

SERTP Interim Meeting

April 10th, 2013

FERC Order No. 1000 Discussion

FERC Order No.1000

Interregional Implementation Schedule

- Interregional Implementation Schedule
 - ❖ Recently, FERC extended the Order No. 1000 interregional compliance deadline from April 11, 2013 to July 10, 2013
- Where are we today?
 - ❖ **March 27th**: Posted non-RTO seams strawman
 - ❖ **April 10th**: SERTP stakeholder discussion on strawmen concepts

➤ Next Steps











- ❖ **Mid April**: Post RTO seams strawmen
- ❖ **April 19th**: Stakeholders submit comments on non-RTO seams strawman
- ❖ **May 1st**: Stakeholders submit comments on RTO seams strawman
- ❖ **Mid May**: Post draft tariff language
- ❖ **Late May**: Host interim stakeholder meeting
- ❖ **Early June**: Stakeholders submit comments on draft language
- ❖ **July 10th**: Interregional compliance deadline

Interregional Seams

Overview

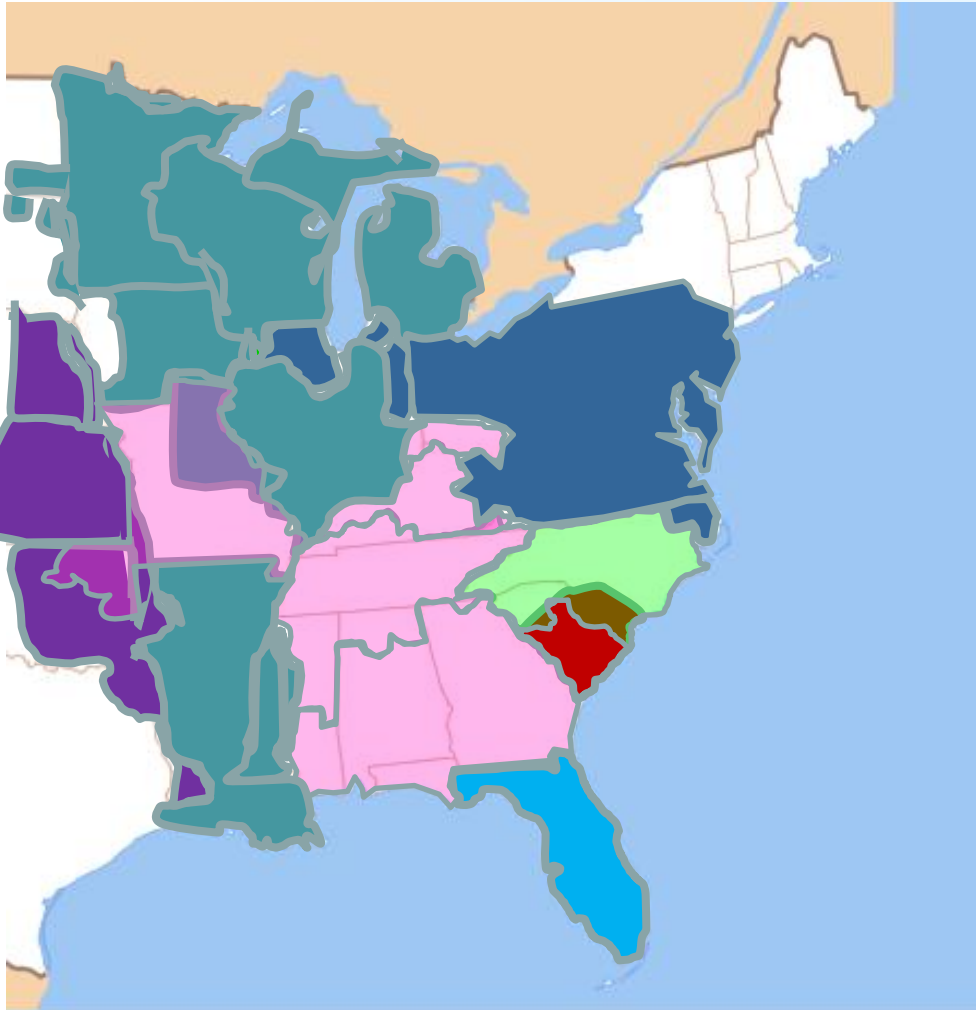
SERTP Sponsors Overview



-  Southern
-  GTC
-  MEAG
-  Dalton
-  PowerSouth
-  SMEPA
-  TVA
-  AECI
-  LG&E / KU
-  OVEC

