ALLETE, Inc. d/b/a Minnesota Power

Order No. 890 “Strawman” Proposal

I. Introduction

In Order No. 890,[1] the Federal Energy Regulatory Commission (Commission or FERC) required transmission providers and transmission-owning members of regional transmission organizations (RTO) and independent system operators (ISO) to develop a "strawman" proposal describing how they comply with Order No. 890's nine planning principles. These strawman proposals will be discussed in regional staff technical conferences that will be conducted by the Commission to address issues related to the Order No. 890 planning requirements. Where applicable, the strawman proposals will also be used as the base for the "Attachment K Transmission Planning Process," in which a transmission provider either must propose a newly developed planning process that complies with the nine principles or show that a current transmission planning process is consistent with or superior to what is required in Order No. 890. Order No. 890's nine planning principles are as follows:[2]

1) Coordination
2) Openness
3) Transparency
4) Information Exchange
5) Comparability
6) Dispute Resolution
7) Regional Participation
8) Economic Planning Studies, and
9) Cost Allocation

ALLETE, Inc. d/b/a Minnesota Power (MP) is an investor-owned public utility organized under the laws of Minnesota. MP provides retail and wholesale electric services to its customers in northeastern Minnesota and in northwestern Wisconsin.[3] Nearly all of MP's transmission facilities are 100 kV or above.[4]

MP has transferred operational control of all of its transmission facilities to the Midwest Independent Transmission System Operator, Inc. (MISO). As a MISO Transmission Owner, MP performs the day-to-day operation and system control of its transmission facilities. Under the MISO Transmission Owners Agreement (TOA), MP also conducts "bottom-up," local planning to identify improvements that are necessary to ensure the adequacy and reliability of MP's transmission system for the benefit of all interconnected entities and transmission customers that utilize MP's transmission facilities to receive transmission service. MP also participates in the annual MISO Transmission Expansion Planning Process (MTEP) which governs transmission planning for facilities of 100 kv and above for the entire MISO 15-state footprint.[5] In this

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1 118 FERC ¶ 61,119 at P 442. (2007) (Order No. 890 or Final Rule), *reh'g pending*.

2 *See* Order No. 890 at P 443.

3 A wholly-owned subsidiary of MP, Superior Water, Light and Power Company, owns the Wisconsin transmission facilities described in this Strawman.

4 MP notes, however, that it does own .1 miles of a 69 kV transmission line in the Hinckley, Minnesota area.

5 *See* the "Planning Framework" in Appendix B of the "Agreement of Transmission Facilities Owners to Organize the Midwest Independent Transmission System Operator, Inc., a Delaware Non-Stock Corporation" (FERC Electric Tariff, First Revised Rate Schedule No. 1). Section VII of Appendix B, "Planning Responsibilities of Owners," states: "To fulfill their roles in the collaborative process for the

process, MP's planned sub-regional projects in both Minnesota and Wisconsin are also reviewed by MISO and may become part of the MTEP.

MP is also a Transmission Using Member (TUMs) of the Mid-Continent Area Power Pool (MAPP). Accordingly, MP participates in MAPP regional planning processes.

As described below, MP believes that its participation in MISO and MAPP satisfies all of Order No. 890's planning principles to the extent that they require a regionalized approach to transmission planning. Therefore, rather than reiterating MISO's and MAPP's descriptions of their own planning processes herein, MP cross-references the MISO and MAPP strawman proposals in several instances below when explaining how MP complies with Order No. 890's planning principles. The MISO and MAPP strawman proposals are available at **www.midwestiso.org** and **www.mapp.org**.

Notwithstanding, Order No. 890 indicates that transmission-owning members of RTOs have certain sub-regional planning obligations.[6] While those obligations are not necessarily defined, MP believes that its participation in state-level transmission planning initiatives in Minnesota and Wisconsin satisfy even the broadest interpretation of a RTO transmission owner's sub-regional transmission planning obligations. The first of these initiatives is the Minnesota Biennial Transmission Reporting Process (Minnesota Biennial Report) before the Minnesota Public Utility Commission (MPUC). In this process, MP coordinates extensively with its customers and other Minnesota transmission facilities to study and plan for the improvement and expansion of the transmission grid in Minnesota. The second initiative is the biennial Strategic Energy Assessment (SEA) conducted by Wisconsin Public Service Commission (WPSC). Through the SEA, the WSPC engages in necessary studies and creates a comprehensive long-term evaluation of Wisconsin's energy and infrastructure needs. In this process, Wisconsin utilities (including MP) must, among other things, inform the WPSC of planned transmission projects for the three-year planning horizon and the WSPC uses that information to create a long-term transmission analysis. Where appropriate, both the Minnesota Biennial Report and SEA include transmission facilities subject to the regional MISO and MAPP planning processes.

