

Law Office of Warren J. Day
2010 Hawkinson Road, Oregon, WI 53575
608-877-1369 (Office)
608-807-6010 (Cell)
warren@warrendaylaw.com

July 11, 2014

VIA ELECTRONIC FILING

Hon. James LaFave
Administrative Law Judge
Minnesota Office of Administrative Hearings
600 North Robert Street
St. Paul, Minnesota 55164-0620

Re: *In the Matter of the Application of ITC Midwest for a Certificate of Need for the Minnesota-Iowa 345 k V Transmission Project in Jackson, Martin, and Faribault Counties*, Docket No. ET6675/CN-12-1053, OAH 60-2500-30782: **Initial Brief of Midcontinent Independent System Operator**

Dear Judge LaFave:

The Midcontinent Independent System Operator, Inc. (MISO), hereby submit its initial brief in the above-captioned case to support the Application submitted by ITC Midwest LLC (ITCM) for the Minnesota portion of the Minnesota-Iowa 345 kV Project (MN-IA Project). Attached is the Affidavit of Service.

Please do not hesitate to contact me if I can be of any further assistance in this matter.

Sincerely,

/s/ Warren J. Day
Warren J. Day

Attorney for
Midcontinent Independent System Operator

CERTIFICATE OF SERVICE

I, Warren J. Day hereby certify that on the 11th day of July, 2014, a true and correct copy of the initial brief of Midcontinent Independent System Operator was filed by means of eDockets (www.edockets.state.mn.us) in the below-referenced dockets. The Testimony was also served via U.S. Mail and email (E-Service option) through the eDockets system as designated on the Official Service Lists on file with the Minnesota Public Utilities Commission in these dockets.

/s/ _____

Warren J. Day, Attorney

Docket Number **ET-6675/CN-12-1053 and ET-6675/TL-12-1337**

Dated this **11th day of July, 2014**

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret
Lisa	Agrimonti	lagrimonti@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center80 South 8th Street Minneapolis, MN 55402	Electronic Service	No
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes
Duane	Behrens	porkb@yourstarnet.net		1692 160th Ave Fairmont, MN 56031	Paper Service	No
Christina	Brusven	cbrusven@fredlaw.com	Fredrikson & Byron, P.A.	200 S 6th St Ste 4000 Minneapolis, MN 554021425	Electronic Service	No
Matthew S.	Carstens	mcarstens@itctransco.com	ITC Holdings Corp.	123 5th Street SE Cedar Rapids, IA 52401	Electronic Service	No
Kodi	Church	kchurch@briggs.com	Briggs & Morgan	2200 IDS Center 80 South Eighth Street Minneapolis, Minnesota 55402	Electronic Service	No
Katie	Clark Sieben	katie.clark.sieben@state.mn.us	DEED	332 Minnesota St, #E200 1st National Bank Bldg Saint Paul, MN 55101	Electronic Service	No
Leigh	Currie	lcurrie@mncenter.org	Minnesota Center for Environmental Advocacy	26 E. Exchange St., Suite 206 St. Paul, Minnesota 55101	Electronic Service	No
Warren J	Day	warren@warrendaylaw.com	Attorney-At-Law	2010 Hawkinson Rd Oregon, WI 53575	Electronic Service	No
Randall	Doneen	randall.doneen@state.mn.us	Department of Natural Resources	500 Lafayette Rd, PO Box 25 Saint Paul, MN 55155	Electronic Service	Yes
Scott	Ek	scott.ek@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 55101	Electronic Service	Yes
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	Yes
Travis	Germundson	travis.germundson@state.mn.us		Board of Water & Soil Resources 520 Lafayette Rd Saint Paul, MN 55155	Electronic Service	Yes
Elizabeth	Goodpaster	bgoodpaster@mncenter.org	MN Center for Environmental Advocacy	Suite 206 26 East Exchange Street St. Paul, MN 551011667	Electronic Service	No
David	Grover	dgrover@itctransco.com	ITC Midwest	444 Cedar St Ste 1020 Saint Paul, MN 55101-2129	Electronic Service	No
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes
Leah	Hedman	Leah.Hedman@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St Saint Paul, MN 55101	Electronic Service	Yes
Susan	Heffron	susan.heffron@state.mn.us	MN Pollution Control Agency	520 Lafayette Rd Saint Paul, MN 55155	Electronic Service	Yes