- Spans portions of 12 states
- ≈66,000 miles of transmission lines
- ≈96,000 MW of total peak demand

NEIGHBORING SEAMS



RTOs

- MISO
- SPP
- PJM

Non-RTOs

- SERTP
- SC RTP
- FRCC
- NCTPC

FERC Order No. 1000

Interregional Requirements

High-Level Overview

➤ Interregional Requirements

❖ Interregional Coordination

- Coordination
- Joint Evaluation
- Data Exchange
- Transparency

❖ Interregional Cost Allocation

- Must satisfy the six interregional cost allocation principles

➤ FERC Order No. 1000

❖ Six Interregional Cost Allocation Principles

- 1) The cost of transmission facilities allocated to each region in a way that is roughly commensurate with benefits.
- 2) No involuntary allocation of costs to a region that receives no benefits.
- 3) Benefit to Cost threshold, if used to determine if facilities have sufficient net benefits to be selected for interregional cost allocation, cannot exceed 1.25.
- 4) The cost allocation method cannot allocate costs to regions where the facility is not located, unless that region voluntarily agrees to assume cost.
- 5) The cost allocation method and data requirements for determining benefits and identifying beneficiaries must be transparent.
- 6) Neighboring regions may have different cost allocation methods for different types of facilities. Each cost allocation method must be clearly set out and explained.

FERC Order No.1000

April 10th Proposal
Non-RTO Seams

➤ Coordination

- ❖ Develop and implement procedures that provide for the sharing of information regarding the respective needs of neighboring transmission planning regions.

➤ Coordination

- ❖ During each regional planning cycle, the SERTP transmission planners and those in adjacent regions will:
 - Engage in Data Exchange/Joint Evaluation AND
 - Review each other's current regional plan(s)
 - Typically occurs in the January to June timeframe
 - Regional plans contain respective region's transmission needs

➤ Coordination

- ❖ Neighboring regions will also coordinate in regards to the evaluation of interregional facilities proposed for cost allocation purposes (“CAP”).
 - Typically begin in the mid-year timeframe
 - Status updates will typically occur every six months and will include
 - An update of the region’s evaluation of the proposal
 - The latest calculation of regional benefits (if available)
 - Anticipated timeline of future assessments/reevaluations of the proposal

➤ Data Exchange

- ❖ Through clearly described procedures, exchange planning data and information between neighboring planning regions at least annually.

➤ Data Exchange

- ❖ At least annually, load-flow models for the current regional plan(s) of the SERTP and adjacent regions will be exchanged between transmission planners:
 - Typically at the beginning of each region's planning cycle
- ❖ Only data/models related to the current regional plan(s) and used in the respective regional processes will be exchanged
 - Data will be posted on the pertinent regional planning process' website and neighboring regions will be notified via email
 - Data is considered CEII (available to interested parties subject to appropriate clearances/agreements)

➤ Data Exchange

- ❖ SERTP regional plans will be posted on the SERTP website
 - Typically around the 4th Qtr SERTP Summit
 - Regional plans will also be emailed to neighboring regions
- ❖ Neighboring regions will exchange their current regional plan(s) in a similar manner according to their respective timeline

➤ Joint Evaluation

- ❖ Develop and implement procedures for neighboring planning regions to identify and jointly evaluate transmission facilities that are proposed to be located in both regions that may more efficiently or cost effectively address the individual needs identified in their respective local and regional processes.

➤ Joint Evaluation

- ❖ The SERTP and neighboring regions will exchange data and current regional plan(s) as previously described.
- ❖ The SERTP and neighboring regions will review one another's plans, which includes solutions to address current regional needs.
- ❖ If through this review, a potential interregional facility that may be more efficient and cost effective is identified, the transmission planners in neighboring regions will perform the required analysis/evaluation of the facility on their respective systems.

➤ Joint Evaluation

- ❖ The SERTP and the neighboring region will act through their respective regional processes to perform analysis
 - Analysis performed will be consistent with planning practices used in the respective regions to develop regional plan(s)
 - To the extent possible/necessary, assumptions (i.e. years of study) and models will be coordinated among the regions.
- ❖ If an interregional facility is proposed in the SERTP and a neighboring region for CAP, the initial evaluation will typically begin in the mid-year time frame

➤ Cost Allocation

- ❖ Develop a method or set of methods for allocating the costs of new interregional transmission facilities proposed for cost allocation that two neighboring transmission planning regions determine resolve the individual needs of each region more efficiently and cost effectively and that meets all six interregional cost allocation principles.

