MISO has identified meet these criteria
- If multiple benefit metrics are added, the appropriate B/C ratio may need to be revisited.²

¹ One member believes MISO should adopt a Load LMP Payment benefit metric

² One member believes current B/C ratio may be too high already; eight members (TX, MN, SD, ND, IA, IL, MO, MI) do not support possible increase

Revise MEP Cost Allocation

- Majority supports allocating 100% of MEP costs to beneficiaries at a more granular level given current modeling constraints
 - Majority support allocating MEPs to benefitting TPZs provided MISO develops the necessary post-processing tools
- Supports adding 1% benefit threshold and hold-harmless provision

Minority MEP Position

- ND, SD, and MN prefer no change to the current MEP cost allocation for the following reasons:
 - The current regional MEP process took many years to develop, and has not been in place for a significant amount of time. We believe it is appropriate to let the current negotiated regional MEP process work with the only changes being those necessary to address FERC directives related to lower voltages.

Minority Concerns re: Granularity

- MN, ND, and SD expressed concerns regarding allocating MEP costs to benefitting TPZs
 - The current APC saving benefit metric could result in false benefits to zones that export wind. The current modeling assumption of generator ownership needs improvement before transitioning to TPZ allocations¹
 - TPZ level cost allocation with APC saving metric may not properly identify beneficiary of the transmission projects since it may not capture all the quantifiable benefits.²
 - The APC savings benefit metric calculated at the time the MEP project is approved does not capture the potential for APC savings benefits to change over time.

¹Possible solution – Allow energy export zones to keep LRZ allocations

²Proper study and consideration of mitigation is warranted.

Current Thinking

MVP COST ALLOCATION



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Current Thinking re: MVPs

- No support for MISO's "MVP Hypothesis"
- No formal position regarding what changes, if any, should be made to the current MVP criteria and cost allocation
- After extensive discussions, the OMS TCAWG expressed two different notions
 - Status quo
 - Transition to a public policy planning approach, similar to PJM's State Agreement model
- No TCAWG member supported additional MVP-like project categories, or believed there is a "gap" between the MEP and MVP categories



Questions?

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APPENDIX



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MEP Criteria and Cost Allocation: Current and OMS Proposal

Voltage Tier	Current MEP Criteria & Cost Allocation	2017 Revised MEP Strawman (OMS)
100 – 200 kV	N/A	<ul style="list-style-type: none"> • APC; other possible metrics if supported by analysis and data, and easily and accurately quantifiable • Cost: \geq \$5M • Benefit/cost ratio = 1.25; possible increase to 1.5 if multiple metrics added • Granularity = Benefitting TPZs • No postage stamp (footprint or sub-regional)
200 – 300 kV	N/A	<ul style="list-style-type: none"> • Same As Above • Cost: \geq\$10M cost
345kV +	<ul style="list-style-type: none"> • Allocation: 80% to benefitting LRZs & 20% footprint-wide postage stamp • Benefits: APC only • Thresholds: \geq \$5m cost; 1.25 B/C ratio 	<ul style="list-style-type: none"> • Same As Above • Cost: \geq\$20M