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VIA ELECTRONIC DELIVERY

March 27, 2012

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Midwest Independent Transmission System Operator, Inc.'s Compliance Filing Reporting on Multi-Value Project Process Under the Open Access Transmission, Energy and Operating Reserve Markets Tariff Docket No. ER10-1791-00_

Dear Secretary Bose:

The Midwest Independent Transmission System Operator, Inc. ("MISO") respectfully submits this informational report in compliance with the Federal Energy Regulatory Commission's ("FERC" or the "Commission") order issued on December 16, 2010 in Docket No. ER10-1791-000,[1] conditionally accepting MISO's proposed revisions to its Open Access Transmission, Energy and Operating Reserve Markets Tariff ("Tariff"), regarding Multi-Value Projects ("MVPs").

I. BACKGROUND

The MVP Order required, among other things, that after completion of each planning cycle, MISO file an annual informational report describing the selection of MVPs, and assessing, in consultation with stakeholders, the achievements and shortcomings of the MVP selection process.[2] MISO's latest planning cycle was completed on December 8, 2011. The present filing provides MISO's annual report regarding the MVP selection process and results, including stakeholder feedback thereon.

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[1] *Midwest Indep. Transmission Sys. Operator, Inc.*, 133 FERC ¶ 61,221, (2010) ("MVP Order"), *order on reh'g*, 137 FERC ¶ 61,074 (2011) ("MVP Rehearing/Compliance Order").

[2] MVP Order at P 49, 243.

II. REPORT ON SELECTION OF MVPS

A. MVP Selection Process and Results

1. Description of Process

Pursuant to the MISO Transmission Expansion Planning ("MTEP") process under Attachment FF of the Tariff, including the MVP Criteria and the Portfolio approach set forth therein, MISO developed the 2011 MVP Portfolio by considering regional system enhancements, identified by previous MTEP analyses, that could potentially provide multiple types of value, including enhanced reliability, reduced congestion, increased market efficiency, reduced real power losses and the deferral of otherwise needed capital investments in transmission.

This candidate Portfolio was also based upon a set of energy zones. Those zones, developed to provide a low-cost approach to wind siting when both generation and transmission capital costs are considered, were created and selected through work with state utility regulators and governors. Incremental wind resources necessary to meet the 2021 or 2026 renewable energy levels mandated by state law for certain MISO stakeholders were added to these zones.

Finally, the candidate Portfolio was intensively evaluated to ensure its component projects, and the Portfolio in total, were justified under the MVP cost allocation criteria. Specifically, the individual projects were tested to ensure they were needed to more reliably meet public policy requirements. Additionally, the full Portfolio was tested to ensure the MVPs are collectively designed to achieve widespread economic benefits. The analysis built a robust business case for the recommended transmission facilities, and tested the candidate facilities against a variety of potential policy and load growth futures. This multi-scenario test ensured the robustness of the transmission Portfolio and reduced potential negative risks due to changes in future demand and energy growth.

More specifically, the MVP cost allocation criteria requires the evaluation of the Portfolio based on reliability, economic and energy delivery considerations. Analyses were designed to determine and confirm the value of each project and of the Portfolio as a whole in relation to these three main factors. Thus, the analyses included project valuation, focused on justifying each individual candidate MVP against the MVP criteria. The analyses also involved Portfolio valuation, which determined the benefits of the Portfolio of candidate MVPs in the aggregate, quantifying additional reliability and economic benefits. Finally, a series of system performance analyses were performed to ensure that system reliability will be maintained with the recommended MVP Portfolio in service.

The outcome of the study was a cost-benefit justified Portfolio of MVPs, which was recommended to, and approved by, the MISO Board of Directors in December 2011. The final MVP Portfolio is described in the MVP Portfolio Analysis Full Report ("MVP Report") attached

hereto under Tab A. More information on the process used to develop and recommend the final MVP Portfolio may be found in Section 4 of the MVP Report.

2. MVP Selections and Other Achievements

As a result of the above-described selection process, MISO identified the MVP Portfolio shown in Figure 1.

	Project	State	Voltage (kV)	In Service Year	Cost (M, 2011$)[3]
1	Big Stone–Brookings	SD	345	2017	$191
2	Brookings, SD–SE Twin Cities	MN/SD	345	2015	$695
3	Lakefield Jct. –Winnebago–Winco–Burt area & Sheldon–Burt area–Webster	MN/IA	345	2016	$506
4	Winco–Lime Creek–Emery–Black Hawk–Hazleton	IA	345	2015	$480
5	N. LaCrosse–N. Madison–Cardinal & Dubuque Co. –Spring Green–Cardinal	WI	345	2018/2020	$714
6	Ellendale–Big Stone	ND/SD	345	2019	$261
7	Adair–Ottumwa	IA/MO	345	2017	$152
8	Adair–Palmyra Tap	MO/IL	345	2018	$98
9	Palmyra Tap–Quincy–Merdosia–Ipava & Meredosia–Pawnee	IL	345	2016/2017	$392
10	Pawnee–Pana	IL	345	2018	$88
11	Pana–Mt. Zion–Kansas–Sugar Creek	IL/IN	345	2018/2019	$284
12	Reynolds–Burr Oak–Hiple	IN	345	2019	$271
13	Michigan Thumb Loop Expansion	MI	345	2015	$510
14	Reynolds–Greentown	IN	765	2018	$245
15	Pleasant Prairie–Zion Energy Center	WI/IL	345	2014	$26
16	Fargo-Galesburg–Oak Grove	IL	345	2018	$193
17	Sidney–Rising	IL	345	2016	$90
Total					$5,197

Figure 1. Approved MVP Portfolio

The MVP Portfolio combines reliability, economic and public policy drivers to provide a transmission solution that provides benefits in excess of its costs throughout the MISO footprint. This Portfolio, when integrated into the existing and planned transmission network, resolves about 650 reliability violations for more than 6,700 system conditions, also enabling the delivery

[3] Costs shown are inclusive of transmission upgrades of underbuilt portions of the Transmission System, and upgrades driven by short circuit requirements.

of 41 million MWh of renewable energy annually to load. More information on the justification of each project may be found in Section 5 of the MVP Report under Tab A.

The full MVP Portfolio provides clear economic benefits to the entire MISO region. All zones[4] within the MISO footprint stand to receive benefits at least 1.6 to 2.8 times their cost as shown in Figure 2 below. These benefits accrue from increased market efficiency, the reduction of the need for future generation construction, and a decrease in the requirement of future baseline reliability upgrades. More information on the economic benefits of the Portfolio may be found in Section 8 of the MVP Report.

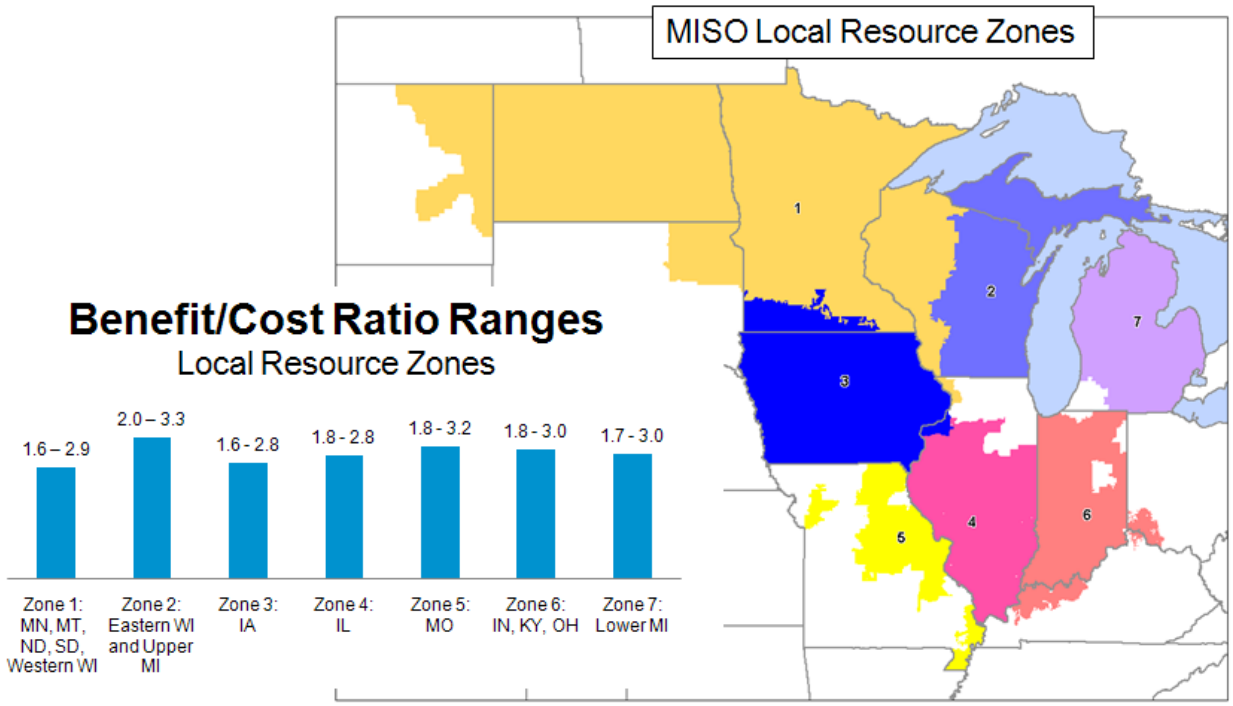

Figure 2. MVP Portfolio Benefits Spread

[4] Benefits were calculated based on the Local Resource Zones proposed by MISO in its July 21, 2011 Resource Adequacy filing in Docket No. ER11-4081-000.

B. Stakeholder Participation

1. Stakeholder Involvement in MVP Selection

MISO gave stakeholders opportunity to participate in the selection of MVPs through several open and transparent forums throughout the three year process during which the Portfolio was developed and justified. The number of MVP-related stakeholder meetings from 2008 through 2011 is shown in Figure 3 below. Beginning in 2008, meetings were held to define the potential Portfolio and associated cost allocation methodology through the Regional Generator Outlet Study ("RGOS") and Regional Expansion Criteria and Benefits ("RECB") Task Forces. In 2011, a Candidate MVP Portfolio Analysis Technical Study Task Force ("TSTF"), composed of regulators, Transmission Owners, renewable energy developers, and Market Participants, met at least monthly with MISO engineers to provide input, feedback, and guidance throughout the MVP study processes. Regular updates were also given to, and feedback obtained from, the MISO Planning Advisory Committee ("PAC") and the Planning Subcommittee ("PSC"). Finally, all study results were made available for stakeholder review. Stakeholder feedback and analyses were requested throughout the study process, and stakeholder inputs received were duly taken into account in the design of the MVP Portfolio.

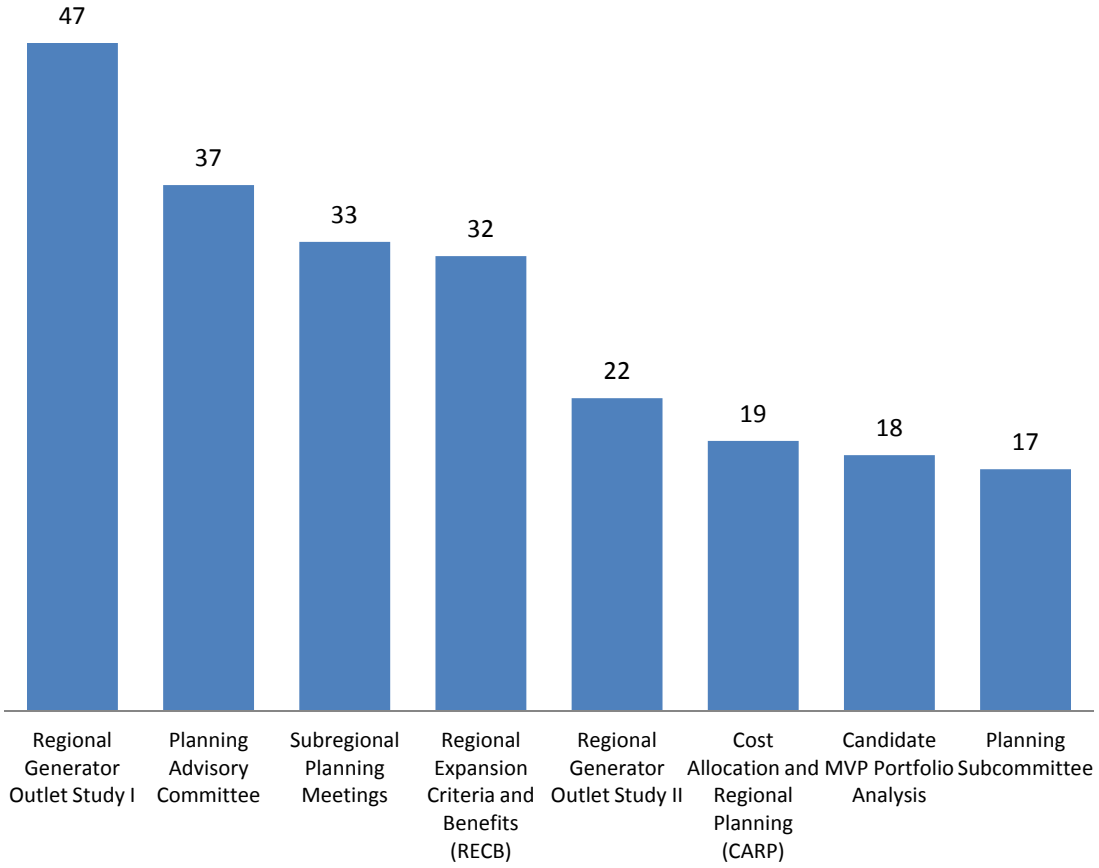

Figure 3. Regional Planning Stakeholder Meetings, 2008-2011

2. Stakeholder Feedback on MVP Selection Process and Results

As indicated above, MISO involved stakeholders in the assessment of the process and results of MVP selection. In addition to the opportunities for participation provided in the meetings discussed previously, stakeholders were given the chance to provide comments on the MVP selection process and results directly to the MISO Board of Directors through the annual MISO Transmission Expansion Plan reporting process. In 2011, after consideration of the comments already received, the MISO Board of Directors System Planning Committee then allowed stakeholders to submit additional comments prior to the Committee's decision on whether to recommend the MVP Portfolio to the full Board of Directors for approval.

Initially, ten parties submitted comments to the Board of Directors during its review of the MTEP report. Four parties supported the proposed MVP Portfolio for approval. One party recommended a portion of the MVP Portfolio be approved, while providing comments critiquing the MVP process. Another party primarily recommended improvements to the MVP study

process, and one party explicitly recommended the Board not approve the proposed MVP Portfolio. During a second comment period, seven parties explicitly recommended the Board approve MVP Portfolio partly or wholly. Two parties recommended against Board approval of the MVP Portfolio.

Through the comment process the primary criticism voiced by a small subset of stakeholders related to the need for additional granularity in benefits analysis, such as economic analysis on a project by project basis, as well as on a pricing zone level. MISO considered these comments, and they were discussed thoroughly by the Board. However, MISO is satisfied that its approach is consistent with the Tariff and adequately matches the benefits with the costs. Ultimately, these comments seem to be less about the approach for choosing a Portfolio and more a challenge to the MVP provisions of the Tariff, previously accepted by the Commission, that require a portfolio-based approach.

All the stakeholder comments for the Board of Directors, and the MISO responses to the comments, may be found in the compilation included herein under Tab B.

3. Stakeholder Feedback on Present Annual Report

MISO also provided stakeholders with an opportunity to comment on the items addressed in this filing. MISO received limited stakeholder feedback, which has been included or addressed in this filing.

Based on the comments received MISO believes the majority of stakeholders consider the overall MVP selection process a success. Most stakeholders perceive the process as having produced a balanced set of transmission projects which, when evaluated as a portfolio, will provide benefit across the MISO footprint, in a manner commensurate with costs. The success of this process was due in large part to the participation and feedback of the MISO stakeholder body throughout all stages. Through stakeholder inputs, MISO was able to optimize the transmission portfolio and better define the benefits it will provide. While some stakeholders expressed concerns, these appear to pertain not so much to the planning process as to the cost allocation methodology itself, involving issues that are now the subject matter of petitions for review of the MVP orders, and beyond the scope of this compliance proceeding.

In future MVP analysis, MISO expects to expand the transparency with which it solicits stakeholder proposals and evaluates alternative transmission projects. During the MVP selection process, stakeholders could and did propose transmission alternatives for consideration in the portfolio. These alternatives were all duly investigated by MISO staff, and in some cases adjustments made to the initial proposed portfolio to reflect them. However, due to timing requirements, the results of the analyses validating these alternatives were often not shared with stakeholders until after a particular project had been recommended for integration into the MVP Portfolio (or occasionally, until after the transmission alternative had been determined to be less valuable than other candidate projects being evaluated). In future iterations of the MVP

selection process, MISO will work to increase opportunities for the timely discussion of the analyses of transmission alternatives.

D. Areas to Continue Monitoring

Going forward, MISO will continue to evaluate the effectiveness of the MVP methodology with stakeholders to ensure that the various MVP criteria lead to identification of the intended types of transmission projects. In particular, the MVP Order directed MISO to monitor the appropriateness of the $20 million threshold to ensure MVPs provide material benefits to the region.[5] As indicated in Figure 1, 16 of the 17 projects in the MVP Portfolio each have an estimated project cost of at least $88 million, and they have an average project cost of $306 million. While all of the projects in the current portfolio clearly provide material benefits to the region with the $20 million threshold in place, it may not be unreasonable to consider raising the project cost threshold to a higher value based on any observable trends in MVP costs.

As encouraged by the MVP Order, MISO has developed in consultation with stakeholders, and has started implementing, a process to provide Market Participants an estimate of the MVP Usage Rate for the next month.[6] This process includes posting on the MISO Transmission Pricing website no later than the start of each month's billing cycle an estimate of the MVP Usage Rate for that billing cycle, and calculating the actual MVP Usage Rate at the end of each month based on actual withdrawals.[7]

MISO is also scheduled to develop a process and timeline for selecting the next Candidate MVP Portfolio in 2012. This process will likewise be undertaken in an open and transparent manner through the PAC stakeholder forum, to allow sufficient opportunity for stakeholder comments and viewpoints to be expressed.

MISO also notes that on March 1, 2012, MISO submitted its compliance filing regarding proposed revisions to the Tariff's provisions regarding Auction Revenue Rights ("ARRs") and Financial Transmission Rights ("FTRs") in light of the regional allocation of MVP costs.[8] On April 18, 2012, MISO is scheduled to file proposed Tariff revisions on the parameters of periodic MVP cost-benefit reviews required at least every three years.[9]

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5 MVP Order at P 261.

6 *Id*. at P 444.

7 The MISO Transmission Pricing website can be found at: - https://www.midwestiso.org/MarketsOperations/MarketInformation/Pages/TransmissionPricing.aspx

8 *Id*. at P 4 and 395.

9 MVP Rehearing Order at P 30, 190-91, and n.318.

III. CORRESPONDENCE AND COMMUNICATIONS

Correspondence and communications with respect to this filing should be sent to the following persons, who shall also be authorized to receive notice in this docket:

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IV. SUPPORTING DOCUMENTS

In addition to this Transmittal Letter, the following documents are being submitted with this filing:

Tab A – MVP Portfolio Analysis Full Report

Tab B – MTEP11 and MVP Board Focused Stakeholder Feedback

V. NOTICE AND SERVICE

MISO notes that it has served a copy of this filing electronically, including attachments, upon all persons listed on the Commission's service list for the above-referenced proceeding, Tariff Customers, MISO Members, Member representatives of Transmission Owners and Non-Transmission Owners, MISO Advisory Committee participants, as well as all state commissions within the Region, and the Organization of MISO States. In addition, the filing has been posted at https://www.midwestiso.org/Library/FERCFilingsOrders/Pages/FERCFilings.aspx, on MISO's website, for other interested parties in this matter.

VI. CONCLUSION

MISO respectfully requests that the Commission accept this filing as due compliance with the MVP Order's annual reporting requirement.

Sincerely,

/s/ Arthur W. Iler
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Assistant General Counsel
Midwest Independent Transmission
System Operator, Inc.

Daniel M. Malabonga
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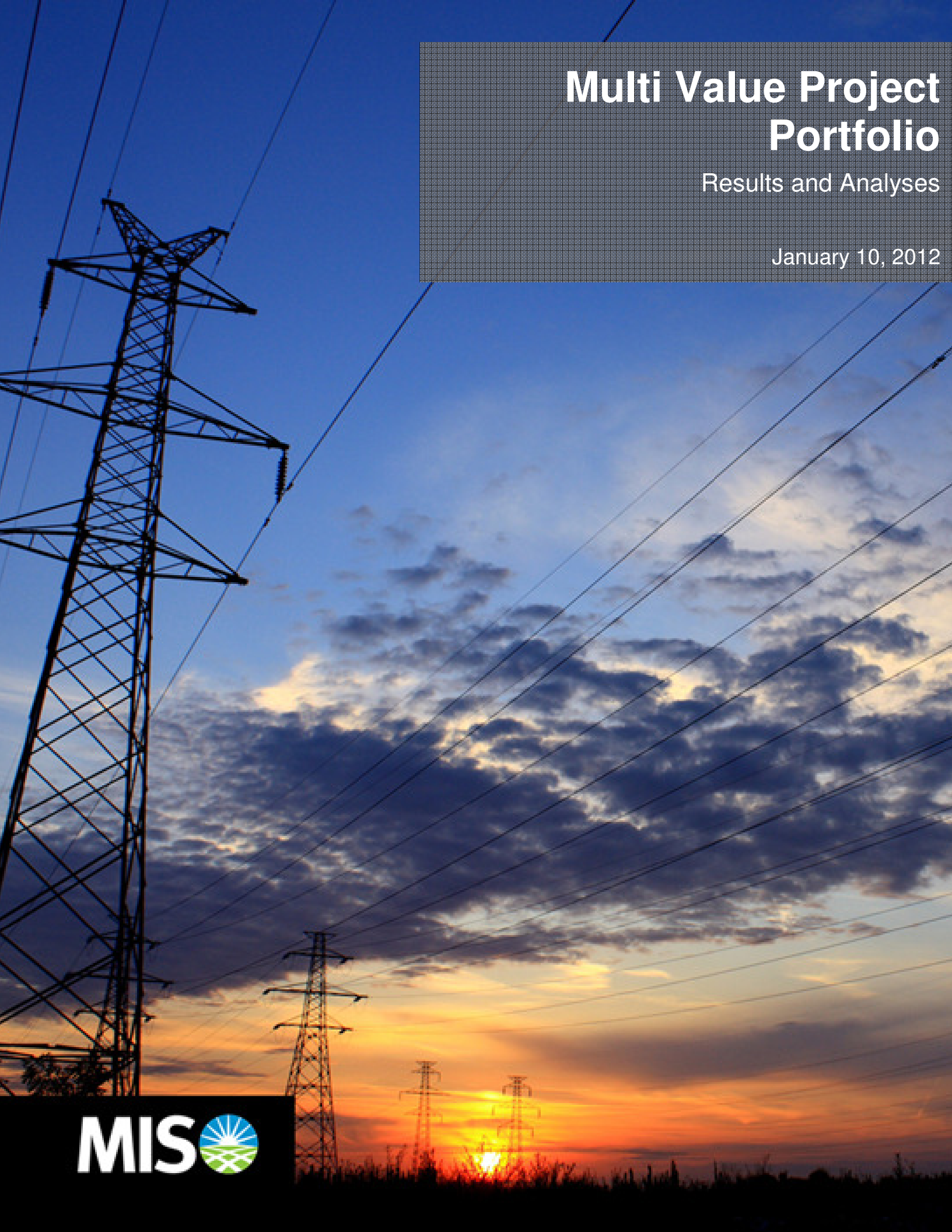
Attorneys for MISO

/Attachments

Tab A



Multi Value Project Portfolio

Results and Analyses

January 10, 2012

MISO

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1 Executive Summary

MISO staff recommends that the Multi Value Project (MVP) portfolio described in this report be approved by the MISO Board of Directors for inclusion into Appendix A of MTEP11. This recommendation is based on the strong reliability, public policy and economic benefits of the portfolio that are distributed across the MISO footprint in a manner that is commensurate with the portfolio's costs. In short, the proposed portfolio will:

- Provide benefits in excess of its costs under all scenarios studied, with its benefit to cost ratio ranging from 1.8 to 3.0.
- Maintain system reliability by resolving reliability violations on approximately 650 elements for more than 6,700 system conditions and mitigating 31 system instability conditions.
- Enable 41 million MWh of wind energy per year to meet renewable energy mandates and goals.
- Provide an average annual value of $1,279 million over the first 40 years of service, at an average annual revenue requirement of $624 million.
- Support a variety of generation policies by using a set of energy zones which support wind, natural gas and other fuel sources.

This report summarizes the key reliability, public policy and economic benefits of the recommended MVP portfolio, as well as the scope of the analyses used to determine these benefits.

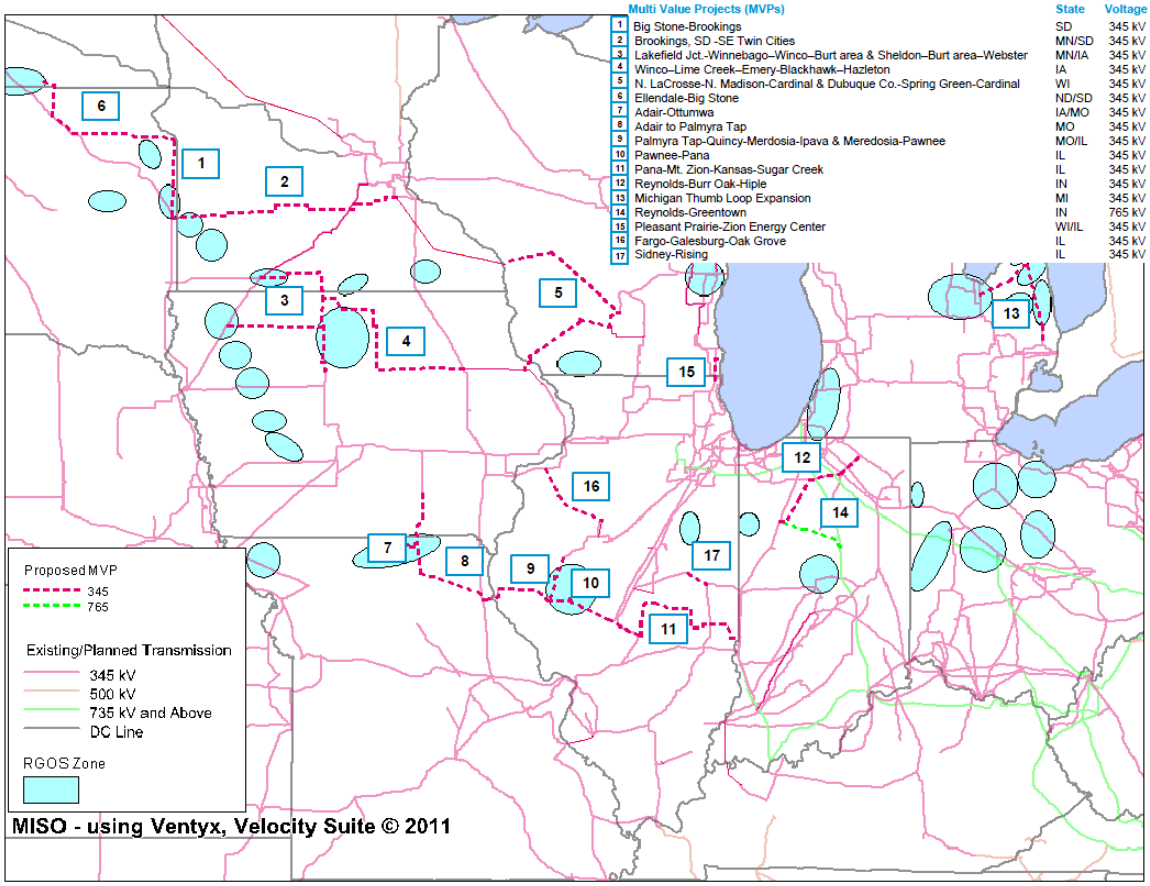

Figure 1.1: MVP portfolio[1]

[1] MVP line routing shown throughout the report is for illustrative purposes only and do not represent the final line routes.

The recommended MVP portfolio includes the Brookings Project, conditionally approved in June 2011, and the Michigan Thumb Loop project, approved in August 2010. It also includes 15 additional projects which, when integrated into the transmission system, provide multiple kinds of benefits under all future scenarios studied[2].

	Project	State	Voltage (kV)	In Service Year	Cost (M, 2011$)[3]
1	Big Stone–Brookings	SD	345	2017	$191
2	Brookings, SD–SE Twin Cities	MN/SD	345	2015	$695
3	Lakefield Jct. –Winnebago–Winco–Burt area & Sheldon–Burt area–Webster	MN/IA	345	2016	$506
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5	N. LaCrosse–N. Madison–Cardinal & Dubuque Co. –Spring Green–Cardinal	WI	345	2018/2020	$714
6	Ellendale–Big Stone	ND/SD	345	2019	$261
7	Adair–Ottumwa	IA/MO	345	2017	$152
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10	Pawnee–Pana	IL	345	2018	$88
11	Pana–Mt. Zion–Kansas–Sugar Creek	IL/IN	345	2018/2019	$284
12	Reynolds–Burr Oak–Hiple	IN	345	2019	$271
13	Michigan Thumb Loop Expansion	MI	345	2015	$510
14	Reynolds–Greentown	IN	765	2018	$245
15	Pleasant Prairie–Zion Energy Center	WI/IL	345	2014	$26
16	Fargo-Galesburg–Oak Grove	IL	345	2018	$193
17	Sidney–Rising	IL	345	2016	$90
Total					$5,197

Table 1.1: MVP portfolio

[2] More information on these scenarios may be found in the business case description.
[3] Costs shown are inclusive of transmission underbuild upgrades and upgrades driven by short circuit requirements.

Public policy decisions over the last decade have driven changes in how the transmission system is planned. The recent adoption of Renewable Portfolio Standards (RPS) and clean energy goals across the MISO footprint have driven the need for a more regional and robust transmission system to deliver renewable resources from often remote renewable energy generators to load centers.

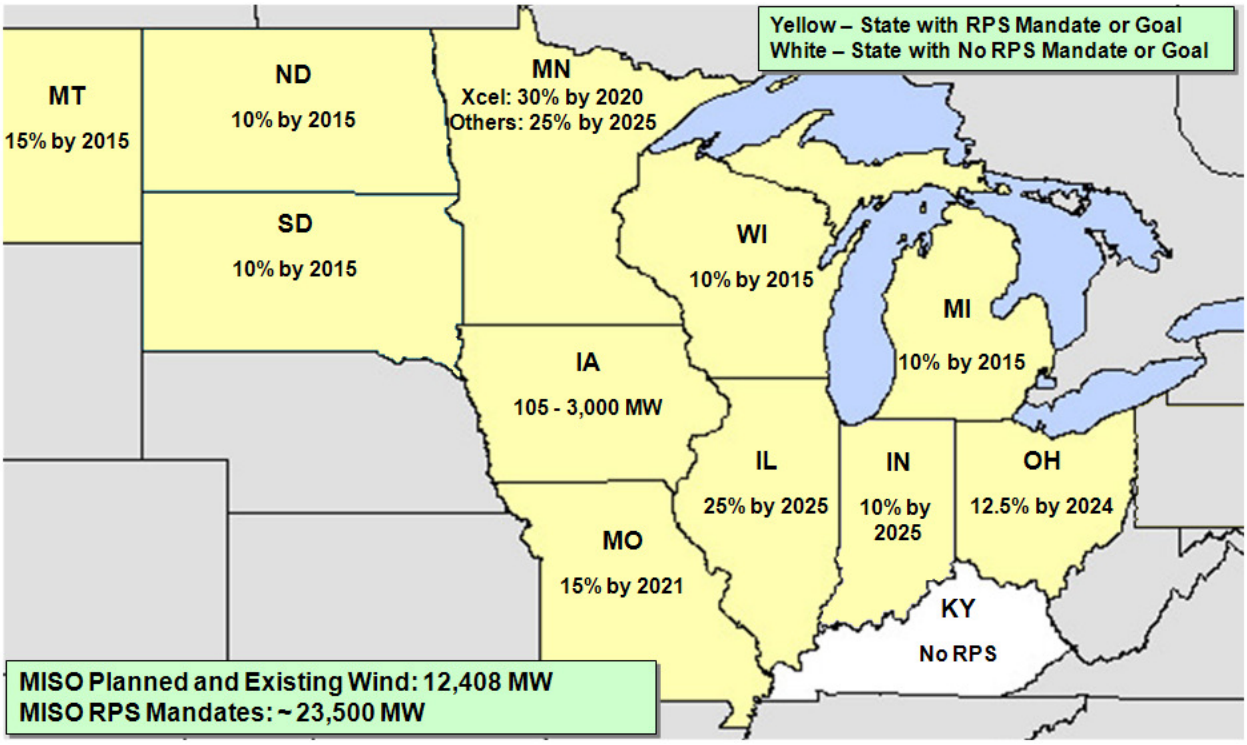


Figure 1.2: Renewable energy mandates and clean energy goals within the MISO footprint[4],[5]

Beginning with the MTEP03 Exploratory Studies, MISO and stakeholders began to explore how to best provide a value added regional planning process to complement the local planning of MISO members. These explorations continued in later MTEP cycles and in specific targeted studies. In 2008, MISO, with the assistance of state regulators and industry stakeholders such as the Midwest Governor's Association (MGA), the Upper Midwest Transmission Development Initiative (UMTDI) and the Organization of MISO States (OMS), began the Regional Generation Outlet Study (RGOS) to identify a set of value based transmission projects necessary to enable Load Serving Entities (LSEs) to meet their RPS mandates.

The goal of the RGOS analysis was to design transmission portfolios that would enable RPS mandates to be met at the lowest delivered wholesale energy cost. The cost calculation combined the expenses of the new transmission portfolios with the capital costs of the new renewable generation, balancing

The recent adoption of Renewable Portfolio Standards (RPS) across the MISO footprint have driven the need for a more regional and robust transmission system to deliver renewable resources from often remote renewable energy generators to load centers.

[4] Existing and planned wind as included in the MVP Portfolio analyses. State RPS mandates and goals include all policies signed into law by June 1, 2011.
[5] The higher number for Iowa's state RPS mandates and goals reflects the wind online rather than a statutory requirement.

the trade offs of a lower transmission investment to deliver wind from low wind availability areas, typically closer to large load centers; against a larger transmission investment to deliver wind from higher wind availability areas, typically located further from load centers.

The zones were chosen with consideration of more factors than wind capacity. Existing infrastructure, such as transmission and natural gas pipelines, also influenced the selection of zones.

While much consideration was given to wind capacity factors when developing the energy zones utilized in the RGOS and MVP portfolio analyses, the zones were chosen with consideration of more factors than wind capacity. Existing infrastructure, such as transmission and natural gas pipelines, also influenced the selection of the zones. As such, although the energy zones were created to serve the renewable generation mandates, they could be used for a variety of different generation types, to serve various future generation policies. Figure 1.3 depicts the correlation between the natural gas pipelines in the MISO footprint and the energy zones.

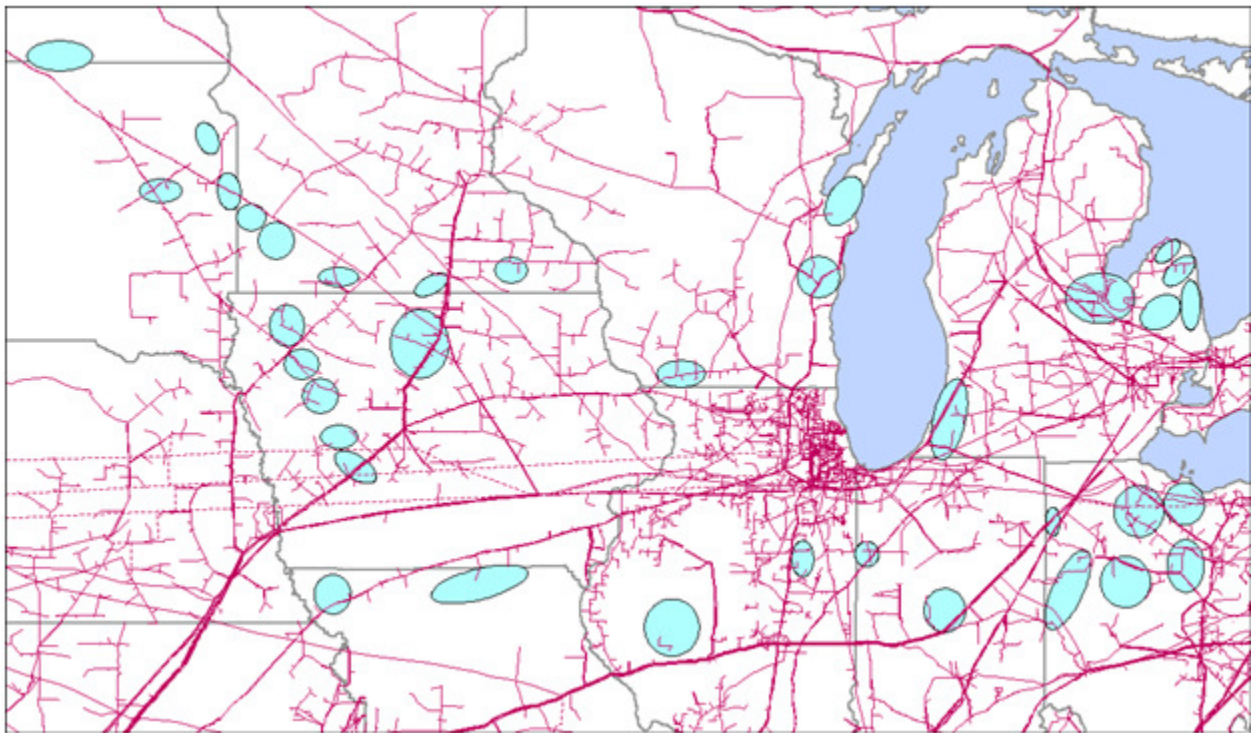


Figure 1.3: RGOS and MVP Analyses Incremental Energy Zones and natural gas pipelines

Common elements between the RGOS results and previous reliability, economic and generation interconnection analyses were identified to create the 2011 candidate MVP portfolio. This portfolio represented a set of "no regrets" projects which were believed to provide multiple kinds of reliability and economic benefits under all alternate futures studied.

The output from the study, a recommended MVP portfolio, will reduce the wholesale cost of energy delivery for the consumer by enabling the delivery of low cost generation to load, reducing congestion costs and increasing system reliability, regardless of the future generation mix.

The 2011 MVP portfolio analysis hypothesized that this set of candidate projects will create a high value transmission portfolio, enabling MISO states to meet their near term RPS mandates. The study evaluated the candidate MVP portfolio against the MVP cost allocation criteria to prove or disprove this hypothesis, as well as to confirm that the benefits of the portfolio would be widely distributed across the footprint. The output from the study, a recommended MVP portfolio, will reduce the wholesale cost of energy delivery for the consumer by enabling the delivery of low cost generation to load, reducing congestion costs and increasing system reliability, regardless of the future generation mix.

Over the course of the MVP portfolio analysis, the candidate MVP portfolio was refined into the portfolio that is now recommended to the MISO Board of Directors for approval. The portfolio was refined to ensure that the portfolio as a group and each project contained within it was justified under the MVP criteria, discussed below, and to ensure that the portfolio benefit to cost ratio was optimized.

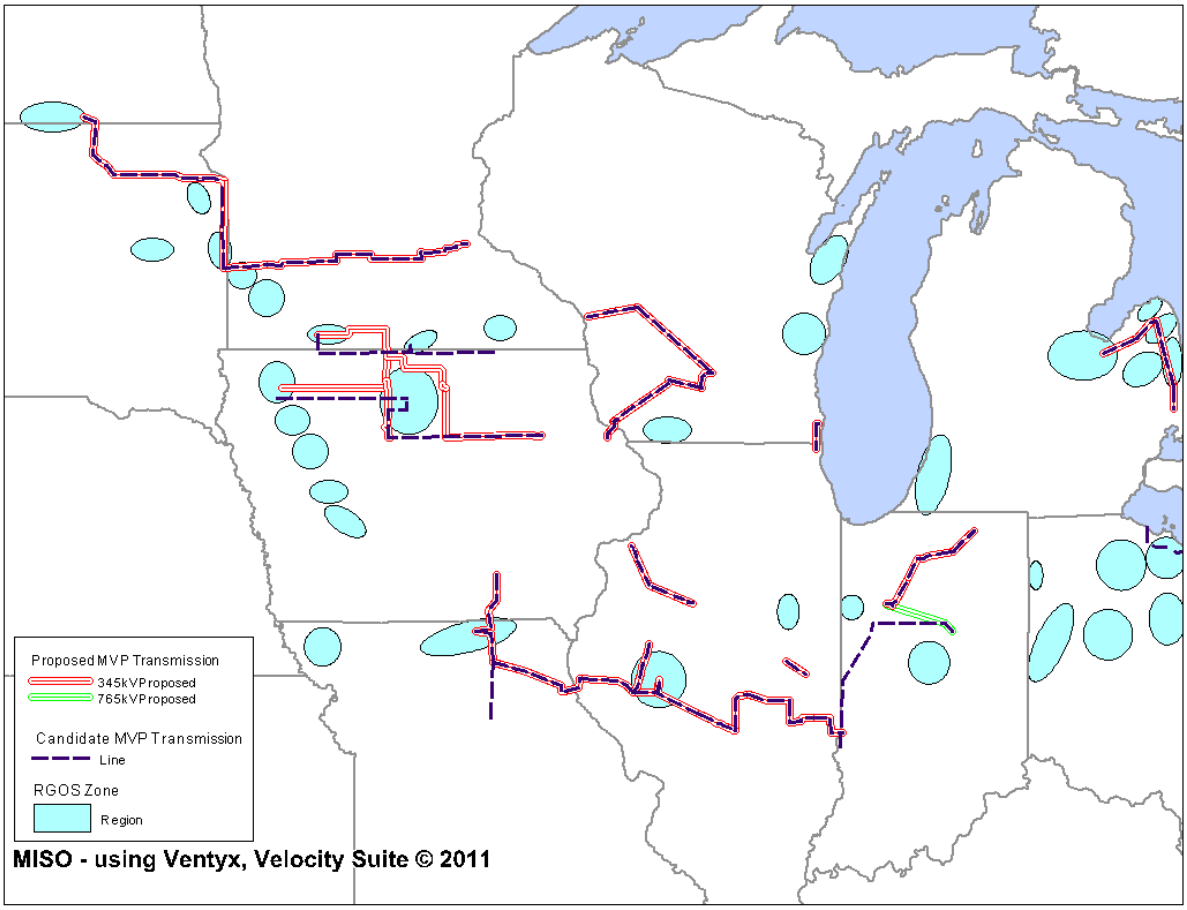


Figure 1.4: Candidate versus Recommended MVP Portfolios

The recommended MVP portfolio will enable the delivery of the renewable energy required by public policy mandates, in a manner more reliable and economic than it would be without the associated transmission upgrades. Specifically, the portfolio mitigates approximately 650 reliability constraints under 6,700 different transmission outage conditions, for steady state and transient conditions under both peak and shoulder load scenarios. Some of these conditions could be severe enough to cause cascading outages on the system. By mitigating these constraints, approximately 41 million MWh per year of renewable generation can be delivered to serve the MISO state renewable portfolio mandates.

The benefits created by the recommended MVP portfolio are spread across the system, in a manner commensurate with its costs.

Under all future policy scenarios studied, the recommended MVP portfolio delivers widespread regional benefits to the transmission system. For example, based on scenarios that did not consider new energy policies, the benefits of the proposed portfolio were shown to range from 1.8 to 3.0 times its total cost. These benefits are spread across the system, in a manner commensurate with their costs, as demonstrated in Figure 1.5.

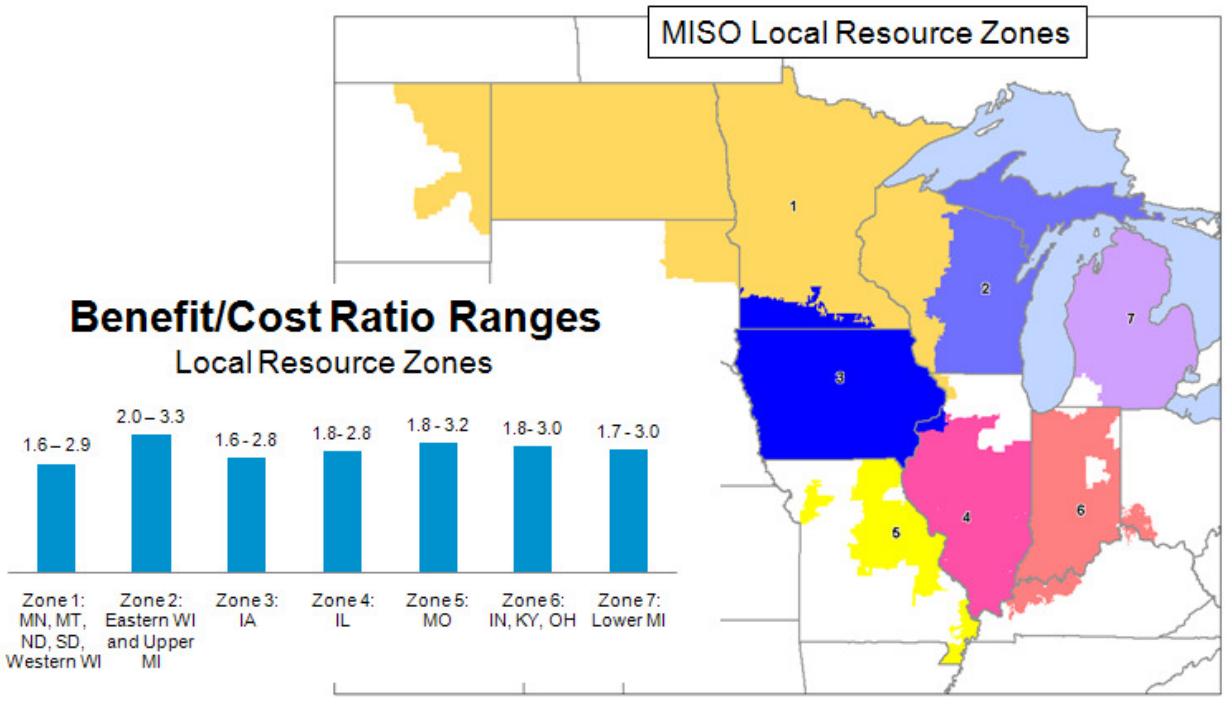


Figure 1.5: Recommended MVP portfolio benefits spread

Taking into account the significant economic value created by the portfolio, the distribution of these value, and the ability of the portfolio to meet MVP criterion 1 through its reliability and public policy benefits, MISO staff recommended the 2011 MVP portfolio to the MISO Board of Directors for their review and approval.

2 MISO Planning Approach

The goal of the MISO planning process is to develop a comprehensive expansion plan that reflects a fully integrated view of project value inclusive of reliability, market efficiency, public policy and other value drivers across all planning horizons. This process is guided by a set of principles established by the MISO Board of Directors, adopted on August 18, 2005. The principles were created in an effort to improve and guide transmission investment in the region and to furnish an element of strategic direction to the MISO transmission planning process. These principles, modified and approved by the MISO Board of Directors System Planning Committee on May 16, 2011, are:

- **Guiding Principle 1:** Make the benefits of an economically efficient energy market available to customers by providing access to the lowest electric energy costs.
- **Guiding Principle 2:** Provide a transmission infrastructure that safeguards local and regional reliability and supports interconnection-wide reliability.
- **Guiding Principle 3:** Support state and federal energy policy objectives by planning for access to a changing resource mix.
- **Guiding Principle 4:** Provide an appropriate cost mechanism that ensures the realization of benefits over time is commensurate with the allocation of costs.
- **Guiding Principle 5:** Develop transmission system scenario models and make them available to state and federal energy policy makers to provide context and inform the choices they face.

A number of conditions must be met to build longer term transmission able to support future generation growth and accommodate new energy policies. These conditions are intertwined with the planning principles put forth by the MISO Board of Directors and supported by an integrated, inclusive transmission planning approach. The conditions that must be met to build transmission include:

- A robust business case that demonstrates value sufficient to support the construction of the transmission project.
- Increased consensus on current and future energy policies.
- A regional tariff that matches who benefits with who pays over time.
- Cost recovery mechanisms that reduce financial risk.

3 Multi Value Project portfolio drivers

The 2011 MVP portfolio analysis was based on the need to economically and reliably help states meet their public policy needs. The study identified a regional transmission portfolio that will enable the MISO Load Serving Entities (LSEs) to meet their Renewable Portfolio Standards (RPS). The analyses and their results describe a robust business case for the portfolio. This business case demonstrates that not only will the recommended MVP portfolio reliably enable Renewable Portfolio Standards to be met, but it will do so in a manner where its economic benefits exceed its costs.

While the study focused upon the RPS requirements, the transmission portfolio will ultimately have widespread benefits beyond the delivery of wind and other renewable energy. It will enhance system reliability and efficiency under a variety of different generation build outs. It will also open markets to competition, reducing congestion and spreading the benefits of low cost generation across the MISO footprint. The MVP portfolio analysis focused on identifying and increasing the benefits of the transmission portfolio, including the reliability, economic and public policy drivers.

3.1 Tariff requirements

The MVP portfolio analysis and the recommendation were premised on the MVP criteria described in Attachment FF of the MISO Tariff and shown below.

> Criterion 1
>
> A Multi Value Project must be developed through the transmission expansion planning process to enable the transmission system to deliver energy reliably and economically in support of documented energy policy mandates or laws enacted or adopted through state or federal legislation or regulatory requirement. These laws must directly or indirectly govern the minimum or maximum amount of energy that can be generated. The MVP must be shown to enable the transmission system to deliver such energy in a manner that is more reliable and/or more economic than it otherwise would be without the transmission upgrade.
>
> Criterion 2
>
> A Multi Value Project must provide multiple types of economic value across multiple pricing zones with a Total MVP benefit to cost ratio of 1.0 or higher, where the total MVP benefit to cost ratio is described in Section II.C.7 of Attachment FF to the MISO Tariff. The reduction of production costs and the associated reduction of LMPs from a transmission congestion relief project are not additive and are considered a single type of economic value.
>
> Criterion 3
>
> A Multi Value Project must address at least one transmission issue associated with a projected violation of a NERC or Regional Entity standard and at least one economic based transmission issue that provides economic value across multiple pricing zones. The project must generate total financially quantifiable benefits, including quantifiable reliability benefits, in excess of the total project costs based on the definition of financial benefits and Project Costs provided in Section II.C.7 of Attachment FF.

