



Policy Update

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Agenda

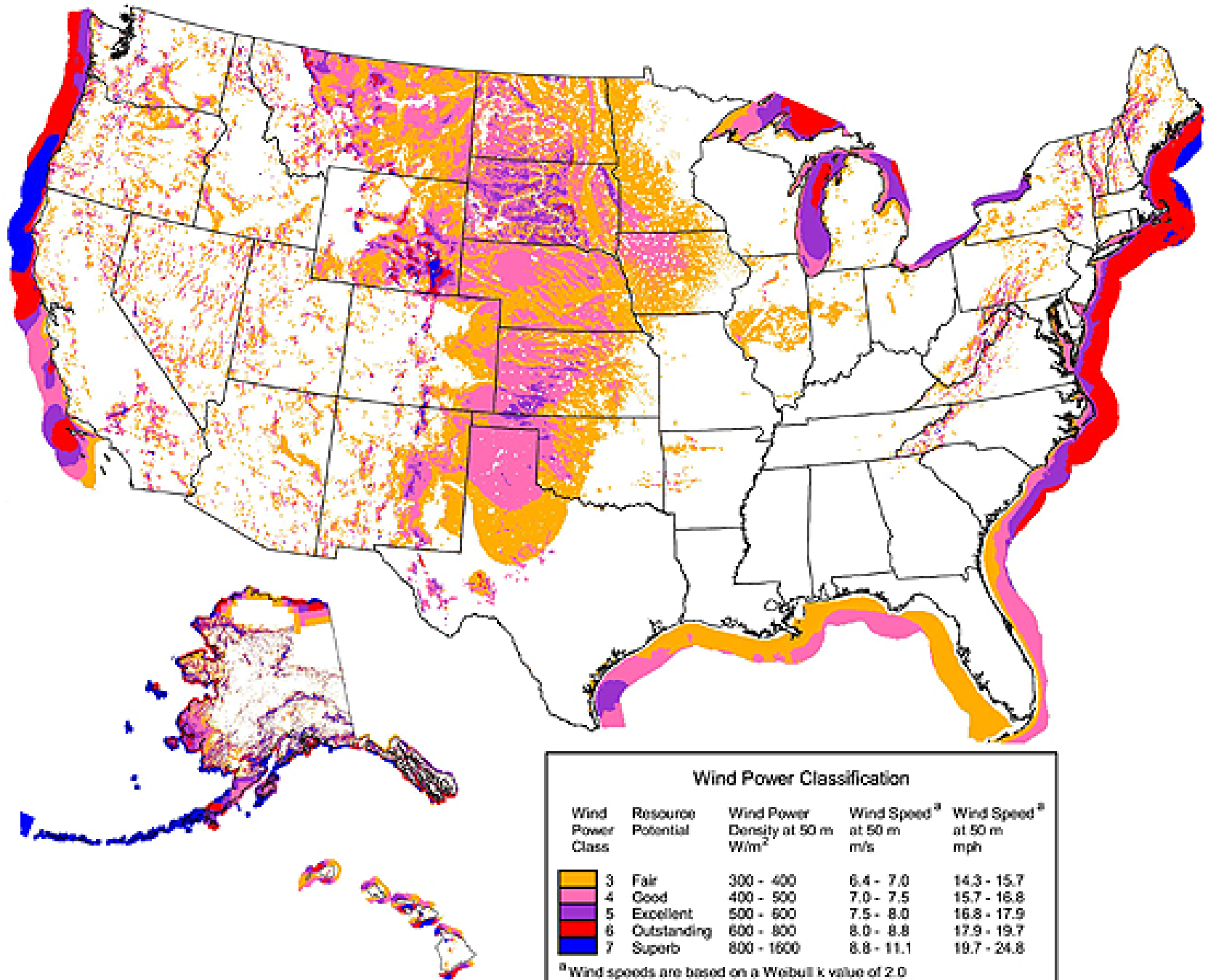
- Federal Update
- Wind Integration & Cost Allocation
 - UMTDI Update
 - RECB III Update
 - OMS/CARP Update
 - Eastern Interconnection Planning Collaborative
 - 7th Circuit Court of Appeals Decision
- MISO Update
 - MidAmerican Integration
 - Point-to-Point Redirect Filing
 - Additional MISO/FERC Matters



