

July 31, 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 *Duke Energy Carolinas, LLC, et al.* 152 FERC ¶ 61,078

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

Dear Ms. Bose:

Pursuant to Section 206 of the Federal Power Act<sup>1</sup> (“FPA”), the Federal Energy Regulatory Commission’s (“Commission” or “FERC”) order issued in *Duke Energy Carolinas, LLC, et al.* 152 FERC ¶ 61,078 (2015) (the “July 28th Order” or “Order”), Ohio Valley Electric Corporation, including its wholly owned subsidiary Indiana-Kentucky Electric Corporation (“OVEC”) hereby provides its compliance filing to the July 28th Order.

**I. INTRODUCTION**

Duke Energy Carolinas, LLC and Duke Energy Progress, Inc. (collectively, “Duke”); Louisville Gas and Electric Company and Kentucky Utilities Company (“LG&E/KU”); 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”), (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”).

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<sup>1</sup> 16 U.S.C. § 824e.

This filing involves the SERTP Sponsors' proposals to comply with Order No. 1000's<sup>2</sup> regional transmission planning and cost allocation requirements. The Jurisdictional SERTP Sponsors submitted their initial compliance filings to address those requirements on February 8, 2013 in Docket Nos. ER13-897, ER13-908, and ER13-913 (the "February 8th Filings"), with Duke essentially adopting the substance of those filings when Duke joined the SERTP, as explained in Duke's May 22, 2013 submittal in Docket No. ER13-83. On July 18, 2013, the Commission issued an order addressing the February 8th Filings, finding that the filings partially complied with the requirements of Order No. 1000 and directing the Jurisdictional SERTP Sponsors to make further revisions. *Louisville Gas and Electric Co., et al.*, 144 FERC ¶ 61,054 (2013) ("First Compliance Order").<sup>3</sup> On January 14, 2014, the Jurisdictional SERTP Sponsors submitted their compliance filings ("January 14th Compliance Filings") in response to the Commission's First Compliance Order. On June 19, 2014, the Commission issued its order addressing the January 14, 2014 Compliance Filings and related requests for rehearing. *Duke Energy Carolinas, LLC, et al.* 147 FERC ¶ 61,241 (2014) ("Second Compliance Order"). In that Second Compliance Order, the Commission, again, partially accepted the SERTP Sponsors' compliance filings, required an additional compliance filing and addressed the related requests for rehearing. The Jurisdictional SERTP Sponsors submitted their compliance filings to the Second Compliance Order on August 18, 2014 ("August 18, 2014 Compliance Filings"). On April 13, 2015, the Commission issued its order addressing the August 18, 2014 Compliance Filings. *Duke Energy Carolinas, LLC, et al.*, 151 FERC ¶ 61,021 (2015) ("Third Compliance Order"). In the Third Compliance Order, the Commission accepted the August 18, 2014 Compliance Filings subject to additional compliance filings and also addressed related requests for rehearing and clarification to the Second Compliance Order. The Jurisdictional SERTP Sponsors submitted their compliance filings to the Third Compliance Order on May 12, 2015 ("May 12, 2015 Compliance Filings"). In the July 28th Order, the Commission accepted the May 12, 2015 Compliance Filings for Duke, LG&E/KU and Southern Companies, but required OVEC to make an additional compliance filing.

The instant filing provides OVEC's compliance filing to the requirements of the July 28 Order.

## **II. OATT REVISIONS TO COMPLY WITH THE ORDER**

As indicated in the July 28th Order, OVEC hereby modifies section 15.2 of its OATT (Attachment M) to delete the phrase "rights-of-way of" and add the phrase "rights-of-way or."<sup>4</sup>

## **III. REQUEST FOR WAIVER**

OVEC is making this filing in compliance with the Commission's directives in July 28th Order. By making this filing in compliance with that Order, OVEC understands that it has hereby satisfied any of the Commission's filing requirements that might apply. Should any of the Commission's

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<sup>2</sup> *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 136 FERC ¶ 61,051 (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> In *Duke Energy Carolinas LLC, et al.*, 145 FERC ¶ 61,252 (2013), the Commission accepted Duke's joining the SERTP, thereby clarifying that Duke likewise was subject to the requirements of the First Compliance Order.

<sup>4</sup> See July 28 Order at 8 (emphasis added).

regulations (including filing regulations) or requirements be found to apply that these filings may not have addressed, OVEC respectfully requests waiver of any such regulation or requirement.

#### **IV. SERVICE**

OVEC is serving an electronic copy of this filing on the relevant Service Lists. In addition, this filing is being posted on the SERTP website and OVEC is posting an electronic copy of this filing on its OASIS website.

#### **V. LIST OF DOCUMENTS**

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

- (a) This Transmittal Letter;
- (b) A Clean Tariff Attachment for Attachment M for posting in eLibrary; and
- (c) A Marked Tariff Attachment for Attachment M for posting in eLibrary.

#### **VI. COMMUNICATIONS**

Communications concerning this filing should be directed to the undersigned attorney or following representative of OVEC:

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

Sincerely,

/s/ Brian E. Chisling  
Brian E. Chisling  
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*Counsel for Ohio Valley Electric Corporation*

**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, District of Columbia this 31st day of July, 2015.

*/s/ Andrew Bernstein*  
\_\_\_\_\_  
Andrew Bernstein

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

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

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

projections; resource assumptions, including on-system and off-system supplies for current and future native load and network customer needs; public policy requirements; and transmission service commitments within the region.<sup>2</sup> The Transmission Provider's coordinated, open and transparent planning process is hereby provided in this Attachment M, with additional materials provided on the Regional Planning Website.

### **Local Transmission Planning**

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

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<sup>2</sup> As provided herein, Transmission Customers can provide input regarding updates to these needs assumptions consistent with the Information Exchange provisions of Section 4. Additionally, Stakeholder input is considered in the determination of transmission needs through input regarding the transmission planning modeling assumptions consistent with the Coordination provisions of Section 1 and specifically related to transmission needs driven by public policy requirements consistent with Section 10.2. Stakeholders can also provide input on Economic Planning Studies pursuant to Section 7.

Through its participation in the SERTP, the Transmission Provider's local planning process satisfies the following nine principles, as defined in Order No. 890: coordination, openness, transparency, information exchange, comparability,<sup>3</sup> dispute resolution, regional participation, economic planning studies, and cost allocation for new projects. This planning process also addresses at Section 9 the requirement to provide a mechanism for the recovery and allocation of planning costs consistent with Order No. 890. This planning process also includes at Section 10 the procedures and mechanisms for considering transmission needs driven by Public Policy Requirements consistent with Order No. 1000.

The Transmission Provider uses the SERTP as its open, coordinated, and transparent planning process for both its local and regional planning processes for purposes of Order Nos. 890 and 1000, such that the Transmission Provider's ten year local transmission expansion plan and the regional transmission plan are vetted with Stakeholders in accordance with the SERTP's open, coordinated, and transparent transmission planning provisions provided herein. Specifically, the Transmission Provider develops its local transmission expansion plan concurrently with the development of the regional transmission plan, with the expectation that in any given transmission planning cycle, the Transmission Provider's ten year local transmission expansion plan, along with those of the other Sponsors, will be included in the regional transmission plan. Therefore, references to "transmission expansion plan" in this Attachment M include the Transmission Provider's local transmission expansion plan.

Through this concurrent development of the Transmission Provider's local transmission expansion plan and the regional transmission plan, Stakeholders are provided the opportunity to

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

provide input throughout the SERTP's processes, with the procedures and timeline of the SERTP for Stakeholders to provide input on the local transmission expansion plan prescribed in Sections 1 through 10.

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

- (i) The process for consulting with customers for Attachment M purposes, which is set forth in Section 1 of this Attachment M;
- (ii) The notice procedures and anticipated frequency of meetings, which is set forth in Sections 1 and 2 of this Attachment M;
- (iii) The Transmission Provider's transmission planning methodology, criteria, and processes, which are set forth in Section 3 of this Attachment M;
- (iv) The method of disclosure of transmission planning criteria, assumptions and underlying data, which is set forth in Sections 2 and 3 of this Attachment M;
- (v) The obligations of and methods for Transmission Customers to submit data to the Transmission Provider, which is set forth in Section 4 of this Attachment M;
- (vi) The dispute resolution process, which is set forth in Section 5 of this Attachment M;
- (vii) The Transmission Provider's study procedures for economic upgrades to address congestion or the integration of new resources, which is set forth in Section 7 of this Attachment M;
- (viii) The Transmission Provider's procedures and mechanisms for considering transmission needs driven by Public Policy Requirements, consistent with Order No. 1000, which are set forth in Section 10 of this Attachment M; and
- (ix) The relevant cost allocation method or methods, which is set forth in Section 8 of this Attachment M.

## **Regional Transmission Planning**

The Transmission Provider participates in the SERTP through which transmission facilities and non-transmission alternatives may be proposed and evaluated. This regional transmission planning process develops a regional transmission plan that identifies the transmission facilities necessary to meet the needs of transmission providers and transmission customers in the transmission planning region for purposes of Order No. 1000. This regional transmission planning process is consistent with the provision of Commission-jurisdictional services at rates, terms and conditions that are just and reasonable and not unduly discriminatory or preferential, as described in Order No. 1000.

This regional transmission planning process satisfies the following seven principles, as set out and explained in Order Nos. 890 and 1000: coordination, openness, transparency, information exchange, comparability,<sup>4</sup> dispute resolution, and economic planning studies. This regional transmission planning process includes at Section 10 the procedures and mechanisms for considering transmission needs driven by Public Policy Requirements, consistent with Order No. 1000. This regional transmission planning process provides at Section 9 a mechanism for the recovery and allocation of planning costs consistent with Order No. 890. This regional transmission planning process includes at Section 13 a clear enrollment process for public and non-public utility transmission providers that make the choice to become part of a transmission planning region for purposes of regional cost allocation. This regional transmission planning

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<sup>4</sup> The Transmission Provider is committed to providing comparable and non-discriminatory transmission service. As such, comparability is not separately addressed in a stand-alone section of this Attachment M but instead permeates the Southeastern Regional Transmission Process described in this Attachment M.

process subjects Enrollees to cost allocation if they are found to be Beneficiaries of new transmission facilities selected in the regional transmission plan for purposes of cost allocation.<sup>5</sup>

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

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

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<sup>5</sup> Enrollees that are identified pursuant to Section 17 to potentially receive cost savings (associated with the regional cost allocation components in Section 18) due to the transmission developer's proposed transmission project for possible selection in a regional transmission plan for regional cost allocation purposes ("RCAP") shall be referred to as "Beneficiaries."

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

### **Interregional Transmission Coordination**

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

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

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

### **1. Coordination**

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

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

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

utilized to develop the transmission expansion plan<sup>6</sup> before that methodology and criteria are finalized for purposes of the development of that year's transmission expansion plan (*i.e.*, the expansion plan that is intended to be implemented the following calendar year).<sup>7</sup> Stakeholders may submit comments to the Transmission Provider regarding the Transmission Provider's criteria and methodology during the discussion at the meeting or within ten (10) business days after the meeting, and the Transmission Provider will consider such comments. Depending upon the major transmission planning issues presented at that time, the Transmission Provider will provide various technical experts that will lead the discussion of pertinent transmission planning topics, respond to Stakeholder questions, and provide technical guidance regarding transmission planning matters. It is foreseeable that it may prove appropriate to shorten the training sessions as Stakeholders become increasingly knowledgeable regarding the Transmission Provider's transmission planning process and no longer need detailed training in this regard.

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<sup>6</sup> The expectation is that in any given planning cycle, the Transmission Provider's ten year transmission expansion plan, along with those of the other Sponsors, will be included in the regional transmission plan. Moreover, the iterative nature of transmission planning bears emphasis, with underlying assumptions, needs, and data inputs continually changing to reflect market decisions, load service requirements, and other developments. A transmission plan, thus, only represents the status of transmission planning when the plan was prepared.

<sup>7</sup> A transmission expansion plan completed during one calendar year (and presented to Stakeholders at that calendar year's Annual Transmission Planning Summit) is intended to be the starting point plan for the following calendar year. For example, the transmission expansion plan developed during 2009 and presented at the 2009 Annual Transmission Planning Summit is for the 2010 calendar year.

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

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

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

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

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

**1.2.4.2 Assumptions Input Session:** The Assumptions Input Session aspect of the Annual Transmission Planning Summit and Assumptions Input Meeting will take place following the annual Transmission Planning Summit and will provide an open forum for discussion with, and input from, the Stakeholders regarding: the data gathering and transmission model assumptions that will be used for the development of the Transmission Provider's following year's ten (10) year transmission expansion plan,

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

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

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

- (1) Transmission Owners/Operators<sup>8</sup>

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<sup>8</sup> The Sponsors will not have a vote within the Transmission Owners/Operators sector, although they (or their affiliates, subsidiaries or parent company) shall have the right to participate in other sectors.

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

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

**1.3.3 Annual Reformulation:** The RPSG will be reformed annually at each First RPSG Meeting and Interactive Training Session discussed in Section 1.2.1. Specifically, the Sector Members will be elected for a term of approximately one year that will terminate upon the convening of the following year’s First RPSG Meeting and Interactive Training Session. Sector Members shall be elected by the Stakeholders physically present at the First RPSG Meeting and Interactive Training Session (voting by sector for the respective Sector Members). If elected, Sector Members may serve consecutive, one-year terms, and there is no limit on the number of terms that a Sector Member may serve.

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

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

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

**1.4 The Role of the Transmission Provider in Coordinating the Activities of the Southeastern Regional Transmission Planning Process Meetings and of the Functions of the RPSG:** The Transmission Provider will host and conduct the above-described Annual Transmission Planning Meetings with Stakeholders.<sup>9</sup>

**1.5 Procedures Used to Notice Meetings and Other Planning-Related Communications:** Meetings notices, data, stakeholder questions, reports, announcements, registration for inclusion in distribution lists, means for being

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<sup>9</sup> As previously discussed, the Transmission Provider expects that the other Sponsors will also be hosts and sponsors of these activities.

