

ATC Access Initiative – May 16, 2005 Customer/Stakeholder Meeting

On May 16, ATC held the second meeting in its 2005 Access Initiative series to discuss the topic of transmission access with ATC Customers and interested Stakeholders. The purpose of this meeting series is to present and discuss the status and results of Access Initiative study work done to date, to continue to collaboratively develop and evolve the “access value case”, and to solicit feedback, reaction, and ideas from meeting participants. All initiative materials, including meeting presentations and any follow up materials, are posted on the ATC OASIS page and can be found at http://atcllc.com/oasis/Customer_Notices/Access.html.

The following organizations were represented in person or via phone at the May 16 meeting:

- Adams Columbia Electric Cooperative
- Alliant Energy
- Badger Power Marketing Authority
- Citizens Utility Board
- Dairyland Power Cooperative
- Madison Gas & Electric
- Midwest Independent System Operator
- Minnesota Department of Commerce
- MSB Energy Associates
- Municipal Electric Utilities of Wisconsin
- Public Service Commission of Wisconsin
- We Energies
- Wisconsin Paper Council
- Wisconsin Public Power Inc
- Wisconsin Public Service
- Xcel Energy

Following is a summary of Customer/Stakeholder feedback received at this meeting, categorized beneath the relevant meeting agenda item. If an agenda item is not mentioned below, it did not generate significant discussion, resulting in feedback or questions, at the meeting. See meeting materials for full agenda and presentation content.

Action Items for ATCLLC

1. Post LMP Comparison video (**Posted** 5/17/05 as self-extracting zip file).
2. Post complete Decision Matrix for review (**Posted** 5/17/05 as an Excel Spreadsheet).
3. Follow-up on the NCA/BCA designation for WUMS and Northern WUMS.
4. Schedule the next technical meeting and subsequent policy meeting.

Action Items for Stakeholders

1. Comment on ATC sensitivity proposals.
2. Comment on Decision Matrix format, formulas, rankings and criteria.
3. Comment on Twenty Year Assessment methodology and schedule.

Access Initiative Schedule

ATC explained the rationale behind accelerating the identification of the two or three projects with the greatest benefits from the end of the year to this summer. ATC noted, in response to stakeholder comments and questions, that it is reviewing the feasibility of completing the analysis work within 6-8 weeks. This time frame for completion, however, requires that ATC “freeze” the input data for the PROMOD analysis after needed fixes are applied. Although some stakeholders asked that the PROMOD runs incorporate the “unexpected” behavior occurring in the MISO market since April 1st, ATC noted the reasons why it was not modeling these factors, which include limitations in the PROMOD software and the understanding that the market is still in the learning mode of operation.

PSCW Docket

In February, the PSCW opened a Notice of Investigation (NOI) (Docket #137-EI-100) that required ATC to file the current status of its Access Initiative with the PSCW on March 25, 2005. Subsequent to ATC’s filing, ATC met with PSCW staff and other parties to discuss how the Commission might want to proceed in the NOI to make a policy determination regarding access for Wisconsin. During these discussions, a new approach was discussed and considered that would move the project selection process currently being conducted as part of the Access Initiative under the auspices of a PSCW process. ATC noted that this approach would permit filing with the Commission information on multiple projects. ATC has decided to make a recommendation to the PSCW that it consider using the Access Initiative effort to decide the policy question of the need for additional access to energy markets and provide guidance regarding which project(s) ATC should further consider to meet access needs for Wisconsin. PSCW staff present at the May 16th Access Initiative meeting noted that the docket is an investigation into the issue of access to energy markets and that no determination has been made by the PSCW as to whether an order will be issued by the Commission.

Sensitivities for PROMOD Analysis

ATC presented the results of the stakeholder/customer survey issued subsequent to the February 2005 meeting. ATC received replies from six entities to the survey. The number one sensitivity requested was simulation of high natural gas prices. The discussion of this sensitivity primarily involved the need to identify the correct base price for natural gas in the PROMOD analysis, which would then indicate an appropriate variation (e.g., +20%) for the sensitivity run. Subsequent to the meeting, We Energies and MG&E supplied information on future natural gas prices along with suggested public sources for verification. Based on this feedback, ATC is now using \$6.51/MMBtu in the analysis, which includes transportation costs. ATC would like additional feedback on the variation (e.g., \$1.00) to apply to this price for the sensitivity analysis.

ATC presented a proposal for implementing the sensitivity supplied by WPPI (i.e. Increase bids up to offer cap during times of congestion within or into Wisconsin). Due to limitations in the PROMOD software that doesn’t allow for bidding behavior during congestion, ATC proposed adding \$100 to the bid of natural gas units throughout the year. Stakeholders commented that the \$100 value corresponds to a Broad Constrained Area and not a Narrow Constrained Area (NCA). Stakeholders emphasized that the proposal may be a reasonable proxy for this sensitivity if the major projects under study would cause the Independent Market Monitor (IMM)

to remove the NCA designation for ATCLLC. ATC will follow-up on this issue with the IMM as the runs progress to determine if the proposed projects might result in a BCA determination.

ATC requests stakeholder comments on all of the sensitivities presented at the meeting.

Updated Cost Estimates

ATC re-examined the cost estimates for the various major projects and supplied the estimates at the meeting. There were no questions from the stakeholders.

PROMOD Update

ATC presented the results identified via PROMOD to-date. Due to certain data issues, ATC will be rerunning all of the analysis presented before the next meeting. ATC will also be posting the Map Agent video presentation to the ATC corporate web site under the Access link.

Decision Matrix

Stakeholders requested that ATC post the full decision matrix along with a description of the projects and fixes applied. Additionally, stakeholders noted a few items that should be corrected when the file is posted. The suggestions included reviewing whether or not LMP comparability still needs to be weighted since the underlying Ten Year Assessment base case appears to have resolved much of the comparability issues. ATC will post the full decision matrix now for stakeholder comments. Additionally, ATC will re-post the full decision matrix around the beginning of June with updated information from the on-going analysis.

Twenty-Year Assessment

ATC presented an overview of the twenty-year assessment. Discussion of this presentation primarily revolved around the sensitivities that will be run for new generation additions versus importing the power from outside ATC. ATC continues to seek stakeholder comments on this study.

Future Meetings

ATC sought stakeholder comments on the proposal of delaying future meetings until the analysis under the accelerated schedule is complete. General agreement was the next meeting should focus on the completed technical analysis and then a subsequent meeting could be held to discuss policy issues. The next meeting, scheduled for June, will be delayed until July, and then a policy discussion could occur two weeks later.