The MVP cost allocation criteria requires evaluation of the portfolio on a reliability, economic and energy delivery basis. The scope of the analysis was designed to demonstrate this value, both on a project and portfolio basis. The projects in the MVP portfolio were evaluated against MVP criteria 1 and their ability to reliably enable the renewable energy mandates of the MISO states was quantified.

In addition, the Tariff identifies specific types of economic value which can be provided by Multi Value Projects. These values are:

- Production cost savings where production costs include generator startup, hourly generator no-load, generator energy and generator Operating Reserve costs. Production cost savings can be realized through reductions in both transmission congestion and transmission energy losses. Productions cost savings can also be realized through reductions in Operating Reserve requirements within Reserve Zones and, in some cases, reductions in overall Operating Reserve requirements for the Transmission Provider.
- Capacity losses savings where capacity losses represent the amount of capacity required to serve transmission losses during the system peak hour including associated planning reserve.
- Capacity savings due to reductions in the overall Planning Reserve Margins resulting from transmission expansion.
- Long-term cost savings realized by Transmission Customers by accelerating a long-term project start date in lieu of implementing a short-term project in the interim and/or long-term cost savings realized by Transmission Customers by deferring or eliminating the need to perform one or more projects in the future.
- Any other financially quantifiable benefit to Transmission Customers resulting from an enhancement to the transmission system and related to the provisions of Transmission Service.

The full proposed portfolio was evaluated against the benefits defined in the Tariff for MVPs. In addition to the benefits described above, the operating reserve and wind siting benefits for the portfolio were quantified, as allowed under the last Tariff defined economic value. These benefits are described more fully in the economic benefit section later in the report.

3.2 Transmission strategy

A transmission strategy addressing both local needs and regional drivers allows the MISO system to realize significant economic and reliability benefits. Regional transmission, such as the transmission in the recommended MVP portfolio, increases reliability in the MISO footprint and opens the market to increased competition by providing access to low cost generation, regardless of fuel type. Development of a strong regional transmission backbone is analogous to the development of the U.S. Interstate Highway System. While developed for specific national security justifications, the system has realized significant additional benefits in subsequent years. Similarly, the recommended MVP portfolio will create reliability, economic and public policy benefits reaching beyond the immediate needs exhibited in this analysis.

The overall goal for the MVP portfolio analysis was to design a transmission portfolio which takes advantage of the linkages between local and regional reliability and economic benefits to bring value to the entire MISO system. The portfolio was designed using reliability and economic analyses, applying several futures scenarios to determine the robustness of the designed portfolio under a number of future potential energy policies.

3.3 Public policy needs

Twelve of thirteen states in the MISO footprint have enacted either RPS requirements or renewable energy goals which require or recommend varying amounts of load be served with energy from renewable energy resources. The MVP portfolio analysis focused on the transmission necessary to economically and reliably meet the state RPS mandates. Figure 3.1 provides additional details on these renewable energy requirements and goals.

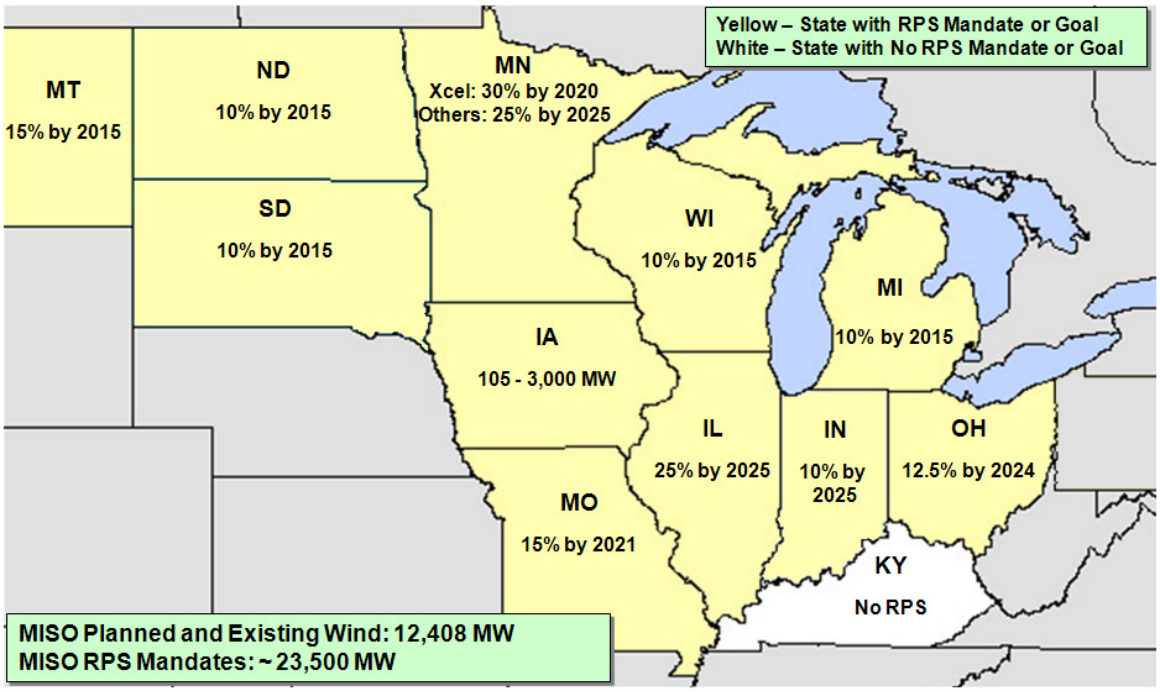


Figure 3.1: RPS mandates and goals within the MISO footprint[6]

RPS mandates vary from state to state in their specific requirement details and implementation timing, but they generally start in about 2010 and are indexed to increase with load growth. While state laws support a number of different types of renewable resources, and multiple types of renewable resources will play a role in meeting state RPS mandates, the majority of renewable energy resources installed in the foreseeable future will likely focus on harnessing the abundant wind resources throughout the MISO footprint.

3.4 Enhanced reliability and economic drivers

The ultimate goal of the MISO planning process is enable the reliable delivery of energy to load at the lowest possible cost. This requires a strategy premised upon a low cost approach to transmission and generation investment. This premise supports the overall constructability of the transmission portfolio, while reducing financial risk associated with overbuilding the system.

The goal of the MVP portfolio analysis was to design a transmission portfolio which takes advantage of the linkages between local and regional reliability and economic benefits to bring value to the entire MISO system.

[6] The higher number for Iowa's state RPS mandates and goals reflects the wind online rather than a statutory requirement.

4 MVP Portfolio Development and Scope

The MVP portfolio was developed by considering regional system enhancements, from previous MISO analyses, that could potentially provide multiple types of value, including enhanced reliability, reduced congestion, increased market efficiency, reduced real power losses and the deferral of otherwise needed capital investments in transmission.

This portfolio was also based upon a set of energy zones, developed to provide a low-cost approach to wind siting when both generation and transmission capital costs are considered. Incremental wind necessary to meet the 2021 or 2026 renewable mandates for MISO stakeholders was added to these zones, as described in the following sections.

Finally, the MVP portfolio was intensively evaluated to ensure its composite projects, and the portfolio in total, are justified under the MVP cost allocation criterion. This analysis included an evaluation of each individual project justification against MVP criterion 1. It also included an evaluation of the full portfolio, both on a reliability and economic basis.

4.1 Development of the MVP Portfolio

MISO began to investigate the transmission required to integrate wind and provide the best value to consumers in 2002. The analyses continued through subsequent MTEP cycles, with exploratory and energy market analyses. As the demand for renewable energy grew, driven largely by an increasing level of renewable energy mandates or goals, additional regional studies were conducted to determine the transmission necessary to support these policy objectives. These studies included the Joint and Coordinated System Plan (JCSP), the Regional Generation Outlet Studies (RGOS), and analyses by the Organization of MISO States (OMS) Cost Allocation and Regional Planning (CARP) group.

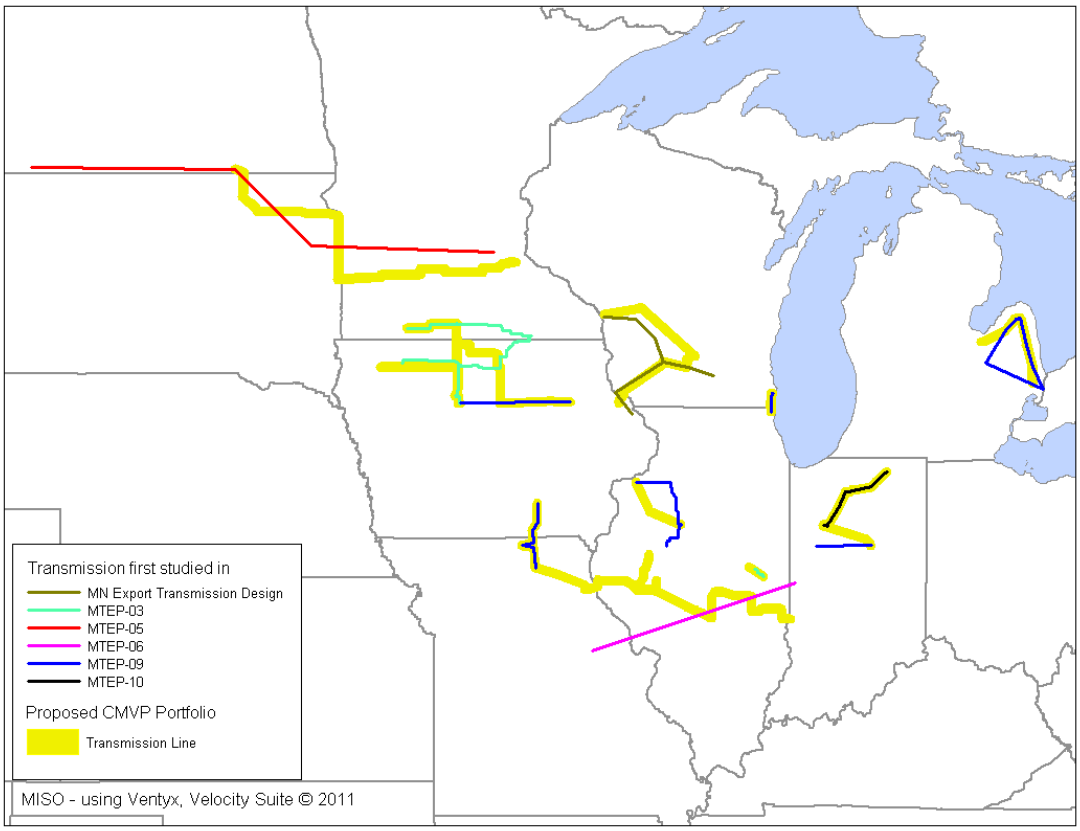


Figure 4.1: Summary of prior study input into recommended MVP portfolio

As analyses continued, the policy and economic drivers behind a regional transmission plan continued to grow. This growth was partly fueled by the development of the MISO energy and operating reserve market, which allows for regional transmission to provide regional benefits through increasing market efficiency, enabling low cost generation to be delivered to load. Simultaneously, an increase in state energy policy mandates drove the need for a robust regional transmission network, capable of responding to legislated changes in generation requirements.

It is worth noting that, although individual projects were identified beginning in MTEP03, these projects were not studied only in the year they were first identified. Subsequent MTEP analyses built on the analyses of previous years and culminated in the final recommendation of the recommended MVP portfolio.

4.1.1 MTEP03 high wind generation development scenario

In the first MISO Transmission Expansion Plan, MTEP03, the MISO evaluated at a high level the potential economic benefits of large regional transmission projects under various postulated generation development scenarios. MTEP 03 evaluated a dozen such plans based on analysis of the base planned transmission system, and its ability to accommodate substantial new additions of coal, wind and gas generation based on the interconnection queues at the time. The transmission and generation scenario analysis showed generally that there was significant potential for the right regional transmission to result in substantial reductions in marginal energy costs, particularly if that transmission was coupled with introduction of low cost coal and wind energy resources.

More specifically, MTEP03 included a high wind development scenario, which included approximately 8,600 to 10,000 MW of new wind development. This scenario was used to evaluate several transmission scenarios on a conceptual level, including a set of high voltage lines in Iowa, running from Lakefield to Adams in southern Minnesota, then looping back to tap the line from Raun to Lakefield line in Iowa.

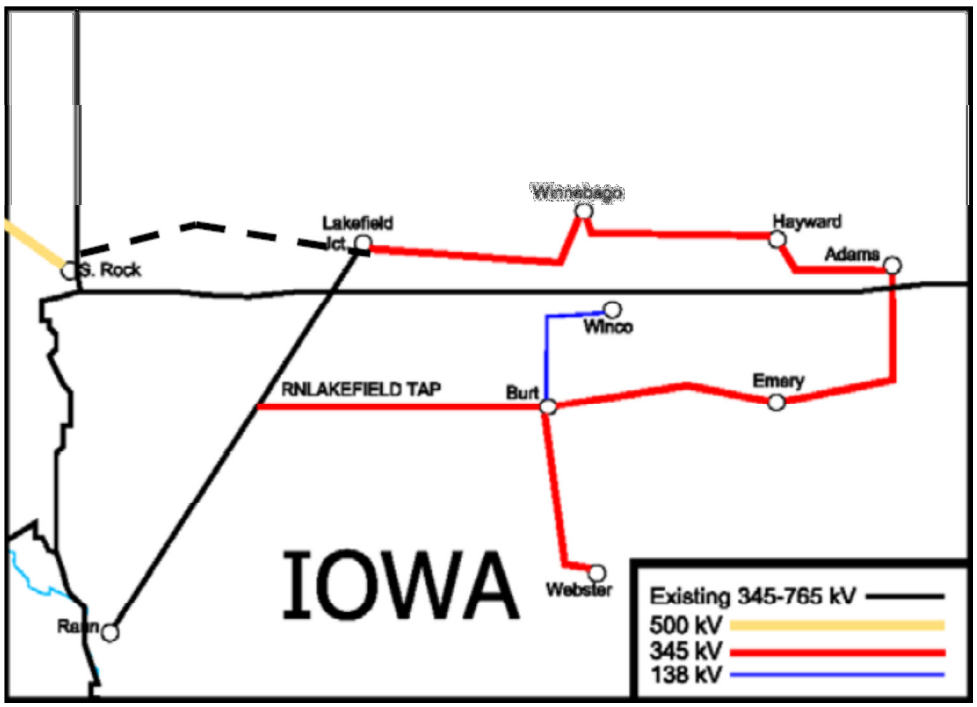


Figure 4.2: Iowa transmission identified in MTEP03

This line was studied in subsequent MTEP cycles, and it eventually led to the identification and incorporation of several Iowa lines into the MVP portfolio. MTEP03 also identified a potential upgrade of the Sidney-Rising line, as a conceptual transmission project.

4.1.2 MTEP05

MTEP05 continued the exploratory transmission analysis began in MTEP03, with two studies which focused in the area around the Dakotas and Northern Minnesota, along with the area around Iowa and Southern Minnesota. It was expected that high voltage transmission projects in these areas would provide additional access to existing base load generation, as well as future wind investment.

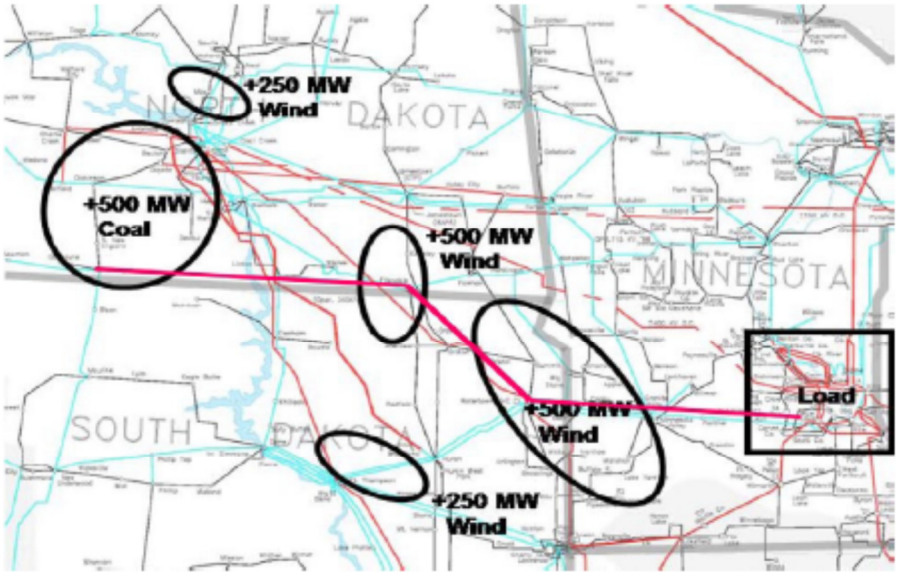


Figure 4.3: Northwest Transmission Option 2

The Northwest study identified the need for at least one, and potentially several, new transmission corridors between the Dakotas and to the Twin Cities of Minnesota. These lines were further studied through the MISO stakeholder CapX 2020 study effort, and they formed the basis of several lines included in the recommended MVP portfolio.

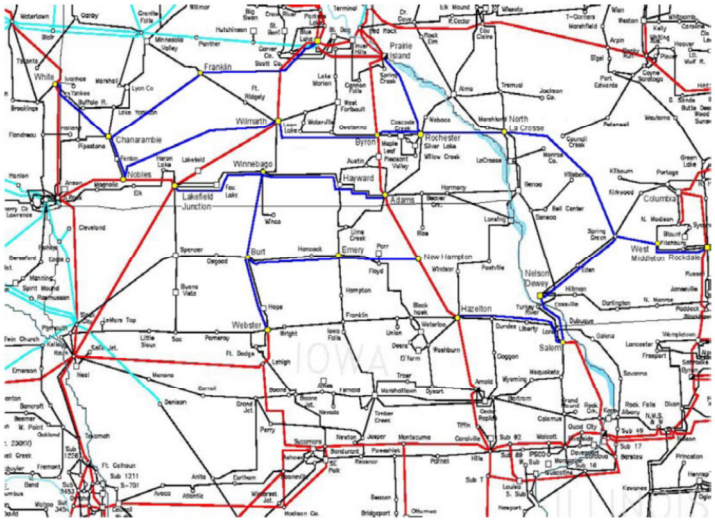


Figure 4.4: Iowa-Minnesota Transmission Scenario 2

The Iowa-Minnesota study further reinforced the need for transmission through southern Minnesota and Iowa. It also identified the need for transmission extending from Minnesota to the Spring Green area in Wisconsin, then from the Spring Green area southwest to the Dubuque area.

4.1.3 MTEP06

In MTEP06, the Vision Exploratory Study modeled scenario which included 20% wind energy for Minnesota and 10% wind energy for the other MISO states, for a total of 16 GW. This hypothetical generation scenario was used to evaluate additional high voltage transmission needs. Although this study focused on a 765 kV solution, it determined that transmission would be needed along many of the corridors identified in prior studies. Additionally, it identified that a transmission path would be required across south-central Illinois to efficiently deliver wind energy to load.

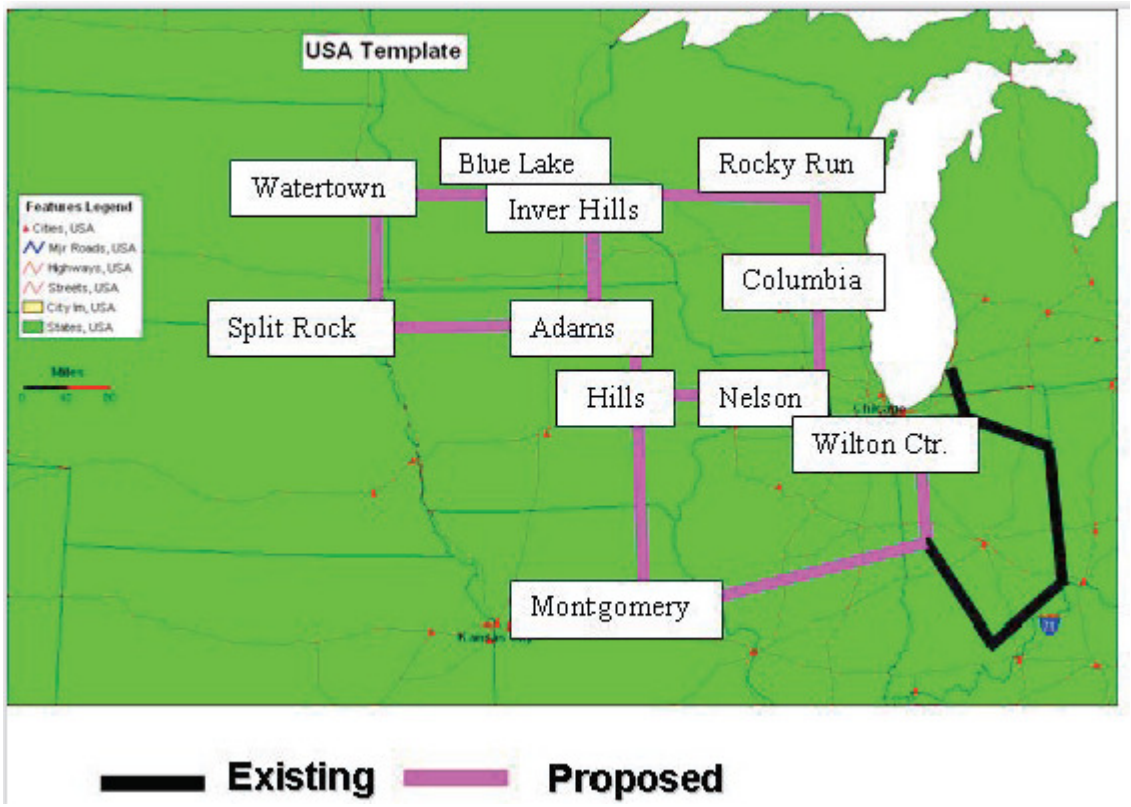


Figure 4.5: Proposed Vision Lines

4.1.4 Regional Generation Outlet Study (RGOS)

Beginning in MTEP09, MISO began the Regional Generation Outlet Study (RGOS). This study was intended, at a high level, to identify the transmission required to support the renewable mandates and goals of the MISO states, while minimizing the cost of energy delivered to the consumers. The study was conducted in two phases: Phase I focused on the western portion of the footprint, while Phase II focused on the full footprint.

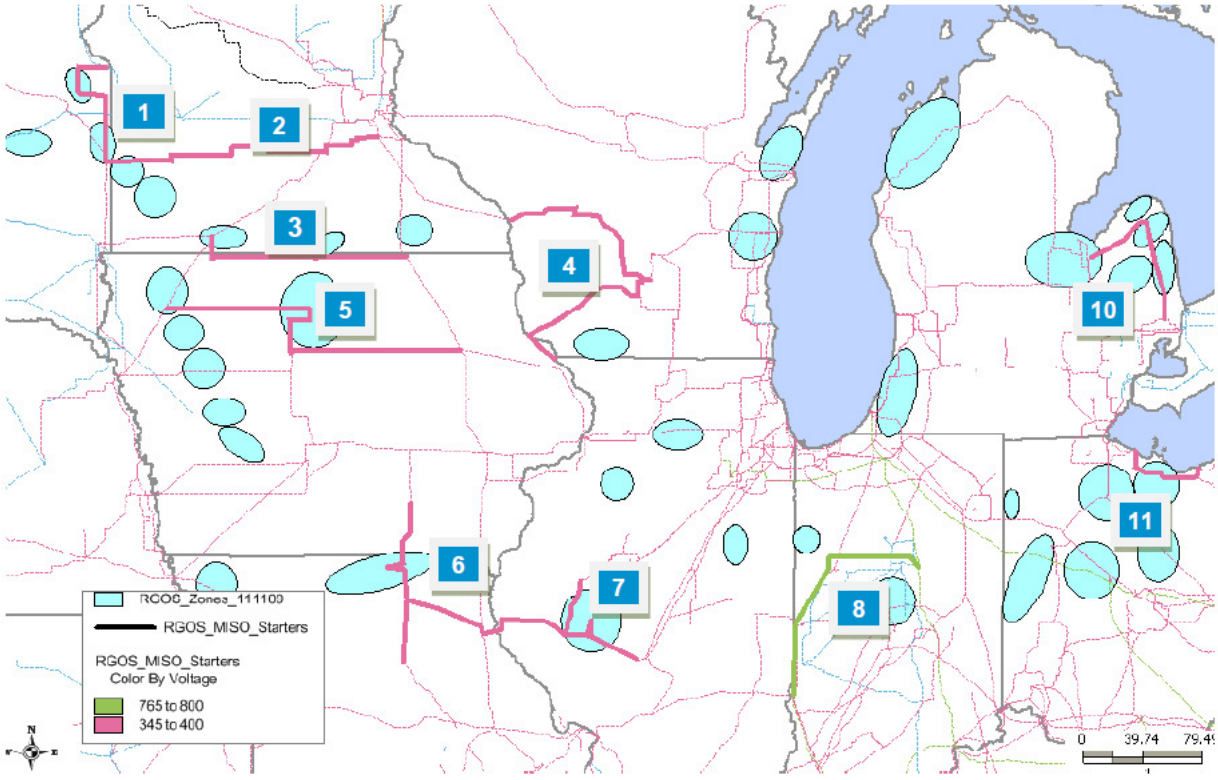


Figure 4.6: Regional Generator Outlet Study Input into MVP Portfolio

At the conclusion of the RGOS analyses, a set of three alternative expansion portfolios were identified. These portfolios, designed to meet the renewable energy mandates and goals of the full load for all the states in the MISO footprint, ranged in cost from $16 to $22 billion. They included transmission identified through the previous MTEP analyses, as highlighted earlier. Common transmission projects or corridors were identified between the three scenarios, and these projects formed transmission recommendations for the initial candidate MVP portfolio.

4.1.5 Candidate MVP Portfolio

The candidate MVP portfolio was created based on stakeholder feedback, as well as input from the analyses described in section 4.1. The portfolio was designed to meet the renewable energy mandates of all MISO load, and the projects in the portfolio were hypothesized to provide widespread benefits across the footprint. The projects selected as candidates for possible inclusion in the broader portfolio were then intensively evaluated in the MVP portfolio analysis to ensure they were justified and contributed to the portfolio business case.

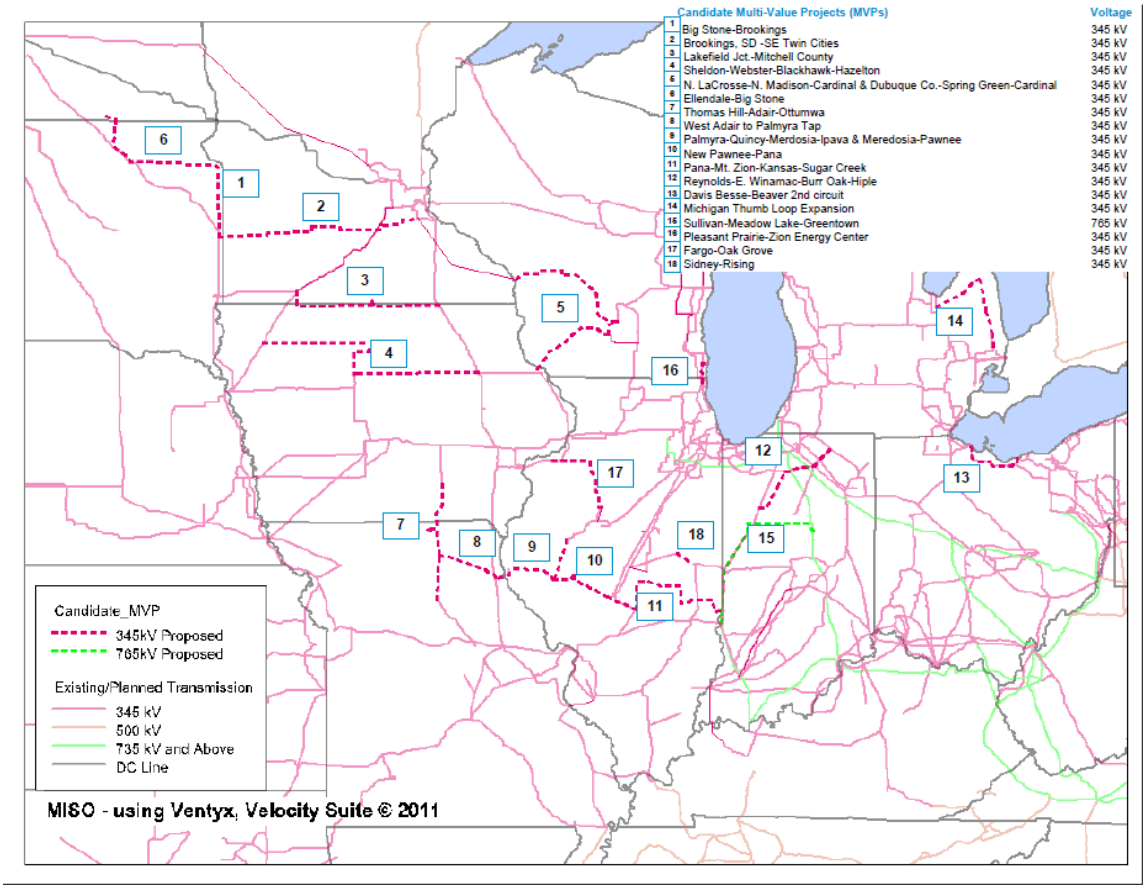


Figure 4.7: Initial Candidate MVP portfolio

4.2 Wind siting strategy

Key assumptions of the MVP portfolio study revolved around the amount and location of wind energy zones modeled within the study footprint. This energy zone development was based on stakeholder surveys focusing on expected renewable energy needs over the next 20 years and how much of that need is expected to be met with wind generation.

During the RGOS energy zone development, MISO staff evaluated multiple energy zone configurations to meet renewable energy requirements. In this process, study participants identified capital costs associated with generation capacity as well as capital costs associated with indicative transmission that would help deliver the energy to the system. It was determined that the most expensive energy delivery options were those options relying: 1) solely on the best regional wind source areas (with higher amounts

of transmission needed) or 2) those options relying solely on the best local wind source areas (with higher amounts of generation capital required).

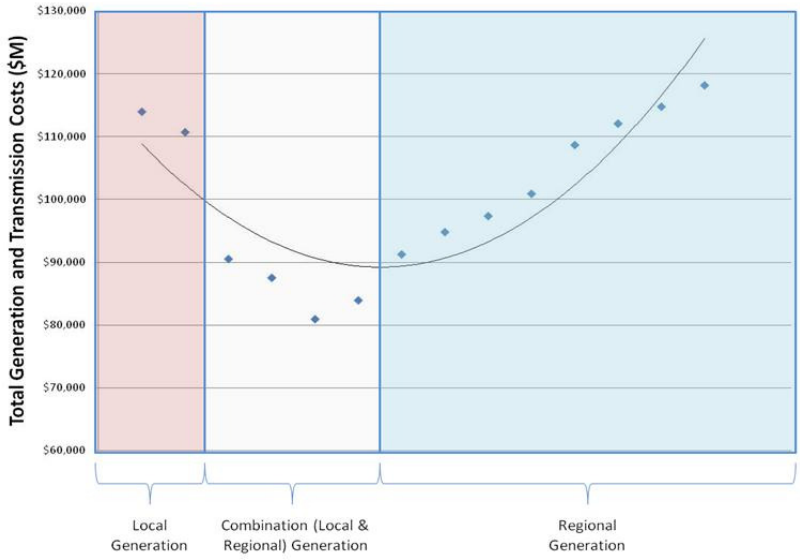


Figure 4.8: Generation and Transmission Capacity, by Energy Zone Location

As a result of RGOS energy zone development efforts as well as interaction with regulatory bodies such as the Upper Midwest Transmission Development Initiative (UMTDI) and various state agencies within the MISO, a set of energy zones was selected. These zones represent the intention of state governments to source some renewable energy locally while also using the higher wind potential areas within the MISO market footprint. Zone selection was based on a number of potential locations developed by MISO utilizing mesoscale wind data supplied by the National Renewable Energy Laboratory (NREL) of the US Department of Energy. The analysis found wind zones distributed across the region resulted in the best method to meet renewable energy requirements at the least overall system cost.

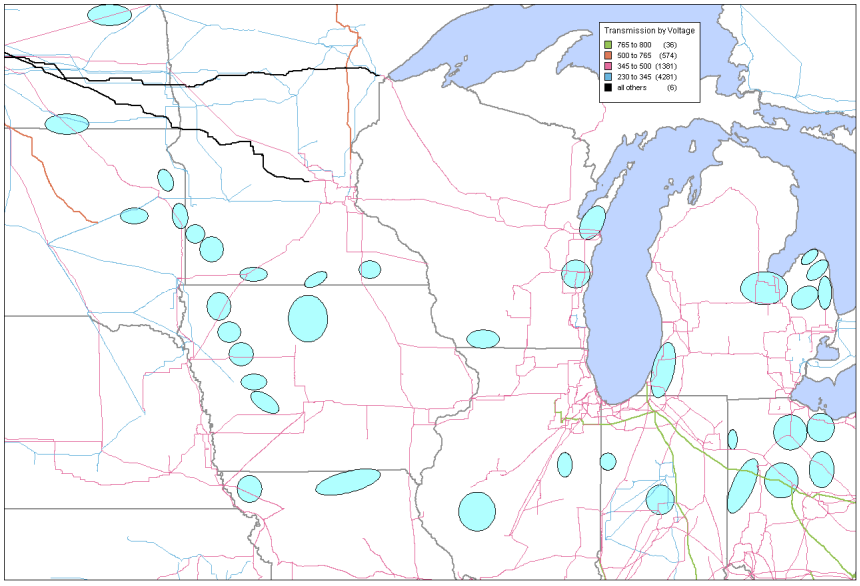


Figure 4.9::Energy Zone Locations

4.3 Incremental Generation Requirements

Once the location of the incremental wind generation was determined, through the low cost wind siting approach described above, additional analyses were required to determine how much incremental generation will be required to meet the renewable energy mandates of the MISO stakeholders. These analyses are based upon the 2009 retail sales for each area, as provided by the U.S. Energy Information Administration, a growth rate of 1.125% annually, and the specifics of each state's public policy requirements. Details on each state's public policy requirements may be found in Appendix A, while the calculations used to determine the total energy requirements may be found in Appendix B.

	2021 RPS Requirements (MWh)	2026 RPS Requirements (MWh)
IL - Ameren Illinois	3,072,047	4,274,713
IL - Alternative Retail Energy Suppliers in Ameren Illinois	2,016,516	3,046,465
MI - Total State of Michigan less AEP[7]	8,383,843	8,383,843
MN - Xcel Energy	10,535,661	11,141,777
MN - Total State of Minnesota less Xcel Energy	8,050,396	10,641,919
MO - Ameren Missouri	5,825,834	6,160,994
MO - Columbia Water and Light	122,809	194,812
MT - Montana-Dakota Utilities	113,581	120,115
OH - Duke Ohio[8]	2,099,315	2,921,169
WI - Total State of Wisconsin	7,682,829	8,124,821
TOTAL	**47,902,831**	**55,010,629**

Table 4.1: State Renewable Energy Mandates

Incremental wind generation was added to the model to satisfy these mandated needs. The amount of incremental generation for each zone was based on the capacity factor, the planned and proposed generation, and existing wind with power purchase agreements to serve non-MISO load ascribed to each zone. It was also based on a total wind buildout following the distributed, low-cost wind siting approach described in section 4.2.

Wind Zone	2021 Incremental Wind (MW)	2026 Incremental Wind (MW)
IA-B	300	474
IA-F	292	462
IA-G	271	427
IA-H	215	339
IA-I	127	201
IA-J	18	28
IL-F	400	415
IL-K	449	449
IN-E	145	229

Wind Zone	2021 Incremental Wind (MW)	2026 Incremental Wind (MW)
MN-L	0	0
MO-A	356	356
MO-C	500	500
MT-A	136	214
ND-G	199	313
ND-K	164	259
ND-M	59	94
OH-A	30	42
OH-B	30	42

[7] RPS requirement must be sourced entirely within Michigan
[8] Half of RPS requirement must be sourced from within Ohio.

Wind Zone	2021 Incremental Wind (MW)	2026 Incremental Wind (MW)	Wind Zone	2021 Incremental Wind (MW)	2026 Incremental Wind (MW)
IN-K	194	306	OH-C	30	42
MI-A	0	0	OH-D	30	42
MI-B	601	601	OH-E	30	42
MI-C	549	549	OH-F	30	42
MI-D	442	442	OH-I	30	42
MI-E	601	601	SD-H	300	474
MI-F	601	601	SD-J	292	461
MI-I	303	303	SD-L	300	474
MN-B	75	119	WI-B	234	370
MN-E	0	0	WI-D	257	405
MN-H	0	0	WI-F	0	0
MN-K	175	277			

Table 4.2: Incremental Generation Added to the MVP Portfolio Analysis Model

4.4 Analyses Performed

The MVP portfolio analysis combined the MISO Board of Director planning principles and the conditions precedent to transmission construction to develop a transmission portfolio that meets public policy, economic and reliability requirements. The analysis built a robust business case for the recommended transmission, using the newly created MVP cost allocation methodology approved by FERC. The candidate transmission was tested against a variety of potential policy futures. This maximized the value of the transmission portfolio and reduced potential negative risks associated with its construction due to changes in future demand and energy growth. The output of the study was a justified portfolio of recommended MVPs for inclusion in MTEP11 Appendix A and, if approved by the MISO Board of Directors, subsequent construction.

The MVP cost allocation criteria requires the evaluation of the portfolio on a reliability, economic and energy delivery basis. The analyses were designed to demonstrate this value, both on a project and portfolio basis. To this end, the MVP portfolio analysis included the studies and output shown in Table 4.3.

These analyses focused on three main areas. The project valuation analyses focused on justifying each individual MVP against the MVP criteria. The portfolio valuation analyses determined the benefits of the portfolio in aggregate, quantifying additional reliability and economic benefits. Finally, a series of system performance analyses were performed to ensure that the system reliability will be maintained with the recommended MVP portfolio in service.

Analysis Type	Analysis Output	Purpose
Steady state	List of thermal overloads mitigated by each project in the MVP portfolio	Project valuation
Alternatives	Relative value of each MVP against a stakeholder or MISO identified alternative Can include steady state and production cost analyses	Project valuation
Underbuild requirements	Incremental transmission required to mitigate constraints created by the addition of the recommended MVP portfolio	System performance
Short circuit	Incremental upgrades required to mitigate any short circuit / breaker duty violations	System performance
Stability	List of violations mitigated by the recommended MVP portfolio Includes both transient and voltage stability analysis	System performance Portfolio valuation
Generation enabled	Wind enabled by the MVP portfolio	Portfolio valuation
Production cost	Adjusted Production Cost (APC) benefits of the entire MVP portfolio	Portfolio valuation
Robustness testing	Quantification of MVP portfolio benefits under various policy futures or transmission conditions	Portfolio valuation
Operating reserves Impact	Impact of the MVP portfolio on existing operating reserve zones and quantification of this benefit	Portfolio valuation
Planning Reserve Margin (PRM) benefits	Capacity savings due to reductions in the system-wide Planning Reserve Margin caused by the addition of the MVP portfolio to the transmission system	Portfolio valuation
Transmission loss reductions	Capacity losses savings caused by the addition of the MVP portfolio to the transmission system, where capacity losses represent the amount of capacity required to serve transmission losses during the system peak hour	Portfolio valuation
Wind generation capital investment	Quantification of the incremental wind generator capital cost savings enabled by the wind siting methodology supported by the MVP portfolio	Portfolio valuation
Avoided capital investment (transmission)	Future baseline transmission investment that may be avoided due to the installation of the MVP portfolio	Portfolio valuation

Table 4.3: MVP Portfolio Analyses and Output

4.5 Stakeholder involvement

Stakeholders reviewed and contributed to the development of the recommended MVP portfolio throughout the study process. A Technical Study Task Force (TSTF), composed of regulators, transmission owners, renewable energy developers, and market participants, met at least monthly with MISO engineers to provide input, feedback, and guidance throughout the MVP study processes. Also, regular updates were given to the MISO Planning Advisory Committee (PAC) and Planning Subcommittee (PSC). Finally, all study results were available for stakeholder review Feedback or analyses requested throughout the study process were incorporated into the MVP portfolio scope.

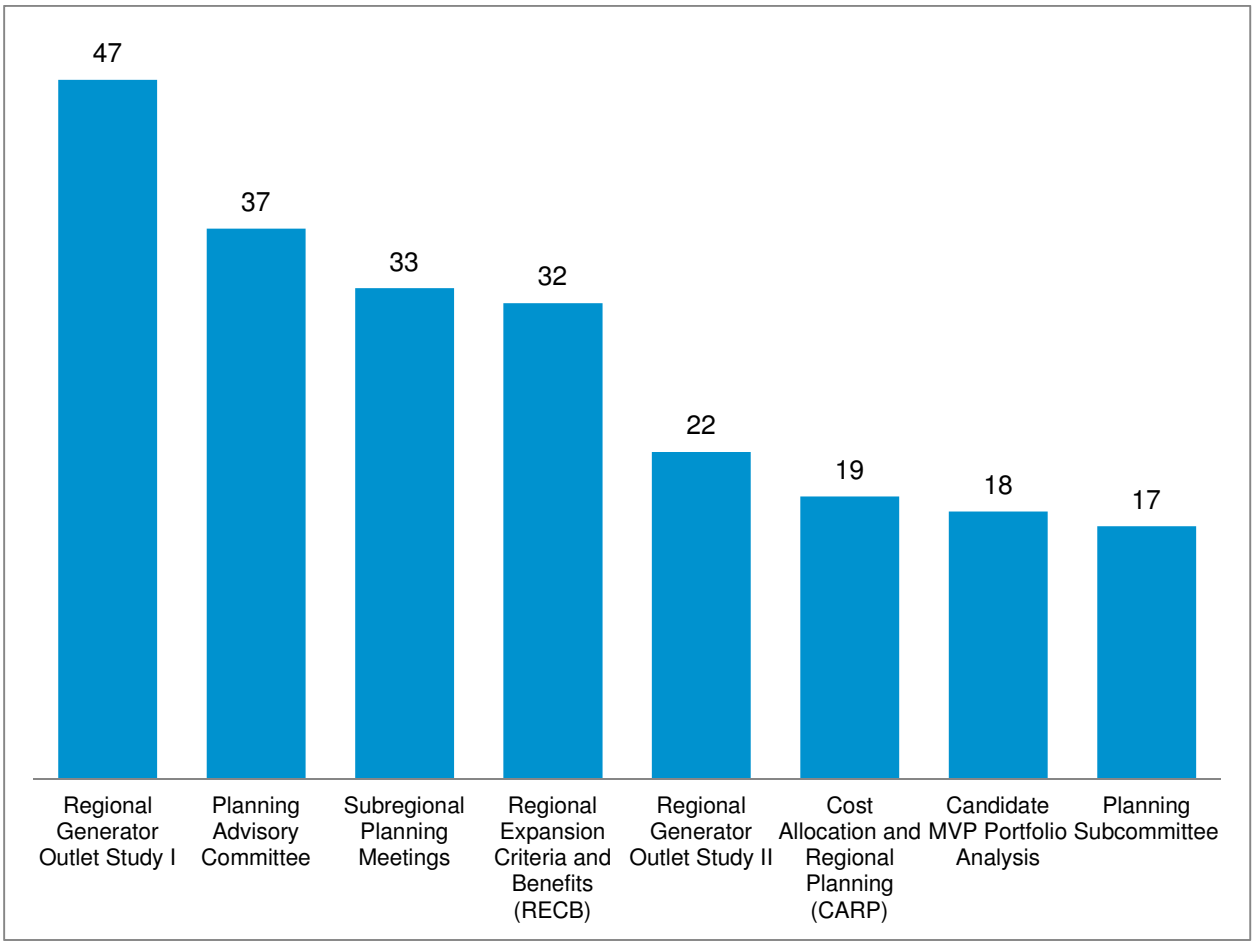


Figure 4.10: Regional Planning Stakeholder Meetings, 2008 - 2011

5 Project justification and alternatives assessment

Each project in the MVP portfolio was analyzed to ensure that the project is justified against MVP cost allocation criterion 1, and to determine if any relevant alternatives exist to the proposed projects. The projects listed below constitute the final projects, which are recommended to the MISO Board of Directors.

5.1 Big Stone to Brookings County 345 kV Line

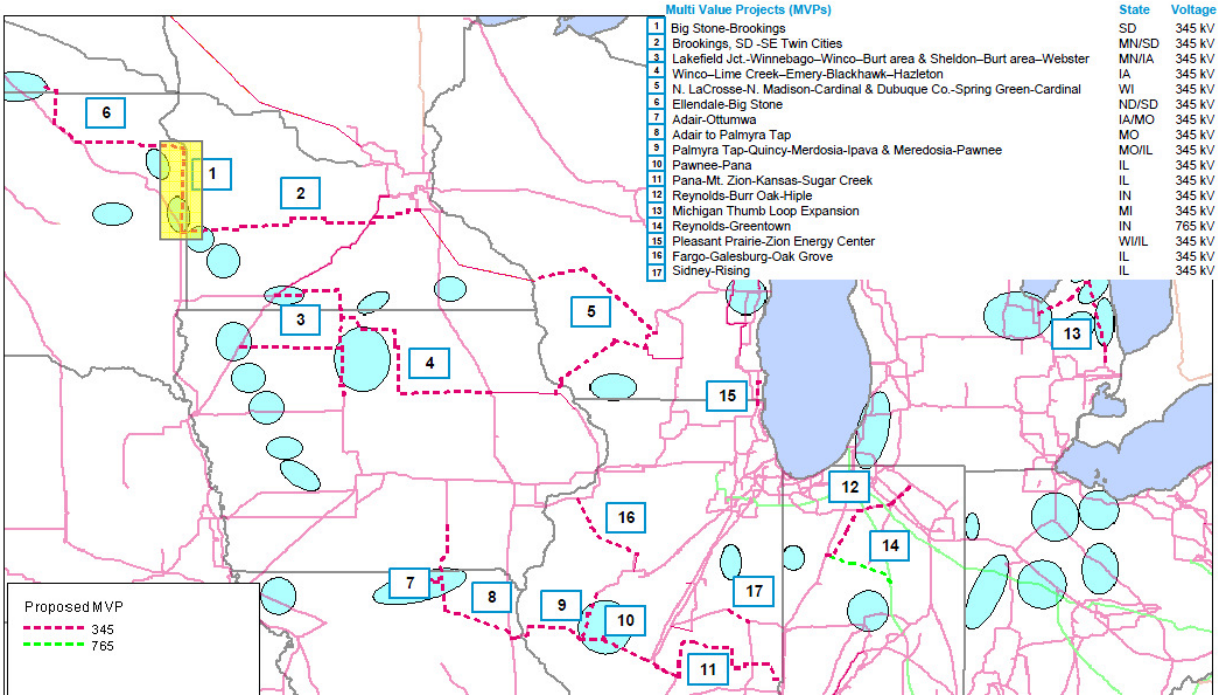


Figure 5.1: Big Stone to Brookings County

Project(s): 2221

Transmission Owner(s): OTP, XEL

Project Description: This project creates a new 345 kV path on the border of South Dakota and Minnesota by connecting XEL's Brookings County and OTP's Big Stone. Approximately 69 miles of new 345 kV transmission will be installed between these two substations along with a new 345 kV terminal at Big Stone and two 345/230 kV, 672 MVA transformers. The total estimated cost of this project is $191 million[9]. The expected in service date for this project is December 2017.

Project Justification: The new 345 kV outlet from Big Stone removes overloads on the 230 kV paths from Big Stone to Blair and Hankinson to Wahpeton along with 115 kV paths from Johnson to Morris , Big Stone to Highway 12 to Ortonville, Pipestone to Buffalo Ridge and Canby to Granite Falls. The overloaded Watertown 345/230 kV is also alleviated. Along with project 2220, this project reliably moves mandated renewable energy from the Dakotas to major 345 kV transmission hubs and load centers.

Alternatives Considered: An alternative to build a new 345 kV from Big Stone to Canby to Granite Falls to Minnesota Valley and rebuild the 230 kV or build a new 345 kV to Morris could provide an

[9] In 2011 dollars.

alternative outlet for Big Stone wind. The cost of this alternative is higher than the 345 kV path to Brookings County.

