

**Wind on the Wires Comments on the Midwest ISO Transmission Owners’
March 23, 2010 Cost Allocation Framework**

Wind on the Wires (WOW) appreciates the work the Midwest ISO Transmission Owners (TOs) have done to develop a proposal for a framework for cost allocation for transmission lines that meet the needs of state policy requirements. We welcome several aspects of this proposal, including the removal of the local and subregional layers in favor of a single regional layer that reflects the regional nature of these kinds of transmission investments. We offer the following comments and suggestions in the spirit of further development of this proposal to address additional concerns of generators, and to provide greater assurance that new transmission capacity will get built to support state renewable energy policies and goals in the Midwest.

Transition Concerns

WOW has significant concerns regarding the lack of a “transition solution” during the time period between the date the Midwest ISO files its proposal with FERC, and the date that proposal would go into effect for new transmission investments.

WOW requests that the TOs clarify that their proposed cost allocation approach would apply to any transmission lines that meet the criteria of UPPs, even if those projects were not originally planned or identified as UPPs.

Reconcile Lines Identified in the SPA and RGOS Processes, and if Appropriate, Categorize These Lines as UPPs

Many network upgrades that have been identified as needed for generator interconnection through the current SPA process look very much like lines that have been identified through the RGOS process, and appear to be candidates for UPP status. We therefore request that the TOs develop a process whereby the lines currently identified in the SPA can be evaluated against the criteria for UPPs, and if appropriate, allocated to the regional layer through their proposed cost allocation approach.

This new process should also be used to determine if lines that have not been included in signed IAs prior to the July 15th filing date meet the criteria for UPPs. In particular, we request that the transition solution include a review of any network upgrades currently being assigned to any generator in Group 5 or a later group.

Ensuring Construction of New Transmission

WOW is concerned that without changes to the Midwest ISO’s agreement with the transmission owners, there will be no assurance that transmission additions identified as needed through the MTEP and RGOS processes will actually get built. Currently, projects do not get built (much less cost shared) unless Midwest ISO transmission owners choose to build them.

A timeline should be established for construction of the new UPPs that have been identified through the MTEP process, and the Midwest ISO must have the authority -- and an obligation to exercise such

authority -- to engage third party transmission providers in the event that existing Midwest ISO Transmission Owners do not begin construction within that set timeframe.¹

In addition, criteria need to be developed to determine which UPPs will qualify for Appendices A and B of MTEP and when that qualification process will take place. These criteria need to be detailed and wholly separate from a transmission owner's commitment to build those lines. WOW understands that criteria are being developed through the Planning Advisory Committee, but it is critical that the criteria they develop be completed prior to the filing of any cost allocation proposal with FERC. The effectiveness of the TOs proposal will not be evident without these criteria.

We also highlight the Brookings line as a perfect example of the kind of overlay line that is needed to support state renewable policy requirements, and that will bring reliability and economic benefits. WOW requests that the TOs demonstrate how this line, and lines of this type, will qualify for cost sharing as UPPs, as well as how that will be addressed during the transition period.

Charges to Generators

WOW appreciates that the TOs have expressed flexibility with regard to the percentage of the regional layer that is charged to generators, but we urge the TOs to exempt generators from any charges for the regional layer. It is WOW's position that an export rate will appropriately allocate costs to loads outside the Midwest ISO that benefit from new transmission capacity created by the UPPs. WOW also believes that charges to generators for network upgrades will provide an adequate price signal for appropriate siting of new generation.

In sum, WOW does not believe it will be possible to garner significant generator support for the TO proposal unless generators are exempted from charges at the regional level.

With regard to the cost allocation for network upgrades required for generator interconnection that remain after the UPPs have been identified and constructed, WOW urges the TOs to move toward a 50/50 split of costs between generators and load. Generator funded upgrades increase the reliability of the local system, and often provide economic benefits, both of which benefit consumers. If the TOs are not willing to include this split in their proposal, we request further discussion of this aspect of their proposal.

We also request that Option 2 under the Midwest ISO tariff for the generator portion of costs be removed (note that Option 2 has been removed from the Midwest ISO proposal). Generators do not want to be in a position of paying the TOs' rate of return for the portion of costs they will pay for network upgrades.

WOW appreciates the opportunity to provide this input and welcomes any questions from the Midwest ISO TOs, as well as further discussion of any of the points raised in these comments.

Sincerely,

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¹ MISO's backstop authority would not supersede any states' rights to issue certificates of need or address siting issues. Any third party transmission provider would be required to acquire all necessary regulatory approvals.