

January 14, 2014

**BY ELECTRONIC FILING**

Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: The Southeastern Regional Transmission Planning Process  
Order No. 1000 Regional Compliance Filing  
Filing Submitted Under Protest As Discussed Herein

**Duke Energy Carolinas, LLC and Duke Energy Progress, Inc.,**  
Docket No. ER13-83

**Kentucky Utilities Company and Louisville Gas and Electric Company**  
Docket No. ER13-897

**Ohio Valley Electric Corporation, including its wholly owned subsidiary Indiana-Kentucky Electric Corporation**  
Docket No. ER13-913

**Southern Company Services, Inc.**  
Docket No. ER13-908

Dear Ms. Bose:

Pursuant to Section 206 of the Federal Power Act; the Federal Energy Regulatory Commission's ("Commission" or "FERC") order issued in *Louisville Gas and Electric Co., et al*, 144 FERC ¶ 61,054 (2013) (the "July 18<sup>th</sup> Order" or "Order"); the Commission's order issued in *Duke Energy Carolinas LLC, et al.*, 145 FERC ¶ 61,252 (2013) ("Duke Order"); and the Commission's October 17, 2013 Letter Order granting an extension of time to submit this compliance filing,<sup>1</sup> Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, Inc. ("DEP") (collectively, "Duke"); Louisville Gas and Electric Company and Kentucky Utilities Company ("LG&E/KU"); Ohio Valley Electric Corporation, including its wholly owned subsidiary Indiana-Kentucky Electric Corporation ("OVEC"); and Southern Company Services, Inc., acting as agent for Alabama Power Company, Georgia Power Company, Gulf Power

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<sup>1</sup> Letter Order, 145 FERC ¶ 61,059 ("October 17<sup>th</sup> Letter Order").

Company, and Mississippi Power Company (collectively “Southern Companies”), hereby provide their compliance filing to the July 18<sup>th</sup> Order and certain aspects of the Duke Order.<sup>2</sup>

## I. INTRODUCTION

### A. Background

Duke, LG&E/KU, OVEC, and Southern Companies (collectively, the “Jurisdictional SERTP Sponsors” or “Jurisdictional Sponsors”) are all public utility transmission providers that sponsor the Southeastern Regional Transmission Planning process (“SERTP”). As explained in several recent filings made with the Commission, the SERTP has greatly expanded over the course of the last few years to become one of the largest regional transmission planning processes in the United States, with Duke becoming the most recent addition, as accepted by the Commission in the Duke Order. In addition to the Jurisdictional SERTP Sponsors, the SERTP is also supported by the following nonjurisdictional transmission owners and service providers: Associated Electric Cooperative Inc. (“AECI”), Dalton Utilities (“Dalton”), Georgia Transmission Corporation (“GTC”), the Municipal Electric Authority of Georgia (“MEAG”), PowerSouth Energy Cooperative (“PowerSouth”), and the Tennessee Valley Authority (“TVA”) (collectively, the “Nonjurisdictional SERTP Sponsors”) (the Jurisdictional SERTP Sponsors and Nonjurisdictional SERTP Sponsors collectively are referred herein as the “SERTP Sponsors”).

This filing involves the SERTP Sponsors’ proposals to comply with Order No. 1000’s<sup>3</sup> regional transmission planning and cost allocation requirements.<sup>4</sup> The SERTP Sponsors submitted their initial compliance filing to address those requirements on February 8, 2013 in Docket Nos. ER13-897, ER13-908, and ER13-913 (the “February 8<sup>th</sup> Filings”), with Duke essentially adopting the substance of those filings when Duke joined the SERTP, as explained in Duke’s May 22, 2013 submittal in Docket No. ER13-83. In the July 18<sup>th</sup> Order, the Commission approved parts of the SERTP Sponsors’ regional compliance proposals but also required a further compliance filing to address over fifty specific directives made in the Order. In the Duke Order, the Commission accepted Duke’s joining the SERTP, thereby clarifying that Duke

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<sup>2</sup> Duke is not submitting its compliance tariff records at this time. Rather, it is submitting the transmittal letter and the non-tariff attachments to reflect its full support for the tariff changes being proposed and the substance of this letter. Duke will submit its revised tariff records within 60 days of the Duke Order.

<sup>3</sup> *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011), *order on reh’g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh’g*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012) (“Order No. 1000”).

<sup>4</sup> While the SERTP Sponsors respectfully submit that these OATT revisions satisfy the requirements of the July 18<sup>th</sup> Order, the Jurisdictional SERTP Sponsors are making this filing under protest, as to compliance with the Order’s directives with regard to which they sought rehearing. Southern Companies are likewise making this filing under protest in consideration of Southern Companies’ request for rehearing of Order No. 1000 and Petition for Review of Order No. 1000, which is pending before the United States Court of Appeals for the District of Columbia Circuit and consolidated with other appeals of Order No. 1000. See *Request for Rehearing of Southern Company Services, Inc.*, Docket No. RM10-23, filed August 22, 2011; see also *South Carolina Public Service Authority v. Federal Energy Regulatory Commission*, Consolidated Case Nos. 12-1232, 12-1233, 12-1250, 12-1276, 12-1279, 12-1280, 12-1290, 12-1292, 12-1293, 12-1294, 12-1296, 12-1299, 12-1300, 12-1304, *et al.*

likewise is subject to the requirements of the July 18<sup>th</sup> Order. By means of the instant filing, the Jurisdictional SERTP Sponsors are filing their compliance filings to the requirements of the July 18<sup>th</sup> Order, and this filing is also consistent with the Duke Order's recognition that Duke has become an SERTP Sponsor.

The common tariff language being filed herein by the Jurisdictional Sponsors to comply with the July 18<sup>th</sup> Order was developed through extensive collaborative efforts and reflects the consensus of the SERTP Sponsors. Importantly, the Nonjurisdictional SERTP Sponsors have authorized the Jurisdictional Sponsors to inform the Commission that the Nonjurisdictional SERTP Sponsors support this filing as the appropriate approach to comply with the requirements of the July 18<sup>th</sup> Order.<sup>5</sup>

With regard to Stakeholder involvement, the Commission's providing of the extension of time in the October 17<sup>th</sup> Letter Order allowed an opportunity for the SERTP Sponsors to vet an initial draft of their compliance proposals with Stakeholders.<sup>6</sup> Specifically, on December 13, 2013, the SERTP Sponsors posted on their regional website a draft of their Attachment K containing proposed revisions to comply with the July 18<sup>th</sup> Order and conducted a webinar on December 19, 2013 with Stakeholders to discuss those proposals.<sup>7</sup> Representatives of state public service commissions, transmission developers, market participants, transmission dependent utilities, and nongovernmental organizations participated in those discussions. Meetings notes generally summarizing those discussions are available on the SERTP website.<sup>8</sup> As shown by a review of those meeting notes, the SERTP Sponsors provided an overview of the proposed draft, with Stakeholders raising a few questions. Stakeholders were invited to provide written comments by January 3, 2014, with the SERTP Sponsors receiving only one set of comments from the Public Interest Organizations ("PIOs").<sup>9</sup> Those comments led to a tariff revision (discussed further below). A brief response is also provided below in response to the PIOs' comments.

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<sup>5</sup> For ease of reference and consistent with the convention adopted by the Commission in the July 18<sup>th</sup> Order, all tariff references in this letter are to Southern Companies' OATT; numbering and/or lettering varies slightly among the tariffs being submitted in the relevant dockets. The substance of each filing with respect to the SERTP's regional transmission planning process to comply with Order No. 1000 is the same in all material respects.

<sup>6</sup> The July 18<sup>th</sup> Order did not require the SERTP Sponsors to provide outreach to Stakeholders.

<sup>7</sup> The draft Attachment K language that was posted on the SERTP website may be found at:  
[http://www.southeasternrtp.com/general\\_documents.asp](http://www.southeasternrtp.com/general_documents.asp)

<sup>8</sup> The meeting notes are available at: <http://www.southeasternrtp.com/General/2013/December-19th-InterimMeeting-Order-1000Notes.pdf>

<sup>9</sup> Those comments are available on the SERTP website at:  
<http://southeasternrtp.com/General/2014/PIO%20comments%20on%20SERTP%2012.13%20draft%20FINAL.pdf>

**B. The SERTP Processes Were Developed to Fully Comply with Order No. 1000's Requirements While Being Consistent with the SERTP's Regional Characteristics**

The Jurisdictional SERTP Sponsors have striven to develop transmission planning and cost allocation processes that fully meet the Commission's requirements while at the same time remaining consistent with this region's unique characteristics - - most notably its physical transmission service markets, often state-regulated Integrated Resource Planning ("IRP") processes, and the significant roles played by nonjurisdictional utilities that own approximately forty percent (40%) of the circuit miles of transmission within this region. In order for the implementation of Order No. 1000 to prove beneficial in the SERTP, it is critical for the resulting transmission planning and cost allocation processes to complement (and not conflict with) these key regional characteristics, particularly since these characteristics underlie much of the historical success that the SERTP Sponsors have had in the planning and expansion of their transmission system.<sup>10</sup> In this regard, Order No. 1000 appropriately commits to provide regional flexibility and respect regional differences,<sup>11</sup> with Commissioner Clark (in particular) raising the concern in his dissent that the July 18<sup>th</sup> Order "fails to accommodate the characteristics of this non-market, non-RTO region." July 18<sup>th</sup> Order, Commission Clark, dissenting at p. 2.

These relatively unique aspects of the SERTP region have shaped many of the compliance proposals that are being hereby submitted to comply with the July 18<sup>th</sup> Order's requirements. In particular, reference is made to the following:

- **Nonjurisdictional Governance and Legal Limitations - The SERTP's Enrollment Provisions:** As discussed in section II.A.1 of this transmittal letter herein, the enrollment proposals are largely crafted with the intent to both comply with the Commission's directives while at the same time respecting the specific governance requirements and legal limitations that nonjurisdictional transmission owners face so as to allow them to enroll into the SERTP.
- **The SERTP's Physical Transmission Service Markets - the Definition of Transmission Needs:** As discussed in section II.C.1 of this transmittal letter, a definition of "Transmission Needs" has been adopted in the Jurisdictional SERTP Sponsors' Attachment Ks to clarify that the SERTP is characterized by physical transmission service whereby customers with firm transmission service have the right to use the underlying physical transmission capacity associated with their long-term commitments. Under this physical transmission market structure, transmission customers do not make congestion payments. Instead, the transmission system is planned and expanded to address congestion in advance of the commencement of a particular

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<sup>10</sup> Department of Energy ("DOE"), *2009 National Electric Transmission Congestion Study*, at 61 ("There is little economic or reliability congestion within the [Southeast].")

<sup>11</sup> See e.g., Order No. 1000-A, P 267.

transmission service commitment with the goal that those who have made such long-term firm transmission commitments will be able to access their resources *without congestion*, constraint, or curtailment. Accordingly, the definition being adopted hereunder of “Transmission Needs” recognizes that the SERTP Sponsors’ transmission systems are planned and expanded to meet those long-term firm transmission commitments. Those “Transmission Needs” may be driven by a host of considerations, including by public policy requirements and reliability and economic considerations, with those drivers (as discussed below) often being established by state-regulated IRP processes.

- **The SERTP’s Bottom-Up, IRP-Driven Planning Process - the Definition of Transmission Needs and the Use of an Avoided Cost Allocation Metric:** Transmission planning in the SERTP is a bottom-up process that begins with IRP processes. As discussed in the Department of Energy-funded study entitled, “Market Structures and Transmission Planning Processes in the Eastern Interconnection,”<sup>12</sup> in non-RTO regions such as the SERTP, IRP is the process used to

[I]dentify the load-serving utility’s incremental needs, including load growth, and then set forth plans for providing or procuring the needed capacity at the lowest overall cost to consumers *given all supply- and demand-side capacity options* as well as the transmission costs associated with those options. IRPs also consider critical factors such as reliability, *public policy requirements*, fuel diversity and stability, and environmental attributes.<sup>13</sup>

Turning to how this critical, bottom-up nature of the SERTP region is incorporated into the SERTP Attachment K proposals being filed herein:

- **Definition of Transmission Needs:** As previously discussed, the results of those IRP processes plus those third party, long-term OATT commitments constitute the above described definition of “Transmission Needs” that is hereby being proposed to be adopted. Consistent with the SERTP’s market structure, those “Transmission Needs” therefore drive the SERTP Sponsors’ transmission planning that is performed under the Jurisdictional SERTP Sponsors’ Attachment Ks.

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<sup>12</sup> The DOE Market Structure Report is available at <http://communities.nrii.org/documents/68668/9b2a7452-0061-4c45-9a64-a5c2dec0058f?version=1.5>, (2012) (“DOE Market Structure Report”).

<sup>13</sup> DOE Market Structure Report, at 26 (emphasis added).

- **Use of an Avoided Cost Metric:** While the SERTP Sponsors are broadening their cost allocation proposals in accordance with the July 18<sup>th</sup> Order such that they no longer solely use an avoided cost methodology, the avoided cost allocation metric remains a critical aspect of the SERTP Sponsors' compliance proposals that is necessary and appropriate to effectuate their IRP-driven planning processes. This is because rather than making a *de novo* determination of Transmission Needs at the regional-level, or otherwise second-guessing the decisions made in the IRP processes, the avoided cost methodology takes the Transmission Need determinations made in those IRP processes, combines them with the long-term transmission commitments made by market participants under the OATT, and then looks to see if there are more efficient or cost effective transmission solutions (in accordance with Order No. 1000) to meet those Transmission Needs.<sup>14</sup> As discussed in the SERTP Sponsors' Request for Rehearing, additional cost allocation metrics that would engage in a *de novo* determination of transmission needs at the regional level, or that would second guess the results of those bottom-up determinations, would violate Order No. 1000's commitments to respect state-regulated IRP.<sup>15</sup>

And while the SERTP Sponsors hope that the Commission will generally grant the SERTP Sponsors' request for rehearing to the July 18<sup>th</sup> Order, they especially request that the Commission grant rehearing of its determination made at Paragraph 199 that rejected the SERTP Sponsors' original proposal that approval from all of the "jurisdictional and/or governance authorities of the Impacted Utilities" be obtained in order for a transmission project to be selected in a regional transmission plan for purposes of regional cost allocation. The importance of that provision, which the July 18<sup>th</sup> Order required to be removed, should not be underestimated. Prior to Order No. 1000, there was a seamless transition from state-regulated IRP planning (where the least-cost means to address system needs are adopted) and other state-regulated processes to transmission planning (which determines the appropriate transmission solutions to effectuate the results of such IRP planning plus long-term commitments made under the OATT). The "jurisdictional and/or governance" approval step in the original SERTP filing was the means by which the new FERC-regulated transmission planning processes would be reconciled with the existing state-regulated processes, in contrast to the current potential for conflicting federal and state transmission expansion processes. Moreover, the governance approval step would have allowed the Nonjurisdictional SERTP Sponsors to obtain their board

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<sup>14</sup> The SERTP Sponsors' request for rehearing to the July 18<sup>th</sup> Order further explains the major characteristics of their region and clarifications that the Commission could make to ensure that conflicts with IRP processes are avoided. *Request for Rehearing and Clarification of Associated Electric Cooperative, et al.*, filed August 19, 2013 in Docket Nos. ER13-897, ER13-908, and ER13-913, at pp. 1-29, 48, 54-58 ("SERTP Sponsors' Request for Rehearing").

<sup>15</sup> *Id.*

and other requisite legal approvals so as to be able to participate in the specific application of a regional cost allocation.

### **C. The Jurisdictional SERTP Sponsors' Filing of Their Respective Tariff Records**

While the Jurisdictional SERTP Sponsors are submitting this common transmittal letter, each Jurisdictional SERTP Sponsor is individually submitting the relevant revised provisions to its respective open access transmission tariff ("OATT"), through eTariff, to comply with the Commission's filing requirements. In each of the filings, the relevant Jurisdictional SERTP Sponsor, other than Duke, is including the relevant tariff records that are being amended and/or added to their OATTs along with Clean and Marked Tariff Attachments only for the OATT that is in such Jurisdictional Sponsor's database. Put another way, each Jurisdictional Sponsor will include in its filing its specific tariff records and corresponding Clean and Marked Tariff Attachments, but not the tariff records to be filed by the other Jurisdictional Sponsors. Additionally, it is important to note that the tariff records and Clean and Marked Tariff Attachments will not be absolutely identical across all four filings as they reflect differing local planning processes and slight variations in terminology used in the corresponding OATTs.

In addition, it should be noted that the starting point for each of the tariff records being submitted is the version of Attachment K that was submitted with the interregional compliance filings on July 10, 2013 by the SERTP Jurisdictional Sponsors in Docket Nos. ER13-1928, ER13-1930, ER13-1940, and ER13-1941 ("Interregional Filings"). In the Interregional Filings, the Jurisdictional Sponsors each filed the tariff record(s) that comprise the main body of their Attachment K's local and regional process ("local/regional tariff records"), as well as additional tariff records that addressed only interregional compliance matters ("interregional tariff records"). The Interregional Filings included relatively few edits to the local/regional tariff records, with the primary changes being: 1) "directions" to tariff readers as to where to locate interregional planning provisions (*i.e.*, in the provisions listed in the new interregional tariff records); 2) the elimination of provisions relating to the Southeast Inter-Regional Participation Process ("SIRPP"); and 3) a reference in the regional benefit-to-cost provision (found in Section 17.2.1(2)(C) of the Attachment K being filed herein) noting that for interregional projects, the costs of the project to be used for regional purposes are those allocated to the SERTP in the applicable interregional cost allocation process. In the case of Southern Companies, certain provisions relating to economic studies conducted with the Florida Reliability Coordinating Council also were eliminated.

What is being submitted here is only the local/regional tariff records, which as noted, are intended to take effect on June 1, 2014. Although an official effective date has not been proposed for the interregional tariff records, they are not expected to take effect until 2015. Nonetheless, it is appropriate that the local/regional tariff records that presumably will be effective June 1, 2014 include not only the changes being proposed here, but also those relatively few changes relating to the interregional coordination process proposed in the Interregional Filings. Doing so is appropriate since it will have no practical effect and will facilitate the implementation of Order No. 1000's requirements. As a result of this approach, the Marked

Tariffs reflect a redline against the pending July 10, 2013 versions of the local/regional tariff records. In addition, each Jurisdictional Sponsor is adding a single new tariff record providing the list of enrollees in the SERTP.

With regard to the termination of the SIRPP planning process, its last planning cycle concludes in August 2014. While this completion date is subsequent to the June 1, 2014 effective date for the relevant tariff records that would terminate the SIRPP, the SERTP Sponsors participating in the SIRPP commit to complete the current planning cycle notwithstanding the proposed June 1, 2014 effectiveness of the underlying tariff records. Therefore, allowing its termination to be effectuated by this filing should not have any practical effect other than facilitating the orderly implementation of Order No. 1000 by the SERTP Sponsors.

## **II. REVISIONS TO ATTACHMENT K TO COMPLY WITH THE JULY 18TH ORDER**

Given the scope of the Commission's directives in the July 18<sup>th</sup> Order, the SERTP Sponsors undertook a comprehensive review of the entirety of the Jurisdictional SERTP Sponsors' Attachment Ks in order to further compliance and the viability of the SERTP transmission planning process. In performing this review, the SERTP Sponsors also noted several revisions that are appropriate for clarity and internal consistency purposes, as well as to address typographical and stylistic issues.

As previously noted, for ease of reference, the citations below to the Jurisdictional SERTP Sponsors' Attachment Ks are to that of Southern Companies.

### **A. Regional Transmission Planning Requirements<sup>16</sup>**

#### **1. Transmission Planning Region**

Under this heading, the July 18<sup>th</sup> Order addresses enrollment, the transmission facilities subject to the SERTP's planning process, and the effective date for the SERTP to implement Order No. 1000's regional requirements. With regard to enrollment, the July 18<sup>th</sup> Order required the elimination of the requirement in the February 8<sup>th</sup> Filings that to be eligible to enroll, the applicant had to be a public utility or non-public utility transmission provider having a "statutory or OATT obligation to ensure that adequate transmission facilities exist within a portion of the SERTP region." July 18<sup>th</sup> Order, P 29. In accordance with that requirement, Section 13.1 has been revised to remove that language. The Commission also required the Jurisdictional SERTP Sponsors to remove language that provided that the Jurisdictional SERTP Sponsors were "deemed to have enrolled ... through this Attachment [K or M]" and to instead include in their Attachment K a list of enrollees. Section 13.1 has been revised to remove that quoted language, and the Jurisdictional SERTP Sponsors have added a List of Enrollees as Exhibit K-9. The July

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<sup>16</sup> To facilitate the Commission's review of the proposals made herein, the headings under this Section II of the transmittal letter generally follow the topic headings in the July 18<sup>th</sup> Order.



18<sup>th</sup> Order also essentially recognized that the SERTP is an integrated region, but stated that based upon the list of enrollees that would need to be filed, if the SERTP proved to “no longer” be integrated, then “the Commission directs Filing Parties to make further filings as necessary to comply with Order No. 1000’s regional scope requirements.” July 18<sup>th</sup> Order, P 30. As shown in the Exhibit K-9 being filed hereunder, the SERTP remains integrated, as the following Enrollees’ electric systems are electrically integrated to one another: AECl, Dalton Utilities, Duke, LG&E/KU, MEAG, OVEC, PowerSouth, Southern Companies, and TVA.

As noted above, in order to allow the Nonjurisdictional SERTP Sponsors to enroll in the SERTP, additional revisions to the enrollment provisions of Attachment K have been made. But before turning to those specific compliance proposals, the importance of the Nonjurisdictional SERTP Sponsors to the continued viability of the SERTP should again be emphasized. The SERTP is somewhat similar to the Pacific Northwest in that both regions are characterized by the presence of significant nonjurisdictional transmission providers and owners. Indeed, the Nonjurisdictional SERTP Sponsors own about forty percent (40%) of the miles of transmission located in the SERTP, with TVA (in particular) providing a key role in integrating the SERTP Sponsors given TVA’s central location geographically. Moreover, through SERC planning processes and bilateral arrangements, the Jurisdictional SERTP Sponsors and the Nonjurisdictional SERTP Sponsors have a long history and continued practice of engaging in highly coordinated transmission planning efforts. In order for Order No. 1000 to promote (and not harm) the transmission planning and development processes found in the SERTP, and to respect Order No. 1000’s commitment to provide regional flexibility, the ability of the Nonjurisdictional SERTP Sponsors to continue to participate fully in the SERTP should be fostered and encouraged.

The enrollment provisions adopted by the Jurisdictional SERTP Sponsors have been developed in an effort to allow for the continued participation of the Nonjurisdictional SERTP Sponsors. In order that the Nonjurisdictional Sponsors know exactly what they are enrolling in, Section 13.5.1 has been revised to add a condition precedent that their enrollment is only effective should the Commission accept this filing without condition, modification, or suspension and without setting the matter for hearing; provided, however, if any such action is taken, the Nonjurisdictional SERTP Sponsors have 60 days to notify the Jurisdictional SERTP Sponsors whether they will enroll notwithstanding such action. In addition, and as explained to the Commission in the SERTP Sponsors’ request for rehearing filed to the July 18<sup>th</sup> Order,<sup>17</sup> the Nonjurisdictional SERTP Sponsors must comply with their legal requirements and obtain their requisite governance approvals before being subject to cost allocation in any particular instance. To reflect this fact, Section 13.6 has been revised to provide that a Nonjurisdictional SERTP Sponsor may withdraw its enrollment from the SERTP upon providing notice to the Jurisdictional SERTP Sponsors, with that withdrawal to be effective as of the date such notice is provided to the Jurisdictional SERTP Sponsors. Conforming changes are made to other subsections within Section 13. This withdrawal process is consistent with Order No. 1000 directives. *See Avista Corp. et al.*, 143 FERC ¶ 61,255, P 270 (2013) (stating, “as we have noted previously, to accommodate the participation by non-public utility transmission providers, the

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<sup>17</sup> SERTP Sponsors’ Request for Rehearing at 29-39, 44.

relevant tariffs or agreements governing the regional transmission planning process could establish accelerated withdrawal for nonpublic utility transmission providers that are unable to accept the allocation of costs”); *id.* at P 273 (adding, “the Commission also highlighted the flexibility provided to develop rules allowing for the withdrawal of an enrolled non-public utility transmission provider from the regional transmission planning process should it be unable to accept the allocation of costs.”); *and* Order No. 1000-A, P 622 (providing “for future applications of the method to actual new facilities, a non-public utility transmission provider could exercise any right it has in the regional transmission planning process to withdraw rather than accept the allocation of costs.”). A withdrawing enrollee will be subject to costs allocation determinations made in accordance with this Attachment K that determined that the enrollee was a beneficiary of a transmission projected selected in a regional plan for RCAP during the period that the withdrawing enrollee was enrolled. Attachment K, Section 13.7.

The Jurisdictional SERTP Sponsors, therefore, respectfully submit that these enrollment provisions are just and reasonable because: they are consistent with Order No. 1000’s directives, correspond with the reality of the Nonjurisdictional SERTP Sponsors’ legal limitations; they are necessary for the Nonjurisdictionals to be able to enroll in the SERTP; and the participation of the Nonjurisdictional SERTP Sponsors is essential to the continued viability of the current configuration of the SERTP and are otherwise essential for the planning and expansion of the transmission system.<sup>18</sup>

The Commission also required the Jurisdictional SERTP Sponsors to explain to which transmission facilities the proposed OATT revisions will apply as of the effective date and how they will “evaluate or reevaluate ... those transmission projects currently under consideration.” July 18<sup>th</sup> Order, P 32. In response, the new Section 11 (addressing the July 18<sup>th</sup> Order’s “affirmative obligation to plan” requirements), the revised Section 17.1, Section 17.2.1, and Section 19.4 essentially provide that all new transmission projects under consideration remain potentially subject to evaluation and revaluation under this Attachment K “until it is no longer reasonably feasible to replace the proposed transmission project as a result of the proposed transmission project being in a material stage of construction and/or if it is no longer considered reasonably feasible for an alternative transmission project to be placed in service in time to address the underlying Transmission Need(s) the proposed transmission project is intended to address.”<sup>19</sup> Furthermore, with Duke and LG&E/KU having separate local planning processes, new transmission projects developed through those processes would not be separately vetted with Stakeholders in the SERTP, although such transmission projects would be potentially subject to displacement by more efficient or cost effective transmission projects identified through the SERTP’s processes.

The July 18<sup>th</sup> Order’s regional transmission planning discussion also addresses the effective date for the Jurisdictional SERTP Sponsors’ Attachment K. Events have superseded that aspect of the July 18<sup>th</sup> Order because the October 17<sup>th</sup> Letter Order established June 1, 2014

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<sup>18</sup> See 16 U.S.C. § 824q(b)(4).

<sup>19</sup> Attachment K, Section 19.4.

as the effective date for the Jurisdictional SERTP Sponsors to initiate their implementation of Order No. 1000's regional requirements.

**B. Order No. 890 and other Regional Transmission Planning Process General Requirements**

In the Order, the Commission required LG&E/KU and OVEC to revise their respective OATTs to "include the same definition of a SERTP 'stakeholder' as the one in Southern Companies' OATT." July 18<sup>th</sup> Order P 44. Accordingly, both LG&E/KU and OVEC have added the following to the definitions sections of their respective OATTs:

Stakeholder: Any party interested in the Southeastern Regional Transmission Planning Process, including but not limited to transmission and interconnection customers, generation owners/development companies, developers of alternative resources, or state commissions.

LG&E/KU and OVEC respectfully request that the Commission accept this as compliant with the requirements of the Order.

The July 18<sup>th</sup> Order also directed OVEC and Southern Companies "to explain the interaction between their local transmission planning process and the SERTP process and to revise their respective OATTs to provide Stakeholders sufficient information to understand" which aspects apply to local and which to regional transmission planning. Order, P 45. The Order expressed the concern that Stakeholders might be confused whether, for example, the reference to a "plan" in the SERTP process "is referring to a single local transmission plan, multiple local transmission plans, or the SERTP regional transmission plan." *Id.*

In response, the interaction between OVEC's and Southern Companies' local and regional planning processes is that OVEC and Southern Companies each, respectively, use the SERTP as its open, coordinated, and transparent transmission planning process for its local and regional transmission planning processes that satisfies the pertinent requirements of Order Nos. 890 and 1000. This includes both Order No. 890's seven transmission planning principles that the Commission clarified in Order No. 1000 apply to both local and regional transmission planning<sup>20</sup> and Order No. 1000's public policy requirements that also apply to local and regional transmission planning. OVEC's and Southern Companies' Attachment Ks are explicit in this regard, as the Attachment Ks specifically note under the headings of "Local Transmission Planning" and "Regional Transmission Planning" that the same aspects of the SERTP's planning process that satisfy those Order No. 890 requirements apply to both OVEC's and Southern Companies' local and regional transmission planning and that the same aspects of the SERTP's planning process also satisfy Order No. 1000's public policy requirements. Further clarification

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<sup>20</sup> Order No. 1000, P 151 ("Specifically, the requirements of this Final Rule build on the following transmission planning principles that [the Commission] required in Order No. 890: (1) coordination; (2) openness; (3) transparency; (4) information exchange; (5) comparability; (6) dispute resolution; and (7) economic planning.")

has been added to Southern Companies' and OVEC's respective "Local Transmission Planning" section as well. The added language specifies that Southern Companies and OVEC each uses "the SERTP as its open, coordinated, and transmission planning process for both its local and regional planning processes...." Southern Companies and OVEC submit that utilizing such a singular forum/process in which all of the transmission provider's planned transmission projects in the ten-year transmission expansion/regional plan are addressed provides a just, reasonable, and efficient approach to vet these issues with Stakeholders and otherwise address the Commission's transmission planning and cost allocation requirements. So long as the planning for a transmission project is vetted with Stakeholders and otherwise appropriately "coordinated" for purposes of those seven (7) Order No. 890 transmission planning principles and in accordance with Order No. 1000's public policy requirements, duplicating the exact same vetting and coordination under artificially bifurcated local and regional processes would only result in inefficiency and delay. Indeed, combining the local and regional processes where possible and feasible should facilitate Stakeholder participation by reducing the need for them to monitor multiple and duplicative processes and meetings.

Concerning potential confusion regarding the "transmission plans" raised in the July 18<sup>th</sup> Order, the Jurisdictional SERTP Sponsors have revised footnotes 1 and 5 of their Attachment K to provide that the Transmission Provider's ten year transmission expansion plan, which is referenced throughout Attachment K, along with the ten year transmission expansion plans of the other SERTP Sponsors, is expected to be included in the regional transmission plan that is required by Order No. 1000. A similar statement has also been added to Southern Companies' and OVEC's Attachment Ks under the heading of their respective "Local Transmission Planning" section. The intent being that for each transmission planning cycle, each SERTP Sponsor's ten year transmission expansion plan will ultimately be included in the regional transmission plan required by Order No. 1000.

**C. Requirement to Plan on a Regional Basis to Identify More Efficient or Cost-Effective Transmission Solutions**

**1. Affirmative Obligation to Plan and the Definition of "Transmission Needs"**

The Commission summarized the July 18<sup>th</sup> Order's "affirmative obligation to plan" requirements for the Jurisdictional SERTP Sponsors to be that they must "revise their respective OATTs to set forth the affirmative obligation to identify transmission solutions that more efficiently or cost-effectively meet reliability requirements, address economic considerations, and meet transmission needs driven by public policy requirements." July 18<sup>th</sup> Order, P 64.

To address these requirements, the Jurisdictional SERTP Sponsors have adopted a new Section 11 to their respective Attachment Ks.<sup>21</sup> Section 11 discusses how the SERTP Sponsors will engage in regional transmission planning analysis to assess if the then-current regional

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<sup>21</sup> The addition of this new Section 11 has necessarily led to a renumbering of the subsequent sections of the Jurisdictional SERTP Sponsors' Attachment Ks.

transmission plan addresses their “Transmission Needs, including those of its Transmission Customers and those which may be driven, in whole or part, by economic considerations or Public Policy Requirements.” Attachment K, Section 11.1. This explanation introduces the newly defined term of their “Transmission Needs” that the Jurisdictional SERTP Sponsors have added to their Attachment Ks. This term is defined on the first page of the revised Attachment Ks as:

[T]he Transmission Provider’s physical transmission system delivery capacity requirements that it must fulfill on a reliable basis to satisfy long-term (*i.e.*, one year or more) firm transmission commitment(s) whether driven in whole or in part by public policy requirements or economic or reliability considerations. Such commitments consist of Transmission Customers’ long-term Service Agreements under the Tariff and the firm transmission capacity required to serve the long-term delivery service requirements of Native Load Customers.

The SERTP Sponsors felt that it was important to add this definition so as to clarify the nature of their electric markets and how their transmission system is planned and expanded. By way of explanation, the SERTP region is characterized largely by vertically integrated utilities providing “physical” transmission service, in that transmission customers committing to long-term firm service have the right to use the physical transmission capacity necessary to render that service, with the transmission system planned and expanded with the intent that such service will be provided without congestion or constraint. The SERTP Sponsors plan and expand their transmission system with the intent to provide service *without congestion* for those customers willing to commit to long-term service. For a more detailed description of the SERTP’s market structure, reference is made to the DOE Market Structure Report.<sup>22</sup>

Given the SERTP Sponsors’ physical transmission service structure, the SERTP Sponsors’ transmission systems are planned and expanded to address “Transmission Needs,” as defined above. For native load customers, their “Transmission Needs” are largely established by often state-regulated IRP planning. Those IRP processes

[I]dentify the load-serving utility’s incremental needs, including load growth, and then set forth plans for providing or procuring the needed capacity at the lowest overall cost to consumers ***given all supply- and demand-side capacity options*** as well as the transmission costs associated with those options. IRPs also consider critical factors such as reliability, ***public policy requirements***, fuel diversity and stability, and environmental attributes.

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<sup>22</sup> See, e.g., DOE Market Structure Report at 25-27, 34-35, 42-43, 60-61, 64-65, 72-75.

DOE Market Structure Report at 26 (emphasis added). Presumably, the Transmission Provider's Transmission Customers' long-term firm transmission commitments likewise incorporate the results of their own IRP planning (if applicable) of the least-cost means of addressing (among other things) their economic considerations and public policy requirements.<sup>23</sup> Accordingly, by addressing their "Transmission Needs," the SERTP Sponsors "meet reliability requirements, address economic considerations, and meet transmission needs driven by public policy requirements." *Compare* July 18<sup>th</sup> Order, P 64.

Section 11.1.2 specifies the types of analyses that will be conducted as part of the SERTP Sponsors' affirmative regional transmission planning (*i.e.*, power flow, dynamic, and short circuit analysis, as necessary) and provides that Transmission Needs driven by Public Policy Requirements identified by Stakeholders will also be addressed. Section 11.2.1 provides that the affirmative regional planning "will look for potential regional transmission projects that may be more efficient or cost effective solutions to address Transmission Needs...." To further ensure that the SERTP addresses "economic considerations" as contemplated by Order No. 1000, Section 11.2.1 provides that the evaluation of alternatives will include an analyses of a transmission project's "[a]bility to reduce real power transmission losses...." with the July 18<sup>th</sup> Order specifically identifying transmission losses as an example of economic planning. July 18<sup>th</sup> Order, P 255.<sup>24</sup> In order for this regional evaluation process to parallel that performed for transmission projects submitted for potential selection for RCAP, Section 11.2.1 also copied the provision that the Commission allowed the SERTP to use at paragraph 204 of the July 18<sup>th</sup> Order, which provides that the evaluation will be in accordance with state law pertaining to transmission ownership, siting, and construction. Section 11.2.2 explains that Stakeholders will be able to provide input into this affirmative regional planning "throughout the SERTP planning process for each planning cycle in accordance with" the SERTP's open, transparent, and coordinated process.

## **2. Minimum Threshold Requirements**

With regard to the SERTP Sponsors' proposed minimum threshold requirements for a transmission project to be eligible to be proposed for inclusion in a regional plan for regional cost allocation purposes ("RCAP"), the July 18<sup>th</sup> Order held that the following must be removed: i) "the proposed OATT language related to transmission lines needing to be located in two or more SERTP balancing authority areas" and ii) "the provision requiring transmission projects to be 'materially different' than project(s) that have been previously considered in the transmission planning process...." Order, P 83. Accordingly, those requirements have been so removed.

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<sup>23</sup> In any event, the Transmission Provider does not and cannot second-guess the needs assumptions underlying the transmission service commitments made by its Transmission Customers, nor may the Transmission Provider second-guess the IRP determinations made in state-regulated processes.

<sup>24</sup> See also *PacifiCorp., et al.*, 143 FERC ¶ 61,151, P 240 (2013) (accepting the Northern Tier Transmission Group's ("NTTG") proposal to include electric losses in addition to avoided transmission costs as compliant with Cost Allocation Principle 1).

The July 18<sup>th</sup> Order also required the Jurisdictional SERTP Sponsors to either remove or justify the one-hundred (100) mile minimum threshold for a transmission project to be eligible to be proposed for RCAP. Order, P 77. The Commission further explained that if that criterion is to be retained, then the Jurisdictional SERTP Sponsors should “provide additional justification as to how the 100-mile threshold identifies transmission facilities that are likely to have regional benefits. For example, [the Jurisdictional SERTP Sponsors] could provide a historical analysis of which existing transmission facilities within the transmission planning region would have been eligible for evaluation for selection in the regional transmission plan for purposes of cost allocation under the proposed minimum threshold requirement.” *Id.*

The SERTP Sponsors propose to retain the 100 mile criterion, and have also provided an alternative criterion that a line that would be at least 50 miles and displace transmission projects in two or more balancing authority areas or states within the SERTP would also be acceptable. The use of these distances for the SERTP as threshold criteria is appropriate. As discussed in previous filings, the SERTP is expansive, constituting one of the largest regional planning processes in the country, with the SERTP Sponsors collectively having over 80,000 circuit miles of transmission. Furthermore, the SERTP encompasses a land mass more than roughly 700 miles north-to-south<sup>25</sup> and over 1200 miles east-to-west.<sup>26</sup> Therefore, in order for a transmission project to provide regional benefits commensurate with the scope of the SERTP, it necessarily must be a significant transmission line. Exhibit 1 illustrates that there are numerous transmission lines within the SERTP rated 300 kV or higher that would satisfy the SERTP’s proposed minimum threshold criteria. Specifically, that Exhibit identifies that there are 63 transmission lines terminating in the SERTP that are at least 50 miles in length, 32 such transmission lines that are at least 75 miles in length, and 15 that are at least 100 miles in length, demonstrating that the proposed 100 mile and 50 mile alternative criteria are reasonable.

In addition, in order to provide regional benefits commensurate with the scope of the SERTP region, a regional transmission project should effectuate transfers between the major load areas in the SERTP region. Exhibit 2 further reinforces the appropriateness of the proposed threshold criteria in that this Exhibit provides a map showing the major load areas in the SERTP and the shortest distances to the next two major load areas located closest to each. Again, the SERTP is expansive. And not only is it expansive, but there are generally larger distances between load areas than in other portions of the US, such as the major load areas along the mid-Atlantic. Based upon the information presented in that Exhibit, the average mileage between a major load area in the SERTP and its closest other major load area is 91 miles and the average mileage between its second closest other major load area is 124 miles. Therefore, a regional transmission line effectuating transfers between major load areas should generally range between 91 to 124 miles in length. Furthermore, no major load area is within 50 miles of its next closest other major load area. Accordingly, given the geographic scope of the SERTP, the existing significant transmission infrastructure of expansive 300+kV transmission lines, and the relatively large distances between major load areas, the SERTP Sponsors submit that the 100 mile and 50

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<sup>25</sup> Measured from the Florida Gulf coast to the northern Kentucky border.

<sup>26</sup> Measured from the North Carolina coast to Missouri’s western border.

mile alternative criteria are appropriate for the SERTP in identifying and encouraging transmission projects that are regional in nature.

As referenced above, the SERTP Sponsors are also proposing that certain transmission projects that are greater than 50 miles in length will also satisfy the minimum threshold requirements. By way of background, in the Jurisdictional SERTP Sponsors' February 8<sup>th</sup> Filings, pursuant to a recommendation from Commission Staff, the SERTP Sponsors included in their initial proposal an exception that even if a transmission project did not otherwise satisfy the minimum threshold criteria, the Jurisdictional SERTP Sponsors would consider such a project on a "case-by-case" basis so long as it provided significant regional transmission benefits. This case-by-case exception was to address a concern raised by Staff that a proposal might be slightly less than 100 miles in length. In the July 18<sup>th</sup> Order, however, the Commission expressed the concern that this exception might result in "unjust and unreasonable or unduly discriminatory outcomes," requiring additional detail to ensure that such result would not occur. Order, P 82. In response, the Jurisdictional SERTP Sponsors' intent behind the case-by-case exception was to allow for the consideration of lines less than 100 miles in length but that truly provide regional benefits commensurate to a 100 mile project (in terms of effectuating similar, significant bulk electric transfers and addressing similar significant, regional electric needs). Upon further review and to comply with the Order, the SERTP Sponsors submit that a transmission project that is over 50 miles in length that would displace transmission projects in two or more BAAs or states within the SERTP would provide sufficient regional benefits comparable to a 100 mile transmission project. Even though the project could be essentially half the length of a 100 mile (or greater) transmission project, the criteria that such a 50 mile project should also displace transmission projects in multiple BAAs or states within the SERTP would ensure that the project effectuates regional (as opposed to merely local) benefits in terms of effectuating significant electric transfers and addressing significant electric needs in a similar nature to a transmission project of at least 100 miles in length. Accordingly, the SERTP Sponsors are proposing to replace the "case-by-case" exception with this alternative that a transmission project would be eligible for RCAP if it is at least 50 miles in length and would displace transmission projects in two or more BAAs or states within the SERTP.

The July 18<sup>th</sup> Order also specified that the Jurisdictional SERTP Sponsors must either remove or justify their proposal that a transmission project proposed for RCAP must be materially different than projects already under consideration. Order, P 79. The SERTP Sponsors have retained that proposed requirement. For justification, if a proposal is not materially different than a project already under consideration, then it is axiomatic that the latter proposal of essentially the same project is not a "more efficient or cost effective" transmission alternative -- it is no alternative at all but is for all practical purposes the same project. In this regard, Order No. 1000 provides that its requirements have been adopted to "ensure that transmission planning processes . . . consider and evaluate . . . possible transmission *alternatives* . . ." Order No. 1000, P 4 (emphasis added). "[T]he various specific reforms adopted in this Final Rule are designed to work together to ensure an opportunity for *more transmission projects* to be considered in the transmission planning process . . ." *Id.* at P 11 (emphasis added). "Through the regional transmission planning process, public utility transmission providers will be required to evaluate, in consultation with Stakeholders, *alternative*



transmission solutions that might meet the needs of the transmission planning region more efficiently or cost-effectively *than solutions identified by individual public utility transmission providers* in their local transmission planning process.” *Id.* at P 148 (emphasis added). If a transmission project is already being evaluated in the transmission planning process, it is not a transmission project that has otherwise been missed or overlooked, as it is already being considered. Furthermore, Order No. 1000 encouraged the identification of ways to minimize disputes in evaluation. Order No. 1000, P 330. Ensuring that proposed solutions are materially different from one another should forestall unnecessary disputes and litigation that would almost certainly arise by allowing the submission of virtually identical transmission projects.

The Order also required the removal of the requirement that a transmission project must be able to be constructed and tied-in by the date needed but held that this basic consideration could be included in the evaluative step. July 18<sup>th</sup> Order, P 81. The Jurisdictional SERTP Sponsors have so removed that criteria from being a minimum threshold requirement and relocated it to be a consideration in the evaluation/selection of a project. *See* Section 17.5(e).

#### **D. Considerations of Transmission Needs Driven by Public Policy Requirements**

##### **1. Considerations of Transmission Needs Driven by Public Policy Requirements in the Regional Transmission Planning Process**

The July 18<sup>th</sup> Order requires the Jurisdictional SERTP Sponsors to adopt the definition of public policy requirements set forth in Order No. 1000-A that includes “local laws or regulations.” Order, P 113. Section 10.1 has been so revised. The July 18<sup>th</sup> Order requires the removal of the SERTP Sponsors’ original proposal that would have required Stakeholders to demonstrate that their proposed transmission need driven by a public policy requirement is not already addressed in the transmission planning process. Order, P 115. The pertinent language has been so removed from Section 10.2.1(2). The Order also requires the adoption of certain posting requirements pertaining to Stakeholder input regarding public policy requirements. Section 10.5 has been revised in compliance with those directives.

The Order requires the Jurisdictional SERTP Sponsors to revise their OATTs “to clearly state how Stakeholders can provide input in the regional transmission planning process regarding the identification of transmission needs driven by public policy requirements, and evaluation of potential solutions to those identified needs.” Order, P 116. Section 10.2.1 of Attachment K clearly states how Stakeholders may provide such input and what information should be provided. A new Section 10.4.2 has been added to explain how Stakeholders may provide input during the evaluation of public policy-driven transmission needs and possible solutions, with that Section discussing the regular planning meetings at which those considerations will be vetted with Stakeholders and the related postings on the SERTP website that will be made.

The Order also requires the Jurisdictional SERTP Sponsors to explain how they will identify, out of the larger set of transmission needs proposed by Stakeholders, “those transmission needs for which transmission solutions will be evaluated...” Order, P 116. To clarify, the SERTP Sponsors have added the above discussed definition of “Transmission Needs”

to the first page of their Attachment Ks. As previously discussed, that definition reflects that the transmission markets in the Southeast provide “physical” transmission service, in that transmission customers taking firm service have the right to use the underlying physical transmission capacity, with the system being planned and expanded to provide the physical capacity needed to satisfy long-term firm transmission commitments. Accordingly, Section 10.3.1(2) provides that a determination will be made of whether a Stakeholder-identified Public Policy Requirement has driven a Transmission Need(s), which (based upon the definition of Transmission Need) necessarily means a determination will be made whether the identified Public Policy Requirement has resulted in a long-term firm transmission commitment. If so, then Section 10.3.1(3) provides the SERTP Sponsors will determine whether that Transmission Need is already addressed or being evaluated in the then-current planning cycle.

The Order then requires the Transmission Provider to explain “how potential transmission solutions to identified transmission needs driven by public policy requirements will be evaluated.” Order, P 117. In this regard, Section 10.3.2 then provides that if that Transmission Need is not already being addressed, then the Transmission Provider will identify a transmission solution in accordance with how transmission solutions/alternatives are otherwise evaluated in the planning process. The Order then provides that the Jurisdictional SERTP Sponsors must describe “when and how Stakeholders may provide input during the evaluation of potential solutions to identified transmission needs driven by public policy requirements.” *Id.* In response, Section 10.3.2 also provides that the evaluation of such solutions will be performed consistent with the just discussed regional planning evaluative process provided in Section 11 and the existing Order No. 890 criteria provided at Section 6, with those referenced sections having their own respective provisions for vetting such evaluations with Stakeholders or otherwise describing how Stakeholders may participate in such processes. In other words, potential transmission solutions to Public Policy Requirement-driven Transmission Needs will be identified and evaluated (and alternatives may be proposed) consistent with the SERTP processes employed for all new transmission solutions proposed to address Transmission Needs. The Order also states that the required procedures must “include the evaluation of transmission facilities Stakeholders propose to satisfy an identified transmission need driven by public policy requirements....” Order, P 117. As just established, the revised Attachment K provides for Stakeholder input in the evaluative process of new transmission projects (including those driven in whole or part by public policy requirements.)

## **2. Considerations of Transmission Needs Driven by Public Policy Requirements in the Local Transmission Planning Process: Southern Companies and OVEC**

The Order directs Southern Companies and OVEC to provide “further compliance filings, including any necessary OATT revisions, explaining how their respective local transmission planning processes comply with the requirement of Order No. 1000 addressing transmission needs driven by public policy requirements.” July 18<sup>th</sup> Order, P 124. In response, as explained *supra* both OVEC and Southern Companies use the SERTP to apply a unified process to satisfy the seven (7) Order No. 890 planning principles that Order No. 1000 clarified apply to both local and regional transmission planning and to satisfy Order No. 1000’s public policy requirements.

With particular regard to Order No. 1000's public policy requirements, Stakeholders will be allowed to raise considerations of possible Transmission Needs driven by public policy requirements concerning OVEC's and Southern Companies' transmission planning, and all new transmission projects adopted by them in such planning will have been vetted with Stakeholders and evaluated in compliance with the Order No. 1000's public policy requirements.