5.2 Brookings County to Southeast Twin Cities 345 kV Line

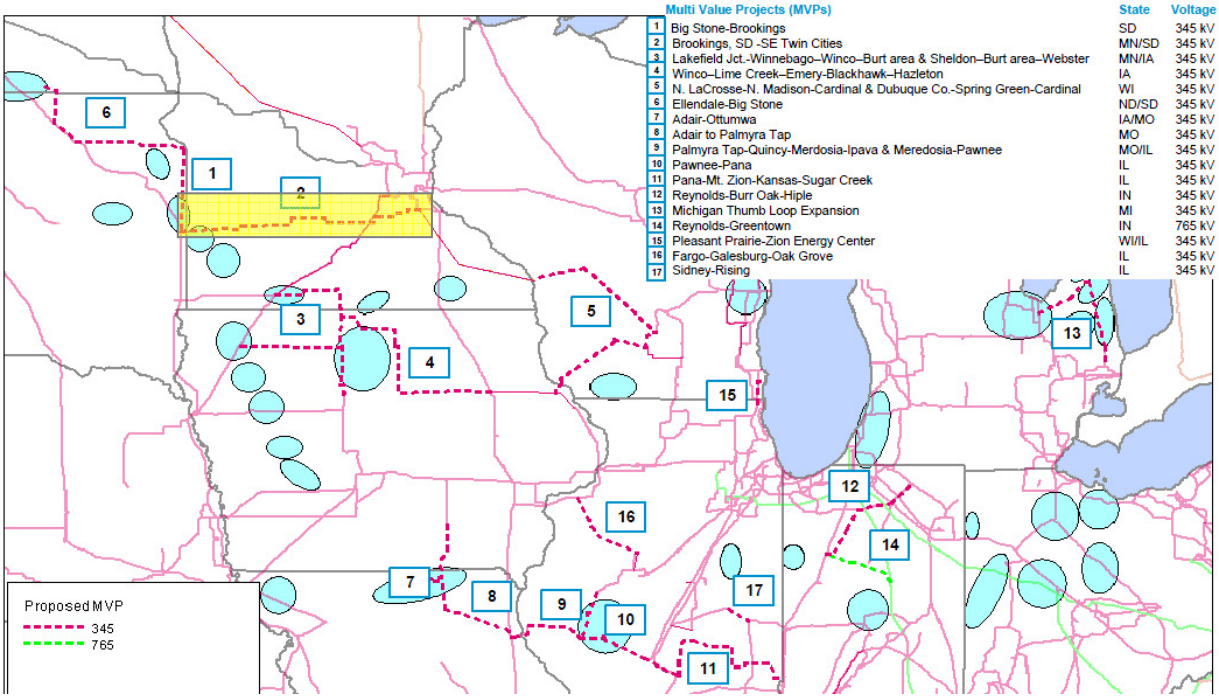


Figure 5.2: Brookings County to Southeast Twin Cities

Project(s): 1203

Transmission Owner(s): XEL, GRE

Project Description:
This project creates a new 345 kV path through southern Minnesota, by connecting XEL's Brookings County substation to the Twin Cities. Single circuit 345 kV transmission will be constructed from Brookings County to Lyon County, from Helena to Lake Marion to Hampton Corner, and from Lyon County to Hazel Creek to Minnesota Valley. The Hazel Creek to Minnesota Valley section will be operated at 230 kV initially. Double circuit 345 kV transmission will be constructed from Lyon Count to Cedar Mountain to Helena. A 115 kV line will be built between the new Cedar Mountain and the existing Franklin substations. The project includes one 345/230 kV, 336 MVA transformer at Hazel Creek, three 345/115 kV, 448 MVA transformers at Lyon County, Lake Marion and Cedar Mountain, one upgraded 115/69 kV, 140 MVA transformer at Lake Marion and two upgraded 115/69 kV, 70 MVA transformers at Franklin. A new breaker and deadend structure is planned at Lake Marion and the Arlington to Green Isle 69 kV line will be upgraded to 477 ACSR. The project adds a total of 351 miles of new 345 kV, 5 miles of new 115 kV and 5.8 miles of rebuilt 69 kV lines. The total estimated cost of this project is $695 million[10]. The expected in service dates for these projects are:

- June 2013 (Cedar Mountain 345/115 kV transformer)
- August 2013 (Cedar Mountain to Helena 345 kV double circuit line and Arlington to Green Isle 69 kV rebuild)

[10] In 2011 dollars

- October 2013 (Lyon County 345/115 kV transformer)
- November 2013 (Lyon County to Cedar Mountain 345 kV double circuit line)
- January 2014 (Franklin 115/69 kV transformers)
- February 2014 (Cedar Mountain to Franklin 115 kV line)
- March 2014 (Lake Marion 345/115 kV and 115/69 kV transformers and station work)
- April 2014 (Helena to Lake Marion 345 kV line)
- June 2014 (Lake Marion to Hampton Corner 345 kV line)
- January 2015 (Brookings to Lyon County 345 kV line and Hazel Creek 345/230 kV transformer)
- February 2015 (Lyon County to Hazel Creek to Minnesota Valley 345 kV line)

Project Justification:
Without the Brookings County to Twin Cities 345 kV line, the loss of Split Rock to White 345 kV leaves only the 230kV system to feed load to the East. This overloads the Watertown 345/230 kV transformer without the parallel 345 kV path from Brookings County. Not having the project also impacts the 115 kV network in southern Minnesota which is connected on both sides by 230 kV. The loss of either 230kV source causes multiple overloads in the surrounding 115 kV network without this project. The loss of any segment of the Wilmarth-Helena-Blue Lake 345 kV line in southeast Minnesota leads to overloads on the underlying 115 kV network. Without this project, the power flowing west to east is forced through the 115 kV system, overloading the underlying 115 kV lines. The Wilmarth to Eastwood and Wilmarth to Swan Lake 115 kV lines are overloaded without the additional 345kV support to the north that is included with project 1203. At the Minnesota/Wisconsin interface, the loss of 345 kV lines at Blue Lake, Prairie Island, Red Rock, Coon Creek and Chisago substations overload the Prairie Island 345/161 kV transformer, particularly for any NERC Category C5 outages involving lines between the aforementioned substations. The Brookings County to Twin Cities project would bring an additional 345 kV source into this area to reduce loading along the path into Wisconsin. There are also 115 kV overloads in this area which are mitigated by this project.

Alternatives Considered:
With the existing 345 kV outlets out of Brookings County thermally constrained and with most of the 230 and 115 kV paths between Brookings County and the Twin Cities overloaded, mitigating all these constraints through underlying line rebuilds would be infeasible and costlier compared to this project.

5.3 Lakefield Junction to Winnebago to Winnco to Burt area; Sheldon to Burt area to Webster 345 kV Lines

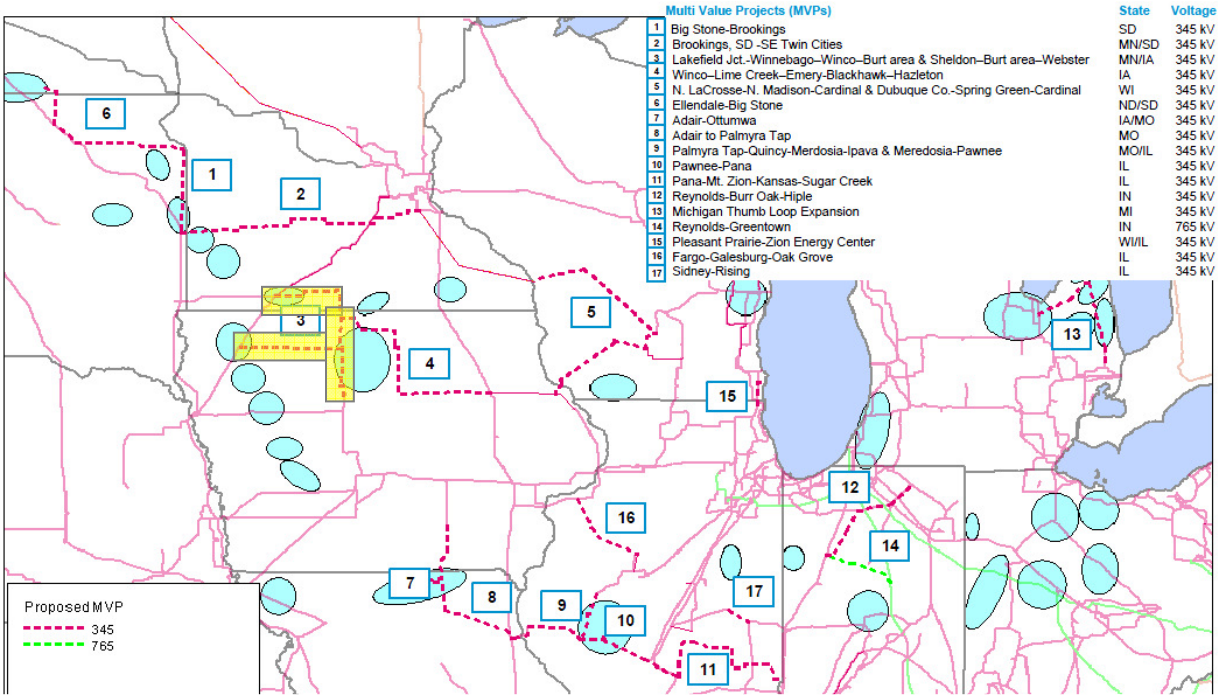


Figure 5.3: Lakefield Jct to Winnebago to Winnco to Burt area; Sheldon to Burt area to Webster

Project(s): 3205

Transmission Owner(s): MEC, ITCM

Project Description:
Designed to connect with project 3213, this project creates a double circuit 345/161 kV path through the border of Minnesota and Iowa. New 345 kV transmission will be built from Lakefield Junction to Winnebago to Winnco to Burt and from Sheldon to Burt to Webster. Rebuilt 161 kV transmission will be on the same towers and go from Lakefield to Fox Lake to Rutland to Winnebago to Winnco and Wisdom to Osgood to Burt to Hope to Webster. Winnebago, Winnco, Sheldon and Burt are all new 345 kV stations. Sheldon will be a tap on the existing Raun to Lakefield 345 kV line. A 345/161 kV, 450 MVA transformer will be installed at Winnebago. This project adds 218 miles of new 345 kV and 92 miles of rebuilt 161 kV transmission. The total estimated cost of this project is $506 million[11]. The expected in service dates for these projects are:

- December 2015 (All Lakefield Junction to Burt work)
- December 2016 (All Sheldon to Webster work)

Project Justification:
The new 345 kV path through southern Minnesota and northern Iowa effectively mitigates the Fox Lake – Rutland – Winnebago 161 kV constraint. Existing wind in the Winnebago and Wisdom areas are benefitted by 345 kV transmission moving generation out of these constrained areas. Working in tandem with project 3213, this project reliably moves mandated renewable energy from western and

[11] In 2011 dollars

northern Iowa along with existing wind at the Winnebago, Wisdom and Lime Creek/Emery areas to major 345 kV transmission hubs.

Alternatives Considered:
An Iowa alternative of Lakefield Junction to Mitchell County and Sheldon to Burt to Webster to Black Hawk to Hazleton 345 kV was analyzed but was not effective in collecting Lime Creek/Emery area wind or lowering congestion on the Mitchell County to Hazleton 345 kV line. It had similar cost to the combined Iowa projects 3205 and 3213.

5.4 Winco to Lime Creek to Emery to Black Hawk to Hazleton 345 kV Line

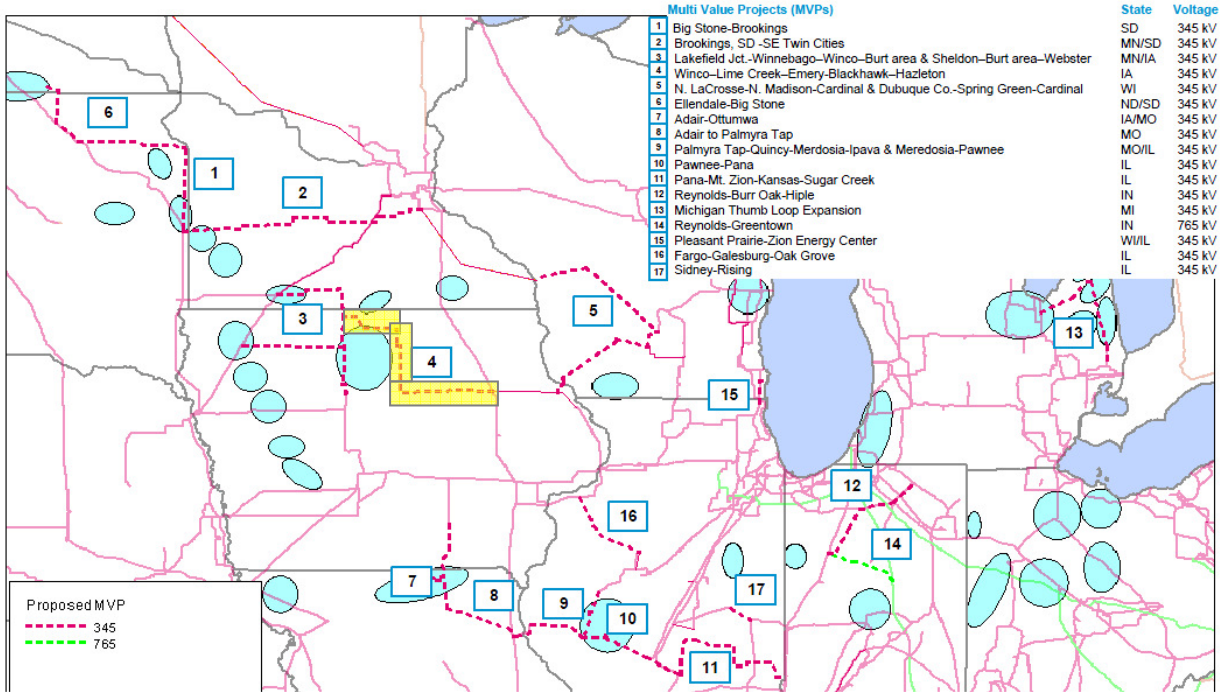


Figure 5.4: Winnco to Lime Creek to Emery to Black Hawk to Hazleton 345 kV line

Project(s): 3213

Transmission Owner(s): MEC, ITCM

Project Description:
Designed to connect with project 3205, this project creates a double circuit 345/161 kV path through northern Iowa. New 345 kV transmission will be built from the new Winnco substation to Lime Creek to Emery to Black Hawk to Hazleton. Rebuilt 161 kV transmission will be on the same towers as the 345 kV and will go from Lime Creek to Emery to Hampton to Franklin to Union Tap to Black Hawk to Hazleton. A 345/161 kV, 450 MVA transformer will be installed at Lime Creek, Emery and Black Hawk. This project adds 206 miles of new 345 kV, 23 miles of new 161 and 149 miles of rebuilt 161 kV transmission. The total estimated cost of this project is $480 million[12]. The expected in service date of the project is December 2015.

Project Justification:

[12] In 2011 dollars

The new 345 kV path through Iowa mitigates constraints seen on the Lime Creek – Emery – Floyd – Bremer – Black Hawk 161 kV line. The 345/161 kV transformers at Lime Creek and Emery are effectively acting as step-up transformers for wind and lowering congestion on the lower voltages. The additional 345 kV path into Hazleton significantly increases the transfer capability of the Mitchell County – Hazleton 345 kV line. Working in tandem with project 3205, this project reliably moves mandated renewable energy from western and northern Iowa along with existing wind at the Winnebago, Wisdom and Lime Creek/Emery areas to major 345 kV transmission hubs.

Alternatives Considered:
An Iowa alternative of Lakefield Junction to Mitchell County and Sheldon to Burt to Webster to Black Hawk to Hazleton 345 kV was analyzed but was not effective in collecting Lime Creek/Emery area wind or lowering congestion on the Mitchell County to Hazleton 345 kV line. It had similar cost to the combined Iowa projects 3205 and 3213.

5.5 North LaCrosse to North Madison to Cardinal 345 kV Line

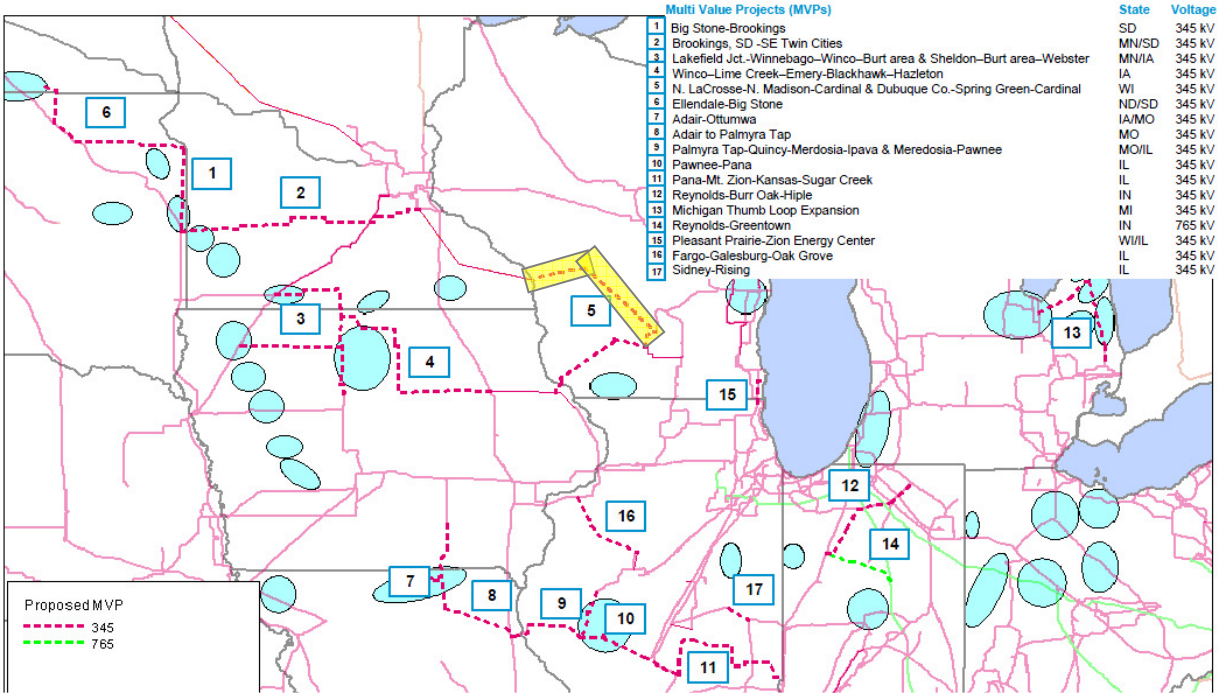


Figure 5.5: North LaCrosse to North Madison to Cardinal

Project(s): 3127

Transmission Owner(s): ATC, XEL

Description: This creates a 345 kV line from the North LaCrosse (Briggs Road) substation, to the North Madison substation, to the Cardinal substation, through southwestern Wisconsin. A 448 MVA, 345/161 kV transformer will be installed at Briggs Road, and approximately 20 miles of 138 kV line between the North Madison and Cardinal substations will be reconductored. The new 345 kV line will be approximately 157 miles long. The estimated cost is $390 million[13]. The expected in service date is December 2018.

[13] In 2011 dollars

Justification: The 345 kV line from North LaCrosse to North Madison creates a tie between the 345kV network in western Wisconsin to the 345 kV network in southeastern Wisconsin. This creates an additional wind outlet path across the state; pushing power into southern Wisconsin, where it can go east into Milwaukee, or south to Illinois, providing access to less expensive wind power in two major load centers. With the Brookings project, the wind coming into North LaCrosse needs an outlet, and the line to North Madison is the best option studied. From a reliability perspective, the addition of the North LaCrosse to North Madison to Cardinal 345 kV path helps relieve constraints on the 345 kV system parallel to the project to the north and south of the new line. The 138 and 161 kV system in southwest Wisconsin and nearby in Iowa are also overloaded during certain contingent events, and the new line relieves those constraints. This project will mitigate twelve bulk electric system (BES) NERC Category B thermal constraints and eight NERC Category C constraints. It will also relieve 30 non-BES NERC Category B and 36 NERC Category C constraints.

Alternatives Considered:
Rebuilding the overloaded 138 and 161 kV lines, along with adding transformers or upgrading the existing units to handle the increased loading, was the only other alternative considered. This was not a viable alternative, because the cost is greater than the proposed project. The proposed project also provides the most benefit to the transmission grid in the future.

5.6 Dubuque to Spring Green to Cardinal 345 kV Line

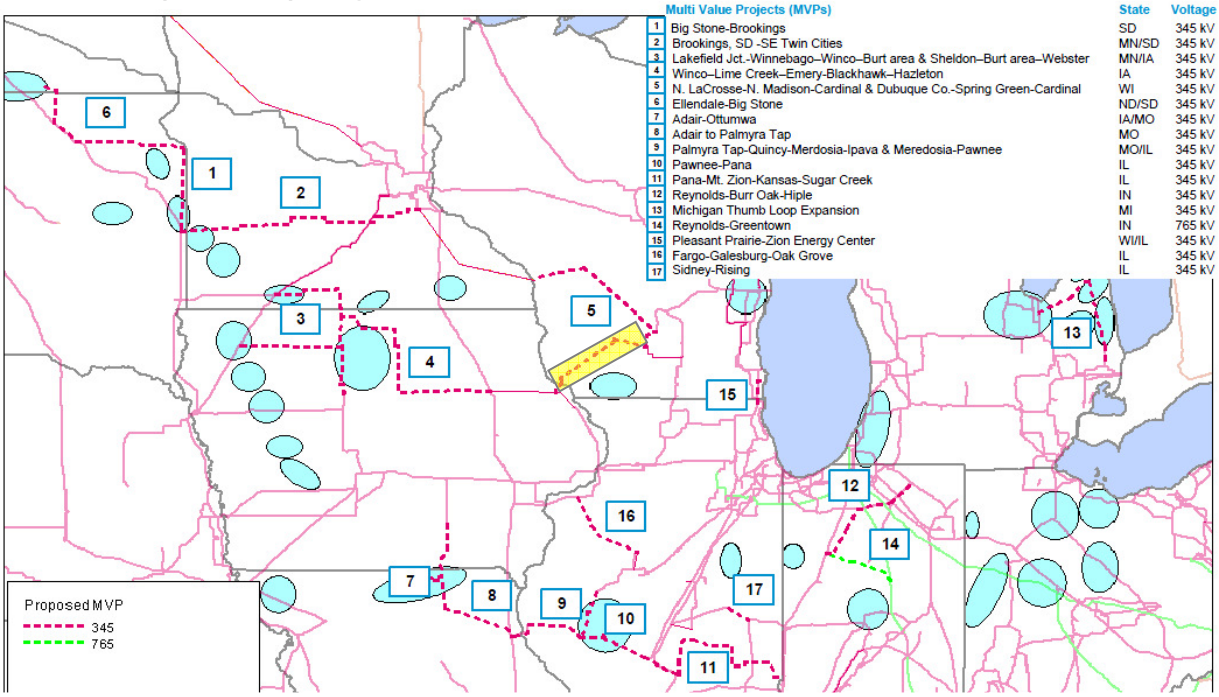


Figure 5.6: Dubuque to Spring Green to Cardinal

Project(s): 3127

Transmission Owner(s): ATC, ITCM

Description: A 345 kV line is created from the Dubuque substation in Iowa, to the Spring Green substation to the Cardinal substation through southwestern Wisconsin. A new Dubuque County 345 kV switching station will be created, and the Spring Green substation will be upgraded to

accommodate the new connections. A new 500 MVA, 345/138 kV transformer will be added. To accommodate the new 345 kV connections from Spring Green and North Madison, the Cardinal substation will be upgraded. There are also upgrades to the 69 kV system, which is being converted to operate at 138 kV, in the Mazomanie – Black Earth – Stagecoach area. The new 345 kV line is approximately 136 miles long. The estimated cost is $324 million[14]. The expected in service date is December 2020.

Justification: The 345 kV line from Dubuque to Spring Green to Cardinal creates a tie between the 345kV network in Iowa to the 345 kV network in southcentral Wisconsin. This expansion creates an additional wind outlet path across the state; bringing power from Iowa into southern Wisconsin, where it can then go east into Milwaukee or south toward Chicago providing access to less expensive wind power in two major load centers. In combination with another Multi Value Project, the Oak Grove – Galesburg – Fargo 345 kV line, this project enables 1,100 MW of wind power transfer capability. This new path will help offload the lines that feed the Quad City (Iowa) area by bringing power flow to the north. From a reliability perspective, the addition of the Dubuque – Spring Green – Cardinal 345 kV path helps relieve constraints on the 345 kV system parallel to the project to the north and south of the new line, as well as 138 kV system constraints in the aforementioned areas and to the west of the new line. The 138 kV system in southwest Wisconsin and nearby in Iowa is also overloaded during certain contingent events, and the new line relieves those constraints. Those overloaded facilities that are not relieved by the 345 kV project are relieved by upgrades to the lower voltage transmission system, including converting part of the 69 kV system to operate at 138 kV. This project will mitigate eight bulk electric system (BES) NERC Category B thermal constraints and ten NERC Category C constraints. It will also relieve two non-BES NERC Category B and two NERC Category C constraints.

Alternatives Considered: An alternative to the proposed project would be to rebuild the 138 kV lines that were overloaded. The cost of this alternative would be more than the proposed project, without providing benefits of the proposed project.

[14] In 2011 dollars

5.7 Ellendale to Big Stone 345 kV Line

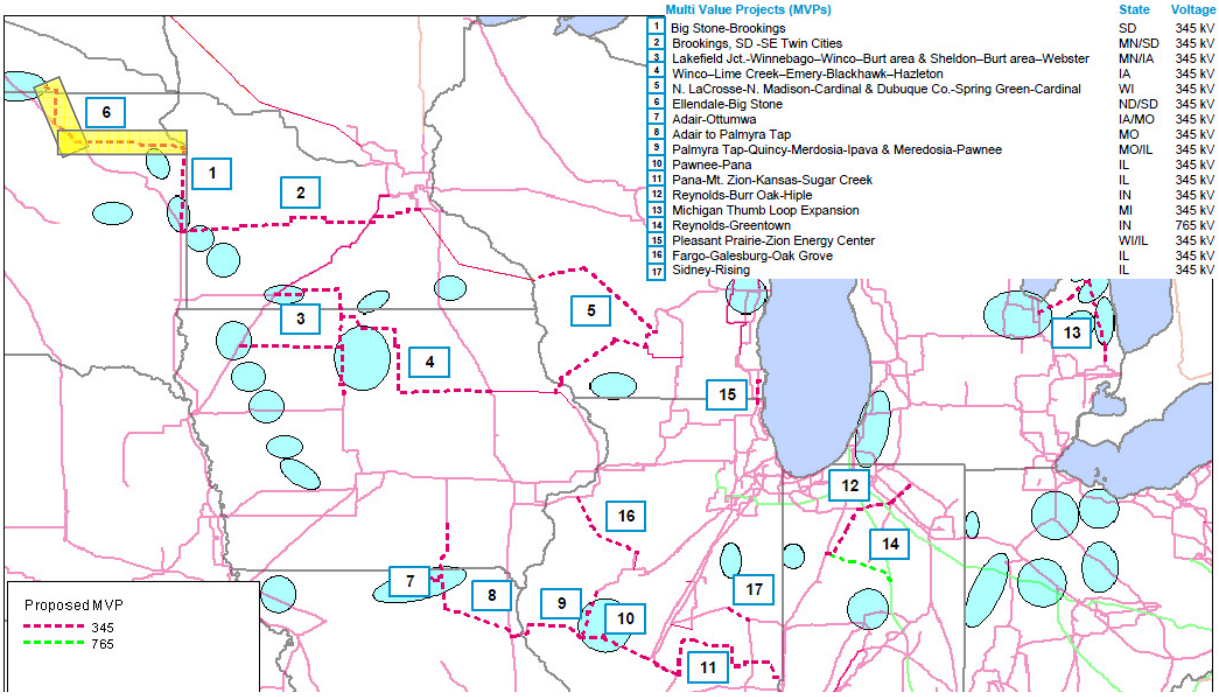


Figure 5.7: Ellendale to Big Stone

Project(s): 2220

Transmission Owner(s): OTP, MDU

Project Description:
This project creates a new 345 kV path through the border of the Dakotas by connecting OTP's Big Stone and MDU's Ellendale substations. Approximately 145 miles of new 345 kV transmission will be installed between these substations along with a new 345kV terminal at Ellendale and a 345/230 kV, 500 MVA transformer. The total estimated cost of this project is $261 million[15]. The expected in service date for this project is December 2019.

Project Justification:
The new 345 kV outlet from Ellendale removes overloads on the 230 kV path from Ellendale to Oakes to Forman and the 115 kV path from Ellendale to Aberdeen. Overloads on the 230/115 kV transformers at Ellendale, Forman and Heskett are also alleviated. Along with project 2221, this project reliably moves mandated renewable energy from the Dakotas to major 345 kV transmission hubs and load centers.

Alternatives Considered:
An alternative to convert the 115 kV path from Ellendale to Huron could alleviate the southern path constraints out of Ellendale but downstream transmission may also need to be rebuilt to accommodate wind injection delivered through a lower impedance line. The eastern 230 kV path out of Ellendale would need to be rebuilt to 345 kV up to Fergus Falls. The cost of this alternative is higher than a 345 kV path to Big Stone.

[15] In 2011 dollars

5.8 Ottumwa to Adair to Palmyra Tap 345 kV Line

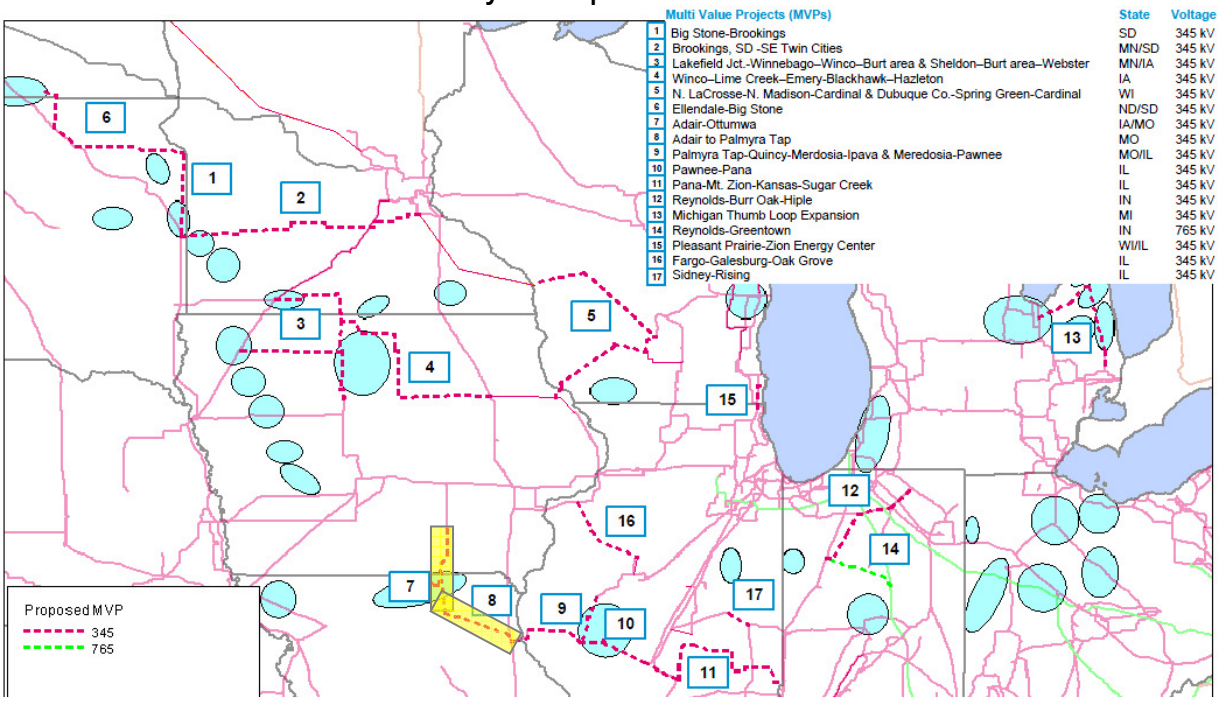


Figure 5.8: Ottumwa to Adair to Palmyra Tap

Project(s): 2248, 3170

Transmission Owner(s): Ameren Missouri, MEC, ITCM

Project Description:
This creates a 345 kV path through central/eastern Missouri by connecting Iowa's Ottumwa substation to Ameren Missouri's West Adair substation (P2248). It then extends 345 kV from West Adair to Ameren Missouri's Palmyra substation Tap (P3370), near the Missouri/Illinois border. Approximately 88 miles of new and rebuilt 345 kV line will be installed between Ottumwa and Adair, along with a 345kV terminal at Adair and a 345/161 kV, 560 MVA step down transformer. Sixty-three miles of new 345 kV line will be built between West Adair and the Palmyra Tap, where a new 345 kV switching station will be established. The estimated cost is $250 million[16]. The New Palmyra Tap substation will be ready by November 2016. The Ottumwa to West Adair 345 kV line and West Adair substation work will be ready by June 2017. The West Adair to Palmyra 345 kV line and West Adair 345/161 kV transformer will be ready by November 2018.

Project Justification:
The new 345 kV lines from Ottumwa to West Adair to Palmyra will provide an outlet for wind generation in the western region to move toward the more densely populated load centers to the east. In addition to providing a wind outlet, the new lines will provide reliability benefits by mitigating a number of contingent outage events during peak and shoulder periods, where the wind generation component is much higher. The addition of the 345 kV lines and step down transformer at West Adair is especially effective in resolving 161 kV line overloads on the lines out of West Adair and preventing the loss of the generation at West Adair during certain NERC Category C events. This project will mitigate two bulk electric system (BES) NERC Category B thermal constraints and five NERC Category C constraints. It will also relieve three non-BES NERC Category B and two NERC Category C constraints.

[16] In 2011 dollars

Alternatives Considered:
An alternative was to incorporate an additional 345 kV line from West Adair to Thomas Hill. While improving reliability in the area, the addition would not improve the distribution of benefits within MISO. Thus the alternative was removed, and the proposed project was recommended.

5.9 Palmyra Tap to Quincy to Meredosia to Pawnee; Meredosia to Ipava 345kV Line

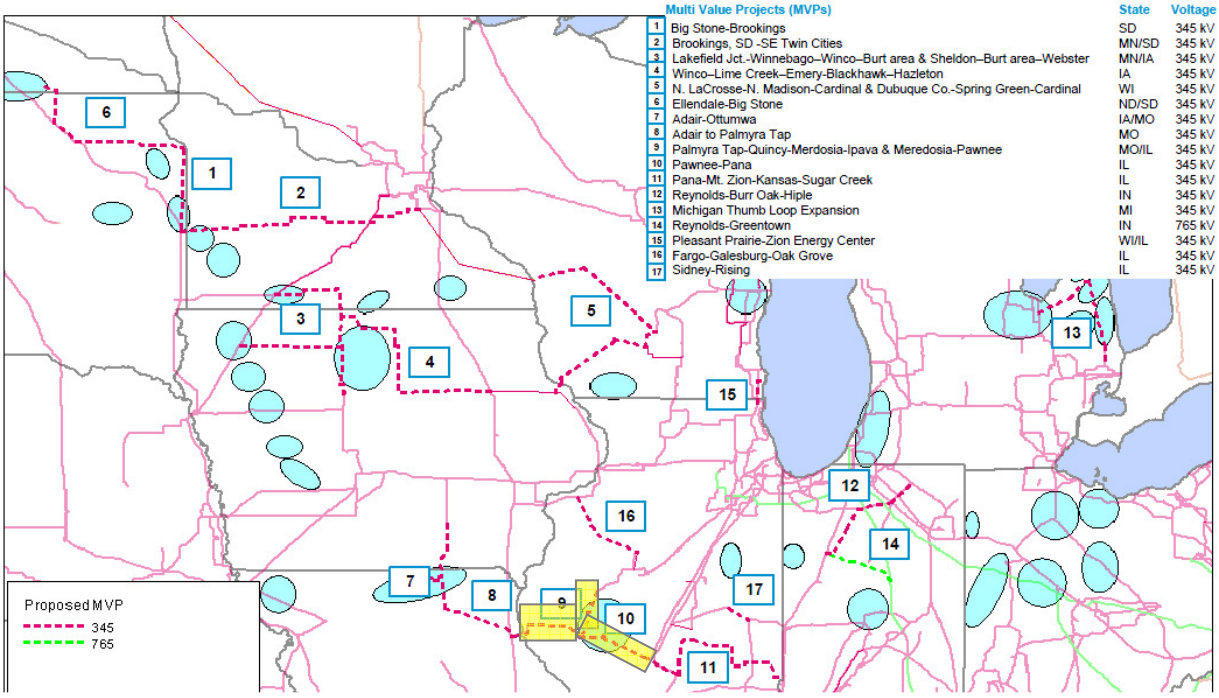


Figure 5.9: Palmyra Tap to Quincy to Meredosia to Pawnee; Meredosia to Ipava

Project(s): 3017

Transmission Owner(s): Ameren

Description: This creates a 345 kV path through western/central Illinois by construction of 345 kV lines between the new Palmyra Tap switching station to Quincy, Meredosia and Pawnee. Another 345 kV line would go from Meredosia north to the Ipava substation. A total of 116 miles of new 345 kV line will be built between the Palmyra switching station and Pawnee, with new 345/138 kV, 560 MVA transformers at Quincy and Pawnee. The new 345 kV line from Meredosia to Ipava would be 41 miles long. The estimated cost is $392 million[17]. The New Palmyra Tap switching station will be ready by June 2016. The Palmyra Tap switching station to Quincy to Meredosia 345 kV line and the Quincy and Pawnee 345/138kV transformers will be ready by November 2016. The Ipava substation upgrades for new 345 kV connection from Meredosia will be ready by June 2017. The Meredosia to Ipava and Meredosia to Pawnee 345 kV lines will be ready by November 2017.

Justification: The 345 kV lines from the Palmyra switching station to Pawnee and from Meredosia to Ipava will provide an outlet for wind generation in the western region to move toward the more densely populated load centers to the east. In addition to providing a wind outlet, the new lines will

[17] In 2011 dollars

provide reliability benefits by mitigating a number of contingent outage events during peak and shoulder periods, where the wind generation component is much higher. The addition of the 345 kV lines and step down transformers in this project will keep the power flow on the 345 kV system. Otherwise, it would be, injected into the lower voltage transmission networks if the 345 kV additions are not made, which causes a number of lower voltage network constraints to be alleviated. This project will mitigate eight bulk electric system (BES) NERC Category B thermal constraints and three NERC Category C constraints.

Alternatives Considered: A 345 kV connection between Palmyra and Sioux would alleviate some constraints, but would not affect constraints in the Tazewell area, which would also need a 345 kV connection to Palmyra. The alternative would not provide regional distribution of benefits with the multi value project, as it would constrain the 345 kV path from St. Louis across southern Illinois and into Indiana. Therefore the proposed project is recommended for the greatest benefit.

5.10 Pawnee to Pana to Mt. Zion to Kansas to Sugar Creek 345kV Line

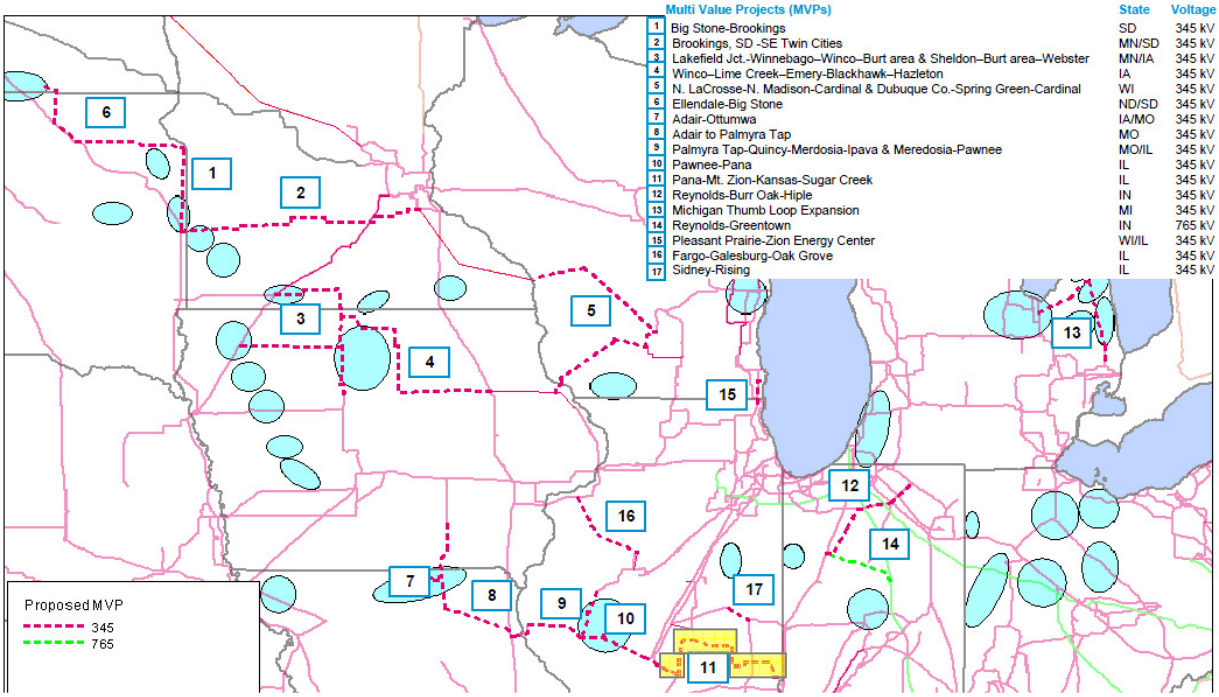


Figure 5.10: Pawnee to Pana to Mt. Zion to Kansas to Sugar Creek

Project(s): 2237, 3169

Transmission Owner(s): Ameren

Description: This creates a 345 kV path through eastern/central Illinois by building 345 kV lines between the Pawnee substation to Pana, Mt. Zion, Kansas and Sugar Creek (Indiana). A total of 146 miles of new 345 kV line will be constructed between the Pawnee substation and Sugar Creek substation on the eastern Illinois/Indiana border, with new 345/138 kV, transformers at Mt. Zion, Pana (both transformers are 560 MVA) and Kansas (448 MVA transformer). The estimated cost is $372 million[18] All components will be in service by November 2018, except the new Kansas to Sugar Creek 345 kV Line, which will be ready by November 2019.

[18] In 2011 dollars

Justification: The 345 kV lines from the Pawnee to Sugar Creek in western Indiana will provide an outlet for wind generation in the western region to move toward the more densely populated load centers to the east. This 345 kV extension creates another 345 kV path across central Illinois to connect to the existing 345 kV network in Indiana at Sugar Creek. This provides access wind generation to all of Indiana, and supplies major load centers such as Indianapolis and the Chicago suburbs in northern Indiana. The new lines will provide a wind outlet and reliability benefits, by mitigating a number of contingent outage events during peak and shoulder periods, where the wind generation component is much higher. The addition of the 345 kV lines and step down transformers in this project will keep the power flow on the 345 kV system. Otherwise, it would be injected into the lower voltage transmission networks in Illinois if the 345kV additions are not made, which causes a number of lower voltage network constraints to be alleviated. This project will mitigate eight bulk electric system (BES) NERC Category B thermal constraints and 12 NERC Category C constraints.

Alternatives Considered: An alternative to the proposed project was a parallel 345 kV path to the north, which would have built a 345 kV line through Bloomington into Brokaw, through Gilman and to the Reynolds Substation in northwest Indiana. Although the benefits of taking this northern path were similar to the southern route, there were fewer benefits gained by going with the northern path. It also cost more than the recommended project.

5.11 Reynolds to Burr Oak to Hiple 345 kV line

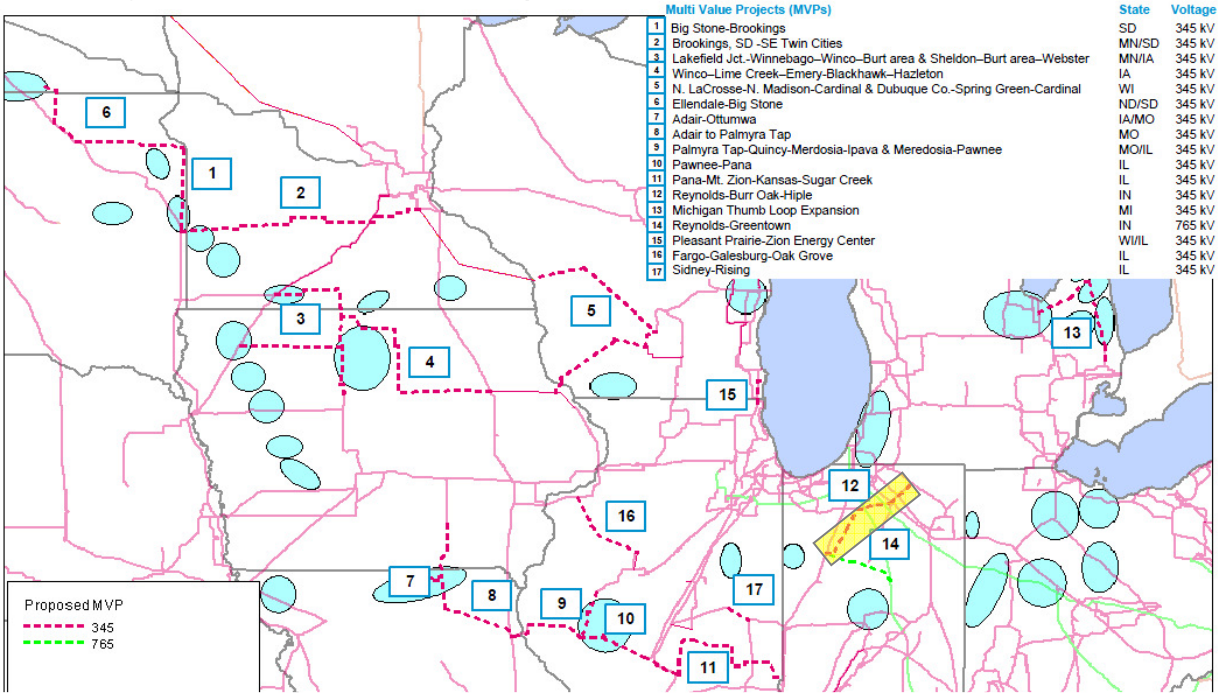


Figure 5.11: Reynolds to Burr Oak to Hiple

Project(s): 3203

Transmission Owner(s): NIPSCo

Description: This creates a 345 kV line from Reynolds substation to Burr Oak to Hiple through northern Indiana. At the Reynolds and Hiple stations, it creates a tie to 345kV lines routed near those two stations but do not connect electrically at those points. The 345 kV line is approximately 100 miles long, along with the substation upgrades at Reynolds and Hiple necessary to accommodate the

new 345 kV line connections. The estimated cost of this project is $284 million[19]. The expected in service date is December 2019.

Justification: The project from Reynolds to Burr Oak to Hiple through northern Indiana will create a 345 kV path across the northern portion of Indiana toward Michigan, with the new tie at Hiple connecting an existing 345 kV line to the Argenta Station in southern Michigan. This path will provide an additional 345 kV path to move wind energy across Indiana, and closer to the east coast, bringing less expensive wind generation into areas where the expense to generate power can be considerably greater. The line will relieve overloads on the 138 kV system along a parallel path as well as the 138 kV network in the Lafayette, IN, area. The additional ties at Reynolds and Hiple also reduce loading on the existing 345 kV lines and creates a second path for power flow in this area, enhancing system reliability. This project will mitigate five bulk electric system (BES) NERC Category B thermal constraints and five NERC Category C constraints.

Alternatives Considered: There is no viable alternative to the proposed plan. The proposed project runs parallel to the constraints identified and is the most effective at relieving them.

5.12 MI Thumb Loop Expansion

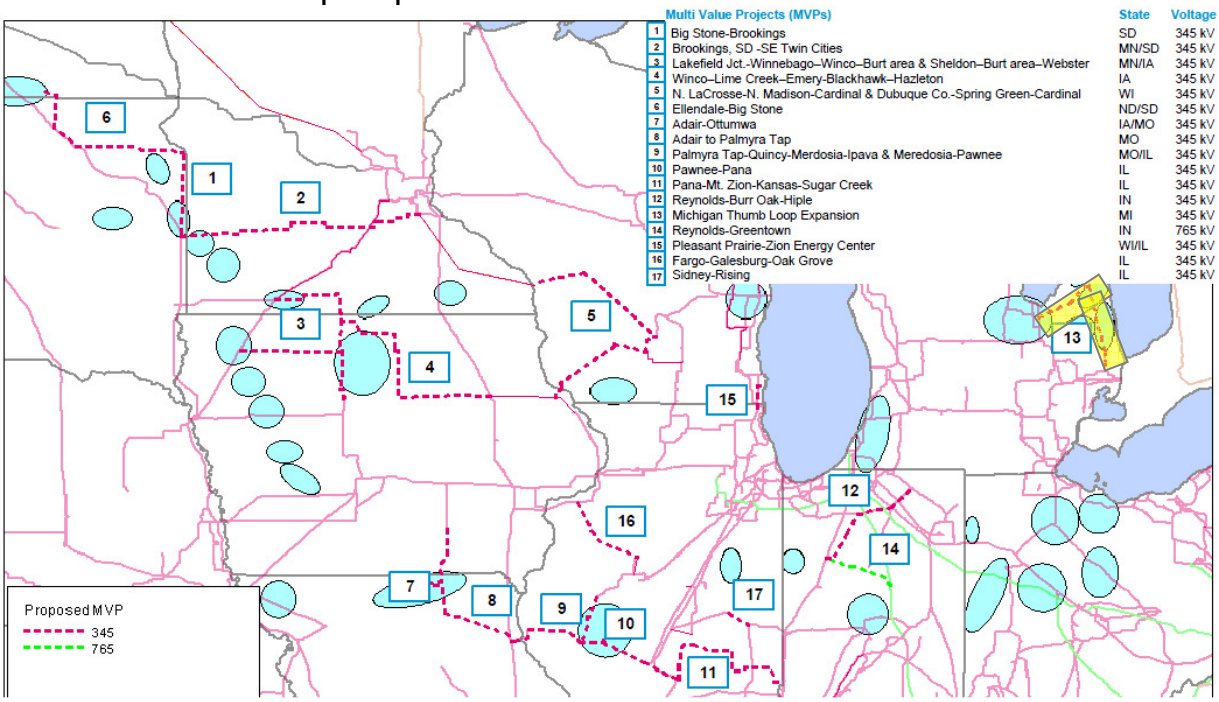


Figure 5.12: Michigan Thumb Loop Expansion

Project(s): 3168

Transmission Owner(s): ITC

Description: The proposed transmission line will connect into a new station to the south and west of the Thumb area that will tap three existing 345 kV circuits; one between the Manning and Thetford 345 kV stations, one between the Hampton and Pontiac 345 kV stations and one between the Hampton and Thetford 345 kV stations. Two new 345 kV circuits will extend from this new station, to be called Baker (formerly Reese), up to a new station, to be called Rapson (formerly Wyatt or Wyatt East) that will be

[19] In 2011 dollars

located to the north and east of the existing 120 kV Wyatt station. In order to support the existing 120 kV system in the northern tip of the Thumb, the two existing 120 kV circuits between the Wyatt and Harbor Beach stations, one that connects directly between Wyatt and Harbor Beach and that connects Wyatt to Harbor Beach through the Seaside station, will be cut into the new Rapson station. From the Rapson station, two 345 kV circuits will extend down the east side of the Thumb to the existing Greenwood 345 kV station and then continue south to the point where the existing three ended Pontiac to Greenwood to Belle River 345 kV circuit combines. To facilitate connection to the existing transmission system a new 345 kV station, to be called Fitz (formerly Saratoga), is included in the plan at a site due south of the existing Greenwood station and just north of where the existing three ended Pontiac to Greenwood to Belle River 345 kV circuit combines. The Fitz station will then tap the existing Pontiac to Belle River to Greenwood 345 kV circuit and the existing Belle River to Blackfoot 345 kV circuit. Transformation from the 345 kV facilities to the 120 kV facilities will be necessary to maintain continuity to the existing system in and around the Sandusky area. The existing 120 kV facilities between the sites that will facilitate the new 345 kV to 120 kV transformation can be utilized to facilitate a connection between the new 345 kV to 120 kV transformation and the existing 120 kV facilities in the Sandusky area. The cost of this project is $510 million[20].

Justification: This project was needed pursuant to the directives of the Michigan Public Service Commission' and the Final Report of the Michigan Wind Energy Resource Zone Board ("Board"). This project is necessary to deliver wind mandate in Region 4, the primary wind zone region in Michigan (the Thumb). Reliability analysis tested 13 different system conditions involving Ludington pumped storage scenarios and Ontario interface transfers. Without mitigations, overloads were up to 155% and instability may happen for some multiple contingencies. With the existing system and alternative designs tested, NERC reliability standards cannot be met when renewable sufficient to deliver the wind mandates are connected.

