



# Midwest ISO Regional Planning

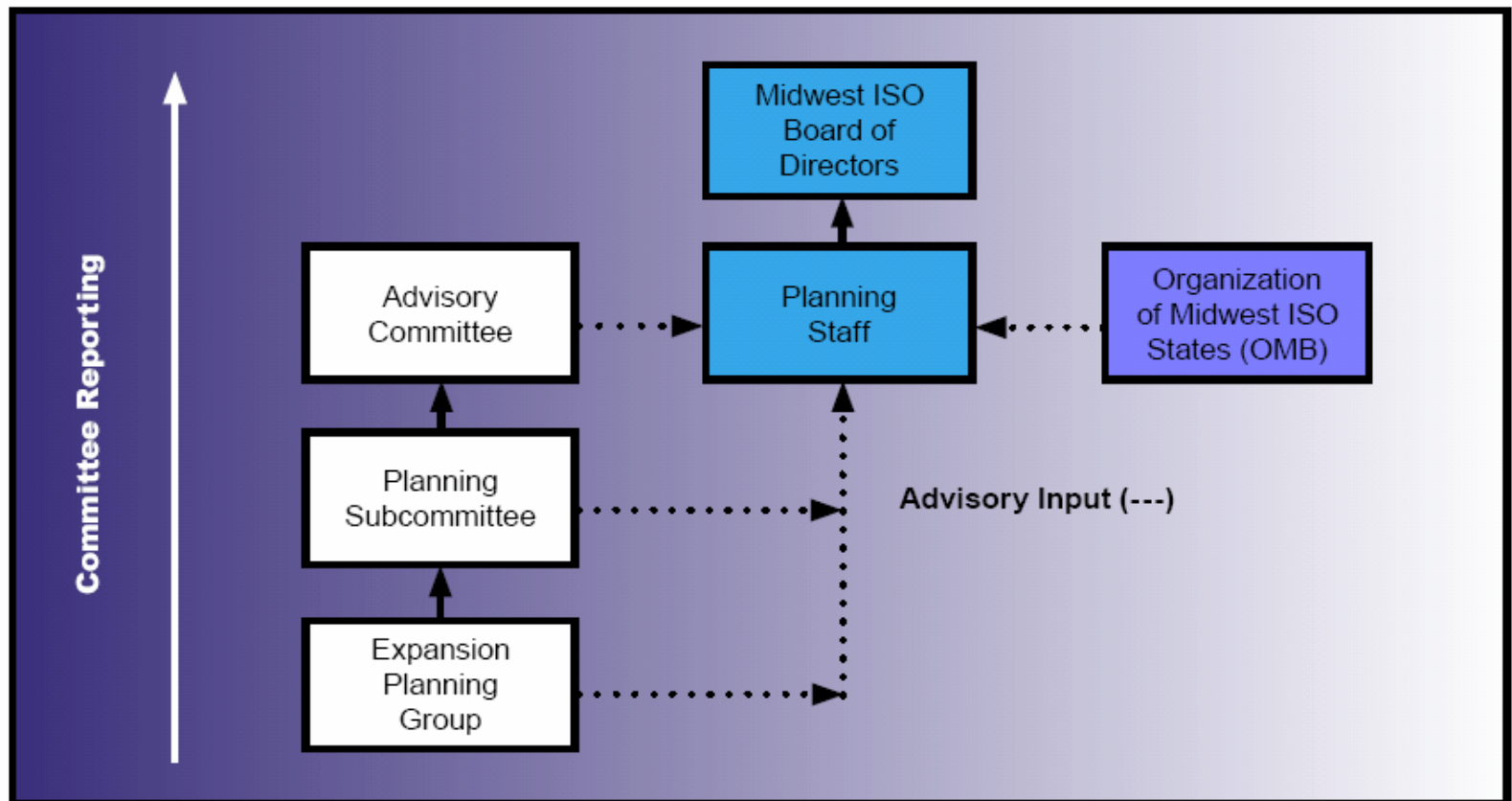
December 9, 2005

## ○ What Matters?

Two critical questions:

1. Who decides what gets built?
  - Answer appears to be that diffuse responsibility = decision process failure
2. Who pays?
  - Difficulty of defining beneficiaries results in arbitrary element to cost allocation and consequent lack of project support

# Who Decides: The Vision



## ○ The Reality

- The 2005 plan evaluated Transmission Owner planned expansions and found that they “result in a system that meets reliability requirements...”
  - “but the Midwest ISO has not independently evaluated at this point in the developing expansion planning process whether these expansions are the most efficient solutions to reliability issues identified.”