➤ Cost Allocation

❖ Interregional Proposal Criteria

- Transmission project must be interregional in nature
 - Located in, and interconnected to, the SERTP and an adjacent/contiguous planning region AND;
 - Operate at a voltage of 300 kV or greater and span 100 miles or more. On a case by case basis, the SERTP will consider transmission projects that meets the threshold criteria for a regional project in at least one of the affected regions and would meet all other qualification criteria.
- Transmission project must be proposed for CAP in each region that is in the path of the proposed facility or is an identified beneficiary
 - Submittal by the dates/timeframes defined in regional processes
- The transmission developer and project submittal must satisfy all criteria in the respective regional processes

➤ Cost Allocation

❖ Interregional Proposal Evaluation - Benefits

- Each region, acting through its respective regional planning process, will evaluate submittals to determine whether the proposal addresses transmission needs that are currently being addressed with projects in the regional planning processes
- If so, which local/regional projects could be displaced and/or deferred by the proposal?
- Each region will quantify a benefit based upon the transmission costs that each region is projected to avoid if its transmission projects were displaced by the proposal

➤ Cost Allocation

❖ Interregional Proposal Evaluation – Regional BTC

- Each region will calculate a regional benefit to cost (BTC) ratio consistent with its process and compare to its regional threshold to determine if facility appears to be more efficient and cost effective
- The anticipated percentage allocation of cost of an interregional facility proposed for CAP to be allocated to a region (to be utilized in the region's BTC calculation) will be:
 - Determined in a manner consistent with the cost allocation method of an interregional facility proposed for CAP
 - Based upon the latest benefit calculation of the region(s) shown to be beneficiaries
- Each region will continue to follow respective regional processes that outline BTC calculations/reevaluations

➤ Cost Allocation

❖ Inclusion in the Regional Plans

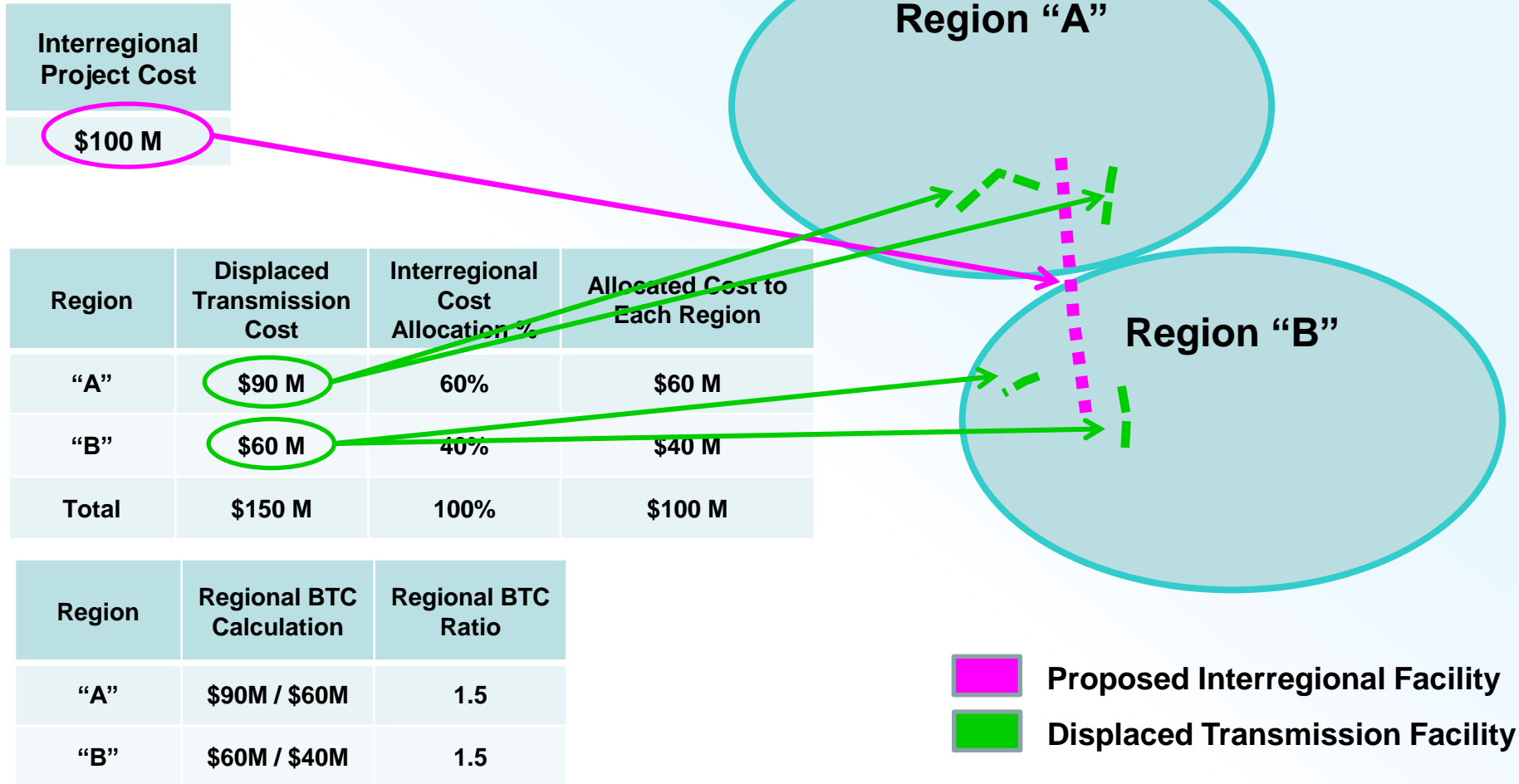
- An interregional facility proposed for CAP will be included in the respective regional plans only when:
 - Each region has performed all evaluations, as prescribed in regional process, necessary for a facility to be included in the regional plan for CAP, **and**
 - Each region has obtained all approvals, as prescribed in regional process, necessary for a facility to be included in the regional plan for CAP

