

Michigan Planning Consortium

August 26, 2008

Michigan Public Service
Commission

Agenda

- Comments on MPSC Staff Proposal –
Discussion and Possible Action Items:
 - Steering committee
 - Areas of Focus / Workgroups
- Overview of ATC Transmission Planning Process – ATC
- Overview of ITC's Compliance with FERC Order 890 – ITC
- September Agenda Items

Recap of initial MPSC Staff Proposal

- Governance framework
 - **Steering Committee** – Small group of volunteers from load-serving entities, regional transmission organizations, and transmission owners to “advise Staff on Consortium activities.”
 - **Workgroups** – Conduct research, develop recommendations, provide deliverables, and present work to Consortium addressing three areas of focus (i.e., subregional planning, infrastructure planning for renewable energy, and the 765 kV loop).
 - **Full Consortium** – Open to all stakeholders; provide guidance to workgroups and Staff and make decisions on Consortium deliverables, which may include proposed recommendations to the MPSC or other entities.

Recap of initial MPSC Staff Proposal (cont.)

- Proposed three Areas of Focus
 - Sub-regional planning
 - Infrastructure expansion for renewable energy
 - 765 kV loop

General Comments

- General comments of some parties:
 - Jurisdiction
 - Overlapping existing processes
 - Potential for improved information sharing
 - Information may create potential for market power
 - Addressing problems that are non-existent
 - Facilitating voluntary agreements between parties
 - Ensuring that all options to meet electric demand are considered.

Comments on Steering Committee

- Questions about steering committee function (what is meant by “advising Staff on Consortium activities”?)
- Overwhelming support for broader representation on steering committee.
- Committee members should be selected by their own constituency.

Staff Response re: Steering Committee

- Staff envisioned that the steering committee would advise Staff on meeting agendas, monitor and coordinate workgroup activities, and ensure Consortium and its workgroups stay on task.
- After further consideration, Staff concludes full Consortium can serve this function.
 - Consortium size seems manageable to obtain necessary input.
 - Approach is less bureaucratic and more open.

Consortium Decision Making

- Comments:
 - Not clear how Consortium makes decisions.
 - Since MPSC has limited direct authority over transmission planning, information developed will need to be passed on to those entities that have such authority.
- MPSC staff response:
 - Some outputs or information from the Consortium's efforts will need to be passed on to other entities for approval or implementation.
 - Consortium would attempt to resolve issues or make decisions by consensus; if not possible in timely manner, minority positions can be presented.
 - While consensus would be ideal, may not be practical for some issues. Goal is to vet clearly identified issues and develop common understanding of facts and positions.

Comments on Area of Focus 1: Subregional Planning (1)

- Group should focus on information sharing, particularly with respect to:
 - Load forecasting, demand response potential, and generation expansion and retirements.
 - Data sharing to improve reliability and economic modeling.
 - Identifying problems with existing transmission system and having same understanding of facts.
 - Knowledge of MISO planning process and how to effectively participate.

Comments on Area of Focus 1: Subregional Planning (2)

- Additional recommendations for group's focus:
 - Enhance Midwest ISO process.
 - Vet and discuss planning criteria for transmission in Michigan (e.g., what do NERC standards really require? How to address least-cost planning principles?)
 - Examine similar reliability issues for the Upper Peninsula.
 - Discuss applicable resource planning tools and methodologies.
 - Examine lessons learned from prior Michigan capacity planning effort.
 - Ensure *distribution* planning does not conflict with RTO, FERC and NERC requirements.

Staff Response on Area of Focus 1: Subregional Planning

- Staff's primary goal is to identify ways to enhance Midwest ISO subregional planning process to meet needs of diverse interests in MI.
- Not an attempt to perform the RTO or TO planning function. Attempt to proactively define and resolve MI-specific issues that may bog down Midwest ISO process.
- Information sharing should be key element.
 - Timely exchange of complete information related to proposed transmission projects such as need, project drivers, costs and alternatives.
 - Data and information exchange related to infrastructure alternatives, generation expansion and retirements, demand response, and load forecasting.
 - Bigger picture understanding of system needs and transmission problems.
- Focus need not be limited to near-term reliability planning in the Lower Peninsula but that has been where issues most apparent.

