

**Southeastern Regional Response to Stakeholders Comments
Comments Received at FERC Technical Conference October 1-2, 2007
And
By Teleconference on Wednesday, October 17th
(Provider Comments in Red)**

**Southern Sub-region Schedule K
General Comments**

Further FERC guidance may be needed on the following:

- **Geographic definition of REGION in the SERC area. (REGION needs to be SERC-wide.)**
FERC does not define or prescribe how a region is defined in Order 890. The Sponsors believe they have identified an appropriate region.
- **SERC-wide, or ‘inter-regional’ transmission planning needs to comply with the 9 Principles.**
The inter-regional proposal addresses the requirements of the Regional Participation principle; therefore, the other eight planning principles of Order 890 are separate from the Inter-Regional Participation Process.
- **A committee structure is needed that involves stakeholders in the underlying development of the transmission plan.**
There is a committee structure called the RPSG that has input into the transmission plan along with all other stakeholders. See Sections 1.2.1; 1.2.2; 1.2.3; 1.2.4; 3.5.3.
- **The RPSG needs; sufficient time to review materials, notice on required votes, control of member terms and control of its make up (Add the Demand Resources sector).**
All expansion plan and economic study processes allow stakeholders ample time to review and provide input. For example, in the case of the expansion plan, stakeholders receive case data in the first quarter then have until the second quarter to conduct their own studies while the providers in turn conduct theirs (studies). The providers post results a week prior to the second quarter meeting. The results are discussed at the meeting with opportunity for input at the meeting and then for a period of time following the meeting. Input provided by the stakeholders is then discussed at the third quarter meeting. In response to control of RPSG member terms, the providers only asked for the seven sectors to remain in tact with the re-formulation on an annual basis.
- **Transmission Owners need to make available all information necessary to REPLICATE transmission studies. All requested and appropriate information needs to be available.**

See Section 1.2.1., 1.2.4.2 and 3.2-3.5. The Transmission Providers will make available the data they rely upon to produce their transmission planning studies. The Transmission Provider will also identify the transmission planning software products they use. To replicate should only have the connotation that a similar conclusion is reached. Stakeholders may have different versions of software, different software vendors, different settings in their software, etc. In addition, stakeholders may “tweak” cases, create variations in assumptions, etc. Therefore, the providers caution the stakeholders that minor variations in results should not be deemed as a failure to replicate. Replicate as defined by Webster is to “produce a replica of itself” with replica further defined as a “close reproduction, facsimile especially by the maker of the original.”

- **Dispute Resolution needs two mandatory (not just one) steps before expensive long term resolution methods are necessary.**

As a practical matter, this proposal would seem likely to result in increased costs by requiring two mandatory processes prior to the parties being able to seek final resolution of the matter at FERC. Furthermore, if the parties to the dispute want to pursue the proposed process, Attachment K provides them the flexibility to do so.

- **Transmission providers should consider whether reliability projects could be modified or changed to increase economic benefits and/or resolve economic constraints.**

See section 8.2.4.

- **The cost responsibility is clearly assigned but the transmission rights associated with that expenditure need to also be specified. Stakeholders should not pay twice for economic projects.**

Transmission rights under the OATT are associated with firm long-term agreements. At the conclusion of each planning study cycle, it is assumed that all interested parties will consider the study results and forecast whether the benefits of a particular “economic project” exceeds its cost. The parties that determine they will receive a net benefit from a project are expected to submit service requests to those Transmission Provider(s). Then, the Transmission Provider(s) will make service offers, which specify transmission rights and cost responsibilities, in accordance with the Transmission Provider’s applicable tariffs, policies and procedures.

- **The cost allocation proposal should fairly assign costs among participants, including those who cause them to be incurred and those who otherwise benefit from them.**

Reference is made to section 8.2.4.

- **This will require evaluations of benefits to everyone and an allocation of cost to those who benefit.**
Reference is made to section 8.2.4.

Transmission Owners need to work with stakeholders in determining how beneficiaries will be identified and the benefits quantified.
Reference is made to section 8.2.4.

Southern Sub-region Schedule K

1. Coordination (P 451-454)

Any meetings held should be on a comparable basis. (FWP 1) ‘Inter-regional’ meetings need to be open to all stakeholders as are the current ‘regional’ meetings.
The Regional and Inter-Regional meetings are open to stakeholders.

The definition of “Stakeholder” must include those who may potentially be in the defined categories. For example; an IPP who hasn’t yet built in the Region should qualify as a stakeholder.

