



Comments of Michigan Electric Transmission Company, LLC (“METC”) and International Transmission Company d/b/a ITCTransmission (collectively “ITC”)

ITC provides the following items for consideration in the Ready Michigan to Make Good Energy Decisions: Additional Areas report. Our company believes the following comments and statistics provide clarity on some issues.

Page 3 and Page 11: In the description of our company, it should be noted that we are the Largest “Independent” Transmission Company and should be added in our company description.

Page 10: the Primary measure of transmission reliability is adherence to NERC reliability standards”

Transmission reliability is more than adherence to NERC reliability standards. There are two primary aspects of improving the reliability of the transmission system. The first is installing infrastructure to maintain a reliable and robust system, which has a floor set by reliability standards such as those of the North American Electric Reliability Corporation (“NERC”). The second is ensuring that the transmission facilities are constructed actually remain in service and perform at a high level.

All transmission owners must, at a minimum, achieve the reliability goals in the planning standards. The NERC reliability standards provide the baseline requirements for such planning, but action beyond the minimum standards may be appropriate and necessary to mitigate the risk that performance of the transmission system will cause or contribute to customer risk and outages. Ensuring that the transmission facilities that are constructed actually remain in service and perform at a high level is achieved through optimized operations and maintenance practices and additional strategic investment to prevent the occurrence of unexpected facility outages. It is in the best interest of the system to not just adhere to the standards but exceed the NERC standards as doing so provides more value to customers in the long term.

Page 11: “Michigan Utilities Commented that transmission reliability in Michigan is more than adequate”

ITCT and METC strive to be industry leaders in reliability and efficiency. A key component of this is ensuring that the transmission grid is robust enough to address current and future needs to ensure adequacy and reliability. ITCT and METC are in the top decile of industry measures for reliability but this does not mean that “transmission reliability is more than adequate” because ITC believes that this high level of transmission reliability performance is in the best interest of Michigan’s citizens and businesses. As witnessed in events like the 2003 Northeast blackout, a transmission

reliability issue can have widespread economic impacts which are extremely detrimental to the state.

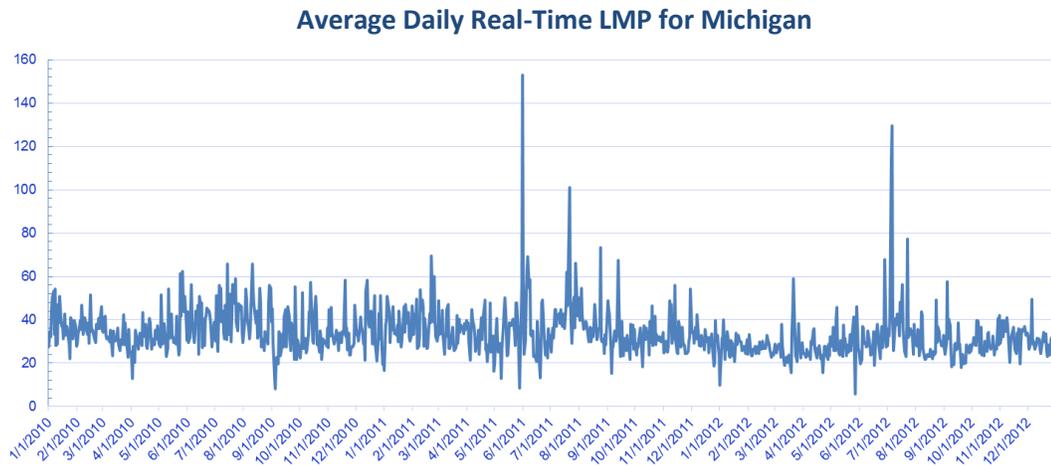
Page 17, Clarification of the PARS designation attributed to ATC.

The device being installed by ATC at the Straits of Mackinac is a back to back DC converter not a PAR. PARs are phase angle regulators and control electric energy flow on lines. ITCT installed PARs at Bunce Creek in 2012 to help control the unscheduled load flow situation around Lake Erie. However, a back to back DC converter installed by ATC takes electrical power in an alternating current (AC) system and converts it into high voltage direct current (DC) using a converter station. It then transmits the DC to a remote system, where it is converted back again to AC by another HVDC converter station. The intended result of this back to back DC converter is the control of power flows from creating reliability issues in the upper peninsula of Michigan.