Timothy	Iannettoni	tiannettoni@itctransco.com	ITC Trans Co	123 Fifth Street SE Cedar Rapids, IA 52401	Electronic Service	No
Maynard	Jagodzinske	N/A		1506 120th Ave Welcome, MN 56181-1380	Paper Service	No
Sarah	Jagodzinske Rohman	sjago@hotmail.com		1126 150th St Welcome, MN 56181	Paper Service	No
Linda	Jensen	linda.s.jensen@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota Street St. Paul, MN 551012134	Electronic Service	Yes
Ray	Kirsch	Raymond.Kirsch@state.mn.us	Department of Commerce	85 7th Place E Ste 500 St. Paul, MN 55101	Electronic Service	Yes
Karen	Kromar	karen.kromar@state.mn.us	MN Pollution Control Agency	520 Lafayette Rd Saint Paul, MN 55155	Electronic Service	Yes
James	LaFave	james.lafave@state.mn.us	Office of Administrative Hearings	PO Box 64620 St. Paul, MN 55164-0620	Electronic Service	Yes
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes
Susan	Medhaug	Susan.medhaug@state.mn.us	Department of Commerce	Suite 500, 85 Seventh Place East St. Paul, MN 551012198	Electronic Service	Yes
Bob	Patton	bob.patton@state.mn.us	MN Department of Agriculture	625 Robert St N Saint Paul, MN 55155-2538	Electronic Service	Yes
Michele	Ross	michele.ross@state.mn.us	Department of Health	625 N Robert St Saint Paul, MN 55101	Electronic Service	Yes
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	Ste 122 9100 W Bloomington Frwy Bloomington, MN 55431	Electronic Service	Yes
Jeffrey	Small	jsmall@misoenergy.org		MISO P.O. Box 4202 Carmel, Indiana 46082-4202	Electronic Service	No

**BEFORE THE MINNESOTA OFFICE OF ADMINISTRATIVE HEARINGS
600 North Robert Street
St. Paul, Minnesota 55101**

**FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION
121 Seventh Place East, Suite 350
St. Paul, Minnesota 55101-2147**

In the Matter of the Application of ITC Midwest LLC) Docket No. ET6675/CN-12-1053
for a Certificate of Need for the Minnesota-Iowa 345)
kV Transmission Project in Jackson, Martin, and) OAH Docket No. 60-2500-30782
Faribault Counties.)

**POST-HEARING BRIEF, PROPOSED FINDINGS OF FACT AND
CONCLUSIONS OF LAW**

BY

THE MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.

I. INTRODUCTION

The Midcontinent Independent System Operator, Inc. (“MISO”) supports approval of ITC Midwest’s (“ITCM’s”) planned transmission Project, referred to in the application as the Minnesota-Iowa 345 Kilovolt Transmission Project (“MN-IA Project” or the “Project”). The evidentiary hearing conducted on May 19, 2014 provided record support for approval of ITCM’s application that seeks a Certificate of Need for the MN-IA Project uunder Minnesota Statute § 216B.243.¹ That statute applies to a “large energy facility,”² and the MN-IA Project meets that definition because it includes approximately 75 miles of transmission line at 345 kV extending

¹ Expert testimony regarding the need for the Project was presented by ITCM, the Department of Commerce – Division of Energy Resources (“DOC-DER”), Clean Energy Intervenors (“CEI”) (composed of Wind on the Wires, Fresh Energy, Izaak Walton League of American – Midwest Office, and the Minnesota Center for Environmental Advocacy), and MISO.

² Minn. Stat. § 216B.2421, Subd. 2(2) (“any high-voltage transmission line with a capacity of 200 kilovolts or more with greater than 1,500 feet in length”).

from the City of Lakefield in Jackson County, eastward to Faribault County, Minnesota, and southwards to the Minnesota-Iowa border.³

MISO is a regional transmission organization (“RTO”), under the supervision of the Federal Energy Regulatory Commission (“FERC”) and other federal authorities, that (among other matters) is responsible for ensuring that the regional transmission system is reliably planned to provide for existing and expected use of that system.⁴ MISO performs collaborative planning functions for the transmission system with its member transmission owners and other stakeholders while independently assessing regional transmission needs.⁵ Those planning functions resulted in identification of the Project as an important link that is needed to support public policy requirements and ensure the continued reliability of the transmission system in Minnesota as well as the surrounding region.