Definition of stakeholder says “Any Eligible Customer”. That defined term under the OATT includes “power marketer”. Having said that, consideration will be given to revise the definition to include generation owners/developers. With regard to DSR and DSM developers, the definition of stakeholder includes “anyone capable of providing Ancillary Services”, and Order No. 890 revised the bulk of the OATT ancillary services provisions to provide that they may be satisfied by “non-generation resources capable of providing this service”.

1.2 The four annual meetings do not provide sufficient opportunity for customers and other stakeholders to participate in the planning process.

Although Order 890 does not prescribe a certain number of meetings, the meeting total is actually six when the Inter-Regional Process is considered. See Section 1.2.

The participation of smaller groups of stakeholders in the committee structure suggested will allow participation in the underlying development of the transmission plan

Adequate opportunity has been provided in the process to allow for meaningful stakeholder input into the transmission expansion plan. See Sections 1.2.1-1.2.4; 3.2; 3.5.1-3.5.3.

1.2.1 Meeting dates must be noticed 60 days in advance. To achieve full stakeholder participation there must be sufficient lead time for meetings.

A pre-defined meeting schedule will exist on the regional planning website that will exceed the 60 day advance notice.

The stakeholders will be queried via Email, and a posting on the Regional Planning Website, to solicit their suggestions on Economic Planning Studies. The Stakeholder’s suggestions will be consolidated by the RPSG.

The RPSG will be encouraged to coordinate with other stakeholder groups in the inter-regional area to compile ‘regional’ and ‘inter-regional’ economic planning study requests that cover their ‘regional’ needs and the ‘inter-regional’ needs. This would allow, for example, a ‘region’ with only 3 ‘regional’ economic study requests to utilize its remaining two for ‘inter-regional’ studies that benefit the entire ‘inter-region’.

The economic planning studies are done for the benefit of stakeholders and stakeholders are best able to decide for themselves what they want to have studied. Stakeholders are allowed to request up to 5 studies on an annual basis. They are allowed to decide which ones are to be studied. If they are inter-regional in nature, then they will be “bubbled” up to the inter-regional process for a more complete answer.

The input assumptions will be Emailed to stakeholders and posted on the website 30 days prior to the meeting date.

Stakeholders are allowed to discuss this at the first quarter meeting with the providers in person. They are also allowed time to provide input for a specified period following the first quarter meeting. See Section 7.6.

Materials that need consideration should be sent out in sufficient time for them to be fully reviewed. A week of review time would often result in only superficial review and little capability for meaningful stakeholder input.

See Section 7.6.

To allow sufficient stakeholder involvement in transmission planning several other committees of stakeholders and sponsors need to be formed.

The RPSG is free to create as many workgroups as it deems appropriate, and Section 1.2 provides that the number of meetings between the Sponsors and Stakeholders under Attachment K may be adjusted. However, as a general matter, the current Attachment K provides adequate opportunities for Stakeholders to provide input into the expansion plan and economic study process.

TPWG – Transmission Planning Working Group – to interact with the planning process as it proceeds, in addition to the 4 annual stakeholder general meetings.

CAWG – Cost Allocation Working Group – to work with sponsors and stakeholders on cost allocation within the ‘region’ and ‘inter-region’

RPWG – Regional Planning Working Group – to interact with stakeholders and sponsors in the ‘inter-regional’ area concerning consolidation of ‘regional’ plans, simultaneous feasibility, and economic planning studies.

IEWG – Information Exchange Working Group – will insure proper exchange of data and confidentiality of same. It will also insure that data is sufficient to replicate planning studies and sufficient to do planning studies.

OTHERS – as necessary.

1.3 How they will be formed, the responsibilities of each, and how decisions will be made within the group and/or committee will be decided by the combined action of the sponsors and the RPSG.

Identify the rules governing committee and group activity and whether those rules are established by the transmission provider or the committee/group itself.

Transmission providers should clearly identify the matters for which a particular group or committee is responsible so that customers and other stakeholders can easily access the particular planning activities in which they are interested. Staff recommends that the number of groups within which planning activities occur are not so large as to become unwieldy for parties interested in participating.

See Section 2.1 on size of meetings and possible breakout sessions.

Describe what role the transmission provider will play in coordinating the activities of the planning committees or meetings, as relevant.

In some instances, it may be appropriate for the transmission provider to act as facilitator for a particular group or committee, while other groups or committees may be better suited to self-governance or need a neutral moderator. The role of the transmission provider and other parties in these groups and meetings should be clearly described in Attachment K.