Alternative 1 Considered: Replace the existing single circuit 120 kV loop from Tuscola up to Wyatt and down to Lee with two new 230 kV circuits on a 230 kV double circuit tower line that will extend from a new 230 kV station at or near the existing 120 kV Wyatt station southwest to a new 345/230 kV station southwest of the existing Atlanta 138/120 kV station and two more 230 kV circuits on a 230 kV double circuit tower line that will extend from the new 230 kV station at or near the Wyatt station down around to the existing Greenwood 345 kV station utilizing high temperature 1431 ACSR conductor (or an equivalently rated conductor) and 230 kV double circuit tower (or steel pole) construction, existing ROW as available and new ROW where necessary. Also, add two new 230 kV circuits (on new ROW) on a 230 kV double circuit tower line that will extend from the new station at or near the Wyatt station down around the west side of the Thumb to the new station south west of the Atlanta 138/120 kV station and two new 230 kV circuits on a 230 kV double circuit tower line that will extend from the Wyatt station down to the Greenwood station along the east side of the Thumb utilizing a similar conductor/tower configuration as the "inner loop". Continue south from the Greenwood 345 kV station with a new 345 kV double circuit tower line containing two new 345 kV circuits toward a new 345 kV station at a site due south of the existing Greenwood station and just north of the point where the three ended Pontiac to Greenwood to Belle River 345 kV circuit combines. The two new 345 kV circuits from Greenwood to this new station south of Greenwood would parallel the existing 345 kV circuit along that same path. These routes would utilize existing ROW to the extent possible.

Total Project Cost Estimate: $740, 000,000

Alternative 2 Considered: Replace the existing single circuit 120 kV loop from Tuscola up to Wyatt and down to Lee with two new 230 kV circuits on a 230 kV double circuit tower line that will extend from a new 230 kV station at or near the existing 120 kV Wyatt station southwest to a new 345/230 kV station southwest of the existing Atlanta 138/120 kV station and two more 230 kV circuits on a 230 kV double circuit tower line that will extend from the new 230 kV station at or near the Wyatt station down around to the existing Greenwood 345 kV station utilizing high temperature 1431 ACSR conductor (or an equivalently rated conductor) and 230 kV double circuit tower (or steel pole) construction, existing ROW

[20] In 2011 dollars

as available and new ROW where necessary. Also, add two new 230 kV circuits (on new ROW) on a 230 kV double circuit tower line that will extend from the new station at or near the Wyatt station down around the west side of the Thumb to the new station south west of the Atlanta 138/120 kV station utilizing a similar conductor/tower configuration as the "inner loop". Then continue south from the Greenwood 345 kV station with a new 345 kV double circuit tower line containing two new 345 kV circuits toward a new 345 kV station at a site due south of the existing Greenwood station and just north of the point where the three ended Pontiac to Greenwood to Belle River 345 kV circuit combines. The two new 345 kV circuits from Greenwood to this new station south of Greenwood would parallel the existing 345 kV circuit along that same path. These routes would utilize existing ROW to the extent possible.

Total Project Cost Estimate: $560,000,000

5.13 Reynolds to Greentown 765 kV line

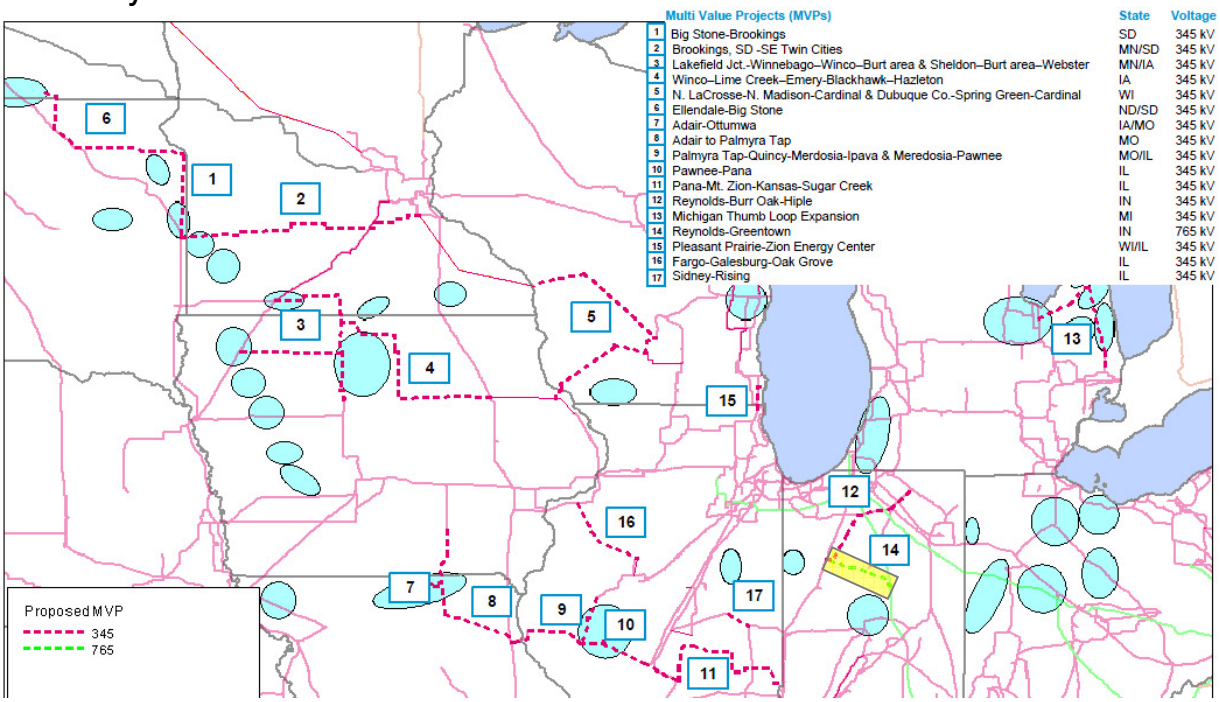


Figure 5.13: Reynolds to Greentown

Project(s): 2202

Transmission Owner(s): NIPSCO, Duke

Description: This project creates a 765 kV line from the Reynolds substation to the Greentown substation through Indiana, north of the Lafayette area. A 765/345 kV transformer/substation will also be installed at the Reynolds substation. The length of 765 kV line is approximately 66 miles, along with the 765 kV substation terminal upgrades at Greentown necessary to accommodate the 765 kV line connection. The estimated cost of this project is $245 million[21]. The 765 kV line project will be ready by June 2018. The 765/345 kV substation upgrade/construction will be ready by August 2018.

Justification: The 765 kV line from Reynolds to Greentown path across central Indiana will create an additional wind outlet path across the state, pushing power closer to the east coast, bringing less expensive wind generation into areas where the generation of power can be considerably more expensive. There are constraints on reliability on the 345 kV system to the north going toward

[21] In 2011 dollars

Chicago and Michigan, and to the south, crossing the Illinois/Indiana border and down into southwestern Indiana. These are mitigated with the new 765 kV line. The system flows attempt to bring power back to the Greentown substation, which cause numerous overloads for contingent scenarios that can be mitigated with the proposed 765 kV line. The line will also relieve constraints on the 138 kV system along a parallel path in the Lafayette, Indiana, area as well as the 138 kV line to the south between Dresser and Bedford. This 765 kV line will provide reliability benefits throughout Indiana. This project will mitigate seven bulk electric system (BES) NERC Category B thermal constraints and 21 NERC Category C constraints. It also relieves four non-BES NERC Category C constraints.

Alternatives Considered: Alternatives to the proposed project would be building lines to bypass the Lafayette area, which would relieve the constraints identified in this analysis, but load up the 230 and 138kV systems beyond the Lafayette area. The 345 kV in the Cayuga area is also heavily loaded, and upgrading would not be recommended. The proposed project is effective in alleviating all these constraints, without creating new ones, and provides a reduction of loadings on the existing lines.

5.14 Pleasant Prairie to Zion Energy Center 345 kV line

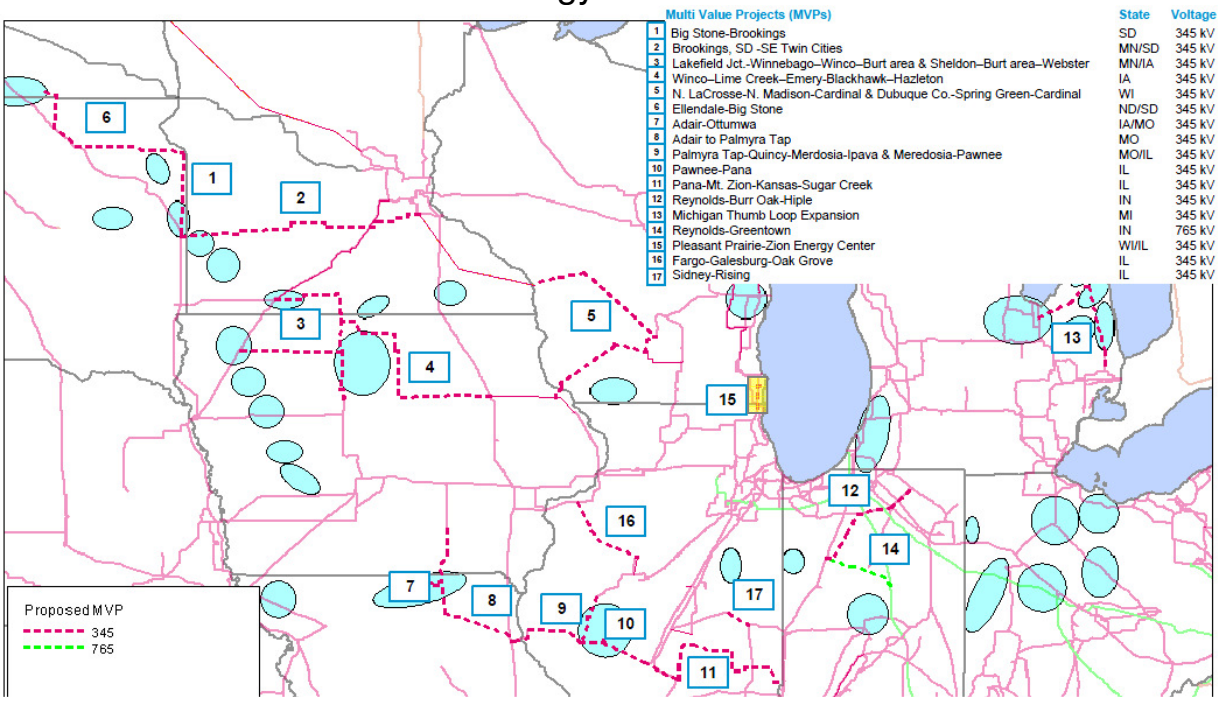


Figure 5.14: Pleasant Prairie to Zion Energy Center

Project(s): 2844

Transmission Owner(s): ATC

Description: A 345 kV line will be created from the Pleasant Prairie substation in Wisconsin to the Zion Energy Center substation in Illinois. The line will be approximately 5.3 miles long. The estimated cost is $26 million[22]. The expected in service date is March 2014.

Justification: The 345 kV line from Pleasant Prairie to Zion Energy Center creates an additional 345kV tie between these two stations, allowing more power to flow from the north down into Illinois.

[22] In 2011 dollars

That will bring wind energy from the north and west into this area. From a reliability perspective, the addition of the path relieves constraints on the 138 kV system adjacent to the project as well as 138 kV system constraints to the west of the new line. This project will mitigate seven bulk electric system (BES) NERC Category B thermal constraints and four NERC Category C constraints.

Alternatives Considered: No viable alternatives to this project were identified. The proposed project, which creates a parallel path to the existing constrained line, is the most effective solution.

5.15 Oak Grove to Galesburg to Fargo 345 kV line

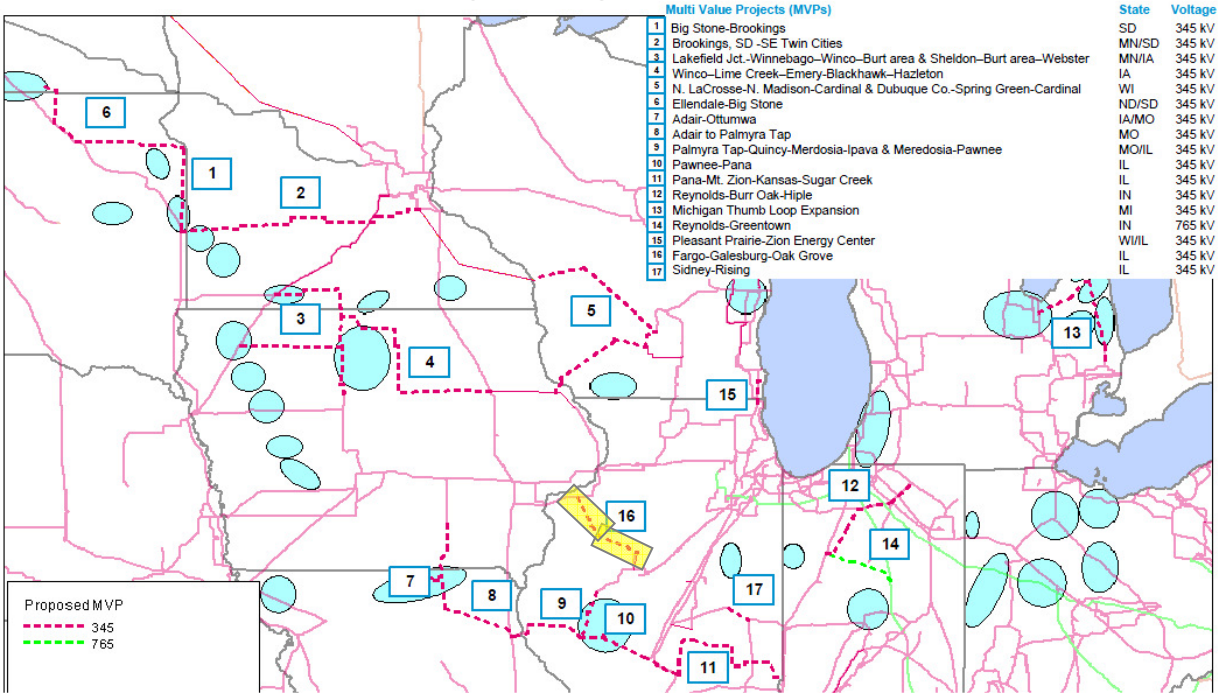


Figure 5.15: Oak Grove to Galesburg to Fargo 345 kV line

Project(s): 3022

Transmission Owner(s): Ameren, MEC

Description: This creates a 345 kV line from the MEC's Oak Grove substation to Ameren's Galesburg substation and to the Fargo substation through central Illinois. A new 560 MVA, 345/138 kV transformer will be installed at the Galesburg substation in addition to terminal additions/upgrades at all three substations. The 345 kV line is approximately 70 miles long, along with 40 miles of reconductor/rebuild at 345 kV and 138 kV to complete the project. The estimated cost is $193 million[23]. The Oak Grove – Galesburg 345 kV line and the Oak Grove 345 kV substation upgrades are expected to be ready by December 2016. The Fargo – Oak Grove 345 kV Line and Galesburg transformer addition are expected to be ready by November 2018. The Fargo substation upgrades are expected to be in service in 2018.

Justification: The new 345 kV line from Oak Grove to Galesburg to Fargo creates a path from western Illinois near the Iowa/Illinois border to central Illinois. This expansion creates an additional wind outlet path across the state, pushing power into central Illinois. In combination with another MVP, Dubuque – Spring Green – Cardinal 345 kV line, this enables 1,100 MW of wind power transfer

[23] In 2011 dollars

capability. From a reliability perspective, the addition of the Oak Grove to Fargo 345 kV path helps relieve constraints on the 345 kV system to the north. The 138kV system in the same area is also overloaded during certain contingent events. With the MVPs proposed in Wisconsin, Oak Grove to Fargo is needed to provide an outlet for the power coming from the west. It will keep that power on the 345 kV transmission system, rather than forcing it through the 138 kV system, requiring significant upgrades to carry the increased power flow.

Analysis also shows that the north ties from ATC to ComEd will remain constrained despite a new MVP from Pleasant Prairie to Zion, if the Oak-Grove Fargo 345 kV line is not built. This is because both outlets, Dubuque-Cardinal and Oak Grove-Fargo, are needed to effectively mitigate constraints on the transmission network supplying the Chicago area. This project will mitigate six bulk electric system (BES) NERC Category B thermal constraints and five NERC Category C constraints.

Alternatives Considered: Alternatives to the proposed project would be upgrading the 345 and 138 kV lines that are overloaded going toward Chicago. Upgrading the overloaded lines would likely lead to more overloads to the east, by injecting the additional power into an already constrained 345 kV path through Com Ed's Silver Lake area. The proposed project provides the greatest benefit to the transmission system.

5.16 Sidney to Rising 345kV Line

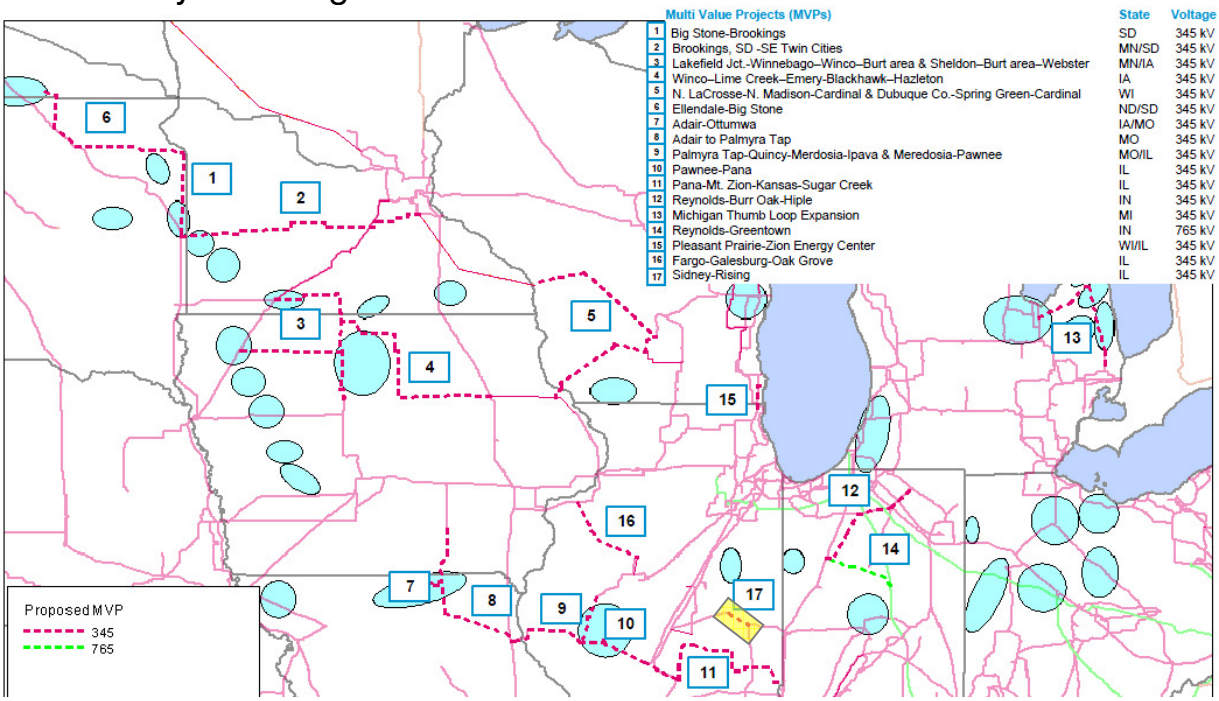


Figure 5.16: Sidney to Rising 345 kV line

Project(s): 2239

Transmission Owner(s): Ameren

Description: This builds a 345 kV line between the Sidney and Rising substation through eastern/central Illinois. That would create approximately 27 miles of 345 kV line, along with the substation upgrades at Sidney and Rising needed to accommodate the new line. The estimated cost of this project is $90 million[24]. The Sidney and Rising substation upgrades are expected to be ready by June 2016, and the 345 kV line should be ready by November 2016.

Justification: The 345 kV line from Rising to Sidney in Illinois will connect a gap in the 345 kV network in the area, promoting wind generation moving from the west to the east into Indiana. It will mitigate constraints by keeping the power on the 345 kV system, rather than pushing it into the 138 kV network at Rising. That causes overloads on the Rising transformer and on nearby 138 kV lines fed from Rising. This project will mitigate one bulk electric system (BES) NERC Category A thermal constraint, one NERC Category B constraint and three NERC Category C constraints.

Alternatives Considered: Upgrading the transformer at Rising and the 138 kV lines are a possible alternative, but that transformer was upgraded recently. Analysis shows that the power flow is being forced into the 138 kV system between Sidney and Rising to step back up to the 345 kV system. Completing the short connection between Sidney and Rising is the most effective recommendation for a long term solution.

[24] In 2011 dollars

6 Portfolio reliability analyses

In addition to the individual project justification, the MVP portfolio analysis also included an evaluation of the complete recommended MVP portfolio to ensure that system reliability is maintained. The recommended MVP portfolio maintains system reliability by resolving violations on approximately 650 transmission elements for more than 6,700 system conditions. It also mitigates 31 system instability conditions. More information on the constraints for each individual project may be found in Section 6 of this report.

6.1 Steady state

6.1.1 Reliability Planning Methodology Overview

The reliability assessment performed for the MVP portfolio analysis tested the transmission system using appropriate North American Electric Reliability Corporation (NERC) Table 1 events to determine if the system, as planned, meets Transmission Planning (TPL) standards. Any violation of these standards was identified, and the components of the portfolio were tested to determine their effectiveness in addressing the identified issues. In addition secondary transmission upgrades were developed to mitigate any unresolved issues. The performance of the mitigation plan was tested to ensure it alleviates the identified issues and does not create additional issues.

6.1.2 Planning Criteria and Monitored Elements

In accordance with the MISO Transmission Owners Agreement, the MISO Transmission System is to be planned to meet local, regional and NERC planning standards. The MVP portfolio analysis, performed by MISO staff, tested the performance of the system against the NERC Standards when applicable Renewable Portfolio Standards (RPS) were applied. Compliance with local requirements, where the local requirements exceed NERC standards, was not evaluated. This analysis will be performed by the responsible Transmission Owners. All system elements that were loaded at 95% or higher were flagged as transmission issues for Category A, B and C events. Elements under Category C3 contingencies were flagged as transmission issues at loadings of 125% and higher.

All system elements, 100 kV and above, within the MISO Planning regions, as well as tie lines to neighboring systems, were monitored. Elements 69 kV and above were monitored in select MISO Planning regions per Transmission Owner planning standards. Some non-MISO member systems were monitored if they were within the MISO Reliability Coordination Area.

6.1.3 Baseline Modeling Methodology

The MVP portfolio analysis powerflow models were developed to represent various system conditions in the planning horizon. 2021 Summer Peak and 2021 Shoulder Peak powerflow models were developed. MISO coordinated with external seam regions, including TVA, SPP, MAPP and PJM, to reflect the latest topology of the corresponding regions. For all other areas, modeling data from the 2020 Eastern Interconnection Planning Collaborative (EIPC) model was applied.

6.1.4 Contingencies Examined

Regional contingency files were developed by MISO staff collaboratively with Transmission Owners and regional study group input. NERC Category A, B and C contingency events on the transmission system under MISO functional control were analyzed. In general, contingencies on the MISO members' transmission system at 100 kV and above were analyzed, although some 69 kV transmission was also analyzed. The MTEP10 MRO contingency files were used with updates from MISO Transmission Owners. Automated single contingencies and bus double contingencies were also performed on the new MVP and surrounding transmission.

6.1.5 Results

A total of 384 thermal overloads were mitigated by the recommended MVP portfolio under shoulder peak conditions, for approximately 4,600 system conditions. In addition, approximately 100 additional thermal overloads and 150 voltage violations were mitigated by the recommended MVP portfolio in the summer peak analysis.

6.2 Transient stability

The purpose of performing transient stability analysis is to identify loss of synchronism, sometimes referred to as 'out of step' conditions for existing and proposed generation under severe fault conditions required by NERC and regional reliability standards. For the MVP portfolio transient stability analysis, two scenarios were studied.

Tasks of the two studies were evaluation of the impact of major fault conditions on the ability of the generators to remain synchronized to the electric system without any voltage or damping criteria violations.

6.2.1 Methodology and base case creation

Transient stability analysis was performed on two cases representing the shoulder peak conditions, in 2021, after the addition of RGOS wind zones and the 17 MVP portfolio lines. The following two cases were created for comparative analysis. These models were based upon the MTEP11 powerflow models utilized for the steady state analysis, as described in the previous section.

1. A base case, or the "No MVP portfolio case," was developed by adding all the incremental wind zones, without the portfolio, to the MTEP11 case.

2. A study case, or the "With MVP portfolio case," was developed by adding all the incremental wind zones, with the portfolio, to the MTEP11 case.

The corresponding dynamic files, for the power flow cases mentioned above, were created by adding the GE 1.5 MW turbines (GEWTG1- Type 3 model) to represent each wind zone. It was assumed that all new wind turbines would have a +/-0.95 power factor range. The machine data for all existing units was unchanged because it had been reviewed by the Transmission Owners during the MTEP10 review process. For all external models where the data was not available, machines were modeled with a classical machine model (GENCLS).

6.2.2 Monitored facilities

For evaluating the transient stability performance under fault conditions, the rotor angle, active power output, terminal voltage and the reactive power output for each machine was monitored. For evaluating the transient voltage violations under fault conditions, 345kV bus voltages in each MISO control area were monitored. The list of monitored bus voltages can be seen in Appendix C of this report.

6.2.3 Fault analysis and assumptions

All faults that were analyzed during the MTEP10 stability analysis review were used as the starting point for the stability analysis. In addition, several three phase faults and single line to ground faults (SLG) were developed to simulate fault conditions on the MVP portfolio lines. All these faults were reviewed by the Technical Study Task Force in the first quarter of 2011.

A two cycle margin was added to the fault clearing times to determine if system reliability would be maintained under more stressed conditions. Generally, when the fault clearing times are increased, the probability of having an unstable condition is also increased. Therefore, it was important to determine whether the existing MTEP10 faults would cause system instability; with a two cycle embedded margin to account for modeling errors that can mask underlying reliability issues if the clearing times are close to the critical clearing times. This analysis was not required to comply with any NERC reliability criteria, but

was performed to check the strength of the power system with increased wind generation and transmission under the 2021 conditions.

At the time this fault analysis was conducted, short circuit data was not available to model SLG fault conditions for the CMVP faults. NERC Category C6, C7, C8 and C9 reliability criteria requires the system to be stable under SLG faults cleared under delayed clearing such as a stuck breaker condition. NERC Category D1, D2, D3 and D4 reliability criteria, which is a lot more stringent, requires the system to be stable under three phase fault conditions with delayed clearing. Typically, a three phase fault is a lot more severe than a SLG fault and is a lot easier to simulate due to the absence of zero sequence fault currents. Therefore, SLG faults with delayed clearing on the MVP portfolio lines were simulated as three phase faults with delayed clearing.

The rationale for choosing this approach was simple. If the Three Phase faults were stable under delayed clearing conditions, then it could be reasonably assumed that the same faults would also be stable under SLG with delayed clearing. However, if the analysis revealed that a few faults caused instability, then only those faults would then be re-analyzed with correct fault impedance.

6.2.4 Results

The transient stability analysis revealed that the addition of the MVP portfolio to the transmission system made the system more stable under several fault conditions and 2021 shoulder peak conditions. There were a few fault conditions, which required the addition of minor reactive support devices at a couple of 345kv buses in the western region of the MISO transmission system. The evaluation of optimized reactive support locations under these fault conditions will be studied during the regular MTEP12 reliability analysis, which requires additional stakeholder input and more detailed analysis. The results of the transient stability analysis are under Appendix C of this report.

6.3 Voltage stability

Voltage stability analysis was performed to identify voltage collapse conditions under high energy transfer conditions from major generation resources to major load sinks. For this analysis, high transfer conditions were analyzed, from the wind rich west region of the MISO footprint to major load centers such as Minneapolis-St. Paul, Madison, St Louis and Des Moines. The idea was to evaluate the incremental transfer capability, between the generation resources and the load sinks, that is created by the addition of the MVP portfolio under 2021 summer peak conditions.

6.3.1 Methodology and base case creation

The evaluation of the MVP portfolio's incremental transfer capability benefits can only be quantified when the results are compared to identical system conditions without the MVP lines. Therefore, two different power flow cases were created for 2021 summer peak conditions, shown below.

1. A base case or the "No MVP portfolio case" was developed by adding all the incremental wind zones without the portfolio.

2. A study case or the "With MVP portfolio case" was developed by adding all the incremental wind zones with the portfolio.

For each of the two cases mentioned above, four different transfers were modeled by increasing the generation in the source areas and reducing the generation in the load areas. The idea is to transmit maximum megawatts over the transmission system before a voltage collapse condition occurs due to the contingency loss of a major transmission line. For each simulated transfer, an interface consisting of major import transmission lines into the load centers was created and monitored for each contingency.

The voltage stability transfer analysis was simulated under several contingency conditions to identify the worst contingency and the corresponding maximum megawatt transfer levels over the defined interface. This method was repeated for each transfer and for both the 2021 summer peak load cases as described above.

6.3.2 Results

The comparative analysis summary below shows that the addition of the MVP lines boosted transfer capabilities from wind rich regions to major load centers within the MISO footprint. The details of the voltage stability analysis showing the PV plots and reactive reserve margins for each transfer, under both scenarios, can be viewed in Appendix C of this report.

Voltage Stability Transfer Analyzed	Without Multi Value Project Portfolio (MW)	With Multi Value Project Portfolio (MW)	Incremental Transfer enabled by the MVPs (MW)	Incremental Transfer enabled by the MVPs (percent)
MISO West - Twin Cities	3399	5240	1841	54 percent
MISO West - Madison	1720	3160	1440	84 percent
MISO West - Des Moines	2000	3100	1100	55 percent
MISO West - St Louis	3700	4660	960	26 percent

Table 6.1: Transfer capabilities under high transfer conditions

6.4 Short circuit

The reliability analysis component of the MVP portfolio study included a short-circuit analysis. The goal was to determine whether the installation of the MVP transmission facilities would cause certain existing circuit breakers to exceed their short-circuit fault interrupting capability.

Per the Tariff, should the installation of one or more MVPs cause an electrical issue on a facility, the resolution can be included in the scope of the MVP. The costs can then be shared using the same regional cost allocation mechanism applicable to the base MVPs, as long as the electrical issue is associated with a facility that is owned by a MISO Transmission Owner and classified as a transmission plant. While many electrical issues resulting from MVPs are loading or voltage related, it is also possible for the MVPs to raise the available short-circuit fault current at specific buses.

When the available short-circuit fault current increases beyond the capability of one or more circuit breakers to interrupt the fault current, the situation must be remedied. Typical remedies include replacing the affected circuit breaker with those with higher short circuit fault interrupting capabilities. In some situations, it may be necessary to reconfigure the topology of the system (e.g., splitting buses, etc.) if the available short-circuit fault currents exceed the capabilities of available circuit breakers.

To perform the short-circuit analysis, MISO developed default criteria to govern the short-circuit study. MISO then requested each Transmission Owner to conduct a short-circuit analysis on their own circuit breakers, using either their own internal criteria or MISO's default criteria, to determine if there are fault duty issues with any circuit breakers caused by the installation of one or more MVPs. Most Transmission Owners elected to use the default MISO criteria. The Transmission Owners then submitted results to MISO, including any recommendations to be added to the scope of existing MVPs. The default MISO criteria for the short-circuit analysis follows.

6.4.1 Default criteria for worst case fault current interruption exposure

This default criteria will establish the worst case fault current interruption exposure for each circuit breaker when there is no established criteria for worst case fault current interruption exposure for a specific Transmission Owner:

- Three-phase, phase-to-ground and double phase-to-ground faults will be evaluated. Phase-to-phase faults will not be evaluated.

- Faults will be simulated with zero fault impedance.
- Fault currents will be calculated in accordance with IEEE/ANSI Standard C37.010-1999 using the X/R multiplying factors.
- Faults will be simulated with all generation on-line with the sub transient reactance or equivalent modeled for all generators.
- Faults will be simulated with all network buses and branches in their normal configuration.
- For branch faults, fault locations will be simulated at the branch-side terminals of the circuit breaker in question.
- For branch and bus faults, faults current circuit breaker flows will be determined assuming all other circuit breakers protecting the branch or bus are open. While this results in a lower total fault current, this typically represents the highest fault current exposure for a specific circuit breaker.
- For each circuit breaker, simulations will be made to determine the worst case fault current interruption exposure for primary and backup zones of protection, where backup zones of protection are covered by a specific circuit breaker under the failure of a different circuit breaker.

6.4.2 Default criteria for circuit breaker fault duty calculations

The following default criteria will be used to establish the fault duty for each circuit breaker when there is no established criteria for circuit breaker fault duty calculations for a specific Transmission Owner:

- For each circuit breaker, the interrupting capability of the circuit breaker must be greater than the worst case fault current interrupting exposure of the circuit breaker, plus a safety margin of 2.5 percent
- When specific circuit breakers must be derated for reclosing duty, the Transmission Owner will inform MISO about the specific derates and the associated zones of protection where they apply for each circuit breaker. These derates will be applied in determining the fault duty for the circuit breaker.

6.4.3 Results

The results of the short-circuit analysis indicated the need for only nine circuit breaker replacements, representing an estimated capital cost of about $2.2 million, or less than 0.1 percent of the recommended MVP portfolio. The circuit breaker replacements represented lower voltage circuit breakers exposed to higher fault current levels due the installation of nearby MVP facilities. The recommended circuit breaker replacements are shown in the table below:

Substation	Voltage	Number of Breaker Replacements	Driving MVP
Blount	69 kV	3	N. Lacrosse – Cardinal - Dubuque
Lakefield	161 kV	1	Lakefield - Hazleton
Winnebago	161 kV	3	Lakefield – Hazleton
Lime Creek	161 kV	1	Lakefield – Hazleton
Hazleton	161 kV	1	Lakefield – Hazleton

Table 6.2: Circuit breaker replacements

7 Portfolio Public Policy Assessment

The projects in the proposed Multi Value Project portfolio were evaluated against criterion 1, which require the projects to reliably or economically enable energy policy mandates. To demonstrate the ability of the portfolio to enable the renewable energy mandates of the footprint, a set of analyses were conducted to quantify the renewable energy enabled by the footprint.

This analysis took part in two parts. The first part demonstrated the wind needed to meet the 2026 renewable energy mandates that would be curtailed but for the recommended MVP portfolio. The second part demonstrated the additional renewable energy, above the 2026 mandate, that will be enabled by the portfolio. This energy could be used to serve mandated renewable energy needs beyond 2026, as most of the mandates are indexed to grow with load.

7.1 Wind Curtailment

A wind curtailment analysis was performed to find the percentage of mandated renewable energy which could not be enabled but for the recommended MVP portfolio.

The shift factors for all wind machines were calculated on the worst NERC Category B and C contingency constraints of each monitored element identified as mitigated by the recommended MVP portfolio. The 429 monitored element/contingent element pairs (flowgates) consisted of 205 Category B and 224 Category C contingency events. These constraints were taken from a blend of 2021 and 2026 wind levels with the final calculations based on the 2026 wind levels.

Since the majority of the western region MVP justification was based on 2021 wind levels, it was assumed that any incremental increase to reach the 2026 renewable energy mandated levels would be curtailed. A transfer of the 193 wind units, sourced from both committed wind units and the RGOS energy zones, to the system sink, Browns Ferry in TVA, was used to develop the shift factors on the flowgates.

Linear optimization logic was used to minimize the amount of wind curtailed while reducing loadings to within line capacities. Similar to the Multi Value Project justifications, a target loading of less than or equal to 95% was used. 24 of the 429 flowgates could not achieve the target loading reduction, and their targets were relaxed in order to find a solution.

The algorithm found that 10,885 MW of dispatched wind would be curtailed. As a connected capacity, this equates to 12,095 MW as the wind is modeled at 90% of its nameplate. A MISO-wide per-unit capacity factor was averaged from the 2026 incremental wind zone capacities to 32.8%.

The curtailed energy was calculated to be 34,711,578 MWHr from the connected capacity times the capacity factor times 8,760 hours of the year. Comparatively, the full 2026 RPS energy is 55,010,629 MWHr. As a percentage of the 2026 full RPS energy, 63% would be curtailed in lieu of the MVP portfolio.

7.2 Wind Enabled

Additional analyses were performed to determine any incremental wind energy, in excess of the 2026 requirements, enabled by the recommended MVP portfolio. This energy could be used to meet renewable energy mandates beyond 2026, as most of the state mandates are indexed to grow with load. A set of two First Contingency Incremental Transfer Capability (FCITC) analyses were run on the 2026 model to determine how much the wind in each zone could be ramped up prior to additional reliability constraints occurring.

First, a transfer was sourced from all the wind zones in proportion to their 2026 maximum output. All the Bulk Electric System (BES) elements in the MISO system were monitored, with constraints being flagged at 100% of the applicable ratings. All single contingencies in the MISO footprint were evaluated during the transfer analysis. This transfer was sunk against MISO, PJM, and SPP units, in the proportions below. More specifically, the power was sunk to the smallest units in each region, with the assumption that these small units would be the most expensive system generation.

Region	Sink
MISO	33 percent
PJM	44 percent
SPP	23 percent

Table 7.1: Transfer Sink Distribution

As a result of this analysis, it was determined that an additional 981 MW could be reliably sourced from the energy zones. Because of regional transfer limits, no additional western wind could be increased beyond this level. The output levels of the wind zones were updated in the model and a second transfer analysis was performed to determine any incremental wind that could be sourced from the Central and East wind zones. This analysis was performed with the same methodology and sink as the first analysis, but all the western wind zones were excluded from the transfer source. This analysis determined that 1,249 MW of additional generation could be sourced from the Central and Eastern wind zones.

Wind Zone	Incremental Wind Enabled	Wind Zone	Incremental Wind Enabled	Wind Zone	Incremental Wind Enabled
IA-BF	22.5	IN-E	144.9	MT-A	15.4
IA-GH1	27.4	IN-K	483.0	ND-M	2.4
IA-H2	76.0	MN-B	109.5	SD-HJ	130.1
IA-J	5.1	MN-H	254.7	SD-L	15.4
IL-F	678.6	MN-K	34.8	WI-B	230.4

Table 7.2: Incremental Wind Enabled Above 2026 Mandated Level, by Zone

In total, it was determined that 2,230 MW of additional generation could be sourced from the incremental energy zones to serve future renewable energy mandates. When the results from the curtailment analyses and the wind enabled analyses are combined, the recommended MVP portfolio enables a total of 41 million MWhs of renewable energy to meet the renewable energy mandates.

8 Portfolio economic benefits analyses

Multi Value Projects represent the next step in the evolution of the MISO transmission system: a regional network that, when combined with the existing system, provides value in excess of its costs under a variety of future policy and economic conditions. These benefits are discussed below, as well as the analyses used to determine them.

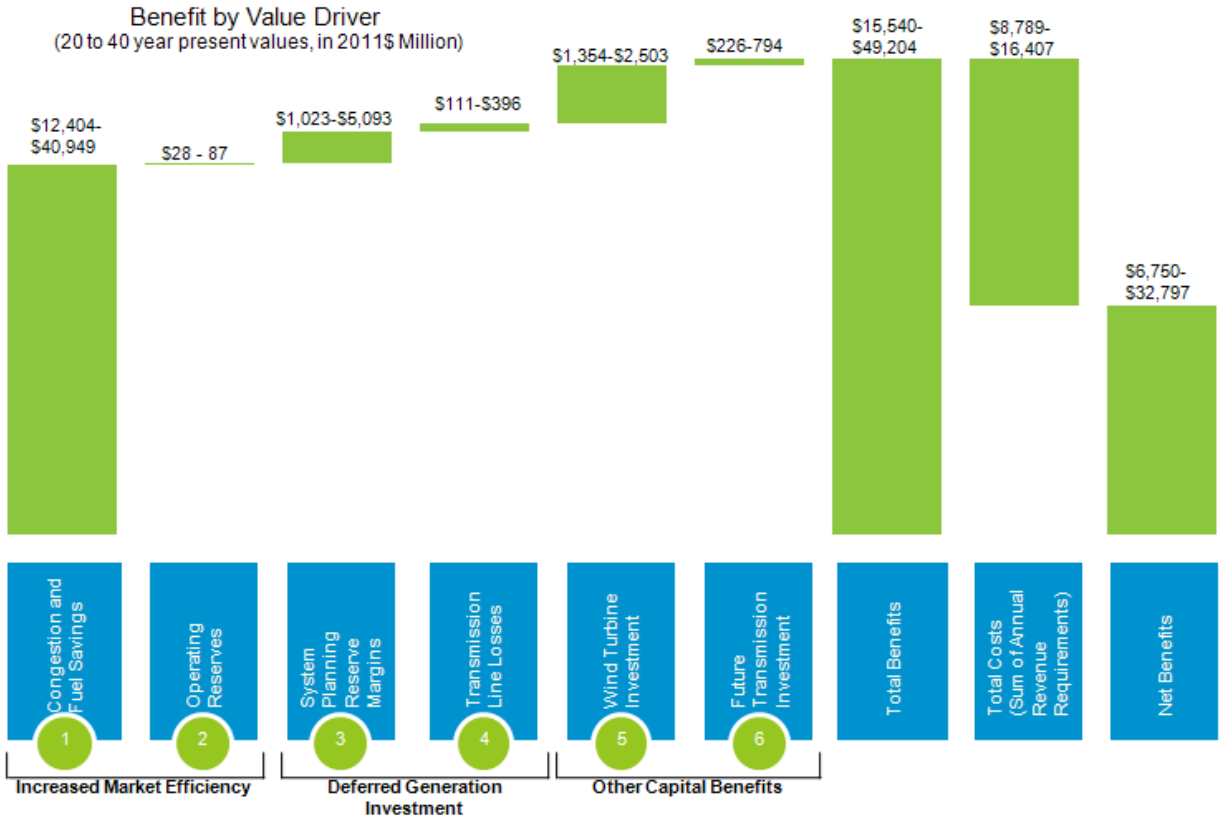


Figure 8.1: Recommended MVP portfolio economic benefits

8.1 Congestion and fuel savings

The recommended MVP portfolio allows for a more efficient dispatch of generation resources, opening markets to competition and spreading the benefits of low cost generation throughout the MISO footprint. These benefits were outlined through a series of production cost analyses, which captured the economic benefits of the recommended MVP transmission and the wind it enables. These benefits reflect the savings achieved through the reduction of transmission congestion costs and through more efficient use of generation resources.

The future scenarios without any new energy policy requirements provide a baseline of the recommended MVP portfolio's benefits under current policy conditions. Additionally, the evaluation of the Carbon Constrained and Combined Policy future scenarios provide "bookends," helping to show the full range of benefits that may be provided by the portfolio. Looking at the "Business as Usual" future scenarios with no new energy policies, the recommended MVP portfolio will produce an estimated $12.4 to $40.9 billion in 20 to 40 year present value adjusted production cost benefits, depending on the timeframe, discounts and growth rates of energy and demand. This benefit increases to a maximum present value of $91.7 billion under the Combined Policy future scenario.

8.1.1 Production cost model development

PROMOD IV® is an integrated electric generation and transmission market simulation system, and was the primary tool used to support economic assessment of the recommended MVP portfolio. It incorporates details of generating unit operating characteristics and constraints, transmission constraints, generation analysis, unit commitment/operating conditions and market system operations. It performs an 8,760-hour centralized security constrained unit commitment and economic dispatch, recognizing generation and transmission impacts at the nodal level. It uses an hourly chronological dispatch algorithm that minimizes cost, while recognizing a variety of operating constraints.

These include generating unit characteristics, transmission limits, fuel and environmental considerations, reserve requirements and customer demand. It provides a wide spectrum of forecasts on hourly energy prices, unit generation, fuel consumption, energy market prices at bus level, regional energy interchanges, transmission flows and congestion prices.

To be able to perform a credible economic assessment on the recommended MVP portfolio, production cost models require detailed model input assumptions on generation, fuel, demand and energy, transmission topology and system configuration, described below.

8.1.2 Models

The primary economic analysis was performed with 2021 and 2026 production cost models, with incremental wind mandates considered for 2021, 2026 and 2031, respectively. Three various levels of wind mandates and loads were modeled: 2021 RPS mandates and load levels, 2026 RPS mandates and load levels and 2026 load levels, plus all generation enabled by the recommended MVP portfolio used to estimate benefits in year 2031.

The transmission topology was taken from the 2021 summer peak power flow model developed through the MTEP11 planning process. The 2026 production cost models used the same transmission topology as 2021. The PROMOD study footprint included the majority of the Eastern Interconnection with ISO-New England, Eastern Canada and Florida excluded. Although these regions have very limited impact on the study results, fixed transactions were modeled to capture the influence of these regions on the rest of the study footprint.

8.1.3 Event file

Production cost models use an “event file” to capture a set of transmission constraints. The constraints ensure system reliability by performing hourly security constrained unit commitment and economic dispatch. The event file was developed based on the latest Book of Flowgates from MISO and NERC, updated to incorporate rating and configuration changes from concurrent studies in the MTEP11 planning cycle. In addition, MUST AC analyses and PROMOD Analysis Tool (PAT) contingency screening analyses were performed to identify a number of additional monitored/contingencies to ensure the most severe limiters of the transmission system are captured in the event file. As an integral part of the study, stakeholders and interested parties were extensively involved in the review of the event file.

8.1.4 Benefit measure

Comprised of 17 projects spread across the MISO footprint, the recommended MVP portfolio enables the renewable energy delivery required by public policy mandates that could not otherwise be realized. To determine the economic benefits of the recommended MVP portfolio, two production cost model simulations were performed with and without the combination of the recommended MVP portfolio and the wind it enables. The difference between these two cases provides measurable benefits associated with the recommended MVP portfolio, focusing on Adjusted Production Cost savings according to the tariff provisions. Adjusted Production Cost is the annual generation fleet production costs, including fuel, variable operations and maintenance, start up cost and emissions, adjusted with off-system purchases and sales. Adjusted Production Cost savings are achieved through reduction of transmission congestion costs and more efficient use of generation resources across the system.

8.1.5 Policy driven future scenarios

To account for out-year public policy and economic uncertainties, MISO collaborated with its stakeholders to refresh available future policy scenarios to better align them with potential policy outcomes taking place. The future scenarios were designed to bookend the potential range of future policy outcomes, ensuring that all of the most likely future policy scenarios and their impacts were within the range bounded by the results. Four futures were refreshed and analyzed:

- Business As Usual with Continued Low Demand and Energy Growth (BAULDE) assumes that current energy policies will be continued, with continuing recession level low demand and energy growth projections.
- Business As Usual with Historic Demand and Energy Growth (BAUHDE) assumes that current energy policies will be continued, with demand and energy returning to pre-recession growth rates.
- Carbon Constrained assumes that current energy policies will be continued, with the addition of a carbon cap modeled on the Waxman-Markey Bill.
- Combined Energy Policy assumes multiple energy policies are enacted, including a 20 percent federal RPS, a carbon cap modeled on the Waxman-Markey Bill, implementation of a smart grid and widespread adoption of electric vehicles.

The various input assumptions and uncertain variables defined for each policy driven future dictate a unique set of generation expansion plans on a least cost basis to meet regional Resource Adequacy Requirements, detailed in Table 8.1.

Future Scenarios	Wind Penetration	Effective Demand Growth Rate	Effective Energy Growth Rate	Gas Price	Carbon Cost / Reduction Target
BAULDE	State RPS	0.78 percent	0.79 percent	$5	None
BAUHDE	State RPS	1.28 percent	1.42 percent	$5	None
Combined Energy Policy	20 percent Federal RPS by 2025	0.52 percent	0.68 percent	$8	$50/ton (42 percent by 2033)
Carbon Constrained	State RPS	0.03 percent	0.05 percent	$8	$50/ton (42 percent by 2033)

Table 8.1: MTEP11 Future Scenario Assumptions

8.1.6 Economic analysis results

A holistic economic assessment for the recommended MVP portfolio was performed against a wide range of future policy driven scenarios. This was done to minimize the risk imposed by the uncertainties around potential policy decisions. The future scenarios without any new energy policy mandates provide a baseline of the recommended MVP portfolio's benefits under current policy conditions. The evaluation of the Carbon Constrained and Combined Energy Policy future scenarios also provide "bookends" which help show the full range of benefits that may be provided by the portfolio.

8.1.7 Adjusted Production Cost savings and benefit spread

With the recommended MVP portfolio providing access to the lowest electric energy costs and relieving transmission congestion across the MISO footprint, the portfolio brought a wide range of adjusted production cost savings, from an estimated $12.4 to $28.3 billion in 20 year present value terms under the four selected future scenarios, as shown in Figure 8.2.

The recommended MVP portfolio also collects renewable energy from a distributed set of wind energy zones, enables the wind delivery and provides widespread regional benefits across the MISO footprint, regardless of future policy outcomes.