### **3. Considerations of Transmission Needs Driven by Public Policy Requirements in the Local Transmission Planning Process: LG&E/KU**

As the Order stated, LG&E/KU's process for the consideration of local transmission needs driven by public policy requirements is nearly identical to the SERTP process for the consideration of regional needs driven by public policy requirements. July 18<sup>th</sup> Order, P 125. In addition to requiring LG&E/KU to make changes to its local consideration of transmission needs driven by Public Policy Requirements that followed the modifications the Commission required at the local level (Order, P 126), the Commission also required LG&E/KU to include additional detail on the role that the Independent Transmission Organization ("ITO") and Stakeholder Planning Committee ("SPC") would play in this part of the local planning process.

In addition to the changes to LG&E/KU's local consideration of transmission needs driven by Public Policy Requirements that follow the changes to the SERTP regional consideration of transmission needs driven by Public Policy Requirements, LG&E/KU have modified this process to include both the ITO and the SPC. The Economic Expansion Planning Subcommittee of the SPC has been re-named the Economic Expansion Planning and Public Policy Requirements Subcommittee ("EP Subcommittee"). LG&E/KU, as the Transmission Owner, will consult with the EP in the identification of public policy-driven local transmission needs. The ITO is responsible for facilitating the local consideration of transmission needs driven by Public Policy Requirements in much the same manner that it facilitates the local economic planning study process, such as establishing a queue on OASIS for Stakeholders to submit requests, and posting to OASIS the explanation of which projects were not selected for further evaluation. LG&E/KU respectfully request that the Commission accept these changes as compliant with the Order.

#### **E. Response to the PIOs' Comments**

As explained in the background section of this transmittal letter, the PIOs are the only Stakeholders to provide written comments in response to the SERTP Sponsors' December 13, 2013 posting of draft Attachment K language and the related December 19, 2013 webinar with Stakeholders. The PIOs raised a few issues pertaining to the SERTP Sponsors' proposals to address the Order's requirements on public policy and affirmative obligation to plan.

The PIOs first argue that the SERTP Sponsors have not completely complied with the requirements of Paragraph 115 of the Order, which required the SERTP Sponsors to delete language at Section 10.2.1(2) that would have required Stakeholders to demonstrate that a proposed Transmission Need driven by a Public Policy Requirement is not already addressed in

the transmission planning process. As discussed above, that language has been so deleted. Nevertheless, the PIOs argue that even if a Transmission Need is being addressed in the current planning process, “the SERTP Tariff should not categorically bar the consideration of more efficient or cost effective regional solutions....” PIOs Comments at 1. Contrary to the PIOs’ concern, there is no such bar. The new Section 11 of Attachment K specifically provides that the Jurisdictional SERTP Sponsors will perform regional planning analyses to assess whether there may be more efficient or cost effective transmission solutions to address identified Transmission Needs, as well as providing that they will develop new solutions should the on-going planning processes be determined not to provide sufficient transmission capacity to address a Transmission Need(s). Stakeholders may also propose transmission alternatives for consideration in the transmission planning process in accordance with Sections 3.5.3 or 16 of Attachment K.

The PIOs also note that the draft Attachment K made reference to performing analyses regarding the Transmission Needs in the “*latest* regional transmission plan” and the “*then-current* regional plan.” PIOs Comments at 1. The intent of the SERTP Sponsors is to consider not only the Transmission Needs identified in the “regional plan” that would have been shared with Stakeholders at the Annual Transmission Planning Summit for the prior transmission cycle,<sup>27</sup> but also any other Transmission Needs that might be under consideration at that point in the then-current transmission planning cycle. Clarifying language has been added at Section 11.2.1 that the Transmission Provider will look for potential regional solutions that may be more efficient or cost effective than not only those included “in the *latest* regional plan,” but also those “otherwise under consideration in the then-current transmission planning process...” (emphasis added).

The PIOs then note that the language in the then-Section 11.3.1 (now Section 11.2.1 of the Attachment K being filed herein) pertaining to evaluating potential alternatives discussed the determination of their “effectiveness” in addressing Transmission Needs. The PIOs argue that this analysis should also include the complementary consideration of “relative cost.” PIOs Comments at 2. However, even the PIOs in their comments recognize that “relative transmission cost” is specifically enumerated as being encompassed by such analysis.<sup>28</sup> The PIOs next raise a concern about the relevant analysis being performed in accordance with “state law pertaining to transmission ownership, siting, and construction.” As discussed *supra*, suffice it to say that the Commission specifically allowed the Jurisdictional SERTP Sponsors to adopt such language for evaluative purposes at paragraph 204 of the July 18<sup>th</sup> Order.

Lastly, the PIOs argue that the definition of “Transmission Needs” should also include the consideration of Public Policy Requirements that “decrease or defer the need for additional transmission capacity.” PIOs Comments at 2. In response, there is no need to revise the term, because if there is no longer a need for transmission capacity, then there is no longer an underlying Transmission Need. Likewise, if there is a reduction in the need for transmission

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<sup>27</sup> See Attachment K, Section 1.2.4.1.

<sup>28</sup> Stated somewhat differently, the SERTP Sponsors submit that “cost effectiveness” is a subset of the consideration of an alternative’s overall “effectiveness.”

capacity, then there will be corresponding diminution of that previously-identified Transmission Need.

**F. Nonincumbent Transmission Developer Reforms**

**a. Federal Rights of First Refusal**

The Order requires the removal of the SERTP Sponsors' proposed prohibition against a developer proposing to locate its project on the right-of-way ("ROW") of another absent the owner's consent. July 18<sup>th</sup> Order, P 136. However, the Commission clarified that it would be appropriate "to consider whether an entity has existing [ROW] as well as whether the entity has experience or ability to acquire [ROW] as part of the process for evaluating whether to select a proposed transmission facility in the regional plan for [RCAP]." *Id.* at P 137. In accordance with the foregoing, the identified language has been removed from Section 15 and the relevant consideration has been added to Section 17.5. The Order also requires a definition of upgrade be added that is consistent with that provided in Order No. 1000-A "so that it is clear which transmission facilities may fall with the definition of upgrade." *Id.* at P 138. Section 15.2 has been revised to provide more detail, including examples, regarding what constitutes an upgrade. In a further effort to avoid confusion, Section 15.2 clarifies that even though a transmission project proposed for RCAP may not constitute an "upgrade" to an existing transmission facility, "a transmission project proposed for potential selection in a regional transmission plan for RCAP may rely on the implementation of one or more transmission upgrades (as defined above) by the Impacted Utilities in order to reliably implement the proposed transmission project."<sup>29</sup>

**b. Qualification Criteria**

**i. Adoption of a Pre-Qualification Approach**

As referenced at the beginning of this transmittal letter, the scope of the revisions required by the Order, along with the opportunity to further reflect upon Order No. 1000's requirements, led the SERTP Sponsors to take a holistic approach in revising the SERTP's planning processes. One significant change is that the SERTP Sponsors have revised their qualification criteria to now provide at Section 14 for a "pre-qualification" approach, under which an interested transmission developer first applies to demonstrate its general financial and technical capabilities, and if determined to satisfy the pre-qualification requirements, then the pre-qualified developer may propose transmission projects for potential selection in a regional transmission plan for RCAP. Such a developer would remain pre-qualified for a period of three years unless there is a material change in the developer's qualification criteria.

Several considerations prompted this adoption of a pre-qualification approach. The July 18<sup>th</sup> Order established additional qualification options that may require more time for the

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<sup>29</sup> In such an event, the upgrades driven by the transmission project proposed for RCAP would be considered under Section 17.2.1 "additional projects within the SERTP on Impacted Utility transmission systems required to implement the proposal...."

Transmission Provider to review, such as the requirement to allow unrated developers to participate, meaning that the Transmission Provider now may need to develop a rating equivalent for any such developer prior to the commencement of the next transmission planning cycle for which the transmission developer seeks to qualify. The adoption of the proposed pre-qualified approach allows for the evaluation of qualification criteria without impacting the timeframe for project evaluation in any given planning cycle. Stakeholders have also sought such an approach. In this regard, LS Power advocated at an initial SERTP Stakeholder meeting concerning Order No. 1000 implementation for the adoption of a pre-qualification approach on the basis that transmission developers will be more likely to propose transmission projects if they know ahead of time that they are already qualified to so propose a transmission project for RCAP.<sup>30</sup> As an additional consideration, and as discussed further below, the July 18<sup>th</sup> Order required that “any entity” may submit a transmission project for RCAP purposes,<sup>31</sup> and potentially have one or more pre-qualified developers who could implement such a proposal should facilitate the overall development process.

In terms of process, Section 14.1 requires a transmission developer seeking to be pre-qualified to submit a pre-qualification application by August 1<sup>st</sup> and specifies the materials and information that must be provided. Section 14.2 provides that the applicant will be notified by November 1<sup>st</sup> regarding whether it has or has not pre-qualified. For those found to not pre-qualify, Section 14.3 provides the applicant 15 calendar days to cure. Following resubmittal, the transmission developer will be notified within thirty (30) days of whether the developer has pre-qualified.

To pre-qualify, Section 14.1 requires a \$25,000 fee “to off-set the cost to review, process, and evaluate the transmission developer’s pre-qualification application.” This fee is reasonable, as other planning processes require additional amounts, with the FRCC, for example, requiring \$50,000 to pre-qualify.<sup>32</sup> In addition, given the accounting complications that would be involved in attempting to track costs among the numerous SERTP Sponsors, the fee is proposed to be non-refundable, with no true-up, refund, or surcharge (as the Commission approved in the WestConnect Order.)<sup>33</sup>

Section 14.2 provides that a list of pre-qualified transmission developers will be posted on the SERTP website.

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<sup>30</sup> See Motion to Intervene and Protest of LS Power Transmission, LLC and LSP Transmission Holdings, LLC, Appendix 1, April 9, 2012: LS Power Transmission Initial Comments on SERTP Strawman Proposal at 2, filed March 25, 2013 in FERC Docket Nos. ER13-897, ER13-908, and ER13-913.

<sup>31</sup> Order, P 152.

<sup>32</sup> *Tampa Electric Co., et al.*, 143 FERC ¶ 61,254, P 147 (2013) However, it should be noted that the \$50,000 FRCC deposit is subject to refund of any of the unexpended amounts of the deposit, including interest if the evaluation does not require the full \$50,000 deposit to complete.

<sup>33</sup> *Public Service Co. of Colorado, et al.*, 142 FERC ¶ 61,206, PP 90 (2013) (“WestConnect Order”).

**ii. Qualification Criteria Requirements From the July 18<sup>th</sup> Order**

As just mentioned, the Order requires that the SERTP process be revised to provide that “any entity may submit a transmission project” for purposes of RCAP in the context of such an entity “not intend[ing] to develop the proposed project.” July 18<sup>th</sup> Order, P 152. In compliance with that requirement, Section 16 provides that “[a]ny entity may propose a transmission project for consideration ... for RCAP,” with an entity who intends to so propose but does not intend to be the developer may make such a proposal in accordance with Section 16.6. Section 16.6 in turn specifies when such proposal may be made and the requisite information describing the proposed project that would need to be provided, with the proposal then to be posted on the SERTP website. The entity proposing the project then may coordinate with a transmission developer to develop the project, with (as previously discussed) a list of pre-qualified transmission developers to be made available on the SERTP website. Should a pre-qualified developer decide to proceed with the project, then it is to provide the requisite project application and supporting materials in accordance with Section 16 within the window for submitting projects for RCAP pursuant to Section 16.3. In the event that no such project application is submitted within that window, then the project may be treated as a transmission expansion plan/enhancement/alternative for consideration with the planning cycle in accordance with Section 3.5.3.

The Order further notes that while the SERTP process “appear[s] to apply to both incumbent and nonincumbent transmission developers,” the Jurisdictional SERTP Sponsors must revise their Attachment Ks to make clear that “the qualification criteria apply to both incumbent ... and nonincumbent transmission developers.” July 18<sup>th</sup> Order, P 153. Section 14.1 has, accordingly, been revised to provide that in order to be eligible to propose a transmission project for RCAP, “a transmission developer (including the Transmission Provider and nonincumbents) ... must submit a pre-qualification application....”

The July 18<sup>th</sup> Order also requires the Jurisdictional SERTP Sponsors to clarify that “their proposed qualification criteria will only apply to a transmission developer that intends to develop a transmission project that it submits into the regional transmission planning process for purposes of cost allocation.” July 18<sup>th</sup> Order, P 152. In accordance with that requirement, the Jurisdictional SERTP Sponsors have revised Section 14.1 to make it expressly clear that its pre-qualification requirements only apply to a transmission developer that “intends to develop ... for RCAP ....”<sup>34</sup>

The Order requires the Jurisdictional SERTP Sponsors to provide for “an appropriate alternative to investment credit ratings, such as financial statements.” July 18<sup>th</sup> Order, P 154. Related thereto, in the July 18<sup>th</sup> Order, the Commission notes that Southern Companies’ OATT Attachment Q provides for the evaluation of creditworthiness based on financial statements and other information for entities for which a senior unsecured debt (or similar) rating or issuer (or

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<sup>34</sup> See Section 14.1 (“In order to be eligible to propose a transmission project (that the transmission developer intends to develop) for consideration for selection in a regional transmission plan for RCAP in the upcoming planning cycle...”).

similar) rating from any of the rating agencies is unavailable. *Id.* In accordance with the July 18<sup>th</sup> Order, the Jurisdictional SERTP Sponsors have revised Section 14.1 by adding a new subsection 2.C. to include provisions that permit the determination of a rating equivalent for an unrated transmission developer (“Rating Equivalent”).<sup>35</sup> As suggested by the Commission, the Rating Equivalent proposed to be determined and used as an alternative for entities without a credit rating in Section 14.1 is similar to the “Credit Score” option for unrated entities provided for in Southern Companies’ OATT Attachment Q<sup>36</sup> as referenced in the July 18<sup>th</sup> Order. An unrated transmission developer may qualify its project for RCAP if the SERTP Sponsors determine that the unrated developer has a Rating Equivalent of that required for rated companies. To cover the costs to the SERTP Sponsors of determining a Rating Equivalent for an unrated transmission developer, the unrated developer seeking to be pre-qualified is to provide annually a non-refundable fee of \$15,000.

The July 18<sup>th</sup> Order requires inclusion of “detailed provisions regarding the financial information that prospective transmission developers must provide.” July 18<sup>th</sup> Order, P 155. In accordance with that requirement, new Section 14.1(2)(C)(ii) details the types of financial and related information that an unrated developer would need to submit to allow the Transmission Provider to determine a “Rating Equivalent.”

The July 18<sup>th</sup> Order questions a provision in the Jurisdictional SERTP Sponsors’ February 8<sup>th</sup> Filing that provided that satisfying the minimum financial criteria to propose a project for RCAP alone would not satisfy the security/collateral requirement for a transmission project if selected for RCAP, and directs the Jurisdictional SERTP Sponsors “to explain in detail the additional financial and technical criteria that apply to a transmission project selected [for RCAP].” July 18<sup>th</sup> Order, P 156. Similarly, later in the Order, the Commission directs the Jurisdictional SERTP Sponsors to “revise their OATTs to clarify the security/collateral arrangements that a developer of a transmission project ... selected in a regional transmission plan for purposes of cost allocation must provide ... for its transmission project to remain in a regional transmission plan.” *Id.* at P 220. In response, and upon further review, the Jurisdictional SERTP Sponsors have concluded that the specific collateral/demonstration of more stringent creditworthiness probably would not be required at the time a project would be selected in a plan for RCAP in that it would be unlikely, at that point, that impacted utilities would suffer loss or incur damages should that developer abandon or delay its project at that time. Instead, such a point would likely arise subsequently in the implementation process. Accordingly, the above referenced Attachment K provision has been deleted, and instead the provision of specific collateral/demonstration of a project-specific creditworthiness is now expressly a milestone under Section 21.

Concerning this creditworthiness/security requirement applicable to projects that have been selected in a regional transmission plan for RCAP, the Jurisdictional SERTP Sponsors have

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<sup>35</sup> Said subsection 2.C of Section 14.1 provides in part: “Upon an Unrated transmission developer’s request, a credit rating will be determined for such unrated developer comparable to a Rating Agency credit rating (‘Rating Equivalent’).”

<sup>36</sup> *See* Southern Companies OATT, Attachment Q, Section II.A.



added a new Section 22 to provide detailed, project(s)-specific credit and security requirements. Specifically, the transmission developer for such project or its parent company guarantor (“Parent Guarantor”) must have and maintain a Credit Rating<sup>37</sup> of BBB- or better or the transmission developer must have and maintain a Rating Equivalent of BBB- or better. Transmission developers who have and maintain a Credit Rating or Rating Equivalent of BBB+ or better generally will not be required to post any collateral subject to a maximum exposure limit.<sup>38</sup> Transmission developers not meeting that Credit Rating or Rating Equivalent requirement would have to provide eligible collateral in an amount equal to the total cost of the project that has been selected for inclusion in a regional plan for RCAP, with Section 22.4 providing the requirements for such collateral.

The July 18<sup>th</sup> Order also requires that a previously qualified developer be notified of whether it continues to satisfy the region’s qualification requirements and to allow the developers an opportunity to remedy identified deficiencies. Order, P 157. Sections 14.3 and 16.5.3 provide for such notifications and opportunities to cure. In addition, new Section 22.3.2 provides that the transmission developer will be notified if it is determined upon an annual review or the occurrence of a material adverse or other relevant change that additional collateral is required and transmission developer shall have five (5) business days to provide such additional collateral. In addition, new Section 22.5 provides that a transmission developer has ten (10) business days to remedy any failure to comply with the credit and security requirements before it is declared to be in default and an additional ten (10) business days to remedy any such failure before the transmission developer’s projects may be removed from consideration for selection or, if previously selected, from a regional plan for RCAP.

### **c. Information Requirements**

The Order requires the removal of the requirement for a transmission developer submitting a transmission project for RCAP to provide documentation supporting the position that the proposed project addresses transmission needs more efficiently and cost-effectively than projects included in the latest transmission plan. July 18<sup>th</sup> Order, PP 168-170. The Order raises the concern that requiring the underlying technical studies “could be so cumbersome as to effectively prohibit transmission developers from proposing Projects.” *Id.* at P 168. The Order does provide, however, that the Jurisdictional SERTP Sponsors could clarify that while not required, a transmission developer could voluntarily perform such studies. *Id.* at P 170. In compliance with the foregoing, the referenced requirement has been replaced with a provision providing that a transmission developer may provide such information “[i]f available, and to

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<sup>37</sup> As provided in subsection 2.A. of Section 14.1, the senior unsecured debt (or similar) rating for the relevant entity from the rating agencies will be considered the “Credit Rating.”

<sup>38</sup> However, if the relevant project costs exceed the lesser of (a) 10% of the transmission developer’s or parent guarantor’s tangible net worth if the transmission developer or its parent guarantor has a tangible net worth of less than one billion dollars or (b) \$250,000,000 (the “Cap”), collateral will be required to the extent the relevant project costs exceed the Cap. *See* Attachment K, Section 22.2.

facilitate the evaluation of the proposal and to mitigate the potential for disputes.” Section 16.1(6).<sup>39</sup>

The SERTP Sponsors do note the removed provision from their Attachment Ks encompassed the primary means by which the transmission developer would have meaningfully identified the proposed project, provided the necessary data and files necessary for the Transmission Provider to be able to model the proposed transmission project, and identified why the project is needed. To ensure that these fundamental aspects of a proposed project are provided so that the SERTP Sponsors may adequately perform the requisite technical analysis, Section 16.1(4) has been revised to require the transmission developer to provide the data and/or files that would be necessary for the Transmission Provider to be able to model the proposed transmission project. In addition, to allow the SERTP Sponsors to evaluate whether the proposed project would actually serve the purpose for which it is being submitted, Attachment K has also been revised to specify that documentation is to be provided “of the specific Transmission Need(s) that the proposed transmission project is intended to address... includ[ing]... the technical analysis performed by the transmission developer to support that the proposed transmission project addresses the specified Transmission Need(s).” Section 16.1(5). That is, while no comparative analysis is required, the developer must provide a reason for submitting a project; it cannot propose a project that is not needed simply in the hope of receiving an unmerited return.

The SERTP Sponsors have also detailed other technical information that should be provided and have refined and clarified some of the other information requirements pertaining to a transmission developer’s technical and financial capabilities that will assist in determining whether the project merits inclusion in the regional plan. Those informational requirements are provided at Section 16.1(8)-(12).

**d. Evaluation Process for Proposals for Selection in the Regional Transmission Plan for Purposes of Cost Allocation**

In addressing the SERTP Sponsors’ evaluation of proposals, the Order repeats some of its earlier discussed requirements pertaining to the affirmative obligation to perform regional transmission planning. *See* Order, PP 195-196, 198. As previously discussed, the Jurisdictional SERTP Sponsors have adopted their new Section 11 to address this affirmative obligation to perform regional transmission planning. *See supra*. The Order also, again, specifies that additional OATT clarifications are necessary to ensure that the selection provisions pertaining to projects submitted for RCAP apply “to transmission projects developed by both incumbent and nonincumbent transmission developers.” July 18th Order, P 197. Sections 14.1, 15.1, and 16.1 have been so revised. The Order also requires the Jurisdictional SERTP Sponsors’ OATTs be

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<sup>39</sup> Rather than having to provide technical analysis to support that the proposed transmission project is expected to be a more efficient or cost effective alternative, the transmission developer is now only required to provide a description of why it is expected to be such a superior alternative. The SERTP Sponsors submit that merely providing such a description should not prove overly “cumbersome” and should facilitate the Transmission Provider’s evaluation of the project by providing supporting context.

revised to use the phrase “more efficient *or* cost effective” rather than “more efficient *and* cost effective.” Order P 198. The Attachment Ks have been so revised. *See, e.g.*, Attachment K, Sections 11.2, 17.3.2.

The Order states that the Jurisdictional SERTP Sponsors must “explain[] how the region will consider the relative efficiency and cost-effectiveness of proposed transmission solutions.” July 18<sup>th</sup> Order, P 198. Again, reference is made to the proposed new Section 11 (particularly Section 11.2), which (among other things), specifies how more efficient or cost effective transmission project alternatives will be identified and evaluated. Section 17.1, in turn, specifies that the same evaluative process will apply to projects submitted for RCAP purposes, as that Section provides that the evaluation of such projects will be “consistent with the regional evaluations process described in Section 11.” The Order also requires that the evaluative process “will culminate in a determination that is sufficiently detailed for Stakeholders to understand why a particular transmission project was selected or not selected....” Order, P 198. To comply with this requirement, Section 17.5 was revised to adopt language from Order No. 1000 providing that the “Transmission Provider will document its determination in sufficient detail for Stakeholder to understand why a particular project was selected or not selected for RCAP and will make this supporting documentation available to the transmission developer or Stakeholders, subject to any applicable confidentiality requirements.” *Compare* Order No. 1000, P 328, Order No. 1000-A, P 267.

The Order then requires the Jurisdictional SERTP Sponsors “to remove the requirement that a transmission developer obtain approvals from all of the ‘jurisdictional and/or governance authorities of the [i]mpacted utilities’ as a precondition of its transmission facilities being selected in a regional plan for [RCAP].” Order, P 199. In accordance with that requirement, this approval precondition has been removed. The Order, however, provides that the Commission “encourages state entities ... to consult, collaborate, inform, and even recommend a transmission project....” *Id.* at 200. Consistent with this statement, Section 17.4 has been revised to provide that “the state jurisdictional and/or governance authorities ... will be provided an opportunity to ... consult, collaborate, inform, and/or provide recommendations to the Transmission Provider.” Accordingly, Section 17.4 has been revised to replace jurisdictional/governance authority *approval* with jurisdictional/governance authority *review*, with that review being provided to “inform the Transmission Provider’s selection decisions.” Attachment K, Section 17.4. In this regard, the Order emphasizes that “the public utility transmission providers in the region [must] ultimately decide which transmission projects are selected.” Order, P 201, *see also id.* P 200. Section 17.5 has been revised to clarify that the Transmission Provider will make the selection decision and provides criteria that would drive such a selection determination.

The Order then requires the elimination of the proposed provisions that the detailed financial terms associated with a project proposed for RCAP must be “acceptable to each identified beneficiary.” *Id.* at P 202. That provision, along with other previous references in Attachment K related to the need to have reached an agreement with the beneficiaries, have been removed.

The Order requires the Jurisdictional SERTP Sponsors “to clarify the methods they will use to determine the transmission project costs of the transmission facilities that they will evaluate ... and to confirm that incumbent and nonincumbent costs will be scrutinized in the same manner.” *Id.* at Order, P 203. To clarify, the Jurisdictional SERTP Sponsors’ process for evaluating projects proposed for RCAP provides for two types of benefits-to-costs (“BTC”) analyses to be performed. The first is a high-level analysis that is performed when the proposal is first introduced. In keeping with the initial nature of this analysis (along with the assumption that the transmission developer would not have developed the detailed cost components for the proposal at such an initial juncture), the analysis is based upon high-level transmission planning cost estimates. *See* Attachment K, Section 17.2. To ensure that the cost components are calculated on the same basis, “the Transmission Provider will develop [the] planning level cost estimates....” Attachment K, Section 17.2.2. Should the proposed project pass that initial BTC analysis and otherwise remains a valid proposal for RCAP, then a detailed BTC analysis would be performed. Given the competitive nature of the Commission’s Order No. 1000,<sup>40</sup> the detailed cost components for a transmission project proposed for RCAP are to be provided by the transmission developer. Section 17.3.1 specifies the type of cost components that should be detailed, and then those total costs are compared against the projects that the proposed project would displace. To further confirm that the costs components will be comparable and that the costs will be scrutinized in a fair manner, Section 17.3.3 has been adopted, which emphasizes that:

To provide for an equitable comparison, the costs of the transmission projects that would be displaced and/or required to be implemented in such a detailed benefit-to-cost analysis will include comparable costs components as provided in the proposed project’s detailed financial terms (and vice-versa), as applicable. The cost components of the transmission projects that would be displaced will be provided by the Transmission Provider and/or other Impacted Utilities who would own the displaced transmission project. The cost components of the proposed transmission project and of the transmission projects that would be displaced will be reviewed and scrutinized in a comparable manner....

**e. Revaluation Process for Proposals for Selection in the Regional Transmission Plan for Purposes of Cost Allocation**

With regard to reevaluation, the Order directs the Jurisdictional SERTP Sponsors to clarify that they will “undertake a reevaluation of the regional transmission plan, rather than only transmission projects.” July 18<sup>th</sup> Order, P 216. Section 19.1 of Attachment K has been so revised.

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<sup>40</sup> *E.g.*, Order No. 1000-A, P 87 (stating that Order No. 1000 allows “nonincumbent transmission developers to compete in the proposal of more efficient or cost-effective transmission solutions.”).

The Order also requires the Jurisdictional SERTP Sponsors to adopt the following from Order No. 1000 regarding reevaluation due to the delay of transmission project selected in a regional transmission plan for RCAP:

- (1) allow the incumbent transmission provider to propose solutions that it would implement within its retail distribution service territory or footprint if an evaluation of alternatives is needed; and
- (2) if the proposed solution is a transmission facility, provide for the facility's evaluation for possible selection in the regional transmission plan for [RCAP].

July 18<sup>th</sup> Order, P 217. Section 20.1 has been revised to address these requirements.

The Order further provides that while the SERTP Sponsors generally identify the circumstances and procedures for when they reevaluate the regional plan to determine if delays in the development of a projected selected for RCAP require the evaluation of alternatives, the Commission directed that revisions be made to “explain the basis upon which [the Jurisdictional SERTP Sponsors] will retain or remove a transmission project ... selected in a regional transmission plan for purposes of cost allocation, or select an alternative transmission solution.” July 18<sup>th</sup> Order, P 218. In compliance with that requirement, Section 20.2 has been added that provides that the Jurisdictional SERTP Sponsor will remove a delayed project from being selected in a regional transmission plan for RCAP if the project no longer:

1. Adequately addresses underlying Transmission Needs by the required Transmission Need dates and/or;
2. Remains more efficient or cost effective based upon a reevaluation of the detailed benefit-to-cost calculation. The BTC calculation will factor in any additional transmission solutions required to implement the proposal (e.g. temporary fixes) and will also compare the project to identified transmission project alternatives.

The Order also notes a provision in the Jurisdictional SERTP Sponsors' original proposal that provided that a transmission developer would be responsible to the impacted utilities for any increased costs due to such a delay or abandonment. July 18<sup>th</sup> Order, P 219. The Commission expressed a concern about “the lack of clarity ... particularly regarding what costs may be included ... or how those costs would be calculated ... could create uncertainty regarding a transmission developer's exposure to future costs and could be a barrier to entry...” *Id.* If the Jurisdictional SERTP Sponsors retain this provision, the Order directs the Jurisdictional SERTP Sponsors to “revise their OATTs to provide additional detail to explain what costs may be included in the impacted utilities' increased costs, how such costs would be calculated, and how [the Jurisdictional SERTP Sponsors] would implement the proposal.” *Id.*

The SERTP Sponsors have retained and clarified this proposed requirement that a transmission developer would be responsible for increased costs to the Impacted Utilities due to

delay or abandonment by the developer. The primary justification for this requirement is that it is fundamentally necessary to protect ratepayers. As referenced by Commissioner Moeller in his separate statement to Order No. 1000, Order No. 1000 contemplates “long transmission lines.” Order No. 1000, Commissioner Moeller, dissenting in part at 1. Should a transmission developer delay or abandon such a proposed “long transmission line,” particularly once the development process reaches a more advanced stage such that Impacted Utilities rely upon it becoming operational and otherwise plan and build their systems such that the project would be operational, should that project be abandoned or materially delayed, then significant costs could (and likely would) be incurred to cover that abandonment or delay by the developer so as to allow the electric grid to satisfy Transmission Needs. In such an instance, the transmission developer should bear those costs (as the entity whose actions or inactions caused such increased costs or damages to be incurred) and not ratepayers or other customers of the SERTP Sponsors. Moreover, requiring the developer to bear those costs should provide the funding to take the requisite actions that would be necessary “to cover” the developer’s abandonment and to “make whole” those adversely affected by such abandonment or delay, particularly since the SERTP Sponsors are proposing appropriate creditworthiness/security requirements in their new Section 22.

Holding the transmission developer responsible for the increased costs caused by its delay or abandonment is also necessary to provide Order No. 1000’s financial/qualification provisions meaning and to also effectuate Order No. 1000’s commitments to protect reliability. Order No. 1000-A explains that the purpose of its qualification criteria is to ensure that the developer “has the necessary financial resources ... to develop, construct, own, operate, and maintain facilities.”<sup>41</sup> Apparently based largely upon these qualification criteria, Order No. 1000-A further explains that there should not be additional costs associated with reliability problems due to Order No. 1000’s nonincumbent requirements because “the selection criteria for project developers are an appropriate means of providing assurances that all project developers will be in a position to fulfill their commitments.”<sup>42</sup> In the context of transmission developers, “fulfill[ing] their commitments” necessarily includes the commitment to not delay development or abandon the project.<sup>43</sup> Likewise, establishing minimum financial requirements is largely meaningless unless such financial/creditworthiness requirements serve to protect against potential “default,” with again the potential “default” obviously being the possibility that the developer will delay or abandon its project. Therefore, holding the transmission developer responsible for the increased costs that would result from its delay or abandonment is

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<sup>41</sup> Order No. 1000-A, P 439.

<sup>42</sup> *Id.* at P 95.

<sup>43</sup> And it bears emphasis that a nonincumbent developer and the SERTP Sponsors are fundamentally different and not similarly situated in that if a nonincumbent developer delays or abandons a transmission project, the nonincumbent may have no duty to serve or any other obligation to ratepayers but could just walk away. Absent the adoption of appropriate protections (such as this proposal), ratepayers could be at risk, which would lead to Order No. 1000 resulting in ratepayers facing higher risks and costs rather than the rate reduction intended by Order No. 1000. In sharp contrast, should an SERTP Sponsor delay or abandon, the SERTP Sponsor still remains “on the hook” to render reliable, safe, and economic service to their customers, with state regulatory authorities often having jurisdiction over the Jurisdictional SERTP Sponsors’ remaining regulatory assets.

appropriate in terms of equity since the developer's delay or abandonment caused the increased costs to be incurred and to protect ratepayers, and holding the developer responsible for such costs is not only consistent with Order No. 1000 but is needed to provide meaning to Order No. 1000's qualification criteria and to effectuate the Commission's assurances to protect reliability.

To provide the requisite detail regarding what costs may be included, Section 20.3 has been revised to provide further clarification that they could include: (1) damages or increased costs to have someone else complete the project; (2) damages or increased costs incurred to pursue and/or complete alternative solutions to address the underlying transmission needs; (3) damages or increased costs associated with the impacted utilities' having abandoned plant due to the transmission developer's delay or abandonment; (4) damages or increased costs associated with the implementation of operational remedies and measures attributable to the transmission developer's delay or abandonment; (5) financing, labor, equipment and capital costs to implement interim and alternative solutions; and (6) any other documentable damages, increased costs, expenses, penalties, and/or fines to the Impacted Utilities attributable to the transmission developer's delay or abandonment.

The total costs would be calculated by summing the foregoing. In terms of how this proposal would be implemented, Section 20.3 references the new Section 22 (discussed *supra*) that specifies the collateral that the developer would have to provide as a milestone for a project selected for RCAP, with the reference providing that such collateral would "secure and support the transmission developer's payment obligations under this Section 20.3." Attachment K, Section 20.3.

**f. Cost Allocation for Transmission Projects Selected in the Regional Transmission Plan for Purposes of Cost Allocation**

The Order directs the Jurisdictional SERTP Sponsors to establish a mechanism for "unsponsored transmission projects." Order, P 228. In this regard, reference is made to the above discussion at section II.F.b.ii of this transmittal letter regarding Section 16.6 of Attachment K, which addresses projects proposed for RCAP where the entity making the proposal does not intend to be the developer of the project.

The SERTP Sponsors' original proposal included as a milestone that the transmission developer and the beneficiaries would need to enter into a contractual agreement. The Order held that a *pro forma* agreement would need to be filed to cover this milestone. Order, P 229. The SERTP Sponsors have removed that post-selection, implementation milestone, thereby removing the predicate for including such a *pro forma*. As a practical matter, as the Jurisdictional SERTP Sponsors have no experience with nonincumbent transmission developers developing a regional transmission project, preparing such a *pro forma* in a vacuum would be problematic. As a legal matter, such a post-selection, implementation contract goes beyond transmission planning and could address interconnection, operation and maintenance ("O&M"),

system restoration and cost recovery issues going far beyond the scope of Order No. 1000,<sup>44</sup> potentially crossing the line into matters that might be subject to FPA Sections 202(b), 210, and 211, with a mutually agreeable contract addressing such matters potentially proving unobtainable or even such an interconnection not proving feasible or legally required or appropriate. In addition, should a Nonjurisdictional SERTP Sponsor be the transmission developer, then such a contract may not even be Commission-jurisdictional. Finally, the fact that the Commission has approved regional transmission planning processes under which a developer is not even selected at all to construct a project or recover its costs<sup>45</sup> demonstrates that a contract addressing the relationship between the beneficiaries and the developer is outside the scope of Order No. 1000.

### 3. Cost Allocation

The Order expresses the concern that under the Jurisdictional SERTP Sponsors' original cost allocation proposal, "a regional transmission facility that results in a more efficient or cost-effective transmission solution than what is included in the roll-up of local transmission plans would not be eligible for regional cost allocation if there is no transmission facility in the local transmission plans that it would displace." July 18<sup>th</sup> Order, P 251. To address this concern, the Jurisdictional SERTP Sponsors have revised Section 17.1(3) to provide that if the proposed "transmission project addresses a Transmission Need(s) for which no transmission project is currently included in the latest ten (10) year expansion plans and/or regional transmission plan.... the Transmission Provider will identify alternative transmission project(s) which would be required to fully and appropriately address the same Transmission Needs(s) (*e.g.*, otherwise considered to be the more efficient or cost effective alternative). The costs of such an alternative transmission project then will be used for comparison purposes in making the BTC determinations under the SERTP's process. The revised Section 18(3) likewise notes that any cost allocation made under the Jurisdictional SERTP Sponsors' Attachment Ks would also include any such alternative transmission project that would have been required in lieu of the regional transmission project.

Identifying and assessing such alternative transmission projects in such a circumstance is also consistent with the SERTP Sponsors' general duty to serve requirements to demonstrate prudence and to gather support in any related state-regulated proceedings (*e.g.*, IRP or certification proceedings). The SERTP process compares the costs of implementing an RCAP project to meet Transmission Needs with the combined total costs of all transmission projects that are currently in the transmission expansion and/or regional transmission plans, plus all

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<sup>44</sup> See *e.g.*, Order No. 1000-A, P 105 (discussing how Order No. 1000 makes clear that its transmission planning and cost allocation provisions are process-focused and do not force substantive decisions concerning matter such as those "relevant to siting, permitting and construction.")

<sup>45</sup> *E.g.*, WestConnect Order, P 269 ("we reject LS Power's assertion that to the extent a qualified entity that proposed a transmission project selected in the regional transmission plan for purposes of cost allocation seeks to develop that project, the entity must be selected as the entity to construct and own the project. The determination of which transmission developer may use the regional cost allocation method for a selected transmission project does not necessarily confer rights to construct the project. In Order No. 1000 the Commission declined to adopt a requirement for public utility transmission providers to revise their OATTs to include a regional transmission planning process that provides a right to construct and own a transmission facility.").



additional transmission projects that are otherwise needed to satisfy Transmission Needs. Identifying and assessing alternative transmission options for previously unidentified Transmission Needs, thus, provides both a basis to fully quantify the benefits of the RCAP proposal and also demonstrate prudence on the part of the transmission provider that potentially more efficient or cost effective transmission project alternatives have been investigated.

The Order otherwise held that the SERTP Sponsors' sole use of an avoided cost metric does not satisfy Order No. 1000's cost allocation requirements. The Order states that "a regional cost allocation method that includes, but does not rely solely upon, avoided cost could be a reasonable approach.... For example, in addition to identifying as benefits the costs of avoided transmission facilities ... a regional cost allocation method could also identify economic benefits, such as costs savings resulting from reduced losses, production cost savings, or congestion relief and benefits associated with addressing public policy-related transmission needs." Order, P 255 (footnotes omitted).

Transmission projects are generally intended to provide two physical benefits; they can create physical transmission capacity to address delivery constraints and enable reliable delivery, and they can reduce the effective impedance of the transmission system which may result in reduced power losses. To capture the physical benefits associated with potentially reduced impedance, the SERTP Sponsors have revised their cost allocation methodology to include also a transmission loss metric to evaluate potential savings/additional costs in system transmission energy losses associated with implementing a transmission project proposed for RCAP purposes. Importantly, reduced losses is one of the economic considerations specifically identified by the Commission in the above quoted language as being appropriate. *See id.* Under this proposal, the SERTP Sponsors will evaluate whether such a proposal "reduces and/or increases real power transmission losses on the transmission system within the SERTP region." Attachment K, Section 17.1(5). Under the BTC analysis, Section 17.2.1(3) provides that "[i]f the initial BTC calculation results in a ratio equal to or greater than 1.0, then the Transmission Provider will calculate the estimated change in real power transmission losses on the transmission system(s) of the Impacted Utilities." In that updated BTC analysis, both the cost savings associated with reduced real power energy losses as well as cost increases associated with real power energy losses due to the adoption of the proposed transmission project would be calculated. *Id.* Section 17.2.3 also details how the cost components in such an energy loss determination would be calculated. Section 18(4) then provides that any cost allocation performed under the Jurisdictional SERTP Sponsors' Attachment Ks would also include the reduction of real power transmission losses on the transmission system.

The use of the SERTP's avoided cost (as modified in this compliance filing) and real power energy transmission losses metrics satisfies Order No. 1000's regional cost allocation requirements. Order No. 1000's Regional Cost Allocation Principle 1 specifies that the cost of transmission facilities must be allocated to those that benefit from the facilities in a manner roughly commensurate with estimated benefits. In this regard, the Commission approved the Northern Tier Transmission Group's ("NTTG") use of a single avoided cost metric to address the

allocation to beneficiaries of both reliability and public policy benefits.<sup>46</sup> Furthermore with regard to public policy benefits, the addition in this compliance filing to identify transmission solutions for Transmission Needs that may not have already been identified in the existing planning process necessarily means that all Public Policy benefits will be encompassed by the use of the avoided cost methodology. This is so because all Transmission Need driven by a Public Policy Requirement will be addressed in the planning process and thereby potentially displaceable by an alternative project proposed for RCAP. With regard to the allocation of beneficiaries of economic benefits, the use of a real power transmission losses metrics is one of the specific examples of an economic metric that the Commission specifically enumerated as being acceptable. Order, P 55; Order No. 1000-A, P 562. Moreover, as discussed in the SERTP Sponsors' request for rehearing to the July 18<sup>th</sup> Order and in the supporting affidavits, the SERTP Sponsors' avoided cost methodology does in fact address reliability, economic, and public policy benefits.<sup>47</sup> And the SERTP Sponsors' Attachment Ks clearly establish and identify the "Beneficiaries" who would be allocated such costs. See Attachment K, Section 18. Accordingly, the SERTP Sponsors' cost allocation methodology/metrics satisfies Regional Cost Allocation Principle 1.

Regional Cost Allocation Principle 2 specifies that those that receive no benefit from transmission facilities must not be involuntarily allocated any of the costs of the transmission facilities. The SERTP Sponsors' proposed cost allocation methodology/metrics satisfy this principle because only those who receive benefits in the form of displaced transmission costs and reduced transmission losses would be allocated the costs of the proposed project. See Section 18. The SERTP's proposal also satisfies Regional Cost Allocation Principle 3, which provides that if a BTC threshold is used, then it must not exceed a 1.25 ratio unless otherwise approved. In accordance with that principle, the SERTP Sponsors have adopted a 1.25 threshold, BTC requirement. See Attachment K Section 17.2.1. Regional Cost Allocation Principle 4 provides that the allocation method must allocate costs solely with the transmission planning region unless an external entity agrees to bear an allocation. In compliance with that requirement, the SERTP Sponsors' cost allocation methodology only allocates within the SERTP the costs of a project selected in a regional transmission plan for purposes of RCAP.

Regional Cost Allocation Principle 5 specifies that the cost allocation method and supporting data must be transparent with adequate documentation to allow a Stakeholder to determine how the cost allocation methodology was applied to a proposed transmission facility. The SERTP Sponsors' cost allocation methodology/metrics satisfy this principle. The July 18<sup>th</sup> Order reaffirmed that the SERTP transmission planning process complies with Order No. 890's transmission planning principles,<sup>48</sup> meaning that the SERTP Sponsors' new proposals to satisfy Order No. 1000's requirements will be vetted with Stakeholders in accordance with the SERTP Sponsors' existing open, transparent, and coordinated planning processes. In addition, Section 17.5 has been revised to specifically provide that the Jurisdictional SERTP Sponsors will post on

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<sup>46</sup> NTTG Order at PP 239 *et seq.*

<sup>47</sup> SERTP Sponsors' Request for Rehearing at Section III.D.

<sup>48</sup> Order, PP 41-46.

the SERTP website its determination of whether a proposed project will be selected for inclusion in a regional plan for RCAP, and that they will document their “determination in sufficient detail for Stakeholders to understand why a particular project was selected or not selected for RCAP....”

Regional Cost Allocation Principle 6 specifies that a transmission planning region “*may*” choose to use a different cost allocation method for different types of transmission facilities, such as transmission facilities needed “for reliability, congestion relief, or to achieve Public Policy Requirements.” Order, P 241 (emphasis added). Since this is not a mandatory provision, the SERTP Sponsors’ cost allocation methodology/metrics satisfies this principle.<sup>49</sup>

#### **V. Request for Waiver**

The Jurisdictional SERTP Sponsors are making this filing in compliance with, but under protest as previously discussed, to, the Commission’s directives in July 18<sup>th</sup> Order. By making this filing in compliance with that Order, the Jurisdictional SERTP Sponsors understand that they have hereby satisfied any of the Commission’s filing requirements that might apply. Should any of the Commission’s regulations (including filing regulations) or requirements that we may not have addressed be found to apply, the Jurisdictional SERTP Sponsors respectfully request waiver of any such regulation or requirement.

#### **VI. Effective Date**

The October 17<sup>th</sup> Letter Order established June 1, 2014 as the effective date for the SERTP Sponsors’ compliance with Order No. 1000’s regional transmission planning and cost allocation requirements.

#### **VII. Service**

The Jurisdictional SERTP Sponsors are serving an electronic copy of this filing to their respective OATT customers for whom they have e-mail addresses and to their respective State Commissions. In addition, this filing is being posted on the SERTP website, and the Jurisdictional SERTP Sponsors are posting an electronic copy of this filing on their OASIS or websites.

#### **VIII. List of Documents**

The following is a list of documents submitted with this filing:

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<sup>49</sup> In addition, it also bears noting that a “congestion relief” metric for the SERTP would not be meaningful since a primary goal of the SERTP’s physical market structure is to plan and expand the system so that there is *no* congestion for those making long-term firm transmission commitments. *See generally* “Market Structures and Transmission Planning Processes in the Eastern Interconnection”; DOE, 2009 National Electric Transmission Congestion Study at 61 (“Because the southeastern utilities build aggressively in advance of load, there is little economic or reliability congestion within the region.”).

- (a) This transmittal letter;
- (b) Exhibit 1: Major SERTP Transmission Lines;
- (c) Exhibit 2: Distances Between Major SERTP Load Areas;
- (d) A Clean Tariff Attachment for Attachment K for posting in eLibrary;<sup>50</sup>
- (e) A Marked Tariff Attachment for Attachment K;
- (f) A Clean Tariff Attachment for Exhibit K-9 for posting in eLibrary;<sup>51</sup>
- (g) A Clean Tariff Attachment for LG&E/KU and OVEC, respectively, for posting in eLibrary, to adopt a definition of “Stakeholder;” and
- (h) A Marked Tariff Attachment for LG&E/KU and OVEC, respectively, to adopt a definition of “Stakeholder.”

#### **IX. Communications**

Communications concerning this filing should be directed to the undersigned attorneys or following representatives of the Jurisdictional SERTP Sponsors:

**Duke Energy Carolinas, LLC and Duke Energy Progress, Inc.,**  
Docket No. ER13-83

Ms. Nina McLaurin  
Duke Energy  
P.O. Box 1551  
Raleigh, North Carolina 27602

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<sup>50</sup> As noted, Duke will not include the Clean and Marked Tariff Attachments until it submits its filing due in February, 2014. In addition, for OVEC, the SERTP regional transmission planning and cost allocation processes are found in Attachment M, so OVEC’s Attachment M is also being filed, along with a Marked Tariff Attachment.

<sup>51</sup> For LG&E/KU, the list of enrollees is found at Appendix 11, and for OVEC the list is found at Attachment M-6. Accordingly, LG&E/KU’s Appendix 11 and OVEC’s Attachment M-6 are also being filed.

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**Kentucky Utilities Company and Louisville Gas and Electric Company**

Docket No. ER13-897

Ms. Jennifer Keisling  
Senior Corporate Attorney  
LG&E and KU Energy LLC  
220 West Main Street  
Louisville, Kentucky 40202

**Ohio Valley Electric Corporation, including its wholly owned subsidiary Indiana-Kentucky Electric Corporation**

Docket No. ER13-913

Mr. Scott Cunningham  
Systems Operations Supervisor  
Ohio Valley Electric Corporation  
3932 U.S. Route 23  
Piketon, Ohio 45661

**Southern Company Services, Inc.**

**Docket No. ER13-908**

Ms. Julia L. York  
Transmission Policy Analyst  
Southern Company Services, Inc.  
Post Office Box 2641  
Birmingham, Alabama 35291

Hon. Kimberly D. Bose  
January 14, 2014  
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Sincerely,

/s/ Jennifer L. Key

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*Louisville Gas and Electric Company Kentucky  
Utilities Company*

/s/ Andrew W. Tunnell

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*Counsel for Southern Company Services, Inc.*

# **Exhibit 1**

## **Major SERTP Transmission Lines**

The following table provides a list of “as built” transmission lines built to operate at a voltage of 300 kV or higher, span at least 50 miles in length, and terminate in the SERTP region.

