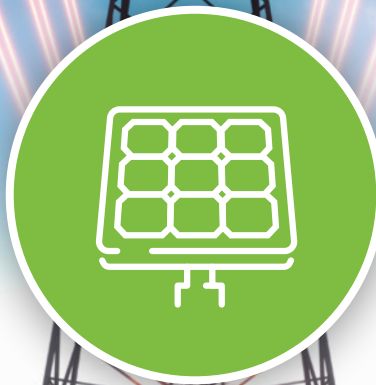


# MTEP21



## MTEP21 REPORT ADDENDUM: LONG RANGE TRANSMISSION PLANNING TRANCHE 1 EXECUTIVE SUMMARY

### Highlights

- This addendum proposes a portfolio of 18 transmission projects located in the MISO Midwest Subregions with a total investment of \$10.3 billion, and benefit-to-cost ratios average of 2.6, where benefits well exceed costs
- This Tranche 1 portfolio of least-regrets transmission projects will help to ensure a reliable, resilient and cost-effective transmission system as the resource mix continues to change over the next 20 years
- The Tranche 1 portfolio, with more than 2,000 miles of transmission line, represents the most complex transmission study efforts in MISO's history



[misoenergy.org](http://misoenergy.org)

# MISO's Long Range Transmission Planning to address the Reliability Imperative: Tranche 1 Portfolio

The *Long Range Transmission Planning (L RTP) Tranche 1 Portfolio* report presents the study findings and benefits analysis associated with the development of regional transmission solutions needed to provide reliable and economic delivery of energy. The report proposes a set of least-regrets transmission projects that will help to ensure a reliable, resilient and cost-effective transmission system as the resource mix continues to change and represents the largest and most complex transmission study effort in MISO's history. Since the last major set of regional overlay projects was approved in 2011, the pace towards more variable renewable generation has increased. Carbon-free and clean energy goals set by MISO member utilities, state and municipal government policies and customer preferences continue to drive growth in wind, solar, battery and hybrid projects. Indeed, the anticipated landscape changes are much more significant and require transformational changes at a faster rate than the previous 2011 portfolio of projects were built to accommodate.

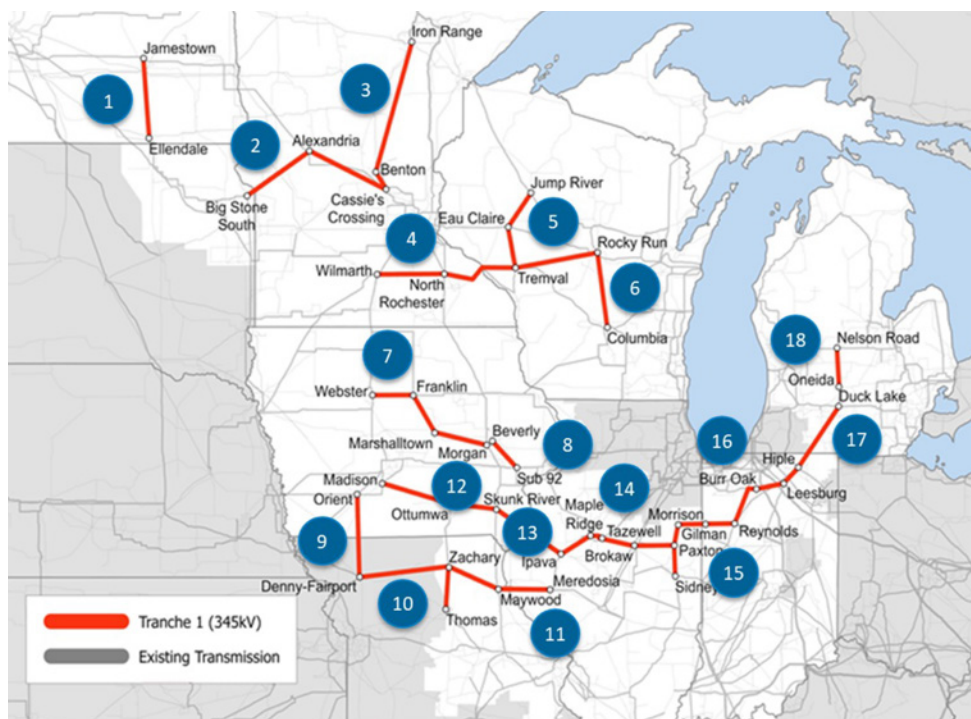
The resulting urgency has required a much more intensive and focused effort. While it took four years to develop the 2011 portfolio of projects, this L RTP Tranche 1 portfolio, which is significantly larger in terms of the cost and line miles, came to fruition in less than half that time, without sacrifice of analytical quality or identification of robust solutions. The resulting portfolio includes 18 transmission projects located in the MISO Midwest subregion, with a total initial investment of \$10.3 billion.

The L RTP Tranche 1 portfolio was developed to ensure that the regional transmission system can meet demand in all hours while supporting the resource plans and renewable energy penetration targets reflective of MISO member utilities' goals

and state policies. L RTP approached transmission portfolios in tranches in part because the urgent needs identified by the Reliability Imperative are appearing in the near-term for the Midwest subregion, including retirements and resource portfolio changes. This more urgent need put the focus for Tranches 1 and 2 in the Midwest Subregion. Tranche 3 will shift to focus on the South Subregion, with Tranche 4 then looking to strengthen the connection between the Midwest and South subregions.

Further, reflecting the portfolio's urgency, the L RTP Tranche 1 portfolio makes use of existing routes, where possible, to reduce the need to acquire additional greenfield right-of-way, which lowers costs and allows a shorter time to implementation. Construction of new transmission routes across navigable waterways, protected areas and high-value property faces extensive cost and regulatory risks that impede progress in meeting future reliability needs. Co-locating new facilities with existing transmission assets enables more efficient development of transmission projects and minimizes the environmental and societal impacts of infrastructure investment needed to achieve the needs identified in MISO's Future 1.

In addition to the primary benefits of system reliability, the L RTP Tranche 1 portfolio meets the criteria for Multi-Value Projects defined in the Tariff through addressing policy, reliability or economic needs, meeting the minimum cost threshold, and exceeding a benefit-to-cost ratio of 1.0. The types of economic benefits that could be used to meet these criteria represent a broad range of benefits provided by this portfolio of projects.

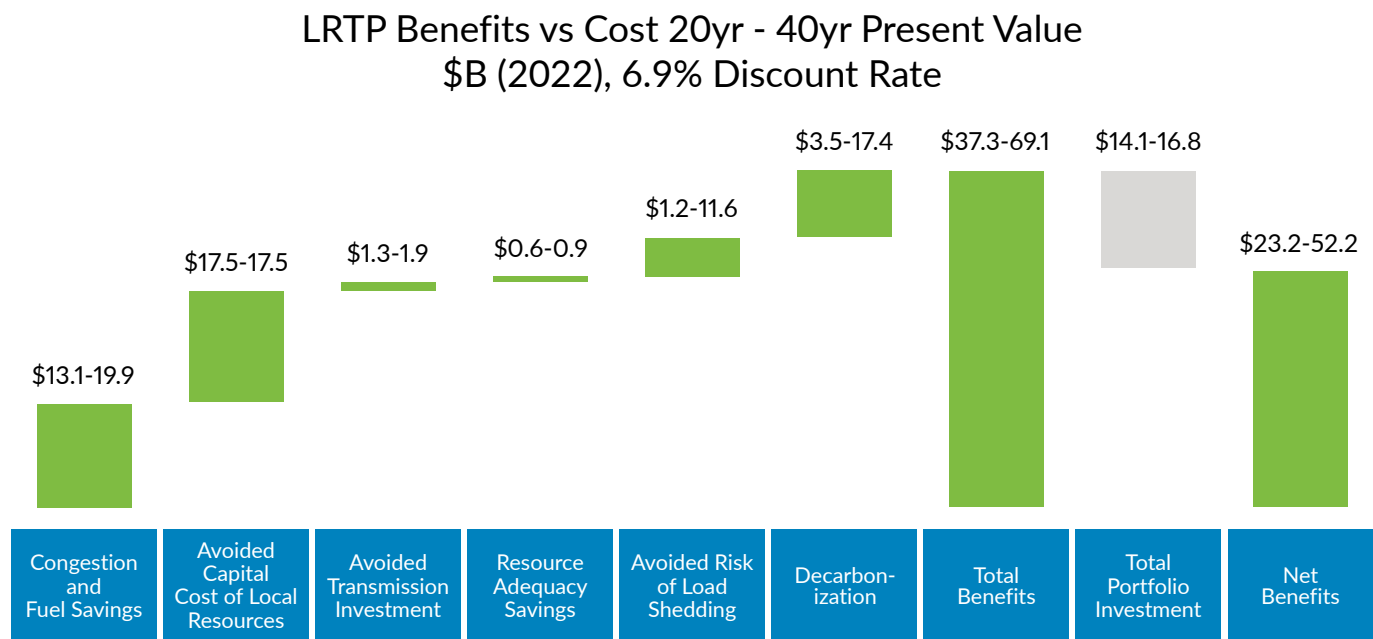


ID	DESCRIPTION	EXPECTED ISD	EST COST (\$2022M)
1	Jamestown – Ellendale	12/31/2028	\$439
2	Big Stone South – Alexandria – Cassie's Crossing	6/1/2030	\$574
3	Iron Range – Benton County – Cassie's Crossing	6/1/2030	\$970
4	Wilmarth – North Rochester – Tremval	6/1/2028	\$689
5	Tremval – Eau Claire – Jump River	6/1/2028	\$505
6	Tremval – Rocky Run – Columbia	6/1/2029	\$1,050
7	Webster – Franklin – Marshalltown – Morgan Valley	12/31/2028	\$755
8	Beverly – Sub 92	12/31/2028	\$231
9	Orient – Denny – Fairport	6/1/2030	\$390
10	Denny – Zachary – Thomas Hill – Maywood	6/1/2030	\$769
11	Maywood – Meredosia	6/1/2028	\$301
12	Madison – Ottumwa – Skunk River	6/1/2029	\$673
13	Skunk River – Ipava	12/31/2029	\$594
14	Ipava – Maple Ridge – Tazewell – Brokaw – Paxton East	6/1/2028	\$572
15	Sidney – Paxton East – Gilman South – Morrison Ditch	6/1/2029	\$454
16	Morrison Ditch – Reynolds – Burr Oak – Leesburg – Hiple	6/1/2029	\$261
17	Hiple – Duck Lake	6/1/2030	\$696
18	Oneida – Nelson Rd.	12/29/2029	\$403
TOTAL PROJECT PORTFOLIO COST			\$10,324

**Figure 1: LRTP Tranche 1 portfolio includes 18 projects in MISO's Midwest Subregion, with an investment cost of \$10.3 billion**

## QUANTIFIED BENEFITS INCLUDE:

- **Congestion and Fuel Savings** – LRTP projects will allow more low-cost resources to be integrated, replacing higher-cost resources and lowering the overall cost to serve load.
- **Avoided Capital Cost of Local Resources** – LRTP projects will allow renewable resource build-out to be optimized in areas where they can be more productive compared to a wholly local buildout.
- **Avoided Transmission Investment** – LRTP projects will reduce loading and avoid future reliability upgrades, avoiding the cost for replacing facilities due to age and condition.
- **Resource Adequacy Savings** – LRTP projects will increase transfer capability, which will allow access to resources in otherwise constrained areas and defer the need for investment in local resources.
- **Avoided Risk of Load Shedding** – The LRTP portfolio will enhance the resilience of the grid and reduce risk of load loss caused by severe weather events.
- **Decarbonization** – The higher penetration of renewable resources enabled by the LRTP portfolio will result in less carbon dioxide emissions.



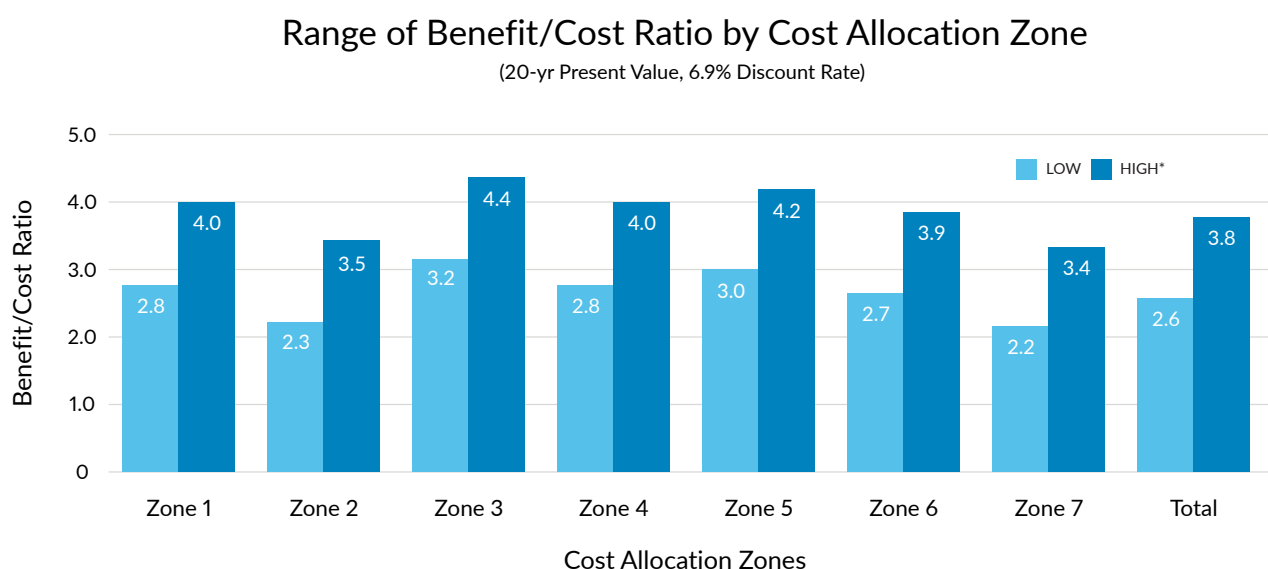
**Figure 2: LRTP Tranche 1 Portfolio benefits far outweigh costs (Values as of 6/1/22)\***

\*Note: This implies benefit-to-cost (B/C) ratio ranges of 20-yr PV B/C = 2.6 and 40-yr PV B/C = 4.0



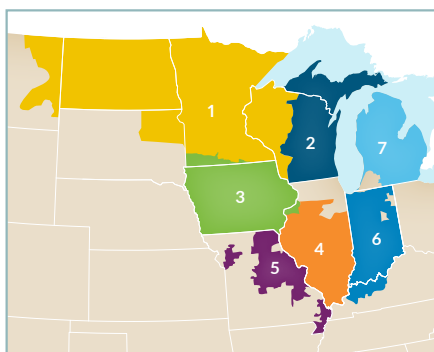
The Tranche 1 portfolio has a benefit-to-cost ratio of between 2.6 and 3.8, and MISO studies show benefits of this investment at a benefit-to-cost ratio of at least 2.2 for every zone, with benefits well in excess of the LRTP costs. The proposed projects and costs are spread across the entire MISO Midwest subregion, allowing it to benefit multiple

states, MISO members and customers. Benefits include more reliable and resilient energy delivery; congestion and fuel savings; avoided resource and transmission investment; improved distribution of renewable energy; and reduced carbon emissions.



**Figure 3: Benefits from the LRTP Tranche 1 portfolio exceed costs in every Midwest Subregion cost allocation zone**

\* The low and high range of benefit/cost ratios by Cost Allocation Zone are driven by changing two assumptions in the 20-year present value analysis: 1) increasing the Value of Lost Load (VOLL) from \$3,500/MWh (low) to \$23,000/MWh (high); and 2) increasing the price of carbon from \$12.55/ton (low) to \$47.80/ton (high).



**Figure 3a: Map of Midwest Cost Allocation Zone Boundaries (MISO Tariff, Attachment WW)**



# Transmission for the Future: LRTP Tranche 1 Projects are a “Least Regrets” Imperative

This least-regrets portfolio meets the needs of the first of MISO’s three future planning scenarios, Future 1, which incorporates known and projected generation and load presented by member plans. This portfolio is “least regrets” because MISO is planning for an uncertain future and has chosen to plan towards the needs that represent a current view of member plans. Those portfolio plans continue to

accelerate and expand, making Future 1 the conservative, expected case and presenting reliability implications that the Tranche 1 portfolio addresses. That’s why Tranche 1 is a “yes-and” set of transmission that the Tranche 2 study will build off of to continue to meet the increasing renewable penetration levels and electrification growth that the MISO system is expected to see in the future.

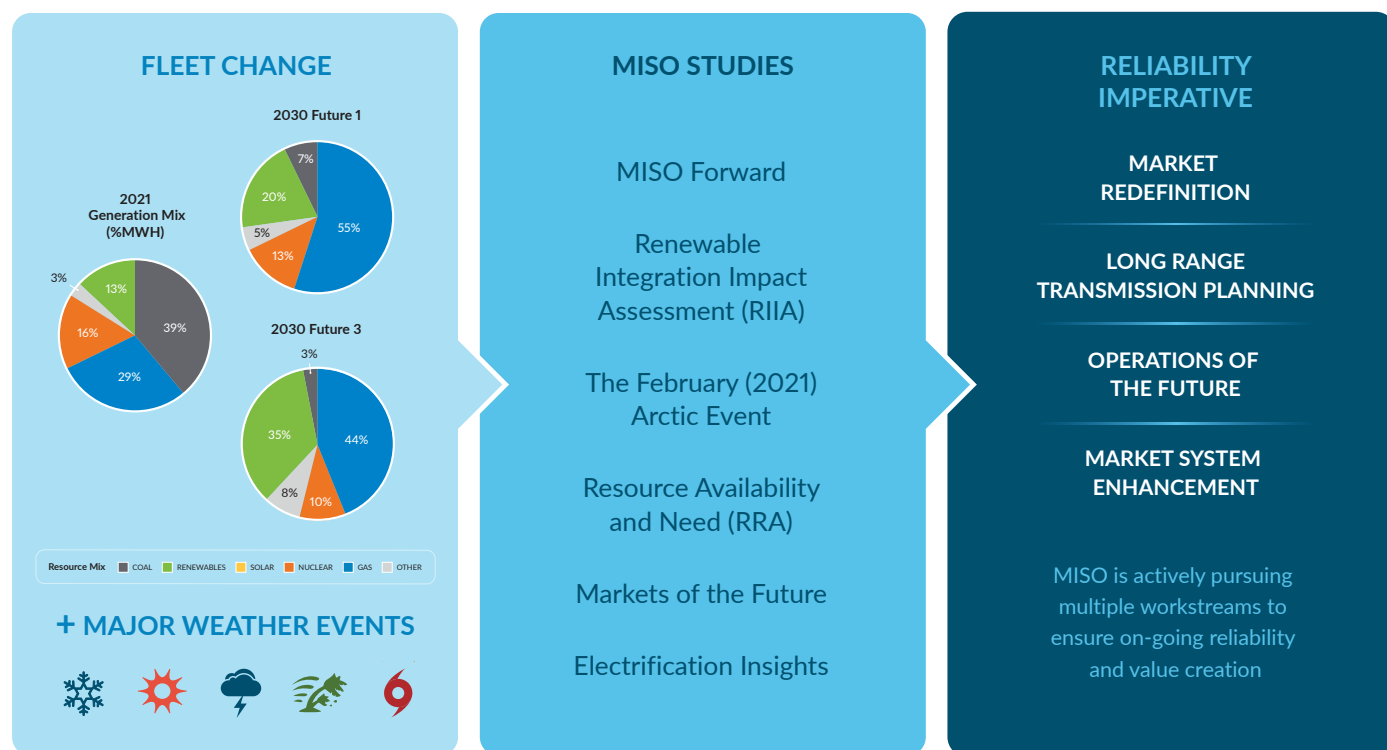


Figure 4: Challenges resulting from the changing resource portfolio and increasing extreme weather risk have created an imperative for broad changes



Subsequent tranches will improve interconnectivity, which helps to move power from where it's generated to where it's needed and, in doing so, not only integrates weather-based resources but improves resiliency during emergency events. Collectively, the multiple tranches of the LRTP comprise one of the four key elements of MISO's Reliability Imperative, which outlines a shared responsibility to evolve MISO's planning, markets, operations, and systems in an orderly fashion that preserves system reliability in the face

of rapid changes in the MISO region. Unlike generation resource additions and retirements, which take as little as six months to complete, transmission projects can take up to 10 years from conception to in-service date. Given the long lead time, we must act now to ensure the transmission infrastructure is in place by 2030 to move both renewable and conventional generation across the grid in an efficient and reliable manner.

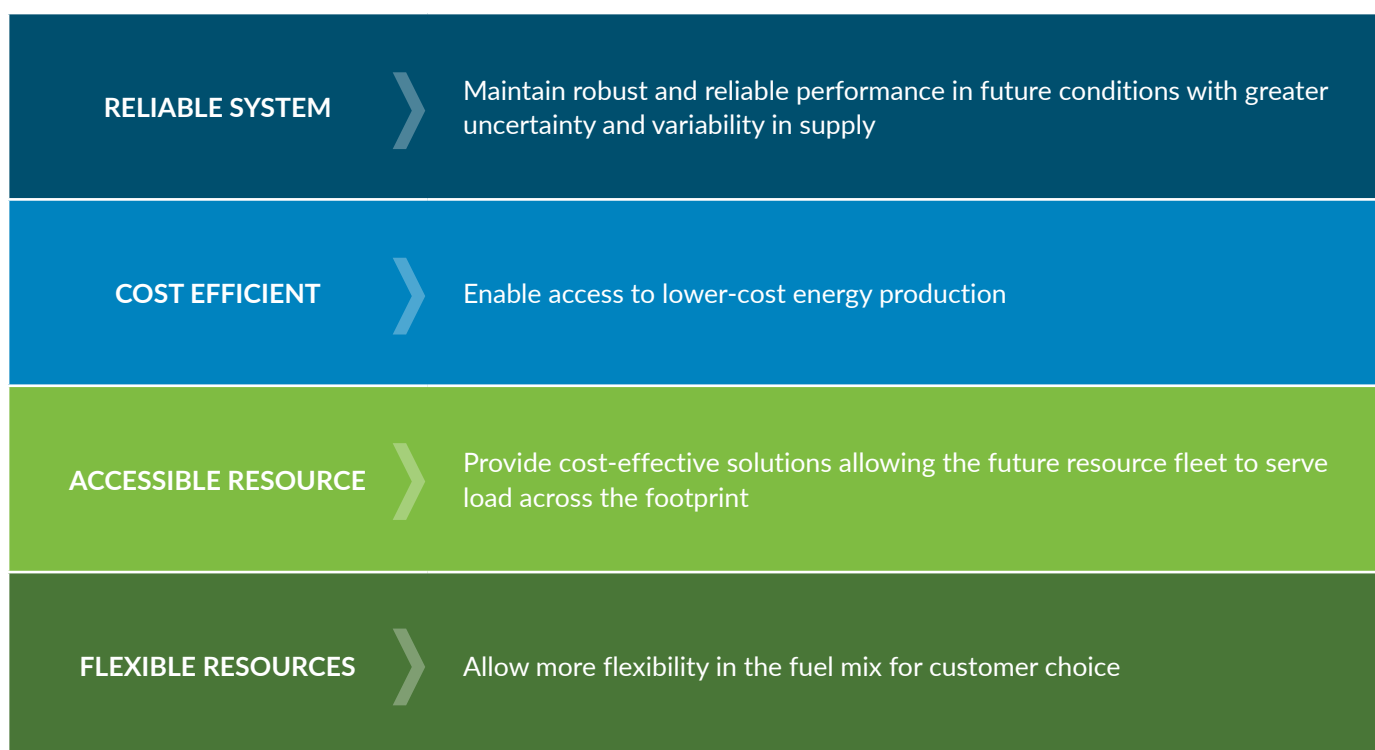


Figure 5: The LRTP Tranche 1 results were identified consistent with the objectives of the LRTP effort

# How the Portfolio Evolved: MISO, Stakeholders Execute Accelerated, Robust Study

In response to resource shift trends, MISO began working with its stakeholders through the Planning Advisory Committee (PAC) and LRTP workshops to identify the transmission infrastructure needed to support these changes and ensure reliability. MISO introduced the LRTP conceptual roadmap to stakeholders in March 2021 and began discussions on the study scope and approach. A few months later, MISO began a series of monthly technical workshops to seek input from stakeholders on the study methods and assumptions and to provide regular status updates on the ongoing work and analysis findings. In September 2021, MISO introduced a business case development process to identify the components and define the metrics for quantifying the benefits provided by the initial LRTP Tranche 1 portfolio of LRTP transmission investments.

In parallel, MISO engaged its stakeholders to develop an appropriate cost allocation methodology for such a transmission portfolio through the Regional Expansion Cost and Benefits Working Group (RECBWG).

The conceptual roadmap provided a long-range conceptual regional transmission plan to map out further study and potential solution ideas needed to address future transmission needs. Reliability analysis was then conducted on a series of study models representing various system conditions and dispatch patterns, as reviewed by MISO and stakeholders. Next, MISO evaluated potential alternative solutions developed by stakeholders and MISO to identify the most effective transmission solutions, including both reliability and economic analysis.

Once Tranche 1 projects were identified, MISO calculated the economic benefits of the portfolio. While the primary objective of the LRTP projects was to address reliability issues considering a range of system conditions, their value can extend well beyond reliability. This is especially true for investments like the LRTP projects, whose regional scope and high voltage levels can enable significant broad economic benefits as well.

## COSTS COMMENSURATE WITH BENEFITS

The transmission limitations between MISO Midwest and MISO South subregions effectively reduced the flow of benefits between the two subregions. To ensure costs align with beneficiaries, MISO submitted a cost allocation option for new Multi-Value Project portfolios, the cost of which would be regionally allocated on a subregional basis.

In February 2022, after months of work with stakeholders and state regulators, MISO filed with FERC for a cost allocation methodology for Multi-Value Projects to meet the unique needs of the region in developing the LRTP projects. The filing, supported by a majority of MISO transmission owners, was submitted and subsequently approved on May 18, 2022.



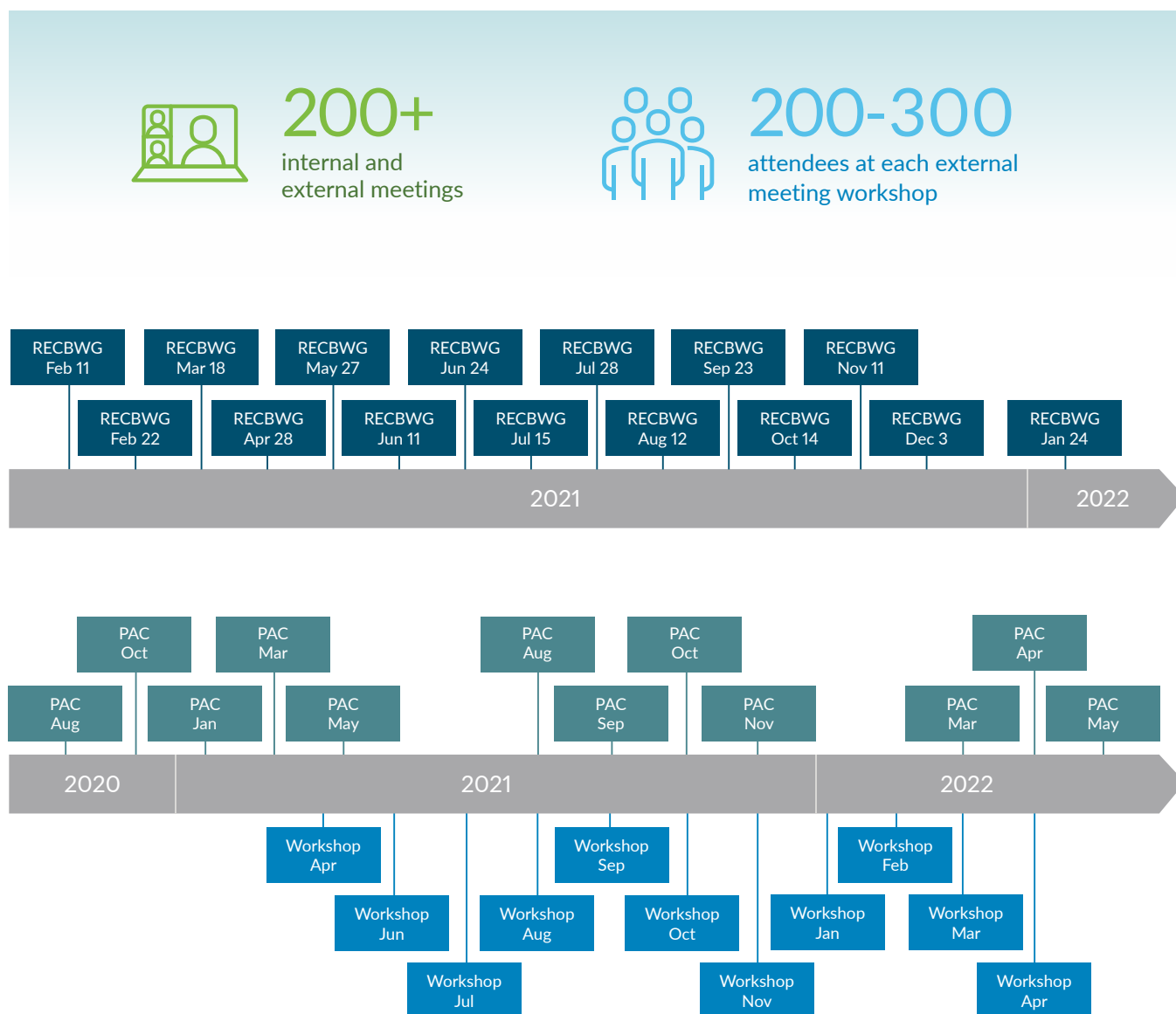


Figure 6: MISO's Long Range Transmission Plan Tranche 1 followed an extensive stakeholder process

## Tranche 1 projects solve specific transmission issues across the MISO footprint

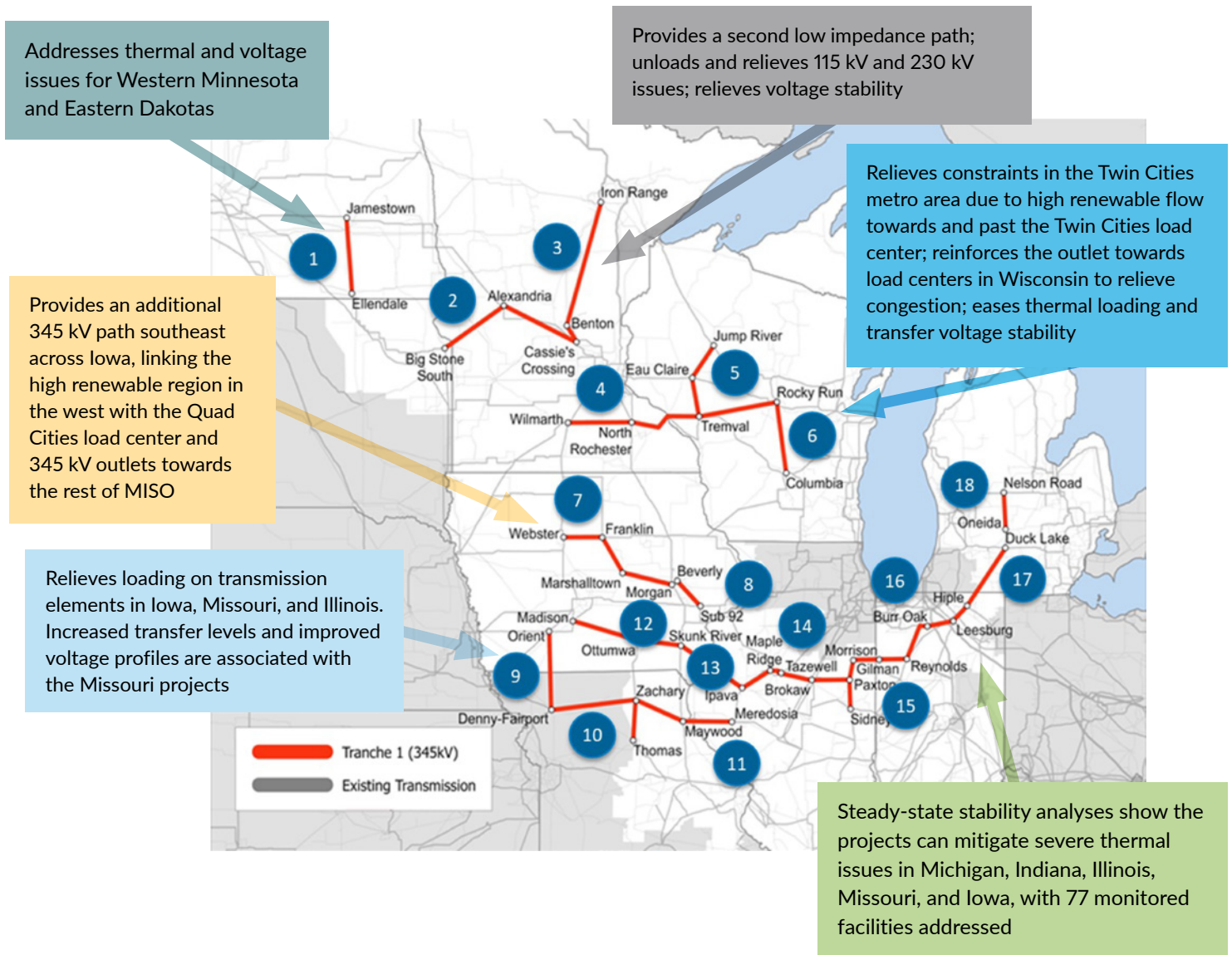


Figure 7: The Tranche 1 portfolio of 18 transmission projects can be divided into six sections with unique regional benefits



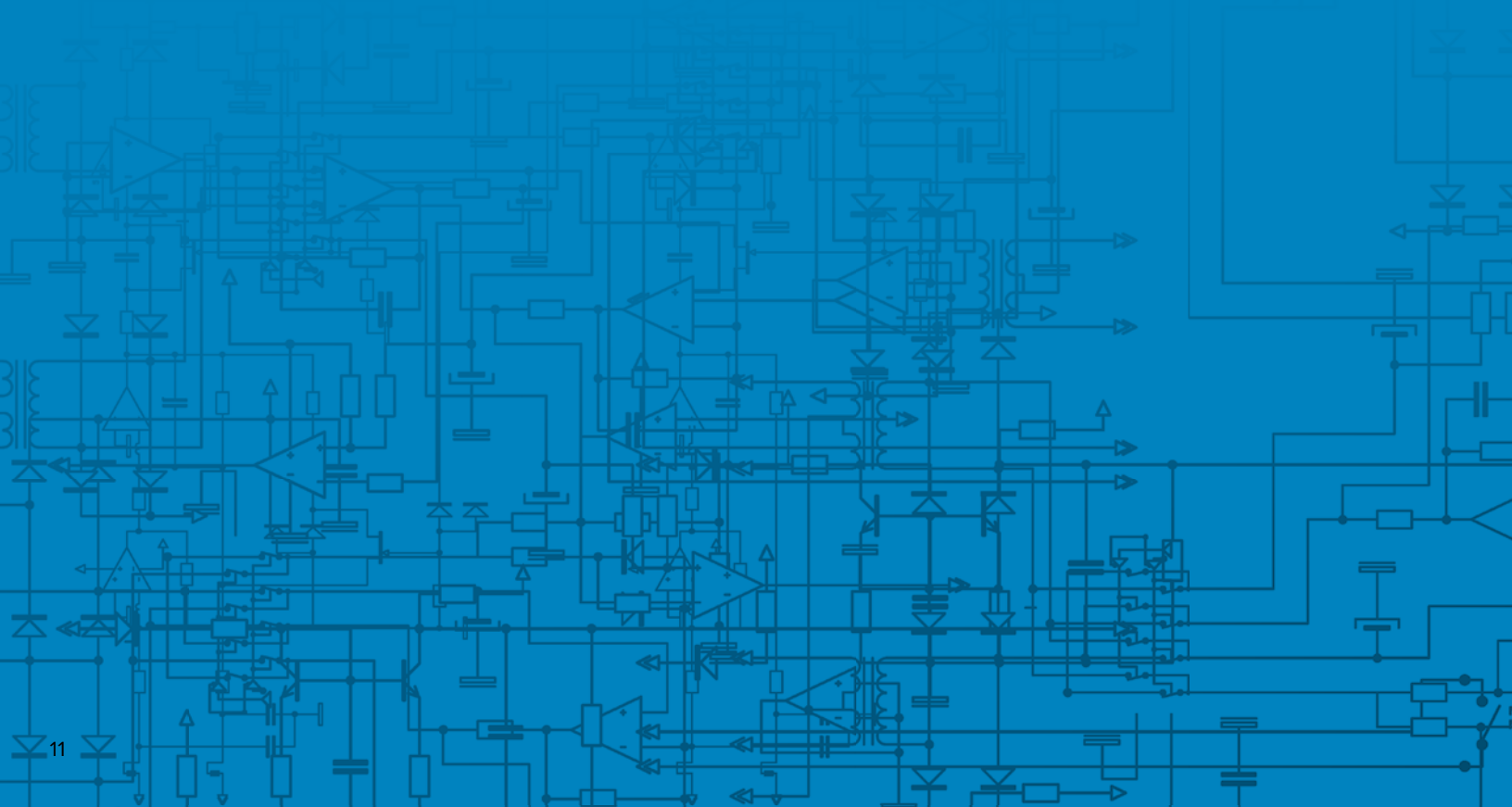
ID	DESCRIPTION
1	Jamestown – Ellendale
2	Big Stone South – Alexandria – Cassie's Crossing
3	Iron Range – Benton County – Cassie's Crossing
4	Wilmarth – North Rochester – Tremval
5	Tremval – Eau Claire – Jump River
6	Tremval – Rocky Run – Columbia
7	Webster – Franklin – Marshalltown – Morgan Valley
8	Beverly – Sub 92
9	Orient – Denny – Fairport
10	Denny – Zachary – Thomas Hill – Maywood
11	Maywood – Meredosia
12	Madison – Ottumwa – Skunk River
13	Skunk River – Ipava
14	Ipava – Maple Ridge – Tazewell – Brokaw – Paxton East
15	Sidney – Paxton East – Gilman South – Morrison Ditch
16	Morrison Ditch – Reynolds – Burr Oak – Leesburg – Hiple
17	Hiple – Duck Lake
18	Oneida – Nelson Rd



## Next Steps: A Foundation for Future Needs

A more interconnected system is stronger. Additional study work and stakeholder engagement will help identify the nature and benefits of future LRTP tranches needed to address further deployment of variable, weather-dependent resources, continued volatility created by severe weather events and the benefits of improved interregional connectivity.