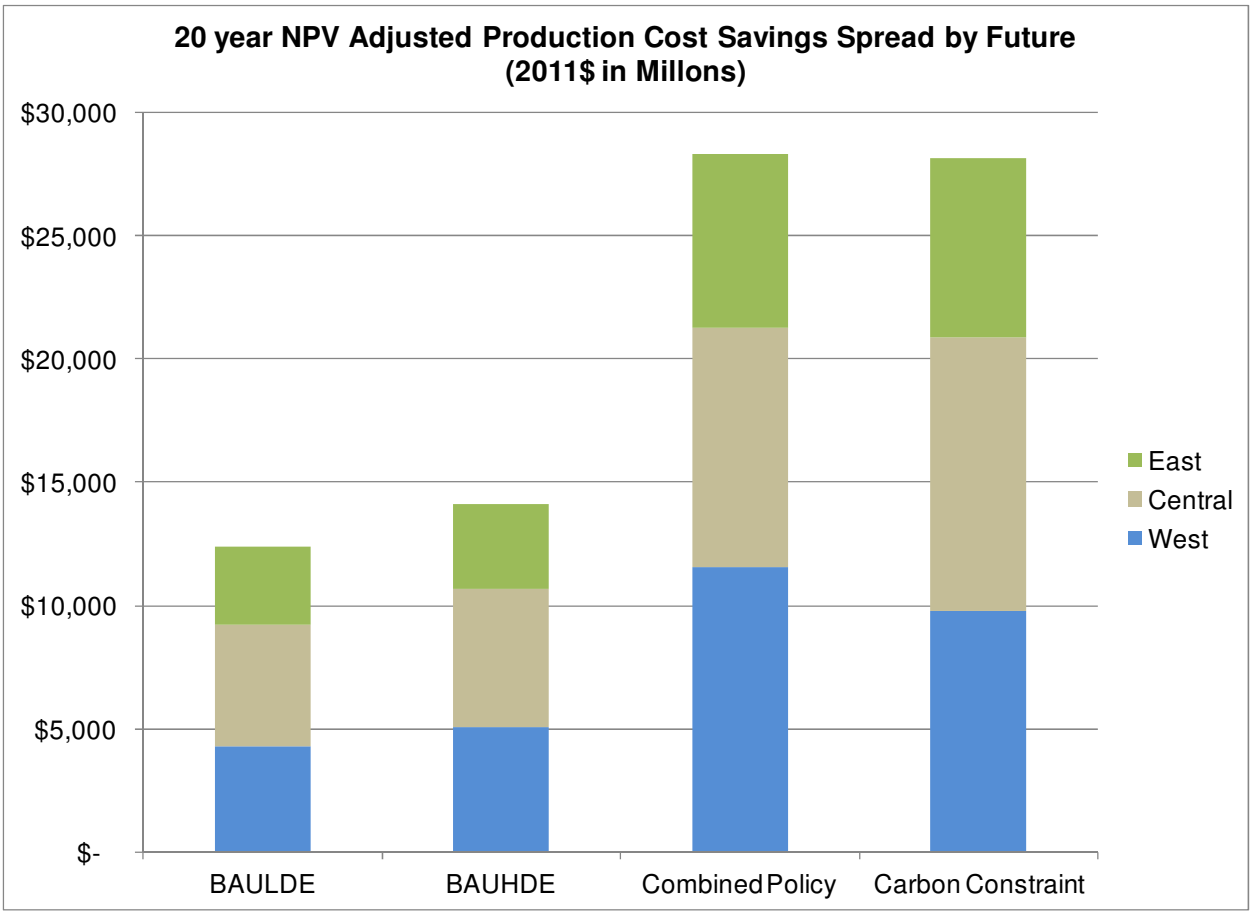


Figure 8.2: Adjusted Production Cost Savings spread by future

8.1.8 Generation displacement

Figure 8.3 summarizes the 2021 annual energy production changes between the base case and the change case. The recommended MVP portfolio enables the delivery of renewable energy to meet the near term RPS mandates of MISO states in a more reliable and economic manner, causing higher cost units to be displaced by the wind resources enabled by the proposed portfolio across the MISO footprint. Moreover, the recommended MVP portfolio allows low cost energy in the western regions to reach a wider footprint. It leads to a more efficient usage of generation resource across the entire study footprint, with some level of generation displacement occurring in external regions, particularly in PJM and SERC.

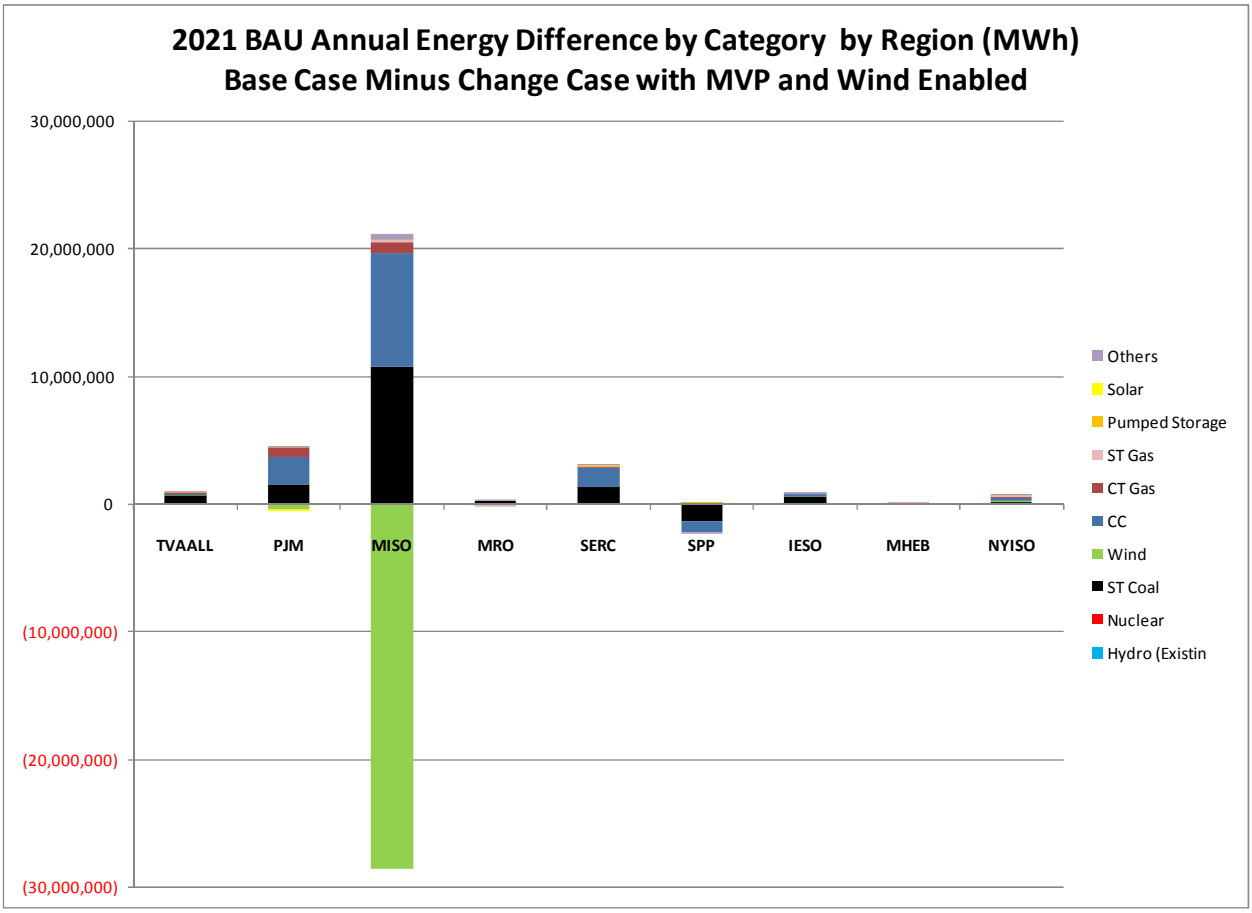


Figure 8.3: Generation displacement by region

8.1.9 Economic Variable Impact

The projected benefits of the recommended MVP portfolio depend on projections of future policy and economic variables. Figure 8.4 shows the impacts of economic variable assumptions on the projected economic benefits achieved by the recommended MVP portfolio, with the primary focus on the time of present value calculations and discount rate.

Considering solely the 'Business as Usual' future scenarios with no new energy policies, the recommended MVP portfolio will produce an estimated $12.4 to $40.9 billion in 20 to 40 year present value adjusted production cost savings, depending on the time, discount rates and rate of energy and demand growth. This benefit would increase to a maximum present value of $91.7 billion under the Combined Energy Policy future scenario.

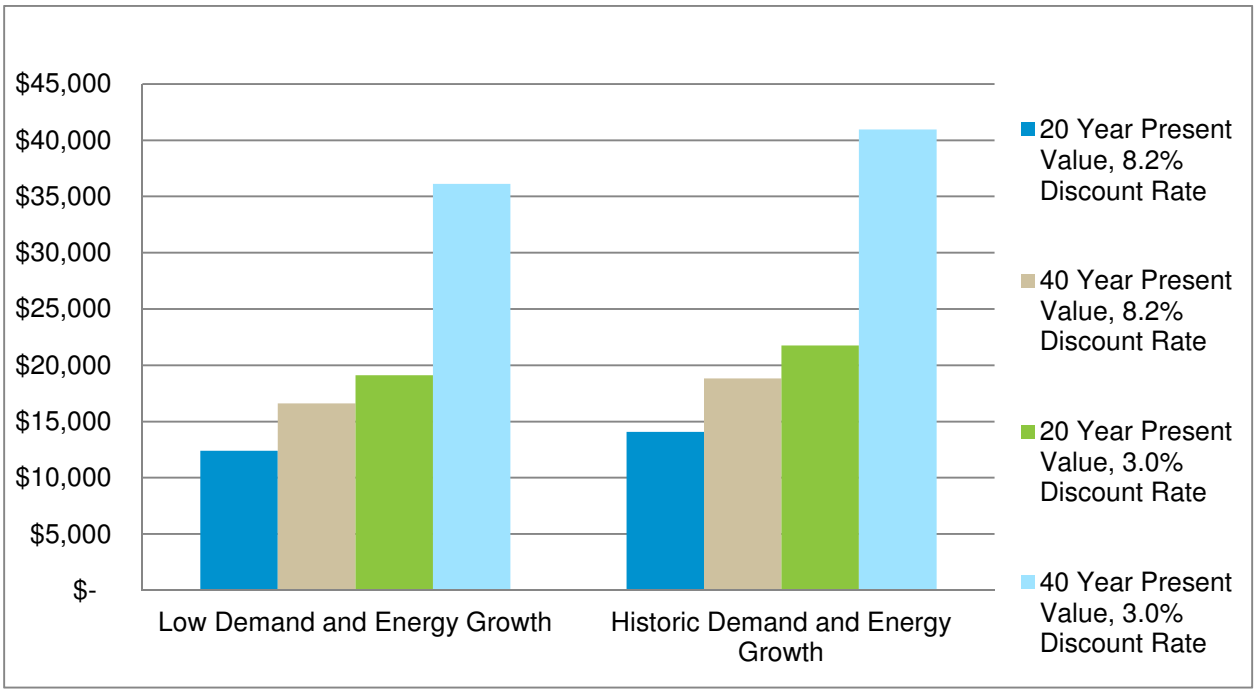


Figure 8.4: Adjusted Production Cost Benefits from recommended MVP portfolio

8.2 Operating reserves

In addition to the energy benefits quantified in the production cost analyses, the recommended MVP portfolio will also reduce operating reserve costs. The recommended MVP portfolio decreases congestion on the system, increasing the transfer capability into several key areas that would otherwise have to hold additional operating reserves under certain system conditions.

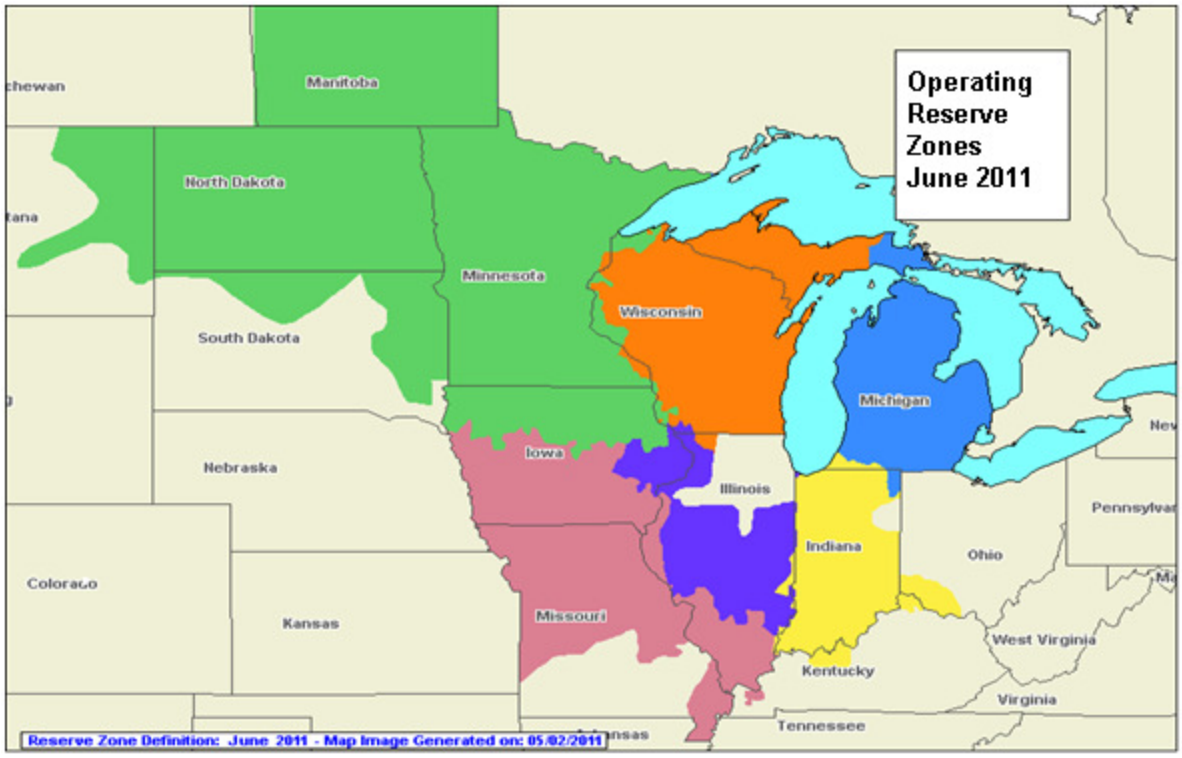


Figure 8.5: Operating reserve zones

MISO determined that the addition of the recommended MVP portfolio will eliminate the need for the Indiana operating reserve zone, as shown in Figure 8.5, and the need for additional system reserves to be held in other zones across the footprint would be reduced by half. This creates the opportunity to locate an average of 690,000 MWh of operating reserves annually where it would be most economical to do so, as opposed to holding these reserves in prescribed zones, creating benefits of $28 to $87 million in 20 to 40 year present value terms.

8.2.1 Analyses

Operating reserve zones are determined, on an ongoing basis, by monitoring the energy flowing through certain flowgates across the system. The zonal operating reserve requirements, based on the actual conditions from June 2010 through May 2011, are shown below in Table 8.2.

Zone	Total Requirement (MW)	Days with Requirement (#)	Average daily requirement (MW)
Missouri	95	1	95.1
Indiana	14966	53	282.4
N-Ohio	9147	15	609.8
Michigan	4915	17	289.1
Wisconsin	227	2	113.4
Minnesota	376	1	376.3

Table 8.2: Historic operating requirements

Transfer analyses were performed to determine the changes in flows due to the addition of the recommended MVP portfolio to the system. These analyses were performed on both the most recent model used to create the operating reserve limitations, as well as on the 2021 MTEP11 power flow model.

Zone	Limiter	Contingency	Operating Model Change in Flows	MTEP11 Model Change in Flows
Missouri	Coffeen - Roxford 345	Newton-Xenia 345	-0.8%	-18.5%
Indiana	Bunsonville-Eugene 345	Casey-Breed 345	-17.5%	-87.2%
Indiana	Crete-St. Johns Tap 345	Dumont-Wilton Center 765	-4.5%	-9.4%
Michigan	Benton Harbor - Palisades 345	Cook - Palisades 345	-10.8%	-4.6%
Wisconsin	MWEX	N/A	-20.2%	-2.3%
Minnesota	Arnold-Hazleton 345	N/A	-60.9%	15.9%

Table 8.3: Change in transfers, pre-MVP minus post-MVP

As a result of these transfer analyses, it was determined that the need for the Indiana operating zone would be eliminated by the addition of the recommended MVP portfolio to the transmission system. Also, it was determined that the need for operating reserve requirements in other zones throughout the MISO footprint would be reduced by half.

The ability to locate reserves at the least-cost location, rather than in a specific zone, will drive a benefit equal to between $5/MWh and $7/MWh. These benefits were assumed to grow with load growth, at

roughly 1% per year. As a result, the recommended MVP portfolio will create $33 to $116 million in present value benefits.

IN Operating Reserve, no-MVP (MWh)	IN Operating Reserves, with MVP (MWh)	Other Zonal Operating Reserve, no-MVP (MWh)	Other Zonal Operating Reserves, with MVP (MWh)	Total Zonal Operating Reserves, no-MVP	Total Zonal Operating Reserves, with MVP	Nominal Benefits - Low ($M)	Nominal Benefits - High ($M)
359,195	0	354,252	177,126	713,446	177,126	$2.68	$3.75

Table 8.4: 2011 operating reserve reductions and quantification

8.3 System Planning Reserve Margin

The system planning reserve is calculated by determining the amount of generation required to maintain a one day in 10 years Loss of Load Expectation (LOLE). The reserve margin requirement is calculated through summing two components: the unconstrained system Planning Reserve Margin (PRM) and a congestion contribution. The recommended MVP portfolio reduces transmission congestion across MISO, thereby reducing the system PRM and decreasing the amount of generation required to meet the PRM. By reducing the PRM, the recommended MVP portfolio defers new generation, creating present value benefits equal to $1.0 to $5.1 billion in 2011 dollars under business as usual conditions. Results for each set of future scenarios and business case assumptions are shown in Table 8.5.

	20 year NPV		40 year NPV	
	3%	8.20%	3%	8.20%
Business As Usual with Continued Low Demand and Energy Growth	$1,460	$1,023	$1,869	$1,151
Business As Usual with Historic Demand and Energy Growth	$3,811	$1,281	$5,093	$1,496
Combined Energy Policy	$1,610	$971	$2,222	$1,167
Carbon Constraint	$2,145	$1,159	$2,747	$1,309

Table 8.5: Planning Reserve Margin Capacity Reduction

8.3.1 Congestion Impact

Additional transmission investment may ease congestion in the system, reducing the congestion component used to calculate the system PRM and reducing the future capacity required to meet system load. The reduction in system congestion, as calculated through the production cost models as the reduction in congestion costs, was determined to be 21%.

In the 2011 Planning Year LOLE Study Report, it was determined that the system Planning Reserve Margin would begin to increase due to congestion in 2016. Congestion was found to increase by 0.3 percent annually, rising to 1.5 percent by 2020[25] and 4.5 percent by 2030.

The recommended MVP portfolio will decrease this congestion by 21 percent, when the entire portfolio is in-service. The reduction was phased-in to account for the different in-service dates of the various projects in the portfolio, with the congestion reduction starting at 3.5 percent in 2016 and growing linearly to 21 percent by 2021. This congestion reduction was multiplied by the pre-MVP congestion to find the total impact of the recommended MVP portfolio. This resulted in the congestion components shown in Table 8.6.

Year	Pre-MVP Congestion Component [1]	MVP Congestion Reduction Percentage [2]	MVP Congestion Reduction Impact [3]=[1]*[2]	Post-MVP Congestion Component [4]=[1]-[3]
2011	0.0 percent	0.0 percent	0.0 percent	0.0 percent
2012	0.0 percent	0.0 percent	0.0 percent	0.0 percent
2013	0.0 percent	0.0 percent	0.0 percent	0.0 percent
2014	0.0 percent	0.0 percent	0.0 percent	0.0 percent
2015	0.0 percent	0.0 percent	0.0 percent	0.0 percent
2016	0.3 percent	3.5 percent	0.0 percent	0.3 percent
2017	0.6 percent	7.0 percent	0.0 percent	0.6 percent
2018	0.9 percent	10.5 percent	0.1 percent	0.8 percent
2019	1.2 percent	14.0 percent	0.2 percent	1.0 percent
2020	1.5 percent	17.5 percent	0.3 percent	1.2 percent
2021	1.8 percent	21.0 percent	0.4 percent	1.4 percent
2022	2.1 percent	21.0 percent	0.4 percent	1.7 percent
2023	2.4 percent	21.0 percent	0.5 percent	1.9 percent
2024	2.7 percent	21.0 percent	0.6 percent	2.1 percent
2025	3.0 percent	21.0 percent	0.6 percent	2.4 percent
2026	3.3 percent	21.0 percent	0.7 percent	2.6 percent
2027	3.6 percent	21.0 percent	0.8 percent	3.0 percent
2028	3.9 percent	21.0 percent	0.8 percent	3.1 percent
2029	4.2 percent	21.0 percent	0.9 percent	3.3 percent
2030	4.5 percent	21.0 percent	0.9 percent	3.6 percent

Table 8.6: Planning Reserve Margins Congestion Component

[25]For more information, refer to table 5.1 in the Planning Year 2011 LOLE Study Report, at the link below: https://www.misoenergy.org/Library/Repository/Study/LOLE/2011%20LOLE%20Study%20Report.pdf

8.3.2 Planning Reserve Margin Reduction

The uncongested Planning Reserve Margin was set to 17.4 percent for the full study period. This margin was summed with the congestion component, as calculated above, to find the full Planning Reserve Margin Requirement, both with and without the recommended MVP portfolio. Figure 8.6 shows the expected system PRM for 2011 through 2030 accounting for congestion and system PRM relief from the recommended MVP portfolio.

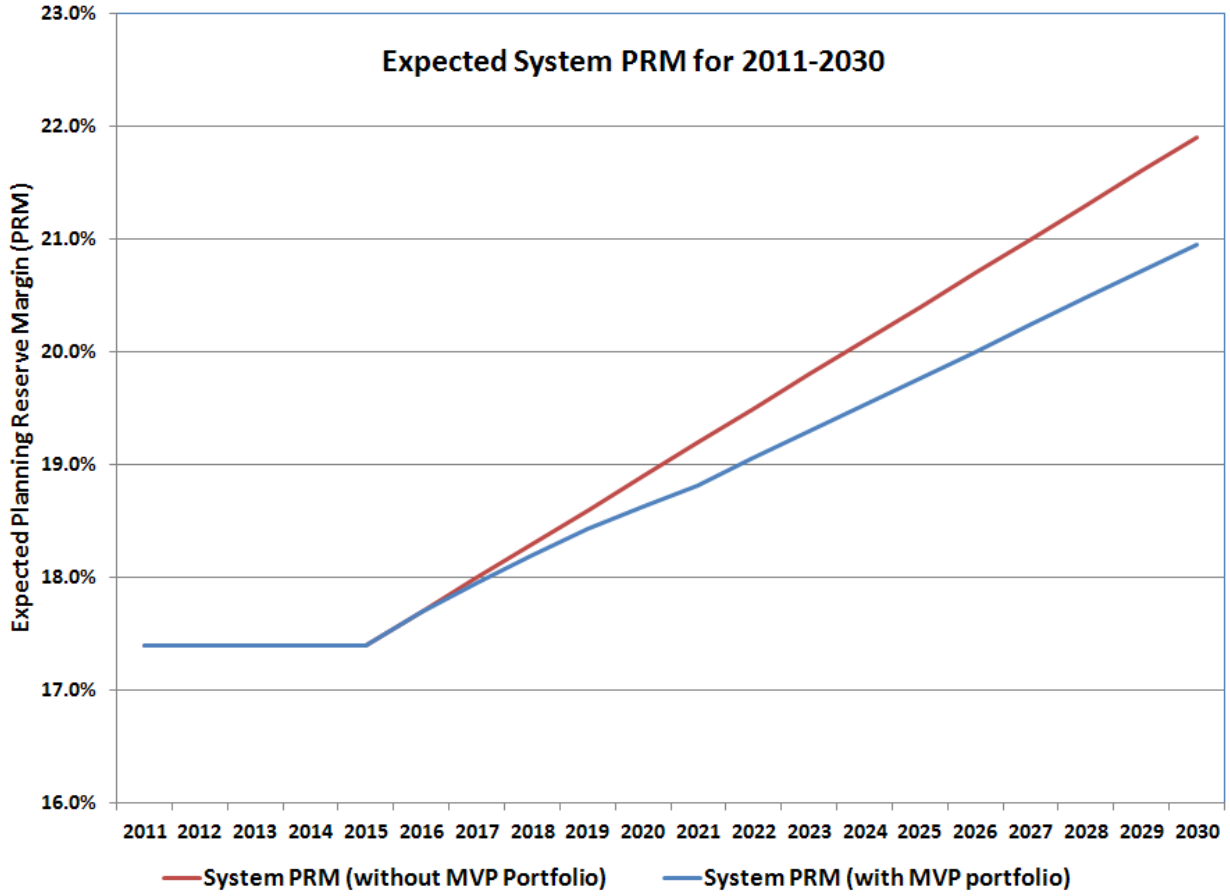


Figure 8.6: Expected System PRM, with and without the recommended MVP portfolio

8.3.3 Deferred Capacity Calculation

Sufficient generation must be built to ensure that, as the system Planning Reserve Margin increases, enough capacity is available to meet the system load and Planning Reserve Margin requirements. A lower PRM will require less future generation investment, resulting in a reduction in required capital outlays.

Electric Power Research Institute (EPRI's) Electric Generation Expansion Analysis System (EGEAS) was used to calculate the capacity benefits from PRM reduction due to transmission investment. The EGEAS model requires load forecast data, existing generation data, planned generation capacity and Planning Reserve Margin target as inputs.

Two series of analyses were run. The first set of analyses, representing the pre-MVP case, contained higher Planning Reserve Margins. The second set of analyses held all the variables constant except for the Planning Reserve Margin, modeling the lower Planning Reserve Margin created by the proposed Multi Value Project portfolio. The difference in the required capacity expansion between the two models is a benefit of the recommended MVP portfolio.

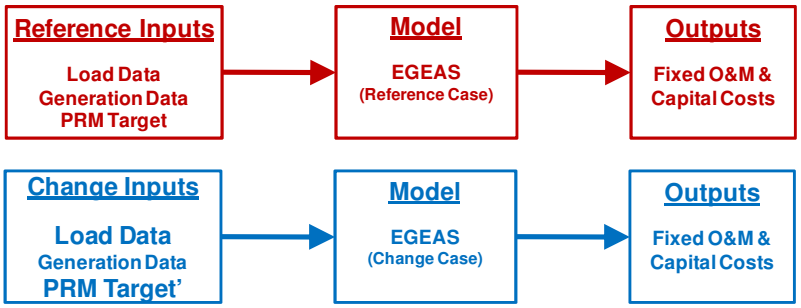


Figure 8.7: Capacity cost savings will be calculated by running two EGEAS cases.

EGEAS accurately captures the type and timing of resource additions that would occur with and without the Planning Reserve Margin (PRM) congestion relief. EGEAS outputs unit-by-unit capital fixed charge reports for each of these new capacity additions by year from 2011 through 2030. The capital cost of these capacity projections were then calculated as the 20-year or 40-year present values figures. These benefits include the reduction in annual fixed operations and maintenance charges from deferred capacity, as well as the capital charges from the reduced capacity requirements.

As can be seen in Figure 8.8 below, 400 MW of CT would be deferred by the additional of the recommended MVP portfolio in 2020, and 200 MW would be deferred in 2024. These results were documented for the Business as Usual with continued low demand growth rate future. Similar results were documented for the other futures.

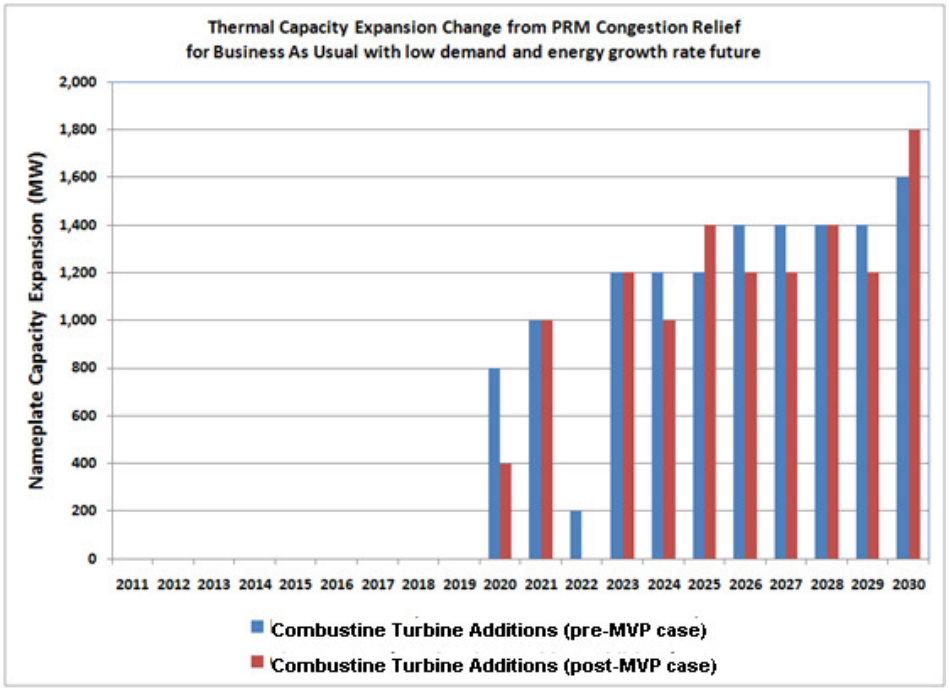


Figure 8.8: Business as Usual capacity expansion results, PRM benefit

8.4 Transmission line losses

The addition of the recommended MVP portfolio to the transmission network reduces overall system losses, which also reduces the generation needed to serve the combined load and transmission line losses. The energy value of these loss reductions is considered in the congestion and fuel savings benefits, but the loss reduction also helps to reduce future generation capacity needs. Specifically, when installed generation capacity is just sufficient to meet peak system load plus the planning reserve margin, a reduction in transmission losses reduces the amount of generation that must be built. This saves $111 million to $396 million in 2011 dollars, excluding the impacts of any potential future policies. Table 8.7 shows the capacity deferral results, depending on the timeline of the present value calculations, the discount rate and future scenarios analyzed.

	20 year NPV		40 year NPV	
	3%	8.20%	3%	8.20%
Business As Usual with Continued Low Demand and Energy Growth	$317	$229	$396	$251
Business As Usual with Historic Demand and Energy Growth	$111	$305	$196	$358
Combined Energy Policy	$655	$525	$834	$532
Carbon Constraint	$737	$229	$749	$248

Table 8.7: Transmission Line Losses Capacity Deferral

8.4.1 Transmission Losses Reduction

The transmission loss reduction was calculated through the PSS/E model. More specifically, the transmission line losses in the MTEP11 2021 summer peak models were compared, both with and without the recommended MVP transmission. This value was then used to extrapolate the transmission line losses for 2016 through 2021, assuming escalation at the normal demand growth rate.

8.4.2 Capacity Deferral Simulations

The change in required system capacity expansion due to the impact of the recommended MVP portfolio was calculated through a series of EGEAS simulations. In these simulations, the total system generation requirement was set to the system Planning Reserve Margin multiplied by the system load plus the system losses (Generation Requirements = (1+PRM)*(Load + Losses)). To isolate the impact of the transmission line loss benefit, all variables in these simulations were held constant, except for the system losses.

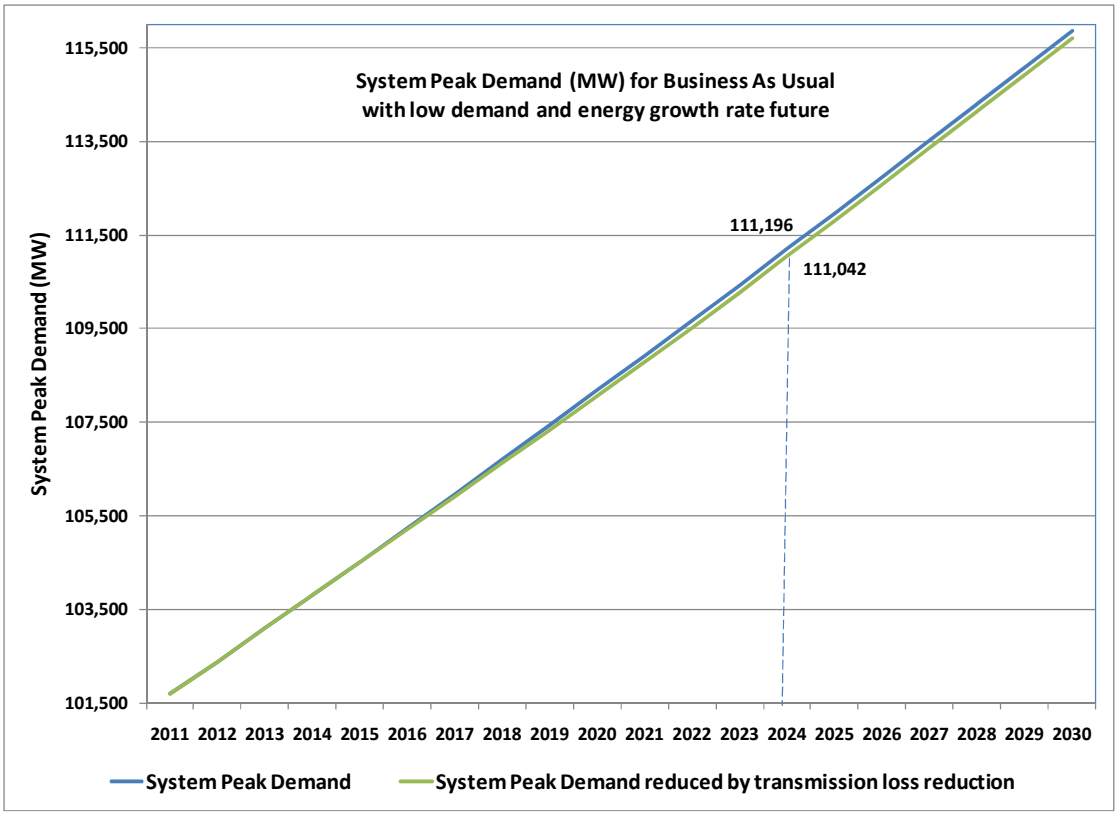


Figure 8.9: System peak demand, with and without the recommended MVP portfolio

The difference in capital fixed charges and fixed operation and maintenance costs in the reference, or pre-MVP case, and the post-MVP case is equal to the capacity benefit from transmission loss reduction, due to the addition of the recommended MVP portfolio to the transmission system. This capacity benefit was studied for the four MTEP11 future scenarios and observed during the study period (2011-2030). The capital impact of the change in capacity was then captured between 2021-2040 for a 20-year benefit value, and 2021-2060 for a 40-year capacity benefit value. As can be seen in Figure 8.10, 200 MW of CT is deferred in 2020 in the Business As Usual with a Low Demand and Energy Future at 8.2 percent discount rate.

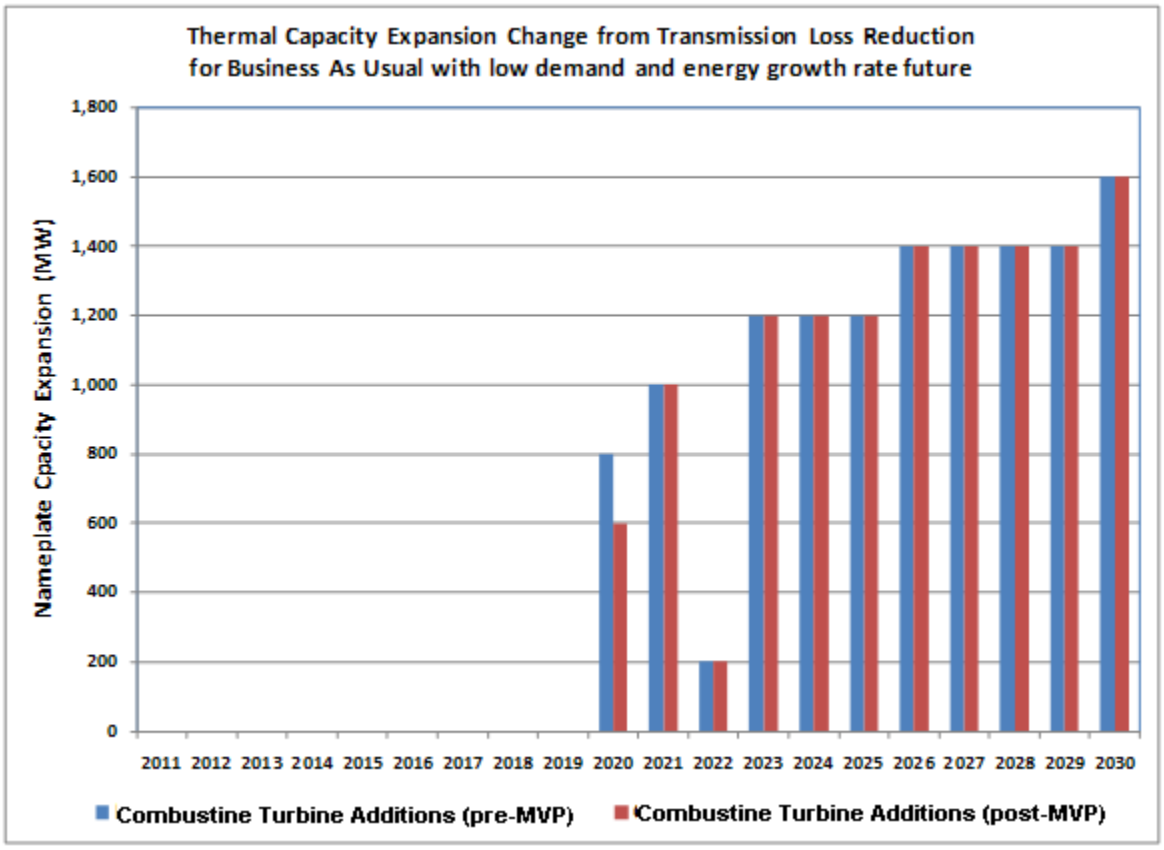


Figure 8.10: Business as Usual with Low Demand and Energy Capacity Additions, pre and post MVP

8.5 Wind turbine investment

As discussed previously, MISO determined a wind siting approach that results in a low cost solution, when transmission and generation capital costs are considered. This approach sources generation in a combination of local and regional locations, placing wind local to load, where less transmission is required; and regionally, where the wind is the strongest. However, this strategy depends on a strong regional transmission system to deliver the wind energy. Without this regional transmission backbone, the wind generation would have to be sited close to load, requiring the construction of significantly larger amounts of wind capacity to produce the renewable energy mandated by public policy.

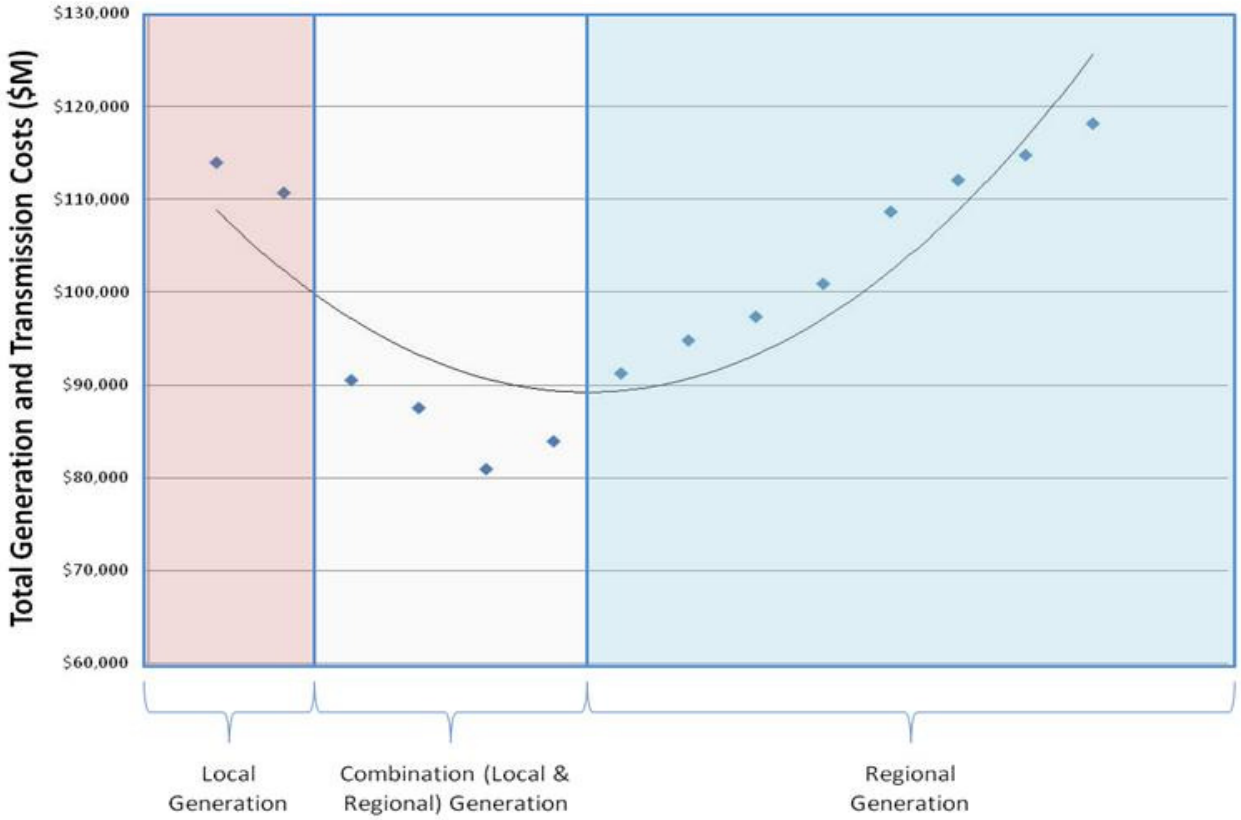


Figure 8.11: Local versus combination wind siting

In the RGOS study, it was determined that 11 percent less wind would need to be built to meet renewable energy mandates in a combination local/regional methodology relative to a local only approach. This change in generation was applied to energy required by the renewable energy mandates, as well as the total wind energy enabled by the recommended MVP portfolio. This resulted in a total of 2.9 GW of avoided wind generation, as shown in Table 8.8

Year	Recommended MVP Portfolio Enabled Wind (MW)	Equivalent Local Wind Generation (MW)	Incremental Wind Benefit (MW)
Pre-2016	12,408	13,802	1,394
2016	17,276	19,217	547
2021	21,173	23,552	438
2026	23,445	26,079	255
Full Wind Enabled	25,675	28,559	251

Table 8.8: Renewable Energy Requirements, Combination versus Local Approach

The incremental wind benefits were monetized by applying a value of $2.0 to $2.9 million/MW, based on the US Energy Information Administration's estimates of the capital costs to build onshore wind, as updated in November 2010. The total wind enabled benefits were then spread between 2015 and 2030, with half of the pre-2021 values lumped into 2021 for the purpose of this analysis. Also, to avoid overstating the benefits of the combination wind siting, a transmission cost differential of approximately $1.5 billion was subtracted from the overall wind turbine capital savings to represent the expected lower transmission costs required by a local-only siting strategy.

The low cost wind siting methodology enabled by the recommended MVP portfolio creates benefits ranging from a present value of $1.4 to $2.5 billion in 2011 dollars, depending on which business case assumptions are applied.

8.6 Transmission investment

In addition to relieving constraints under shoulder peak conditions, the recommended MVP portfolio will eliminate some future baseline reliability upgrades. A model simulating 2031 summer peak load conditions was created by growing the load in the 2021 summer peak model by approximately 8 GW, and this model was run both with and without the recommended MVP portfolio. The investment avoided through the addition of the recommended MVP portfolio into the transmission system, as determined through this analysis, is shown below in Table 8.9.

Avoided Investment	Upgrade Required	Miles
Galesburg to East Galesburg 138 kV	Bus Tie	N/A
Portage to Columbia 1 138 kV	Transmission line, < 345 kV	6
Portage to Columbia 2 138 kV	Transmission line, < 345 kV	6
Arrowhead to Bear Creek 230 kV	Transmission line, < 345 kV	1
Forbes to 44 Line Tap 115 kV	Transmission line, < 345 kV	1
Stone Lake Transformer 345/161 kV	Transformer	N/A
Port Washington to Saukville Bus 6 138 kV	Transmission line, < 345 kV	5
Port Washington to Saukville Bus 5 138 kV	Transmission line, < 345 kV	5
Ipava South to Macomb West 138 kV	Transmission line, < 345 kV	21
Lafayette Cincinnati St. to Purdue 138 kV	Transmission line, < 345 kV	1
Grace VT7 to Ortonville 115 kV	Transmission line, < 345 kV	25
East Kewanee to Kewanee South Street 138 kV	Transmission line, < 345 kV	0
Cloverdale to Stilesville 138 kV	Transmission line, < 345 kV	13
Wilmarth to Field South 345 kV	Transmission line, 345 kV	29
Dundee Transformer 161/115 KV	Transformer	N/A
Stileville to WVC Valley 138 kV	Transmission line, < 345 kV	6
Lafayette South to Lafayette Shadeland 138 kV	Transmission line, < 345 kV	3
Purdue Nw Junction Tap 1 to Westwood 2 138kV	Transmission line, < 345 kV	3
Plainfield South to WVC Valley 138 kV	Transmission line, < 345 kV	5
Antigo to Aurora Street 115 kV	Transmission line, < 345 kV	2
Latham to Kickapoo 138 kV	Transmission line, < 345 kV	5
Bunker Hill to Black Brook 115 kV	Transmission line, < 345 kV	8
Grace VT7 to Morris 115 kV	Transmission line, < 345 kV	14

Table 8.9: Avoided transmission investment

The cost of this avoided investment was estimated using generic transmission costs, as estimated from projects in the MTEP database. The costs of this transmission investment was estimated to be spread between 2027 and 2031. Also, to represent potential production cost benefits that may be missed through avoiding this investment, the value of avoiding the 345 kV transmission line was reduced by half.

Avoided Transmission Investment	Estimated Upgrade Cost
Bus Tie	$1,000,000
Transformer	$5,000,000
Transmission lines (per mile, for voltages under 345 kV)	$1,500,000
Transmission lines (per mile, for 345 kV)	$2,500,000

Table 8.10: Generic transmission costs

The recommended MVP portfolio eliminates the need for baseline reliability upgrades on 23 lines between 2026 and 2031. This creates benefits which have 20 and 40 year present values of $268 and $1,058 million, respectively.

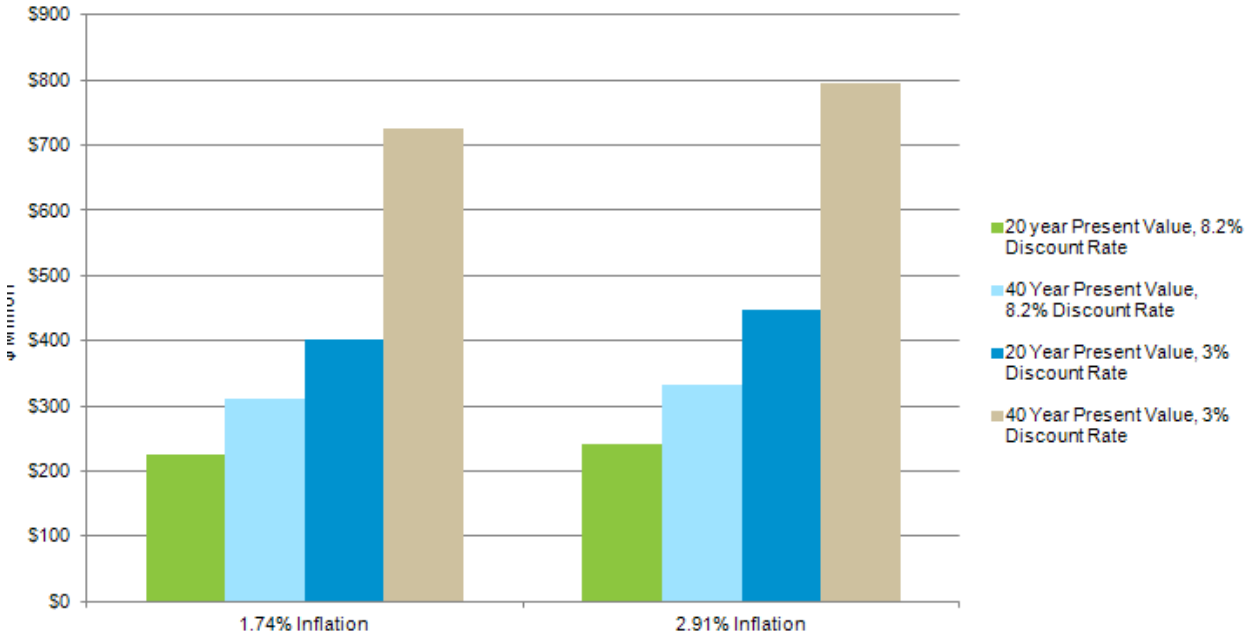


Figure 8.12: Avoided transmission investment

8.7 Business case variables and impacts

The recommended MVP portfolio provides significant benefits under every scenario studied. The base business case was built upon a fixed set of energy policies, with variances in discount rates and time horizons driving the range of benefits. However, additional variables also have the potential to impact the benefits provided by the recommended MVP portfolio.

The most critical variables considered were:

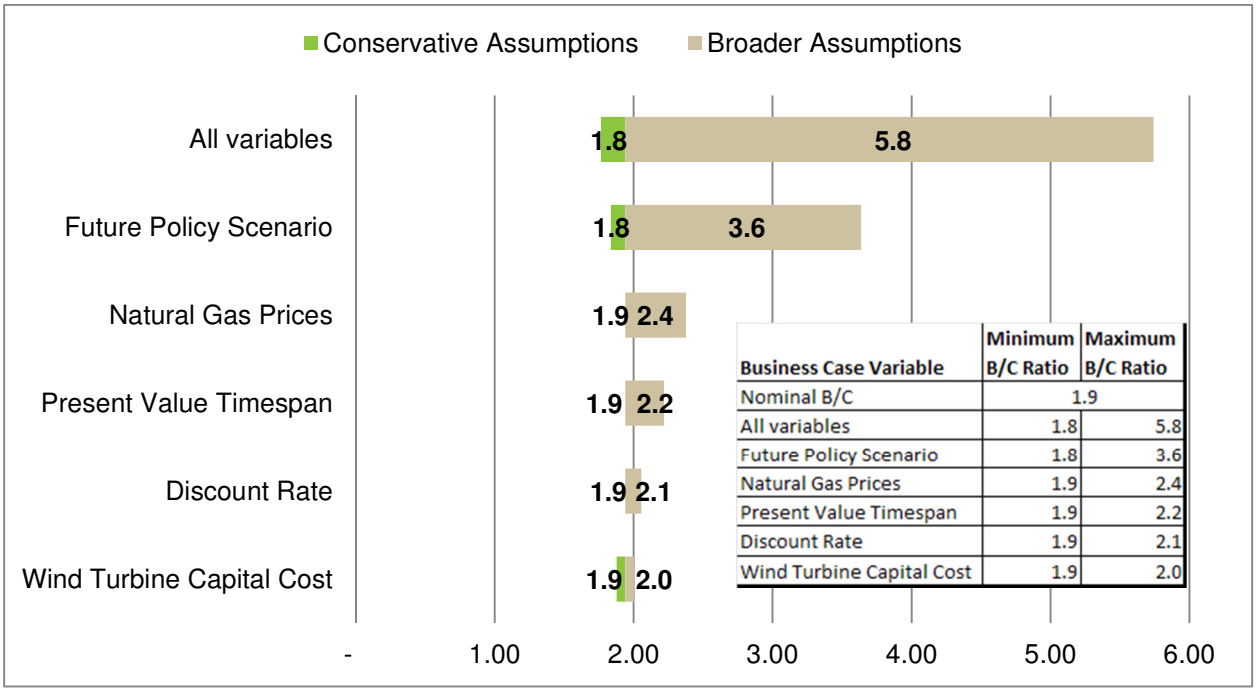
- Future energy policies
  - Includes a range of policy, demand and energy growth assumptions
  - Sensitivities were conducted to determine the impact of a legislated cost of carbon or national renewable energy mandate
- Length of Present Value Calculations: 20 or 40 years from the portfolio's in service date
- Discount Rate: 3 percent or 8.2 percent
- Natural gas prices: $5-$8 (Business as Usual Scenarios)
  $8-$10 (Combination Policy and Carbon Constrained Futures)
- Wind turbine capital cost: 2.0 or 2.9 $M/MW

To calculate the impact of any particular variable on the benefits provided by the recommended MVP portfolio, a series of analyses were performed. These analyses required changing a single variable, then comparing the resulting benefits and costs to a nominal case, which was defined as a 20 year present-value under an 8.2% discount rate. The maximum benefit-cost ratio was determined to be under a 40 year present value, using a 3% discount rate, high natural gas prices, and under the Combination Energy Policy future. The minimum benefit-cost ratio was calculated under a 20-year present value, using an 8.2% discount rate and assuming current economic policies continue under a continued economic recession.

