



Transmission Planning and Pricing Activities

Julie Voeck & Mal Bertsch

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Transmission Planning

- Midwest ISO – Regional Expansion Criteria & Benefits Task Force (RECB)
 - Purpose
 - Goal is to develop a cost allocation and cost recovery methodology for new regional transmission projects within the MISO footprint
 - Process has been on-going since early 2004
 - Schedule
 - RECB meeting are scheduled every 2-3 weeks from now through April
 - Proposal to MISO Advisory Committee in April 2005
 - FERC filing expected by mid-May



Transmission Planning

- Current Issues being discussed by RECB
 - Cost allocation – Who pays?
 - Cost-causer vs. Project beneficiaries
 - RECB is still debating this issue
 - PJM model seeks to identify cost-causers
 - SPP model seeks to identify beneficiaries
 - TRANSLink model was based on voltage levels
 - How will benefits be determined?
 - Load flow models
 - “Rough Justice” approaches (voltage levels)
 - Regional cost allocation
 - MISO is considering cost allocation based on:
 - » Regional
 - » Sub-regional (could be ECAR, southern MAIN and MAPP)
 - » Local



Transmission Planning

- Current Issues being discussed by RECB
 - Reliability vs. Economic Projects
 - MISO would like to eliminate differentiation between reliability and economic projects
 - OMS has asked MISO to consider using the same cost allocation approach for both reliability and economic projects
 - Certain OMS members seem to be interested in treating transmission interconnection projects separately – (i.e. identifying a cost-causer)



Transmission Planning

- Cross-border facilities
 - PJM and MISO have been ordered to file a proposal to determine a cost allocation process for transmission facilities that cross RTO boundaries
 - Process
 - FERC filing required mid May 2005
 - PJM and MISO transmission owners are currently meeting as individual groups
 - Joint meeting between MISO and PJM TOs will be planned for March 2005



Transmission Planning

- Cross-border facilities – Issues
 - Which projects would be considered?
 - Would reliability and economic projects be treated differently?
 - How are benefits measured?
 - Does the cost allocation for cross border projects need to be the same methodology as within the RTO?



Transmission Pricing

- EL02-111 FERC Order – November 2004
 - Conditionally Accepted the Regional Zonal Rate Design (Unified Plan)
 - Keeps license plates in place through May 31, 2008 for MISO and May 31, 2005 for PJM
 - Affirmed elimination of RTORs for new transactions sinking in PJM or MISO RTOs
 - Directed MISO, PJM and the transmission owners to file a rate design for cross-border facilities 180 days after the order (mid-May 2005)



Transmission Pricing

- EL02-111 FERC Order – November 2004
 - SECA Provisions
 - Approved SECA methodology effective December 2004 through March 2006
 - Directed compliance filings to implement the SECA transition methodology
 - SECA will sunset on March 31, 2006
 - ATC customers have a financial exposure of \$1,500,000 per month from December 1, 2004 to March 31, 2005
 - 2003 data will be employed for service from April 1, 2005 through March 31, 2006



Transmission Pricing

- EL02-111 FERC Order – November 2004
 - SECA – next steps
 - Contested hearing
 - Schedule
 - Pre-hearing conference on Feb. 24
 - Initial decision expected May 2006 (after SECA is completed)
 - Settlement discussions unlikely