The RPSG is the one formal structure that exists. See Section 1.3 through 1.5 on how this is formed, the rules governing, responsibilities/roles and what role the providers will play .

1.3.1 Demand Resources needs to be added as an 8th sector.

This can be discussed among stakeholders and sponsors. However, in general the sponsors are not opposed to adding this new sector.

1.3.2 The RPSG will have 16 members with the addition of the Demand Resources sector.

1.3.3 Nothing will impose limitations on the number of terms those serving on the RPSG may serve except as imposed by the RPSG.

This is in consideration of how the RPSG is geographically scattered, the time it takes to establish working relationships, the time it takes to achieve understanding of the complexities the RPSG deals with, the need for year-to-year continuity within the RPSG and the proposed ‘inter-regional’ time frame of 2 years. Not Comparable in that Transmission Owners are not expected to serve only one year terms.

Because of the structure of the Southeastern process, all meetings are open to all stakeholders, therefore, all working relationships will be allowed to continue. Input is and can be provided in all phases by any stakeholder present. Also, a Stakeholder may serve as a Sector Member subsequent and even consecutive one-year terms. The purpose of having one-year terms is to ensure that the Sector Members remain representative of their respective sectors.

1.3.4 All deadline dates for relieving the Transmission Provider of obligations must be specified at least 60 days in advance. Concerning deadline dates, as specified herein, the simple majority rule will apply to only deadline dates where the RPSG meeting was properly noticed, simple majority is more than fifty percent of those present, including those having been assigned votes of others, in writing, for this meeting.

Additional wording can be added that stakeholders will be reasonably noticed before the providers are relieved of obligations as stated in 1.3.4.

1.3.5 (i) 8 sectors not 7.

See response above in 1.3.1.

(iii) Nothing will impose limitations on the number of terms those serving on the RPSG may serve except as imposed by the RPSG.

See response above in 1.3.3

(iv) Concerning decisions having deadline dates only, as specified herein, the simple majority rule will apply to only deadline dates where the RPSG meeting was properly noticed, simple majority is more than fifty percent of those present, including those having been assigned votes of others, in writing, for this meeting. Otherwise the RPSG voting and formal incorporating documents will be those as decided by the RPSG

It has been expressly stated when meetings will be, how they will be noticed (emails, notices on websites, etc.). Voting by writing proxy is reasonable.

1.5 Meeting notices and notices of changes to the website will be emailed to all stakeholders (regardless of CEII status) that have signed up for the Email distribution list.

Nothing in this section precludes those that are not registered in the CEII category from receiving email, meeting notices, etc.

Requirements for certification for CEII data will be as required by FERC.

FERC, after meeting certain requirements, allows the transmission provider to decide what information is considered CEII

Southern Sub-region Schedule K

2. Openness (P 460)

2.1 All Meetings, be they annual meetings of stakeholders, RPSG or other committees, related to Planning and the concerns of this Schedule K shall have minutes taken and published on the planning website, and shall be open to all stakeholders and sponsors.

This has been done to date. Additionally, the stakeholders are welcomed to retain a person, at their own expense, to perform these tasks on their behalf.

Transmission providers, in consultation with affected parties, must also develop mechanisms to manage confidentiality and CEII concerns, such as confidentiality agreements and password-protected access to information.

This has been done. This was discussed in detail at the first stakeholder meeting in April, in Birmingham.

“Transmission providers should describe the composition of any committees or groups used in the planning process.” “All parties interested in the planning process should be allowed to participate, as relevant.”

This has also been described. The RPSG, open stakeholder meetings and potential breakouts for smaller groups if necessary have all been discussed.

To allow sufficient stakeholder involvement several other committees of stakeholders and sponsors need to be formed. This will allow the sharing and review of information commencing early in the process and ongoing, rather than commencing only after the transmission provider has prepared a final draft plan without stakeholder input.

The RPSG is free to create as many subcommittees as it deems appropriate, and Section 1.2 provides that the number of meetings between the Sponsors and Stakeholders under Attachment K may be adjusted. However, as a general manner, the current Attachment K provides adequate opportunities for Stakeholders to provide input into the expansion plan and economic study process.

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IEWG – Information Exchange Working Group – will insure proper exchange of data and confidentiality of same. It will also insure that data is sufficient to replicate planning studies and sufficient to do planning studies.

OTHERS – as necessary.

2.2 Per the FERC White Paper;

Describe the procedures used to notice meetings and other planning-related communications.