Finally, MP is one of several utilities participating in the Minnesota Capacity Expansion Plan (CapX 2020) which currently involves the coordinated study of Minnesota's long-term transmission planning process through 2020. While CapX 2020 is still in its preliminary stages, its coordinate studies are (or will be) integrated into the MISO, MAPP and Minnesota Biennial Report.[7] Thus, MP believes that its involvement in CapX 2020 also satisfies several of Order No. 890's regional, and where applicable sub-regional, planning requirements.

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development of the MTEP, the Owners shall develop expansion plans for their transmission facilities while taking into consideration the needs of (i) connected loads, including load growth, (ii) new customers and new generation sources within the Owner's system, and (iii) known transmission service requests."

6 *See* Order No. 890. at P 440.

7 MP notes that MP, MISO and other MISO transmission owners are still discussing the appropriate scope of the MISO transmission owners' sub-regional planning obligations under Order No. 890. Accordingly, MP emphasizes that this strawman is only intended to represent a preliminary overview of MP's interpretation of Order No. 890's planning principles and MP expressly reserves the right to update this strawman as necessary, or to change any of the positions stated herein.

1. Coordination:

Order No. 890 requires that "transmission providers must meet with all of their transmission customers and interconnected neighbors to develop a transmission plan on a nondiscriminatory basis."[8] The planning process must "provide for the timely and meaningful input and participation of customers into the development of transmission plans."[9]

MP's Compliance with the Coordination Principle

- **MISO Membership:** As described in more detail in the MISO strawman, the MISO's planning protocols (including the MTEP) satisfy Principle 1. The MISO Planning Staff and Planning Advisory Committee work with the representatives of MISO Transmission Owners, including MP, to develop the MISO planning initiatives. The MISO process gives full consideration to all market participants through regular meetings of several stakeholder planning committees, as described in the MISO's formal governance guidelines. In this process, MP's planned sub-regional projects in both Minnesota and Wisconsin are also reviewed by MISO and may become part of the MTEP. Such sub-regional and regional coordination of local transmission plans leads to transmission projects being built that address the transmission needs of larger areas, thus, maximizing the benefits of projects and reducing the number of transmission construction projects that are needed. Regional coordination also improves local transmission projects by minimizing any adverse effects that a local project might have in other parts of a regional transmission system.

- **MAPP Membership:** As described in more detail in the MAPP strawman, MAPP planning procedures also satisfy Principle 1. MAPP produces a 10-year Regional Plan (Regional Plan) (developed by the Regional Transmission Committee (RTC)) which incorporates all system deficiencies and planned projects for the participating utilities. MP participates in this process for both its Minnesota and Wisconsin facilities. In addition, MAPP sponsors several Sub-regional Planning Groups (SPGs) throughout the MAPP footprint. Each group meets quarterly to discuss planned projects, share study results, and set up ad-hoc study groups for regional issues for projects at all voltage levels.

  MAPP's regional planning efforts consider and accommodate, where appropriate, existing institutions, as well as physical characteristics of the region and historical practices. All regions in the Eastern Interconnection convey their transmission plans through the NERC model building process. The planning studies performed by MAPP, using the NERC models, facilitate coordination with transmission facilities of other regions.

  In the near future, MAPP's regional planning effort will include MISO staff to participate in the development of the MAPP Regional Plan. Likewise, MAPP members and MAPP staff will also participate in the development of MISO's regional plan (at least with

[8] *See Id.* at PP 445, 451.

[9] *See Id.* at P 454.

respect to the western region of MISO). MAPP will accommodate requests from other RTOs such as PJM and SPP as well as non-RTOs neighboring entities to participate in the development of the MAPP regional plan.

- **Minnesota Biennial Report:** Effective August 1, 2001, the State of Minnesota passed legislation requiring that each electric transmission-owning utility in the State of Minnesota file a biennial transmission planning report with the MPUC.[10] In 2001, the first Minnesota Biennial Report was filed with the MPUC. As allowed by the statute, the transmission-owning utilities, through an informal group of 16 transmission-owning utilities, known as the Minnesota Transmission Owners (MTO), filed a single coordinated biennial planning report.[11] The MTO coordinated reports are published on the MTO web site (www.minnelectrans.com). The MTO members subsequently submitted a second and third joint report in 2003 and 2005.[12] The next report is scheduled to be submitted by the members of MTO on November 1, 2007.

