

Good morning-

On behalf of ITC Midcontinent Development, ITC*Transmission*, Michigan Electric Transmission Company, and ITC Midwest, below please find ITC Holdings Corp. (ITC) feedback on priorities for improving the Joint Operating Agreement transmission planning metrics and process between MISO and PJM. Thank you for the opportunity to provide this input.

In developing the lists below, we began with the “RTO Thoughts – Initial Discussion” and “RTO Thoughts – Longer Term Discussions” slides (#40-41) in the slide presentation to the MISO/PJM IPSAC on 7/15 [text in blue]. We have placed asterisks (*) in front of the items that are of primary importance to ITC. We have also added a few priority items that, from our perspective, are missing from the initial MISO and PJM recommendations. Finally, we have provided comments in support of our recommended priorities and additions. [All ITC comments and proposed additions to the list are in orange text.]

Thank you again for the chance to provide feedback, and please let me know if you have any questions.

Regards,
Brenda

Near-Term Discussions

- *Lower or eliminate project cost threshold: \$20, \$5M or no threshold
 - ITC supports inclusion in near-term priorities for resolution
 - ITC supports elimination of project cost threshold
- *Lower or eliminate voltage threshold: 345kV, 100kV or no threshold
 - ITC supports inclusion in near-term priorities for resolution
 - ITC supports elimination of voltage threshold; alternatively, would support 100kV
- Adjusted production cost / Net load payment split: 70/30, 100/0, 50/50
- *Lower or eliminate Benefit / Cost ratio requirement: 1.25, 1.0 [see comments below], or eliminate
 - ITC supports review of B/C ratio in near-term priorities for resolution, but should be undertaken in conjunction with a review of the universe of metrics used to evaluate projects
 - Current set of metrics is too conservative and prevents the development of transmission projects that would bring significant benefits to customers
 - Limited to one type of benefits (reliability, economic) per project
 - Does not take into account other measurable benefits provided by transmission projects
 - Transfer capability and capacity deliverability
 - Reduced planning reserve margin
 - Reduced losses at peak
 - Reduced market-to-market payments, assuming the development of a methodology to quantify this on a prospective basis
 - If retain current universe of metrics, reduce B/C ratio to 1

- If expand metrics considered, consider retaining B/C ratio of 1.25
- Improve modeling review and comment period

Longer-Term Discussions

- *Sets of criteria to be applied to evaluate project: interregional and regional (3), regional only (2), interregional only (1)
 - ITC supports inclusion in longer-term priorities, provided a timeline is established now for discussion on this topic
 - ITC supports applying only interregional criteria in evaluating interregional projects
 - Eliminates 'triple hurdle' faced by interregional projects that must pass interregional evaluation criteria, as well as both sets of regional criteria
 - Due to regional differences, the triple hurdle assures that few or no projects will ever pass to become approved interregional projects
 - Leaves beneficial projects on the table
- Synch up timing of interregional and regional processes
- Re-evaluate how speculative queue generation is included and sited
- *ITC addition: Expand set of metrics used to evaluate interregional projects (see comments above)
- ITC addition: Incorporate multiple future scenarios into planning models, including those considered likely and those incorporating possible alternatives
 - Addresses uncertainty inherent in defining futures
 - Allows for identification of transmission facilities that will:
 - Increase optionality in the case of a system event or severe weather (for example)
 - Build in needed system resiliency
 - Clarify at beginning of process how futures will be selected and weighted

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