Sensitivity Results ($M)										
	Nominal Benefits	Low Wind Turbine Capital	High Wind Turbine Capital	3% Discount Rate	40 Year Present Values	Future Policy Scenario (Low Demand and Energy Growth)	Future Policy Scenario (Combination Policy)	Natural Gas Price (High)	Maximum Benefit / Cost	Minimum Benefit / Cost
Congestion and Fuel Savings	$16,747	$16,747	$16,747	$25,846	$22,421	$14,740	$37,710	$21,534	$118,011	$14,740
Operating Reserves	$40	$40	$40	$59	$50	$40	$40	$40	$116	$33
Transmission Line Losses	$1,461	$1,461	$1,461	$3,406	$1,680	$272	$699	$1,461	$1,111	$272
System Planning Reserve Margin	$340	$340	$340	$262	$388	$1,216	$1,293	$340	$2,961	$1,216
Wind Turbine Investment	$2,635	$1,936	$3,334	$2,194	$2,635	$2,635	$2,635	$2,635	$2,778	$1,936
Future Transmission Investment	$295	$ 295	$295	$537	$406	$295	$ 295	$ 295	$ 1,058	$268
Total Benefits	$21,518	$ 20,819	$22,217	$32,304	$27,581	$19,198	$42,672	$26,305	$126,035	$18,465
Total Costs	$11,076	$ 11,076	$11,076	$15,699	$12,419	$10,444	$11,709	$11,076	$21,858	$10,444
B/C	1.9	1.9	2.0	2.1	2.2	1.8	3.6	2.4	5.8	1.8

Table 8.11: Recommended MVP portfolio benefits sensitivities

Depending on which variables are assumed, the present value of the benefits created by the entire portfolio can vary between $18.5 and $126.0 billion in 20 to 40 year present value terms. This savings yield benefits ranging from 1.8 to 5.8 times the portfolio cost.



Business Case Variable	Minimum B/C Ratio	Maximum B/C Ratio
Nominal B/C	1.9	
All variables	1.8	5.8
Future Policy Scenario	1.8	3.6
Natural Gas Prices	1.9	2.4
Present Value Timespan	1.9	2.2
Discount Rate	1.9	2.1
Wind Turbine Capital Cost	1.9	2.0

Figure 8.13: Benefit – cost variations due to business case assumptions

It should be noted that the benefits of the portfolio do not depend upon the implementation of any particular future energy policy to exceed the portfolio costs. Under existing energy policies, a conservative discount rate of 8.2 percent and 20 year present value terms, the portfolio produces benefits that are 1.8 times its cost. However, if other energy policies or enacted, or a lower discount rate is used, this benefit has the potential to greatly increase.

9 Qualitative and social benefits

The previous sections demonstrated that the recommended MVP portfolio provides widespread economic benefits across the MISO system. However, these metrics do not fully quantify the benefits of the portfolio. Other benefits, based on qualitative or social values, are discussed in the next section. These sections suggest that the quantified values from the economic analysis may be conservative because they do not account for the full potential benefits of the portfolio.

9.1 Enhanced generation policy flexibility

Although the recommended MVP portfolio was primarily evaluated on its ability to reliably deliver energy required by the renewable energy mandates, the portfolio will provide value under a variety of different generation policies. The energy zones, which were a key input into the MVP portfolio analysis, were created to support multiple generation fuel types. For example, the correlation of the energy zones to the existing transmission lines and natural gas pipelines were a major factor considered in the design of the zones as shown in Figure 9.1.

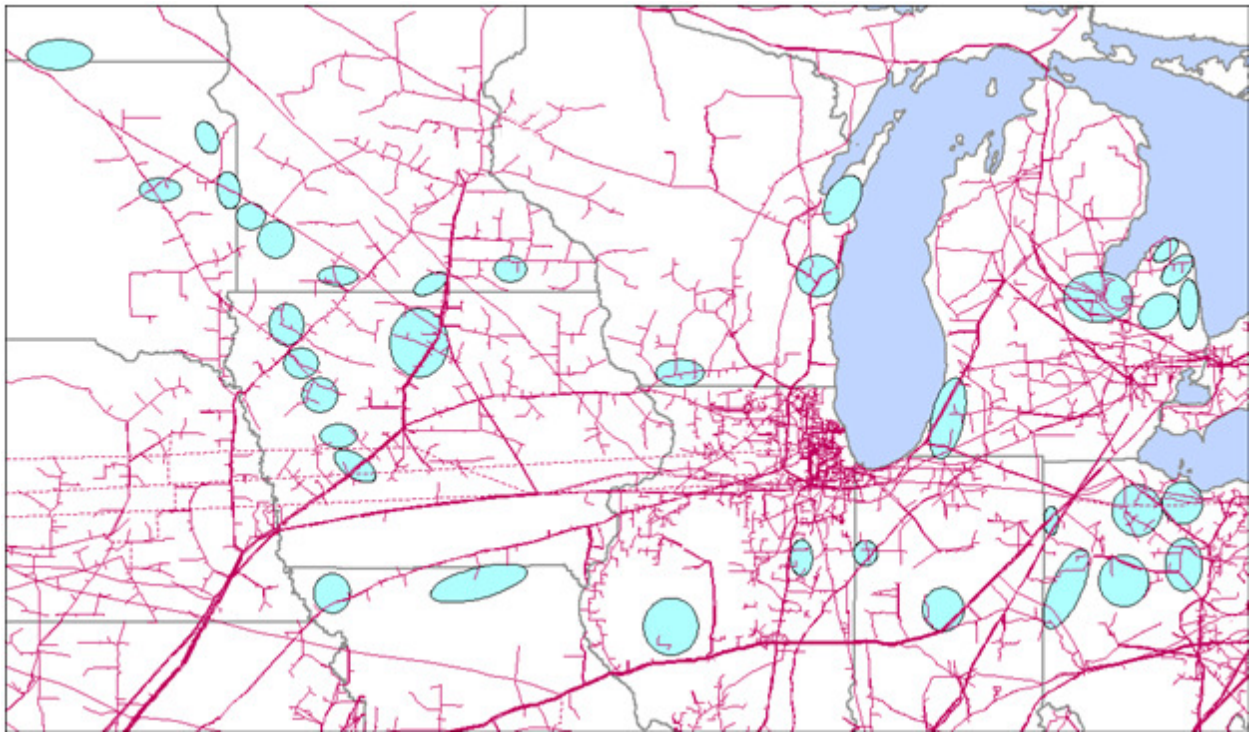


Figure 9.1: Energy zone correlation with natural gas pipelines

9.2 Increased system robustness

A transmission system blackout, or similar event, can have wide spread repercussions, resulting in billions of dollars of damage. The blackout of the Eastern and Midwestern U.S. during August 2003 affected more than 50 million people and had an estimated economic impact of between $4 and $10 billion.[26]

The recommended MVP portfolio creates a more robust regional transmission system which decreases the likelihood of future blackouts by:

- Strengthening the overall transmission system by decreasing the impacts of transmission outages.
- Increasing access to additional generation under contingent events.
- Enabling additional transfers of energy across the system during severe conditions.

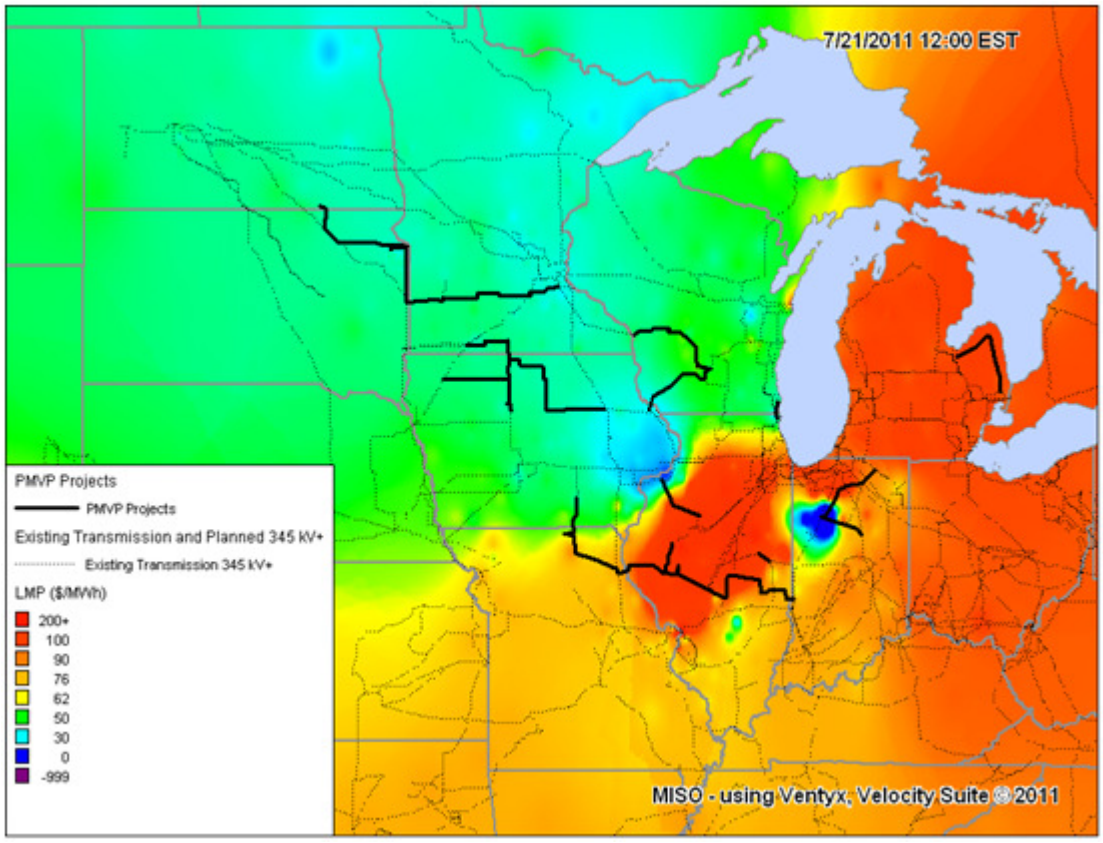


Figure 9.2: June 2011 LMP map with recommended MVP portfolio overlay

For example, the recommended MVP portfolio will allow the system to respond more efficiently during high load periods. During the week of July 17, 2011, high load conditions existed in the eastern portion of the MISO footprint, while the western portion of the footprint experienced lower temperatures and loads. Thermal limitations on west to east transfers across the system limited the ability of low cost generation from the west to serve the high load needs in the east, as shown in Figure 9.2. The recommended MVP portfolio will increase the transfer capability across the system, allowing access to additional generation resources to offset the impact and cost of severe or emergency conditions.

[26] Data sourced from: *The Economic Impacts of the August 2003 Blackout*, The Electricity Consumers Resource Council (ELCON)

9.3 Decreased natural gas risk

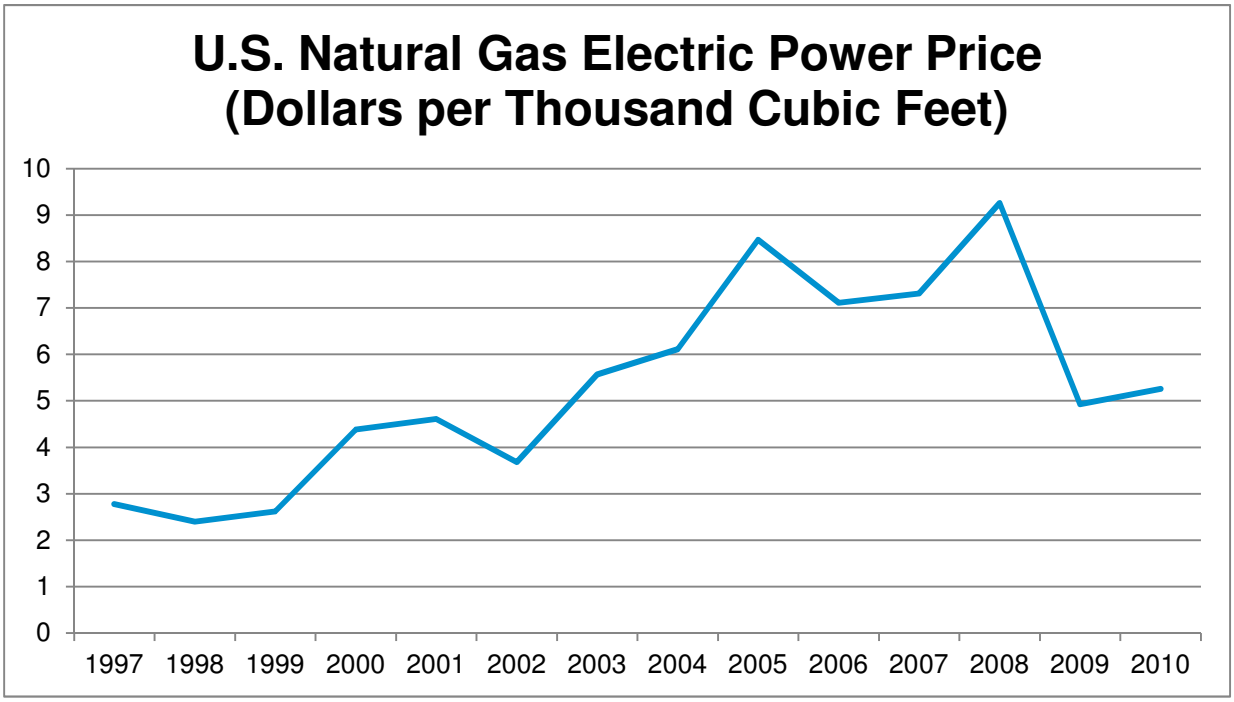


Figure 9.3: Historic U.S. natural gas electric power prices

Natural gas prices vary widely, causing corresponding fluctuations in the cost of energy from natural gas. Also, recent Environmental Protection Agency (EPA) regulations and proposed regulations limiting the emissions permissible from power plants will likely lead to more natural gas generation. This may cause the cost of natural gas to increase as demand increases. The recommended MVP portfolio can partially offset the natural gas price risk by providing additional access to generation that uses fuels other than natural gas (e.g. nuclear, wind, solar and coal) during periods with high natural gas prices. Assuming a natural gas price increase of 25 percent to 60 percent, the recommended MVP portfolio provides approximately a 5 to 40 percent higher adjusted production cost benefits.

9.3.1 Sensitivity Assumptions

A set of sensitivity analyses were performed in PROMOD to quantify the impact of changes in natural gas prices. The sensitivity cases maintained the same production cost modeling assumptions from the base business case analyses, except for the gas prices. The gas prices were increased from $5 to $8/MMBtu under the Business as Usual policy scenarios, and they were increased from $8 to $10/MMBtu under the Carbon Constrained and Combined Energy Policy scenarios. For each future scenario, the gas prices were increased starting in year 2011 and escalated by inflation thereafter.

9.3.2 Production cost benefit impact

The system production cost is driven by many variables, including fuel prices, carbon emission regulations, variable operations, management costs and renewable energy mandates. The increase in natural gas prices imposed additional fuel costs on the system, which in turn produced greater production cost benefits due to the inclusion of the recommended MVP portfolio. These increased benefits were driven by the efficient usage of renewable and low cost generation resources, as shown in

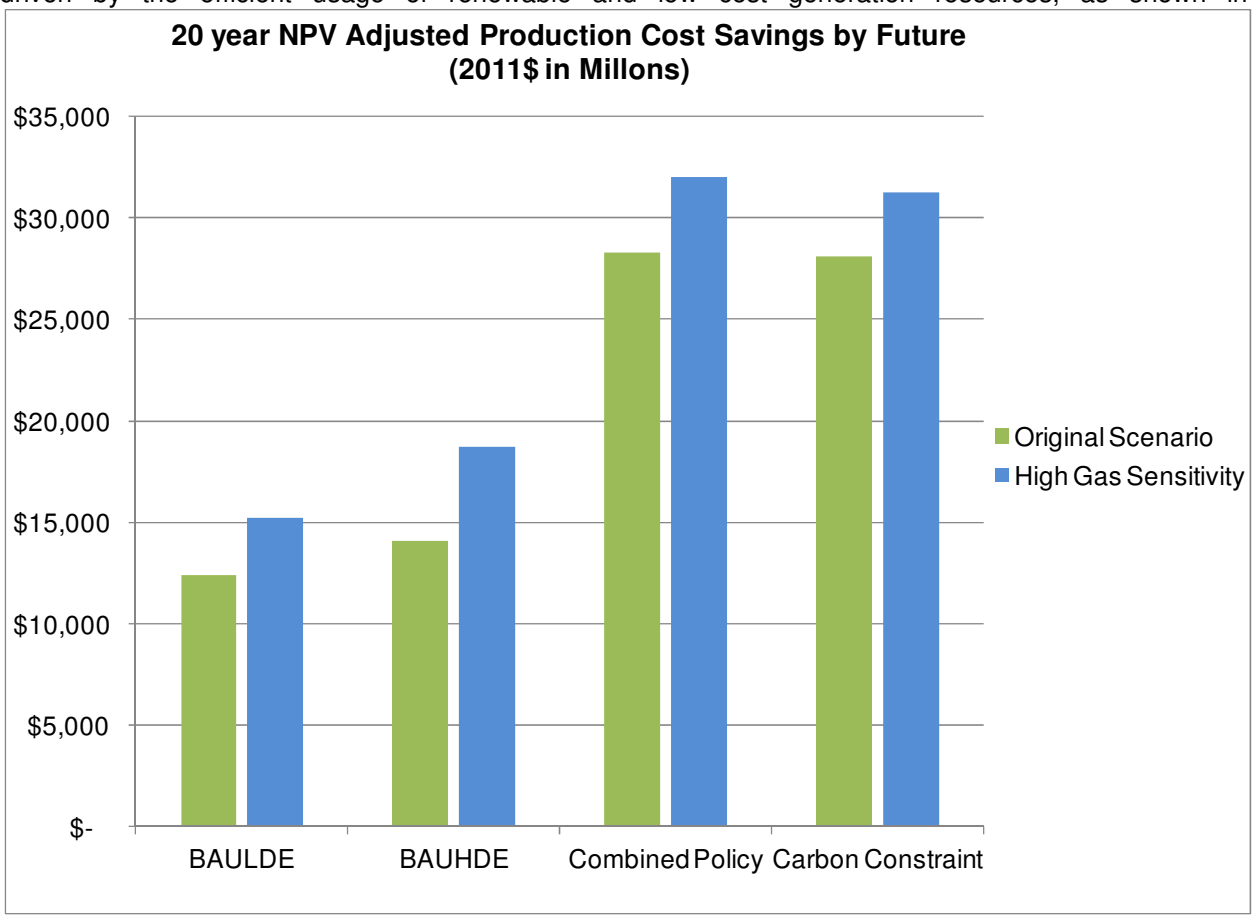


Figure 9.4.

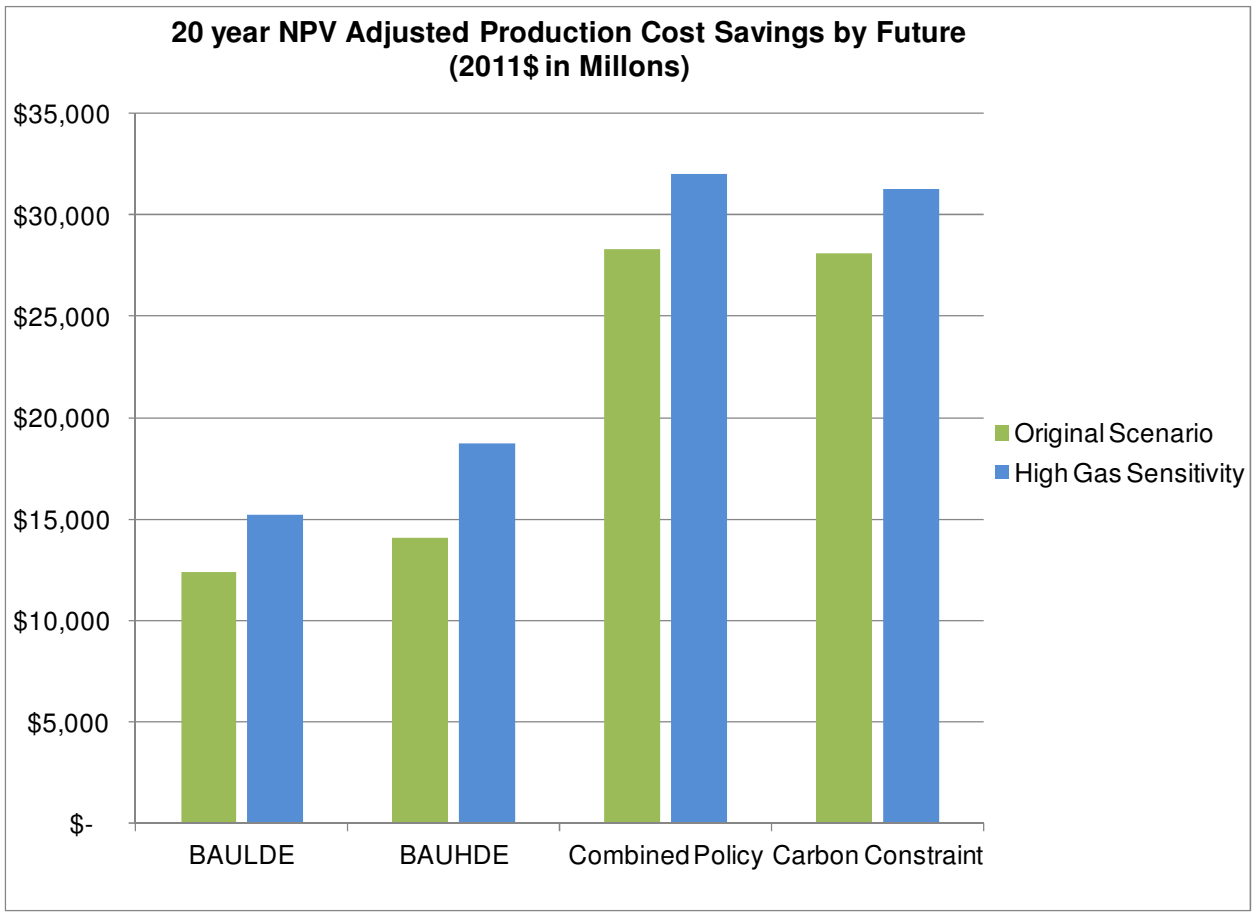


Figure 9.4: Recommended MVP Portfolio Adjusted Production Cost savings by future

9.3.3 Market price impact

The increase in market prices, or Locational Marginal Pricing (LMPs), was also calculated through the PROMOD sensitivities. The LMP is driven by the characteristics of the generation fleet and congestion on the system. With a $2-$3 increase in natural gas prices, the generation weighted average LMP increased by an average value of $7/MWh under a range of policy scenarios.

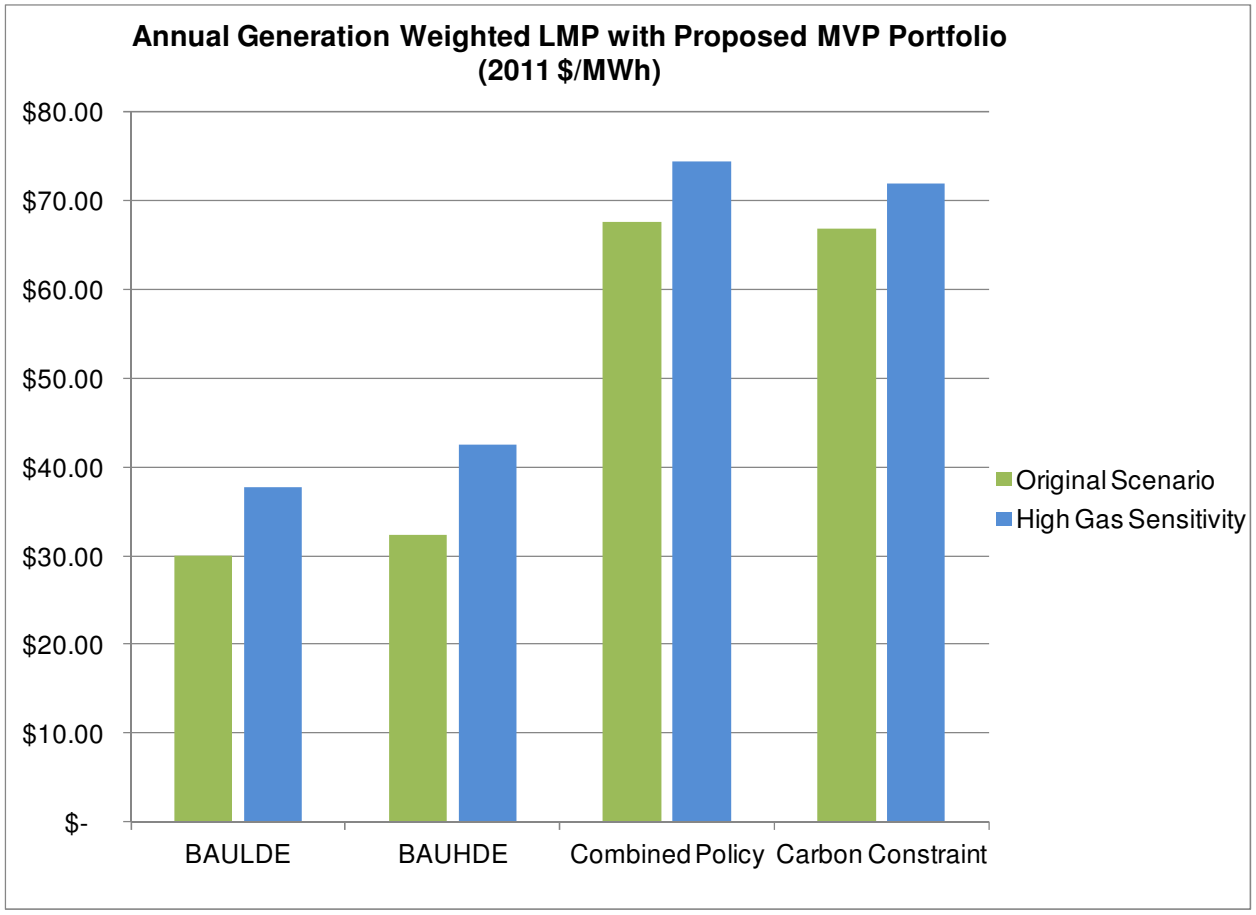


Figure 9.5: Annual generation weighted LMP with recommended MVP portfolio

9.4 Decreased wind generation volatility

As the geographical distance between wind generation increases, the correlation in the wind output decreases. This leads to a higher average output from wind for a geographically diverse set of wind plants, relative to a closely clustered group of wind plants. The recommended MVP portfolio will increase the geographic diversity of wind resources that can be delivered, increasing the average wind output available at any given time.

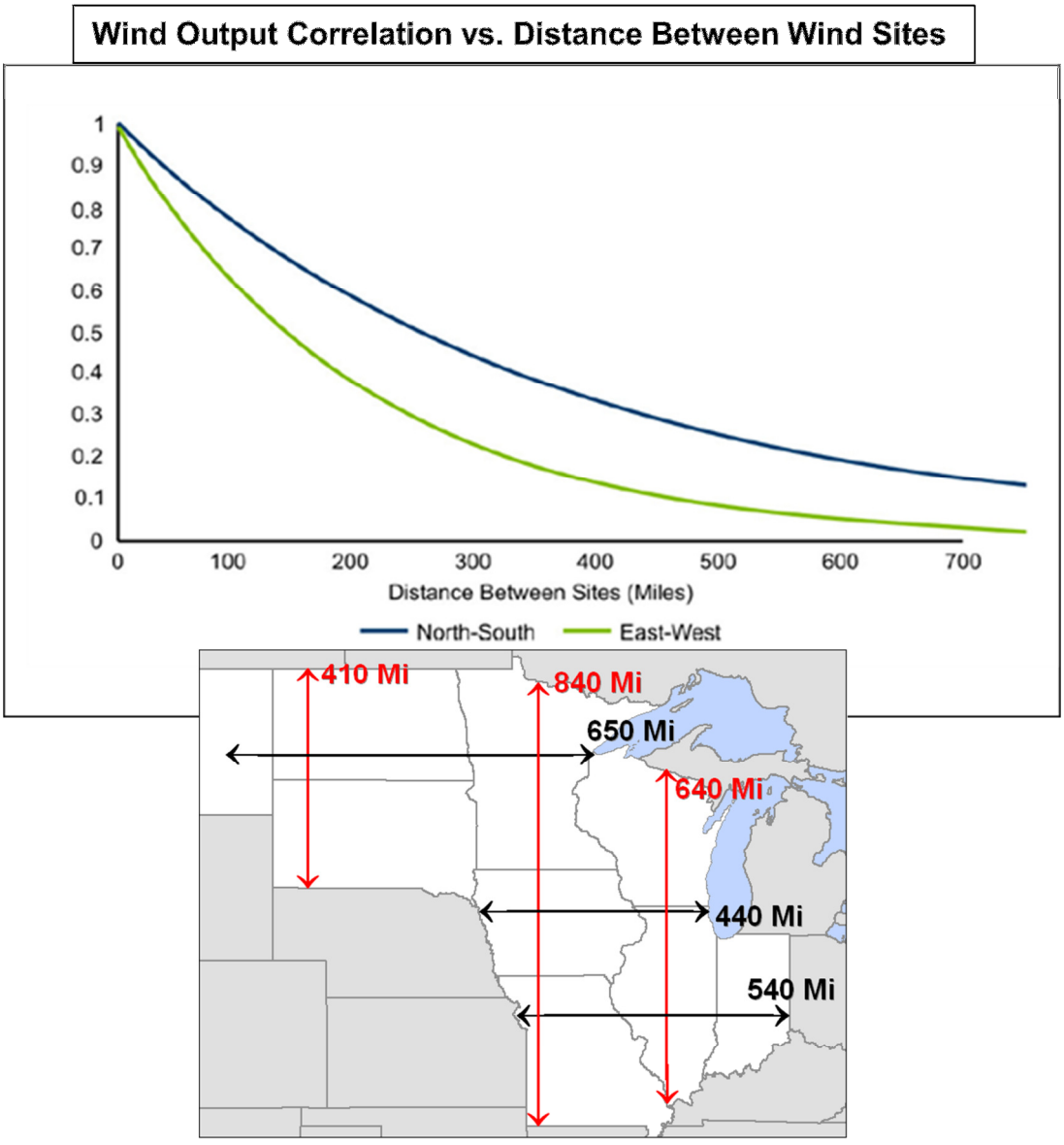


Figure 9.6: Wind Output correlation to distance between wind sites

9.5 Local investment and job creation

In addition to the direct benefits of the recommended MVP portfolio, studies have shown the indirect economic benefits of transmission investment. They estimated that, for each million dollars of transmission investment:

- Between $0.2 and $2.9 million of local investment is created.
- Between 2 and 18 employment years are created.[27]

The wide variations in these numbers are primarily due to the extent to which materials, equipment and workers can be sourced from a 'local' region. For example, each million dollars of local investment supports 11 to 14 employment years of local employment, as compared to 2 to 18 employment years which are created for non-location specific transmission investment.

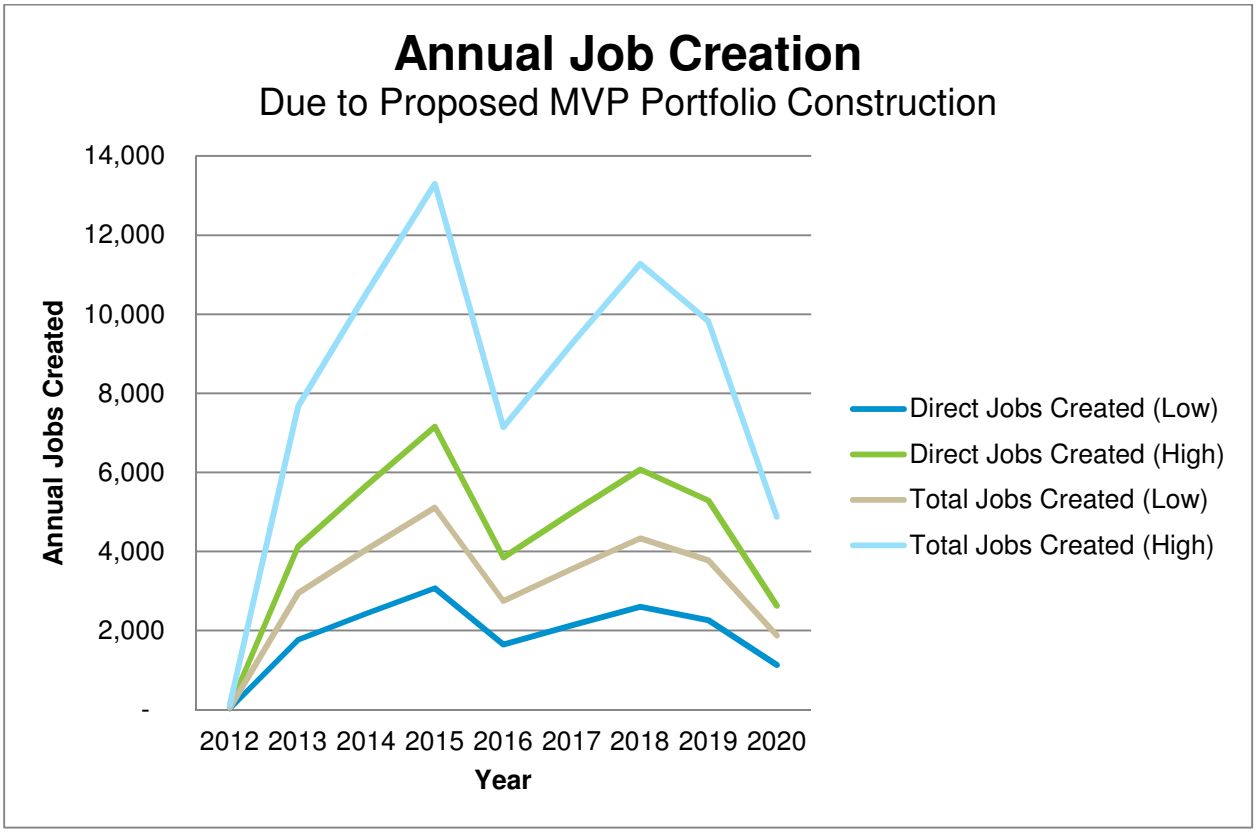


Figure 9.7: Annual Job Creation by Recommended MVP Portfolio

The recommended MVP portfolio supports the creation of between 17,000 and 39,800 local jobs, as well as $1.1 to $9.2 billion in local investment. This calculation is based upon a creation of $0.3 to $1.9 million local investment and 3 to 7 employment years per million of transmission investment. It also assumes that the capital investment for each MVP occurred equally over the 3 years prior to the project's in-service date.

[27] Source: *Employment and Economic Benefits of Transmission Infrastructure Investment in the U.S. and Canada*, The Brattle Group

9.6 Carbon reduction

With the recommended MVP portfolio delivering significant amounts of wind energy across MISO and the neighboring regions, carbon emissions were reduced because of the more efficient usage of the generation fleet with conventional generation resources displaced by wind. Figure 9.8 summarizes the carbon emission reductions in million tons for each scenario with a range of 8.3 to 17.8 million tons annually.

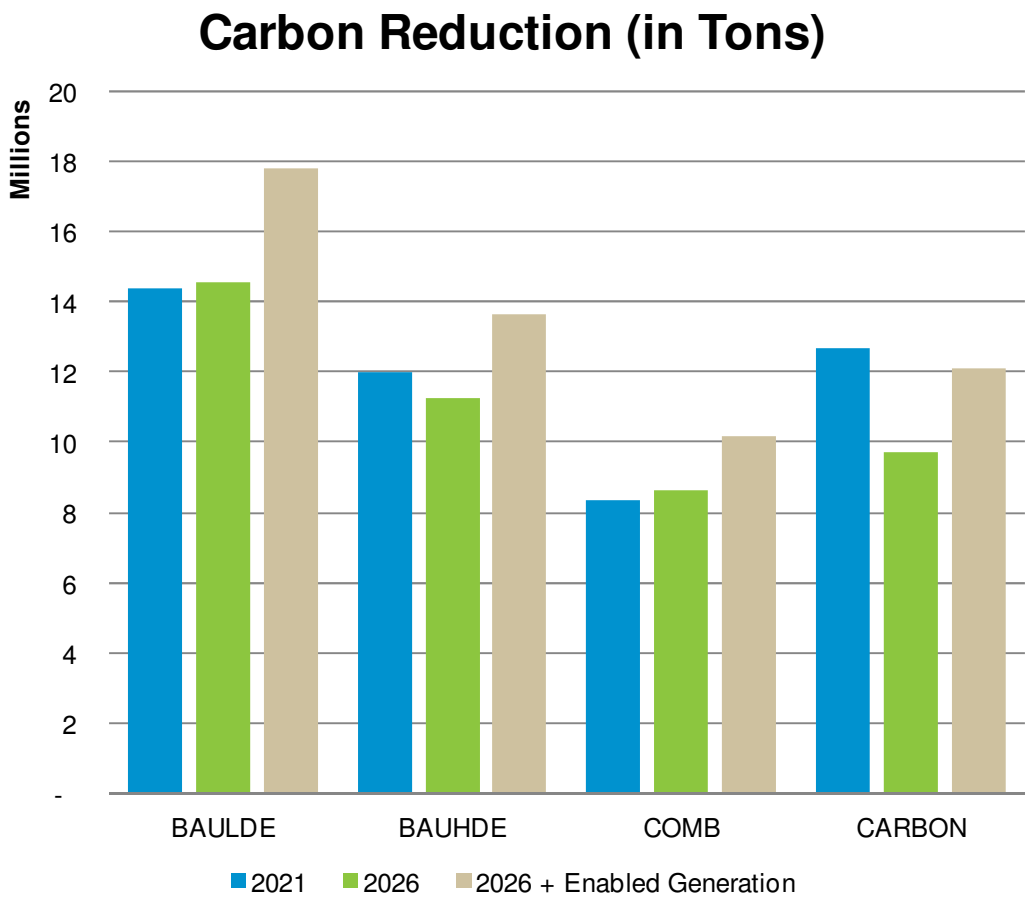


Figure 9.8: Carbon reduction by scenario

For the Combined Energy Policy and Carbon Constrained future scenarios, a $50/ton carbon cost was included to meet aggressive carbon reduction targets, as required by the proposed Waxman-Markey legislation. If policies were enacted that mandate a financial cost of carbon, the benefits provided by the recommended MVP portfolio would increase by between $3.8 and $15.4 billion in 20 and 40 year present value terms respectively, as depicted in Figure 9.9.

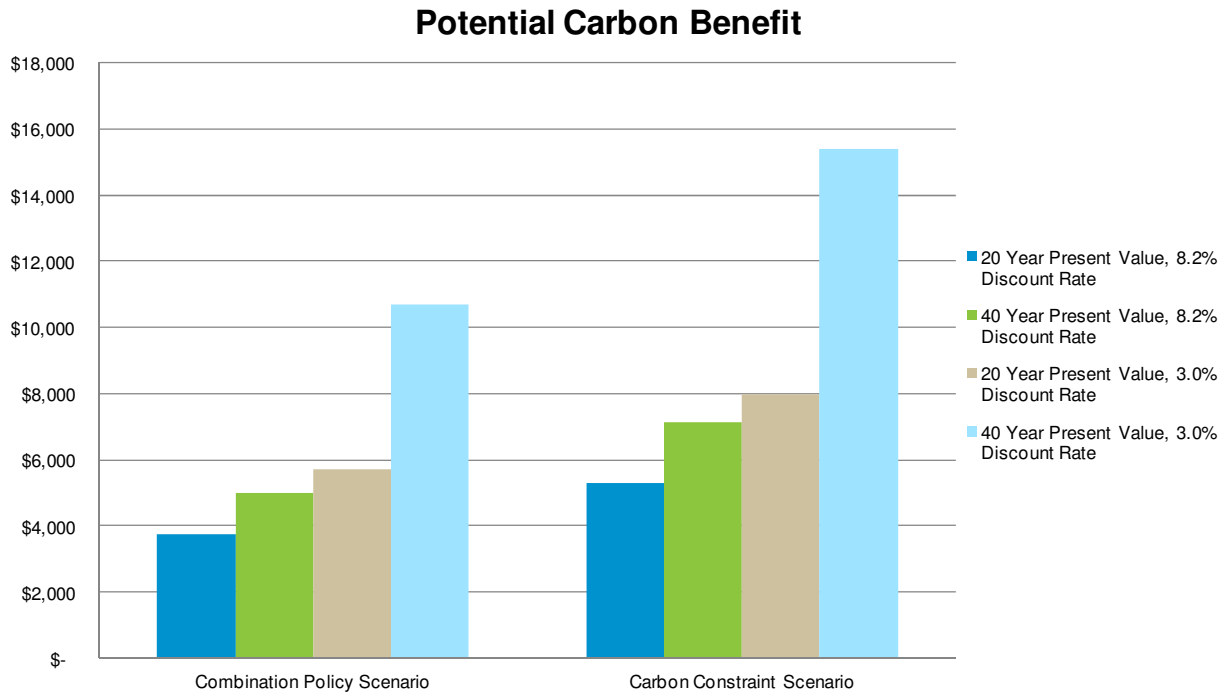


Figure 9.9: Potential carbon benefits

10 Proposed Multi Value Project Portfolio Overview

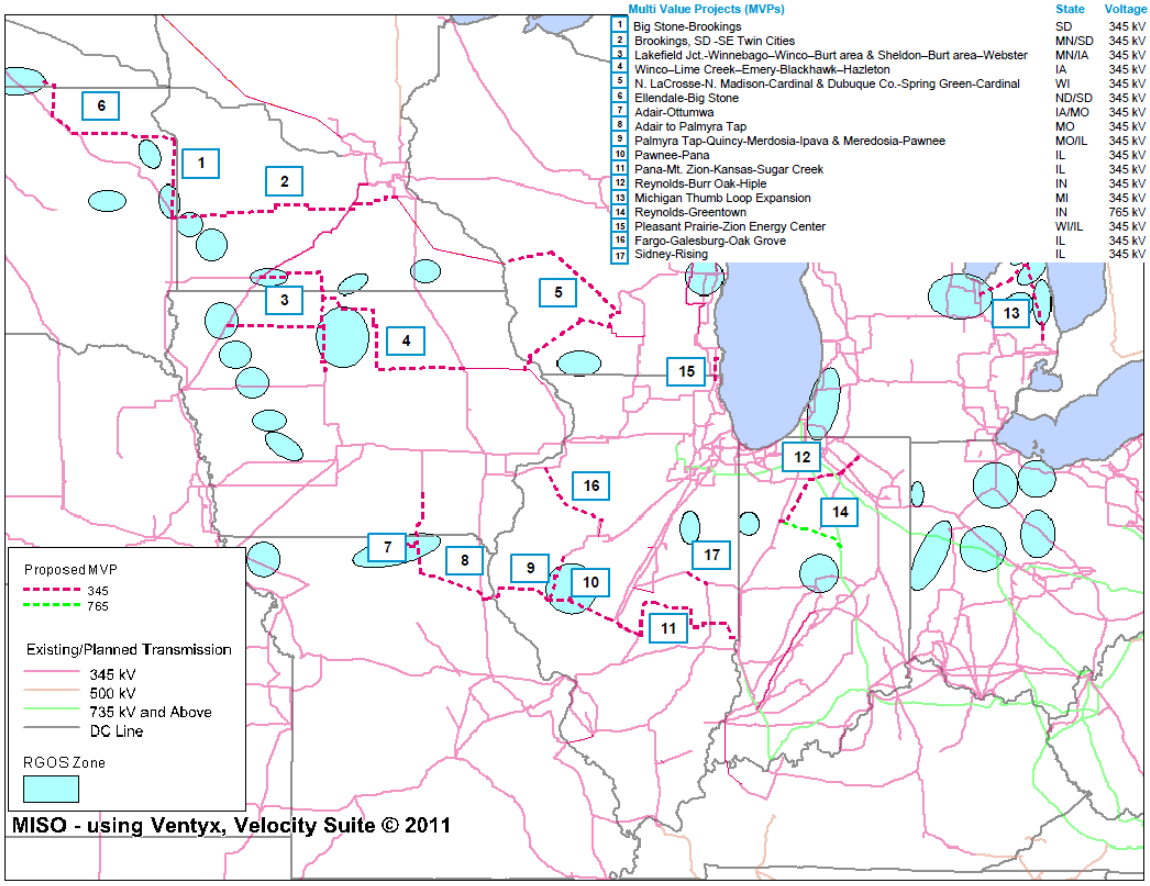


Figure 10.1: 2011 recommended MVP portfolio

The recommended MVP portfolio consists of 17 projects spread across the MISO footprint. These projects work together with the existing transmission network to enhance the reliability of the system, support public policy goals and enable a more efficient dispatch of market resources. Table 10.1 describes the projects that make up the recommended MVP portfolio.

	Project	State	Voltage (kV)	In Service Year	Cost (M, 2011$)[28]
1	Big Stone–Brookings	SD	345	2017	$191
2	Brookings, SD–SE Twin Cities	MN/SD	345	2015	$695
3	Lakefield Jct. Winnebago–Winco–Burt area & Sheldon–Burt area–Webster	MN/IA	345	2016	$506
4	Winco–Lime Creek–Emery–Black Hawk–Hazleton	IA	345	2015	$480
5	N. LaCrosse–N. Madison–Cardinal & Dubuque Co.–Spring Green–Cardinal	WI	345	2018/2020	$714
6	Ellendale–Big Stone	ND/SD	345	2019	$261
7	Adair–Ottumwa	IA/MO	345	2017	$149
8	Adair–Palmyra Tap	MO/IL	345	2018	$98
9	Palmyra Tap–Quincy–Merdosia–Ipava & Meredosia–Pawnee	IL	345	2016/2017	$392
10	Pawnee–Pana	IL	345	2018	$88
11	Pana–Mt. Zion–Kansas–Sugar Creek	IL/IN	345	2018/2019	$284
12	Reynolds–Burr Oak–Hiple	IN	345	2019	$271
13	Michigan Thumb Loop expansion	MI	345	2015	$510
14	Reynolds–Greentown	IN	765	2018	$245
15	Pleasant Prairie–Zion Energy Center	WI/IL	345	2014	$26
16	Fargo–Galesburg-Oak Grove	IL	345	2018	$193
17	Sidney–Rising	IL	345	2016	$76
Total					$5,180

Table 10.1: Recommended MVP portfolio

[28] Costs shown are inclusive of transmission underbuild upgrades and upgrades driven by short circuit requirements.

10.1 Underbuild requirements

To ensure that the recommended MVP portfolio works well with the existing system to maintain reliability, MISO conducted analyses to determine any constraints that are present with the recommended MVP portfolio and not present without the portfolio. Any new constraints were identified for mitigations, and the appropriate mitigation was determined in coordination with the impacted Transmission Owners.

Below is a full list of the underbuild upgrades. These upgrades were identified through the steady state reliability analyses, using both off peak and peak models. No additional upgrades were identified through the stability analyses. Overall, approximately $70 million of transmission investment is associated with the underbuild upgrades.

Underbuild requirements
Burr Oak to East Winamac 138 kV line uprate[29]
Lake Marian 115/69 kV transformer replacement
Arlington to Green Isle 69 kV line uprate
Columbus 69 kV transformer replacement
Casey to Kansas 345 kV line uprate
Lake Marian to NW Market Tap 69 kV line uprate
Franklin 115/69 kV transformer replacements
Castle Rock to ACEC Quincy 69 kV line uprate
Kokomo Delco to Maple 138 kV line uprate
Wabash to Wabash Container 69 kV line uprate
Spring Green 138/69 kV transformer replacement
Davenport to Sub 85 161 kV line uprate
West Middleton West Towne 69 kV line uprate
Ottumwa Montezuma 345 kV line uprate

Table 10.2: Recommended MVP portfolio underbuild requirements

[29] Burr Oak to East Winamac upgrade also identified as part of the Meadow Lake wind farm upgrades.

10.2 Portfolio benefits and cost spread

A key principle of the MISO planning process is that the benefits from a given transmission project must be spread commensurate with its costs. The MVP cost allocation methodology distributes the costs of the portfolio on a load ratio share across the MISO footprint, so the recommended MVP portfolio must be shown to deliver a similar spread of benefits.

Each economic business case metric calculated for the full recommended MVP portfolio was analyzed to determine how it would accrue to stakeholders across the footprint. These results were then rolled up to a zonal level, based on the proposed Local Resource Zones for Resource Adequacy. This level of detail was chosen to provide stakeholders with an understanding of the benefits spread, without getting into a detail level which may be falsely precise due to the impact of individual stakeholder actions on actual benefit spreads.

The allocation of each of the economic metrics is discussed in more detail below.

10.2.1 Congestion and Fuel Savings

The Production Cost model simulations return results at a granular, generator-specific level. These results were then rolled up from this detailed level to a zonal level.

10.2.2 Operating Reserve Benefits

The costs of Operating Reserves were allocated across the footprint on a load-ratio share basis. This distribution matches the allocation of these costs through the MISO Energy and Ancillary Service markets. As such, although certain areas in the footprint may see reductions in the Operating Reserves they must hold within their area, the benefits of the more economic dispatch of these resources will be shared by the full MISO footprint.

10.2.3 System Planning Reserve Margin Benefits

The benefits accruing from the reduction in the system Planning Reserve Margin (PRM) were distributed across the footprint on a load-ratio share basis. This allocation was selected due to the widespread nature of the system PRM; the reduced planning margin will apply to all load in the MISO system, reducing the capacity needs for the full system.

10.2.4 Transmission Line Loss Benefits

The benefits accruing from the reduction in transmission line losses were allocated across the footprint on a load-ratio share basis. This approach reflects the integrated nature of the transmission system, as the market allows generation to be transported large distances to remote load. This integrated nature is enhanced by the inclusion of the recommended MVP portfolio into the transmission system, as congestion is reduced, and transfer capacity is increased, across the system.