No.	Transmission Line Name	Approximate Mileage
1	Vogle - Thalmann 500 kV	161
2	Vogle - Scherer 500 kV	155
3	Daniel - McKnight 500 kV	151
4	Hatch - Duval 500 kV	126
5	Widows Creek - Bulls Run 500 kV	138
6	Kyger - Pierce 345 kV	120
7	Jocasee - McGuire 500 kV	120
8	Johnsonville – Cordova 500 kV	119
9	Browns Ferry - West Point 500 kV	118
10	N Tifton - Fortson 500 kV	117
11	Browns Ferry - Union 500 kV	112
12	Wake - Carson 500 kV	109
13	Oconee - Newport 500 kV	108
14	Jackson Ferry - McGuire 500 kV	108
15	Norcross - Oconee 500 kV	102
16	Farley - Snowdoun 500 kV	97
17	Farley - North Tifton 500 kV	94
18	Klondike - Bonaire 500 kV	94
19	Volunteer - Watts Bar 500 kV	94
20	South Bessemer - Snowdoun 500 kV	93
21	Blackberry - Sportsman 345 kV	93
22	Bonaire - Hatch 500 kV	90
23	West Garrku - Pineville 345 kV	90
24	Browns Ferry - Maury 500 kV	87
25	Widows Creek - East Point 500 kV	87
26	McGuire - Pleasant Garden 500 kV	83
27	Hatch - North Tifton 500 kV	82
28	Richmond - Newport 500 kV	81
29	Thalmann - Duval 500 kV	79
30	Marshall KY - Cumberland 500 kV	78
31	Miller - Lowndes 500 kV	76
32	Fairport - Cooper 345 kV	75
33	Pierce - Department of Energy X-530 #1 345 kV	72
34	Pierce - Department of Energy X-530 #2 345 kV	72
35	Brown North - Hardin County 345 kV	70
36	Clifty Creek - Pierce #1 345 kV	70

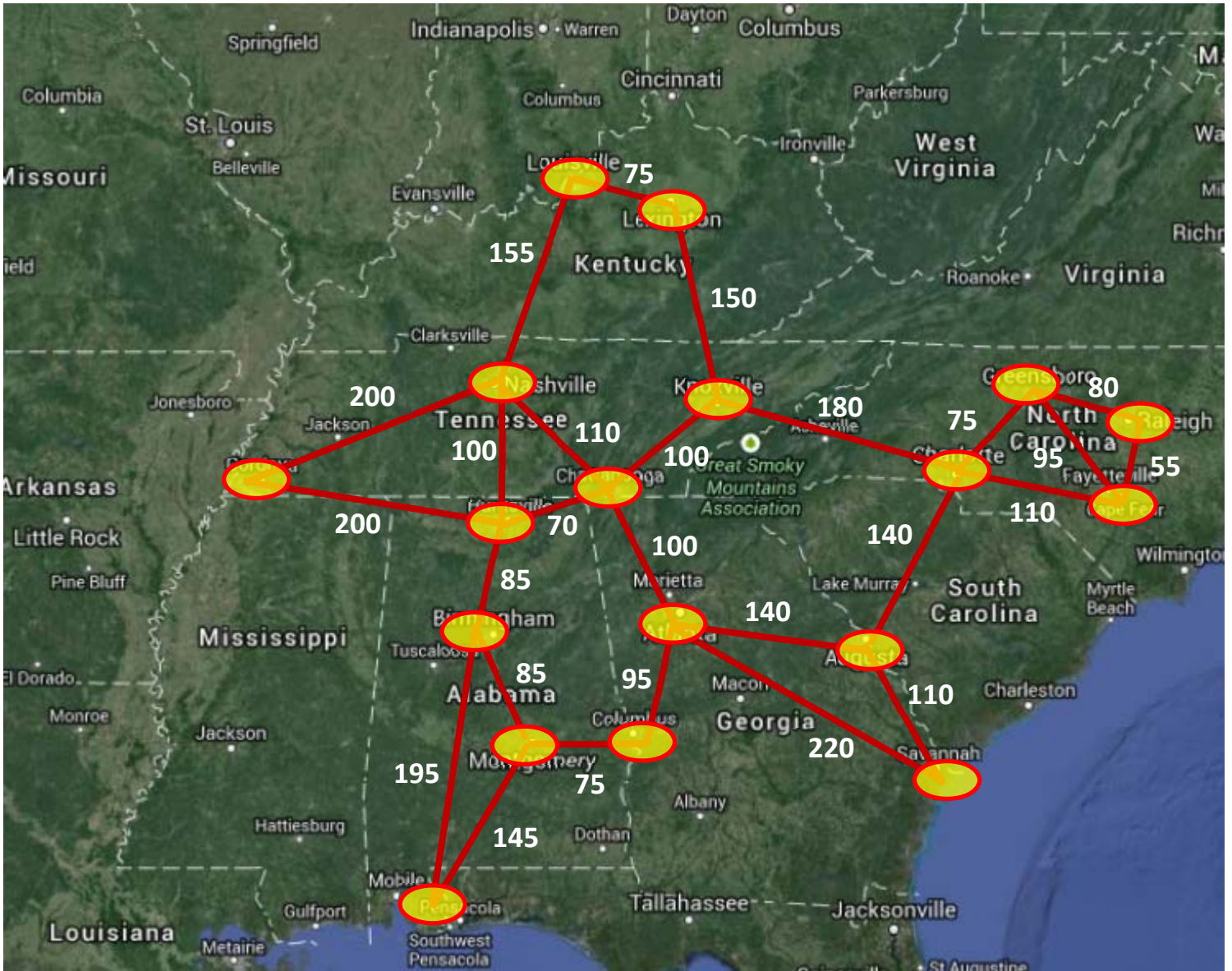


37	Clifty Creek - Pierce #2 345 kV	70
38	Bowen - Bradley 500 kV	68
39	Cumberland - Wake 500 kV	67
40	Fletcher - Gobbler Knob 345 kV	67
41	Hardin County - Smith 345 kV	66
42	Volunteer - Phipps Bend 500 kV	65
43	Hatch - Thalmann 500 kV	65
44	Maury TN - Franklin TN 500 kV	64
45	Franklin TN - Sequoyah NP 500 kV	63
46	Fortson - Wansley 500 kV	60
47	Clifty Creek - Buffington 345 kV	58
48	Bowen - Union City 500 kV #1	58
49	Cumberland - Richmond 500 kV	57
50	Bowen - Union City 500 kV #2	56
51	New Madrid - Dell AECC 500 kV	55
52	McCredie - Thomas Hill 345 kV	55
53	Alcalde - Brown North 345 kV	54
54	Weakley TN - Lagoon Creek SS 500 kV	54
55	Franks - Huben 345 kV	53
56	Paradise - Montgomery 500 kV	52
57	West Lexington - Ghent 345 kV	52
58	O'Hara - Scherer 500 kV	52
59	Shawnee FP - East West Frankfort 345 kV	52
60	O'Hara - Wansley 500 kV	51
61	Kyger Creek - Department of Energy X-530 #1 345 kV	50
62	Kyger Creek - Department of Energy X-530 #2 345 kV	50
63	Pleasant Garden - Parkwood 500 kV	50

## **Exhibit 2**

# **Distances Between Major SERTP Load Areas**

The following map depicts the locations of the major load areas located within the SERTP region as well as the approximate shortest distances to the next two major load areas within the SERTP region.



**ATTACHMENT M**  
**The Southeastern Regional Transmission Planning Process**

The Transmission Provider participates in the Southeastern Regional Transmission Planning Process (“SERTP”) described herein and on the Regional Planning Website, a link to which is found on the Transmission Provider’s OASIS. The Transmission Provider and the other transmission providers and owners that participate in this Southeastern Regional Transmission Planning Process are identified on the Regional Planning Website (“Sponsors”).<sup>1</sup> This Southeastern Regional Transmission Planning Process provides a coordinated, open and transparent planning process between the Transmission Provider and its Network and Firm Point-to-Point Transmission Customers and other interested parties, including the coordination of such planning with interconnected systems within the region, to ensure that the Transmission System is planned to meet the Transmission Needs of both the Transmission Provider and its Network and Firm Point-to-Point Transmission Customers on a comparable and nondiscriminatory basis. “Transmission Needs” are defined herein as the Transmission Provider’s physical transmission system delivery capacity requirements that it must fulfill on a

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<sup>1</sup> While this Attachment M discusses the Transmission Provider largely effectuating the activities of the Southeastern Regional Transmission Planning Process that are discussed herein, the Transmission Provider expects that the other Sponsors will also sponsor those activities. For example, while this Attachment M discusses the Transmission Provider hosting the Annual Transmission Planning Meetings, the Transmission Provider expects that it will be co-hosting such meetings with the other Sponsors. Accordingly, many of the duties described herein as being performed by the Transmission Provider may be performed in conjunction with one or more other Sponsors or may be performed entirely by one or more other Sponsors. Likewise, while this Attachment M discusses the transmission expansion plan of the Transmission Provider, the Transmission Provider expects that transmission expansion plans of the other Sponsors shall also be discussed, particularly since the transmission expansion plans of the other Sponsors are expected to be included in the regional transmission plan that is to be developed in each planning cycle for purposes of Order No. 1000. To the extent that this Attachment M makes statements that might be construed to imply establishing duties or obligations upon other Sponsors, no such duty or obligation is intended. Rather, such statements are intended to only mean that it is the Transmission Provider’s expectation that other Sponsors will engage in such activities. Accordingly, this Attachment M only establishes the duties and obligations of the Transmission Provider and the means by which Stakeholders may interact with the Transmission Provider through the Southeastern Regional Transmission Planning Process described herein.

reliable basis to satisfy long-term (*i.e.*, one year or more) firm transmission commitment(s) whether driven in whole or in part by public policy requirements or economic or reliability considerations. Such commitments consist of Transmission Customers' long-term Service Agreements under the Tariff and the firm transmission capacity required to serve the long-term delivery service requirements of Native Load Customers. The Transmission Provider's coordinated, open and transparent planning process is hereby provided in this Attachment M, with additional materials provided on the Regional Planning Website.

### **Local Transmission Planning**

The Transmission Provider has established the SERTP as its coordinated, open and transparent planning process with its Network and Firm Point-to-Point Transmission Customers and other interested parties to ensure that the Transmission System is planned to meet the Transmission Needs of both the Transmission Provider and its Network and Firm Point-to-Point Transmission Customers on a comparable and not unduly discriminatory basis. The Transmission Provider plans its transmission system to reliably meet the needs of its transmission customers on a least-cost, reliable basis in accordance with applicable requirements of federal and state public utility laws and regulations. The Transmission Provider incorporates into its transmission plans the needs and results of the integrated resource planning activities conducted within each of its applicable state jurisdictions pursuant to its applicable duty to serve obligations. In accordance with the foregoing, its contractual requirements, and the requirements of North American Electric Reliability Corporation ("NERC") Reliability Standards, the Transmission Provider conducts comprehensive reliability assessments and thoroughly coordinates with neighboring and/or affected transmission providers.

Through its participation in the SERTP, the Transmission Provider's local planning process satisfies the following nine principles, as defined in Order No. 890: coordination, openness, transparency, information exchange, comparability,<sup>2</sup> dispute resolution, regional participation, economic planning studies, and cost allocation for new projects. This planning process also addresses at Section 9 the requirement to provide a mechanism for the recovery and allocation of planning costs consistent with Order No. 890. This planning process also includes at Section 10 the procedures and mechanisms for considering Transmission Needs driven by Public Policy Requirements consistent with Order No. 1000. The Transmission Provider uses the SERTP as its open, coordinated, and transparent planning process for both its local and regional planning processes for purposes of Order Nos. 890 and 1000, such that the Transmission Provider's ten year transmission expansion plan and the regional transmission plan are vetted with Stakeholders in accordance with the SERTP's open, coordinated, and transparent transmission planning provisions provided herein.

The SERTP includes sufficient detail to enable Transmission Customers to understand:

- (i) The process for consulting with customers for Attachment M purposes, which is set forth in Section 1 of this Attachment M;
- (ii) The notice procedures and anticipated frequency of meetings, which is set forth in Sections 1 and 2 of this Attachment M;
- (iii) The Transmission Provider's transmission planning methodology, criteria, and processes, which are set forth in Section 3 of this Attachment M;
- (iv) The method of disclosure of transmission planning criteria, assumptions and underlying

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<sup>2</sup> The Transmission Provider is committed to providing comparable and non-discriminatory transmission service. As such, comparability is not separately addressed in a stand-alone section of this Attachment M but instead permeates the Southeastern Regional Transmission Process described in this Attachment M.

- data, which is set forth in Sections 2 and 3 of this Attachment M;
- (v) The obligations of and methods for Transmission Customers to submit data to the Transmission Provider, which is set forth in Section 4 of this Attachment M;
  - (vi) The dispute resolution process, which is set forth in Section 5 of this Attachment M;
  - (vii) The Transmission Provider's study procedures for economic upgrades to address congestion or the integration of new resources, which is set forth in Section 7 of this Attachment M;
  - (viii) The Transmission Provider's procedures and mechanisms for considering Transmission Needs driven by Public Policy Requirements, consistent with Order No. 1000, which are set forth in Section 10 of this Attachment M; and
  - (ix) The relevant cost allocation method or methods, which is set forth in Section 8 of this Attachment M.

## **Regional Transmission Planning**

The Transmission Provider participates in the SERTP through which transmission facilities and non-transmission alternatives may be proposed and evaluated. This regional transmission planning process develops a regional transmission plan that identifies the transmission facilities necessary to meet the needs of transmission providers and transmission customers in the transmission planning region for purposes of Order No. 1000. This regional transmission planning process is consistent with the provision of Commission-jurisdictional services at rates, terms and conditions that are just and reasonable and not unduly discriminatory or preferential, as described in Order No. 1000. Nothing herein precludes the Transmission Provider from building new transmission facilities located solely in its local footprint and/or that are not submitted for regional cost allocation purposes (“RCAP”) pursuant to Section 16.

This regional transmission planning process satisfies the following seven principles, as set out and explained in Order Nos. 890 and 1000: coordination, openness, transparency, information exchange, comparability,<sup>3</sup> dispute resolution, and economic planning studies. This regional transmission planning process includes at Section 10 the procedures and mechanisms for considering Transmission Needs driven by Public Policy Requirements, consistent with Order No. 1000. This regional transmission planning process provides at Section 9 a mechanism for the recovery and allocation of planning costs consistent with Order No. 890. This regional transmission planning process includes at Section 13 a clear enrollment process for public and non-public utility transmission providers that make the choice to become part of a transmission planning region for purposes of regional cost allocation. This regional transmission planning

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<sup>3</sup> The Transmission Provider is committed to providing comparable and non-discriminatory transmission service. As such, comparability is not separately addressed in a stand-alone section of this Attachment M but instead permeates the Southeastern Regional Transmission Process described in this Attachment M.



process subjects enrollees to cost allocation if they are found to be Beneficiaries of new transmission facilities selected in the regional transmission plan for purposes of cost allocation.<sup>4</sup>

Attachment M-6 contains a list of Enrollees as of the effective date of such tariff record. The relevant cost allocation method or methods that satisfy the six regional cost allocation principles set forth in Order No. 1000 are described in Sections 17-18 of this Attachment M. Nothing in this regional transmission planning process includes an unduly discriminatory or preferential process for transmission project submission and selection. As provided below, the SERTP includes sufficient detail to enable Transmission Customers to understand:

- (i) The process for enrollment and terminating enrollment in the SERTP, which is set forth in Section 13 of this Attachment M;
- (ii) The process for consulting with customers, which is set forth in Section 1 of this Attachment M;
- (iii) The notice procedures and anticipated frequency of meetings, which is set forth in Sections 1 and 2 of this Attachment M;
- (iv) The Transmission Provider's transmission planning methodology, criteria, and processes, which are set forth in Section 3 of this Attachment M;
- (v) The method of disclosure of transmission planning criteria, assumptions and underlying data, which is set forth in Sections 2 and 3 of this Attachment M;
- (vi) The obligations of and methods for transmission customers to submit data, which are set forth in Section 4 of this Attachment M;

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<sup>4</sup> Enrollees that are identified pursuant to Section 17 to potentially have one or more of their planned transmission projects displaced by the transmission developer's potential transmission project for possible selection in a regional transmission plan for RCAP shall be referred to as "Beneficiaries."

- (vii) The process for submission of data by nonincumbent developers of transmission projects that wish to participate in the transmission planning process and seek regional cost allocation for purposes of Order No. 1000, which is set forth in Sections 14-22 of this Attachment M;
- (viii) The process for submission of data by merchant transmission developers that wish to participate in the transmission planning process, which is set forth in Section 12 of this Attachment M;
- (ix) The dispute resolution process, which is set forth in Section 5 of this Attachment M;
- (x) The study procedures for economic upgrades to address congestion or the integration of new resources, which is set forth in Section 7 of this Attachment M;
- (xi) The procedures and mechanisms for considering Transmission Needs driven by Public Policy Requirements, consistent with Order No. 1000, which are set forth in Section 10 of this Attachment M; and
- (xii) The relevant cost allocation method or methods satisfying the six regional cost allocation principles set forth in Order No. 1000, which is set forth at Sections 17-18.

### **Interregional Transmission Coordination**

The interregional transmission coordination procedures with each transmission planning region that shares a regional border with the SERTP region, developed to comply with Order No. 1000's interregional coordination requirements, are found in the following Attachments to this Attachment M:

- (i) Attachment M-1: Interregional Transmission Coordination Between the SERTP and FRCC Regions;
- (ii) Attachment M-2: Interregional Transmission Coordination Between the SERTP and MISO Regions;
- (iii) Attachment M-3: Interregional Transmission Coordination Between the SERTP and PJM Regions;
- (iv) Attachment M-4: Interregional Transmission Coordination Between the SERTP and SCRTP Regions; and
- (v) Attachment M-5: Interregional Transmission Coordination Between the SERTP and SPP Regions.

## **ORDER NO. 890 TRANSMISSION PLANNING PRINCIPLES**

### **1. Coordination**

- 1.1 General:** The Southeastern Regional Transmission Planning Process is designed to eliminate the potential for undue discrimination in planning by establishing appropriate lines of communication between the Transmission Provider, its transmission-providing neighbors, affected state authorities, Transmission Customers, and other Stakeholders regarding transmission planning issues.
- 1.2 Meeting Structure:** Each calendar year, the Southeastern Regional Transmission Planning Process will generally conduct and facilitate four (4) meetings (“Annual Transmission Planning Meetings”) that are open to all Stakeholders. However, the number of Annual Transmission Planning Meetings, or duration of any particular meeting, may be adjusted by announcement upon the Regional

Planning Website, provided that any decision to reduce the number of Annual Transmission Planning Meetings must first be approved by the Sponsors and by the Regional Planning Stakeholders' Group ("RPSG"). These meetings can be done in person, through phone conferences, or through other telecommunications or technical means that may be available. The details regarding any such meeting will be posted on the Regional Planning Website, with a projected meeting schedule for a calendar year being posted on the Regional Planning Website on or before December 31<sup>st</sup> of the prior calendar year, with firm dates for all Annual Transmission Planning Meetings being posted at least sixty (60) calendar days prior to a particular meeting. The general structure and purpose of these four (4) meetings will be as follows:

**1.2.1 First RPSG Meeting and Interactive Training Session:** At this meeting, which will be held in the first quarter of each calendar year, the RPSG will be formed for purposes of that year. In addition, the Transmission Provider will meet with the RPSG and any other interested Stakeholders for the purposes of allowing the RPSG to select up to five (5) Stakeholder requested Economic Planning Studies that they would like to have studied by the Transmission Provider and the Sponsors. At this meeting, the Transmission Provider will work with the RPSG to assist the RPSG in formulating these Economic Planning Study requests. The Transmission Provider will also conduct an interactive training session regarding its transmission planning for all interested Stakeholders. This session will explain and discuss the underlying methodology and criteria that will be

utilized to develop the transmission expansion plan<sup>5</sup> before that methodology and criteria are finalized for purposes of the development of that year's transmission expansion plan (*i.e.*, the expansion plan that is intended to be implemented the following calendar year).<sup>6</sup> Stakeholders may submit comments to the Transmission Provider regarding the Transmission Provider's criteria and methodology during the discussion at the meeting or within ten (10) business days after the meeting, and the Transmission Provider will consider such comments. Depending upon the major transmission planning issues presented at that time, the Transmission Provider will provide various technical experts that will lead the discussion of pertinent transmission planning topics, respond to Stakeholder questions, and provide technical guidance regarding transmission planning matters. It is foreseeable that it may prove appropriate to shorten the training sessions as Stakeholders become increasingly knowledgeable regarding the Transmission Provider's

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<sup>5</sup> As indicated *infra* at footnote 1, references in this Attachment M to a transmission "plan," "planning," or "plans" should be construed in the singular or plural as may be appropriate in a particular instance. Likewise, the reference to a plan or plans may, depending upon the circumstance, be a reference to a regional transmission plan required for purposes of Order No. 1000. The expectation is that in any given planning cycle, the Transmission Provider's ten year transmission expansion plan, along with those of the other Sponsors, will be included in the regional transmission plan. Moreover, the iterative nature of transmission planning bears emphasis, with underlying assumptions, needs, and data inputs continually changing to reflect market decisions, load service requirements, and other developments. A transmission plan, thus, only represents the status of transmission planning when the plan was prepared.

<sup>6</sup> A transmission expansion plan completed during one calendar year (and presented to Stakeholders at that calendar year's Annual Transmission Planning Summit) is intended to be implemented the following calendar year. For example, the transmission expansion plan developed during 2009 and presented at the 2009 Annual Transmission Planning Summit is for the 2010 calendar year.

transmission planning process and no longer need detailed training in this regard.

The Transmission Provider will also address transmission planning issues that the Stakeholders may raise.

**1.2.2 Preliminary Expansion Plan Meeting:** During the second quarter of each calendar year, the Transmission Provider will meet with all interested Stakeholders to explain and discuss: the Transmission Provider's preliminary transmission expansion plan, which is also input into that year's SERC (or other applicable NERC region's) regional model; internal model updating and any other then-current coordination study activities with the transmission providers in the Florida Reliability Coordinating Council ("FRCC"); and any *ad hoc* coordination study activities that might be occurring. These preliminary transmission expansion plan, internal model updating, and coordination study activities will be described to the Stakeholders, with this meeting providing them an opportunity to supply their input and feedback, including the transmission plan/enhancement alternatives that the Stakeholders would like the Transmission Provider and the Sponsors to consider. The Transmission Provider will also provide an update as to the status of its regional planning analyses performed pursuant to Section 11. In addition, the Transmission Provider will address transmission planning issues that the Stakeholders may raise and otherwise discuss with Stakeholders

developments as part of the SERC (or other applicable NERC region's) reliability assessment process.

**1.2.3 Second RPSG Meeting:** During the third quarter of each calendar year, the Transmission Provider will meet with the RPSG and any other interested Stakeholders to report the preliminary results for the Economic Planning Studies requested by the RPSG at the First RPSG Meeting and Interactive Training Session. This meeting will give the RPSG an opportunity to provide input and feedback regarding those preliminary results, including alternatives for possible transmission solutions that have been identified. At this meeting, the Transmission Provider shall provide feedback to the Stakeholders regarding transmission expansion plan alternatives that the Stakeholders may have provided at the Preliminary Expansion Plan Meeting, or within a designated time following that meeting. The Transmission Provider will also discuss with the Stakeholders the results of the SERC (or other applicable NERC region's) regional model development for that year (with the Transmission Provider's input into that model being its ten (10) year transmission expansion plan); any on-going coordination study activities with the FRCC transmission providers; and any *ad hoc* coordination study activities. In addition, the Transmission Provider will address transmission planning issues that the Stakeholders may raise.

**1.2.4 Annual Transmission Planning Summit and Assumptions Input Meeting:** During the fourth quarter of each calendar year, the

Transmission Provider will host the annual Transmission Planning Summit and Assumptions Input Meeting.

**1.2.4.1 Annual Transmission Planning Summit:** At the Annual Transmission Planning Summit aspect of the Annual Transmission Planning Summit and Assumptions Input Meeting, the Transmission Provider will present the final results for the Economic Planning Studies. The Transmission Provider will also provide an overview of the ten (10) year transmission expansion plan, which reflects the results of planning analyses performed in the then-current planning cycle, including analyses performed pursuant to Sections 6 and 11. The Transmission Provider will also provide an overview of the regional transmission plan for Order No. 1000 purposes, which should include the ten (10) year transmission expansion plan of the Transmission Provider. In addition, the Transmission Provider will address transmission planning issues that the Stakeholders may raise.

**1.2.4.2 Assumptions Input Session:** The Assumptions Input Session aspect of the Annual Transmission Planning Summit and Assumptions Input Meeting will take place following the annual Transmission Planning Summit and will provide an open forum for discussion with, and input from, the Stakeholders regarding: the data gathering and transmission model assumptions that will



be used for the development of the Transmission Provider's following year's ten (10) year transmission expansion plan, which includes the Transmission Provider's input, to the extent applicable, into that year's SERC regional model development; internal model updating and any other then-current coordination study activities with the transmission providers in the FRCC; and any *ad hoc* coordination study activities that might be occurring. This meeting may also serve to address miscellaneous transmission planning issues, such as reviewing the previous year's regional planning process, and to address specific transmission planning issues that may be raised by Stakeholders.

**1.3 Committee Structure – the RPSG:** To facilitate focused interactions and dialogue between the Transmission Provider and the Stakeholders regarding transmission planning, and to facilitate the development of the Economic Planning Studies, the RPSG was formed in March 2007. The RPSG has two primary purposes. First, the RPSG is charged with determining and proposing up to five (5) Economic Planning Studies on an annual basis and should consider clustering similar Economic Planning Study requests. Second, the RPSG serves as the representative in interactions with the Transmission Provider and Sponsors for the eight (8) industry sectors identified below.

**1.3.1 RPSG Sector Representation:** The Stakeholders are organized into the following eight (8) sectors for voting purposes within the RPSG:

- (1) Transmission Owners/Operators<sup>7</sup>
- (2) Transmission Service Customers
- (3) Cooperative Utilities
- (4) Municipal Utilities
- (5) Power Marketers
- (6) Generation Owners/Developers
- (7) ISO/RTOs
- (8) Demand Side Management/Demand Side Response

**1.3.2 Sector Representation Requirements:** Representation within each sector is limited to two members, with the total membership within the RPSG being capped at 16 members (“Sector Members”). The Sector Members, each of whom must be a Stakeholder, are elected by Stakeholders, as discussed below. A single company, and all of its affiliates, subsidiaries, and parent company, is limited to participating in a single sector.

**1.3.3 Annual Reformulation:** The RPSG will be reformed annually at each First RPSG Meeting and Interactive Training Session discussed in Section 1.2.1. Specifically, the Sector Members will be elected for a term of approximately one year that will terminate upon the convening of the following year’s First RPSG Meeting and Interactive Training Session. Sector Members shall be elected by the Stakeholders physically present at the First RPSG Meeting and Interactive Training Session (voting by sector for the respective Sector Members). If elected, Sector Members may

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<sup>7</sup> The Sponsors will not have a vote within the Transmission Owners/Operators sector, although they (or their affiliates, subsidiaries or parent company) shall have the right to participate in other sectors.

serve consecutive, one-year terms, and there is no limit on the number of terms that a Sector Member may serve.

**1.3.4 Simple Majority Voting:** RPSG decision-making that will be recognized by the Transmission Provider for purposes of this Attachment M shall be those authorized by a simple majority vote by the then-current Sector Members, with voting by proxy being permitted for a Sector Member that is unable to attend a particular meeting. The Transmission Provider will notify the RPSG of the matters upon which an RPSG vote is required and will use reasonable efforts to identify upon the Regional Planning Website the matters for which an RPSG decision by simple majority vote is required prior to the vote, recognizing that developments might occur at a particular Annual Transmission Planning Meeting for which an RPSG vote is required but that could not be reasonably foreseen in advance. If the RPSG is unable to achieve a majority vote, or should the RPSG miss any of the deadlines prescribed herein or clearly identified on the Regional Planning Website and/or at a particular meeting to take any action, then the Transmission Provider will be relieved of any obligation that is associated with such RPSG action.

**1.3.5 RPSG Guidelines/Protocols:** The RPSG is a self-governing entity subject to the following requirements that may not be altered absent an appropriate filing with the Commission to amend this aspect of the Tariff: (i) the RPSG shall consist of the above-specified eight (8) sectors; (ii) each company, its affiliates, subsidiaries, and parent company, may only

participate in a single sector; (iii) the RPSG shall be reformed annually, with the Sector Members serving terms of a single year; and (iv) RPSG decision-making shall be by a simple majority vote (*i.e.*, more than 50%) by the Sector Members, with voting by written proxy being recognized for a Sector Member unable to attend a particular meeting. There are no formal incorporating documents for the RPSG, nor are there formal agreements between the RPSG and the Transmission Provider. As a self-governing entity, to the extent that the RPSG desires to adopt other internal rules and/or protocols, or establish subcommittees or other structures, it may do so provided that any such rule, protocol, *etc.*, does not conflict with or otherwise impede the foregoing requirements or other aspects of the Tariff. Any such additional action by the RPSG shall not impose additional burdens upon the Transmission Provider unless it agrees in advance to such in writing, and the costs of any such action shall not be borne or otherwise imposed upon the Transmission Provider unless the Transmission Provider agrees in advance to such in writing.

**1.4 The Role of the Transmission Provider in Coordinating the Activities of the Southeastern Regional Transmission Planning Process Meetings and of the Functions of the RPSG:** The Transmission Provider will host and conduct the above-described Annual Transmission Planning Meetings with Stakeholders.<sup>8</sup>

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<sup>8</sup> As previously discussed, the Transmission Provider expects that the other Sponsors will also be hosts and sponsors of these activities.

### **1.5 Procedures Used to Notice Meetings and Other Planning-Related**

**Communications:** Meetings notices, data, stakeholder questions, reports, announcements, registration for inclusion in distribution lists, means for being certified to receive Critical Energy Infrastructure Information (“CEII”), and other transmission planning-related information will be posted on the Regional Planning Website. Stakeholders will also be provided notice regarding the annual meetings by e-mail messages (if they have appropriately registered on the Regional Planning Website to be so notified). Accordingly, interested Stakeholders may register on the Regional Planning Website to be included in e-mail distribution lists (“Registered Stakeholder”). For purposes of clarification, a Stakeholder does not have to have received certification to access CEII in order to be a Registered Stakeholder.

### **1.6 Procedures to Obtain CEII Information:**

For access to information considered to be CEII, there will be a password protected area that contains such CEII information. Any Stakeholder may seek certification to have access to this CEII data area.

### **1.7 The Regional Planning Website:**

The Regional Planning Website will contain information regarding the Southeastern Regional Transmission Planning Process, including:

- Notice procedures and e-mail addresses for contacting the Sponsors and for questions;
- A calendar of meetings and other significant events, such as release of draft reports, final reports, data, etc.;
- A registration page that allows Stakeholders to register to be placed upon an e-mail distribution list to receive meetings notices and other announcements electronically; and

- The form in which meetings will occur (*i.e.*, in person, teleconference, webinar, *etc.*).

## 2. Openness

**2.1 General:** The Annual Transmission Planning Meetings, whether consisting of in-person meetings, conference calls, or other communicative mediums, will be open to all Stakeholders. The Regional Planning Website will provide announcements of upcoming events, with Stakeholders being notified regarding the Annual Transmission Planning Meetings by such postings. In addition, Registered Stakeholders will also be notified by e-mail messages. Should any of the Annual Transmission Planning Meetings become too large or otherwise become unmanageable for the intended purpose(s), smaller breakout meetings may be utilized.

**2.2 Links to OASIS:** In addition to open meetings, the publicly available information, CEII-secured information (the latter of which is available to any Stakeholder certified to receive CEII), and certain confidential non-CEII information (as set forth below) shall be made available on the Regional Planning Website, a link to which is found on the Transmission Provider's OASIS website, so as to further facilitate the availability of this transmission planning information on an open and comparable basis.

### 2.3 CEII Information

**2.3.1 Criteria and Description of CEII:** The Commission has defined CEII as being specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure (physical or virtual) that:

1. Relates details about the production, generation, transmission, or distribution of energy;
2. Could be useful to a person planning an attack on critical infrastructure;
3. Is exempt from mandatory disclosure under the Freedom of Information Act; and
4. Does not simply give the general location of the critical infrastructure.

**2.3.2 Secured Access to CEII Data:** The Regional Planning Website will have a secured area containing the CEII data involved in the Southeastern Regional Transmission Planning Process that will be password accessible to Stakeholders that have been certified to be eligible to receive CEII data. For CEII data involved in the Southeastern Regional Transmission Planning Process that did not originate with the Transmission Provider, the duty is incumbent upon the entity that submitted the CEII data to have clearly marked it as CEII.

**2.3.3 CEII Certification:** In order for a Stakeholder to be certified and be eligible for access to the CEII data involved in the Southeastern Regional Transmission Planning Process, the Stakeholder must follow the CEII certification procedures posted on the Regional Planning Website (*e.g.*, authorize background checks and execute the SERTP CEII Confidentiality Agreement posted on the Regional Planning Website). The Transmission Provider reserves the discretionary right to waive the certification process, in whole or in part, for anyone that the Transmission Provider deems appropriate to receive CEII information. The Transmission Provider also

reserves the discretionary right to reject a request for CEII; upon such rejection, the requestor may pursue the dispute resolution procedures of Section 5.

#### **2.3.4 Discussions of CEII Data at the Annual Transmission Planning**

**Meetings:** While the Annual Transmission Planning Meetings are open to all Stakeholders, if CEII information is to be discussed during a portion of such a meeting, those discussions will be limited to being only with those Stakeholders who have been certified eligible to have access to CEII information, with the Transmission Provider reserving the discretionary right at such meeting to certify a Stakeholder as being eligible if the Transmission Provider deems it appropriate to do so.

**2.4 Other Sponsor- and Stakeholder- Submitted Confidential Information:** The other Sponsors and Stakeholders that provide information to the Transmission Provider that foreseeably could implicate transmission planning should expect that such information will be made publicly available on the Regional Planning Website or may otherwise be provided to Stakeholders in accordance with the terms of this Attachment M. Should another Sponsor or Stakeholder consider any such information to be CEII, it shall clearly mark that information as CEII and bring that classification to the Transmission Provider's attention at, or prior to, submittal. Should another Sponsor or Stakeholder consider any information to be submitted to the Transmission Provider to otherwise be confidential (*e.g.*, competitively sensitive), it shall clearly mark that information as such and notify the Transmission Provider in writing at, or prior to, submittal, recognizing that



any such designation shall not result in any material delay in the development of the transmission expansion plan or any other transmission plan that the Transmission Provider (in whole or in part) is required to produce.

## **2.5 Procedures to Obtain Confidential Non-CEII Information**

**2.5.1** The Transmission Provider shall make all reasonable efforts to preserve the confidentiality of information in accordance with the provisions of the Tariff, the requirements of (and/or agreements with) NERC, the requirements of (and/or agreements with) SERC or other applicable NERC region, the provisions of any agreements with the other Sponsors, and/or in accordance with any other contractual or legal confidentiality requirements.

**2.5.2 [RESERVED]**

**2.5.3 [RESERVED]**

**2.5.4** Without limiting the applicability of Section 2.5.1, to the extent competitively sensitive and/or otherwise confidential information (other than information that is confidential solely due to its being CEII) is provided in the transmission planning process and is needed to participate in the transmission planning process and to replicate transmission planning studies, it will be made available to those Stakeholders who have executed the SERTP Non-CEII Confidentiality Agreement (which agreement is posted on the Regional Planning Website). Importantly, if information should prove to contain both competitively

sensitive/otherwise confidential information and CEII, then the requirements of both Section 2.3 and Section 2.5 would apply.

**2.5.5** Other transmission planning information shall be posted on the Regional Planning Website and may be password protected, as appropriate.

### **3. Transparency**

**3.1 General:** Through the Annual Transmission Planning Meetings and postings made on the Regional Planning Website, the Transmission Provider will disclose to its Transmission Customers and other Stakeholders the basic criteria, assumptions, and data that underlie its transmission expansion plan, as well as information regarding the status of upgrades identified in the transmission plan. The process for notifying stakeholders of changes or updates in the data bases used for transmission planning shall be through the Annual Transmission Planning Meetings and/or by postings on the Regional Planning Website.

**3.2 The Availability of the Basic Methodology, Criteria, and Process the Transmission Provider Uses to Develop its Transmission Plan:** In an effort to enable Stakeholders to replicate the results of the Transmission Provider's transmission planning studies, and thereby reduce the incidences of after-the-fact disputes regarding whether transmission planning has been conducted in an unduly discriminatory fashion, the Transmission Provider will provide the following information, or links thereto, on the Regional Planning Website:

(1) The Electric Reliability Organization and Regional Entity reliability standards that the Transmission Provider utilizes, and complies with, in performing transmission planning.

- (2) The Transmission Provider's internal policies, criteria, and guidelines that it utilizes in performing transmission planning.
- (3) Software titles and version numbers that may be used to access and perform transmission analyses on the then-current posted data bases.

Any additional information necessary to replicate the results of the Transmission Provider's planning studies will be provided in accordance with, and subject to, the CEII and confidentiality provisions specified in this Attachment M and Attachment M-2.

**3.3 Additional Transmission Planning-Related Information:** In an effort to facilitate the Stakeholders' understanding of the Transmission System, the Transmission Provider will also post additional transmission planning-related information that it deems appropriate on the Regional Planning Website.

**3.4 Additional Transmission Planning Business Practice Information:** In an effort to facilitate the Stakeholders' understanding of the Business Practices related to Transmission Planning, the Transmission Provider will also post the following information on the Regional Planning Website:

- (1) Means for contacting the Transmission Provider.
- (2) Procedures for submittal of questions regarding transmission planning to the Transmission Provider (in general, questions of a non-immediate nature will be collected and addressed through the Annual Transmission Planning Meeting process).
- (3) Instructions for how Stakeholders may obtain transmission base cases and other underlying data used for transmission planning.

- (4) Means for Transmission Customers having Service Agreements for Network Integration Transmission Service to provide load and resource assumptions to the Transmission Provider; provided that if there are specific means defined in a Transmission Customer's Service Agreement for Network Integration Transmission Service ("NITSA") or its corresponding Network Operating Agreement ("NOA"), then the NITSA or NOA shall control.
- (5) Means for Transmission Customers having Long-Term Service Agreements for Point-To-Point Transmission Service to provide to the Transmission Provider projections of their need for service over the planning horizon (including any potential rollover periods, if applicable), including transmission capacity, duration, receipt and delivery points, likely redirects, and resource assumptions; provided that if there are specific means defined in a Transmission Customer's Long-Term Transmission Service Agreement for Point-To-Point Transmission Service, then the Service Agreement shall control.

### **3.5 Transparency Provided Through the Annual Transmission Planning Meetings**

#### **3.5.1 The First RPSG Meeting and Interactive Training Session**

- 3.5.1.1 An Interactive Training Session Regarding the Transmission Provider's Transmission Planning Methodologies and Criteria:** As discussed in (and subject to) Section 1.2.1, at the First RPSG Meeting and Interactive

Training Session, the Transmission Provider will, among other things, conduct an interactive, training and input session for the Stakeholders regarding the methodologies and criteria that the Transmission Provider utilizes in conducting its transmission planning analyses. The purpose of these training and interactive sessions is to facilitate the Stakeholders' ability to replicate transmission planning study results to those of the Transmission Provider.

#### **3.5.1.2 Presentation and Explanation of Underlying Transmission**

**Planning Study Methodologies:** During the training session in the First RPSG Meeting and Interactive Training Session, the Transmission Provider will present and explain its transmission study methodologies. While not all of the following methodologies may be addressed at any single meeting, these presentations may include explanations of the methodologies for the following types of studies:

1. Steady state thermal analysis.
2. Steady state voltage analysis.
3. Stability analysis.
4. Short-circuit analysis.
5. Nuclear plant off-site power requirements.
6. Interface analysis (*i.e.*, import and export capability).

**3.5.2 Presentation of Preliminary Modeling Assumptions:** At the Annual Transmission Planning Summit, the Transmission Provider will also provide to the Stakeholders its preliminary modeling assumptions for the development of the Transmission Provider's following year's ten (10) year transmission expansion plan. This information will be made available on the Regional Planning Website, with CEII information being secured by password access. The preliminary modeling assumptions that will be provided may include:

1. Study case definitions, including load levels studied and planning horizon information.
2. Resource assumptions, including on-system and off-system supplies for current and future native load and network customer needs.
3. Planned resource retirements.
4. Renewable resources under consideration.
5. Demand side options under consideration.
6. Long-term firm transmission service agreements.
7. Current TRM and CBM values.

**3.5.3 The Transmission Expansion Review and Input Process:** The Annual Transmission Planning Meetings will provide an interactive process over a calendar year for the Stakeholders to receive information and updates, as well as to provide input, regarding the Transmission Provider's

development of its transmission expansion plan. This dynamic process will generally be provided as follows:

1. At the Annual Transmission Planning Summit and Assumptions Input Meeting, the Transmission Provider will describe and explain to the Stakeholders the database assumptions for the ten (10) year transmission expansion plan that will be developed during the upcoming year. The Stakeholders will be allowed to provide input regarding the ten (10) year transmission expansion plan assumptions.
2. At the First RPSG Meeting and Interactive Training Session, the Transmission Provider will provide interactive training to the Stakeholders regarding the underlying criteria and methodologies utilized to develop the transmission expansion plan. The databases utilized by the Transmission Provider will be posted on the secured area of the Regional Planning Website.
3. To the extent that Stakeholders have transmission expansion plan enhancement/alternatives that they would like for the Transmission Provider and other Sponsors to consider, the Stakeholders shall perform analysis prior to, and provide any such analysis at, the Preliminary Expansion Plan Meeting. At the Preliminary Expansion Plan Meeting, the Transmission Provider will present its preliminary transmission expansion plan for the current ten (10) year planning horizon, including updates on the status of regional

assessments being performed pursuant to Section 11. The Transmission Provider and Stakeholders will engage in interactive expansion plan discussions regarding this preliminary analysis. This preliminary transmission expansion plan will be posted on the secure/CEII area of the Regional Planning Website at least 10 calendar days prior to the Preliminary Expansion Plan meeting.

4. The transmission expansion plan/enhancement/alternatives suggested by the Stakeholders will be considered by the Transmission Provider for possible inclusion in the transmission expansion plan. When evaluating such proposed alternatives, the Transmission Provider will, from a transmission planning perspective, take into account factors such as, but not limited to, the proposed alternatives' impacts on reliability, relative economics, effectiveness of performance, impact on transmission service (and/or cost of transmission service) to other customers and on third-party systems, project feasibility/viability and lead time to install.
5. At the Second RPSG Meeting, the Transmission Provider will report to the Stakeholders regarding the suggestions/alternatives suggested by the Stakeholders at the Preliminary Expansion Plan Meeting. The then-current version of the transmission expansion plan will be posted on the secure/CEII area of the regional



planning website at least ten (10) calendar days prior to the Second RPSG Meeting.

6. At the Annual Transmission Planning Summit, the ten (10) year transmission expansion plan that is intended to be implemented the following year will be presented to the Stakeholders along with the regional transmission plan for purposes of Order 1000. The Transmission Planning Summit presentations, and the regional transmission plan, which is expected to include the ten (10) year transmission expansion plan, will be posted on the Regional Planning Website at least ten (10) calendar days prior to the Annual Transmission Planning Summit.

**3.5.4 Flowchart Diagramming the Steps of the Southeastern Regional Transmission Planning Process:** A flowchart diagramming the Southeastern Regional Transmission Planning Process, as well as providing the general timelines and milestones for the performance of the reliability planning activities described in Section 6 to this Attachment M, is provided in Exhibit M-1.

#### **4. Information Exchange**

**4.1 General:** Transmission Customers having Service Agreements for Network Integration Transmission Service are required to submit information on their projected loads and resources on a comparable basis (*e.g.*, planning horizon and format) as used by transmission providers in planning for their native load. Transmission Customers having Service Agreements for Point-To-Point

Transmission Service are required to submit any projections they have a need for service over the planning horizon and at what receipt and delivery points. Interconnection Customers having Interconnection Agreements under the Tariff are required to submit projected changes to their generating facility that could impact the Transmission Provider's performance of transmission planning studies. The purpose of this information that is provided by each class of customers is to facilitate the Transmission Provider's transmission planning process, with the September 1 due date of these data submissions by customers being timed to facilitate the Transmission Provider's development of its databases and model building for the following year's ten (10) year transmission expansion plan.

**4.2 Network Integration Transmission Service Customers:** By September 1 of each year, each Transmission Customer having Service Agreement[s] for Network Integration Transmission Service shall provide to the Transmission Provider an annual update of that Transmission Customer's Network Load and Network Resource forecasts for the following ten (10) years consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff.

**4.3 Point-to-Point Transmission Service Customers:** By September 1 of each year, each Transmission Customers having Service Agreement[s] for long-term Firm Point-To-Point Transmission Service shall provide to the Transmission Provider usage projections for the term of service. Those projections shall include any projected redirects of that transmission service, and any projected resells or reassignments of the underlying transmission capacity. In addition, should the

Transmission Customer have rollover rights associated with any such service agreement, the Transmission Customer shall also provide non-binding usage projections of any such rollover rights.

**4.4 Demand Resource Projects:** The Transmission Provider expects that Transmission Customers having Service Agreements for Network Integration Transmission Service that have demand resource assets will appropriately reflect those assets in those customers' load projections. Should a Stakeholder have a demand resource asset that is not associated with such load projections that the Stakeholder would like to have considered for purposes of the transmission expansion plan, then the Stakeholder shall provide the necessary information (*e.g.*, technical and operational characteristics, affected loads, cost, performance, lead time to install) in order for the Transmission Provider to consider such demand response resource comparably with other alternatives. The Stakeholder shall provide this information to the Transmission Provider by the Annual Transmission Planning Summit and Assumptions Input Meeting of the year prior to the implementation of the pertinent ten (10) year transmission expansion plan, and the Stakeholder should then continue to participate in this Southeastern Regional Transmission Planning Process. To the extent similarly situated, the Transmission Provider shall treat such Stakeholder submitted demand resource projects on a comparable basis for transmission planning purposes.

**4.5 Interconnection Customers:** By September 1 of each year, each Interconnection Customer having an Interconnection Agreement[s] under the Tariff shall provide to the Transmission Provider annual updates of that Interconnection Customer's

planned addition or upgrades (including status and expected in-service date), planned retirements, and environmental restrictions.

- 4.6 Notice of Material Change:** Transmission Customers and Interconnection Customers shall provide the Transmission Provider with timely written notice of material changes in any information previously provided related to any such customer's load, resources, or other aspects of its facilities, operations, or conditions of service materially affecting the Transmission Provider's ability to provide transmission service or materially affecting the Transmission System.

## **5. Dispute Resolution**

- 5.1 Negotiation:** Any substantive or procedural dispute between the Transmission Provider and one or more Stakeholders (collectively, the "Parties") that arises from the Attachment M transmission planning process generally shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the pertinent Stakeholder(s) for resolution on an informal basis as promptly as practicable. Should the dispute also involve one or more other Sponsors of this Southeastern Regional Transmission Planning Process, then such entity(ies) shall have the right to be included in "Parties" for purposes of this section and for purposes of that dispute, and any such entity shall also include a designated senior representative in the above discussed negotiations in an effort to resolve the dispute on an informal basis as promptly as practicable. In the event that the designated representatives are unable to resolve the dispute within thirty (30) days, or such other period as the Parties may unanimously agree upon, by unanimous agreement among the Parties such dispute may be voluntarily

submitted to the use of the Commission's Alternative Means of Dispute Resolution (18 C.F.R. § 385.604, as those regulations may be amended from time to time), the Commission's Arbitration process (18 C.F.R. § 385.605, as those regulations may be amended from time to time) (collectively, "Commission ADR"), or such other dispute resolution process that the Parties may unanimously agree to utilize.

**5.2 Use of Dispute Resolution Processes:** In the event that the Parties voluntarily and unanimously agree to the use of a Commission ADR process or other dispute resolution procedure, then the Transmission Provider will have a notice posted to this effect on the Regional Planning Website, and an e-mail notice in that regard will be sent to Registered Stakeholders. In addition to the Parties, all Stakeholders and Sponsors shall be eligible to participate in any Commission ADR process as "participants", as that or its successor term in meaning is used in 18 C.F.R. §§ 385.604, 385.605 as may be amended from time to time, for purposes of the Commission ADR process; provided, however, any such Stakeholder or Sponsor must first have provided written notice to the Transmission Provider within thirty (30) calendar days of the posting on the Regional Planning Website of the Parties' notice of their intent to utilize a Commission ADR Process.

