TO: MISO BOARD OF DIRECTORS

FROM: JENNIFER CURRAN

SUBJECT: MARKET MONITOR FEEDBACK ON LONG RANGE TRANSMISSION PLAN

DATE: OCTOBER 23, 2024

Last week, we received Dr. Patton's presentation for the October 30, 2024, System Planning Committee meeting. Noting that MISO staff has not had a chance to fully review this presentation, and that we will discuss further at the Committee meeting, we believe it is helpful to address the major disconnects between MISO's Long Range Transmission Planning (LRTP) process and the IMM comments. As stated at the September Board meeting, in our response to Dr. Patton's comments posted with the September 13th LRTP workshop, and in several additional public meetings, MISO affirms its support for the Tranche 2.1 portfolio. We fundamentally disagree with Dr. Patton on many items, including how he is valuing transmission. Specifically:

1) Under the Reliability Imperative, MISO has an obligation to create an integrated transmission plan that reliably enables member goals while minimizing the cost of the fleet transition. LRTP is key in planning to meet these member needs and necessitates a broad view of transmission and benefits, versus an incremental approach.

2) The objective function of LRTP is to understand the value of transmission given the collective member resource plans as represented in the different Future scenarios. This approach is consistent with MISO's role, and with how MISO and others have performed benefit analysis for regional transmission for over a decade. The objective is not, as suggested by Dr. Patton, to take the role of a central resource planner by proposing resource plans, or to force the evaluation of different member plans that might occur if the transmission does not exist.

3) LRTP Tranche 2.1 is primarily a reliability-driven portfolio, as shown through both project-specific and portfolio analysis. In other words, while the portfolio has a robust benefit/cost ratio - including an effort to monetize a portion of the reliability value consistent with the requirements of FERC Order 1920 - the portfolio is required for reliability regardless of that calculation. This reliability value was illustrated in the LRTP reliability and economic 'deep dive' presentation on September 23rd and is reinforced in Chapter 2 of the MTEP24 report.

Many of Dr. Patton's concerns have already been addressed in various communications including in the upcoming responses to stakeholder comments (i.e., Appendix F to the MTEP). Dr. Patton represents one voice in the LRTP-related stakeholder process which has a vast number of participants and viewpoints. These stakeholder views, in aggregate and inclusive of Dr. Patton's views, have shaped the final LRTP study process and portfolio. While the IMM's comments have received some support in meetings and written feedback, the LRTP process and portfolio has support from many members and stakeholders.

Rather than an exhaustive point-counterpoint, there are some notable areas that require further context; specifically:

Regarding the cost of transmission:

- MISO takes ensuring reliability and value to customers seriously. While we are not specifically aware of how Dr. Patton arrived at the estimate of $2,600/customer and agree we must take seriously any cost for customers, we note this value appears to reflect cost only in total over several decades with no offsetting benefits, which persist well beyond the timeframe of the costs represented.

Regarding MISO's Future scenarios and resource expansion

- MISO has a fundamentally different approach to the calculation of renewable requirements than Dr. Patton. The IMM's scenarios have focused on state goals and assumed all utility specific renewable energy would be sold to support state mandates. In contrast, MISO assumed utility goals in states without mandates were additive to state goals. For example, Montana does not have state clean energy goals, however Montana Dakota Utility (MDU) does. The IMM expansion assumed that MDU would sell their renewable energy credits to a utility in a state with a renewable goal; MISO assumed that MDU's renewable energy would not be designated for another utility. As a result, the IMM's expansion would not meet members' goals as modeled by MISO.
- Further, while MISO has confidence that our members create resource plans considering the influences of MISO's energy and ancillary service markets, and the Planning Resource Auction, we understand that the final resource plans – including siting – must balance a multitude of state, local, and federal influences. All of these factors reinforce the need to respect the role of the state and utilities in resource planning, and not to impose new scenarios as recommended by the IMM either as base scenarios or for use in the calculation of specific metrics.
- MISO's confidence in the LRTP business case scenario is reinforced by the business case results shown by Future 1A results. This Future contained a lower load growth rate, and its resource expansion was 93% based on member plans. The portfolio still demonstrated significant benefits, including $15.3 - $18.7B in avoided capacity costs. This avoided capacity benefit exceeds the number of model-built resources in the case, refuting the notion MISO could shift resources without impacting member siting.

Mitigation of Reliability Issues

- The avoided reliability benefit is not meant to imply load shedding. It captures the benefits of resolving reliability issues through a proxy of load shed after multiple actions are taken to resolve those issues. Moreover, Dr. Patton's statements on redispatch incorrectly state that we exclude more units than we did in calculating the metric, as documented in the whitepaper MISO published on the topic.
- Attempting to address these issues after the fact via the MTEP process would create more expensive, piecemeal solutions – this was the premise for MISO's original Multi Value Project portfolio in 2011, and it still holds true today.

MISO remains concerned about the amount of effort Dr. Patton has put into assessing how MISO plans transmission. This is outside of his scope of work.

The MISO team has invested a significant amount of time over the past two years, working closely with stakeholders to develop the portfolio needed to move the region forward. Given the load growth MISO is experiencing, and rapidly changing resource fleet, now is not the time for us to slow down.

MISO's recommended Tranche 2.1 is based upon sound planning consistent with our adopted principles and in alignment with the principles contained in FERC Order 1000. It represents one portfolio of projects necessary to meet the Reliability Imperative. MISO remains confident that this portfolio reflects the needs of our members and stakeholders and will be seeking approval from the MISO Board of Directors in December 2024.