

Midwest ISO Transmission Cost Allocation Timeline

Important Acronyms

RECB Regional Expansion Criteria and Benefits.

RECB I Initial phase of RECB Task Force efforts focused on the allocation of costs for network upgrades built for generator interconnections and network upgrades necessary to meet reliability standards.

BRP Baseline Reliability Project. Reliability upgrades. Transmission additions that are needed to meet reliability standards.

RECB II Second phase of RECB Task Force efforts focused on the allocation of costs of projects that provide benefits measured in terms of reductions in fuel costs and reductions in LMPs.

RBP Regionally Beneficial Project. Economic Upgrades. Transmission additions that are proposed in order to provide benefits which are evaluated in terms of cost reductions, rather than to meet reliability standards.

Cost Allocation Timeline

Fall, 2003 The Midwest ISO, the Advisory Committee and OMS develop a proposal to allocate costs of network upgrades associated with generator interconnections between transmission owners and generators.

January, 2004 OMS Board passes a resolution to continue discussions between the OMS Pricing Working Group and the Midwest ISO to develop a cost allocation proposal for all network upgrades using a "beneficiary-based" cost allocation.

January 2004 The Advisory Committee establishes the Regional Expansion Criteria and Benefits Task Force to analyze the inclusion of transmission expansion projects in the Midwest ISO Transmission Expansion Plan (MTEP) and to recommend cost allocation alternatives.

February 2004 – September 2005 The RECB Task Force develops and analyzes a variety of cost allocation proposals for network upgrades. RECB Task Force identifies a distinction between reliability upgrades and economic upgrades. Reliability upgrades are those additions needed to meet reliability standards. Economic upgrades are additions that provide benefits beyond those needed for reliability purposes.

July 8, 2004 FERC issues an order in response to the Midwest ISO's proposal for the allocation of the costs of network upgrades associated with generator interconnections. FERC encourages the Midwest ISO to file a permanent cost allocation proposal for all transmission projects.

September 22, 2005 The Advisory Committee considers the RECB Task Force cost allocation proposals. The proposals only deal with cost allocation of reliability upgrades and upgrades necessitated by generator interconnections.

October 7, 2005 The Midwest ISO files a cost allocation proposal based largely on the compromise proposal developed by the RECB Task Force. (RECB I Filing)

February 3, 2006 FERC issues an order generally accepting the Midwest ISO cost allocation proposal and sets a technical conference to examine the allocation of reliability projects at 345 kv and above. (RECB I Order)

November 1, 2006 Midwest ISO files a cost allocation proposal for Regionally Beneficial Projects. (RECB II filing)

November 29, 2006 FERC issues Order on Technical Conference, Rehearing, Clarification and Compliance. FERC rejects requests for rehearing and confirms initial order on cost allocation for reliability projects. (Second RECB I Order)

March 15, 2007 FERC issues Order on Rehearing and Clarification. FERC denies rehearing on the 20 percent cost sharing for facilities at 345 kv and above, but agrees that it will look at this allocation when it examines cost allocation and pricing issues in the filing that the Midwest ISO is required to make for the "post-transition." (Third RECB I Order)

March 15, 2007 FERC issues Order Conditionally Accepting Tariff Revisions for Regionally Beneficial Projects. (RECB II Order)

July 23, 2007 FERC issues Order on Rehearing and Compliance Filing. FERC denies requests for rehearing of the RECB II Order. (Second RECB II Order)

January 31, 2008 FERC issues Order Approving Continued License Plate Rates for Existing Transmission Facilities and Denying Superseding Rate Design Proposal for New Facilities. (Dockets ER07-1233/ER07-1261) FERC declines to change the cost allocation provisions adopted in the RECB I and RECB II orders.

August 29, 2008 Midwest ISO files 2008 compliance reports with FERC on cost allocations made in compliance with the RECB I and RECB II orders.

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