**5.3 Costs:** Each Party involved in a dispute resolution process hereunder, and each "participant" in a Commission ADR Process utilized in accordance with Section 5.2, shall be responsible for its own costs incurred during the dispute resolution process. Should additional costs be incurred during the dispute resolution process

that are not directly attributable to a single Party/participant, then the Parties/participants shall each bear an equal share of such cost.

**5.4 Rights under the Federal Power Act:** Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

## **6. Regional Participation<sup>9</sup>**

**6.1 General:** The Transmission Provider coordinates with interconnected systems to (1) share system plans to ensure that they are simultaneously feasible and otherwise use consistent assumptions and data and (2) identify system enhancements that could relieve congestion or integrate new resources.

**6.2 Coordination within the SERTP:** The Transmission Provider coordinates through this Southeastern Regional Transmission Planning Process with the other transmission providers and owners within this region and the corresponding meetings, communications, and data and information exchanges. The particular activities that are coordinated are the annual preparation of this region's ten (10) year transmission expansion plans and the preparation of the Economic Planning Studies addressed in Section 7 below. The transmission, generation, and demand resource transmission expansion plan enhancement/alternatives suggested by the Stakeholders pursuant to Section 3.5.3(3) will be considered in planning studies conducted to improve the reliability of the bulk power system and this information will be shared with the other transmission owners in this region.

### **6.3 [RESERVED]**

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<sup>9</sup> In accordance with Order No. 1000, this planning principle only applies to the Transmission Provider's local transmission planning process.

**6.4 Coordination with the Other Participating Transmission Owners:** As a current member of ReliabilityFirst Corporation (“RFC”), OVEC participates in RFC’s regional assessment processes. As part of such processes, just as OVEC provides the latest information about changes on the OVEC system, models used in the OVEC planning process also reflect the latest available information about plans and conditions in the surrounding systems, so that the OVEC plans can be formulated in the context of regional developments. Transmission network models are continually updated to reflect ongoing changes in the equipment, forecasts, project approvals and other factors. The initial step in coordinated evaluation of future system performance is assembly of a model representing the planned network topology for the study period. OVEC modeling data is submitted annually to RFC as required to meet the schedules established under the RFC compliance program.

The OVEC data are then combined with those submitted by other RFC members, to create the models RFC in turn submits to the Multiregional Modeling Working Group (“MMWG”). The MMWG then assembles the models submitted by RFC and the other regions to create power flow base case models of the Eastern Interconnection transmission system. The MMWG models are the starting point for subsequent studies conducted by OVEC, RFC or interregional groups. As each study begins, any new information related to the facilities within the study area is incorporated, such as updated forecasts, revised project schedules, equipment failures, generation availability or maintenance, *etc.* which may have changed since the data was originally submitted to RFC.

To the extent that the study seasons examined in RFC studies overlap with OVEC needs, studies of the OVEC system rely on the models already updated for use in RFC studies. Active participation in RFC studies by MISO, PJM and transmission owners in the RFC footprint therefore allows the OVEC studies to be based on the best available models coordinated among OVEC and its RFC neighbors. This provides a common reference point from which plans are developed in the current planning cycle.

Further coordination occurs as OVEC planners also participate with the adjacent systems and/or RTOs to address system developments with the potential for mutual interest, such as evaluating requests for Generator Interconnection or Transmission Service in the adjacent systems. In practice, this additional participation most often occurs in the context of integrating new resources such as requests for Generation Interconnection or Transmission Service on the neighboring systems. However, OVEC has previously, and expects to in the future, work with both neighboring transmission owners and/or RTOs to address system constraints within the applicable planning criteria.

For its size, the OVEC system is strongly interconnected, including one 345 kV tieline and two 138 kV tielines to utilities that are members of SERC.

## **6.5 [RESERVED]**

## **6.6 Reliability Planning Process**

**6.6.1 General:** The Transmission Provider's reliability planning process with the transmission providers and owners participating in the SERTP is described in documentation posted on the Regional Website.



## **6.6.2 A Description of How the Various Reliability Study Processes Interact**

**with Each Other:** The reliability planning process in the Southeast is a “bottom-up” process. Specifically, the Transmission Provider’s 10-year transmission expansion plan is the base case that it uses for reliability planning processes, with it being the Transmission Provider’s input into the development of the SERC regional model. In addition, the results of the FRCC coordination activities and of any *ad hoc* coordination activities are incorporated into the Transmission Provider’s transmission expansion plan. These processes are discussed further below:

(a)(i) **Bottom-up Reliability Planning:** The bulk of the substantive transmission planning in the Southeast occurs as transmission owners, such as the Transmission Provider, develop their reliability transmission expansion plans. In this regard, the Transmission Provider’s reliability plan is generally developed by determining the required 10-year transmission expansion plan to satisfy load, resources, and transmission service commitments throughout the 10-year reliability planning horizon. The development of the Transmission Provider’s reliability plan is facilitated through the creation of transmission models (base cases) that incorporate the current ten (10) year transmission expansion plan, load projections, resource assumptions (generation, demand response, and imports), and transmission service commitments within the region. The transmission models

also incorporate external regional models (at a minimum the current SERC models) that are developed using similar information.

(a)(ii) **Bottom-Up Reliability Study Process:** The transmission models created for use in developing the transmission provider's reliability 10-year transmission expansion plan are analyzed to determine if any planning criteria concerns (including, at a minimum, NERC planning criteria) are projected. In the event one or more planning criteria concerns are identified, the transmission owners will develop solutions for these projected limitations. As a part of this study process, the transmission owners will reexamine the current regional reliability 10-year transmission expansion plans (determined through the previous year's regional reliability planning process) to determine if the current plan can be enhanced based on the updated assumptions and any new planning criteria concerns identified in the analysis. The enhancement process may include the deletion and/or modification to any of the existing reliability transmission enhancements identified in the previous year's reliability planning process.

(a)(iii) **Identification of Reliability Transmission Enhancements:** Once a planning criteria concern is identified or the enhancement process identifies the potential for a superior solution, the

transmission owner will then determine if any neighboring planning process is potentially impacted by the projected limitation. Potentially impacted transmission owners are then contacted to determine if there is a need for an *ad hoc* coordinated study. In the event one or more neighboring transmission owners agree that they would be impacted by the projected limitation or identifies the potential for a superior reliability solution based on transmission enhancements in their current reliability plan, an *ad hoc* coordinated study is initiated. Once the study has been completed, the identified reliability transmission enhancements will then be incorporated into the ten (10) year transmission expansion plan (*i.e.*, the plan due to be implemented the following year) as a reliability project.

- (b)(i) **SERC-Wide Assessments and Planning Activities:** After their transmission models are developed, the transmission owners within SERC create a SERC-wide transmission model and conduct a long-term reliability assessment. The intent of the SERC-wide reliability assessment is to determine if the different reliability transmission expansion plans are simultaneously feasible and to otherwise ensure that the transmission owners are using consistent models and data. Additionally, the reliability assessment measures and reports transfer capabilities between regions and transmission owners within SERC. The SERC-wide

assessment serves as a valuable tool for each of the transmission owners to reassess the need for additional reliability joint studies.

(b)(ii) **SERC Transmission Model Development:** The construction of the SERC transmission model is a “bottom-up” process. In particular, SERC transmission models are developed by the transmission owners in SERC through an annual model development process. Each transmission owner in SERC, incorporating input from their regional planning process, develops and submits their 10-year transmission models to a model development databank, with the models and the databank then being used to create a SERC-wide model for use in the reliability assessment. Additionally, the SERC-wide models are then used in the SERTP planning process as an update (if needed) to the current transmission models and as a foundation (along with the MMWG models) for the development of the transmission provider’s transmission models for the following year.

(b)(iii) **Additional Reliability Joint Studies:** As mentioned above, the SERC-wide reliability assessment serves as a valuable tool for the transmission owners to reassess the need for additional reliability joint studies. If the SERC-wide reliability model projects additional planning criteria concerns that were not identified in the transmission owners’ reliability studies, then the impacted transmission owners will initiate one or more *ad hoc* inter-

regional coordinated study(ies) (in accordance with existing Reliability Coordination Agreements) to better identify the planning criteria concerns and determine appropriate reliability transmission enhancements to resolve the limitations. Once the study(ies) is completed, required reliability transmission enhancements will be incorporated into the Transmission Provider's ten (10) year expansion plan as a reliability project. Accordingly, planning criteria concerns identified at the SERC-wide level are "pushed down" to the transmission owner level for detailed resolution.

### **6.6.3 A Description of How Stakeholders May Participate in These Processes**

- (a)(i) **Participation Through the Southeastern Regional Transmission Planning Process:** Since the bulk of the reliability transmission planning occurs as a "bottom up" process in the development of the Transmission Provider's ten (10) year transmission expansion plan, Stakeholders may participate in these reliability planning processes by participating in the Southeastern Regional Transmission Planning Process. Specifically, the ten (10) year transmission expansion plan is the Transmission Provider's input into the SERC model development, and the results of the FRCC coordination and of any *ad hoc* coordination studies are incorporated into the ten (10) year transmission expansion plan.

As discussed in Section 1.2.2, at the Preliminary Expansion Plan Meeting, Stakeholders are provided the opportunity to review and comment (and allowed to propose alternatives concerning enhancements found in) the Transmission Provider's preliminary transmission expansion plan, which is the Transmission Provider's input into (1) SERC's regional model development, (2) coordination with the FRCC, and (3) any *ad hoc* coordination activities. As discussed in Section 1.2.3, at the Second RPSG Meeting, the Stakeholders are provided feedback regarding the expansion plan alternatives that they submitted at the First RPSG Meeting and are provided an overview of the results of the SERC regional model development for that year, as well as the results of any on-going coordination activities with the FRCC transmission providers and any *ad hoc* coordination activities. As discussed in Section 1.2.4, at the Annual Transmission Planning Summit and Assumptions Input Section, the Stakeholders are provided an overview of the ten (10) year transmission expansion plan, which includes the results of that year's coordination study activities with the FRCC transmission providers, and the results of any *ad hoc* coordination activities. In addition, Stakeholders are provided an open forum regarding: the data gathering and transmission model assumptions that will be used for purposes of the ten (10) year transmission expansion plan to be developed the following year

(which will constitute the Transmission Provider's input into the SERC regional model development for the following year); FRCC model development; and any *ad hoc* coordination studies.

(a)(ii) **[RESERVED]**

(a)(iii) **Membership in SERC:** Interested Stakeholders may further participate in SERC processes by seeking to become a member of SERC. At least as of December 17, 2008, the requirements to become a SERC member are specified on SERC's website.

**6.7 Timeline and Milestones:** The general timelines and milestones for the performance of the reliability planning activities are provided in Exhibit M-1, which also provides a flowchart diagramming the steps of the Southeastern Regional Transmission Planning Process.

## **7. Economic Planning Studies**

**7.1 General – Economic Planning Study Requests:** Stakeholders will be allowed to request that the Transmission Provider perform up to five (5) Stakeholder requested economic planning studies (“Economic Planning Studies”) on an annual basis.

**7.2 Parameters for the Economic Planning Studies:** These Economic Planning Studies shall be confined to sensitivity requests for bulk power transfers and/or to evaluate potential upgrades or other investments on the Transmission System that could reduce congestion or integrate new resources. Bulk power transfers from one area to another area with the region encompassed by this Southeastern Regional Transmission Planning Process (the “Region”) shall also constitute valid

requests. The operative theory for the Economic Planning Studies is for them to identify meaningful information regarding the requirements for moving large amounts of power beyond that currently feasible, whether such transfers are internal to the Region or from this Region to interconnected regions.

**7.3 Other Tariff Studies:** The Economic Planning Studies are not intended to replace System Impact Studies, Facility Studies, or any of the studies that are performed for transmission delivery service or interconnection service under the Tariff.

**7.4 Clustering:** The RPSG should consider clustering similar Economic Planning Study requests. In this regard, if two or more of the RPSG requests are similar in nature and the Transmission Provider concludes that clustering of such requests and studies is appropriate, the Transmission Provider may, following communications with the RPSG, cluster those studies for purposes of the transmission evaluation.

**7.5 Additional Economic Planning Studies:** Should a Stakeholder(s) request the performance of an Economic Planning Study in addition to the above-described five (5) Economic Planning Studies that the RPSG may request during a calendar year, then any such additional Economic Planning Study will only be performed if such Stakeholder(s) first agrees to bear the Transmission Provider's actual costs for doing so and the costs incurred by any other Sponsor to perform such Economic Planning Study, recognizing that the Transmission Provider may only conduct a reasonable number of transmission planning studies per year. If affected by the request for such an additional Economic Planning Study, the



Transmission Provider will provide to the requesting Stakeholder(s) a non-binding but good faith estimate of what the Transmission Provider expects its costs to be to perform the study prior to the Stakeholder(s) having to agree to bear those costs. Should the Stakeholder(s) decide to proceed with the additional study, then it shall pay the Transmission Provider's and other affected Sponsor[s]' estimated study costs up-front, with those costs being trued-up to the Transmission Provider's and other affected Sponsor[s]' actual costs upon the completion of the additional Economic Planning Study.

#### **7.6 Economic Planning Study Process**

1. Stakeholders will be prompted at the Annual Transmission Planning Summit to provide requests for the performance of Economic Planning Studies. Corresponding announcements will also be posted on the Regional Planning Website, and Registered Stakeholders will also receive e-mail notifications to provide such requests. An Economic Planning Study Request Form will be made available on the Regional Planning Website, and interested Stakeholders may submit any such completed request form on the non-secure area of the Regional Planning Website (unless such study request contains CEII, in which case the study request shall be provided to the Transmission Provider with the CEII identified, and the study request shall then be posted on the secure area of the Regional Planning Website).
2. Prior to each First RPSG Meeting, the RPSG shall compile the Economic Planning Study requests. At the First RPSG Meeting, the RPSG shall

meet to discuss and select up to five (5) Economic Planning Studies to be requested to be performed. At the First RPSG Meeting, the Transmission Provider will coordinate with the RPSG and any interested Stakeholders to facilitate the RPSG's efforts regarding its development and selection of the Economic Planning Study requests. Once the RPSG selects the Economic Planning Study(ies) (up to five annually), the RPSG will notify the Transmission Provider, who will post the results on the Regional Planning Website.

3. The Transmission Provider will post on the secure area of the Regional Planning Website the study assumptions for the five (5) Economic Planning Studies within thirty (30) days of the postings of the selected Economic Planning Studies on the Regional Planning Website. Registered Stakeholders will receive an e-mail notification of this posting, and an announcement will also be posted on the Regional Planning Website.
4. Stakeholders will have thirty (30) calendar days from the Transmission Provider's posting of the assumptions for the RPSG to provide comments regarding those assumptions. Any such comments shall be posted on the secure area of the Regional Planning Website if the comments concern CEII.
5. The preliminary results of the Economic Planning Studies will be presented at the Second RPSG Meeting. These results and related data will be posted on the secure area of the Regional Planning Website a minimum of 10 calendar days prior to the Second RPSG Meeting. The

Second RPSG Meeting will be an interactive session with the RPSG and other interested Stakeholders in which the Transmission Provider will explain the results, alternatives, methodology, criteria, and related considerations pertaining to those preliminary results. At that meeting, the Stakeholders may submit alternatives to the enhancement solutions identified in those preliminary results. All such alternatives must be submitted by Stakeholders within thirty (30) calendar days from the close of the Second RPSG Meeting. The Transmission Provider will consider the alternatives provided by the Stakeholders.

6. The final results of the Economic Planning Studies will be presented at the Annual Transmission Planning Summit, and the Transmission Provider will report regarding its consideration of the alternatives provided by Stakeholders. These final results will be posted on the secure area of the Regional Planning Website a minimum of ten (10) calendar days prior to the Transmission Planning Summit.
7. The final results of the Economic Planning Studies will be non-binding upon the Transmission Provider and will provide general non-binding estimations of the required transmission upgrades, timing for their construction, and costs for completion.

## **8. Order No. 890 Cost Allocation Principle<sup>10</sup>**

**8.1 General:** The following provides the Transmission Provider's methodologies for allocating the costs of new transmission facilities that do not fit under the general

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<sup>10</sup> In accordance with Order No. 1000, this planning principle only applies to the Transmission Provider's local transmission planning process.

Tariff rate structure under two scenarios. The first methodology addresses the allocation of the costs of economic transmission upgrades that are identified in the Economic Planning Studies and that are not otherwise associated with transmission service provided under the Tariff and are not associated with the provision of transmission service under other arrangements, such as the Transmission Provider's provision of bundled service to its Native Load Customers. The second methodology addresses upgrades that are not required to satisfy the Transmission Provider's planning standards and/or ERO or RE reliability standards, and thus would not otherwise be included in the transmission expansion plan, but that a Stakeholder, including a Transmission Customer, may want to have installed to provide additional reliability benefits above those necessary to satisfy the Transmission Provider's planning criteria and/or ERO or RE reliability standards ("Enhanced Reliability Upgrades").

## **8.2 Cost Allocation Methodology for Economic Upgrades**

**8.2.1 Identification of Economic Upgrades:** The transmission expansion plan will identify the transmission upgrades that are necessary to ensure the reliability of the Transmission System and to otherwise meet the needs of long-term firm transmission service commitments ("Reliability Upgrades") in accordance with the Transmission Provider's planning standards and/or ERO or RE reliability standards. All of the upgrades identified in the Economic Planning Studies that are not identified in the transmission expansion plan, and are thus not such Reliability Upgrades, shall constitute "Economic Upgrades".

**8.2.2 Request for Performance of Economic Upgrades:** Within thirty (30) calendar days of the posting of the final results of the underlying Economic Planning Study[ies], one or more entities (“Initial Requestor[s]”) that would like the Transmission Provider to construct one or more Economic Upgrades identified in the Economic Planning Study[ies] may submit a request for the Transmission Provider to construct such Economic Upgrade[s]. The Initial Requestor[s] should identify the percentage of cost responsibility for the Economic Upgrade[s] that the Initial Requestor[s] is requesting cost responsibility. The request must consist of a completed request application, the form of which will be posted on the Regional Planning Website (“Economic Upgrade Application”). The Transmission Provider will post the request on the secure area of the Regional Planning Website. Other entities (“Subsequent Requestor[s]”) that also would like the Transmission Provider to construct the Economic Upgrade[s] sought by the Initial Requestor[s] shall notify the Transmission Provider of its intent, along with the percentage of cost responsibility that the Subsequent Requestor[s] is requesting cost responsibility, by following the instructions specified on the Regional Planning Website within thirty (30) calendar days of the Initial Requestor[s]’ posting of its Economic Upgrade Application on the Regional Planning Website (collectively, the Initial Requestor[s] and the Subsequent Requestor[s] shall be referred to as the “Requestor[s]”).

**8.2.3 Allocation of the Costs of the Economic Upgrades:** The costs of the Economic Upgrades shall be allocated to each Requestor based upon the percentage of cost responsibility that it has requested in its respective request. Should the total amount of percentage requests for cost responsibility for the Economic Upgrade[s] by the Requestors not equal one-hundred percent (100%), regardless if the requested amount is less than or exceeds one-hundred percent (100%), then the Requestor[s]' cost responsibility will be adjusted on a pro rata basis based upon the total percentage identified by all of the Requestor[s] relative to one-hundred percent (100%) so that all of the cost responsibility for the Economic Upgrade[s] is allocated to the Requestor[s]. If one or more of the Requestors do not identify the percentage of cost responsibility for which it is requesting cost responsibility, then the Requestors shall bear the costs of the Economic Upgrade[s] in equal shares based upon the number of Requestors. The Requestor[s] shall bear cost responsibility for the actual costs of the Economic Upgrades. Should a Requestor later not enter into an agreement with the Transmission Provider for the construction of the Economic Upgrade[s], then the remaining Requestor[s]' cost responsibility will be recalculated on a pro rata basis based upon the percentage of cost responsibility requested or based upon the remaining number of Requestor[s] if that methodology was used to allocate the Economic Upgrade[s]' costs.

**8.2.4 Cost Allocation for the Acceleration, Expansion, Deferral, or Cancellation of Reliability Upgrades:** Should the Transmission Provider conclude that the construction of an Economic Upgrade[s] would accelerate the construction of, or require the construction of a more expansive, Reliability Upgrade, then the Requestor[s] shall bear the costs of such acceleration or expansion. Should the Transmission Provider conclude that the construction of the Economic Upgrade[s] would result in the deferral or cancellation of a Reliability Upgrade, then the costs of the Economic Upgrade[s] allocated to the Requestor[s] shall be reduced by the present value of the amount of savings caused by the deferral or cancellation.

**8.2.5 Implementing Agreements and Regulatory Approvals:** The Transmission Provider will not be obligated to commence design or construction of any Economic Upgrade until (i) a binding agreement[s] with all of the Requestor[s] for such construction by the Transmission Provider and payment by the Requestor[s] of its allocated cost responsibility (in accordance with Section 8.2.3 above) is executed by the Transmission Provider, all other affected Sponsor[s], and all of the Requestor[s]; (ii) all of the Requestor[s] provide (and maintain, subject to reduction as set forth in (iii) below) the Transmission Provider security, in a form acceptable to the Transmission Provider, for the full costs of the design and construction; and (iii) appropriate commitments to construct are in place for all affected third party transmission providers (*e.g.*, other

Sponsors). In addition, the Transmission Provider shall not be obligated to commence any phase of design or construction of any Economic Upgrade unless the Requestor[s] has first paid to the Transmission Provider in immediately available funds via wire transfer the Transmission Provider's estimated costs for that phase of design or construction (it being understood that security provided under (ii) above may be reduced on a dollar-for-dollar basis with respect to such payments received by Transmission Provider as and when they are final and are no longer subject to being voided or set aside), with the Requestor[s] bearing the actual costs of design and construction upon completion of the Economic Upgrade[s] pursuant to a true-up to the estimated costs already paid. Furthermore, the Transmission Provider shall not be obligated to commence construction, or to continue construction, if all necessary regulatory approvals are not obtained or maintained, with the Transmission Provider having to make a good faith effort to obtain all such approvals. The costs associated with obtaining and maintaining such regulatory approvals shall be included in the total costs of the Economic Upgrades and shall otherwise be borne by the Requestors.

### **8.3 Cost Allocation Methodology for Enhanced Reliability Upgrades**

**8.3.1 Enhanced Reliability Upgrades:** The transmission expansion plan will identify the Reliability Upgrades, which are the transmission upgrades that are necessary to ensure the reliability of the Transmission System and to otherwise meet the needs of long-term firm transmission service



commitments in accordance with the Transmission Provider's planning standards and/or ERO or RE reliability standards. Should one or more Stakeholders, including a Transmission Customer, determine that it wants an upgrade installed to provide additional reliability benefits above those necessary to satisfy the Transmission Provider's planning criteria and/or ERO or RE reliability standards (*i.e.*, an Enhanced Reliability Upgrade), then the costs of any such Enhanced Reliability Upgrade shall be directly assigned to that Stakeholder[s] ("Requesting Stakeholder[s]") without the provision of transmission credits or other means of reimbursement from the Transmission Provider for such direct assignment costs.

**8.3.2 Cost Allocation of the Direct Assignment Costs Should Multiple Stakeholders Desire the Same Enhanced Reliability Upgrade:** Should multiple Stakeholders want the installation and construction of the same Enhanced Reliability Upgrade[s], then the direct assignment costs for such Enhanced Reliability Upgrade[s] shall be allocated to those Requesting Stakeholders in equal shares, unless those Requesting Stakeholders agree in writing to a different cost allocation approach prior to the Transmission Provider assigning those costs.

**8.3.3 Implementing Agreements and Regulatory Approvals:** The Transmission Provider will not be obligated to commence design or construction of any Enhanced Reliability Upgrade until (i) a binding agreement[s] with the Requesting Stakeholder[s] for such construction by the Transmission Provider and payment by the Requesting Stakeholder[s]

of its direct assignment costs (in accordance with Sections 8.3.1 and 8.3.2 above) is executed by the Transmission Provider and all of the Requesting Stakeholders seeking the construction of such Enhanced Reliability Upgrade[s] and (ii) all of the Requesting Stakeholder[s] provide (and maintain, subject to reduction as set forth in the following sentence) the Transmission Provider security, in a form acceptable to the Transmission Provider, for the full costs of the design and construction. In addition, the Transmission Provider shall not be obligated to commence any phase of design or construction of any Enhanced Reliability Upgrade unless the Requesting Stakeholder[s] has first paid to the Transmission Provider in immediately available funds via wire transfer the Transmission Provider's estimated costs for that phase of design or construction (it being understood that security provided under (ii) above may be reduced on a dollar-for-dollar basis with respect to such payments received by Transmission Provider as and when they are final and are no longer subject to being voided or set aside), with the Requesting Stakeholder[s] bearing the actual costs of design and construction upon completion of the Enhanced Reliability Upgrade[s] pursuant to a true-up to the estimated costs already paid. Furthermore, the Transmission Provider shall not be obligated to commence construction, or to continue construction, if all necessary regulatory approvals are not obtained or maintained, with the Transmission Provider having to make a good faith effort to obtain all such approvals. The costs associated with obtaining and maintaining such

regulatory approvals shall be included in the total costs of the Enhanced Reliability Upgrade[s] and shall otherwise be borne by the Requesting Stakeholder[s].

9. **Recovery of Planning Costs:** With the exception of the costs to perform more than five Economic Planning Studies (which will be directly assigned to the requestor), the Transmission Provider will recover the costs that it incurs in implementing its requirements under this Southeastern Regional Transmission Planning Process by adding those costs to the Annual Charge costs that it recovers under Informational Schedule D in the Tariff.

#### **TRANSMISSION PLANNING AND COST ALLOCATION REQUIREMENTS OF ORDER NO. 1000**

10. **Consideration of Transmission Needs Driven by Public Policy Requirements**
  - 10.1 **Procedures for the Consideration of Transmission Needs Driven by Public Policy Requirements:** The Transmission Provider addresses Transmission Needs driven by enacted state, federal and local laws and/or regulations (“Public Policy Requirements”) in its routine planning, design, construction, operation, and maintenance of the Transmission System. The Transmission Provider addresses Transmission Needs driven by the Public Policy Requirements of load serving entities and wholesale transmission customers through the planning for and expansion of physical transmission system delivery capacity to provide long-term firm transmission services to meet i) native load obligations and ii) wholesale Transmission Customer obligations under the Tariff.

## **10.2 The Consideration of Transmission Needs Driven by Public Policy Requirements Identified Through Stakeholder Input and Proposals**

**10.2.1 Requisite Information:** In order for the Transmission Provider to consider possible Transmission Needs driven by Public Policy Requirements that are proposed by a Stakeholder, the Stakeholder must provide the following information in accordance with the submittal instructions provided on the Regional Planning Website:

1. The applicable Public Policy Requirement, which must be a requirement established by an enacted state, federal, or local law(s) and/or regulation(s); and
2. An explanation of the possible Transmission Need(s) driven by the Public Policy Requirement identified in subsection 10.2.1(1) (*e.g.*, the situation or system condition for which possible solutions may be needed, as opposed to a specific transmission project).

**10.2.2 Deadline for Providing Such Information:** Stakeholders that propose a possible Transmission Need driven by a Public Policy Requirement for evaluation by the Transmission Provider in the current transmission planning cycle must provide the requisite information identified in Section 10.2.1 to the Transmission Provider no later than sixty (60) calendar days after the SERTP Annual Transmission Planning Summit and Input Assumptions Meeting for the previous transmission planning cycle.

## **10.3 Transmission Provider Evaluation of SERTP Stakeholder Input Regarding Possible Transmission Needs Driven by Public Policy Requirements**

**10.3.1 Identification of Public Policy-Driven Transmission Needs:** In order to identify, out of the set of possible Transmission Needs driven by Public

Policy Requirements proposed by Stakeholders, those Transmission Needs for which transmission solutions will be evaluated in the current planning cycle, the Transmission Provider will assess:

1. Whether the Stakeholder-identified Public Policy Requirement is an enacted local, state, or federal law(s) and/or regulation(s);
2. Whether the Stakeholder-identified Public Policy Requirement drives a Transmission Need(s); and
3. If the answers to the foregoing questions 1) and 2) are affirmative, whether the Transmission Need(s) driven by the Public Policy Requirement is already addressed or otherwise being evaluated in the then-current planning cycle.

### **10.3.2 Identification and Evaluation of Possible Transmission Solutions for Publicly Policy-Driven Transmission Needs that Have Not Already**

**Been Addressed:** If a Public Policy-driven Transmission Need is identified that is not already addressed, or that is not already being evaluated in the transmission expansion planning process, the Transmission Provider will identify a transmission solution(s) to address the aforementioned need in the planning processes. The potential transmission solutions will be evaluated consistent with Section 6 and Section 11.

## **10.4 Stakeholder Input During the Evaluation of Public Policy-Driven Transmission Needs and Possible Transmission Solutions**

**10.4.1** Typically at the First RPSG Meeting and Interactive Training Session, but not later than the Preliminary Expansion Plan Meeting, for the given transmission planning cycle, the Transmission Provider will review the Stakeholder-proposed Transmission Needs driven by Public Policy

Requirements to be evaluated in the then-current planning cycle. Prior to the meeting at which Transmission Needs driven by Public Policy Requirements will be reviewed, the Transmission Provider will identify, on the Regional Planning Website, which possible Transmission Needs driven by Public Policy Requirements proposed by Stakeholders (if any) are Transmission Needs(s) that are not already addressed in the planning process and will, pursuant to Sections 10.3.1 and 10.3.2, be addressed in the current planning cycle.

**10.4.2** Stakeholders, including those who are not Transmission Customers, may provide input regarding Stakeholder-proposed possible Transmission Need(s) and may provide input during the evaluation of potential transmission solutions to identified Transmission Needs consistent with Section 3.

**10.4.3** Stakeholder input regarding possible Transmission Needs driven by Public Policy Requirements may be directed to the governing Tariff process as appropriate. For example, if the possible Transmission Need identified by the Stakeholder is essentially a request by a network customer to integrate a new network resource, the request would be directed to that existing Tariff process.

**10.5 Posting Requirement:** The Transmission Provider will provide and post on the Regional Planning Website an explanation of (1) those Transmission Needs driven by Public Policy Requirements that have been identified for evaluation for potential transmission projects in the then-current planning cycle; and (2) why

other suggested, possible Transmission Needs driven by Public Policy Requirements proposed by Stakeholders were not selected for further evaluation.

## **11. Regional Analyses of Potentially More Efficient or Cost Effective Transmission Solutions**

### **11.1 Regional Planning Analyses**

**11.1.1** During the course of each transmission planning cycle, the Transmission Provider will conduct regional transmission analyses to assess if the then-current regional transmission plan addresses the Transmission Provider's Transmission Needs, including those of its Transmission Customers and those which may be driven, in whole or in part, by economic considerations or Public Policy Requirements. This regional analysis will include assessing whether there may be more efficient or cost effective transmission projects to address Transmission Needs than transmission projects included in the latest regional transmission plan (including projects selected in a regional transmission plan for RCAP pursuant to Section 17).

**11.1.2** The Transmission Provider will perform power flow, dynamic, and short circuit analyses, as necessary, to assess whether the then-current regional transmission plan would provide for the physical transmission capacity required to address the Transmission Provider's Transmission Needs, including those Transmission Needs of its Transmission Customers and those driven by economic considerations and Public Policy Requirements. Such analysis will also evaluate those potential Transmission Needs

driven by Public Policy Requirements identified by Stakeholders pursuant to Section 10.3.1. If the Transmission Provider determines that the ongoing planning being performed for the then-current cycle would not provide sufficient physical transmission capacity to address a Transmission Need(s), the Transmission Provider will identify potential transmission projects to address the Transmission Need(s).

## **11.2 Identification and Evaluation of More Efficient or Cost Effective Transmission Project Alternatives**

**11.2.1** The Transmission Provider will look for potential regional transmission projects that may be more efficient or cost effective solutions to address Transmission Needs than transmission projects included in the latest regional transmission plan or otherwise under consideration in the then-current transmission planning process for the ten (10) year planning horizon. Consistent with Section 11.1, through power flow, dynamic, and short circuit analyses, as necessary, the Transmission Provider will evaluate regional transmission projects identified to be potentially more efficient or cost effective solutions to address Transmission Needs, including those transmission alternatives proposed by Stakeholders pursuant to Section 3.5.3(3) and transmission projects proposed for RCAP pursuant to Section 16. The evaluation of transmission projects in these regional assessments throughout the then-current planning cycle will be based upon their effectiveness in addressing Transmission Needs, including those driven by Public Policy Requirements, reliability and/or



economic considerations. Such analysis will be in accordance with, and subject to (among other things), state law pertaining to transmission ownership, siting, and construction. In assessing whether transmission alternatives are more efficient and/or cost effective transmission solutions, the Transmission Provider may consider factors such as, but not limited to, a transmission project's:

- Impact on reliability.
- Feasibility, including the viability of:
  - acquiring the necessary rights-of-way (“ROW”); and
  - constructing and tying in the proposed project by the required in-service date.
- Relative transmission cost, as compared to other transmission project alternatives to reliably address Transmission Needs.
- Ability to reduce real power transmission losses on the transmission system(s) within the SERTP region, as compared to other transmission project alternatives to reliably address Transmission Needs.

**11.2.2 Stakeholder Input:** Stakeholders may provide input on potential transmission alternatives for the Transmission Provider to consider throughout the SERTP planning process for each planning cycle in accordance with Section 3.5.3.

**12. Merchant Transmission Developers Proposing Transmission Facilities Impacting the SERTP:** Merchant transmission developers not seeking regional cost allocation pursuant to Sections 16-22 (“Merchant Transmission Developers”) who propose to develop a transmission project(s) potentially impacting the Transmission System and/or transmission system(s) within the SERTP region shall provide information and data

necessary for the Transmission Provider to assess the potential reliability and operational impacts of those proposed transmission facilities. That information should include:

- Transmission project timing, scope, network terminations, load flow data, stability data, HVDC data (as applicable), and other technical data necessary to assess potential impacts.

### **13. Enrollment**

**13.1 General Eligibility for Enrollment:** A public utility or non-public utility transmission service provider and/or transmission owner who is registered with NERC as a Transmission Owner or a Transmission Service Provider and that owns or provides transmission service over transmission facilities within the SERTP region may enroll in the SERTP. Such Transmission Service Providers and Transmission Owners are thus potential Beneficiaries for cost allocation purposes on behalf of their transmission customers. Entities that do not enroll will nevertheless be permitted to participate as Stakeholders in the SERTP.

**13.2 Enrollment Requirement In Order to Seek Regional Cost Allocation:** While enrollment is not generally required in order for a transmission developer to be eligible to propose a transmission project for evaluation and potential selection in a regional transmission plan for RCAP pursuant to Sections 16-22, a potential transmission developer must enroll in the SERTP in order to be eligible to propose a transmission project for potential selection in a regional transmission plan for RCAP if it, an affiliate, subsidiary, member, owner or parent company has load in the SERTP.

**13.3 Means to Enroll:** Entities that satisfy the general eligibility requirements of Section 13.1 or are required to enroll in accordance with Section 13.2 may

provide an application to enroll, by submitting the form of enrollment posted on the Regional Planning Website.

**13.4 List of Enrollees in the SERTP:** Attachment M-6 provides the list of the entities who have enrolled in the SERTP in accordance with the foregoing provisions (“Enrollees”). Attachment M-6 is effective as of the effective date of the tariff record (and subject to Section 13.5, below) that contains Attachment M-6. In the event a non-public utility listed in Attachment M-6 provides the Transmission Provider with notice that it chooses not to enroll in, or is withdrawing from, the SERTP pursuant to Section 13.5 or Section 13.6, as applicable, such action shall be effective as of the date prescribed in accordance with that respective Section. In such an event, the Transmission Provider shall file revisions to the lists of Enrollees in Attachment M-6 within fifteen (15) business days of such notice. The effective date of any such revised tariff record shall be the effective date of the non-public utility’s election to not enroll or to withdraw as provided in Section 13.5 or 13.6, as applicable.

**13.5 Enrollment, Conditions Precedent, Conditions Subsequent, and Cost Allocation Responsibility:** Enrollment will subject Enrollees to cost allocation if, during the period in which they are enrolled, it is determined in accordance with this Attachment M that the Enrollee is a Beneficiary of a transmission project(s) selected in the regional transmission plan for RCAP; subject to the following:

**13.5.1 Upon Order on Compliance Filing:** The initial non-public utilities that satisfy the general eligibility requirements of 13.1 and who have made the

decision to enroll at the time of the Transmission Provider's compliance filing in response to FERC's July 18, 2013 Order on Compliance Filings in Docket Nos. ER13-897, ER13-908, and ER13-913, 144 FERC ¶ 61,054, do so on the condition precedent that the Commission accepts i) that compliance filing without modification and without setting it for hearing or suspension and ii) the Transmission Provider's July 10, 2013 compliance filing made in Docket Nos. ER13-1928, ER13-1930, ER13-1940, and ER13-1941 without modification and without setting it for hearing or suspension. Should the Commission take any such action upon review of such compliance filings or in any way otherwise modify, alter, or impose amendments to this Attachment M, then each such non-public utility shall be under no obligation to enroll in the SERTP and shall have sixty (60) days following such an order or action to provide written notice to the Transmission Provider of whether it will, in fact, enroll in the SERTP. If, in that event, such non-public utility gives notice to the Transmission Provider that it will not enroll, such non-public utility shall not be subject to cost allocation under this Attachment M (unless it enrolls at a later date).

**13.5.2 Upon Future Regulatory Action:** Notwithstanding anything herein to the contrary, should the Commission, a Court, or any other governmental entity having the requisite authority modify, alter, or impose amendments to this Attachment M, then an enrolled non-public utility may immediately withdraw from this Attachment M by providing written notice within sixty

(60) days of that order or action, with the non-public utility's termination being effective as of the close of business the prior business day before said modification, alteration, or amendment occurred (although if the Commission has not acted by that prior business day upon both of the compliance filings identified in Section 13.5.1, then the non-public utility shall never have been deemed to have enrolled in the SERTP). In the event of such a withdrawal due to such a future regulatory and/or judicial action, the withdrawing Enrollee will be subject to cost allocations, if any, that were determined in accordance with this Attachment M during the period in which it was enrolled and that determined that the withdrawing Enrollee would be a Beneficiary of new transmission projects selected in the regional transmission plan for RCAP.

**13.6 Notification of Withdrawal:** An Enrollee choosing to withdraw its enrollment in the SERTP may do so by providing written notification of such intent to the Transmission Provider. Except for non-public utilities electing to not enroll or withdraw pursuant to Section 13.5, a non-public utility Enrollee's withdrawal shall be effective as of the date the notice of withdrawal is provided to the Transmission Provider pursuant to this Section 13.6. For public utility Enrollees, the withdrawal shall be effective at the end of the then-current transmission planning cycle provided that the notification of withdrawal is provided to the Transmission Provider at least sixty (60) days prior to the Annual Transmission Planning Summit and Assumptions Input Meeting for that transmission planning cycle.

**13.7 Cost Allocation After Withdrawal:** Any withdrawing Enrollee will not be allocated costs for transmission projects selected in a regional transmission plan for RCAP after its termination of enrollment becomes effective in accordance with the provisions of Section 13.5 or Section 13.6. However, the withdrawing Enrollee will be subject to cost allocations determined in accordance with this Attachment M during the period it was enrolled, if any, for which the Enrollee was identified as a Beneficiary of new transmission projects selected in the regional transmission plan for RCAP.

**14. Pre-Qualification Criteria for a Transmission Developer to be Eligible to Submit a Regional Transmission Project Proposal for Potential Selection in a Regional Transmission Plan for RCAP**

**14.1 Transmission Developer Pre-Qualification Criteria:** In order to be eligible to propose a transmission project (that the transmission developer intends to develop) for consideration for selection in a regional transmission plan for RCAP in the upcoming planning cycle, a transmission developer (including the Transmission Provider and nonincumbents) or a parent company (as defined in Section 14.1(2)(B) below), as applicable, must submit a pre-qualification application by August 1<sup>st</sup> of the then-current planning cycle. To demonstrate that the transmission developer will be able to satisfy the minimum financial capability and technical expertise requirements, the pre-qualification application must provide the following:

1. A non-refundable administrative fee of \$25,000 to off-set the cost to review, process, and evaluate the transmission developer's pre-qualification application;

2. Demonstration that at least one of the following criteria is satisfied:
  - A. The transmission developer must have and maintains a Credit Rating (defined below) of BBB- or better from Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial ("S&P"), a Credit Rating of Baa3 or better from Moody's Investors Service, Inc. ("Moody's"), and/or a Credit Rating of BBB- or better from Fitch Ratings, Inc. ("Fitch", collectively with S&P and Moody's and/or their successors, the "Rating Agencies") and not have or obtain less than any such Credit Rating by S&P, Moody's or Fitch. The senior unsecured debt (or similar) rating for the relevant entity from the Rating Agencies will be considered the "Credit Rating". In the event of multiple Credit Ratings from one Rating Agency or Credit Ratings from more than one Rating Agency, the lowest of those Credit Ratings will be used by the Transmission Provider for its evaluation. However, if such a senior unsecured debt (or similar) rating is unavailable, the Transmission Provider will consider Rating Agencies' issuer (or similar) ratings as the Credit Rating.
  - B. If a transmission developer does not have a Credit Rating from S&P, Moody's or Fitch, it shall be considered "Unrated", and an Unrated transmission developer's parent company or the entity that plans to create a new subsidiary that will be the transmission developer (both hereinafter "parent company") must have and maintain a Credit Rating of BBB- or better from S&P, Baa3 or better from Moody's and/or BBB- or better from Fitch, not have or obtain less than any such Credit Rating by S&P, Moody's or Fitch, and the parent company must commit in writing to provide an acceptable guaranty to the Transmission Provider meeting the requirements of Section 22 for the transmission developer if a proposed transmission project is selected in a regional transmission plan for RCAP. If there is more than one parent company, the parent company(ies) committing to provide the guaranty must meet the requirements set forth herein.
  - C. For an Unrated transmission developer, unless its parent company satisfies the requirements under B. above, such transmission developer must have and maintain a Rating Equivalent (defined below) of BBB- or better. Upon an Unrated transmission developer's request, a credit rating will be determined for such Unrated transmission developer comparable to a Rating Agency credit rating ("Rating Equivalent") based upon the process outlined below:

- (i) Each Unrated transmission developer will be required to pay a non-refundable annual fee of \$15,000.00 for its credit to be evaluated/reevaluated on an annual basis.
- (ii) Upon request by the Transmission Provider, an Unrated transmission developer must submit to the Transmission Provider for the determination of a Rating Equivalent and not less than annually thereafter, the following information with respect to the transmission developer:
  - A. Audited financial statements for each completed fiscal quarter of the then current fiscal year including the most recent fiscal quarter, as well as the most recent three (3) fiscal years;
    - i. For Unrated transmission developers with publicly-traded stock, this information must include:
      - 1. Annual reports on Form 10-K (or successor form) for the three (3) fiscal years most recently ended and quarterly reports on Form 10-Q (or successor form) for each completed quarter of the then current fiscal year, together with any amendments thereto, and
      - 2. Form 8-K (or successor form) reports disclosing material changes, if any, that have been filed since the most recent Form 10-K (or successor form), if applicable;
    - ii. For Unrated transmission developers that are privately held, this information must include:
      - 1. Financial Statements, including balance sheets, income statements, statement of cash flows, and statement of stockholder's equity,
      - 2. Report of Independent Accountants,



3. Management's Discussion and Analysis, and
  4. Notes to financial statements;
- B. Its Standard Industrial Classification and North American Industry Classification System codes;
  - C. At least one (1) bank and three (3) acceptable trade references;
  - D. Information as to any material litigation, commitments or contingencies as well as any prior bankruptcy declarations or material defaults or defalcations by, against or involving the transmission developer or its predecessors, subsidiaries or affiliates, if any;
  - E. Information as to the ability to recover investment in and return on its projects;
  - F. Information as to the financial protections afforded to unsecured creditors contained in its contracts and other legal documents related to its formation and governance;
  - G. Information as to the number and composition of its members or customers;
  - H. Its exposure to price and market risk;
  - I. Information as to the scope and nature of its business; and
  - J. Any additional information, materials and documentation which such Unrated transmission developer deems relevant evidencing such Unrated transmission developer's financial capability to develop, construct, operate and maintain transmission developer's projects for the life of the projects.
- (iii) The Transmission Provider will notify an Unrated transmission developer after the determination of its Rating Equivalent. Upon request, the Transmission Provider will provide the Unrated transmission developer with

information regarding the procedures, products and/or tools used to determine such Rating Equivalent (*e.g.*, Moody's RiskCalc™ or other product or tool, if used).

(iv) An Unrated transmission developer desiring an explanation of its Rating Equivalent must request such an explanation in writing within five (5) business days of receiving its Rating Equivalent. The Transmission Provider will respond within fifteen (15) business days of receipt of such request with a summary of the analysis supporting the Rating Equivalent decision.

3. Evidence that the transmission developer has the capability to develop, construct, operate, and maintain significant U.S. electric transmission projects. The transmission developer should provide, at a minimum, the following information about the transmission developer. If the transmission developer is relying on the experience or technical expertise of its parent company or affiliate(s) to meet the requirements of this subsection 3, the following information should be provided about the transmission developer's parent company and its affiliates, as applicable:
  - A. Information regarding the transmission developer's or other relevant experience regarding transmission projects in-service, under construction, and/or abandoned or otherwise not completed including locations, operating voltages, mileages, development schedules, and approximate installed costs; whether delays in project completion were encountered; and how these facilities are owned, operated and maintained;
  - B. Evidence demonstrating the ability to address and timely remedy failure of transmission facilities;
  - C. Violations of NERC and/or Regional Entity reliability standard(s) and/or violations of regulatory requirement(s) that have been made public pertaining to the development, construction, ownership, operation, and/or maintenance of electric transmission infrastructure facilities (provided that violations of CIP standards are not required to be identified), and, if so, an explanation of such violations; and
  - D. A description of the experience of the transmission developer in acquiring rights of way.
4. Evidence that the transmission developer or its parent company, if relevant, has been in existence at least three years.

**14.2 Review of Pre-Qualification Applications:** No later than November 1<sup>st</sup> of the then-current planning cycle, the Transmission Provider will notify transmission developers that submitted pre-qualification applications or updated information by August 1<sup>st</sup>, whether they have pre-qualified as eligible to propose a transmission project for consideration for selection in a regional transmission plan for RCAP in the upcoming planning cycle. A list of transmission developers that have pre-qualified for the upcoming planning cycle will be posted on the Regional Planning Website.

**14.3 Opportunity for Cure for Pre-Qualification Applications:** If a transmission developer does not meet the pre-qualification criteria or provides an incomplete application then following notification by the Transmission Provider, the transmission developer will have fifteen (15) calendar days to resubmit the necessary supporting documentation to remedy the identified deficiency. The Transmission Provider will notify the transmission developer, whether they are, or will continue to be, pre-qualified within thirty (30) calendar days of the resubmittal, provided that the Transmission Provider shall not be required to provide such a response prior to November 1<sup>st</sup> of the then-current planning cycle.

**14.4 Pre-Qualification Renewal:** If a transmission developer is pre-qualified as eligible to propose a transmission project for consideration for selection in a regional transmission plan for RCAP in the then-current planning cycle, such transmission developer may not be required to re-submit information to pre-qualify with respect to the upcoming planning cycle. In the event any information on which the entity's pre-qualification is based has changed, such entity must

submit all updated information by the August 1<sup>st</sup> deadline. In addition, all transmission developers must submit a full pre-qualification application once every 3 years.

**14.5 Enrollment Requirement to Pre-Qualify as Eligible to Propose a Transmission Project for Potential Selection in a Regional Transmission Plan for RCAP:** If a transmission developer or its parent company or owner or any affiliate, member or subsidiary has load in the SERTP region, the transmission developer must have enrolled in the SERTP in accordance with Section 13.2 to be eligible to pre-qualify to propose a transmission project for potential selection in a regional transmission plan for RCAP.

**15. Transmission Projects Potentially Eligible for Selection in a Regional Transmission Plan for RCAP**

**15.1** In order for a transmission project proposed by a transmission developer, whether incumbent or nonincumbent, to be considered for evaluation and potential selection in a regional transmission plan for RCAP, the project must be regional in nature in that it must be a transmission project effectuating significant bulk electric transfers across the SERTP region and addressing significant electrical needs in that it:

1. operates at a voltage of 300 kV or greater; and
2. satisfies at least one of the following:
  - a. spans 100 miles or more within the SERTP region or
  - b. spans at least 50 miles and would displace<sup>11</sup> transmission projects that would be located in (i) two or more balancing authority areas located

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<sup>11</sup> “Displaced” transmission projects for purposes of this criteria would be in the nature of those that would be identified in the evaluative process described in Section 17.1(2)-(3).

in the SERTP region or (ii) two or more states located in the SERTP region.