The Project is an important part of MISO’s Multi-Value Project (“MVP”) portfolio of transmission upgrades that is comprised of a 345 kV electric transmission line and related facilities in an area extending across Southern Minnesota and linking up with 345 kV facilities located in Iowa.⁶ The MVP portfolio is a group of transmission projects distributed across the

³ ITCM Ex. 6, Summary of Certificate of Need Filing, Doc. No.=20133-84946-01.

⁴ MISO’s functions and general description is the subject of testimony by Digaunto Chatterjee, MISO’s Senior Manager of Resource Forecasting. MISO Ex. 400 at 2-3 (Chatterjee Direct), Doc. No.=20143-97712-01.

⁵ *Id.* at 3, 9, 21, 37 (Chatterjee Direct); MISO Ex. 401 at 9 (Chatterjee Rebuttal), Doc. No.=20144-98704-01.

⁶ MISO’s MVP process and portfolio is generally the subject MISO Ex. 400 at 18-22 (Chatterjee Direct). Results and analyses concerning the entire portfolio are presented in a MISO report. ITCM Ex. 37 (“Multi Value Project Portfolio, Results and Analyses”), Doc. No.=20145-99816-05, *cited by* MISO Ex. 400 at 8 (Chatterjee Direct). The analysis of economic benefits begins on page 49 of the MISO report. *See also*, ITCM Ex. 22 at 3 (Berry Direct), Doc. No.=20142-96749-04, and ITCM Ex. 23 at 27 (Schatzki Direct), Doc. No.=20142-96749-05.

transmission system whose expansion is overseen by MISO.⁷ The MVP portfolio provides for net economic benefits by reducing production costs, enables the satisfaction of Minnesota and neighboring state renewable portfolio standards, and helps ensure the future reliability of the local ITCM and regional transmission systems.⁸ After an extensive, multi-year, collaborative planning effort that included information provided by transmission owners, state regulatory personnel, and other stakeholders, the MVP portfolio was approved as part of the MISO Transmission Expansion Plan (“MTEP”) for 2011.⁹ Each MVP Project is a necessary component of the portfolio that provides benefits that broadly span the MISO footprint.

The timely construction of the Project is important to the ability of the ITCM transmission system to continue its reliable service. Such timely construction is important to provide Minnesota with the economic benefits provided by completion of the MVP portfolio of transmission projects.¹⁰ Economic benefits from the Project include development of wind resources for the generation of electricity since, as stated by Clean Energy Intervenors Witness Goggin, “Minnesota and the surrounding parts of MISO have some of the best wind energy resources in the United States.”¹¹ This development will bring additional jobs to Southern Minnesota.

II. REQUIREMENTS FOR A CERTIFICATE OF NEED AND OVERVIEW

ITCM’s application for the Project satisfies the requirements of Minnesota Statute § 216B.243 for a Certificate of Need, and an order should be issued that determines the existence

⁷ MISO is a not-for-profit regional transmission organization that provides reliability and market services over a region that stretches from the Ohio-Indiana border to Eastern Montana and south to New Orleans. MISO Ex. 400 at 1-2 (Chatterjee Direct).

⁸ *Id.* at 31-34 (Chatterjee Direct).

⁹ *Id.* at 8 (Chatterjee Direct); MISO Ex. 401 at 8 (Chatterjee Rebuttal).

¹⁰ MISO Ex. 401 at 7-9 (Chatterjee Rebuttal).

¹¹ CEI Ex. 300 at 13 (Goggin Direct), Doc. No.=20143-97743-02.

of need for the facilities and authorizes the construction of the proposed high voltage transmission facilities. The technical information filing requirements were satisfied through testimony and exhibits sponsored by multiple ITCM witnesses as well as its application filed with the Minnesota Public Utilities Commission.¹² ITCM also satisfied the notice requirements and informational meeting requirements.

ITCM has demonstrated, based upon its application and the evidentiary record, that the Project is needed and addresses multiple elements stated in Minn. Stat. § 216B.243 for the evaluation of need. As more fully delineated in Section IV below regarding the overall need for the proposed facilities, the record demonstrates that the Project is necessary to provide adequate, reliable, and efficient transmission service, supports important policy objectives, is the least-cost means of satisfying these needs, and promotes the development of an effectively competitive electricity market that operates efficiently.

III. PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW

MISO supports the Project, but does not submit a “Statement of Facts and Conclusions of Law” along with this Post-Hearing Brief. The Commission should issue an order finding the need for the Project, and authorize construction of the Project in the timeframe proposed by ITCM.

MISO may submit substitute findings of fact and conclusions of law along with its Response Brief.

¹² ITCM requested certain exemptions from Certificate of Need content requirements. ITCM Ex. 3, Doc. No.=201212-81394-01.

IV. NEED FOR THE PROPOSED FACILITIES

The entire Project is needed, pursuant to the schedule presented by ITCM, to provide the state of Minnesota and the region with the benefit of MISO's MVP portfolio of transmission projects.¹³ The Commission should find a strong record according to the evaluation elements stated in Minn. Stat. § 216B.243, Subd. 3. As summarized above, the need for a Project was partly determined through a deliberate, collaborative stakeholder process, which included the design and planning of transmission projects through a structured, multi-year planning process:¹⁴

Each of these transmission owners, including ITCM, identified potential transmission expansions that were consistent with the regional needs, and also would address identified needs and provide additional benefits on their respective systems. The overall goal for the MVP portfolio analysis was to design a transmission portfolio that takes advantage of the linkages between local and regional reliability and economic benefits to promote a competitive and efficient electric market within MISO. The portfolio was designed using reliability and economic analyses, applying several Future Scenarios to determine the robustness of the designed portfolio under a number of potential energy policies.

The MVP portfolio includes the MN-IA Project's new 345 kV transmission line in Jackson, Martin, and Faribault counties in Minnesota as well as closely related 345 kV transmission lines in Iowa, collectively referred to in MISO testimony as the "Mid-MISO MVPs."¹⁵

The MVP planning process involved the identification of candidate transmission projects, identification of alternatives, and completion of reliability analyses of all identified projects and alternatives, stakeholder vetting, and multiple studies that consider various options and alternatives to designing and structuring needed transmission facilities.¹⁶ Information on the

¹³ MISO Ex. 400 at 22-34 (Chatterjee Direct).

¹⁴ MISO Ex. 400 at 21 (Chatterjee Direct).

¹⁵ *Id.* at 7 (Chatterjee Direct). Please refer to an attachment to that testimony. *Id.* ("MAP 1 – MID-MISO MVPS").

¹⁶ *Id.* at 21 (Chatterjee Direct).

Project was provided in the “transmission plan submitted under section 216B.2425” (an element of Minn. Stat. § 216B.243, Subd. 3(3)).¹⁷ MISO Witness Chatterjee concluded that the “facilities proposed by ITCM are necessary to meet the reliability needs of the system in the southern Minnesota area. These facilities also fit well as a component of the MISO Regional Plan for the continued development of a reliable and efficient regional transmission system.”¹⁸

The record reveals important benefits from the Project facilities related to “increased reliability of energy supply in Minnesota and the region,” as stated in Minn. Stat. § 216B.243, Subd. 3(5). Upon the completion of the extensive, multi-year planning process, MISO (the RTO for Minnesota) determined that the Project is necessary to meet transmission needs in the area.¹⁹ Thirty-seven constraints on the 69 kV as well as 161 kV transmission systems are mitigated by the Mid-MISO MVPs, including eighteen constraints in Minnesota.²⁰ The Mid-MISO MVPs resolve thermal overloads in “Redwood, Nicollet, and Watonwan counties in Minnesota, . . . primarily driven by various contingent events involving the loss of 345 kV transmission lines connected to Wilmarth Station (Blue Earth County).”²¹ “In the Martin and Faribault counties in Minnesota, heavy thermal loadings are projected to occur on the 161 kV system,” but the “Mid-MISO MVPs work in conjunction with the existing 345 kV system to ensure that the bulk power flows remain on the 345 kV system under contingent loss of facilities.”²² The Mid-MISO MVPs

¹⁷ CEI Ex. 300 at 3-4 (Goggin Direct).

¹⁸ MISO Ex. 400 at 40-41 (Chatterjee Direct). The MVP portfolio was approved by MISO’s Board of Directors. *Id.* at 8. *See also*, ITCM Ex. 29 at 7-8 (Berry Rebuttal), Doc. No.=20144-98750-06 (“addresses multiple reliability and efficiency needs”).