Staff suggests use of a transmission planning page on OASIS containing information such as:

- notice procedures and e-mail addresses for points of contact and questions;
- a calendar of meetings and other significant events, such as release of draft reports, final reports, data, *etc.*;
- a subscription page that allows stakeholders to sign up to an e-mail distribution list to receive meeting notice and other announcements; and
- the form in which meetings will take place (*i.e.*, in person, teleconference, webinar, *etc.*).
- Staff also encourages transmission providers to have mechanism in place to notify affected parties of the development of a potential project, or other significant events, and invite them to participate in related planning meetings.

See Section 1.5 and 2.1 on notifications, emails, website, etc. The mechanism to notice stakeholders of significant changes is the quarterly meetings. This will also give the opportunity for participation.

2.3.1 CEII data needs to be specifically identified and be consistent between all sponsors.

2.3.3 Certification criteria needs to be specifically stated in the Schedule K. CEII will be identified in accordance with section 2.3.1.

Southern Sub-region Schedule K

3. Transparency (P 471-479)

3.1 The sponsors will provide information regarding the status of upgrades identified in the transmission plan at the 4 annual meetings and update the same information as it becomes available on the website.

Yes.

In Attachment K the sponsors will specify the frequency of transmission plans and the planning study horizons used and provide a flow chart diagramming the steps of the planning process.

See Section 3.5.3. Although there is no flow chart in the Attachment, Section 3.3 identifies the Transmission Provider will post additional planning related material to facilitate stakeholder understanding of the Transmission System.

Sponsors will describe their process to notify interested parties of changes or updates in the data bases used for transmission planning.

The process is the website and the meetings.

Transmission providers will develop a transmission plan briefing paper that describes the plan in a manner that is understandable to stakeholders (*e.g.*,

describing any needs, the underlying assumptions, applicable planning criteria, and methodology used to determine the need).

We can discuss the possibility of a high-level briefing paper. If done, it would be at the Transmission Planning Summit. However, for those stakeholders regularly involved in the process, the cycle of information sessions, input sessions, etc. will give the information that makes the expansion plan understandable (due to the fact that the meetings are interactive). Of course, it is incumbent upon the Stakeholders to provide personnel having sufficient expertise and capabilities to participate in this planning process.

3.1 Sponsors will identify a knowledgeable technical point of contact to respond to questions regarding modeling criteria, assumptions, and data underlying transmission system plans.

Section 3.4 identifies that a means for contacting the transmission providers will be provided. Also, See Section 1.2.1, where the providers say they will provide various technical experts that address the topics defined in Section 3.5.1.2.

Transmission providers will establish a process by which stakeholders can discuss, question, or propose alternatives for any upgrades identified by the transmission provider. With the concurrence of the RPSG, this may be assigned to one of the stakeholder/sponsor committees.

This is provided for and addressed in Section 1.2.2 and 1.2.3.

3.2 (4) Any other external or internal (relative to the sponsor) criteria or other direction considered for planning activities.

This is covered by 3.2. (2).

3.3 The sponsor will also supply data requested by stakeholders or other sponsors. The release of such information may be made subject to appropriate confidentiality or CEII protection procedures.

The transmission provider has committed to provide all necessary information that would allow the stakeholders to conduct their own studies and replicate results (or produce similar answers depending on the definition of replicate). The providers will not agree to provide any data requested by the stakeholder, but will work with the stakeholder on all reasonable requests.

3.4 (2) (a) Questions and answers concerning transmission planning will be posted on the web site.

Questions of a non-immediate nature will be collected and addressed in the meeting processes or in additional communicative forms if necessary. The questions and answers will then be captured in meeting minutes.

3.5.1.1 change last phrase to; facilitate Stakeholders' ability to replicate transmission planning study results to those of the Transmission Provider.

Again, the transmission provider has committed to provide all necessary information that would allow the stakeholders to conduct their own studies and replicate results (or produce similar answers depending on the definition of replicate).

3.5.1.2 These explanations and their background information will be posted on the website.

This is addressed in Section 3.2 (2).

3.5.2 The ten (10) year transmission expansion plan will be developed in concert with stakeholders and especially the TPWG.

This section is focused on providing to Stakeholders the modeling assumptions.

3.5.3 For stakeholders to be ‘involved’ in the planning process that process needs to take place in conjunction with stakeholders. This will be done by involvement of the TPWG throughout the process.

The Attachment K process in its entirety provides more than adequate opportunity for the stakeholders to be involved in the development of the transmission expansion plan.

Transmission providers should identify the frequency of updates regarding the status of upgrades or alternatives, and how such upgrades or alternatives are reflected in future plan development (*i.e.*, in-service, under construction, planned, proposed, or concept).

