

April 19, 2013

VIA EMAIL

Andrew Taylor
Doug McLaughlin
Southern Company
Southeastern Regional Transmission Planning

RE: Comments on non-RTO Interregional Coordination March 27 Straw Man Proposal

Dear Andrew and Doug,

The undersigned public interest organizations want to thank you for this opportunity to comment on the Southeastern Regional Transmission Planning (“SERTP”) Order 1000 non-RTO Interregional Straw Man (“straw proposal”). Thanks for taking the time to describe the straw proposal at the April 10 stakeholder meeting and responding to our initial questions. We now offer the following comments on the straw proposal.

Data Exchange

1. In II(a), SERTP proposes to exchange load flow models with non-RTO neighbors. It is unclear why SERTP is not also proposing to exchange stability models, and any other production cost or market efficiency models that SERTP sponsors use to develop their annual regional plan. Without a comprehensive exchange of data, including all of the modeling used in each respective annual transmission plan, it is not clear how SERTP can ensure that it and its neighboring regions, and other stakeholders, have the ability to identify and evaluate any more cost effective interregional solutions to identified regional needs as Order 1000 requires. Also, the tariff proposal should make explicit the assumptions used for all of these models will be included as part of the data exchange, and that all assumptions and models will be made available to stakeholders subject to CEII restrictions.

Joint Evaluation

1. The straw proposal states that on an annual basis the regions will engage in data exchange and review other region’s respective transmission plan. Then, “if through this review the SERTP and a neighboring region identify a potential interregional facility that could be more cost effective and efficient,” the planners will perform the required analysis for the identified facility on their respective systems. It is not clear that this description articulates a process that would satisfy Order 1000. The rule contains an affirmative obligation for regions to work to identify more cost-effective interregional solutions to identified regional needs; the regions cannot rely only on stakeholder proposals to satisfy the rule. Specifically, paragraph 394 requires SERTP and its non-RTO neighbors “to identify possible interregional transmission facilities that could address transmission needs more efficiently or cost-effectively than separate regional transmission facilities. . .” In its tariff proposal, SERTP should provide a clear process

by which it, together with its neighbors, will satisfy this affirmative identification obligation.

2. Paragraph 394 goes on to require regions “to jointly evaluate such facilities, as well as to jointly evaluate those transmission facilities that are proposed to be located in more than one transmission planning region.” Yet, the straw proposal provides only for separate evaluations by stating that when considering potential interregional solutions, “[t]he SERTP and the adjacent region will act through their respective regional processes to perform analysis.” We are concerned that SERTP and its neighbors cannot satisfy Order 1000’s joint evaluation requirements by engaging only in separate analysis. It is difficult to ensure that all potential cost savings are considered and a real comparison of an interregional solution takes place unless the potential solution is considered in its entirety. In addition, it will be impossible to satisfy the proactive obligation described in (1) above without some form of joint study.
3. Our concerns may be further exacerbated by the straw proposal’s statement that “to the extent possible/needed, assumptions (i.e. years under study) and models, will be coordinated among the respective regions.” Paragraph 437 of Order 1000 requires SERTP and its neighboring regions “to develop procedures by which such differences [in data and modeling] can be identified and resolved for purposes of jointly evaluating the proposed interregional transmission facility.” We ask SERTP to include more definitive procedures regarding the harmonization of assumptions, models and other data in the tariff proposal.

Cost Allocation

1. SERTP does not propose an interregional cost allocation method for public policy-driven transmission projects. NGOs ask that SERTP provide further clarification about how the interregional cost allocation proposal will address interregional project proposals that in the other region are designed to address, at least in part, a public policy-driven grid need.
2. In its definition of interregional projects, SERTP states that it will consider projects that do not meet its designated interregional project criteria on a case-by-case basis. In order to ensure that SERTP and its neighboring regions satisfy the obligations to consider projects that may address regional needs more efficiently and cost-effectively, we ask SERTP to provide clear criteria it will use to judge potential interregional projects that do not comply with the bright-line criteria provided in the straw proposal.
3. It is not clear from the straw proposal what the sequencing is for an interregional transmission project to be proposed in two (or more) regional processes and in the interregional process. We request that SERTP provide a flow chart or another mechanism to demonstrate how and in what order a potential interregional project goes through the steps of regional and interregional consideration.
4. Finally, in (e) of the straw proposal’s cost allocation section, it states that costs for interregional projects will be allocated “in proportion to its total costs of transmission

projects that will be displaced by the interregional project.” We are concerned that this aspect of the proposal may prohibit the selection of more cost-effective interregional solutions. For example, what if an interregional line is proposed in SERTP and in another region and at least some of the line in the other region is proposed to address a public policy-driven grid need for which no regional solution had been identified? So, the project may cost more than the regional project(s) it displaces, but it may involve more benefits than the regional proposed projects contained. The proposal envisions a one-for-one replacement which may prohibit unique and cost effective interregional solutions, thereby violating Order 1000.

Thank you for your consideration of these comments. We would be happy to discuss these matters further at your convenience.

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