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

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

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

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

## **2. Openness**

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

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

### **2.3 CEII Information**

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

1. Relates details about the production, generation, transmission, or distribution of energy;
2. Could be useful to a person planning an attack on critical infrastructure;

3. Is exempt from mandatory disclosure under the Freedom of Information Act; and
4. Does not simply give the general location of the critical infrastructure.

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

**2.3.3 CEII Certification:** In order for a Stakeholder to be certified and be eligible for access to the CEII data involved in the Southeastern Regional Transmission Planning Process, the Stakeholder must follow the CEII certification procedures posted on the Regional Planning Website (*e.g.*, authorize background checks and execute the SERTP CEII Confidentiality Agreement posted on the Regional Planning Website). The Transmission Provider reserves the discretionary right to waive the certification process, in whole or in part, for anyone that the Transmission Provider deems appropriate to receive CEII information. The Transmission Provider also reserves the discretionary right to reject a request for CEII; upon such rejection, the requestor may pursue the dispute resolution procedures of Section 5.

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

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

**2.4 Other Sponsor- and Stakeholder- Submitted Confidential Information:** The other Sponsors and Stakeholders that provide information to the Transmission Provider that foreseeably could implicate transmission planning should expect that such information will be made publicly available on the Regional Planning Website or may otherwise be provided to Stakeholders in accordance with the terms of this Attachment M. Should another Sponsor or Stakeholder consider any such information to be CEII, it shall clearly mark that information as CEII and bring that classification to the Transmission Provider's attention at, or prior to, submittal. Should another Sponsor or Stakeholder consider any information to be submitted to the Transmission Provider to otherwise be confidential (*e.g.*, competitively sensitive), it shall clearly mark that information as such and notify the Transmission Provider in writing at, or prior to, submittal, recognizing that any such designation shall not result in any material delay in the development of the transmission expansion plan or any other transmission plan that the Transmission Provider (in whole or in part) is required to produce.

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

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

**2.5.2 [RESERVED]**

**2.5.3 [RESERVED]**

**2.5.4** Without limiting the applicability of Section 2.5.1, to the extent competitively sensitive and/or otherwise confidential information (other than information that is confidential solely due to its being CEII) is provided in the transmission planning process and is needed to participate in the transmission planning process and to replicate transmission planning studies, it will be made available to those Stakeholders who have executed the SERTP Non-CEII Confidentiality Agreement (which agreement is posted on the Regional Planning Website). Importantly, if information should prove to contain both competitively sensitive/otherwise confidential information and CEII, then the requirements of both Section 2.3 and Section 2.5 would apply.

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

### 3. Transparency

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

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

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

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

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

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

- (1) Means for contacting the Transmission Provider.
- (2) Procedures for submittal of questions regarding transmission planning to the Transmission Provider (in general, questions of a non-immediate nature will be collected and addressed through the Annual Transmission Planning Meeting process).
- (3) Instructions for how Stakeholders may obtain transmission base cases and other underlying data used for transmission planning.
- (4) Means for Transmission Customers having Service Agreements for Network Integration Transmission Service to provide load and resource assumptions to the Transmission Provider; provided that if there are specific means defined in a Transmission Customer's Service Agreement

for Network Integration Transmission Service (“NITSA”) or its corresponding Network Operating Agreement (“NOA”), then the NITSA or NOA shall control.

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

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

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

**3.5.1.1 An Interactive Training Session Regarding the Transmission Provider’s Transmission Planning Methodologies and Criteria:** As discussed in (and subject to) Section 1.2.1, at the First RPSG Meeting and Interactive Training Session, the Transmission Provider will, among other things, conduct an interactive, training and input session for the Stakeholders regarding the methodologies and criteria that the Transmission Provider utilizes in conducting its transmission

planning analyses. The purpose of these training and interactive sessions is to facilitate the Stakeholders' ability to replicate transmission planning study results to those of the Transmission Provider.

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

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

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

**3.5.2 Presentation of Preliminary Modeling Assumptions:** At the Annual Transmission Planning Summit, the Transmission Provider will also provide to the Stakeholders its preliminary modeling assumptions for the development of the Transmission Provider's following year's ten (10) year transmission expansion plan. This information will be made available on

the Regional Planning Website, with CEII information being secured by password access. The preliminary modeling assumptions that will be provided may include:

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

**3.5.3 The Transmission Expansion Review and Input Process:** The Annual Transmission Planning Meetings will provide an interactive process over a calendar year for the Stakeholders to receive information and updates, as well as to provide input, regarding the Transmission Provider's development of its transmission expansion plan. This dynamic process will generally be provided as follows:

1. At the Annual Transmission Planning Summit and Assumptions Input Meeting, the Transmission Provider will describe and explain to the Stakeholders the database assumptions for the ten (10) year transmission expansion plan that will be developed during the

upcoming year. The Stakeholders will be allowed to provide input regarding the ten (10) year transmission expansion plan assumptions.

2. At the First RPSG Meeting and Interactive Training Session, the Transmission Provider will provide interactive training to the Stakeholders regarding the underlying criteria and methodologies utilized to develop the transmission expansion plan. The databases utilized by the Transmission Provider will be posted on the secured area of the Regional Planning Website.
3. To the extent that Stakeholders have transmission expansion plan enhancement/alternatives that they would like for the Transmission Provider and other Sponsors to consider, the Stakeholders shall perform analysis prior to, and provide any such analysis at, the Preliminary Expansion Plan Meeting. At the Preliminary Expansion Plan Meeting, the Transmission Provider will present its preliminary transmission expansion plan for the current ten (10) year planning horizon, including updates on the status of regional assessments being performed pursuant to Section 11. The Transmission Provider and Stakeholders will engage in interactive expansion plan discussions regarding this preliminary analysis. This preliminary transmission expansion plan will be posted on the secure/CEII area of the Regional Planning Website at least 10 calendar days prior to the Preliminary Expansion Plan meeting.

4. The transmission expansion plan/enhancement alternatives suggested by the Stakeholders will be considered by the Transmission Provider for possible inclusion in the transmission expansion plan. When evaluating such proposed alternatives, the Transmission Provider will, from a transmission planning perspective, take into account factors such as, but not limited to, the proposed alternatives' impacts on reliability, relative economics, effectiveness of performance, impact on transmission service (and/or cost of transmission service) to other customers and on third-party systems, project feasibility/viability and lead time to install.
5. At the Second RPSG Meeting, the Transmission Provider will report to the Stakeholders regarding the suggestions/alternatives suggested by the Stakeholders at the Preliminary Expansion Plan Meeting. The then-current version of the transmission expansion plan will be posted on the secure/CEII area of the regional planning website at least ten (10) calendar days prior to the Second RPSG Meeting.
6. At the Annual Transmission Planning Summit, the ten (10) year transmission expansion plan that is intended to be implemented the following year will be presented to the Stakeholders along with the regional transmission plan for purposes of Order 1000. The Transmission Planning Summit presentations and the regional

transmission plan, which is expected to include the ten (10) year transmission expansion plan will be posted on the Regional Planning Website at least ten (10) calendar days prior to the Annual Transmission Planning Summit.

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

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

**4.1 General:** Transmission Customers having Service Agreements for Network Integration Transmission Service are required to submit information on their projected loads and resources on a comparable basis (*e.g.*, planning horizon and format) as used by transmission providers in planning for their native load. Transmission Customers having Service Agreements for Point-To-Point Transmission Service are required to submit any projections they have a need for service over the planning horizon and at what receipt and delivery points. Interconnection Customers having Interconnection Agreements under the Tariff are required to submit projected changes to their generating facility that could impact the Transmission Provider's performance of transmission planning studies. The purpose of this information that is provided by each class of customers is to facilitate the Transmission Provider's transmission planning process, with the

September 1 due date of these data submissions by customers being timed to facilitate the Transmission Provider's development of its databases and model building for the following year's ten (10) year transmission expansion plan.

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

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

**4.4 Demand Resource Projects:** The Transmission Provider expects that Transmission Customers having Service Agreements for Network Integration Transmission Service that have demand resource assets will appropriately reflect those assets in those customers' load projections. Should a Stakeholder have a

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

- 4.5 Interconnection Customers:** By September 1 of each year, each Interconnection Customer having an Interconnection Agreement[s] under the Tariff shall provide to the Transmission Provider annual updates of that Interconnection Customer's planned addition or upgrades (including status and expected in-service date), planned retirements, and environmental restrictions.
- 4.6 Notice of Material Change:** Transmission Customers and Interconnection Customers shall provide the Transmission Provider with timely written notice of material changes in any information previously provided related to any such customer's load, resources, or other aspects of its facilities, operations, or

conditions of service materially affecting the Transmission Provider's ability to provide transmission service or materially affecting the Transmission System.

## **5. Dispute Resolution**

**5.1 Negotiation:** Any substantive or procedural dispute between the Transmission Provider and one or more Stakeholders (collectively, the "Parties") that arises from the Attachment M transmission planning process generally shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the pertinent Stakeholder(s) for resolution on an informal basis as promptly as practicable. Should the dispute also involve one or more other Sponsors of this Southeastern Regional Transmission Planning Process, then such entity(ies) shall have the right to be included in "Parties" for purposes of this section and for purposes of that dispute, and any such entity shall also include a designated senior representative in the above discussed negotiations in an effort to resolve the dispute on an informal basis as promptly as practicable. In the event that the designated representatives are unable to resolve the dispute within thirty (30) days, or such other period as the Parties may unanimously agree upon, by unanimous agreement among the Parties such dispute may be voluntarily submitted to the use of the Commission's Alternative Means of Dispute Resolution (18 C.F.R. § 385.604, as those regulations may be amended from time to time), the Commission's Arbitration process (18 C.F.R. § 385.605, as those regulations may be amended from time to time) (collectively, "Commission ADR"), or such other dispute resolution process that the Parties may unanimously agree to utilize.

- 5.2 Use of Dispute Resolution Processes:** In the event that the Parties voluntarily and unanimously agree to the use of a Commission ADR process or other dispute resolution procedure, then the Transmission Provider will have a notice posted to this effect on the Regional Planning Website, and an e-mail notice in that regard will be sent to Registered Stakeholders. In addition to the Parties, all Stakeholders and Sponsors shall be eligible to participate in any Commission ADR process as “participants”, as that or its successor term in meaning is used in 18 C.F.R. §§ 385.604, 385.605 as may be amended from time to time, for purposes of the Commission ADR process; provided, however, any such Stakeholder or Sponsor must first have provided written notice to the Transmission Provider within thirty (30) calendar days of the posting on the Regional Planning Website of the Parties’ notice of their intent to utilize a Commission ADR Process.
- 5.3 Costs:** Each Party involved in a dispute resolution process hereunder, and each “participant” in a Commission ADR Process utilized in accordance with Section 5.2, shall be responsible for its own costs incurred during the dispute resolution process. Should additional costs be incurred during the dispute resolution process that are not directly attributable to a single Party/participant, then the Parties/participants shall each bear an equal share of such cost.
- 5.4 Rights under the Federal Power Act:** Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

## 6. **Regional Participation**<sup>10</sup>

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

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

**6.3 [RESERVED]**

**6.4 Coordination with the Other Participating Transmission Owners:** As a current member of ReliabilityFirst Corporation ("RFC"), OVEC participates in RFC's regional assessment processes. As part of such processes, just as OVEC provides the latest information about changes on the OVEC system, models used in the OVEC planning process also reflect the latest available information about

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

plans and conditions in the surrounding systems, so that the OVEC plans can be formulated in the context of regional developments. Transmission network models are continually updated to reflect ongoing changes in the equipment, forecasts, project approvals and other factors. The initial step in coordinated evaluation of future system performance is assembly of a model representing the planned network topology for the study period. OVEC modeling data is submitted annually to RFC as required to meet the schedules established under the RFC compliance program.

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

To the extent that the study seasons examined in RFC studies overlap with OVEC needs, studies of the OVEC system rely on the models already updated for use in RFC studies. Active participation in RFC studies by MISO, PJM and transmission owners in the RFC footprint therefore allows the OVEC studies to be based on the best available models coordinated among OVEC and its RFC

neighbors. This provides a common reference point from which plans are developed in the current planning cycle.

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

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

## **6.5 [RESERVED]**

## **6.6 Reliability Planning Process**

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

**6.6.2 A Description of How the Various Reliability Study Processes Interact with Each Other:** The reliability planning process in the Southeast is a "bottom-up" process. Specifically, the Transmission Provider's 10-year transmission expansion plan is the base case that it uses for reliability planning processes, with it being the Transmission Provider's input into

the development of the SERC regional model. In addition, the results of the FRCC coordination activities and of any *ad hoc* coordination activities are incorporated into the Transmission Provider's transmission expansion plan. These processes are discussed further below:

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

(a)(ii) **Bottom-Up Reliability Study Process:** The transmission models created for use in developing the transmission provider's

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

(a)(iii) **Identification of Reliability Transmission Enhancements:** Once a planning criteria concern is identified or the enhancement process identifies the potential for a superior solution, the transmission owner will then determine if any neighboring planning process is potentially impacted by the projected limitation. Potentially impacted transmission owners are then contacted to determine if there is a need for an *ad hoc* coordinated study. In the event one or more neighboring transmission owners

agree that they would be impacted by the projected limitation or identifies the potential for a superior reliability solution based on transmission enhancements in their current reliability plan, an *ad hoc* coordinated study is initiated. Once the study has been completed, the identified reliability transmission enhancements will then be incorporated into the ten (10) year transmission expansion plan (*i.e.*, the plan due to be implemented the following year) as a reliability project.

