May 17th, 2012 Strawman

FERC Order 1000

Regional Transmission Planning Process

I. Produce a Regional Transmission Plan

The region, for purposes of regional transmission planning and development of a regional transmission plan in accordance with Order 1000, is the region served by the Sponsors of the Southeastern Regional Transmission Planning ("SERTP") process: Dalton Utilities ("Dalton"), Georgia Transmission Corporation ("GTC"), MEAG Power ("MEAG"), PowerSouth Energy Cooperative ("PowerSouth"), South Mississippi Electric Power Association ("SMEPA"), and Southern Companies ("Southern") (collectively, "Sponsors").

II. Procedures by which the Transmission Providers within the SERTP Identify and Evaluate Potential Regional Transmission Projects that may Meet the Region's Needs More Efficiently and Cost-Effectively

i. Sponsors identify and evaluate potential regional transmission projects that may meet the region's needs more efficiently and cost effectively.
ii. Potential regional transmission projects proposed by SERTP Stakeholders, in accordance with existing Order 890 requirements, will be considered for evaluation.
iii. Potential regional transmission projects proposed by transmission developers will be considered for evaluation for inclusion in a regional transmission plan for Cost Allocation Purposes ("CAP").

III. Consideration of Transmission Needs Driven by Public Policy Requirements

A. Procedures for the consideration of transmission needs driven by Public Policy Requirements
   i. The Sponsors address transmission needs driven by Public Policy Requirements in the routine planning, design, construction, operation, and maintenance of the transmission system.
      - The Sponsors address transmission needs driven by the Public Policy Requirements of Load Serving Entities and wholesale transmission customers through the planning for and provision of firm transmission services to meet native load and wholesale transmission customer obligations.
   ii. The Sponsors solicit and address the input of SERTP Stakeholders regarding transmission needs driven by Public Policy Requirements.

B. SERTP Stakeholder input regarding transmission needs driven by Public Policy Requirements must include the following:
   i. The Public Policy Requirement.
      - The Public Policy Requirement identified must be required by state or federal laws and/or regulations.

ii. An explanation of the possible transmission need driven by the Public Policy Requirement identified in III.B.i. (e.g. the situation or system condition for which possible solutions will be determined, as opposed to a specific transmission project)

C. Sponsor evaluation of SERTP Stakeholder input regarding potential transmission needs driven by Public Policy Requirements:
   i. The Sponsors will evaluate SERTP Stakeholder input to determine if there is a transmission need driven by the Public Policy Requirement identified by the Stakeholder in III.B.i.
   ii. If a transmission need is identified that is not already addressed in the expansion planning process, the SERTP Sponsors will identify a transmission solution to address the aforementioned need in the expansion planning processes.
   iii. Stakeholder input regarding potential transmission needs driven by Public Policy Requirements may be directed to the governing OATT process as appropriate. For example, if the potential transmission need identified by the SERTP Stakeholder is essentially a request by a network customer to integrate a new network resource, the request would be directed to that existing OATT process.

D. Posting Requirement

   The Sponsors will provide and post a response to SERTP Stakeholder input regarding transmission needs driven by Public Policy Requirements.

IV. Qualification Criteria to Submit a Regional Transmission Project Proposal for Selection in a Regional Transmission Plan for CAP

A. A transmission developer must meet certain qualification criteria to propose a transmission project for potential selection in a regional transmission plan for CAP.
   i. Qualification criteria will require the transmission developer to demonstrate that it has the necessary financial capability and technical expertise to develop, construct, operate, and maintain the proposed transmission facility.
      - Demonstrated S&P credit rating of BBB- or higher (or similar credit rating from another recognized agency if not rated by S&P) –OR– demonstrated capability to finance U.S. energy projects equal to or greater than the cost of the proposed regional transmission project, and
      - Demonstrated capability to develop, construct, operate, and maintain U.S. electric transmission projects of similar or larger complexity, size, and scope as the proposed project. At a minimum, this should include the following:

- A summary of transmission projects in-service and under construction including locations, operating voltages, mileages, development schedules, approximate installed costs, and how these facilities are operated and maintained.
- A list of NERC and/or other industry registrations

ii. Qualification criteria will also require the transmission developer to provide an explanation of its planned approach to satisfy applicable regulatory requirements and obtain requisite authorizations necessary to acquire Rights of Way and to construct, operate, and maintain the proposed facility in the relevant jurisdictions.

B. In order for a transmission project proposed by a transmission developer to be considered for evaluation and potential selection in a regional transmission plan for CAP, the project must meet the following criteria:
   i. The proposed transmission project must be regional in nature.
      - Operating voltage of 300 kV or greater.
      - Span 100 miles or more.
   ii. The proposed transmission project must be both a green-field facility and materially different than projects that have been previously considered in the expansion planning process.
   iii. The proposed transmission project must be able to be constructed and tied into the network by the recommended in-service date.

V. Submission of Proposals for Potential Selection in a Regional Transmission Plan for CAP

A transmission developer must submit the following information in support of a transmission project it proposes for potential selection in a regional transmission plan for CAP:

i. Documentation of the transmission developer's ability to satisfy the qualification criteria required to propose a transmission project for selection in a regional transmission plan for CAP.
ii. A description of the proposed transmission project that details the intended scope (including the various stages of the project such as engineering, ROW acquisition, construction, recommended in-service date, etc.)
iii. A capital cost estimate of the proposed transmission project.
   - If the cost estimate differs greatly from generally accepted estimates of projects of comparable scope, the transmission developer will be required to support such differences.
iv. Documentation of the technical analysis performed supporting the position that the proposed transmission project may be a more efficient and cost-effective project than specific projects included in the latest

transmission expansion plans. Documentation must include the following:

- The identification of: (a) transmission projects in the latest expansion plans that may be displaced by the proposed project, and (b) any additional projects that may be required in order to implement the project.
- The data and/or files necessary to evaluate the transmission developer's analysis of the proposed transmission project.

v. An administrative fee may be required for proposals submitted for potential selection in a regional transmission plan for CAP depending upon the volume of submittals.