The discussion of the transmission expansion plan from year to year, on a regular and on-going basis, has the inherent property of presenting updates/timing of projects.

Southern Sub-region Schedule K

4. Information Exchange (P 486-488)

Staff recommends that transmission providers, in consultation with customers, identify procedures for submission of data by transmission customers.

This was discussed in depth at the first stakeholder meeting in April in Birmingham.

Transmission providers should identify how information provided by each class of customer is used in the planning process.

The intent of requiring the provision of this information is to facilitate the transmission planning process. Input into the development of data bases upon which annual analysis is conducted is facilitated shortly after the Sept. 1 due date of data submission by transmission customers (conducted about two months later at the transmission summit). As outlined in 3.5.3 (1), there is a discussion of inputs at that point.

Staff recommends that the exchange of information be a continual, two-way process as the transmission provider moves through the study process

Described in the process.

Data exchange could be accomplished through automated means, such as through an “e-room,” subject to appropriate confidentiality restrictions.

This is addressed in Section 3.4. (4).

Transmission customers should provide the transmission provider with timely written notice of material changes in any information previously provided relating to its load, its resources, or other aspects of its facilities or operations affecting the transmission provider's ability to provide service.

Yes.

Southern Sub-region Schedule K

6. Dispute Resolution (P 501-503) (Sch K as 5)

Utilize a three-step dispute resolution process of negotiation, mediation, and arbitration, in that order.

As a practical matter, this proposal would seem likely to result in increased costs by requiring two mandatory processes prior to the parties being able to seek final resolution of the matter at FERC. Furthermore, if the parties to the dispute want to pursue the proposed process, Attachment K provides them the flexibility to do so.

After the negotiation period of 30 days the parties, if no settlement is reached, the dispute will be 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).

If still unresolved the Parties may by unanimous agreement voluntarily submit to the use of the Commission's Arbitration process (18 C.F.R. § 385.605, as those regulations may be amended from time to time) or such other dispute resolution process that the Parties may unanimously agree to utilize.

Providers must agree to voluntarily enter into this process.

5.2 And an Email notice sent to stakeholders signed up for such Email.

This is a possibility.

Southern Sub-region Schedule K

7. Regional Participation (P 523-528) (Sch K as 6)

"each transmission provider is required to coordinate with interconnected systems"

Each provider does coordinate with the interconnected systems. Further description of this process and how it ties in with Southeastern Regional Process is under development.

"Within regional planning it must be shown how each transmission provider is satisfying its obligations under Order No. 890."

This is described in Attachment K.

SOCO is also interconnected with Entergy, TVA, Duke, Santee, SCEG, CPL and FPL and should be planning with them to **identify system enhancements that could relieve congestion or integrate new resources.**

If long term planning congestion exists, based on firm transmission provider commitments, the process is in place as described in Attachment K that establishes a process to allow for relief of the congestion. The Inter-Regional Participation Process is the arena for studies that would look at the integration of new resources. Of course, system enhancements to relieve congestion or to integrate new resources can also be pursued through traditional requests for OATT service, with the OATT already containing provisions pertaining to coordinating with third party systems.

“The scope of a Region needs to be governed by the integrated nature of the regional power grid and the particular reliability and resource issues affecting individual regions and sub-regions.”

FERC does not define what the scope of a region must be. The Sponsors believe they have identified an appropriate region.

“The transmittal letter accompanying the transmission provider’s Attachment K should describe how both the local and the regional planning process satisfy the other eight principles.”

This will be addressed in the transmittal letter.

” inter-regional coordination should strive for consistency in planning data and assumptions and address system enhancements that could relieve transmission congestion across multiple regions”

The Inter-Regional Participation Process is the arena for studies that would look at the integration of new resources and relieve potential congestion.

as part of the transmittal letter to its compliance filing:

- The forms of sub-regional or regional planning that occur today in the transmission provider's region;
- The modifications or improvements to such processes that are being proposed as part of compliance with Order No. 890;
- The reasons why a particular sub-region or region was chosen to address compliance with Principle No. 7;

The process by which the proposed sub-regional or regional planning processes can evolve over time as stakeholders gain experience with them (e.g., in undertaking additional studies as experience is gained with the initial studies; in formalizing stakeholder and state agency participation; in exchanging data, etc.).

Suggestions from the white paper will be taken into consideration in the drafting of the transmittal letter.

Introduction section

Each transmission provider is required to coordinate with interconnected systems. The SERC companies are interconnected and need to plan as one region.

