



The Benefits of Competitive Transmission

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Introduction to GridLiance

- ◆ GridLiance is an independent transmission company primarily focused on **working with** municipal utilities, joint action agencies and electric cooperatives **(Public Power) to increase system reliability and lower costs**
- ◆ **We are problem solvers** – We work with our partners to develop unique solutions to meet their transmission needs including **providing access to renewables**
- ◆ Long-term partnerships with Public Power in **Nevada, Missouri, Texas, Oklahoma,** and **Kansas,** and negotiating new arrangements with entities in several other states
- ◆ Experienced, proven leadership team with strategic and financial support of **Blackstone Energy Partners, L.P. – a leading energy infrastructure investor**

Current Public Power Partnerships



Expanding Competition

- ◆ **First - wholesale power competition** – in 1990's FERC brought down electricity prices by opening the door to competition in wholesale generation and ordering grid owners to provide open access transmission
- ◆ **Now - competitive pressure turned to the grid** – policymakers and stakeholders asked whether competitive pressures could do the same for transmission
- ◆ Across 4 RTOs - **competitive transmission benefits customers**
 - Competition has brought more **innovative proposals** with **better cost projections**
 - Competition has **driven down project costs**, and **provides certainty for customers**
 - Michigan could realize these savings, the key is **getting the rules right**

Higher Costs Without Competition

- ◆ Non-competitive transmission cost overruns

Projects	Planning Estimate	Current Estimate	Difference (Overrun)
MISO MVP5-MVP17	\$3.07 B	\$4.18 B	\$1.07 B (36%)
SPP Balanced Portfolio	\$691 M	\$831 M	\$140 M (20%)
SPP Priority Projects	\$1.96 B	\$2.17 B	\$205 M (10%)
ISO-NE Major Projects	\$2.16 B	\$3.86 B	\$1.7 B (79%)
PJM – Sample RTEP Projects	\$1.13 B	\$1.45 B	\$320 M (28%)

FERC Order 1000 Competitive Projects

	Project	Cost Cap	Cost	Est. Savings	Market	Winner	Incumbent	Description	Award Date	Service Date
1	Artificial Island	Yes	\$146 M	~60%	PJM	LS Power	No	230 kV under Delaware River	28-Apr-15	TBD
2	Delaney - Colorado River	Yes	\$242 M	~19%	CAISO	Starwood/Abengoa	No	114 miles of 500 kV transmission line	10-Jul-15	May 2020
3	Suncrest Reactive Power Project	Yes	\$42.3 M	15-40%	CAISO	NextEra	No	230 kV, 300 MVAR	6-Jan-15	2Q 2020
4	Estrella Substation Project	Yes	\$24.5 M	30-45%	CAISO	NextEra	No	230/70-kV substation and transformer	11-Mar-15	May 2019
5	Harry Allen – Eldorado	Yes	\$147 M	~8%	CAISO	DesertLink (LS Power)	No	500 kV line in CA	11-Jan-16	May 2020
6	Duff-Coleman 345 kV	Yes	\$47 M	~20%	MISO	LS Power	No	345 kV line	20-Dec-16	Jan 2021
7	Wheeler Ridge Junction Project	No	\$90-\$140 M		CAISO	PG&E	Yes	230/115 terminations and transformers	11-Mar-15	May 2020
8	Spring Substation Project	No	\$35 to \$45 M		CAISO	PG&E	Yes	230/115-kV substation and MVA transformer	11-Mar-15	May 2021
9	Walkemeyer-North Liberal (cancelled)	No	\$10.57 M (NPV)	~40%	SPP	Mid-Kansas Electric	Yes	115 kV line in KS	12-Apr-16	May-2019
10	Thorafare	No	~60 M	~14% (reportedly \$10 M less than other alternatives).	PJM	Transource	No	138 KV line and station in WV	17-Mar-15	June-2019

Realizing the Full Benefits of Competitive Transmission

- ◆ FERC processes show **measurable cost savings** – market moving to cost containment in winning bids *if the rules are right and bidders submit binding terms*
 - Overall **shift of cost risk** from ratepayers **to developer**
 - **ROE caps** (including for life of project) and forgoing ROE incentives
 - **Cap on** amount of **equity** in capital structure
 - Strategic partnerships with **local utilities for O&M**
- ◆ **Commercial Innovation**
 - Artificial Island – directional drilling technology under river
 - ETC contracts with fixed costs

ITC Submarine Cable

◆ Proposed Project

- Proposal to construct a submarine cable between Michigan's Upper and Lower Peninsulas
- Planning estimate is **\$1 Billion**
- **Costs allocated to Michigan**
- Uncertain whether this project will be approved, ***but if competitive***
 - » **Lower costs**
 - » **Price caps**

Michigan Legislation on Competitive Transmission

◆ **Current Law prevents Competition**

- Law changed to enable the formation of ITC and ATC
- Definitions of Independent Transmission Company and Affiliated Transmission Company states that they only apply to companies that owned transmission as of December 31st 2000
- Prevents others from seeking Certificate of Public Convenience and Necessity
- Was not intended to prevent competition, it was just not considered

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Thank You

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