

OMS Regional Planning Work Group (RPWG)
Feedback on the MTEP15 Futures
December 12, 2013

1. **Solar percentage of overall RPS mandate:** The OMS RPWG would like clarification on how the figure of 10% was determined. We would also like more detail on the amount of and kind of solar that currently exists in the MISO footprint in order to have confidence in the estimation for “incremental solar” needed. Also, what are the current solar mandates and goals that exist in the MISO footprint?
2. **Nuclear retirements:** no comment.
3. **Carbon tax in generation shift future:** The OMS RPWG would like more explanation of how the 40 percent number is derived. For example, what level of carbon tax achieves this level of coal energy production?
4. **Natural Gas Price:** We were not provided full information on the two comparisons. Since all three escalation rates were applied to the High, Mid and Low starting values of the real Bentek price, it is not clear which escalation rate will be applied to which starting value. In addition it was not clear how the High and Low starting values would be determined and how each would be escalated if the Bentek nominal prices are used. Before we can voice a preference we need more information on the methodology.
5. **Suggestion on Future Narrative:** Although the RPWG supports having a high, BAU and low economic growth futures with corresponding high, mid and low demand and energy growth rates, the MTEP15 Futures narratives are not factually correct in the statements made pertaining to economic growth, the economy, and the relationship of economic growth to electricity growth. The U.S. economy has grown steadily, year after year and decade after decade since the Great Depression. However, the rate of electricity growth has steadily decreased each decade since the 1950s (see attached chart). This relationship is on a downward trend over time, yet the MTEP Future narratives seem to assume that the economic growth-electricity growth relationship is the same in the 2010s as it is was in the 2000s. This is clearly not the case. In the previous decade growth was approximately 1.5% to 1.0%, whereas now business as usual indicates that growth is below 1%.

Specifically, the Limited Growth narrative begins with: “The Limited Growth future is designed to capture the effects of the economy turning back toward recession-like levels.” Does this mean that this future assumes a recession over the 15 year time horizon, accompanied with negative electricity growth? Similarly, the High Growth future refers to “pre-recession level of economic growth”. The apparent implication is that the economy grew faster before the 2008 recession than it has after that recession. This is not the case. A check of the numbers reveals that from 2002-2008, real U.S. GDP (by quarter) grew at 2.58% (2.78% from 2001-2004 and 2.37% from 2005-2008), while

growth by quarter from 2009-2013 has been 2.28%. This difference is not significant enough to tell the story of the Futures. The real story is that the rate of electricity growth has continually dropped over time, and that there is not a constant relationship between economic growth and electricity growth. The decreasing trend of electricity growth needs to be included in these narratives.