- **SEA:** Pursuant to Wisconsin statute, the PSCW conducts the SEA every two years and "evaluates the adequacy and reliability" of Wisconsin's "current and future electrical supply."[13] As part of that assessment, the PSCW must "identify and describe" planned electric transmission lines to be built in the three years following the assessment, and whether there is an "adequate ability" to transfer electric power into the state of Wisconsin. The SEA considers a broad range of factors in an open process in which all interested utilities and their stakeholders are entitled to participate. Included in its consideration of the energy needs of the state are factors such as load data, generating resources, the role of renewable resources, environmental concerns, economic development, and public health and safety. The PSCW's review also considers the impact of the "regional bulk-power market contributes" to the adequacy and reliability of Wisconsin's electrical supply. The SEA culminates in an extensive review of the energy needs of Wisconsin. The most recent assessment, Strategic Energy Assessment 2012 can be found at: **http://psc.wi.gov/apps/erf_share/view/viewdoc.aspx?docid=69877**. Like all other Wisconsin utilities. MP participates in the process with respect to its Wisconsin transmission facilities.

- **CapX 2020:** MP is also participating with several vertically-integrated and public power utilities, cooperatives, and LSEs in CapX 2020 in order to develop coordinated transmission infrastructure investments needed in the Upper Midwest region during the

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10 Minn. Stat. 216B.2425 (2001).

11 The following investor owned, cooperative and municipal transmission-owning utilities participate in the MTO: American Transmission Company; Dairyland Power Cooperative; East River Electric Power Cooperative; Great River Energy; Hutchinson Utilities Commission; Interstate Power and Light Company; L&O Power Cooperative; Marshall Municipal Utilities; Minnesota Power; Minnkota Power Cooperative; Missouri River Energy; Otter Tail Power Company; Rochester Public; Utilities Commission; Southern Minnesota; Municipal Power Agency; Willmar Municipal Utilities; and Xcel Energy.

12 The 2005 Minnesota Biennial Report is available at www.minnelectrictrans.com. All documents filed in the 2005 biennial report docket are available at the e-library at the MPUC web site (www.puc.state.mn.us).

13 *See Wis. Stat.* §196.491(2) (2006).

next 15 years.[14] During this process, the participants are engaged in long-term studies of Minnesota's transmission requirements through 2020. The results of these studies may be included in the MTEP, MAPP Regional Plan, Minnesota Biennial Report and SEA. The CapX 2020 participants plan to file the initial state regulatory filings for three new 345 kV and one 230 kV transmission lines with the MPUC in June 2007. The CapX 2020 projects would include approximately 600 miles of new 345 kV facilities and 73 miles of new 230 kV facilities at a cost of approximately $1.4 billion, with joint ownership by the participant utilities, including the historic LSE customers. Additional information about CapX 2020 is available at the CapX 2020 web site (**www.capx2020.com**).

[14] The other CapX 2020 participant utilities include Dairyland Power Cooperative; Great River Energy; Midwest Municipal Transmission Group; Minnkota Power Cooperative; Missouri River Energy Services; Otter Tail Power Company; Rochester Public Utilities; Southern Minnesota Municipal Power Agency; Wisconsin Public Power Inc.; and Xcel Energy.

2. Openness

Order No. 890 requires that a transmission provider's planning process "be open to all affected parties" and, among other things, must include safeguards to ensure confidentiality of transmission system information, particularly Critical Energy Infrastructure Information (CEII).[15]

MP's Compliance with the Openness Principle

- **MISO Membership:** As discussed in more detail in MISO strawman, the MISO planning process is open and includes safeguards for CEII. MISO planning is governed by several committee and subcommittees, all of which are comprised of MISO stakeholders, and are specifically meant to ensure openness in the MISO planning process. The MISO Planning Advisory Committee (PAC) governs the overall MISO planning process and is comprised of stakeholder sector representatives PAC. The PAC reports to the MISO Advisory Committee and advises the MISO Board of Directors on planning issues. PAC generally meets on a monthly basis (or more frequently) to discuss planning policy issues and to provide input and review of the MISO MTEP. These meetings are open to the general public.

