MISO’s Board approved the Hartburg-Sabine Junction 500 kV Market Efficiency Project in February 2018 as part of the MISO Transmission Expansion Plan for 2017 (“MTEP 17”). The Competitive Transmission Project (“Project”) consists of six transmission facilities: (1) Hartburg - Stonewood 500kV transmission line; (2) Stonewood 500kV Substation; (3) Sabine – Stonewood 230kV transmission line #1; (4) Sabine - Stonewood 230kV transmission line #2; (5) McFadden Bend – Stonewood 230kV Transmission Line; (6) Nederland – Stonewood 230kV Transmission line. MISO issued a request for proposals in February 2018 as part of MISO’s Competitive Developer Selection Process. MISO designated NextEra Energy Transmission Midwest (“NEET Midwest”) as the developer for the Project on November 27, 2018 and executed a Selected Developer Agreement with NEET Midwest on January 25, 2019. MTEP 17 specified an in service date of June 2023.

On May 16, 2019, Texas enacted a new Right of First Refusal statute (ROFR), TX Util. Code § 37.056, limiting the types of entities to which the Public Utilities Commission of Texas (PUCT) can grant a Certificate of Convenience and Necessity (CCN) for any new transmission project in Texas to, with certain exceptions, the incumbent Transmission Owner(s) whose existing facilities directly connect to the new project. MISO commenced Variance Analysis on November 13, 2019 as result of NEET Midwest’s inability to construct and the schedule delay resulting from the Right of first refusal.

After a thorough Variance Analysis and consideration of all Tariff factors, MISO has selected cancellation to resolve this Variance Analysis. MISO has selected this outcome for numerous reasons, the most significant are:

1. NEET Midwest remains unable to obtain the permits from the Texas Commission necessary for Project development and the Texas right of first refusal statute remains in effect.

2. NEET Midwest has been unable to initiate construction of the Competitive Transmission Facilities without the permits.

3. All other Variance Analysis outcomes result in increased project or stranded costs, and protracted delays in the estimated in-service date.

4. MISO evaluated the potential reliability and economic impacts of each potential Variance Analysis outcome for the Project. Based on system topology changes that have occurred while the Project has been delayed, MISO has determined that this Market Efficiency Project (MEP) no longer provides meaningful adjusted production cost benefits to meet the 1.25 benefit/cost ratio for an MEP. No new reliability impacts were identified as a result of cancelling the project. Circumstances did not warrant a different Variance Analysis outcome.

This public notice marks the end of Phase 2 of the Variance Analysis process and the beginning of Phase 3.¹ MISO will make an appropriate filing with the Federal Energy Regulatory Commission to terminate the Selected Developer Agreement for the Project in Q4 2022 and will revise its MTEP models to reflect the cancellation of the Project.

¹ https://www.misoenergy.org/planning/planning/variance-analysis