

December 17, 2015

**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  
Compliance Filings to *Midcontinent Independent System Operator, Inc., et al.*,  
153 FERC ¶ 61,247 (2015)  
Interregional Compliance Filing for the MISO-SERTP Seam

**Duke Energy Carolinas, LLC and Duke Energy Progress, LLC,**  
Docket No. ER13-1928

**Kentucky Utilities Company and Louisville Gas and Electric Company,**  
Docket No. ER13-1930

**Ohio Valley Electric Corporation, including its wholly owned subsidiary Indiana-  
Kentucky Electric Corporation,**  
Docket No. ER13-1940

**Southern Company Services, Inc.,**  
Docket No. ER13-1941

Dear Ms. Bose:

Pursuant to Section 206 of the Federal Power Act<sup>1</sup> (“FPA”) and the Federal Energy Regulatory Commission’s (“Commission” or “FERC”) order issued in *Midcontinent Independent System Operator, Inc.*, 153 FERC ¶ 61,247 (2015) (the “Second MISO-SERTP Order” or “Order”), Duke Energy Carolinas, LLC and Duke Energy Progress, LLC (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 Company, and Mississippi Power Company (collectively “Southern Companies”), hereby provide their compliance filings to the Second MISO-SERTP Order. An effective date of January 1, 2015 is requested for these compliance filings.

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<sup>1</sup> 16 U.S.C. § 824e.

## I. INTRODUCTION

### a) Background

Duke, LG&E/KU, OVEC, and Southern Companies (collectively, the “SERTP Filing Parties” or “Jurisdictional SERTP Sponsors”) are all public utility transmission providers that sponsor the Southeastern Regional Transmission Planning process (“SERTP”). In addition to the Jurisdictional SERTP Sponsors, the SERTP also is 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 are collectively referred to herein as the “SERTP Sponsors”).

This filing involves the SERTP Sponsors’ proposals to comply with Order No. 1000’s<sup>2</sup> interregional transmission planning and cost allocation requirements with a neighboring transmission planning region – Midcontinent Independent System Operator, Inc. (“MISO”). By way of background, on July 10, 2013, the Jurisdictional SERTP Sponsors submitted their initial, joint proposals in the above-referenced dockets to comply with Order No. 1000’s interregional transmission coordination and cost allocation requirements with the five transmission planning regions neighboring the SERTP. In addition to MISO, the other transmission planning regions that are adjacent to the SERTP are: the Florida Reliability Coordinating Council (“FRCC”); PJM Interconnection, L.L.C. (“PJM”); Southwest Power Pool, Inc. (“SPP”); and the South Carolina Regional Transmission Planning process (“SCRTP”). While there are many similarities between the compliance proposals between the SERTP and each of the neighboring regions, each compliance proposal was specific to each neighboring region and reflected extensive negotiations between the SERTP Sponsors and the relevant transmission providers in each of those regions. Accordingly, the initial proposals with MISO were joint proposals, with the SERTP Filing Parties and MISO having coordinated their efforts closely prior to filing to develop agreed-upon, substantively parallel tariff language relating to interregional coordination.

On January 23, 2015, the Commission issued its order addressing the initial compliance proposals submitted by MISO and the SERTP Filing Parties.<sup>3</sup> While accepting important aspects of those compliance proposals, the First SERTP Order required some changes. On June 22, 2015, the Jurisdictional SERTP Sponsors and MISO filed, by separate submittals, parallel tariff language to comply with that order (“June 22<sup>nd</sup> Filings”). In addition, MISO and the MISO transmission owners filed a separate request for rehearing to the First MISO-SERTP Order, and International Transmission Company and ITC Midwest LLC (collectively, the “ITC Companies”) filed a protest to MISO’s compliance filing to that order. On November 25, 2015, the Commission issued the Second MISO-SERTP Order. In the Order, the Commission denied those requests for rehearing.<sup>4</sup> In addition, the

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<sup>2</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 and clarification*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh’g and clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012) (“Order No. 1000”).

<sup>3</sup> *Midcontinent Indep. Sys. Operator, Inc.*, 150 FERC ¶ 61,247 (2015) (“First MISO-SERTP Order”).

<sup>4</sup> The Commission considered the ITC Companies’ filing to be an impermissible out-of-time request for rehearing to the First MISO-SERTP Order. Order at P 48.

Commission largely accepted the joint compliance proposals by MISO and the Jurisdictional SERTP Sponsors. However, as applied to the Jurisdictional SERTP Sponsors, the Order requires a single modification to their compliance proposals for the SERTP-MISO interregional seam. In accordance therewith, the Jurisdictional SERTP Sponsors are hereby providing (by separate filings being made contemporaneously) parallel tariff language to comply with the Order.<sup>5</sup>

**b) 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 these compliance filings, each Jurisdictional SERTP 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 are not absolutely identical across all four filings of the Jurisdictional SERTP Sponsors as they reflect differing local planning processes and slight variations in terminology used in the corresponding tariffs.

For the Jurisdictional SERTP Sponsors, the parallel tariff language being filed hereunder is included in their respective OATTs as follows:

- For Duke, the implementing tariff language is found at Attachment N-1 MISO of Duke's Joint OATT.
- For LG&E/KU, the implementing tariff language is found at Appendix 7 to Attachment K of LG&E/KU's OATT.
- For OVEC, the implementing tariff language is found at Attachment M-2 of OVEC's OATT.
- For Southern Companies, the implementing tariff language is found at Exhibit K-5, "Interregional Transmission Coordination Between the SERTP and MISO," of Southern Companies' OATT.