➤ Cost Allocation

❖ Cost Allocation Method

- The cost of an interregional facility, selected for CAP in neighboring regions' plans, will be allocated to **each region** as follows:
 - Each region allocated the cost of the interregional facility in proportion to its total costs of transmission projects that will be displaced by the proposal
 - Allocation would be based upon the latest benefit calculation performed (immediately before each region included facility in its regional plan) and as approved by each region.
 - » The respective regional benefit calculations for purposes of interregional cost allocation will be based upon the capital cost of displaced projects
 - Costs allocated to each region would be further allocated within each region pursuant to its regional cost allocation methodology

➤ Cost Allocation Example

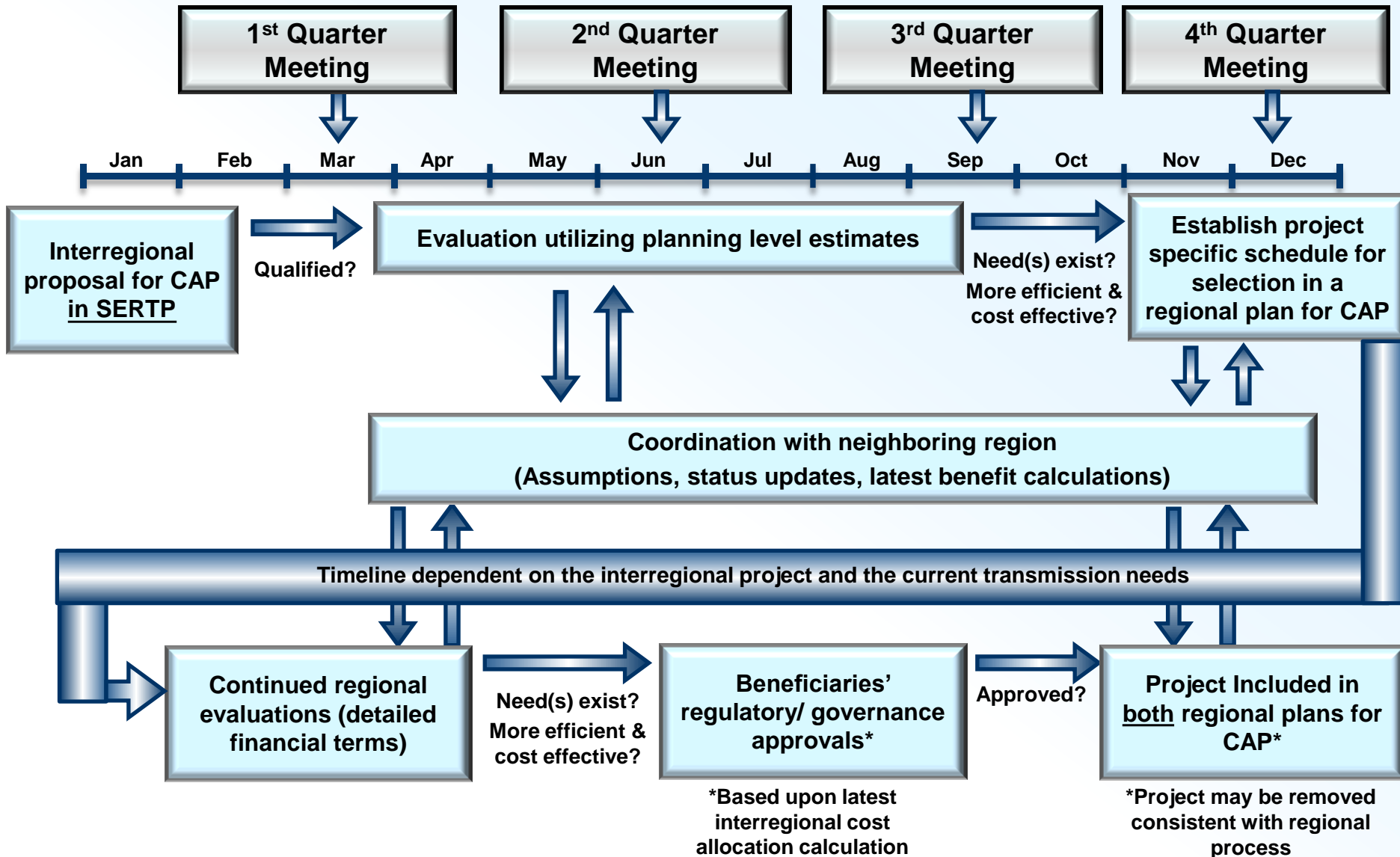


➤ Cost Allocation

❖ Reevaluation/Removal from Regional Plans

- An interregional facility may be removed from a regional plan for CAP based upon failure to meet developmental milestones and/or reevaluation procedures specified in the respective regional processes
- Removal can also occur if the interregional project is removed from the neighboring region's plan(s)

FERC Order No. 1000



➤ Transparency

- ❖ Make transparent the analyses undertaken and determinations reached by neighboring transmission planning regions in the identification and evaluation of interregional transmission facilities.

➤ Transparency

- ❖ Procedures for coordination and joint evaluation will be posted on the SERTP website
- ❖ Access to the data utilized will be made available subject to appropriate clearances/agreements
- ❖ At the SERTP Summit (or as necessary due to current activity of proposed interregional facilities), the SERTP will provide status updates of interregional activities including:
 - Facilities to be evaluated
 - Analysis performed
 - Determinations/results

FERC Order No.1000

April 10th Proposal
RTO Seams

➤ Interregional Coordination

- ❖ Representatives from the SERTP and each RTO will meet at least once per year to perform interregional coordination
