

Comments of North Dakota Public Service Commissioner

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U.S. Department of Energy

Transmission Congestion Study Workshop

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I am very pleased to have this chance to share thoughts with the U.S. Department of Energy at this Transmission Congestion Study Workshop. I would like to thank the Department for arranging this meeting to provide input on the 2009 study on Electric Transmission Congestion.

In this talk, my thoughts represent those of the North Dakota Public Service Commission. As requested, I will be discussing changes in the North Dakota area since 2005 that affect the location, duration, frequency, magnitude, and significance of transmission congestion, including related constraints.

In 2005 North Dakota had an export limit around its south and east borders (commonly referred to as NDEX) of about 1,950 MW, which if exceeded can cause system instability. Although, in 2008, North Dakota still has an export limit of about 1,950 MW, a great deal of activity has taken place in the state since 2005 that has had an affect on transmission congestion.

First, there has been and a significant increase in wind generation. Back in 2005 there was only about 80 MW of installed wind capacity in North Dakota. Now we have about 716 MW either in service or under construction, plus another 807.5 MW that has either been site permitted or is in some stage of the siting process. There are also plans for several

hundred MW of additional projects in North Dakota that are not yet in the permitting stage.

Next, let us look at transmission investment in North Dakota and our upper Midwest region. The CapX 2020 plan to install several major transmission lines in Minnesota is moving forward and making progress. The Commission has received a Letter of Intent to construct a new CapX 345 kV line from Fargo, North Dakota to Monticello, MN, that is expected to increase the North Dakota Export limit by approximately 300 MW of additional export capacity.

There is less certainty regarding transmission upgrades necessary for interconnecting new wind resources and the proposed Big Stone II generating unit in eastern South Dakota into the western Minnesota transmission grid. This generating project has been approved by the South Dakota Public Utilities Commission and is presently pending before the North Dakota Public Service Commission. An application for a Certificate of Need required for the needed transmission is pending before the Minnesota Public Utilities Commission where an ALJ has recommended denial. If constructed, the Big Stone II project and related transmission additions are expected to increase the NDEX limit by as much as 500 MW of additional export capability.

On June 6, the North Dakota Public Service Commission approved the siting of all but 4 miles of a 61 mile 230kV transmission line in eastern North Dakota, which will provide transmission for approximately 350 MW of proposed wind capacity near Valley City, North Dakota. A hearing is scheduled in July regarding the remaining 4 miles of the route.

There are also two 230 kV transmission lines proposed in western North Dakota where load growth in the oil fields of the Williston Basin is driving a need for additional transmission.

This Spring, Minnesota Power announced its intention to purchase a 250 kV direct current (DC) line that extends from the wind-rich plains of central North Dakota to eastern Minnesota. As a result of this proposed sale of the DC line to Minnesota Power, Minnkota Power Cooperative

announced its plans to build a new 345 kV line from Center, North Dakota to eastern North Dakota. This is very welcome news, and this proposed new power line should help the transmission constraint between North Dakota and areas to the east.

Last December, the North Dakota Public Service Commission participated in a technical conference at the FERC on Interconnection Queue Practices. We reported to the FERC that wind developers are ready to invest now in North Dakota, but the inability to interconnect is hindering investment. The MISO Interconnection Queue is overwhelmed with wind interconnection requests in the upper great plains region. Today, Minnesota wind interconnection queue requests total 26,186 MW, South Dakota wind interconnection queue requests total 11,683 MW and North Dakota requests total 8,350 MW. We noted to the FERC and we note to you now that the main problem is that there is not enough regional load or transmission export capability to accommodate interconnection requests.

This is an immediate concern. Studies indicate North Dakota leads the nation in the potential for wind energy development. We have an exceptional wind resource and developers want to build wind projects in North Dakota and they cannot move forward because of transmission constraints between the Dakotas and Minnesota.

In comments dated July 6, 2007 from the Organization of MISO States to the Department regarding its draft National Interest Electric Transmission Corridor (NIETC) designations, the North Dakota Public Service Commission and the South Dakota Public Utilities Commission joined in a footnote requesting that the conditional congestion area identified in the Department's 2006 congestion study between the Dakotas and Minnesota be designated a NIETC.

It is still our hope that the Department will recognize the critical contribution the Dakotas can make towards resolving our national energy crisis with an NIETC designation in 2009. This designation would assure investors that needed transmission investment across state boundaries is a priority, not only to the region, but to the nation as well.