

State of South Dakota

EIGHTY-THIRD SESSION
LEGISLATIVE ASSEMBLY, 2008

354P0629

SENATE CONCURRENT RESOLUTION NO. 5

Introduced by: Senators Sutton, Abdallah, Bartling, Dempster, Garnos, Gray, Hanson (Gary), Heidepriem, Hundstad, Jerstad, Katus, Kloucek, Knudson, Koetzle, Maher, Nesselhuf, Olson (Ed), Peterson (Jim), Turbak Berry, and Two Bulls and Representatives Halverson, Ahlers, Bradford, Brunner, Burg, Cutler, Dennert, Dreyer, Dykstra, Elliott, Engels, Faehn, Feinstein, Gassman, Gillespie, Gilson, Glenski, Hargens, Hills, Kirkeby, Krebs, Lucas, Lust, Miles, Moore, Nygaard, Olson (Russell), Rhoden, Sigdestad, Street, Thompson, Van Etten, Van Norman, and Vehle

1 A CONCURRENT RESOLUTION, Urging the Midwest Independent System Operator to
2 reconsider its pricing methodology with respect to certain energy transmission costs.

3 WHEREAS, the United States faces continuing challenges related to the availability of
4 energy and our dependence on foreign energy sources. The development and marketing of wind
5 energy and other forms of renewable energy is an issue and an opportunity of high priority for
6 our nation and our region; and

7 WHEREAS, in recent years, the upper Midwest has made great strides in the development
8 of wind energy, although numerous obstacles still remain as the region strives to fully develop
9 its energy resources; and

10 WHEREAS, a successful wind energy operation needs three elements: a wind energy
11 resource, transmission capabilities, and buyers for the energy that is produced. South Dakota has
12 the wind energy resource, but often faces obstacles in energy transmission and marketing.



1 Access to transmission lines to move wind power from South Dakota to available markets
2 remains a crucial impediment; and

3 WHEREAS, the Western Area Power Administration (WAPA) administers the grid that
4 handles the transmission of electric power produced in the Dakotas and the Western states. The
5 Midwest Independent System Operator (MISO) has corresponding responsibility for a large part
6 of the Midwest east of South Dakota, from Minnesota to Ohio, an area where a major share of
7 any new electric power generated in South Dakota would be marketed; and

8 WHEREAS, MISO has significant congestion problems and a serious backlog "queue" of
9 projects and facilities requesting transmission service through the MISO grid, the majority of
10 which are for new wind energy projects. Nearly the entire transmission system, particularly
11 anything connecting to the east from the Dakotas into the MISO area, is strained to capacity,
12 with a current time lag of two years or more between application to MISO and approval of a
13 project for study; and

14 WHEREAS, an even more challenging issue for the development of wind energy in our
15 region is the pricing mechanism used by MISO. In the MISO area, the transmission cost in the
16 network where the wheeling begins is what the user pays to cross the MISO system. Because
17 transmission costs are higher in sparsely populated areas over long distances, power coming
18 from the Dakotas before it enters the MISO system is at a competitive disadvantage to power
19 coming from the MISO area; and

20 WHEREAS, the use of an average pricing or "postage stamp" method that sets a price for
21 using the transmission system based on the average for all systems in the MISO area would
22 enhance transmission access by all parties in the Midwest and Great Plains. This method would
23 level the wholesale transmission playing field and spur the development of wind resources
24 available in our region; and

1 WHEREAS, impediments in the transmission system cannot be allowed to stifle the
2 development of energy from abundant renewable sources in the Midwest and Great Plains, and
3 it is incumbent on all parties to address these issues in an expeditious and equitable manner:

4 NOW, THEREFORE, BE IT RESOLVED, by the Senate of the Eighty-Third Legislature
5 of the State of South Dakota, the House of Representatives concurring therein, that the
6 Legislature urges the Midwest Independent System Operator (MISO) to reconsider its pricing
7 methodology and to use an average pricing method based on the average for all MISO covered
8 systems and to do everything in its power to reduce the queue facing prospective wind energy
9 projects; and

10 BE IT FURTHER RESOLVED, that the Legislature urges the states of North Dakota and
11 Minnesota to join with South Dakota in its efforts to persuade MISO to revise its transmission
12 pricing policies.