**15.2** In addition to satisfying the requirements of Section 15.1, the proposed transmission project cannot be an upgrade to an existing facility. A transmission upgrade includes any expansion, replacement, or modification, for any purpose, made to existing transmission facilities, including, but not limited to:

- transmission line reconductors;
- the addition, modification, and/or replacement of transmission line structures and equipment;
- increasing the nominal operating voltage of a transmission line;
- the addition, replacement, and/or reconfiguration of facilities within an existing substation site;
- the interconnection/addition of new terminal equipment and/or substations onto existing transmission lines.

For purposes of clarification, a transmission project proposed for potential selection in a regional transmission plan for RCAP may rely on the implementation of one or more transmission upgrades (as defined above) by the Impacted Utilities in order to reliably implement the proposed transmission project.

**15.3** In order for the proposed transmission project to be a more efficient or cost effective alternative to the transmission projects identified by the transmission providers through their planning processes, it should be materially different than projects already under consideration in the expansion planning process. A project will be deemed materially different, as compared to another transmission alternative(s) under consideration, if the proposals consists of significant geographical and electrical differences in the alternative's proposed interconnection point(s) and transmission line routing.

## **16. Submission of Proposals for Potential Selection in a Regional Transmission Plan for RCAP**

Any entity may propose a transmission project for consideration by the Transmission Provider for potential selection in a regional transmission plan for RCAP.<sup>12</sup> An entity that wants to propose a transmission project for potential selection in a regional transmission plan for RCAP but does not intend to develop the transmission project may propose such transmission project in accordance with Section 16.6.

**16.1 Materials to be Submitted:** In order for a transmission project to be considered for RCAP, a pre-qualified transmission developer proposing the transmission project (including an incumbent or nonincumbent transmission developer) must provide to the Transmission Provider the following information:

1. Sufficient information for the Transmission Provider to determine that the potential transmission project satisfies the regional eligibility requirements of Section 15;
2. A description of the proposed transmission project that details the intended scope (including the various stages of the project development such as engineering, ROW acquisition, construction, recommended in-service date, *etc.*);
3. 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 may be asked to support such differences with supplemental information;
4. Data and/or files necessary to appropriately model the proposed transmission project;
5. Documentation of the specific Transmission Need(s) that the proposed transmission project is intended to address. This documentation should include a description of the Transmission Need(s), timing of the

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<sup>12</sup> The regional cost allocation process provided hereunder in accordance with Sections 16-22 does not limit the ability of the Transmission Provider and other entities to negotiate alternative cost sharing arrangements voluntarily and separately from this regional cost allocation method.

Transmission Need(s), as well as the technical analysis performed to support that the proposed transmission project addresses the specified Transmission Need(s);

6. A description of why the proposed transmission project is expected to be more efficient or cost effective than other transmission projects included in the then-current regional transmission plan. If available, and to facilitate the evaluation of the proposal and to mitigate the potential for disputes, the entity proposing the project for potential selection in a regional transmission plan for RCAP may submit documentation of detailed technical analyses performed that supports the position that the proposed transmission project addresses the specified Transmission Needs more efficiently or cost-effectively. Such optional documentation could include the following:
  - Transmission projects in the latest transmission expansion plan or regional transmission plan that would be displaced by the proposed project,
  - Any additional projects that may be required in order to implement the proposed project, or
  - Any reduction/increase in real-power transmission system losses;
7. The transmission developer must provide a reasonable explanation of, as it pertains to its proposed project, its planned approach to satisfy applicable regulatory requirements and its planned approach to obtain requisite authorizations necessary to acquire rights of way and to construct, operate, and maintain the proposed facility in the relevant jurisdictions;
  - The transmission developer should not expect to use the Transmission Provider's right of eminent domain for ROW acquisition;
8. How the transmission developer intends to comply with all applicable standards and obtain the appropriate NERC certifications,
  - If it or a parent, owner, affiliate, or member who will be performing work in connection with the potential transmission project is registered with NERC or other industry organizations pertaining to electric reliability and/or the development, construction, ownership, or operation, and/or maintenance of electric infrastructure facilities, a list of those registrations;
9. The experience of the transmission developer specific to developing, constructing, maintaining, and operating the type of transmission facilities contained in the transmission project proposed for potential selection in a regional transmission plan for RCAP,

- Including verifiable past achievements of containing costs and adhering to construction schedules for transmission projects of similar size and scope as the proposed transmission project, and
  - Including a description of emergency response and restoration of damaged equipment capability;
10. The planned or proposed project implementation management teams and the types of resources, including relevant capability and experience, contemplated for use in the development and construction of the proposed project;
  11. A written commitment to comply with all applicable standards, including Good Utility Practices, governing the engineering, design, construction, operation, and maintenance of transmission projects in the SERTP region; and
  12. Evidence of the ability of the transmission developer, its affiliate, partner or parent company to secure a financial commitment from an approved financial institution(s) agreeing to finance the construction, operation, and maintenance of the transmission project if selected in a regional transmission plan for RCAP.

**16.2 Administrative Fee:** An administrative fee of \$25,000 to off-set the costs to review, process and evaluate each transmission project proposal. A refund of \$15,000 will be provided to the transmission developer if:

1. The proposal is determined to not satisfy the qualification criteria in Section 16.1; or
2. The transmission developer withdraws its proposal by providing written notification of its intention to do so to the Transmission Provider prior to the First RPSG Meeting and Interactive Training Session for that transmission planning cycle.

**16.3 Deadline for Transmission Developer Submittals:** In order for its transmission project to be considered for RCAP in the current transmission planning cycle, a transmission developer must provide the requisite information and payment identified in Sections 16.1 through 16.2 to the Transmission Provider in accordance with the submittal instructions provided on the Regional Planning



Website no later than sixty (60) calendar days after the SERTP Annual Transmission Planning Summit and Input Assumptions Meeting for the previous transmission planning cycle.

**16.4 Initial Review of Submittal and Opportunity for Cure:** The Transmission Provider will notify transmission developers who propose a transmission project for potential selection in a regional transmission plan for RCAP whose submittals do not meet the requirements specified in Section 16.1 through 16.2, or who provide an incomplete submittal, within forty-five (45) calendar days of the submittal deadline to allow the transmission developers an opportunity to remedy any identified deficiency(ies). Transmission developers, so notified, will have fifteen (15) calendar days to resubmit the necessary supporting documentation to remedy the identified deficiency. The Transmission Provider will notify the transmission developer, whether they have adequately remedied the deficiency within thirty (30) calendar days of the resubmittal. Should the deficiency(ies) remain unremedied, then the transmission project will not be considered for RCAP.

**16.5 Change in the Qualification Information or Circumstances**

**16.5.1** The transmission developer proposing a transmission project for potential selection in a regional transmission plan for RCAP has an obligation to update and report in writing to the Transmission Provider any change to its or its parent company's information that was provided as the basis for its satisfying the requirements of Sections 14 through 22, except that the transmission developer is not expected to update its technical analysis

performed for purposes of Section 16.1(6) to reflect updated transmission planning data as the transmission planning cycle(s) progresses.

**16.5.2** The transmission developer must inform the Transmission Provider of the occurrence of any of the developments described in (1) or (2) below should the following apply (and within the prescribed time period): (i) within five (5) business days of the occurrence if the transmission developer has a pre-qualification application pending as of the date of the occurrence; (ii) upon the submission of a renewal request for pre-qualification should the development have occurred since the transmission developer was pre-qualified; (iii) prior to, or as part of, proposing a transmission project for potential selection in a regional transmission plan for RCAP pursuant to Section 16.1 should the development have occurred since the transmission developer was pre-qualified; and (iv) within five (5) business days of the occurrence if the transmission developer has a transmission project either selected or under consideration for selection in a regional transmission plan for RCAP. These notification requirements are applicable upon the occurrence of any of the following:

1. the existence of any material new or ongoing investigations against the transmission developer by the Commission, the Securities and Exchange Commission, or any other governing, regulatory, or standards body that has been or was required to be made public; if its parent company has been relied upon to meet the requirements of Section 14.1(2) or Section 22, such information must be provided for

the parent company and, in any event, with respect to any affiliate that is a transmitting utility; and

2. any event or occurrence which could constitute a material adverse change in the transmission developer's (and, if the parent company has been relied upon to meet the requirements of Section 14.1(2) or Section 22, the parent company's) financial condition ("Material Adverse Change") such as:
  - A. A downgrade or suspension of any debt or issuer rating by any Rating Agency,
  - B. Being placed on a credit watch with negative implications (or similar) by any Rating Agency,
  - C. A bankruptcy filing or material default or defalcation,
  - D. Insolvency,
  - E. A quarterly or annual loss or a decline in earnings of twenty-five percent (25%) or more compared to the comparable year-ago period,
  - F. Restatement of any prior financial statements, or
  - G. Any government investigation or the filing of a lawsuit that reasonably would be expected to adversely impact any current or future financial results by twenty-five percent (25%) or more.

**16.5.3** If at any time the Transmission Provider concludes that a transmission developer or a potential transmission project proposed for possible selection in a regional transmission plan for RCAP no longer satisfies such requirements specified in Sections 14 through 16, then the Transmission Provider will so notify the transmission developer or entity who will have fifteen (15) calendar days to cure. If the transmission developer does not meet the fifteen (15) day deadline to

cure, or if the Transmission Provider determines that the transmission developer continues to no longer satisfy the requirements specified in Sections 14 through 16 despite the transmission developer's efforts to cure, then the Transmission Provider may, without limiting its other rights and remedies, immediately remove the transmission developer's potential transmission project(s) from consideration for potential selection in a regional transmission plan for RCAP and, if previously selected, from being selected in a regional transmission plan for RCAP, as applicable.

#### **16.6 Projects Proposed for RCAP Where the Entity Making the Proposal Does**

**Not Intend to be the Developer of the Project:** Any Stakeholder may propose a potentially more cost effective or efficient transmission project for consideration in the transmission planning process in accordance with Section 3.5.3, and nothing herein limits the ability of a Stakeholder and other entities to negotiate alternative transmission development arrangements voluntarily and separately from the processes provided in this Attachment M. Should an entity propose a transmission project for potential selection in a regional transmission plan for RCAP but not intend to develop the project, then the following applies. Such an entity must submit the information required by Sections 16.1(1), 16.1(5), and 16.1(6) for a regional transmission project eligible for potential selection in a regional transmission plan for RCAP within the sixty (60) day window established in Section 16.3. Provided that the proposal complies with those requirements, the Transmission Provider will make information describing the proposal available on the Regional Planning Website. The entity proposing the

transmission project should coordinate with a transmission developer (either incumbent or nonincumbent) to have the developer submit the remaining information and materials required by Section 16. A pre-qualified transmission developer, should it decide to proceed, must submit the materials required by Section 16 within the sixty (60) day window established in Section 16.3 in order for the proposed transmission project to be considered for selection in a regional transmission plan for RCAP. If such a transmission project has not been so submitted within the sixty (60) day window established in Section 16.3, then the Transmission Provider may treat the project as a Stakeholder-proposed transmission project alternative pursuant to Section 3.5.3.

**17. Evaluation and Potential Selection of Proposals for Selection in a Regional Transmission Plan for RCAP**

**17.1 Potential Transmission Projects Seeking RCAP Will be Evaluated in the Normal Course of the Transmission Planning Process:** During the course of the then-current transmission expansion planning cycle (and thereby in conjunction with other system enhancements under consideration in the transmission planning process), the Transmission Provider will evaluate current Transmission Needs and assess alternatives to address current needs including the potential transmission projects proposed for possible selection in a regional transmission plan for RCAP by transmission developers consistent with the regional evaluation process described in Section 11. Such evaluation will be in accordance with, and subject to (among other things), state law pertaining to transmission ownership, siting, and construction. Utilizing coordinated models

and assumptions, the Transmission Provider will perform analyses, including power flow, dynamic, and short circuit analyses, as necessary and, applying its planning guidelines and criteria to evaluate submittals, determine whether, throughout the ten (10) year planning horizon:

1. The proposed transmission project addresses an underlying Transmission Need(s);
2. The proposed transmission project addresses Transmission Needs that are currently being addressed with projects in the transmission planning process and if so, which projects could be displaced (consistent with the reevaluation of the projects included in a regional transmission plan as described in Section 19) by the proposed transmission project, including:
  - transmission projects in the Transmission Provider's ten (10) year transmission expansion plan,
  - transmission projects in the regional transmission plan, including those currently under consideration and/or selected for RCAP;
3. The proposed transmission project addresses a Transmission Need(s) for which no transmission project is currently included in the latest ten (10) year expansion plans and/or regional transmission plan. If so, the Transmission Provider will identify an alternative transmission project(s) which would be required to fully and appropriately address the same Transmission Need(s) (*e.g.*, otherwise considered to be the more efficient or cost effective transmission alternative);
4. Any additional projects that would be required to implement the proposed transmission project;
5. The proposed transmission project reduces and/or increases real power transmission losses on the transmission system within the SERTP region.

Previous analysis may be used, either in part or in whole, if applicable to the evaluation of the proposed regional transmission project.

Stakeholders may provide input into the evaluation of RCAP proposals throughout the SERTP process consistent with Section 3.5.3.

## **17.2 Transmission Benefit-to-Cost Analysis Based Upon Planning Level Cost Estimates**

**17.2.1** Based upon the evaluation outlined in Section 17.1, the Transmission Provider will assess whether the transmission developer's transmission project proposed for potential selection in a regional transmission plan for RCAP is considered at that point in time to yield meaningful, net regional benefits. Specifically, the proposed transmission project should yield a regional transmission benefit-to-cost ratio of at least 1.25 and no individual Impacted Utility should incur increased, unmitigated transmission costs.<sup>13</sup>

1. The benefit used in this calculation for purposes of assessing the transmission developer's proposed transmission project will be quantified by the Beneficiaries' total cost savings in the SERTP region associated with:
  - A. All transmission projects in the ten (10) year transmission expansion plan which would be displaced, as identified pursuant to Section 17.1;
  - B. All regional transmission projects included in the regional transmission plan which would be displaced, as identified pursuant to Section 17.1 and to the extent no overlap exists with those transmission projects identified as displaceable in the Transmission Provider's ten (10) year transmission expansion plan. This includes transmission projects currently selected in the regional transmission plan for RCAP; and
  - C. All alternative transmission project(s), as determined pursuant to Section 17.1 that would be required in lieu of the proposed

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<sup>13</sup> An entity would incur increased, unmitigated transmission costs should it incur more costs than displaced benefits and not be compensated/made whole for those additional costs. For purposes of this Attachment M, the terms "Impacted Utilities" shall mean: i) the Beneficiaries identified in the evaluation of the proposed transmission project and ii) any entity identified in this Section 17.2.1 to potentially have increased costs on its transmission system located in the SERTP region in order to implement the proposal.

regional transmission project, if the proposed regional transmission project addresses a Transmission Need for which no transmission project is included in the latest ten (10) year expansion plan and/or regional transmission plan.

2. The cost used in this calculation will be quantified by the transmission cost within the SERTP region associated with:
  - A. The project proposed for selection in a regional transmission plan for RCAP; and
  - B. Any additional projects within the SERTP region on Impacted Utility transmission systems required to implement the proposal as identified pursuant to Section 17.1.
  - C. For interregional transmission projects proposed for purposes of cost allocation between the SERTP and a neighboring region(s), the cost used in this calculation will be quantified by the transmission cost of the project multiplied by the allocation of the transmission project's costs (expressed as a fraction) to the SERTP region as specified in the applicable interregional cost allocation procedures, plus the transmission costs of any additional project within the SERTP region on Impacted Utility transmission systems required to implement the proposal as identified pursuant to Section 17.1.
3. If the initial BTC calculation results in a ratio equal to or greater than 1.0, then the Transmission Provider will calculate the estimated change in real power transmission losses on the transmission system(s) of Impacted Utilities located in the SERTP. In that circumstance, an updated BTC ratio will be calculated consistent with Section 17.2 in which:
  - A. The cost savings associated with a calculated reduction of real power energy losses on the transmission system(s) will be added to the benefit; and
  - B. The cost increase associated with a calculated increase of real power energy losses on the transmission system(s) will be added to the cost.

**17.2.2** The Transmission Provider will develop planning level cost estimates for use in determining the regional benefit-to-cost ratio. Detailed engineering estimates may be used if available.



**17.2.3** The cost savings and/or increase associated with real power losses on the transmission system(s) within the SERTP region with the implementation of the proposed regional transmission project will be estimated for each Impacted Utility throughout the ten (10) year transmission planning horizon as follows:

- The Transmission Provider will utilize power flow models to determine the change in real power losses on the transmission system at estimated average load levels.
- The Transmission Provider will estimate the energy savings associated with the change in real power losses utilizing historical or forecasted data that is publicly available (*e.g.*, FERC Form 714).

**17.2.4** For potential transmission projects found to satisfy the foregoing benefit-to-cost analysis, the Impacted Utilities will then consult with the transmission developer of that project to establish a schedule for the following activities: 1) the transmission developer providing detailed financial terms for its proposed project and 2) the proposed transmission project to be reviewed by the jurisdictional and/or governance authorities of the Impacted Utilities pursuant to Section 17.4 for potential selection in a regional transmission plan for RCAP.<sup>14</sup>

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<sup>14</sup> The schedule established in accordance with Section 17.2.4 will reflect considerations such as the timing of those Transmission Needs the regional project may address as well as the lead-times of the regional project, transmission projects that must be implemented in support of the regional project, and projects that may be displaced by the regional project. This schedule may be revised by the Transmission Provider and the Impacted Utilities, in consultation with the transmission developer, as appropriate to address, for example, changes in circumstances and/or underlying assumptions.

**17.3 The Transmission Developer to Provide More Detailed Financial Terms Acceptable to the Beneficiaries and the Performance of a Detailed Transmission Benefit-to-Cost Analysis:**

**17.3.1** By the date specified in the schedule established in Section 17.2.4, the transmission developer shall identify the detailed financial terms for its proposed project, establishing in detail: (1) the total cost to be allocated to the Beneficiaries if the proposal were to be selected in a regional transmission plan for RCAP, and (2) the components that comprise that cost, such as the costs of:

- Engineering, procurement, and construction consistent with Good Utility Practice and standards and specifications acceptable to the Transmission Provider,
- Financing costs, required rates of return, and any and all incentive-based (including performance based) rate treatments,
- Ongoing operations and maintenance of the proposed transmission project,
- Provisions for restoration, spare equipment and materials, and emergency repairs, and
- Any applicable local, state, or federal taxes.

**17.3.2** To determine whether the proposed project is considered at that time to remain a more efficient or cost effective alternative, the Transmission Provider will then perform a more detailed 1.25 transmission benefit-to-cost analysis consistent with that performed pursuant to Section 17.2.1. This more detailed transmission benefit-to-cost analysis will be based upon the detailed financial terms provided by the transmission developer, as may be modified by agreement of the transmission developer and

Beneficiary(ies), and any additional, updated, and/or more detailed transmission planning, cost or benefit information/component(s) as provided by the Impacted Utilities that are applicable to/available for the proposed transmission project, the projects that would be displaced, any additional projects required to implement the proposal and real power transmission loss impacts.<sup>15</sup>

**17.3.3** To provide for an equitable comparison, the costs of the transmission projects that would be displaced and/or required to be implemented in such a detailed benefit-to-cost analysis will include comparable cost components as provided in the proposed project's detailed financial terms (and vice-versa), as applicable. The cost components of the transmission projects that would be displaced will be provided by the Transmission Provider and/or other Impacted Utilities who would own the displaced transmission project. The cost components of the proposed transmission project and of the transmission projects that would be displaced will be reviewed and scrutinized in a comparable manner in performing the detailed benefit to cost analysis.

**17.4 Jurisdictional and/or Governance Authority Review:** Should the proposed transmission project be found to satisfy the more detailed benefit-to-cost analysis specified in Section 17.3, the state jurisdictional and/or governance authorities of the Impacted Utilities will be provided an opportunity to review the transmission

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<sup>15</sup> The performance of this updated, detailed benefit-to-cost analysis might identify different Beneficiaries and/or Impacted Utilities than that identified in the initial benefit-to-cost analysis performed in accordance with Section 17.2.1.

project proposal and otherwise consult, collaborate, inform, and/or provide recommendations to the Transmission Provider. The recommendations will inform the Transmission Provider's selection decision for purposes of Section 17.5, and such a recommendation and/or selection of a project for inclusion in a regional transmission plan for RCAP shall not prejudice the state jurisdictional and/or governance authority's (authorities') exercise of any and all rights granted to them pursuant to state or Federal law with regard to any project evaluated and/or selected for RCAP that falls within such authority's (authorities') jurisdiction(s).

**17.5 Selection of a Proposed Transmission Project for RCAP:** The Transmission Provider will select a transmission project (proposed for RCAP) for inclusion in the regional transmission plan for RCAP for the then-current planning cycle if the Transmission Provider determines that the project is a more efficient or cost effective transmission project as compared to other alternatives to reliably address Transmission Need(s).<sup>16</sup> Factors considered in this determination include:

- Whether the project meets or exceeds the detailed benefit-to-cost analysis performed pursuant to Section 17.3. Such detailed benefit-to-cost analysis may be reassessed, as appropriate, based upon the then-current Beneficiaries and to otherwise reflect additional, updated, and/or more detailed transmission planning, cost or benefit information/component(s) that are applicable to/available for the proposed transmission project, the projects that would be displaced, any additional projects required to implement the proposal and real power transmission loss impacts;

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<sup>16</sup> Being selected for RCAP in the then-current iteration of a regional transmission plan only provides how the costs of the transmission project may be allocated in Commission-approved rates should the project be built. Being selected in a regional transmission plan for RCAP provides no rights with regard to siting, construction, or ownership. The transmission developer must obtain all requisite approvals to site and build its transmission project. A transmission project may be removed from being selected in a regional transmission plan for RCAP in accordance with the provisions of Sections 16.4, 19, 20, 21 and 20.

- Any recommendation provided by state jurisdictional and/or governance authorities in accordance with Section 17.4 including whether the transmission developer is considered reasonably able to construct the transmission project in the proposed jurisdiction(s);
- Whether, based on the stages of project development provided by the transmission developer in accordance with Section 16.1 and as otherwise may be updated, the transmission developer should be considered reasonably able to acquire the necessary rights-of-way (“ROW”);
- Whether, based on the timing for the identified Transmission Need(s) and the stages of project development provided by the transmission developer in accordance with Section 16.1 and as otherwise may be updated, the transmission developer is considered to be reasonably able to construct and tie the proposed transmission project into the transmission system by the required in-service date;
- Whether it is reasonably expected that the Impacted Utilities will be able to construct and tie-in any additional facilities on their systems located within the SERTP region that are necessary to reliably implement the proposed transmission project; and
- Any updated qualification information regarding the transmission developer’s finances or technical expertise, as detailed in Section 14.

The Transmission Provider will post on the Regional Planning Website its determination regarding whether a proposed project will be selected for inclusion in the regional transmission plan for RCAP for that transmission planning cycle. The Transmission Provider will document its determination in sufficient detail for Stakeholders to understand why a particular project was selected or not selected for RCAP and will make this supporting documentation available to the transmission developer or Stakeholders, subject to any applicable confidentiality requirements.

## **18. Cost Allocation to the Beneficiaries**

If a regional transmission project is selected in a regional transmission plan for RCAP in accordance with Section 17.5 and then constructed and placed into service, the

Beneficiaries will be allocated the regional transmission project's costs based upon their cost savings calculated in accordance with Section 17.3 and associated with:

1. The displacement of one or more of the transmission projects previously included in their ten (10) year transmission expansion plan.
2. The displacement of one or more regional transmission projects previously included in the regional transmission plan.
3. Any alternative transmission project(s) that would be required in lieu of the regional transmission project, if the proposed regional transmission project addresses a Transmission Need for which no transmission project is included in the latest ten (10) year expansion plan and/or regional transmission plan.
4. The reduction of real power transmission losses on their transmission system.

**19. On-Going Evaluations of the Regional Transmission Plan:**

**19.1** In order to ensure that the Transmission Provider can efficiently and cost effectively meet its respective reliability, duty to serve, and cost of service obligations, and to ensure that the proposed transmission project remains the more efficient or cost effective alternative, the Transmission Provider will continue to reevaluate the regional transmission plan throughout the then-current planning cycle and in subsequent cycles. This continued reevaluation will assess, in subsequent expansion planning processes that reflect ongoing changes in actual and forecasted conditions, the then-current Transmission Needs and determine whether transmission projects included in the regional transmission plan (i) continue to be needed and (ii) are more efficient or cost effective as compared to alternatives.

- These on-going assessments will include reassessing transmission projects that have been selected in the regional transmission plan

for RCAP and any projects that are being considered for potential selection in a regional transmission plan for RCAP.

**19.2** Even though a transmission project may have been selected in a regional transmission plan for RCAP in an earlier regional transmission plan, if it is determined that the transmission project is no longer needed and/or it is no longer more efficient or cost effective than alternatives, then the Transmission Provider may notify the transmission developer and remove the proposed project from being selected in a regional transmission plan for RCAP.

**19.3** The cost allocation of a regional transmission project selected in a regional transmission plan for RCAP that remains selected in the regional transmission plan for RCAP may be modified in subsequent planning cycles based upon:

1. The then-current determination of benefits (calculated consistent with Section 17.3),
2. Cost allocation modifications as mutually agreed by the Beneficiaries, or
3. Cost modifications, as found acceptable by both the transmission developer and the Beneficiary(ies).

**19.4** The reevaluation of the regional transmission plan will include the reevaluation of a particular transmission project included in the regional transmission plan until it is no longer reasonably feasible to replace the proposed transmission project as a result of the proposed transmission project being in a material stage of construction and/or if it is no longer considered reasonably feasible for an alternative transmission project to be placed in service in time to address the underlying Transmission Need(s) the proposed project is intended to address.

## **20. Delay or Abandonment**

**20.1** The transmission developer shall promptly notify the Transmission Provider should any material changes or delays be encountered in the development of a potential transmission project selected in a regional transmission plan for RCAP. As part of the Transmission Provider's on-going transmission planning efforts, the Transmission Provider will assess whether alternative transmission solutions may be required in addition to, or in place of, a potential transmission project selected in a regional transmission plan for RCAP due to the delay in its development or abandonment of the project. The identification and evaluation of potential transmission project alternative solutions may include transmission project alternatives identified by the Transmission Provider to include in the ten (10) year transmission expansion plan. Furthermore, nothing precludes the Transmission Provider from proposing such alternatives for potential selection in a regional transmission plan for RCAP pursuant to Section 16.

**20.2** Based upon the alternative transmission projects identified in such on-going transmission planning efforts, the Transmission Provider will evaluate the transmission project alternatives consistent with the regional planning process. The Transmission Provider will remove a delayed project from being selected in a regional transmission plan for RCAP if the project no longer:

1. Adequately addresses underlying Transmission Needs by the required Transmission Need dates; and/or
2. Remains more efficient or cost effective based upon a reevaluation of the detailed benefit-to-cost calculation. The BTC calculation will factor in any additional transmission solutions required to implement the proposal (*e.g.*, temporary fixes) and will also compare the project to identified transmission project alternatives.



**20.3** Without limiting the Impacted Utilities' other rights and remedies, if a transmission developer's delay or abandonment of a project leads to damages or increased costs to the Impacted Utilities or their customers, and if that delay or abandonment is not otherwise excused by the Impacted Utilities, then the transmission developer shall be responsible for and pay to the Impacted Utilities, upon demand, all damages, costs, and/or expenses incurred or reasonably expected to be incurred by the Impacted Utilities or their customers due or attributable to any such delay or abandonment, including, without limitation:

1. damages, increased costs, and/or expenses to the Impacted Utilities incurred or reasonably expected to be incurred by having someone other than the transmission developer complete the transmission project;
2. damages, increased costs, and/or expenses to the Impacted Utilities incurred or reasonably expected to be incurred in order to pursue, and/or complete, alternative solutions to address the underlying transmission need(s);
3. damages, costs, and/or expenses to the Impacted Utilities for abandoned plant costs that the Impacted Utilities incurred or reasonably expected to be incurred due to the transmission developer's delay or abandonment;
4. damages, increased costs, and/or expenses to the Impacted Utilities incurred or reasonably expected to be incurred due to the implementation of operational remedies and measures attributable to the transmission developer's delay or abandonment;
5. financing, labor, equipment and capital costs incurred or reasonably expected to be incurred to implement interim and alternative solutions; and
6. any other documentable damages, increased costs, expenses, penalties, and/or fines to the Impacted Utilities incurred or reasonably expected to be incurred attributable to the transmission developer's delay or abandonment;

Eligible Developer Collateral provided pursuant to Section 22 will, among other things, secure and support the transmission developer's payment obligations to the Beneficiaries under this Section 20.3.

**21. Milestones of Required Steps Necessary to Maintain Status as Being Selected for RCAP**

**21.1** Once a regional transmission project is selected in a regional transmission plan for RCAP, the transmission developer must submit a development schedule to the Transmission Provider and the Impacted Utilities that establishes the milestones by which the necessary steps to develop and construct the transmission project must occur. These milestones include (to the extent not already accomplished) obtaining all necessary ROWs and requisite environmental, state, and other governmental approvals. A development schedule will also need to be established for any additional projects by Impacted Utilities that are determined necessary to integrate the transmission projects selected in a regional transmission plan for RCAP. The schedule and milestones must be satisfactory to the Transmission Provider and the Impacted Utilities.

**21.2** In addition, the Beneficiaries will also determine and establish the deadline(s) by which the transmission developer must provide security/collateral for the proposed project that has been selected in a regional transmission plan for RCAP to the Beneficiaries or otherwise satisfy requisite creditworthiness requirements. The security/collateral/creditworthiness requirements shall be as described or referenced in Section 22.

**21.3** If such critical steps are not met by the specified milestones and then afterwards maintained, then the Transmission Provider may remove the project from being selected in a regional transmission plan for RCAP.

**22. Credit and Security Requirements to Protect the Beneficiaries Against Delay or Abandonment of a Transmission Project Selected in a Regional Transmission Plan for RCAP**

**22.1 Demonstration of Financial Strength:** In order for a project to be selected and remain selected in a regional transmission plan for RCAP, the transmission developer must satisfy the following:

**22.1.1** Consistent with Sections 14.1 and 16.5.3, the transmission developer for such project or its parent company providing the Beneficiaries with a parent guaranty (“Parent Guarantor”) must have and maintain a Credit Rating of BBB- (or equivalent) or better from one or more of the Rating Agencies and not have or obtain less than any such Credit Rating by any of the Rating Agencies, or the transmission developer must be Unrated and have and maintain a Rating Equivalent of BBB- or better.

**22.1.2** In addition to the requirements of Section 22.1.1, the transmission developer must satisfy one of the following by and at all times after the deadline established pursuant to Section 21.2:

1. The transmission developer must (i) have and maintain a Credit Rating of BBB+ (or equivalent) or better from one or more of the Rating Agencies and not have or obtain less than any such Credit Rating by any of the Rating Agencies or (ii) be Unrated and have and maintain a Rating Equivalent of BBB+ or better; or
2. The transmission developer must provide to and maintain with the Beneficiaries Eligible Developer Collateral (as defined in Section 22.4

below) in an amount equal to the total cost of the transmission developer's projects selected in a regional transmission plan for RCAP.

## **22.2 Limitation of Exposure**

**22.2.1** Notwithstanding the foregoing, the Beneficiaries may limit their exposure with respect to transmission projects selected in a regional transmission plan being developed by a transmission developer satisfying the requirements of item 1 of Section 22.1.2 above if the aggregate costs of such projects are at any time in excess of the lesser of (a) 10% of the transmission developer's Tangible Net Worth if the transmission developer has a Tangible Net Worth of less than one billion dollars or (b) two hundred fifty million dollars (the "Cap"). In such event, the transmission developer must provide to and maintain with the Beneficiaries Eligible Developer Collateral in a dollar amount not less than the amount by which the aggregate costs of such projects exceed the Cap. Each transmission developer will provide and update the Beneficiaries with such information as is necessary to establish and confirm the transmission developer's Tangible Net Worth. For purposes hereof, "Tangible Net Worth" shall be equal to the relevant entity's total equity minus its intangible assets and also minus its goodwill.

**22.2.2** Notwithstanding the foregoing, the Beneficiaries may limit their exposure with respect to transmission projects selected in a regional transmission plan being developed by a transmission developer or its affiliates who are satisfying the requirements of item 2 of Section 22.1.2 or 22.2.1 above by

providing and maintaining a Developer Parent Guaranty (as defined in Section 22.4 below) if the aggregate costs of such projects are at any time in excess of the lesser of (a) 10% of the Parent Guarantor's Tangible Net Worth if such Parent Guarantor has a Tangible Net Worth of less than one billion dollars or (b) two hundred fifty million dollars (the "Guarantor Cap"). In such event, the transmission developer must provide to and maintain with the Beneficiaries an acceptable Irrevocable Letter of Credit in a dollar amount not less than the amount by which the aggregate costs of such projects exceed the Guarantor Cap. Each transmission developer will provide and update the Beneficiaries with such information as is necessary to establish and confirm the Parent Guarantor's Tangible Net Worth.

**22.3 Credit Evaluation/Updates:**

**22.3.1** On at least an annual basis, a transmission developer with a transmission project selected in a regional transmission plan for RCAP will provide the Beneficiaries with an updated completed application and the updated information described in Section 14.1.

**22.3.2** On at least an annual basis, or more often if there is a Material Adverse Change in the financial condition and/or a relevant change in the Tangible Net Worth of the transmission developer or its Parent Guarantor or if there are issues or changes regarding a transmission project, the Beneficiaries may review the Credit Rating and review and update the Rating Equivalent, Cap, Guarantor Cap and Eligible Developer Collateral

requirements for said transmission developer. In the event said transmission developer is required to provide additional Eligible Developer Collateral as a result of the Beneficiaries' review/update, the Beneficiaries will notify the transmission developer and such additional Eligible Developer Collateral must be provided within five (5) business days of such notice, all in amount and form approved by the Beneficiaries.

**22.4 Eligible Developer Collateral:** Acceptable forms of eligible collateral meeting the requirements referenced below and the Beneficiaries' approval (the "Eligible Developer Collateral") may be either in the form of an irrevocable letter of credit ("Irrevocable Letter of Credit") or parent guaranty issued by a Parent Guarantor who has and maintains a Credit Rating of BBB+ (or equivalent) or better from one or more of the Rating Agencies and does not have or obtain less than any such Credit Rating by any of the Rating Agencies ("Developer Parent Guaranty"). Acceptable forms of Eligible Developer Collateral and related requirements and practices will be posted and updated on the Regional Planning Website and/or provided to the relevant transmission developer directly.

**22.4.1** Each Beneficiary may require an Irrevocable Letter of Credit to be issued to it in a dollar amount equal to the percentage of the costs of a transmission developer's transmission projects allocated or proposed to be allocated to it ("Percentage") multiplied by the aggregate dollar amount of all Irrevocable Letters of Credit constituting or to constitute Eligible Developer Collateral for such transmission projects.

**22.4.2** Each Beneficiary may require a Developer Parent Guaranty to be issued to

it in a dollar amount equal to its Percentage multiplied by the aggregate dollar amount of all Developer Parent Guaranties constituting or to constitute Eligible Developer Collateral for such transmission projects.

**22.4.2.1** A transmission developer supplying a Developer Parent Guaranty must provide and continue to provide the same information regarding the Parent Guarantor as is required of a transmission developer, including rating information, financial statements and related information, references, litigation information and other disclosures, as applicable.

**22.4.2.2** All costs associated with obtaining and maintaining Irrevocable Letters of Credit and/or Developer Parent Guaranties and meeting the requirements of this Section 22 are the responsibility of the transmission developer.

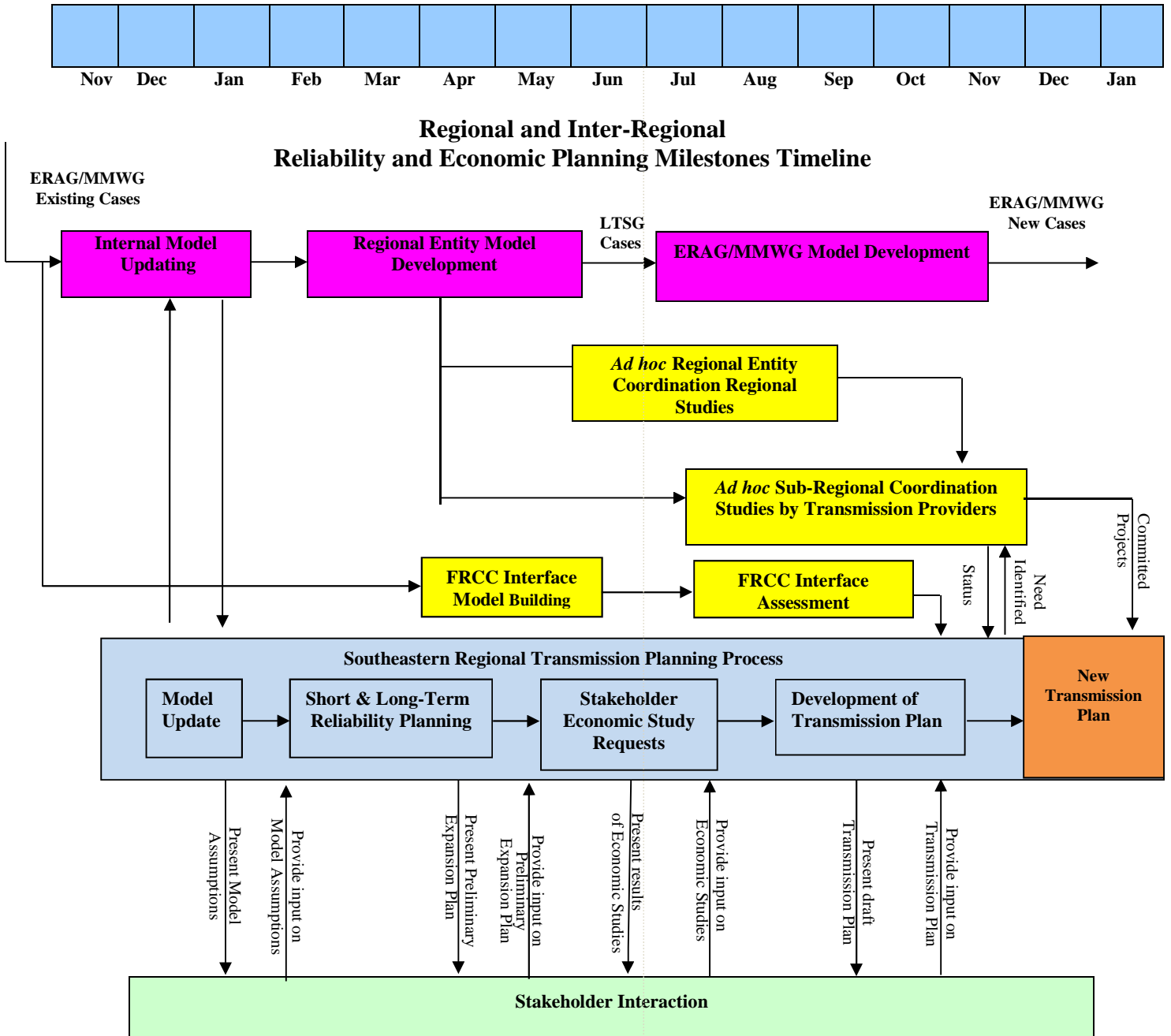
**22.4.2.3** The Beneficiaries reserve the right to deny, reject, or terminate acceptance and acceptability of any Irrevocable Letter of Credit or any Developer Parent Guaranty as Eligible Developer Collateral at any time for reasonable cause, including the occurrence of a Material Adverse Change or other change in circumstances.

**22.5 Cure Periods/Default:** If a transmission developer fails to comply with the requirements of this Section 22 and such failure is not cured within ten (10) business days after its initial occurrence, the Beneficiaries may declare such transmission developer to be in default hereunder and/or the Beneficiaries may,

without limiting their other rights and remedies, revise the Cap, Guarantor Cap and Eligible Developer Collateral requirements; further, if such failure is not cured within an additional ten (10) business days, the Beneficiaries may, without limiting their other rights and remedies, immediately remove any or all of the transmission developer's projects from consideration for potential selection in the regional transmission plan for RCAP and, if previously selected, from being selected in a regional transmission plan for RCAP, as applicable.



### Exhibit M-1



**ATTACHMENT M**  
**The Southeastern Regional Transmission Planning Process**

The Transmission Provider participates in the Southeastern Regional Transmission Planning Process (“SERTP”) described herein and on the Regional Planning Website, a link to which is found on the Transmission Provider’s OASIS. The [Transmission Provider and the](#) other transmission providers and owners that participate in this Southeastern Regional Transmission Planning Process are identified on the Regional Planning Website (“Sponsors”).<sup>1</sup> This Southeastern Regional Transmission Planning Process provides a coordinated, open and transparent planning process between the Transmission Provider and its Network and Firm Point-to-Point Transmission Customers and other interested parties, including the coordination of such planning with interconnected systems within the region, to ensure that the Transmission System is planned to meet the [Transmission](#) ~~and~~ Needs of both the Transmission Provider and its Network and Firm Point-to-Point Transmission Customers on a comparable and nondiscriminatory basis. [“Transmission Needs” are defined herein as the Transmission Provider’s physical transmission system delivery capacity requirements that it must fulfill on a](#)

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<sup>1</sup> ~~The Transmission Provider notes that w~~While this Attachment M discusses the Transmission Provider largely effectuating the activities of the Southeastern Regional Transmission Planning Process that are discussed herein, the Transmission Provider expects that the other Sponsors will also sponsor those activities. For example, while this Attachment M discusses the Transmission Provider hosting the Annual Transmission Planning Meetings, the Transmission Provider expects that it will be co-hosting such meetings with the other Sponsors. Accordingly, many of the duties described herein as being performed by the Transmission Provider may be performed in conjunction with one or more other Sponsors or may be performed entirely by one or more other Sponsors. Likewise, while this Attachment M discusses the transmission expansion plan of the Transmission Provider, the Transmission Provider expects that transmission expansion plans of the other Sponsors shall also be discussed, particularly since, ~~at times, a single~~ [the transmission expansion plans may be common to all of the other Sponsors are expected to be included in the regional transmission plan that is to be developed in each planning cycle for purposes of Order No. 1000](#). To the extent that this Attachment M makes statements that might be construed to imply establishing duties or obligations upon other Sponsors, no such duty or obligation is intended. Rather, such statements are intended to only mean that it is the Transmission Provider’s expectation that other Sponsors will engage in such activities. Accordingly, this Attachment M only establishes the duties and obligations of the Transmission Provider and the means by which Stakeholders may interact with the Transmission Provider through the Southeastern Regional Transmission Planning Process described herein.

reliable basis to satisfy long-term (i.e., one year or more) firm transmission commitment(s) whether driven in whole or in part by public policy requirements or economic or reliability considerations. Such commitments consist of Transmission Customers' long-term Service Agreements under the Tariff and the firm transmission capacity required to serve the long-term delivery service requirements of Native Load Customers. The Transmission Provider's coordinated, open and transparent planning process is hereby provided in this Attachment M, with additional materials provided on the Regional Planning Website.

### **Local Transmission Planning**

The Transmission Provider has established the SERTP as its coordinated, open and transparent planning process with its Network and Firm Point-to-Point Transmission Customers and other interested parties to ensure that the Transmission System is planned to meet the Transmission Needs of both the Transmission Provider and its Network and Firm Point-to-Point Transmission Customers on a comparable and not unduly discriminatory basis. The Transmission Provider plans its transmission system to reliably meet the needs of its transmission customers on a least-cost, reliable basis in accordance with applicable requirements of federal and state public utility laws and regulations. The Transmission Provider incorporates into its transmission plans the needs and results of the integrated resource planning activities conducted within each of its applicable state jurisdictions pursuant to its applicable duty to serve obligations. In accordance with the foregoing, its contractual requirements, and the requirements of North American Electric Reliability Corporation ("NERC") Reliability Standards, the Transmission Provider conducts comprehensive reliability assessments and thoroughly coordinates with neighboring and/or affected transmission providers.

~~As provided below,~~ Through its participation in the SERTP, the Transmission Provider's local planning process satisfies the following nine principles, as defined in Order No. 890: coordination, openness, transparency, information exchange, comparability,<sup>2</sup> dispute resolution, regional participation, economic planning studies, and cost allocation for new projects. This planning process also addresses at Section 9 the requirement to provide a mechanism for the recovery and allocation of planning costs consistent with Order No. 890. This planning process also includes at Section 10 the procedures and mechanisms for considering ~~t~~Transmission ~~n~~Needs driven by Public Policy Requirements consistent with Order No. 1000. ~~As~~The Transmission Provider uses the SERTP as its open, coordinated, and transparent planning process for both its local and regional planning processes for purposes of Order Nos. 890 and 1000, such that the Transmission Provider's ten year transmission expansion plan and the regional transmission plan are vetted with Stakeholders in accordance with the SERTP's open, coordinated, and transparent transmission planning provisions provided ~~below, the~~herein.

The SERTP includes sufficient detail to enable Transmission Customers to understand:

- (i) The process for consulting with customers for Attachment M purposes, which is set forth in Section 1 of this Attachment M;
- (ii) The notice procedures and anticipated frequency of meetings;~~;~~ which is set forth in Sections 1 and 2 of this Attachment M;
- (iii) The Transmission Provider's transmission planning methodology, criteria, and processes, which are set forth in Section 3 of this Attachment M;
- (iv) The method of disclosure of transmission planning criteria, assumptions and underlying

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<sup>2</sup> The Transmission Provider is committed to providing comparable and non-discriminatory transmission service. As such, comparability is not separately addressed in a stand-alone section of this Attachment M but instead permeates the Southeastern Regional Transmission Process described in this Attachment M.

- data, which is set forth in Sections 2 and 3 of this Attachment M;
- (v) The obligations of and methods for Transmission Customers to submit data to the Transmission Provider, which is set forth in Section 4 of this Attachment M;
  - (vi) The dispute resolution process, which is set forth in Section 5 of this Attachment M;
  - (vii) The Transmission Provider's study procedures for economic upgrades to address congestion or the integration of new resources, which is set forth in Section 7 of this Attachment M;
  - (viii) The Transmission Provider's procedures and mechanisms for considering Transmission Needs driven by Public Policy Requirements, consistent with Order No. 1000, which are set forth in Section 10 of this Attachment M; and
  - (ix) The relevant cost allocation method or methods, which is set forth in Section 8 of this Attachment M.

## Regional Transmission Planning

The Transmission Provider participates in the SERTP through which transmission facilities and non-transmission alternatives may be proposed and evaluated. This regional transmission planning process develops a regional transmission plan that identifies the transmission facilities necessary to meet the needs of transmission providers and transmission customers in the transmission planning region for purposes of Order No. 1000. This regional transmission planning process is consistent with the provision of Commission-jurisdictional services at rates, terms and conditions that are just and reasonable and not unduly discriminatory or preferential, as described in Order No. 1000. [Nothing herein precludes the Transmission Provider from building new transmission facilities located solely in its local footprint and/or that are not submitted for regional cost allocation purposes \(“RCAP”\) pursuant to Section 16.](#)

This regional transmission planning process satisfies the following seven principles, as set out and explained in Order Nos. 890 and 1000: coordination, openness, transparency, information exchange, comparability,<sup>3</sup> dispute resolution, and economic planning studies. This regional transmission planning process includes at Section 10 the procedures and mechanisms for considering ~~Transmission~~ Needs driven by Public Policy Requirements, consistent with Order No. 1000. This regional transmission planning process provides at Section 9 a mechanism for the recovery and allocation of planning costs consistent with Order No. 890. This regional transmission planning process includes at Section ~~12~~[13](#) a clear enrollment process for public and non-public utility transmission providers that make the choice to become part of a transmission planning region for purposes of regional cost allocation. This regional transmission planning

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<sup>3</sup> The Transmission Provider is committed to providing comparable and non-discriminatory transmission service. As such, comparability is not separately addressed in a stand-alone section of this Attachment M but instead permeates the Southeastern Regional Transmission Process described in this Attachment M.

process subjects enrollees to cost allocation if they are found to be ~~b~~<sup>B</sup>eneficiaries of new transmission facilities selected in the regional transmission plan for purposes of cost allocation.

