

ORIGINAL

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March 10, 2003

Missouri Public Service Commission
Attn: Secretary of the Commission
200 Madison Street, Suite 100
P.O. Box 360
Jefferson City, Mo. 65102-0360

FILED³

MAR 10 2003

RE: Case No. EO-2003-0271

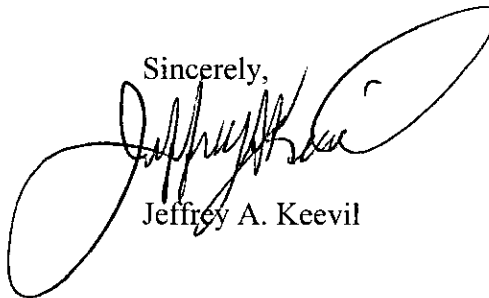
Missouri Public
Service Commission

Dear Mr. Roberts:

Enclosed for filing in the above-referenced case is an original and the appropriate number of copies of the DIRECT TESTIMONY of Nicholas P. Winser on behalf of National Grid USA.

Copies of this filing have on this date been mailed or hand-delivered to counsel for parties of record. Thank you for your attention to this matter.

Sincerely,



Jeffrey A. Keevil

JAK/er
Enclosures

Exhibit No.:
Issue: National Grid's experience and role in the GridAmerica structure
Witness: Nicholas P. Winsor
Type of Exhibit: Direct Testimony
Sponsoring Party: National Grid USA
Case No.: EO-2003-0271
Date Testimony Prepared: March 7, 2003

MISSOURI PUBLIC SERVICE COMMISSION

Case No. EO-2003-0271

FILED³

MAR 10 2003

DIRECT TESTIMONY

OF

**Missouri Public
Service Commission**

NICHOLAS P. WINSER

ON

BEHALF OF

NATIONAL GRID USA

March 7, 2003

In re: Application of Union Electric Company)
For Authority to participate in the Midwest)Case No. EO-2003-0271
ISO through a contractual relationship)
With GridAmerica)

COMMONWEALTH OF MASSACHUSETTS)
) ss
CITY OF WESTBOROUGH)

1. My name is Nicholas P. Winser. I work in Westborough, Massachusetts, and I am Senior Vice President of National Grid USA and President and Chief Executive Officer of GridAmerica LLC.
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of National Grid USA, which has been prepared in written form for introduction into evidence in the above-referenced docket.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

APM8

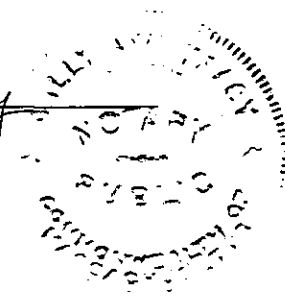
Subscribed and sworn to before me this 7th day of March, 2003.

Sally Ann Trice
Notary Public

Notary Public

My commission expires:

SALLY ANN TRACY
Notary Public
My Commission Expires
February 3, 2006



DIRECT TESTIMONY

OF

NICHOLAS P. WINSER

CASE NO. EO-2003-0271

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

2 A. My name is Nicholas P. Winsor. My business address is 25 Research
3 Drive, Westborough, Massachusetts 01582.

4 **Q. What is your educational background and work experience?**

5 A. I have a Bachelor of Science degree with honors from the University of
6 Southampton. I am a fellow of the Institution of Electrical Engineers in London. Prior to
7 transferring to the United States, I was responsible for the transmission system in
8 England and Wales including its design, purchase, construction and operation. Before
9 assuming those duties, I was the designer and architect for the congestion management
10 arrangements in the UK. I also ran the control function in England and Wales, initially in
11 a tiered approach when there was a National Control Center responsible for the safe,
12 reliable and economic operation of the whole system and five Regional Control Areas
13 responsible for distribution and generation interfaces and the detailed management of
14 their respective Regions under the oversight of the National Control Center. During my
15 period as Operations Manager, National Grid reduced the number of control centers from
16 five to one.

1 **Q. What is your present position with National Grid and what are your**
2 **responsibilities?**

3 A. My present position with National Grid is Senior Vice President for
4 Transmission Strategy & Development. My responsibilities include the development of
5 National Grid's transmission business in North America. I am also President and Chief
6 Executive Officer of GridAmerica Holdings, Inc. and GridAmerica LLC.

7 **Q. What is the purpose of your testimony?**

8 A. The purpose of my testimony is to explain to this Commission National
9 Grid's role and responsibilities in GridAmerica, and further, to support AmerenUE's
10 application in this case, including its motion for expedited treatment for approval of
11 AmerenUE's participation in the Midwest Independent Transmission System Operator
12 ("MISO") through a contractual relationship with GridAmerica.

