

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Midwest Independent Transmission System) Docket No. OA08-53-000
Operator, Inc.**

**NOTICE OF INTERVENTION AND COMMENTS OF
THE MICHIGAN PUBLIC SERVICE COMMISSION**

Pursuant to Rule 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.214 (2007) the Michigan Public Service Commission (“MPSC”) hereby submits its notice of intervention and comments in the above-referenced proceeding. In support of its intervention, the MPSC states as follows.

I. NOTICE OF INTERVENTION

The MPSC is an agency of the State of Michigan, created by 1939 Pub. Acts 3, Mich. Comp. Laws Ann. § 460.1 *et seq.* As the Michigan regulatory agency having jurisdiction and authority to control and regulate rates, charges, and conditions of service for the retail sale of electricity in the State, the MPSC is a “state commission” as defined in 16 U.S.C. § 796(15) and 18 C.F.R. § 1.101(k) (2006). Accordingly, the MPSC hereby provides its notice of intervention pursuant to 18 C.F.R. § 385.214(a) (2) (2006).

Copies of all pleadings and correspondence in the proceeding should be addressed to:

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II. BACKGROUND

By the instant filing, the Midwest Independent Transmission System Operator, Inc. (“Midwest ISO”) is proposing revisions to its Open Access Transmission and Energy Markets Tariff (“Tariff” or “EMT”) in compliance with the transmission planning principles promulgated in Order No. 890.¹

III. COMMENTS

The proposed changes to Attachment FF to the Midwest ISO’s Tariff - if implemented by the Midwest ISO and the transmission owners in the spirit of Order 890 - provide a good framework for effective, coordinated transmission planning at the regional level. While not perfect, the Midwest ISO’s transmission planning process appears to be evolving in a positive direction. In the MPSC’s view, the Midwest ISO is taking seriously its responsibility to improve its transmission planning process in compliance with Order 890. As discussed below, the MPSC has several recommendations to clarify and improve the proposed planning process.

A. **Attachment FF Should Explicitly Allow the Midwest ISO to Form Focused Study Groups to Address Specific System Needs or Issues As Needed**

The MPSC supports the proposed sub-regional planning meetings (“SPM”). The MPSC anticipates that SPMs, if implemented properly, will provide an opportunity for increased stakeholder participation on planning issues facing specific geographic areas and individual transmission owners. To provide additional flexibility and a more focused approach to regional planning within the Midwest ISO-wide planning process, the MPSC recommends adding new section I.A.2.d to Attachment FF to allow the Midwest ISO to form focused study groups to

¹ See *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, III FERC Stats. & Regs., Regs. Preambles ¶ 31,241 (2007)(“Order No. 890”); Order No. 890-A, 121 FERC ¶61,297 (2007).

address specific system needs or issues that may be more narrow or local than typically covered by the SPM process. The language proposed would read:

The Transmission Provider, on its own behalf or upon request and in consultation with the SPM Participants, Planning Subcommittee or Planning Advisory Committee, may form targeted study groups of representatives of affected stakeholders based on the scope of a particular proposed project or need assessment. The intent of such a study group is to encourage active and early participation of stakeholders in the Transmission Provider planning process and to focus on specific planning issues and solutions that may be more narrow or detailed than typically covered by the SPM. The study group must coordinate with the applicable SPM processes.

B. The Planning Process for Transmission-Only Companies Must Be Implemented In a Manner That Ensures Effective and Full Consideration of Alternatives to Transmission Expansion

As the transmission planning process is implemented in the Midwest ISO, particularly the new SPM process, the MPSC expects the Midwest ISO to be cognizant of the special opportunities and challenges associated with planning in areas with divested transmission facilities such as Michigan. Transmission-only companies have clear incentives to rebuild and expand their transmission system. While Michigan recognizes the benefit of a clear focus on transmission, the Commission also needs to ensure that there is adequate coordination among different entities throughout the transmission planning process, as well as appropriate consideration of alternatives, including demand-side options and generation. The proposed tariff revisions appear to provide a suitable framework for such coordination and consideration of alternatives. The focused study groups recommended in Section A, *supra*, will further assist in ensuring that all alternatives including DSM, are given full and balanced consideration. The MPSC stresses, however, that the ultimate success of system planning will depend on how the Midwest ISO and transmission owners actually implement the proposed framework. In this

respect, the MPSC encourages the Commission and its staff to closely monitor the planning process and provide opportunities for review and improvement.