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

(b)(ii) **SERC Transmission Model Development:** The construction of the SERC transmission model is a “bottom-up” process. In particular, SERC transmission models are developed by the

transmission owners in SERC through an annual model development process. Each transmission owner in SERC, incorporating input from their regional planning process, develops and submits their 10-year transmission models to a model development databank, with the models and the databank then being used to create a SERC-wide model for use in the reliability assessment. Additionally, the SERC-wide models are then used in the SERTP planning process as an update (if needed) to the current transmission models and as a foundation (along with the MMWG models) for the development of the transmission provider's transmission models for the following year.

(b)(iii) **Additional Reliability Joint Studies:** As mentioned above, the SERC-wide reliability assessment serves as a valuable tool for the transmission owners to reassess the need for additional reliability joint studies. If the SERC-wide reliability model projects additional planning criteria concerns that were not identified in the transmission owners' reliability studies, then the impacted transmission owners will initiate one or more *ad hoc* inter-regional coordinated study(ies) (in accordance with existing Reliability Coordination Agreements) to better identify the planning criteria concerns and determine appropriate reliability transmission enhancements to resolve the limitations. Once the study(ies) is completed, required reliability transmission

enhancements will be incorporated into the Transmission Provider's ten (10) year expansion plan as a reliability project. Accordingly, planning criteria concerns identified at the SERC-wide level are "pushed down" to the transmission owner level for detailed resolution.

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

(a)(i) **Participation Through the Southeastern Regional Transmission Planning Process:** Since the bulk of the reliability transmission planning occurs as a "bottom up" process in the development of the Transmission Provider's ten (10) year transmission expansion plan, Stakeholders may participate in these reliability planning processes by participating in the Southeastern Regional Transmission Planning Process. Specifically, the ten (10) year transmission expansion plan is the Transmission Provider's input into the SERC model development, and the results of the FRCC coordination and of any *ad hoc* coordination studies are incorporated into the ten (10) year transmission expansion plan. As discussed in Section 1.2.2, at the Preliminary Expansion Plan Meeting, Stakeholders are provided the opportunity to review and comment (and allowed to propose alternatives concerning enhancements found in) the Transmission Provider's preliminary transmission expansion plan, which is the Transmission Provider's

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

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

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

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

## **7. Economic Planning Studies**

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

**7.2 Parameters for the Economic Planning Studies:** These Economic Planning Studies shall be confined to sensitivity requests for bulk power transfers and/or to evaluate potential upgrades or other investments on the Transmission System that could reduce congestion or integrate new resources. Bulk power transfers from one area to another area with the region encompassed by this Southeastern Regional Transmission Planning Process (the “Region”) shall also constitute valid requests. The operative theory for the Economic Planning Studies is for them to identify meaningful information regarding the requirements for moving large amounts of power beyond that currently feasible, whether such transfers are internal to the Region or from this Region to interconnected regions.

- 7.3 Other Tariff Studies:** The Economic Planning Studies are not intended to replace System Impact Studies, Facility Studies, or any of the studies that are performed for transmission delivery service or interconnection service under the Tariff.
- 7.4 Clustering:** The RPSG should consider clustering similar Economic Planning Study requests. In this regard, if two or more of the RPSG requests are similar in nature and the Transmission Provider concludes that clustering of such requests and studies is appropriate, the Transmission Provider may, following communications with the RPSG, cluster those studies for purposes of the transmission evaluation.
- 7.5 Additional Economic Planning Studies:** Should a Stakeholder(s) request the performance of an Economic Planning Study in addition to the above-described five (5) Economic Planning Studies that the RPSG may request during a calendar year, then any such additional Economic Planning Study will only be performed if such Stakeholder(s) first agrees to bear the Transmission Provider's actual costs for doing so and the costs incurred by any other Sponsor to perform such Economic Planning Study, recognizing that the Transmission Provider may only conduct a reasonable number of transmission planning studies per year. If affected by the request for such an additional Economic Planning Study, the Transmission Provider will provide to the requesting Stakeholder(s) a non-binding but good faith estimate of what the Transmission Provider expects its costs to be to perform the study prior to the Stakeholder(s) having to agree to bear those costs. Should the Stakeholder(s) decide to proceed with the additional

study, then it shall pay the Transmission Provider's and other affected Sponsor[s]' estimated study costs up-front, with those costs being trued-up to the Transmission Provider's and other affected Sponsor[s]' actual costs upon the completion of the additional Economic Planning Study.

## **7.6 Economic Planning Study Process**

1. Stakeholders will be prompted at the Annual Transmission Planning Summit to provide requests for the performance of Economic Planning Studies. Corresponding announcements will also be posted on the Regional Planning Website, and Registered Stakeholders will also receive e-mail notifications to provide such requests. An Economic Planning Study Request Form will be made available on the Regional Planning Website, and interested Stakeholders may submit any such completed request form on the non-secure area of the Regional Planning Website (unless such study request contains CEII, in which case the study request shall be provided to the Transmission Provider with the CEII identified, and the study request shall then be posted on the secure area of the Regional Planning Website).
2. Prior to each First RPSG Meeting, the RPSG shall compile the Economic Planning Study requests. At the First RPSG Meeting, the RPSG shall meet to discuss and select up to five (5) Economic Planning Studies to be requested to be performed. At the First RPSG Meeting, the Transmission Provider will coordinate with the RPSG and any interested Stakeholders to facilitate the RPSG's efforts regarding its development and selection of

the Economic Planning Study requests. Once the RPSG selects the Economic Planning Study(ies) (up to five annually), the RPSG will notify the Transmission Provider, who will post the results on the Regional Planning Website.

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

Stakeholders may submit alternatives to the enhancement solutions identified in those preliminary results. All such alternatives must be submitted by Stakeholders within thirty (30) calendar days from the close of the Second RPSG Meeting. The Transmission Provider will consider the alternatives provided by the Stakeholders.

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

## **8. Order No. 890 Cost Allocation Principle<sup>11</sup>**

**8.1 General:** The following provides the Transmission Provider's methodologies for allocating the costs of new transmission facilities that do not fit under the general Tariff rate structure under two scenarios. The first methodology addresses the allocation of the costs of economic transmission upgrades that are identified in the Economic Planning Studies and that are not otherwise associated with transmission service provided under the Tariff and are not associated with the provision of

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<sup>11</sup> In accordance with Order No. 1000, this planning principle only applies to the Transmission Provider's local transmission planning process.

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

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

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

**8.2.2 Request for Performance of Economic Upgrades:** Within thirty (30) calendar days of the posting of the final results of the underlying Economic Planning Study[ies], one or more entities ("Initial Requestor[s]") that would like the Transmission Provider to construct one

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

**8.2.3 Allocation of the Costs of the Economic Upgrades:** The costs of the Economic Upgrades shall be allocated to each Requestor based upon the percentage of cost responsibility that it has requested in its respective request. Should the total amount of percentage requests for cost responsibility for the Economic Upgrade[s] by the Requestors not equal

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

**8.2.4 Cost Allocation for the Acceleration, Expansion, Deferral, or Cancellation of Reliability Upgrades:** Should the Transmission Provider conclude that the construction of an Economic Upgrade[s] would accelerate the construction of, or require the construction of a more expansive, Reliability Upgrade, then the Requestor[s] shall bear the costs of such acceleration or expansion. Should the Transmission Provider

conclude that the construction of the Economic Upgrade[s] would result in the deferral or cancellation of a Reliability Upgrade, then the costs of the Economic Upgrade[s] allocated to the Requestor[s] shall be reduced by the present value of the amount of savings caused by the deferral or cancellation.

**8.2.5 Implementing Agreements and Regulatory Approvals:** The Transmission Provider will not be obligated to commence design or construction of any Economic Upgrade until (i) a binding agreement[s] with all of the Requestor[s] for such construction by the Transmission Provider and payment by the Requestor[s] of its allocated cost responsibility (in accordance with Section 8.2.3 above) is executed by the Transmission Provider, all other affected Sponsor[s], and all of the Requestor[s]; (ii) all of the Requestor[s] provide (and maintain, subject to reduction as set forth in (iii) below) the Transmission Provider security, in a form acceptable to the Transmission Provider, for the full costs of the design and construction; and (iii) appropriate commitments to construct are in place for all affected third party transmission providers (*e.g.*, other Sponsors). In addition, the Transmission Provider shall not be obligated to commence any phase of design or construction of any Economic Upgrade unless the Requestor[s] has first paid to the Transmission Provider in immediately available funds via wire transfer the Transmission Provider's estimated costs for that phase of design or construction (it being understood that security provided under (ii) above may be reduced

on a dollar-for-dollar basis with respect to such payments received by Transmission Provider as and when they are final and are no longer subject to being voided or set aside), with the Requestor[s] bearing the actual costs of design and construction upon completion of the Economic Upgrade[s] pursuant to a true-up to the estimated costs already paid. Furthermore, the Transmission Provider shall not be obligated to commence construction, or to continue construction, if all necessary regulatory approvals are not obtained or maintained, with the Transmission Provider having to make a good faith effort to obtain all such approvals. The costs associated with obtaining and maintaining such regulatory approvals shall be included in the total costs of the Economic Upgrades and shall otherwise be borne by the Requestors.

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

**8.3.1 Enhanced Reliability Upgrades:** The transmission expansion plan will identify the Reliability Upgrades, which are the transmission upgrades that are necessary to ensure the reliability of the Transmission System and to otherwise meet the needs of long-term firm transmission service commitments in accordance with the Transmission Provider's planning standards and/or ERO or RE reliability standards. Should one or more Stakeholders, including a Transmission Customer, determine that it wants an upgrade installed to provide additional reliability benefits above those necessary to satisfy the Transmission Provider's planning criteria and/or ERO or RE reliability standards (*i.e.*, an Enhanced Reliability Upgrade),

then the costs of any such Enhanced Reliability Upgrade shall be directly assigned to that Stakeholder[s] (“Requesting Stakeholder[s]”) without the provision of transmission credits or other means of reimbursement from the Transmission Provider for such direct assignment costs.

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

**8.3.3 Implementing Agreements and Regulatory Approvals:** The Transmission Provider will not be obligated to commence design or construction of any Enhanced Reliability Upgrade until (i) a binding agreement[s] with the Requesting Stakeholder[s] for such construction by the Transmission Provider and payment by the Requesting Stakeholder[s] of its direct assignment costs (in accordance with Sections 8.3.1 and 8.3.2 above) is executed by the Transmission Provider and all of the Requesting Stakeholders seeking the construction of such Enhanced Reliability Upgrade[s] and (ii) all of the Requesting Stakeholder[s] provide (and maintain, subject to reduction as set forth in the following sentence) the Transmission Provider security, in a form acceptable to the Transmission

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

- 9. Recovery of Planning Costs:** With the exception of the costs to perform more than five Economic Planning Studies (which will be directly assigned to the requestor), the Transmission Provider will recover the costs that it incurs in implementing its

requirements under this Southeastern Regional Transmission Planning Process by adding those costs to the Annual Charge costs that it recovers under Informational Schedule D in the Tariff.

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

### **10. Consideration of Transmission Needs Driven by Public Policy Requirements**

#### **10.1 Procedures for the Consideration of Transmission Needs Driven by Public**

**Policy Requirements:** The Transmission Provider addresses transmission needs driven by enacted state, federal and local laws and/or regulations (“Public Policy Requirements”) in its routine planning, design, construction, operation, and maintenance of the Transmission System.

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

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

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

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

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

**10.3.1 Identification of Public Policy-Driven Transmission Needs:** In order to identify, out of the set of possible transmission needs driven by Public Policy Requirements proposed by Stakeholders, those transmission needs for which transmission solutions will be evaluated in the current planning cycle, the Transmission Provider will assess:

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

**10.3.2 Identification and Evaluation of Possible Transmission Solutions for Public Policy-Driven Transmission Needs that Have Not Already Been Addressed:** If a Public Policy-driven transmission need is identified that

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

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

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

**10.4.2** Stakeholders, including those who are not Transmission Customers, may provide input regarding Stakeholder-proposed possible transmission need(s) and may provide input during the evaluation of potential transmission solutions to identified transmission needs driven by Public

Policy Requirements. Specifically with regard to the evaluation of such potential transmission solutions, a Stakeholder may provide input at the Preliminary Expansion Plan Meeting. If a Stakeholder has performed analysis regarding such a potential transmission solution, the Stakeholder may provide any such analysis at that time.

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

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

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

### **11.1 Regional Planning Analyses**

**11.1.1** During the course of each transmission planning cycle, the Transmission Provider will conduct regional transmission analyses to assess if the then-current regional transmission plan addresses the Transmission Provider's

transmission needs, including those of its Transmission Customers and those which may be driven, in whole or in part, by economic considerations or Public Policy Requirements. This regional analysis will include assessing whether there may be more efficient or cost effective transmission projects to address transmission needs than transmission projects included in the latest regional transmission plan (including projects selected in a regional transmission plan for RCAP pursuant to Section 17).

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

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

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

- Impact on reliability.
- Feasibility, including the viability of constructing and tying in the proposed project by the required in-service date.

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

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

**12. Merchant Transmission Developers Proposing Transmission Facilities Impacting**

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

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

**13. Enrollment**

**13.1 General Eligibility for Enrollment:** A public utility or non-public utility transmission service provider and/or transmission owner who is registered with NERC as a Transmission Owner or a Transmission Service Provider may enroll in the SERTP. Such Transmission Service Providers and Transmission Owners are thus potential Beneficiaries for cost allocation purposes on behalf of their

transmission customers. Entities that do not enroll will nevertheless be permitted to participate as Stakeholders in the SERTP.

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

**13.3 Means to Enroll:** Entities that satisfy the general eligibility requirements of Section 13.1 or are required to enroll in accordance with Section 13.2 may provide an application to enroll, by submitting the form of enrollment posted on the Regional Planning Website.