13 **Q. Who is National Grid?**

14 A. National Grid Transco plc is an international energy delivery business,
15 whose principal activities are in the regulated electricity and gas industries. It is the
16 largest investor-owned utility in the United Kingdom, where it owns and operates the
17 high-voltage electricity transmission network in England and Wales, and Britain's natural
18 gas transportation system. National Grid USA, a wholly-owned indirect subsidiary of
19 National Grid Transco plc, is one of the top ten electricity companies in the United
20 States, with the largest electricity transmission and distribution network in the New
21 England/New York region, and also operates a gas distribution network in New York.
22 Other National Grid Transco plc electricity interests include interconnectors in the US,
23 UK and Australia, and joint venture transmission networks in Argentina and Zambia.

1 **Q. Please explain National Grid's role and relationships within the**
2 **GridAmerica LLC.**

3 A. GridAmerica Holdings, Inc. is a wholly-owned subsidiary of National
4 Grid USA. GridAmerica Holdings, Inc. will serve as the independent Managing Member
5 of the GridAmerica LLC, which at the outset is planning to serve three operating
6 companies: Ameren (UE and CIPS), American Transmission Systems, Inc., and
7 Northern Indiana Public Service Company. The specifics of the contractual relationships
8 are defined by the Operating Agreement, Master Agreement and LLC Agreement, and as
9 explained in detail in Mr. Godar's testimony, establish the creation and operation of
10 GridAmerica as an ITC within the Midwest ISO.

11 **Q. What are the benefits of an ITC?**

12 A. An ITC structure has the benefits of a singular focus on the transmission
13 business, its efficiencies and best operating practices, and independence from market
14 participants. This complete independence from generation and other market interests
15 allows a well-run ITC to align itself well with the interests of the consumer, by
16 developing and adhering to performance-based incentive structures which reward the ITC
17 for efficient, effective asset and operational management. Benefits flow to consumers
18 through greater availability, reliability and efficiency of the transmission system, and
19 through the reduction of system congestion which could otherwise result in artificially
20 high energy prices. The ITC's singular focus on transmission will allow it, indeed
21 require it, to actively respond to the needs of customers on the system through
22 operational best practices and efficient asset management.

23 **Q. How does GridAmerica envision its role in providing ITC benefits?**

1 A. GridAmerica will be a for-profit transmission company regulated by the
2 Federal Energy Regulatory Commission ("FERC") focused on providing superior
3 customer service and reliable transmission service to users of the transmission system;
4 investing in top-rate management, operators and facilities; and seeking approval for
5 appropriate transmission pricing to support the competitive electricity marketplace.
6 Along with near-term operational efficiencies, GridAmerica will focus significantly on
7 the mid-to-long term planning of transmission infrastructure, providing a system-wide
8 perspective on customer needs as well as a vehicle to finance and manage necessary
9 improvement. National Grid has committed to invest \$500 million in the GridAmerica
10 transmission system.

11 **Q. How does National Grid envision its role in providing ITC benefits?**

12 A. As one of the world's leading independent transmission companies,
13 National Grid believes that efficient structures are critically important to the success of
14 efforts to create competitive regional electricity markets. National Grid believes it can
15 contribute to the integrity and efficiency of the developing markets in the United States
16 by advocating and investing in the development of an appropriately-sized, efficiently-
17 operated and reliable transmission infrastructure to support the operation of competitive
18 wholesale electric markets. National Grid has significant experience, and has had
19 significant success, in bringing the benefits of such markets to consumers. For example,
20 in the United Kingdom, National Grid has reduced congestion costs by 77% through
21 congestion management, with customers saving some \$750 Million. In addition,
22 National Grid has reduced controllable operating costs by 61%, reducing the real costs of
23 transmission by over 40%, while increasing transmission system transfer capability by

1 44%. These efficiencies were gained at the same time that reliability was maintained to
2 the degree of less than one voltage and frequency incident per year outside the standard.

3 **Q. What is the relationship between MISO and GridAmerica?**

4 A. GridAmerica's relationship with MISO is defined by the delineation of
5 functions between the Midwest ISO and GridAmerica as referenced in Schedule 1 of Mr.
6 Birk's testimony. GridAmerica believes that the healthy working relationship with MISO
7 will allow both organizations to work together to optimize the benefits of the regional
8 market for participants and consumers.

9 **Q. What steps have been taken thus far to implement GridAmerica?**

10 A. At a high level, transmission system models have been built, incorporating
11 analysis tools; operating procedures and protocols have been fully developed by and
12 between MISO, including its stakeholders; staff has been trained; and development and
13 testing of systems and interfaces between control areas, GridAmerica and MISO have
14 been performed.

15 **Q. Please explain the start-up of the GridAmerica under the MISO.**

16 A. GridAmerica is expected to become operational in May 2003, however,
17 this proceeding may delay full implementation. National Grid heartily supports
18 Ameren's proposal to expedite the procedural schedule herein in order to fully implement
19 GridAmerica under the MISO, and bring the benefits of the Ameren/GridAmerica/MISO
20 team structure to reality as rapidly as possible.

21 **Q. Does this conclude your testimony?**

22 A. Yes, it does.