While Tranche 1 provides a meaningful start, much work is left to ensure that the shifting resource fleet transition occurs in an orderly, efficient and reliable manner. Though Tranche 1 provides a more robust system in the Midwest, future tranches are needed to address other parts of the MISO footprint and future levels of fleet transition beyond what is captured in Future 1. MISO looks forward to continuing the conversation with stakeholders and regulators to ensure adequate planning to meet future needs.







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# MTEP21 Report Addendum: Long Range Transmission Planning Tranche 1 Portfolio Report



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# 1 Introduction

MISO's multi-year Long Range Transmission Planning (LRTP) initiative assesses reliability risks looking 10-20 years into the future to identify the transmission investments needed to enable regional delivery of energy. Projections show a drastically different resource fleet, along with other influences such as electrification, that is driving a need for the bulk electric system to be better prepared for these massive shifts. MISO proposes a Tranche 1 Portfolio of 18 transmission projects, equaling approximately \$10 billion of investment, to enhance connectivity and maintain adequate reliability for the Midwest Subregion by 2030 and beyond (Figure 1-1, Table 1-1).

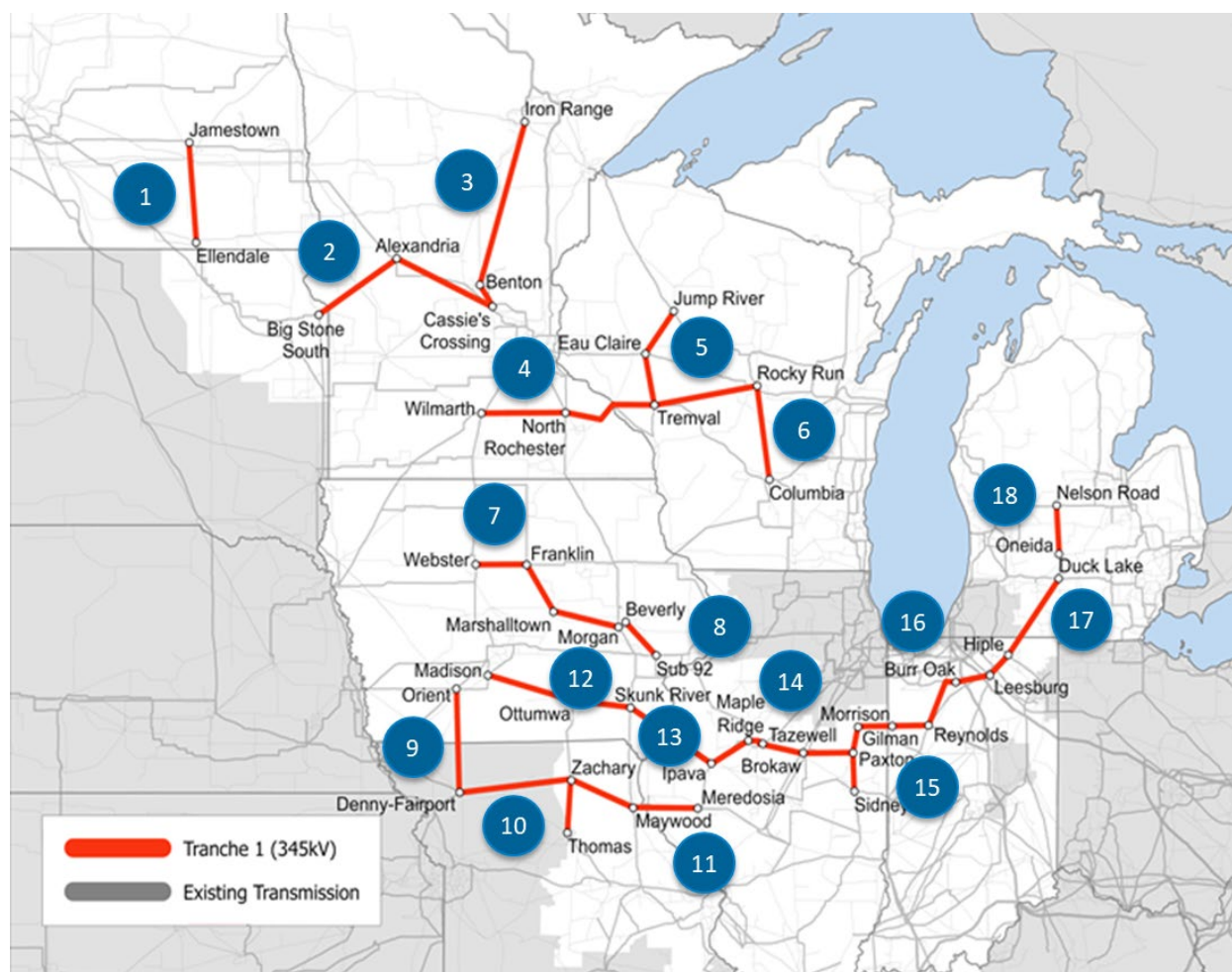


Figure 1-1: LRTP Tranche 1 Transmission Portfolio



### L RTP Tranche 1 Portfolio of Projects

ID	Description	Expected ISD	Estimated Cost (\$2022M)
1	Jamestown – Ellendale	12/31/2028	\$439M
2	Big Stone South – Alexandria – Cassie’s Crossing	6/1/2030	\$574M
3	Iron Range – Benton County – Cassie’s Crossing	6/1/2030	\$970M
4	Wilmarth – North Rochester – Tremval	6/1/2028	\$689M
5	Tremval – Eau Claire – Jump River	6/1/2028	\$505M
6	Tremval – Rocky Run – Columbia	6/1/2029	\$1,050M
7	Webster – Franklin – Marshalltown – Morgan Valley	12/31/2028	\$755M
8	Beverly – Sub 92	12/31/2028	\$231M
9	Orient – Denny – Fairport	6/1/2030	\$390M
10	Denny – Zachary – Thomas Hill – Maywood	6/1/2030	\$769M
11	Maywood – Meredosia	6/1/2028	\$301M
12	Madison – Ottumwa – Skunk River	6/1/2029	\$673M
13	Skunk River – Ipava	12/31/2029	\$594M
14	Ipava – Maple Ridge – Tazewell – Brokaw – Paxton East	6/1/2028	\$572M
15	Sidney – Paxson East – Gilman South – Morrison Ditch	6/1/2029	\$454M
16	Morrison Ditch – Reynolds – Burr Oak – Leesburg – Hiple	6/1/2029	\$261M
17	Hiple – Duck Lake	6/1/2030	\$696M
18	Oneida – Nelson Rd.	12/29/2029	\$403M
Total Project Portfolio Cost:			\$10,324M

Table 1-1: Proposed Tranche 1 Portfolio of Projects  
(Costs as of June 1, 2022 and are subject to change. Costs represent "overnight" costs)

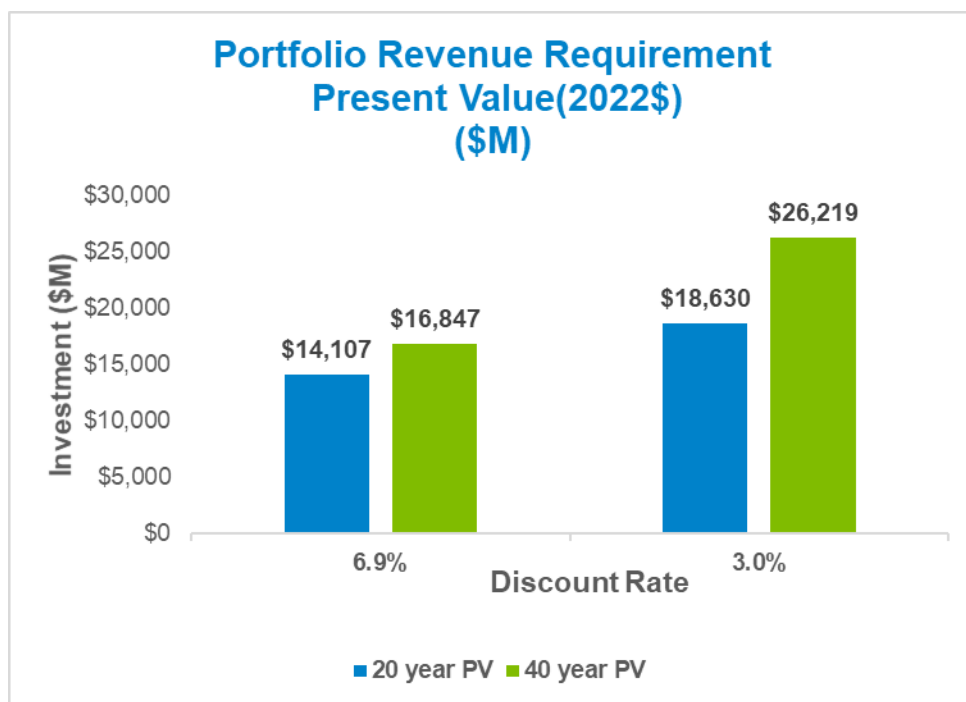


Figure 1-2: Present Value of LRTP Tranche 1 Portfolio (values as of 6/1/2022)

The Tranche 1 Portfolio has a benefit to cost ratio of between 2.6 and 3.8, and MISO studies show benefits of this investment at a benefit to cost ratio of at least 2.2 for every Cost Allocation Zone, well in excess of the LRTP Tranche 1 Portfolio costs (Figure 1-2 and 1-3). The proposed projects and costs are spread across the entire MISO Midwest Subregion, allowing it to benefit multiple states, MISO members and customers. Benefits include more reliable and resilient energy delivery; congestion and fuel savings; avoided resource and transmission investment; improved distribution of renewable energy; and reduced carbon emissions.

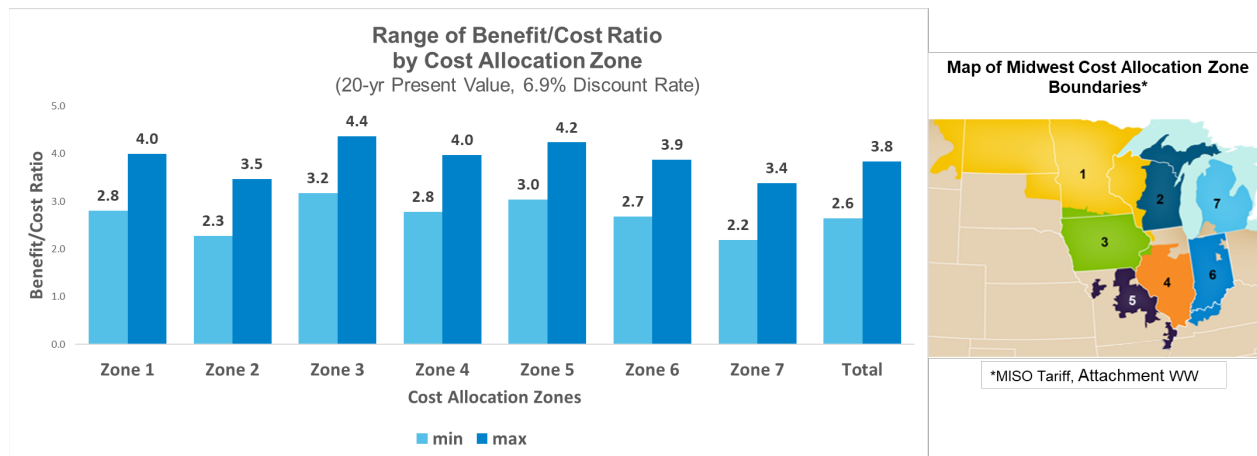


Figure 1-3: Distribution of benefits to Cost Allocation Zones in Midwest (MISO Tariff Attachment WW) (values as of 6/1/22)



The LRTP study was initiated in 2020, and the LRTP Tranche 1 Portfolio Report is the first iteration of MISO's findings and recommendations. This report identifies reliability challenges in the Midwest Subregion associated with MISO's Future 1.

Efforts on Tranche 2 will be underway in the second half of 2022 and will continue to focus on the Midwest Subregion and addressing the needs identified in MISO's Futures. Tranche 3 of the LRTP study will focus on identifying system needs in the MISO South Subregion, and Tranche 4 will look at the part of the system connecting the Midwest and South Subregions.

While the Tranche 1 Portfolio is the result of MISO's long-range planning process being executed for only the second time, the rapid change within the industry will require that it become a more routine aspect of the MISO planning process going forward.

## 2 History of MISO's Innovative Long Range Transmission Planning Process

The transmission grid, while not top of mind for many people, is a critical component of ensuring the lights come on when a switch is flipped, our favorite devices can be charged, and life-saving machines can operate. But even with that level of importance, transmission investments, especially on a large scale, are very difficult to undertake and are not very common in the United States currently. However, the clear direction of the industry, towards a cleaner energy future, requires investments of this nature. Fortunately, MISO has a proven process, experience, and an engaged stakeholder community to draw upon as we embark on this very difficult journey. This is not the first time we have been here, or successfully facilitated significant grid investment.

As a Regional Transmission Organization/Independent System Operator, MISO coordinates with its members to facilitate transmission system investments needed to ensure continued reliable and efficient delivery of least-cost electricity across the MISO region. This requires a continuous execution of MISO's recurring transmission planning process. The culmination of the extensive work executed during each 18-month planning cycle, including proposed new projects, are codified annually in a MISO Transmission Expansion Plan (MTEP). These plans have put in motion approximately \$42 billion in transmission investments going back to 2003.

Section 1.2 of [MTEP21](#) provides an overview of MISO's overall transmission planning process, so only the primary aspects are described here to provide high-level context. The process involves both top-down and bottom-up identification of issues and potential solutions associated with transmission system maintenance and enhancement. There are also several aspects, or objectives of different components of MISO's transmission planning process, including resolving grid reliability issues, transmission expansion needed to connect new generation resources to the grid, and reducing congestion on the system. Assessing these types of needs can occur as often as annually and involves looking out 5-15 years to identify near- and mid-term needs.





The overall process also includes a component that has been exercised less frequently, the long-range transmission planning (LRTP) process, which considers challenges projected in the 20 year and beyond timeframe. Given the extensive lead time associated with large-scale transmission investment, this process is designed to be responsive to situational grid needs and utilized when incremental transmission system fixes, upgrades, and/or additions will not be sufficient to effectively or efficiently address those needs. These situations require that MISO consider the range of potential future states, the implications of those outcomes for the industry, and the transmission system needs this will create. Those potential future scenarios serve to provide bookends for the uncertainty that exists when planning this far out.

The inaugural iteration of MISO's long range planning process culminated in the first-of-its-kind portfolio of projects being approved by the MISO Board of Directors in 2011. Beginning in 2007, in response to an increase of individual Renewable Portfolio Standards within MISO states, MISO began the initial execution of the LRTP process to mitigate the significant impact on the future generation mix and the reliability of the system. During this multi-year effort, a new project type – Multi-Value Project (MVP) – was developed. As codified in the MISO Tariff, a project must meet one or more of the following criteria to be included in an MVP portfolio:

*Criterion 1. A Multi-Value Project must be developed through the transmission expansion planning process for the purpose of enabling the Transmission System to reliably and economically deliver energy in support of documented energy policy mandates or laws that have been enacted or adopted through state or federal legislation or regulatory requirement that directly or indirectly govern the minimum or maximum amount of energy that can be generated by specific types of generation. The MVP must be shown to enable the transmission system to deliver such energy in a manner that is more reliable and/or more economic than it otherwise would be without the transmission upgrade.*

*Criterion 2. A Multi-Value Project must provide multiple types of economic value across multiple pricing zones with a Total MVP Benefit-to-Cost ratio of 1.0 or higher where the Total MVP Benefit -to-Cost ratio is described in Section II.C.7 of this Attachment FF. The reduction of production costs and the associated reduction of LMPs resulting from a transmission congestion relief project are not additive and are considered a single type of economic value.*

*Criterion 3. A Multi-Value Project must address at least one Transmission Issue associated with a projected violation of a NERC or Regional Entity standard and at least one economic-based Transmission Issue that provides economic value across multiple pricing zones. The project must generate total financially quantifiable benefits, including quantifiable reliability benefits, in excess of the total project costs based on the definition of financial benefits and Project Costs provided in Section II.C.7 of Attachment FF.*

As the criteria demonstrate, economic benefits are a significant part of the requirements for these types of projects. Given the regional scope of these projects, the level of investment, and the uncertainty associated with the time horizon, a strong business case is paramount. The types of economic benefits that could be used to meet these criteria were defined through collaboration with stakeholders. Those benefits are:

- *Production cost savings where production costs include generator startup, hourly generator no-load, generator energy and generator Operating Reserve costs. Production cost savings can be*



*realized through reductions in both transmission congestion and transmission energy losses. Production cost savings can also be realized through reductions in Operating Reserve requirements.*

- Capacity losses savings where capacity losses represent the amount of capacity required to serve transmission losses during the system peak hour including associated planning reserve.*
- Capacity savings due to reductions in the overall Planning Reserve Margins resulting from transmission expansion.*
- Long-term cost savings realized by Transmission Customers by accelerating a long-term project start date in lieu of implementing a short-term project in the interim and/or long-term cost savings realized by Transmission Customers by deferring or eliminating the need to perform one or more projects in the future.*
- Any other financially quantifiable benefit to Transmission Customers resulting from an enhancement to the Transmission System and related to the provisions of Transmission Service.*

The ground-breaking work executed during this process culminated in a nearly \$6 billion portfolio, with a projected 1.8-3.1 benefit-to-cost ratio, being approved by the MISO Board of Directors in 2011. MISO was required to periodically reassess the projected benefits to determine if modifications to the MVP criteria were necessary. Each of those analyses found that the projected benefits remained consistent with, and were sometimes greater than, initially estimated, as shown in Figure 2-1. This, along with the fact that all but one of the 17 MVP projects are currently (as of June 2022) in service and fully utilized, demonstrates the effectiveness of MISO's value-based planning process and the use of future scenarios to bookend uncertainty and identify robust solutions, and to project benefits.

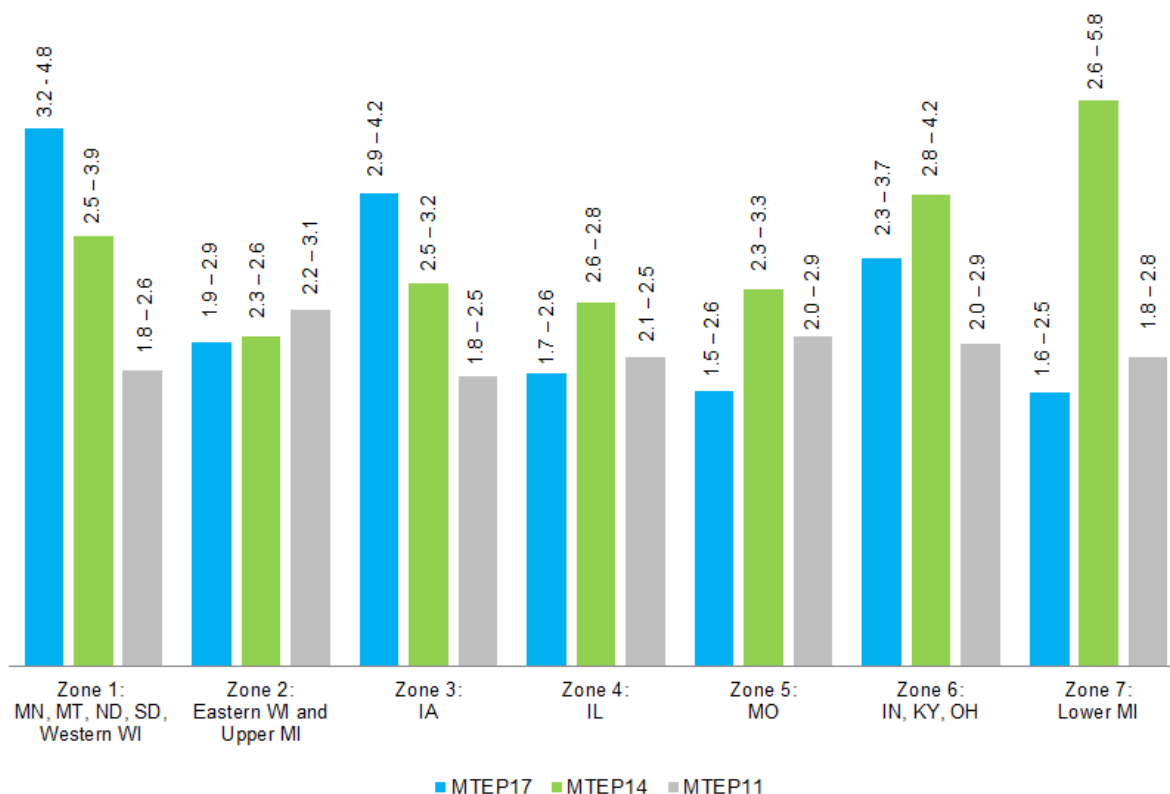


Figure 2-1: Zonal benefit to cost ratios for the original MTEP11 MVP Analysis and subsequent MTEP14 and MTEP17 Triennial Reviews

In the years immediately following the approval of the MVP portfolio, the level of annual investment put forward in MTEP reports returned to historical levels of approximately \$1.5 billion annually. Upgrades or replacements of aging assets, and the added investment associated with the integration of the South Subregion have contributed to the annual average investment rising to \$3.4 billion over the last five years, but still well below the level approved in 2011 with the MVPs. While this increased rate of investment is strengthening the grid in the MISO Region, it is not reflective of the magnitude of change that has been occurring across the landscape during this time.



### 3 The Long Range Transmission Planning Component of MISO's Broad-Based Response to Current Industry Change

The generation mix evolution in the MISO Region that drove the need for the MVP portfolio didn't end with that portfolio's approval. In fact, the pace towards more renewables has increased since that time. Progressively increased carbon-free and clean energy goals set by MISO member utilities, state and municipal government policies and customer preferences continue to drive growth in wind, solar, battery storage and hybrid projects. MISO made a number of incremental changes to its markets, tools, and processes along the way to mitigate the early impacts of this change. However, beginning in 2016, the challenge was becoming obvious and more difficult to mitigate.

#### Change Drivers and Implications Contributing to Aligning Interests

Over the last several years, MISO began to experience operational situations that required the use of emergency procedures, even outside of the summer period when demand peaks occur, and supply becomes strained. In the real time horizon, when resource margins are projected to be significantly low, MISO will begin to implement the steps in its emergency procedures in an attempt to gain access to additional resources. While not having to make a single emergency declaration in the two years preceding 2016, 41 such emergency declarations have been required since 2016. These events are largely the result of reduced generation capacity due to the retirement of conventional generation as the fleet has transitioned toward more renewable resources and greater reliance on Load Modifying Resources for meeting capacity requirements.

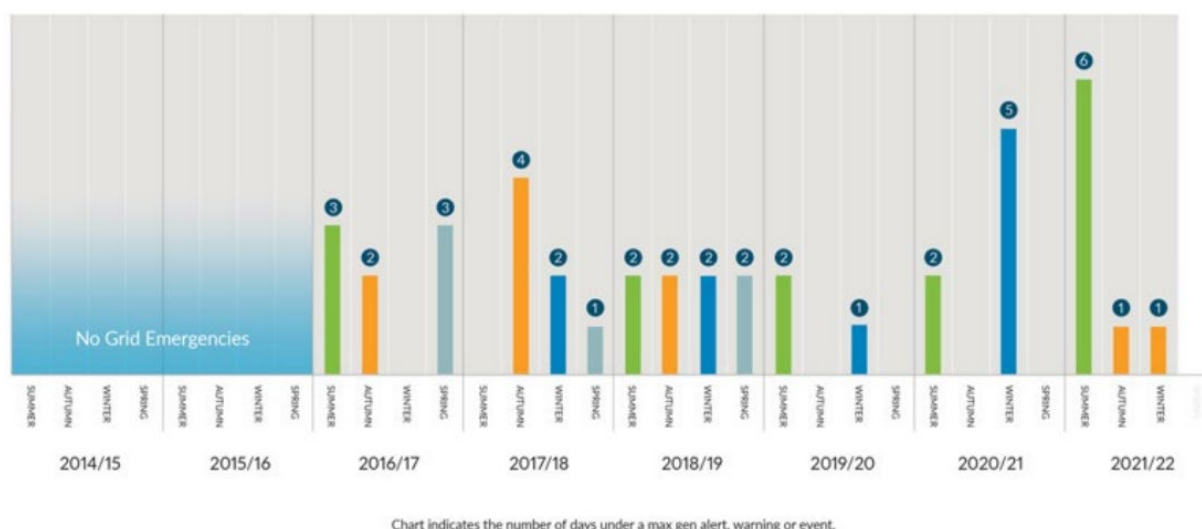


Figure 3-1: Historical MISO MaxGen Alerts, Warnings, and Events



In response to this growing challenge, MISO launched the Resource Availability and Need (RAN) initiative to understand the drivers and identify a variety of changes to markets and resource adequacy process solutions to generation availability issues.

At the same time, and driven by the ongoing fleet shift, MISO executed a multiple-year study called the Renewable Integration Impact Assessment (RIIA) to deepen its understanding of the implications of more renewable generation on the system. This assessment identified inflection points, or renewable energy penetration levels where challenges would get increasingly more complex. It also identified key risks that would result, including insufficient transmission infrastructure.

- **Stability Risk** requires multiple transmission technologies, operating and market tools to incentivize availability of grid services
- **Shifting periods of grid stress** requires flexibility and innovation in transmission planning processes
- **Shifting periods of energy shortage risk** requires new unit commitment tools, revised resource adequacy mechanisms
- **Shifting flexibility risk** requires market products to incentivize flexible resources
- **Insufficient transmission** requires proactive regional transmission planning

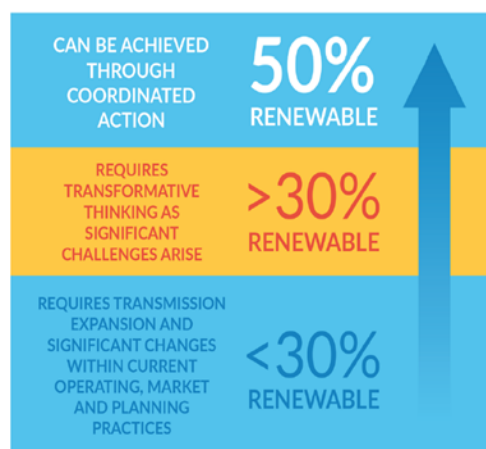


Figure 3-2: RIIA Study Identified Key Risks with increasing levels of Renewable Energy

The timing of when the region would reach these inflection points was then uncertain. However, an additional driver emerged that accelerated the pace towards more renewables: a growing customer preference for clean energy. MISO began to see a growing number of member utilities and state policies incorporating decarbonization goals into their resource fleet strategies. Around this same time another trend was emerging on the demand side as well. The movement towards electrification will have a significant impact on electricity demand, which has in recent years been relatively stable.

This level of uncertainty makes it very difficult to plan for the future with confidence. However, as demonstrated with the development of the 2011 MVP portfolio, MISO has an existing process to effectively manage these types of risks. MISO, in collaboration with stakeholders, establishes future planning scenarios to understand the economic, policy and technological impacts on future resource needs. Starting in 2019, MISO examined three future scenarios to define and bookend regional resource expectations over the next 20 years (MISO Futures Report<sup>1</sup>). These Futures recognize the widespread clean energy goals of states and utilities within the region, as well as the associated rapid pace of regional resource transformation.

<sup>1</sup> [MISO Futures Report](#)

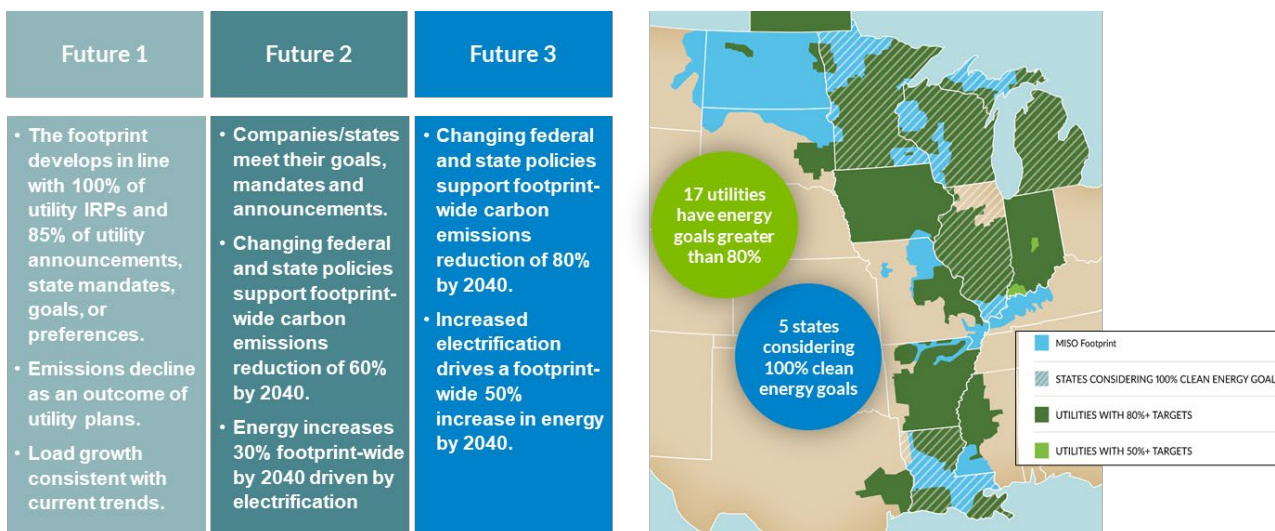


Figure 3-3: MISO Futures Key Drivers

## MISO's Reliability Imperative Response: The Long Range Transmission Planning Initiative

These future scenarios reflect the significance of the changes the region must prepare for, and similar to the situation facing the region back in 2007, incremental changes will no longer be adequate. The magnitude of landscape changes has created an imperative for transformational changes across MISO's markets, planning, operations, and technology. The Reliability Imperative Report<sup>2</sup> documents the collection of related initiatives that address the growing risks and that are required to enable member resource plans and strategies. MISO, members, regulators, and other entities responsible for system reliability all have an obligation to work together to address these challenges.