Federal Update

U.S. House of Representatives – On June 26, 2009, the U. S. House debated and passed H.R. 2454 – The American Clean Energy and Security Act

- Comprehensive bill including cap-and-trade, renewable electricity standard, energy efficiency standard, transmission planning and siting, etc.
- 219-212 margin of passage (44 D's against, 8 R's in favor)
- Significant victory for Obama and Democrats – first time either chamber has passed global warming legislation

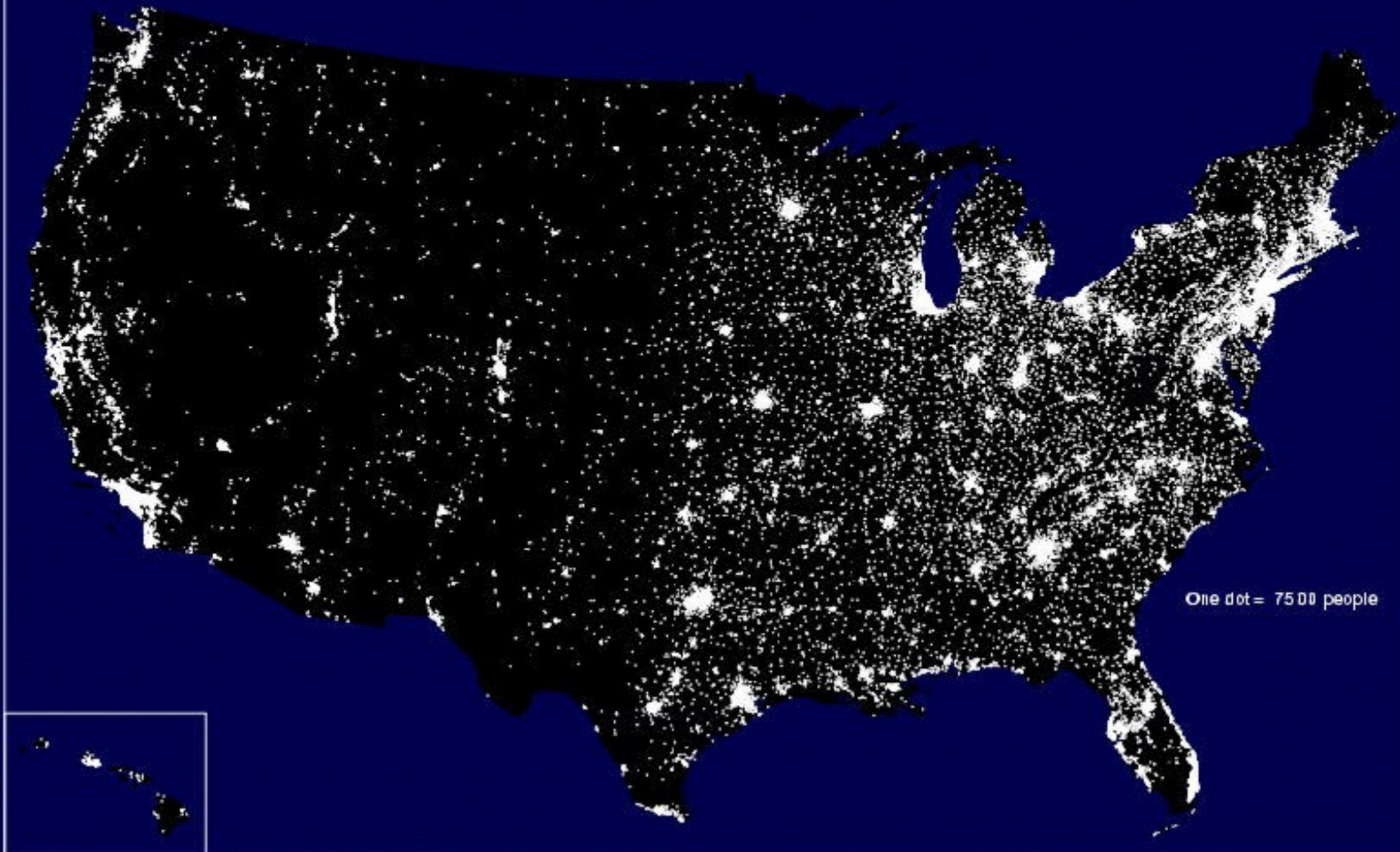


Wind Power Classification

Wind Power Class	Resource Potential	Wind Power Density at 50 m W/m^2	Wind Speed ^a at 50 m m/s	Wind Speed ^a at 50 m mph
3	Fair	300 - 400	6.4 - 7.0	14.3 - 15.7
4	Good	400 - 500	7.0 - 7.5	15.7 - 16.8
5	Excellent	500 - 600	7.5 - 8.0	16.8 - 17.9
6	Outstanding	600 - 800	8.0 - 8.8	17.9 - 19.7
7	Superb	800 - 1600	8.8 - 11.1	19.7 - 24.8

^a Wind speeds are based on a Weibull k value of 2.0

2000 POPULATION DISTRIBUTION IN THE UNITED STATES





Upper Midwest Transmission Development Initiative

- Formed by Governors of Wisconsin, Minnesota, Iowa, North Dakota and South Dakota
- Executive Committee
- Planning
 - Regional Generator Outlet Study (RGOS)
- Cost Allocation
 - Principles
 - Benefits measurement
 - Survey and legal
- Recommendation in Fall 2009



OMS/CARP

- Organization of MISO States
 - Includes 15 states
- Led by Commissioner Azar
- Cost Allocation and Regional Planning
 - Carbon reduction and other factors
 - Scenario planning and indicative transmission plans
 - Cost allocation

RECB III TASK FORCE

- Regional Expansion Criteria & Benefits
- Phase I
 - Otter Tail Power issue
 - 345kV and above = 90/10 split
