

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: HIGH-VOLTAGE TRANSMISSION PROJECTS	DOCKET NO. NOI-2011-0002
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**ORDER OPENING INQUIRY ON HIGH-VOLTAGE TRANSMISSION
PROJECTS AND SOLICITING COMMENTS**

(Issued August 16, 2011)

I. INTRODUCTION

Iowa has been at the forefront of large-scale wind-driven electric generation development. According to the 2011 Annual Market Report of the Wind Energy Association, Iowa ranks second in wind power capacity installations and first in terms of wind energy as a percentage of total in-state electricity generation. In addition, Iowa has significant potential to produce additional wind-driven energy, particularly in the western part of the state.

Wind energy is a significant source of non-emitting and carbon-free electric energy and the wind energy industry is an important part of Iowa's economy. Because of Iowa's success in developing wind energy, there are indications that electric transmission capacity in Iowa and transmission interconnections with other states are at or near capacity. For example, the Midwest Independent Transmission System Operator, Inc. (MISO), provided the Board with information indicating that there are currently 34 flowgates in Iowa that are congested 100 or more hours each

year. MISO also provided a list of 58 pending Iowa generator interconnection requests, 57 of which are associated with wind generation, that are in MISO's "system planning" and "analysis or parked planning" mode. The number of pending requests is an indicator that there are significant limitations on interconnections and power flows. In addition, MISO said that 19 of the future projects, which total 4,823 MW of nameplate generating capacity, are affected by larger constraints. MISO further cited a list of 19 segments of major transmission facilities that are constrained as a result of the delivery of energy policy driven generation.

Because of the ongoing interest in energy development and the resulting transmission line constraints, it is not surprising that there are a number of major transmission projects that have been proposed to carry electricity through or into or out of parts of Iowa. The Board is aware of several projects, which are in varying stages of development; all of these projects may not be built and there might be other projects in the planning stages but not yet announced. The projects that have been identified to the Board are the Rock Island Clean Line project, the Green Power Express segments proposed for Iowa, the Electric Transmission American project, the Lakefield-Mitchell MVP line, the Sheldon-Hazelton MVP line, and alternative lines that MISO is considering to replace the Lakefield and Sheldon lines.

II. INITIATING INQUIRY

The Board has not conducted a recent study or inquiry related to transmission policy. Information obtained in this inquiry will be useful to the Board and other

agencies involved in transmission policy development, including the Iowa Department of Natural Resources (IDNR) and the Iowa Partnership for Economic Prosperity (IPEP), which have absorbed some of the functions of the former Office of Energy Independence. While the Board recognizes that wholesale transmission rates are set by the Federal Energy Regulatory Commission (FERC), the Board is interested in potential Iowa rate impacts and how the projects may reduce transmission congestion in Iowa, improve delivery of low-cost generation (particularly wind generation) to market, and impact reliability of transmission service.

The Board is also interested in learning how (or if) the proposed projects interact, overlap, or serve some of the same purposes, and whether some projects are mutually exclusive. In addition, the Board wants to find out if the timing of some projects is impacted by the timing of other projects. If data or information provided in response to the inquiry questions is dependent on the timing of other projects, these assumptions should be clearly stated. Also, if there are impediments or incentives (regulatory or otherwise) that could deter, adversely affect, or benefit a particular proposed project, these should be identified.

This inquiry is consistent with the Board's statutory responsibilities. Specifically, the Legislature has said that its intent is to "attract the development of electric power generating and transmission facilities within the state in sufficient quantity to provide reliable electric service to Iowa consumers and provide economic benefits to the state" and to implement this policy "in a manner that is cost-effective

and compatible with the environmental policies of the state." Iowa Code §§ 476.53(1) and 476.53(2)"a."

The Board is initiating this inquiry to gather information regarding planned major transmission projects. The inquiry is designed to gather this information, along with comments of other stakeholders, to assist transmission policy makers. The inquiry is not intended to take the place of or supplement the transmission siting process outlined in Iowa Code chapter 478. The initial questions are for the proponents of the various projects. In addition to providing the requested information, proponents may provide any additional information they believe relevant to the inquiry. After this initial information is filed, other interested stakeholders will have an opportunity to file comments addressing the information provided or commenting on other issues or questions they believe are important to this transmission inquiry. Comments may include policy recommendations to the Board.

The Board invites other state agencies with an interest in these issues to participate in this inquiry. In addition to the Consumer Advocate Division of the Department of Justice, the Board specifically solicits the participation of the IDNR and the IPEP. The Board also asks the municipal utilities and electric cooperatives to participate, either individually or through their respective associations. Investor-owned utilities are required to participate.