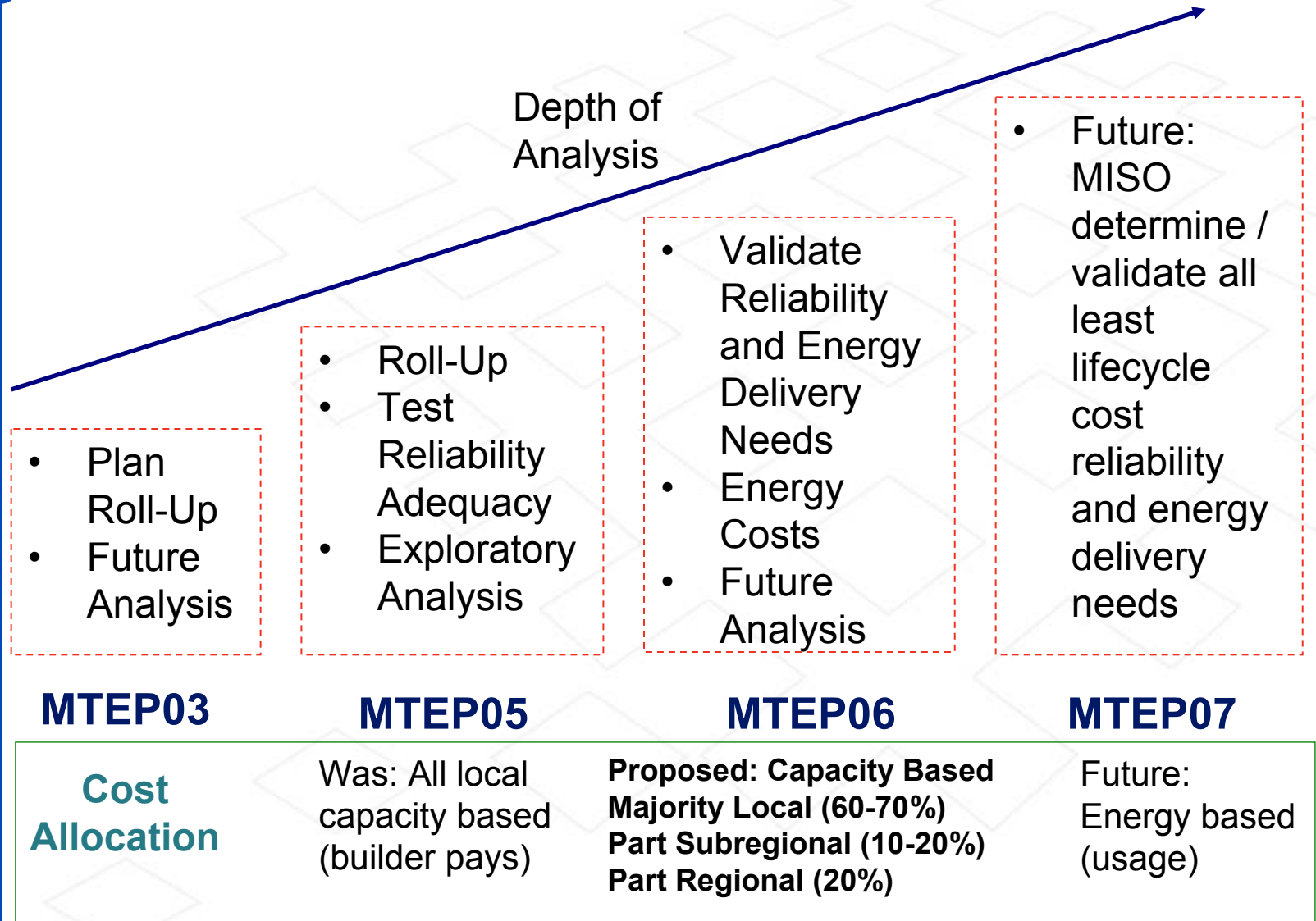
# States Are Ultimate Decision Makers

- “For major projects proposed in the plan, that may need state certification, the Midwest ISO is prepared to support the Transmission Owners in describing the needs and benefits of the projects within the state siting and certification processes.”

## ○ State Input to Planning Process

- “The OMS has formed a Planning and Siting Work Group. The Midwest ISO will seek input from this Work Group as well as from the OMS Board of Directors as to the planning process.”
  - OMS is voluntary organization with no decisional authority
    - States not bound by OMS findings
    - May lend legitimacy to process outcomes
    - Power to persuade?

# Evolution of Regional Planning



## ○ Who Pays

- Decisions concerning what gets built is not independent of cost allocation
  - Current proposed cost allocation provides for sharing of benefits of local reliability projects
  - But the majority of a project cost remains assigned and recovered locally, causing continued resistance to expansion not essential for local load



## ○ Beneficiaries Pay?

- Ongoing stakeholder effort aimed at defining new cost allocation for energy delivery (economic rather than reliability) projects
  - One option under consideration is an energy based allocation of transmission costs (usage based)
  - If achieved and applied to all projects, distinction between local reliability and market efficient (economic) projects will not be needed

# Discussion