**II. The Required OATT Change for the Jurisdictional SERTP Sponsors**

To facilitate the Commission's review of the proposals made herein, the heading below is the same as that provided in the section of the Order where the Commission articulated the single change that it required the Jurisdictional SERTP Sponsors to make to their implementing OATT language.

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<sup>5</sup> The Jurisdictional SERTP Sponsors have coordinated with MISO and understand that MISO is also submitting its compliance filing to the Order containing parallel OATT language. In this regard, the Second MISO-SERTP Order also required MISO to make a few additional changes to its OATT.

### **III.B.4. Cost Allocation**

#### **b. Consideration of All Benefits in Cost Allocation Calculation**

In their initial compliance filings, the Jurisdictional SERTP Sponsors and MISO proposed to adopt an avoided cost methodology for interregional cost allocation for their mutual seam. In calculating the benefits to be attributed to a proposed interregional transmission project, they proposed to calculate the benefits for projects avoided in MISO by considering the total avoided costs of displaced Market Efficiency Projects identified, but not approved, in MISO's then-current regional transmission plan. Order at P 30 (discussing the Jurisdictional SERTP Sponsors' and MISO's initial compliance proposals). In the First MISO-SERTP Order, the Commission essentially rejected these proposals that the displaced projects in MISO were limited to Market Efficiency Projects that had not been approved in MISO's regional transmission plan. Order at P 26 (discussing the First MISO-SERTP Order). In the June 22<sup>nd</sup> Compliance Filings, the Jurisdictional SERTP Sponsors and MISO proposed to remove the limitation pertaining to Market Efficiency Projects, which removal the Commission accepted in the Order. Order at PP 28-29.

However, MISO and the MISO transmission owners sought rehearing of the requirement to remove the limitation that the displaced projects in MISO must not be approved in a MISO regional transmission plan. To allow the Commission an opportunity to review that request for rehearing, the Jurisdictional SERTP Sponsors and MISO did not propose any changes to implement this aspect of the First MISO-SERTP Order. Upon review, in the Order, the Commission rejected that request for rehearing and held:

We ... direct SERTP Filing Parties and MISO to submit ... changes to their respective OATTs to state that MISO will quantify benefits of an interregional transmission project based upon *the total avoided costs of projects included in the then-current regional transmission plan that would be displaced if the proposed interregional transmission project was included.*

Order at P 43 (emphasis added).

In compliance with the Order, and using Southern Companies' OATT as an example, the Jurisdictional SERTP Sponsors propose herein to revise Section 4.2(B)(ii) of their respective Exhibits/Attachments to their OATTs as follows:

- B. Based upon its evaluation, each region will quantify its benefits based upon the transmission costs that each region is projected to avoid due to its transmission projects being displaced by the proposed interregional transmission project as follows:
  - (i) for the SERTP, the total avoided costs of projects included in the then-current regional transmission plan that would be displaced if the proposed interregional transmission project was included; and

- (ii) for MISO, the total avoided costs of projects included identified, but not approved, in the then-current regional transmission plan that would be displaced if the proposed interregional transmission project was included.

### **III. Request for Waiver**

The Jurisdictional SERTP Sponsors are making this filing in compliance with the Commission's directives in the Order. By making this filing in compliance with the 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.

### **IV. Service**

The Jurisdictional SERTP Sponsors are serving an electronic copy of this filing on the relevant Service Lists. 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.

### **V. List of Documents**

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

- a) This Transmittal Letter;
- b) Revised Tariff records in RTF format with metadata attached;
- c) A Clean Tariff Attachment in PDF format for posting in eLibrary; and
- d) A Marked Tariff Attachment in PDF format for posting in eLibrary.

### **VI. Communications**

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

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Sincerely,

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*Counsel for Southern Company Services, Inc.*

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document on those parties on the official Service List compiled by the Secretary in these proceedings.

Dated at Washington, DC, this 17<sup>th</sup> day of December, 2015.

/s/Andrew Bernstein  
Andrew Bernstein  
Case Manager

## **ATTACHMENT M-2**

### **Interregional Transmission Coordination Between the SERTP and MISO**

The Transmission Provider, through its regional transmission planning process, coordinates with the Midcontinent Independent System Operator region (“MISO”) to address transmission planning coordination issues related to interregional transmission facilities. The interregional transmission coordination procedures include a detailed description of the process for coordination between public utility transmission providers in the SERTP and MISO (i) with respect to an interregional transmission facility that is proposed to be located in both transmission planning regions and (ii) to identify possible interregional transmission facilities that could address transmission needs more efficiently or cost-effectively than transmission facilities included in the respective regional transmission plans. The interregional transmission coordination procedures are hereby provided in this Attachment M-2 with additional materials provided on the Regional Planning website.

The Transmission Provider ensures that the following requirements are included in these interregional transmission coordination procedures:

- (1) A commitment to coordinate and share the results of the SERTP’s and MISO’s regional transmission plans to identify possible interregional transmission projects that could address transmission needs more efficiently or cost-effectively than separate regional transmission facilities, as well as a procedure for doing so;
- (2) A formal procedure to identify and jointly evaluate transmission facilities that are proposed to be located in both transmission planning regions;
- (3) A duty to exchange, at least annually, planning data and information; and



- (4) A commitment to maintain a website or e-mail list for the communication of information related to the coordinated planning process.