The<sup>4</sup>

Attachment M-6 contains a list of ~~e~~<sup>E</sup>nrollees ~~entities to the SERTP is posted on the~~ Regional Planning Website as of the effective date of such tariff record. The relevant cost allocation method or methods that satisfy the six regional cost allocation principles set forth in Order No. 1000 are described in Sections ~~16-17-~~<sup>17-18</sup> of this Attachment M. Nothing in this regional transmission planning process includes an unduly discriminatory or preferential process for transmission project submission and selection. As provided below, the SERTP includes sufficient detail to enable Transmission Customers to understand:

- (i) The process for enrollment and terminating enrollment in the SERTP, which is set forth in Section ~~12~~<sup>13</sup> of this Attachment M;
- (ii) The process for consulting with customers, which is set forth in Section 1 of this Attachment M;
- (iii) The notice procedures and anticipated frequency of meetings, which is set forth in Sections 1 and 2 of this Attachment M;
- (iv) The Transmission Provider's transmission planning methodology, criteria, and processes, which are set forth in Section 3 of this Attachment M;
- (v) The method of disclosure of transmission planning criteria, assumptions and underlying data, which is set forth in Sections 2 and 3 of this Attachment M;

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<sup>4</sup> Enrollees that are identified pursuant to Section 17 to potentially have one or more of their planned transmission projects displaced by the transmission developer's potential transmission project for possible selection in a regional transmission plan for RCAP shall be referred to as "Beneficiaries."

- (vi) The obligations of and methods for transmission customers to submit data, which are set forth in Section 4 of this Attachment M;
- (vii) The process for submission of data by nonincumbent developers of transmission projects that wish to participate in the transmission planning process and seek regional cost allocation for purposes of Order No. 1000, which is set forth in Sections ~~13~~14-21~~22~~ of this Attachment M;
- (viii) The process for submission of data by merchant transmission developers that wish to participate in the transmission planning process, which is set forth in Section ~~11~~12 of this Attachment M;
- (ix) The dispute resolution process, which is set forth in Section 5 of this Attachment M;
- (x) The study procedures for economic upgrades to address congestion or the integration of new resources, which is set forth in Section 7 of this Attachment M;
- (xi) The procedures and mechanisms for considering ~~€~~Transmission ~~n~~NNeeds driven by Public Policy Requirements, consistent with Order No. 1000, which are set forth in Section 10 of this Attachment M; and
- (xii) The relevant cost allocation method or methods satisfying the six regional cost allocation principles set forth in Order No. 1000, which is set forth at Sections ~~16-17~~18.

### **Interregional Transmission Coordination**

The interregional transmission coordination procedures with each transmission planning region that shares a regional boarder with the SERTP region, developed to comply with Order No. 1000's interregional coordination requirements, are found in the following ~~Exhibits and~~ Attachments to this Attachment M:



- ~~Exhibit M-1: Regional and Inter-Regional Reliability and Economic Planning Milestones Timeline~~
- (i) Attachment M-1: Interregional Transmission Coordination Between the SERTP and FRCC Regions;
- (ii) Attachment M-2: Interregional Transmission Coordination Between the SERTP and MISO Regions;
- (iii) Attachment M-3: Interregional Transmission Coordination Between the SERTP and PJM Regions;
- (iv) Attachment M-4: Interregional Transmission Coordination Between the SERTP and SCRTP Regions; and
- (v) Attachment M-5: Interregional Transmission Coordination Between the SERTP and SPP Regions;

## ORDER NO. 890 TRANSMISSION PLANNING PRINCIPLES

### 1. Coordination

- 1.1 General:** The Southeastern Regional Transmission Planning Process is designed to eliminate the potential for undue discrimination in planning by establishing appropriate lines of communication between the Transmission Provider, its transmission-providing neighbors, affected state authorities, Transmission Customers, and other Stakeholders regarding transmission planning issues.
- 1.2 Meeting Structure:** Each calendar year, the Southeastern Regional Transmission Planning Process will generally conduct and facilitate four (4) meetings (“Annual Transmission Planning Meetings”) that are open to all Stakeholders. However,

the number of Annual Transmission Planning Meetings, or duration of any particular meeting, may be adjusted by announcement upon the Regional Planning Website, provided that any decision to reduce the number of Annual Transmission Planning Meetings must first be approved by the Sponsors and by the Regional Planning Stakeholders' Group ("RPSG"). These meetings can be done in person, through phone conferences, or through other telecommunications or technical means that may be available. The details regarding any such meeting will be posted on the Regional Planning Website, with a projected meeting schedule for a calendar year being posted on the Regional Planning Website on or before December 31<sup>st</sup> of the prior calendar year, with firm dates for all Annual Transmission Planning Meetings being posted at least sixty (60) calendar days prior to a particular meeting. The general structure and purpose of these four (4) meetings will be as follows:

**1.2.1 First RPSG Meeting and Interactive Training Session:** At this meeting, which will be held in the first quarter of each calendar year, the RPSG will be formed for purposes of that year. In addition, the Transmission Provider will meet with the RPSG and any other interested Stakeholders for the purposes of allowing the RPSG to select up to five (5) Stakeholder requested Economic Planning Studies that they would like to have studied by the Transmission Provider and the Sponsors. At this meeting, the Transmission Provider will work with the RPSG to assist the RPSG in formulating these Economic Planning Study requests. The Transmission Provider will also conduct an interactive training session regarding its

transmission planning for all interested Stakeholders. This session will explain and discuss the underlying methodology and criteria that will be utilized to develop the transmission expansion plan<sup>45</sup> before that methodology and criteria are finalized for purposes of the development of that year's transmission expansion plan (*i.e.*, the expansion plan that ~~will~~<sup>is</sup> intended to be implemented the following calendar year).<sup>56</sup> Stakeholders may submit comments to the Transmission Provider regarding the Transmission Provider's criteria and methodology during the discussion at the meeting or within ten (10) business days after the meeting, and the Transmission Provider will consider such comments. Depending upon the major transmission planning issues presented at that time, the Transmission Provider will provide various technical experts that will lead the discussion of pertinent transmission planning topics, respond to Stakeholder questions, and provide technical guidance regarding transmission planning matters. It is foreseeable that it may prove appropriate to shorten the training sessions as Stakeholders become

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<sup>4</sup>- <sup>5</sup>As indicated *infra* at footnote 1, references in this Attachment M to a transmission "plan," "planning," or "plans" should be construed in the singular or plural as may be appropriate in a particular instance. Likewise, the reference to a plan or plans may, depending upon the circumstance, be a reference to a regional transmission plan required for purposes of Order No. 1000. The expectation is that in any given planning cycle, the Transmission Provider's ten year transmission expansion plan, along with those of the other Sponsors, will be included in the regional transmission plan. Moreover, the iterative nature of transmission planning bears emphasis, with underlying assumptions, needs, and data inputs continually changing to reflect market decisions, load service requirements, and other developments. A transmission plan, thus, only represents the status of transmission planning when the plan was prepared.

<sup>5</sup>- <sup>6</sup>A transmission expansion plan completed during one calendar year (and presented to Stakeholders at that calendar year's Annual Transmission Planning Summit) is intended to be implemented the following calendar year. For example, the transmission expansion plan developed during 2009 and presented at the 2009 Annual Transmission Planning Summit is for the 2010 calendar year.

increasingly knowledgeable regarding the Transmission Provider's transmission planning process and no longer need detailed training in this regard.

The Transmission Provider will also address transmission planning issues that the Stakeholders may raise.

**1.2.2 Preliminary Expansion Plan Meeting:** During the second quarter of each calendar year, the Transmission Provider will meet with all interested Stakeholders to explain and discuss: the Transmission Provider's preliminary transmission expansion plan, which is also input into that year's SERC (or other applicable NERC region's) regional model; internal model updating and any other then-current coordination study activities with the transmission providers in the Florida Reliability Coordinating Council ("FRCC"); and any *ad hoc* coordination study activities that might be occurring. These preliminary transmission expansion plan, internal model updating, and coordination study activities will be described to the Stakeholders, with this meeting providing them an opportunity to supply their input and feedback, including the transmission plan/enhancement alternatives that the Stakeholders would like the Transmission Provider and the Sponsors to consider. [The Transmission Provider will also provide an update as to the status of its regional planning analyses performed pursuant to Section 11.](#) In addition, the Transmission Provider will address transmission planning issues that the Stakeholders may raise and otherwise discuss with Stakeholders

developments as part of the SERC (or other applicable NERC region's) reliability assessment process.

**1.2.3 Second RPSG Meeting:** During the third quarter of each calendar year, the Transmission Provider will meet with the RPSG and any other interested Stakeholders to report the preliminary results for the Economic Planning Studies requested by the RPSG at the First RPSG Meeting and Interactive Training Session. This meeting will give the RPSG an opportunity to provide input and feedback regarding those preliminary results, including alternatives for possible transmission solutions that have been identified. At this meeting, the Transmission Provider shall provide feedback to the Stakeholders regarding transmission expansion plan alternatives that the Stakeholders may have provided at the Preliminary Expansion Plan Meeting, or within a designated time following that meeting. The Transmission Provider will also discuss with the Stakeholders the results of the SERC (or other applicable NERC region's) regional model development for that year (with the Transmission Provider's input into that model being its ten (10) year transmission expansion plan); any on-going coordination study activities with the FRCC transmission providers; and any *ad hoc* coordination study activities. In addition, the Transmission Provider will address transmission planning issues that the Stakeholders may raise.

**1.2.4 Annual Transmission Planning Summit and Assumptions Input Meeting:** During the fourth quarter of each calendar year, the

Transmission Provider will host the annual Transmission Planning Summit and Assumptions Input Meeting.

**1.2.4.1 Annual Transmission Planning Summit:** At the Annual Transmission Planning Summit aspect of the Annual Transmission Planning Summit and Assumptions Input Meeting, the Transmission Provider will present the final results for the Economic Planning Studies. The Transmission Provider will also provide an overview of the ten (10) year transmission expansion plan, which reflects the results of ~~that year's coordination study activities with the FRCC transmission providers, and the results of any ad hoc coordination study activities~~ planning analyses performed in the then-current planning cycle, including analyses performed pursuant to Sections 6 and 11. The Transmission Provider will also provide an overview of the regional transmission plan for Order No. 1000 purposes, which should include the ten (10) year transmission expansion plan of the Transmission Provider. In addition, the Transmission Provider will address transmission planning issues that the Stakeholders may raise.

**1.2.4.2 Assumptions Input Session:** The Assumptions Input Session aspect of the Annual Transmission Planning Summit and Assumptions Input Meeting will take place following the annual Transmission Planning Summit and will provide an open forum

for discussion with, and input from, the Stakeholders regarding: the data gathering and transmission model assumptions that will be used for the development of the Transmission Provider's following year's ten (10) year transmission expansion plan, which includes the Transmission Provider's input, to the extent applicable, into that year's SERC regional model development; internal model updating and any other then-current coordination study activities with the transmission providers in the ~~Florida Reliability Coordinating Council~~ ("FRCC"); and any *ad hoc* coordination study activities that might be occurring. This meeting may also serve to address miscellaneous transmission planning issues, such as reviewing the previous year's regional planning process, and to address specific transmission planning issues that may be raised by Stakeholders.

**1.3 Committee Structure – the RPSG:** To facilitate focused interactions and dialogue between the Transmission Provider and the Stakeholders regarding transmission planning, and to facilitate the development of the Economic Planning Studies, the RPSG was formed in March 2007. The RPSG has two primary purposes. First, the RPSG is charged with determining and proposing up to five (5) Economic Planning Studies on an annual basis and should consider clustering similar Economic Planning Study requests. Second, the RPSG serves as the representative in interactions with the Transmission Provider and Sponsors for the eight (8) industry sectors identified below.

**1.3.1 RPSG Sector Representation:** The Stakeholders are organized into the following eight (8) sectors for voting purposes within the RPSG:

- (1) Transmission Owners/Operators<sup>67</sup>
- (2) Transmission Service Customers
- (3) Cooperative Utilities
- (4) Municipal Utilities
- (5) Power Marketers
- (6) Generation Owners/Developers
- (7) ISO/RTOs
- (8) Demand Side Management/Demand Side Response

**1.3.2 Sector Representation Requirements:** Representation within each sector is limited to two members, with the total membership within the RPSG being capped at 16 members (“Sector Members”). The Sector Members, each of whom must be a Stakeholder, are elected by Stakeholders, as discussed below. A single company, and all of its affiliates, subsidiaries, and parent company, is limited to participating in a single sector.

**1.3.3 Annual Reformulation:** The RPSG will be reformed annually at each First RPSG Meeting and Interactive Training Session discussed in Section 1.2.1. Specifically, the Sector Members will be elected for a term of approximately one year that will terminate upon the convening of the following year’s First RPSG Meeting and Interactive Training Session. Sector Members shall be elected by the Stakeholders physically present at

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<sup>6</sup> <sup>7</sup> The Sponsors will not have a vote within the Transmission Owners/Operators sector, although they (or their affiliates, subsidiaries or parent company) shall have the right to participate in other sectors.



the First RPSG Meeting and Interactive Training Session (voting by sector for the respective Sector Members). If elected, Sector Members may serve consecutive, one-year terms, and there is no limit on the number of terms that a Sector Member may serve.

**1.3.4 Simple Majority Voting:** RPSG decision-making that will be recognized by the Transmission Provider for purposes of this Attachment M shall be those authorized by a simple majority vote by the then-current Sector Members, with voting by proxy being permitted for a Sector Member that is unable to attend a particular meeting. The Transmission Provider will notify the RPSG of the matters upon which an RPSG vote is required and will use reasonable efforts to identify upon the Regional Planning Website the matters for which an RPSG decision by simple majority vote is required prior to the vote, recognizing that developments might occur at a particular Annual Transmission Planning Meeting for which an RPSG vote is required but that could not be reasonably foreseen in advance. If the RPSG is unable to achieve a majority vote, or should the RPSG miss any of the deadlines prescribed herein or clearly identified on the Regional Planning Website and/or at a particular meeting to take any action, then the Transmission Provider will be relieved of any obligation that is associated with such RPSG action.

**1.3.5 RPSG Guidelines/Protocols:** The RPSG is a self-governing entity subject to the following requirements that may not be altered absent an appropriate filing with the Commission to amend this aspect of the Tariff:

(i) the RPSG shall consist of the above-specified eight (8) sectors; (ii) each company, its affiliates, subsidiaries, and parent company, may only participate in a single sector; (iii) the RPSG shall be reformed annually, with the Sector Members serving terms of a single year; and (iv) RPSG decision-making shall be by a simple majority vote (*i.e.*, more than 50%) by the Sector Members, with voting by written proxy being recognized for a Sector Member unable to attend a particular meeting. There are no formal incorporating documents for the RPSG, nor are there formal agreements between the RPSG and the Transmission Provider. As a self-governing entity, to the extent that the RPSG desires to adopt other internal rules and/or protocols, or establish subcommittees or other structures, it may do so provided that any such rule, protocol, *etc.*, does not conflict with or otherwise impede the foregoing requirements or other aspects of the Tariff. Any such additional action by the RPSG shall not impose additional burdens upon the Transmission Provider unless it agrees in advance to such in writing, and the costs of any such action shall not be borne or otherwise imposed upon the Transmission Provider unless the Transmission Provider agrees in advance to such in writing.

**1.4 The Role of the Transmission Provider in Coordinating the Activities of the Southeastern Regional Transmission Planning Process Meetings and of the Functions of the RPSG:** The Transmission Provider will host and conduct the above-described Annual Transmission Planning Meetings with Stakeholders.<sup>78</sup>

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<sup>78</sup> As previously discussed, the Transmission Provider expects that the other Sponsors will also be hosts and sponsors of these activities.

### **1.5 Procedures Used to Notice Meetings and Other Planning-Related**

**Communications:** Meetings notices, data, stakeholder questions, reports, announcements, registration for inclusion in distribution lists, means for being certified to receive Critical Energy Infrastructure Information (“CEII”), and other transmission planning-related information will be posted on the Regional Planning Website. Stakeholders will also be provided notice regarding the annual meetings by e-mail messages (if they have appropriately registered on the Regional Planning Website to be so notified). Accordingly, interested Stakeholders may register on the Regional Planning Website to be included in e-mail distribution lists (“Registered Stakeholder”). For purposes of clarification, a Stakeholder does not have to have received certification to access CEII in order to be a Registered Stakeholder.

**1.6 Procedures to Obtain CEII Information:** For access to information considered to be CEII, there will be a password protected area that contains such CEII information. Any Stakeholder may seek certification to have access to this CEII data area.

**1.7 The Regional Planning Website:** The Regional Planning Website will contain information regarding the Southeastern Regional Transmission Planning Process, including:

- Notice procedures and e-mail addresses for contacting the Sponsors and for questions;
  - A calendar of meetings and other significant events, such as release of draft reports, final reports, data, etc.;
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- A registration page that allows Stakeholders to register to be placed upon an e-mail distribution list to receive meetings notices and other announcements electronically; and
- The form in which meetings will occur (*i.e.*, in person, teleconference, webinar, *etc.*).

## 2. **Openness**

**2.1 General:** The Annual Transmission Planning Meetings, whether consisting of in-person meetings, conference calls, or other communicative mediums, will be open to all Stakeholders. The Regional Planning Website will provide announcements of upcoming events, with Stakeholders being notified regarding the Annual Transmission Planning Meetings by such postings. In addition, Registered Stakeholders will also be notified by e-mail messages. Should any of the Annual Transmission Planning Meetings become too large or otherwise become unmanageable for the intended purpose(s), smaller breakout meetings may be utilized.

**2.2 Links to OASIS:** In addition to open meetings, the publicly available information, CEII-secured information (the latter of which is available to any Stakeholder certified to receive CEII), and certain confidential non-CEII information (as set forth below) shall be made available on the Regional Planning Website, a link to which is found on the Transmission Provider's OASIS website, so as to further facilitate the availability of this transmission planning information on an open and comparable basis.

**2.3 CEII Information**

**2.3.1 Criteria and Description of CEII:** The Commission has defined CEII as being specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure (physical or virtual) that:

1. Relates details about the production, generation, transmission, or distribution of energy;
2. Could be useful to a person planning an attack on critical infrastructure;
3. Is exempt from mandatory disclosure under the Freedom of Information Act; and
4. Does not simply give the general location of the critical infrastructure.

**2.3.2 Secured Access to CEII Data:** The Regional Planning Website will have a secured area containing the CEII data involved in the Southeastern Regional Transmission Planning Process that will be password accessible to Stakeholders that have been certified to be eligible to receive CEII data. For CEII data involved in the Southeastern Regional Transmission Planning Process that did not originate with the Transmission Provider, the duty is incumbent upon the entity that submitted the CEII data to have clearly marked it as CEII.

**2.3.3 CEII Certification:** In order for a Stakeholder to be certified and be eligible for access to the CEII data involved in the Southeastern Regional Transmission Planning Process, the Stakeholder must follow the CEII certification procedures posted on the Regional Planning Website (*e.g.*, authorize background checks and execute the SERTP CEII Confidentiality Agreement posted on the Regional Planning Website). The Transmission

Provider reserves the discretionary right to waive the certification process, in whole or in part, for anyone that the Transmission Provider deems appropriate to receive CEII information. The Transmission Provider also reserves the discretionary right to reject a request for CEII; upon such rejection, the requestor may pursue the dispute resolution procedures of Section 5.

#### **2.3.4 Discussions of CEII Data at the Annual Transmission Planning**

**Meetings:** While the Annual Transmission Planning Meetings are open to all Stakeholders, if CEII information is to be discussed during a portion of such a meeting, those discussions will be limited to being only with those Stakeholders who have been certified eligible to have access to CEII information, with the Transmission Provider reserving the discretionary right at such meeting to certify a Stakeholder as being eligible if the Transmission Provider deems it appropriate to do so.

**2.4 Other Sponsor- and Stakeholder- Submitted Confidential Information:** The other Sponsors and Stakeholders that provide information to the Transmission Provider that foreseeably could implicate transmission planning should expect that such information will be made publicly available on the Regional Planning Website or may otherwise be provided to Stakeholders in accordance with the terms of this Attachment M. Should another Sponsor or Stakeholder consider any such information to be CEII, it shall clearly mark that information as CEII and bring that classification to the Transmission Provider's attention at, or prior to, submittal. Should another Sponsor or Stakeholder consider any information to be

submitted to the Transmission Provider to otherwise be confidential (*e.g.*, competitively sensitive), it shall clearly mark that information as such and notify the Transmission Provider in writing at, or prior to, submittal, recognizing that any such designation shall not result in any material delay in the development of the transmission expansion plan or any other transmission plan that the Transmission Provider (in whole or in part) is required to produce.

## **2.5 Procedures to Obtain Confidential Non-CEII Information**

**2.5.1** The Transmission Provider shall make all reasonable efforts to preserve the confidentiality of information in accordance with the provisions of the Tariff, the requirements of (and/or agreements with) NERC, the requirements of (and/or agreements with) SERC or other applicable NERC region, the provisions of any agreements with the other Sponsors, and/or in accordance with any other contractual or legal confidentiality requirements.

**2.5.2 [RESERVED]**

**2.5.3 [RESERVED]**

**2.5.4** Without limiting the applicability of Section 2.5.1, to the extent competitively sensitive and/or otherwise confidential information (other than information that is confidential solely due to its being CEII) is provided in the transmission planning process and is needed to participate in the transmission planning process and to replicate transmission planning studies, it will be made available to those Stakeholders who have executed the SERTP Non-CEII Confidentiality Agreement (which

agreement is posted on the Regional Planning Website). Importantly, if information should prove to contain both competitively sensitive/otherwise confidential information and CEII, then the requirements of both Section 2.3 and Section 2.5 would apply.

**2.5.5** Other transmission planning information shall be posted on the Regional Planning Website and may be password protected, as appropriate.

### **3. Transparency**

**3.1 General:** Through the Annual Transmission Planning Meetings and postings made on the Regional Planning Website, the Transmission Provider will disclose to its Transmission Customers and other Stakeholders the basic criteria, assumptions, and data that underlie its transmission ~~system~~[expansion](#) plan, as well as information regarding the status of upgrades identified in the transmission plan. The process for notifying stakeholders of changes or updates in the data bases used for transmission planning shall be through the Annual Transmission Planning Meetings and/or by postings on the Regional Planning Website.

**3.2 The Availability of the Basic Methodology, Criteria, and Process the Transmission Provider Uses to Develop its Transmission Plan:** In an effort to enable Stakeholders to replicate the results of the Transmission Provider's transmission planning studies, and thereby reduce the incidences of after-the-fact disputes regarding whether transmission planning has been conducted in an unduly discriminatory fashion, the Transmission Provider will provide the following information, or links thereto, on the Regional Planning Website:



- (1) The Electric Reliability Organization and Regional Entity reliability standards that the Transmission Provider utilizes, and complies with, in performing transmission planning.
- (2) The Transmission Provider's internal policies, criteria, and guidelines that it utilizes in performing transmission planning.
- (3) ~~Current~~ sSoftware titles and version numbers that may be used ~~for~~ to access and perform transmission analyses by on the ~~Transmission Provider~~ then-current posted data bases.

Any additional information necessary to replicate the results of the Transmission Provider's planning studies will be provided in accordance with, and subject to, the CEII and confidentiality provisions specified in this Attachment M and Attachment M-2.

**3.3 Additional Transmission Planning-Related Information:** In an effort to facilitate the Stakeholders' understanding of the Transmission System, the Transmission Provider will also post additional transmission planning-related information that it deems appropriate on the Regional Planning Website.

**3.4 Additional Transmission Planning Business Practice Information:** In an effort to facilitate the Stakeholders' understanding of the Business Practices related to Transmission Planning, the Transmission Provider will also post the following information on the Regional Planning Website:

- (1) Means for contacting the Transmission Provider.
- (2) Procedures for submittal of questions regarding transmission planning to the Transmission Provider (in general, questions of a non-immediate

nature will be collected and addressed through the Annual Transmission Planning Meeting process).

- (3) Instructions for how Stakeholders may obtain transmission base cases and other underlying data used for transmission planning.
- (4) Means for Transmission Customers having Service Agreements for Network Integration Transmission Service to provide load and resource assumptions to the Transmission Provider; provided that if there are specific means defined in a Transmission Customer's Service Agreement for Network Integration Transmission Service ("NITSA") or its corresponding Network Operating Agreement ("NOA"), then the NITSA or NOA shall control.
- (5) Means for Transmission Customers having Long-Term Service Agreements for Point-To-Point Transmission Service to provide to the Transmission Provider projections of their need for service over the planning horizon (including any potential rollover periods, if applicable), including transmission capacity, duration, receipt and delivery points, likely redirects, and resource assumptions; provided that if there are specific means defined in a Transmission Customer's Long-Term Transmission Service Agreement for Point-To-Point Transmission Service, then the Service Agreement shall control.

### **3.5 Transparency Provided Through the Annual Transmission Planning Meetings**

#### **3.5.1 The First RPSG Meeting and Interactive Training Session**

**3.5.1.1 An Interactive Training Session Regarding the Transmission Provider's Transmission Planning Methodologies and Criteria:**

As discussed in (and subject to) Section 1.2.1, at the First RPSG Meeting and Interactive Training Session, the Transmission Provider will, among other things, conduct an interactive, training and input session for the Stakeholders regarding the methodologies and criteria that the Transmission Provider utilizes in conducting its transmission planning analyses. The purpose of these training and interactive sessions is to facilitate the Stakeholders' ability to replicate transmission planning study results to those of the Transmission Provider.

**3.5.1.2 Presentation and Explanation of Underlying Transmission Planning Study Methodologies:**

During the training session in the First RPSG Meeting and Interactive Training Session, the Transmission Provider will present and explain its transmission study methodologies. While not all of the following methodologies may be addressed at any single meeting, these presentations may include explanations of the methodologies for the following types of studies:

1. Steady state thermal analysis.
2. Steady state voltage analysis.
3. Stability analysis.

4. Short-circuit analysis.
5. Nuclear plant off-site power requirements.
6. Interface analysis (*i.e.*, import and export capability).

**3.5.2 Presentation of Preliminary Modeling Assumptions:** At the Annual Transmission Planning Summit, the Transmission Provider will also provide to the Stakeholders its preliminary modeling assumptions for the development of the Transmission Provider's following year's ten (10) year transmission expansion plan. This information will be made available on the Regional Planning Website, with CEII information being secured by password access. The preliminary modeling assumptions that will be provided may include:

1. Study case definitions, including load levels studied and planning horizon information.
2. Resource assumptions, including on-system and off-system supplies for current and future native load and network customer needs.
3. Planned resource retirements.
4. Renewable resources under consideration.
5. Demand side options under consideration.
6. Long-term firm transmission service agreements.
7. Current TRM and CBM values.

**3.5.3 The Transmission Expansion Review and Input Process:** The Annual Transmission Planning Meetings will provide an interactive process over a

calendar year for the Stakeholders to receive information and updates, as well as to provide input, regarding the Transmission Provider's development of its transmission expansion plan. This dynamic process will generally be provided as follows:

1. At the Annual Transmission Planning Summit and Assumptions Input Meeting, the Transmission Provider will describe and explain to the Stakeholders the database assumptions for the ten (10) year transmission expansion plan that will be developed during the upcoming year. The Stakeholders will be allowed to provide input regarding the ten (10) year transmission expansion plan assumptions.
2. At the First RPSG Meeting and Interactive Training Session, the Transmission Provider will provide interactive training to the Stakeholders regarding the underlying criteria and methodologies utilized to develop the transmission expansion plan. The databases utilized by the Transmission Provider will be posted on the secured area of the Regional Planning Website.
3. To the extent that Stakeholders have transmission expansion plan<sup>2</sup> enhancement<sup>1</sup> alternatives that they would like for the Transmission Provider and other Sponsors to consider, the Stakeholders shall perform analysis prior to, and provide any such analysis at, the Preliminary Expansion Plan Meeting. At the Preliminary Expansion Plan Meeting, the Transmission Provider will present its

preliminary transmission expansion plan for the current ten (10) year planning horizon, [including updates on the status of regional assessments being performed pursuant to Section 11](#). The Transmission Provider and Stakeholders will engage in interactive expansion plan discussions regarding this preliminary analysis. This preliminary transmission expansion plan will be posted on the secure/CEII area of the Regional Planning Website at least 10 calendar days prior to the Preliminary Expansion Plan meeting.

4. The transmission expansion plan/enhancement/alternatives suggested by the Stakeholders will be considered by the Transmission Provider for possible inclusion in the transmission expansion plan. When evaluating such proposed alternatives, the Transmission Provider will, from a transmission planning perspective, take into account factors such as, but not limited to, the proposed alternatives' impacts on reliability, relative economics, effectiveness of performance, impact on transmission service (and/or cost of transmission service) to other customers and on third-party systems, project feasibility/viability and lead time to install.
5. At the Second RPSG Meeting, the Transmission Provider will report to the Stakeholders regarding the suggestions/alternatives suggested by the Stakeholders at the Preliminary Expansion Plan Meeting. The then-current version of the transmission expansion

plan will be posted on the secure/CEII area of the regional planning website at least ten (10) calendar days prior to the Second RPSG Meeting.

6. At the Annual Transmission Planning Summit, the ten (10) year transmission expansion plan that ~~will~~ is intended to be implemented the following year will be presented to the Stakeholders along with the regional transmission plan for purposes of Order 1000. The Transmission Planning Summit presentations, and the regional transmission plan, which is expected to include the ten (10) year transmission expansion plan, will be posted on the Regional Planning Website at least ten (10) calendar days prior to the Annual Transmission Planning Summit.

**3.5.4 Flowchart Diagramming the Steps of the Southeastern Regional Transmission Planning Process:** A flowchart diagramming the Southeastern Regional Transmission Planning Process, as well as providing the general timelines and milestones for the performance of the reliability planning activities described in Section 6 to this Attachment M, is provided in Exhibit M-1.

#### **4. Information Exchange**

**4.1 General:** Transmission Customers having Service Agreements for Network Integration Transmission Service are required to submit information on their projected loads and resources on a comparable basis (*e.g.*, planning horizon and format) as used by transmission providers in planning for their native load.

Transmission Customers having Service Agreements for Point-To-Point Transmission Service are required to submit any projections they have a need for service over the planning horizon and at what receipt and delivery points. Interconnection Customers having Interconnection Agreements under the Tariff are required to submit projected changes to their generating facility that could impact the Transmission Provider's performance of transmission planning studies. The purpose of this information that is provided by each class of customers is to facilitate the Transmission Provider's transmission planning process, with the September 1 due date of these data submissions by customers being timed to facilitate the Transmission Provider's development of its databases and model building for the following year's ten (10) year transmission expansion plan.

**4.2 Network Integration Transmission Service Customers:** By September 1 of each year, each Transmission Customer having Service Agreement[s] for Network Integration Transmission Service shall provide to the Transmission Provider an annual update of that Transmission Customer's Network Load and Network Resource forecasts for the following ten (10) years consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff.

**4.3 Point-to-Point Transmission Service Customers:** By September 1 of each year, each Transmission Customers having Service Agreement[s] for long-term Firm Point-To-Point Transmission Service shall provide to the Transmission Provider usage projections for the term of service. Those projections shall include any projected redirects of that transmission service, and any projected resells or



reassignments of the underlying transmission capacity. In addition, should the Transmission Customer have rollover rights associated with any such service agreement, the Transmission Customer shall also provide non-binding usage projections of any such rollover rights.

**4.4 Demand Resource Projects:** The Transmission Provider expects that Transmission Customers having Service Agreements for Network Integration Transmission Service that have demand resource assets will appropriately reflect those assets in those customers' load projections. Should a Stakeholder have a demand resource asset that is not associated with such load projections that the Stakeholder would like to have considered for purposes of the transmission expansion plan, then the Stakeholder shall provide the necessary information (*e.g.*, technical and operational characteristics, affected loads, cost, performance, lead time to install) in order for the Transmission Provider to consider such demand response resource comparably with other alternatives. The Stakeholder shall provide this information to the Transmission Provider by the Annual Transmission Planning Summit and Assumptions Input Meeting of the year prior to the implementation of the pertinent ten (10) year transmission expansion plan, and the Stakeholder should then continue to participate in this Southeastern Regional Transmission Planning Process. To the extent similarly situated, the Transmission Provider shall treat such Stakeholder submitted demand resource projects on a comparable basis for transmission planning purposes.

**4.5 Interconnection Customers:** By September 1 of each year, each Interconnection Customer having an Interconnection Agreement[s] under the Tariff shall provide

to the Transmission Provider annual updates of that Interconnection Customer's planned addition or upgrades (including status and expected in-service date), planned retirements, and environmental restrictions.

**4.6 Notice of Material Change:** Transmission Customers and Interconnection Customers shall provide the Transmission Provider with timely written notice of material changes in any information previously provided related to any such customer's load, resources, or other aspects of its facilities, operations, or conditions of service materially affecting the Transmission Provider's ability to provide transmission service or materially affecting the Transmission System.

## **5. Dispute Resolution**

**5.1 Negotiation:** Any substantive or procedural dispute between the Transmission Provider and one or more Stakeholders (collectively, the "Parties") that arises from the Attachment M transmission planning process generally shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the pertinent Stakeholder(s) for resolution on an informal basis as promptly as practicable. Should the dispute also involve one or more other Sponsors of this Southeastern Regional Transmission Planning Process, then such entity(ies) shall have the right to be included in "Parties" for purposes of this section and for purposes of that dispute, and any such entity shall also include a designated senior representative in the above discussed negotiations in an effort to resolve the dispute on an informal basis as promptly as practicable. In the event that the designated representatives are unable to resolve the dispute within thirty (30) days, or such other period as the Parties may unanimously agree upon, by

unanimous agreement among the Parties such dispute may be voluntarily submitted to the use of the Commission's Alternative Means of Dispute Resolution (18 C.F.R. § 385.604, as those regulations may be amended from time to time), the Commission's Arbitration process (18 C.F.R. § 385.605, as those regulations may be amended from time to time) (collectively, "Commission ADR"), or such other dispute resolution process that the Parties may unanimously agree to utilize.

**5.2 Use of Dispute Resolution Processes:** In the event that the Parties voluntarily and unanimously agree to the use of a Commission ADR process or other dispute resolution procedure, then the Transmission Provider will have a notice posted to this effect on the Regional Planning Website, and an e-mail notice in that regard will be sent to Registered Stakeholders. In addition to the Parties, all Stakeholders and Sponsors shall be eligible to participate in any Commission ADR process as "participants", as that or its successor term in meaning is used in 18 C.F.R. §§ 385.604, 385.605 as may be amended from time to time, for purposes of the Commission ADR process; provided, however, any such Stakeholder or Sponsor must first have provided written notice to the Transmission Provider within thirty (30) calendar days of the posting on the Regional Planning Website of the Parties' notice of their intent to utilize a Commission ADR Process.

**5.3 Costs:** Each Party involved in a dispute resolution process hereunder, and each "participant" in a Commission ADR Process utilized in accordance with Section 5.2, shall be responsible for its own costs incurred during the dispute resolution

process. Should additional costs be incurred during the dispute resolution process that are not directly attributable to a single Party/participant, then the Parties/participants shall each bear an equal share of such cost.

**5.4 Rights under the Federal Power Act:** Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

## **6. Regional Participation**<sup>89</sup>

**6.1 General:** The Transmission Provider coordinates with interconnected systems to (1) share system plans to ensure that they are simultaneously feasible and otherwise use consistent assumptions and data and (2) identify system enhancements that could relieve congestion or integrate new resources.

**6.2 Coordination within the SERTP:** The Transmission Provider coordinates through this Southeastern Regional Transmission Planning Process with the other transmission providers and owners within this region and the corresponding meetings, communications, and data and information exchanges. The particular activities that are coordinated are the annual preparation of this region's ten (10) year transmission expansion plans and the preparation of the Economic Planning Studies addressed in Section 7 below. The transmission, generation, and demand resource transmission expansion plan/enhancement/alternatives suggested by the Stakeholders pursuant to Section 3.5.3(3) will be considered in regional planning studies conducted to improve the reliability of the bulk power system and this information will be shared with the other transmission owners in this region.

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<sup>89</sup> In accordance with Order No. 1000, this planning principle only applies to the Transmission Provider's local transmission planning process.

### 6.3 [RESERVED]

**6.36.4 Coordination with the Other Participating Transmission Owners:** As a current member of ReliabilityFirst Corporation (“RFC”), OVEC participates in RFC’s regional assessment processes. As part of such processes, just as OVEC provides the latest information about changes on the OVEC system, models used in the OVEC planning process also reflect the latest available information about plans and conditions in the surrounding systems, so that the OVEC plans can be formulated in the context of regional developments. Transmission network models are continually updated to reflect ongoing changes in the equipment, forecasts, project approvals and other factors. The initial step in coordinated evaluation of future system performance is assembly of a model representing the planned network topology for the study period. OVEC modeling data is submitted annually to RFC as required to meet the schedules established under the RFC compliance program.

The OVEC data are then combined with those submitted by other RFC members, to create the models RFC in turn submits to the Multi-regional Modeling Working Group (“MMWG”). The MMWG then assembles the models submitted by RFC and the other regions to create power flow base case models of the Eastern Interconnection transmission system. The MMWG models are the starting point for subsequent studies conducted by OVEC, RFC or interregional groups. As each study begins, any new information related to the facilities within the study area is incorporated, such as updated forecasts, revised project schedules,

equipment failures, generation availability or maintenance, *etc.* which may have changed since the data was originally submitted to RFC.

To the extent that the study seasons examined in RFC studies overlap with OVEC needs, studies of the OVEC system rely on the models already updated for use in RFC studies. Active participation in RFC studies by MISO, PJM and transmission owners in the RFC footprint therefore allows the OVEC studies to be based on the best available models coordinated among OVEC and its RFC neighbors. This provides a common reference point from which plans are developed in the current planning cycle.

Further coordination occurs as OVEC planners also participate with the adjacent systems and/or RTOs to address system developments with the potential for mutual interest, such as evaluating requests for Generator Interconnection or Transmission Service in the adjacent systems. In practice, this additional participation most often occurs in the context of integrating new resources such as requests for Generation Interconnection or Transmission Service on the neighboring systems. However, OVEC has previously, and expects to in the future, work with both neighboring transmission owners and/or RTOs to address system constraints within the applicable planning criteria.

For its size, the OVEC system is strongly interconnected, including one 345 kV tieline and two 138 kV tielines to utilities that are members of SERC.

## 6.5 [RESERVED]

### **6.4**6.6 **Reliability Planning Process.**

#### **6.4.16.6.1**

**General:** The Transmission Provider’s reliability planning process with the transmission providers and owners participating in the SERTP is described in documentation posted on the Regional Website.

#### **6.4.26.6.2**

#### **A Description of How the Various Reliability**

**Study Processes Interact with Each Other:** The reliability planning process in the Southeast is a “bottom-up” process. Specifically, the Transmission Provider’s 10-year transmission expansion plan is the base case that it uses for reliability planning processes, with it being the Transmission Provider’s input into the development of the SERC ~~(or other applicable NERC region’s)~~ regional model. In addition, the results of the FRCC coordination activities and of any *ad hoc* coordination activities are incorporated into the Transmission Provider’s transmission expansion plan. These processes are discussed further below ~~on both (a) a local and regional level (e.g. Southeastern Regional Transmission Planning level) and (b) an inter-regional (e.g. SERC-wide level).~~

(a)(i) **Bottom-up Reliability Planning:** The bulk of the substantive transmission planning in the Southeast occurs as transmission owners, such as the Transmission Provider, develop their reliability transmission expansion plans. In this regard, the Transmission Provider’s reliability plan is generally developed by determining the required 10-year transmission expansion plan to satisfy load, resources, and transmission service commitments

throughout the 10-year reliability planning horizon. The development of the Transmission Provider's reliability plan is facilitated through the creation of transmission models (base cases) that incorporate the current ten (10) year transmission expansion plan, load projections, resource assumptions (generation, demand response, and imports), and transmission service commitments within the region. The transmission models also incorporate external regional models (at a minimum the current SERC models) that are developed using similar information.

(a)(ii) **Bottom-Up Reliability Study Process:** The transmission models created for use in developing the transmission provider's reliability 10-year transmission expansion plan are analyzed to determine if any planning criteria concerns (including, at a minimum, ~~North American Electric Reliability Corporation~~ ("NERC") planning criteria) are projected. In the event one or more planning criteria concerns are identified, the transmission owners will develop solutions for these projected limitations. As a part of this study process, the transmission owners will reexamine the current regional reliability 10-year transmission expansion plans (determined through the previous year's regional reliability planning process) to determine if the current plan can be enhanced based on the updated assumptions and any new



planning criteria concerns identified in the analysis. The enhancement process may include the deletion and/or modification to any of the existing reliability transmission enhancements identified in the previous year's reliability planning process.

(a)(iii) **Identification of Reliability Transmission Enhancements:** Once

a planning criteria concern is identified or the enhancement process identifies the potential for a superior solution, the transmission owner will then determine if any neighboring planning process is potentially impacted by the projected limitation. Potentially impacted transmission owners are then contacted to determine if there is a need for an *ad hoc* coordinated study. In the event one or more neighboring transmission owners agree that they would be impacted by the projected limitation or identifies the potential for a superior reliability solution based on transmission enhancements in their current reliability plan, an *ad hoc* coordinated study is initiated. Once the study has been completed, the identified reliability transmission enhancements will then be incorporated into the ten (10) year transmission expansion plan (*i.e.*, the plan due to be implemented the following year) as a reliability project.

(b)(i) **SERC-Wide Assessments and Planning Activities:** After their

transmission models are developed, the transmission owners

within SERC create a SERC-wide transmission model and conduct a long-term reliability assessment. The intent of the SERC-wide reliability assessment is to determine if the different reliability transmission expansion plans are simultaneously feasible and to otherwise ensure that the transmission owners are using consistent models and data. Additionally, the reliability assessment measures and reports transfer capabilities between regions and transmission owners within SERC. The SERC-wide assessment serves as a valuable tool for each of the transmission owners to reassess the need for additional reliability joint studies.

(b)(ii) **SERC Transmission Model Development:** The construction of the SERC transmission model is a “bottom-up” process. In particular, SERC transmission models are developed by the transmission owners in SERC through an annual model development process. Each transmission owner in SERC, incorporating input from their regional planning process, develops and submits their 10-year transmission models to a model development databank, with the models and the databank then being used to create a SERC-wide model for use in the reliability assessment. Additionally, the SERC-wide models are then used in the SERTP planning process as an update (if needed) to the current transmission models and as a foundation (along with the ~~Multiregional Modeling Working Group (“MMWG”)~~ models) for

the development of the transmission provider's transmission models for the following year.

(b)(iii) **Additional Reliability Joint Studies:** As mentioned above, the SERC-wide reliability assessment serves as a valuable tool for the transmission owners to reassess the need for additional reliability joint studies. If the SERC-wide reliability model projects additional planning criteria concerns that were not identified in the transmission owners' reliability studies, then the impacted transmission owners will initiate one or more *ad hoc* inter-regional coordinated study(ies) (in accordance with existing Reliability Coordination Agreements) to better identify the planning criteria concerns and determine ~~inter-regional~~appropriate reliability transmission enhancements to resolve the limitations. Once the study(ies) is completed, required reliability transmission enhancements will be incorporated into the Transmission Provider's ten (10) year expansion plan as a reliability project. Accordingly, planning criteria concerns identified at the SERC-wide level are "pushed down" to the transmission owner level for detailed resolution.

#### **6.4.36.6.3**

### **A Description of How Stakeholders May Participate in These Processes**

(a)(i) **Participation Through the Southeastern Regional Transmission Planning Process:** Since the bulk of the reliability

transmission planning occurs as a “bottom up” process in the development of the Transmission Provider’s ten (10) year transmission expansion plan, Stakeholders may participate in these reliability planning processes by participating in the Southeastern Regional Transmission Planning Process. Specifically, the ten (10) year transmission expansion plan is the Transmission Provider’s input into the SERC ~~(or other applicable NERC region’s)~~ model development, and the results of the FRCC coordination and of any *ad hoc* coordination studies are incorporated into the ten (10) year transmission expansion plan. As discussed in Section 1.2.2, at the Preliminary Expansion Plan Meeting, Stakeholders are provided the opportunity to review and comment (and allowed to propose alternatives concerning enhancements found in) the Transmission Provider’s preliminary transmission expansion plan, which is the Transmission Provider’s input into (1) SERC’s ~~(or other applicable NERC region’s)~~ regional model development, (2) coordination with the FRCC, and (3) any *ad hoc* coordination activities. As discussed in Section 1.2.3, at the Second RPSG Meeting, the Stakeholders are provided feedback regarding the expansion plan alternatives that they submitted at the First RPSG Meeting and are provided an overview of the results of the SERC regional model development for that year, as well as the results of any on-going coordination activities with the FRCC transmission providers and

any *ad hoc* coordination activities. As discussed in Section 1.2.4, at the Annual Transmission Planning Summit and Assumptions Input Section, the Stakeholders are provided an overview of the ten (10) year transmission expansion plan, which includes the results of that year's coordination study activities with the FRCC transmission providers, and the results of any *ad hoc* coordination activities. In addition, Stakeholders are provided an open forum regarding: the data gathering and transmission model assumptions that will be used for purposes of the ten (10) year transmission expansion plan to be developed the following year (which will constitute the Transmission Provider's input into the SERC ~~(or other applicable NERC region's)~~ regional model development for the following year); FRCC model development; and any *ad hoc* coordination studies.

(a)(ii) **[RESERVED]**

(a)(iii) **Membership in SERC:** Interested Stakeholders may further participate in SERC processes by seeking to become a member of SERC. At least as of December 17, 2008, the requirements to become a SERC member are specified on SERC's website.

**6.5.6.7 Timeline and Milestones:** The general timelines and milestones for the performance of the reliability planning activities are provided in Exhibit M-1, which also provides a flowchart diagramming the steps of the Southeastern Regional Transmission Planning Process.

## **7. Economic Planning Studies**

- 7.1 General – Economic Planning Study Requests:** Stakeholders will be allowed to request that the Transmission Provider perform up to five (5) Stakeholder requested economic planning studies (“Economic Planning Studies”) on an annual basis.
- 7.2 Parameters for the Economic Planning Studies:** These Economic Planning Studies shall be confined to sensitivity requests for bulk power transfers and/or to evaluate potential upgrades or other investments on the Transmission System that could reduce congestion or integrate new resources. Bulk power transfers from one area to another area with the region encompassed by this Southeastern Regional Transmission Planning Process (the “Region”) shall also constitute valid requests. The operative theory for the Economic Planning Studies is for them to identify meaningful information regarding the requirements for moving large amounts of power beyond that currently feasible, whether such transfers are internal to the Region or from this Region to interconnected regions.
- 7.3 Other Tariff Studies:** The Economic Planning Studies are not intended to replace System Impact Studies, Facility Studies, or any of the studies that are performed for transmission delivery service or interconnection service under the Tariff.
- 7.4 Clustering:** The RPSG should consider clustering similar Economic Planning Study requests. In this regard, if two or more of the RPSG requests are similar in nature and the Transmission Provider concludes that clustering of such requests and studies is appropriate, the Transmission Provider may, following

communications with the RPSG, cluster those studies for purposes of the transmission evaluation. -

**7.5 Additional Economic Planning Studies:** Should a Stakeholder(s) request the performance of an Economic Planning Study in addition to the above-described five (5) Economic Planning Studies that the RPSG may request during a calendar year, then any such additional Economic Planning Study will only be performed if such Stakeholder(s) first agrees to bear the Transmission Provider's actual costs for doing so and the costs incurred by any other Sponsor to perform such Economic Planning Study, recognizing that the Transmission Provider may only conduct a reasonable number of transmission planning studies per year. If affected by the request for such an additional Economic Planning Study, the Transmission Provider will provide to the requesting Stakeholder(s) a non-binding but good faith estimate of what the Transmission Provider expects its costs to be to perform the study prior to the Stakeholder(s) having to agree to bear those costs. Should the Stakeholder(s) decide to proceed with the additional study, then it shall pay the Transmission Provider's and other affected Sponsor[s]' estimated study costs up-front, with those costs being trued-up to the Transmission Provider's and other affected Sponsor[s]' actual costs upon the completion of the additional Economic Planning Study.