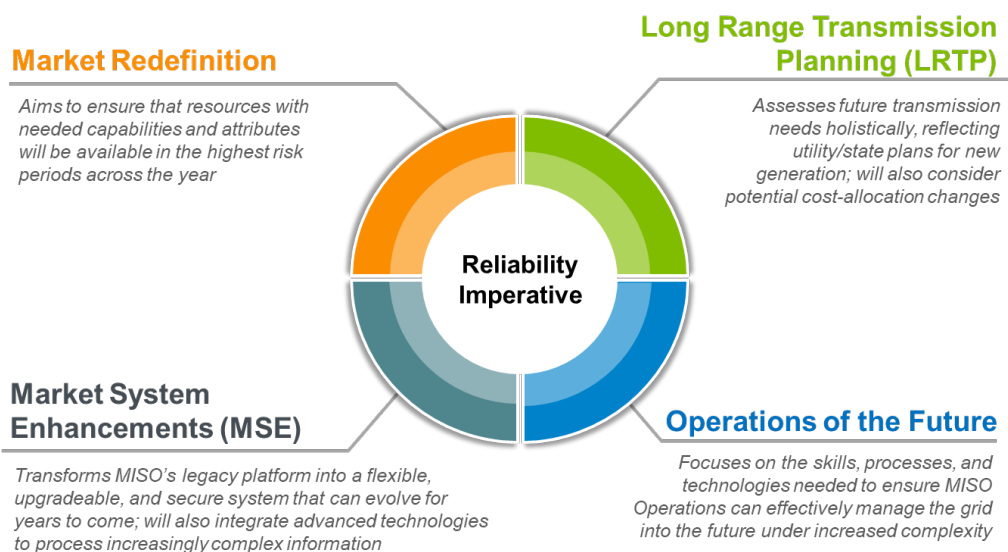


Figure 3-4: MISO's Reliability Imperative Key Initiatives

<sup>2</sup> [MISO'S Response to the Reliability Imperative](#)





As work has been underway, an additional risk emerged that has increased the urgency associated with progressing these initiatives. An increase in the frequency of extreme weather events is exacerbating the risks and challenges that originally drove the need for the Reliability Imperative. These types of scenarios can force a large number of generators out of service in a local area, putting reliability at risk. This has contributed to the emergency procedure declarations over the last several years (Figure 3.1).

### **Robust Business Case for Long-Range Transmission Plan**

As the region faces both a changing resource fleet and increased prevalence of extreme weather events, the ability to move electricity from where it is generated to where it is needed most becomes paramount. One needs only to consider the need for increased power flow within and between regions during Winter Storm Uri in February 2021 to understand the importance of transfer capability. MISO can leverage its large geographic footprint and diversity of resources to ease some of these challenges. However, adequate transmission infrastructure is key.

With the landscape once again shifting and expected to do so even more dramatically in the future, the transmission planning aspect of the Reliability Imperative includes the second execution of MISO's long-range transmission planning process. The MISO LRTP initiative, introduced to stakeholders in August 2020 to invite their collaboration, provides a regional approach to transmission planning that addresses future challenges of the resource fleet evolution and electrification. The transformational changes occurring in the industry necessitate the identification of transmission solutions to ensure continued grid reliability and cost-effective transmission investments that will serve future needs.

The objective of LRTP is to provide an orderly and timely transmission expansion plan that supports these primary goals:

- **Reliable System** – maintain robust and reliable performance in future conditions with greater uncertainty and variability in supply
- **Cost Efficient** – enable access to lower-cost energy production
- **Accessible Resources** – provide cost-effective solutions allowing the future resource fleet to serve load across the footprint
- **Flexible Resources** – allow more flexibility in the fuel mix for customer choice

LRTP is designed to assess the region's future transmission needs in concert with utility and state plans for future generation resources.

LRTP is a multi-year effort to address the myriad and complex issues associated with the significant resource transformation underway. Because there is urgency to keep pace with this rapid evolution, MISO is seeking to recommend projects identified in the LRTP effort over several MTEP cycles as work progresses. While it is important to move quickly, MISO must ensure reliable



power delivery for customers with investment decisions that appropriately balance generation and transmission solutions on a regional scale to ensure the best cost outcomes for customers.

LRTP continues the MISO Value-Based Planning approach to extend value beyond the traditional planning processes to achieve a more efficient comprehensive long-term system plan.

## **Tariff Requirements**

The needs driving the LRTP portfolio, the scope of the projects and types of benefits they enable aligns relatively well with those of the MVP portfolio and the associated MVP tariff requirements are being applied for the LRTP. The criteria to meet the project definition are listed in their entirety in Section 2, and in summary are: 1) enable the transmission system to reliably and economically deliver energy in support of documented energy policy mandates or laws, 2) provide multiple types of economic value, with a benefit-to-cost of 1.0 or greater, or 3) address at least one reliability issue and provide at least one type of transmission-based economic value.

### **LRTP Cost Allocation Aligned with Beneficiaries**

A condition that must be met prior to any transmission investment being approved is to determine how the costs will be allocated. The original MVP ruleset established a cost allocation methodology of spreading costs footprint-wide on a load-ratio share basis. With the initial Tranche of LRTP projects identified to address reliability issues in MISO's Midwest Subregion only, this approach was not going to meet FERC's requirement of costs spread roughly commensurate with benefits.

To address this risk, MISO proposed a modified MVP methodology where costs could be spread to a subregion only, if the projects within the portfolio primarily provide benefits to a single subregion. This proposal was approved by FERC on May 18, 2022 with a May 19, 2022 effective date. With FERC's approval the costs of the LRTP Tranche 1 Portfolio will be recovered on a pro-rata basis from load in the MISO Midwest Subregion.

## **4 Rigorous, Collaborative Approach Ensures Robust LRTP Solutions**

With this being the second execution of MISO's long-range transmission planning process, it was not groundbreaking, but it is no less significant than the first execution that developed the 2011 MVP portfolio. In fact, the landscape changes being planned for are much more significant now and require prompt action to address the fast pace of transformational changes occurring in the industry. The initial tranche of LRTP projects was developed in a focused effort to deliver a set of least regrets solutions that would be ready to address needs in the next 10 years.



While the process was executed in significantly less time, the quality of the analysis and commitment to identifying robust solutions was not sacrificed. This portfolio of projects represents over 2,000 miles of transmission, a significant level of investment unprecedented in the industry and will have its benefits and costs shared broadly. Given this backdrop, it is incumbent on MISO to perform a rigorous analysis to ensure we identify a robust set of projects that most effectively and efficiently resolve the identified issues and future system needs.

The process MISO follows to identify projects and create a portfolio is designed to result in a business case that justifies the investments. As described in Section 3 of this report, the first step in this process is to create potential future scenarios, or Futures, to essentially establish a target for our planning efforts. In some situations, the Futures could bookend very different directions for the region's generation fleet due to uncertainty around energy policy and other factors. However, given the current clear trends that include Members and States increasingly establishing clean energy goals, the continued retirement of fossil fueled resources from the system, and a growing trend toward electrification, the current set of futures reflect different progressions or the velocity of change in that singular direction.

MISO developed a long range conceptual regional transmission plan to explore and further study possible solutions needed to address future transmission needs. The conceptual plan serves as a set of solution ideas that guide the development of candidate transmission projects that meet the objective of long range planning to achieve reliable and economic delivery of energy in a range of future scenarios. Reliability analysis is conducted on a series of study models that represent various system conditions and dispatch patterns to identify issues. MISO then evaluates the candidate projects and potential alternative solutions developed by MISO and stakeholders to identify the most effective transmission investments to address the issues and performs an economic analysis that factors into selecting the best of the options. Section 5 of this report is a detailed walk-through of the reliability analysis that was undertaken, with the results provided in Section 6.

Once the portfolio of projects is identified, MISO then calculates the economic benefits created by the portfolio. The primary objective of the LRTP projects was to address reliability issues identified in the planning studies that considered a range of system conditions. However, while transmission investments are usually built for a specific purpose, the value that any particular investment brings can extend well beyond addressing the singular issue driving it. That is especially true for investments like the LRTP projects, whose regional scope and high voltage levels can enable significant economic benefits as well.

While the objective of LRTP is primarily focused on the need for reliable energy delivery, the analysis of economic benefits is essential to the demonstration of value of the portfolio as required by the Tariff for eligibility as regionally cost shared projects. The economic benefit types that can be assessed were identified in Section 2 of this report in the discussion on Multi-Value Projects, which the LRTP will be categorized as. The specific metrics that were used to determine the economic benefits of the LRTP portfolio are:



- Congestion and fuel savings – LRTP projects will allow more low-cost renewables to be integrated, which will replace higher-cost resources and lower the overall production cost to serve load.
- Avoided local resource capital costs – LRTP projects will allow renewable resource build-out to be optimized in areas where they can be more productive compared to a wholly local resource build out.
- Avoided future transmission investment – LRTP projects will reduce loading on other transmission lines, in some cases preventing lines from becoming overloaded in the future and thus avoiding the need to upgrade those lines.
- Reduced resource adequacy requirement – LRTP projects will expand transfer capability, which will in certain situations increase the ability for a utility to use a new or existing resource from another part of the MISO region, rather than construct one locally, to meet its resource adequacy obligation.
- Avoided risk of load shed – the LRTP portfolio will increase the resilience of the grid and lower the probability that a major service interruption occurs.
- Decarbonization – the higher penetration of renewable resources that the LRTP portfolio will enable will result in less CO<sub>2</sub> emissions.

The methodology used to calculate each of these economic benefits and the results are the focus of Section 7.

As described in Section 8 of this report, the allocation of LRTP portfolio costs is spread broadly to the entire Midwest Subregion. The Federal Energy Regulatory Commission requires that transmission costs associated with investments of this nature be allocated roughly commensurate with how the benefits are realized. Given the large-scale of the LRTP projects and the fact that they span the Midwest Subregion, benefits flow to the entire subregion. To illustrate this and demonstrate support of FERC's guidance, Section 8 shows the benefits by MISO Cost Allocation Zone.

Given the expected continued key role of natural gas generation, volatility in the price of natural gas can have a significant impact on the cost of producing electricity. The recommended LRTP Tranche 1 Portfolio can partially offset the gas price risk by providing additional access to generation powered by fuels other than natural gas. Chapter 8 includes a sensitivity analysis performed using a range of natural gas prices to demonstrate the robustness of the LRTP Tranche 1 Portfolio across a range of scenarios.



## 5 LRTP Tranche 1 Portfolio Development and Scope

Most good plans result not from a single work effort, but rather develop from refinements to an effective starting point. The latter characterizes the path to the LRTP Tranche 1 Portfolio. In anticipation of reliability needs in a future with growing renewable penetration and load consumption, MISO developed an indicative transmission roadmap of potential transmission expansions throughout the region for both Future 1 and a combined Future 1, 2, and 3. The roadmap provides an indication of the potential magnitude of transmission expansions that may be needed to maintain reliable and efficient operations under the expected Futures and candidate transmission solutions to be used as a starting point in determining potential projects. This roadmap was developed by MISO planning staff as extensions of the existing grid that would provide for logical connections that could increase connectivity, close gaps between subregions, and support a more robust and resilient grid by enabling the delivery of energy from future resources to future loads and increasing the reliance on geographic diversity to manage the increased dispatch volatility and uncertainty associated with the future resource fleet. The indicative roadmap is not a final plan but instead a starting point for considering solutions to transmission issues expected.

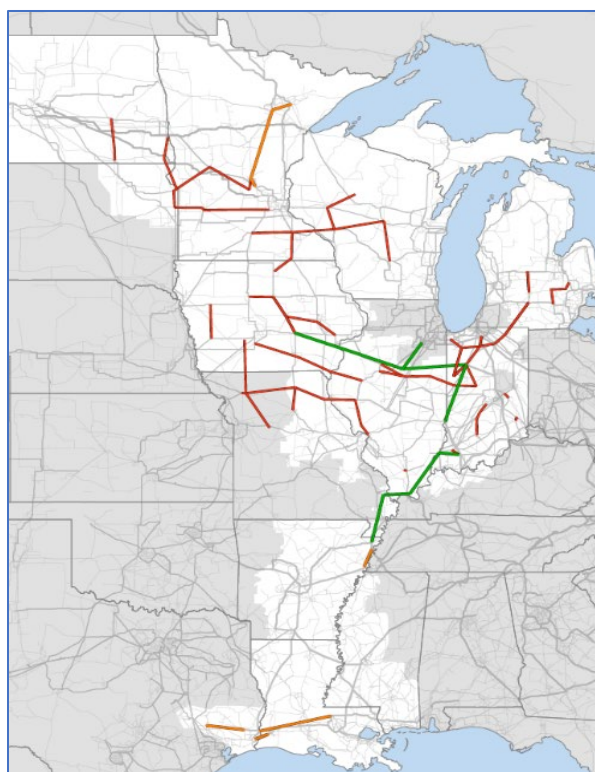


Figure 5-1: Future 1 Indicative Roadmap

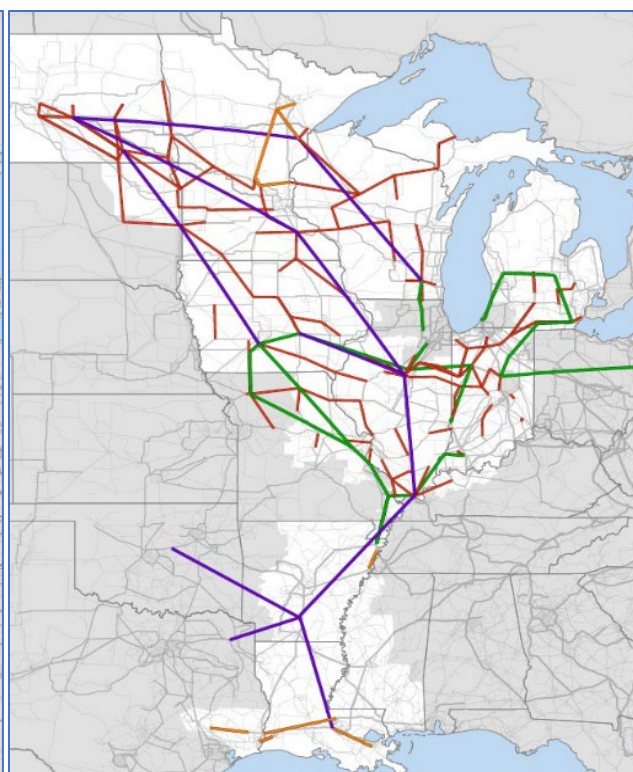


Figure 5-2: Futures 1, 2, & 3 Indicative Roadmap

The initial tranche of the LRTP is focused primarily on enabling the resource expansion and load forecasts associated with the 10- and 20-year timeframe under Future 1 in the Midwest



Subregion. In Future 1, the most significant aspects are resource retirements and increased renewable penetration.

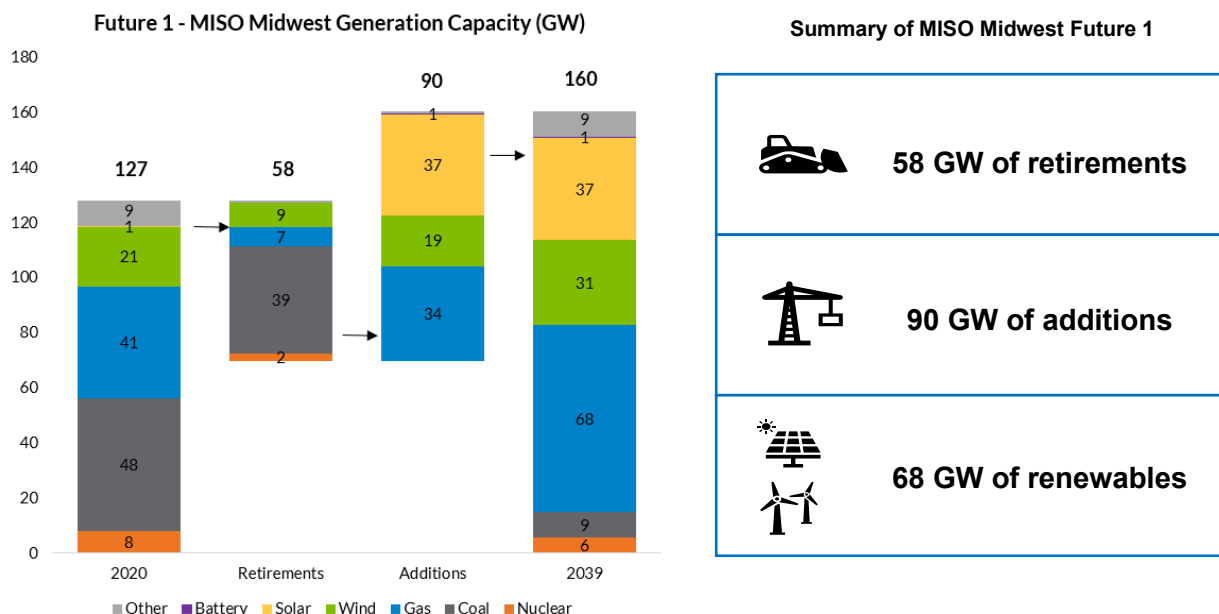


Figure 5-3: Future 1 changes in Generation Capacity for Midwest Subregion

In Futures 2 and 3, higher levels of resource retirements and renewable resource penetration coupled with higher levels of electrification will be significant. Later tranches of LRTP will focus more on Future 2 and Future 3 scenarios.

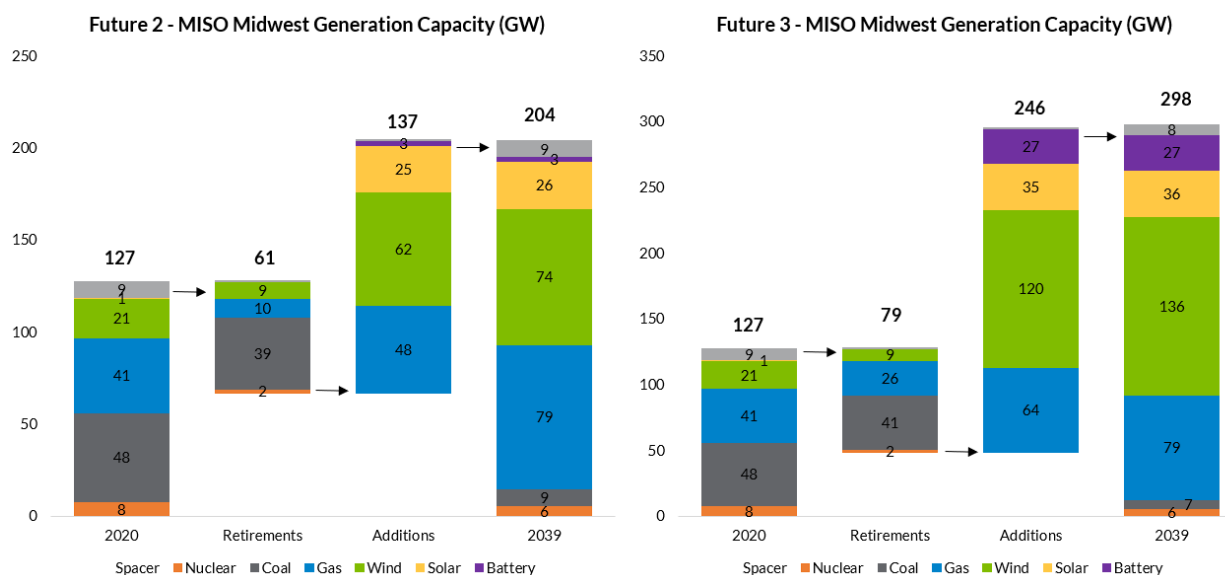


Figure 5-4: Future 2 & 3 changes in Generation Capacity for Midwest Subregion





## Reliability Study Scope

MISO developed snapshots of system stress under a Future 1 resource expansion in the 10-year and 20-year timeframe. These scenarios, or base cases, vary based on season of the year, time of the day, load level, and coincident availability of renewable resources. MISO then used the scenarios to test the impact of the LRTP Tranche 1 Portfolio.

Model	Season	Hours	Range of dates and hours used to characterize the model	LRTP modeling definition of load level
1	Summer Peak	Day	Summer :6/21 to 9/20 Hours ending 7:00 to 22:00 EST	The Summer Peak demand expected to be served. (system load $\geq$ 90 percentile during day)
2	Summer Peak	Night	Summer: 6/21 to 9/20 Hours NOT ending 7:00 to 22:00 EST	The Summer Peak demand expected to be served (system load $\geq$ 90 percentile during night)
3	Fall/Spring Light load	Day	Fall: 9/21 to 12/20 Spring: 3/21 to 6/20 Hours ending 8:00 to 21:00 EST	Fall / Spring Light load within 50-70% of Summer Peak (Day)
4	Fall/Spring Light load	Night	Fall: 9/21 to 12/20 Spring: 3/21 to 6/20 Hours NOT ending 8:00 to 21:00 EST	Fall / Spring Light load within 50-70% of Summer Peak (Night)
5	Fall/Spring shoulder load	Day	Fall: 9/21 to 12/20 Spring: 3/21 to 6/20	70% to 80% of the Summer Peak Load (Day)
6	Winter Peak	Day	Winter: 12/21 - 3/20 Hours ending 8:00 to 19:00 EST	The Winter Peak demand expected to be served (system load $\geq$ 90 percentile during day)
7	Winter Peak	Night	Winter: 12/21 - 3/20 Hours NOT ending 8:00 to 19:00 EST	The Winter Peak demand expected to be served (system load $\geq$ 90 percentile during night)

Table 5-1: Temporal and load parameters for defining base models

The purpose of the reliability study is to ensure the MISO Transmission System can reliably deliver energy from future resources to future loads under a range of projected load and dispatch patterns associated with the Future 1 scenario in the 10-year and 20-year time horizon. The analysis includes ensuring transmission system performance is reliable and adequate with both an intact system and one where contingencies have occurred, and high regional power transfer scenarios that result when geographic diversity must be relied upon to help manage dispatch volatility and uncertainty. Techniques used to analyze projected performance with and without the proposed transmission solutions included steady state contingency analysis to identify thermal loading and voltage issues under normal and contingency conditions, transfer analysis to



ensure MISO can rely upon geographic diversity to manage renewable dispatch volatility and uncertainty and voltage stability analysis to ensure voltage stability in the Midwest subregion.

Steady-state contingency analysis is performed to identify any thermal and voltage violations that exist in the seven base reliability cases for each of the 10-year and 20-year models. The analysis requires simulation of the MTEP20 NERC Category P0, P1, P2, P4, P5, and P7 contingency events and selected NERC Category P3, P6 events. Facilities in the Midwest Subregion were monitored for steady state thermal loading in excess of 80% of applicable ratings and for voltage violations per the Transmission Owner voltage criteria.

Transfer analysis is performed to test for robust performance under varying dispatch patterns. The LRTP transfer study includes eight transfer scenarios to assess import requirements in situations where unexpected loss of renewable and thermal resources could occur due to changing weather conditions.

Scenario	Description	Objective	Resource	Sink
1	Central to Iowa	Support resource deficient areas due to unexpected drops in high concentration areas of renewables	All Gen. Local Resource Zones (LRZ) 4-6	Wind in LRZs 1&3
2	MISO to Michigan	Support resource deficient areas due to unexpected drops in high concentration areas of renewables	Renewables in LRZs 1-6	Renewable in LRZ 7
3	Michigan to MISO	Eliminate export limitations from high renewable concentration areas to support deficient regions of MISO	Renewables in LRZ 7	Renewables in LRZs 1-6
4	Iowa/MN to MH	Support resource deficient areas due to unexpected high magnitude resource outages due to extreme weather events (Uri, polar vortex) – renewable or thermal	Renewables in LRZs 1 and 3	Manitoba Hydro load
5	MISO West to Wisconsin	Support resource deficient areas due to unexpected high magnitude resource outages due to extreme weather events (Uri, polar vortex) – renewable or thermal	Renewables in LRZs 1 and 3	Renewables in LRZ 2
6	Central Renewables to rest of MISO Midwest	Eliminate export limitations from high renewable concentration areas to support deficient regions of MISO	Renewables in LRZs 4-6	Gen. in LRZs 1,2,3,7
7	MISO Midwest to Central Region	Ensure reciprocal export capability to MISO Subregions in high resource deficiencies	Gen. in LRZs 1,2,3,7	Gen. in LRZs 4-6
8	MISO West to East across the Mississippi	Eliminate export limitations from high renewable concentration areas to support deficient regions of MISO	MISO West of the Mississippi River Renewables in LRZs 1,2,3,5	MISO East of the Mississippi river Gen. in LRZs 4,6,7

Table 5-2: Transfer Scenarios



Economic analysis supports reliability analysis evaluation of project candidates as needed for selecting the preferred solutions. Production cost simulations analyze the impact of the proposed project on production costs to assess how the economic performance of a project compares to other alternatives that have been proposed. These results are used to supplement the reliability analysis results and provide an additional measure of economic performance to aid in selecting the preferred solution.

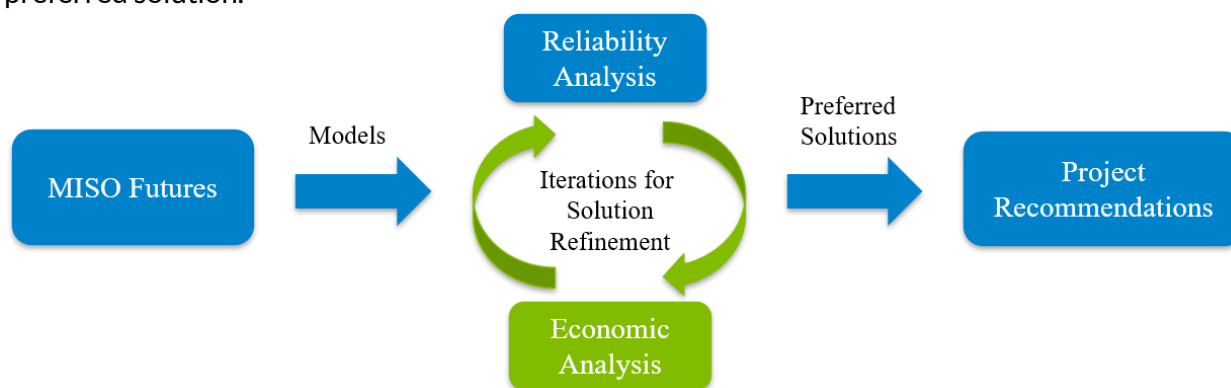


Figure 5-5: Iterative Solution Refinement

The results of the reliability analysis contained in Section 6 of this report discusses the detailed results from this iterative selection process and explains the reasons for selecting the preferred solution, including a summary of any significant economic analysis findings, for projects to be included in the LRTP Tranche 1 Portfolio.

## 6 LRTP Tranche 1 Projects and Reliability Issues Addressed

The reliability studies were performed on the Future 1 power flow models to assess the system performance and identify any necessary upgrades to ensure reliable energy delivery under different load and dispatch patterns. Analysis of the Future 1 10-year and 20-year base case models without the LRTP Tranche 1 Portfolio indicated numerous thermal and voltage violations throughout the Midwest Subregion. Additionally, transfer analysis was performed to assess transfer capability and identify limiting constraints to be addressed to assess effectiveness of projects under broader future assumptions. Variations of candidate projects identified in the LRTP indicative roadmap were studied to determine areas of focus for project development.

It is important to understand that LRTP is not a NERC compliance study whereby every issue identified must be resolved according to NERC standards and requirements. A NERC compliance study, which is more local in nature in terms of modeling assumptions, is different than the approach taken in a long-range transmission planning study. From that perspective, the LRTP reliability solution testing sought to find solutions that provided a balance between issues resolved and cost to mitigate. This included discounting some issues, for example, as more local in



nature or others that will be dealt with in the generator interconnection process. It is also related to the fact that more study work will be done in the next tranches using other Futures and additional needs will be dealt with at that time.

In doing so, MISO used the roadmap as a starting point for testing system solutions but also looked to alternative solutions either from MISO or submitted by stakeholders. Several alternatives have been considered for the Tranche 1 effort. The final portfolio represents those solutions that provided the best fit solution. It is also important to note that the ability to efficiently use existing corridors in developing transmission is a key element. As final solutions were developed, the ability of those solutions to use existing system right of way was a key consideration. Ultimately though final routing will be determined by the applicable state and/or local authorities.

Project selection involved detailed analysis in five geographic focus areas:

- Dakotas and Western Minnesota
- Minnesota – Wisconsin
- Central Iowa
- Northern Missouri Corridor
- Central-East Corridor

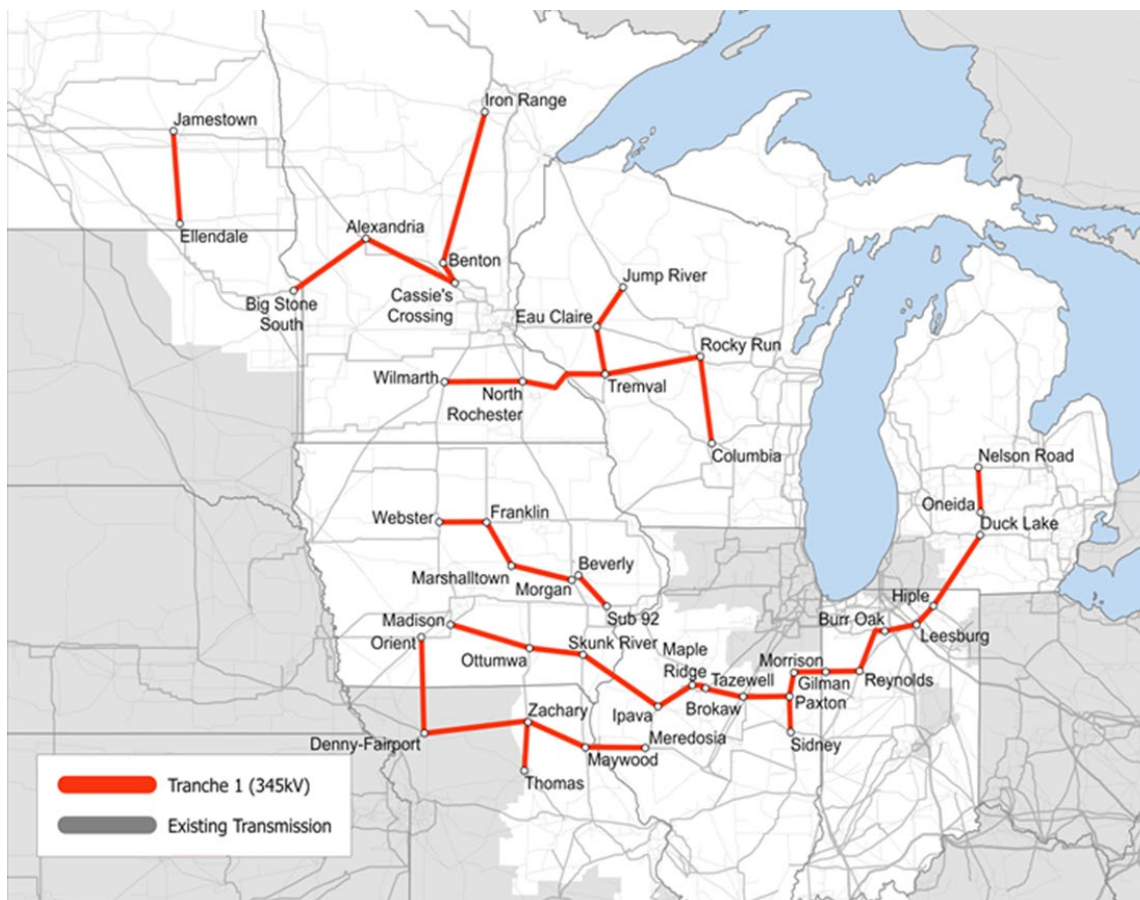


Figure 6-1: L RTP Tranche 1 Transmission Portfolio



## Dakotas and Western Minnesota

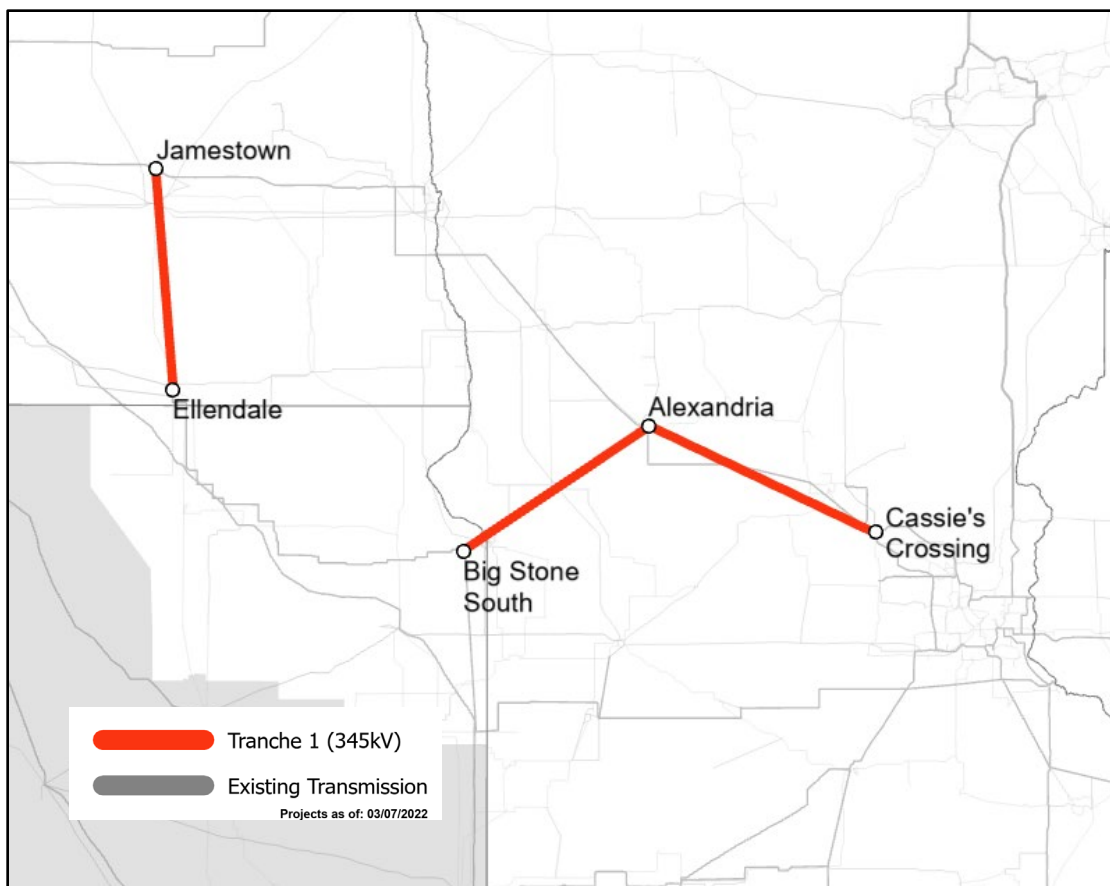


Figure 6-2: Dakotas and Western Minnesota Final Solution

### Projects:

Jamestown - Ellendale 345 kV

Bigstone – Alexandria – Cassie's Crossing 345 kV

### Rationale:

The Eastern Dakotas and Western/Central Minnesota 230 kV system is heavily constrained for many different seasons through the year. This 230 kV system has been playing a key role in transporting energy across a large geographical area as generation is needing to be transported out of the Dakotas and into Minnesota. Under shoulder load levels and high renewable output, this energy has a bias towards the Southeast into the Twin Cities load center. During peak load, particularly in Winter, this system is a key link for serving load in central and northern Minnesota. The 230 kV system is at capacity and shows many reliability concerns not only for N-1 outages in Future 1, but also for system intact situations. The 345 kV lines in the area provide additional outlets for the Dakotas by tying two existing 345 kV systems together. These lines unload the 230 kV system of concern and improve reliability across the greater Eastern Dakotas and Minnesota.