Following receipt of the initial information and comments, the Board will determine what additional steps, if any, are necessary to conclude this inquiry. The

Board could, for example, ask for additional comments, schedule a workshop, or conclude the inquiry after receipt of the initial information and comments.

Participants must submit their responses electronically through the Board's Electronic Filing System (EFS). Instructions for making an electronic filing can be found on the Board's EFS Web site at <https://efs.iowa.gov>.

The Board is appointing Stan Wolf, the Manager of the Board's Policy section, as the Inquiry Manager for this docket. Questions regarding this docket should be addressed to Mr. Wolf, (515) 725-7363, or via e-mail at Stan.Wolf@iub.iowa.gov.

III. INQUIRY QUESTIONS

The Board asks that all proponents of major proposed transmission line projects, which for purposes of this inquiry are defined as 50 miles or more in length and 345 kV or above, provide certain information to assist the Board in this inquiry. The Board recognizes that because projects are in varying stages of development, some may be able to provide more detailed information than others. The Board also recognizes that information changes as the project proceeds further in development; the Board only asks that the best available information be provided. Proponents may also provide and support alternative calculations from those requested, and suggest alternative or additional considerations which would provide pertinent information.

The following information is to be provided:

1. Describe the proposed project, including beginning terminus and end terminus (at least by county, with a more detailed description if possible), MW size,

DC-Classic or DC-VSC or AC configuration, location of interconnects with existing facilities and other major facilities such as converter stations or substations, and proposed construction commencement and in-service dates.

2. The project's current status in the regulatory process. Please indicate when filings were made or are anticipated to be made with:

<u>Agency</u>	<u>Date</u>	<u>Purpose</u>
IUB		Board Sanctioned Information Meeting
FERC		Franchise Application Rate Treatment

3. What is the status of the project in the regional transmission planning process? Please indicate when requests were or will be made with:

MISO	Stage 1 planning Stage 2 Stage 3 Stage 4
PJM (if applicable)	

4. Whether the project has financing, with an explanation of the answer.

5. Whether the project has a transmission contract, whether it is firm or non-firm and the scale of the contract, along with any other details that may be available.

6. The current projected impacts of the proposed project.¹

For Ratepayers:

Reduced congestion and energy costs, shown as dollars per year for specific customer classes.

Congestion and constraint relief, comment on MISO's analysis.

Effect on reliability (for example, reduced loop flows). Explain.

For Landowners:

Projected easement revenues, if available.

For State or County Residents:

Income taxes

Property taxes

For Generation Developers and Other Shippers:

Wind generation that could be served.

How many MW?

Anticipated rate stated in dollars per MW and/or dollars per

MWh?

Other generation that could be served. (Please list)

How many MW?

¹ The impacts here and costs below should be provided by year. The net present value of the project to Iowa parties in 2011 dollars should be calculated, with all relevant assumptions, including key assumptions concerning interest rates and change in construction costs over time, readily transparent.

Anticipated rate stated in dollars per MW and/or dollars per
MWh?

7. How much right of way will be required in Iowa? (Length (miles) and
width, area for substations and converters, etc.)

8. Other impacts? (Please specify)

9. What are the currently projected costs of the project?

Capital Cost

Annual Cost

Recovery of Capital Costs.

What depreciation life is assumed and salvage cost?

Recovery of Annual Cost.

Operating and Maintenance Costs.

Other Costs (Please specify).

10. Reliability and operational impacts:

Contingency Readiness

Voltage, Frequency and Reactive Power support

Explain in detail.

Annual cost is to be borne by which entities?

11. Transmission Facility costs not recovered from transmission customers,
stated in dollars per year, to be recovered from which entities?

IV. ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. A notice of inquiry is opened to address high-voltage transmission projects. The inquiry is identified as Docket No. NOI-2011-0002. High-voltage transmission line proponents are invited to provide the information identified in this order on or before October 3, 2011. Other interested participants are invited to provide comments on the information provided on or before November 3, 2011.

2. All filings in this docket shall be made using the Board's electronic filing system. The rules for filing are in 199 IAC 14.

UTILITIES BOARD

/s/ Elizabeth S. Jacobs

/s/ Darrell Hanson

ATTEST:

/s/ Joan Conrad
Executive Secretary

/s/ Robert B. Berntsen

Dated at Des Moines, Iowa, this 16th day of August 2011.