



Eastern Interconnection Planning Collaborative



SSC Webinar/Conference Call

October 31, 2011, 10:00 AM-12:00 PM Eastern

Summary

SSC Members in Attendance (by sector)

End Users: Ryan Kind, Sonny Popowsky, Brenda Harris

Generation Owners: Michael Goggin, Mark Volpe

NGOs: Andy Oliver, Beth Soholt, Samir Succar (alt. for Mark Brownstein)

Public Power/TDUs: Paul Malone, Tim Noeldner, Maryam Sharif

States: Eric Callisto, Garry Brown, Jim Volz, David Boyd, Jon McKinney, Kevin Gunn, Sam Loudenslager (alt. for Elana Wills), Marya White (proxy for Doug Nazarian, Ed Finley and Lib Fleming)

Transmission Owners: Tyler Ruthven (alt. for Will Kaul), Paul Napoli, Stuart Nachmias

Other Suppliers: Chris Lyons, Herb Healy

Canada: Rob Sinclair

Ex Officio: David Meyer

Chairs: Roy Thilly, Kevin Gunn

EIPC: David Whiteley, John Buechler

1. Results of F8S5 and F8S6 NEEM Runs (Ralph Luciani, CRA)

- See CRA's presentation under [Meeting materials](#) for details.
- F8S5 and F8S6 show higher combined cycle (CC) builds, lower combustion turbines (CT) and coal capacity, and slightly lower on-shore wind capacity compared to F8S1, because of flattened CO2 price.
- They also show CCs dispersed more evenly throughout the MISO region, which was accomplished through the forced redistribution method agreed to by the SSC.
- There is not much change in generation EI-wide, but there is a significant change in the dispersion of wind and the transfer capability between regions.
- The biggest difference in S5 from the F8S1 sensitivity is the shift of wind generation from MISO-W to MISO-MI, MO, IL, IN, and other eastern NEEM regions. This results in a significant decrease in the transmission capacity between MISO_W and PJM_ROR compared to F8S1.
- Adjustments were made to F8S6 to redistribute the wind generation throughout MISO based on the availability of wind resources and the planning recommendations of the MISO Regional Generation Options Study (RGOS). The reallocation increased the transmission between MISO_W and PJM_ROR, but not up to levels seen in F8S1.

2. Results of Hardening F8 (Tyler Ruthven and Stan Hadley)

- The EI-wide hardened transfer limit for F8S5 is 18,190 MW. For F8S6, the limit is 22,699 MW. Both represent a significant decrease from the hardened limits of F8S1 at 36,978 MW. The biggest decrease in transfer capacity is between MISO_W and PJM_ROR which declines from 19,100 MW in F8S1 to 11,200 MW in F8S6 to 6,400 MW in F8S5.
- Some decrease in EI-wide transfer capability was expected due to the decrease in the CO2 price in the post-2030 period in F8S5 and S6. According to Tyler Ruthven and Stan Hadley, the unexpected size of the decrease may be attributed to the mismatch between the shadow prices in F8B (with escalating CO2 prices) and shadow prices in F8S5 and S6 (with flat CO2 prices beyond 2030). The difference in the shadow prices is the basis for the charge to utilize additional transfer capability through the soft constraint approach in F8S5 and S6, and in turn influences the level of inter-regional transmission expansion.
- Ideally the F8 base case should have been re-run with the flatten CO2 prices to determine the appropriate shadow prices for F8 sensitivities with flattened CO2 prices, however, there were not enough sensitivities remaining.
- Discussion & Questions:
 - In response to a question about why a certain level of transfer capacity was judged too big or too small for the 'large buildout' bookend, technical experts concurred that it is somewhat subjective, but that aiming for a number between 23,000 and 37,000 MW was supported by the modeling results. In some regions, there seems to be a large block of new generation (e.g. Entergy), but no correlating increase in transfer capacity. Technical experts explained that regions such as Entergy are using most of the new generation to satisfy its own demand, meaning the energy was not transferred out of the area. Another factor may be higher hurdle rates to neighboring regions such as the southeast.
 - The experts clarified that the nationally-implemented RPS policy requires compliance on an EI-wide basis, and therefore, some states have higher concentrations of renewables than others.