The Transmission Provider has worked with MISO to develop a mutually agreeable method for allocating between the two transmission planning regions the costs of new interregional transmission facilities that are located within both transmission planning regions. Such cost allocation method satisfies the six interregional cost allocation principles set forth in Order No. 1000 and are included in this Attachment M-2.

For purposes of this Attachment M-2, the SERTP regional transmission planning process is the process described in Attachment M of this Tariff; MISO's regional transmission planning process is the process described in section X of Attachment FF to MISO's OATT. References to the respective regional transmission planning processes in this Attachment M-2 are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Attachment M-2 refer to Sections within this Attachment M-2.

## **1. Interregional Transmission Coordination**

**1.1 Annual Meeting:** Representatives of the SERTP and the staff of MISO will meet no less than once per year to facilitate the interregional coordination procedures described below (as applicable). Representatives of the SERTP and MISO staff may meet more frequently during the evaluation of interregional transmission project(s) proposed for purposes of interregional cost allocation between the SERTP and MISO transmission planning regions.

**1.2 Website Posting of Information on Interregional Coordination:** The Transmission Provider shall utilize the Regional Planning website for communication of information related to these coordinated interregional transmission planning procedures. The

Transmission Provider shall coordinate with MISO with respect to the posting of materials to the regional planning website related to the interregional coordination procedures between the SERTP and MISO transmission planning regions. The Transmission Provider shall, at a minimum, provide the following on the Regional Planning website:

- i. Interregional coordination and cost allocation procedures between the SERTP and MISO;
- ii. Links to where stakeholders can register (if applicable/available) for the stakeholder committees or distribution lists of MISO;
- iii. Documents related to joint evaluation of interregional transmission projects; and
- iv. Status report on interregional transmission projects selected for purposes of interregional cost allocation between the SERTP and MISO.

## **2. Model and Data Exchange**

At least annually, the Transmission Provider and MISO shall exchange their then-current regional transmission plans including power-flow models and associated data used in the regional transmission planning processes to develop such transmission plan(s). This exchange will occur when such data is available in each of the regional transmission planning processes, typically during the first calendar quarter of each year. Additional transmission-based models and data may be exchanged between the Transmission Provider and MISO as necessary and if requested. For purposes of their interregional coordination activities, the Transmission Provider and MISO will exchange only data and models used in the development of their then-current regional transmission process and plans. This data will be posted on the pertinent regional transmission planning process' websites, consistent with the

posting requirements of the respective regional transmission planning processes, and subject to the applicable treatment of confidential data and Critical Energy Infrastructure Information (CEII). The Transmission Provider shall notify MISO of such posting.

**3. Identification and Joint Evaluation of Proposed Interregional Transmission Projects**

**3.1 Identification of Interregional Transmission Projects:** At least biennially, the Transmission Provider and MISO shall meet to review the respective regional transmission plans. Such plans include each region's transmission needs as prescribed by each region's planning process. This review shall occur on a mutually agreeable timetable, taking into account each region's regional transmission planning process timeline. If through this review, the Transmission Provider and MISO identify a potential interregional transmission project that may be more efficient or cost-effective than regional transmission projects, the Transmission Provider and MISO shall jointly evaluate the potential interregional transmission project pursuant to Section 3.4.

**3.2 Identification of Interregional Transmission Projects by Stakeholders:** Stakeholders and transmission developers (pursuant to Section 4.1) may also propose interregional transmission projects that may be more efficient or cost-effective than regional transmission projects pursuant to the procedures in each region's regional transmission planning processes.

**3.3 Identification of Interregional Transmission Projects by Developers:** Interregional transmission projects proposed for interregional cost allocation purposes ("Interregional CAP") must be submitted in both the SERTP and MISO regional transmission planning processes. The project submittal must satisfy the

requirements of Section 4.1 except for the benefit-to-cost ratio requirements of Section 4.1.A(ii).<sup>1</sup> The submittal must identify the potential transmission project as interregional in scope and identify the SERTP and MISO as regions in which the project is proposed to interconnect. The Transmission Provider will verify whether the submittal for the potential interregional transmission project satisfies all applicable requirements. Upon finding that the proposed interregional transmission project satisfies all such applicable requirements, the Transmission Provider will notify MISO. Once the potential project has been proposed through the regional transmission planning processes in both regions, and upon both regions so notifying one another that the project is eligible for consideration pursuant to their respective regional transmission planning processes, the Transmission Provider and MISO will jointly evaluate the proposed interregional projects pursuant to Sections 3 and 4.

**3.4 Evaluation of Interregional Transmission Projects:** The Transmission Provider and MISO shall act through their respective regional transmission planning processes in the joint evaluation of potential interregional transmission projects identified pursuant to Sections 3.1 and 3.2 to determine whether the inclusion of any potential interregional transmission projects in each region's regional transmission plan would be more efficient or cost-effective than regional projects. Such analysis shall be consistent with accepted transmission planning

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<sup>1</sup> A transmission developer is not responsible for determining the benefit-to-cost ratio referenced in Section 4.1.A(ii) in a project submittal. However, an interregional transmission project proposed for Interregional CAP must ultimately satisfy the benefit-to-cost ratio requirements in accordance with the provisions of Sections 4.1A(ii) and 4.3.

practices of the respective regions and the methods utilized to produce each region's respective regional transmission plan(s). The Transmission Provider will evaluate potential interregional transmission projects consistent with Section 6 and Section 11 of Attachment M.

