

DRAFT 1/4/2019

January 10, 2019

Montana-Dakota Utilities Co. (MDU) appreciates the opportunity to comment and submit feedback on the OMS RSC Whitepaper Questions.

To date there has already been a lot of attention on transmission planning, market coordination, and resource integration on the SPP-MISO seam. MDU would like to see the OMS and the RSC focus on inefficiencies under the Joint Operating Agreement (JOA) between MISO and SPP as to the usage of available transmission and how transmission service is taken and paid for.

The difference in implementation of Section 5.2 under the JOA between MISO and SPP, as compared to the MISO and PJM seam, puts MISO customers at a disadvantage when it comes to rate pancaking along the MISO-SPP seam.

Before the development of the regional transmission organizations, the northern seam between MISO and SPP was jointly planned and developed between the various transmission owners to minimize costs and duplication of facilities. This consolidated effort was beneficial to everyone and worked well for many years.

SPP, driven by the position of a few of its members, sees the need to charge MISO customers for any usage of its facilities. This position goes against the collaborate efforts that developed the transmission system along the seam in the first place. MISO continues to view service along the seam as it did when it originally signed the JOA with SPP. These differences should be addressed and treated similarly between the parties. In the collective spirit of joint development of future transmission projects along the MISO-SPP seam, it goes against common reason that a MISO TO should have to help fund an SPP project and then turn around and then pay for the usage of that same SPP facility. Collaboration in joint transmission planning should go hand in hand with joint usage of available facilities.

The billing of network integrated transmission service (NITS) is also a major difference along the seam. MDU takes both MISO and SPP NITS for a portion of its MISO loads. SPP requires a MISO LSE to report all loads, including off-system loads, as a part of its monthly NITS calculation. While a similar SPP LSE only has to report on-system loads for reciprocal usage under the MISO Tariff. What this means is that MISO only charges an SPP LSE for their actual usage during the peak billing hour each month and not for emergency, or backup service requests. MDU has seen a growing number of emergency, or backup, service requests under MISO NITS to support SPP loads for which MISO only bills the emergency, or backup, service if it is used during the peak billing hour for the month. One of the recent new emergency, or backup, service requests on MDU's system requires MISO upgrades for which the SPP load will likely never have to pay for because the load is normally service from SPP and not a part of the MISO NITS billing process.

Many of the transmission constraints in the Dakotas, along the MISO-SPP seam, are caused by the concurrent outages of higher voltage SPP transmission facilities which cause post-contingent overloads onto lower voltage MISO and SPP transmission facilities. The usage of flow gates and market to market (M2M) payments is less effective than other parts of the footprint and upgrades to the lower voltage project would only push the constraint down the line to the next facility with little reduction to M2M payments. Better outage coordination of SPP outages with MISO in the

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Dakotas and usage of traditional operating guides would be more effective to minimize congestion and M2M payments than construction of regional transmission projects.