¹⁹ *Id.* at 22-26 (Chatterjee Direct).

²⁰ MISO Ex. 401 at 3 (Chatterjee Rebuttal). *See also*, ITCM Ex. 22 at 5-7 (Berry Direct).

²¹ MISO Ex. 400 at 23 (Chatterjee Direct).

²² *Id.* at 24 (Chatterjee Direct).

also deal with “heavy thermal loadings [that] are projected to occur on the 161 kV and 69 kV systems” in Freeborn and Mower counties in Minnesota.²³

The reliability benefits of the Project include removal of two special protection schemes (“SPSs”) that exist in Southern Minnesota.²⁴ A SPS is temporary operating procedure that deals with a weakness in the transmission system, the removal of which provides for a more robust transmission system.²⁵ Construction of the Mid-MISO MVPs would permit the retirement of the SPSs in Southern Minnesota.²⁶ Furthermore, ITCM Witness Berry also noted that the Project would improve reliability by enhancing “operational flexibility,” permitting “greater flexibility for maintenance outages of other transmission lines.”²⁷

The record reveals “benefits of enhanced regional reliability, access, [and] deliverability . . . that improve the robustness of the transmission system or lower costs for electric consumers in Minnesota,” as stated in Minn. Stat. § 216B.243, Subd. 3(9). The Mid-MISO MVPs develop the transmission grid, and improve the efficiency of both the transmission system and the provision of generation supply that will provide net benefits to Minnesotans and others in the region.²⁸

MISO’s analyses show that the MVP portfolio of projects that include Mid-MISO MVPs provides additional connectivity across the grid, reducing congestion and enabling access to a broader array of resources by loads in Minnesota, Iowa, and other states. These improvements increase market efficiency, competitive supply, and provide opportunity for

²³ *Id.* at 25 (Chatterjee Direct).

²⁴ MISO Ex. 401 at 9 (Chatterjee Rebuttal).

²⁵ *Id.* (Chatterjee Rebuttal).

²⁶ Transcript (May 19, 2014) at 63. *See also*, ITCM Ex 22 at 9 (Berry Direct). An alternative discussed in testimony, the “161 Rebuild Project” (*see e.g.*, MISO Ex. 402, Chatterjee Surrebuttal at 10, Doc. No.=20145-99321-01, *citing to* DOC Ex. 207 Rakow Rebuttal at 13), “would require the reconfiguration of the SPS” (Transcript at 61-62) and could result in the addition of SPSs in Southern Minnesota (Transcript at 62).

²⁷ ITCM Ex. 22 at 9 (Berry Direct).

²⁸ MISO Ex. 400 at 22 (Chatterjee Direct).

economic benefits to retail electric consumers well in excess of the portfolio costs.

Benefits from the transmission improvements were identified by MISO Witness Chatterjee as the reduction in “congestion-driven production costs * * * reductions in operating reserve requirements, reduced planning reserve margin requirements, reduced transmission system losses, lower capital costs of renewable resources, and deferrals of transmission investments that would be required for the reliability of the system in the absence of the Mid-MISO MVPs.”²⁹

The elements of Minn. Stat. § 216B.243, Subd. 3(5) and 3(7) – “protect or enhance environmental quality” and support “policies, rules, and regulations of other state and federal agencies” – are simultaneously addressed by the Project since it assists the development of renewable generation that is required by the laws of Minnesota and its neighboring states. The Mid-MISO MVPs importantly contribute to satisfaction of renewable portfolio standards of Minnesota and other states in the MISO footprint, which will enhance environmental quality in the region.³⁰ “The Mid-MISO MVPs provide for the integration of wind in both Minnesota and Iowa that have better wind quality to support the satisfaction of R[enewable]P[ortfolio]S[tandards] requirements.”³¹ In response to Department of Commerce, Division of Energy Resources (“DOC-DER”) concerns, MISO Witness Chatterjee testified:

²⁹ *Id.* at 32 (Chatterjee Direct). *See also*, ITCM Ex. 23 (Schatzki Direct). Dr. Schatzki’s testimony reports lower expected LMPs (ITCM Ex. 23 at 19-21) and production costs (ITCM Ex. 23 at 22-23). However, Dr. Schatzki’s PROMOD analysis does not consider “benefits such as lower operating reserve costs and lower costs associated with capacity (resource adequacy) requirements” and “understate(s) the full range of price benefits that can be expected from the project.” ITCM Ex. 23 at 14 (Schatzki Direct).