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

M-6 within fifteen (15) business days of such notice. The effective date of any such revised tariff record shall be the effective date of the non-public utility's election to not enroll or to withdraw as provided in Section 13.5 or 13.6, as applicable.

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

**13.5.1 Upon Order on Compliance Filing:** The initial non-public utilities that satisfy the general eligibility requirements of 13.1 and who have made the decision to enroll at the time of the Transmission Provider's compliance filing in response to FERC's July 18, 2013 Order on Compliance Filings in Docket Nos. ER13-897, ER13-908, and ER13-913, 144 FERC ¶ 61,054, do so on the condition precedent that the Commission accepts: i) that compliance filing without modification and without setting it for hearing or suspension and ii) the Transmission Provider's July 10, 2013 compliance filing made in Docket Nos. ER13-1928, ER13-1930, ER13-1940, and ER13-1941 without modification and without setting it for hearing or suspension. Should the Commission take any such action upon review of such compliance filings or in any way otherwise modify, alter, or impose amendments to this Attachment M, then each such non-public

utility shall be under no obligation to enroll in the SERTP and shall have sixty (60) days following such an order or action to provide written notice to the Transmission Provider of whether it will, in fact, enroll in the SERTP. If, in that event, such non-public utility gives notice to the Transmission Provider that it will not enroll, such non-public utility shall not be subject to cost allocation under this Attachment M (unless it enrolls at a later date).

**13.5.2 Upon Future Regulatory Action:** Notwithstanding anything herein to the contrary, should the Commission, a Court, or any other governmental entity having the requisite authority modify, alter, or impose amendments to this Attachment M, then an enrolled non-public utility may immediately withdraw from this Attachment M by providing written notice within sixty (60) days of that order or action, with the non-public utility's termination being effective as of the close of business the prior business day before said modification, alteration, or amendment occurred (although if the Commission has not acted by that prior business day upon both of the compliance filings identified in Section 13.5.1, then the non-public utility shall never have been deemed to have enrolled in the SERTP). In the event of such a withdrawal due to such a future regulatory and/or judicial action, the withdrawing Enrollee will be subject to cost allocations, if any, that were determined in accordance with this Attachment M during the period in which it was enrolled and that determined that the withdrawing

Enrollee would be a Beneficiary of new transmission projects selected in the regional transmission plan for RCAP.

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

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

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

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

1. A non-refundable administrative fee of \$25,000 to off-set the cost to review, process, and evaluate the transmission developer's pre-qualification application;
2. Demonstration that at least one of the following criteria is satisfied:
  - A. The transmission developer must have and maintain a Credit Rating (defined below) of BBB- or better from Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial ("S&P"), a Credit Rating of Baa3 or better from Moody's Investors Service, Inc. ("Moody's") and/or a Credit Rating of BBB- or better from Fitch Ratings, Inc. ("Fitch", collectively with S&P and Moody's and/or their successors, the "Rating Agencies") and not have or obtain less than any such Credit Rating by S&P, Moody's or Fitch. The senior unsecured debt (or similar) rating for the relevant entity from the Rating Agencies will be considered the "Credit Rating". In the event of multiple Credit Ratings from one Rating Agency or Credit Ratings from more than one Rating Agency, the lowest of those Credit Ratings will be used by the Transmission Provider for its evaluation. However, if such a senior unsecured debt (or

similar) rating is unavailable, the Transmission Provider will consider Rating Agencies' issuer (or similar) ratings as the Credit Rating.

- B. If a transmission developer does not have a Credit Rating from S&P, Moody's or Fitch, it shall be considered "Unrated", and an Unrated transmission developer's parent company or the entity that plans to create a new subsidiary that will be the transmission developer (both hereinafter "parent company") must have and maintain a Credit Rating of BBB- or better from S&P, Baa3 or better from Moody's and/or BBB- or better from Fitch, not have or obtain less than any such Credit Rating by S&P, Moody's or Fitch, and the parent company must commit in writing to provide an acceptable guaranty to the Transmission Provider meeting the requirements of Section 22 for the transmission developer if a proposed transmission project is selected in a regional transmission plan for RCAP. If there is more than one parent company, the parent company(ies) committing to provide the guaranty must meet the requirements set forth herein.
  
- C. For an Unrated transmission developer, unless its parent company satisfies the requirements under B. above, such transmission developer must have and maintain a Rating Equivalent (defined below) of BBB- or better. Upon an Unrated transmission developer's request, a credit rating will be determined for such Unrated transmission developer comparable to a Rating Agency credit rating ("Rating Equivalent") based upon the process outlined below:
  - (i) Each Unrated transmission developer will be required to pay a non-refundable annual fee of \$15,000.00 for its credit to be evaluated/reevaluated on an annual basis.
  
  - (ii) Upon request by the Transmission Provider, an Unrated transmission developer must submit to the Transmission Provider for the determination of a Rating Equivalent, and not less than annually thereafter, the following information with respect to the transmission developer, as applicable:
    - A. financial statements (audited if available) for each completed fiscal quarter of the then current fiscal year including the most recent fiscal quarter, as well as the most recent three (3) fiscal years;

- i. For Unrated transmission developers with publicly-traded stock, this information must include:
    1. Annual reports on Form 10-K (or successor form) for the three (3) fiscal years most recently ended, and quarterly reports on Form 10-Q (or successor form) for each completed quarter of the then current fiscal year, together with any amendments thereto, and
    2. Form 8-K (or successor form) reports disclosing material changes, if any, that have been filed since the most recent Form 10-K (or successor form), if applicable;
  - ii. For Unrated transmission developers that are privately held, this information must include:
    1. Financial Statements, including balance sheets, income statements, statement of cash flows, and statement of stockholder's equity,
    2. Report of Independent Accountants,
    3. Management's Discussion and Analysis, and
    4. Notes to financial statements;
- B. its Standard Industrial Classification and North American Industry Classification System codes;
- C. at least one (1) bank and three (3) acceptable trade references;
- D. information as to any material litigation, commitments or contingencies as well as any prior bankruptcy declarations or material defaults or defalcations by, against or involving the

transmission developer or its predecessors, subsidiaries or affiliates, if any;

- E. information as to the ability to recover investment in and return on its projects;
- F. information as to the financial protections afforded to unsecured creditors contained in its contracts and other legal documents related to its formation and governance;
- G. information as to the number and composition of its members or customers;
- H. its exposure to price and market risk;
- I. information as to the scope and nature of its business; and
- J. any additional information, materials and documentation which such Unrated transmission developer deems relevant evidencing such Unrated transmission developer's financial capability to develop, construct, operate and maintain transmission developer's projects for the life of the projects.

(iii) The Transmission Provider will notify an Unrated transmission developer after the determination of its Rating Equivalent. Upon request, the Transmission Provider will provide the Unrated transmission developer with information regarding the procedures, products and/or tools used to determine such Rating Equivalent (*e.g.*, Moody's RiskCalc™ or other product or tool, if used).

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

3. Evidence that the transmission developer has the capability to develop, construct, operate, and maintain significant U.S. electric transmission projects. The transmission developer should provide, at a minimum, the following

information about the transmission developer. If the transmission developer is relying on the experience or technical expertise of its parent company or affiliate(s) to meet the requirements of this subsection 3, the following information should be provided about the transmission developer's parent company and its affiliates, as applicable:

- A. Information regarding the transmission developer's or other relevant experience regarding transmission projects in-service, under construction, and/or abandoned or otherwise not completed including locations, operating voltages, mileages, development schedules, and approximate installed costs; whether delays in project completion were encountered; and how these facilities are owned, operated and maintained;
  - B. Evidence demonstrating the ability to address and timely remedy failure of transmission facilities;
  - C. Violations of NERC and/or Regional Entity reliability standard(s) and/or violations of regulatory requirement(s) that have been made public pertaining to the development, construction, ownership, operation, and/or maintenance of electric transmission infrastructure facilities (provided that violations of CIP standards are not required to be identified), and, if so, an explanation of such violations; and
  - D. A description of the experience of the transmission developer in acquiring rights of way.
4. Evidence of how long the transmission developer and its parent company, if relevant, have been in existence.

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

- 14.3 Opportunity for Cure for Pre-Qualification Applications:** If a transmission developer does not meet the pre-qualification criteria or provides an incomplete application, then following notification by the Transmission Provider, the transmission developer will have fifteen (15) calendar days to resubmit the necessary supporting documentation to remedy the identified deficiency. The Transmission Provider will notify the transmission developer, whether they are, or will continue to be, pre-qualified within thirty (30) calendar days of the resubmittal, provided that the Transmission Provider shall not be required to provide such a response prior to November 1<sup>st</sup> of the then-current planning cycle.
- 14.4 Pre-Qualification Renewal:** If a transmission developer is pre-qualified as eligible to propose a transmission project for consideration for selection in a regional transmission plan for RCAP in the then-current planning cycle, such transmission developer may not be required to re-submit information to pre-qualify with respect to the upcoming planning cycle. In the event any information on which the entity's pre-qualification is based has changed, such entity must submit all updated information by the August 1<sup>st</sup> deadline. In addition, all transmission developers must submit a full pre-qualification application once every 3 years.
- 14.5 Enrollment Requirement to Pre-Qualify as Eligible to Propose a Transmission Project for Potential Selection in a Regional Transmission Plan for RCAP:** If a transmission developer or its parent company or owner or any affiliate, member or subsidiary has load in the SERTP region, the transmission developer must have enrolled in the SERTP in accordance with Section 13.2 to be

eligible to pre-qualify to propose a transmission project for potential selection in a regional transmission plan for RCAP.

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

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

1. operates at a voltage of 300 kV or greater;
2. is a transmission line located in the SERTP region; and
3. spans at least 50 miles.

**15.2** In addition to satisfying the requirements of Section 15.1, the proposed regional transmission project must not contravene state or local laws with regard to rights-of-way or construction of transmission facilities. The proposed transmission project also cannot be an upgrade to an existing facility. A transmission upgrade includes any expansion, partial replacement, or modification, for any purpose, made to existing transmission facilities, including, but not limited to:

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

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

**15.3** In order for the proposed transmission project to be a more efficient or cost effective alternative to the transmission projects identified by the transmission providers through their planning processes, it should be materially different than projects already under consideration in the expansion planning process. A project will be deemed materially different, as compared to another transmission alternative(s) under consideration, if the proposal consists of significant geographical or electrical differences in the alternative's proposed interconnection point(s) or transmission line routing. Should the proposed transmission project be deemed not materially different than projects already under consideration in the transmission expansion planning process, the Transmission Provider will provide a sufficiently detailed explanation on the Regional Planning Website for Stakeholders to understand why such determination was made.

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

Any entity may propose a transmission project for consideration by the Transmission Provider for potential selection in a regional transmission plan for RCAP.<sup>12</sup> An entity

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

that wants to propose a transmission project for potential selection in a regional transmission plan for RCAP but does not intend to develop the transmission project may propose such transmission project in accordance with Section 16.6.

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

1. Sufficient information for the Transmission Provider to determine that the potential transmission project satisfies the regional eligibility requirements of Section 15;
2. A description of the proposed transmission project that details the intended scope (including the various stages of the project development such as engineering, ROW acquisition, construction, recommended in-service date, *etc.*);
3. A capital cost estimate of the proposed transmission project. If the cost estimate differs greatly from generally accepted estimates of projects of comparable scope, the transmission developer may be asked to support such differences with supplemental information;
4. Data and/or files necessary to appropriately model the proposed transmission project;
5. Documentation of the specific transmission need(s) that the proposed transmission project is intended to address. This documentation should include a description of the transmission need(s), timing of the transmission need(s), and may include the technical analysis performed to support that the proposed transmission project addresses the specified transmission need(s);
6. A description of why the proposed transmission project is expected to be more efficient or cost effective than other transmission projects included in the then-current regional transmission plan. If available, and to facilitate the evaluation of the proposal and to mitigate the potential for disputes, the entity proposing the project for potential selection in a regional transmission plan for RCAP may submit documentation of detailed technical analyses performed that supports the position that the proposed transmission project addresses the specified transmission needs

more efficiently or cost-effectively. Such optional documentation could include the following:

- Transmission projects in the latest transmission expansion plan or regional transmission plan that would be displaced by the proposed project,
  - Any additional projects that may be required in order to implement the proposed project, or
  - Any reduction/increase in real-power transmission system losses;
7. The transmission developer must provide a reasonable explanation of, as it pertains to its proposed project, its planned approach to satisfy applicable regulatory requirements and its planned approach to obtain requisite authorizations necessary to acquire rights of way and to construct, operate, and maintain the proposed facility in the relevant jurisdictions;
- The transmission developer should not expect to use the Transmission Provider's right of eminent domain for ROW acquisition;
8. How the transmission developer intends to comply with all applicable standards and obtain the appropriate NERC certifications,
- If it or a parent, owner, affiliate, or member who will be performing work in connection with the potential transmission project is registered with NERC or other industry organizations pertaining to electric reliability and/or the development, construction, ownership, or operation, and/or maintenance of electric infrastructure facilities, a list of those registrations;
9. The experience of the transmission developer specific to developing, constructing, maintaining, and operating the type of transmission facilities contained in the transmission project proposed for potential selection in a regional transmission plan for RCAP,
- Including verifiable past achievements of containing costs and adhering to construction schedules for transmission projects of similar size and scope as the proposed transmission project, and
  - Including a description of emergency response and restoration of damaged equipment capability;
10. The planned or proposed project implementation management teams and the types of resources, including relevant capability and experience, contemplated for use in the development and construction of the proposed project;

11. A written commitment to comply with all applicable standards, including Good Utility Practices, governing the engineering, design, construction, operation, and maintenance of transmission projects in the SERTP region; and
12. Evidence of the ability of the transmission developer, its affiliate, partner or parent company to secure a financial commitment from an approved financial institution(s) agreeing to finance the construction, operation, and maintenance of the transmission project if selected in a regional transmission plan for RCAP.