**3.5 Review of Proposed Interregional Transmission Projects:** Initial coordination activities regarding potential interregional transmission projects will typically begin during the third quarter of each calendar year. The Transmission Provider and MISO will exchange status updates regarding interregional transmission projects that are newly proposed or that are currently under consideration as needed. These status updates will generally include, if applicable: (i) an update of the region's evaluation of the proposal(s); (ii) the latest calculation of benefits (as identified pursuant to Section 4.2); and (iii) the anticipated timeline for future assessments.

**3.6 Coordination of Assumptions Used in Joint Evaluation:** The Transmission Provider and MISO will coordinate assumptions and data used in joint evaluations, as necessary, including items such as:

- (i) Expected timelines and milestones associated with the joint evaluation;
- (ii) Study assumptions;
- (iii) Models; and
- (iv) Benefit calculations (as identified pursuant to Section 4.2).

**4. Interregional Cost Allocation:** If an interregional transmission project is proposed for Interregional CAP in the SERTP and MISO transmission planning regions, then the

following cost allocation and benefits calculations, as identified pursuant to Section 4.2, shall apply to the project:

**4.1 Interregional Transmission Projects Proposed for Interregional Cost Allocation Purposes:**

- A. For a transmission project to be eligible for Interregional CAP within the SERTP and MISO, the project must:
  - i. Interconnect to transmission facilities in both the SERTP and MISO regions. The facilities to which the project is proposed to interconnect may be either existing facilities or transmission projects included in the regional transmission plan that are currently under development;
  - ii. Have a combined benefit-to-cost ratio of 1.25 or higher to the SERTP and MISO regions, as calculated in Section 4.3; and
  - iii. Meet the threshold and qualification criteria for transmission projects potentially eligible to be included in the respective regional transmission plans for purposes of cost allocation in MISO and the SERTP, pursuant to their respective regional transmission planning processes.
- B. On a case-by-case basis, the Transmission Provider and MISO may consider an interregional transmission project that does not satisfy all of the criteria specified in this Section 4.1 but that: (i) meets the threshold criteria for a project proposed to be included in the regional transmission plan for purposes of cost allocation in only one of the two regions; and (ii) would be interconnected to transmission facilities in both the SERTP and MISO regions. The facilities to which the project is proposed to

interconnect may be either existing facilities or transmission projects included in the regional transmission plan that are currently under development.

- C. The transmission project must be proposed for purposes of cost allocation in both the SERTP and MISO. The project submittal must satisfy all criteria specified in the respective regional transmission processes, including the respective timeframes for submittals proposed for cost allocation purposes. If a project is proposed by a transmission developer, the transmission developer must also satisfy the qualification criteria specified by each region.

#### **4.2 Calculation of Benefits for Interregional Transmission Projects Proposed for**

**Interregional Cost Allocation Purposes:** The benefits used to establish the allocation of costs of a transmission project proposed for Interregional CAP between the SERTP and MISO shall be determined as follows:

- A. Each transmission planning region, acting through its regional transmission planning process, will evaluate proposals to determine whether the proposed project(s) addresses transmission needs that are currently being addressed with projects in its regional transmission plan and, if so, which projects in the regional transmission plan could be displaced by the proposed project(s).
- B. Based upon its evaluation, each region will quantify its benefits based upon the transmission costs that each region is projected to avoid due to its

transmission projects being displaced by the proposed interregional transmission project as follows:

(i) for the SERTP, the total avoided costs of projects included in the then-current regional transmission plan that would be displaced if the proposed interregional transmission project was included; and

(ii) for MISO, the total avoided costs of projects included in the then-current regional transmission plan that would be displaced if the proposed interregional transmission project was included.

The benefits calculated pursuant to this Section 4.2 are not necessarily the same as the benefits used for purposes of *regional* cost allocation.

**4.3. Calculation of Benefit-to-Cost Ratio for an Interregional Transmission Project Proposed for Interregional CAP:**

Prior to any regional benefit-to-cost ratio calculation pursuant to either regional transmission planning process, the combined interregional benefit-to-cost ratio, referenced in Section 4.1.A, shall be calculated for an interregional transmission project proposed for Interregional CAP. Such calculation shall be performed by dividing the sum of the present value of the avoided project cost determined in accordance with Section 4.2.B.i for the SERTP region and the present value of avoided project cost determined in accordance with Section 4.2.B.ii for the MISO region by the present value of the proposed interregional transmission project's total project cost. The present values used in the cost calculation shall be based on a common date, comparable cost components, and the latest cost estimates used in



the evaluation of the interregional transmission project. The combined interregional benefit-to-cost ratio will be assessed in addition to, not in the place of, the SERTP's and MISO's respective regional benefit-to-cost ratio assessment(s) (if applicable) as specified in the respective regional processes.

