Wind on the Wires Comments Re: TO Alternate Proposal
April 7, 2016

WOW submitted comments previously on the proposed change from a 10-year out to 5 year out DPP model at the PAC during discussion of revisions to BPM 15 §6.1.1.1.1 before it was finalized. Since the topic has returned to the IPTF through the "TO Alternate" proposal, much of the comments previously submitted to PAC are recycled below, along with comments that specifically address the TO alternate proposal to finalized BPM 15 §6.1.1.1.1 language.

History:

Prior to the MVP process, Interconnection Customers mitigated constraints in 3 year out models, with 10 year-out studies performed for informational purposes. To avoid redundant upgrades while MVP projects were in the implementation phase, Interconnection Customers accepted a change to use 10 year out models to accommodate the MVP construction schedule. Now that construction of MVP's will be complete within 5 years, MISO proposes to return to a shorter model time frame, but not as short as was originally used. The change to a 5 year DPP model instead of the previously used 3 year model is driven by an intent to align the MTEP and DPP processes, which makes sense for many reasons, in the absence of the MVP's. Previously, MISO started with the 5 year-out MTEP model, but adjusted it to create a 3 year-out model, which took extra time, and introduced the potential for additional errors in the model. Using the MTEP model to begin DPP studies will save time and increase efficiency of queue processing.

Background:

As is well known, MISO is working to address DPP study queue delays, especially in the Western region where new transmission is often needed to bring new generation online. The longer the wait for transmission upgrades, the longer it takes to process the queue since projects are held up at the back end of the process, and have a higher potential to withdraw from the queue, given the longer planning does not generally support business transactions required to construct a wind generating facility. Although the change from 3 years to 5 years will introduce delay over the 3-year process, the reality is MTEP upgrades are built on 5-year cycles, and using a 3 year-out model does not account for all the known changes to the system that can potentially affect power flows. Furthermore, a change from 10 years to 5 years will certainly provide some relief to Interconnection Customers and to MISO in reducing the number of advanced stage withdraws, which can be due to misalignment of interconnection process and business processes. There is a trade-off between extending from a 3 year to a 5 year model, but it is balanced by greater efficiency in the interconnection process as a whole, due to less model building effort and relief from the 10-year process, which is extremely difficult to align with required business and financing processes for constructing wind generating facilities.

Currently, Transmission Owners do not construct on a 10-year out time frame for reliability, only on the 5-year out timeframe. There is a seesaw effect whereby generation interconnection upgrades to the transmission system may provide reliability benefits, and planned reliability upgrades may help facilitate generation interconnection. Too many factors will change for both generation interconnection and reliability needs to accurately plan to a 10-year horizon, and therefore it is not justified on either side, except in the case where 345kV or higher transmission lines, such as the MVP's, are definitively planned for construction. 345kV or higher transmission lines significantly change the grid-topology such that they cannot be ignored, yet they also require longer than a 5-year planning horizon.

At the same time, interest has been expressed by both Transmission Owners and Generator Interconnection Customers to estimate as best as possible, the system conditions 10 years out, to anticipate possible congestion/reliability issues, even though it is known that those conditions can significantly change in those 10 years. MISO's proposal to perform the 10-year out study for informational purposes, addresses this need. As has been evidenced by past actions, if a constraint that affects delivery of generation is shown to be due to market conditions and not reliability-based, generators will elect to self-fund out of need. Furthermore, instances exist where generators with GIAs have found that upgrades they funded which contributed to system reliability, were in fact not actually needed for their generator interconnection, due to changed system conditions. These generators had requested that MISO re-perform the DPP SIS studies and release the generator from upgrade financial commitments, but MISO had refused to perform such studies and the generator was left with what they believe is unnecessary financial responsibility for upgrades that were not needed for their project, but the benefited the reliability of the system.

Although there are many angles in the decision to use a 5-year out study instead of the previously used 3-year out study, and that 3 year-out studies do have benefits in queue processing, better alignment with the financing and business processes, and increased certainty of higher queued planned interconnection upgrades, Wind on the Wires believes that MISO is striking a balance with the 5 year out study model, and that it will increase the overall efficiency in processing the queue.

Comments on the TO Alternate Proposal from March 2016 IPTF:

Wind on the Wires has multiple concerns with the "TO Alternate Proposal". The first concern is cost uncertainty and difficulty in financing due to a "potential and uncertain make or break cost" 10 years out and how that would affect the generation interconnection queue. A change in policy such as this would contribute to a significant increase in queue withdrawals, and especially "late stage" withdrawals of generator interconnection projects. MISO has stated in multiple FERC filings that late stage withdrawals cause delays in the queue process and therefore effort must be made to reduce them.

Additionally, WOW has concerns about balance and fairness of the proposal. When generators fund transmission lines that facilitate the construction of their projects, those upgrades are not studied to understand the reliability benefits and avoided costs to Transmission Owners and therefore are not proportionately cost assigned to Transmission Owners. Similarly, reliability upgrades that generator interconnections may chose to locate projects nearby to facilitate transmission are not cost assigned to those generators. In the TO Alternate Proposal, impacts that generators could make 10 years out are potentially cost assigned to those generators, but benefits that generators make 10 years out through having funded new transmission that avoids reliability upgrades for Transmission Owners are not proposed to be looked at and cost assigned to Transmission Owners. The proposal is one sided, by charging generators, but without providing any means for crediting generators. Due to lack of balance and the fact that it introduces uncertainty into projects that would significantly affect financing and lead to increased DPP withdrawals, especially "late stage" withdrawals, Wind on the Wires is strongly against it.

Thank you for consideration of these comments,

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