3. Co-Chairs' Memo on Finalizing Future 8 (Roy Thilly, Kevin Gunn)

- The Chairs highlighted three options in their memo for how to proceed with the remaining NEEM runs in order to finalize the National Climate and Energy Policy scenario:
 - Option 1: Harden F8S6 with the 23,000 MW transmission build-out.
 - Option 2: Run a new sensitivity with hardened transfer capability based on F8S1's 37,000 MW buildout, and simultaneously fix the generation anomalies and flatten the CO2 price in a manner similar to what was done in F8S6 (If the group wants to avoid a mismatch in shadow prices, using the flattened CO2 price could be dropped.).
 - Option 3: Use the default agreed to at the September 26 meeting, which would be similar to Option 2 above, except the Indiana wind concentration would not be fixed.
- Roy Thilly emphasized that the Scenarios are designed for the purpose of looking at a range of transmission buildouts and should not be construed as accurately capturing the

impact or cost of a particular policy. He noted that any decision by the SSC would require an explanation of the limits of the analysis in the final report of Phase I.

- The SSC agreed to adopt Option 2, as stated above, with the flattened CO2 price. This includes the adjustments for anomalies that were made in F8S6.
- In supporting Option 2, Sector representatives stated that it represented the size of transmission buildout that they had agreed to earlier. One sector suggested that the report should indicate that the results of F8S5 and F8S6 demonstrate that the policy goals of this Scenario might be met with a range of transmission expansions.
- SSC member Herb Healy from the Other Suppliers sector abstained from this decision, expressing concern that this option represented a compromise that could damage the credibility of the results. By most estimates, it would have taken three more NEEM runs to reach a result that is fully internally consistent with regard to the macroeconomic assumptions affecting the transfer limits, generation mix and transmission needs. He stated that the SSC should have reserved more sensitivities earlier in the process or that additional NEEM runs beyond the budgeted 80 should now be inserted into the project plan, so they would not have run out of the allotted NEEM runs before achieving the desired result for this scenario. Several other SSC members agreed that reserving more sensitivities early on would have been a prudent approach.
- The SSC confirmed that the remaining NEEM run would be used to correct anomalies and adjust the variable resource contribution to reserve requirements in the BAU (F1S3), as they had previously agreed.

4. Update on Phase I Report Draft 3, EISPC Sections

- Marya White from EISPC informed the SSC that EISPC representatives were reviewing both the EIPC Report (by Friday), and drafting the EISPC report, parts of which would be coordinated as inserts in the EIPC Report. EIPC and EISPC continue to have discussions about how best to coordinate this, and EISPC's back-up plan is to file its own report.
- Jim Busbin of Southern Co. highlighted the major changes incorporated or added in [Draft 3](#) of the Phase I report. Comments on Draft 3 are due Nov. 4 (*date revised after meeting*), Draft 4 is due to be shared with stakeholders Nov. 23 (*date revised after meeting*). Comments on Draft 4 would then be due Dec. 9, with the final report coming out Dec. 14, to be filed with DOE on Dec. 16. Webinars are anticipated after final comments are submitted on Draft 3, and before comments are due on Draft 4. This schedule may have to be revised as EISPC pieces are incorporated.

5. Next Steps

- CRA will run and share the final two sensitivities in 1-2 weeks, producing two output reports and a short presentation, after which Stan Hadley will develop some comparison charts.
 - a. At this juncture, there are no more SSC decision points in the NEEM modeling.
 - b. An SSC member requested a summary of the three final scenarios agreed to, which will be circulated ASAP by Keystone.

- Keystone will launch Doodle polls to determine the best times for the webinars described, on both the final NEEM results and the next incarnation of the Phase I Report and comments received.
- Responding to the request of an SSC member, David Whiteley said he would report back on releasing Draft 4 sooner than currently scheduled to accommodate a longer SSC comment period. *(A revised schedule was sent out on Nov. 1.)*