Each provider does coordinate with the interconnected systems. Further description of this process and how it ties in with Southeastern Regional Process is under development.

The geographic scope of a planning process should be governed by the integrated nature of the regional power grid and the particular reliability and resource issues affecting individual regions and sub-regions. As can be seen from the preliminary results of the RPSG requested economic planning studies, the stakeholder interest and issues in the southeast require a SERC wide region fall under the FERC Order No. 890 planning criteria.

FERC does not define what the scope of a region must be. The Sponsors believe they have identified an appropriate region.

That planning needs to identify system enhancements that could relieve congestion or integrate new resources before considering economic planning study requests from stakeholders.

The Inter-Regional Participation Process is the arena for studies that would look at the integration of new resources and relieve potential congestion.

To the extent a transmission provider relies on or coordinates with other entities to conduct planning activities, the roles and obligations of all participants should be clearly stated.

Further description of this process and how it ties in with Southeastern Regional Process is under development.

Transmission providers should explain whether the processes used in local planning are the same as those used for regional planning.

It is clear in the Southeastern Regional Process what is regional and inter-regional.

If separate processes are used for local planning and regional planning Attachment K should clearly identify those processes and the method the transmission provider will use to delineate the activities undertaken in each process.

The difference in the Regional and Inter-Regional Process is defined.

The transmittal letter accompanying the transmission provider's Attachment K should "describe how both the local and the regional planning process satisfy the other eight principles".

Suggestions from the white paper will be taken into consideration in the drafting of the transmittal letter.

Transmission providers shall develop common data bases for local and regional planning activities so that data inputs are consistent. Similarly, regional entities engaged in planning activities should describe efforts to achieve consistency in the data assumptions used by neighboring regional entities.

The process is described in the [Inter-Regional Participation Process](#).

“‘Inter-regional’ coordination should strive for consistency in planning data and assumptions and address system enhancements that could relieve transmission congestion across multiple regions.” This needs to be done before considering stakeholder requested economic studies.

The [Inter-Regional Participation Process](#) is the arena for studies that would look at the integration of new resources and relieve potential congestion.

“Each transmission provider shall describe, as part of the transmittal letter to its compliance filing:

- The forms of sub-regional or regional planning that occur today in the transmission provider's region;
- The modifications or improvements to such processes that are being proposed as part of compliance with Order No. 890;
- The reasons why a particular sub-region or region was chosen to address compliance with Regional Participation Principle;
- The process by which the proposed sub-regional or regional planning processes can evolve over time as stakeholders gain experience with them.”
[Suggestions from the white paper will be taken into consideration in the drafting of the transmittal letter.](#)

Purpose section; This “Inter-Regional Planning Process” doesn’t comply with the other 8 Principles.

[This process is part of the eight principles.](#)

Current Inter-Regional Planning Process section; SERC will have to coordinate and approve any ‘inter-regional’ plans that have been made to include economic based projects and expansions of reliability based projects for economic purposes. [SERC is a venue for coordinating plans but SERC does not “approve” plans. It is the responsibility of each transmission provider to reliably plan for their obligations under current NERC and SERC criteria.](#)

Participating Transmission Providers section; All SERC transmission providers need to participate.

Participation is open for discussion but not mandated.

Proposed Inter-Regional Participation Process section: Provide a specific description of how “ this process will build on the current inter-regional, reliability planning processes required by existing multi-party reliability agreements to allow for additional participation by stakeholders”.

This is explained but more effort will be put forth to show how the Regional and Inter-Regional processes tie together.

Proposed Inter-Regional Participation Process section:

This is only a small part of the other 8 Principles.

This process is part of the eight principles.

See the White Paper on the data coordination required. What is proposed is only an exchange of data, not coordination.

The intent of this comment is unclear.

Stakeholders will need to coordinate on which ‘inter-regional’ studies will be done.

This is under discussion.

Since SOCO can do 5 inter-regional studies in 5 months, can’t they do 24 interregional studies in 24 months!

The intent of this comment is unclear.

Proposed Inter-Regional Participation Process section:

Is this “external” planning / “seams” effort different than what is presently done? If so, then how is it better?

This is explained but more effort will be put forth to show how the Regional and Inter-Regional processes tie together.

Details on how this ‘external’ planning will comply with the 8 Principles.

“External Planning” addresses neighboring transmission providers that are required in their own Attachment K to comply with the planning principles of Order 890.

The activities of the study coordination team need to be spelled out as they are for the ‘regional’ planning Schedule Ks. This is especially important in so far as they coordinate and include stakeholders and don’t just present completed studies to stakeholders.