  In addition to the PAC, MISO has a Planning Subcommittee, which is an open stakeholder group that meets on a scheduled bi-monthly basis to discuss all aspects of transmission planning at the MISO. This group advises, guides, and provides recommendations to the MISO staff with the goal of enabling the MISO to efficiently and timely execute its planning responsibilities, as set forth in the MISO TEMT and TOA, FERC Order 2000 and other applicable regulations. Within the Planning Subcommittee, there are two additional advisory groups: the Expansion Planning Group (EPG) and the Model Building Group (MBG). Both of these are also open stakeholder groups that meet on a regularly scheduled bi-monthly or "as needed" basis, and have input and review responsibilities specific to the development of the MISO MTEP, and supporting planning models, respectively.

  In accordance with the MISO stakeholder governance guidelines, transmission planning meetings are scheduled in advance and posted on MISO website calendar. The MISO also has email distribution lists for transmission planning groups, which can be easily subscribed to by interested parties.

  With respect to confidentiality-related issues, MISO uses publicly available cost information from industry sources in MISO's economic studies. Using publicly available cost information prevents accidental release of confidential information, which is possible even under strict data controls. The use of public information also fosters an more open planning process. Where necessary, however, MISO uses a standard form Non-Disclosure and Confidentiality Agreement to address sharing of

[15] *See* Order No. 890 at P 460.

transmission planning information (power flow models, preliminary results, planning reports drafts).

- **MAPP Membership:** As explained in more detail in the MAPP Strawman, the MAPP planning process is also open. The MAPP Regional Plan is developed through the SPG and Transmission Planning Sub-Committee (TPSC) meetings and studies. All interested parties may attend TPSC and TPSC working group meetings pursuant to the MAPP Transmission Planning Subcommittee Procedures. Under the TPSC Subregional Planning Group Guidelines, SPG meetings are open to all MAPP Members, non-Members and Regulatory Participants that have an interest in the transmission facilities of the sub-region. Representatives from each involved utility use these meetings to publicly discuss planning studies and illicit comments and participation from attendees. Membership in an SPG is open to any interested MAPP Member and any actual or potential user of the relevant transmission facilities. Non-MAPP neighboring transmission owning utilities and RTOs are eligible and encouraged to join the SPG and participate in the TPSC process to promote joint planning between MAPP and its neighboring regions.

  The MAPP TPSC, in consultation with affected parties, develops confidentiality agreements and password-protected access to information in order to manage confidentiality and CEII concerns. Procedures for protection of confidential information and for access to the confidential information will be included in the MAPP TPSC Procedures and TPSC Sub-regional Planning Group Guidelines posted on the MAPP OASIS. In order to address potential Order No. 2004 Standards of Conduct concerns, the MAPP TPSC also simultaneously discloses transmission planning information (*i.e.* agendas, meeting materials, meeting minutes, plans, reports, etc.) by posting such documentation on OASIS to prevent preferential disclosure of transmission-related information. MAPP also provides all current and potential customers and other stakeholders equal access, notice, and opportunity to attend planning meetings.

- **Minnesota Biennial Report:** The Minnesota Biennial Report also complies with Order No. 890's Openness requirement. In 2003, the MPUC adopted final rules associated with the 2001 biennial projects report statute prescribing the process of soliciting public input into subsequent (2003 and beyond) biennial planning reports, including the requirement for public planning meetings in different parts (zones) of the state.[16] For each individual zonal meeting, the utilities with transmission facilities in the area present system deficiencies and discuss future transmission projects at all voltage levels. The public is notified of the regional meetings through notices developed through a notice plan approved by the MPUC. All information relevant to the annual meetings, as well as the Minnesota Biennial Report itself, is posted on the

[16] Minn. R. 7848 (2003).

MTO website. [17] In addition, there is a "contact us" portion of the MTO website to receive feedback for a specific question or comment.

This Minnesota transmission planning process helps provide the opportunity for transmission customers, the public and policy makers to provide meaningful input in the early stages of transmission planning. In each of six annual meetings throughout the State, the public is invited to join representatives from area utilities in a planning meeting to discuss the electric transmission system in Minnesota and the Upper Midwest. Through increased public participation, the state transmission planning process is designed to provide a more expeditious review and certification of electric transmission projects in the public interest. Discussion focuses on identifying problems within the existing system in meeting the demand for electricity in the area and possible solutions, including possible new transmission projects.

