

**STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION**

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**MIDAMERICAN ENERGY COMPANY ) DOCKET NO. 14-0494**  
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**REBUTTAL TESTIMONY  
OF  
TODD SCHATZKI**

**Submitted On Behalf  
Of  
AMEREN TRANSMISSION COMPANY OF ILLINOIS  
and  
MIDAMERICAN ENERGY COMPANY**

**March 5, 2015**

1     **I.     INTRODUCTION, PURPOSE AND SUMMARY OF CONCLUSIONS**

2     **Q.     Please state your name and business address.**

3     A.     My name is Todd Schatzki. I am employed by Analysis Group, Inc. (“Analysis Group”),  
4           where I am a Vice President in the Boston office. Analysis Group is a firm that provides  
5           microeconomic, strategy and financial analyses. My business address is 111 Huntington  
6           Avenue, 10th Floor, Boston, MA 02199. Analysis Group has more than 600 employees  
7           and offices in Beijing, Boston, Chicago, Dallas, Denver, Los Angeles, Menlo Park,  
8           Montreal, New York City, San Francisco and Washington, D.C.

9     **Q.     Are you the same Todd Schatzki who previously submitted direct testimony in this**  
10    **proceeding?**

11    A.     Yes, I am.

12

13    **Q.     What is the purpose of your rebuttal testimony in this proceeding?**

14    A.     The purpose of my rebuttal testimony is to respond to the direct testimony of Mr. Greg  
15           Rockrohr on behalf of the Illinois Commerce Commission (“ICC”) Staff. In his direct  
16           testimony, Mr. Rockrohr considers whether MidAmerican has adequately demonstrated  
17           that MVP 16 will, consistent with the requirements of Section 8-406 of the Illinois Public  
18           Utilities Act (the “Act”), “promote the development of an effectively competitive  
19           electricity market that operates efficiently ... [and] ... is equitable to all customers.” He  
20           concludes that MidAmerican provides adequate evidence to demonstrate MVP 16 would  
21           be needed without completion of the Rock Island Clean Line (“Rock Island”) merchant  
22           transmission project, but MidAmerican witnesses did not consider outcomes when the  
23           Rock Island project, which has received a Certificate of Public Convenience and

24 Necessity (“Certificate”) from the ICC, is in service. In data requests, he also indicates  
25 that outcomes with another transmission project that has received a Certificate from the  
26 ICC – the Grand Prairie Gateway (“Gateway”) project – are also of interest. In response,  
27 my rebuttal testimony evaluates whether MVP 16 “will promote an effectively  
28 competitive electricity market,” taking into account these other projects.

29

30 **Q. What are your conclusions?**

31 A. In this testimony, I evaluate the impacts of the development of MVP 16 on locational  
32 marginal prices (“LMPs”), customer payments and power supplies under several cases in  
33 which the Gateway and Rock Island projects are assumed to be in service. As in my  
34 direct testimony, I find that LMPs within MISO Illinois will fall, payments by MISO  
35 Illinois customers will decline and the supply of power into MISO Illinois will increase  
36 when MVP 16 is in service – even with both Rock Island and Gateway in service.<sup>1</sup> Based  
37 on this evidence, I conclude, that MVP 16 “will promote the development of an  
38 effectively competitive electricity market that operates efficiently ... [and] ... is equitable  
39 to all customers.”

40

41 **Q. Do you have any additional results to provide in your rebuttal testimony?**

42 A. Yes. Along with providing this new analysis, I also update results provided in my direct  
43 testimony to account for updated estimates of MVP 16 development costs. These  
44 updated values are provided in Exhibit MidAmerican 8.4.Updated.

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<sup>1</sup> As described in my direct testimony, my analysis focuses on the portion of Illinois located within the footprint of MISO where MVP 16 is to be constructed and located, which I refer to as “MISO Illinois”.