³⁰ MISO Ex. 400 at 33 (Chatterjee Direct); *accord*, CEI Ex. 300 at 6-8 (Goggin Direct) (Direct at 6, “dispatch to displace generation from the generator with the highest marginal cost of production at that time, which is almost always the least efficient fossil-fired power plant.”).

³¹ MISO Ex. 400 at 34 (Chatterjee Direct).

The R[enewable]E[nergy]S[tandards] was among the RPSs that were considered in planning the MVP portfolio of transmission projects. Much of the wind generation required to meet the RES has not yet been constructed, and is the subject of MISO interconnection studies. These studies currently assume that the MVP portfolio is constructed according to a timeline. In the event the MID-MISO MVPs are not approved and constructed, some of the wind generation that is relied upon by Minnesota utilities to meet the RES will be curtailed or not interconnected.³²

The Certificate of Need for the Project is necessary to prevent “significant delays in construction of wind projects needed to meet the Minnesota RES and the RPS requirements in other states.”³³

The Project may also respond to Federal environmental requirements. MISO’s planning anticipated the possible benefit of upgrading the transmission system in order to assist wind power development as one means by which carbon emissions could be limited. The stakeholder review of the MVP portfolio included study of MVP performance under government policies that would limit carbon dioxide emissions.³⁴ The United States Environmental Protection Agency proposed rules on the release of carbon dioxide on June 18, 2014.³⁵ Those proposed rules would require reductions by Minnesota and other states in the per MWH rate of carbon dioxide emissions.³⁶ The zero emissions associated with wind power would help Minnesota comply with the environmental regulation of carbon emissions. Also, if such “environmental regulation leads to the retirement of some coal-fired plants, transmission investment through the

³² MISO Ex. 402 at 4 (Chatterjee Surrebuttal), *accord*, CEI Ex. 304 at 6-7, Doc. No.=20145-99380-02 (Goggin Surrebuttal). Mr. Chatterjee provides the example of the Xcel Energy plan to comply with Minnesota RES requirements, stating that the plan is dependent upon completion of the Mid-MISO MVPs. MISO Ex. 402 at 4-6, *citing and quoting from: In the Matter of the Petition of Xcel Energy for Approval of the Acquisition of 600 MW of Wind Generation and In the Matter of the Petition of Xcel Energy for Approval of the Acquisition of 150 MW of Wind Generation*, Case Nos. M-13-603 and M-13-716, Order (December 13, 2013).

³³ MISO Ex. 402 at 6 (Chatterjee Surrebuttal).

³⁴ MISO Ex. 400 at 37-38 (Chatterjee Direct).

³⁵ Carbon Pollution Emission Guidelines, 40 C.F.R. Part 60 (June 18, 2014), available at: <http://www.gpo.gov/fdsys/pkg/FR-2014-06-18/pdf/2014-13726.pdf>.

³⁶ *Id.*

Mid-MISO MVPs provides a robust transmission supply that will be available to provide needed support to maintain reliable service.”³⁷

Minn. Stat. § 216B.243, Subd. 3(9) regarding improvements in transmission system is also implicated in testimony on a MISO study in late 2013 that revealed an increase in import and export capabilities of the load zone in which Minnesota is located as the result of the Mid-MISO MVPs.³⁸ “Transmission upgrades that increase [import capabilities] and [export capabilities] permit more efficient utilization of Planning Resources, thus reducing the cost of providing electricity. This access to lower-cost power is one of the main benefits of a regionalized transmission system.”³⁹ These benefits add to those otherwise stated for the MVPs at the time when they were first studied and approved.