**7.6 Economic Planning Study Process**

1. Stakeholders will be prompted at the Annual Transmission Planning Summit to provide requests for the performance of Economic Planning Studies. Corresponding announcements will also be posted on the

Regional Planning Website, and Registered Stakeholders will also receive e-mail notifications to provide such requests. An Economic Planning Study Request Form will be made available on the Regional Planning Website, and interested Stakeholders may submit any such completed request form on the non-secure area of the Regional Planning Website (unless such study request contains CEII, in which case the study request shall be provided to the Transmission Provider with the CEII identified, and the study request shall then be posted on the secure area of the Regional Planning Website).

2. Prior to each First RPSG Meeting, the RPSG shall compile the Economic Planning Study requests. At the First RPSG Meeting, the RPSG shall meet to discuss and select up to five (5) Economic Planning Studies to be requested to be performed. At the First RPSG Meeting, the Transmission Provider will coordinate with the RPSG and any interested Stakeholders to facilitate the RPSG's efforts regarding its development and selection of the Economic Planning Study requests. Once the RPSG selects the Economic Planning Study(ies) (up to five annually), the RPSG will notify the Transmission Provider, who will post the results on the Regional Planning Website.
3. The Transmission Provider will post on the secure area of the Regional Planning Website the study assumptions for the five (5) Economic Planning Studies within thirty (30) days of the postings of the selected Economic Planning Studies on the Regional Planning Website. Registered



Stakeholders will receive an e-mail notification of this posting, and an announcement will also be posted on the Regional Planning Website.

4. Stakeholders will have thirty (30) calendar days from the Transmission Provider's posting of the assumptions for the RPSG to provide comments regarding those assumptions. Any such comments shall be posted on the secure area of the Regional Planning Website if the comments concern CEII.
5. The preliminary results of the Economic Planning Studies will be presented at the Second RPSG Meeting. These results and related data will be posted on the secure area of the Regional Planning Website a minimum of 10 calendar days prior to the Second RPSG Meeting. The Second RPSG Meeting will be an interactive session with the RPSG and other interested Stakeholders in which the Transmission Provider will explain the results, alternatives, methodology, criteria, and related considerations pertaining to those preliminary results. At that meeting, the Stakeholders may submit alternatives to the enhancement solutions identified in those preliminary results. All such alternatives must be submitted by Stakeholders within thirty (30) calendar days from the close of the Second RPSG Meeting. The Transmission Provider will consider the alternatives provided by the Stakeholders.
6. The final results of the Economic Planning Studies will be presented at the Annual Transmission Planning Summit, and the Transmission Provider will report regarding its consideration of the alternatives provided by

Stakeholders. These final results will be posted on the secure area of the Regional Planning Website a minimum of ten (10) calendar days prior to the Transmission Planning Summit.

7. The final results of the Economic Planning Studies will be non-binding upon the Transmission Provider and will provide general non-binding estimations of the required transmission upgrades, timing for their construction, and costs for completion.

## 8. **Order No. 890 Cost Allocation Principle**<sup>910</sup>

**8.1 General:** The following provides the Transmission Provider’s methodologies for allocating the costs of new transmission facilities that do not fit under the general Tariff rate structure under two scenarios. The first methodology addresses the allocation of the costs of economic transmission upgrades that are identified in the Economic Planning Studies and that are not otherwise associated with transmission service provided under the Tariff and are not associated with the provision of transmission service under other arrangements, such as the Transmission Provider’s provision of bundled service to its Native Load Customers. The second methodology addresses upgrades that are not required to satisfy the Transmission Provider’s planning standards and/or ERO or RE reliability standards, and thus would not otherwise be included in the transmission expansion plan, but that a Stakeholder, including a Transmission Customer, may want to have installed to provide additional reliability benefits above those necessary to satisfy the Transmission Provider’s planning criteria and/or ERO or RE reliability standards (“Enhanced Reliability Upgrades”).

### **8.2 Cost Allocation Methodology for Economic Upgrades**

**8.2.1 Identification of Economic Upgrades:** The transmission expansion plan will identify the transmission upgrades that are necessary to ensure the reliability of the Transmission System and to otherwise meet the needs of long-term firm transmission service commitments (“Reliability Upgrades”) in accordance with the Transmission Provider’s planning

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<sup>910</sup>In accordance with Order No. 1000, this planning principle only applies to the Transmission Provider’s local transmission planning process.

standards and/or ERO or RE reliability standards. All of the upgrades identified in the Economic Planning Studies that are not identified in the transmission expansion plan, and are thus not such Reliability Upgrades, shall constitute “Economic Upgrades”.

**8.2.2 Request for Performance of Economic Upgrades:** Within thirty (30) calendar days of the posting of the final results of the underlying Economic Planning Study[ies], one or more entities (“Initial Requestor[s]”) that would like the Transmission Provider to construct one or more Economic Upgrades identified in the Economic Planning Study[ies] may submit a request for the Transmission Provider to construct such Economic Upgrade[s]. The Initial Requestor[s] should identify the percentage of cost responsibility for the Economic Upgrade[s] that the Initial Requestor[s] is requesting cost responsibility. The request must consist of a completed request application, the form of which will be posted on the Regional Planning Website (“Economic Upgrade Application”). The Transmission Provider will post the request on the secure area of the Regional Planning Website. Other entities (“Subsequent Requestor[s]”) that also would like the Transmission Provider to construct the Economic Upgrade[s] sought by the Initial Requestor[s] shall notify the Transmission Provider of its intent, along with the percentage of cost responsibility that the Subsequent Requestor[s] is requesting cost responsibility, by following the instructions specified on the Regional Planning Website within thirty (30) calendar days of the

Initial Requestor[s]' posting of its Economic Upgrade Application on the Regional Planning Website (collectively, the Initial Requestor[s] and the Subsequent Requestor[s] shall be referred to as the "Requestor[s]").

**8.2.3 Allocation of the Costs of the Economic Upgrades:** The costs of the Economic Upgrades shall be allocated to each Requestor based upon the percentage of cost responsibility that it has requested in its respective request. Should the total amount of percentage requests for cost responsibility for the Economic Upgrade[s] by the Requestors not equal one-hundred percent (100%), regardless if the requested amount is less than or exceeds one-hundred percent (100%), then the Requestor[s]' cost responsibility will be adjusted on a pro rata basis based upon the total percentage identified by all of the Requestor[s] relative to one-hundred percent (100%) so that all of the cost responsibility for the Economic Upgrade[s] is allocated to the Requestor[s]. If one or more of the Requestors do not identify the percentage of cost responsibility for which it is requesting cost responsibility, then the Requestors shall bear the costs of the Economic Upgrade[s] in equal shares based upon the number of Requestors. The Requestor[s] shall bear cost responsibility for the actual costs of the Economic Upgrades. Should a Requestor later not enter into an agreement with the Transmission Provider for the construction of the Economic Upgrade[s], then the remaining Requestor[s]' cost responsibility will be recalculated on a pro rata basis based upon the percentage of cost responsibility requested or based upon the remaining

number of Requestor[s] if that methodology was used to allocate the Economic Upgrade[s]' costs.

**8.2.4 Cost Allocation for the Acceleration, Expansion, Deferral, or Cancellation of Reliability Upgrades:** Should the Transmission Provider conclude that the construction of an Economic Upgrade[s] would accelerate the construction of, or require the construction of a more expansive, Reliability Upgrade, then the Requestor[s] shall bear the costs of such acceleration or expansion. Should the Transmission Provider conclude that the construction of the Economic Upgrade[s] would result in the deferral or cancellation of a Reliability Upgrade, then the costs of the Economic Upgrade[s] allocated to the Requestor[s] shall be reduced by the present value of the amount of savings caused by the deferral or cancellation.

**8.2.5 Implementing Agreements and Regulatory Approvals:** The Transmission Provider will not be obligated to commence design or construction of any Economic Upgrade until (i) a binding agreement[s] with all of the Requestor[s] for such construction by the Transmission Provider and payment by the Requestor[s] of its allocated cost responsibility (in accordance with Section 8.2.3 above) is executed by the Transmission Provider, all other affected Sponsor[s], and all of the Requestor[s]; (ii) all of the Requestor[s] provide (and maintain, subject to reduction as set forth in (iii) below) the Transmission Provider security, in a form acceptable to the Transmission Provider, for the full costs of the

design and construction; and (iii) appropriate commitments to construct are in place for all affected third party transmission providers (*e.g.*, other Sponsors). In addition, the Transmission Provider shall not be obligated to commence any phase of design or construction of any Economic Upgrade unless the Requestor[s] has first paid to the Transmission Provider in immediately available funds via wire transfer the Transmission Provider's estimated costs for that phase of design or construction (it being understood that security provided under (ii) above may be reduced on a dollar-for-dollar basis with respect to such payments received by Transmission Provider as and when they are final and are no longer subject to being voided or set aside), with the Requestor[s] bearing the actual costs of design and construction upon completion of the Economic Upgrade[s] pursuant to a true-up to the estimated costs already paid. Furthermore, the Transmission Provider shall not be obligated to commence construction, or to continue construction, if all necessary regulatory approvals are not obtained or maintained, with the Transmission Provider having to make a good faith effort to obtain all such approvals. The costs associated with obtaining and maintaining such regulatory approvals shall be included in the total costs of the Economic Upgrades and shall otherwise be borne by the Requestors.

### **8.3 Cost Allocation Methodology for Enhanced Reliability Upgrades**

**8.3.1 Enhanced Reliability Upgrades:** The transmission expansion plan will identify the Reliability Upgrades, which are the transmission upgrades that

are necessary to ensure the reliability of the Transmission System and to otherwise meet the needs of long-term firm transmission service commitments in accordance with the Transmission Provider's planning standards and/or ERO or RE reliability standards. Should one or more Stakeholders, including a Transmission Customer, determine that it wants an upgrade installed to provide additional reliability benefits above those necessary to satisfy the Transmission Provider's planning criteria and/or ERO or RE reliability standards (*i.e.*, an Enhanced Reliability Upgrade), then the costs of any such Enhanced Reliability Upgrade shall be directly assigned to that Stakeholder[s] ("Requesting Stakeholder[s]") without the provision of transmission credits or other means of reimbursement from the Transmission Provider for such direct assignment costs.

**8.3.2 Cost Allocation of the Direct Assignment Costs Should Multiple Stakeholders Desire the Same Enhanced Reliability Upgrade:** Should multiple Stakeholders want the installation and construction of the same Enhanced Reliability Upgrade[s], then the direct assignment costs for such Enhanced Reliability Upgrade[s] shall be allocated to those Requesting Stakeholders in equal shares, unless those Requesting Stakeholders agree in writing to a different cost allocation approach prior to the Transmission Provider assigning those costs.

**8.3.3 Implementing Agreements and Regulatory Approvals:** The Transmission Provider will not be obligated to commence design or construction of any Enhanced Reliability Upgrade until (i) a binding



agreement[s] with the Requesting Stakeholder[s] for such construction by the Transmission Provider and payment by the Requesting Stakeholder[s] of its direct assignment costs (in accordance with Sections 8.3.1 and 8.3.2 above) is executed by the Transmission Provider and all of the Requesting Stakeholders seeking the construction of such Enhanced Reliability Upgrade[s] and (ii) all of the Requesting Stakeholder[s] provide (and maintain, subject to reduction as set forth in the following sentence) the Transmission Provider security, in a form acceptable to the Transmission Provider, for the full costs of the design and construction. In addition, the Transmission Provider shall not be obligated to commence any phase of design or construction of any Enhanced Reliability Upgrade unless the Requesting Stakeholder[s] has first paid to the Transmission Provider in immediately available funds via wire transfer the Transmission Provider's estimated costs for that phase of design or construction (it being understood that security provided under (ii) above may be reduced on a dollar-for-dollar basis with respect to such payments received by Transmission Provider as and when they are final and are no longer subject to being voided or set aside), with the Requesting Stakeholder[s] bearing the actual costs of design and construction upon completion of the Enhanced Reliability Upgrade[s] pursuant to a true-up to the estimated costs already paid. Furthermore, the Transmission Provider shall not be obligated to commence construction, or to continue construction, if all necessary regulatory approvals are not obtained or maintained, with the

Transmission Provider having to make a good faith effort to obtain all such approvals. The costs associated with obtaining and maintaining such regulatory approvals shall be included in the total costs of the Enhanced Reliability Upgrade[s] and shall otherwise be borne by the Requesting Stakeholder[s].

9. **Recovery of Planning Costs:** With the exception of the costs to perform more than five Economic Planning Studies (which will be directly assigned to the requestor), ~~OVEC's costs associated with its~~ the Transmission Provider will recover the costs that it incurs in implementing its requirements under this Southeastern Regional ~~Transmission~~ Planning ~~Process shall be recovered through existing rate structures (through transmission rates embedded in the cost-based rates charged to its owners and their affiliates under the Commission approved Inter-Company Power Agreement and through agreements with third parties for transmission service, including as a component of retail service agreements authorized under applicable state law).~~ by adding those costs to the Annual Charge costs that it recovers under Informational Schedule D in the Tariff.

## TRANSMISSION PLANNING AND COST ALLOCATION REQUIREMENTS OF ORDER NO. 1000

10. **Consideration of Transmission Needs Driven by Public Policy Requirements**
- 10.1 **Procedures for the Consideration of Transmission Needs Driven by Public Policy Requirements:** The Transmission Provider addresses ~~Transmission~~ Needs driven by enacted state ~~and~~ federal and local laws and/or regulations (“Public Policy Requirements”) in its routine planning, design, construction, operation, and maintenance of the Transmission System. ~~In this regard, the~~ The

Transmission Provider addresses ~~†~~Transmission ~~‡~~Needs driven by the Public Policy Requirements of load serving entities and wholesale transmission customers through the planning for and ~~provision of~~ expansion of physical transmission system delivery capacity to provide long-term firm transmission services to meet i) native load obligations and ii) wholesale Transmission Customer obligations under the Tariff.

## 10.2 The Consideration of Transmission Needs Driven by Public Policy Requirements Identified Through Stakeholder Input and Proposals

**10.2.1 Requisite Information:** In order for the Transmission Provider to consider possible ~~†~~Transmission ~~‡~~Needs driven by Public Policy Requirements that are proposed by a Stakeholder, the Stakeholder must provide the following information ~~via an~~ in accordance with the ~~to~~ instructions provided on the Regional Planning Website:

1. The applicable Public Policy Requirement, which must be a requirement established by an enacted state ~~or~~ federal or local law(s) and/or regulation(s); and
2. An explanation of the possible ~~†~~Transmission ~~need~~ Need(s) driven by the Public Policy Requirement identified in ~~the~~ immediately above-subsection 10.2.1(1) (e.g., the situation or system condition for which possible solutions may be needed, as opposed to a specific transmission project) ~~and an explanation and/or demonstration that the current iteration of the transmission expansion plan(s) does not adequately address that need.~~

**10.2.2 Deadline for Providing Such Information:** Stakeholders that propose a possible ~~†~~Transmission ~~‡~~Need driven by a Public Policy Requirement for evaluation by the Transmission Provider in the current transmission planning cycle must provide the requisite information identified in Section

10.2.1 to the Transmission Provider no later than sixty (60) calendar days after the SERTP Annual Transmission Planning Summit and Input Assumptions Meeting for the previous transmission planning cycle. ~~That information is to be provided in accordance with the contact information provided on the Regional Planning Website.~~

### 10.3 Transmission Provider Evaluation of SERTP Stakeholder Input Regarding ~~Potential~~Possible Transmission Needs Driven by Public Policy Requirements

#### 10.3.1 Identification of Public Policy-Driven Transmission Needs: In order to

identify, out of the set of possible Transmission Needs driven by Public Policy Requirements proposed by Stakeholders, those Transmission Needs for which transmission solutions will be evaluated in the current planning cycle, the Transmission Provider will assess:

1. Whether the Stakeholder-identified Public Policy Requirement is an enacted local, state, or federal law(s) and/or regulation(s);  
~~10.3.1 In the transmission planning process for that planning cycle, the Transmission Provider will evaluate Stakeholder input to determine if there is a transmission need driven by the Public Policy Requirement identified by the Stakeholder in Section 10.2 that should be addressed in the transmission expansion plan.~~
2. Whether the Stakeholder-identified Public Policy Requirement drives a Transmission Need(s); and
3. If the answers to the foregoing questions 1) and 2) are affirmative, whether the Transmission Need(s) driven by the Public Policy Requirement is already addressed or otherwise being evaluated in the then-current planning cycle.

#### 10.3.2 If a Identification and Evaluation of Possible Transmission Solutions

for Public Policy-Driven Transmission Needs that Have Not Already Been Addressed: If a Public Policy-driven Transmission Need is

identified that is not already addressed, or that is not already being evaluated in the transmission expansion planning process, the Transmission Provider will identify a transmission solution(s) to address the aforementioned need in the planning processes. The potential transmission solutions will be evaluated consistent with Section 6 and Section 11.

#### **10.4 Stakeholder Input During the Evaluation of Public Policy-Driven Transmission Needs and Possible Transmission Solutions**

**10.4.1** Typically at the First RPSG Meeting and Interactive Training Session, but not later than the Preliminary Expansion Plan Meeting, for the given transmission planning cycle, the Transmission Provider will review the Stakeholder-proposed Transmission Needs driven by Public Policy Requirements to be evaluated in the then-current planning cycle. Prior to the meeting at which Transmission Needs driven by Public Policy Requirements will be reviewed, the Transmission Provider will identify, on the Regional Planning Website, which possible Transmission Needs driven by Public Policy Requirements proposed by Stakeholders (if any) are Transmission Needs(s) that are not already addressed in the planning process and will, pursuant to Sections 10.3.1 and 10.3.2, be addressed in the current planning cycle.

**10.4.2** Stakeholders, including those who are not Transmission Customers, may provide input regarding Stakeholder-proposed possible Transmission Need(s) and may provide input during the evaluation of potential

transmission solutions to identified Transmission Needs consistent with Section 3.

~~10.3.3~~10.4.3 Stakeholder input regarding ~~potential~~possible ~~T~~ransmission ~~N~~Needs driven by Public Policy Requirements may be directed to the governing Tariff process as appropriate. For example, if the ~~potential~~possible ~~T~~ransmission ~~N~~Need identified by the Stakeholder is essentially a request by a network customer to integrate a new network resource, the request would be directed to that existing Tariff process.

~~10.4~~10.5 **Posting Requirement:** The Transmission Provider will provide and post on the Regional Planning Website ~~a response to Stakeholder input regarding an~~explanation of (1) those ~~T~~ransmission ~~N~~Needs driven by Public Policy Requirements: that have been identified for evaluation for potential transmission projects in the then-current planning cycle; and (2) why other suggested, possible Transmission Needs driven by Public Policy Requirements proposed by Stakeholders were not selected for further evaluation.

## 11. Regional Analyses of Potentially More Efficient or Cost Effective Transmission Solutions

### 11.1 Regional Planning Analyses

11.1.1 During the course of each transmission planning cycle, the Transmission Provider will conduct regional transmission analyses to assess if the then-current regional transmission plan addresses the Transmission Provider's Transmission Needs, including those of its Transmission Customers and those which may be driven, in whole or in part, by economic

considerations or **Public Policy** Requirements. This regional analysis will include assessing whether there may be more efficient or cost effective transmission projects to address Transmission Needs than transmission projects included in the latest regional transmission plan (including projects selected in a regional transmission plan for RCAP pursuant to Section 17).

**11.1.2** The Transmission Provider will perform power flow, dynamic, and short circuit analyses, as necessary, to assess whether the then-current regional transmission plan would provide for the physical transmission capacity required to address the Transmission Provider's Transmission Needs, including those Transmission Needs of its Transmission Customers and those driven by economic considerations and Public Policy Requirements. Such analysis will also evaluate those potential Transmission Needs driven by Public Policy Requirements identified by Stakeholders pursuant to Section 10.3.1. If the Transmission Provider determines that the on-going planning being performed for the then-current cycle would not provide sufficient physical transmission capacity to address a Transmission Need(s), the Transmission Provider will identify potential transmission projects to address the Transmission Need(s).

## **11.2 Identification and Evaluation of More Efficient or Cost Effective Transmission Project Alternatives**

**11.2.1** The Transmission Provider will look for potential regional transmission projects that may be more efficient or cost effective solutions to address

Transmission Needs than transmission projects included in the latest regional transmission plan or otherwise under consideration in the then-current transmission planning process for the ten (10) year planning horizon. Consistent with Section 11.1, through power flow, dynamic, and short circuit analyses, as necessary, the Transmission Provider will evaluate regional transmission projects identified to be potentially more efficient or cost effective solutions to address Transmission Needs, including those transmission alternatives proposed by Stakeholders pursuant to Section 3.5.3(3) and transmission projects proposed for RCAP pursuant to Section 16. The evaluation of transmission projects in these regional assessments throughout the then-current planning cycle will be based upon their effectiveness in addressing Transmission Needs, including those driven by Public Policy Requirements, reliability and/or economic considerations. Such analysis will be in accordance with, and subject to (among other things), state law pertaining to transmission ownership, siting, and construction. In assessing whether transmission alternatives are more efficient and/or cost effective transmission solutions, the Transmission Provider may consider factors such as, but not limited to, a transmission project's:

- Impact on reliability.
- Feasibility, including the viability of:
  - acquiring the necessary rights-of-way (“ROW”); and
  - constructing and tying in the proposed project by the required in-service date.



- Relative transmission cost, as compared to other transmission project alternatives to reliably address Transmission Needs.
- Ability to reduce real power transmission losses on the transmission system(s) within the SERTP region, as compared to other transmission project alternatives to reliably address Transmission Needs.

11.2.2 Stakeholder Input: Stakeholders may provide input on potential transmission alternatives for the Transmission Provider to consider throughout the SERTP planning process for each planning cycle in accordance with Section 3.5.3.

**11.2. Merchant Transmission Developers Proposing Transmission Facilities Impacting the SERTP:** Merchant transmission developers not seeking regional cost allocation pursuant to Sections ~~15~~16-21~~22~~ (“Merchant Transmission Developers”) who propose to develop a transmission project(s) potentially impacting the Transmission System and/or transmission system(s) within the SERTP region shall provide information and data necessary for the Transmission Provider to assess the potential reliability and operational impacts of those proposed transmission facilities. That information should include:

- Transmission project timing, scope, network terminations, load flow data, stability data, HVDC data (as applicable), and other technical data necessary to assess potential impacts.

## **12.13. Enrollment**

**12.13.1 General Eligibility for Enrollment:** A public utility or non-public utility transmission service provider and/or transmission owner ~~having a statutory or tariff obligation to ensure that adequate~~who is registered with NERC as a Transmission Owner or a Transmission Service Provider and that owns or provides transmission service over transmission facilities ~~exist~~ within ~~a portion of~~

the SERTP region may enroll in the SERTP. Such ~~Transmission~~ Service ~~Providers~~ and ~~Transmission Owners~~ are thus potential ~~Beneficiaries~~ for cost allocation purposes on behalf of their transmission customers. Entities that do not enroll will nevertheless be permitted to participate as ~~Stakeholders~~ in the SERTP.

~~12.2~~13.2 **Enrollment Requirement In Order to Seek Regional Cost**

**Allocation:** While enrollment is not generally required in order for a transmission developer to be eligible to propose a transmission project for evaluation and potential selection in a regional transmission plan for ~~regional cost allocation purposes (“RCAP”)~~ pursuant to Sections ~~15~~16-21~~22~~, a potential transmission developer must enroll in the SERTP in order to be eligible to propose a transmission project for potential selection in a regional transmission plan for RCAP if it, an affiliate, subsidiary, member, owner or parent company has load in the SERTP.

~~12.3~~13.3 **Means to Enroll:** ~~A public utility or non-public utility~~

~~transmission service provider or transmission owners~~Entities that satisfy the general eligibility requirements of Section 13.1 or are required to enroll in accordance with Section 13.2 may provide an application to enroll ~~in accordance with Sections 12.1 and 12.2 above, by executing,~~ by submitting the form of enrollment posted on the Regional Planning Website. ~~The Transmission Provider is deemed to have enrolled for purposes of Order No. 1000 through this Attachment K.~~

~~12.4~~13.4 **List of Enrollees in the SERTP:** ~~The Transmission~~Attachment

M-6 ~~Providers~~ will post and keep current on the Regional Planning Website a

list of the ~~public utility and non-public utility transmission service providers and transmission owners~~ entities who have enrolled in the SERTP in accordance with the foregoing provisions (“Enrollees”). Attachment M-6 is effective as of the effective date of the tariff record (and subject to Section 13.5, below) that contains Attachment M-6. In the event a non-public utility listed in Attachment M-6 provides the Transmission Provider with notice that it chooses not to enroll in, or is withdrawing from, the SERTP pursuant to Section 13.5 or Section 13.6, as applicable, such action shall be effective as of the date prescribed in accordance with that respective Section. In such an event, the Transmission Provider shall file revisions to the lists of Enrollees in Attachment M-6 within fifteen (15) business days of such notice. The effective date of any such revised tariff record shall be the effective date of the non-public utility’s election to not enroll or to withdraw as provided in Section 13.5 or 13.6, as applicable.

~~12.5~~ 13.5                    **Enrollment, Conditions Precedent, Conditions Subsequent,**

and Cost Allocation Responsibility, ~~and Conditions Subsequent~~: Enrollment will subject Enrollees to cost allocation if, during the period in which they are enrolled, it is determined in accordance with this Attachment M that the Enrollee is a ~~b~~ Beneficiary of a ~~new~~ transmission project(s) selected in the regional transmission plan for RCAP; ~~provided, that once enrolled,~~ subject to the following:

13.5.1 Upon Order on Compliance Filing: The initial non-public utilities that satisfy the general eligibility requirements of 13.1 and who have made the decision to enroll at the time of the Transmission Provider’s compliance

filing in response to FERC's July 18, 2013 Order on Compliance Filings in Docket Nos. ER13-897, ER13-908, and ER13-913, 144 FERC ¶ 61,054, do so on the condition precedent that the Commission accepts i) that compliance filing without modification and without setting it for hearing or suspension and ii) the Transmission Provider's July 10, 2013 compliance filing made in Docket Nos. ER13-1928, ER13-1930, ER13-1940, and ER13-1941 without modification and without setting it for hearing or suspension. Should the Commission take any such action upon review of such compliance filings or in any way otherwise modify, alter, or impose amendments to this Attachment M, then each such non-public utility shall be under no obligation to enroll in the SERTP and shall have sixty (60) days following such an order or action to provide written notice to the Transmission Provider of whether it will, in fact, enroll in the SERTP. If, in that event, such non-public utility gives notice to the Transmission Provider that it will not enroll, such non-public utility shall not be subject to cost allocation under this Attachment M (unless it enrolls at a later date).

**13.5.2 Upon Future Regulatory Action:** Notwithstanding anything herein to the contrary, should the Commission, a Court, or any other governmental entity having the requisite authority modify, alter, or impose amendments to this Attachment M, then an enrolled non-public utility may immediately withdraw from this Attachment M by providing written notice within sixty (60) days of that order or action, with the non-public utility's termination

being effective as of the close of business the prior business day before said modification, alteration, or amendment occurred. ~~The~~ (although if the Commission has not acted by that prior business day upon both of the compliance filings identified in Section 13.5.1, then the non-public utility shall never have been deemed to have enrolled in the SERTP). In the event of such a withdrawal due to such a future regulatory and/or judicial action, the withdrawing Enrollee will be subject to ~~regional and interregional~~ cost allocations, if any, ~~to which it had agreed and~~ that were determined in accordance with this Attachment M during the period in which it was enrolled and ~~was that~~ determined ~~to~~ that the withdrawing Enrollee would be a ~~b~~Beneficiary of new transmission ~~facilities~~projects selected in the regional transmission plan for RCAP. ~~Any withdrawing Enrollee will not be allocated costs for projects selected in a regional transmission plan for RCAP after its termination of enrollment becomes effective in accordance with the provisions of this Section 12.5.~~

~~12.6~~13.6

**Notification of Withdrawal:** An Enrollee ~~wanting~~choosing to ~~terminate~~withdraw its enrollment in the SERTP may do so by providing written notification of such intent to the Transmission Provider. Except for non-public utilities ~~terminating~~electing to not enroll or withdraw pursuant to Section ~~12.5~~13.5, a non-public utility Enrollee's withdrawal shall be effective as of the date the notice of withdrawal is provided to the Transmission Provider pursuant to this Section 13.6. For public utility Enrollees, the withdrawal shall be effective at the end of the then-current transmission

planning cycle provided that the notification of withdrawal is provided to the Transmission Provider at least sixty (60) days prior to the Annual Transmission Planning Summit and Assumptions Input Meeting for that transmission planning cycle. ~~The~~

~~withdrawing Enrollee will be subject to regional and interregional~~ 13.7 ~~e~~ Cost

~~a~~ Allocations ~~, if any, to which it had agreed and that were determined in accordance with this Attachment M during the period in which it was enrolled and was determined to be a beneficiary of new transmission facilities selected in the regional transmission plan for purposes of cost allocation.~~ After Withdrawal:

Any withdrawing Enrollee will not be allocated costs for transmission projects selected in a regional transmission plan for RCAP after its termination of enrollment becomes effective in accordance with the provisions of ~~this~~ Section ~~12.6.~~ 13.5 or Section 13.6. However, ~~the~~ withdrawing Enrollee will be subject to cost allocations determined in accordance with this Attachment M during the period it was enrolled, if any, for which the Enrollee was identified as a Beneficiary of new transmission projects selected in the regional transmission plan for RCAP.

**13.14. Pre-Qualification Criteria for a Transmission Developer to be Eligible to Submit a Regional Transmission Project Proposal for Potential Selection in a Regional Transmission Plan for ~~Purposes of Cost Allocation~~ RCAP**

**13.14.1 Transmission Developer Pre-Qualification Criteria: ~~While additional financial and technical criteria may be required to be satisfied in order for a proposed transmission project to be selected and/or included in a regional plan for~~**

~~RCAP, a transmission developer must satisfy the following, initial qualification criteria~~ In order to be eligible to propose a transmission project ~~for potential~~ (that the transmission developer intends to develop) for consideration for selection in a regional transmission plan for RCAP: <sup>40</sup> in the upcoming planning cycle, a transmission developer (including the Transmission Provider and nonincumbents) or a parent company (as defined in Section 14.1(2)(B) below), as applicable, must submit a pre-qualification application by August 1<sup>st</sup> of the then-current planning cycle. To demonstrate that the transmission developer will be able to satisfy the minimum financial capability and technical expertise requirements, the pre-qualification application must provide the following:

1. A non-refundable administrative fee of \$25,000 to off-set the cost to review, process, and evaluate the transmission developer's pre-qualification application;

~~13.1.1 If the transmission developer or its parent or owner or any affiliate, member or subsidiary has load in the SERTP region, the transmission developer must have enrolled in the SERTP in accordance with Section 12.2.~~

2. Demonstration that at least one of the following criteria is satisfied:

~~13.1.2 In order to be eligible to propose a transmission project for consideration for selection in a regional plan for RCAP, the transmission developer must demonstrate that it satisfies the following, minimum financial capability and technical expertise requirements:-~~

1A. The transmission developer ~~has~~ must have and maintains a eCredit #Rating (defined below) of BBB- or higher better from Standard & Poor's, ~~a division of The McGraw Hill Companies, Inc.~~ Financial Services LLC, a part of McGraw Hill Financial ("S&P"), or a eCredit #Rating of Baa3 or higher better from Moody's Investors Service, Inc. In addition, the ("Moody's"), and/or a Credit Rating of BBB- or better from Fitch Ratings, Inc. ("Fitch", collectively with S&P and Moody's and/or their successors, the "Rating Agencies") and not have or obtain less than any such Credit Rating by S&P, Moody's or Fitch. The senior unsecured debt (or similar) rating for the relevant entity from the

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<sup>40</sup> ~~The regional cost allocation process provided hereunder in accordance with Sections 13-21 does not undermine the ability of the Transmission Provider and other entities to negotiate alternative cost sharing arrangements voluntarily and separately from this regional cost allocation method.~~

Rating Agencies will be considered the “Credit Rating”. In the event of multiple Credit Ratings from one Rating Agency or Credit Ratings from more than one Rating Agency, the lowest of those Credit Ratings will be used by the Transmission Provider for its evaluation. However, if such a senior unsecured debt (or similar) rating is unavailable, the Transmission Provider will consider Rating Agencies’ issuer (or similar) ratings as the Credit Rating.

B. If a transmission developer does not have a Credit Rating from S&P, Moody’s or Fitch, it shall be considered “Unrated”, and an Unrated transmission developer’s parent company’s credit rating may be used to satisfy this requirement but only if for the entity that plans to create a new subsidiary that will be the transmission developer (both hereinafter “parent company”) must have and maintain a Credit Rating of BBB- or better from S&P, Baa3 or better from Moody’s and/or BBB- or better from Fitch, not have or obtain less than any such Credit Rating by S&P, Moody’s or Fitch, and the parent company must commits in writing to provide an acceptable guaranty to the Transmission Provider meeting the requirements of Section 22 for the transmission developer if the proposed transmission project is selected in a regional transmission plan for RCAP;<sup>44</sup>. If there is more than one parent company, the parent company(ies) committing to provide the guaranty must meet the requirements set forth herein.

C. For an Unrated transmission developer, unless its parent company satisfies the requirements under B. above, such transmission developer must have and maintain a Rating Equivalent (defined below) of BBB- or better. Upon an Unrated transmission developer’s request, a credit rating will be determined for such Unrated transmission developer comparable to a Rating Agency credit rating (“Rating Equivalent”) based upon the process outlined below:

2.(i) The Each Unrated transmission developer provides documentation of its capability to finance U.S. energy projects equal to or greater than the cost of the proposed transmission project; and will be required to pay a non-refundable annual fee of \$15,000.00 for its credit to be evaluated/reevaluated on an annual basis.

(ii) Upon request by the Transmission Provider, an Unrated transmission developer must submit to the Transmission

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<sup>44</sup>If a project is selected in a regional plan for RCAP, having a BBB- and/or a Baa3 rating alone will not be sufficient to satisfy the requisite project security/collateral requirements.



Provider for the determination of a Rating Equivalent and not less than annually thereafter, the following information with respect to the transmission developer:

A. Audited financial statements for each completed fiscal quarter of the then current fiscal year including the most recent fiscal quarter, as well as the most recent three (3) fiscal years:

i. For Unrated transmission developers with publicly-traded stock, this information must include:

1. Annual reports on Form 10-K (or successor form) for the three (3) fiscal years most recently ended and quarterly reports on Form 10-Q (or successor form) for each completed quarter of the then current fiscal year, together with any amendments thereto, and

2. Form 8-K (or successor form) reports disclosing material changes, if any, that have been filed since the most recent Form 10-K (or successor form), if applicable;

ii. For Unrated transmission developers that are privately held, this information must include:

1. Financial Statements, including balance sheets, income statements, statement of cash flows, and statement of stockholder's equity,

2. Report of Independent Accountants,

3. Management's Discussion and Analysis, and

4. Notes to financial statements;

B. Its Standard Industrial Classification and North American Industry Classification System codes;

C. At least one (1) bank and three (3) acceptable trade references;

D. Information as to any material litigation, commitments or contingencies as well as any prior bankruptcy declarations or material defaults or defalcations by, against or involving the transmission developer or its predecessors, subsidiaries or affiliates, if any;

E. Information as to the ability to recover investment in and return on its projects;

F. Information as to the financial protections afforded to unsecured creditors contained in its contracts and other legal documents related to its formation and governance;

G. Information as to the number and composition of its members or customers;

H. Its exposure to price and market risk;

I. Information as to the scope and nature of its business; and

J. Any additional information, materials and documentation which such Unrated transmission developer deems relevant evidencing such Unrated transmission developer's financial capability to develop, construct, operate and maintain transmission developer's projects for the life of the projects.

(iii) The Transmission Provider will notify an Unrated transmission developer after the determination of its Rating Equivalent. Upon request, the Transmission Provider will provide the Unrated transmission developer with information regarding the procedures, products and/or tools used to determine such Rating Equivalent (e.g., Moody's RiskCalc™ or other product or tool, if used).

(iv) An Unrated transmission developer desiring an explanation of its Rating Equivalent must request such an explanation in writing within five (5) business days of

receiving its Rating Equivalent. The Transmission Provider will respond within fifteen (15) business days of receipt of such request with a summary of the analysis supporting the Rating Equivalent decision.

3. The Evidence that the transmission developer has the capability to develop, construct, operate, and maintain significant U.S. electric transmission projects ~~of similar or larger complexity, size, and scope as the proposed project.~~ The transmission developer ~~must demonstrate such capability by~~ should provide, at a minimum, the following information: about the transmission developer. If the transmission developer is relying on the experience or technical expertise of its parent company or affiliate(s) to meet the requirements of this subsection 3, the following information should be provided about the transmission developer's parent company and its affiliates, as applicable:

~~a~~A. ~~A summary of~~ Information regarding the transmission developer's: or other relevant experience regarding transmission projects in-service, under construction, and/or abandoned or otherwise not completed including locations, operating voltages, mileages, development schedules, and approximate installed costs; whether delays in project completion were encountered; and how these facilities are owned, operated and maintained. ~~This may include projects and experience provided by a parent company or affiliates or other experience relevant to the development of the proposed project; and~~

B. Evidence demonstrating the ability to address and timely remedy failure of transmission facilities;

~~b~~C. ~~If it or a parent, owner, affiliate, or member has been found in v~~ Violations of ~~any~~ NERC and/or Regional Entity reliability standard(s) and/or ~~the~~ violations of regulatory requirement(s) that have been made public pertaining to the development, construction, ownership, operation, and/or maintenance of electric transmission infrastructure facilities (provided that violations of CIP standards are not required to be identified), and, if so, an explanation of such violations: and

D. A description of the experience of the transmission developer in acquiring rights of way.

4. Evidence that the transmission developer or its parent company, if relevant, has been in existence at least three years.

**14.2 Review of Pre-Qualification Applications:** No later than November 1<sup>st</sup> of the then-current planning cycle, the Transmission Provider will notify transmission developers that submitted pre-qualification applications or updated information by August 1<sup>st</sup>, whether they have pre-qualified as eligible to propose a transmission project for consideration for selection in a regional transmission plan for RCAP in the upcoming planning cycle. A list of transmission developers that have pre-qualified for the upcoming planning cycle will be posted on the Regional Planning Website.

**14.3 Opportunity for Cure for Pre-Qualification Applications:** If a transmission developer does not meet the pre-qualification criteria or provides an incomplete application then following notification by the Transmission Provider, the transmission developer will have fifteen (15) calendar days to resubmit the necessary supporting documentation to remedy the identified deficiency. The Transmission Provider will notify the transmission developer, whether they are, or will continue to be, pre-qualified within thirty (30) calendar days of the resubmittal, provided that the Transmission Provider shall not be required to provide such a response prior to November 1<sup>st</sup> of the then-current planning cycle.

**14.4 Pre-Qualification Renewal:** If a transmission developer is pre-qualified as eligible to propose a transmission project for consideration for selection in a regional transmission plan for RCAP in the then-current planning cycle, such transmission developer may not be required to re-submit information to pre-qualify with respect to the upcoming planning cycle. In the event any information on which the entity's pre-qualification is based has changed, such entity must

submit all updated information by the August 1<sup>st</sup> deadline. In addition, all transmission developers must submit a full pre-qualification application once every 3 years.

**14.5 Enrollment Requirement to Pre-Qualify as Eligible to Propose a Transmission Project for Potential Selection in a Regional Transmission Plan for RCAP:** If a transmission developer or its parent company or owner or any affiliate, member or subsidiary has load in the SERTP region, the transmission developer must have enrolled in the SERTP in accordance with Section 13.2 to be eligible to pre-qualify to propose a transmission project for potential selection in a regional transmission plan for RCAP.

**15. Transmission Projects Potentially Eligible for Selection in a Regional Transmission Plan for RCAP**

**14.15.1 ~~Transmission Facilities Potentially Eligible for RCAP:~~** In order for a transmission project proposed by a transmission developer, whether incumbent or nonincumbent, to be considered for evaluation and potential selection in a regional transmission plan for RCAP, the project must be regional in nature in that it must be a ~~major~~-transmission project effectuating significant bulk electric transfers across the SERTP region and addressing significant electrical needs. ~~A regional transmission project eligible for potential selection in a regional plan for RCAP would be a transmission line~~ in that ~~would~~ it:

a1. operates at a voltage of 300 kV or greater; and ~~span~~

2. satisfies at least one of the following:

a. spans 100 miles or more within the SERTP; ~~and~~ region or

b. ~~portions of said~~ spans at least 50 miles and would displace<sup>11</sup> transmission ~~line must~~ projects that would be located in (i) two or more balancing authority areas located in the SERTP region or (ii) two or more states located in the SERTP region.

1. ~~A transmission project that does not satisfy (a) and (b) above but that would effectuate similar, significant bulk electric transfers across the SERTP region and address similar, significant regional electrical needs will be considered on a case by case basis;—~~
2. ~~The proposed transmission project cannot be an upgrade to an existing facility. In addition, the proposed transmission project cannot be located on the property and/or right of way (“ROW”) belonging to anyone other than the transmission developer absent the consent of the owner of the existing facility or ROW, as the case may be;—~~

15.2 In addition to satisfying the requirements of Section 15.1, the proposed transmission project cannot be an upgrade to an existing facility. A transmission upgrade includes any expansion, replacement, or modification, for any purpose, made to existing transmission facilities, including, but not limited to:

- transmission line reconductors;
- the addition, modification, and/or replacement of transmission line structures and equipment;
- increasing the nominal operating voltage of a transmission line;
- the addition, replacement, and/or reconfiguration of facilities within an existing substation site;
- the interconnection/addition of new terminal equipment and/or substations onto existing transmission lines.

For purposes of clarification, a transmission project proposed for potential selection in a regional transmission plan for RCAP may rely on the implementation of one or more transmission upgrades (as defined above) by the Impacted Utilities in order to reliably implement the proposed transmission project.

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<sup>11</sup> “Displaced” transmission projects for purposes of this criteria would be in the nature of those that would be identified in the evaluative process described in Section 17.1(2)-(3).

~~3.15.3~~ In order for the proposed transmission project to be a more efficient ~~and/or~~ cost effective alternative to the transmission projects identified by the transmission providers through their planning processes, it should be materially different than projects already under consideration ~~and materially different than projects that have been previously considered~~ in the expansion planning process; ~~and~~. A project will be deemed materially different, as compared to another transmission alternative(s) under consideration, if the proposals consists of significant geographical and electrical differences in the alternative's proposed interconnection point(s) and transmission line routing.

4. ~~The proposed transmission project must be able to be constructed and tied into the transmission system by the required in-service date.~~

#### **1516. Submission ~~and Evaluation~~ of Proposals for Potential Selection in a Regional**

##### **Transmission Plan for RCAP**

Any entity may propose a transmission project for consideration by the Transmission Provider for potential selection in a regional transmission plan for RCAP.<sup>12</sup> An entity that wants to propose a transmission project for potential selection in a regional transmission plan for RCAP but does not intend to develop the transmission project may propose such transmission project in accordance with Section 16.6.

**15.16.1 Information Materials to be Submitted:** ~~A transmission developer must submit the following information in support of~~ In order for a transmission project ~~it proposes for potential selection in a regional transmission plan for RCAP;~~ to be considered for RCAP, a pre-qualified transmission developer proposing the

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<sup>12</sup> The regional cost allocation process provided hereunder in accordance with Sections 16-22 does not limit the ability of the Transmission Provider and other entities to negotiate alternative cost sharing arrangements voluntarily and separately from this regional cost allocation method.

transmission project (including an incumbent or nonincumbent transmission developer) must provide to the Transmission Provider the following information:

- ~~1.~~ ~~Documentation of the transmission developer's ability to satisfy the qualification criteria required in Section 13;~~
- ~~2~~1. Sufficient information for the Transmission Provider to determine that the potential transmission project satisfies the regional eligibility requirements of Section ~~14~~15;
- ~~3.~~ ~~If it or a parent, owner, affiliate, or member who will be performing work in connection with the potential transmission project is registered with NERC or other industry organizations pertaining to electric reliability and/or the development, construction, ownership, or operation, and/or maintenance of electric infrastructure facilities, a list of those registrations.~~
- ~~4~~2. A description of the proposed transmission project that details the intended scope (including the various stages of the project development such as engineering, ROW acquisition, construction, recommended in-service date, *etc.*);
- ~~5~~3. 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~~may be ~~required~~asked to support such differences with supplemental information;
- ~~4.~~ Data and/or files necessary to appropriately model the proposed transmission project;
- ~~6~~5. Documentation of the specific Transmission Need(s) that the proposed transmission project is intended to address. This documentation should include a description of the Transmission Need(s), timing of the Transmission Need(s), as well as the technical analysis performed to supporting ~~the position~~ that the proposed transmission project addresses the specified ~~Transmission needs and does so more efficiently and cost-effectively than specific projects included in the latest transmission expansion plan. Documentation must include the following:~~Need(s);
- ~~6.~~ A description of why the proposed transmission project is expected to be more efficient or cost effective than other transmission projects included in the then-current regional transmission plan. If available, and to facilitate the evaluation of the proposal and to mitigate the potential for disputes, the entity proposing the project for potential selection in a regional transmission plan for RCAP may submit documentation of detailed technical analyses performed that supports the position that the proposed transmission project addresses the specified Transmission Needs more



efficiently or cost-effectively. Such optional documentation could include the following:

- ~~The identification of: (a) t~~ Transmission projects in the latest transmission expansion plan or regional transmission plan that would be displaced by the proposed project, ~~and (b) any~~
- Any additional projects that may be required in order to implement the proposed project; ~~and, or~~
  - ~~The data and/or files necessary to evaluate the transmission developer's analysis of the proposed transmission project;~~
- Any reduction/increase in real-power transmission system losses;

7. The transmission developer must provide a reasonable explanation of, as it pertains to its proposed project, its planned approach to satisfy applicable regulatory requirements and its planned approach to obtain requisite authorizations necessary to acquire rights of way and to construct, operate, and maintain the proposed facility in the relevant jurisdictions;

- The transmission developer should not expect to use the Transmission Provider's right of eminent domain for ROW acquisition; and

8. How the transmission developer intends to comply with all applicable standards and obtain the appropriate NERC certifications,

- If it or a parent, owner, affiliate, or member who will be performing work in connection with the potential transmission project is registered with NERC or other industry organizations pertaining to electric reliability and/or the development, construction, ownership, or operation, and/or maintenance of electric infrastructure facilities, a list of those registrations;

9. The experience of the transmission developer specific to developing, constructing, maintaining, and operating the type of transmission facilities contained in the transmission project proposed for potential selection in a regional transmission plan for RCAP,

- Including verifiable past achievements of containing costs and adhering to construction schedules for transmission projects of similar size and scope as the proposed transmission project, and
- Including a description of emergency response and restoration of damaged equipment capability;

10. The planned or proposed project implementation management teams and the types of resources, including relevant capability and experience, contemplated for use in the development and construction of the proposed

project:

11. A written commitment to comply with all applicable standards, including Good Utility Practices, governing the engineering, design, construction, operation, and maintenance of transmission projects in the SERTP region; and
12. Evidence of the ability of the transmission developer, its affiliate, partner or parent company to secure a financial commitment from an approved financial institution(s) agreeing to finance the construction, operation, and maintenance of the transmission project if selected in a regional transmission plan for RCAP.

~~8.16.2~~ **Administrative Fee:** An administrative fee of \$25,000 to off-set the costs to review, process and evaluate each transmission project proposal. A refund of \$15,000 will be provided to the transmission developer if:

- ~~1.~~ 1. The ~~transmission developer or its~~ proposal is determined to not satisfy the qualification criteria in Section ~~13 through 15.1~~ 16.1; or
- ~~2.~~ 2. The transmission developer withdraws its proposal by providing written notification of its intention to do so to the Transmission Provider prior to the First RPSG Meeting and Interactive Training Session for that transmission planning cycle.

~~15.2~~ **16.3** **Deadline for Transmission Developer Submittals:** In order for its transmission project to be considered for RCAP in the current transmission planning cycle, a transmission developer must provide the requisite information and payment identified in Sections ~~13~~ 16.1 through ~~15.1~~ 16.2 to the Transmission Provider in accordance with the ~~contact information~~ submittal instructions provided on the Regional Planning Website no later than sixty (60) calendar days after the SERTP Annual Transmission Planning Summit and Input Assumptions Meeting for the previous transmission planning cycle.