46 **II. MR. ROCKROHR'S TESTIMONY**

47 **Q. In his testimony, did Mr. Rockrohr conclude that MVP 16 would “promote the**  
48 **development of an effectively competitive electricity market that operates efficiently,**  
49 **is equitable to all customers, and it the least cost means of satisfying those**  
50 **objectives”?**

51 A. He stated that he didn't know, because the MidAmerican testimony in support of a  
52 demonstration of need for MVP 16 did not consider cases in which the Rock Island  
53 project is in service. As a result, he concludes that MidAmerican has not demonstrated  
54 that MVP 16 would be needed with the addition of the Rock Island project.<sup>2</sup> Although  
55 Mr. Rockrohr recognizes that approval of the Rock Island project Certificate application  
56 occurred after my testimony was filed, he concludes that in rebuttal testimony I should  
57 evaluate market impacts with the Rock Island project in service.

58

59 **Q. In data requests, does Mr. Rockrohr identify other projects that he believes should**  
60 **also be evaluated to demonstrate the need for MVP 16?**

61 A. Yes, as stated above, in Data Request ENG MidAmerican 5.4, Mr. Rockrohr requests  
62 information on the impacts to LMPs, customer payments and resource supplies from  
63 MVP 16 when the Gateway project is in service. The Gateway project is a PJM-  
64 approved project that has recently received approval for its Certificate from the ICC.

65

66 **Q. Does your rebuttal testimony address these projects?**

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<sup>2</sup> Direct Testimony of Greg Rockrohr, ICC Docket No. 14-0514, ICC Staff Exhibit 1.0N, December 15, 2014, p. 10.

67 A. Yes. In this rebuttal testimony, I provide analyses of the change in LMPs, customer  
68 payments and electricity supplies from the development of MVP 16 (1) assuming that the  
69 Gateway project is in service and (2) assuming that both the Gateway and Rock Island  
70 projects are in service. These analyses differ from those provided in my direct testimony,  
71 which assumed the Rock Island and Gateway projects were not in service.

72

73 **Q. How is the remainder of your testimony organized?**

74 A. In Section III, I describe the Rock Island and Gateway projects and summarize the  
75 approach used to evaluating MVP 16 under the assumption that these projects are in  
76 service. In Section IV, I provide estimates of the changes in LMPs, customer payments  
77 and supplies from the development of MVP 16 when the Rock Island and Gateway  
78 projects are in service.

79

80 **III. APPROACH TO ANALYSIS OF ROCK ISLAND AND GATEWAY**

81 **Q. Can you describe how you incorporate the Rock Island and Gateway projects in**  
82 **your analysis?**

83 A. Yes. In my direct testimony, I evaluated the impact of MVP 16 by comparing market  
84 outcomes between cases with and without MVP 16 (assuming all other MVPs are in  
85 service). By comparing outcomes between these two cases, I estimated the impact that  
86 MVP 16 development would have on LMPs, customer payments and supply. In this prior  
87 analysis, neither the Rock Island nor the Gateway projects were assumed to be in service.  
88 In this rebuttal testimony, I evaluate the impact of MVP 16 using the same tests, but

89 under the assumption that the Rock Island and Gateway projects are in service, under  
90 various assumptions that are described below.

91

92 **Q. What is your understanding of the Gateway project?**

93 A. The Gateway project is an approximately 60-mile 345 kilovolt (“kV”) single circuit electric  
94 transmission line running generally from the western portion of the PJM Commonwealth  
95 Edison Company (“ComEd”) zone (at the Byron substation) to the bulk power facilities in the  
96 eastern portion of that zone (at the Wayne substation).<sup>3</sup> When in service, the Gateway  
97 project would be an integral element of the PJM transmission system that is operated by  
98 the PJM system operator to maintain reliable power supplies and provide a platform for  
99 the PJM wholesale power markets.

100

101 **Q. What is your understanding of the Rock Island Clean Line?**

102 A. The Rock Island project is a 600 kV direct-current (“DC”) merchant transmission line  
103 that would run between O’Brien County, Iowa in the MISO footprint to the Collins  
104 Substation near Chicago, Illinois in the PJM system.<sup>4</sup> The development of the Rock  
105 Island project would create an additional pathway for delivery of power from O’Brien  
106 County in northwest Iowa to the ComEd system near Chicago in PJM. Given the  
107 information provided by the project developer regarding the project’s design, location  
108 and purpose, it is anticipated that the project will deliver power produced by wind  
109 generators in northwest Iowa.

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<sup>3</sup> Direct Testimony of Neil Kaup, ICC Docket 13-0657, ComEd Exhibit 6.0 and 6.01.

<sup>4</sup> Direct Testimony of Michael Skelly, ICC Docket 12-0560, Rock Island Exhibit 1.0, October 10, 2012, p. 4 (“Skelly Direct Testimony”).

110

111 **Q. How would power producers contract for transmission service provided by the**  
112 **Rock Island project?**

113 A. Because the Rock Island project is a merchant transmission project, accessing its services  
114 is unlike the Gateway project or the MISO MVPs, which are accessed as integral  
115 elements of their respective ISO's systems. To deliver power over the Rock Island  
116 project, wind developers would need to enter into a long-term contract with the Rock  
117 Island project's operator (Rock Island Clean Line LLC) that would likely require fixed  
118 payments for use of a portion of the line's capacity and potentially additional fees  
119 associated with the flow of power over the line.<sup>5</sup> As a result, power producers would  
120 incur additional costs for the use of the project to deliver power from northwest Iowa to  
121 PJM near Chicago. At present, the level of these costs is uncertain, although presumably  
122 they would need to be sufficiently high to allow Rock Island developers to recover the  
123 estimated \$2 billion construction costs, subsequent operational costs and, potentially,  
124 additional costs associated with transmission system reliability upgrades.<sup>6</sup>

125

126 **Q. Would power producers seeking to use MVP 16 face similar contractual**  
127 **requirements?**

128 A. No. Under the MISO transmission tariff, the costs of the MVP Portfolio are recovered  
129 through payments by load (using an allocation of costs based on energy withdrawals), not  
130 through payments by generators. Thus, to the extent that new wind resources can be

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<sup>5</sup> Direct Testimony of David Berry, ICC Docket 12-0560, Rock Island Exhibit 10.0, October 10, 2012, p. 38.

<sup>6</sup> Skelly Direct Testimony, p. 33.

131 delivered without the need for reliability upgrades, developers of new wind resources  
132 would not need to incur additional costs for transport of wind resources supported by the  
133 MVP Portfolio.

134

135 **Q. Do these differences have implications for the likelihood that the Rock Island**  
136 **project is developed?**

137 A. Yes, quite possibly. FERC has already approved cost recovery for all MVP projects  
138 through the MISO transmission tariff through payments by load. Because cost recovery  
139 has already been approved, there is a clear pathway for cost recovery for each of the  
140 MVP elements. As a result, the companies assigned to develop MVPs can make the  
141 needed project investments with substantial assurance that they can earn return of and on  
142 capital invested in the projects. Moreover, these companies have an affirmative  
143 obligation to develop these projects per the MISO tariff.<sup>7</sup>

144

145 By contrast, cost recovery for the Rock Island merchant project relies on payments  
146 through individual contracts with power suppliers that want to deliver power from  
147 northwest Iowa to PJM. In order for the merchant project to obtain financing for  
148 construction, project developers must secure commitments in the form of long-term  
149 contracts for a sufficient share of the line's capacity to give investor's confidence that the  
150 developers of the Rock Island project will be able to repay borrowed funds and provide a

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<sup>7</sup> MISO tariff, Rate Schedule 1, Appendix B - PLANNING FRAMEWORK, 31.0.0, Effective On: June 1, 2013. "The designated Owner or Selected Transmission Developer, as defined in the Tariff, has the responsibility and obligation to construct the facilities it is designated to construct. If the designated Owner and/or Selected Transmission Developer is financially incapable of carrying out its construction responsibilities or would suffer demonstrable financial harm from such construction, alternate construction arrangements shall be identified."

151 reasonable return on equity. Given the project's size, a large quantity of resources will  
152 need to be committed through long-term agreements to secure sufficient finance to  
153 develop the project.<sup>8</sup> Interest by wind power developers in signing such an agreement  
154 will depend on many factors, including expected power prices in PJM, alternative means  
155 of delivering power, and the risks associated with a long-term contract. The status of  
156 efforts to secure these contracts is not public information. As of November 25, 2014,  
157 when Rock Island project received its Certificate in Illinois, it is unlikely that the project  
158 had secured any contracts.<sup>9</sup> As a result of these factors, there is significantly greater  
159 uncertainty that the Rock Island Clean Line merchant project will be developed in  
160 comparison to MVP 16.

161

162 **Q. What assumptions do you make about the Rock Island project when analyzing its**  
163 **economic impacts?**

164 A. When analyzing the Rock Island project, I consider outcomes for three levels of power  
165 flow that each correspond to different assumptions about the development of new wind  
166 resources that may choose to flow power through the Rock Island project and the  
167 development of transmission resources in PJM to support new power from the Rock  
168 Island project. The first level of power flow is based on the assumption that there is no  
169 change in load and generation assumptions from those used in my direct testimony. In

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<sup>8</sup> Rock Island testimony suggests that Rock Island developers need to obtain contractual commitments from so-called "anchor tenants" for roughly 75 % of the line's 3,500 MW of capacity to secure finance. Additional Supplemental Direct Testimony of David Berry, ICC Docket 12-0560, Rock Island Exhibit 10.13, December 18, 2012, p. 6-7.

<sup>9</sup> In fact, Rock Island developers argued that Certificate approval was necessary for the project to begin to secure commitments from wind project developers. Rebuttal Testimony of David Berry, ICC Docket 12-0560, Rock Island Exhibit 10.14.Revised, August 20, 2013, p.23 ("Berry Rebuttal Testimony").

170 Data Request ENG MidAmerican 5.4, the Staff requested estimates of the economic  
171 impacts of MVP 16 with the Rock Island project in service *and* no change in load and  
172 generation assumptions from assumptions used in developing Exhibits MidAmerican 8.3  
173 to 8.6. As discussed in the MidAmerican response, under these assumptions, it would be  
174 reasonable to assume that no power would flow over the Rock Island project. This  
175 conclusion arises due to several factors.

176  
177 First, in my direct testimony, all new wind resources developed within the MISO  
178 footprint can deliver power to loads within MISO when the MVP Portfolio is in service.  
179 The MVP Portfolio was designed and deemed necessary by the independent MISO Board  
180 of Directors to support the delivery of new wind generation sufficient to meet state RPS  
181 requirements. The wind generation levels assumed in my testimony are the same as those  
182 made in the MVP Report performed by MISO, which was designed to measure the MVP  
183 Portfolio's economic benefits.

184  
185 Second, for power to flow over the Rock Island project, wind power generators in MISO  
186 would need to opt to enter into long-term contracts for delivery of wind resources rather  
187 than deliver their wind power at no additional costs within MISO. Given these  
188 incremental costs and the need for a long-term contractual commitment, it is reasonable  
189 to conclude that wind resources supported by the MVP portfolio would flow power into  
190 MISO rather than delivering power into PJM through the Rock Island project. In other  
191 words, no power would flow through the Rock Island project. As a result, a case that  
192 assumes the same wind resources as those assumed in my direct testimony is captured by

193 a case that assumes that the Gateway project, but not the Rock Island project, is in  
194 service.

195

196 **Q. Does testimony on the Rock Island project support this conclusion?**

197 A. Yes. For example, David Berry, Executive Vice President of Clean Line Energy  
198 Partners, the developer of the Rock Island project, testified that MVP 16 and Rock Island  
199 were not *alternatives*: “No, the Rock Island Project and the MISO MVP Projects cannot  
200 be considered alternatives because they have different objectives and will accomplish  
201 different things.”<sup>10</sup> He elaborates that the Rock Island project’s “primary purpose ... is to  
202 deliver low-cost renewable energy to PJM” and notes that PJM is currently not planning  
203 to develop region-wide projects to help meet state RPS requirements, such as the MVP  
204 Portfolio.<sup>11</sup> By contrast, the MVP Portfolio is designed specifically to help achieve RPS  
205 goals within the MISO footprint (along with providing other economic and reliability  
206 benefits).<sup>12</sup> Thus, the developers of the Rock Island project recognize that its project is  
207 not designed to compete with nor be a substitute for the transmission services provided  
208 by MISO’s MVP Portfolio, but is designed to support delivery of power into PJM.

209

210 **Q. Does the testimony by developers of the Rock Island project have implications for**  
211 **the relevance of the Rock Island project for the propriety or need for MVP 16?**

212 A. Yes, I believe so. As indicated above, the Rock Island developers clearly state that its  
213 purpose is to deliver wind power into PJM, not MISO. By contrast, MVP 16 is designed

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<sup>10</sup> Berry Rebuttal Testimony, p. 60.

<sup>11</sup> Berry Rebuttal Testimony, pp. 58, 60-61.

<sup>12</sup> Berry Rebuttal Testimony, pp. 60.

214 to support delivery of wind power into MISO needed to achieve MISO-state RPS goals,  
215 along with providing other economic and reliability benefits. Even if the Rock Island  
216 developers are successful in finding wind generators willing to enter into the long term  
217 contracts needed to develop the Rock Island project, it would not displace these benefits  
218 created by MVP 16.

219

220 **Q. Do you consider cases in which additional wind resources beyond those assumed in**  
221 **your direct testimony are developed?**

222 A. Yes, I consider two additional scenarios representing two different levels of power flows  
223 through the Rock Island project. In one scenario, I assume that up to 700 MW of wind  
224 power is delivered through the Rock Island project. Although, the Rock Island project as  
225 currently proposed would be capable of transferring up to 3,500 MW of power, the  
226 current ability of the PJM system to receive and deliver such power flows is far more  
227 constrained. My understanding is that, because of reliability constraints within the PJM  
228 system, PJM is currently only able to offer the Rock Island project 700 MW of “firm”  
229 capacity.<sup>13</sup> Because of this limitation, PJM could potentially constrain the delivery of  
230 supplies in excess of 700 MW at any point in time depending upon system conditions and  
231 power flows within the PJM system. As a result, I analyze one case in which power  
232 flows over the Rock Island project are limited to this level of 700 MW of firm capacity.

233

234 **Q. Do you also consider a case in which power flows through the Rock Island project**  
235 **exceed the project’s current firm capacity into PJM?**

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<sup>13</sup> PJM, “PJM Merchant Transmission Request,” Queue #S57/S58, Collins 765 kV Retool System Impact Study Report, Updated September 2014.

236 A. Yes, I do. In an alternative scenario, I assume that the Rock Island project is able to  
237 deliver wind power into PJM up to its full expected capability of 3,500 MW, and that  
238 these supplies can be delivered to load throughout the ComEd service territory.

239

240 **Q. Is this a feasible case given the current PJM transmission infrastructure?**

241 A. No, it is not. As I discuss above, given the current PJM transmission infrastructure, only  
242 700 MW of capacity could be delivered on a firm basis into PJM without reliability  
243 upgrades. Rock Island developers have made an interconnection request to PJM for an  
244 additional 492 MW of firm transmission capacity (for a total of 1,192 MW). After  
245 studying this request, PJM has identified significant transmission upgrades, including  
246 new 765 kV and 345 kV lines, that would need to be implemented before this additional  
247 492 MW of firm transmission capacity could be made available. Even with these  
248 upgrades, PJM would only be able to provide 1,192 MW of firm capacity, which is well  
249 below the 3,500 MW assumed in this scenario. PJM estimates that the reliability  
250 upgrades needed to provide an additional 492 MW of firm capacity would require  
251 estimated costs of approximately \$467 million,<sup>14</sup> which represents nearly a 25 percent  
252 increase in the estimated \$2 billion cost to develop the Rock Island project.<sup>15</sup> Moreover, I  
253 understand that certain of these upgrades would require regulatory approval by state  
254 regulators, including the ICC and commissions in other states. I also understand that  
255 Rock Island developers have not made requests for additional firm transmission capacity  
256 above 1,192 MW and therefore any further upgrades necessary to support 3,500 MW of

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<sup>14</sup> PJM, "PJM Merchant Transmission Request," Queue #U3-026, Collins 765 kV, DOCS#: 704214v6, November 2012, p. 8.

<sup>15</sup> Skelly Direct Testimony, p. 33.

257 capacity have not yet been identified by PJM. However, it is reasonable to assume that  
258 reliability upgrades to ensure delivery of 3,500 MW of firm power would entail  
259 additional, potentially significant, system upgrade costs as well as the need for further  
260 approvals by state regulators.

261

262 **Q. Please describe the scenarios evaluated in this rebuttal testimony.**

263 A. In this testimony, the following three cases are evaluated:

- 264 1. *Case 1 – With Gateway Only.* In this case, the Gateway project is in service, but the  
265 Rock Island project is not in service.
- 266 2. *Case 2 – With Rock Island (700 MW) and Gateway.* In this case, the Rock Island and  
267 Gateway projects are in service, and power supplies of up to 700 MW are delivered over  
268 the Rock Island project.
- 269 3. *Case 3 – With Rock Island (3,500 MW) and Gateway.* In this case, the Rock Island and  
270 Gateway projects are in service, and power supplies of up to 3,500 MW are delivered  
271 over the Rock Island project.

272 Since the Gateway project has been reviewed and approved by PJM as being necessary  
273 and has received a Certificate, it is assumed to be in service in all cases.

274 For each case, outcomes are evaluated for four scenarios, including: Business As Usual,  
275 Low Demand; Business As Usual, High Demand; Combined Energy Policy; and Carbon  
276 Constrained. These scenarios are the four scenarios used by MISO to evaluate alternative  
277 economic and policy uncertainties in its MVP Report.<sup>16</sup> The assumptions made in these  
278 scenarios are provided in Exhibit MidAmerican 8.2.

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<sup>16</sup> MISO, “Multi Value Project Portfolio, Results and Analyses,” January 10, 2012, p. 52.

280 **Q. Aside from the inclusion of the Rock Island and Gateway projects in both with and**  
281 **without MVP 16 cases, does your analysis of MVP 16 otherwise differ from the**  
282 **analysis in your direct testimony?**

283 A. No, with one minor exception. Estimated costs of construction for MVP 16 have been  
284 updated to reflect new information on project costs. Otherwise, the analysis remains the  
285 same. Further details on the approach used to analyze MVP 16 are provided in Exhibit  
286 MidAmerican 8.2 of my direct testimony.

287

288 **IV. RESULTS**

289 **Q. Can you describe the overall framework you use for reporting the results of your**  
290 **analysis?**

291 A. Yes. I report a separate set of results for each of the three cases. For each case, results  
292 are reported in a series of tables with the same information and format as that provided in  
293 exhibits in my direct testimony (i.e., Exhibits MidAmerican 8.3 to 8.6.) The results in  
294 Exhibit MidAmerican 14.1N correspond to cases with only the Gateway project in  
295 service, Exhibit MidAmerican 14.2N corresponds to cases with the Gateway and Rock  
296 Island projects in service and 700 MW of power flowing through the Rock Island project,  
297 and Exhibit MidAmerican 14.3N corresponds to the case with the Gateway and Rock  
298 Island projects in service and 3,500 MW of power flowing through the Rock Island  
299 project.

300

301 **Q. Overall, what do these exhibits show?**

302 A. Wholesale electric energy prices in the MISO Illinois region, as measured by the average  
303 LMPs, are lower with MVP 16 in service for all cases (with one exception) . Similarly,  
304 MVP 16 will lead to substantial reductions in payments by customers in the MISO  
305 Illinois region. And, MVP 16 would also increase electricity supply into the MISO  
306 Illinois region for all of the cases and scenarios evaluated. In sum, MVP 16 will provide  
307 pro-competitive benefits even with Gateway and Rock Island in service.  
308

309 **Q. Please describe the results in Exhibit MidAmerican 14.1.1N, LMP Reduction Due to**  
310 **MVP 16, With Gateway in Service.**

311 A. Exhibit MidAmerican 14.1.1N provides the change in LMPs from the development of  
312 MVP 16 under the assumption that the Gateway project is in service. Wholesale electric  
313 energy prices in the MISO Illinois region, as measured by the average LMPs, are lower  
314 with MVP 16 for all of the scenarios evaluated. Across these scenarios, with the  
315 Gateway project in service, the reduction in prices in the MISO Illinois region from MVP  
316 16 range from \$0.21 to \$0.64 per MWh in 2021, and \$0.38 to \$0.87 per MWh in 2026. It  
317 is a pro-competitive outcome when prices are reduced in this fashion; as such,  
318 constructing and energizing MVP 16 will be pro-competitive.  
319

320 **Q. Please describe the results in Exhibit MidAmerican 14.1.2N, Payment Reduction**  
321 **Due to MVP 16, With Gateway in Service.**

322 A. Exhibit MidAmerican 14.1.2N provides a conservative depiction of the estimated  
323 payment reductions for MISO Illinois customers as a result of MVP 16, while Exhibit  
324 MidAmerican 14.1.3N provides annual changes in payments for each scenario. These

325 estimates reflect both the change in energy payments and transmission charges (from  
326 MVP 16). However, because they do not include all potential changes in payments, such  
327 as changes in payments associated with capacity or operating reserve requirements, they  
328 would tend to understate the reduction in customer payments. With the Gateway project  
329 in service, MVP 16 will lead to substantial reductions in payments by customers in the  
330 MISO Illinois region. These reductions in payments range from \$232 million to \$692  
331 million with a 3 percent discount rate. With an 8.2 percent discount rate, estimated  
332 reductions in payments range from \$102 million to \$315 million.

333

334 **Q. Please describe the results in Exhibit MidAmerican 14.1.4N, Increased Supply to**  
335 **MISO Illinois Region Due to MVP 16, With Gateway in Service.**

336 A. Exhibit MidAmerican 14.1.4N depicts the increase in electricity supply to the MISO  
337 Illinois region as a result of MVP 16. This analysis uses a measure of Economic  
338 Capacity that is described more fully in my direct testimony. With the Gateway project  
339 in service, MVP 16 would increase electricity supply into the MISO Illinois region,  
340 which is a pro-competitive outcome and thus consistent with the requirements of Section  
341 8-406 of the Act. Increases range from 102 MW to 213 MW across the scenarios  
342 evaluated.

343

344 **Q. Please describe the results when the Rock Island project is assumed to be in service,**  
345 **with flows of up to 700 MW of wind power.**

346 A. Exhibit MidAmerican 14.2N depicts the change in LMPs, customer payments and  
347 supplies from the development of MVP 16 when the Rock Island project is in service

348 with flows of up to 700 MW of wind power and the Gateway project is in service. As  
349 shown in Exhibit MidAmerican 14.2.1N, with MVP 16 in service, LMPs in MISO  
350 Illinois decline by \$0.15 to \$0.45 per MWh in 2021. In 2026, LMPs reductions range  
351 from \$0.24 to \$0.86 per MWh with MVP 16 in service, and there is one case with an  
352 LMP increase (\$0.22 per MWh). Similarly, MVP 16 reduces MISO Illinois customer  
353 payments in three of four cases, as shown in Exhibit MidAmerican 14.2.2N. These  
354 changes in payments range from an increase of \$170 million to a decrease of \$674  
355 million with a 3 percent discount rate. With an 8.2 percent discount rate, the change in  
356 payments range from an increase of \$42 million to a decrease of \$313 million. Finally,  
357 the development of MVP 16 increases power supplies to the MISO Illinois region by 91  
358 MW to 197 MW across the scenarios evaluated (Exhibit MidAmerican 14.2.4N). These  
359 results indicate that MVP 16 would result in pro-competitive outcomes consistent with  
360 the requirements of Section 8-406 of the Act when Rock Island project is in service with  
361 flows of up to 700 MW of wind power.

362

363 **Q. Does the fact that estimated MISO Illinois LMP and customer payments increases**  
364 **in one case suggest that MVP 16 would not be pro-competitive?**

365 A. No, for several reasons. First, across all cases and scenarios analyzed in my direct and  
366 rebuttal testimonies, MVP 16 reduces LMPs in MISO Illinois in 31 of 32 of these  
367 cases/scenarios. Moreover, the average percent reduction in MISO Illinois LMP across  
368 all cases – 1.06 percent – is nearly five times greater than the LMP percent increase in

369 this one case (0.2 percent).<sup>17</sup> Thus, my analysis provides substantial evidence that MVP  
370 16 would reduce MISO LMPs, which is consistent with a pro-competitive outcome.  
371 Second, the particular scenario in which MISO LMPs increased is the Combined Energy  
372 Policy scenario in 2026. MISO considered this scenario to be relatively unlikely  
373 compared to the other scenarios evaluated, as reflected by the fact that MISO placed on  
374 low weight – 16 percent – on results from this scenario when developing aggregated  
375 metrics.<sup>18</sup> Third, as discussed above, there is considerable uncertainty about the  
376 development of the Rock Island project, and thus there uncertainty about whether this  
377 particular case – which assumes that the Rock Island project is in service and has flows of  
378 up to 700 MW of wind power – will ever occur. Fourth, while LMPs increase in the  
379 Combined Energy Policy scenario in 2026, MVP 16 leads to increased electricity  
380 supplies into MISO Illinois in this case (as is true in all the cases and scenarios that I  
381 analyze). Consequently, from the standpoint of changes in power supplies, my analysis  
382 finds that MVP 16 is pro-competitive in all cases and scenarios evaluated.

383

384 **Q. Are results similar when power flows over the Rock Island project are increased to**  
385 **3,500 MW?**

386 A. Yes. Exhibit MidAmerican 14.3N provides estimated impacts when the Rock Island  
387 project is in service with flows of up to 3,500 MW of wind power and the Gateway  
388 project is in service. These results continue to support the conclusion that MVP 16 would  
389 result in pro-competitive outcomes consistent with the requirements of Section 8-406 of

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<sup>17</sup> This estimate reflects the simple, unweighted average across all cases and scenarios with a reduction in MISO Illinois LMP.

<sup>18</sup> MISO, “MVP Detailed Business Case.xlsx”, available at:  
<https://www.misoenergy.org/Library/Pages/ManagedFileSet.aspx?SetId=953>.

390 the Act. As shown in Exhibit MidAmerican 14.3.1N, with MVP 16 in service, LMPs in  
391 MISO Illinois decline by \$0.10 to \$0.82 per MWh in 2021, and \$0.20 to \$0.93 per MWh  
392 in 2026. The corresponding decline in MISO Illinois customer payments (Exhibit  
393 MidAmerican 14.3.2N) ranges from \$116 million to \$760 million with a 3 percent  
394 discount rate, and \$56 million to \$350 million with an 8.2 percent discount rate. The  
395 development of MVP 16 also increases supplies to the MISO Illinois region by 58 MW to  
396 167 MW across the scenarios evaluated (Exhibit MidAmerican 14.3.4N).

397

398 **Q. In sum, do the results of your analysis confirm that conclusion that MVP 16 would**  
399 **be pro-competitive and consistent with the requirements of Section 8-406 of the Act?**

400 A. Yes. Across the cases evaluated, which assume the Gateway and Rock Island projects  
401 are in service in various combinations, MVP 16 is expected to lower LMPs and customer  
402 payments, while increasing supply, in the MISO Illinois area. Each of these outcomes is  
403 consistent with “the development of an effectively competitive electricity market”, and  
404 thus is consistent with the requirements of Section 8-406 of the Act.

405

406 **Q. Does this conclude your prepared rebuttal testimony?**

407 A. Yes, it does.