

Wind on the Wires (WOW) Accomplishments in 2009

CapX 2020 Group I Transmission Lines Approved for Construction

- On May 22, 2009, the Minnesota Public Utilities (PUC) Commission issued Certificates of Need for 3 new 345 kV transmission lines located in NW, SW and SE Minnesota. WOW sponsored 3 expert witnesses (technical/engineering, policy, and legal) and worked with the utilities to create a record to allow the PUC to order the transmission constructed “double-circuit ready.” This feature allows for additional capacity on the transmission lines and wise use of the land that is purchased for right-of-way. Siting/routing is underway with all 600 miles of new transmission currently planned to be in-service by 2013 – 2015 (depending on the segment).

WOW Continues to Support Upper Midwest Transmission Development Initiative (UMTDI) and Push It to Completion

- During 2009, WOW has continued to participate in UMTDI work through constructive engagement in the Regional Generator Outlet Study (RGOS) process, Phases I and II and in the related cost allocation discussions. UMTDI is a 5 state Governor initiative that was launched in September 2008. Through the RGOS work, UMTDI is identifying transmission needed to meet state RES objectives and goals and trying to agree on a cost allocation division among the -5 states of Iowa, Minnesota, North Dakota, South Dakota and Wisconsin. The transmission identified by the UMTDI process is likely the next set of lines that will seek state regulatory approval for construction. Although the initiative is struggling to meet its timelines due to the complexity of the issues, WOW continues to stress the importance of timely identifying and constructing transmission to meet state and regional RES goals.

Wisconsin Passes Uniform Siting Standards Legislation; Embarks on Rulemaking

- WOW participated in a broad coalition that worked together to pass legislation to create statewide standards for siting wind energy systems. The legislation, known as Act 40, requires the Public Service Commission of Wisconsin (PSCW) to establish the rules within 2 years and creates a framework to allow limited and generally uniform local regulation of wind energy systems. If a local political subdivision chooses to write its own ordinance, the provisions contained therein cannot be more restrictive than those the PSCW determines. The PSCW is required to establish minimum setback distances that provide reasonable protection against health effects, such as sound emissions and moving shadows associated with wind energy facilities. The PSCW must also set rules on decommissioning turbines, addressing both removal of the physical infrastructure and site restoration. In addition, the PSCW is authorized to establish rules on various contentious subjects including visual appearance, lighting, electrical connections to the power grid, maximum audible sound levels, proper means of measuring sound, and signal interference.

WOW Actively Participated in Distributed Renewable Generation (DRG) Study, Phase II; Study Results Confirm The Need for Significant New High Voltage Transmission

- Phase II of the Minnesota Distributed Renewable Generation (DRG) Study was completed in mid-September 2009. The study results confirmed yet again how extremely constrained the transmission grid is in Minnesota and the surrounding area. During the fourth quarter of 2009, WOW repeatedly debunked the myths that continued to circulate that DG can be interconnected to the grid without significant transmission investments. The DRG Study, Phase II concluded that an additional 600 megawatts of Community-Based Energy Development (CBED) was possible only after the addition of significant amounts of 345 kV transmission including the CapX 2020 facilities and underlying upgrades, eight new substations, three 161 kV lines known as the Regional Incremental Generator Outlet (RIGO) transmission projects, transmission associated with three new wind farms, and \$121 million of additional transmission upgrades identified in the Phase II study.

WOW Fights to Protect New Generators from Huge Cost Allocation Increases Proposed by MISO and Keep Wind Power Economical for Ratepayers

- In partnership with the American Wind Energy Association, WOW filed a strong protest and a request for rehearing of MISO's change in cost allocation for network upgrades for generator interconnection that places a large increased cost burden on new generators. At the same time, WOW is actively participating in the Phase II stakeholder process at MISO to develop a cost allocation methodology that will support transmission projects driven primarily by the need to integrate large quantities of remote generation resources. We are advocating for aspects of a cost allocation approach that will spread costs broadly to the wide range of beneficiaries of transmission additions, and that will remove barriers to entry for wind by creating a more level playing field for generators, solving the free-rider issue, and adjusting the transmission planning process to appropriately address the needs for large regional transmission additions outside the interconnection process.