### Issues Addressed:

The Dakotas and Western Minnesota project addresses many thermal and voltage issues for Western Minnesota and Eastern Dakotas. Most notable, the 230 kV system from Ellendale and Big Stone South to Fergus Falls is relieved for all N-1 and N-1-1 outages, as you can see in Figure 6-3 geographically. The solid green lines in Figure 6-3 depict Transmission Lines which no longer have overloads because of the project with circles depicting transformers that are relieved. Voltage depression was seen for a wide geographical area along the South Dakota, North Dakota, and Minnesota border typically described as the Red River Valley Area. Table 6-1 describes overloads seen in Future 1 for the Dakotas and Western Minnesota area which are relieved by the Big Stone South – Alexandria – Cassie's Crossing & Jamestown – Ellendale project. For this metric, a constraint was considered relieved if its worst pre-project loading was greater than 95% of its monitored Emergency rating, its worst post-project loading was less than 100% of its monitored Emergency rating, and the worst loading decreased by greater than 5% following the addition of the project.

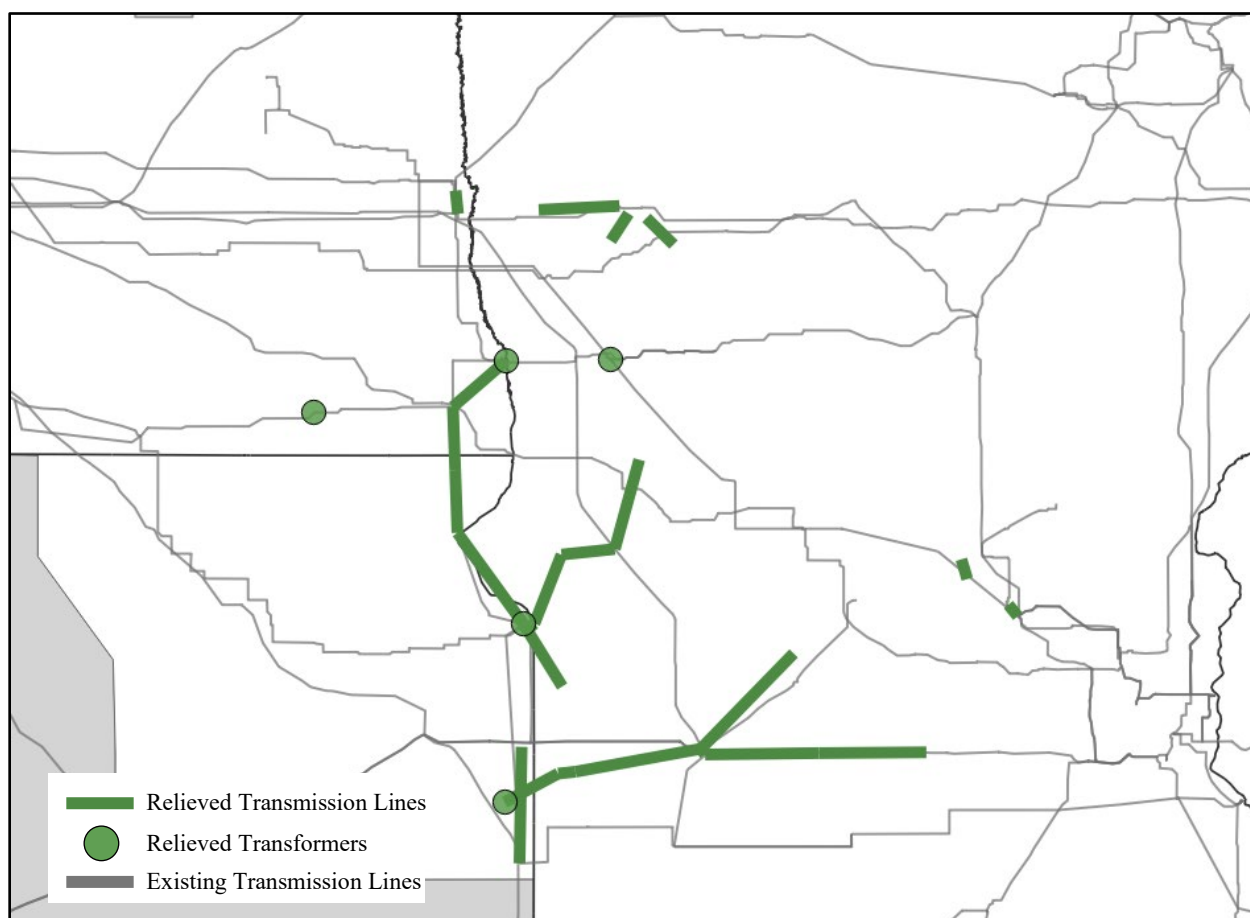


Figure 6-3: Dakotas and Western Minnesota map of facilities relieved in Future 1 power flow cases, for either N-1 or N-1-1 overloads. Transformers in green circles, and lines in green lines.





	N-1 (P1, P2, P4, P5, P7)		N-1-1 (P3, P6)	
	Count Elements	Max % Loading	Count Elements	Max % Loading
		Pre-Project		Pre-Project
All	40	214	70	209
230 kV Lines	18	157	25	153

Table 6-1: Elements with thermal issues relieved by the Dakotas and Western Minnesota project in Future 1 power flow cases

	N-1 (P1, P2, P4, P5, P7)		N-1-1 (P3, P6)	
	Count Elements	Minimum p.u. voltage	Count Elements	Minimum p.u. voltage
		Pre-Project		Pre-Project
All	97	0.80	91	0.81
345 & 230 kV Buses	23	0.80	30	0.81

Table 6-2: Elements with voltage issues relieved by the Dakotas and Western Minnesota project in Future 1 power flow cases for the OTP area (620)

### Alternatives Considered:

Big Stone South – Alexandria 345 kV & Jamestown – Ellendale 345 kV

Without double circuit to Cassie's Crossing there are new N-1 issues around Alexandria.

Big Stone South – Hankinson – Fergus Falls 345 kV & Jamestown – Ellendale 345 kV

Solves overloads of concern on 230 kV system around Wahpeton but creates new issues on the 230 kV and 115 kV system around Fergus Falls.

Big Stone South – Hazel Creek – Blue Lake 345 kV & Jamestown – Ellendale 345 kV

Reduces nearly all overloads of concern but not to the extent of the preferred project.

Big South – Alexandria 345 kV & Big Stone South – Hazel Creek – Blue Lake 345 kV & Jamestown – Ellendale 345 kV.

Combination of alternative 1 and 3. This alternative creates new overloads on the 115 kV system around Alexandria but fully relieves reliability issues of concern as the preferred project.

However, as this is a combination of alternatives, the southern circuit to Blue Lake (Alternative 3) does not add enough additional value over the preferred project.

Big Stone South – Breckenridge – Barnesville 345 kV & Jamestown – Ellendale 345 kV

Solves many issues in the area of concern without any new issues. However, there are still a few key overloads on the key 230 kV system around Wahpeton which are not solved by this alternative.





## Western Minnesota - Dakota

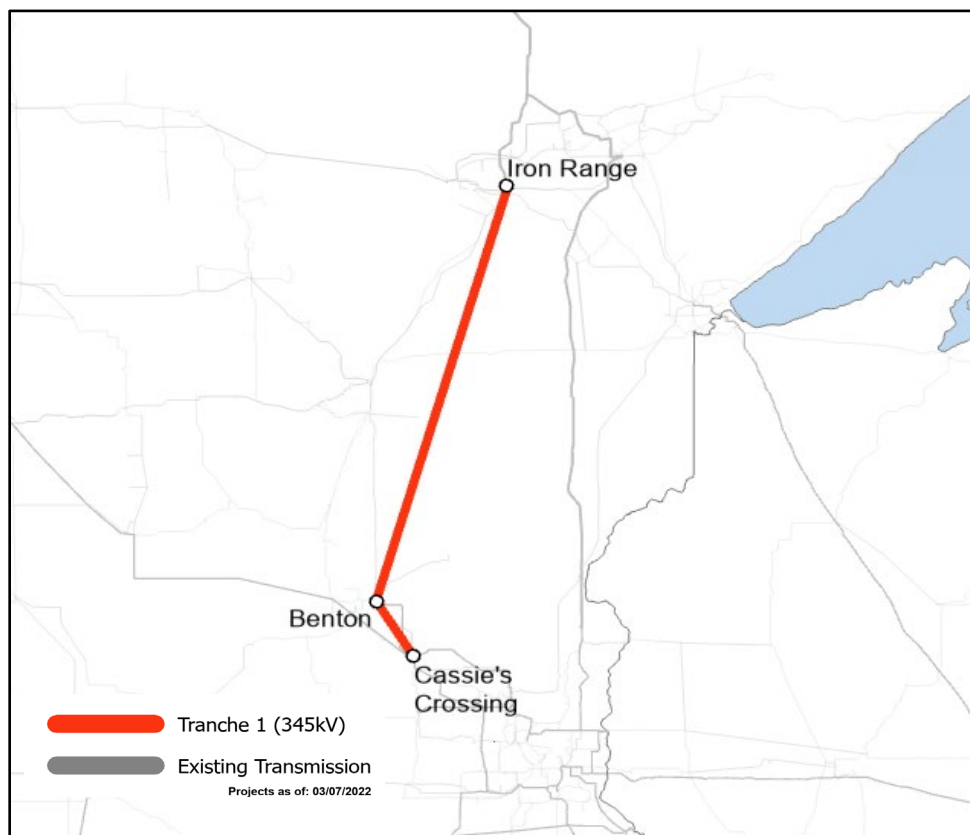


Figure 6-4: Western Minnesota - Dakota Final Solution

### Project:

Iron Range – Benton – Cassie's Crossing 345 kV

### Rationale:

Minnesota has and is projected to continue to undergo fleet change. This generation shift has resulted in central and northern Minnesota to have a drastic decrease in generation resources creating a large geographical area to be served by only 115 kV and 230 kV transmission. Central to northern Minnesota has moderate load, with heavy load being further north relating to iron mining operations. During the winter, Minnesota load increases significantly. This causes strain on the widespread 115 kV and 230 kV system as power is needing to get from the twin cities to the north to serve load. This large geographical disparity in generation and weak transmission causes voltage stability concerns for a majority of the Minnesota system north of the Twin Cities. The Iron Range – Benton – Cassie's Crossing 345 kV line provides a second low impedance path for power flow from southern Minnesota to the north. This unloads and relieves the 115 kV and 230 kV issues seen and relieves voltage stability concerns.



### Issues Addressed:

Iron Range – Benton – Cassie's Crossing 345 kV prevents many thermal and voltage issues on the lower voltage system in central and northern Minnesota, especially for situations where the single 500 kV line heading north from the Twin Cities is lost. Under heavy winter loading situations central and northern Minnesota suffer from voltage collapse issues during transfer scenarios.

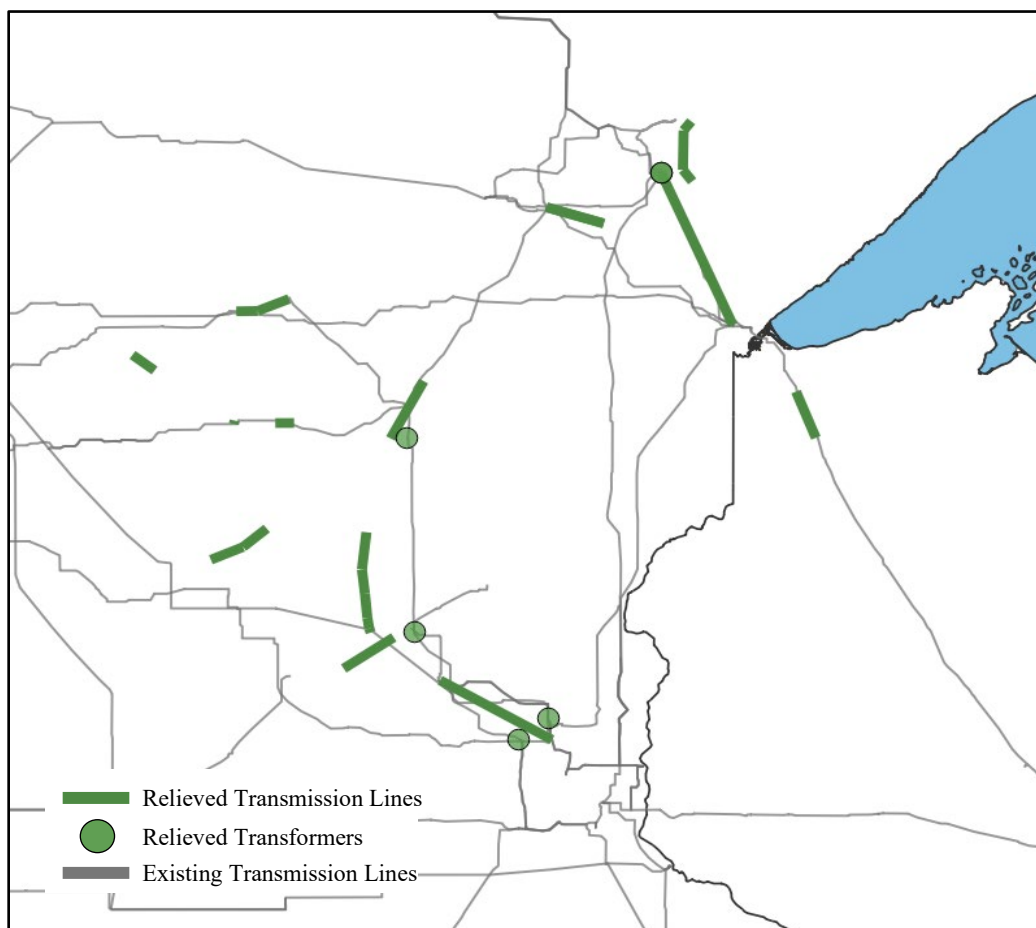


Figure 6-5: Central and Northern Minnesota map of facilities relieved in Future 1 power flow cases, for either N-1 or N-1-1 overloads. Transformers in green circles, and lines in green lines.

The chart below is a graph of the Red River Valley area (northwestern Minnesota) voltage after loss of the 500 kV line from Chisago to Forbes for varying levels of transfer to the north through Minnesota. Without Iron Range – Benton – Cassie's Crossing voltage collapses for transfers less than 500 MW. Post project, transfers through Minnesota can be greater than 2000 MW without voltage collapse.

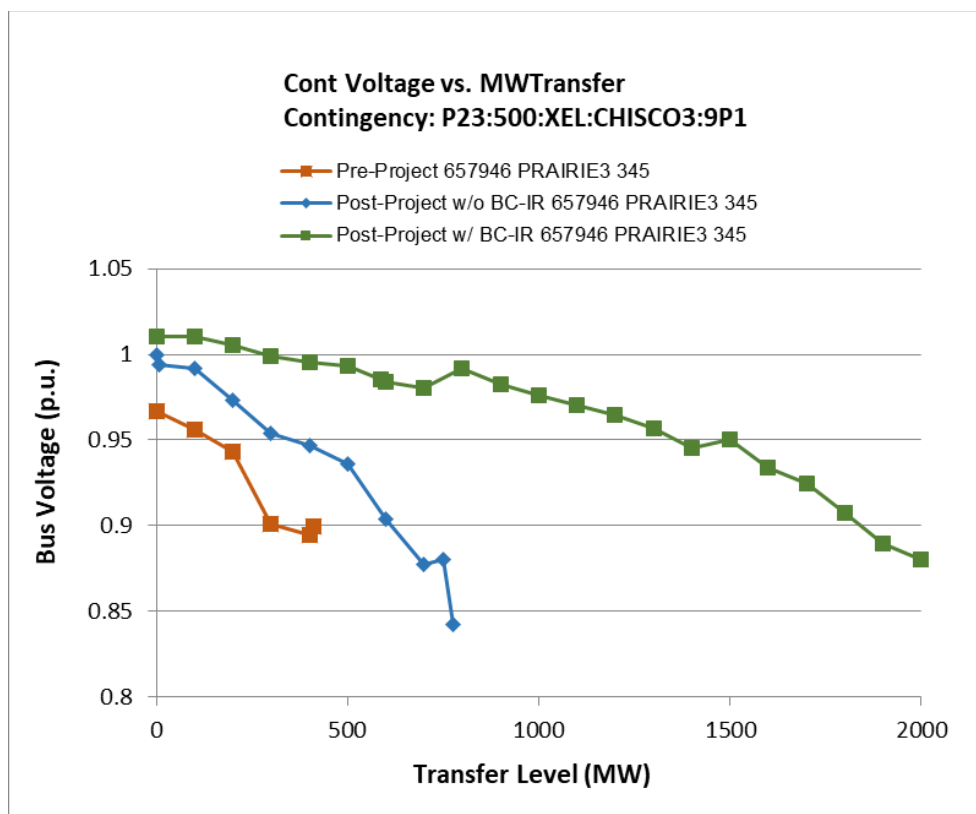


Figure 6-6: Voltage Stability Analysis P-V curve for Minnesota transfers after losing the 500 kV lines from Chisago to Forbes

The tables below describe thermal and voltage issues relieved by the Iron Range to Benton to Cassie's Crossing 345 kV line. Figure 6-5 shows geographically lines and transformers relieved by the project. For this metric, a constraint was considered relieved if its worst pre-project loading was greater than 95% of its monitored Emergency rating, its worst post-project loading was less than 100% of its monitored Emergency rating, and the worst loading decreased by greater than 5% following the addition of the project.

	N-1 (P1, P2, P4, P5, P7)		N-1-1 (P3, P6)	
	Count Elements	Max % Loading	Count Elements	Max % Loading
		Pre-Project		Pre-Project
All	15	110	25	165

Table 6-3: Summary of elements relieved by the Minnesota – Wisconsin projects in Future 1 power flow cases.

	N-1 (P1, P2, P4, P5, P7)		N-1-1 (P3, P6)	
	Count Elements	Minimum p.u. voltage	Count Elements	Minimum p.u. voltage
		Pre-Project		Pre-Project
All	23	<0.80	105	0.80
230 kV Buses	3	0.93	18	0.85

Table 6-4: Elements with voltage issues relieved by the Dakotas and Western Minnesota project in Future 1 power flow cases for the MP area (608).



### Alternatives Considered:

1. Iron Range – Alexandria 500 kV
2. Iron Range – Arrowhead 500 kV
3. Iron Range – Bison 500 kV
4. Iron Range – Benton 500 kV

A study interface was created to analyze alternatives to the Iron Range – Benton – Cassie's Crossing line. This interface is defined as the northern Minnesota interface (NOMN) which includes the Forbes – Chisago 500 kV line and six underlying 230 kV lines which connect central and northern Minnesota to the Twin cities and North Dakota. This interface was determined to study the system's ability to meet two primary goals.

1. Understand an operating limit for central and northern Minnesota to ensure the ability to serve peak load with a 10% or greater stability margin.
2. Maintain the ability to serve the existing 1400 MW Manitoba Import Limit while also achieving goal 1.

The proposed project, Iron Range – Benton County – Cassie's Crossing double circuit 345 kV meets both goals. Alternatives 1 (Iron Range – Alexandria 500 kV), 2 (Iron Range – Arrowhead 500 kV), and 3 (Iron Range – Bison 500 kV) do not achieve the above goals. Alternative 4 (Iron Range – Benton 500 kV) achieves both goals, however the double circuit 345kV was chosen for many reasons over the 500 kV as described below:

- a. Double circuit 345 kV has a higher capacity
  - i. 500 kV: 1732 MVA
  - ii. 345 kV: 1195 MVA per circuit (2390 MVA Total)
- b. Double circuit 345 kV is cheaper per mile compared to 500 kV
  - i. 500 kV: \$3,036,384 per mile
  - ii. 345 kV: \$2,829,742 per mile
- c. A double circuit creates two lines for N-1 protection
- d. Series compensation near Riverton would allow for easier 345/230 kV conversion for future expansion and support for central Minnesota as 345 kV to lower kV is more standard in the Minnesota area than 500 kV to lower kV transformation



## Minnesota – Wisconsin

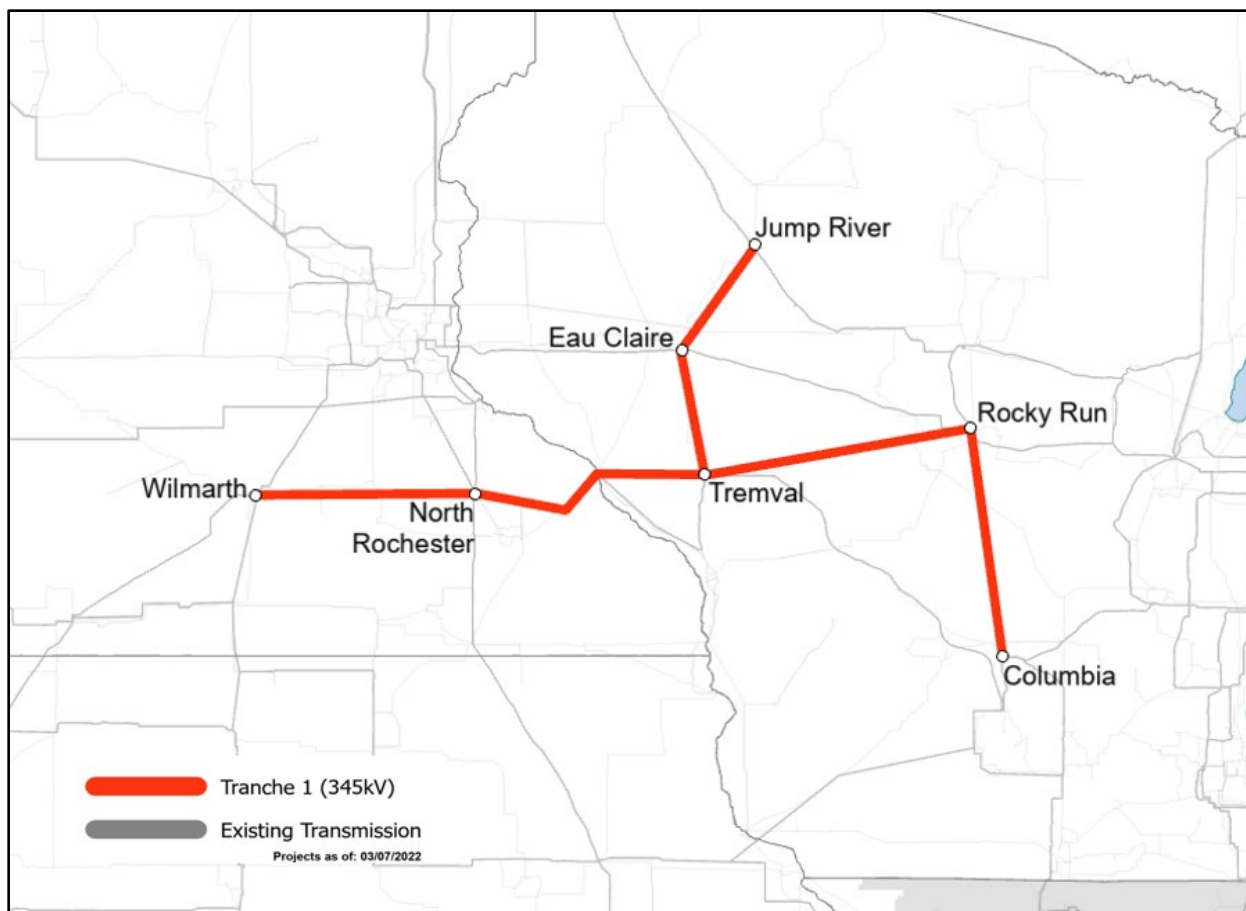


Figure 6-7: Minnesota-Wisconsin Final Solution

### Projects:

Wilmarth – North Rochester – Tremval – Eau Claire – Jump River 345 kV  
Tremval – Rocky Run – Columbia 345 kV

### Rationale:

The transmission system in southern Minnesota is a nexus between significant wind and renewable resources in Minnesota and North and South Dakota, the regional load center of the Twin Cities, and transmission outlets to the East and South. In a future with significant renewable energy growth, MISO sees strong flows West to East across Minnesota to Wisconsin and a need for outlet for those renewables in times of high availability to deliver that energy to load centers in MISO. The Minnesota to Wisconsin projects relieve constraints in the Twin Cities metro area due to high renewable flow towards and past the Twin Cities load center. The projects also reinforce the outlet towards load centers in Wisconsin, providing relief of congestion as well as easing both thermal loading and transfer voltage stability.



### Issues Addressed:

The Minnesota – Wisconsin series of projects work together to relieve a number of related issues. Table 6-5 summarizes overloads seen in the Future 1 models which are relieved by the L RTP Tranche 1 Portfolio attributed to the Minnesota – Wisconsin set of projects. For this metric, a constraint was considered relieved if its worst pre-project loading was greater than 95% of its monitored Emergency rating, its worst post-project loading was less than 100% of its monitored Emergency rating, and the worst loading decreased by greater than 5% following the addition of the project. Those same elements are shown on a map in Figure 6-8.

	N-1 (P1, P2, P4, P5, P7)		N-1-1 (P3, P6)	
	Count Elements	Max % Loading Pre-Project	Count Elements	Max % Loading Pre-Project
All	39	95-132%	96	95-151%
345 kV Lines	6	98-119%	9	97-120%
345/xx kV Transformers	9	97-132%	12	95-132%

Table 6-5: Summary of elements relieved by the Minnesota – Wisconsin projects in Future 1 power flow cases

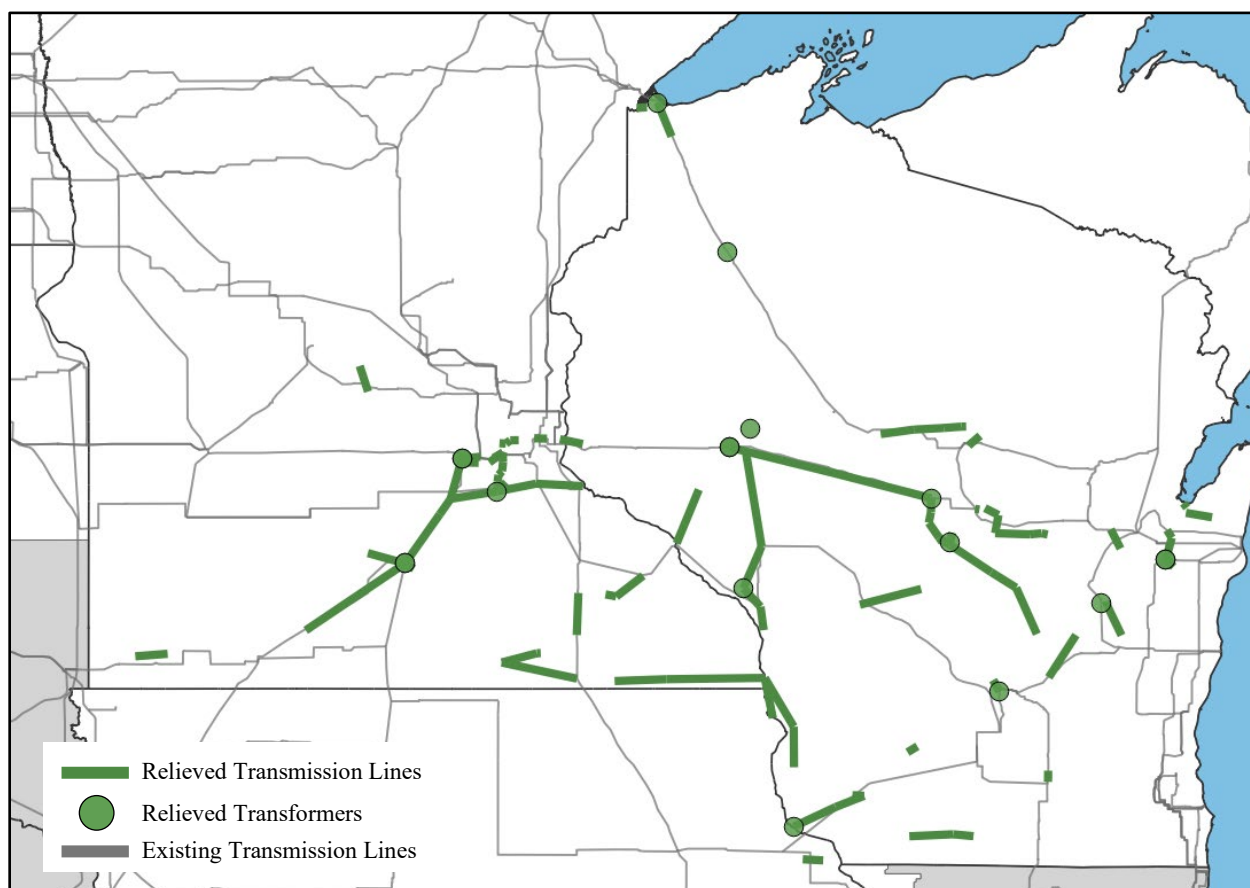


Figure 6-8: Map of facilities relieved in Future 1 power flow cases, for either N-1 or N-1-1 overloads. Transformers in green circles, and lines in green lines.





Wilmarth to North Rochester parallels a number of 345 kV lines across the Southern Twin Cities that are heavily loaded under high renewable output from southwestern Minnesota and northwestern Iowa. In doing so, it relieves several 345 kV lines and 345/115 kV transformers in the region including Wilmarth – Shea’s Lake – Helena – Chub Lake 345 kV and 345/115 kV transformers at Wilmarth and Scott County. These increased flows cause new congestion and overloads on the existing Crandall – Wilmarth 345 kV line. This project includes the rebuild of that line. If uprated, the congestion savings associated with the Wilmarth – North Rochester circuit specifically, and the rest of the Minnesota – Wisconsin project generally, increase significantly.

The connection out of North Rochester towards Tremval and east creates a lower impedance path that pulls power across Wilmarth – North Rochester and diverts power from other heavily loaded Twin Cities facilities, increasing the efficacy of that line. The sections from Tremval to Eau Claire and Jump River relieve loading on a handful of 161 kV and 115 kV facilities in Northwest Wisconsin. Those facilities increase the redundancy of the two Northern 345 kV circuits across Wisconsin and relieve overloads seen on one of the Eau Claire 345/161 kV transformers.

The new path from Tremval to Rocky Run to Columbia completes an outlet for renewable power flow across Wisconsin to the Madison and Milwaukee area load centers. These circuits also bolster voltage stability limited transfer capability across and into Wisconsin. It also relieves overloads on a variety of 345 kV and 138 kV facilities throughout central Wisconsin.

The traditional analysis of voltage stability for the voltage stability interface across Western Wisconsin uses a load to load transfer. MISO performed this analysis for a transfer using Local Resource Zone 2 (LRZ2, roughly comprised of ATC member companies in eastern and central Wisconsin) as the destination subsystem, to capture the impact of directly serving LRZ2 load. MISO measured the impact to voltage stability both with and without Tremval – Rocky Run and Rocky Run – Columbia segments are included in this project. The addition of these facilities adds 250 MW to the transfer capability. Figure 5-9 shows the post-contingent bus voltage for the most limiting bus and outage for either the pre-project or post-project case. Those buses and outages are:

- Eau Claire 345 kV for loss of King – Eau Claire 345 kV
- Eau Claire 345 kV for loss of Stone Lk. – Gardner Pk 345 kV
- Briggs Rd. 345 kV for loss of Stone Lk. – Gardner Pk 345 kV

Both the steady state voltages and the final nose of the stability curve can be seen to improve, with the increase measured from either point being approximately 250 MW. MISO also reviewed this analysis for scenarios using a wide area load subsystem consisting of both Wisconsin load and loads further East in MISO’s system. Those cases also showed an approximate increase of 250 MW in the low voltage and voltage stability limits of the system.