Synopses of public comments from the public input meetings are included in the Minnesota Biennial Report which the utilities jointly submit to the MPUC. The plan also includes a list of transmission lines each utility is requesting certification from the MPUC for authorization to build. The joint biennial reports are subject to notice and comment administrative proceedings before the MPUC, subject to the MPUC's rules, allowing active and open participation by both affected customers and members of the public. The most recent biennial report was accepted by written order of the MPUC after public comment.[18]

- **SEA:** The SEA considers a broad range of factors in an open process in which all interested stakeholders are entitled to participate. Documents associated with the SEA can be viewed on the WPSC's Electronic Regulatory Filing System at http://psc.wi.gov. Consistent with prior SEAs, the public is encouraged to participate and provide comments throughout the SEA process. Details on WPSC technical conferences, SEA timelines and how to get involved with the process are shared by the WPSC as the SEA process progresses. While the WPSC prepares the ultimate SEA for comments by parties involved in the electric industry, the Commission also intends that the SEA be available to the general public having an interest in reliable, reasonably priced electric energy. To assist the general public, definitions of key terms used within the electric industry are included in the final report.

[17] The dates of the public participation meetings for the 2007 biennial report are available at www.minnelectrictrans.com.

[18] *See* Order Granting Variance, Accepting Certification Requests and Accepting Biennial Transmission Plan issued January 5, 2006, MPUC Docket No. E-999/TL-05-1739.

3. Transparency

Order No. 890 requires to transmission providers to disclose "basic planning criteria, planning assumptions and planning data along with study methodologies, criteria, and processes. Transmission providers are required to have written documentation of the study methodology, criteria, and processes used to develop transmission plans."[19] Transmission providers must "make available information regarding the status of upgrades identified in their transmission plans in addition to the underlying plans and related studies."[20] Also, "where demand resources are capable of providing the functions assessed in a transmission planning process, and can be relied upon on a long-term basis, the demand resources should be permitted to participate in [the] process on a comparable basis."[21]

MP's Compliance with the Transparency Principle

- **MISO Membership:** As discussed in more detail in MISO strawman, MP satisfies the transparency principle through, among other things, the MTEP process and the development of its Demand Response initiatives.

- **MAPP Membership:** As discussed in more detail in the MAPP strawman, MP satisfies the transparency principle through the development of the MAPP Regional Plan. The basic criteria, assumptions, and data that underlie MAPP's Regional Plan are available to all customers and other stakeholders through the biennial plan, the MAPP OASIS, and the websites of NERC and the Midwest Reliability Organization (MRO). These criteria are found in the following documents: NERC and MRO Reliability Standards; MAPP Members' Reliability Criteria and Study Procedures Manual; and MRO power flow models.

  The basic methodology, criteria, and processes the MAPP TPSC uses to develop its Regional Plan are disclosed in the following documents posted on the MAPP website: Procedures Manual for Regional Transmission Planning; and TPSC Subregional Planning Group Guidelines. This transparent planning process allows all interested participants to participate, including demand-side resources.

- **Minnesota Biennial Report:** The Minnesota Biennial Report relies on the transparency of MAPP and MISO to be an effective tool for interested parties. Since all MTO utilities participate in the MAPP 10-year planning process, the MTO biennial transmission plans are developed from the same basic criteria, assumptions, and data that underlie MAPP's Regional Plan. The biennial plan then lists future inadequacies in the transmission systems of the Minnesota transmission owning utilities, which serves to notify customers, regulators and the interested public of for future studies.

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19 *See* Order 890 at P 471.

20 *See Id.* at P 472.

21 *See Id.* at P 479.

- **SEA:** Participants in the SEA process are required to submit information regarding their proposed projects and projected needs. By state statute, the SEA reports on all transmission lines designed to operate at voltages above 100 kV on which transmission providers propose to begin construction within the next five years, subject to WPSC approval. For the purposes of the SEA," construction" is defined building new lines, rebuilding existing lines, or upgrading existing lines. Thus, transmission providers disclose their transmission planning information to the WPSC, which in turn compiles that information into the SEA. A previously discussed, the SEA is a public document created through an iterative public process and satisfies the Commission's Transparency principle articulated in Order No. 890.