**4.4 Inclusion in Regional Transmission Plans:** An interregional transmission project proposed for Interregional CAP in the transmission planning regions of the SERTP and MISO will be included in the respective regional transmission plans for purposes of cost allocation after:

A. Each region has performed all evaluations, as prescribed in its regional transmission planning process, necessary for a project to be included in its regional transmission plan for purposes of cost allocation including any regional benefit-to-cost ratio calculations. Each region shall utilize the benefit calculation(s) as defined in such region's regional transmission planning process (for purposes of clarity, these benefits are not necessarily the same as the benefits determined pursuant to Section 4.2). Each region shall utilize the cost calculation(s) as defined in such region's regional transmission planning process. The anticipated percentage allocation of costs of the interregional transmission project to each region shall be based upon the ratio of the region's benefits to the sum of the benefits, both as determined pursuant to Section 4.2, identified for both the SERTP and MISO.

- B. Each region has obtained all approvals, as prescribed in its regional process, necessary for a project to be included in the regional transmission plan for purposes of regional cost allocation.

**4.5 Allocation of Costs Between the SERTP and MISO Regions:** The cost of an interregional transmission project, selected for purposes of cost allocation in the regional transmission plans of both the SERTP and MISO, will be allocated as follows:

- A. Each region will be allocated a portion of the interregional transmission project's costs in proportion to such region's benefit as calculated pursuant to Section 4.2 to the sum of the benefits identified for both the SERTP and MISO calculated pursuant to Section 4.2.
  - o The benefits used for this determination shall be based upon the benefit calculation most recently performed – pursuant to the method described in Section 4.2 – before each region included the project in its regional transmission plan for purposes of cost allocation and as approved by each region.
- B. Costs allocated to each region shall be further allocated within each region pursuant to the cost allocation methodology contained in its regional transmission planning process.

**4.6 Milestones of Required Steps Necessary to Maintain Status as Being Selected for Interregional Cost Allocation Purposes:** Once selected in the respective regional transmission plans for purposes of cost allocation, the SERTP Sponsors that will be allocated costs of the transmission project, MISO, and the

transmission developer(s) must mutually agree upon an acceptable development schedule including milestones by which the necessary steps to develop and construct the interregional transmission project must occur. These milestones may include (to the extent not already accomplished) obtaining all necessary rights of way and requisite environmental, state, and other governmental approvals and executing a mutually-agreed upon contract(s) between the applicable SERTP Sponsors, MISO and the transmission developer. If such critical steps are not met by the specified milestones and then afterwards maintained, then the Transmission Provider and MISO may remove the transmission project from the selected category in the regional transmission plans for purposes of cost allocation.

**4.7 Interregional Transmission Project Contractual Arrangements:** The contracts referenced in Section 4.6 will address terms and conditions associated with the development of the proposed interregional transmission project included in the regional transmission plans for purposes of cost allocation, including but not limited to:

- (i) Engineering, procurement, construction, maintenance, and operation of the proposed transmission project, including coordination responsibilities of the parties;
- (ii) Emergency restoration and repair;
- (iii) The specific financial terms and specific total amounts to be charged by the transmission developer of the transmission project to each beneficiary, as agreed to by the parties;

- (iv) Creditworthiness and project security requirements;
- (v) Milestone reporting, including schedule of projected expenditures;
- (vi) Reevaluation of the transmission project; and
- (vii) Non-performance or abandonment.

**4.8 Removal from Regional Transmission Plans:** An interregional transmission project may be removed from the Transmission Provider's or MISO's regional transmission plan(s) for Interregional CAP: (i) if the transmission developer fails to meet developmental milestones; (ii) pursuant to the reevaluation procedures specified in the respective regional transmission planning processes; or (iii) if the project is removed from one of the region's regional transmission plans pursuant to the requirements of its regional transmission planning process.

- A. The Transmission Provider shall notify MISO if an interregional transmission project or a portion thereof is likely to be, and/or is actually removed from its regional transmission plan.

## **5. Transparency**

**5.1** Stakeholders will have an opportunity to provide input and feedback within the respective regional transmission planning processes of the SERTP and MISO related to interregional transmission projects identified, analysis performed, and any determination/results. Stakeholders may participate in either or both regions' regional transmission planning processes to provide their input and feedback regarding the interregional coordination between the SERTP and MISO.

**5.2** At the fourth quarter SERTP Summit, or as necessary due to current activity of proposed interregional transmission projects, the Transmission Provider will provide status updates of interregional activities including:

- (i) Facilities to be evaluated;
- (ii) Analysis performed; and
- (iii) Determinations/results.

**5.3** The Transmission Provider will post a list on the Regional Planning Website of interregional transmission projects proposed for purposes of cost allocation in both the SERTP and MISO regions that are not eligible for consideration because they do not satisfy the regional project threshold criteria of one or both of the regions as well as post an explanation of the thresholds the proposed interregional projects failed to satisfy.

## **ATTACHMENT M-2**

### **Interregional Transmission Coordination Between the SERTP and MISO**

The Transmission Provider, through its regional transmission planning process, coordinates with the Midcontinent Independent System Operator region (“MISO”) to address transmission planning coordination issues related to interregional transmission facilities. The interregional transmission coordination procedures include a detailed description of the process for coordination between public utility transmission providers in the SERTP and MISO (i) with respect to an interregional transmission facility that is proposed to be located in both transmission planning regions and (ii) to identify possible interregional transmission facilities that could address transmission needs more efficiently or cost-effectively than transmission facilities included in the respective regional transmission plans. The interregional transmission coordination procedures are hereby provided in this Attachment M-2 with additional materials provided on the Regional Planning website.