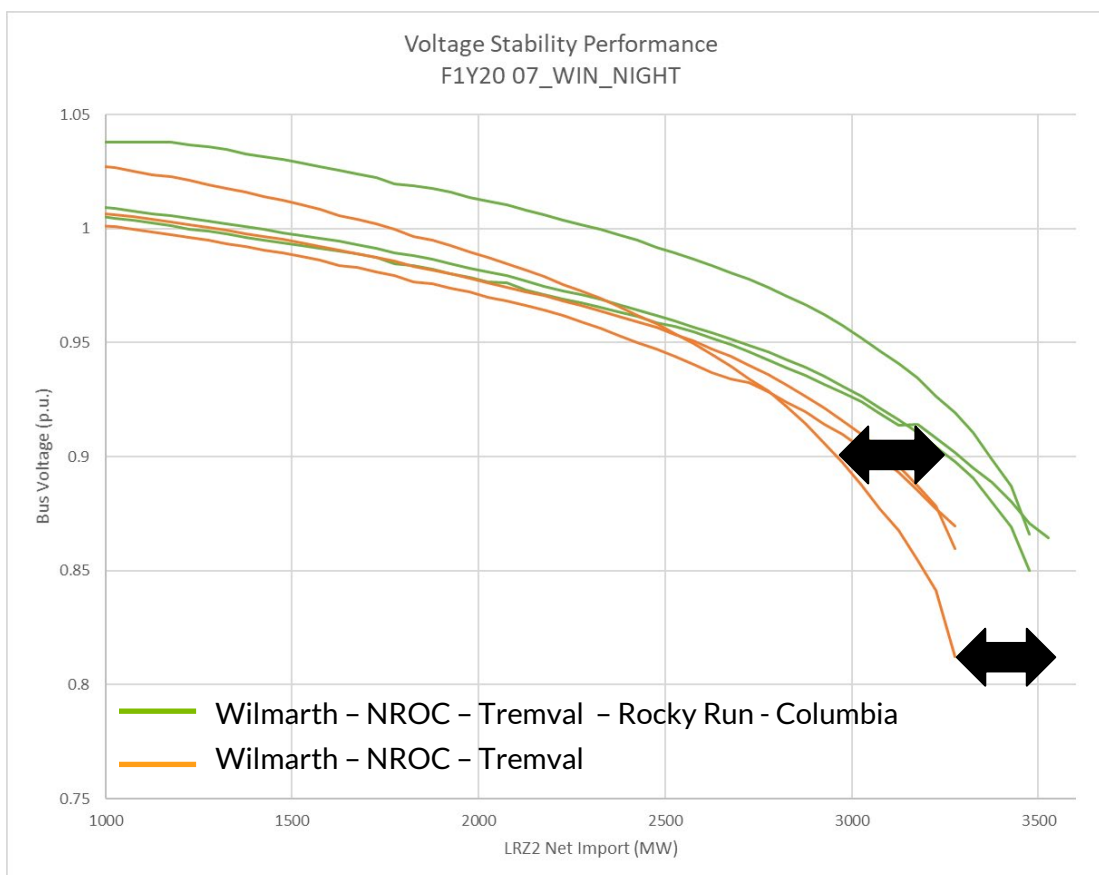


Figure 6-9: Voltage performance for key buses and outages for transfers into LRZ2. Orange lines indicate buses and outages with just Wilmarth – North Rochester – Tremval 345 kV, while green lines indicate performance with Tremval – Rocky Run – Columbia 345 kV included as well

### System Design Benefits of Tremval – Eau Claire – Jump River

To date there are three 345 kV lines that connect Minnesota to Wisconsin. The lines and their lengths are listed below:

Arrowhead – Stone Lake - Gardner Park:	220 Miles
King – Eau Claire – Arpin - Rocky Run:	183 Miles
North Rochester – Briggs Road – North Madison:	250 Miles

Assuming an average Surge Impedance Loading (SIL) value of approximately 400 MW for legacy 345 kV lines such as the ones above, the Safe Loading Limits on these three 345 kV long lines based on the St. Clair curve would be as follows:

Arrowhead – Stone Lake - Gardner Park:	460 MW
King – Eau Claire – Arpin - Rocky Run:	560 MW
North Rochester – Briggs Road – North Madison:	440 MW



Safe Loading Limits<sup>3</sup> were proposed to avoid or mitigate excessive operating risks by limiting the voltage drop along a transmission circuit to 5% or less while maintaining a Steady State Stability Margin of 30% or greater along the transmission circuit. The excessive 345 kV line lengths between Minnesota and Wisconsin result in safe loading limits for these 345 kV lines well below the thermal limits of the lines. Even more alarming is the fact that under an N-1 contingency, the combined Safe Loading Limit on the 345 kV MWEX lines would fall from 1,460 MW to 900 MW, and for an N-2 contingency, the combined Safe Loading Limit on the 345 kV MWEX lines would fall to 440 MW.

The addition of the fourth 345 kV circuit from Minnesota – Wisconsin will significantly improve the situation above by adding additional transmission capacity across MWEX. In the case of a North Rochester – Rocky Run line, the length and Safe Loading Limit of this additional 345 kV line would be as follows:

North Rochester – Rocky Run 345 kV Mileage:	162 – 187 Miles
North Rochester – Rocky Run Safe Loading Limit:	540 MW – 600 MW

While the fourth 345 kV circuit adds considerable benefit, for an N-2 contingency with the fourth 345 kV circuit added, the combined safe loading limit of the 345 kV circuits falls to about 900 MW.

An effective method to strengthen the four parallel 345 kV circuit is to add an intermediate connection between the four 345 kV circuits as close to the midpoint as possible. A major benefit of the Tremval 345 kV Substation and the Tremval – Eau Claire – Jump River 345 kV line is that under contingency conditions, the overall reduction in the combined Safe Loading Limit of the parallel 345 kV circuits is minimized. For example, for a loss of the Eau Claire – Arpin 345 kV circuit, a 345 kV connection remains between the King – Eau Claire 345 kV circuit, and the other three 345 kV lines across the MWEX interface. This not only mitigates loading issues on the transformers at Eau Claire, but also reduces the effective 345 kV impedance across the MWEX interface, which in turn increases the capacity and combined safe loading limit of the MWEX interface. In addition, because the King – Eau Claire 345 kV circuit is still connected at the midpoint of the MWEX interface, the distributed line capacitance associated with the King – Eau Claire 345 kV circuit is available to support voltages in western Wisconsin. Lower overall impedance coupled with higher distributed capacitance means a higher effective SIL for the MWEX interface under contingency conditions.

In summary, there are desirable benefits of tying together long lines at an intermediate point, and there are examples of this technique throughout North America. These types of system design benefits will be crucial to the success of the future transmission system to operate with reliability,

<sup>3</sup> Dunlop, R.D., Gutman, R., Marchenko, P.P., *Analytical Development of Loadability Characteristics for EHV and UHV Transmission Lines*, IEEE Transactions on Power Apparatus and Systems, Vol. PAS-98, No. 2, March/April 1979.



robustness, and resilience under a future with higher renewable generation penetration and electrification.

### **Alternatives Considered:**

MISO reviewed a wide variety of project alternatives in the project focus area between Minnesota and Wisconsin – many of them submitted by stakeholders.

MISO began by reviewing the performance of an LRTP roadmap project against identified needs. This project included Wilmarth – North Rochester – Tremval – Eau Claire – Jump River as well as a double circuit rebuild between Adams and North Rochester, and a new 345 kV line from Colby to Adams. MISO found that the Wilmarth – North Rochester segment was important for resolving Twin Cities area loading, and that the river crossing from North Rochester to Tremval and then Tremval to elsewhere in Northern Wisconsin was effective at both relieving loading across Western Wisconsin and boosting the effectiveness of Wilmarth – North Rochester by providing an outlet and a shorter electrical path towards load centers. The double circuit from North Rochester to Adams directly relieved loading on parallel facilities. Colby – Adams relieved some loading associated with a large amount of future generation sited at Adams, but the effects were very localized.

Several stakeholders submitted alternative projects along the “Southern Corridor”. These included a line from Huntley to Pleasant Valley (between Adams and North Rochester), and from Adams to Genoa and Hill Valley. One stakeholder also submitted Colby – Adams as an alternative. MISO reviewed the performance of Huntley – Pleasant Valley and Colby – Adams as alternatives to the Wilmarth – North Rochester line. Colby – Adams by itself is not effective at reducing the West to East loading across Southern Twin Cities 345 kV facilities and shows little reliability value on its own. Huntley – Pleasant Valley, when combined with a double circuit rebuild between Pleasant Valley and North Rochester, resolved many but not all of the same 345 kV and 345 stepdown transformer overloads as Wilmarth – North Rochester. It also showed higher adjusted production cost savings when included in PROMOD simulations. However, the difference in production cost savings was less than the difference in increased cost of Huntley-Pleasant Valley to North Rochester. MISO sees Huntley – Pleasant Valley as a valuable project that may be helpful in reinforcing this region in future cycles of the LRTP study.

Another proposed stakeholder alternative was a line from Adams to Genoa and Hill Valley. MISO initially viewed this project as an alternative to North Rochester – Tremval – Jump River – Eau Claire. However, analysis showed these paths address different sets of reliability concerns, with the Adams – Genoa – Hill Valley project better addressing constraints across northeast Iowa and southern Wisconsin. When tied into Hill Valley, once the Hickory Creek – Hill Valley line is in service, this would effectively form an additional path parallel to Adams – Hazleton 345 kV, and relieve flows being pushed south across eastern Iowa. MISO is prioritizing a northern path (North Rochester – Tremval) in order to address the voltage stability interface and tie into load centers. For that reason, MISO does not propose pursuing Adams – Genoa Hill Valley at this time, but



MISO understands the project's value, especially when paired with Huntley-Pleasant Valley, to potentially reinforcing the region in future cycles of the LRTP study.

MISO initially viewed Tremval – Eau Claire – Jump River and Tremval – Rocky Run – Columbia as alternatives to each other, specifically due to their relationship to the existing voltage stability interface. After some review, though, MISO found them to be addressing separate but complementary sets of issues. Tremval – Eau Claire – Jump River has only a minor impact to the voltage stability performance but relieves a variety of constraints across northern Wisconsin, including several sub-345 kV facilities and some high loading on one of the 345/161 kV transformers at Eau Claire. Tremval – Rocky Run – Columbia has a more significant impact on the voltage stability performance and resolves a number of thermal constraints East of Tremval and Eau Claire. That complimentary performance is what prompted MISO's recommendation of both project segments. MISO also reviewed several variations on the Tremval – Eau Claire – Jump River segment, which proposed different endpoints along either North Rochester – Briggs Rd – North Madison 345 kV or Stone Lake – Gardner Park. MISO found that a line from Alma to Eau Claire would have very similar cost and perform just as well electrically, when compared to Tremval – Eau Claire. MISO sees Tremval as a better tie-in point, due to its more easterly location with better accessibility, which would position it as a better long term hub. A line from Eau Claire to Stone Lake, in comparison to Eau Claire – Jump River, would be significantly more expensive and MISO's screening showed that it was less effective at relieving thermal loading on lines that Eau Claire – Jump River successfully unloaded.



## Central Iowa

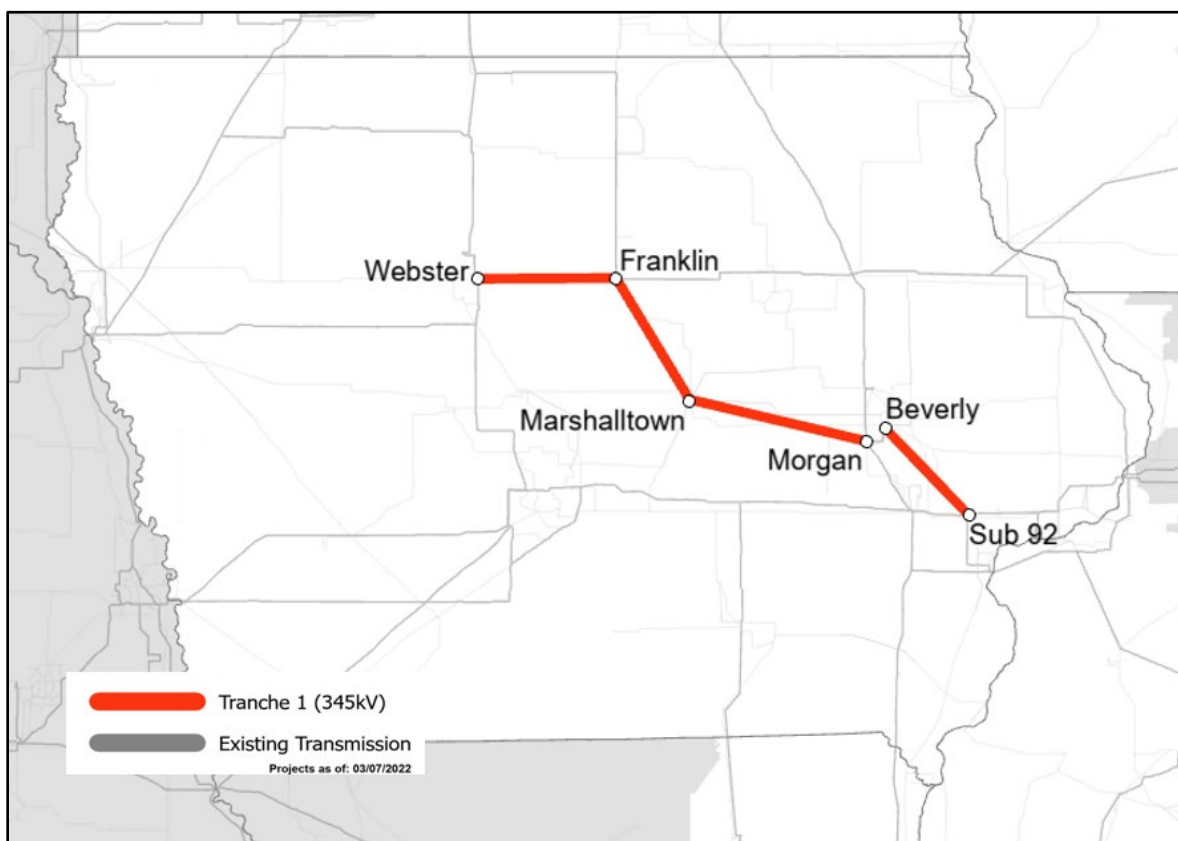


Figure 6-10: Central Iowa Final Solution

### Projects:

Webster – Franklin – Morgan Valley 345 kV

Beverly – Sub 92 345 kV

### Rationale:

Within MISO's system, the state of Iowa acts as both a major source of renewable energy and a gateway between MISO's members in the upper Midwest and MISO's Central planning region – Missouri, Illinois, and Indiana. Wind resources sited in Iowa are located primarily in the north and west parts of the state, and a large amount of wind resources are also located in western Minnesota and the Dakotas. During hours with high renewable output levels, power must flow southeast across and out of this region towards MISO load centers. In the LRTP models as well as in previous MISO planning studies, we have seen overloads and congestion across Iowa's central corridor. This project is intended to provide an additional 345 kV path southeast across the state, linking the high renewable region in the west with the Quad Cities load center and 345 kV outlets towards the rest of MISO. In doing so, we form a corridor both west-east and north-south across central Iowa.





### Issues Addressed:

The Central Iowa projects between Webster and Sub 92 relieve a number of related issues. Table 6-6 summarizes overloads seen in the Future 1 models which are relieved by the LRTP Tranche 1 projects and attributed to the Central Iowa set of projects. For this metric, a constraint was considered relieved if its worst pre-project loading was greater than 95% of its monitored Emergency rating, its worst post-project loading was less than 100% of its monitored Emergency rating, and the worst loading decreased by greater than 5% following the addition of the project. Those same elements are shown on a map in Figure 6-11.

	N-1 (P1, P2, P4, P5, P7)		N-1-1 (P3, P6)	
	Count Elements	Max % Loading	Count Elements	Max % Loading
		Pre-Project		Pre-Project
All	21	95-128%	34	96-132%
345 kV Lines	6	96-128%	7	97-128%
345/xx kV Transformers			4	96-127%

Table 6-6: Elements relieved by the Central Iowa projects in Future 1 power flow cases

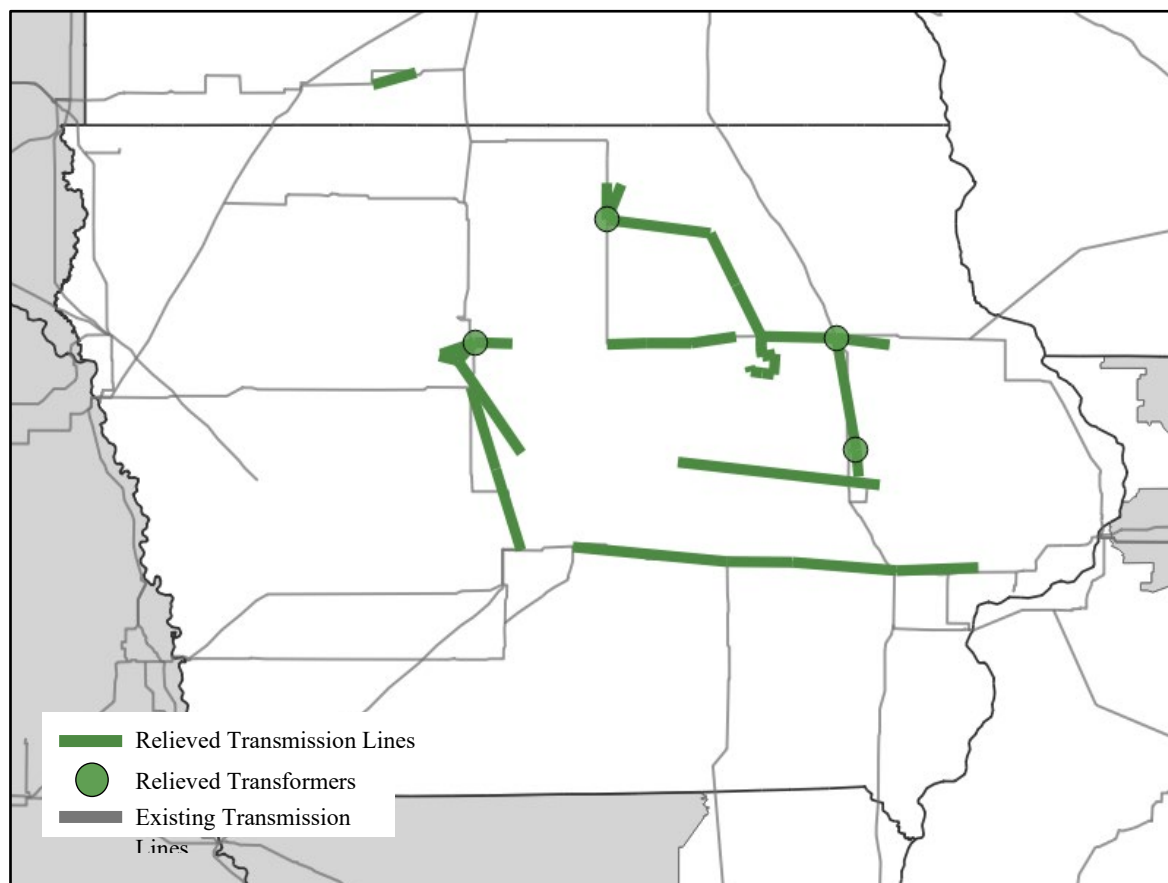


Figure 6-11: Map of facilities relieved in Future 1 power flow cases, for either N-1 or N-1-1 overloads. Transformers in green circles, and lines in green lines.



Webster – Franklin – Marshalltown – Morgan Valley 345 kV forms a new connection from the 345 kV network in northwest Iowa (roughly west and north of Lehigh) to the north-south corridor across eastern Iowa (Adams – Hazleton – Hills – Maywood 345 kV). A previously approved line from Morgan Valley to Beverly stretches a few miles to the east, from which a new line can connect south from Beverly to Sub 92 345 kV. With that added segment, the overall path also completes a link from the northern 345 kV across central Iowa (Ledyard – Colby – Killdeer – Blackhawk – Hazleton 345 kV) down to a southern corridor (Bondurant – Montezuma – Hills – Sub 92 345 kV). By reinforcing the system in both directions, the project relieves loading on both west-east and north-south transmission facilities paralleling it. This loading is primarily seen in high renewable output cases, when renewable resources across western Iowa and southern Minnesota are producing high output. Lines seeing the greatest relief include Hazleton – Arnold 345 kV, Lehigh – Beaver Creek – Grimes 345 kV, and Montezuma – Diamond Trail – Hills 345 kV.

### **Alternatives Considered:**

MISO reviewed several project alternatives and variations of the proposed central Iowa project set.

MISO began by reviewing the performance of an LRTP roadmap project against identified needs. This project included the proposed version of this project (Webster – Franklin – Marshalltown – Morgan Valley 345 kV and Beverly – Sub 92 345 kV), as well as some additional facilities. These included a new line between Marshalltown and Montezuma, with both the Franklin – Marshalltown and Marshalltown – Montezuma lines built as double circuit 345 kV. Two transformers were also sited at Franklin and Marshalltown. MISO found that the double circuit line sections did not relieve an appreciable number of additional facility overloads. MISO saw that the inclusion of a line from Marshalltown to Montezuma contributed minimal reliability benefit. Of the proposed transformers, MISO found no clear benefit to including 345/161 kV transformers at Franklin. At Marshalltown, a single 345/161 kV transformer can relieve some local loading on the lower kV system, but a second 345/161 kV transformer did not appear necessary.

MISO also reviewed a roadmap project in western Iowa that was submitted as a stakeholder alternative as well. Ida County – Avoca 345 kV would create a new line between Ida County in NW IA and a new 345 kV substation in SW Iowa adjacent to the existing Avoca 161 kV station. In comparison to the proposed project, this project was similarly successful at relieving loading on Lehigh – Beaver Creek – Grimes 345 kV and parallel facilities, but ineffective at relieving constraints east of that corridor, or generally east of the Des Moines metro area.

MISO reviewed portions of the Iowa – Michigan corridor project and the Iowa – Missouri project, in comparison to the proposed project. These facilities were not effective at relieving most of the facilities north and east of Des Moines that are relieved by the proposed project. They did relieve overloads in the Des Moines metro area and in southeastern Iowa and reduced some of the loading that the proposed project moved into southeastern Iowa. Within Iowa, MISO sees the reliability benefit of these two additional project groups as additive, in addition to the benefits of the central Iowa project.



## East-Central Corridor

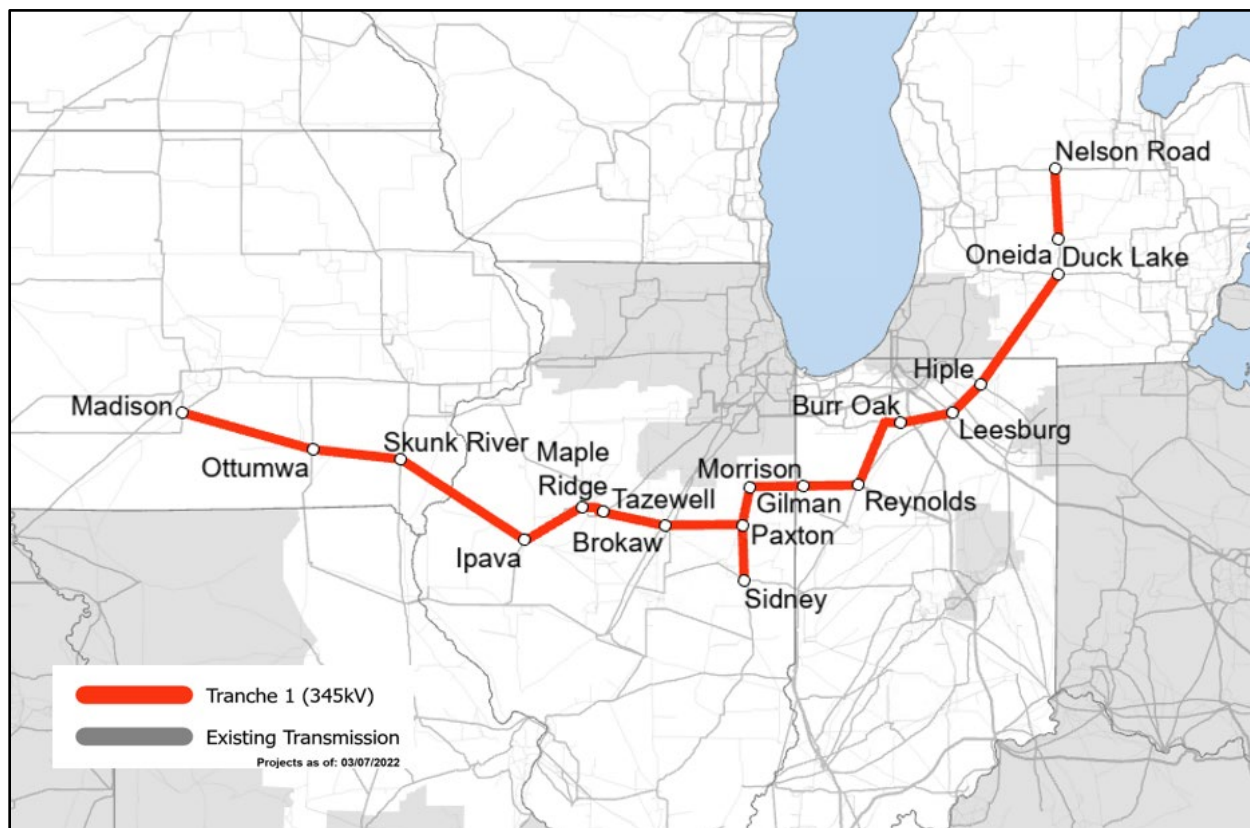


Figure 6-12: East-Central Corridor (Iowa to Michigan) Final Solution

### Projects:

Madison – Ottumwa – Skunk River – Ipava – Maple Ridge 345 kV

Tazewell – Brokaw – Paxton – Gilman – Morrison – Reynolds – Hiple – Duck Lake 345 kV

Paxton – Sidney 345 kV

Oneida – Nelson Road 345 kV

### Rationale:

MISO performed steady-state and voltage stability analyses on the proposed Iowa to Michigan LRTP projects. The steady-state results show the projects can mitigate severe thermal issues in Michigan, Indiana, Illinois, Missouri, and Iowa, with 77 monitored facilities addressed. The top 20 monitored facilities with worst-case contingencies are shown in Table 6-7.

The voltage stability results further demonstrate the effectiveness of the projects in improving voltage profiles and increasing transfer levels from West-East/East-West (Figures 6-14, 6-15, 6-16).

### Issues Addressed:

The Iowa to Michigan projects addresses 600 thermal violations associated with 77 unique monitored facilities (Figure 6-13). For this metric, a constraint was considered relieved if its worst



pre-project loading was greater than 95% of its monitored Emergency rating, its worst post-project loading was less than 100% of its monitored Emergency rating, and the worst loading decreased by greater than 5% following the addition of the projects.

- 28 issues resolved in Michigan
- 16 issues resolved in Indiana
- 19 issues resolved in Missouri and Illinois
- 14 issues resolved in Iowa

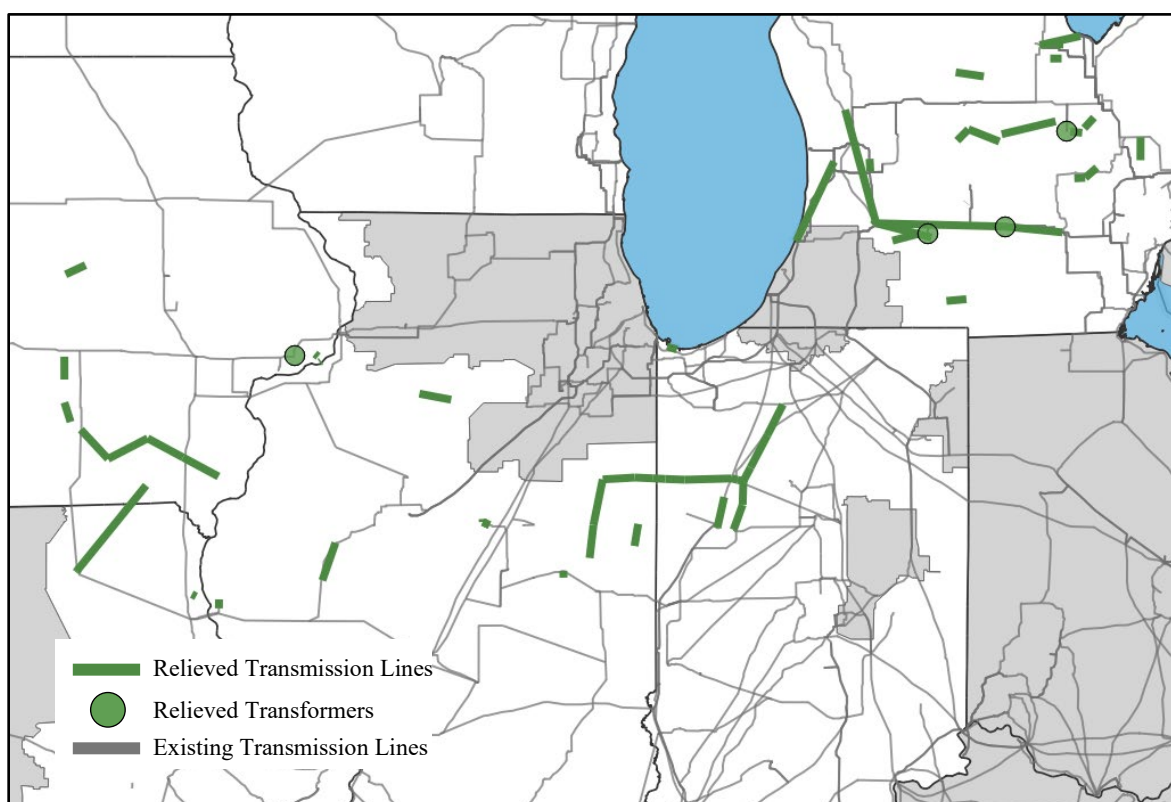


Figure 6-13: East-Central Corridor (Iowa to Michigan Line) map of facilities relieved in Future 1 power flow cases, for either N-1 or N-1-1 overloads. Transformers in green circles, and lines in green lines.

Monitored Facility	Area	% Loading	
		Base + West LRTP*	+ IA to MI Projects
Goodland – Reynolds 138 kV Ckt. 1	NIPS	383	< 65
Reynolds 345/138 kV Transformer	NIPS	278	86
Reynolds – Magnetation 138 kV Ckt. 1	NIPS	264	67
Monticello – Magnetation 138 kV Ckt. 1	NIPS	263	67
Springboro – Monticello 138 kV Ckt. 1	DEI/NIPS	230	72
Lafayette 2 – Springboro 138 kV Ckt. 1	DEI	186	< 65
Morrison Ditch – Sheldon South 138 kV Ckt. 1	NIPS/AMIL	181	< 65
Gilman – Paxton East 138 kV Ckt. 1	AMIL	171	< 65
East Winamac – Headlee 138 kV Ckt. 1	NIPS	163	79

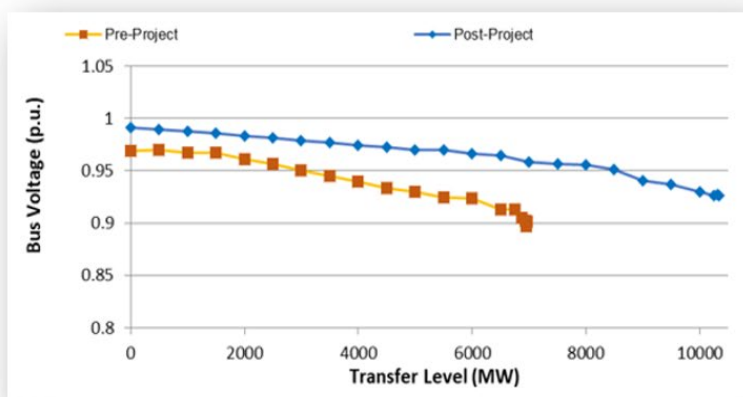


Westwood – South Prairie 138 kV Ckt. 1	DEI/NIPS	163	<65
Sheldon South – Watseka 138 kV Ckt. 1	AMIL	157	< 65
Burr Oak – East Winamac 138 kV Ckt. 1	NIPS	155	72
Island Rd 138 kV Bus	METC	155	67
Ottumwa 345/161 kV Transformer	ALTW	150	96
Poweshiek – Irvine 161 kV Ckt. 1	ALTW	144	98
Monticello – Headlee 138 kV Ckt. 1	NIPS	144	< 65
Gilman – Watseka 138 kV Ckt. 1	AMIL	136	< 65
Goodland – Morrison Ditch 138 kV Ckt. 1	NIPS	135	< 65
Tompkin – Majestic 345 kV Ckt. 1	METC/ITCT	133	82
Mahomet 138 kV Bus	AMIL	127	93

\*Base + West LRTP projects = Ell-Jam, BSS-Alex-Cass, MN-WI

Table 6-7: Top 20 thermal issues addressed by East-Central Corridor

Transfer levels increase and voltage profiles improve in Indiana, Missouri, and Michigan with the IA – MI projects (Figures 6-14, 6-15, and 6-16).



