

April 15, 2010

Dear OMS Board Members and CARP Representatives:

Wind on the Wires expresses our appreciation to the Midwest ISO, Organization of MISO States, CARP representatives, and the regulators, utilities, developers, policy makers and others that have dedicated enormous amounts of time and effort to the cost-allocation methodology currently under discussion.

The development of a cost-competitive, fair and implementable cost-allocation method for transmission investment is critical for economic development, system reliability and renewable energy growth throughout the Midwest ISO footprint. Wind on the Wires has carefully studied both the MISO Straw Proposal and the Transmission Owners Proposal, and has prepared detailed comments which are attached to this letter.

In addition, here are some guiding principles for the states as they consider which proposal to recommend.

1) Clarity Creates Confidence for Developers and the Financial Sector

As the CARP Representatives develop a cost allocation recommendation for the Midwest ISO, WOW strongly urges you to consider the significant financial planning and assumption of risk that goes into developing new generation and transmission projects.

Clarity regarding the rules and policies that will affect these projects is essential in order for developers to be able to finance and ultimately construct the projects that will harness the region's renewable energy. To date, neither the MISO Straw Proposal nor the TO Proposal provides sufficient clarity regarding potential future costs and risks.

2) Resolve the Key Questions of "What Gets Built" and "Who Pays"

In their current form, it is not clear that either the MISO Straw Proposal nor the TO Proposal will resolve the key questions of what gets built and who pays. The question of what qualifies under the MISO Straw Proposal or would be considered a Unique Purpose Project ("UPP") under the TO Proposal needs to be ultimately decided, not just moved along to various decision making bodies, such as the Planning Advisory Committee ("PAC").

3) Ensure Equity Across the Region

WOW ultimately believes that all parties – whether generators, transmission owners, or load-serving entities – should pay their fair share of new and upgraded transmission. The detailed comments attached to this letter further describe ways in which WOW believes equity across the footprint can be improved.

4) Transition Period

As explained in (1) above, a level of certainty regarding the rules and policies that are in effect is critical to project development. WOW would like to highlight the following points:

- A. It is our position that the effective date for any network upgrade required for generators to interconnect, or for generators with temporary interconnection agreements, should be the day after the filing deadline, i.e., July 16, 2010.
- B. Network upgrades assigned to any generator in Group 5 or a later group at the 90/10 allocation rate should be evaluated under the new cost allocation methodology.
- C. Transmission lines identified in the System Planning Analysis process should be evaluated under the new cost allocation methodology. Criteria should be established for such an evaluation.
- D. In the event that July 16, 2010 is not the effective date for the new cost allocation methodology, both the MISO Straw Proposal and the TO proposal should clearly specify a transition plan that creates a bridge between the interim 90/10 cost allocation and the new cost allocation methodology. The transition plan should be as similar as possible to the new methodology so as to minimize disruption to the market.
- E. Both the MISO Straw Proposal and the TO proposal should clearly specify that projects such as the Brookings line, which has been identified as necessary for multiple purposes, would qualify for regional cost sharing.

WOW appreciates your work on this critical issue and welcomes your questions and comments.

Sincerely,

s/

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