The Transmission Provider ensures that the following requirements are included in these interregional transmission coordination procedures:

- (1) A commitment to coordinate and share the results of the SERTP’s and MISO’s regional transmission plans to identify possible interregional transmission projects that could address transmission needs more efficiently or cost-effectively than separate regional transmission facilities, as well as a procedure for doing so;
- (2) A formal procedure to identify and jointly evaluate transmission facilities that are proposed to be located in both transmission planning regions;
- (3) A duty to exchange, at least annually, planning data and information; and

- (4) A commitment to maintain a website or e-mail list for the communication of information related to the coordinated planning process.

The Transmission Provider has worked with MISO to develop a mutually agreeable method for allocating between the two transmission planning regions the costs of new interregional transmission facilities that are located within both transmission planning regions. Such cost allocation method satisfies the six interregional cost allocation principles set forth in Order No. 1000 and are included in this Attachment M-2.

For purposes of this Attachment M-2, the SERTP regional transmission planning process is the process described in Attachment M of this Tariff; MISO's regional transmission planning process is the process described in section X of Attachment FF to MISO's OATT. References to the respective regional transmission planning processes in this Attachment M-2 are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Attachment M-2 refer to Sections within this Attachment M-2.

## **1. Interregional Transmission Coordination**

**1.1 Annual Meeting:** Representatives of the SERTP and the staff of MISO will meet no less than once per year to facilitate the interregional coordination procedures described below (as applicable). Representatives of the SERTP and MISO staff may meet more frequently during the evaluation of interregional transmission project(s) proposed for purposes of interregional cost allocation between the SERTP and MISO transmission planning regions.

**1.2 Website Posting of Information on Interregional Coordination:** The Transmission Provider shall utilize the Regional Planning website for communication of information related to these coordinated interregional transmission planning procedures. The

Transmission Provider shall coordinate with MISO with respect to the posting of materials to the regional planning website related to the interregional coordination procedures between the SERTP and MISO transmission planning regions. The Transmission Provider shall, at a minimum, provide the following on the Regional Planning website:

- i. Interregional coordination and cost allocation procedures between the SERTP and MISO;
- ii. Links to where stakeholders can register (if applicable/available) for the stakeholder committees or distribution lists of MISO;
- iii. Documents related to joint evaluation of interregional transmission projects; and
- iv. Status report on interregional transmission projects selected for purposes of interregional cost allocation between the SERTP and MISO.

## **2. Model and Data Exchange**

At least annually, the Transmission Provider and MISO shall exchange their then-current regional transmission plans including power-flow models and associated data used in the regional transmission planning processes to develop such transmission plan(s). This exchange will occur when such data is available in each of the regional transmission planning processes, typically during the first calendar quarter of each year. Additional transmission-based models and data may be exchanged between the Transmission Provider and MISO as necessary and if requested. For purposes of their interregional coordination activities, the Transmission Provider and MISO will exchange only data and models used in the development of their then-current regional transmission process and plans. This data will be posted on the pertinent regional transmission planning process' websites, consistent with the



posting requirements of the respective regional transmission planning processes, and subject to the applicable treatment of confidential data and Critical Energy Infrastructure Information (CEII). The Transmission Provider shall notify MISO of such posting.

**3. Identification and Joint Evaluation of Proposed Interregional Transmission Projects**

**3.1 Identification of Interregional Transmission Projects:** At least biennially, the Transmission Provider and MISO shall meet to review the respective regional transmission plans. Such plans include each region's transmission needs as prescribed by each region's planning process. This review shall occur on a mutually agreeable timetable, taking into account each region's regional transmission planning process timeline. If through this review, the Transmission Provider and MISO identify a potential interregional transmission project that may be more efficient or cost-effective than regional transmission projects, the Transmission Provider and MISO shall jointly evaluate the potential interregional transmission project pursuant to Section 3.4.

**3.2 Identification of Interregional Transmission Projects by Stakeholders:** Stakeholders and transmission developers (pursuant to Section 4.1) may also propose interregional transmission projects that may be more efficient or cost-effective than regional transmission projects pursuant to the procedures in each region's regional transmission planning processes.

**3.3 Identification of Interregional Transmission Projects by Developers:** Interregional transmission projects proposed for interregional cost allocation purposes ("Interregional CAP") must be submitted in both the SERTP and MISO regional transmission planning processes. The project submittal must satisfy the

requirements of Section 4.1 except for the benefit-to-cost ratio requirements of Section 4.1.A(ii).<sup>1</sup> The submittal must identify the potential transmission project as interregional in scope and identify the SERTP and MISO as regions in which the project is proposed to interconnect. The Transmission Provider will verify whether the submittal for the potential interregional transmission project satisfies all applicable requirements. Upon finding that the proposed interregional transmission project satisfies all such applicable requirements, the Transmission Provider will notify MISO. Once the potential project has been proposed through the regional transmission planning processes in both regions, and upon both regions so notifying one another that the project is eligible for consideration pursuant to their respective regional transmission planning processes, the Transmission Provider and MISO will jointly evaluate the proposed interregional projects pursuant to Sections 3 and 4.