Pre-Project = No LRTP Projects  
Post-Project = + IA to MI Line

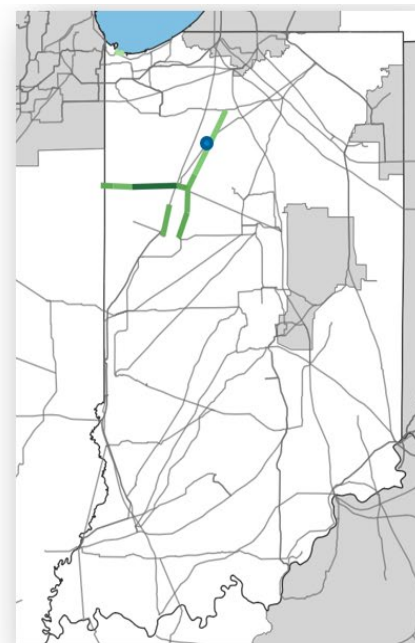
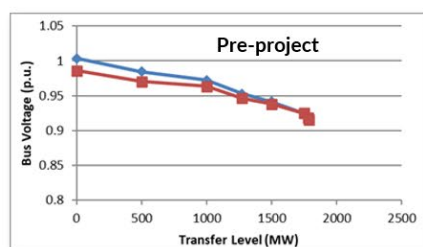


Figure 6-14: Improved voltage profiles in Indiana and Increased transfer levels with the Iowa to Michigan Projects





Pre-Project = No LRTP Projects  
Post-Project = + IA to MI Line

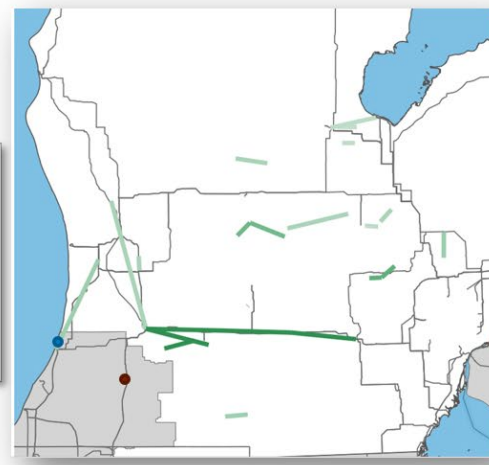
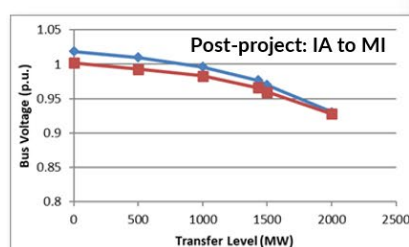
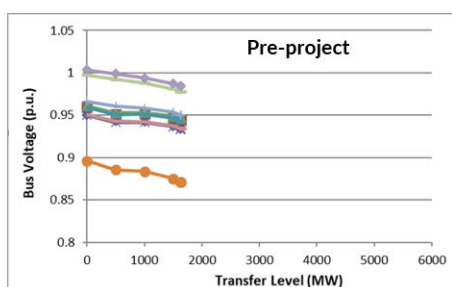


Figure 6-15: Improved voltage profiles in Michigan and Increased transfer levels with the Iowa to Michigan Projects



Pre-Project = No LRTP Projects  
Post-Project = + IA to MI Line

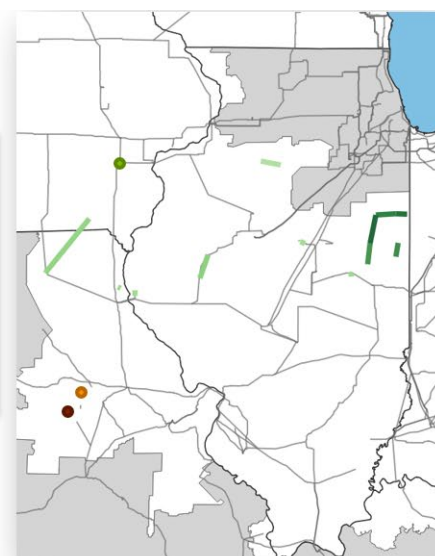
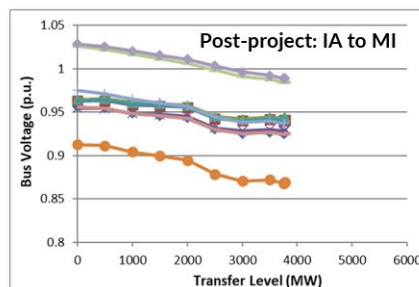


Figure 6-16: Improved voltage profiles in Missouri and Increased transfer levels with the Iowa to Michigan Projects

### Alternatives Considered:

Two alternative solutions were received during the alternative submittal period, Duck Lake to Weeds Lake and Hiple to Duck Lake (MISO Main Proposal). Four additional alternatives were also evaluated. The alternative solutions resolve issues in Michigan, but fewer unsolved contingencies are associated with the road map project or MISO Main Proposal.

- Duck Lake to Weeds Lake, resolves 28 thermal issues:
- Hiple to Duck Lake (MISO main proposal), resolves 28 thermal issues
- Tie One Circuit in Argenta (resolves 28 thermal issues)
  - Argenta – Hiple
  - Argenta – Duck-Lake
- Oneida to Madrid (double-circuit), resolves 36 thermal issues
- Iowa to Indiana with Duck Lake Configuration, resolves 15 thermal issues





## Northern Missouri Corridor

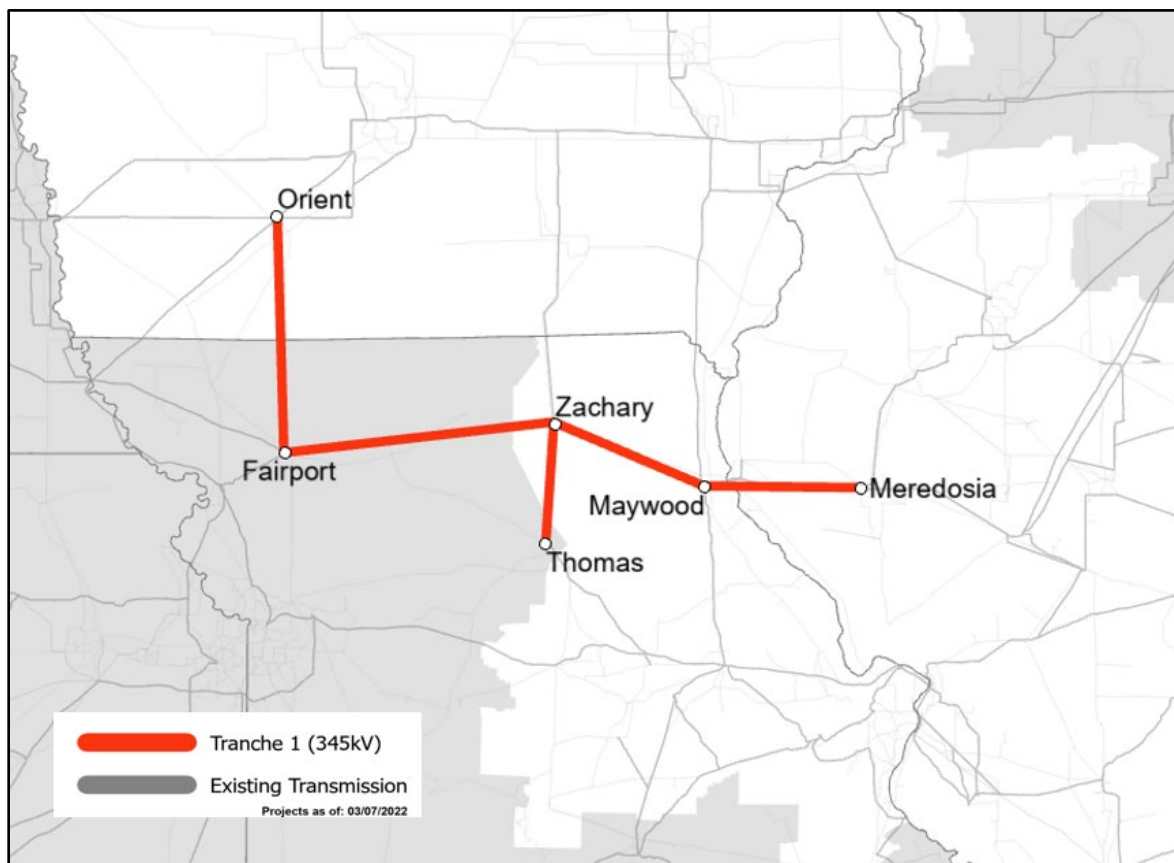


Figure 6-17: Northern Missouri Corridor Final Solution

### Projects:

Orient – Fairport – Zachary – Maywood – Meredosia 345 kV

Zachary – Thomas 345 kV

### Rationale:

The northern Missouri Corridor relieves loading on transmission elements in Iowa, Missouri, and Illinois. Increased transfer levels and improved voltage profiles are associated with the Missouri projects (Figure 6-17).

### Issues Addressed:

The Missouri Corridor addressed thermal issues (Figure 6-18). Facilities mitigated by the Missouri Corridor are listed in Table 6-8. For this metric, a constraint was considered relieved if its worst pre-project loading was greater than 95% of its monitored Emergency rating, its worst post-project loading was less than 100% of its monitored Emergency rating, and the worst loading decreased by greater than 5% following the addition of the project.

- 14 issues resolved in Missouri and Illinois
- 5 issues resolved in Iowa

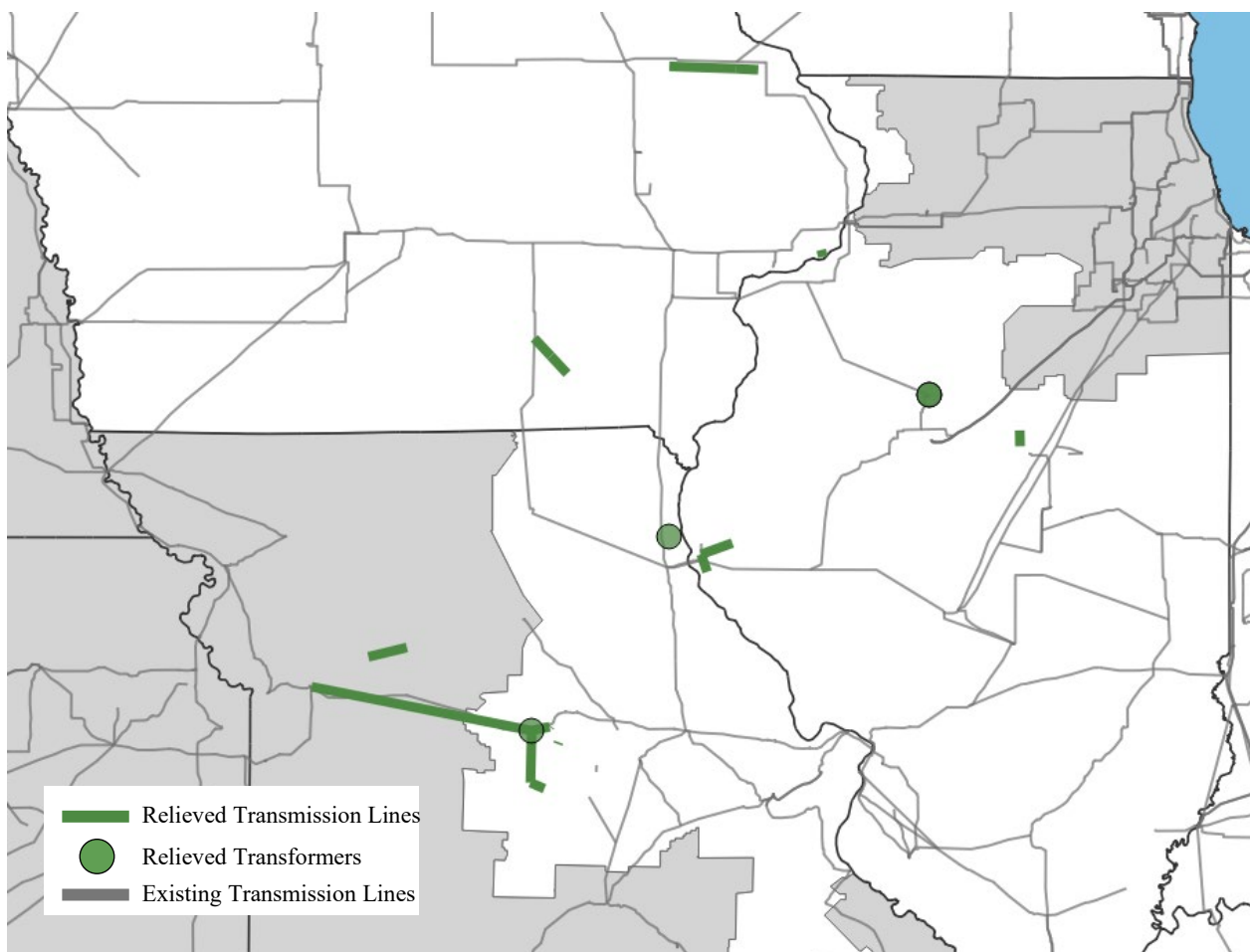


Figure 6-18: Northern Missouri Corridor map of facilities relieved in Future 1 power flow cases, for either N-1 or N-1-1 overloads. Transformers in green circles, and lines in green lines.

Monitored Facility	Area	% Loading	
		Base + West LRTP*	+ IA to MI Project + MO Projects
Marblehead 161/138 kV Transformer	AMIL	137	85
Fargo 345/138 kV Transformer 1	AMIL	122	98
Fargo 345/138 kV Transformer 2	AMIL	122	98
Herleman 3 - Quincy S. 138 kV Ckt. 73	AMIL	120	79
Herleman 1 - Quincy N. 138 kV Ckt. 50	AMIL	120	79
Diamond Start Tap - White Oak Wind Bus 138kV Ckt. 1	AMIL	114	100
Overton 345/161 kV Transformer	AMMO	109	97
Overton - Sibley 345 kV Ckt. 1	AMMO	102	88
Huntsdale - Overton 1 161 kV Ckt. 1	AMMO	101	91
California 161 kV Bus 1 - Overton 2 161 kV Ckt. 1	AMMO	98	88
Huntsdale - Perche Creek 161 kV Ckt. 1	CWLD	97	87
McBaine Bus #2 - McBaine Tap 161 kV Ckt. 1	AMMO	97	85



Maurer Lake 161 kV Bus 1 - Carrollton 161 kV Ckt. 1	AMMO	96	70
California 161 kV Bus	AMMO	95	85
Sub 71 - Sub 88 161 kV Ckt. 1	MEC	109	98
Heights - Ottumwa 161 kV Ckt. 1	ALTW	103	95
Heights - Woody 161 kV Ckt. 1	ALTW	101	93
Liberty - Hickory Creek 161 kV Ckt. 1	ALTW	98	91
Liberty - Dundee 161 kV Ckt. 1	ALTW	98	91

\*Base + West LRTP projects = Ell-Jam, BSS-Alex-Cass, MN-WI

Table 6-8: Facilities mitigated by the Missouri Corridor

The Missouri projects can help power delivery, in addition to increasing transfer levels from East-West/West-East. Moreover, the projects address voltage instability in Missouri (Figure 6-19).

- In the Pre-project case (without LRTP projects), with the transfer level reaching 1640 MW, one 345 kV bus in Missouri shows voltage dropping to 0.87 p.u. following loss of a large generating plant, which demonstrates voltage instability in this source area
- With the proposed IA - MI 345 kV line, the transfer level is increased to 3773 MW
- With the addition of the MO Project, the transfer level is further increased to 6000 MW

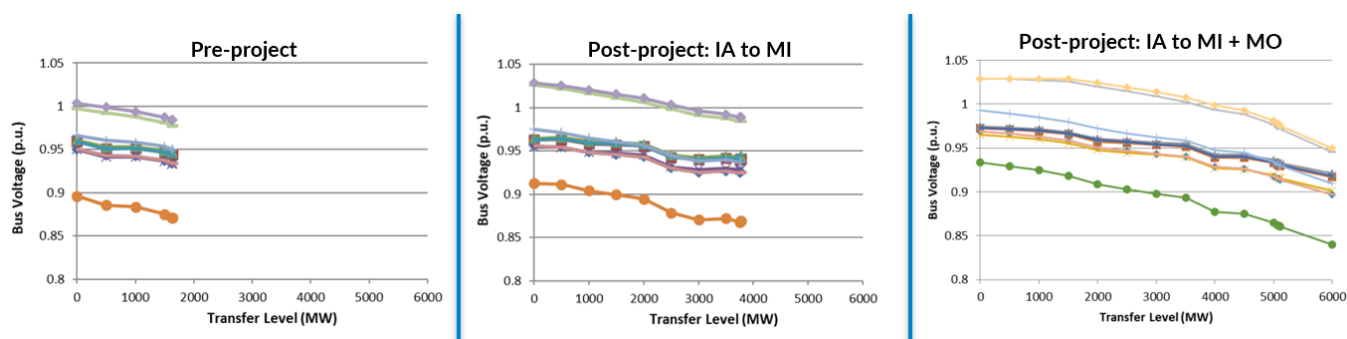


Figure 6-19: Bus Voltage Profiles

### Alternatives Considered:

Segments of the Missouri corridor were considered separately, the full Missouri path (Orient - Fairport - Zachary - Maywood - Meredosia 345 kV / Zachary - Thomas 345 kV) is a better solution, with 19 issues addressed by the full path compared to:

- Zachary - Thomas - Maywood - Meredosia, resolves 11 issues
- Thomas - Zachary, resolves 4 issues
- Zachary - Maywood, resolves 6 issues
- Zachary - Maywood - Meredosia, resolves 9 issues
- Zachary - Maywood - Thomas, resolves 5 issues



## 7 LRTP Tranche 1 Portfolio Benefits

In accordance with the guiding principles of the MISO planning process, the allocation of costs for the transmission investment must be roughly commensurate with the expected benefits. As Multi-Value Projects, the eligibility of LRTP projects is established by Tariff requirements that define the need to demonstrate financially quantifiable benefits in excess of costs.

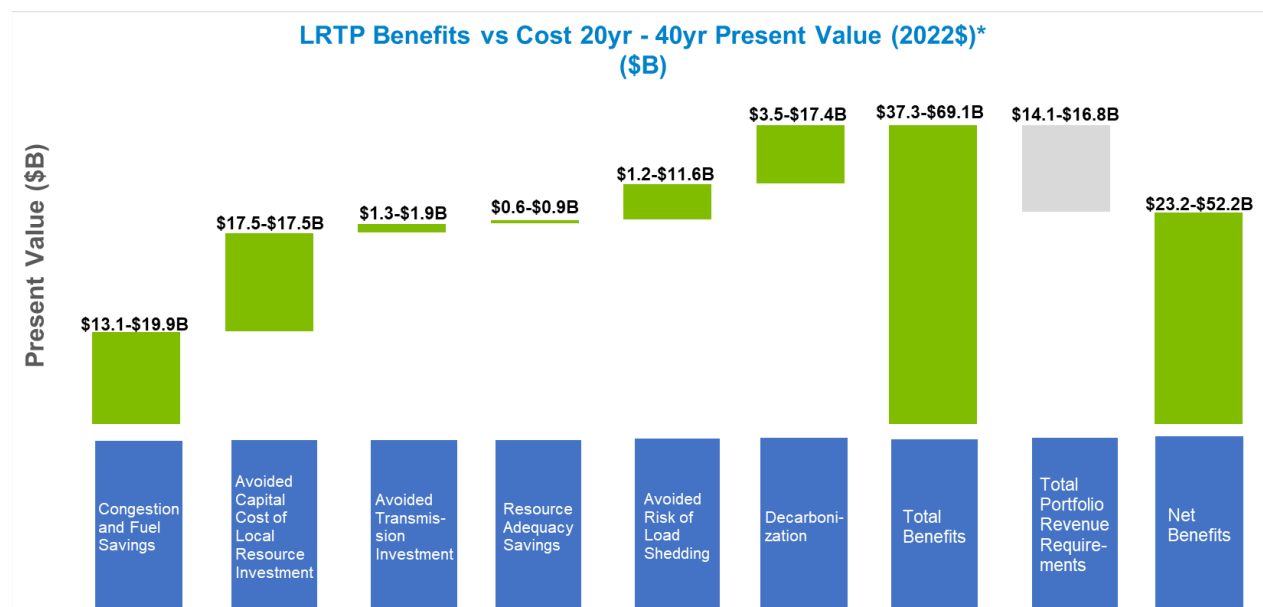


Figure 7-1: Financially Quantifiable Benefits of LRTP Tranche 1 Portfolio (values as of 6/1/22)

Guided by the allowable economic benefits defined in the tariff for MVP projects, the following benefit components were evaluated to determine the amount of value delivered by the LRTP Tranche 1 Portfolio:

- Congestion and fuel cost savings
- Avoided capital costs of local resource investment
- Avoided future transmission investment
- Reduced resource adequacy requirements
- Avoided risk of load shedding
- Decarbonization

Each benefit metric represents a distinct piece of the overall value resulting from either the transmission investments or the generation changes enabled by the transmission projects. Each benefit component is discussed in more detail, explaining what is captured in the metric, how LRTP projects impact the value being measured, and the methodology used to calculate the benefit. Starting from their assumed in-service year of 2030, benefits were calculated over a twenty-year horizon to evaluate eligibility as a multi-value project, and over a forty-year period to demonstrate the additional value provided over the expected useful life of the assets.



For consistency and comparability, a general set of assumptions and variables was applied in the analysis of benefits. All benefit values are expressed in 2022 dollars. An inflation rate of 2.5% is assumed when adjusting for the benefit period. A rate of 3 percent is used to represent the value a ratepayer would typically receive on a risk-adjusted investment. A discount rate of 6.9 percent is used to calculate the minimum value used to assess the benefit to cost ratio and based on the gross-plant weighted average of the Transmission Owners' cost of capital and represents the minimum return required on their transmission investments. The benefits analysis also includes evaluation of a natural gas price sensitivity to determine how benefits change with respect to swings in natural gas prices. While the benefits of the LRTP Tranche 1 Portfolio business case are analyzed for a Future 1 resource expansion scenario based on a specific gas price assumption, the sensitivity analysis offers additional insights into the value of LRTP under a broader set of assumptions.

## Congestion and Fuel Cost Savings

In the MISO Futures<sup>4</sup>, transmission limitations require robust solutions that not only reduce system congestion but also facilitate access to the diverse, ever-changing resource mix. The LRTP Tranche 1 Portfolio helps deliver economic benefits by providing more transmission infrastructure to distribute loading on other facilities and by enabling the connection of more low-cost resources.

Congestion and Fuel Savings benefit analysis is determined by calculating Adjusted Production Cost (APC<sup>5</sup>) savings between a reference case and a change case production cost model. The makeup of the reference case includes sufficient resources to meet Future 1 energy requirements, without applying the limitations of the transmission system, as well as Future 1 Regional Resource Forecast (RRF) resources that do not require the LRTP Tranche 1 Portfolio to connect to the system. The change case includes the LRTP Tranche 1 Portfolio and Future 1 RRF resources enabled by regional transmission to connect to the system. To determine which RRF resources are included in the reference and change case models, MISO performed a distribution factor (DFAX<sup>6</sup>) analysis on reliability constraints addressed by the LRTP Tranche 1 Portfolio. Only renewable RRF resources with  $\geq 5\%$  DFAX are included in the change case and renewable RRF resources with  $< 5\%$  DFAX will be included in both the reference and change cases (Figure 7-2).

<sup>4</sup> [MISO Futures Report](#)

<sup>5</sup> [MISO APC White Paper](#)

<sup>6</sup> The DFAX analysis utilized LRTP Powerflow models and identified LRTP reliability issues addressed by the LRTP Tranche 1 Portfolio and involves the computation of change in flow on a network branch in the transmission model to the injection of power at a bus where generation is located which determines the amount of generator impact on facility loading.

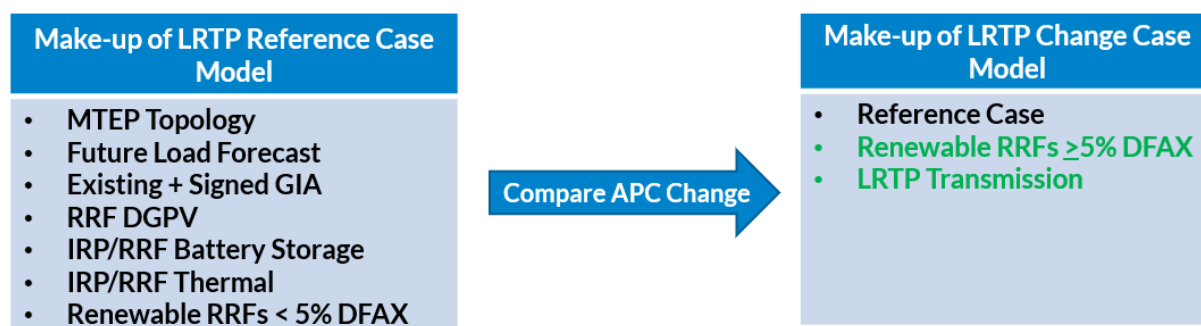


Figure 7-2: L RTP Reference and Change Case Criteria

As seen in Figure 7-3, application of this criteria resulted in 136.6 GW of resources being added to the L RTP Reference Case to meet Future 1 energy requirements and left 20.4 GW of renewable RRF resources available for DFAX analysis. This assessment resulted in the enablement of 20.1 GW of renewable RRF resources being added to the change case. Reference Figure 7-4 for geographical representation of the enabled renewable RRF resources in relation to the L RTP Tranche 1 portfolio.

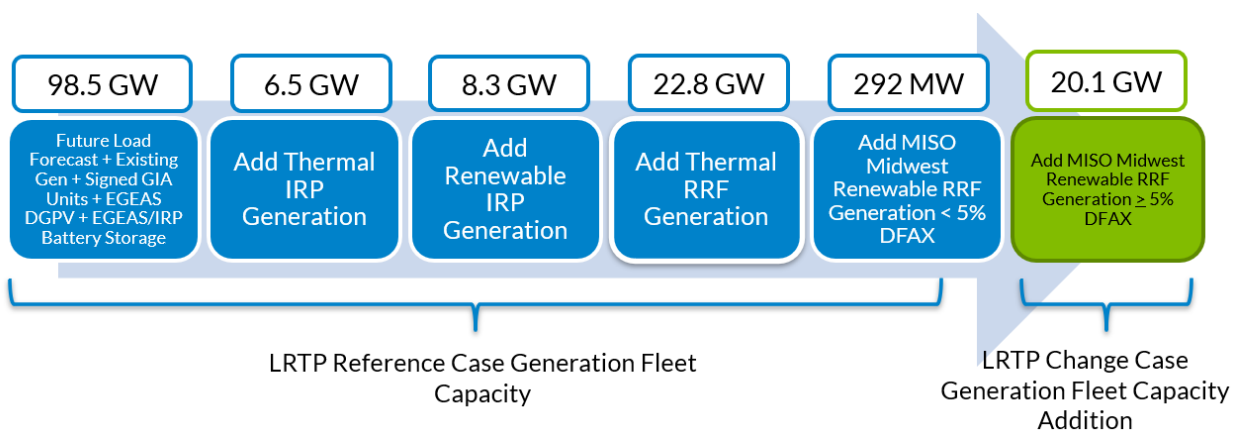


Figure 7-3: L RTP Reference and Change Case Criteria Capacity Result



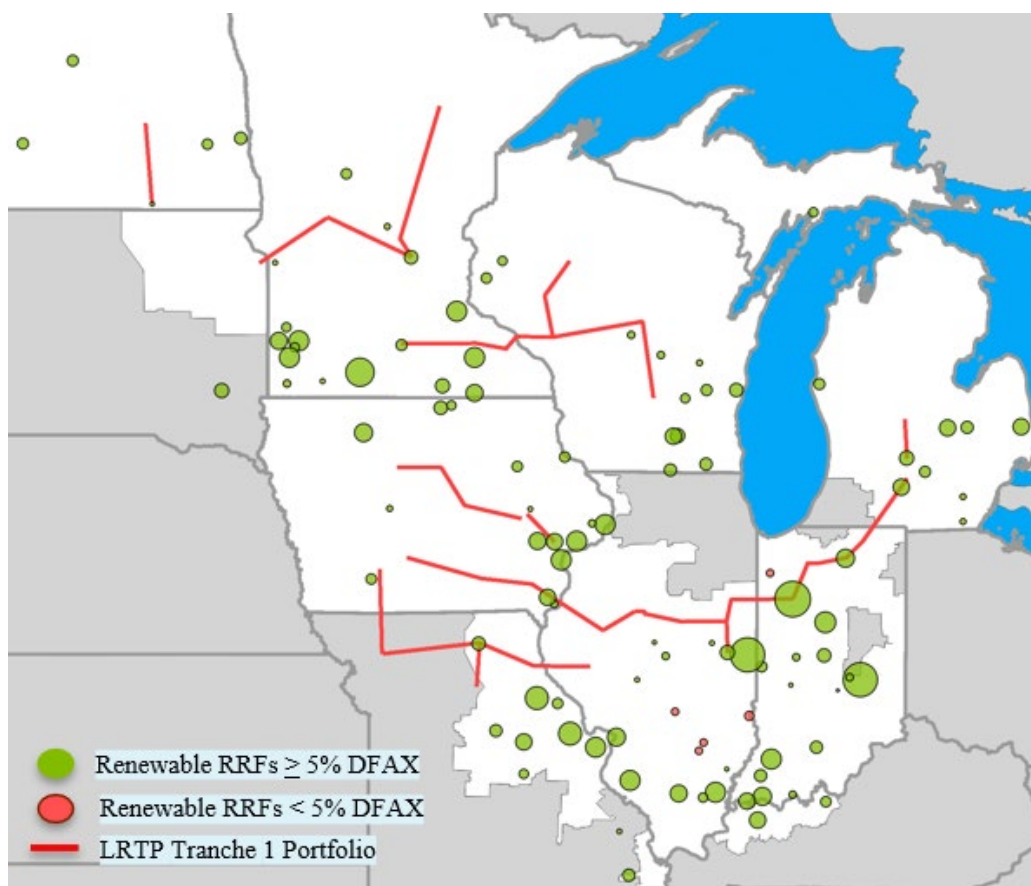


Figure 7-4: Geographic Map of RRF Resources Enabled by LRTP Tranche 1 Portfolio

The APC savings created by the LRTP Tranche 1 Portfolio generated \$13.1 billion in congestion and fuel savings benefits over a 20-year period at a 6.9% discount rate. See Table 7-1 for additional benefit details on a Cost Allocation Zone (CAZ) granularity.

Present Value		20-year PV (Millions-2022\$)		40-year PV (Millions-2022\$)	
Discount Rate		6.9%	3.0%	6.9%	3.0%
CAZ	1	\$3,169	\$4,455	\$4,668	\$8,797
	2	\$1,049	\$1,511	\$1,667	\$3,313
	3	\$2,195	\$3,060	\$3,151	\$5,823
	4	\$1,352	\$1,934	\$2,107	\$4,133
	5	\$1,471	\$2,078	\$2,205	\$4,210
	6	\$2,884	\$4,133	\$4,517	\$8,890
	7	\$1,006	\$1,432	\$1,543	\$2,993
		<b>\$13,125</b>	<b>\$18,603</b>	<b>\$19,858</b>	<b>\$38,160</b>

Table 7-1: LRTP Tranche 1 Portfolio Congestion and Fuel Savings Benefits



## Avoided Capital Costs of Local Resource Investments

The Avoided Capital Costs of Local Resource Investments metric captures the cost savings realized from a more cost-effective regional resource buildout that is enabled by regional transmission investment instead of depending on a more costly local resource buildout that is required due to local transmission limitations. In this specific case, the cost savings created by the LRTP Tranche 1 Portfolio will be determined by calculating an increase in costs for the resources enabled by the LRTP Tranche 1 Portfolio using a local versus regional capacity ratio.

To determine what the local resource investments would be, MISO had to first build local resource expansion models in EGEAS utilizing the same Future 1 assumptions<sup>7</sup> used in the regional expansion plan.

The local expansion plan EGEAS model assumptions are as follows:

- Local representation would be represented by Local Balancing Authority (LBA) granularity.
- Each LBA is treated as its own pool, self-constructing resources necessary to meet simulation constraints such as Planning Reserve Margin (PRM) and emissions.
- MISO PRM value of 18% was scaled for each LBA based upon its alignment to the MISO coincident peak.
- Utilizes the same assumptions as the regional Future 1 analysis and resources are attributed to LBAs based on resource ownership.
- Capacity purchases are enabled for the first year to meet each LBA's PRM due to limitations driven by the construction lead time for new resource alternatives.
- LBA-specific wind and solar profiles are used instead of the regional profiles which averaged multiple profiles from different locations across MISO.

<sup>7</sup> [MISO Futures Report](#)

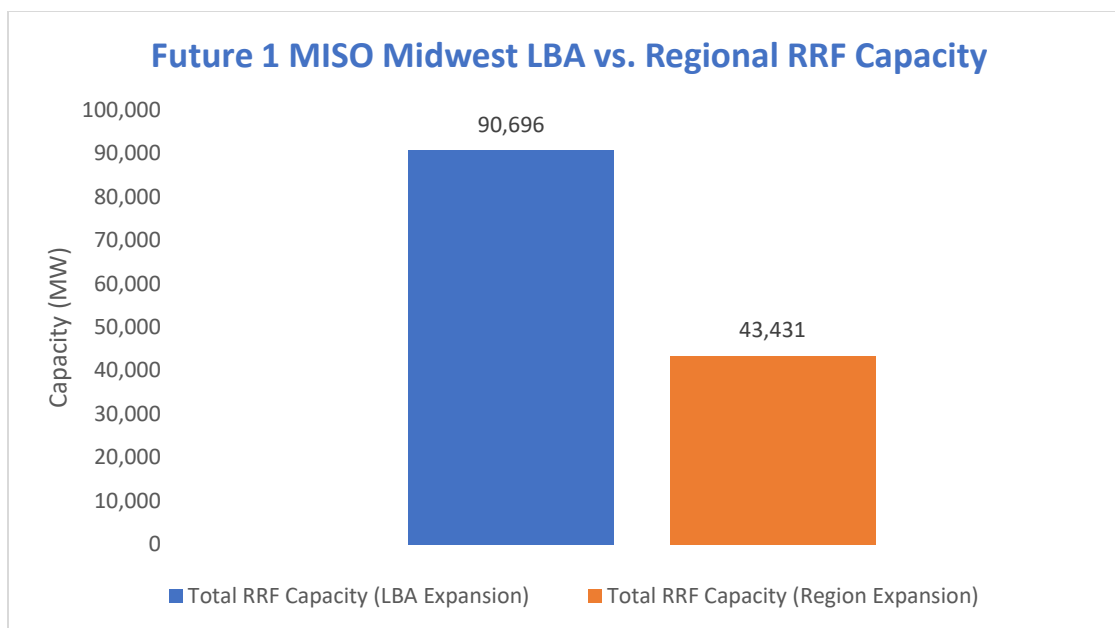


Figure 7-5: Future 1 LBA vs. Regional RRF Expansion Plan

As indicated in Figure 7-5, the LBA-specific scenario requires a much greater amount of localized resource expansion due to limited transmission capability, which is represented by isolating each LBA into its own EGEAS (transmission-less) model, compared to the equivalent regional expansion.