4. Information Exchange

Order No. 890 requires that transmission providers, in consultation with customers and other stakeholders, must develop information exchange guidelines and schedules for submittal of information from both network and point-to-point transmission customers.[22]

MP's Compliance with the Information Exchange Principle

- **MISO Membership:** As discussed in more detail in MISO strawman, MP satisfies the Information Exchange Principle through its MISO membership.

- **MAPP Membership:** As discussed in more detail in MAPP strawman, MP satisfies the Information Exchange Principle through its MAPP membership.

- **Minnesota Biennial Report**: The information exchange process used by the MTO regional utilities Companies for the Minnesota Biennial Report process is satisifies the Information Exchange Principle. Since the Minnesota Biennial Report is submitted on a coordinated basis, the MPUC requires all utilities to exchange information between themselves and their customers in the processes described above, and to make timely public filings with the MPUC. This information is then filed with the MPUC.

- **SEA:** The information exchange process used for the SEA satisfies the Information Exchange Principle. The WPSC's assessment is conducted after extensive stakeholder through written comments and public meetings, and the final report is made public.

[22] *See Id.* at PP 480, 486.

5. Comparability

Order No. 890 requires each transmission provider "to develop a transmission system plan that (1) meets the specific service requests of its transmission customers and (2) otherwise treats similarly-situated customers (e.g. network and retail native load) comparably in transmission system planning." Furthermore, "customer demand resources should be considered on a comparable basis to the service provided by comparable generation resources, where appropriate."[23]

MP's Compliance with the Comparability Principle

- **MISO Membership:** MISO is currently the independent transmission provider for the MP System, and all new transmission service requests, including requests by MP to serve the MP's native loads, are administered by MISO. MISO provides transmission services, to all customers taking service on the MISO Transmission System (including the MP System), including requests for service by member Transmission Owner Network Resources and Network Loads as well as Point-to-Point customers. MISO also administers all new generation interconnections requested for interconnection to the MISO Transmission System, including interconnection request for the native or affiliated generators of MISO transmission owners. In addition, the MISO MTEP is developed to provide for efficient and reliable service to all transmission customers throughout the planning horizon by treating similarly situated customers comparably in transmission system planning activities.

- **MAPP Membership:** MAPP's Procedures Manual for Regional Transmission Planning establish a planning process by which MAPP Members' and non-Members' *bona fide* requirements for transmission service and the incorporation of those requirements into the MAPP Regional Plan. These procedures, as well as the other planning policies posted on MAPP's website, ensure that similarly situated customers are treated comparably in transmission planning.

- **Minnesota Biennial Report:** MP meets the Comparability Principle through its participation as an MTO in the production of the Minnesota Biennial Report. The reporting process not only treats all similarly situated customers the same, but goes further, treating all customers and potential customers the same. Anyone and everyone has the right to attend the mandated MTO-sponsored meetings, which, by law are held with regular frequency throughout the state of Minnesota.[24] Also, as part of the biennial reporting process, all positions raised by attendees at MTO-sponsored meetings must be reported in a public filing with the MPUC.[25] Accordingly, any entity has the opportunity to attend the mandated MTO-sponsored meetings, which are publicly noticed, the Minnesota Biennial

[23] *See Id.* at P 494.
[24] Minn. R. 7848.0900
[25] *Id*. at 7848.1300

Report has extensive public notice requirements[26] and present its issues, which must be considered and addressed in a public filing before the MPUC.

- **SEA:** The SEA process satisfies the Comparability Principle. The assessment is conducted by the WPSC and all stakeholder input is evaluated in the WPSC's evaluation process.

[26] *See Id*. at 7848.10.

6. Dispute Resolution

For transmission planning related issues, Order No. 890 required transmission providers to have a dispute mechanism outlined in their OATT that is able to address "both procedural and substantive planning issues." A transmission provider can utilize an existing dispute resolution process, but must specifically state how the process will be used to address planning disputes.[27]

MP's Compliance with the Dispute Resolution Principle

- **MISO Membership:** As a transmission owning member of MISO, MP is subject to the dispute resolution procedures set forth in the MISO TOA and the TEMT. All customers are covered under the MISO process regardless of whether they are a MISO customer.

