

Transmission Cost Allocation in MISO High Level Summary

Gary Fuerst
3/4/2010

Why is this being discussed in MISO?

1. Development of State Renewable Portfolio Standards
2. Location of high capacity factor wind zones
3. Existing cost allocation rules created problems
 - The “OtterTail Issue”

Cost Allocation Groups

- Regional Expansion Criteria and Benefits Task Force reinstated (RECB TF)
 1. Phase 1 – Address “OtterTail Issue”
 2. Phase 2 – Develop cost allocation methodology to incorporate large quantities of generation located remote from load. (wind)
 3. Address any other RECB I and RECB II Issues
- Organization of MISO States Cost Allocation and Regional Planning group formed (OMS CARP)

Cost Allocation Methods Being Discussed

- “Injection/Withdrawal” (I/W) Method
 - “Proposed” by MISO
 - Apply to new transmission only (Post MTEP 09)
 - All generators pay an “Injection” fee
 - Regional \$/MWh charge for all MWh generated
 - Local \$/MW charge based on installed capacity
 - All load will pay a “Withdrawal” fee
 - Regional \$/MWh charge for all MWh of load
 - Local \$/MW charge based on 12 month average coincident peak demand
 - Imports and exports will pay a new charge across all interfaces. Including those to and from PJM !
 - I/W supported by OMS CARP. Split vote at RECB TF.
- Highway/Byway Method
 - Proposed by wind companies
 - Rejected by OMS CARP
 - Plan B method at RECB TF

What's Next

- OMS CARP and RECB TF continue to meet monthly
- Draft tariff language by end of March
- FERC filing on July 15, 2010