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

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

**16.3 Deadline for Transmission Developer Submittals:** In order for its transmission project to be considered for RCAP in the current transmission planning cycle, a transmission developer must provide the requisite information and payment identified in Sections 16.1 through 16.2 to the Transmission Provider in accordance with the submittal instructions provided on the Regional Planning Website no later than sixty (60) calendar days after the SERTP Annual Transmission Planning Summit and Input Assumptions Meeting for the previous transmission planning cycle.

**16.4 Initial Review of Submittal and Opportunity for Cure:** The Transmission Provider will notify transmission developers who propose a transmission project for potential selection in a regional transmission plan for RCAP whose submittals

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

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

**16.5.1** The transmission developer proposing a transmission project for potential selection in a regional transmission plan for RCAP has an obligation to update and report in writing to the Transmission Provider any change to its or its parent company's information that was provided as the basis for its satisfying the requirements of Sections 14 through 22, except that the transmission developer is not expected to update its technical analysis performed for purposes of Section 16.1(6) to reflect updated transmission planning data as the transmission planning cycle(s) progresses.

**16.5.2** The transmission developer must inform the Transmission Provider of the occurrence of any of the developments described in (1) or (2) below should the following apply (and within the prescribed time period): (i) within five (5) business days of the occurrence if the transmission

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

1. the existence of any material new or ongoing investigations against the transmission developer by the Commission, the Securities and Exchange Commission, or any other governing, regulatory, or standards body that has been or was required to be made public; if its parent company has been relied upon to meet the requirements of Section 14.1(2) or Section 22, such information must be provided for the parent company and, in any event, with respect to any affiliate that is a transmitting utility; and
2. any event or occurrence which could constitute a material adverse change in the transmission developer's (and, if the parent company has been relied upon to meet the requirements of Section 14.1(2) or

Section 22, the parent company's) financial condition ("Material Adverse Change") such as:

- A. A downgrade or suspension of any debt or issuer rating by any Rating Agency,
- B. Being placed on a credit watch with negative implications (or similar) by any Rating Agency,
- C. A bankruptcy filing or material default or defalcation,
- D. Insolvency,
- E. A quarterly or annual loss or a decline in earnings of twenty-five percent (25%) or more compared to the comparable year-ago period,
- F. Restatement of any prior financial statements, or
- G. Any government investigation or the filing of a lawsuit that reasonably would be expected to adversely impact any current or future financial results by twenty-five percent (25%) or more.

**16.5.3** If at any time the Transmission Provider concludes that a transmission developer or a potential transmission project proposed for possible selection in a regional transmission plan for RCAP no longer satisfies such requirements specified in Sections 14 through 16, then the Transmission Provider will so notify the transmission developer or entity who will have fifteen (15) calendar days to cure. If the transmission developer does not meet the fifteen (15) day deadline to cure, or if the Transmission Provider determines that the transmission developer continues to no longer satisfy the requirements specified in Sections 14 through 16 despite the transmission developer's efforts to cure, then the Transmission Provider may, without limiting its other rights and remedies, immediately remove

the transmission developer's potential transmission project(s) from consideration for potential selection in a regional transmission plan for RCAP and, if previously selected, from being selected in a regional transmission plan for RCAP, as applicable.

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

**Not Intend to be the Developer of the Project:** Any Stakeholder may propose a potentially more cost effective or efficient transmission project for consideration in the transmission planning process in accordance with Section 3.5.3, and nothing herein limits the ability of a Stakeholder and other entities to negotiate alternative transmission development arrangements voluntarily and separately from the processes provided in this Attachment M. Should an entity propose a transmission project for potential selection in a regional transmission plan for RCAP but not intend to develop the project, then the following applies. Such an entity must submit the information required by Sections 16.1(1), 16.1(5), and 16.1(6) for a regional transmission project eligible for potential selection in a regional transmission plan for RCAP within the sixty (60) day window established in Section 16.3. Provided that the proposal complies with those requirements, the Transmission Provider will make information describing the proposal available on the Regional Planning Website. The entity proposing the transmission project should coordinate with a transmission developer (either incumbent or nonincumbent) to have the developer submit the remaining information and materials required by Section 16. A pre-qualified transmission developer, should it decide to proceed, must submit the materials required by

Section 16 within the sixty (60) day window established in Section 16.3 in order for the proposed transmission project to be considered for selection in a regional transmission plan for RCAP. If such a transmission project has not been so submitted within the sixty (60) day window established in Section 16.3, then the Transmission Provider may treat the project as a Stakeholder-proposed transmission project alternative pursuant to Section 3.5.3. Furthermore, should the Transmission Provider identify in the regional transmission planning process a regional transmission project that is selected in the regional transmission plan for RCAP that does not have a transmission developer that intends or is able to develop the project, the Transmission Provider will identify such project on the Regional Planning Website. A prequalified transmission developer that desires to develop the project, whether incumbent or non-incumbent, may then propose the transmission project pursuant to Sections 15 and 16, as the intended transmission developer for the project's on-going consideration in a regional transmission plan for RCAP.

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

**17.1 Potential Transmission Projects Seeking RCAP Will be Evaluated in the Normal Course of the Transmission Planning Process:** During the course of the then-current transmission expansion planning cycle (and thereby in conjunction with other system enhancements under consideration in the transmission planning process), the Transmission Provider will evaluate current transmission needs and assess alternatives to address current needs including the

potential transmission projects proposed for possible selection in a regional transmission plan for RCAP by transmission developers consistent with the regional evaluation process described in Section 11. Such evaluation will be in accordance with, and subject to (among other things), state law pertaining to transmission ownership, siting, and construction. Utilizing coordinated models and assumptions, the Transmission Provider will perform analyses, including power flow, dynamic, and short circuit analyses, as necessary and, applying its planning guidelines and criteria to evaluate submittals, determine whether, throughout the ten (10) year planning horizon:

1. The proposed transmission project addresses an underlying transmission need(s);
2. The proposed transmission project addresses transmission needs that are currently being addressed with projects in the transmission planning process and if so, which projects could be displaced (consistent with the reevaluation of the projects included in a regional transmission plan as described in Section 19) by the proposed transmission project, including:
  - transmission projects in the Transmission Provider's ten (10) year transmission expansion plan,
  - transmission projects in the regional transmission plan, including those currently under consideration and/or selected for RCAP;
3. The proposed transmission project addresses a transmission need(s) for which no transmission project is currently included in the latest ten (10) year expansion plans and/or regional transmission plan. If so, the Transmission Provider will identify an alternative transmission project(s) which would be required to fully and appropriately address the same transmission need(s) (*e.g.*, otherwise considered to be the more efficient or cost effective transmission alternative). The Transmission Provider will identify and evaluate such an alternative transmission project(s) consistent with the processes described in Sections 6 and 11;
4. Any additional projects that would be required to implement the proposed transmission project;

5. The proposed transmission project reduces and/or increases real power transmission losses on the transmission system within the SERTP region.

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

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

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

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

1. The benefit used in this calculation for purposes of assessing the transmission developer's proposed transmission project will be quantified by the Beneficiaries' total cost savings in the SERTP region associated with:
  - A. All transmission projects in the ten (10) year transmission expansion plan which would be displaced, as identified pursuant to Section 17.1;

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

- B. All regional transmission projects included in the regional transmission plan which would be displaced, as identified pursuant to Section 17.1 and to the extent no overlap exists with those transmission projects identified as displaceable in the Transmission Provider's ten (10) year transmission expansion plan. This includes transmission projects currently selected in the regional transmission plan for RCAP; and
  - C. All alternative transmission project(s), as determined pursuant to Section 17.1 that would be required in lieu of the proposed regional transmission project, if the proposed regional transmission project addresses a transmission need for which no transmission project is included in the latest ten (10) year expansion plan and/or regional transmission plan.
2. The cost used in this calculation will be quantified by the transmission cost within the SERTP region associated with:
- A. The project proposed for selection in a regional transmission plan for RCAP; and
  - B. Any additional projects within the SERTP region on Impacted Utility transmission systems required to implement the proposal as identified pursuant to Section 17.1.
  - C. For interregional transmission projects proposed for purposes of cost allocation between the SERTP and a neighboring region(s), the cost used in this calculation will be quantified by the transmission cost of the project multiplied by the allocation of the transmission project's costs (expressed as a fraction) to the SERTP region as specified in the applicable interregional cost allocation procedures, plus the transmission costs of any additional project within the SERTP region on Impacted Utility transmission systems required to implement the proposal as identified pursuant to Section 17.1.
3. If the initial BTC calculation results in a ratio equal to or greater than 1.0, then the Transmission Provider will calculate the estimated change in real power transmission losses on the transmission system(s) of Impacted Utilities located in the SERTP. In that circumstance, an updated BTC ratio will be calculated consistent with Section 17.2 in which:

- A. The cost savings associated with a calculated reduction of real power energy losses on the transmission system(s) will be added to the benefit; and
- B. The cost increase associated with a calculated increase of real power energy losses on the transmission system(s) will be added to the cost.

**17.2.2** The Transmission Provider will develop planning level cost estimates for use in determining the regional benefit-to-cost ratio. Detailed engineering estimates may be used if available. If the Transmission Provider uses a cost estimate different than a detailed cost estimate(s) provided by the transmission developer for use in performing the regional benefit-to-cost ratio, the Transmission Provider will provide a detailed explanation of such difference to the transmission developer.

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

- The Transmission Provider will utilize power flow models to determine the change in real power losses on the transmission system at estimated average load levels.
  - If the estimated change in real power transmission losses is less than 1 MW on a given transmission system of an Impacted Utility, no cost savings and/or cost increase for change in real power transmission losses on such system will be assigned to the proposal.
- The Transmission Provider will estimate the energy savings associated with the change in real power losses utilizing historical or forecasted data that is publicly available (*e.g.*, FERC Form 714).

**17.2.4** Within 30 days of the Transmission Provider completing the foregoing regional benefit-to-cost analysis, the Transmission Provider will notify the transmission developer of the results of that analysis. For potential transmission projects found to satisfy the foregoing benefit-to-cost analysis, the Impacted Utilities will then consult with the transmission developer of that project to establish a schedule for the following activities specified below, with the schedule to be developed within 90 days of the notification: 1) the transmission developer providing detailed financial terms for its proposed project and 2) the proposed transmission project to be reviewed by the jurisdictional and/or governance authorities of the Impacted Utilities pursuant to Section 17.4 for potential selection in a regional transmission plan for RCAP.<sup>14</sup>

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

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

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

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

**17.3.2** To determine whether the proposed project is considered at that time to remain a more efficient or cost effective alternative, the Transmission Provider will then perform a more detailed 1.25 transmission benefit-to-cost analysis consistent with that performed pursuant to Section 17.2.1. This more detailed transmission benefit-to-cost analysis will be based upon the detailed financial terms<sup>15</sup> provided by the transmission developer, as may be modified by agreement of the transmission developer and Beneficiary(ies), and any additional, updated, and/or more detailed transmission planning, cost or benefit information/component(s) as provided by the Impacted Utilities that are applicable to/available for the proposed transmission project, the projects that would be displaced, any additional projects required to implement the proposal and real power

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<sup>15</sup> The detailed financial terms are to be provided by the date specified in the schedule to be developed by the Impacted Utilities and the transmission developer in accordance with Section 17.2.4.

transmission loss impacts.<sup>16</sup> Once the Transmission Provider has determined the outcome of the aforementioned regional benefit-to-cost analysis, the Transmission Provider will notify the transmission developer within 30 days of the outcome.

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

**17.4 Jurisdictional and/or Governance Authority Review:** Should the proposed transmission project be found to satisfy the more detailed benefit-to-cost analysis specified in Section 17.3, the state jurisdictional and/or governance authorities of the Impacted Utilities will be provided an opportunity to review the transmission project proposal and otherwise consult, collaborate, inform, and/or provide recommendations to the Transmission Provider. The recommendations will

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<sup>16</sup> The performance of this updated, detailed benefit-to-cost analysis might identify different Beneficiaries and/or Impacted Utilities than that identified in the initial benefit-to-cost analysis performed in accordance with Section 17.2.1.

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

## **17.5 Selection of a Proposed Transmission Project for RCAP:**

**17.5.1** The Transmission Provider will select a transmission project (proposed for RCAP) for inclusion in the regional transmission plan for RCAP for the then-current planning cycle if the Transmission Provider determines that the project is a more efficient or cost effective transmission project as compared to other alternatives to reliably address transmission need(s).<sup>17</sup>

Factors considered in this determination include:

- Whether the project meets or exceeds the detailed benefit-to-cost analysis performed pursuant to Section 17.3. Such detailed benefit-to-cost analysis may be reassessed, as appropriate, based upon the then-current Beneficiaries and to otherwise reflect additional, updated, and/or more detailed transmission planning, cost or benefit information/component(s) that are applicable to/available for the proposed transmission project, the projects that would be displaced, any additional projects required to implement the proposal and real power transmission loss impacts;
- Any recommendation provided by state jurisdictional and/or governance authorities in accordance with Section 17.4 including whether the

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<sup>17</sup> Being selected for RCAP in the then-current iteration of a regional transmission plan only provides how the costs of the transmission project may be allocated in Commission-approved rates should the project be built. Being selected in a regional transmission plan for RCAP provides no rights with regard to siting, construction, or ownership. The transmission developer must obtain all requisite approvals to site and build its transmission project. A transmission project may be removed from being selected in a regional transmission plan for RCAP in accordance with the provisions of Sections 16.4, 19, 20, 21 and 22.

transmission developer is considered reasonably able to construct the transmission project in the proposed jurisdiction(s);

- Whether, based on the timing for the identified transmission need(s) and the stages of project development provided by the transmission developer in accordance with Section 16.1 and as otherwise may be updated, the transmission developer is considered to be reasonably able to construct and tie the proposed transmission project into the transmission system by the required in-service date;
- Whether it is reasonably expected that the Impacted Utilities will be able to construct and tie-in any additional facilities on their systems located within the SERTP region that are necessary to reliably implement the proposed transmission project; and
- Any updated qualification information regarding the transmission developer's finances or technical expertise, as detailed in Section 14.