Increased deliverability, part of Subd. 3(9), Minn. Stat. § 216B.243., was part of the direct testimony of DOC-DER Witness Heinen. Mr. Heinen requested additional information regarding “whether the proposed Project would improve transmission system reliability,” but otherwise stated:⁴⁰

I conclude that construction of a new transmission line is appropriate and needed. Based on information provided by ITCM, it appears that construction of a transmission line (MVP3 or an alternative) in the study area would *result in increased deliverability to other markets in MISO and would result in decreased LMPs for Minnesota retail customers.*

Addressing Mr. Heinen’s concerns, MVPs (*i.e.* Multi Value Projects) such as the Mid-MISO MVPs were designed, evaluated, and approved to meet local reliability needs as well as enhance

³⁷ MISO Ex. 400 at 37-38 (Chatterjee Direct). ITCM Witness Schatzki testified regarding reductions in emission costs associated with construction of the Mid-MISO MVPs. ITCM Ex. 23 at 23-25 (Schatzki Direct).

³⁸ MISO Ex. 400 at 27 (Chatterjee Direct).

³⁹ *Id.* at 29 (Chatterjee Direct).

⁴⁰ DOC-DER Ex. 201 at 13-14 (Heinen Direct), Doc. No.=20144-98866-02 (emphasis added).

regional reliability, access to the transmission system, and the deliverability of generation. “MISO’s analyses found that the Mid-MISO MVPs will be needed in order to ensure the continued reliable operation of the ITCM and MidAmerican transmission systems into the future.”⁴¹ Also according to MISO Witness Chatterjee, and as further detailed above, “[t]hese analyses identified numerous thermal loading and stability issues that will occur for the projected future system if the Mid-MISO MVPs . . . are not completed.”⁴²

Mr. Heinen’s testimony, quoted directly above, also refers to possible alternatives to the Project that are also the subject of Minn. Stat. § 216B.243, Subd. 3(6). Consideration of alternatives was integral to the stakeholder process that developed the MVP portfolio of transmission projects,⁴³ and MISO Witness Chatterjee also described MISO’s extensive evaluation and eventual rejection of a dual 345 kV alternative to the Mid-MISO MVPs.⁴⁴ The “161 kV Rebuild alternative,” addressed in DOC-DER Witness Rakow’s testimony,⁴⁵ was addressed by MISO Witness Chatterjee:⁴⁶

As noted in my Rebuttal Testimony [MISO Ex. 401 at 7], the 161 kV Rebuild would only alleviate two (2) of the thirty-seven (37) constraints throughout central Minnesota and Iowa and is inconsistent with achieving a robust 345 kV overlay across the upper MISO footprint.

As noted in my Direct Testimony [MISO Ex. 400 at 23-25], contingent overloads mostly driven by 345 kV outages result in constraints both on the 161 kV as well as 69 kV transmission systems in Minnesota. These constraints were identified in Redwood, Nicollet, Watonwan, Jackson,

⁴¹ MISO Ex. 400 at 22 (Chatterjee Direct).

⁴² *Id.*

⁴³ *See generally*, discussion of the MVP process explained in MISO Ex. 400 at 18-23 (Chatterjee Direct).

⁴⁴ *Id.* at 30-31. *See also*, MISO Ex. 402 at 11 (Chatterjee Surrebuttal) (“This alternative analysis was extensively evaluated by MISO and its stakeholders as providing needed 345 kV connections in Minnesota and Iowa.”).

⁴⁵ *See generally*, DOC-DER Ex. 205 at 21-34, Doc. No.=20143-97730-06 (Rakow Direct).

⁴⁶ MISO Ex. 402 at 10 (Chatterjee Surrebuttal).

Martin, Faribault, Freeborn, Redwood, and Mower counties. A specific example highlighting why a rebuild of Lakefield to Winnebago 161 kV is not comparable to the Mid-MISO MVPs, even as it relates to Minnesota constraints, is documented in my Direct Testimony (page 25, lines 476 to 491).

As noted above, the Mid-MISO MVPs would eliminate the need for two SPSs in southern Minnesota, while a “161 kV Rebuild” could result in the addition of SPSs in the area.⁴⁷ The “161 Rebuild alternative” would not nearly provide the benefits that would be obtained from construction of the Project.

CEI is the other party that filed testimony on the need for the Project for the evidentiary hearing conducted on May 19, 2014. The CEI testimony is broadly consistent with that presented by MISO. An overview of the CEI position was stated by CEI Witness Goggin:⁴⁸

[T]he Minnesota-Iowa 345-kV transmission project (“Project”) is needed to allow greater amounts of low-cost wind energy resources to reach Minnesota and regional consumers. The transmission line and wind energy resources in combination will enhance environmental quality in Minnesota, will low the costs for meeting Minnesota’s consumers’ needs for electricity, will enable Minnesota to meet its Renewable Energy Standard (“RES”) with lower-cost renewable energy, and will improve the robustness of the transmission system so that the region can meet its electricity needs and state RES at a lower cost than if the line were not built.