VI. Evaluation of Proposals for Selection in a Regional Transmission Plan for CAP

A. During the applicable expansion planning processes, the Sponsors will evaluate current transmission needs and assess alternatives to address current needs including the potential regional transmission projects proposed by transmission developers. Potential projects identified by the Sponsors or SERTP Stakeholders will also be assessed. Utilizing coordinated models and assumptions, Sponsors will apply their respective planning guidelines and criteria to evaluate submittals and determine the following:

i. Does the underlying transmission need(s) still exist?
ii. Does the proposal address transmission needs that are currently being addressed with projects in the transmission planning process and if so, which projects in the plans could be displaced by the proposed regional transmission project?
iii. Would any additional projects be required to implement the proposed regional transmission project?

B. Based upon the evaluation outlined in VI.A, the Sponsors will assess whether the proposed transmission project is more efficient and cost-effective for the region.

i. The proposed regional transmission project should yield a regional benefit to cost ratio of at least 1.25 and not adversely impact an individual Sponsor.
   - The benefit used in this calculation will be quantified by the transmission costs avoided by the displaced projects.
   - The cost used in this calculation will be quantified by the transmission cost of the project proposed for selection in a regional transmission plan for CAP plus the transmission costs of any additional projects required to implement the proposal.
   - The Sponsors will develop planning level estimates for use in determining the regional benefit to cost ratio. Detailed engineering estimates may be used if available.

C. The proposed regional transmission project would be included in a regional transmission plan and be eligible, but not yet selected, for CAP, if the proposal:
   i. Is evaluated to be more efficient and cost effective than other alternatives,
   ii. The transmission needs continue and the project remains more efficient and cost effective than other alternatives as assessed in subsequent expansion planning processes that reflect ongoing changes in actual and forecast conditions, and
   iii. Is approved by the Sponsors whose transmission expansion plans would be altered with the inclusion of the proposal.

D. When a proposal is included in a regional transmission plan, as described in VI.C., a Memorandum of Understanding ("MOU") will be developed regarding the regional transmission project to address the following:
   - Communication responsibilities of the transmission developer and the Sponsors
   - Key milestones and anticipated schedules associated with the proposal
   - Circumstances prompting reevaluation in order to assess the appropriate timing of the proposed regional transmission project.
     - Reevaluation may result in the need for the potential advancement, deferment, or removal of the regional transmission project.

VII. Selection in a Regional Transmission Plan for CAP

A. Per the milestones initially established in the MOU described in Section VI, and reassessed throughout the expansion planning processes, the transmission developer will provide the Sponsors with financial terms associated with the proposed transmission project.
   i. The financial terms should identify: (a) the total cost to be allocated to the Sponsors if the proposal were to be selected for CAP, and (b) the components that comprise that cost, such as the costs of:
      - Engineering, procurement, and construction consistent with Good Utility Practice and standards and specifications provided in advance by the Sponsors,
      - Financing costs and required rates of return,
      - Ongoing operations and maintenance of the proposed regional transmission facility, and
      - Provisions for restoration, spare equipment and materials, and emergency repairs.

B. An eligible regional transmission project will be selected for CAP if:

i. The proposal is, and remains, more efficient and cost effective based upon the financial terms provided by the transmission developer,
ii. An appropriate contractual agreement(s) is reached by the transmission developer and the Sponsors, and
iii. Approval is obtained from the following relevant jurisdictional and/or governance authorities of the Sponsors who would be allocated costs of the proposal:
    - Dalton: Board of Commissioners
    - GTC: Rural Utility Services (as applicable) and Board of Directors
    - MEAG: Board of Directors
    - PowerSouth: Rural Utility Services (as applicable) and Board of Directors
    - SMEPA: Rural Utility Services (as applicable) and Board of Directors
    - Southern: State public service commissions with purview over the impacted facilities and affected retail rates.

C. The contractual agreement(s) will address terms and conditions associated with the development of the regional transmission project in a regional plan for CAP, such as:
i. The specific financial terms associated with the development of the regional transmission project,
ii. The contracting Sponsor's(s') allocation of the costs of the aforementioned regional facility,
iii. Creditworthiness/project security requirements,
iv. Operational control of the regional transmission project,
v. Milestone reporting, including schedule of projected expenditures,
vi. Engineering, Procurement, Construction, Maintenance, and Operation of the proposed regional transmission facility,
vii. Emergency restoration and repair responsibilities,
viii. Reevaluation of the regional transmission project, and
ix. Non-performance or abandonment

D. If a regional transmission project is selected in a regional plan for CAP, as described in VII.B., the benefiting Sponsors will be allocated costs of the aforementioned facility in proportion to their displaced transmission costs.

E. In order to ensure that the Sponsors can efficiently and cost effectively meet their respective reliability, Duty to Serve, and cost of service obligations, Sponsors will continue to reevaluate the regional transmission plans to:
i. Assess current transmission needs and determine whether the proposal continues to remain more efficient and cost effective as assessed in subsequent expansion planning processes that reflect ongoing changes in actual and forecast conditions, and

ii. Determine if alternative transmission solutions may be required in addition to, or in place of, the proposal due to the delay in the development of the regional transmission project. Circumstances prompting this evaluation include:
    - If notification is provided by the transmission developer that the proposed project will be delayed.
    - If the Sponsors are otherwise informed or become aware that the transmission developer is not advancing the project according to established project milestones.