



**Federal Energy Regulatory Commission**  
**October 20, 2011**  
**Open Commission Meeting**  
**Staff Presentation**  
**Item E-11**

“Good morning Chairman Wellinghoff and Commissioners. The draft order on rehearing and compliance affirms the Commission’s December 17, 2010 Order accepting MISO’s Multi-Value Project planning and cost allocation proposal or MVP Proposal. That is, the draft order continues to find that the MVP Proposal is just and reasonable, and that it represents a package of reforms that will enable MISO and its stakeholders to identify transmission projects that provide sufficient regional benefits to warrant regional cost allocation.

Specifically, on rehearing, the draft order continues to find that the MVP Proposal allows MISO and its stakeholders to: 1) identify transmission projects that will benefit the grid and that may also satisfy documented energy mandates and laws; 2) ensure thorough, transparent consideration of the many factors that will determine which transmission projects should receive 100 percent cost sharing within the region; 3) allow MISO flexibility to move forward Multi-Value Projects to maximize benefits within and across the region; and 4) further progress toward the goal of facilitating efficient regional transmission planning.

Additionally, the draft order upholds the acceptance of MISO’s proposal to make permanent the interim cost allocation methodology for generator interconnection projects and to create a new class of generator interconnection projects called Shared Network Upgrades in order to reduce the financial burden faced by an initial generator interconnection customer that funds a network upgrade by requiring subsequent interconnection customers that benefit from the same upgrade to contribute to the costs of such upgrade.

The draft order rejects claims that the MVP Proposal is inconsistent with cost causation principles and the Seventh Circuit’s decision in *Illinois Commerce Commission* stating that *Illinois Commerce Commission* does not alter the analytical framework employed by the Commission to ensure that transmission cost allocation methodologies are consistent with cost causation principles. Additionally, the draft order rejects challenges to the individual components of the MVP Proposal, such as the MVP Criteria or portfolio approach because these arguments fail to consider the MVP Proposal as an integrated package of reforms.

However, to further enhance the transmission planning process, the draft order grants rehearing and will require MISO to file provisions to conduct periodic reviews. Specifically, the draft order directs MISO to conduct periodic reviews to monitor the costs and benefits of the cumulative effects of all Multi-Value Projects approved in the Midwest Transmission Expansion Plan, and to provide the results and underlying analyses to the appropriate stakeholder committees and to publish these results and underlying analyses on its website.

The draft order continues to find that the allocation of 100% of Multi-Value Project costs to load, through a usage-based charge, is just and reasonable. The draft order rejects arguments that the Commission failed to consider benefits to generators and reiterates the Commission’s previous finding that the Multi-Value Project usage rate will result in just and reasonable rates consistent with long-standing practice. Having found that these aspects of the Multi-Value Projects proposal are just and reasonable, the Commission does not need to consider alternative proposals.

The draft order affirms the previous orders determination that MVP costs should not be allocated to PJM and finds that no party has provided substantial evidence demonstrating that the scope and configuration of MISO and PJM have changed sufficiently to allow rate pancaking between MISO and PJM to resume. In addition, the draft order disagrees with claims that not allocating Multi-Value Project costs to PJM load endorses free-riding by PJM members or condones unduly preferential treatment for PJM load.

Finally, the draft order conditionally accepts MISO's compliance filing that defines the term "Portfolio" and adds language to its tariff that an MVP "must be evaluated as part of a Portfolio of projects, as designated in the transmission expansion planning process, whose benefits are spread broadly across the footprint" subject to further compliance.

This concludes our presentation. The team is available to answer any questions."