10.2.5 Wind Turbine Investment

The benefits of reducing the required investment in wind turbines are not applicable for areas that do not have either renewable energy mandates or goals that can be sourced from outside the area. This benefit is also enhanced for areas with lower wind capacity factors, as the differential in wind turbine investment is substantially higher for these areas than for those with, on average, higher wind speeds. As a result, this benefit was allocated to the zones through a weighted average of the renewable energy mandates or needs that can be sourced outside of the zone, along with the relative wind capacity factors, when compared to the system's highest wind speed area.

Zone	Average Capacity Factor	Capacity Factor Differential From System Maximum	Average Out-of-State Renewable Mandates or Goals (%)	Out-of-State Renewable Generation Mandates or Goals (MW)	2026 Projected Load (GWh)	Out-of-State Renewable Generation Mandates or Goals (GWh)	Renewable Generation Weighted by Capacity Factor Differential	Zonal Allocation
1	38%	5%	28%		108,371	29,927	1,446	19%
2	28%	16%	10%		80,267	8,027	1,260	16%
3	36%	8%	N/A	3,000	55,648	9,338	716	9%
4	28%	16%	18%		60,063	11,087	1,730	22%
5	33%	10%	14%		55,485	7,788	809	10%
6	29%	14%	9%		143,528	13,013	1,833	24%
7	28%	15%	0%		119,017	-	-	0%

Table 10.3: Wind Turbine Investment Allocation[30]

[30] All values shown in the table exclude in-state renewable energy goals or mandates.

10.2.6 Future Transmission Investment

Higher voltage Baseline Reliability Projects (BRPs), under Attachment FF of the MISO Tariff, are allocated as a mixture of system wide costs and local costs. More specifically, 20% of the costs of the transmission upgrades are allocated across the system, and 80% of the project costs are allocated to affected pricing zones.

The benefits accruing from the ability of the recommended MVP portfolio to avoid future Baseline Reliability Project investment was allocated using this methodology.

10.2.7 Costs Distribution

The costs of the portfolio were allocated across the footprint on a load-ratio share basis, as required by the Multi Value Project cost allocation methodology. Additional information on the distribution of the costs of the Multi Value Project portfolio may be found in the following section, section 10.3.

10.2.8 Zonal Benefit-Cost Ratio

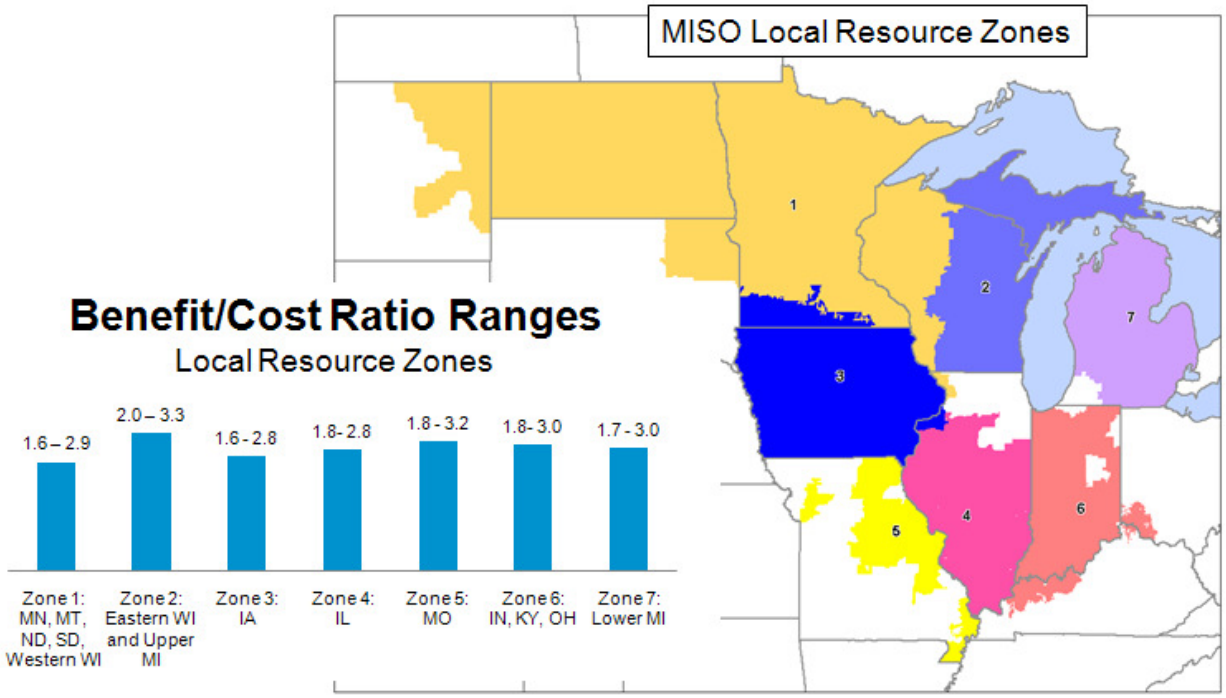


Figure 10.2: Recommended MVP portfolio production cost benefits spread

The recommended MVP portfolio provides benefits across the MISO footprint in a manner that is roughly equivalent to its costs allocation. For each of the local resource zones, as shown in Figure 10.2, the portfolio's benefits are at least 1.6 to 2.9 times the cost allocated to the zone.

10.3 Cost allocation

Multi Value Projects represent a new project type eligible for cost sharing effective since July 16, 2010, and conditionally accepted by the Federal Energy Regulatory Commission on December 16, 2010. Multi Value Projects provide numerous benefits, including, improved reliability, reduced congestion costs, and meeting public policy objectives.

The costs of Multi Value Projects will have a 100 percent regional allocation and will be recovered from customers through a monthly energy usage charge calculated using the applicable MVP Usage Rate.

The proposed Multi Value Project portfolio described in this report includes the Michigan Thumb Loop project, approved in August 2010; the Brookings to Minneapolis-St. Paul project, conditionally approved in June 2011; and 15 additional projects being proposed to the MISO Board of Directors for approval in December 2011. The cost of the recommended MVP portfolio in 2011 dollars is $5.2 billion, including the $1.2 billion in projects that have previously been approved or conditionally approved by the MISO Board of Directors. See Table 10.1 for individual project costs.

The costs of Multi Value Projects will have a uniform 100 percent regional allocation based on withdrawals and will be recovered from customers through a monthly energy usage charge. This charge will apply to all MISO load, excluding load under Grandfathered Agreements, and also to export and wheel-through transactions not sinking in PJM.

Figure 10.3 shows a 40-year projection of indicative annual MVP Usage Rates based on the recommended MVP portfolio using current year cost estimates and estimated in-service dates. Additional detail on the indicative MVP Usage Rate, including indicative annual MVP charges by Local Balancing Authority, is included in Appendix A-3 of the MTEP11 report.

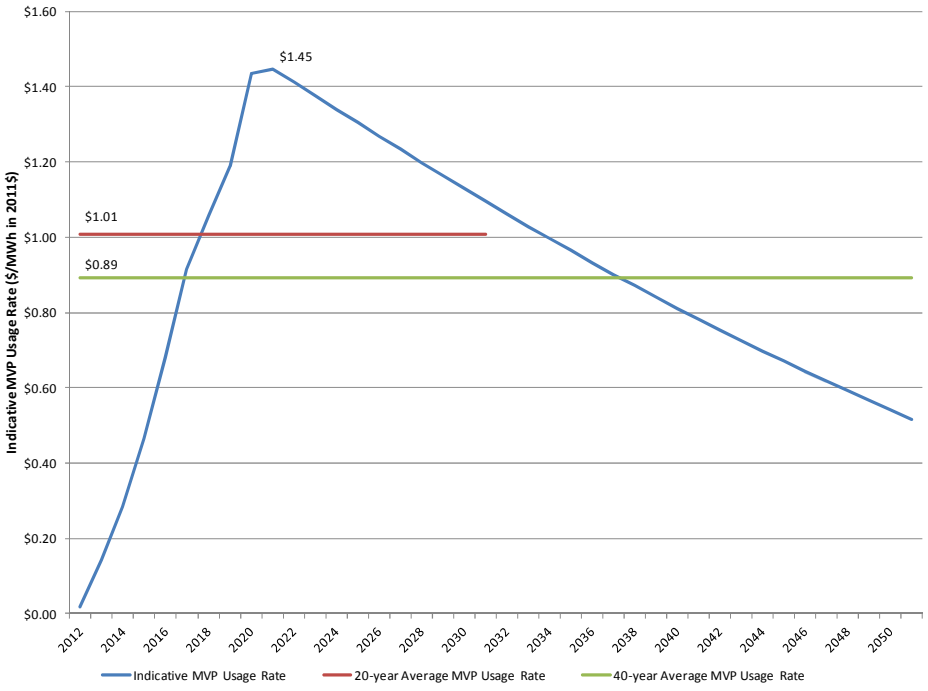


Figure 10.3: Indicative MVP usage rate for recommended MVP portfolio from 2012 to 2051

11 Conclusions and recommendations

MISO staff recommends the recommended MVP portfolio to the MISO Board of Directors for their review and approval. This recommendation is premised on the ability of the portfolio to meet MVP criterion 1, as each project in the portfolio was shown to more reliably enable the delivery of wind generation in support of the renewable energy mandates of the MISO states in a cost effective manner.

The recommendation is also supported by the strong economic benefits of the portfolio, which delivers a large amount of value in excess of costs under all conditions and policy scenarios studied. Furthermore, these benefits are spread across the MISO footprint, in a manner commensurate with the allocation of the portfolio's costs.

TAB B

September 27, 2011

Mr. J. Michael Evans
Chairman, Board of Directors
Midwest Independent Transmission System Operator, Inc. (MISO)
720 City Center Drive
Carmel, IN 46032-7574

Dear Mr. Evans:

We are writing to support the MISO Board of Directors' approval of the attached portfolio of first candidate transmission lines for the MISO's "Multi-Value Project" cost allocation tariff.

This portfolio of lines is the result of nearly a four-year stakeholder process. It started with Midwestern Governors Association efforts to address the constraints in the region's transmission grid. These transmission constraints limit economic development, threaten reliability, inhibit access to more diverse and potentially lower cost electricity resources and slow long-term state energy policy development. The process included extensive input from state personnel and industry stakeholders, including utilities, transmission companies, wind developers and independent power producers.

Taken together as an interconnected collection of transmission lines, this portfolio of lines meets multiple future energy transmission scenarios and needs for our states and the region. In the least expensive way, this portfolio will link the energy zones in each of our states with customers throughout the Midwest.

Thank you for your consideration and we look forward to continuing to work with MISO on these important regional transmission issues.

Sincerely,

Terry Branstad
Governor of Iowa

Mark Dayton
Governor of Minnesota

Dennis Daugaard
Governor of South Dakota

November 2, 2011

Clair Moeller
Vice President of Transmission Asset Management
MISO
1125 Energy Drive
St. Paul, MN 55108

Dear Mr. Moeller:

Alliant Energy has been following the development of MVP projects closely and appreciates the information and analysis that has been provided to stakeholders thus far in the process. Alliant recognizes that ensuring the development and execution of these projects is crucial.

Transmission projects that provide benefits across the MISO footprint have the potential to add substantial value to the MISO region. Alliant has generally been supportive of the course MISO has taken in regards to the creation of MVPs. However, we caution that a rigorous benefit-cost evaluation must be performed on all projects proposed and remain a paramount decision factor in determining which projects are selected for the portfolio. This rigorous evaluation process is needed to ensure that an appropriate amount of MVPs are constructed and that projects built provide sufficient benefits to those bearing the costs.

While Alliant recognizes the potential benefits MVPs offer we are concerned that the construction of MVPs may require upgrades to the underlying transmission system and that these costs could be unfairly placed on the rate payers in the transmission region. We strongly believe that the costs of necessary upgrades to the underlying transmission as a result of MVPs, should be included in the total cost of the MVP project and allocated accordingly.

Alliant values the opportunity to express our thoughts and concerns and we look forward to continuing to work with MISO on these important issues.

Sincerely,

Randy Bauer
Director of Resource Planning

Thomas R. Voss, P.E.
Chairman, President & CEO
Ameren Corporation
T 314.554.2549
F 314.554.3066
tvoss@ameren.com

November 3, 2011

Mr. Clair Moeller
Vice President of Transmission Asset Management
Midwest Independent Transmission System Operator, Inc.
720 City Center Drive
Carmel, IN 46032-7574

RE: Ameren Comments to the System Planning Committee of the MISO Board of Directors in Support of Multi-Value Project (MVP) Portfolio Approval

Dear Clair:

Ameren Corporation appreciates the opportunity to express our support to the Board of Directors System Planning Committee for the approval of MVP portfolio of projects. The $5.8 billion of transmission projects in the portfolio represent an important step forward for the Midwest ISO and its members. MVP portfolio will provide a broad range of benefits across the Midwest ISO region including enhanced reliability, more efficient energy markets, access to renewable resources, and flexibility in adapting to generation changes due to environmental regulations. Ameren expects the customers we serve in Missouri and Illinois to realize these benefits and the resultant energy cost savings for years to come.

We would especially like to commend the Midwest ISO leadership and your staff for their dedicated effort throughout the transmission planning process. Over the last few years, they have demonstrated professionalism and technical expertise in performing studies and providing numerous opportunities for stakeholder input and review. The result is a comprehensive analysis of a wide range of potential energy and economic futures which support the value of the MVP portfolio. The analysis demonstrates the value of the MVP portfolio to the region, with benefits exceeding costs in each individual state by a nearly two-to-one margin. This broad distribution of benefits can only serve to reassure stakeholders and regulators of the value of the MVP portfolio.

Ameren Corporation heartily endorses the MVP portfolio and strongly recommends the Midwest ISO Board of Directors approve the MVP portfolio in the 2011 transmission expansion plan.

Sincerely,

Thomas R. Voss

Big Rivers
ELECTRIC CORPORATION

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P.O. Box 24
Henderson, KY 42419-0024
270-827-2561
www.bigrivers.com

Mr Clair Moeller
Midwest ISO

November 2, 2011

FERC in Order No. 1000 adopted six principles to be used to guide the development of cost allocation for regional transmission expansion projects. The first two guiding principles are:

1. Costs allocated "roughly commensurate" with benefits
2. No involuntary cost allocation to non-beneficiaries

Big Rivers posed some questions to the MISO staff about the MTEP11 draft report relative to the basis for the MISO recommendation for approval of the portfolio of MVP additions. A specific question raised by Big Rivers was whether any of the Multi Value Projects had been considered for approval as a Baseline Reliability or Market Efficiency project during the prior 8 year development period cited in the report. The MISO staff's response was that none of the proposed MVP additions "passed the criterion to be considered Baseline Reliability or Market Efficiency Projects in previous cycles".

The MISO staff in the "Proposed Multi Value Project Portfolio" document dated August 22, 2011 further stated the following:

1. the "proposed Multi Value Portfolio represented the culmination of over 8 years of planning efforts" on page 18;
2. "MISO believes that an informal consensus has been reached regarding appropriate planning for energy policies" on page 8; and
3. "the proposed Multi Value Project portfolio provides widespread reliability, public policy, and economic benefits in excess of costs to the MISO footprint" on page 18.

Based upon the response by MISO staff that none of these MVP additions met the criterion for cost sharing consideration in the past MTEP cycles, Big Rivers believes that the "robust business case" presented in MTEP11 for these projects is not supported by the facts as it pertains to Big Rivers. Outside of the context of a public policy justification, there are no system reliability violations on about 650 elements for more than 6,700 system conditions; there are no 31 system instability conditions to be mitigated; nor are there economic benefits to be derived to support a 1.8 to 3.0 Benefits-to-Cost ratio. The entire cost sharing justification is predicated on the renewable portfolio standard

requirement in other MISO states. Big Rivers is not subject to any such requirement. Therefore, Big Rivers believes it to be a violation of FERC Order No. 1000 to allocate involuntarily any MVP cost to it absent any "real" benefit.

The significant wind generation assets being added within the MISO footprint are driven not by economics or reliability, but by public policy. The cause and effect relationship between the addition of these wind generation assets and the MVP transmission additions is not in question. The MVP cost sharing strategy proposed by MISO simply ignores the cause and effect principle. Additionally, the usage by MISO of Local Resource Zones in order to determine an allocation of MVP benefits is not an appropriate method of determining benefits for Big Rivers. Big Rivers does not have sufficient information to determine if any other utility will realize the benefits that MISO cites in the MTEP11 report, but Big Rivers will not. Big Rivers does not believe that MISO has met its obligation under Order No. 1000 to show that its benefits are commensurate with its proposed costs.

Further, Big Rivers does not believe that MISO has met its obligation under Order No. 1000 to justify the MVP cost sharing by simply citing as quoted in item 2 above that an "informal consensus" exists to support the premise that renewable generation resource additions are required and therefore, the MVP additions are required. Once again, Big Rivers has no obligation to meet a renewable portfolio standard in Kentucky. There is no basis for concluding that an involuntary cost allocation can be supported by a "consensus".

For all of these reasons, Big Rivers recommends that the MISO Board not approve the portfolio of MVP additions proposed by the MISO staff in the MTEP11 report.

David G. Crockett
Vice President System Operations
Big Rivers Electric Corporation

Clair Moeller, Vice President, MISO Transmission Asset Management
Nov. 2, 2011

Dear Mr. Moeller:

We urge the MISO Board to approve the proposed portfolio of multi-value projects (MVP portfolio) included in the draft MTEP-11. The MVP portfolio is critical to developing the Midwest's promising wind energy industry, reducing carbon pollution, saving consumers money, and expanding clean energy jobs and manufacturing throughout the Midwest. At the same time, and looking ahead to future transmission planning in MTEP-12 and beyond, we also urge the Board to use clean energy transmission principles to guide new regional transmission planning in the Midwest. Stakeholders throughout the Midwest have developed these principles over the course of the last year to help guide responsible and environmentally protective transmission and generation of clean energy.

As you know, our regional electricity system is at a crossroads. The Midwest is home to some of our nation's most promising renewable energy resources, but the vast bulk of those resources are concentrated in remote areas that do not currently have the infrastructure to deliver large amounts of clean energy to population centers. For these areas to benefit from the full economic development potential of renewable energy generation, a system of fair cost allocation, siting, and landowner compensation is needed to facilitate transmission upgrades. Financing and construction uncertainty for new transmission lines has been a significant barrier to grid expansion and continues to stymie the deployment of clean energy resources in the Midwest.

We support, in general, the Midwest Independent System Operator (MISO)'s recent significant actions to support new transmission lines to deliver clean energy to our markets and efficiently meet state renewable portfolio standards. Last year, MISO filed and the Federal Energy Regulatory Commission (FERC) approved an amendment to MISO's tariff which spreads the cost of regionally beneficial transmission upgrades, labeled Multi Value Projects (MVPs), broadly across all electric customers who benefit within the MISO footprint. FERC recently reaffirmed its decision on rehearing and included additional requirements such as MISO's periodic review of the costs and benefits of MVP lines to confirm their continuing value.

MISO is now applying these new planning and cost allocation tariff provisions for the first time in MTEP-11, which includes the Proposed MVP Portfolio of seventeen transmission projects throughout MISO. The MISO Board is scheduled to consider MTEP-11, including the Proposed MVP Portfolio, at its December 2011 meeting.

The Proposed MVP Portfolio is the outcome of a lengthy stakeholder process that, among other things considered the costs and benefits of several cost allocation arrangements for regional transmission projects, including allocating a significant portion of the cost to generators. MISO's final proposal to allocate 100% of the cost of some transmission projects—those which provide important benefits across the entire region—to customers on a per MWh basis reflects the broad benefits of the projects which would fall under this pricing system, including bulk transmission lines to deliver high capacity wind energy resources to consumers throughout the Midwest.

As the Board weighs the current Proposed MVP Portfolio, we urge board members to recognize the benefits of these projects. The most recent MISO studies find that the direct and measurable PMVPP benefits include:

- An average annual value of $1,279 million over the first forty years of service, at the cost of an average annual revenue requirement of $624 million.
- Benefits in excess of its costs under **all** scenarios studied, with Benefit–to–Cost ratio ranging from 1.8 to 3.
- Supporting a variety of generation policies through utilizing a set of energy zones, which support wind, natural gas, and other fuel sources, including enabling 41 million MWh of wind energy to meet renewable energy mandates and goals.

- Annual residential consumer savings of $12 in congestion and other savings.[1]

This proposal also opens the door to significant increases to investment in the Midwest's promising clean energy economy. The National Renewable Energy Laboratory, based on the U.S. Department of Energy's 20% Wind vision for the U.S. electric industry, estimates that an achievable 97 GW of wind energy installed in the Great Lakes Region alone would create 145,000 new construction jobs through 2030 along with 23,000 long-term jobs in operation and maintenance. Expanding the Midwest's wind energy resource to 20% of all resources would pump $21.1 billion per year directly into local economies and have indirect effects—such as reviving the manufacturing sector to produce wind turbines—which will be many magnitudes greater. Apart from these specific benefits, the projects benefit the entire Midwest by creating a more robust, reliable and flexible grid.

At the same time, we also suggest that future MISO transmission studies include consideration of all relevant aspects from the attached guidelines appropriate for a regional and inter-regional transmission planning process. These principles reflect the priorities of a broad set of MISO environmental and other stakeholders in determining the need for new transmission. Since the MVP Portfolio provides regional benefits, use of common clean energy transmission guidelines will be particularly important in the state-specific regulatory approval process for the MVP lines. Open and transparent planning by MISO, state regulators and utilities, including opportunities for public input and participation and consideration of a broad range of public policy goals, is essential to the success of correctly-sized transmission necessary to meet our region's electricity needs and renewable energy goals.

Although most Midwestern states have already adopted renewable energy goals of 10-25% renewable energy within the next 10-15 years, they will not be able to meet though goals without new transmission to access and integrate our highest quality wind resources. MISO's proposal is a welcome and important step to tap our region's vast wind energy resources and develop our promising clean energy economy. Therefore, we encourage the Board to approve the Proposed MVP Portfolio Projects for regional cost allocation. At the same time, and looking ahead, we urge the Board to take into account the important transmission principles enclosed with this document.

Sincerely,
Chuck Hassebrook, Executive Director
Center for Rural Affairs

Michael Noble, Executive Director
Fresh Energy

Rolf Nordstrom, Executive Director
Great Plains Institute

Nancy Lange, Director, Midwest Programs
Izaak Walton League of America Midwest Office

Marian Gelb, Executive Director
Iowa Environmental Council

David Osterberg, Executive Director
Iowa Policy Project

Rebecca Stanfield, Senior Energy Advocate
Natural Resources Defense Council

[1] "Proposed Multi Value Project Portfolio" presentation, presented by MISO staff to the MISO 2011 Candidate MVP Portfolio Technical Studies Task Force, Sept. 29, 2011. MISO estimates the value of residential consumer benefits at $23 against costs of $11.

Steve Frenkel, Director, Midwest Office
Union of Concerned Scientists

Beth Soholt, Executive Director
Wind on the Wires

Lisa Daniels, Executive Director
Windustry

Cc: Ellen Anderson, Chair, Minnesota Public Utilities Commission; Kevin Gunn, Chair, Missouri Public Service Commission; Elizabeth S. Jacobs, Chair, Iowa Utilities Board; Phil Montgomery, Chair, Wisconsin Public Service Commission; John D. Quackenbush, Chair, Michigan Public Service Commission; Doug Scott, Chair, Illinois Commerce Commission

Common Clean Energy Transmission Principles

New investment in clean energy transmission will be needed to maximize renewable energy development to meet renewable electric standards, facilitate the retirement of coal plants, increase the reliability of our electric transmission grid and more fully integrate renewable power. In considering clean energy transmission, we urge attention to the following principles which reflect the concerns and priorities of a broad set of stakeholders affected by clean energy transmission. We also urge open and transparent planning by regional transmission operators that include opportunities for public input and participation and consideration of a broad range of public policy goals.

1. Make more effective use of the existing transmission system first. If retiring existing coal plants, deploying distributed generation, or improving energy efficiency can allow the regional transmission system's ability to accommodate a comparable and timely increase renewable generation, or be used to achieve needed reliability upgrades, those options should be pursued.

2. Upgrading existing transmission in key locations or adding capacity to existing transmission corridors or other public right-of-ways should be maximized to avoid further disruption of private property.

3. New transmission should predominately support wind, solar and other renewable development, and the retirement of existing coal plants. Market rules and operational structures should be in place for all new transmission to encourage the development of renewable energy and allow renewable energy to effectively compete in the Midwest marketplace.

4. The cost of new transmission supporting renewable generation should be broadly allocated among customers and across geographic regions that will benefit from the added reliability or clean energy delivery provided by the new capacity.

5. New transmission should be routed to avoid sensitive natural areas. When new transmission must pass through sensitive natural areas, care should be taken to mitigate negative impacts.

6. Landowners, community groups and public interest groups with a stake in a proposed transmission line should be engaged early in the planning process and new transmission corridors should avoid disrupting important community institutions.

7. Property owners and occupants directly affected by a new transmission line should receive fair compensation and should be provided the opportunity to negotiate collectively with the transmission developer.

8. Communities affected should be provided an opportunity to benefit economically from increased transmission capacity through common interconnection standards that facilitate local development of smaller scale projects. Smaller scale projects could connect to new transmission lines or existing lines experiencing reduced load as the result of new capacity.

STATE OF ILLINOIS
Office of the Chairman and Commissioners
Illinois Commerce Commission

November 2, 2011

Mr. J. Michael Evans
Chairman of the Board
Midwest ISO
720 City Center Drive
Carmel, IN 46032-7574

Re: MTEP 11 Proposed MVP Projects

Dear Mr. Evans,

The Illinois Commerce Commission ("ICC") appreciates this opportunity to provide feedback and recommendations to the members of the Midwest ISO Board of Directors regarding MISO's draft MTEP 11 and its proposed portfolio of MVP projects.

I. Introduction.

The ICC believes that MTEP 11 currently contains insufficient evidence to support Board approval of the proposed MVP projects and recommend that the Board send the MVP portions of MTEP 11 back to the MISO Staff with instructions to continue the stakeholder process and revise the report to: (1) include evidence to support the contention that the MVPs will distribute benefits roughly proportionate to the MWh of energy withdrawals from the MISO system; (2) make the benefits and costs of each MVP transparent on a project-specific and utility-specific basis; (3) incorporate project cost containment mechanisms to ensure the meaningfulness of the cost component of the benefit/cost analyses; and (4) provide for the filing of the MTEP projects and their associated cost allocations with the FERC for review and approval pursuant to Section 205 of the Federal Power Act.

MTEP 11 discusses the purported benefits provided by the proposed MVP portfolio and contains a recommendation by the MISO Staff that the proposed MVP portfolio be approved by the MISO Board of Directors for inclusion into Appendix A of MTEP11.[1] MISO Staff bases this recommendation on the assertion of "…strong reliability, public policy and economic benefits of the portfolio" that are purported to be "distributed across the MISO footprint in a manner that is commensurate with the portfolio's costs."[2]

[1] MTEP 11, at 38
[2] MTEP 11, at 38

While MTEP 11 provides some information regarding the proposed MVP portfolio, the ICC has serious concerns regarding the data, analyses, business case, and unsupported assertions in MTEP 11 regarding the proposed MVP projects. In particular, the ICC is concerned about: (1) the unsupported assertions that the benefits created by the proposed MVP portfolio are spread in a manner commensurate with the allocation of project costs; (2) MISO's reliance on the "portfolio" analysis approach and the absence of project-specific and utility-specific data, analysis, costs, and benefits; (3) MISO's reliance on benefit/cost ratios without adopting mechanisms to ensure that actual project costs will remain in bounds of the estimated project costs that are used in these ratios; and (4) the absence of a step in the process for FERC review and approval of the MVP projects and associated cost allocation.

II. MTEP 11 makes no showing to substantiate assertions that benefits will be spread commensurate with the costs.

On page 50, MTEP 11 states, "The benefits created by the proposed MVP portfolio are spread across the system, in a manner commensurate with its costs." However, there is no meaningful analysis in MTEP 11 to support this statement (repeated often in the text of MTEP 11) that MVP benefits will be spread commensurate with the allocation of the costs. On page 73, MTEP 11 correctly points out that, "The MVP cost allocation methodology distributes the costs of the portfolio on a load ratio share across the MISO footprint, so the proposed MVP portfolio must be shown to deliver a similar spread of benefits." But, MTEP 11 fails to make a showing that the benefits of the MVP portfolio, either individually or in aggregate, will actually be distributed roughly proportionate to the MWh of energy withdrawals from the MISO system. In fact, MTEP 11 doesn't even try to make such a showing. Rather, MTEP 11 simply presents the calculated benefit/cost ratios on a portfolio basis at the level of seven local resource zones.[3] MTEP 11 then states that such presentation "demonstrate[s] that the proposed MVP portfolio provides widespread economic benefits across the MISO system."[4]

Setting aside criticisms of MISO's calculation of benefits and costs, and taking the diagram on page 73 at its face value, the assertion that the proposed MVP portfolio will provide economic benefits across the MISO system is not in contention. However, what MISO must, at a minimum, show—as acknowledged by the statement in MTEP 11 quoted above— is that the benefits of the MVP portfolio will be distributed roughly proportionate to the MWh of energy withdrawals from the MISO system. On that score, the text of MTEP 11 is completely silent. While the estimated project cost for each project is provided, MTEP 11 simply states that the total portfolio costs were modeled as being spread to each of the zones (which we presume to be the seven proposed local resource zones) on a "load ratio share" basis.[5]

[3] See, e.g., MTEP 11, at 73
[4] MTEP 11, at 73
[5] MTEP 11 Appendix E-5, at 47

III. MTEP 11 makes no showing about net benefits on a project-specific basis.

With respect to the portfolio approach to MVP planning and analysis, MTEP 11 presents the estimated benefits expected for the proposed MVP portfolio on an aggregate basis, rather than on an individual project specific basis. Failing to provide the estimated costs and benefits of the MVPs and how they were calculated on an individual project and individual utility basis undermines MISO's statements that the benefits of the MVPs are distributed commensurate with the cost allocation. Without project-specific and utility-specific data and analysis, there is no way to assess whether each project in the proposed portfolio is a "good" project (both needed and cost beneficial) or that the benefits expected to be produced by the project will be commensurate with the costs that load serving entities will be required to pay. If each of the projects in the proposed MVP portfolio is a good project on its own merits, then MISO should be willing to share this information with its stakeholders. If the benefit provided by each of the proposed MVPs is "synergistic", then the MISO should be able to show the benefits of each individual project in the portfolio, assuming the existence of all of the other projects in the portfolio. MTEP 11 provides none of these showings.

In numerous places, MTEP 11 states that it presents evidence regarding the benefits of MVPs on an individual project basis. For example, on page 49, it states,

> The portfolio was refined to ensure that the portfolio as a group and each project contained within it was justified under the MVP criteria, discussed below, and to ensure that the portfolio benefit to cost ratio was optimized.[6]

Similarly, it states on page 52 that, "The scope of the analysis was designed to demonstrate this value, both on a project and portfolio basis."[7] Another example can be found on page 73 where it states, "A key principle of the MISO planning process is that the benefits from a given transmission project must be spread commensurate with its costs."[8] In another example, MTEP 11 states, "The project valuation analyses focused on justifying each individual MVP project against the MVP criteria."[9] Despite numerous statements like this in the text of MTEP 11, there is nothing in MTEP 11 that demonstrates net benefits on an MVP project-specific basis or utility-specific basis.

The ICC believes that the MISO has the ability to provide beneficiary analysis on an individual MVP project and utility-specific basis. For example, the ICC notes that the MVP Detailed Business Case presented by the MISO on September 19, 2011, contains numerous PROMOD analyses showing adjusted production cost ("APC") savings for the entire portfolio of MVPs on a local resource zone level. Given the nature of PROMOD, the MISO should be able to determine the APC savings for each individual project down to the transmission owner pricing zone level. Providing such data and analysis would help ensure that the benefits of each MVP are distributed commensurate with the proposed cost allocation. Failing to provide such analysis will only perpetuate doubt in the minds of MISO's stakeholders that the MVPs truly provide benefits commensurate with the proposed cost allocations. In presentations, MISO Staff has stated that they chose not to present the data more granularly due to a concern about "arbitrary precision" or "false

[6] MTEP 11, at 49, emphasis added
[7] MTEP 11, at 52, emphasis added
[8] MTEP 11, at 73, emphasis added
[9] MTEP 11, at 59, emphasis added

precision" in the numbers. But even if that concern had any merit (and the ICC does not believe it has merit), there is no discussion of the matter in MTEP 11 and no reason expressed for not providing more granular results.

The MISO's reluctance to provide cost-benefit analyses on an individual project basis could also prove problematic during the eventual transmission siting and certification process, which will be conducted on a project-by-project basis. Indeed, presenting the purported benefits of MVPs on a portfolio basis provides state authorities with little, if any, assurance that the proposed MVPs do indeed provide benefits commensurate with the proposed cost allocations. If anything, it confirms the suspicion that the portfolio approach is merely a creative mechanism to effectuate grid building and rate-base boosting without actually having to justify the cost to the captive ratepayers who will be required to pay in their rates. To address such concerns, the state agencies with siting and certification authority will likely require witnesses to provide such information prior to granting siting or certification approval for the individual MVPs. As such, it would make sense for the MISO to provide this information up-front in MTEP 11.

Order No. 1000 adopts six principles of cost allocation. Principle 5 states,

> The cost allocation method and data requirements for determining benefits and identifying beneficiaries for a transmission facility must be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed transmission facility.[10]

Similarly, Order No. 1000 states,

> Furthermore, greater stakeholder access to cost allocation information will help aid in the development and construction of new transmission, as stakeholders will be able to see clearly who is benefiting from, and subsequently who has to pay for, the transmission investment.[11]

The ICC understands that immediate compliance with Order No. 1000 is not required, but it seems reasonable for MISO to seek to be responsive to FERC's expressed requirements for transparent documentation of transmission cost allocation analysis. In this regard, not only are the benefits and beneficiaries of specific MVPs not transparent in MTEP 11, they are not even evaluated. Contrary to the FERC's requirement, there is no documentation provided on this matter in MTEP 11.

IV. MTEP 11 contains no mechanism to hold actual project costs to the estimates used in the benefit/cost ratios that are presented and used for the MTEP inclusion decision.

MTEP 11 contains no project cost containment provisions. As such, the ICC is concerned that construction cost overruns could potentially erode benefits that the proposed MVPs might provide. As experience with past MTEP projects has shown, significant project cost over-runs are a

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[10] *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, 136 FERC ¶ 61,051, (2011), at P 668

[11] *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, 136 FERC ¶ 61,051, (2011), at P 669

real, and not just academic, issue.[12] While project cost overruns will reduce the net benefits provided by any transmission project, this concern is especially true for MVPs, given that MISO has chosen to estimate these benefits on a portfolio basis and to justify the portfolio on a benefit/cost basis. If the project cost estimates are not reliable, either because of poor cost estimation or because actual project costs over-run the cost estimates, then the benefit/cost ratios presented in MTEP 11 to support the MVP portfolio are not reliable.

V. MTEP 11 contains no provisions for aggrieved parties to appeal a MISO Board decision approving MTEP 11.

As it currently stands, MISO Board approval is the final step that initiates the obligation on the transmission utilities to expend best efforts to begin the process to design and certificate the $5.2 billion worth of MVP projects contained in MTEP 11. Under the current process, there is no avenue for a party to challenge MTEP 11, or to advance arguments that MTEP 11 does not comply with MISO's tariff or other applicable standards. The ICC is concerned that the MTEP projects, and their associated cost allocations, are not filed with the FERC for review and approval under Section 205 of the Federal Power Act. Submitting the MTEP projects to the FERC for review and stakeholder comment would help to ensure that the analyses on which the MTEP is based are sound and that the planning and the cost allocation are compliant with the MISO tariff and other similar requirements.

VI. Conclusion and Recommendation.

Given the above concerns (and those listed in the attached Appendix), the ICC urges the MISO Board of Directors to send the MVP portions of MTEP 11 back to the MISO Staff with instructions to continue the stakeholder process and revise the report to: (1) provide support for the assertions that MVP benefits will be spread commensurate with the cost allocation (MWhs of energy withdrawal); (2) make transparent the costs and the benefits of each MVP on an individual project basis and individual utility basis; (3) incorporate project cost containment mechanisms to ensure the meaningfulness of the cost component of the benefit/cost analyses; and (4) provide for the filing of the MTEP projects and their associated cost allocations with the FERC for review and approval pursuant to Section 205 of the Federal Power Act. Given that the earliest identified in-service year for any of the proposed MVP projects is 2014 and most of the MVP projects have an in-service year of 2018 or later,[13] a brief extension of the process to allow these deficiencies in MTEP 11 to be corrected, would be prudent.

The ICC expresses no opinion regarding the relative merits of any one of the individual projects in the MVP portfolio.

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[12] Market Efficiency Project Proposal Discussion, Presentation to the RECB Task Force of October 27, 2011

[13] MTEP 11, at 46

Once again, the ICC appreciates the opportunity to provide this letter to the MISO Board of Directors and submits the following Appendix with additional feedback on MTEP 11.

Respectfully,

Douglas P. Scott
Chairman

Lula M. Ford
Commissioner

Erin M. O'Connell-Diaz
Commissioner

Sherman J. Elliott
Commissioner

John T. Colgan
Commissioner

cc: Michael J. Curran, Director, MISO Board of Directors
Baljit "Bal" Dail, Director, MISO Board of Directors
Paul J. Feldman, Director, MISO Board of Directors
Shelley A. Longmuir, Director, MISO Board of Directors
Judy Walsh, Director, MISO Board of Directors
Eugene W. Zeltmann, Director, MISO Board of Directors
John Bear, MISO President and CEO
Clair Moeller, V.P., MISO Transmission Asset Management

FERC Chairman, The Honorable Jon Wellinghoff
FERC Commissioner, The Honorable Marc Spitzer
FERC Commissioner, The Honorable Philip D. Moeller
FERC Commissioner, The Honorable John R. Norris
FERC Commissioner, The Honorable Cheryl A. LaFleur
Bill Smith, Organization of MISO States, Inc., Executive Director
Service List, FERC Docket No. ER10-1791-000, -001, -002

APPENDIX

Some Additional Concerns:

MISO's cost allocation process is backwards.
It states on page 49 of MTEP 11 that the 2011 Candidate MVP Portfolio Analysis "evaluated the Candidate MVP portfolio against the MVP cost allocation criteria to prove or disprove this hypothesis [that the portfolio creates a high value], as well as to confirm that the benefits of the portfolio would be widely distributed across the footprint."[14] This process is backwards of how a proper analysis would be conducted. MISO's analysis takes the cost allocation—postage stamp—as a given and purportedly evaluates whether the benefits are spread roughly commensurate with that cost distribution. A proper analysis would study the distribution of benefits produced by the portfolio and allocate costs commensurate with that distribution.

It is unclear whether MISO is planning for RPS mandates, goals, or both.
On page 49 of MTEP 11, it states that, "The 2011 Candidate MVP Portfolio Analysis hypothesized that this set of candidate projects [the 2011 Candidate MVP Portfolio] creates a high value transmission portfolio, enabling MISO states to meet their near term RPS mandates." Similarly, on page 50, it states that, "approximately 41 million GWh per year of renewable generation can be delivered to serve the MISO state renewable portfolio mandates. But, on page 45, MISO states that its selected MVP portfolio will "meet renewable energy mandates and goals." This is inconsistent. Is MTEP 11 proposing transmission for RPS mandates, goals, or both?

MTEP 11 does not explain for what it is planning.
On page 67 of MTEP 11, it states that "the proposed MVP portfolio enables the delivery of 41 million MWh of renewable energy annually to support the renewable energy mandates of the MISO states through at least 2026." But, MTEP 11 does not explain how it was determined that 41 million MWh are needed to facilitate state RPS needs or how it was determined that new transmission is needed to enable those RPS standards to be met. MISO simply states that it "believes an informal consensus has been reached regarding appropriate planning for energy policies."[15] MTEP 11 does not identify the "energy policies" beyond showing a renewable portfolio standards map.[16] MTEP 11 does not link its MVP planning goal to any particular state's public policy requirements or to the aggregate of all MISO states' public policy requirements.

MTEP 11 does not identify which future scenarios were used in which studies.
MTEP 11 states,

> Under all future policy scenarios studied, the proposed MVP portfolio delivers widespread regional benefits to the transmission system. For example, based on scenarios that did not consider new energy policies, the benefits of the proposed portfolio were shown to range from 1.8 to 3.0 times its total cost.[17]

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[14] MTEP 11, at page 49
[15] MTEP 11 Appendix E-5, at 8
[16] MTEP 11 Appendix E-5, at 8
[17] MTEP 11, at 50

Similarly, MTEP 11 states,

> The portfolio was designed using reliability and economic analyses, applying several futures scenarios to determine the robustness of the designed portfolio under a number of future potential energy policies.[18]

In an additional example, MTEP 11 states, "The candidate transmission was tested against a variety of potential policy futures."[19]

However, MTEP 11 is not clear about which future scenarios were used for which purposes.

The illustration that MISO provides in an attempt to show that "MVPs provide benefits under a number of different assumptions and policy situations" appears to have multiple errors, omissions and failures in logic.

On page 50 of MTEP Appendix E-5, MISO provides a table purporting to show that "MVPs provide benefits under a number of different assumptions and policy situations." However, this illustration appears to have multiple errors, omissions and failures in logic. For example, the numbers in the column labeled "Maximum Benefit/Cost" do not seem to come from the other columns in the table. In the column labeled "Minimum Benefit/Cost", some of the numbers come from the other columns in the table and some don't. The notes in this table are not clear and it is not clear which columns the notes correspond to. Beyond these data problems, the table does not logically show anything about what it purports to show. The title of the table refers to MVPs, but the contents of the table are not about MISO's proposed MVP portfolio. Rather, the data seem to be about the benefits and costs of transmission facilities that would be needed under certain imagined scenarios. This data has no logical connection with MISO's proposed portfolio of MVPs.

MVP Criterion 1 is Flawed.

MTEP 11 states that the proposed MVP portfolio is being advanced pursuant to MVP criterion 1 of the MISO tariff.[20] However, Criterion 1 contains no metric or standard requirement for measuring benefits either on a utility-by-utility basis or region-wide basis. In general, Criterion 1 merely requires that the project be in support of a public policy provision and enable energy to be delivered reliably and economically. Criterion 1 does not contain any benefit metric. For this reason, Criterion 1 is fundamentally flawed, despite FERC's acceptance of it.

MISO has not substantiated its assertion of value.

MTEP 11 states,

> The MVP cost allocation criteria requires the evaluation of the portfolio on a reliability, economic and energy delivery basis. The analyses were designed to demonstrate this value, both on a project and portfolio basis. (MTEP 11 at 59)

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[18] MTEP 11, at 54
[19] MTEP 11, at 59
[20] MTEP 11, at 50

As previously explained, Criterion 1, under which all of the MVP projects in MTEP 11 are being advanced, does not require any benefit metric to be passed—not "reliability", not "economic" and not "energy delivery." Without a metric, MISO cannot claim that the "value" has been demonstrated. In any event, despite the claim in the sentence on page 59, MISO has not demonstrated any value on a project specific basis because MTEP does not contain project-specific data.

MVP projects create reliability issues and more MVP facilities are added to address these issues.

MISO states that its proposed MVP portfolio maintains system reliability by "resolving reliability violations on approximately 650 elements for more than 6,700 system conditions and mitigating 31 system instability conditions."[21] However, this statement is misleading because many of the "reliability violations" are created by elements of the portfolio that other elements of the portfolio are then designed to resolve. This is demonstrated by MISO's statement that "a series of system performance analyses were performed to ensure that the system reliability will be maintained with the proposed MVP portfolio in service"[22] and is shown by Table 4.1-2. MISO modeled only "with the RPS mandated wind, without any incremental transmission" and "with the RPS mandated wind and the MVP portfolio."[23] This says nothing about the most efficient way to address these conditions. MISO also presents an extensive list of under-build on page 65, the costs of which will be included in the MVP portfolio.

The Operating Reserve savings benefit is questionable.

The $28 million of operating reserve savings that MISO assumes in MTEP 11[24] are not well-founded because MISO would need to secure a change to its operating reserve tariff language to enable these savings, assuming that they would become available, to be realized.

The 40-year assessment of benefits is not relevant to the MTEP 11 approval decision.

MTEP 11 presents conclusions based on a forecasted 40-year stream of benefits. These conclusions are not relevant because MISO's MVP tariff was not approved on that period of benefits.

The production cost metric for calculating benefits to load is questionable.

The primary component of the benefit calculation is the estimated reduced production costs. However, production cost benefits may or may not flow through to retail customers. In many cases, the production cost benefits will be retained by the generators. On the other hand, all MVP project costs are assigned to load. Therefore, assuming that all estimated production cost benefits will offset allocated costs to load is a false assumption.

MTEP 11 does not explain the projected in-service years for the MVP projects.

Page 46 of MTEP 11 lists the targeted in-service year of each MVP project. However, there is nothing in MTEP 11 that ties these in-service years to any identified system need. Nor is there anything in MTEP 11 that ties these in-service years to any public policy schedule for load serving entities to secure renewable energy.

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[21] MTEP 11, at 45
[22] MTEP 11, at 59
[23] MTEP 11, at 63
[24] MTEP 11, at 69

Lack of clarity on the term "zonal".
MTEP 11 often uses the term "zonal".[25] However, in many cases, it is not clear whether the term refers to the seven proposed local resource zones or the twenty-six existing transmission owner pricing zones.

The unsupported hyperbole in the text of MTEP 11 is disconcerting.
Aside from the extensive substantive concerns, the ICC is bothered by the unsupported hyperbole in the text of MTEP 11. For example, in the large blue dialogue box on page 49, it states,

> The output from the study, a proposed MVP portfolio, will reduce the wholesale cost of energy delivery for the consumer by enabling the delivery of low cost generation to load, reducing congestion costs and increasing system reliability, regardless of the future generation mix.

While this statement may be true given the "generation mixes" that MISO modeled for its MVP purposes, it clearly is not true of every possible generation mix and probably is not true for generation mixes with a reasonably high probability of occurring.

The statements in MTEP 11 regarding the Michigan Thumb project are inconsistent.
In MTEP 11, MISO Staff is recommending MISO Board approval of the entire MVP portfolio, but MTEP 11 also makes clear that the Michigan Thumb Loop Expansion project, which is a project in the portfolio, was already approved by the MISO Board in December, 2010. If all of the projects were evaluated on a portfolio basis, it is not clear how the MISO Board could have approved the Michigan Thumb project separate from the rest of the portfolio. Similarly, if the Michigan Thumb project has already received MISO Board approval as a separate project, it is not clear why that project would need to be approved again as part of the MVP portfolio approval.

[25] See, e.g., MTEP 11 Appendix E-5, at 47

INDUSTRIAL COMMISSION OF NORTH DAKOTA

Jack Dalrymple
Governor

Wayne Stenehjem
Attorney General

Doug Goehring
Agriculture Commissioner

September 20, 2011

Mr. John Bear, President
Midwest Independent Transmission System Operator
720 City Center Dr.
Carmel, Indiana 46032

Dear Mr. Bear:

North Dakota's vast energy resources are well established and we need to export those resources to areas where they can be used. The Midwest Independent Transmission System Operator (MISO) is considering a set of Multi-Value Projects (MVP) that will do exactly that; increasing access to the energy resources in the Upper Midwest and delivering to load centers throughout the MISO footprint. It is with that understanding that we, the North Dakota Industrial Commission (NDIC), a board comprised of three statewide elected officials, encourage MISO to approve the candidate MVP projects.

These projects, including those designed to increase transmission capacity in the Upper Midwest, will strengthen the region's electric grid, while also providing transmission developers the certainty needed to begin building this important new infrastructure.

The candidate MVP projects have been studied extensively and demonstrated conclusively that all utilities within the MISO footprint will receive benefits in excess of project costs. This process was conducted in the open, transparent manner for which MISO is noted and respected.

Finally, while North Dakota is known for having a strong economy and low unemployment, the NDIC firmly believes in job growth. Transmission infrastructure projects will employ thousands of workers throughout the region, from construction workers to industry suppliers, many of whom call North Dakota home.

Approval of MVP status to the candidate portfolio will extend employment and energy benefits throughout the entire MISO footprint. The North Dakota Industrial Commission urges MISO to grant MVP status at its December board meeting.

Sincerely,

North Dakota Industrial Commission

Jack Dalrymple, Chairman
Governor

Wayne Stenehjem
Attorney General

Doug Goehring
Agriculture Commissioner

Karlene K. Fine, Executive Director and Secretary
State Capitol, 14th Floor - 600 E Boulevard Ave Dept 405 - Bismarck, ND 58505-0840
E-Mail: kfine@nd.gov
Phone: (701) 328-3722 FAX: (701) 328-2820
www.nd.gov

MidAmerican Energy Company
4299 Northwest Urbandale Drive
P.O. Box 7916
Urbandale,, Iowa 50322
(515) 252-6429 Telephone
E-mail: JJGust@MidAmerican.com

JEFFEREY J. GUST
Vice President, Compliance & Standards

October 27, 2011

VIA E-MAIL

Clair Moeller
Vice President of Transmission Asset Management
MISO

Re: MidAmerican's Support for 2011 Multi-Value Projects

Dear Clair:

MidAmerican has participated in the conceptual development of several Multi-Value Projects ("MVPs") in and adjacent to the MidAmerican transmission system. The two largest projects in MidAmerican's area were coordinated with the Upper Midwest Transmission Development Initiative which is a group reporting to the Midwest Governors Association. MidAmerican has closely followed and participated in the 2011 Candidate MVP Portfolio Study. Further, we have participated in the development of the MISO Transmission Expansion Plan ("MTEP") 2011.

By this letter, MidAmerican provides its support for the set of 17 MVPs included in MTEP 2011. MidAmerican believes the MVPs, including the four 4 MVPs which MidAmerican will participate in, will enable the MISO Transmission System to more reliably and economically deliver energy in support of documented energy policy mandates in a better manner than it otherwise would be without the transmission upgrades. We also believe the MVPs will provide multiple types of economic value across multiple pricing zones.

MidAmerican extends our appreciation to the MISO staff for the many hours of work to date on the 2011 MVPs and we look forward to constructing and placing the MidAmerican MVPs into service as soon as practical.

Sincerely,

/s/

Jeffery J. Gust
Vice President, Compliance & Standards
MidAmerican Energy Company

215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpco.com (web site)

SENT VIA EMAIL

November 2, 2011

OTTER TAIL POWER COMPANY

Clair Moeller
Vice President of Transmission Asset Management
MISO
720 City Center Drive
Carmel, IN 46032-7574

Re: Comments of the Supporting Transmission Owners to the System Planning Committee of the MISO Board of Directors in support of Multi Value Project (MVP) Portfolio approval

Dear Clair,

The Supporting Transmission Owners appreciate the opportunity to provide additional feedback to the Board of Directors System Planning Committee on the MVP Portfolio. The MVP Portfolio is the culmination of over seven years of research and analysis of the MISO transmission system by MISO and the Transmission Owners. The scope of this effort was varied and diverse with the MISO Board of Directors Transmission Guiding Principles serving as a cornerstone. The numerous studies and reports that resulted from this effort were reviewed and commented upon by stakeholders at dozens of meetings and presentations.