WOW Marshalls Members, Supporters to Actively Participate in Wind Integration, Market Rules and Operating Impacts Discussions at MISO

- In 2009, wind integration has become a significant issue at MISO with important developments in market rules and operating practices taking place. WOW has worked closely with members, MISO staff, and stakeholders to proactively shape and guide these developments. MISO conducted three full day wind integration workshops in 2009. Through active participation in the workshops and significant follow up with MISO staff, WOW has provided a clear and persistent voice for technical facts and fair rules and has succeeded in removing artificial and premature barriers to the integration of increasing levels of wind generation. Additionally, WOW staff has actively participated in the key developments in the Minimum Generation and the Revenue Sufficiency Guarantee Task Forces. In October 2009, the MISO Steering Committee delegated ten key wind integration issues to the Market, Reliability, and Planning Subcommittees for development of detailed policies culminating in a significant change to the MISO Transmission and Energy Markets Tariff by December 2010. As with all significant tariff changes, MISO will make a filing with the FERC that will need to be

approved. Key wind integration issues to be addressed include markets (load following, RSG, congestion management, etc), operations (curtailment rules, minimum generation procedures, forecasting, etc), reliability (frequency response, system stability, etc), and interconnection (Energy Resource rules, etc). WOW staff will be actively engaged in development of these policies and tariff changes in the MISO stakeholder process and will help WOW members identify and push for “must have” components to address wind integration issues.

Illinois Long-Term Procurement Process Positively Impacted by Active Participation of WOW Staff and Members

- WOW met with a number of State of Illinois agencies to educate them on the benefits of long-term renewable contracts prior to the submission of the Illinois Power Agency’s Final Draft Power Procurement Plan. This groundwork yielded a change from the Illinois Power Agency’s Draft Procurement Plan to the Final Draft Procurement Plan that included the proposal to procure approximately 3.5% of the utilities annual load through long term renewable PPAs. The Illinois Commerce Commission is still reviewing the Illinois Power Agency’s Final Draft Procurement Plan and WOW has submitted numerous written verified comments to guide them in their decision making. We received a very favorable draft order from the ALJ on November 23, 2009, approving the procurement of approximately 2 million megawatts hours of renewable energy through long-term PPAs with a contract length of twenty years. It is anticipated that the Illinois Commerce Commission will issue a final decision on the matter on December 22, 2009 and we are optimistic that the Commissioners will affirm the draft order’s conclusions.

WOW Receives Tax Exempt 501(c)(3) Status from the Internal Revenue Service

- Long anticipated to transition to a stand-alone organization, WOW received its IRS determination letter as a 501(c)(3) on July 9, 2009. WOW is grateful to the Izaak Walton League of America for launching the program eight years ago and looks forward to a smooth transition to a stand-alone organization. WOW will continue to focus on its core mission of overcoming the barriers to bringing wind power to market with work in the technical/transmission, regulatory and policy/education/outreach arenas.

WOW Board of Directors Elects Officers on October 22, 2009, and Sets Governance Structure in Place

- The WOW Board elected its first set of Officers as follows: Chairman of the Board – Joe DeVito, RES Americas, Vice Chair – Becky Stanfield, Natural Resources Defense Council, and Treasurer – Kevin Lynch, Iberdrola Renewables.
- The WOW Board also set a governance structure in place that includes 3 standing committees of the Board – 1) Finance & Administration Committee; 2) Membership & Fundraising Committee; and 3) Policy Committee. The Policy Committee will have a number of work groups, including a MISO Work Group and Work Groups for each state in which WOW is active. All WOW members are encouraged to actively participate in the state work groups to help identify priority items and shape policy positions.