



# Network Customer Meeting

August 23, 2007

Regulatory Update

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# The MSAT Generator Interconnection Cost Allocation Filings

- ATC (ER07-1144)
- ITC/METC (ER07-1141)
- Each tariff proposal attracted comments, both positive and negative
- The MSATs each filed answers
- While further responsive pleadings may be filed, the case is now before FERC

# Comments on ATC's Filing

- Filing is unduly discriminatory; causes cost shifts
- Majority of customers do not support this filing if viewed on a load-served basis
- Proposed revisions are not needed to attract renewable resources or mitigate a tax disadvantage
- ATC is not a Market Participant; not allowed to elect a different cost allocation under the TEMT
- Reimbursement limit should be reduced to \$250/kW

# Comments on ATC's Filing

- WPS: Filing provides a superior mechanism for cost allocation of Network Upgrades
- Invenergy Wind: supports filing
- MI Gov. Granholm: supports filing
- ITC and METC: supports filing

# MPSC Comments

- Generally supportive; will promote generation development in Michigan
- MPSC wants uniform tariff rules in the state
  - \* One year contract versus 10 year contract
    - ITC no limit; ATC has \$400/kW limit
    - ATC and ITC interpret the 50% allocation differently (transmission owner versus footprint)
    - MPSC suggests a technical conference to iron out the differences between the proposals
    - MPSC asserts that FERC should condition any approval subject to the outcome of MISO's "open season" generation queue proposal

# ATC Answer

- Retains cap at \$400/kw
- ATC is willing to accept MISO and ITC conditions for applicable projects:
  - 1 year PPA
  - MISO network resource
- Clarifies MPSC's concern regarding ATC's interpretation of allocation to footprint vs. ITC's interpretation of allocation of costs to MISO.

# MISO Impact Study Update

## ● Teams and Leadership

- Transmission Service (MG&E - Gary Mathis)
- Transmission Planning (ATC - Dale Landgren)
- Market Design (Alliant - Bill Zorr)
- Operations (WPS - Bill Bourbonnais)
- Accountability & Governance (WPPI - Mike Stuart)
- Resource Mix (We Energies - Paul Schumacher)

## ● Preliminary Scoping Report due in October



# MISO TO Issue: Reactive Power

- MISO Transmission Owners are seeking to file a revision to the reactive power schedule
- History
  - Filing is based on approach filed by Entergy
  - This approach waived reactive power revenue for all facilities within a particular reactive power output range
  - Other utilities have filed similar proposals
- Some MISO TOs want “Schedule 2A” to be available on a Pricing Zone basis.
- Due to lack of TO consensus, the proposed approach allows individual pricing zones to opt in

# Summary of August 1 Post Transition Period and RECB Update Filings

- VITO/MISO Filing: proposes to retain license plate (LP) rates for existing facilities
- MSAT-Wolverine Filing: regional cost sharing for new EHV transmission facilities
- RECB Reports: VITO-MISO supports LP for existing facilities; RECB for base line reliability projects has worked well; notes concerns with 3 projects and implementation issues; developing planning scenarios to identify regionally beneficial projects; supports retention of 20% regional EHV cost sharing

# Indianapolis Power & Light

- This competing report requests consolidation with VITO/MISO report & paper hearing to examine 20% postage stamp and the need for so-called “consumer protections”
- Claims 20% postage stamp “all pain & no gain”
- IP&L to shell out \$7 million to others with no projects of its own for others to subsidize
- Mature systems subsidize others to “catch up”

# Ameren's Short Letter

- VITO/MISO report understates problems regarding lack of standardization with respect to design criteria
- Need consistent planning requirements
- Notes that these questions have been sent to NERC for interpretation

# Cross-Border Filings

- Independent RTO Pricing Design (IRPD) filed by MISO, PJM and most of their respective Transmission Owners
- IRPD does not propose any new or replacement border rate
- AEP Letter: expresses disagreement with IRPD; FERC cannot delegate jurisdiction to the majority; vows to file complaint proposing a regional rate structure for new & existing transmission facilities