Next steps on Area of Focus 1: Subregional Planning

- Re-cast Area of Focus as “Information Sharing and Local Planning Assumptions.”
- Address load forecasting as the initial workgroup task.
Additional activities:
 - Discuss issues arising from application of planning criteria and underlying planning assumptions.
 - Evaluate and address information gaps and needs.
 - Discuss tools, methodologies, and forums to evaluate resource alternatives, including demand response, generation, distribution and transmission, in light of MI’s electric industry structure.
- **Next steps:**
 - Schedule workshop in late September to identify and address load forecasting issues.
 - October workshop to address information sharing and gaps, particularly with respect to MTEP subregional planning process.

Comments on Area of Focus 2: Infrastructure Expansion for Renewables

- Expand focus to include other types of generation.
- Recast group as Renewables and Other Resource Integration.
- Take MI Wind Energy Transmission Study results and work toward consensus on recommended system expansions.
- Possibly fold in smart-grid issues, net-metering, and feed-in tariffs.

Staff Response on Area of Focus 2: Infrastructure Expansion for Renewables

- Re-cast as Renewable and Other Generation Integration, but keep focus on renewable energy at this time.
- **Next steps:**
 - Workshop to examine study results and provide direction for preparing draft report and recommendations. Timing depends on availability of study results.
 - Present study results and draft report to full Consortium; include presentation from Midwest ISO to compare MI-WETS methodology and related Midwest ISO studies.

Comments on Area of Focus 3: 765 kV Loop

- Concern about focusing on this project because it does not pass Midwest ISO's benefit-cost ratio for cost sharing.
- Examine project in terms of economic as well as reliability and operational impacts.
- Suggest adding cost-benefit analysis or otherwise examining whether MI customers receive appropriate benefits.

Staff Response on Area of Focus 3: 765 kV Loop

- This should be an area of focus despite Midwest ISO's study results to date. Cost-benefit analysis has been performed but metrics limited to production cost and LMP savings.
- Need to examine policy considerations and related metrics for quantifying broader set of benefits, and apply to this project.
- Also need to examine the project's potential net impact on retail customers assuming different cost-allocation scenarios.
- **Next steps:** Schedule meetings to:
 - Review study results to date related to 765 kV project and related EHV overlays (MTEP 08, 09, Midwest targeted study). Discuss any additional modeling needs.
 - Discuss additional metrics that could be used to quantify or identify additional project drivers.

Recap of Workgroups

	Information Sharing and Local Planning Assumptions	Renewable and Other Resource Integration	765 kV Loop
Purpose and Deliverables	Facilitate information sharing and recommend local planning assumptions	Develop policy recommendations or technical plans to assist infrastructure development to support the expansion of renewables and other resources	Develop policies, procedures, or metrics used to evaluate economic projects, and consider the impact on ratepayers.
Next steps	Workshop Date	Workshop Date	Workshop Date
Staff contact	Sally Talberg	Tom Stanton	Cathy Cole

Workgroup Structure and Communications

- Workgroup co-chairs:
 - Area of Focus 1 (Information Sharing)
 - Sally Talberg (Staff) and MISO
 - Area of Focus 2 (Generation Integration)
 - Tom Stanton (Staff) and ATC
 - Area of Focus 3 (765 kV Loop)
 - Cathy Cole (Staff) and ITC
- Email Staff contact to be added to workgroup email list.

Future Consortium Meetings

- Thursday, September 18
- Wednesday, October 22
- Thursday, November 20
- Thursday, December 11
- 2009 dates are TBD.

For more information

- Website link

- http://www.michigan.gov/mpsc/0,1607,7-159-16377_47107_51195---,00.html

- Email distribution list

- To be added to the listserv, click the “Join the MPC” link on the right hand side of the webpage