



Surrebuttal Testimony of Christopher T. Ellison Attachment A

News Release

MIDWEST ISO INITIATES QUEUE REFORM PROPOSAL

Recommends "Fast Lane" For New Generation Following 62-percent Increase in Requests

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CARMEL, Ind. – The Midwest Independent Transmission System Operator Inc. (Midwest ISO) today filed with the Federal Energy Regulatory Commission (FERC) an innovative plan to reform the generator interconnection queue process – the method by which transmission requirements to support new power generation plans are studied and ultimately approved in the Midwest.

The reform recommendations come in the wake of a 62-percent increase in requests for development of new generation from 2006 to 2007. With 402 active projects currently in the queue - including 135 that have been submitted to date in 2008 - the Midwest ISO plan is designed to speed development of approximately 83,000 megawatts (MWs) of requested generation.

"We have to update the administrative procedure by which new generation plants and transmission lines are studied, approved and built," said Clair Moeller, Vice President of Transmission Asset Management. "It is a particularly complex process because we want to bring on more renewable energy, such as wind farms, that can benefit from alternative planning methods and upgrades to infrastructure. There are 23,000 MWs in wind requests in the Buffalo Ridge, Minnesota area alone. With current renewable mandates in our region requiring approximately 20,000 MWs of energy and the potential for mandates of up to 40,000 MWs, we need to get some projects moving," he continued.

The Midwest ISO plan proposes several changes to the interconnection queue. The first creates a "fast-lane" for generation projects that have already made significant progress through the development process. The "fast-lane" will push these projects through a shortened study timeline, getting much-needed transmission into service quickly. This aspect of the proposal represents a major shift from current regulations, which require that projects are processed on a first-come, first-served basis.

The proposal also includes a sliding project deposit scale to collect funds upfront that are closer to actual study costs that will be incurred for any given project. It also adds new, more rigorous progress milestones that are intended to demonstrate increasing levels of commitment and readiness on the part of projects in the queue. Finally, it will allow projects to be suspended only under extreme conditions, thus reducing uncertainty for generation projects that entered the queue after the project to be suspended.

"This plan incorporates significant feedback from the industry. We've worked long and hard with our stakeholders to come up with a solution to increasing study costs, and to find the most logical, cost-effective way to unclog the queue. On the whole, we are very optimistic that the Midwest ISO and our stakeholders have found a solution that will benefit everyone," said Moeller.

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As positive an impact as these changes could potentially have, Moeller says they're not a cure-all: "This won't change the significant problem of insufficient transmission in highly-congested areas. Those projects face hurdles queue process reform alone cannot address. However, it will allow projects in uncongested areas to proceed in a more timely fashion."

After today's filing, the next step of the queue reform process will be addressing the challenges facing highly congested areas. To meet those challenges, the Midwest ISO is working with its stakeholders and states on a process to pre-plan transmission to meet the expected demand for renewable energy projects in transmission-limited locations.

About the Midwest ISO

The Midwest ISO ensures reliable operation of, and equal access to, 93,600 miles of interconnected, high-voltage power lines in 15 U.S. states and the Canadian province of Manitoba. The Midwest ISO manages one of the world's largest energy markets, clearing nearly \$3 billion in energy transactions monthly. The Midwest ISO was approved as the nation's first regional transmission organization (RTO) in 2001. The non-profit 501(C)(4) organization is governed by an independent Board of Directors, and is headquartered in Carmel, Indiana with operations centers in Carmel and St. Paul, Minnesota. Membership in the organization is voluntary. For more information, visit www.midwestmarket.org.

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