 - Below 345kV = 100% to generators
- Phase II
 - Integrating renewables on a large scale
 - Filing estimated in Summer 2010



7th Circuit Court of Appeals

- Cost allocation decision
 - ICC vs. FERC
 - August 6, 2009
 - 2-1 vote denying postage stamp in PJM
 - PJM failed to show benefits of 500 kV facilities
 - Court also denied AEP request
 - Cost shifting not allowed for existing facilities



MISO Update





MidAmerican Energy Integration

- September 1, 2009
- Muscatine Power & Water
- MTEP process
- RECB cost sharing
- First Energy exit

Point-to-Point Redirect Filing

- Analysis shows that Market Participants (“MPs”) are redirecting firm transmission service from other interfaces to PJM in order to avoid paying firm charges on the original path
- The redirected transactions are seldom tagged and the PJM path is priced at \$0 under the FERC Order eliminating rate pancaking between PJM and MISO
- These faux redirects result in market inefficiencies and hoarding of capacity and inconsistency with FERC Orders on constrained interfaces, such as IMO, which ultimately increase the cost of supply
- Total lost revenue for the Midwest ISO Transmission Owners for the 1 year period 12/1/07-12/1/08 was in excess of \$17.7 million (over 15% lost revenue)



Additional MISO/FERC Matters

- Wind Integration Workshops
- Right of First Refusal
- Transmission Owner's Attachment GG Filing
 - Removes perpetuity unintended consequence
- Multi-Party Facilities Construction Agreement
 - Generator Interconnection Policy and FCA
- FERC Planning Technical Conferences
 - September in Philadelphia
- SPP Cost Allocation Order
 - 33% Generator/67% Postage Stamp

