



Cost Allocation Guiding Principles and RECB Scope Feedback Review

RECB Working Group
January 14, 2021

Purpose & Key Takeaways



Purpose:

Review stakeholder feedback themes and discuss the RECB scope of work for 2021

Key Takeaways:

- All stakeholder feedback posted in full to the MISO stakeholder feedback tool
- RECB stakeholder discussions will continue in Q1 2021 regarding:
 - RECB cost allocation principles development
 - OMS CAPCom principles (expected Q1)
 - Benefit metrics and methodologies

Feedback Request

- In the November 18, 2020 RECBWG meeting, stakeholders were invited to submit feedback on two items:
 - *The scope of work for the RECBWG to consider in 2021*
 - *Cost allocation guiding principles for MISO to consider*
 - *Proposed principles requested to be a single sentence*
- Feedback was due January 6, 2020

Disclaimer

- Feedback has been paraphrased for discussion purposes only
- All feedback in its entirety is available in the MISO feedback tool:
 - <https://www.misoenergy.org/stakeholder-engagement/stakeholder-feedback/recbwg-scope--cost-allocation-guiding-principles-20201204/>

Cost Allocation Guiding Principles

Costs should be allocated roughly commensurate to benefits

- Common theme from nearly every response
- This principle matches both FERC Order 1000 principles and MISO's Board of Directors guiding principles
 - *“Provide an appropriate cost allocation mechanism that ensures that costs of transmission projects are allocated in a manner roughly commensurate with the projected benefits of those projects.”*

General benefit metric considerations

- Preferences toward quantifiable/measurable vs. qualitative benefits
- Benefits as granular as reasonably possible (considering software/model limitations)
- Ensure benefits are not duplicative and repeatable

Methodologies

- Several principles noted an aversion to generalized or broad cost allocation methodologies such as postage stamp or load ratio share distribution
- Several principles noted a preference toward individual project benefit calculations vs. the use of a portfolio construct
- Some believed cost allocation should be fixed at approval while others suggested the possibility of some post-approval adjustments
- Differing opinions regarding ‘cost causation’ vs ‘beneficiary pays’ methodologies

Additional Themes

- Potential for generators to share in some costs
- Allow for voluntarily funding of economic projects
- Cost allocation principles should be applicable to existing and new project types/categories
- Deference to state policies and resource adequacy

RECB Scope Considerations for 2021

Cost allocation for LRTP and benefit metrics were top priorities for most responses

- Concerns with timing constraints related to cost allocation changes for use in MTEP21
- Multiple responses for continued discussions of benefit metric expansion and/or modification of existing cost allocation categories and framework
- Discuss possible generator inclusion in cost allocation methodologies
- Non-LRTP specific related work
 - Develop allocation methodology for lower voltage interregional projects between MISO-SPP
 - Coordination with CPPTT effort

Open Discussion

Contact Information

- Ben Stearney (bstearney@misoenergy.org)
- Andy Witmeier (awitmeier@misoenergy.org)