While Future 1 assumptions<sup>8</sup> were modeled consistently between the regional and LBA EGEAS models, the avoided capital cost benefit cannot be calculated by directly subtracting the regional expansion capital costs from local LBA expansion capital costs, as this would over-state the benefit created directly by regional transmission. To avoid this situation MISO had to consider what cost savings the Tranche 1 Portfolio would create. After evaluating several different options<sup>9</sup> with stakeholders to link the LRTP Tranche 1 Portfolio to the regional and local expansion, MISO proposed revised calculations and reviewed the details of the changes with stakeholders in the LRTP workshop discussions.<sup>10</sup> The ultimately decided on calculations are shown in equations (1) and (2) below:

$$\begin{aligned}
 \text{Adjusted Capital Cost}_{LBA \text{ Expansion}} = & \frac{\sum_{\text{Year } 2020}^{\text{Year } 2040} \text{Enabled RRF Capital Cost}_{Region \text{ Expansion}} \times \frac{\sum_{LRZ \ 1}^{LRZ \ 7} (\text{Total RRF Capacity}_{LBA \text{ Expansion}})}{\sum_{LRZ \ 1}^{LRZ \ 7} (\text{Total RRF Capacity}_{Region \text{ Expansion}})}}{(1)}
 \end{aligned}$$

<sup>8</sup> [MISO Futures Report](#)

<sup>9</sup> [January 21, 2022, LRTP Workshop](#)

<sup>10</sup> [February 25, 2022 LRTP Workshop](#)



$$\text{Avoided Capital Cost of Local Resource Investments} = \text{Adjusted Capital Cost}_{LBA \text{ Expansion}} - \text{Enabled RRF Capital Cost}_{Regional \text{ Expansion}} \quad (2)$$

Equation (1) is used to determine what the assumed local resource expansion cost would be by increasing the cost of the enabled resources by a ratio set by the LBA and regional EGEAS expansion results.

- $\text{Adjusted Capital Cost}_{LBA \text{ Expansion}}$  represents the assumed capital cost of a local (LBA) resource expansion for MISO Midwest
- $\text{Enabled RRF Capital Cost}_{Regional \text{ Expansion}}$  is the capital cost associated with the enabled<sup>11</sup> Regional Resource Forecasting (RRF) units determined by EGEAS using Future 1 assumptions<sup>12</sup>, reduced to MISO Midwest
- $\text{Total RRF Capacity}_{LBA \text{ Expansion}}$  is a summation of MISO Midwest's LBA RRF capacity determined through EGEAS by applying Future 1 assumptions on a LBA level
- $\text{Total RRF Capacity}_{Regional \text{ Expansion}}$  is a summation of MISO Midwest's regional RRF capacity determined through EGEAS by applying Future 1 assumptions on a regional level

Equation (2) is used to determine what the Avoided Capital Costs of Local Resource Investments would be by subtracting the  $\text{Enabled RRF Capital Cost}_{Regional \text{ Expansion}}$ , that is already accounted for, from the assumed LBA expansion capital cost calculated in equation (1).

As a result of being able to utilize the regional transmission buildout of the LRTP Tranche 1 Portfolio, approximately \$17.5 billion of savings can be realized through the avoidance of local resource investment (Figure 7-6).

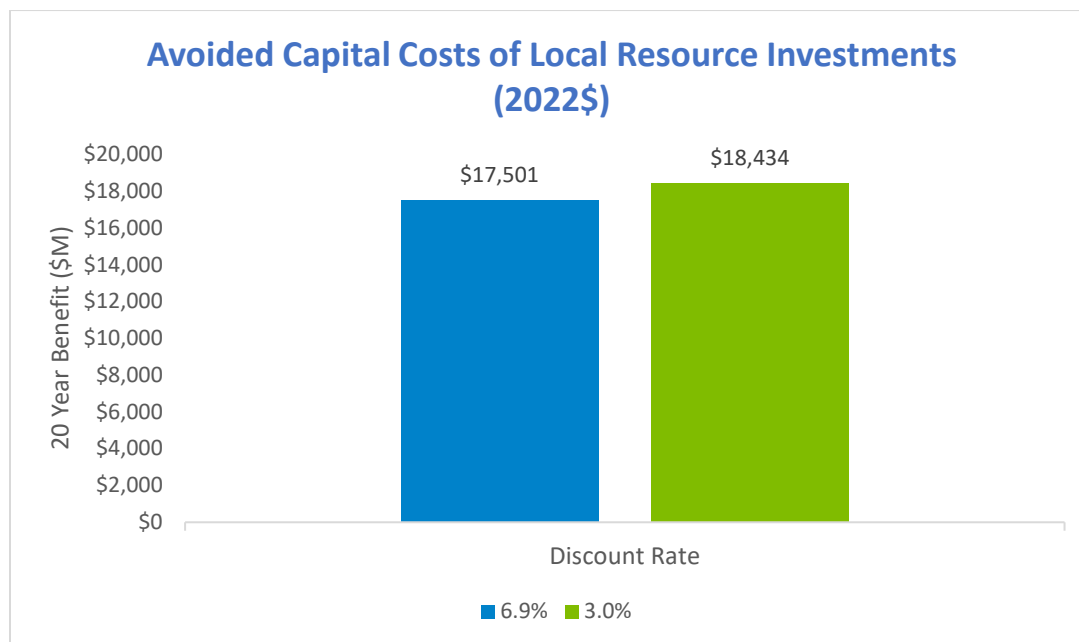


Figure 7-6: Avoided Capital Cost of Local Resource Investments Created by LRTP Tranche 1 Portfolio

<sup>11</sup> Renewable RRFs located in MISO Midwest Subregion which have  $\geq 5\%$  DFAX on reliability constraints addressed by LRTP Projects

<sup>12</sup> [MISO Futures Report](#)



## Avoided Transmission Investment

The development of the LRTP Tranche 1 Portfolio provides a regional solution to addressing the future energy needs rather than an incremental approach to reliability planning. Avoided Transmission Investment captures the benefit provided by LRTP regional projects that address both avoided reliability projects and avoided age and condition replacement projects on right-of-way shared by LRTP projects.

LRTP projects deliver benefits by addressing future reliability issues and avoiding the costs of future upgrades that would have been required absent the LRTP Tranche 1 Portfolio. Benefits of avoided future reliability upgrades are based on potential overloads in the future rather than issues observed within the LRTP study period, in order to avoid double counting of benefits.

Identification of future upgrades considers facilities with high thermal loading but not overloaded in the 20-year reference case without LRTP reinforcements, and uses the thermal loading observed in the 10-year reference case to calculate the projected overload (equation below).

$$\text{Flow}_{\text{proj}} = \text{Flow}_{20} + (\text{Flow}_{20} - \text{Flow}_{10})$$

These projected overloads are analyzed in the LRTP case to determine if the LRTP Tranche 1 Portfolio mitigates the overload condition and are included as candidates for avoided future upgrades.

For future avoided transmission facilities  $\geq 345$  kV a cost adjustment is applied to reduce the value by 50% to offset future production cost benefits that may be realized. These upgraded extra high voltage (EHV) facilities will reduce future congestion and offset production cost savings in the long term and discounting reduces potential for double counting of benefits. EHV facilities support regional energy delivery and generally have greater influence on production cost than lower voltage facilities that provide local reliability.

LRTP solutions in some cases make use of existing transmission corridors to reduce the need for new right-of-way and often the existing facilities have long been in service and in need of replacement. The avoided transmission investment benefit component also includes the avoided cost of upgrades where LRTP Tranche 1 projects are constructed on existing right-of-way with facilities that would have required upgrades as a result of facility age and condition. Where LRTP Tranche 1 projects require rebuilding the structures and facilities of the aging circuits to accommodate the new transmission line, the future cost of the replacement is eliminated.

Facilities included in the Avoided Transmission Investment metric were verified with Transmission Owners to determine if facility upgrades are already planned or existing circuits on shared right-of-way are not candidates for age and condition replacement and were excluded from further consideration. Costs for avoided transmission investment use exploratory cost estimates that are based on the type of upgrade or replacement required. MISO estimated costs are derived from the MISO *Transmission Cost Estimation Guide for MTEP21* and are shown in Table 7-2 below.



Upgrades are assumed to be needed prior to the end of the LRTP 20-year study period, and capital investment is assumed to be spread equally over the 5-year period prior to the in-service date of 2040.

Facility Improvement Type	Unit Cost(\$M)	Quantity/Miles	Cost (\$M)
Bus-tie Replacement	\$1.50	2	\$3
Transformer Replacement =345	\$5.00	4	\$20
Transformer Replacement <345	\$3.00	5	\$15
Transmission line Replacement =345kV (per mile)	\$2.65	21	\$56
Transmission line Replacement <345kV (per mile)	\$1.60	1012	\$1,617
Transmission line upgrade=345kV (per mile)	\$0.56	230	\$64
Transmission line upgrade <345kV (per mile)	\$0.34	124	\$43
<b>Total</b>			<b>\$1,819</b>

Table 7-2: Estimated Costs of Avoided Transmission Investment (values as of 6/1/22)

### Analysis Results

Cost savings associated with avoided future upgrades and future facility replacement for age and condition yields 20-40 year present value benefits from \$1.3B to \$1.9B (2022\$).

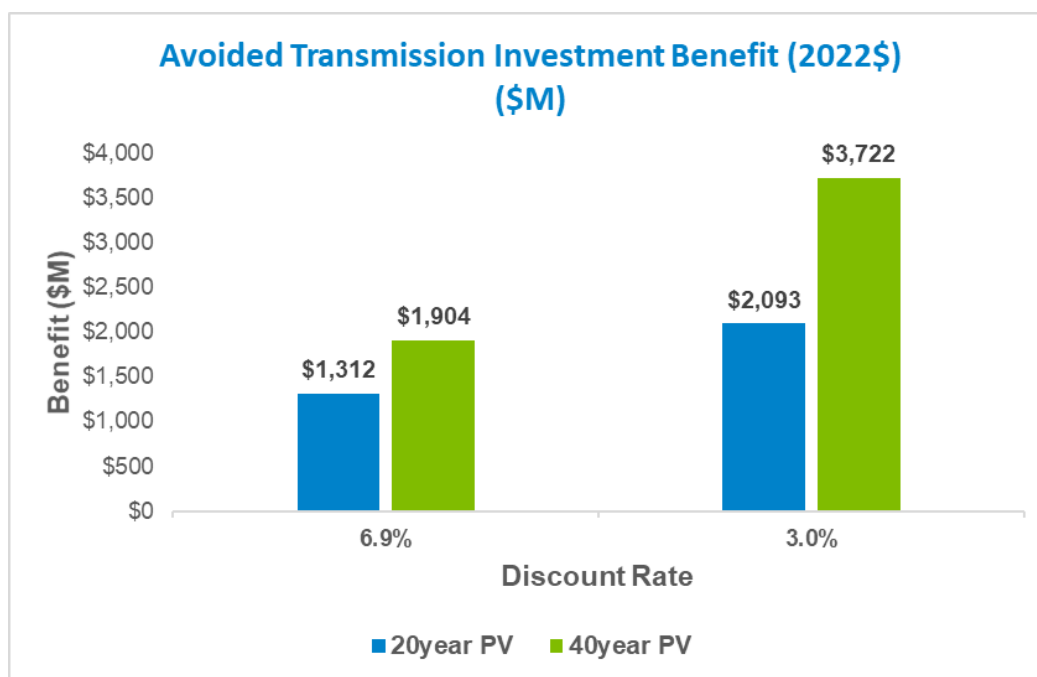


Figure 7-7: Avoided Transmission Investment Benefit (values as of 6/1/22)





## Reduced Resource Adequacy Needs

The Reduced Resource Adequacy benefit metric represents a deferral of capacity that would be needed to address resource adequacy requirements due to increased zonal import limits. The transmission enhancements provided by the LRTP Tranche 1 Portfolio increases import capability and enables access to resources across the subregion. This decreases the need to procure capacity locally to meet resource adequacy needs.

The load serving entities (LSEs) that are located within the Local Resource Zones (LRZ) in MISO are required to meet two planning reserve margins in the Planning Resource Auction (PRA): the zonal planning reserve margin requirement (PRMR), which is based on the MISO-wide coincident peak load and MISO-wide PRM, and the local clearing requirement (LCR), which is based on each zone's non-coincident peak load and the local reliability requirement (LRR). The resource adequacy benefits presented in this section are related to the LCR.

### Modeling and Assumptions

The modeling includes two parts; the first one involves a transfer analysis and the second one includes the monetization of the benefit.

1. **Transfer Study:** The CIL analysis generally aligns with the study methodology used in the Planning Resource Auction (PRA). The transfer analysis starts with the Future 1-2040 "peak load day" power flow model and associated input files (monitored elements and contingencies and sub-systems). These are then used in the TARA simulation tool to determine the incremental amount of power that can be transferred from source to sink. The First Contingency Incremental Transfer Capability (FCITC) is determined and the CIL is calculated for a base case (without LRTP Tranche 1 Portfolio) and change case (including LRTP Tranche 1 Portfolio). The definition of each case, in terms of the resource dispatch and demand levels, is consistent with the LRTP Future 1 reliability models.
2. **Economic value of LCR reductions:** The economic value of the LCR reduction is estimated as a function of the total unforced capacity (UCAP), CIL, and the LRR. The 2040 unforced capacity for each LRZ is determined using forced outage rates for thermal resources and the effective load carrying capability for non-thermal resources.

The excess capacity within each LRZ is calculated as follows:

$$\text{Excess Capacity (LRZ}_i\text{)} = 2040 \text{ UCAP (LRZ}_i\text{)} - 2040 \text{ LCR (LRZ}_i\text{; without LRTP),}$$

where "i" represents the LRZ number (from 1-7).

The RA benefits are estimated as follows:

$$\begin{aligned} \text{If Excess Capacity} < 0 &\rightarrow \text{Benefit} = (\text{Cost of new entry}) \times (-\text{Excess Capacity}) \\ \text{If Excess Capacity} > 0 &\rightarrow \text{Benefit} = \$0/\text{year} \end{aligned}$$

The LRR-UCAP percentages from the PY22-23 LOLE Study and the 2040 non-coincident peak load forecasts are used to set the LRR for each LRZ. The cost of new entry (CONE) assumptions is also consistent with the PY22-23 MISO LOLE study.



## Analysis Results

The resulting CIL, with and without the LRTP Tranche 1 Portfolio, are shown in Table 7-3. The CIL values include the net-area interchange (e.g., the base transfer) gathered from the power flow model. Although their impact on the LCR benefit is negligible, the other components used in the CIL equation, e.g., border external resources (BER), coordinated owner (CO), and exports are kept unchanged in the base and reference cases.

Local Resource Zone	CIL (Base)	CIL (Change-With LRTP)	Delta CIL(MW)
1	5412	6070	658
2	4188	5223	1035
3	5062	6453	1391
4	7117	7609	492
5	6131	6183	52
6	6005	6171	166
7	3367	4659	1292

Table 7-3: Change in Capacity Import Limits (CIL)

A summary of the UCAP, LCR, LRR, and the Excess Capacity calculated for each LRZ is included in Table 7-4. The excess capacity shown in row 7 reflects the pre-LRTP scenario and a negative value represents a potential shortfall situation. The excess capacity shown in row 8 reflects the case with LRTP and confirms the ability of Tranche 1 projects to hedge against potential shortfall situations. The total 20-year and 40-year net present values are shown in Figure 7-8.

Row Number	Summary of resource adequacy benefits								Formula Key
	LRZ	1	2	3	4	5	6	7	
1	2040 Unforced Capacity (MW)	22,981	15,458	12,079	11,111	8,274	20,659	23,982	A
2	2040 Local Reliability Requirement Unforced Capacity (MW)	23,672	16,431	12,405	14,230	12,391	24,196	27,814	B
3	Without LRTP CIL (MW)	5,412	4,188	5,062	7,117	6,131	6,005	3,368	C
4	With LRTP CIL (MW)	6,070	5,223	6,453	7,609	6,183	6,171	4,659	D
5	Without LRTP LCR (MW)	18,260	12,243	7,343	7,113	6,260	18,191	24,446	E=B-C
6	With LRTP LCR (MW)	17,602	11,208	5,952	6,621	6,208	18,025	23,155	F=B-D
7	Excess capacity after LCR	4,721	3,216	4,737	3,998	2,014	2,468	-465	G=A-E



	without L RTP (MW)								
8	Excess capacity after LCR with L RTP (MW)	5,379	4,251	6,128	4,490	2,066	2,634	827	H=A-F
9	Deferred capacity value (M\$)	0	0	0	0	0	0	-44	I=G*CON E

Table 7-4: Summary of resource adequacy benefits

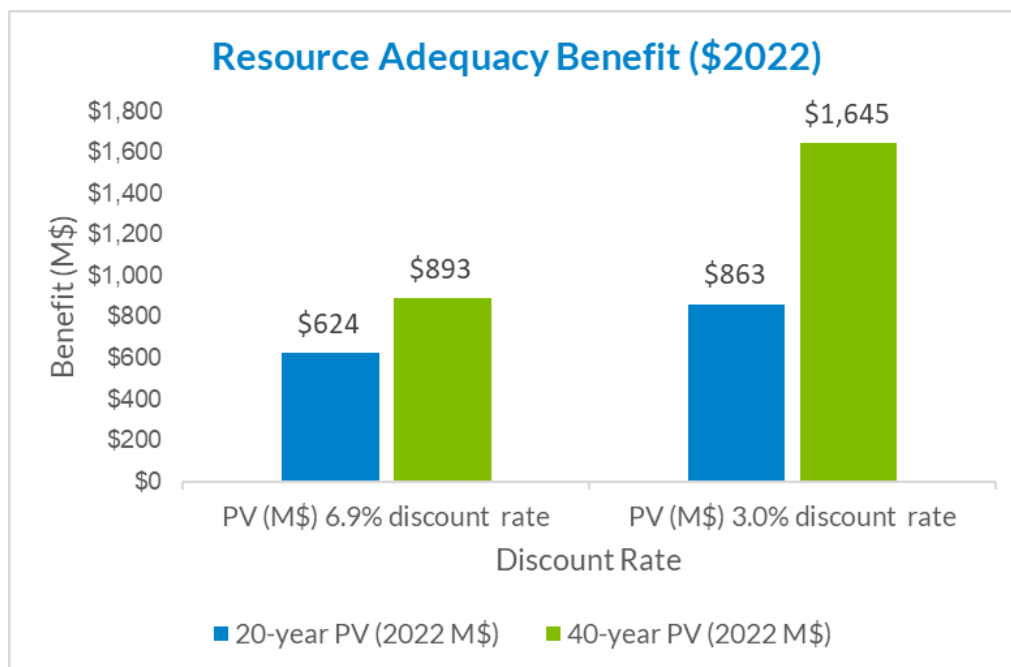


Figure 7-8: Resource Adequacy Benefit Total 20-year and 40-year Present Value

## Avoided Risk of Load Shedding

Avoided Risk of Load Shedding is one of several metrics that is used to quantify the benefits provided by the L RTP Tranche 1 Portfolio. The method for determining this resiliency value considers high impact events with an expectation of a significant amount of controlled load shedding to ensure reliable system performance and/or prevent system collapse. While smaller, more common contingencies can result in the need for load shedding actions to maintain reliability, these events are often local in nature and beyond the scope of this analysis, which examines the impact of large-scale generation loss events caused by changing weather conditions or under extreme weather events. In a future with extensive penetration of renewable resources, the variability in weather introduces the potential for loss of renewable production. Additionally, extreme winter weather patterns can cause fuel supply disruptions that may result in extensive thermal generation outages. L RTP projects help to enable regional transfers mitigating the risk associated with these high impact generation outage events.



Analysis of load shedding risk was performed using 2040 winter peak reliability powerflow models, which represent system conditions under which the severe winter weather generation loss event is expected to occur. Weather events may be limited in scale to smaller areas that can affect a single resource zone or may be extreme in nature and have widespread impacts across the footprint. Study scenarios are defined for zonal and system-wide events that specify the generation outages resulting from severe winter weather impacts. Analysis of severe winter weather impacts on generation performance is generally straightforward but captures only one area of the risk associated with loss of load. This narrow focus results in a conservative estimate of the value of avoided risk of load shedding.

Historical weather event data is used to understand and develop assumptions about the frequency of significant winter weather events that could lead to large scale generation loss. MISO analyzed information on significant freeze and storm events over the past 40 years that have resulted in significant economic impact in order to establish the frequency of occurrence for evaluating risk (Figure 7-9).

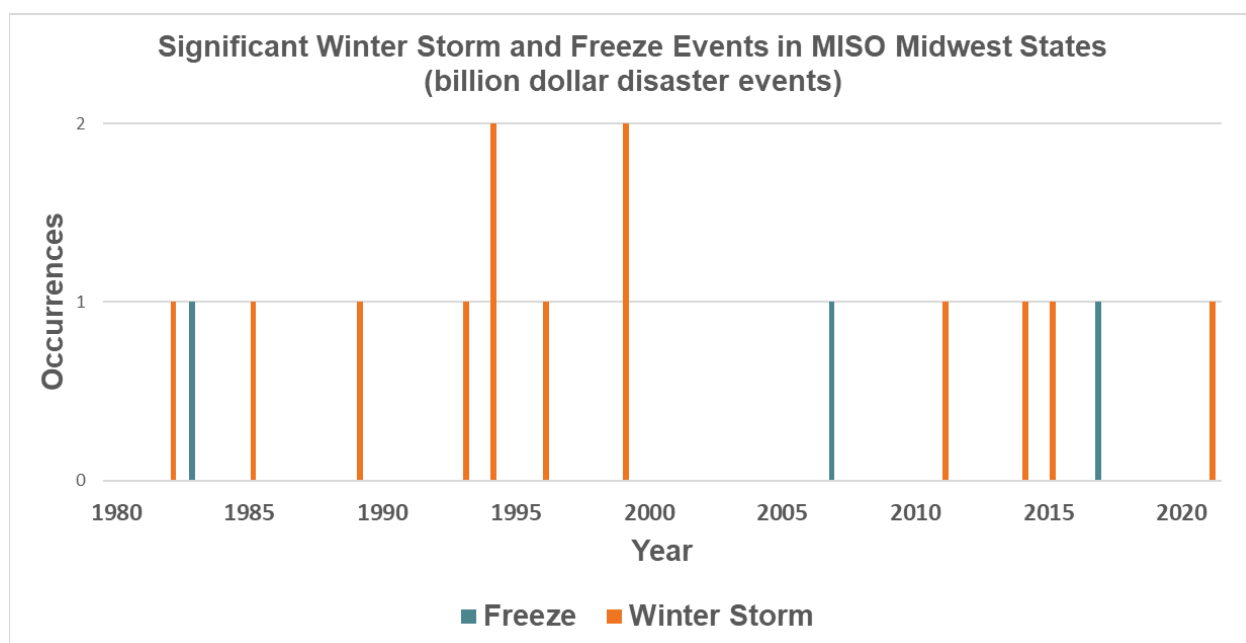


Figure 7-9: Winter storm and freeze events have been occurring every three years on average

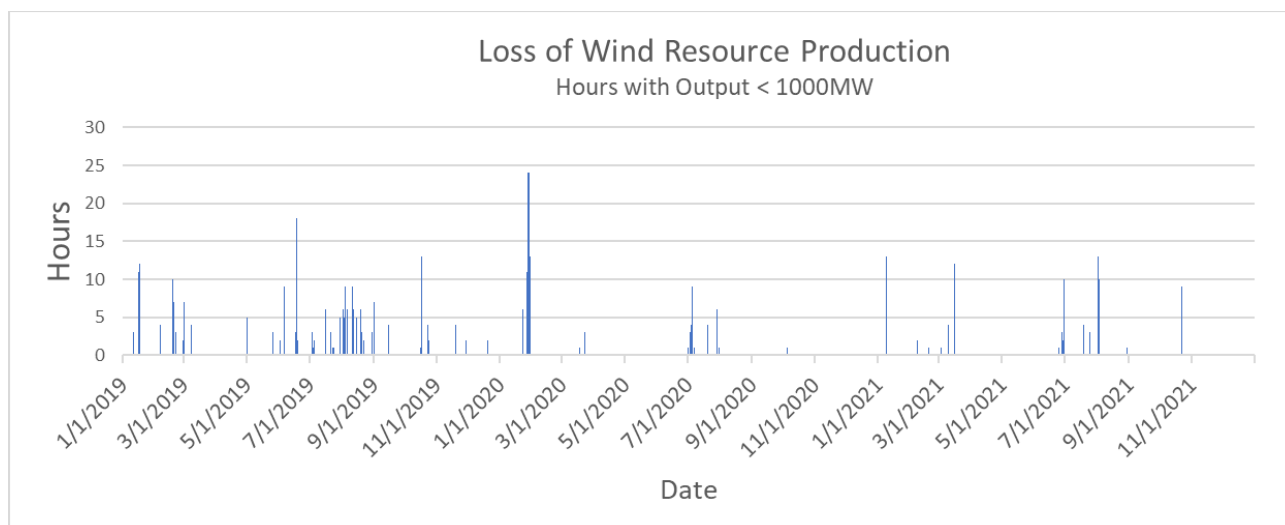
Data Source: NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters (2022). <https://www.ncei.noaa.gov/billions/>, DOI: [10.25921/stkw-7w73](https://doi.org/10.25921/stkw-7w73)

Additionally, operational event data was analyzed to examine trends in resource availability events over time when severe winter weather conditions occur, which provides insights into how fleet composition affects the risk of generation deficiency. While many of these weather events have not caused major disruption of generation supply in the past, recently there have been a growing number of instances where weather conditions caused the need to implement emergency



measures to maintain adequate supply. In the last five years, tight generation supply during winter conditions presented operational challenges that will continue with growing dependency on renewable resources and gas-fired generation. The MISO response to the Reliability Imperative report<sup>13</sup> notes a key indicator of the change in risk profile for the region is seen in the 41 MaxGen emergencies that have been declared since 2016.

Historical generation output data highlights recurring risks associated with periods of low renewable production which can occur during any season and any time of the day (Figure 7-10). Such events can leave a significant amount of generation capacity unavailable to meet load requirements and where the duration of generation shortfall can last several hours.



Data Source: MISO Historical Hourly Wind, <https://www.misoenergy.org/markets-and-operations/real-time--market-data/market-reports/#nt=%2FMarketReportType%3ASummary&t=10&p=0&s=MarketReportPublished&sd=desc>

Figure 7-10: Periods of low wind production may last several hours

The interruption of load may have far reaching impacts that include risk to public health and safety, financial loss, and regulatory/legal burdens, which are difficult to accurately quantify. The monetization of value of lost load is often considered in the context of customer willingness to pay to avoid interruption. While the application of the MISO Tariff defined Value of Lost Load (VOLL) in the LRTP business case does not suggest that VOLL represents the full value of risk, it does provide a reasonable measure that is indicative of the LRTP benefits and closely aligns with other business processes. The value of avoided risk of load loss of the LRTP Tranche 1 Portfolio considers a range of VOLL from \$3,500/MWh to \$23,000/MWh. The \$3,500/MWh is currently defined by the MISO Tariff for use in market pricing while \$23,000/MWh is a value recommended by the MISO Independent Market Monitor to be more representative of the value. This value of VOLL is applied to the calculated MW value of load loss determined by the zonal and system-wide studies in order to capture the benefits associated with the LRTP Tranche 1 Portfolio.

<sup>13</sup> [MISO's Response to the Reliability Imperative](#)



## **Method for Calculating Value of Avoided Risk of Load Shedding**

### **Scenario Development**

Analysis of historical winter storm and freeze event data from the past 20 years and recent extreme winter weather events indicates that significant winter storms are recurring every three years on average with extreme winter storms and temperature conditions observed periodically (polar vortex, Uri). The increased influence of weather due to the variability of renewable resources and impact of cold temperatures on fuel supply and availability of gas-fired generation will result in more periods of risk for load loss. Thus, each occurrence of a severe winter event every one out of three years represents a risk of load shedding due to the widespread generation outages. This risk persists beyond a single day since winter storms often occur over multiple days.

Duration of the load loss was derived using hourly wind production data to examine periods of low wind output since variability in wind output will have a large influence on the risk of an event. While the duration of low wind output events can range from 1 hour to 24 hours for a given day (Figure 7-10), approximately half of the events occurring in winter season are greater than 10 hours and period of risk for load loss is assumed to be eight hours per day over a two-day period for the purpose of assessing the risk of load shedding caused by a severe winter weather event.

A series of event scenarios were developed to represent significant generation loss due to weather related conditions. Events were created to reasonably reflect the loss of future renewable and thermal resources within defined zones or groups of zones. Loss of wind resources was modeled to represent a 90% drop in output from the maximum capacity and loss of solar output was modeled as a 50% reduction from maximum capacity. For regional and zonal event analysis, loss of thermal generation was derived by using outage information from the recent extreme winter storm event to establish a 50% outage rate in regional scenarios and 40% outage rate in zonal scenarios to capture the higher impact from future growth in gas-fired resources. Where modeled wind output is less than 10% of maximum capacity or solar output less than 50% in either zonal or regional scenarios, no adjustment is applied to the wind or solar output.

### **Load Loss Analysis**

In zonal load loss analysis, the 2040 winter peak powerflow models were used to evaluate available generation, load requirements, and import capability for a given local resource zone. Load is escalated by 5% to assess the risk of load higher than normally forecast in planning analysis. Reliability analysis models normally apply a 50/50 load forecast, which reflects the normal peak load expected in the planning horizon. However, during extreme weather conditions, the peak load is expected to reach a 90/10 peak load forecast level, which is typically 5% higher. Resources were grouped within a single zone and event generation outage scenario applied to determine the amount of generation remaining. The amount of shortfall or surplus, in MW, is then calculated by subtracting the total zone load and losses and adding any net imports into the zone. The future CIL calculated in the resource adequacy analysis is used to determine if sufficient import capability exists to support any shortfall and any change in CIL due to the addition of the





LRTP projects is used to determine the amount of benefit, in MW, provided by the LRTP Tranche 1 Portfolio.

### Area/Zonal Event Scenario

Generation Loss:  
Thermal: 40% P<sub>max</sub>, Wind: 90% of P<sub>max</sub>, Solar  
50% of P<sub>max</sub>  
Load Forecast margin: 5% margin

Import Limit: Capacity Import Limit (CIL)

For all LRZ 1-7

$$\text{LoadLossMW} = \text{GenMW}_{\text{net}} - 1.05 * \text{LoadMW} - \text{TxFlossMW} + \text{Capacity Import Limit (MW)}$$

where  $\text{GenMW}_{\text{net}} = \text{GenMW}_{\text{cap}} - \text{GenMW}_{\text{loss}}$

In regional load loss analysis, the 2040 winter peak powerflow models were used to evaluate available generation, load requirements, and import capability for a given group of local resource zones. Similar to zonal analysis, the load is escalated by 5% to assess the risk of load higher than normally forecast in planning analysis due to the extreme weather. Resources were grouped within a set of zones and event generation outage scenario applied to determine the amount of generation remaining. In the regional analysis scenarios, the amount of thermal generation loss is escalated to 50% of capacity to represent a more extreme condition with regional scale impacts. The amount of shortfall or surplus, in MW, is then calculated by subtracting the total load and losses and adding any net imports into the study group. The incremental transfer capability is calculated using the power flow model and added to the existing group net imports to determine the total transfer capability to support any shortfall and the change in total transfer capability due to the LRTP projects is calculated to determine the amount of benefit, in MW, provided by the LRTP Tranche 1 Portfolio.

Two scenarios are included for evaluating risk of load loss for regional scale events:

Scenario 1 assesses the impact of an extreme winter storm primarily on the western part of the MISO footprint causing large scale loss of generation in MISO upper Midwest areas and Southwest Power Pool (SPP) with SPP imports assumed to be 7,500 MW.

Scenario 2 assesses the impact of extreme winter storm activity in the MISO central areas and Ohio Valley with PJM exports curtailed to 0 MW.



## Regional Event Scenario

### Generation Loss:

Thermal: 50% P<sub>max</sub>, Wind: 90% of P<sub>max</sub>, Solar 50% of P<sub>max</sub>

Load Forecast margin: 5% margin

Import Limit: Total Transfer Capability

Scenario 1: Source: MISO Zones 4-7 + PJM  
Sink: MISO Zones 1-3 + SPP

Scenario 2: Source: MISO Zones 1-3 + SPP  
Sink: MISO Zones 4-7

$$\text{LoadLossMW} = \text{GenMW}_{\text{net}} - 1.05 * \text{LoadMW} - \text{TxLossMW} + \text{Total Transfer Capability (MW)}$$

where  $\text{GenMW}_{\text{net}} = \text{GenMW}_{\text{cap}} - \text{GenMW}_{\text{loss}}$

The value of avoided risk of load shedding is monetized by the use of the Value of Lost Load (VOLL) to represent a portion of the outage costs associated with load curtailment during generation deficiency events. While VOLL is based on outage costs, it is a market pricing mechanism that considers a customer's willingness to pay for energy to avoid load curtailment under emergency conditions and does not fully consider the related impacts or the effects of extended outages in more extreme scenarios. Furthermore, there is a wide range of opinion concerning the appropriate value that should be used with \$3,500/MWh currently being used in the MISO market pricing structure while MISO's Independent Market Monitor has recommended a value of \$23,000/MWh to be used in the MISO market. Thus the \$3,500/MWh figure is a conservative estimate for capturing the benefit of avoided risk of load loss with the \$23,000/MWh value used to establish the upper bound of the value.