- **MAPP Membership:** Additionally, as a MAPP member, any disputes concerning a MAPP transmission tariff, schedule, or the MAPP Regional Plan will be resolved in accordance with the dispute resolution procedures in Article 9 of the Restated Agreement unless the complaining RTC Member or Regulatory Participant elects to take an appeal directly to the RTC. Article 9 sets forth mediation and arbitration procedures that explicitly apply to "[a]ny dispute as to a matter governed by this Restated Agreement . . . , including but not limited to any dispute arising under any tariff, Service Schedule, principle, standard, requirement, procedure, plan, or other right or protection established by or pursuant to this Restated Agreement." This dispute resolution process is available to address both procedural and substantive planning issues related to MAPP regional planning.

- **Minnesota Biennial Report:** The MTO group that coordinates the joint submission of the Minnesota Biennial Report is an informal organization and does not have a formal governance structure. Accordingly, any disputes are resolved informally by the MTO participants.

- **SEA:** The SEA is a state-sponsored study that uses stakeholder input and, thus, is subject to the applicable WSPC dispute resolution procedures.

[27] *See Id.* at P 501.

7. Regional Participation

Order No. 890 states that "each transmission provider will be required to coordinate with interconnected systems to (1) share system plans to ensure that they are simultaneously feasible and otherwise use consistent assumptions and data and (2) identify system enhancements that could relieve congestion or integrate new resources."[28] Transmission providers are required to specify "the broader region in which they propose to conduct coordinated regional planning."[29] The coordinated regional planning "must be open and inclusive and address both reliability and economic considerations."[30]

MP's Compliance with Regional Participation Principle

- **MISO Membership, MAPP Membership, Minnesota Biennial Report and SEA:** As discussed above, MP coordinates extensively with interconnected systems to share system plans and identify system enhancements through the MISO MTEP process, the MAPP Regional Plan, and the Minnesota Biennial Report processes. As a MISO member, MISO is the planning authority for MP. The MISO MTEP provides coordinated planning for the entire 15 state Midwest ISO footprint. The MAPP Regional Plan provides coordinated planning for the historic MAPP region,[31] which includes both utilities that are MISO members and utilities that are not MISO members.

  Through its participation in Minnesota Biennial Report and SEA, MP coordinates with Minnesota and Wisconsin transmission owners (and their customers) to facilitate planning on a sub-regional basis (including coordination of CapX 2020 long-term studies) in an effort to develop transmission solutions that not only resolve multiple system reliability and capacity requirements but does so at the lowest reasonable cost. MP's coordination with other utilities in both Biennial Transmission Report and SEA often consists of sharing and discussing transmission plans, discussing and coordinating inter-system impacts of implementing those plans, exploring the potential for inter-system opportunities that could result in either joint project development or the modification of proposed projects to take into account the needs of the adjoining transmission providers, together with coordinating with MPUC and WPSC to implement any results of these coordinated planning activities.

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28 *See Id.* at P 523.

29 *See Id.* at n. 313.

30 *See Id.* at P 528.

31 MAPP's members are investor-owned utilities, cooperatives, municipals, public power districts, a power marketing agency, power marketers, regulatory agencies, and independent power producers from the following states and provinces: Minnesota, Nebraska, North Dakota, Manitoba, Saskatchewan, and parts of Wisconsin, Montana, Iowa and South Dakota. MAPP also has members in Kansas and Missouri. MAPP serves over 16 million people and covers nearly 1,000,000 square miles.

8. Economic Planning Studies

Order No. 890 required all transmission providers to perform economic planning studies (1) to address both "'local' congestion (i.e., within the transmission provider's system) and congestion between control areas and sub-regions" and (2) to integrate new generation resources and/or loads on an aggregated or regional basis.[32]

MP's Compliance with Economic Planning Principle

- **MISO Membership:** The MISO MTEP planning Framework outlined in the MISO TOA requires the expansion planning process to address not only reliability needs, but economic upgrades, i.e., "Regionally Beneficial Projects."

  The MISO continues to enhance the MTEP study process, which addresses both identification and development of economic transmission projects and integration of aggregated resources. The present MTEP study process develops multiple generation portfolio scenarios which represent a diverse range of potential generation futures. This is key input into addressing integration of future generation resources. These four scenarios are developed by the PAC with input from all interested stakeholder groups. The development of these four futures address a key long-term planning issue facing all transmission planners, namely the nature of future generation expected over a 10 to 20 year planning horizon and where generation resources are likely to be located. Transmission plans are developed for each generation portfolio outcome to address the constraints to moving generation to market. This is an iterative process that has the goal of minimizing the delivered cost of energy to customers. These plans are then tested against the other generation futures to determine which components of the plans are robust and valuable over the range of futures.