This is under discussion.

Proposed Inter-Regional Participation Process section:

Four meetings over two years is not enough involvement with stakeholders. A committee structure that works with the “study coordination team” continuously would comply with Order No. 890 and the White Paper.

When combined with the Regional Planning, the stakeholder meetings for the Southeastern Region total around 12 over two years. This is more than adequate for stakeholder involvement.

The meetings are necessary to keep ALL stakeholders informed, but the involvement of the stakeholders in the planning process requires a committee structure.

Stakeholders are involved and provide feedback/input.

The Inter-Regional Planning Process is a series of meetings rather than a program of participation by stakeholders.

Stakeholders are involved and provide feedback/input.

Inter-Regional Participation Process Cycle section;

To be comparable, this ‘inter-regional’ process must be done on a one year cycle. This is the cycle on which all studies are done within the SERC region. It is understandable that the first cycle may take two years to complete, given the complexity involved, but subsequent cycles should be one year.

This is under discussion.

Stakeholder Input in the Development of Inter-Regional Participation Process section:

Sponsors of the inter-regional planning process need to facilitate a coordination of stakeholders.

The intent of this comment is unclear.

Southern Sub-region Schedule K

8. Economic Planning Studies (P 542-551)(Sch K as 7)

7.1 There needs to be coordination between the economic planning study requests made by stakeholders in the participating ‘regions’ and those made for the ‘inter-regional’ area.

Similar requests will be grouped or clustered at the inter-regional level. However, nothing precludes stakeholders from various regions working together to have similar requests on the regional level.

In addition to stakeholder requested economic planning studies transmission providers must plan not only to maintain reliability, but also to “consider whether transmission upgrades can reduce the overall cost of serving native load.”

Inter-regional Participation is factored in at the regional level but more effort will be put forth to show how the Regional and Inter-Regional processes tie together.

Describe the scope of economic planning undertaken by the transmission provider on behalf of its native load and OATT customers.

As discussed in Southern Companies' Request for Rehearing to Order No. 890: Southern Companies' transmission function planners do not perform congestion analysis. Rather, they plan the system to satisfy reliability requirements and to meet the needs of firm transmission commitments. It is through the firm commitments made by Southern Companies' retail operating companies (through IRP and RFP processes) that "congestion" is reduced for Southern Companies' native load.

7.1

"Transmission providers should state the type of economic planning studies that are performed and the classes of transmission users on whose behalf they are performed. If the same economic planning studies are performed on behalf of some users (e.g., native load) but not others users of the grid, the transmission provider should explain how the requirements of comparability are satisfied."

Economic Planning Studies in the sense described here are not provided for native load by the transmission provider. Economic Planning is done through the RFP process of the load serving entity.

"The transmission provider should explain whether reliability and economic projects are considered separately and, if so, how the economic benefits of reliability projects are considered and vice versa. Transmission providers should consider whether reliability projects could be modified or changed to increase economic benefits and/or resolve economic constraints."

This is described in Section 8.2.4.

The RPSG should consider adopting procedures to govern the clustering or batching of similar requests.

Clustering/Batching was done this year. Also, this is addressed in Section 7.4.

7.2 Economic planning study requests should not be limited in scope. The 'regional' and 'inter-regional' stakeholders should determine which studies and types of studies are of relevance to them.

The economic planning studies are done to facilitate the greatest good for the greatest number of people and nothing precludes stakeholders from requesting individual studies per section 7.5.

The 5 year time frame should be changeable by agreement between the stakeholders and transmission providers.

See Section 7.2 for adequate description of five year time frame.

7.4 The Transmission Provider may, following communications with [and agreement by] the RPSG, cluster those studies for purposes of the transmission evaluation.

This is a possibility.

7.5 All involved transmission providers will give the requesting stakeholder a good faith estimate of the cost to perform such study before the stakeholder is required to commit to it.

This is a possibility.

7.6 Postings for meetings need to take place 30 days (not one week) before meetings to consider them to allow sufficient time to consider the information.

It may be possible to move this to 15 days. Considering 15 days prior to the meeting plus a comment time of 30 days following the meeting, stakeholders should have adequate time to review and comment.

Southern Sub-region Schedule K

9. Cost Allocation (P 557-561) (Sch K as 8)

8.1 The cost responsibility is clearly assigned but the transmission rights associated with that expenditure need to also be specified. The contributing stakeholder will receive firm point-to-point or network service credits for the MW of service paid for in the cost allocation for a period of 40 years.

