

Inter-Regional Participation White Paper

September 10, 2007

Introduction:

In an effort to more fully address the regional participation principle outlined in the Order 890 Attachment K Tariff requirements and the related guidance contained in the FERC Transmission Planning Process Staff White Paper (dated August 2, 2007), we propose to expand upon the existing processes for regional planning in the Southeast. This white paper is intended to outline an inter-regional process among various Southeastern interconnected transmission owners. The inter-regional process described herein would be incorporated into each Participating Transmission Provider's planning process and OATT Attachment K (for those transmission providers that have a regulatory requirement to file an Attachment K).

Purpose:

This inter-regional process would serve to complement the regional planning processes developed by the Participating Transmission Providers in the Southeast and to satisfy the regional participation principle established in FERC Order 890. For the purpose of this white paper, the term "Inter-Regional Participation Process" is defined as a new process to more fully address the inter-regional aspect of the regional participation principle of Order 890 for multiple transmission systems in the Southeast. The term "Regional Planning Processes" refers to the regional transmission planning processes a Transmission Provider has established within their particular region for Attachment K purposes.

Current Inter-Regional Planning Process:

Each Southeastern transmission provider currently develops a transmission plan to account for service to its native load and other firm transmission service commitments on its transmission system. This plan development is the responsibility of each transmission planner individually and does not directly involve the Regional Reliability Organization (e.g. SERC). Once developed, the Participating Transmission Providers collectively conduct an inter-regional reliability transmission assessment, which includes the sharing of the individual transmission system plans to provide information on the assumptions and data inputs and to assess whether the plans are simultaneously feasible.

Participating Transmission Providers:

Due to the additional regional planning coordination principals that have been announced in Order 890 and the associated Transmission Planning White Paper, the following transmission providers have agreed to provide additional transmission planning

coordination, as further described in this document. The below identified transmission providers are referred to as the “Participating Transmission Providers”:

Alabama Electric Cooperative	Progress Energy Carolinas
Duke Energy Carolinas	Santee Cooper
Dalton Utilities	South Carolina Electric & Gas
South Mississippi Electric Power Association	Entergy
Georgia Transmission Corporation	Southern Companies
Municipal Electric Authority of Georgia	Tennessee Valley Authority

Proposed Inter-Regional Participation Process:

The Inter-Regional Participation Process is outlined in the attached diagram. As shown in that diagram, this process will provide a means for conducting stakeholder requested Economic Planning Studies across multiple interconnected systems. In addition, 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.

The established Regional Planning Processes outlined in the Participating Transmission Providers’ Attachment Ks will be utilized for collecting data, coordinating planning assumptions, and addressing stakeholder requested Economic Planning Studies internal to their respective regions. The data and assumptions developed at the regional level will then be consolidated and used in the development of models for use in the proposed Inter-Regional Participation Process. This will ensure consistency in the planning data and assumptions used in local, regional, and inter-regional planning processes.

These established Attachment K processes will also serve as a mechanism to collect requests for inter-regional Economic Planning Studies by each participant’s stakeholders group. The Economic Planning Studies requested through each participant’s Attachment K process that involve impacts on multiple systems will be consolidated and evaluated as part of the Inter-Regional Participation Process. The Inter-Regional Participation Process will also be described and included within each of the Participating Transmission Provider’s Attachment K filings (as applicable).

The Participating Transmission Providers recognize the importance of coordination with neighboring (external) planning processes. Therefore, seams coordination will take place at the regional level where external regional planning processes adjoin the Inter-Regional Participation Process. External coordination is intended to include planning assumptions from neighboring processes and the coordination of transmission enhancements and stakeholder requested Economic Planning Studies to support the development of simultaneously feasible transmission plans both internal and external to the Inter-Regional Participation Process.

With regard to the development of the stakeholder requested inter-regional Economic Planning Studies, the Participating Transmission Providers will each provide staff (transmission planners) to serve on the study coordination team. The study coordination team will lead the development of study assumptions (and coordinate with stakeholders, as discussed further below), perform model development, and perform any other coordination efforts with stakeholders and impacted external planning processes. During the study process, the study coordination team will also be responsible for performing analysis, developing solution options, evaluating stakeholder suggested solution options, and developing a report(s) once the study(ies) is completed. Once the study(ies) is completed, the study coordination team will distribute the report(s) to all Participating Transmission Providers for review with stakeholders as a part their respective Regional Planning Process.

With regard to coordinating with stakeholders in the development of the inter-regional Economic Planning Study(ies), in each cycle of this Inter-Regional Participation Process, the Participating Transmission Providers will conduct the “1st Inter-Regional Stakeholder Meeting”, as shown in the attached diagram. At this meeting, the study coordination team will coordinate with the stakeholders regarding the study assumptions underlying the identified stakeholder requested inter-regional Economic Planning Study(ies). Through this process, stakeholders will be provided an opportunity to comment and provide input regarding those assumptions. In addition, stakeholders will be provided an opportunity to request that additional inter-regional Economic Planning Studies be performed. Following that meeting, and once the study coordination team has an opportunity to perform its initial analyses of the inter-regional Economic Planning Study(ies), the Participating Transmission Providers will then conduct the “2nd Inter-Regional Stakeholder Meeting.” At this meeting, the study coordination team will review the results of such initial analysis, and stakeholders will be provided an opportunity to comment and provide input regarding that initial analysis. The study coordination team will then perform its final analysis of the inter-regional study(ies) and draft the Economic Planning Study(ies) report(s), which will be presented to the stakeholders at the “3rd Inter-Regional Stakeholder Meeting.” Stakeholders will be provided an opportunity to comment and provide input regarding the draft report(s). Subsequent to that meeting, the study coordination team will then finalize the report(s), which will be issued to the affected Participating Transmission Providers for review with stakeholders as a part their respective Regional Planning Process.

In addition to performing inter-regional Economic Planning Studies, the Inter-Regional Planning Process will also provide a means for the Participating Transmission Providers to review, at the Inter-Regional Participation Process stakeholder meetings, the regional data, assumptions, and assessments that are then being performed on an inter-regional basis.

Inter-Regional Participation Process Cycle:

The Inter-Regional Participation Process will be conducted over a two year cycle. Due to the expected scope of the requested studies and size of the geographical region

encompassed, a two year evaluation cycle will ensure that sufficient coordination can occur with stakeholders and among the impacted Participating Transmission Providers. In addition, the two year cycle will provide sufficient time to ensure that the inter-regional study results are meaningful and meet the needs of the stakeholders.

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

This white paper lays out a framework for inter-regional planning to address Order 890's regional participation principal and to otherwise provide a mechanism for the analysis of inter-regional Economic Planning Studies. The Participating Transmission Providers recognize the need to obtain stakeholder input as a part of finalizing the specifics of this process. To that end, the Participating Transmission Providers plan to engage stakeholders to receive their input concerning this framework in a variety of different forums including the following: through their Regional Planning Processes and through planned FERC Order 890 technical conferences in the fall of 2007. The goal being, that the Participating Transmission Providers' would finalize the specifics for the Inter-Regional Participation Process by the time they file their Attachment Ks in December 2007, with the goal of implementing this process beginning in 2008.

The further development of this process will include defining the process and procedures whereby the Economic Planning Studies can be requested by the stakeholders and evaluated through this inter-regional process. Details that will be further developed include the following: the number of studies that would be normally supported through the planning cycle; the process of determining how the requested studies would be prioritized; and the potential for performing additional studies if paid for by particular stakeholders. The stakeholders will have an opportunity to interact with the Participating Transmission Providers' in the development of these details.

Inter-Regional Participation Process Diagram:

