



MISO recently filed with FERC additional revisions to its groundbreaking process that facilitates greater efficiencies in bringing projects online to serve customer energy demands. As of October 2011, MISO’s queue reform process has supported more than 286 projects (46,566 MW), 89 percent of them wind projects.

About the Most Recent Queue Process Reforms

These improvements are intended to provide more certainty for projects, especially as developers move to finance their projects. With these changes, customers have a much better idea of their cost exposure, improving their conversations with lenders and investors.

In addition, the filing removes most timing deadlines, which allows projects to proceed through the process and reduces deposits for deliverability-only studies.

If FERC accepts MISO’s filing, queued generators will have 90 days to adopt the new requirements.

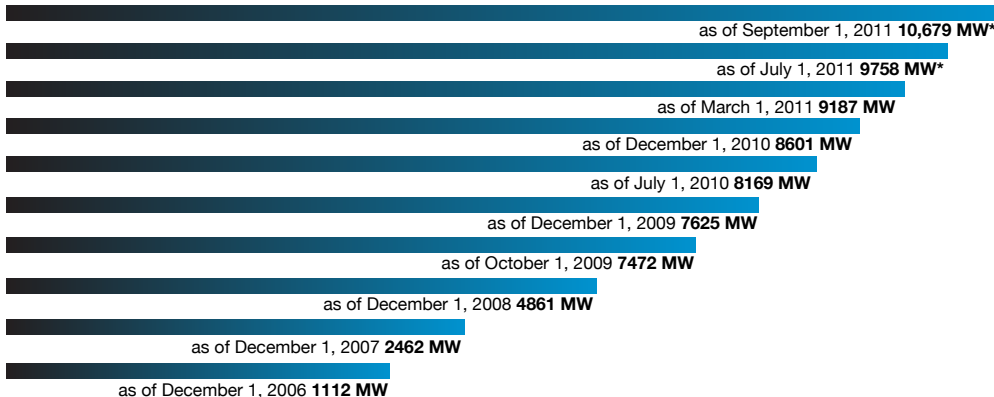
Highlights of MISO’s Queue Process

- MISO received 40 interconnection requests in 2011, of which 25 were related to wind. In 2010, MISO received 39 wind-related projects out of 55 requests.
- As of Oct. 1, there are 46,566 MW total in the interconnection queue representing 286 projects. Of this total, 42,496 MW (256 projects) are wind-related, representing 91 percent of the megawatts and 89 percent of the projects.
- More than 20,000 MW of wind have demonstrated a “readiness milestone” to move forward, which is more than the expected wind additions in MISO between now and 2029.

Major Changes with the Filing

- **System Planning & Analysis (SPA)** – In an effort to be more customer-friendly, the queue process now begins with a customer-defined set of data that allows MISO to complete one-on-one targeted studies that result in helpful information to assist customers with business decisions.
- **Milestones** – MISO proposes replacing the current milestones with a “cash-at-risk” milestone, the definition of which is tied to the results of the project’s Feasibility Study Results. If accepted, this change will reduce the level of uncertainty with a project in the queue and make financing easier.
- **Project Model Sign-off** – MISO proposes to conduct peer reviews upfront during the testing milestone phase of a project. Allowing peer review will help bring any issues to light, mitigating the potential risk of project denial.

MISO Registered Nameplate Capacity



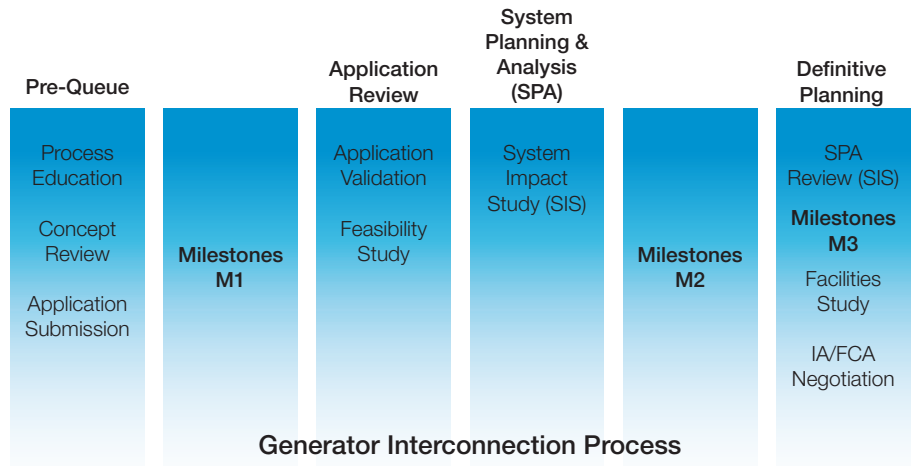
Registered nameplate wind capacity in the MISO region has grown steadily over the last five years.

**Projected value subject to changes in federal tax credits, turbine availability, project financing*

How the Queue Process Works

The interconnection queue process is the method by which new power generation plants are studied and approved to ensure a reliable connection to the electricity transmission system.

Each generator must fund a study (required by NERC and FERC) to indicate progress on their projects, shown by demonstrating that key milestones have been met. This process allows projects to proceed to the next phase of the interconnection process.



Initial Queue Reform Filing

In August 2008, FERC approved MISO's initial queue reform proposal which was designed to speed the development and integration of more than 84,000 MW of requested generation. Those changes included the creation of a fast-lane for generation projects in areas of unconstrained transmission, transition to a first-ready, first-served approach, changes in deposit amounts, and the elimination of the ability to suspend projects for economic reasons.

Examples of How The Most Recent Queue Process Reforms Will Impact Different Types of Generators

The examples below demonstrate how the queue reform measures are designed to allow only those projects that are actually ready to proceed into the Definitive Planning Phase (DPP). It creates a higher standard to proceed to execution of a GIA, which will provide more certainty with regard to contingencies by reducing uncertainty surrounding those projects ahead in the queue.

Small Wind

The Interconnection Agreement for a 40 MW wind project listed \$2 million in transmission costs and 44 projects ahead of it in queue, which could change those costs if any of those 44 projects dropped out. Taking one or two scenarios to investors for capital or financiers for a loan is reasonable and can be analyzed. However, 44 items creates too many possible scenarios to be quantified and calculated, making financing of the wind farm impossible.

Under Queue reform, the costs earlier in the queue should get the 44 project scenario down to a manageable number.

Large Wind

MISO recently finished an Interconnection Agreement for a 144 MW wind project in a relatively favorable location. Even with the favorable queue position and location, the project still had nine higher queued projects that could change its interconnection costs. Those nine projects created nearly 363,000 possible scenarios that a financier must consider before investing in the project or granting a loan.

As with a smaller wind project, large wind projects will benefit from the new milestones under MISO's proposed queue reform, reducing 363,000 scenarios to a more manageable number.

Natural Gas

Given the current surplus of capacity in the MISO region, MISO hasn't finished any sizable natural gas projects over the last few years. That scenario may change soon, creating even uncertainty for natural gas projects as well as wind projects.

Even though different fuel types are installed for different purposes, the queue is fuel-neutral. Without queue reform, generation installed to meet summer peak conditions will get stuck behind generation that tends to run off-peak. Besides improving the ability of wind developers to finance projects, queue reform will also improve the ability of reliability-driven generators to finance their projects.