The Transmission Provider will post on the Regional Planning Website its determination regarding whether a proposed project will be selected for inclusion in the regional transmission plan for RCAP for that transmission planning cycle. The Transmission Provider will document its determination in sufficient detail for Stakeholders to understand why a particular project was selected or not selected for RCAP and will make this supporting documentation available to the transmission developer or Stakeholders, subject to any applicable confidentiality requirements. For projects selected in the regional transmission plan for purposes of RCAP, the documentation will also include sufficient information regarding the application of the regional cost allocation method to determine the benefits and identify the Beneficiaries of the proposed regional transmission project.

**17.5.2** If a regional transmission project is selected in the regional transmission plan for purposes of RCAP, the Transmission Provider will perform

analyses to determine whether, throughout the ten (10) year planning horizon the proposed transmission project could potentially result in reliability impacts to the transmission system(s) of an adjacent neighboring transmission planning region(s). If a potential reliability impact is identified, the Transmission Provider will coordinate with the neighboring planning region on any further evaluation. The costs associated with any required upgrades identified in neighboring planning regions will not be included for RCAP within the SERTP.

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

If a regional transmission project is selected in a regional transmission plan for RCAP in accordance with Section 17.5 and then constructed and placed into service, the Beneficiaries will be allocated the regional transmission project's costs based upon their cost savings calculated in accordance with Section 17.3 and associated with:

1. The displacement of one or more of the transmission projects previously included in their ten (10) year transmission expansion plan.
2. The displacement of one or more regional transmission projects previously included in the regional transmission plan. More specifically, if a regional transmission project addresses the same transmission need(s) as a transmission project selected in a regional transmission plan for RCAP and displaces the original RCAP project as a more efficient or cost effective alternative, this cost allocation component will be based upon the costs of the original RCAP project that were to be allocated to the Beneficiaries in accordance with the application of the regional cost allocation method to the transmission project being displaced.
3. Any alternative transmission project(s) that would be required in lieu of the regional transmission project, if the proposed regional transmission project addresses a transmission need for which no transmission project is included in the latest ten (10) year expansion plan and/or regional transmission plan.
4. The reduction of real power transmission losses on their transmission system.

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

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

- These on-going assessments will include reassessing transmission projects that have been selected in the regional transmission plan for RCAP and any projects that are being considered for potential selection in a regional transmission plan for RCAP.

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

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

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

All prudently incurred costs of the regional transmission project will be allocated if the project remains selected in the regional plan for RCAP.

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

## **20. Delay or Abandonment**

**20.1** The transmission developer shall promptly notify the Transmission Provider should any material changes or delays be encountered in the development of a potential transmission project selected in a regional transmission plan for RCAP. As part of the Transmission Provider's on-going transmission planning efforts, the Transmission Provider will assess whether alternative transmission solutions may be required in addition to, or in place of, a potential transmission project selected in a regional transmission plan for RCAP due to the delay in its development or abandonment of the project. The identification and evaluation of potential transmission project alternative solutions may include transmission

project alternatives identified by the Transmission Provider to include in the ten (10) year transmission expansion plan. Furthermore, nothing precludes the Transmission Provider from proposing such alternatives for potential selection in a regional transmission plan for RCAP pursuant to Section 16.

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

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

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

**21.1** Once a regional transmission project is selected in a regional transmission plan for RCAP, the transmission developer must submit a development schedule to the Transmission Provider and the Impacted Utilities that establishes the milestones by which the necessary steps to develop and construct the transmission project must occur. These milestones include (to the extent not already accomplished)

obtaining all necessary ROWs and requisite environmental, state, and other governmental approvals. A development schedule will also need to be established for any additional projects by Impacted Utilities that are determined necessary to integrate the transmission projects selected in a regional transmission plan for RCAP. The schedule and milestones must be satisfactory to the Transmission Provider and the Impacted Utilities.

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

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

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

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

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

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

1. The transmission developer must (i) have and maintain a Credit Rating of BBB+ (or equivalent) or better from one or more of the Rating Agencies and not have or obtain less than any such Credit Rating by any of the Rating Agencies or (ii) be Unrated and have and maintain a Rating Equivalent of BBB+ or better; or
2. The transmission developer must provide to and maintain with the Beneficiaries Eligible Developer Collateral (as defined in Section 22.4 below) in an amount equal to twenty-five percent (25%) of the total costs of the transmission developer’s projects selected in a regional transmission plan for RCAP.

## **22.2 Limitation of Exposure**

**22.2.1** Notwithstanding the foregoing, the Beneficiaries may limit their exposure with respect to transmission projects selected in a regional transmission plan being developed by a transmission developer satisfying the requirements of item 1 of Section 22.1.2 above if the aggregate costs of such projects are at any time in excess of the lesser of (a) 10% of the transmission developer’s Tangible Net Worth if the transmission

developer has a Tangible Net Worth of less than one billion dollars or (b) two hundred fifty million dollars (the “Cap”). In such event, the transmission developer must provide to and maintain with the Beneficiaries Eligible Developer Collateral in a dollar amount not less than the amount by which the aggregate costs of such projects exceed the Cap. Each transmission developer will provide and update the Beneficiaries with such information as is necessary to establish and confirm the transmission developer’s Tangible Net Worth. For purposes hereof, “Tangible Net Worth” shall be equal to the relevant entity’s total equity minus its intangible assets and also minus its goodwill.

**22.2.2** Notwithstanding the foregoing, the Beneficiaries may limit their exposure with respect to transmission projects selected in a regional transmission plan being developed by a transmission developer or its affiliates who are satisfying the requirements of item 2 of Section 22.1.2 or 22.2.1 above by providing and maintaining a Developer Parent Guaranty (as defined in Section 22.4 below) if the aggregate costs of such projects are at any time in excess of the lesser of (a) 10% of the Parent Guarantor’s Tangible Net Worth if such Parent Guarantor has a Tangible Net Worth of less than one billion dollars or (b) two hundred fifty million dollars (the “Guarantor Cap”). In such event, the transmission developer must provide to and maintain with the Beneficiaries an acceptable Irrevocable Letter of Credit in a dollar amount not less than the amount by which the aggregate costs of such projects exceed the Guarantor Cap. Each transmission developer

will provide and update the Beneficiaries with such information as is necessary to establish and confirm the Parent Guarantor's Tangible Net Worth.

### **22.3 Credit Evaluation/Updates**

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

**22.3.2** On at least an annual basis, or more often if there is a Material Adverse Change in the financial condition and/or a relevant change in the Tangible Net Worth of the transmission developer or its Parent Guarantor or if there are issues or changes regarding a transmission project, the Beneficiaries may review the Credit Rating and review and update the Rating Equivalent, Cap, Guarantor Cap and Eligible Developer Collateral requirements for said transmission developer. In the event said transmission developer is required to provide additional Eligible Developer Collateral as a result of the Beneficiaries' review/update, the Beneficiaries will notify the transmission developer and such additional Eligible Developer Collateral must be provided within five (5) business days of such notice, all in amount and form approved by the Beneficiaries.

**22.4 Eligible Developer Collateral:** Acceptable forms of eligible collateral meeting the requirements referenced below and the Beneficiaries' approval (the "Eligible Developer Collateral") may be either in the form of an irrevocable letter of credit

(“Irrevocable Letter of Credit”) or parent guaranty issued by a Parent Guarantor who has and maintains a Credit Rating of BBB+ (or equivalent) or better from one or more of the Rating Agencies and does not have or obtain less than any such Credit Rating by any of the Rating Agencies (“Developer Parent Guaranty”). Acceptable forms of Eligible Developer Collateral and related requirements and practices will be posted and updated on the Regional Planning Website and/or provided to the relevant transmission developer directly.

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

**22.4.2** Each Beneficiary shall require a Developer Parent Guaranty to be issued to it in a dollar amount equal to its Percentage multiplied by the aggregate dollar amount of all Developer Parent Guaranties constituting or to constitute Eligible Developer Collateral for such transmission projects.

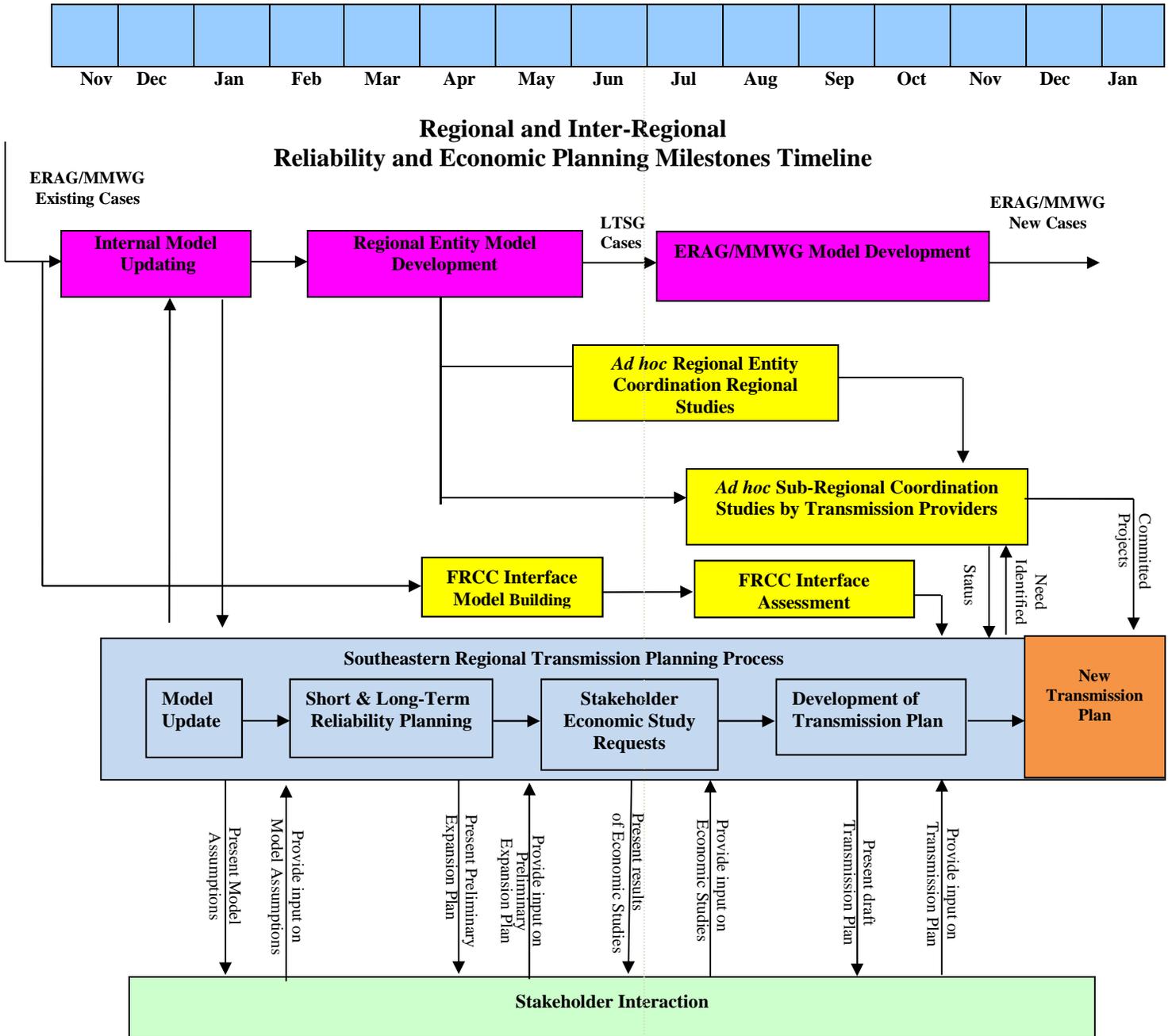
**22.4.2.1** A transmission developer supplying a Developer Parent Guaranty must provide and continue to provide the same information regarding the Parent Guarantor as is required of a transmission developer, including rating information, financial statements and related information, references, litigation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

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

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

**22.5 Cure Periods/Default:** If a transmission developer fails to comply with the requirements of this Section 22 and such failure is not cured within ten (10) business days after its initial occurrence, the Beneficiaries may declare such transmission developer to be in default hereunder and/or the Beneficiaries may, without limiting their other rights and remedies, revise the Cap, Guarantor Cap and Eligible Developer Collateral requirements; further, if such failure is not cured within an additional ten (10) business days, the Beneficiaries may, without limiting their other rights and remedies, immediately remove any or all of the transmission developer's projects from consideration for potential selection in the regional transmission plan for RCAP and, if previously selected, from being selected in a regional transmission plan for RCAP, as applicable.

# Exhibit M-1



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

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

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

projections; resource assumptions, including on-system and off-system supplies for current and future native load and network customer needs; public policy requirements; and transmission service commitments within the region.<sup>2</sup> The Transmission Provider's coordinated, open and transparent planning process is hereby provided in this Attachment M, with additional materials provided on the Regional Planning Website.

### **Local Transmission Planning**

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

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<sup>2</sup> As provided herein, Transmission Customers can provide input regarding updates to these needs assumptions consistent with the Information Exchange provisions of Section 4. Additionally, Stakeholder input is considered in the determination of transmission needs through input regarding the transmission planning modeling assumptions consistent with the Coordination provisions of Section 1 and specifically related to transmission needs driven by public policy requirements consistent with Section 10.2. Stakeholders can also provide input on Economic Planning Studies pursuant to Section 7.