A key new component of this effort was the addition of public policy requirements to the transmission planning process. This introduced a new objective for the transmission system that eventually became one of the key drivers of the transmission planning process. During the analysis it became apparent the incremental transmission system improvement approach that has served the region well for the past decades was severely challenged in meeting the changing demands that are being placed upon the transmission system. This realization led to the examination of larger and more expansive projects and ultimately the development of the MVP concept, the filing of tariff revisions at FERC, and the creation of the MVP Portfolio.

An important aspect of the MVP Portfolio is the wide range of benefits it will provide. This includes increased reliability, improved energy market efficiency, and furthering compliance

with the numerous Renewable Portfolio Standards and Guidelines. This varied set of benefits were determined using multiple analysis techniques with the goal of insuring the benefits would actually be provided under a wide range of potential future economic and business scenarios. The results of the MVP analysis indicate that every Local Resource Zone (LRZ) in MISO will receive at least a benefit of $1.60 for every $1.00 they pay. The analysis validates the value of the MVP Portfolio to the entire MISO footprint.

In summary, the MVP Portfolio achieves the goal of providing a wide range of benefits to the MISO footprint in a cost effective and efficient manner. Stakeholders have had numerous opportunities to review and comment upon both the transmission planning process and the studies and reports that were the result of the process. The combined set of transmission projects that make up the MVP Portfolio meets the FERC approved tariff requirements to be classified as MVPs. Therefore, the Supporting Transmission Owners fully endorse the MVP Portfolio and strongly recommend the MISO Board of Directors approve the Portfolio as part of MTEP11.

Sincerely,

JoAnn M. Thompson

On Behalf of the
Supporting Transmission Owners

cc: Jennifer Curran

we energies

231 W. Michigan St.
Milwaukee, WI 53203

www.we-energies.com

November 2, 2011

Mr. Clair Moeller
MISO
Vice President of Transmission Asset Management
P.O. Box 4202
Carmel, IN 46082-4202

Dear Mr. Moeller,

Thank you for the opportunity to provide additional feedback related to the Multi Value Project (MVP) Portfolio.

We Energies is very supportive of the Pleasant Prairie to Zion Energy Center project included in the MVP portfolio. This project will significantly reduce congestion costs for our customers.

We are currently working with MISO on an issue of concern and importance to us involving the ability to obtain rate case quality projections of cost allocations associated with future Multi Valued projects. In the past, our Transmission Owner (TO) has been able to provide rate case quality projections of the cost; however, our TO has indicated that its customers will need to rely more on the MISO estimates in the future. In discussions with MISO staff, they were assuming that the TO would continue to provide the rate case quality projections. There is conflicting communication on who will have the responsibility of providing the needed information for us to incorporate in future rate cases. We have made a formal request to MISO regarding resolution of this issue. MISO has indicated that they are discussing this issue internally and will get back to us on their recommended approach. Our purpose in bringing this issue to your attention is to restate the importance of resolving this issue for Transmission Dependent Utilities in anticipation of more multi value projects in the future.

We appreciate the opportunity to provide feedback prior to the final review of the Multi Value Project Portfolio approval by the MISO Board of Directors.

Respectfully submitted,

Joann Henry
Market Strategist

From: Jim Newcomb [jnewc@verinet.com]
Sent: Friday, October 28, 2011 1:23 PM
To: Clair J. Moeller
Cc: Jennifer Curran; DHan James; Doug Dumler
Subject: feedback related to the Multi Value Project Portfolio

Mr Moeller -

The In-Service dates need some compelling, imminent changes for construction completion. The Upgrades seem to be geared to the complete advantage of MISO customers and MISO load. New development in the Upper Midwest is an advantage for PJM and others outside of MISO.

It should not take six years for Otter Tail to finish its engineering, permitting, easements and construction work to build the BS2 line to Brookings. Nor should it take two years to get BS2 in service AFTER the Cap X Brookings line. Possibly two weeks or two months.

The coordination of the design, study and implementation of the MVP lines are MISO's responsibility. I am saying it is not being done well. It shows up in the In-Service dates.

Sincerely, JIM

Jim Newcomb
Founding Manager
SummitWind. LLC
Wahpeton Wind, LLC
Blue Cloud Wind, LLC
970.217.5797 Cell

From: Balu, Neal J [NJBalu@wisconsinpublicservice.com]
Sent: Wednesday, November 02, 2011 11:54 AM
To: Clair J. Moeller
Cc: Jennifer Curran; Balu, Neal J
Subject: FW: [MISO] Stakeholder Feedback on Multi Value Project Portfolio
Attachments: 20111019%20BOD%20System%20Planning%20Committee%20Item%2003a%20%20MISO%20Responses%20to%20MTEP11%20Substantive%20Comments.pdf

Clair:

In response to the e-mail below, Wisconsin Public Service Corporation/Upper Peninsula Power Company would like to provide the following additional comments to the comments included in the attached document.

On Section 3.1, "Policy and Infrastructure assessment documentation", we would like to add that " at a minimum MISO needs to check that CSAPR is being complied with in their generation planning analysis".

On section 4.0 (page 16) "Report Layout and Contents", we would like to add that while the Benefit/Cost analysis information on individual projects (within the MVP portfolio) may be understated, that is precisely the reason we would like to know how the B/C ratio of individual elements of a MVP portfolio stack up so that we know whether a particular project or projects within the portfolio need to move forward or not. In other words, if the contribution of a particular project within the portfolio does not add value, then one has to take a hard look at the alternatives for that project (or Projects).

Thanks
Neal Balu
Director, Transmission Policy
Wisconsin Public Service Corporation
(A subsidiary of Integrys Energy Group)
Ph: 920-469-2356
Cell: 920-680-7037

From: Amanda Brower [mailto:ABrower@misoenergy.org]
Sent: Tuesday, October 25, 2011 12:15 PM
To: adv_committee@lists.midwestiso.org; planningac@lists.midwestiso.org
Subject: [MISO] Stakeholder Feedback on Multi Value Project Portfolio

Dear Stakeholders,

At the last System Planning Committee of the MISO Board of Directors, the Committee requested additional feedback related to the Multi Value Project Portfolio. To the extent that stakeholders have additional feedback beyond that which has already been provided through the stakeholder process, they are encouraged to send letters reflecting that feedback. Those letters will be provided to the System Planning Committee for consideration at the Committee's November 8th meeting.

Letters should be addressed to Clair Moeller, Vice President of Transmission Asset Management. Electronic submissions are encouraged and should be sent to Clair Moeller (cmoeller@misoenergy.org) with a copy to Jennifer Curran (jcurran@misoenergy.org).

All submissions must be received by close of business Wednesday November 2.

Please contact Jennifer Curran (jcurran@misoenergy.org) with any questions.

Thank you.

Planning Advisory Committee

Summary of Review and Advice to Advisory Committee and Board of Directors

MTEP 11

September 23, 2011

The Planning Advisory Committee, through its Sector representatives, has reviewed the draft MTEP 2011 report and provides the following summary advice to the Advisory Committee and the MISO Board of Directors with respect to the following aspects of the MTEP report.

This document contains a summary of all the substantive comments received by the MISO, as well as the MISO's responses to these comments. Respondents were given the option of providing no comment (via a series of checkbox options), approving of various components of the MTEP report, studies, and processes (again, via checkboxes), and/or providing written comments. In general, the responses were highly positive. Most respondents responded by approving the studies, context, and clarity of the MTEP process, by approving of the report and providing comments, or by suggesting comments to improve the report and process.

The comments generally address the following areas:

- Proposed Multi Value Project Portfolio
- EPA Study and Generation Futures Analysis
- New Appendix A Project P1809
- Process improvements
- Report edits and clarifications

This summary includes substantive comments from the following sectors and stakeholders:

- Alliant Energy
- Ameren Services Company
- American Transmission Company
- Consumers Energy
- Iberdrola Renewables
- Invenergy Energy Management LLC
- Vectren
- Wisconsin Public Service Corporation (WPSC)
- Wind on the Wires
- Xcel Energy

In addition, editorial comments were received from stakeholders during the review process. These comments, where applicable, were incorporated into the draft report which was sent to the Board of Directors.

The following stakeholders sent editorial comments:

- American Transmission Company
- Edison Mission Marketing & Trading
- Environmental Law & Policy Center
- ITC Transmission
- MidAmerican Energy Company
- Missouri Public Service Commission
- Muscatine Power & Water
- Northern Indiana Public Service Company
- We Energies
- Wind on the Wires
- Wisconsin Public Service Corporation
- Xcel Energy

Checkbox Response Summary

A summary of the checkbox responses are shown below. Any verbal comments are omitted from this section for length, as they are summarized in the next section.

In general, the high level checkbox responses were positive. For each question, a majority of respondents approved of the MISO study, process, or results.

1.1 New Appendix A Projects Study Process

With respect to the <u>study process</u> followed in moving projects to Appendix A, three options for feedback were given to stakeholders. These options, given as checkboxes, are shown below:

Checkbox 1. Documentation of analysis methods and underlying assumption is comprehensive and clear

Checkbox 2. Have no comments on analysis methods and underlying assumption documentation

Checkbox 3. Offer the following comments with respect to the documentation of analysis methods and underlying assumptions:

The responses to these three items are shown in the table in the table below.

	Checkbox		
Stakeholder	**1**	**2**	**3**
Alliant Energy	x		
American Transmission Company	x		
Consumers Energy			x
Iberdrola Renewables	x	x	
Invenergy Energy Management LLC	x	x	
Vectren			x
Wisconsin Public Service Corporation (WPSC)			x
Wind on the Wires	x	x	
Xcel Energy	x		

1.2 New Appendix A Projects Review Process

With respect to the <u>stakeholder review process</u> followed in moving these projects to Appendix A, three options for feedback were given to stakeholders. These options, given as checkboxes, are shown below:

Checkbox 1. The stakeholder process as defined in Attachment FF and Transmission Planning Business Practices Manual was appropriately followed

Checkbox 2. Have no comments on the stakeholder review process

Checkbox 3. Offer the following comments with respect to the stakeholder review process

The responses to these three items are shown in the table below.

	Checkbox		
Stakeholder	**1**	**2**	**3**
Alliant Energy	x		
Ameren Services Company	x		
American Transmission Company	x		
Consumers Energy			x
Iberdrola Renewables	x	x	
Invenergy Energy Management LLC	x	x	
Vectren			x
Wisconsin Public Service Corporation (WPSC)			x
Wind on the Wires	x	x	
Xcel Energy	x		

1.3 New Appendix A Projects

With respect to the <u>incorporation of the projects in Appendix A</u> (note this question refers solely to the recommendation of the project itself, not the recommended cost sharing treatment):three options for feedback were given to stakeholders. These options, given as checkboxes, are shown below:

Checkbox 1. Support the staff recommendations for these projects.

Checkbox 2. Have no comments on the recommendations for these projects.

Checkbox 3. Offer the following comments with respect to specific projects recommended for approval

The responses to these three items are shown in the table below.

	Checkbox		
Stakeholder	**1**	**2**	**3**
Alliant Energy		x	
Ameren Services Company	x		
American Transmission Company	x		
Consumers Energy			x
Iberdrola Renewables	x		x
Invenergy Energy Management LLC	x		x
Vectren		x	
Wisconsin Public Service Corporation (WPSC)			x
Wind on the Wires	x		x
Xcel Energy	x		x

2. Appendix A Cost Allocation

With respect to cost allocation, three options for feedback were given to stakeholders. These options, given as checkboxes, are shown below:

Checkbox 1. Support the cost allocations for these projects.

Checkbox 2. Have no comments on the cost allocations for these projects.

Checkbox 3. Offer the following comments with respect to cost allocations for specific projects recommended for approval

The responses to these three items are shown in the table below.

	Checkbox		
Stakeholder	**1**	**2**	**3**
Alliant Energy			x
Ameren Services Company	x		
American Transmission Company	x		
Consumers Energy			x
Iberdrola Renewables	x		x
Invenergy Energy Management LLC	x		x
Vectren			x
Wisconsin Public Service Corporation (WPSC)			x
Wind on the Wires	x		x
Xcel Energy	x		

3.1 Policy and Infrastructure Assessment Documentation

With respect to the <u>documentation</u> of the initiatives and studies, three options for feedback were given to stakeholders. These options, given as checkboxes, are shown below:

Checkbox 1. Agree that the status update and description of drivers for the initiatives and studies are comprehensive and clear..

Checkbox 2. Have no comments on the documentation of the initiatives and studies report.

Checkbox 3. Offer the following comments with respect to the documentation of the initiatives and studies

The responses to these three items are shown in the table below.

	Checkbox		
Stakeholder	**1**	**2**	**3**
Alliant Energy	x		
Ameren Services Company	x		
American Transmission Company	x		
Consumers Energy			x
Iberdrola Renewables	x	x	
Invenergy Energy Management LLC	x	x	
Vectren			x
Wisconsin Public Service Corporation (WPSC)			x
Wind on the Wires	x		x
Xcel Energy	x		x

3.2 Policy and Infrastructure Assessment Initiatives and Studies

With respect to the initiatives and studies themselves, three options for feedback were given to stakeholders. These options, given as checkboxes, are shown below:

Checkbox 1. Generally support the initiatives and approach taken.

Checkbox 2. Have no comments on the initiatives and approach taken.

Checkbox 3. Offer the following comments with respect to the initiatives and approach taken

The responses to these three items are shown in the table below.

	Checkbox		
Stakeholders	**1**	**2**	**3**
Alliant Energy		x	
Ameren Services Company	x		
American Transmission Company	x		
Consumers Energy		x	
Iberdrola Renewables	x	x	
Invenergy Energy Management LLC	x	x	
Vectren			x
Wisconsin Public Service Corporation (WPSC)		x	
Wind on the Wires	x	x	
Xcel Energy	x		

4. Report Content and Layout

With respect to the overall report content and layout, three options for feedback were given to stakeholders. These options, given as checkboxes, are shown below:

1. Generally support the overall report content and layout.
2. Have no comments on the overall report content and layout.
3. Offer the following comments with respect to the overall report content and layout

The responses to these three items are shown in the table below.

	Checkbox		
Stakeholder	**1**	**2**	**3**
Alliant Energy	x		
Ameren Services Company	x		
American Transmission Company	x		
Consumers Energy			x
Iberdrola Renewables	x	x	
Invenergy Energy Management LLC	x	x	
Vectren			x
Wisconsin Public Service Corporation (WPSC)			x
Wind on the Wires	x	x	
Xcel Energy	x		x

Verbal Comments and MISO Responses

The stakeholder verbal comments are summarized below. These comments are broken down by subject area, and MISO responses to each topic are provided.

Proposed Multi Value Project Portfolio

Project Approval

Question	Stakeholder	Comment
1.3: New Appendix A Projects	Iberdrola Renewables	Iberdrola Renewables fully supports approval of the proposed Appendix A projects. In particular, Iberdrola Renewables supports approval of the proposed MVP portfolio. The portfolio is the culmination of a multi-year planning process involving the efforts of stakeholders representing a broad range of interests. The MVP portfolio is essential to meeting renewable energy objectives and needs in a timely and cost-effective manner. In addition, the MVP portfolio will provide widespread reliability and economic benefits, as amply demonstrated by MISO staff's analysis under conservative assumptions. The MVP portfolio represents a solid foundation to build upon as the needs of the MISO footprint evolve over the many decades that the projects will be in service.
1.3: New Appendix A Projects	Invenergy Energy Management LLC	Invenergy Energy Management LLC fully supports approval of the proposed Appendix A projects. In particular, Invenergy Energy Management LLC supports approval of the proposed MVP portfolio. The portfolio is the culmination of a multi-year planning process involving the efforts of stakeholders representing a broad range of interests. The MVP portfolio is essential to meeting renewable energy objectives and needs in a timely and cost-effective manner. In addition, the MVP portfolio will provide widespread reliability and economic benefits, as amply demonstrated by MISO staff's analysis under conservative assumptions. The MVP portfolio represents a solid foundation to build upon as the needs of the MISO footprint evolve over the many decades that the projects will be in service.
1.3: New Appendix A Projects	Wisconsin Public Service Corporation (WPSC)	While we agree in general on the projects recommended for inclusion in Appendix A, WPSC strongly support the incorporation of the following projects in the MVP Portfolio: Brookings, SD –SE Twin Cities 345 kV. N. LaCrosse-N. Madison-Cardinal and Dubuque Co. –Spring Green –Cardinal 345 kV.

Question	Stakeholder	Comment
1.3: New Appendix A Projects	Wind on the Wires	Appendix A of MTEP11 includes the first portfolio of multi-value projects. This year's proposed MVP Portfolio is the culmination of approximately four years of work on a methodology that enables states to effectively meet their energy policy goals. As the MTEP11 report acknowledges, eleven of twelve MISO states have energy portfolio standards that direct their local service entities ("LSE") to increase the percentage of renewable energy resources in their energy portfolio over the next fifteen years. Nearly all of those laws allow the LSEs to meet a portion of their state specific standards with energy from outside of their state. The seventeen lines in the proposed MVP Portfolio will support the development of renewable resources throughout the MISO footprint. This enables LSEs to balance their need to procure from local renewable energy resources with the need to procure low cost renewable energy. Without this portfolio of projects, LSEs will be challenged to meet their requirements/goals/standards by the end of this decade in a cost effective manner. As discussed on page 36 of the MTEP11 report, without these lines approximately 41,000 GWhs of renewable energy that is needed to meet state requirements/goals/standards would be constrained and as a result not be cost-effective. Therefore, this year's MVP portfolio meets the tariff requirement of supporting documented energy policy. The Proposed Multi Value Project Portfolio section is also replete with analysis demonstrating how the proposed MVP portfolio improves transmission system reliability and provides positive economic benefits. The best demonstration of the economic benefits for regions of MISO is represented in Figure 4.1-6. That figure shows the benefit/cost ratio for seven MISO local resource zones. Even under conservative assumptions, the B/C ratio is no lower than 1.6:1 in any given region. The ratios for each region are well above the break-even point of 1:1, providing piece of mind that the proposed MVP Portfolio is very likely to provide positive economic value – even in Southern Indiana and Michigan -- under worse market conditions than the conservative assumptions MISO staff used in its analysis. (See also figure 4.1-17 for a depiction of the relative impacts of critical variables). Given the demonstrated need and all of the data demonstrating improved reliability and positive economic benefits the proposed MVP Portfolio will provide, Wind on the Wires fully supports the approval of the proposed lines.
1.3: New Appendix A Projects	Xcel Energy	MISO conducted the Candidate MVP analysis under an intense amount of stakeholder scrutiny and still managed to complete its analysis on schedule and with a significant amount of supporting results. The Candidate MVP analysis has resulted in development of a portfolio of projects that will provide significant benefits to the entire MISO footprint and Xcel Energy commends MISO for its work on this effort.
2: Appendix A Cost Allocation	Consumers Energy	Consumers Energy does not support the cost allocation of the Multi-Value Projects as described in the sections of MTEP 11 listed above because the methodology distorts who the beneficiaries really are. In particular, the proposed projects without the Thumb project included in the evaluation have not been demonstration to provide benefit to Michigan customers commensurate with the costs to be allocated to Michigan.

Question	Stakeholder	Comment
2: Appendix A Cost Allocation	Iberdrola Renewables	MISO staff's analysis shows that the proposed MVP portfolio fully meets the FERC-accepted criteria for MVP cost allocation treatment. MISO staff has quantified benefits related to reduced congestion, fuel savings, operating and planning reserves savings, reduced losses, economically expanding renewable resources, and meeting reliability requirements. The resulting cost/benefit ratios are more than sufficient to justify the portfolio. In addition, MISO staff has indentified qualitative, but highly important, benefits related to resource flexibility, system robustness, and environmental impacts. MISO staff has shown that both the quantitative and qualitative benefits accrue across the entire MISO footprint commensurate with usage, thus meeting the principle and requirement that allocated costs be roughly commensurate with benefits.
2: Appendix A Cost Allocation	Invenergy Energy Management LLC	MISO staff's analysis shows that the proposed MVP portfolio fully meets the FERC-accepted criteria for MVP cost allocation treatment. MISO staff has quantified benefits related to reduced congestion, fuel savings, operating and planning reserves savings, reduced losses, and economically expanding renewable resources and meeting reliability requirements. The resulting cost/benefit ratios are more than sufficient to justify the portfolio. In addition, MISO staff has indentified qualitative, but highly important, benefits related to resource flexibility, system robustness, and environmental impacts. MISO staff has shown that both the quantitative and qualitative benefits accrue across the entire MISO footprint commensurate with usage, thus meeting the principle and requirement that allocated costs be roughly commensurate with benefits
2: Appendix A Cost Allocation	Wind on the Wires	In FERC's Order accepting the Multi-Value Project cost allocation methodology, it reached the finding that the MVP criteria will ensure that costs are roughly commensurate with the benefits and that the individual review and portfolio approach will ensure that the benefits are broadly spread cross the footprint. (FERC ORDER, Docket NO. ER10-1791, ¶¶ 201-05, 216) In the latter part of the Summer, MISO staff primarily focused on the business case and the benefit to cost ratio. Staff has quantified benefits related to congestion and fuel savings, reduced operating reserves, reduced system planning reserves, reduced transmission line losses, least cost approach to wind turbine siting, and reduced reliability upgrades. Beyond that, MISO staff identified qualitative benefits, such as increased generation flexibility, improved ability to handle unexpected events, hedging against spikes in or sustained increase in natural gas prices, improved system ability to integrate wind, fostering of local economic development by enabling the development of renewable resources, and is a secondary contributor to the reduction of carbon output from fossil generation resources. These benefits affect the entire MISO footprint, not just a specific location. Therefore, all stakeholders will receive these benefits commensurate with their usage. Figure 4.1-18 depicts the quantified benefits in B/C ratios for the Local Resource Zones and demonstrates how this portfolio meets FERCs finding that the benefits are broadly spread across the footprint.
3.1: Policy and Infrastructure Assessment Documentation	Wind on the Wires	Section 4: Proposed Multi-Value Project Portfolio Wind on the Wires agrees with the documentation of the initiatives and studies MISO has presented regarding the Proposed Multi-Value portfolio, and as stated above, we endorse the approval of the portfolio of projects recommended by staff.

MISO Response:

A Multi Value Project (MVP), as defined in Attachment FF of the MISO Tariff, is one or more network upgrades that address a common set of transmission issues and meet one of the MVP criterion. These criterion require the project to enable public policy, enhance system reliability, and/or improve the economics of the transmission system. Each project in this portfolio was justified against the Multi Value Project cost allocation criteria 1, which requires projects to reliably or economically enable the deliver energy in support of documented energy policy mandates. More specifically, each project was shown to mitigate reliability constraints which would otherwise limit the renewable energy which may be delivered to system load.

The proposed Multi Value Project portfolio also brings strong benefits in aggregate to the MISO system. These benefits range from 1.8 to 3.0 times the portfolio cost, and they are spread throughout the system in a manner commensurate with the Multi Value Project cost allocation methodology. In addition to the demonstrated reliability and economic benefits under existing energy policy mandates, the portfolio also has the ability to support future energy and generation policies. Moreover, under a combination of future energy policies, the portfolio was shown to provide benefits up to 5.8 times its costs.

Due to the reliability, economic and public policy benefits that the portfolio provides, MISO staff recommends the proposed Multi Value Project portfolio to the Board of Directors for approval. All the results which lead to this conclusion, including the reliability, economic, and public policy benefits for the proposed MVP portfolio, were reviewed with stakeholders during a course of 15 targeted Candidate MVP Portfolio Analysis Technical Study Task Force meetings, as well as 11 Planning Advisory Committee meetings and 5 Planning Subcommittee Meetings.

Economic Benefit Granularity

Question	Stakeholder	Comment
1.1: New Appendix A Projects Study Process	Vectren	MISO failed to provide sufficient granularity of the benefits of the proposed MVP Portfolio to determine whether or not the benefits to Vectren are "roughly commensurate" with the costs.
1.2: New Appendix A Projects Review Process	Consumers Energy	Granularity of Multi-Value Project Benefits – MISO is showing the economic benefits of the entire MVP portfolio as stated in the tariff approved by the Federal Energy Regulatory Commission. Consumers Energy agrees that MISO is required to show the benefits in this manner, however, the tariff does not preclude MISO from showing the economic benefits on a more granular level. Considering the high projected cost of each MVP, it is prudent that MISO consider the economics on a project by project basis. Such an evaluation would enhance the credibility of the Value Proposition and assist in stakeholder review.
1.2: New Appendix A Projects Review Process	Vectren	MISO did/would not provide detailed MVP benefit data to the stakeholders for review, even though this data was used (summarized) to justify the MVP Portfolio.
1.2: New Appendix A Projects Review Process	Wisconsin Public Service Corporation (WPSC)	While the stakeholder process as defined in Attachment FF was followed in this MTEP 2011 cycle, the focus was on the MVP project portfolio and the benefits /cost analysis was performed and discussed at the MVP portfolio level and not at the individual project level. In fact, the individual projects within the MVP portfolio (comprising of 17 projects), was analyzed in a fragmented manner and was not discussed in a cohesive fashion with the stakeholders, namely, how each of the 17 projects within the proposed MVP portfolio provide reliability, economic and public policy benefits. One of the 17 MVP projects was taken up for a mid-year board approval which apparently did not present a full picture of the benefits of either that project or the portfolio. While MISO is required to demonstrate the benefit to cost ratio for the entire MVP portfolio as per the Tariff approved by the FERC, it would have been very helpful if MISO showed the benefits of each of the projects within the portfolio. This in turn would have added credibility to the stakeholder review process.
2: Appendix A Cost Allocation	Vectren	. . . MISO has failed to provide data that Vectren's benefits are roughly commensurate to Vectren's costs for the proposed MVP Portfolio.

Question	Stakeholder	Comment
2: Appendix A Cost Allocation	Wisconsin Public Service Corporation (WPSC)	It would be helpful to show how each of the projects within the MVP portfolio meet the MVP Tariff Requirements criteria, the economic value provided by each of the projects, and the benefit to cost ratio for each of the projects. While Section 4 of the report states that the MVP portfolio as a whole and each project within it was justified under the MVP criteria, what is missing is the benefits to cost ratio of each of the projects and how they are derived. The costs of the MVP portfolio are apparently spread across the system on a load ratio basis. Similarly, the benefits created by the proposed MVP portfolio are spread across the system in a manner commensurate with the costs. Hence, it would be instructive to show the costs and benefits for each of the 7 local resource zones, and how those costs and benefits are computed. Just looking at the B/C figure for each of the local pricing zones does not give a clear picture of the costs and benefits apportioned to the zone. More importantly, it would be beneficial to illustrate the MVP portfolio costs and benefits at a LBA/Pricing zone level. Also, illustrate how the cost of each project is allocated for each TO/pricing zone. Such detailed graphs and charts help to illustrate who the beneficiaries are of each project.
3.1: Policy and Infrastructure Assessment Documentation	Vectren	At the current time, Vectren analysis of future "congestion and fuel savings" resulting from the proposed MVP Portfolio shows very little, if any, benefits to Vectren. Vectren is attempting to reconcile the Vectren analysis with MISO's analysis. However, with MISO's unwillingness to provide their Vectren specific "congesting and fuel savings" data, it is making reconciliation difficult, if not impossible. Vectren cannot agree that the MISO MVP Portfolio benefit studies are comprehensive or clear.
3.1: Policy and Infrastructure Assessment Documentation	Wisconsin Public Service Corporation (WPSC)	The policy and infrastructure assessment discussion are comprehensive at a MVP portfolio level. Proposed MVP portfolio economic benefits shown in Section 4 (Figure 4.1.3) is quite illustrative. However, the details of the spread of benefits across the 7 zones and the MVP portfolio cost allocation distribution on a load ratio share basis across the MISO footprint (for 7 zones) would help to better identify the beneficiaries of the MVP portfolio.
3.2: Policy and Infrastructure Assessment Initiatives and Studies	Vectren	See comments in 3.1.
4: Report Layout and Comments	Vectren	. . . MISO needs to be more open and more granular (down to the Pricing Zone) in their providing of benefit justification of the proposed MVP Portfolio.

MISO Response:

Economic benefits for the portfolio were calculated and reported using the proposed Local Resource Zones for Resource Adequacy. This level of detail was chosen to provide stakeholders with an understanding of the benefits spread, without getting into a detail level which may be falsely precise due to the impact of individual stakeholder actions on actual benefit spreads. All the information used to calculate the portfolio benefits, including the zonal allocation, was provided to stakeholders for their review and use and is available on the MISO website.

MI Thumb Inclusion

Question	Stakeholder	Comment
1.1: New Appendix A Projects Study Process	Consumers Energy	Inclusion of the Michigan Thumb Loop Line in Benefit Calculations – MISO continues to include the Michigan Thumb Loop in the determination of the overall benefits of the MVP's being considered for approval in 2011, even though the MISO Board approved it based upon a stand-alone benefits analysis in August 2010. When MISO approved the Thumb Loop Project, the justification and the economic benefits were shown for the project. There is no reason to continue to include the economic benefits of the Thumb Loop Project in the overall MVP Portfolio benefits for MTEP11. By doing so only masks the true incremental economics (benefits or costs) for the rest of the projects that have not yet been approved.
1.1: New Appendix A Projects Study Process	Wisconsin Public Service Corporation (WPSC)	The Michigan Thumb Loop project was approved as a standalone project in August 2010 by the MISO Board based on the economic benefits. Hence, it is not clear why MISO continues to include the Michigan Thumb project in the overall 2011 MVP portfolio cost /benefits analysis. This will clearly distort the true benefits of the 2011 MVP projects that have yet to be approved.
3.1: Policy and Infrastructure Assessment Documentation	Consumers Energy	. . . They are also incorrectly treating the Michigan Thumb project by effectively double counting the value of the project.

MISO Response:

Per the Tariff criterion, a MVP must be evaluated as part of a Portfolio of projects, whose benefits are spread broadly across the footprint. The Tariff further defines a Portfolio as a collection of two of more MVPs proposed to be located in one of more Transmission Pricing zones that, when evaluated together, are expected to result in regional benefits.

The Michigan Thumb Project was approved in August 2010 as a Multi Value Project justified under the Multi Value Project criterion 1, as it was determined the project reliably enables the renewable energy mandates of the state of Michigan. Subsequently, FERC issued its ruling on the MVP cost allocation tariff. In its ruling, FERC stipulated that all Multi Value Projects must be evaluated as part of a portfolio. As such, the Michigan Thumb Project must be included in the calculation of the portfolio's economic benefits.

Portfolio Benefits Analysis

Question	Stakeholder	Comment
3.1: Policy and Infrastructure Assessment Documentation	Consumers Energy	MISO policy is fundamentally flawed because they have limited their evaluation to a portfolio level review, and not analyzing specific projects. . . .
4: Report Layout and Comments	Consumers	The overall report on the MVP portfolio has very limited value in determining who the true beneficiaries are. Consumers Energy cannot support the results of the study because it masks the economics of each individual project and avoids providing the details on who actually benefits from each project. The fact that FERC requires the projects to be studied on a portfolio basis does not preclude MISO from providing a more detailed analysis of each project
4: Report Layout and Comments	Wisconsin Public Service Corporation (WPSC)	Overall report on the MVP portfolio does not help to determine who the true beneficiaries are since details on the costs and benefits of individual projects are missing, and the details on the costs and benefits at individual TO/pricing zone level are missing. While the report meets the FERC's requirements on portfolio level benefits /cost analysis, details at an individual project level would benefit the stakeholders and help them to better appreciate the MVP portfolio approach.

MISO Response:

The proposed MVP portfolio, when integrated into the existing transmission system, acts as a unit to create economic benefits. A subset of the portfolio would not provide as large of benefits and may cause reliability problems. It would also not efficiently enable low cost energy to be delivered throughout the footprint. As such, the economic benefits from individual projects within the portfolio would be understated at best or misleading at worst, as the project synergies would be lost.

Other Comments

Question	Stakeholder	Comment
1.1: New Appendix A Projects Study Process	Consumers Energy	Wind Modeling – Consumers Energy raised at the various Michigan Technical Task Force and Eastern SPM meetings the issue that the capacity factors being used for wind in Michigan is under stated in the models. MISO has not adjusted the models for the capacity factors used in Michigan. MISO is continuing to use a factor of about 27% which was developed 3 years ago for the Regional Generation Outlet Study (RGOS). Recent studies by wind developers show significantly improved values closer to 40%. With the Michigan Thumb Loop already approved, the additional megawatt-hours produced from wind due to higher capacity factors could be used to meet other MISO State's Renewable Portfolio Standards (RPS). MISO has stated that the assumed wind generation in Michigan is only going to be used for the RPS of Michigan. This is a restrictive assumption and may result in over build of transmission throughout MISO. Another issue that Consumers Energy has with the MISO models is the continued use of the RGOS wind capacity values located in the designated wind zones. There have been new wind projects that have interconnection requests throughout Michigan that are not necessarily located in the wind zones. The capacity values from known projects should be removed from the generic capacity values that were initially used in the designated wind zones. Consumers Energy believes that the most accurate information available to MISO should be included in the models.

MISO Response:

The energy zones in the MVP portfolio analysis relied upon National Renewable Energy Laboratory wind capacity data to determine the amount of wind turbines that are required to meet the renewable energy mandates of the MISO footprint. The capacity factors were based on wind output levels collected over a three year period from more than 1,300 sites in the Eastern Interconnection. As such, they provide a consistent set of wind capacity data to use in regional studies, avoiding any potential differences in measuring techniques or altitude.

The location of the energy zones used to model the incremental wind requirements for the Multi Value Project analysis were based on a low-cost approach to wind generation siting, when both transmission and generation costs are considered. Any generation with signed Interconnection Agreements were included in the model, reducing the amount of generation which would be held in the nearest geographical energy zone.

This approach to modeling generation avoided several potential issues. First, the likelihood of any individual queued Generator Interconnection request being built has been about 9% historically, so a modeling approach which relies upon queued generation is likely to be inaccurate. Also, there is more renewable generation located in the Interconnection Queue than would be required to meet the MISO renewable energy mandates. This would require MISO staff to choose only some of the queued projects for modeling, essentially creating winners and losers among the queued generation. Finally, by avoiding included queued generation without identified upgrades, the analysis did not identify local transmission needs caused by the interconnection of individual generators as Multi Value Projects.

Question	Stakeholder	Comment
2: Appendix A Cost Allocation	Vectren	MISO has failed to establish distinct criteria between RECB I and MVP projects.
4: Report Layout and Comments	Vectren	MISO needs to develop a more distinct criteria between RECB I and MVP Projects. . . .

MISO Response:

A Multi Value Project (MVP), as defined in Attachment FF of the MISO Tariff, is one or more network upgrades that address a common set of transmission issues and meet one of the MVP criterion. These criterion require the project to enable public policy, enhance system reliability, and/or improve the economics of the transmission system.

Similarly, Baseline Reliability Projects, as defined in Attachment FF of the MISO Tariff are Network Upgrades identified in the base case as required to ensure that the Transmission System is in compliance with applicable national Electric Reliability Organization ("ERO") reliability standards and reliability standards adopted by Regional Reliability Organizations and applicable within the Transmission Provider Region.

Further, Attachment FF states "Any transmission project that qualifies as a Multi-Value Project shall be classified as an MVP irrespective of whether such project is also a Baseline Reliability Project and/or Market Efficiency Project."

As such, although some Multi Value Project may also qualify as Baseline Reliability Projects, it is appropriate to share these project costs under the Multi Value Project cost allocation methodology.

Question	Stakeholder	Comment
2: Appendix A Cost Allocation	Alliant Energy	It would be helpful to have more graphs and tables for the MVP costs that show cost on a LBA/pricing zone basis, instead of a state or planning region basis, to the extent that data is available. Another good graph would be to show the allocation between each type of project for each TO/pricing zone. It would also be helpful to have a graph that shows what costs for each TO are getting spread outside their pricing zone vs. what costs are staying in the pricing zone, similar to figure 2.3-1.

MISO Response:

The Multi Value Project costs are described on a Local Balancing Authority / pricing zone basis in Appendix A3.3 to the draft MTEP11 report. This information is also available for Baseline Reliability Projects, Generator Interconnection Projects, and Market Efficiency projects in Appendix A2.2.

A chart similar to Figure 2.3-1 will be considered for inclusion in the full proposed Multi Value Project portfolio report, which is expected to be ready for stakeholder review in October.

New Appendix A Project P1809 (Keystone to Hodenpyl)

Question	Stakeholder	Comment
1.3: New Appendix A Projects	Consumers Energy	METC Project 1809 (Keystone to Hodenpyl) – MISO is justifying the$32.6M line rebuild on assumptions that are contradictory to the justification and need of the previously MISO Board approved ATC Straits Flow Control Project. MISO specifically claimed that the ATC Flow Control Project would be beneficial to the METC area because it would allow METC to take maintenance outages when it otherwise could not. The scenario that MISO shows an overload on the Keystone to Hodenpyl line occurs when there is a line on maintenance and another line on forced outage. MISO has decided to model the ATC Flow Control Project at a fixed 40 MW's from the Lower to Upper Peninsula. However, when the flow control device is allowed to adjust to utilize its full operating capability, the overload is no longer present. Consumers Energy believes MISO should model the ATC Flow Control Project to utilize its full capabilities as it was intended when justified to the MISO Board of Directors. This operation would also be consistent with transmission planning principles in Attachment FF of the MISO Tariff that require the study of likely generation redispatch (in this case the redispatch of the flow control device). Consumers Energy recognizes there are still sag limit violations that are not resolved through changing the flow on the ATC Flow Control Device. METC informed the participants at the East Subregional Planning Meeting on 7/12/11 that the cost to fix the sag limit violations is $1.7M. Consumers Energy at this time requests that the project (P1809) to rebuild the Keystone to Hodenpyl line stay in Appendix B and that a separate project to fix the sag limit violations move to Appendix A.

MISO Response:

The thermal constraints on the Keystone-Hodenpyl 138 kV facility are driven by a combination of a maintenance outage coupled with the forced outage of several different transmission elements. MISO studied impacts on this constraint under a variety of possible system conditions, including critical system condition modeling of powerflow from the Lower Peninsula to the Upper Peninsula through the Straits back to back DC. Such flows are typical of present system flow patterns necessary for reliable system operations and represent a possible severe condition that would preclude maintenance outages on the METC system. MISO also modeled the back to back DC at 40 MW flow north to south, which represents the maximum reliable flow level in that direction, and the level consistent with that considered in the justification of the Straits Control project. Studies demonstrate that even with 40 MW power transfer from north to south, in order for the constraint to be mitigated on the Keystone-Hodenpyl 138 kV facility wind output in Michigan in excess of 40% of its nameplate would be required, and in addition operation of all but one peaking generator in the area would be needed.

MISO staff believes it would be imprudent to defer necessary transmission system expansions with the improbable expectation that all of the above factors would align when the maintenance outage of a facility is requested, for the reasons below:

1. Wind cannot be relied upon to mitigate transmission constraints. It is unreasonable to expect that maintenance outage could be taken only when wind in Michigan is at or above a certain value, as this wind output may vary throughout a given maintenance outage period.

2. Thermal overloads on the Keystone-Hodenpyl facility are seen when there is 40 MW north to south flow, or no power interchange between the two peninsulas, and the overloads are even larger when flow is toward the Upper Peninsula. Any of these system flow patterns may be necessary during times of required maintenance outages in the area.
3. The long term availability of the peaking units that would need to be relied upon to mitigate constraints is uncertain and therefore it is not reasonable to rely on this as a mitigating operating step in the long term.

EPA Study and Future Policy Scenario Analysis

Question	Stakeholder	Comment
3.1: Policy and Infrastructure Assessment Documentation	Wisconsin Public Service Corporation (WPSC)	With respect to EPA Regulation study, WPSC would like to provide the following comments: The Cross State Air Pollution Rule (CSAPR) requires utilities to be in compliance starting 2012. The rule requires significant reductions in 2012 SO2 emissions (approximately 25% of 2010 emissions) for compliance. There is a high degree of uncertainty regarding the impact of CSAPR starting in 2012. Even if the rule were to face legal challenges, utilities will have to operate in such a manner as to assure compliance in 2012 because the outcome of the legal challenges might be unknown. There is significant uncertainty as to whether allowances will be available to meet 2012 compliance. This uncertainty will drive some utilities to look at an environmental dispatch. It is likely that some utilities may restrict the use of their coal units. The restrictions could result in significant increases in combined cycle unit operation. The magnitude of the shift from coal to natural gas is a function of whether or not there are SO2 flue gas desulfurization systems that have not been running (which can now be turned on), and whether or not high sulfur emitting units can be shut down. One has to also evaluate this shift in the context of the need to run units for system security. If the increase in combined cycle unit operation is significant, the owners of combined cycle units, who have been allocated NOx allowances based on historic operation, may find that they are short on NOx allowances should the increase in operation occur. Thus, WPSC/UPPCO can see a critical need for MISO to provide guidance on how MISO views compliance with CSAPR. Specifically: 1. How will the MISO dispatch be impacted? 2. Will coal units that have major reductions in generation due to an environmental dispatch be forced to run for system reliability? WPSC/UPPCO proposes the following simplified analysis for MISO's consideration: Using a currently available pre-CSAPR Promod case for 2012, iterate state SO2 allowance costs to bring Group 1 and Group 2 states in the modeled footprint under their respective CSAPR limits. Report changes in coal and gas generation within the MISO footprint, as well as changes in production costs, congestion and losses. Provide a graphical representation of coal capacity vs. capacity factor, and coal capacity vs. change in capacity factor under CSAPR. In addition, MISO should identify flowgates that depict significant changes in shadow prices and the numbers of hours the flows are binding as well as any other issues (emergency energy, etc) that might indicate system problems.

MISO Response:

MISO will continue to work with stakeholders to review the near term impact of the Cross State Air Pollution Rule (CSAPR) and its impacts on the system. A preliminary discussion has been scheduled for the September Planning Advisory Committee, and a longer discussion will be held with stakeholders at a joint Planning and Markets meeting on October 13th.

Question	Stakeholder	Comment
3.1: Policy and Infrastructure Assessment Documentation	Wind on the Wires	Section 4: Generation Portfolio Analysis The future scenarios currently used in the Generation Portfolio Analysis do not account for the impacts of the four proposed EPA regulations discussed in the EPA Regulations Impact Analysis (Section 4.2). Section 4.2 identifies aggregate impact of potential plant retirements or upgrades and how that flows through into a rate impact, however, this also needs to be accounted for in the generation portfolio analysis. The impacts of EPA regulations need to be added as a sensitivity or as numerous sensitivities to all of the future scenarios. Failure to account for the impact of the EPA regulations in the future scenarios will skew the modeling for multi-value projects, market efficiency projects, MTEP12, etc.
3.1: Policy and Infrastructure Assessment Documentation	Xcel Energy	Xcel Energy supports the inclusion of policy drivers as they relate to renewable portfolio standards and goals. These drivers are reliable, enacted mandates that will require a significant amount of effort to change. Other policies, such as the EPA Regulation Study and the Generation Portfolio Analysis, are worthwhile analyses and the information is beneficial to stakeholders and MISO staff. However, given the relationship of these analyses to state-approved integrated resource plans and their reliance on standards that are not legislatively mandated, Xcel Energy cautions that these results should be viewed as primarily informational and not integrated into future study work.

MISO Response:

MISO agrees that the EPA Impact Analysis is primary informational and has included a disclaimer to represent this state in the report. Also, MISO staff acknowledges that the unit level results from this analysis are sensitive, as they imply the potential for unit retirements which may or may not be actually implemented.

MISO relies upon the advice of the Planning Advisory Committee for guidance on how to develop future scenarios. In the September 2011 Planning Advisory Committee meeting, a preliminary discussion on the MTEP12 future scenarios will be held. This discussion will include a list of proposed future scenarios and the assumptions which should be used to create these futures.

Question	Stakeholder	Comment
3.1: Policy and Infrastructure Assessment Documentation	Wind on the Wires	The capital costs used for Uncertainty Variables (Appendix E2, table E2.2) include Wind-Onshore costs that are much higher than current market prices. The DOE Wind Technologies Report 2009 (August, 2010) determined the capacity-weighted average installed capital cost for onshore wind was $2120/kW (and shows that Midwest costs are lower yet). Since 2009, there has been a 14%-17% decline in wind turbine costs. Competition from Asian manufacturing will provide further long term downward cost pressure. The AEO 2011 wind capital cost of $2,438/kW is 15% above the average cost found in other recent studies.

MISO Response:

The wind capital costs used in the MTEP11 future scenarios were based on the midlevel costs for wind capital investment described in the Energy Information Administration 2011 Annual Energy Outlook. These costs were one of the input assumptions for the MTEP11 future scenario that have been presented and refreshed through extensive stakeholder feedback at the Planning Advisory Committee. During this review process, a motion was brought forth by the Environmental Sector regarding the onshore wind capital cost assumptions used in the future scenarios, but the motion was not seconded.

Question	Stakeholder	Comment
3.1: Policy and Infrastructure Assessment Documentation	Wind on the Wires	The estimates used in the Uncertainty Variables (Appendix E2, table E2.2) undervalue the impact of energy efficiency and demand response. The Uncertainty Variables used data from GEP Estimates, which assumes 0.9% growth after 2015, 0.3% growth after 2020 and 0.1% growth from 2025 to 2030. Synapse Energy Economics looked at three alternative scenarios and based on those results recommends a constant growth rate of 1.0%, or above, out to 2030. In addition, the Low and High levels for EE and DR only vary from the Mid-level by 5% to 10%. These variances are too minor to represent significant differences for a sensitivity analysis and should be increased to a 50% difference from the Mid-level.

MISO Response:

The MTEP11 cycle included the first time that demand side management programs were included into the MTEP future scenarios. The impact of these demand side and energy efficiency programs were estimated through analysis performed throughout the MTEP10 cycle by Global Energy Project (GEP), using the best data available at the time. For future MTEP cycles, an enhanced methodology will be designed to more fully capture the impacts of demand side management and energy efficiency. This methodology will be designed in an open process, with opportunities for stakeholder engagement.

Process

Question	Stakeholder	Comment
1.1: New Appendix A Projects Study Process	Wisconsin Public Service Corporation (WPSC)	The underlying assumptions and analysis methods for the most is comprehensive; however, WPSC/UPPCO would like to offer the following comments: . . . While we recognize that the total cost of Appendix B projects constitute a small percentage of the total cost of Appendix A projects, it is not clear why MISO chose to include the projects in both Appendix A and B for study analysis of economic benefits in Section 2.5. It would have been more meaningful to include only Appendix A projects since the status of Appendix B projects is unknown at the present time. Again, in Section 2.5 with respect to assumptions, it is a little confusing as to which projects are included and which are excluded in the power flow cases. In one instance, it is not clear why only Michigan Thumb project is included and the other 3 multi-value projects whose in-service date is on or before 2016 is excluded; in other instance, the report states that it includes all Appendix A/B projects except the proposed multi-value projects. Hence, it is very confusing.

MISO Response:

The analysis in Section 2.5 of the MTEP report describes the economic benefits of planned and proposed transmission. We include Appendix B projects which are known to be needed for reliability, thus those and their alternatives will need to be built.

We will work with stakeholder to refine the set of projects included in the analysis for next year.

Question	Stakeholder	Comment
5: Additional Feedback	American Transmission Company	The review of the MTEP 11 Report was particularly challenging this year due to the huge amount of work and timing associated with the MVP analysis. The American Transmission Company appreciates all of MISO work and believes that the report has come together very nicely. For next year, it would be helpful to avoid having edits/comments due in close proximity to when a new version of the report is released. Doing so makes it challenging for external reviewers to know what might have already been addressed in the new version. It might also be helpful to "Track Changes" in WORD and for MISO to provide a version showing these changes in addition to a "clean" version. A brief brainstorming session between active stakeholders and MISO might be helpful for enhancing the review process for next year. Thanks for the opportunity to provide feedback.

MISO Response:

MISO will continue to work with stakeholders to refine and improve the review processes regarding the draft versions of the MTEP report.

Report Edits and Clarifications

Question	Stakeholder	Comment
3.1: Policy and Infrastructure Assessment Documentation	Wind on the Wires	Section 5: MISO System Information The analysis of the Loss of Load Expectation incorrectly uses a wind capacity value of 8% (see Figure 5.2-1). This should be increased to 12.9% as recognized in MTEP11 in the paragraph preceding Table 5.2-12.

MISO Response:

The Loss of Load Expectation analysis utilized a 12.9% capacity credit for wind. This has been corrected in Figure 5.2-1.

Question	Stakeholder	Comment
5: Additional Feedback	Wisconsin Public Service Corporation (WPSC)	WPSC/UPPCO compliments the MISO staff for preparing a comprehensive and clear MTEP 2011 report. The report is well organized and it facilitates for easy reading. Section 4 on Regional energy Policy studies covering the candidate MVP portfolio analysis, portfolio benefits, EPA Regulation Impact analysis, and generation portfolio analysis provides detailed discussion of the issues and initiatives. The MTEP process has evolved over the years, and the MTEP 2011 report demonstrates the rapid strides made by the MISO staff in preparing a report that is clear, concise and complete with information. WPSC/UPPCO applauds the active participation of the MISO Board in the review, critique and approval of the Appendix A projects and the detailed MVP Portfolio analysis. Conditional approval by the Board of the Brookings, SD –SE Twin Cities 345 kV project during the midyear approval cycle is a clear example of the critical evaluation by the Board of the projects brought by MISO for approval.

MISO Response:

MISO appreciates the feedback of all stakeholders to help improve our studies and reports.

Question	Stakeholder	Comment
1.1: New Appendix A Projects Study Process	Wisconsin Public Service Corporation (WPSC)	In Section 2, it appears that the description at top of page 13 and Figure 2.3.1 are not consistent; either the description has to be corrected to conform to the figure or the Figure has to be corrected to conform to the description.
4: Report Layout and Comments	Xcel Energy	Additional explanation of Table 4.1-2 would assist in understanding its message. Overall, the report does a commendable job conveying information about a significant number of analyses.
5: Additional Feedback	Alliant Energy	Minor note but in Figure 2.3-1 it appears as those the labels for the red and blue items are backwards; or at least they appear to oppose the language in the paragraph preceding the chart.
5: Additional Feedback	Xcel Energy	Overall the report is very well put together. The only general comment Xcel Energy has is to standardize the language used to refer to the MVP portfolio. Refer across the entire report to Candidate MVPs or proposed MVPs in a uniform fashion.

MISO Response:

These changes will be enacted in the final version of the report.