

SERTP Order 1000
Draft Interregional Straw Man – PJM-SERTP Seam
April 18th, 2013

I. Interregional Coordination

[Requirement: Develop and implement procedures that provide for the sharing of information regarding the respective needs of neighboring transmission planning regions.]

Representatives of the SERTP and PJM will meet no less than once per year to facilitate the interregional coordination procedures described below (as applicable). The SERTP and PJM may meet more frequently during the evaluation of Interregional Transmission Project(s)¹ proposed for cost allocation purposes between the SERTP and PJM.

Activities:

1. Perform annual model and data exchange procedures described in Section III.
2. Biennially review the respective regional transmission plans (which include the transmission plans of each region’s NERC-registered planning entities), along with other issues pertaining to the identification/evaluation of potential interregional facilities.
 - The review of the transmission plan(s) provided by each region, which includes the solutions identified within each respective region to address regional transmission needs, will occur on a mutually agreed to timetable taking into consideration each region’s planning process timeline.
3. Determine, after the biennial review, if there are potential Interregional Transmission Projects to jointly evaluate.
4. Coordinate assumptions used in the joint evaluation, as necessary, between the SERTP and PJM of proposed Interregional Transmission Projects for cost allocation purposes, including:
 - Expected timelines/milestones associated with the evaluation
 - Study assumptions (i.e. years under study)
 - Regional benefit calculations
5. Coordinate materials posted on each region’s website on the SERTP and PJM interregional coordination process

Stakeholders

- A. Stakeholders will have an opportunity to provide input and feedback, within the respective regional planning processes of SERTP and PJM, related to interregional facilities identified, analysis performed, and any determinations/results. As may be appropriate to facilitate the review by interested stakeholders, periodic on-line conferences may be held as mutually agreed by the SERTP and PJM.

¹ For purposes of this Strawman, “Interregional Transmission Project” means a transmission project located in both the PJM and the SERTP regions.

- B. Stakeholders may participate in both regions' regional planning processes to provide their input and feedback regarding the interregional coordination between the SERTP and PJM. Both planning regions will make available, on their respective regional websites, links for meetings and on-line conference registration, as appropriate.

II. Transparency

- A. Procedures for Coordination and Joint evaluation will be posted on the SERTP and PJM regional websites.
- B. Access to the data utilized will be made available, subject to the appropriate clearance, as applicable (such as CEII and confidential non-CEII clearances).
- C. The SERTP and PJM will provide, within their respective regional processes, an update on the status of interregional activities, including interregional facilities identified, analysis performed, and any determination/results.

III. Data Exchange

[Requirement: Through clearly described procedures, exchange planning data and information between neighboring planning regions at least annually.]

ANNUAL DATA EXCHANGE

Data will be exchanged between the SERTP and PJM on an annual basis. The annual data exchange will include the following items:

1. Power flow models utilized in the respective regional planning processes (which include the transmission plans of each region's NERC-registered planning entities) for projected system conditions for the planning horizon (up to next ten (10) years);
2. Contingency lists;
3. The SERTP and PJM will exchange current regional plans that include the solutions identified within each respective region to address transmission needs (which include the transmission plans of each region's NERC-registered planning entities).
 - Annual data exchange will be completed based upon the availability of data in the respective regional planning processes. Typically, this will occur during the first calendar quarter of the year.
 - Models, data, and information provided will be consistent with those used in the SERTP and PJM regional transmission planning processes.
 - Data exchanged will be subject to any applicable confidentiality and/or CEII requirements.
 - SERTP and PJM are not required to share or develop data, models, and/or information which they do not have available or use in their respective regional planning processes.

ADDITIONAL DATA EXCHANGE

Additional transmission based models or information may be exchanged between PJM and the SERTP as necessary or if requested, subject to the following:

- Data exchanged between the SERTP and PJM will be subject to any applicable confidentiality and/or CEII requirements.
- SERTP and PJM are not required to share or develop data, models, and/or information which they do not have available or use in their respective regional planning processes.

IV. Joint Evaluation

[Requirement: 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.]

IDENTIFYING & EVALUATING INTERREGIONAL FACILITIES

- A. Biennially, the SERTP and PJM will review data provided by each region as described in Section I. Interregional Coordination
- B. If, through this review, the SERTP and PJM identify an Interregional Transmission Project that could be more efficient and cost effective than facilities included in the respective regional transmission plans, each region will perform the required transmission planning analysis/evaluation of the facility to determine if a regional project(s) may be displaced.
- C. Each region, acting through its respective regional transmission planning processes, will evaluate stakeholder submittals to determine whether any stakeholder proposal addresses transmission needs that are currently being addressed with projects in the regional transmission planning processes, and if so, which local and regional projects could be displaced and/or deferred by the proposal.
- D. Throughout this evaluation, the SERTP and PJM will coordinate regarding the proposed Interregional Transmission Project as described in Section I. Interregional Coordination.
 - If the interregional facility is proposed for cost allocation purposes, this evaluation will quantify the benefits identified in each region using the benefit metrics identified in Section V. Interregional Cost Allocation
 - The SERTP and PJM will regularly review and discuss the status of the joint evaluation of the proposed Interregional Transmission Project

V. Cost Allocation

[Requirement: Develop a method or set of methods for allocating the costs of new interregional transmission facilities proposed for cost allocation purposes (“CAP”) that neighboring transmission planning regions determine resolve the individual needs of each region more efficiently and cost effectively and that meets all six cost allocation principles prescribed in Order 1000.]

INTERREGIONAL FACILITY DEFINITION

- ❖ For a transmission project to be considered for interregional CAP within the SERTP and PJM, the transmission project must:
 - Be located in and inter-connect to PJM and to the SERTP and;
 - Satisfy the respective regional criteria of PJM and SERTP for cost allocation proposals

SUBMITTAL/DEVELOPER QUALIFICATIONS

- ❖ The interregional facility proposed for CAP must be proposed in PJM and the SERTP by the dates/timeframes defined in the respective regional processes.
- ❖ The transmission developer and project submittal must satisfy all criteria specified in the respective regional processes

SERTP/PJM BENEFITS

- ❖ SERTP and PJM will quantify their respective benefits based upon the transmission costs that each region is projected to avoid due to transmission projects in their regions being displaced by the proposal.

INTERREGIONAL EVALUATION OF CAP PROPOSALS (Assumes Avoided Transmission Cost Benefits)

- ❖ The SERTP and PJM would act through their respective regional processes to evaluate interregional facilities proposed for CAP and identify any potential projects that could be displaced
- ❖ Based upon their respective evaluations, each region will quantify a benefit based upon the transmission costs that each region is projected to avoid due to their transmission projects being displaced by the proposal.
 - PJM / SERTP will calculate regional BTC ratios and compare to their respective thresholds as applicable

INCLUSION IN REGIONAL PLANS

- ❖ An interregional facility proposed for CAP in the SERTP and PJM will only be considered selected for cost allocation when:
 - Each region has included the facility in its regional plan for CAP

INTERREGIONAL COST ALLOCATION

- ❖ The cost of an interregional facility, selected for CAP in adjacent region’s plans, will be allocated to each region in proportion to their respective total displaced transmission costs
 - Allocation would be based upon the latest benefit calculation performed (immediately before each region included the facility in their respective regional plans) and as approved by each region.
- ❖ Costs allocated to each region would be further allocated within the region pursuant to the regional cost allocation methodology(ies).

ONGOING EVALUATIONS/DEVELOPMENTAL MILESTONES

- ❖ 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, or the removal of the interregional project from the adjacent region's plan