~~15.3~~ **16.4** **Initial Review of Qualification Criteria Submittal and Opportunity for Cure:** The Transmission Provider will notify transmission developers who

propose a transmission project for potential selection in a regional transmission plan for RCAP whose submittals do not meet the **qualification criteria**requirements specified in Section ~~13~~16.1 through ~~15.1~~16.2, or who provide an incomplete submittal, within ~~30~~forty-five (45) calendar days of the submittal deadline to allow the transmission developers an opportunity to remedy any identified deficiency(ies). Transmission developers, so notified, will have fifteen (15) calendar days to resubmit the necessary supporting documentation to remedy the identified deficiency. The Transmission Provider will notify the transmission developer, whether they have adequately remedied the deficiency within thirty (30) calendar days of the resubmittal. Should the deficiency(ies) remain unremedied, then the transmission project will not be considered for RCAP.

**~~15.4~~16.5 Change in the ~~Transmission Developer's~~ Qualification Information or Circumstances:**

16.5.1 The transmission developer proposing a transmission project for potential selection in a regional transmission plan for RCAP has an obligation to update and report in writing to the Transmission Provider any change to its or its parent company's information that was provided as the basis for its satisfying the requirements of Sections ~~13~~14 through ~~15~~22, except that the transmission developer is not expected to update its technical analysis performed for purposes of Section ~~15.1~~16.1(6) to reflect updated transmission planning data as the transmission planning cycle(s) progresses.

16.5.2 The transmission developer must inform the Transmission Provider of the occurrence of any of the developments described in (1) or (2) below should the following apply (and within the prescribed time period): (i) within five (5) business days of the occurrence if the transmission developer has a pre-qualification application pending as of the date of the occurrence; (ii) upon the submission of a renewal request for pre-qualification should the development have occurred since the transmission developer was pre-qualified; (iii) prior to, or as part of, proposing a transmission project for potential selection in a regional transmission plan for RCAP pursuant to Section 16.1 should the development have occurred since the transmission developer was pre-qualified; and (iv) within five (5) business days of the occurrence if the transmission developer has a transmission project either selected or under consideration for selection in a regional transmission plan for RCAP. These notification requirements are applicable upon the occurrence of any of the following:

1. the existence of any material new or ongoing investigations against the transmission developer by the Commission, the Securities and Exchange Commission, or any other governing, regulatory, or standards body that has been or was required to be made public; if its parent company has been relied upon to meet the requirements of Section 14.1(2) or Section 22, such information must be provided for the parent company and, in any event, with respect to any affiliate that is a transmitting utility; and

2. any event or occurrence which could constitute a material adverse change in the transmission developer's (and, if the parent company has been relied upon to meet the requirements of Section 14.1(2) or Section 22, the parent company's) financial condition ("Material Adverse Change") such as:

A. A downgrade or suspension of any debt or issuer rating by any Rating Agency,

B. Being placed on a credit watch with negative implications (or similar) by any Rating Agency,

C. A bankruptcy filing or material default or defalcation,

D. Insolvency,

E. A quarterly or annual loss or a decline in earnings of twenty-five percent (25%) or more compared to the comparable year-ago period,

F. Restatement of any prior financial statements, or

G. Any government investigation or the filing of a lawsuit that reasonably would be expected to adversely impact any current or future financial results by twenty-five percent (25%) or more.

**16.5.3** If at any time the Transmission Provider concludes that a transmission developer or a potential transmission project proposed for possible selection in a regional transmission plan for RCAP no longer satisfies such requirements specified in Sections ~~13~~14 through ~~15~~16, then the Transmission Provider will so notify the transmission developer or entity who will have fifteen (15) calendar days to cure. If the transmission developer does not meet the fifteen (15) day deadline to cure, or if the Transmission Provider determines that the transmission developer continues to no longer satisfy the requirements specified in Sections 14

through 16 despite the transmission developer's efforts to cure, then the Transmission Provider may without limiting its other rights and remedies, immediately remove the transmission developer's potential transmission project(s) from consideration for potential selection in a regional transmission plan for RCAP and ~~or remove any and all such transmission project(s) from the~~ if previously selected ~~category~~, from being selected in a regional transmission plan for RCAP, as applicable.

#### **16.6 Projects Proposed for RCAP Where the Entity Making the Proposal Does**

**Not Intend to be the Developer of the Project:** Any Stakeholder may propose a potentially more cost effective or efficient transmission project for consideration in the transmission planning process in accordance with Section 3.5.3, and nothing herein limits the ability of a Stakeholder and other entities to negotiate alternative transmission development arrangements voluntarily and separately from the processes provided in this Attachment M. Should an entity propose a transmission project for potential selection in a regional transmission plan for RCAP but not intend to develop the project, then the following applies. Such an entity must submit the information required by Sections 16.1(1), 16.1(5), and 16.1(6) for a regional transmission project eligible for potential selection in a regional transmission plan for RCAP within the sixty (60) day window established in Section 16.3. Provided that the proposal complies with those requirements, the Transmission Provider will make information describing the proposal available on the Regional Planning Website. The entity proposing the transmission project should coordinate with a transmission developer (either

incumbent or nonincumbent) to have the developer submit the remaining information and materials required by Section 16. A pre-qualified transmission developer, should it decide to proceed, must submit the materials required by Section 16 within the sixty (60) day window established in Section 16.3 in order for the proposed transmission project to be considered for selection in a regional transmission plan for RCAP. If such a transmission project has not been so submitted within the sixty (60) day window established in Section 16.3, then the Transmission Provider may treat the project as a Stakeholder-proposed transmission project alternative pursuant to Section 3.5.3.

**1617. Evaluation and Potential Selection of Proposals for Selection in a Regional Transmission Plan for RCAP**

**16.17.1** **Potential Transmission Projects Seeking RCAP Will be Evaluated in the Normal Course of the Transmission Planning Process:** During the course of the then-current transmission expansion planning cycle (and thereby in conjunction with other system enhancements under consideration in the transmission planning process), the Transmission Provider will evaluate current Transmission Needs and assess alternatives to address current needs including the potential transmission projects proposed for possible selection in a regional transmission plan for RCAP by transmission developers consistent with the regional evaluation process described in Section 11. Such evaluation will be in accordance with, and subject to (among other things), state law pertaining to transmission ownership, siting, and construction. Utilizing coordinated models and assumptions, the Transmission Provider will perform analyses, including

power flow, dynamic, and short circuit analyses, as necessary and, applying its planning guidelines and criteria to evaluate submittals—and, determine whether, throughout the ten (10) year planning horizon:

1. The proposed transmission project addresses an underlying ~~†~~Transmission ~~‡~~Need(s);
2. The proposed transmission project addresses ~~†~~Transmission ~~‡~~Needs that are currently being addressed with projects in the transmission planning process and if so, which projects could be displaced (consistent with the reevaluation of the projects included in a regional transmission plan as described in Section 19) by the proposed transmission project;<sup>12</sup> including:
  - transmission projects in the Transmission Provider’s ten (10) year transmission expansion plan,
  - transmission projects in the regional transmission plan, including those currently under consideration and/or selected for RCAP;
3. The proposed transmission project addresses a Transmission Need(s) for which no transmission project is currently included in the latest ten (10) year expansion plans and/or regional transmission plan. If so, the Transmission Provider will identify an alternative transmission project(s) which would be required to fully and appropriately address the same Transmission Need(s) (e.g., otherwise considered to be the more efficient or cost effective transmission alternative);
34. Any additional projects that would be required to implement the proposed transmission project-;
5. The proposed transmission project reduces and/or increases real power transmission losses on the transmission system within the SERTP region.

Previous analysis may be used, either in part or in whole, if applicable to the evaluation of the proposed regional transmission project.

Stakeholders may provide input into the evaluation of RCAP proposals throughout the SERTP process consistent with Section 3.5.3.

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<sup>12</sup>~~Entities that are identified to potentially have one or more of their planned transmission projects displaced by the transmission developer’s potential transmission project for possible selection in a regional plan for RCAP shall be referred to as “Beneficiaries.”~~



## **16.217.2 Transmission Benefit-to-Cost Analysis Based Upon Planning Level**

### **Cost Estimates**

**16.217.2.1** Based upon the evaluation outlined in Section ~~16.1~~17.1, the Transmission Provider will assess whether the ~~proposed~~transmission developer's transmission project ~~seeking~~proposed for potential selection in a regional ~~transmission~~ plan for RCAP is considered at that point in time to yield meaningful, net regional benefits. Specifically, the proposed transmission project should yield a regional transmission benefit-to-cost ratio of at least 1.25 and no individual Impacted Utility should incur increased, unmitigated transmission costs.<sup>13</sup>

a1. The benefit used in this calculation ~~will be quantified by the transmission costs that the Beneficiaries would avoid due to their transmission for~~ purposes ~~being displaced by~~of assessing the transmission developer's proposed transmission project; ~~will be quantified by the Beneficiaries' total cost savings in the SERTP region associated with:~~

A. ~~All transmission projects in the ten (10) year transmission expansion plan which would be displaced, as identified pursuant to Section 17.1;~~

B. ~~All regional transmission projects included in the regional transmission plan which would be displaced, as identified pursuant to Section 17.1 and to the extent no overlap exists with those transmission projects identified as displaceable in the Transmission Provider's ten (10) year transmission expansion plan. This includes transmission projects currently selected in the regional transmission plan for RCAP; and~~

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<sup>13</sup> An entity would incur increased, unmitigated transmission costs should it incur more costs than displaced benefits and not be compensated/made whole for those additional costs. For purposes of this Attachment M, the terms "Impacted Utilities" shall mean: i) the Beneficiaries identified ~~for~~in the evaluation of the proposed transmission project and ii) any entity identified in this Section ~~16.2.1~~17.2.1 to potentially have increased costs ~~on its transmission system located in the SERTP region~~ in order to implement the proposal.

C. All alternative transmission project(s), as determined pursuant to Section 17.1 that would be required in lieu of the proposed regional transmission project, if the proposed regional transmission project addresses a Transmission Need for which no transmission project is included in the latest ten (10) year expansion plan and/or regional transmission plan.

b2. The cost used in this calculation will be quantified by the transmission cost ~~of~~within the SERTP region associated with:

A. The project proposed for selection in a regional transmission plan for RCAP ~~plus the transmission costs of any additional projects required to implement the proposal;~~ and

B. Any additional projects within the SERTP region on Impacted Utility transmission systems required to implement the proposal as identified pursuant to Section 17.1.

C. For interregional transmission projects proposed for purposes of cost allocation between the SERTP and a neighboring region(s), the cost used in this calculation will be quantified by the transmission cost of the project multiplied by the allocation of the transmission project's costs (expressed as a fraction) to the SERTP region, as specified in the applicable interregional cost allocation procedures, plus the transmission costs of any additional projects ~~located~~ within the SERTP region on Impacted Utility transmission systems required to implement the proposal as identified pursuant to Section 17.1.

3. If the initial BTC calculation results in a ratio equal to or greater than 1.0, then the Transmission Provider will calculate the estimated change in real power transmission losses on the transmission system(s) of Impacted Utilities located in the SERTP. In that circumstance, an updated BTC ratio will be calculated consistent with Section 17.2 in which:

A. The cost savings associated with a calculated reduction of real power energy losses on the transmission system(s) will be added to the benefit; and

B. The cost increase associated with a calculated increase of real power energy losses on the transmission system(s) will be added to the cost.

e. 17.2.2 The Transmission Provider will develop planning level cost estimates for use in determining the regional benefit-to-cost ratio. Detailed engineering estimates may be used if available.

17.2.3 The cost savings and/or increase associated with real power losses on the transmission system(s) within the SERTP region with the implementation of the proposed regional transmission project will be estimated for each Impacted Utility throughout the ten (10) year transmission planning horizon as follows:

- The Transmission Provider will utilize power flow models to determine the change in real power losses on the transmission system at estimated average load levels.
- The Transmission Provider will estimate the energy savings associated with the change in real power losses utilizing historical or forecasted data that is publicly available (e.g., FERC Form 714).

~~16.2.2~~17.2.4 For potential transmission projects found to satisfy the foregoing benefit-to-cost analysis, ~~the Transmission Provider and~~ the Impacted Utilities will then consult with the transmission developer of that project to establish a schedule ~~reflecting the expected in-service date of the project for~~ for the following activities: 1) the transmission developer ~~to~~ providing detailed financial terms for its proposed project ~~that are acceptable to each Beneficiary~~ and 2) the proposed transmission project to ~~receive approval for selection in a regional plan for RCAP from~~ be reviewed by the jurisdictional and/or governance authorities of the

Impacted Utilities: pursuant to Section 17.4 for potential selection in a regional transmission plan for RCAP.<sup>14</sup>

**16.317.3 The Transmission Developer to Provide More Detailed Financial Terms Acceptable to the Beneficiaries and the Performance of a Detailed – Transmission ~~Benefit-to-Cost~~Benefit-to-Cost Analysis:**

17.3.1 By the date specified in the schedule established in Section ~~16.2.2~~17.2.4,

<sup>14</sup>-the transmission developer shall identify the detailed financial terms for its proposed project, establishing in detail: (a1) the total cost to be allocated to the Beneficiaries if the proposal were to be selected in a regional transmission plan for RCAP, and (b2) the components that comprise that cost, such as the costs of:

- a.1 Engineering, procurement, and construction consistent with Good Utility Practice and standards and specifications acceptable to the Transmission Provider,
- b.2 Financing costs, required rates of return, and any and all incentive-based (including performance based) rate treatments,
- e.3 Ongoing operations and maintenance of the proposed transmission project,
- d.4 Provisions for restoration, spare equipment and materials, and emergency repairs, and

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<sup>14</sup> The schedule established in accordance with Section 17.2.4 will reflect considerations such as the timing of those Transmission Needs the regional project may address as well as the lead-times of the regional project, transmission projects that must be implemented in support of the regional project, and projects that may be displaced by the regional project. This schedule may be revised by the Transmission Provider and the Impacted Utilities, in consultation with the transmission developer, as appropriate to address, for example, changes in circumstances and/or underlying assumptions.

<sup>14</sup> ~~The schedule established in accordance with Section 16.2.2 will reflect considerations such as the timing of those transmission needs the regional project may address as well as the lead times of the regional project, transmission projects that must be implemented in support of the regional project, and projects that may be displaced by the regional project. This schedule may be revised by the Transmission Provider and the Impacted Utilities, in consultation with the transmission developer, as appropriate to address, for example, changes in circumstances and/or underlying assumptions.~~

e. Any applicable local, state, or federal taxes.

17.3.2 To determine whether the proposed project is considered at that time to remain a more efficient ~~and~~or cost effective alternative, the Transmission Provider will then perform a more detailed 1.25 transmission benefit-to-cost analysis consistent with that performed pursuant to Section ~~16.2.1~~17.2.1. This more detailed transmission benefit-to-cost analysis will be based upon the detailed financial terms provided by the transmission developer, as may be modified by agreement of the transmission developer and Beneficiary(ies), and any additional, updated, and/or more detailed transmission planning, cost or benefit information/component(s) as provided by the Impacted Utilities that are applicable to/available for the proposed transmission project, the projects that would be displaced, ~~and~~ any additional projects required to implement the proposal and real power transmission loss impacts.<sup>15</sup>

17.3.3 To provide for an equitable comparison, the costs of the transmission projects that would be displaced and/or required to be implemented in such a detailed benefit-to-cost analysis will include comparable cost components as provided in the proposed project's detailed financial terms (and vice-versa), as applicable. The cost components of the transmission projects that would be displaced will be provided by the Transmission Provider and/or other Impacted Utilities who would own the displaced

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<sup>15</sup> The performance of this updated, detailed benefit-to-cost analysis might identify different Beneficiaries and/or Impacted Utilities than that identified in the initial benefit-to-cost analysis performed in accordance with Section ~~16.2.1~~17.2.1.

transmission project. The cost components of the proposed transmission project and of the transmission projects that would be displaced will be reviewed and scrutinized in a comparable manner in performing the detailed benefit to cost analysis.

**16.4**17.4 **Jurisdictional and/or Governance Authority ~~Approval and Selection~~**

~~for RCAP: The project will be selected for RCAP in the then current iteration of the regional plan for purposes of Order No. 1000, subject to the provisions of Section 18, if: (i) the detailed financial terms provided in accordance with Section 16.3, as may be modified by agreement of the transmission developer and Beneficiary(ies), are acceptable to each Beneficiary; (ii)~~ Review: Should the proposed transmission project ~~is~~be found to satisfy the more detailed benefit-to-cost analysis specified in Section 16.3; ~~and (iii) if approval is obtained from all of the~~ 17.3, the state jurisdictional and/or governance authorities of the Impacted Utilities ~~by the date specified in the schedule adopted in accordance with Section 16.2.2.~~ <sup>16</sup>~~If obtaining~~ will be provided an opportunity to review the transmission project proposal and otherwise consult, collaborate, inform, and/or provide recommendations to the Transmission Provider. The recommendations will inform the Transmission Provider's selection decision for purposes of Section 17.5, and such a recommendation and/or selection of a project for inclusion in a regional transmission plan for RCAP shall not prejudice the state jurisdictional

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<sup>16</sup> ~~Being selected for RCAP in the then current iteration of a regional plan only provides how the costs of the transmission project may be allocated in Commission approved rates should the project be built. Being selected in a regional plan for RCAP provides no rights with regard to siting, construction, or ownership. The transmission developer must obtain all requisite approvals to site and build its transmission project. A transmission project may be removed from the selected category in a regional plan for RCAP in accordance with the provisions of Sections 15.4, 18 and 19.~~

and/or governance authority's (authorities ~~approval requires a modification of the detailed financial terms found acceptable in Section 16.3, and both the transmission developer and the Beneficiary(ies) agree to the modification, then the modified detailed financial terms shall be the basis for the regional cost allocation for purposes of the project.~~) exercise of any and all rights granted to them pursuant to state or Federal law with regard to any project evaluated and/or selected for RCAP that falls within such authority's (authorities') jurisdiction(s).

**17.5 Selection of a Proposed Transmission Project for RCAP:** The Transmission Provider will select a transmission project (proposed for RCAP) for inclusion in the regional transmission plan for RCAP for the then-current planning cycle if the Transmission Provider determines that the project is a more efficient or cost effective transmission project as compared to other alternatives to reliably address Transmission Need(s).<sup>16</sup> Factors considered in this determination include:

- Whether the project meets or exceeds the detailed benefit-to-cost analysis performed pursuant to Section 17.3. Such detailed benefit-to-cost analysis may be reassessed, as appropriate, based upon the then-current Beneficiaries and to otherwise reflect additional, updated, and/or more detailed transmission planning, cost or benefit information/component(s) that are applicable to/available for the proposed transmission project, the projects that would be displaced, any additional projects required to implement the proposal and real power transmission loss impacts;
- Any recommendation provided by state jurisdictional and/or governance authorities in accordance with Section 17.4 including whether the transmission developer is considered reasonably able to construct the transmission project in the proposed jurisdiction(s);

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<sup>16</sup> Being selected for RCAP in the then-current iteration of a regional transmission plan only provides how the costs of the transmission project may be allocated in Commission-approved rates should the project be built. Being selected in a regional transmission plan for RCAP provides no rights with regard to siting, construction, or ownership. The transmission developer must obtain all requisite approvals to site and build its transmission project. A transmission project may be removed from being selected in a regional transmission plan for RCAP in accordance with the provisions of Sections 16.4, 19, 20, 21 and 20.

- Whether, based on the stages of project development provided by the transmission developer in accordance with Section 16.1 and as otherwise may be updated, the transmission developer should be considered reasonably able to acquire the necessary rights-of-way (“ROW”);
- Whether, based on the timing for the identified Transmission Need(s) and the stages of project development provided by the transmission developer in accordance with Section 16.1 and as otherwise may be updated, the transmission developer is considered to be reasonably able to construct and tie the proposed transmission project into the transmission system by the required in-service date;
- Whether it is reasonably expected that the Impacted Utilities will be able to construct and tie-in any additional facilities on their systems located within the SERTP region that are necessary to reliably implement the proposed transmission project; and
- Any updated qualification information regarding the transmission developer’s finances or technical expertise, as detailed in Section 14.

The Transmission Provider will post on the Regional Planning Website its determination regarding whether a proposed project will be selected for inclusion in the regional transmission plan for RCAP for that transmission planning cycle.

The Transmission Provider will document its determination in sufficient detail for Stakeholders to understand why a particular project was selected or not selected for RCAP and will make this supporting documentation available to the transmission developer or Stakeholders, subject to any applicable confidentiality requirements.

## 18. Cost Allocation to the Beneficiaries

~~17. Cost Allocation Methodology Based Upon Avoided Transmission Costs:~~ If a regional transmission project is selected in a regional transmission plan for RCAP in accordance with Section ~~16.4~~17.5 and then constructed and placed into service, the Beneficiaries ~~identified in the detailed benefit to cost analysis performed in Section 16.3 to potentially have one or more of their planned transmission projects displaced by the transmission~~



~~developer's potential transmission project for RCAP~~ will be allocated the regional transmission project's costs ~~in proportion to their respective displaced transmission costs as found acceptable~~ based upon their cost savings calculated in accordance with Sections ~~16.3~~ 17.3 and ~~16.4~~ associated with:

1. The displacement of one or more of the transmission projects previously included in their ten (10) year transmission expansion plan.
2. The displacement of one or more regional transmission projects previously included in the regional transmission plan.
3. Any alternative transmission project(s) that would be required in lieu of the regional transmission project, if the proposed regional transmission project addresses a Transmission Need for which no transmission project is included in the latest ten (10) year expansion plan and/or regional transmission plan.
4. The reduction of real power transmission losses on their transmission system.

**19. On-Going Evaluations of the Regional Transmission Plan:**

**~~18. On-Going Evaluations of Proposed Projects:~~** 19.1 In order to ensure that the Transmission Provider can efficiently and cost effectively meet its respective reliability, duty to serve, and cost of service obligations, and to ensure that the proposed transmission project ~~actually proves to be~~ remains the more efficient ~~and/or~~ cost effective alternative, the Transmission Provider will continue to reevaluate ~~a proposed transmission project, including any such projects that are being considered for potential selection in a~~ the regional ~~plan for RCAP and any transmission projects that may have been selected in a regional plan for RCAP~~ plan throughout the then-current planning cycle and in subsequent cycles. This continued reevaluation will assess ~~then current transmission needs and determine whether the proposed transmission project continues to be needed and~~

~~is more efficient and cost effective compared to alternatives as assessed,~~ in subsequent expansion planning processes that reflect ongoing changes in actual and forecasted conditions. the then-current Transmission Needs and determine whether transmission projects included in the regional transmission plan (i) continue to be needed and (ii) are more efficient or cost effective as compared to alternatives.

- These on-going assessments will include reassessing transmission projects that have been selected in the regional transmission plan for RCAP and any projects that are being considered for potential selection in a regional transmission plan for RCAP.

**19.2** Even though a ~~proposed~~ transmission project may have been selected in a regional transmission plan for RCAP in an earlier regional transmission plan, if it is determined that the ~~proposed~~ transmission project is no longer needed and/or it is no longer more efficient ~~and/or~~ cost effective than alternatives, then the Transmission Provider may notify the transmission developer and remove the proposed project from ~~the being~~ selected ~~category~~ in a regional transmission plan for RCAP. **Reevaluation**

**19.3** The cost allocation of a regional transmission project selected in a regional transmission plan for RCAP that remains selected in the regional transmission plan for RCAP may be modified in subsequent planning cycles based upon:

1. The then-current determination of benefits (calculated consistent with Section 17.3).
2. Cost allocation modifications as mutually agreed by the Beneficiaries, or
3. Cost modifications, as found acceptable by both the transmission developer and the Beneficiary(ies).

~~will occur~~ 19.4 The reevaluation of the regional transmission plan will include the reevaluation of a particular transmission project included in the regional transmission plan until it is no longer reasonably feasible to replace the proposed transmission project as a result of the proposed transmission project being in a material stage of construction and/or if it is no longer considered reasonably feasible for an alternative transmission project to be placed in service in time to address the underlying ~~†~~Transmission ~~‡~~Need(s) the proposed project is intended to address.

20. Delay or Abandonment

~~19.20.1~~ ~~Delay or Abandonment:~~ The transmission developer shall promptly notify the Transmission Provider should any material changes or delays be encountered in the development of a potential transmission project selected in a regional transmission plan for RCAP. As part of the Transmission Provider's ongoing transmission planning efforts, the Transmission Provider will assess whether alternative transmission solutions may be required in addition to, or in place of, a potential transmission project selected in a regional transmission plan for RCAP due to the delay in its development or abandonment of the project. ~~In this regard, the transmission developer shall promptly notify the Transmission Provider should any material changes or delays be encountered in the development of the~~ The identification and evaluation of potential transmission project. ~~If, due to such delay or abandonment,~~ alternative solutions may include transmission project alternatives identified by the Transmission Provider to include in the ten (10) year transmission expansion plan. Furthermore, nothing

precludes the Transmission Provider ~~determines that a project~~from proposing such alternatives for potential ~~selection~~edion in a regional transmission plan for RCAP ~~no longer adequately addresses underlying transmission needs and/or no longer remains more efficient and cost effective, then the Transmission Provider may remove the project from being selected in a regional plan for RCAP and proceed with seeking appropriate solution(s). If removed from being selected in a regional plan for RCAP due to delay or abandonment by the transmission developer, then the transmission developer shall be responsible for, at a minimum, any increased costs to the Impacted Utilities due to any such delay or abandonment.~~pursuant to Section 16.

20.2 Based upon the alternative transmission projects identified in such on-going transmission planning efforts, the Transmission Provider will evaluate the transmission project alternatives consistent with the regional planning process. The Transmission Provider will remove a delayed project from being selected in a regional transmission plan for RCAP if the project no longer:

1. Adequately addresses underlying Transmission Needs by the required Transmission Need dates; and/or
2. Remains more efficient or cost effective based upon a reevaluation of the detailed benefit-to-cost calculation. The BTC calculation will factor in any additional transmission solutions required to implement the proposal (e.g., temporary fixes) and will also compare the project to identified transmission project alternatives.

20.3 Without limiting the Impacted Utilities' other rights and remedies, if a transmission developer's delay or abandonment of a project leads to damages or increased costs to the Impacted Utilities or their customers, and if that delay or

abandonment is not otherwise excused by the Impacted Utilities, then the transmission developer shall be responsible for and pay to the Impacted Utilities, upon demand, all damages, costs, and/or expenses incurred or reasonably expected to be incurred by the Impacted Utilities or their customers due or attributable to any such delay or abandonment, including, without limitation:

1. damages, increased costs, and/or expenses to the Impacted Utilities incurred or reasonably expected to be incurred by having someone other than the transmission developer complete the transmission project;
2. damages, increased costs, and/or expenses to the Impacted Utilities incurred or reasonably expected to be incurred in order to pursue, and/or complete, alternative solutions to address the underlying transmission need(s);
3. damages, costs, and/or expenses to the Impacted Utilities for abandoned plant costs that the Impacted Utilities incurred or reasonably expected to be incurred due to the transmission developer's delay or abandonment;
4. damages, increased costs, and/or expenses to the Impacted Utilities incurred or reasonably expected to be incurred due to the implementation of operational remedies and measures attributable to the transmission developer's delay or abandonment;
5. financing, labor, equipment and capital costs incurred or reasonably expected to be incurred to implement interim and alternative solutions; and
6. any other documentable damages, increased costs, expenses, penalties, and/or fines to the Impacted Utilities incurred or reasonably expected to be incurred attributable to the transmission developer's delay or abandonment;

Eligible Developer Collateral provided pursuant to Section 22 will, among other things, secure and support the transmission developer's payment obligations to the Beneficiaries under this Section 20.3.

**2021. Milestones of Required Steps Necessary to Maintain Status as Being Selected for RCAP:**

21.1 Once a regional transmission project is selected in a regional transmission plan for RCAP, the transmission developer must submit a development schedule to the Transmission Provider and the Impacted Utilities that establishes the milestones, by which the necessary steps to develop and construct the transmission project must occur. These milestones include ing (to the extent not already accomplished) obtaining all necessary ROWs and requisite environmental, state, and other governmental approvals ~~and executing a mutually agreed upon contract(s) with the Beneficiaries, by which the.~~ A development schedule will also need to be established for any additional projects by Impacted Utilities that are determined necessary steps to develop and construct integrate the transmission projects must occur selected in a regional transmission plan for RCAP. The schedule and milestones must be satisfactory to the Transmission Provider and the Impacted Utilities. ~~In addition, the Transmission Provider and the Impacted Utilities will also determine the security/collateral arrangements for the proposed project and the deadline(s) by which they must be provided.~~<sup>17</sup> -

21.2 In addition, the Beneficiaries will also determine and establish the deadline(s) by which the transmission developer must provide security/collateral for the proposed project that has been selected in a regional transmission plan for RCAP to the Beneficiaries or otherwise satisfy requisite creditworthiness requirements. The security/collateral/creditworthiness requirements shall be as described or referenced in Section 22.

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<sup>17</sup> ~~Satisfying the minimum, financial criteria specified in Section 13.1.2 alone in order to be eligible propose a project for RCAP will not satisfy this security/collateral requirement.~~

21.3 If such critical steps are not met by the specified milestones and then afterwards maintained, then the Transmission Provider may remove the project from ~~the~~being selected ~~category~~ in a regional transmission plan for RCAP.

22. Credit and Security Requirements to Protect the Beneficiaries Against Delay or Abandonment of a Transmission Project Selected in a Regional Transmission Plan for RCAP

22.1 Demonstration of Financial Strength: In order for a project to be selected and remain selected in a regional transmission plan for RCAP, the transmission developer must satisfy the following:

22.1.1 Consistent with Sections 14.1 and 16.5.3, the transmission developer for such project or its parent company providing the Beneficiaries with a parent guaranty (“Parent Guarantor”) must have and maintain a Credit Rating of BBB- (or equivalent) or better from one or more of the Rating Agencies and not have or obtain less than any such Credit Rating by any of the Rating Agencies, or the transmission developer must be Unrated and have and maintain a Rating Equivalent of BBB- or better.

22.1.2 In addition to the requirements of Section 22.1.1, the transmission developer must satisfy one of the following by and at all times after the deadline established pursuant to Section 21.2:

1. The transmission developer must (i) have and maintain a Credit Rating of BBB+ (or equivalent) or better from one or more of the Rating Agencies and not have or obtain less than any such Credit Rating by any of the Rating Agencies or (ii) be Unrated and have and maintain a Rating Equivalent of BBB+ or better; or
2. The transmission developer must provide to and maintain with the Beneficiaries Eligible Developer Collateral (as defined in Section 22.4

below) in an amount equal to the total cost of the transmission developer's projects selected in a regional transmission plan for RCAP.

## 22.2 **Limitation of Exposure**

22.2.1 Notwithstanding the foregoing, the Beneficiaries may limit their exposure with respect to transmission projects selected in a regional transmission plan being developed by a transmission developer satisfying the requirements of item 1 of Section 22.1.2 above if the aggregate costs of such projects are at any time in excess of the lesser of (a) 10% of the transmission developer's Tangible Net Worth if the transmission developer has a Tangible Net Worth of less than one billion dollars or (b) two hundred fifty million dollars (the "Cap"). In such event, the transmission developer must provide to and maintain with the Beneficiaries Eligible Developer Collateral in a dollar amount not less than the amount by which the aggregate costs of such projects exceed the Cap. Each transmission developer will provide and update the Beneficiaries with such information as is necessary to establish and confirm the transmission developer's Tangible Net Worth. For purposes hereof, "Tangible Net Worth" shall be equal to the relevant entity's total equity minus its intangible assets and also minus its goodwill.

22.2.2 Notwithstanding the foregoing, the Beneficiaries may limit their exposure with respect to transmission projects selected in a regional transmission plan being developed by a transmission developer or its affiliates who are satisfying the requirements of item 2 of Section 22.1.2 or 22.2.1 above by



providing and maintaining a Developer Parent Guaranty (as defined in Section 22.4 below) if the aggregate costs of such projects are at any time in excess of the lesser of (a) 10% of the Parent Guarantor's Tangible Net Worth if such Parent Guarantor has a Tangible Net Worth of less than one billion dollars or (b) two hundred fifty million dollars (the "Guarantor Cap"). In such event, the transmission developer must provide to and maintain with the Beneficiaries an acceptable Irrevocable Letter of Credit in a dollar amount not less than the amount by which the aggregate costs of such projects exceed the Guarantor Cap. Each transmission developer will provide and update the Beneficiaries with such information as is necessary to establish and confirm the Parent Guarantor's Tangible Net Worth.

### 22.3 Credit Evaluation/Updates:

~~21.22.3.1~~ ~~Mutually Agreed Upon Contract(s) Between the~~ On at least an annual basis, a Transmission Developer ~~and the Beneficiaries: The contract(s) referenced in Section 20 will address terms and conditions associated with the development of the proposed~~ with a transmission project selected in a regional transmission plan for RCAP, ~~including:~~ will provide the Beneficiaries with an updated completed application and the updated information described in Section 14.1.

~~1.22.3.2~~ ~~The specific~~ On at least an annual basis, or more often if there is a Material Adverse Change in the financial ~~terms/specific total amounts to be~~ condition and/or a relevant ~~changed by~~ in the Tangible Net Worth of the

transmission developer ~~for the regional~~ or its Parent Guarantor or if there are issues or changes regarding a transmission project to the Beneficiaries, as agreed to by the parties, may review the Credit Rating and review and update the Rating Equivalent, Cap, Guarantor Cap and Eligible Developer Collateral requirements for said transmission developer. In the event said transmission developer is required to provide additional Eligible Developer Collateral as a result of the Beneficiaries' review/update, the Beneficiaries will notify the transmission developer and such additional Eligible Developer Collateral must be provided within five (5) business days of such notice, all in amount and form approved by the Beneficiaries.

**22.4 Eligible Developer Collateral:** Acceptable forms of eligible collateral meeting the requirements referenced below and the Beneficiaries' approval (the "Eligible Developer Collateral") may be either in the form of an irrevocable letter of credit ("Irrevocable Letter of Credit") or parent guaranty issued by a Parent Guarantor who has and maintains a Credit Rating of BBB+ (or equivalent) or better from one or more of the Rating Agencies and does not have or obtain less than any such Credit Rating by any of the Rating Agencies ("Developer Parent Guaranty"). Acceptable forms of Eligible Developer Collateral and related requirements and practices will be posted and updated on the Regional Planning Website and/or provided to the relevant transmission developer directly.

**22.4.1** Each Beneficiary may require an Irrevocable Letter of Credit to be issued to it in a dollar amount equal to the percentage of the costs of a

transmission developer's transmission projects allocated or proposed to be allocated to it ("Percentage") multiplied by the aggregate dollar amount of all Irrevocable Letters of Credit constituting or to constitute Eligible Developer Collateral for such transmission projects.

**22.4.2** Each Beneficiary may require a Developer Parent Guaranty to be issued to it in a dollar amount equal to its Percentage multiplied by the aggregate dollar amount of all Developer Parent Guaranties constituting or to constitute Eligible Developer Collateral for such transmission projects.

**22.4.2.1** A transmission developer supplying a Developer Parent Guaranty must provide and continue to provide the same information regarding the Parent Guarantor as is required of a transmission developer, including rating information, financial statements and related information, references, litigation information and other disclosures, as applicable.

**22.4.2.2** All costs associated with obtaining and maintaining Irrevocable Letters of Credit and/or Developer Parent Guaranties and meeting the requirements of this Section 22 are the responsibility of the transmission developer.

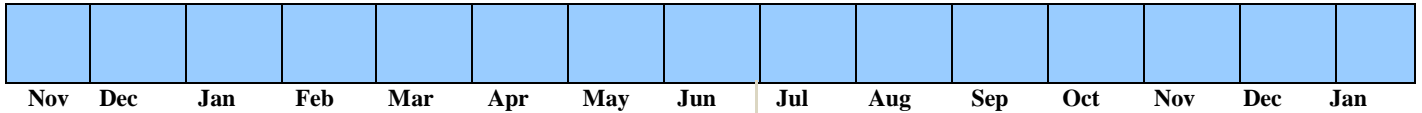
**22.4.2.3** The Beneficiaries reserve the right to deny, reject, or terminate acceptance and acceptability of any Irrevocable Letter of Credit or any Developer Parent Guaranty as Eligible Developer Collateral at any time for reasonable cause, including the occurrence of a Material Adverse Change or other change in

circumstances.

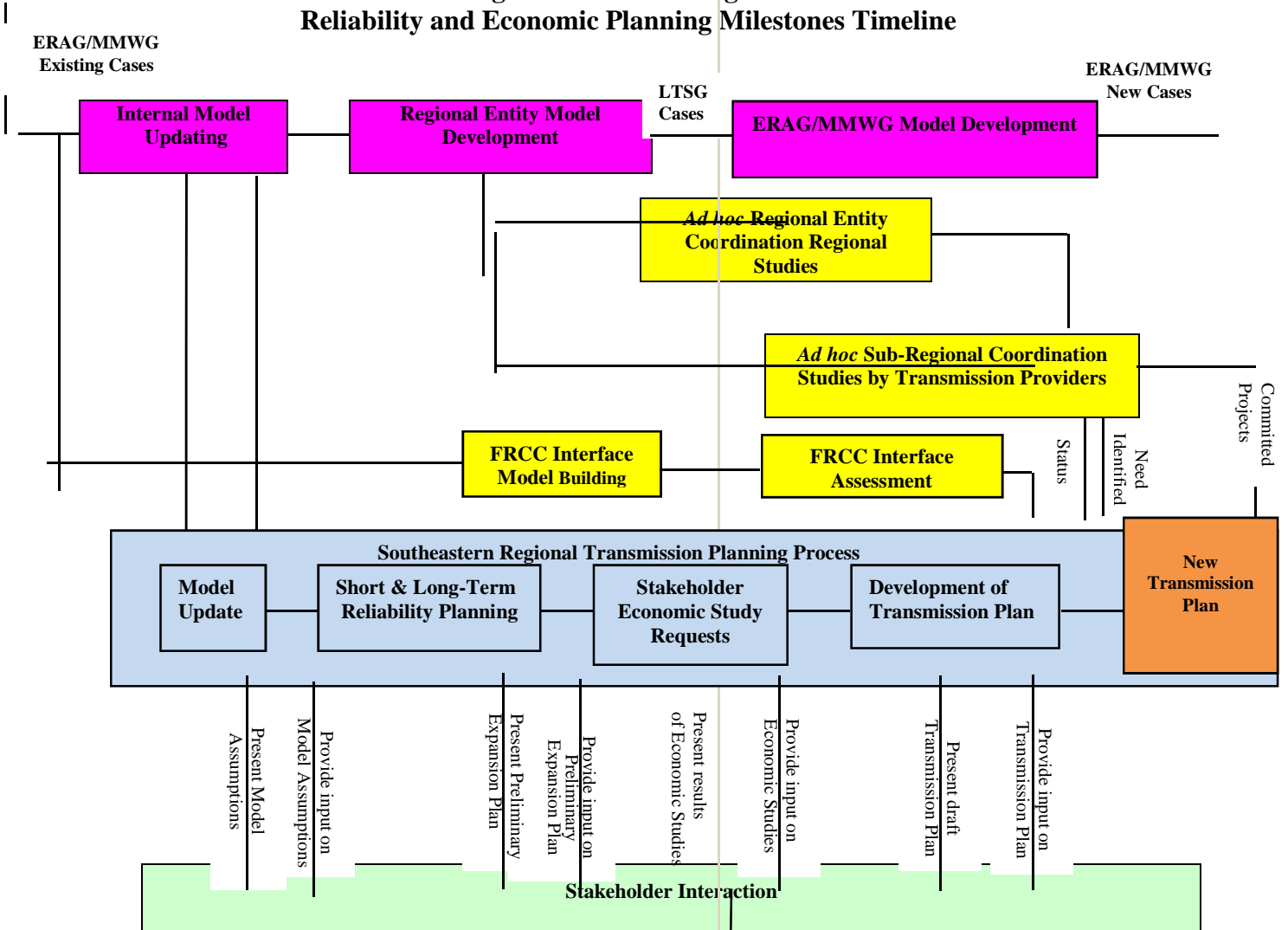
**22.5 Cure Periods/Default:** If a transmission developer fails to comply with the requirements of this Section 22 and such failure is not cured within ten (10) business days after its initial occurrence, the Beneficiaries may declare such transmission developer to be in default hereunder and/or the Beneficiaries may, without limiting their other rights and remedies, revise the Cap, Guarantor Cap and Eligible Developer Collateral requirements; further, if such failure is not cured within an additional ten (10) business days, the Beneficiaries may, without limiting their other rights and remedies, immediately remove any or all of the transmission developer's projects from consideration for potential selection in the regional transmission plan for RCAP and, if previously selected, from being selected in a regional transmission plan for RCAP, as applicable.

- ~~2. The contracting Beneficiary's(ies') allocation of the costs of the aforementioned regional facility;~~
- ~~3. Creditworthiness/project security requirements;~~
- ~~4. Operational control of the regional transmission project;~~
- ~~5. Milestone reporting, including schedule of projected expenditures;~~
- ~~6. Engineering, procurement, construction, maintenance, and operation of the proposed regional transmission project;~~
- ~~7. Emergency restoration and repair responsibilities;~~
- ~~8. Reevaluation of the regional transmission project, and~~
- ~~9. Non-performance or abandonment.~~

# Exhibit M-1



## Regional and Inter-Regional Reliability and Economic Planning Milestones Timeline



## **ATTACHMENT M-6**

### **Transmission Providers Enrolled in the SERTP**

Subject to the provisions of Section 13 of this Attachment M, the following transmission providers and transmission owners are enrolled in the SERTP as of the effective date of this tariff record:

- Associated Electric Cooperative, Inc.
- Dalton Utilities
- Duke Energy Carolinas, LLC and Duke Energy Progress, Inc.
- Kentucky Utilities Company and Louisville Gas and Electric Company
- The Municipal Electric Authority of Georgia
- Ohio Valley Electric Corporation, including its wholly owned subsidiary Indiana-Kentucky Electric Corporation
- PowerSouth Energy Cooperative
- Southern Company Services, Inc., as agent for Alabama Power Company, Georgia Power Company, Gulf Power Company, and Mississippi Power Company
- The Tennessee Valley Authority

## I. COMMON SERVICE PROVISIONS

### 1. Definitions

- 1.1 Affiliate:** With Respect to a Corporation, Partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.
- 1.2 Ancillary Service:** Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Providers Transmission System in accordance with Good Utility Practice.
- 1.3 Annual Transmission Costs:** The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H until amended by the Transmission Provider or modified by the Commission.
- 1.4 Application:** A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.
- 1.5 Commission:** The Federal Energy Regulatory Commission.
- 1.6 Completed Application:** An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.
- 1.7 Control Area:** An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:
- (1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
  - (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
  - (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
  - (4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.
- 1.8 Curtailment:** A reduction in firm or non-firm transmission service in response to a transfer capability shortage as a result of system reliability conditions.

- 1.9 Delivering Party:** The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.
- 1.10 Designated Agent:** Any entity that performs actions or functions on behalf of the Transmission Provider, an Eligible Customer, or the Transmission Customer required under the Tariff.
- 1.11 Direct Assignment Facilities:** Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.
- 1.12 Eligible Customer:**
- (i) Any electric utility including the Transmission Provider and any power marketer, Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider offer the unbundled transmission service, or pursuant to voluntary offer of such service by the Transmission Provider.
  - (i) Any retail customer taking unbundled Transmission Service pursuant to a state requirement that the Transmission Provider offer the transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider, is an Eligible Customer under the Tariff.
- 1.13 Facilities Study:** An engineering study conducted by the Transmission Provider to determine the required modifications to the Transmission Providers Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service.
- 1.14 Firm Point-to-Point Transmission Service:** Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.
- 1.15 Good Utility Practice:** Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time as the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices,



methods, or acts generally accepted in the region, including those practices required by Federal Power Act section 215(a)(4).

- 1.16 Interruption:** A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.
- 1.17 Load Ratio Share:** Ratio of a Transmission Customers Network Load to the Transmission Providers total load computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III of the Tariff and calculated on a rolling twelve month basis.
- 1.18 Load Shedding:** The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.
- 1.19 Long-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.
- 1.20 Native Load Customers:** The wholesale and retail power customers of the Transmission Provider on whose behalf the Transmission Provider, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate the Transmission Provider's system to meet the reliable electric needs of such customers.
- 1.21 Network Customer:** An entity receiving transmission service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Part III of the Tariff.
- 1.22 Network Integration Transmission Service:** The transmission service provided under Part III of the Tariff.
- 1.23 Network Load:** The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where a Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.
- 1.24 Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.

- 1.25 Network Operating Committee:** A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.
- 1.26 Network Resource:** Any designated generating resource owned, purchased or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program.
- 1.27 Network Upgrades:** Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System.
- 1.28 Non-Firm Point-To-Point Transmission Service:** Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a standalone basis for periods ranging from one hour to one month.
- 1.29 Non-Firm Sale:** An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.
- 1.30 Open Access Same-Time Information System (OASIS):** The information system contained in Part 37 of the Commissions regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.
- 1.31 Part I:** Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.
- 1.32 Part II:** Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
- 1.33 Part III:** Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
- 1.34 Parties:** The Transmission Provider and the Transmission Customer receiving service under the Tariff.
- 1.35 Point(s) of Delivery:** Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will

be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

- 1.36 Point(s) of Receipt:** Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.
- 1.37 Point-To-Point Transmission Service:** The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.
- 1.38 Power Purchaser:** The entity that is purchasing the capacity and energy to be transmitted under the Tariff.
- 1.39 Pre - Confirmed Application:** An Application that commits the Eligible Customer to execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.
- 1.40 Receiving Party:** The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.
- 1.41 Regional Transmission Group (RTG):** A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.
- 1.42 Reserved Capacity:** The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.
- 1.43 Service Agreement:** The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.
- 1.44 Service Commencement Date:** The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.
- 1.45 Short-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.

- 1.46 Stakeholder:** Any party interested in the Southeastern Regional Transmission Planning Process, including but not limited to transmission and interconnection customers, generation owners/development companies, developers of alternative resources, or state commissions.
- 1.47 System Condition:** A specified condition on the Transmission Providers system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the curtailment priority pursuant to section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.
- 1.48 System Impact Study:** An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.
- 1.49 Third-Party Sale:** Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.
- 1.50 Transmission Customer:** Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission, a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff.
- 1.51 Transmission Provider:** The public utility (or its Designated Agent) that owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff.
- 1.52 Transmission Provider's Monthly Transmission System Peak:** The maximum firm usage of the Transmission Provider's Transmission System in a calendar month.
- 1.53 Transmission Service:** Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.
- 1.54 Transmission System:** The facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Part II and Part III of the Tariff.



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- 1.7 Control Area:** An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:
- (1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
  - (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
  - (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
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- 1.15 Good Utility Practice:** Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time as the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices,

methods, or acts generally accepted in the region, including those practices required by Federal Power Act section 215(a)(4).

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- 1.24 Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.



- 1.25 Network Operating Committee:** A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.
- 1.26 Network Resource:** Any designated generating resource owned, purchased or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program.
- 1.27 Network Upgrades:** Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System.
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- 1.31 Part I:** Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.
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- 1.33 Part III:** Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
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- 1.35 Point(s) of Delivery:** Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will

be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

- 1.36 Point(s) of Receipt:** Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.
- 1.37 Point-To-Point Transmission Service:** The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.
- 1.38 Power Purchaser:** The entity that is purchasing the capacity and energy to be transmitted under the Tariff.
- 1.39 Pre - Confirmed Application:** An Application that commits the Eligible Customer to execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.
- 1.40 Receiving Party:** The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.
- 1.41 Regional Transmission Group (RTG):** A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.
- 1.42 Reserved Capacity:** The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.
- 1.43 Service Agreement:** The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.
- 1.44 Service Commencement Date:** The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.
- 1.45 Short-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.

**1.46** **Stakeholder:** Any party interested in the Southeastern Regional Transmission Planning Process, including but not limited to transmission and interconnection customers, generation owners/development companies, developers of alternative resources, or state commissions.

**1.461.47** **System Condition:** A specified condition on the Transmission Providers system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the curtailment priority pursuant to section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.

**1.471.48** **System Impact Study:** An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.

**1.481.49** **Third-Party Sale:** Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.

**1.491.50** **Transmission Customer:** Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission, a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff.

**1.501.51** **Transmission Provider:** The public utility (or its Designated Agent) that owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff.

**1.511.52** **Transmission Provider's Monthly Transmission System Peak:** The maximum firm usage of the Transmission Provider's Transmission System in a calendar month.

**1.521.53** **Transmission Service:** Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.

**1.531.54** **Transmission System:** The facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Part II and Part III of the Tariff.