Through its participation in the SERTP, the Transmission Provider's local planning process satisfies the following nine principles, as defined in Order No. 890: coordination, openness, transparency, information exchange, comparability,<sup>3</sup> dispute resolution, regional participation, economic planning studies, and cost allocation for new projects. This planning process also addresses at Section 9 the requirement to provide a mechanism for the recovery and allocation of planning costs consistent with Order No. 890. This planning process also includes at Section 10 the procedures and mechanisms for considering transmission needs driven by Public Policy Requirements consistent with Order No. 1000.

The Transmission Provider uses the SERTP as its open, coordinated, and transparent planning process for both its local and regional planning processes for purposes of Order Nos. 890 and 1000, such that the Transmission Provider's ten year local transmission expansion plan and the regional transmission plan are vetted with Stakeholders in accordance with the SERTP's open, coordinated, and transparent transmission planning provisions provided herein. Specifically, the Transmission Provider develops its local transmission expansion plan concurrently with the development of the regional transmission plan, with the expectation that in any given transmission planning cycle, the Transmission Provider's ten year local transmission expansion plan, along with those of the other Sponsors, will be included in the regional transmission plan. Therefore, references to "transmission expansion plan" in this Attachment M include the Transmission Provider's local transmission expansion plan.

Through this concurrent development of the Transmission Provider's local transmission expansion plan and the regional transmission plan, Stakeholders are provided the opportunity to

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

provide input throughout the SERTP's processes, with the procedures and timeline of the SERTP for Stakeholders to provide input on the local transmission expansion plan prescribed in Sections 1 through 10.

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

- (i) The process for consulting with customers for Attachment M purposes, which is set forth in Section 1 of this Attachment M;
- (ii) The notice procedures and anticipated frequency of meetings, which is set forth in Sections 1 and 2 of this Attachment M;
- (iii) The Transmission Provider's transmission planning methodology, criteria, and processes, which are set forth in Section 3 of this Attachment M;
- (iv) The method of disclosure of transmission planning criteria, assumptions and underlying data, which is set forth in Sections 2 and 3 of this Attachment M;
- (v) The obligations of and methods for Transmission Customers to submit data to the Transmission Provider, which is set forth in Section 4 of this Attachment M;
- (vi) The dispute resolution process, which is set forth in Section 5 of this Attachment M;
- (vii) The Transmission Provider's study procedures for economic upgrades to address congestion or the integration of new resources, which is set forth in Section 7 of this Attachment M;
- (viii) The Transmission Provider's procedures and mechanisms for considering transmission needs driven by Public Policy Requirements, consistent with Order No. 1000, which are set forth in Section 10 of this Attachment M; and
- (ix) The relevant cost allocation method or methods, which is set forth in Section 8 of this Attachment M.

## **Regional Transmission Planning**

The Transmission Provider participates in the SERTP through which transmission facilities and non-transmission alternatives may be proposed and evaluated. This regional transmission planning process develops a regional transmission plan that identifies the transmission facilities necessary to meet the needs of transmission providers and transmission customers in the transmission planning region for purposes of Order No. 1000. This regional transmission planning process is consistent with the provision of Commission-jurisdictional services at rates, terms and conditions that are just and reasonable and not unduly discriminatory or preferential, as described in Order No. 1000.

This regional transmission planning process satisfies the following seven principles, as set out and explained in Order Nos. 890 and 1000: coordination, openness, transparency, information exchange, comparability,<sup>4</sup> dispute resolution, and economic planning studies. This regional transmission planning process includes at Section 10 the procedures and mechanisms for considering transmission needs driven by Public Policy Requirements, consistent with Order No. 1000. This regional transmission planning process provides at Section 9 a mechanism for the recovery and allocation of planning costs consistent with Order No. 890. This regional transmission planning process includes at Section 13 a clear enrollment process for public and non-public utility transmission providers that make the choice to become part of a transmission planning region for purposes of regional cost allocation. This regional transmission planning

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<sup>4</sup> The Transmission Provider is committed to providing comparable and non-discriminatory transmission service. As such, comparability is not separately addressed in a stand-alone section of this Attachment M but instead permeates the Southeastern Regional Transmission Process described in this Attachment M.

process subjects Enrollees to cost allocation if they are found to be Beneficiaries of new transmission facilities selected in the regional transmission plan for purposes of cost allocation.<sup>5</sup>

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

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

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<sup>5</sup> Enrollees that are identified pursuant to Section 17 to potentially receive cost savings (associated with the regional cost allocation components in Section 18) due to the transmission developer's proposed transmission project for possible selection in a regional transmission plan for regional cost allocation purposes ("RCAP") shall be referred to as "Beneficiaries."

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

### **Interregional Transmission Coordination**

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

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

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

### **1. Coordination**

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

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

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

utilized to develop the transmission expansion plan<sup>6</sup> before that methodology and criteria are finalized for purposes of the development of that year's transmission expansion plan (*i.e.*, the expansion plan that is intended to be implemented the following calendar year).<sup>7</sup> Stakeholders may submit comments to the Transmission Provider regarding the Transmission Provider's criteria and methodology during the discussion at the meeting or within ten (10) business days after the meeting, and the Transmission Provider will consider such comments. Depending upon the major transmission planning issues presented at that time, the Transmission Provider will provide various technical experts that will lead the discussion of pertinent transmission planning topics, respond to Stakeholder questions, and provide technical guidance regarding transmission planning matters. It is foreseeable that it may prove appropriate to shorten the training sessions as Stakeholders become increasingly knowledgeable regarding the Transmission Provider's transmission planning process and no longer need detailed training in this regard.

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<sup>6</sup> The expectation is that in any given planning cycle, the Transmission Provider's ten year transmission expansion plan, along with those of the other Sponsors, will be included in the regional transmission plan. Moreover, the iterative nature of transmission planning bears emphasis, with underlying assumptions, needs, and data inputs continually changing to reflect market decisions, load service requirements, and other developments. A transmission plan, thus, only represents the status of transmission planning when the plan was prepared.

<sup>7</sup> A transmission expansion plan completed during one calendar year (and presented to Stakeholders at that calendar year's Annual Transmission Planning Summit) is intended to be the starting point plan for the following calendar year. For example, the transmission expansion plan developed during 2009 and presented at the 2009 Annual Transmission Planning Summit is for the 2010 calendar year.

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

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

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

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

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

**1.2.4.2 Assumptions Input Session:** The Assumptions Input Session aspect of the Annual Transmission Planning Summit and Assumptions Input Meeting will take place following the annual Transmission Planning Summit and will provide an open forum for discussion with, and input from, the Stakeholders regarding: the data gathering and transmission model assumptions that will be used for the development of the Transmission Provider's following year's ten (10) year transmission expansion plan,

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

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

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

- (1) Transmission Owners/Operators<sup>8</sup>

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<sup>8</sup> The Sponsors will not have a vote within the Transmission Owners/Operators sector, although they (or their affiliates, subsidiaries or parent company) shall have the right to participate in other sectors.

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

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

**1.3.3 Annual Reformulation:** The RPSG will be reformed annually at each First RPSG Meeting and Interactive Training Session discussed in Section 1.2.1. Specifically, the Sector Members will be elected for a term of approximately one year that will terminate upon the convening of the following year’s First RPSG Meeting and Interactive Training Session. Sector Members shall be elected by the Stakeholders physically present at the First RPSG Meeting and Interactive Training Session (voting by sector for the respective Sector Members). If elected, Sector Members may serve consecutive, one-year terms, and there is no limit on the number of terms that a Sector Member may serve.

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

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

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

**1.4 The Role of the Transmission Provider in Coordinating the Activities of the Southeastern Regional Transmission Planning Process Meetings and of the Functions of the RPSG:** The Transmission Provider will host and conduct the above-described Annual Transmission Planning Meetings with Stakeholders.<sup>9</sup>

**1.5 Procedures Used to Notice Meetings and Other Planning-Related Communications:** Meetings notices, data, stakeholder questions, reports, announcements, registration for inclusion in distribution lists, means for being

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<sup>9</sup> As previously discussed, the Transmission Provider expects that the other Sponsors will also be hosts and sponsors of these activities.

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

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

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

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

## **2. Openness**

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

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

### **2.3 CEII Information**

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

1. Relates details about the production, generation, transmission, or distribution of energy;
2. Could be useful to a person planning an attack on critical infrastructure;

3. Is exempt from mandatory disclosure under the Freedom of Information Act; and
4. Does not simply give the general location of the critical infrastructure.

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

**2.3.3 CEII Certification:** In order for a Stakeholder to be certified and be eligible for access to the CEII data involved in the Southeastern Regional Transmission Planning Process, the Stakeholder must follow the CEII certification procedures posted on the Regional Planning Website (*e.g.*, authorize background checks and execute the SERTP CEII Confidentiality Agreement posted on the Regional Planning Website). The Transmission Provider reserves the discretionary right to waive the certification process, in whole or in part, for anyone that the Transmission Provider deems appropriate to receive CEII information. The Transmission Provider also reserves the discretionary right to reject a request for CEII; upon such rejection, the requestor may pursue the dispute resolution procedures of Section 5.

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

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

**2.4 Other Sponsor- and Stakeholder- Submitted Confidential Information:** The other Sponsors and Stakeholders that provide information to the Transmission Provider that foreseeably could implicate transmission planning should expect that such information will be made publicly available on the Regional Planning Website or may otherwise be provided to Stakeholders in accordance with the terms of this Attachment M. Should another Sponsor or Stakeholder consider any such information to be CEII, it shall clearly mark that information as CEII and bring that classification to the Transmission Provider's attention at, or prior to, submittal. Should another Sponsor or Stakeholder consider any information to be submitted to the Transmission Provider to otherwise be confidential (*e.g.*, competitively sensitive), it shall clearly mark that information as such and notify the Transmission Provider in writing at, or prior to, submittal, recognizing that any such designation shall not result in any material delay in the development of the transmission expansion plan or any other transmission plan that the Transmission Provider (in whole or in part) is required to produce.

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

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

**2.5.2 [RESERVED]**

**2.5.3 [RESERVED]**

**2.5.4** Without limiting the applicability of Section 2.5.1, to the extent competitively sensitive and/or otherwise confidential information (other than information that is confidential solely due to its being CEII) is provided in the transmission planning process and is needed to participate in the transmission planning process and to replicate transmission planning studies, it will be made available to those Stakeholders who have executed the SERTP Non-CEII Confidentiality Agreement (which agreement is posted on the Regional Planning Website). Importantly, if information should prove to contain both competitively sensitive/otherwise confidential information and CEII, then the requirements of both Section 2.3 and Section 2.5 would apply.

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

### 3. Transparency

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

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

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

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

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

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

- (1) Means for contacting the Transmission Provider.
- (2) Procedures for submittal of questions regarding transmission planning to the Transmission Provider (in general, questions of a non-immediate nature will be collected and addressed through the Annual Transmission Planning Meeting process).
- (3) Instructions for how Stakeholders may obtain transmission base cases and other underlying data used for transmission planning.
- (4) Means for Transmission Customers having Service Agreements for Network Integration Transmission Service to provide load and resource assumptions to the Transmission Provider; provided that if there are specific means defined in a Transmission Customer's Service Agreement

for Network Integration Transmission Service (“NITSA”) or its corresponding Network Operating Agreement (“NOA”), then the NITSA or NOA shall control.

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

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

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

**3.5.1.1 An Interactive Training Session Regarding the Transmission Provider’s Transmission Planning Methodologies and Criteria:** As discussed in (and subject to) Section 1.2.1, at the First RPSG Meeting and Interactive Training Session, the Transmission Provider will, among other things, conduct an interactive, training and input session for the Stakeholders regarding the methodologies and criteria that the Transmission Provider utilizes in conducting its transmission

planning analyses. The purpose of these training and interactive sessions is to facilitate the Stakeholders' ability to replicate transmission planning study results to those of the Transmission Provider.

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

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

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

**3.5.2 Presentation of Preliminary Modeling Assumptions:** At the Annual Transmission Planning Summit, the Transmission Provider will also provide to the Stakeholders its preliminary modeling assumptions for the development of the Transmission Provider's following year's ten (10) year transmission expansion plan. This information will be made available on

the Regional Planning Website, with CEII information being secured by password access. The preliminary modeling assumptions that will be provided may include:

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

**3.5.3 The Transmission Expansion Review and Input Process:** The Annual Transmission Planning Meetings will provide an interactive process over a calendar year for the Stakeholders to receive information and updates, as well as to provide input, regarding the Transmission Provider's development of its transmission expansion plan. This dynamic process will generally be provided as follows:

1. At the Annual Transmission Planning Summit and Assumptions Input Meeting, the Transmission Provider will describe and explain to the Stakeholders the database assumptions for the ten (10) year transmission expansion plan that will be developed during the

upcoming year. The Stakeholders will be allowed to provide input regarding the ten (10) year transmission expansion plan assumptions.

2. At the First RPSG Meeting and Interactive Training Session, the Transmission Provider will provide interactive training to the Stakeholders regarding the underlying criteria and methodologies utilized to develop the transmission expansion plan. The databases utilized by the Transmission Provider will be posted on the secured area of the Regional Planning Website.
3. To the extent that Stakeholders have transmission expansion plan enhancement/alternatives that they would like for the Transmission Provider and other Sponsors to consider, the Stakeholders shall perform analysis prior to, and provide any such analysis at, the Preliminary Expansion Plan Meeting. At the Preliminary Expansion Plan Meeting, the Transmission Provider will present its preliminary transmission expansion plan for the current ten (10) year planning horizon, including updates on the status of regional assessments being performed pursuant to Section 11. The Transmission Provider and Stakeholders will engage in interactive expansion plan discussions regarding this preliminary analysis. This preliminary transmission expansion plan will be posted on the secure/CEII area of the Regional Planning Website at least 10 calendar days prior to the Preliminary Expansion Plan meeting.