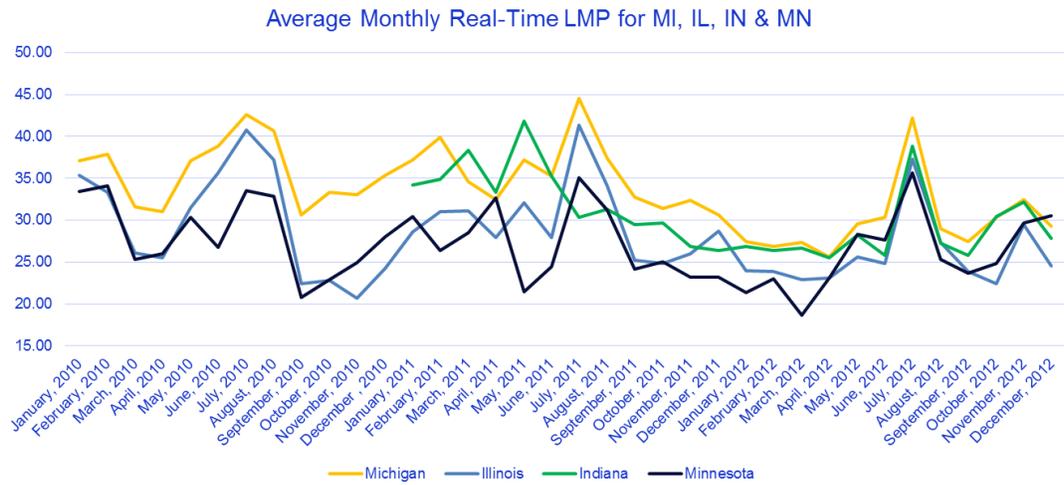
LMP information:

ITC would like to offer the following analysis of Locational Marginal Price (LMP) in the MISO region and in Michigan from the year 2010 through 2012.

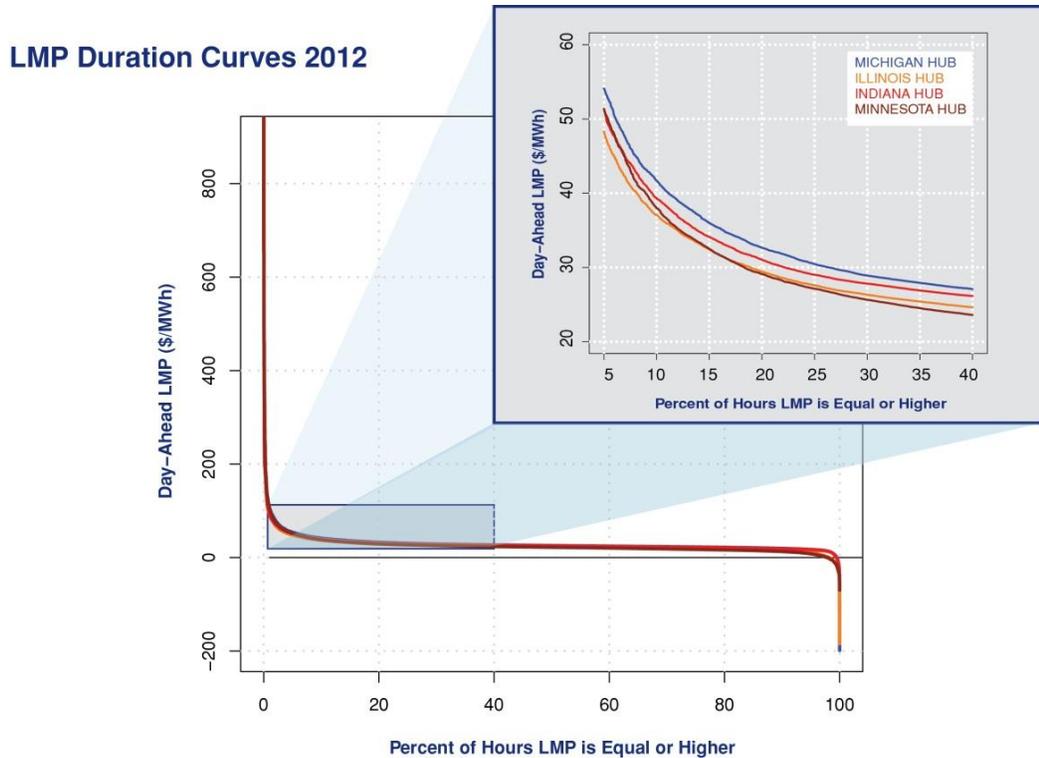
- a. The graph below depicts the average daily real-time Locational Marginal Price (LMP) for the Michigan Pricing Hub from January 2010 to December 2012. The price in the real time for power over the time studied ranged from \$20 to \$40 /MWh.



- b. The graph below depicts the average monthly real time Locational Marginal Prices for Michigan, Illinois, Indiana, and Minnesota pricing hubs from January 2010 thru December 2012. This graph shows that through the time period in question, the Michigan Average LMP tended to be higher than the other pricing hubs.



- c. Taking a deeper analysis, the horizontal axis of the graph below depicts the percentage of the time each MISO pricing hub was equal to or higher than the price along the vertical axis for 2012. The inset graph has a pricing range from \$20 /MWh to \$60/MWh to provide more granularities. This graph also shows that Michigan prices trend higher than the other MISO hubs. Reading the inset graph shows that 40% of the time, Michigan's LMP is \$30/MWh or higher.



d. The horizontal axis of following graph depicts the percent of time the Michigan Pricing Hub was greater than the average of the other pricing hubs for 2012. To understand the graph, follow the grid lines. For example the graph shows that 20% of the time, the Michigan Pricing Hub was 20% greater than the average of the other pricing hubs within MISO. Again the trend seems to be present in over 90% of the entire study period.

The Michigan Premium; Price Spread Duration Curve, 2012