C. Separate Transmission Owner Processes for Order 890 Compliance Appear Workable But Attachment FF Warrants Clarification

In Order 890, FERC determined that for an RTO's planning process to be open and transparent, transmission customers and stakeholders must be able to participate in each underlying transmission owner's planning process. Thus, individual transmission owners that perform transmission planning within the RTO must comply with the Order 890 planning principles.

Michigan will experience two Order 890 compliance models as proposed by the Midwest ISO and the transmission owners serving the state. *ITC Transmission* ("ITC") and the Michigan Electric Transmission Company, LLC ("METC"), which provide transmission service to the majority of Michigan's Lower Peninsula, elected to fully integrate their local transmission planning process into the Midwest ISO's process to comply with the Order 890 planning principles. Thus, under the proposed Attachment FF, ITC and METC (along with the majority of Midwest ISO transmission owners) must comply with certain planning steps before submitting transmission projects or proposals to the Midwest ISO and must engage in a new stakeholder process through sub-regional planning meetings. In contrast, American Transmission Company, LLC ("ATC"), which provides transmission service to Michigan's Upper Peninsula, filed its own tariff provisions unique to ATC demonstrating compliance with Order 890. ATC's Order 890 compliance filing, including the proposed Attachment FF-ATC, was made in Docket Number OA08-42.

Attachment FF establishes the general framework and requirements for transmission owners that are integrating their local transmission planning into the Midwest ISO process as

well as those transmission owners that have their own Commission-approved transmission planning process to comply with Order 890. Some provisions in Attachment FF apply only to transmission owners that are fully integrating their transmission planning process into the Midwest ISO process. For example, the provisions in Section I.B.1, which include details on the sub-regional planning process and review of transmission projects as part of the Midwest ISO Transmission Expansion Plan (“MTEP”), do not apply to transmission owners with their own Commission-approved transmission planning process.

The MPSC acknowledges and is not opposed to having separate and different transmission planning processes for transmission owners operating in Michigan. It is essential, however, that the different processes be clear and coordinated. As currently drafted, it is not clear in Attachment FF: 1) how proposed projects of transmission owners with their own Commission-approved planning process will have projects reviewed and approved by the Midwest ISO for inclusion in the MTEP; and 2) how transmission owners with their own Commission-approved planning process should coordinate with the sub-regional planning groups or meetings. Such sub-regional coordination should be conducted in a manner that recognizes regional needs and the impacts of local transmission plans on neighboring systems while avoiding unnecessary duplication of efforts (e.g., technical review and outreach activities). These issues could directly affect Michigan because ATC has elected to file its own Attachment FF-ATC to comply with Order 890.

The MPSC recommends that the Commission direct the Midwest ISO to submit revised tariff sheets which specify (1) how individual Transmission Owner plans will be received and approved by the Midwest ISO; and (2), how individual Transmission Owners should coordinate their Commission-approved planning process with the Midwest ISO-wide planning process.

These proposed clarifying changes specifically relate to Section I.B.2, Transmission Owners Filing Separate Attachment K, in the Midwest ISO's Attachment FF.

IV. CONCLUSION

The MPSC hereby provides its notice of intervention in this proceeding and requests Commission consideration and adoption of the recommendations set forth herein.

Respectfully submitted,

**THE MICHIGAN PUBLIC SERVICE
COMMISSION**

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Dated: January 7, 2008

CERTIFICATE OF SERVICE

I hereby certify that I have this day served, via electronic mail or first class mail, the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 7th day of January, 2008.

/s/ M. Denyse Zosa
