

**Organization of MISO States (OMS)
Transmission Cost Allocation Work Group (TCAWG) and
Transmission Planning Work Group (TPWG)
Feedback on MISO's July 28, 2021 LRTP Cost Allocation Proposal to the RECBWG**

August 6, 2021

The OMS TCAWG and TPWG (OMS WGs) appreciate the opportunity to provide feedback on the important issue of cost allocation. The OMS WGs reiterate that they continue to support the OMS Cost Allocation Committee (CAPCom) Guiding Principles¹. We also request clarification on a number of areas relating to MISO's July 28, 2021 proposal on LRTP cost allocation.² Specifically, the OMS WGs request that MISO provide written responses to the following questions:³

Cost Allocation

- Please explain how LRTP projects are sufficiently similar to MVPs such that they require a similar cost allocation methodology given that the long-haul projects are intended to move power over farther distances.
- What is the justification for differences in the methodology between the Central/North region and MISO South?
- How is MISO ensuring that the costs for solution sets are allocated to those causing the need for the lines, particularly as the portfolios making up the solution sets are fragmented over time?

Cost/Benefit Analysis

- In the RECBWG, MISO indicated that cost allocations may go to some zones that have negative benefits, please explain why MISO believes that would be just and reasonable.
- In assessing a B/C analysis, how does MISO match benefits and costs to those who must pay for them?

¹ The CAPCom Principles are available at https://www.misostates.org/images/PositionStatements/OMS_Position_Statement_of_Principles_Cost_Allocation_or_LRTPs.pdf.

² The OMS WGs note that these questions are from discussions among the TCAWG as a whole but are not necessarily attributable to any particular member state and do not necessarily reflect the positions of any state commission or OMS Board member.

³ The Minnesota Public Utilities Commission staff participated in discussion on these comments and are not supportive of these comments.

- MISO proposed to use existing benefit metrics. The term “any other financially quantifiable benefit” is vague and could be overly inclusive. Please provide an example of what type of benefit this would involve. Please also explain how this has been applied in past MVP assessments.

Stranded Costs

- How will ratepayers be held harmless if the assumed generation development does not materialize in accordance with the LRTP planning process?
- How would MISO propose to allocate costs incurred in planning for a generation site that no party takes an interest in developing?
- How is MISO proposing to allocate any costs incurred as part of the LRTP process for projects that are started but not completed due to financial difficulties or other unexpected impediments?
- How does MISO intend to avoid a possible disconnect between the LRTP planning and cost allocation process for transmission and the resource planning processes under state jurisdiction for generation?

Portfolios

- Please clarify how MISO plans to determine and implement its proposed portfolio approach. In MISO’s response, please address the following topics:
 - How will the term “portfolio” be defined and implemented?
 - Will MISO group multiple projects into one “portfolio” but approve portions of the “portfolio” over the course of multiple MTEP cycles or alternatively, will MISO approve multiple “portfolios” in successive MTEP cycles?
 - Will the portfolio be determined in one year? Will those portfolios shift and change over time?
 - Will the portfolio of LRTP projects be fully developed in 2021?
 - Does MISO plan to put forth several discrete portfolios of projects in future MTEP cycles, or will it identify a single LRTP portfolio and modify it over time?
- How would this fit in MISO’s articulation of one power pool for LRTP planning? For example, hypothetically, would it make better sense to propose a 345 kV line with the whole footprint taken into account over a 230 kV line with only N/C taken into account? How would MISO undertake such a determination?
- Will MISO’s planning approach be separated between MISO-North and Central regions as one plan and MISO-South as a separate plan?

Related Planning Topics

- Has MISO considered waiting until the outcome of the FERC ANOPR and/or the Federal-State Joint Task Force before making a final determination on proposed changes to the LRTP process? What if those outcomes conflict with MISO's LRTP?
- Would there be a limit on the number of LRTP projects included in an MTEP or LRTP portfolio?
- Does MISO's transmission planning process run the models with any constraints on capital budgets or limits on average rate increases? In the absence of such constraints, is MISO indicating that there is unlimited pot of money available for capital expenditures by utilities for transmission?

Siting

- If a portion of the portfolio does not receive siting authority, will MISO recalculate benefits/allocations?
- Does MISO plan to limit proposed portfolios to DOE designation corridors?

Market Signals

- How does the LRTP help price signals for generation location?
- Is MISO seeking to accomplish zero congestion costs?
 - Would some level of congestion be desirable to send proper price signals and to enable states to meet their own reserve/resource needs? If so, what is the appropriate level?
- Would generation and transmission intended to be built in a public utility's service territory have to be built by that investor-owned utility or would it be able to bid out for competition?