The load loss hours are summed for all scenarios to obtain the load risk of load loss in MWhr and the range of values for VOLL is applied to obtain the monetary value.

$$\text{Avoided Load Loss Value (\$)} = \text{VOLL} * \text{LoadLossMW} * \text{duration(hrs.)}$$

where VOLL – Value of Lost Load: \$3,500- \$23,000<sup>14</sup>

<sup>14</sup> IMM Quarterly Report: Summer 2020,



## Analysis Results

The additional transfer capability provided by the LRTP Tranche 1 Portfolio enables power transfers to address supply deficiency caused by weather related generation outages and delivers 20- to 40-year present value benefits of \$1.2 billion to \$11.6 billion (2022\$).

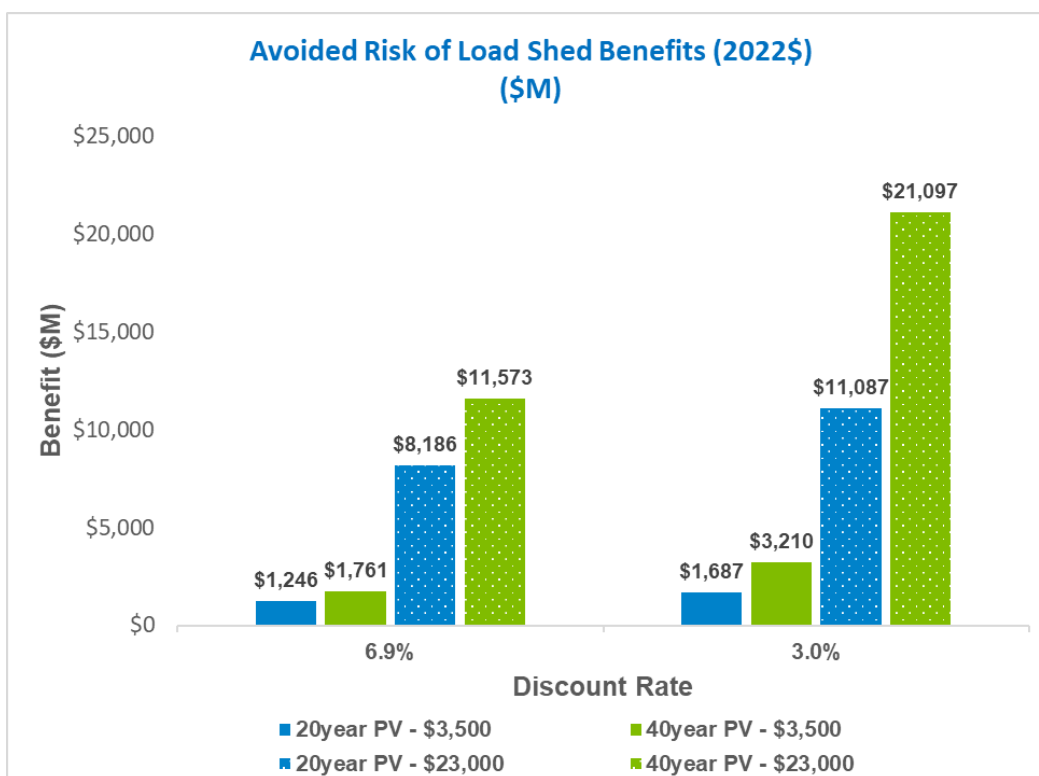


Figure 7-11: Benefits of Avoided Risk of Load Shedding (values as of 6/1/2022)

## Decarbonization

MISO continues to explore how the rapid growth of members' decarbonization goals creates additional needs and opportunities to provide value. The robust transmission planning embodied by the LRTP initiative can signal better locations that deliver decarbonization, among other benefits. This item captures a range of potential cost savings from LRTP-enabled Decarbonization.

MISO acknowledges there is no cost of carbon applicable to the entire footprint currently. However, with the energy transition and changing landscape, it is possible that additional emissions standards may be placed on the electric industry. Since the 1990s, sulfur dioxide has decreased by 94%, nitrogen oxides by 88% and mercury emissions by 95% across the U.S. electric power sector.<sup>15</sup> Many of the benefits associated with these emission reductions have already been captured throughout the footprint.

<sup>15</sup> [Edison Electric Institute: Climate and Clean Air](#)



Over the past several years, MISO members have announced large carbon emission reduction goals that will rely on intermittent low-cost energy. The LRTP initiative aims to help ensure an efficient dispatch of energy across MISO during this fleet transition. With the rationale above, MISO conducted research to develop a price range to express Decarbonization's value. MISO chose sources within the U.S., at state and federal levels, within and outside of the MISO footprint. The range in prices draws from regulatory and market-based approaches, both of which are influenced by policy. From MISO's PROMOD analysis, carbon emissions are reduced by 399 million metric tons over 20 years and 677 million metric tons over 40 years of LRTP Tranche 1 project life (Figure 7-11).<sup>16</sup>

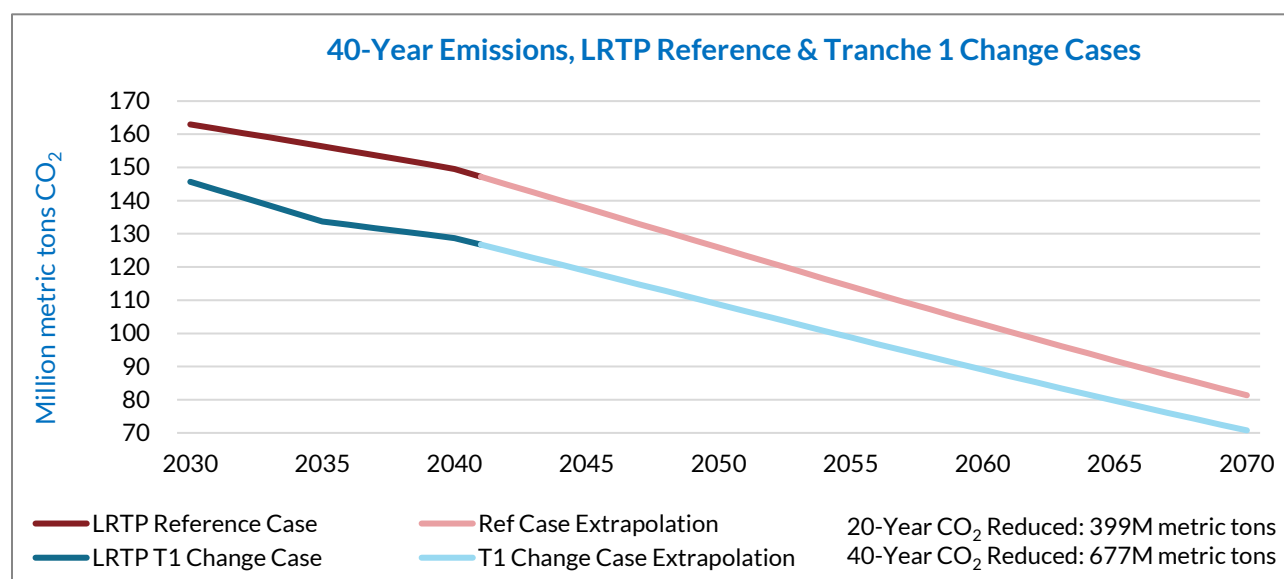


Figure 7-12: 40-Year CO<sub>2</sub> Emissions of LRTP Reference and Tranche 1 Change Cases

MISO took two steps to standardize price terms. First, as applicable, MISO converted source price data to dollars per metric ton, using a conversion factor of one U.S. (short) ton = 0.9071847 metric tons.<sup>17</sup> Second, MISO converted prices from nominal dollar-years of origin into 2022 dollars using the Consumer Price Index Inflation Calculator.<sup>18</sup> For consistency, the month of January was used for dollar-year conversions except in cases related to market prices, which used the month of auction settlement as the origin date. A range of CO<sub>2</sub> emission prices were identified to estimate a benefit value, and are summarized below:

- The Minnesota Public Utility Commission (MN PUC) price began with the 2022 Low<sup>19</sup> price of \$9.46 per short ton in 2015 dollars and yielded \$10.43 per metric ton; \$12.55 per metric ton in 2022 dollars.

<sup>16</sup> MISO interpolated emissions data among PROMOD model years 2030, 2035, and 2040 and used linear extrapolation for post-2040 emissions reductions. 20-year and 40-year benefits refer to projects' in-service value to 2050 and 2070, respectively.

<sup>17</sup> [U.S. Energy Information Administration](#)

<sup>18</sup> [U.S. Bureau of Labor Statistics Consumer Price Index Inflation Calculator](#)

<sup>19</sup> [Minnesota Public Utility Commission](#)



- The Regional Greenhouse Gas Initiative (RGGI) Q4 2021 Auction average (mean)<sup>20</sup> price of \$12.47/short ton yielded \$13.75/metric ton; \$13.87 in 2022 dollars.
- The California and Quebec (CA-QC) Cap-and-Trade Program Q4 2021 Auction settlement<sup>21</sup> price of \$28.26/metric ton is \$28.59 in 2022 dollars.
- The Federal price is the average of two price data inputs: the 45Q Tax Credit and the Social Cost of Carbon.<sup>22</sup> The 45Q Tax Credit follows a prescribed price schedule; starting with \$31.77/metric ton in 2020, increasing to \$50 by 2026, and inflation-adjusted afterwards by 2.5% annually. This interpolation yields a 2022 value of \$37.85. The Social Cost of Carbon (SCC) follows a similar schedule, but in 2020 dollars. Converting the SCC schedule in 2020 dollars from \$51/metric ton (2020) yields \$55.58 and \$85 (2050) yields \$92.64 for those price-years, in 2022 dollars. The SCC's 2022 value in 2022 dollars is \$57.76. Beyond 2050, annual inflation of 2.5% is applied. To produce the Federal price, the annual values of 45Q and SCC through 2069 are averaged, beginning in 2022 at \$47.80/metric ton in 2022 dollars.

The Decarbonization assessment employs the following overall methodology:

- From the Congestion and Fuel Cost Savings analysis, calculate the difference in CO<sub>2</sub> emissions between the LRTP Reference case and LRTP Change case
- Convert the reduced emissions to metric tons
- Use range of carbon prices to produce yearly values at 2.5% inflation as applicable
- Multiply yearly values by annual reduced emissions and discount rates to produce discounted annual benefits
- Sum discounted annual benefits to yield net present values for 20- and 40-year emission reduction benefits along the price range (Figure 7-12, Table 7-4, Table 7-5)

Detailed assumptions, calculations and formulas are found in the supplementary LRTP Business Case Analysis workbook.

	MN PUC	RGGI Q4 2021	CA-QC Q4 2021	Federal
<b>2022\$/metric ton</b>	\$12.55	\$13.87	\$28.59	\$47.80
<b>20-Year Benefit (2022\$, M):</b>	\$3,473	\$3,839	\$7,913	\$13,438
<b>40-Year Benefit (2022\$, M):</b>	\$4,548	\$5,026	\$10,361	\$17,364

Table 7-4: Full Range of Carbon Prices and Tranche 1 Decarbonization Benefits at 6.9% Discount Rate

<sup>20</sup> Regional Greenhouse Gas Initiative ([Q4 2021 average \[mean\] price](#))

<sup>21</sup> [California-Quebec Carbon Allowance Price](#) (November 2021)

<sup>22</sup> Federal: [45Q Tax Credit](#), [Social Cost of Carbon](#)

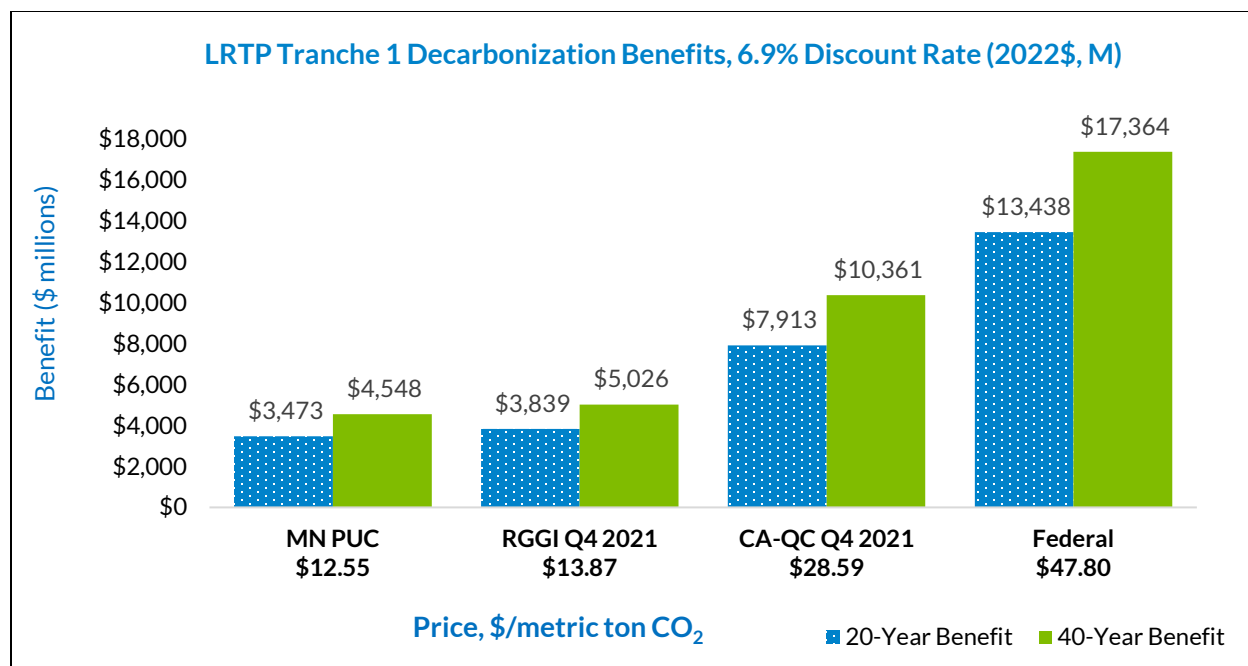


Figure 7-13: L RTP Tranche 1 Decarbonization 20- and 40-Year Benefits Using Full Carbon Price Range, Applying 6.9% Discount Rate (2022\$, M)

	6.9% Discount Rate		3% Discount Rate	
	MN PUC (Min)	Federal (Max)	MN PUC (Min)	Federal (Max)
2022\$/metric ton	\$12.55	\$47.80	\$12.55	\$47.80
20-Year Benefit (2022\$, M):	\$3,473	\$13,438	\$4,781	\$18,404
40-Year Benefit (2022\$, M):	\$4,548	\$17,364	\$7,818	\$29,498

Table 7-5: Min/Max Carbon Prices and Tranche 1 Decarbonization Benefits at Two Discount Rates





## 8 Benefits Are Spread Across the Midwest Subregion

The LRTP Tranche 1 Portfolio of projects was developed to address regional energy delivery needs for the MISO Midwest subregion. As Multi-Value-Projects, the costs of the LRTP Tranche 1 Portfolio will be recovered on a pro-rata basis from load in the MISO Midwest Subregion. Analysis of benefits examined how much each benefit accrued to the Midwest Subregion Cost Allocation Zones in order to compare the relative impacts between zones and the relationship with cost allocation. The distribution of benefits of the LRTP Tranche 1 Portfolio is shown to yield significant benefits for all Cost Allocation Zones (CAZs) well in excess of the share of portfolio costs.

### **Distribution of Benefits**

Congestion and fuel savings are distributed to CAZs based on the production cost simulations used to calculate the savings and aggregated to the CAZs.

Avoided capital cost of local resource investment benefits are assigned based on load ratio share of each CAZ and aligns with the goal of the resource expansion to meet the future energy needs of the Midwest Subregion.

Avoided transmission investment benefits are allocated to the CAZ in which the baseline transmission upgrades, and age and condition replacement facilities are located. Costs for these avoided projects would otherwise be borne by the local pricing zone which yields a benefit to those specific CAZs.

Reduced Resource Adequacy savings are assigned directly to the CAZs in which the cost savings are realized since each CAZ has a responsibility for their own resource adequacy needs, and the CAZs in the Midwest Subregion align with the Local Resource Zones used for resource adequacy.

Avoided Risk of Load Shedding benefits are distributed to CAZs based on load ratio share to reflect the widespread protection against load loss in the interconnected electric system.

Decarbonization captures the benefits of reduced carbon emissions in energy production that is used to serve load across the Midwest subregion and is allocated by load ratio share to CAZs.

### **Distribution of LRTP Tranche 1 Portfolio Costs**

The cost for Multi-Value Projects are allocated to load in the Midwest Subregion according to load ratio share of energy withdrawals. To determine the benefit/cost ratios by Cost Allocation Zone the energy withdrawals by the applicable LBAs included in each zone have been aggregated for Figure 8-1. Additionally, indicative annual MVP usage rates for the LRTP Tranche 1 Portfolio were calculated over a 40-year period using the current project cost estimates and estimated in-service dates. This information on the estimated MVP usage rates is provided in Appendix A-3.

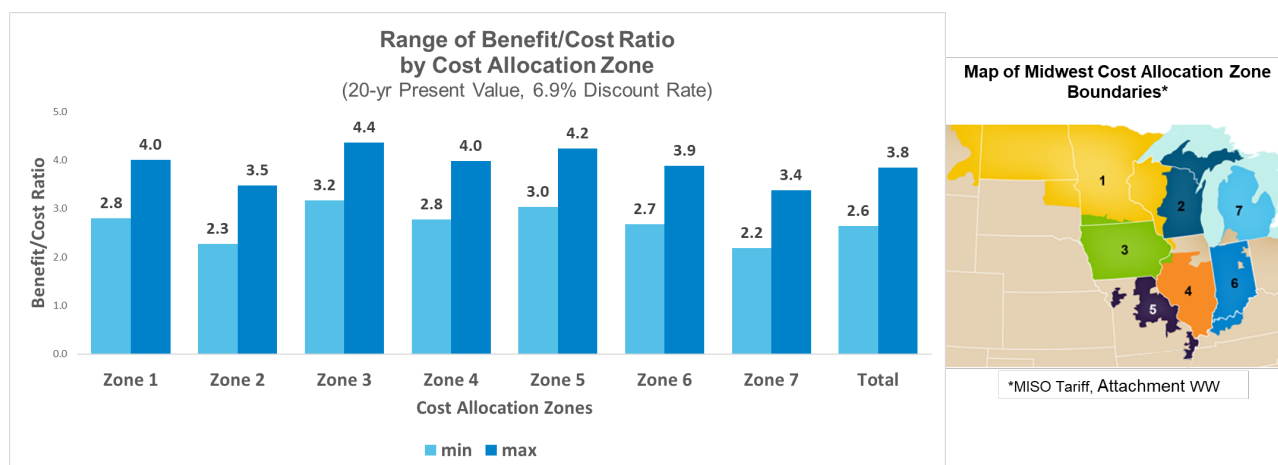


Figure 8-1: Distribution of benefits to Cost Allocation Zones in Midwest Subregion (MISO Tariff Attachment WW) (values as of 6/1/22)

The LRTP Tranche 1 Portfolio provides broad distribution of benefits across the Midwest subregion zones and delivers a benefit to cost ratio of at least 2.2 for every CAZ. Analysis of the zonal benefit distribution indicates that the spread of benefits is roughly commensurate with the allocation of portfolio costs.

## 9 Natural Gas Price Sensitivity

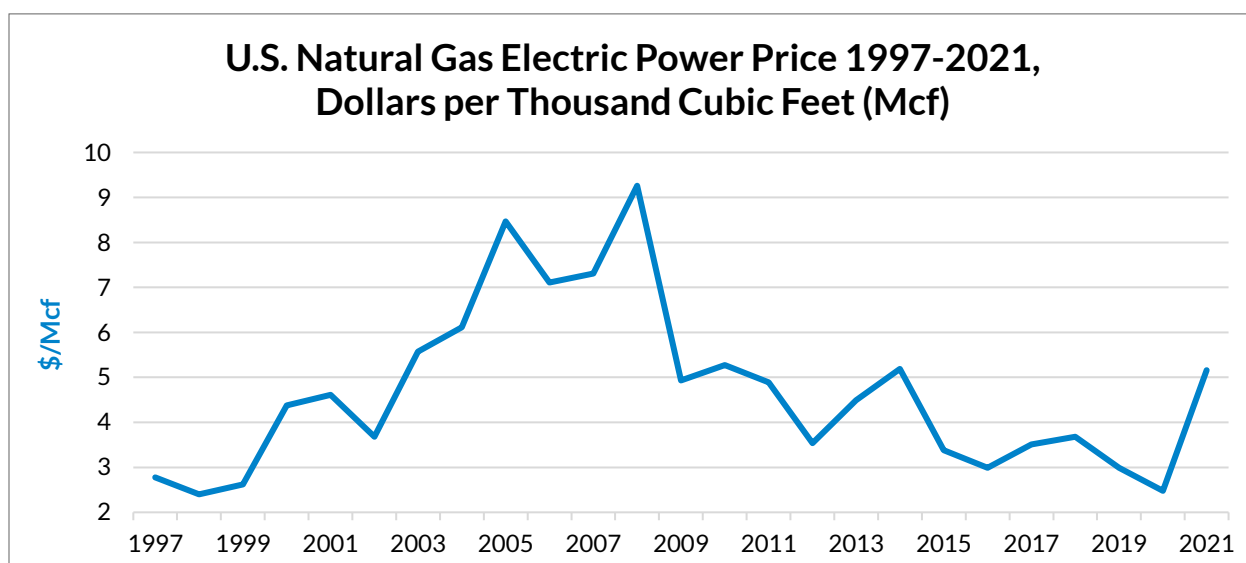


Figure 9-1: Historic U.S. Natural Gas Electric Power Prices



Beginning in 2021, natural gas prices increased sharply, reversing the general price decline seen over the last decade as production grew dramatically from the shale revolution (Figure 9-1).

U.S. export capacity of liquefied natural gas (LNG) has grown rapidly since beginning in 2016, from 0.55 billion cubic feet per day (Bcf/d) to an estimated peak of 11.6 Bcf/d as of November 2021. The U.S. Energy Information Administration estimates U.S. LNG peak export capacity will reach 16.3 Bcf/d by the end of 2024.<sup>23</sup>

Considering the expansion of LNG exports along with the growing prevalence of extreme weather events and current geopolitical developments, U.S. gas price exposure to the global market has increased as well. The recommended LRTP Tranche 1 Portfolio can partially offset the gas price risk by providing additional access to generation powered by fuels other than gas.

Two sensitivity analyses were performed on the LRTP Tranche 1 Congestion and Fuel Savings Reference and Change Case PROMOD models to quantify the impact of changes in gas prices. The sensitivity cases maintained the same production cost modeling assumptions from the business case analysis, except for the gas prices. The sensitivity assumed gas price increases of 20 and 60 percent, respectively. For both analyses, the prices increased starting in the year 2030 and escalated by inflation thereafter.

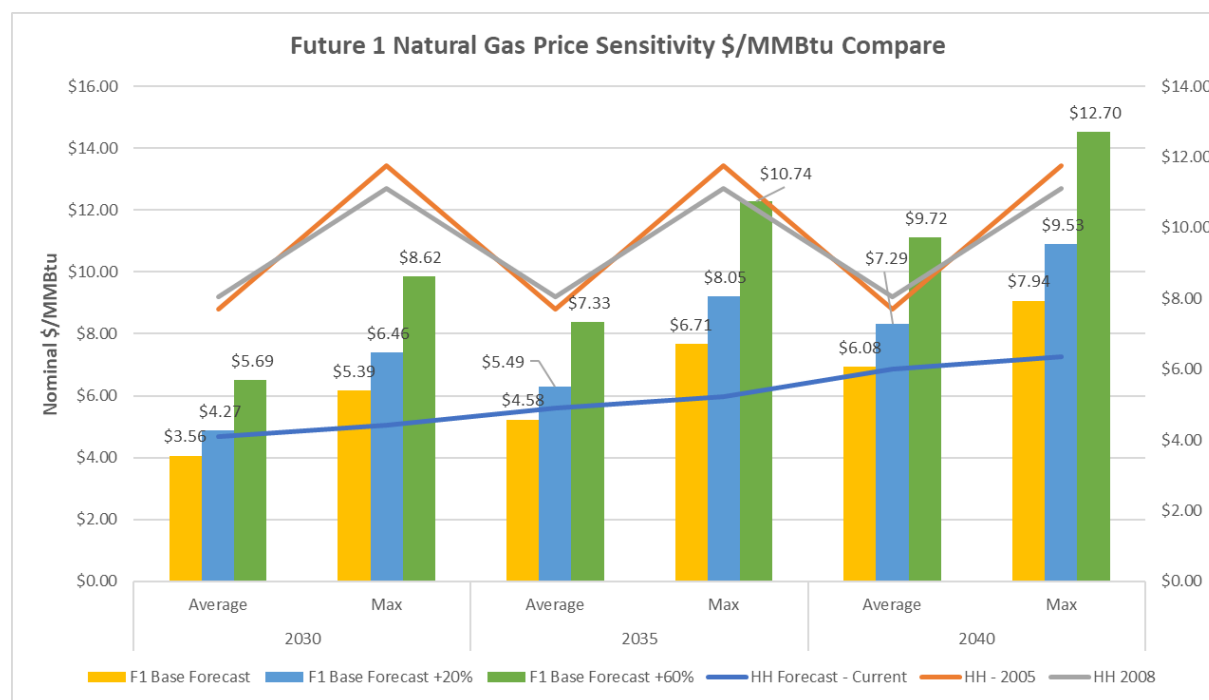


Figure 9-2: Future 1 Natural Gas Price Sensitivity \$/MMBtu per LRTP PROMD Study Year

The resulting natural gas price increases achieved (Figure 9-2) created a gas price increase that ensures each study year's average fuel cost is greater than current Henry Hub (HH) projections as

<sup>23</sup> <https://www.eia.gov/todayinenergy/detail.php?id=50598>



well as representing HH highest historical sale prices from 2005 and 2008. This sensitivity concluded that the LRTP Tranche 1 Portfolio offsets gas price volatility by providing additional Congestion and Fuel Savings benefits by enabling access to renewable energy, as shown in Figure 9-3.

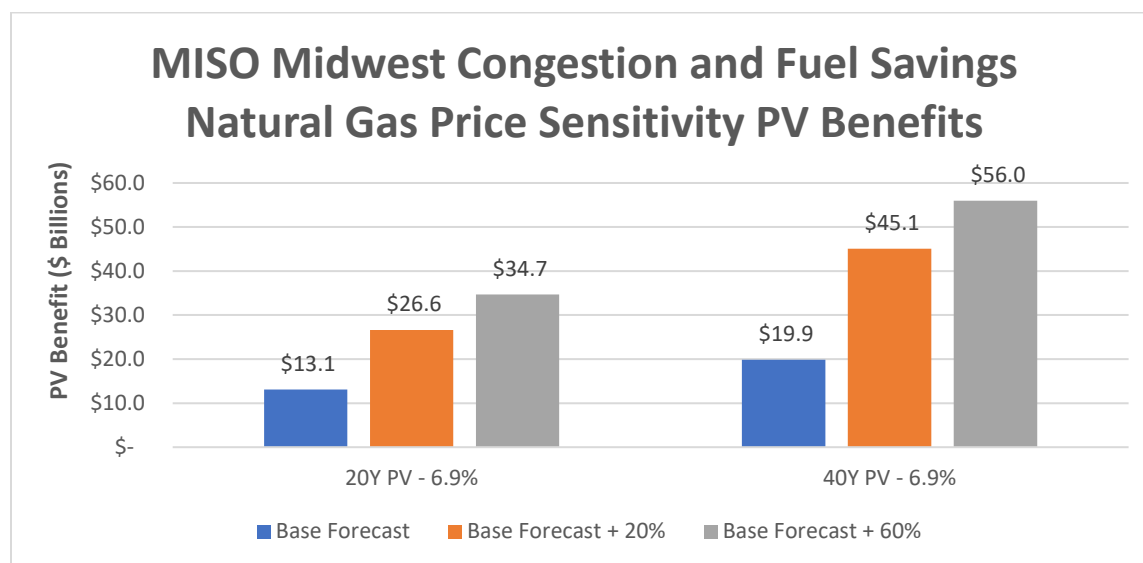


Figure 9-3: Natural Gas Price Sensitivity Results

## 10 Other Qualitative and Indirect Benefits

In addition to the quantifiable economic and reliability benefits, the LRTP Tranche 1 Portfolio enables other value streams that are reflected qualitatively.

Transmission reinforcements strengthen the grid to support the stability of the larger interconnection and provide greater resilience to recover from unexpected system events without adverse impacts. The interconnected nature of the power system provides support between neighboring systems during severe system disturbances. Regional transmission projects bolster the network, enabling greater bulk power transfers to address the developing conditions and avoid further degradation of the system performance.



Investment in regional transmission projects expand access to a greater diversity of lower-cost resources across the footprint, allowing more options for customer choice of fuel mix. Transmission allows for leveraging of the wide geographic and fuel diversity offered by the MISO region. The stronger regional ties offer more flexibility to handle the variability of renewable output caused by differences in weather patterns across different areas of the MISO footprint. This capability offers greater protection against both market price risk and possible load curtailment measures.

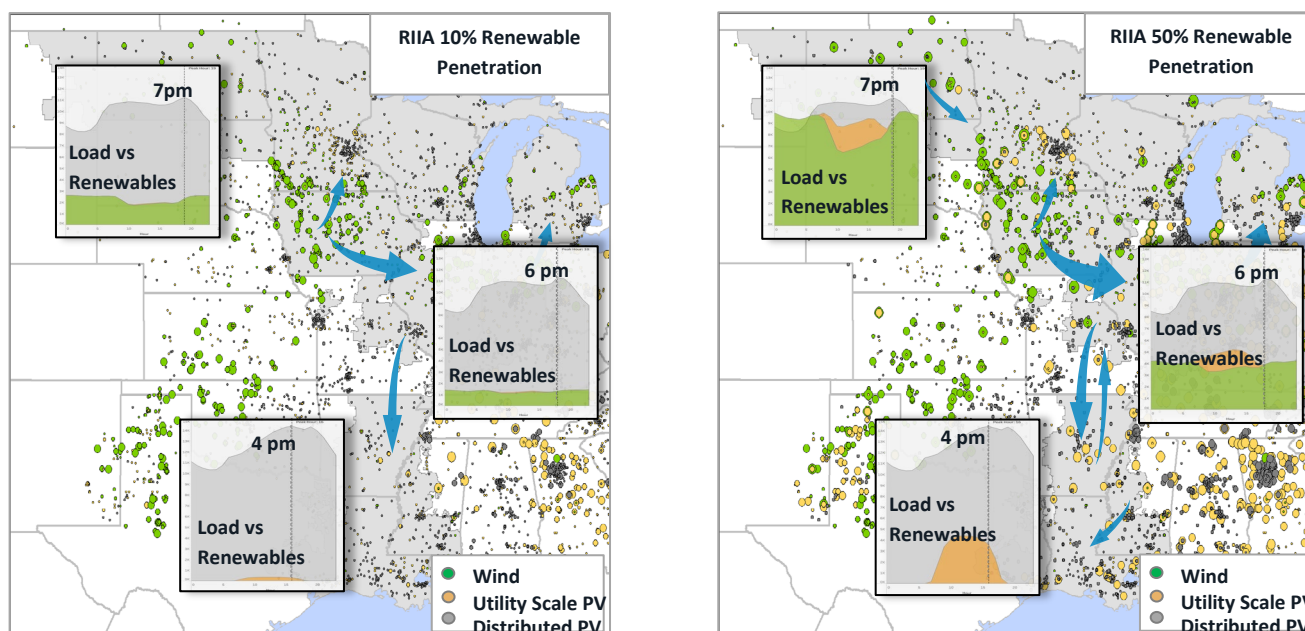


Figure 10-1: Illustration of flow changes with increasing renewable penetration spread throughout the MISO footprint (MISO Renewable Integration Impact Assessment (RIIA) Summary Report, February 2021 <https://cdn.misoenergy.org/RIIA%20Summary%20Report520051.pdf>)

The addition of transmission facilities allows greater operational flexibility related to unplanned and planned transmission facility outages. While the Congestion and Fuel Savings metric described earlier captures economic value related to reduced congestion, it represents value under normal system intact conditions. In practice, numerous outages occur throughout the year which introduce additional congestion which is not reflected in the calculation of the economic benefits. Furthermore, as the grid moves to a higher penetration of renewables and seasonal load curve flattens, outage scheduling becomes more challenging. Additional transmission improves system utilization and allows more opportunity for scheduling transmission outages with less risk of causing operational issues or rescheduling of outages.

The LRTP Tranche 1 Portfolio makes use of existing routes, where possible, to reduce the need to acquire additional greenfield right-of-way which lowers costs and allows a shorter time to implementation. Construction of new transmission routes across navigable waterways, protected areas and high value property faces extensive cost and regulatory risks that impede progress in meeting future reliability needs. Co-locating new facilities with existing transmission assets



enables more efficient development of transmission projects and minimizes the environment and societal impacts of infrastructure investment needed to achieve the needs identified in MISO's Future 1.

The LRTP Tranche 1 Portfolio gives more flexibility to better support diverse policy needs. The proactive long-range approach to planning of regional transmission provides regulators greater confidence in achieving their policy goals by reducing uncertainty around the future resource expansion plans. Elimination of much of the high transmission cost barriers allows resource planners to assume less risk in making resource investment decisions.

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