Transmission rights under the OATT are associated with firm long-term agreements. At the conclusion of each planning study cycle, it is assumed that all interested parties will consider the study results and forecast whether the benefits of a particular “economic project” exceeds its cost. The parties that determine they will receive a net benefit from a project are expected to submit service requests to those Transmission Provider(s) that are in a position to construct the economic upgrades identified in the planning studies. Then, the Transmission Provider(s) will make service offers, which specify transmission rights and cost responsibilities, in accordance with the Transmission Provider’s applicable tariffs, policies and procedures.

The cost allocation proposal “should fairly assign costs among participants, including those who cause them to be incurred and those who otherwise benefit from them.” This will require evaluations of benefits to everyone and an allocation of cost to those who benefit. For example, a particular project may allow a party to more efficiently dispatch its generation, resulting in a savings to them. A portion of this savings needs to be allocated to paying for the project

Reference is made to section 8.2.4.

There must be “ex ante certainty through definite cost allocation rules and clear rules for identifying who benefits from specific projects.”

Those who benefit are addressed in 8.2.4

8.1 The cost allocation proposal should provide adequate incentives to construct new transmission. Those paying for new transmission need to receive transmission rights equal to those payments.

“The transmission provider needs to specifically identify;

- 1. how beneficiaries will be identified and whether classes of customers will be identified for purposes of allocating project costs; and Beneficiaries will be self-identified.**
- 2. how project costs will be allocated to an entity whose needs may not have given rise to the upgrade, but that nevertheless has a need during the planning horizon that is met in whole or in part by that upgrade; and,**
- 3. how identified beneficiaries may address alternatives or deferrals of transmission line costs, such as through the installation of distributed resources.”**

Credits for the latter two situations are provided for in 8.2.4.

8.1 Transmission providers should also explain how the particular methodology is comparable to how they would allocate costs to themselves, and their native load customers, for similar types of upgrades.

As a general matter, “economic upgrades” for native load are addressed through the RFP process and resulting firm, long term, Power Purchase Agreements. Of course, native load historically has funded the construction of the transmission system and continue to bear approximately 90% of all of the costs of the transmission system.

8.2.2 Specify the process that requests for ‘inter-regional’ economic upgrades need to go through.

This is described in 8.2.2 (request application).

Southern Sub-region Schedule K

10. Recovery of Planning Costs (P 586)(Sch K as 9)

“Transmission providers need to work with stakeholders and state agencies to determine if any other entities are in need of cost recovery for planning related activities and, if so, how those costs will be recovered.”

It is unclear what is meant by quoting the Order.

Southern Sub-region Schedule K

Closing Comments

THE BIG ISSUES REMAINING;

- SERC-wide, and ‘inter-regional’ transmission planning needs to comply with the 9 Principles.**

This process is part of the eight principles.

- **A committee structure is needed that involves stakeholders in the underlying development of the transmission plan.**

Existing RPSG and open stakeholder meetings are adequate to address stakeholder involvement in underlying development of the transmission expansion plan.

- **Dispute Resolution needs two mandatory (not just one) steps before expensive long term resolution methods are necessary.**

As a practical matter, this proposal would seem likely to result in increased costs by requiring two mandatory processes prior to the parties being able to seek final resolution of the matter at FERC. Furthermore, if the parties to the dispute want to pursue the proposed process, Attachment K provides them the flexibility to do so.

- **Stakeholders should not pay twice for economic projects.**

Assuming that this a reference to the Commission's "or" pricing policy, the relationship between the funding of economic upgrades under Attachment K and the taking of transmission service under other portions of the OATT could be addressed in the agreement between the parties referenced in Section 8.2.5 or in the TSA.

- **The cost allocation proposal should fairly assign costs among participants, including those who cause them to be incurred and those who otherwise benefit from them.**

This is adequately addressed in 8.2.4.

Additional Comments from Joe Pokalski from Conference Call on Wednesday, October 17th, 2007.

What will the CEII agreement that has to be signed look like?

- Providers agreed to post/email a sample document. This will be done as soon as possible. Providers are still working through some internal issues.

The manner in which the reliability projects and economic projects are handled on a Regional and Inter-Regional basis is unclear.

- Providers acknowledged they are working on additional information regarding this.

What will the Transmittal Letter look like that accompanies the Attachment K filing?

- While the transmittal letter has not been prepared, it (and all of its drafts and iterations) will be a legal document that is protected by, among other things, the attorney work product privilege. Accordingly, it will not be shared with the stakeholders prior to the filing.