

HCR9, As Adopted by Senate, June 29, 2011

Substitute for House Concurrent Resolution No. 9.

A concurrent resolution to urge the Federal Energy Regulatory Commission to grant a rehearing and modify its December 16, 2010, order approving the Midwest Independent Transmission System Operator's cost allocation proposal to share transmission costs.

Whereas, The need for and cost of new, long distance transmission lines are important challenges facing the electric industry in the United States. New transmission facilities are needed to provide essential electric reliability and meet the future demands of a technologically-driven economy. However, the U.S. Department of Energy estimates that expanding the use of wind power could require transmission expansion costs of \$60 billion by 2030; and

Whereas, Ultimately, the costs of new transmission and who pays these costs are determined by the Federal Energy Regulatory Commission (FERC). Under the Federal Power Act, the FERC has the authority to regulate interstate transmission and must ensure that transmission rates are just and reasonable. Justness is also a centerpiece of FERC's Order 890, first issued in 2007, which establishes the commission's transmission cost allocation principles. Under Order 890, the FERC stated that when determining who pays for new transmission, it will first consider whether the cost allocation proposal fairly assigns costs among participants, including those who cause them to be incurred and those who otherwise benefit from them. The FERC also stated the intent to consider the support of state authorities and participants when approving cost allocation proposals; and

Whereas, The transmission tariff proposed by the Midwest Independent Transmission System Operator (MISO), which controls the grid in Michigan, 12 other states, and the province of Manitoba, proposes to allocate 100 percent of the costs of certain transmission projects designated as "multi-value projects" (MVP) to all customers in the MISO region. The tariff does not consider the unique situation of Michigan as a peninsular state that may not benefit from the construction of transmission lines in other parts of the MISO region. Additionally, the tariff includes allocation of lower voltage transmission facilities that may not provide benefits to Michigan; and

Whereas, Since Michigan accounts for 20 percent of the MISO load, Michigan consumers would be responsible for one-fifth of any new MVP transmission facilities approved to be built in the MISO region. The FERC's ruling allows for an uncommon method of allocating costs on a regional basis. There are concerns that Michigan will not receive benefits that align with the costs it will bear for these facilities; and

Whereas, Several states, utilities, and ratepayer groups have filed for rehearing and clarification, including the Michigan Public Service Commission; now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That we support the Michigan Public Service Commission's and the MISO Northeast Transmission Customers' requests for clarification and applications for rehearing of the FERC's December 16 order approving the Midwest Independent Transmission System Operator's cost allocation proposal to share transmission costs; and be it further

Resolved, That copies of this resolution be transmitted to the chairman of the Federal Energy Regulatory Commission, the chairman of the Michigan Public Service Commission, the president and chief executive officer of the Midwest Independent Transmission System Operator, and the members of the Michigan congressional delegation.