 - Engage in Data Exchange/Joint Evaluation AND
 - Biennially, review each other's current regional plan(s) / other issues pertaining to the identification and/or evaluation of potential interregional facilities.

➤ Data Exchange

- ❖ Includes powerflow models used in the respective regions' processes, as well as current regional plans
- ❖ Exchange occurs annually (typically in the 1st Qtr)

➤ Joint Evaluation

- ❖ Each region will evaluate identified interregional facilities, acting through their respective regional transmission planning process, to determine which projects included in the regional plans could be displaced by the proposal
 - Assumptions, as necessary, will be coordinated for the joint evaluation, including:
 - Expected timelines/milestones associated with evaluation
 - Study assumptions (i.e. years under study)
 - Regional benefit calculations
 - The status of the joint evaluation will be regularly reviewed and discussed

➤ Interregional Cost Allocation

- ❖ To be eligible, an interregional facility must interconnect to the SERTP and the neighboring region
- ❖ To be considered selected for interregional CAP, an interregional facility must be proposed in both regional processes, selected in both regional processes for CAP, and be included in both regional plans for CAP
- ❖ Benefit determinations for interregional cost allocation calculations will be based upon avoided transmission costs.
- ❖ Interregional cost allocation will allocate costs to each region
 - Further allocation within each region would be based upon regional cost allocation methodologies.

➤ Transparency

- ❖ Stakeholders will have an opportunity to provide input and feedback related to interregional facilities identified, analysis performed, and any determinations.
- ❖ Stakeholders may participate in both regions' processes to provide input and feedback related to interregional coordination
 - Links to where stakeholders can register for committees/ distribution lists of the adjacent region will be made available
- ❖ Data utilized will be made available to stakeholders, subject to appropriate clearances/agreements

Wrap-up