

ATC Access Initiative – December 1, 2004 Customer/Stakeholder Meeting

On December 1 ATC held the latest meeting in its 2004 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://atellc.com/oasis/Customer_Notices/Access.html.

The following organizations were represented in person or via phone at the October 1 meeting:

- Alliant Energy
- Citizens Utility Board
- Dairyland Power Cooperative
- Madison Gas & Electric
- Manitowoc Public Utility
- MSB Energy Associates
- Public Service Commission of Wisconsin
- We Energies
- Wisconsin Public Power Inc
- Wisconsin Public Service

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.

Chronic Limiters

ATC presented the historical chronic limiters for the ATC system and the ATC projects that would address these constraints. One of the solutions listed is the adoption by the MISO of the revised TRM methodology. Two of the most constraining flowgates involve the Zion-Arcadian and Zion-Pleasant Prairie 345 kV lines. The MISO TRM methodology includes holding flowgate capacity for automatic reserve sharing (ARS) events. To maintain consistency with Transmission Owner planning criteria where the ARS event is planned for under an intact system, the MISO changed the methodology to create separate non-contingent flowgates (i.e. PTDF flowgates) for the system elements with large ARS components. By removing the ARS TRM component from the OTDF (i.e. contingency) flowgates involving the Zion 345 kV lines, capacity is freed up on the system.

Economic – PROMOD Results to Date

The latest PROMOD results show a lower production cost savings than previously identified. The presentation identified several possible reasons for this reduction and the group discussed these and other reasons. One of the primary reasons for the change in the results was the correction of an error in the way that PROMOD was applying outages to the models. This has been corrected for the ATC analysis and New Energy Associates will be providing a permanent fix to the software in the future. In addition to the software error, ATC noted that the “base

case” used to benchmark the savings may contain projects that are no longer needed if one of the larger Access Initiative projects is constructed. The group noted that if ATC were to consider an earlier year as the “starting point”, instead of the 2012 TYA model, then savings results might be different. Therefore, the identified savings may underestimate the savings between constructing the whole Ten Year Assessment (TYA) project list and building a smaller TYA list plus one of the larger Access projects. ATC has not yet optimized the TYA list with the 345 kV projects and it is one of the objectives for the work in 2005. Also in 2005, ATC will also begin to work more closely with neighboring utilities and states and with the MISO on the alternatives.

PROMOD provides the production cost savings for each scenario and it is recognized that additional savings may be realized in a market environment. Consideration was given to the experience of the California ISO (CalISO) market behavior and results were included in the presentation based on the CalISO’s findings. The uncertainty associated with the CalISO data was discussed and the general consensus is that ATC will have better data once the MISO market begins, which is expected for March 2005.

Finally, there was discussion of the Narrow Constrained Area designation for ATC (WUMS and Northern WUMS). ATC expects that the 2nd 345 kV circuit between Wempletown and Paddock and the Flow South mitigation projects, including Cranberry-Conover 138 kV, could adequately address the NCA designation within the 5-year time period. It was noted that the MISO Independent Market Monitor (IMM) makes the determination of NCA designation.

Decision Matrix Feedback

Discussion continued in this meeting over whether or not the decision matrix adequately stressed the benefit cost ratio question. The proposed solution is to continue with the Decision Matrix as presented, with less emphasis on the 3x Market Savings and 3x Net Savings rows, and add the benefit cost ratio information. Additionally, ATC will fill in the remaining Decision Matrix data for the 2nd Paddock-Rockdale and Salem-North Madison plus Salem-Maquoketa alternatives as the information is compiled.

2004 Proxy Packages

ATC developed “packages” for each of the alternatives still under consideration. The project packages include additional projects to produce added production cost savings and to address comparability of LMP within ATC based on the PROMOD results. ATC will continue this work in 2005 by addressing all the regions of the ATC system where the LMP warrant.

2004 Conclusions and Discussion

The consensus of the group is that, although more work is required to identify the correct project to pursue in the future, the analysis shows that a 5000 MW import target is feasible and will yield savings to the ATC footprint. The group understands the need to identify a target level, but also recognizes that it is more important to quantify benefits than a specific import value.