  This regional expansion process is inclusive of all stakeholder inputs, and takes advantage of both operational market experience and stakeholder concerns in developing transmission plans to address relief of congestion that will provide the greatest value to the aggregate of market participant. The Transmission Planning Protocol, as well as Commission Orders, require MISO to evaluate the planning process and to provide regular reports to the PAC, the Organization of MISO States (OMS), and the FERC on the effectiveness of that planning process.

- **MAPP Membership:** At MAPP, TPSG focuses on economic planning analysis through the development of the MAPP Regional Plan. The TPSC has evaluated limitations in MAPP transfer capability through historical Transmission Loading Relief (TLR) analysis associated with all of the defined Flowgates in the MAPP region. The TPSC utilizes these comprehensive reviews to determine transmission constraints in the region. The TPSC has also supported economic studies

[32] *See Id.* at PP 529, 542.

necessary to review the integration of large proposed generation facilities to the regional grid and developed visionary concept plans as part of regional study efforts.

The TPSC has also commissioned SPGs to address certain highly constrained regional flowgates and to develop proposed plans for increasing interregional transfer capability. Some SPGs have also performed extensive regional transfer capability analysis and developed exploratory transmission expansion plans to address the most limiting flowgates within their SPG region. The TPSC also coordinates and supports other joint exploratory economic planning efforts within and adjacent to the MAPP Region. In the most recent MAPP Regional Plan, the TPSC performed studies to quantify the economic benefit of a selected set of additional new transmission facilities.

Although the TPSC currently performs economic planning analysis, MAPP members are reviewing the current process to determine if it could be amended to meet the Order No. 890 requirements. As part of the proposed reforms, the TPSC would implement a congestion study process as part of the MAPP transmission planning process. The congestion study process that the TPSC would develop will include the following characteristics:

A transmission customer could request that the TPSC perform economic planning studies to evaluate potential upgrades or other investments that could reduce congestion or integrate new resources and loads on an aggregated or regional basis. The TPSC will allow customers to choose the studies that are of the greatest value to them. The TPSC, in consultation with its stakeholders, will cluster or batch requests for economic planning studies so the TPSC can perform the studies in the most efficient manner.

In addition to customer-requested studies, the TPSC will perform economic studies of upgrades to at least seven MAPP flowgates per year. The flowgates studied will be selected among those determined to have recurring congestion, as evidenced by a high number of hours per year with no available firm Available Flowgate Capacity (AFC) or a high number of historical hours per year under TLR. The TPSC will use this economic planning study methodology to determine which MAPP flowgates are most congested and the economic benefits of proposed flowgate upgrades.

The economic planning studies performed by the TPSC will include sensitivity analyses representing various generation price scenarios.

The TPSC will study the cost of congestion only to the extent it has information to do so. If stakeholders request a particular congested area be studied, they must supply relevant data within their possession to enable the TPSC to calculate the level of congestion costs that is occurring or is likely to occur in the near future.

MISO and MAPP coordinate their planning process through the Joint Operating Agreement between to ensure comparability and reliability.

9. Cost Allocation

A transmission provider's planning process "must address the allocation of costs of new facilities."[33] This applies only to regional projects that do not fit under existing rate structures, such as regional projects involving several transmission owners or economic projects that are identified under the study process described in the economic planning studies principle. The planning proposal "should identify the types of new projects that are not covered under existing cost allocation rules." [34]

MP's Compliance with Cost Allocation Principle

MISO is a leader in the industry in developing comprehensive cost allocation provisions for regional transmission expansion projects. MISO has obtained Commission approval for stakeholder developed cost allocation policies for all new Baseline Reliability, and Regionally Beneficial Projects under recent FERC "RECB I" and "RECB II" orders.[35] These cost allocation policies apply to all new network upgrades regardless of whether they are regional and multi-state in nature, or local and apply to an existing pricing zone.

As a member of MISO, and under MISO's planning authority, MP will follow the MISO processes for new transmission facilities 100kV and above. The cost of new generation interconnections is allocated between the interconnecting generator and MP based on the principles set forth in the MISO TEMT.

33 *See Id.* at P 557.

34 *See Id.* at P 558.

35 *Midwest Indep. Transmission Sys. Operator, Inc*., 118 FERC ¶ 61,208 (2007) (RECB I Order); *Midwest Indep. Transmission Sys. Operator, Inc*., 118 FERC ¶ 61,209 (2007) (RECB II Order)