**3.4 Evaluation of Interregional Transmission Projects:** The Transmission Provider and MISO shall act through their respective regional transmission planning processes in the joint evaluation of potential interregional transmission projects identified pursuant to Sections 3.1 and 3.2 to determine whether the inclusion of any potential interregional transmission projects in each region's regional transmission plan would be more efficient or cost-effective than regional projects. Such analysis shall be consistent with accepted transmission planning practices of the respective regions and the methods utilized to produce each

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<sup>1</sup> A transmission developer is not responsible for determining the benefit-to-cost ratio referenced in Section 4.1.A(ii) in a project submittal. However, an interregional transmission project proposed for Interregional CAP must ultimately satisfy the benefit-to-cost ratio requirements in accordance with the provisions of Sections 4.1A(ii) and 4.3.

region's respective regional transmission plan(s). The Transmission Provider will evaluate potential interregional transmission projects consistent with Section 6 and Section 11 of Attachment M.

**3.5 Review of Proposed Interregional Transmission Projects:** Initial coordination activities regarding potential interregional transmission projects will typically begin during the third quarter of each calendar year. The Transmission Provider and MISO will exchange status updates regarding interregional transmission projects that are newly proposed or that are currently under consideration as needed. These status updates will generally include, if applicable: (i) an update of the region's evaluation of the proposal(s); (ii) the latest calculation of benefits (as identified pursuant to Section 4.2); and (iii) the anticipated timeline for future assessments.

**3.6 Coordination of Assumptions Used in Joint Evaluation:** The Transmission Provider and MISO will coordinate assumptions and data used in joint evaluations, as necessary, including items such as:

- (i) Expected timelines and milestones associated with the joint evaluation;
- (ii) Study assumptions;
- (iii) Models; and
- (iv) Benefit calculations (as identified pursuant to Section 4.2).

**4. Interregional Cost Allocation:** If an interregional transmission project is proposed for Interregional CAP in the SERTP and MISO transmission planning regions, then the following cost allocation and benefits calculations, as identified pursuant to Section 4.2, shall apply to the project:

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#### **4.1 Interregional Transmission Projects Proposed for Interregional Cost Allocation Purposes:**

- A. For a transmission project to be eligible for Interregional CAP within the SERTP and MISO, the project must:
  - i. Interconnect to transmission facilities in both the SERTP and MISO regions. The facilities to which the project is proposed to interconnect may be either existing facilities or transmission projects included in the regional transmission plan that are currently under development;
  - ii. Have a combined benefit-to-cost ratio of 1.25 or higher to the SERTP and MISO regions, as calculated in Section 4.3; and
  - iii. Meet the threshold and qualification criteria for transmission projects potentially eligible to be included in the respective regional transmission plans for purposes of cost allocation in MISO and the SERTP, pursuant to their respective regional transmission planning processes.
- B. On a case-by-case basis, the Transmission Provider and MISO may consider an interregional transmission project that does not satisfy all of the criteria specified in this Section 4.1 but that: (i) meets the threshold criteria for a project proposed to be included in the regional transmission plan for purposes of cost allocation in only one of the two regions; and (ii) would be interconnected to transmission facilities in both the SERTP and MISO regions. The facilities to which the project is proposed to interconnect may be either existing facilities or transmission projects

included in the regional transmission plan that are currently under development.

- C. The transmission project must be proposed for purposes of cost allocation in both the SERTP and MISO. The project submittal must satisfy all criteria specified in the respective regional transmission processes, including the respective timeframes for submittals proposed for cost allocation purposes. If a project is proposed by a transmission developer, the transmission developer must also satisfy the qualification criteria specified by each region.

#### **4.2 Calculation of Benefits for Interregional Transmission Projects Proposed for**

**Interregional Cost Allocation Purposes:** The benefits used to establish the allocation of costs of a transmission project proposed for Interregional CAP between the SERTP and MISO shall be determined as follows:

- A. Each transmission planning region, acting through its regional transmission planning process, will evaluate proposals to determine whether the proposed project(s) addresses transmission needs that are currently being addressed with projects in its regional transmission plan and, if so, which projects in the regional transmission plan could be displaced by the proposed project(s).
- B. Based upon its evaluation, each region will quantify its benefits based upon the transmission costs that each region is projected to avoid due to its transmission projects being displaced by the proposed interregional transmission project as follows:

- (i) for the SERTP, the total avoided costs of projects included in the then-current regional transmission plan that would be displaced if the proposed interregional transmission project was included; and
- (ii) for MISO, the total avoided costs of projects ~~identified, but not approved,~~included in the then-current regional transmission plan that would be displaced if the proposed interregional transmission project was included.

The benefits calculated pursuant to this Section 4.2 are not necessarily the same as the benefits used for purposes of *regional* cost allocation.

**4.3. Calculation of Benefit-to-Cost Ratio for an Interregional Transmission Project Proposed for Interregional CAP:**

Prior to any regional benefit-to-cost ratio calculation pursuant to either regional transmission planning process, the combined interregional benefit-to-cost ratio, referenced in Section 4.1.A, shall be calculated for an interregional transmission project proposed for Interregional CAP. Such calculation shall be performed by dividing the sum of the present value of the avoided project cost determined in accordance with Section 4.2.B.i for the SERTP region and the present value of avoided project cost determined in accordance with Section 4.2.B.ii for the MISO region by the present value of the proposed interregional transmission project's total project cost. The present values used in the cost calculation shall be based on a common date, comparable cost components, and the latest cost estimates used in the evaluation of the interregional transmission project. The combined

interregional benefit-to-cost ratio will be assessed in addition to, not in the place of, the SERTP's and MISO's respective regional benefit-to-cost ratio assessment(s) (if applicable) as specified in the respective regional processes.

