



**Stakeholder Survey I
Cross Border Cost Allocation for Economic Transmission Projects
For Discussion September 24, 2008**

PJM and the Midwest ISO are seeking input from stakeholders on various concepts that have been discussed during the PJM/Midwest ISO Cross-Border meetings for dealing with transmission projects constructed for economic reasons that are constructed in one RTO and have benefit to the other RTO. The RTOs are seeking to better understand the stakeholder's preferences regarding these concepts and request completion of this short questionnaire to help in better focusing future discussions. Thank you in advance for participating in this important survey.

Optional Information:

Stakeholder Company and RTO Sector

Survey Completed by _____

For all questions, please indicate your company's preference for each concept by dividing 100 Points between each alternative. The most preferred alternative should be given a higher value of points. Please allocate all 100 points between the alternatives

Issues and Questions for this Survey:



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Issue 1: Benefit Metrics for Cross Border Vs. Internal Metrics

The RTOs have proposed several concepts for defining the benefits to each RTO of a Network Upgrade. Please answer the following relative to those proposals. It is assumed for the questions below that the benefit calculations of each RTO would be done based on a common Coordinated System Plan (JOA) model.

- | | |
|-----|--|
| | Each RTO should calculate the benefit of the project based on its own filed internal methodology, including the benefit to cost ratio applied by each RTO internally, and then the share of project costs should be based on the ratio of the maximum acceptable cost that each RTO's internal method would support. |
| | Each RTO should calculate the benefit of the project based on its own filed internal methodology, and if the project passes both RTO's requirements as an economic project, then the costs would be allocated by a postage stamp method (either at the RTO level or at the pricing zone level). |
| | Each RTO should calculate the benefit of the project based on its own filed internal methodology, and if the project passes both RTO's requirements as an economic project, then the costs would be allocated to each RTO by some method other than a postage stamp. |
| | Each RTO should calculate the benefit of the project based on a new benefit metric that is a common metric developed as a compromise metric that is different than either RTO's presently accepted internal method, but is appropriate as a cross border metric. |
| 100 | Total Points |



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Issue 2: Preferred Project Benefit Metric

The RTOs have proposed several possible metrics for evaluating the economic benefits of a Market Efficiency Project:

100% Adjusted Production Cost
70% Production Cost + 30% Net Load LMP
70% Adjusted Production Cost + 30% Gross Load LMP
70% Adjusted Production Cost + 30% Net Load LMP

The following metric should be used:

- ☐ 100% Adjusted Production Cost
- ☐ 70% Production Cost + 30% Net Load LMP
- ☐ 70% Adjusted Production Cost + 30% Gross Load LMP
- ☐ 70% Adjusted Production Cost + 30% Net Load LMP

Total Points

If you have a preferred benefit metric, describe it below:



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Issue 3: Correlation of Project Benefit Metric and Allocation Method

The RTOs have proposed several possible metrics for evaluating the economic benefits of a Market Efficiency Project:

100% Adjusted Production Cost
70% Production Cost + 30% Net Load LMP
70% Adjusted Production Cost + 30% Gross Load LMP
70% Adjusted Production Cost + 30% Net Load LMP

If one of these metrics is chosen to measure the benefits of a project,

☐ The allocation method must be based on the relative benefit to each RTO of the same metric that is used to calculate the benefit of the project.

☐ The allocation method could be based on a different metric or method than that used to calculate the project benefit (E.g. Gross Load LMP, DFAX of some type, postage stamp, other).

Total Points

If you have a preferred allocation method, describe it below:

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Issue 4: Calculation of FTR Credits

The RTOs have proposed that to the extent that Load Net LMP is used as a benefit metric, an estimated value for this can be calculated by disaggregating the system congestion costs into internal congestion for each market, and interchange congestion. Internal congestion costs are assumed to be fully credited back to the Loads as a benefit to loads.

- | | |
|-----|---|
| | If Load Net LMP is used as a benefit metric, the RTO approach to calculating an estimated value of FTR credits is appropriate. |
| | If Load Net LMP is used as a benefit metric, a different method of determining the estimated value of FTR credits is appropriate. |
| 100 | Total Points |

I offer the following suggestion for how to estimate Net Load LMP:

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Issue 5: Use of a Postage Stamp Rate to Allocate

Each RTO has some element of a Postage Stamp rate in its internal economic project cost allocation methods.

For allocation of a cross border economic project, and for select Voltage Classes:

- | | |
|----------------------------------|--|
| <input type="text"/> | 100% of the project cost should be allocated to the combined markets on a postage stamp basis. |
| <input type="text"/> | 20% of the project cost should be allocated to the combined markets on a postage stamp basis. |
| <input type="text"/> | 0% of the project cost should be allocated to the combined markets on a postage stamp basis. |
| <input type="text" value="100"/> | Total Points |

If some percentage of a cross border project cost is allocated to the combined markets on a postage stamp basis, this approach should only be applied to projects of the following voltage classes:

- | | |
|----------------------|------------------|
| <input type="text"/> | 765 kV and above |
| <input type="text"/> | 500 kV and above |
| <input type="text"/> | 345 kV and above |
| <input type="text"/> | 100 kV and above |



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Issue 6: Benefit to Cost Ratio

If a common benefit metric is used for both RTOs, what Benefit/Cost Ratio must a cross border project exceed in order to qualify for Cross-Border cost sharing?

☐

The Midwest ISO linear sliding scale from 1.1:1 for project in-service year 1 up to 3:1 for year 10

☐

The PJM constant 1.25:1 regardless of project in-service year

☐

Other options

Total Points



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Issue 7: Thresholds for Qualification as a Cross Border Project

It is understood that in order for a project to be a cross border project, at a minimum it must be evaluated by both RTOs jointly and using a common model, and be vetted with stakeholders via the Coordinated System Plan process under the JOA.

In addition, the RTOs have discussed options for screening or filtering projects before joint evaluation for potential cross border benefits. Please indicate your preferences from amongst the threshold qualifications below:

Project Cost Threshold:

<input type="checkbox"/>	\$ 5 Million	
<input type="checkbox"/>	\$ 10 Million	
<input type="checkbox"/>	\$ 20 Million	
<input type="checkbox"/>	Other:	<input type="text"/>

<input type="text" value="100"/>	Total Points
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Project Voltage Level:

<input type="checkbox"/>	345 kV and above	
<input type="checkbox"/>	100 kV and above	
<input type="checkbox"/>	Other:	<input type="text"/>

<input type="text" value="100"/>	Total Points
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