Testimony by CEI Witness Porter recognized that the Project resolves a multitude of situations faced by Minnesota and the surrounding region in a manner that cannot be resolved by alternatives.⁴⁹

⁴⁷ Transcript (May 19, 2014) at 62-63.

⁴⁸ CEI Ex. 300 at 1-2 (Goggin Direct).

⁴⁹ CEI Ex. 302 at 7-9 (Porter Rebuttal), Doc. No.=20144-98753-02.

V. CONSEQUENCES OF DENIAL OR DELAY

As stated above, the need exists for the proposed transmission facilities. Additionally, there is a need to proceed in a timely manner with the Project. To achieve the intended benefits, it is important that the Project be constructed as planned. MTEP is a complex system that will serve both short-term and long-term needs of the bulk electrical grid in a coordinated manner. Considerable re-design could be required if an element of the regional expansion plan, such as this Project that is designed for both reliability and economic attributes, is not constructed.⁵⁰ This would cause delay, additional expense, and could impact the reliable addition of new generation supplies required to serve customers. Wind power development, including its associated economic development benefits, would be lost.

MISO is concerned that denial of ITCM's requested approval for the Project could disrupt plans for developing the transmission system for Minnesota as well as efforts to address reliability concerns.⁵¹ MISO Witness Chatterjee addressed the negative impact that would result from denial of a Certificate of Need for the Project:⁵²

When a project is redesigned after the extensive regional planning process, MISO must ensure that the redesigned project will continue to meet the initial needs ascribed to the project. This review process should involve engaging MISO stakeholders . . . to ensure continued transparency surrounding project development and cost evaluation. In the worst case scenario, such reengagement could lead to delays in the completion of an urgently needed project that may take years to construct. In addition, after a project is approved for the regional plan, that project is assumed to be a part of the base plan, and incremental system needs are identified relying upon that base plan. MISO studies that rely upon the base plan, such as for generator interconnection, would have to be re-examined. While modifications may occur to approved plans, such changes have ripple effects on the identification of necessary projects in subsequent planning

⁵⁰ MISO Ex. 401 at 8 (Chatterjee Rebuttal).

⁵¹ MISO Ex. 400 at 39-40 (Chatterjee Direct).

⁵² MISO Ex. 401 at 8 (Chatterjee Rebuttal).

cycles. These ripple effects can contribute to delays in addressing other transmission system needs.

Directing his attention to an example in this case, Mr. Chatterjee testified that “[r]eplacing the MN-IA Project with the 161 kV Rebuild would trigger re-studies of over 2,797 MWs of planned wind generation currently in MISO interconnection queue”⁵³ The Project is not only needed, but needed on a timely basis to prevent negative “ripple effects”⁵⁴ from occurring due to failure to construct a necessary component of the MVP portfolio.

VI. CONCLUSION

MISO respectfully requests that the Commission grant a Certificate of Need to ITCM and issue an order that authorizes or directs construction of the Project. The Project should be approved, as proposed and as adjusted by the efforts of ITCM in this proceeding. The timely construction of the Project is important to the ability of the transmission system in Minnesota to continue reliable service and to deliver the economic benefits of the MVP portfolio of transmission projects to Minnesota.

⁵³ MISO Ex. 402 at 13 (Chatterjee Surrebuttal).

⁵⁴ MISO Ex. 401 at 8 (Chatterjee Rebuttal).

Dated: July 11, 2014

Respectfully submitted,

THE MIDCONTINENT INDEPENDENT
SYSTEM OPERATOR, INC.

By: /s/ Jeffrey L. Small
Jeffrey L. Small
MISO
P.O. Box 4202
Carmel, IN 46082-4202
Telephone: (317) 249-5248
Facsimile: (317) 249-5912
jsmall@misoenergy.org

Warren J. Day
Law Office of Warren J. Day
2010 Hawkinson Road
Oregon, WI 53575
Telephone: (608) 807-6010
warren@warrendaylaw.com