**4.4 Inclusion in Regional Transmission Plans:** An interregional transmission project proposed for Interregional CAP in the transmission planning regions of the SERTP and MISO will be included in the respective regional transmission plans for purposes of cost allocation after:

- A. Each region has performed all evaluations, as prescribed in its regional transmission planning process, necessary for a project to be included in its regional transmission plan for purposes of cost allocation including any regional benefit-to-cost ratio calculations. Each region shall utilize the benefit calculation(s) as defined in such region's regional transmission planning process (for purposes of clarity, these benefits are not necessarily the same as the benefits determined pursuant to Section 4.2). Each region shall utilize the cost calculation(s) as defined in such region's regional transmission planning process. The anticipated percentage allocation of costs of the interregional transmission project to each region shall be based upon the ratio of the region's benefits to the sum of the benefits, both as determined pursuant to Section 4.2, identified for both the SERTP and MISO.
- B. Each region has obtained all approvals, as prescribed in its regional process, necessary for a project to be included in the regional transmission plan for purposes of regional cost allocation.

**4.5 Allocation of Costs Between the SERTP and MISO Regions:** The cost of an interregional transmission project, selected for purposes of cost allocation in the regional transmission plans of both the SERTP and MISO, will be allocated as follows:

- A. Each region will be allocated a portion of the interregional transmission project's costs in proportion to such region's benefit as calculated pursuant to Section 4.2 to the sum of the benefits identified for both the SERTP and MISO calculated pursuant to Section 4.2.
  - o The benefits used for this determination shall be based upon the benefit calculation most recently performed – pursuant to the method described in Section 4.2 – before each region included the project in its regional transmission plan for purposes of cost allocation and as approved by each region.
- B. Costs allocated to each region shall be further allocated within each region pursuant to the cost allocation methodology contained in its regional transmission planning process.

**4.6 Milestones of Required Steps Necessary to Maintain Status as Being Selected for Interregional Cost Allocation Purposes:** Once selected in the respective regional transmission plans for purposes of cost allocation, the SERTP Sponsors that will be allocated costs of the transmission project, MISO, and the transmission developer(s) must mutually agree upon an acceptable development schedule including milestones by which the necessary steps to develop and construct the interregional transmission project must occur. These milestones



may include (to the extent not already accomplished) obtaining all necessary rights of way and requisite environmental, state, and other governmental approvals and executing a mutually-agreed upon contract(s) between the applicable SERTP Sponsors, MISO and the transmission developer. If such critical steps are not met by the specified milestones and then afterwards maintained, then the Transmission Provider and MISO may remove the transmission project from the selected category in the regional transmission plans for purposes of cost allocation.

**4.7 Interregional Transmission Project Contractual Arrangements:** The contracts referenced in Section 4.6 will address terms and conditions associated with the development of the proposed interregional transmission project included in the regional transmission plans for purposes of cost allocation, including but not limited to:

- (i) Engineering, procurement, construction, maintenance, and operation of the proposed transmission project, including coordination responsibilities of the parties;
- (ii) Emergency restoration and repair;
- (iii) The specific financial terms and specific total amounts to be charged by the transmission developer of the transmission project to each beneficiary, as agreed to by the parties;
- (iv) Creditworthiness and project security requirements;
- (v) Milestone reporting, including schedule of projected expenditures;
- (vi) Reevaluation of the transmission project; and

(vii) Non-performance or abandonment.

**4.8 Removal from Regional Transmission Plans:** An interregional transmission project may be removed from the Transmission Provider's or MISO's regional transmission plan(s) for Interregional CAP: (i) if the transmission developer fails to meet developmental milestones; (ii) pursuant to the reevaluation procedures specified in the respective regional transmission planning processes; or (iii) if the project is removed from one of the region's regional transmission plans pursuant to the requirements of its regional transmission planning process.

A. The Transmission Provider shall notify MISO if an interregional transmission project or a portion thereof is likely to be, and/or is actually removed from its regional transmission plan.

## **5. Transparency**

**5.1** Stakeholders will have an opportunity to provide input and feedback within the respective regional transmission planning processes of the SERTP and MISO related to interregional transmission projects identified, analysis performed, and any determination/results. Stakeholders may participate in either or both regions' regional transmission planning processes to provide their input and feedback regarding the interregional coordination between the SERTP and MISO.

**5.2** At the fourth quarter SERTP Summit, or as necessary due to current activity of proposed interregional transmission projects, the Transmission Provider will provide status updates of interregional activities including:

- (i) Facilities to be evaluated;
- (ii) Analysis performed; and

(iii) Determinations/results.

**5.3** The Transmission Provider will post a list on the Regional Planning Website of interregional transmission projects proposed for purposes of cost allocation in both the SERTP and MISO regions that are not eligible for consideration because they do not satisfy the regional project threshold criteria of one or both of the regions as well as post an explanation of the thresholds the proposed interregional projects failed to satisfy.