

MWG Call – April 6, 2011 Summary

Attending: John B., Stan H., Bob S., Jeff B., Samir S., Doug G., Bob P., Dennis B., Doug K., Hisham C., Randell J., Joe E., Maryam S., Wil B., Tyler R., Chuck T., Dave W., Tim N., Jim C., Flora F., Ralph L. (CRA), Marya W.

1. Schedule: (Erin Hogan)

- BAU issues are of highest priority – recommendations due to EISPC and SSC; final decision on Monday, Apr. 11 SSC call; after reviewing results (end of April), SSC needs to determine whether the revised BAU will be used for all other Futures. SSC decision needed on:
 - EPA regulations
 - High coal retirements
 - MISO_WUMS NGCC additions
 - Nebraska's concentration of wind; little wind in SPP
- Erin emphasized that this is a long-term planning tool, so results in the early years are not as critical as the later years. Flora F. clarified that the same type of adjustments will not be allowed for other Futures.
- Transfer sensitivities – target decision for early May SSC call.

2. EPA regulations proposed approach: (Tyler Ruthven)

- New proposal is designed to capture the actual MACT and cooling water requirements issued recently.
- Subteam/EPA/CRA agreed on revisions that the proposal will represent the regulations more closely.
- Utility MACT – Cheaper forms of compliance for smaller units than wet scrubbers (dry sorbent injection).
- Particulate matter – fabric filters for smaller units; upgraded ESP for units currently with ESP.
- Hg – reduced the no. of units that require retrofits.
- 316B - more flexibility extended to smaller units; for larger units – 25% of cost of the cooling towers spread over all units, recognizing that states have a lot of flexibility and many fewer units will be affected; don't have time to determine what specific units might be affected and there is significant discretion on part of the state.
- Haze regs/CAIR/ NOX – taking into account that these rules will have synergistic impacts, so that not all units will need SCR/SNCR.
- None of the regulations take effect until 2015; so coal retirements before 2015 are being driven by other factors.
- There was a request for information on which coal plants are retired (from the non-aggregated data) in which years. CRA agreed to provide a response on whether the information can be provided. Stan suggested that level of detail may cause more "heat than light" given the nature of the model.
- MWG adopted by consensus the Subteam's recommendation on EPA regulation revisions

3. Coal Retirements:

- Ralph L. clarified that units in 2010, so one proposal is to prevent the model from retiring any units in 2010. It won't change the retirements significantly because the retirements will just be deferred to 2015.
- The model doesn't force units all the way down to the reserve margin if it considers it prudent to keep units based on foresight of rising demand, etc.
- Under revised EPA regs, may not see significantly more retirements in 2020 over 2015.
- Wil B.- NGOs are hesitant to change reserve margins; perhaps it makes sense to change the capital cost multipliers and average gas prices. But reluctant to change too many things.
- Stan H. noted that if you change reserve margins in 2015 you need to change it throughout; and a 2% change would not be enough to change the results.
- Flora F. suggested that it doesn't reflect reality to retire units and then bring them back so perhaps there is a solution by turning off economic retirements in 2010 and 2015 or reducing DR
- Samir S. noted that the capacity additions in later years have different characteristics than retired coal plants so results may not be so anomalous
- Several members thought there was a benefit to turn off the economic retirements in 2015. It would reflect the fact that we don't run the system exactly at the RM. Others suggested that many units are not officially retired but held for reliability reserve.
- A number of members suggest that the model is an economic model not designed to capture all the constraints of reality, so the model should run its course.
- **MWG does not support the adjustment of the RM across the board or a change to economic retirements.**

4. Miscellaneous changes

- a. **Cole Creek , 1100 MW unit** incorrectly located and will be moved to MISO_West;
- b. **MWG adopted CRA's recommendation to add \$.001/MWH on interregional transfers with counterflows**
- c. MISO_WUMS NGCC units:
 - CRA clarified that it is not possible to link new NGCC and CTs to existing coal sites.
 - Erin outlined 3 options for MWG's consideration:
 - Option A – do nothing
 - Option B – average regional capital cost multipliers
 - Option C – average regional gas prices and average regional capital cost multipliers

Discussion:

- May see similar anomalous results for other technologies in other Futures, e.g. nuclear generation; not clear whether it is a basic flaw in the MISO region or if it is more pervasive;
 - In Phase 2 can introduce more realistic assumptions about where generation will be located.
 - Tyler pointed out that the anomalous results have to be considered when you evaluate the transmission build out and transfer sensitivities. May require manual tweaking the uniform method for method for hardening the interregional wires.
 - **MWG agreed to recommend Option A – no change in regional multipliers or the gas prices in MISO**
- d. Wind in Nebraska (separate NEEM regions but is part of SPP): There was an error in the capacity reserve contribution of NE; should have been the same as SPP. **The following options will be presented to the SSC:**
 - Option A – drop NE to same reserve contribution as SPP to 6% (See Table 5)

- Option B – raise/leave NE to 15% to reflect findings of NE wind integration study (more like ELCC)
- e. Landfill gas- MWG agreed to recommendation to use the updated EPA data which has lower potential in some regions
- f. Hydro Potential
 - Eliminate 50% of the hydro potential from the comprehensive list beginning with the smallest dams.
 - Assign remaining potential to NEEM region.
 - This will result in some regions with more than 50% reduction, while other will have less.
- g. Distributed Generation in Future 4
 - Aggressive level of renewable DG in Future 4.
 - MWG consensus to include additional renewable DG at 2x AEO 2011 on top of what already embedded in the demand forecast.
 - Total DG at 12% of peak demand.

NEXT STEPS – Erin will prepare draft slides for review; Practice webinar to be held Friday for speakers.