4. The transmission expansion plan/enhancement alternatives suggested by the Stakeholders will be considered by the Transmission Provider for possible inclusion in the transmission expansion plan. When evaluating such proposed alternatives, the Transmission Provider will, from a transmission planning perspective, take into account factors such as, but not limited to, the proposed alternatives' impacts on reliability, relative economics, effectiveness of performance, impact on transmission service (and/or cost of transmission service) to other customers and on third-party systems, project feasibility/viability and lead time to install.
5. At the Second RPSG Meeting, the Transmission Provider will report to the Stakeholders regarding the suggestions/alternatives suggested by the Stakeholders at the Preliminary Expansion Plan Meeting. The then-current version of the transmission expansion plan will be posted on the secure/CEII area of the regional planning website at least ten (10) calendar days prior to the Second RPSG Meeting.
6. At the Annual Transmission Planning Summit, the ten (10) year transmission expansion plan that is intended to be implemented the following year will be presented to the Stakeholders along with the regional transmission plan for purposes of Order 1000. The Transmission Planning Summit presentations and the regional

transmission plan, which is expected to include the ten (10) year transmission expansion plan will be posted on the Regional Planning Website at least ten (10) calendar days prior to the Annual Transmission Planning Summit.

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

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

**4.1 General:** Transmission Customers having Service Agreements for Network Integration Transmission Service are required to submit information on their projected loads and resources on a comparable basis (*e.g.*, planning horizon and format) as used by transmission providers in planning for their native load. Transmission Customers having Service Agreements for Point-To-Point Transmission Service are required to submit any projections they have a need for service over the planning horizon and at what receipt and delivery points. Interconnection Customers having Interconnection Agreements under the Tariff are required to submit projected changes to their generating facility that could impact the Transmission Provider's performance of transmission planning studies. The purpose of this information that is provided by each class of customers is to facilitate the Transmission Provider's transmission planning process, with the

September 1 due date of these data submissions by customers being timed to facilitate the Transmission Provider's development of its databases and model building for the following year's ten (10) year transmission expansion plan.

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

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

**4.4 Demand Resource Projects:** The Transmission Provider expects that Transmission Customers having Service Agreements for Network Integration Transmission Service that have demand resource assets will appropriately reflect those assets in those customers' load projections. Should a Stakeholder have a

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

- 4.5 Interconnection Customers:** By September 1 of each year, each Interconnection Customer having an Interconnection Agreement[s] under the Tariff shall provide to the Transmission Provider annual updates of that Interconnection Customer's planned addition or upgrades (including status and expected in-service date), planned retirements, and environmental restrictions.
- 4.6 Notice of Material Change:** Transmission Customers and Interconnection Customers shall provide the Transmission Provider with timely written notice of material changes in any information previously provided related to any such customer's load, resources, or other aspects of its facilities, operations, or

conditions of service materially affecting the Transmission Provider's ability to provide transmission service or materially affecting the Transmission System.

## **5. Dispute Resolution**

**5.1 Negotiation:** Any substantive or procedural dispute between the Transmission Provider and one or more Stakeholders (collectively, the "Parties") that arises from the Attachment M transmission planning process generally shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the pertinent Stakeholder(s) for resolution on an informal basis as promptly as practicable. Should the dispute also involve one or more other Sponsors of this Southeastern Regional Transmission Planning Process, then such entity(ies) shall have the right to be included in "Parties" for purposes of this section and for purposes of that dispute, and any such entity shall also include a designated senior representative in the above discussed negotiations in an effort to resolve the dispute on an informal basis as promptly as practicable. In the event that the designated representatives are unable to resolve the dispute within thirty (30) days, or such other period as the Parties may unanimously agree upon, by unanimous agreement among the Parties such dispute may be voluntarily submitted to the use of the Commission's Alternative Means of Dispute Resolution (18 C.F.R. § 385.604, as those regulations may be amended from time to time), the Commission's Arbitration process (18 C.F.R. § 385.605, as those regulations may be amended from time to time) (collectively, "Commission ADR"), or such other dispute resolution process that the Parties may unanimously agree to utilize.

- 5.2 Use of Dispute Resolution Processes:** In the event that the Parties voluntarily and unanimously agree to the use of a Commission ADR process or other dispute resolution procedure, then the Transmission Provider will have a notice posted to this effect on the Regional Planning Website, and an e-mail notice in that regard will be sent to Registered Stakeholders. In addition to the Parties, all Stakeholders and Sponsors shall be eligible to participate in any Commission ADR process as “participants”, as that or its successor term in meaning is used in 18 C.F.R. §§ 385.604, 385.605 as may be amended from time to time, for purposes of the Commission ADR process; provided, however, any such Stakeholder or Sponsor must first have provided written notice to the Transmission Provider within thirty (30) calendar days of the posting on the Regional Planning Website of the Parties’ notice of their intent to utilize a Commission ADR Process.
- 5.3 Costs:** Each Party involved in a dispute resolution process hereunder, and each “participant” in a Commission ADR Process utilized in accordance with Section 5.2, shall be responsible for its own costs incurred during the dispute resolution process. Should additional costs be incurred during the dispute resolution process that are not directly attributable to a single Party/participant, then the Parties/participants shall each bear an equal share of such cost.
- 5.4 Rights under the Federal Power Act:** Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

## 6. **Regional Participation**<sup>10</sup>

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

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

**6.3 [RESERVED]**

**6.4 Coordination with the Other Participating Transmission Owners:** As a current member of ReliabilityFirst Corporation ("RFC"), OVEC participates in RFC's regional assessment processes. As part of such processes, just as OVEC provides the latest information about changes on the OVEC system, models used in the OVEC planning process also reflect the latest available information about

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

plans and conditions in the surrounding systems, so that the OVEC plans can be formulated in the context of regional developments. Transmission network models are continually updated to reflect ongoing changes in the equipment, forecasts, project approvals and other factors. The initial step in coordinated evaluation of future system performance is assembly of a model representing the planned network topology for the study period. OVEC modeling data is submitted annually to RFC as required to meet the schedules established under the RFC compliance program.

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

To the extent that the study seasons examined in RFC studies overlap with OVEC needs, studies of the OVEC system rely on the models already updated for use in RFC studies. Active participation in RFC studies by MISO, PJM and transmission owners in the RFC footprint therefore allows the OVEC studies to be based on the best available models coordinated among OVEC and its RFC

neighbors. This provides a common reference point from which plans are developed in the current planning cycle.

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

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

## **6.5 [RESERVED]**

## **6.6 Reliability Planning Process**

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

**6.6.2 A Description of How the Various Reliability Study Processes Interact with Each Other:** The reliability planning process in the Southeast is a “bottom-up” process. Specifically, the Transmission Provider’s 10-year transmission expansion plan is the base case that it uses for reliability planning processes, with it being the Transmission Provider’s input into

the development of the SERC regional model. In addition, the results of the FRCC coordination activities and of any *ad hoc* coordination activities are incorporated into the Transmission Provider's transmission expansion plan. These processes are discussed further below:

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

(a)(ii) **Bottom-Up Reliability Study Process:** The transmission models created for use in developing the transmission provider's

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

(a)(iii) **Identification of Reliability Transmission Enhancements:** Once a planning criteria concern is identified or the enhancement process identifies the potential for a superior solution, the transmission owner will then determine if any neighboring planning process is potentially impacted by the projected limitation. Potentially impacted transmission owners are then contacted to determine if there is a need for an *ad hoc* coordinated study. In the event one or more neighboring transmission owners

agree that they would be impacted by the projected limitation or identifies the potential for a superior reliability solution based on transmission enhancements in their current reliability plan, an *ad hoc* coordinated study is initiated. Once the study has been completed, the identified reliability transmission enhancements will then be incorporated into the ten (10) year transmission expansion plan (*i.e.*, the plan due to be implemented the following year) as a reliability project.

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

(b)(ii) **SERC Transmission Model Development:** The construction of the SERC transmission model is a “bottom-up” process. In particular, SERC transmission models are developed by the

transmission owners in SERC through an annual model development process. Each transmission owner in SERC, incorporating input from their regional planning process, develops and submits their 10-year transmission models to a model development databank, with the models and the databank then being used to create a SERC-wide model for use in the reliability assessment. Additionally, the SERC-wide models are then used in the SERTP planning process as an update (if needed) to the current transmission models and as a foundation (along with the MMWG models) for the development of the transmission provider's transmission models for the following year.

(b)(iii) **Additional Reliability Joint Studies:** As mentioned above, the SERC-wide reliability assessment serves as a valuable tool for the transmission owners to reassess the need for additional reliability joint studies. If the SERC-wide reliability model projects additional planning criteria concerns that were not identified in the transmission owners' reliability studies, then the impacted transmission owners will initiate one or more *ad hoc* inter-regional coordinated study(ies) (in accordance with existing Reliability Coordination Agreements) to better identify the planning criteria concerns and determine appropriate reliability transmission enhancements to resolve the limitations. Once the study(ies) is completed, required reliability transmission

enhancements will be incorporated into the Transmission Provider's ten (10) year expansion plan as a reliability project. Accordingly, planning criteria concerns identified at the SERC-wide level are "pushed down" to the transmission owner level for detailed resolution.

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

(a)(i) **Participation Through the Southeastern Regional Transmission Planning Process:** Since the bulk of the reliability transmission planning occurs as a "bottom up" process in the development of the Transmission Provider's ten (10) year transmission expansion plan, Stakeholders may participate in these reliability planning processes by participating in the Southeastern Regional Transmission Planning Process. Specifically, the ten (10) year transmission expansion plan is the Transmission Provider's input into the SERC model development, and the results of the FRCC coordination and of any *ad hoc* coordination studies are incorporated into the ten (10) year transmission expansion plan. As discussed in Section 1.2.2, at the Preliminary Expansion Plan Meeting, Stakeholders are provided the opportunity to review and comment (and allowed to propose alternatives concerning enhancements found in) the Transmission Provider's preliminary transmission expansion plan, which is the Transmission Provider's

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

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

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

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

## **7. Economic Planning Studies**

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

**7.2 Parameters for the Economic Planning Studies:** These Economic Planning Studies shall be confined to sensitivity requests for bulk power transfers and/or to evaluate potential upgrades or other investments on the Transmission System that could reduce congestion or integrate new resources. Bulk power transfers from one area to another area with the region encompassed by this Southeastern Regional Transmission Planning Process (the “Region”) shall also constitute valid requests. The operative theory for the Economic Planning Studies is for them to identify meaningful information regarding the requirements for moving large amounts of power beyond that currently feasible, whether such transfers are internal to the Region or from this Region to interconnected regions.

- 7.3 Other Tariff Studies:** The Economic Planning Studies are not intended to replace System Impact Studies, Facility Studies, or any of the studies that are performed for transmission delivery service or interconnection service under the Tariff.
- 7.4 Clustering:** The RPSG should consider clustering similar Economic Planning Study requests. In this regard, if two or more of the RPSG requests are similar in nature and the Transmission Provider concludes that clustering of such requests and studies is appropriate, the Transmission Provider may, following communications with the RPSG, cluster those studies for purposes of the transmission evaluation.
- 7.5 Additional Economic Planning Studies:** Should a Stakeholder(s) request the performance of an Economic Planning Study in addition to the above-described five (5) Economic Planning Studies that the RPSG may request during a calendar year, then any such additional Economic Planning Study will only be performed if such Stakeholder(s) first agrees to bear the Transmission Provider's actual costs for doing so and the costs incurred by any other Sponsor to perform such Economic Planning Study, recognizing that the Transmission Provider may only conduct a reasonable number of transmission planning studies per year. If affected by the request for such an additional Economic Planning Study, the Transmission Provider will provide to the requesting Stakeholder(s) a non-binding but good faith estimate of what the Transmission Provider expects its costs to be to perform the study prior to the Stakeholder(s) having to agree to bear those costs. Should the Stakeholder(s) decide to proceed with the additional

study, then it shall pay the Transmission Provider's and other affected Sponsor[s]' estimated study costs up-front, with those costs being trued-up to the Transmission Provider's and other affected Sponsor[s]' actual costs upon the completion of the additional Economic Planning Study.

## **7.6 Economic Planning Study Process**

1. Stakeholders will be prompted at the Annual Transmission Planning Summit to provide requests for the performance of Economic Planning Studies. Corresponding announcements will also be posted on the Regional Planning Website, and Registered Stakeholders will also receive e-mail notifications to provide such requests. An Economic Planning Study Request Form will be made available on the Regional Planning Website, and interested Stakeholders may submit any such completed request form on the non-secure area of the Regional Planning Website (unless such study request contains CEII, in which case the study request shall be provided to the Transmission Provider with the CEII identified, and the study request shall then be posted on the secure area of the Regional Planning Website).
2. Prior to each First RPSG Meeting, the RPSG shall compile the Economic Planning Study requests. At the First RPSG Meeting, the RPSG shall meet to discuss and select up to five (5) Economic Planning Studies to be requested to be performed. At the First RPSG Meeting, the Transmission Provider will coordinate with the RPSG and any interested Stakeholders to facilitate the RPSG's efforts regarding its development and selection of

the Economic Planning Study requests. Once the RPSG selects the Economic Planning Study(ies) (up to five annually), the RPSG will notify the Transmission Provider, who will post the results on the Regional Planning Website.

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

Stakeholders may submit alternatives to the enhancement solutions identified in those preliminary results. All such alternatives must be submitted by Stakeholders within thirty (30) calendar days from the close of the Second RPSG Meeting. The Transmission Provider will consider the alternatives provided by the Stakeholders.

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

## **8. Order No. 890 Cost Allocation Principle<sup>11</sup>**

**8.1 General:** The following provides the Transmission Provider's methodologies for allocating the costs of new transmission facilities that do not fit under the general Tariff rate structure under two scenarios. The first methodology addresses the allocation of the costs of economic transmission upgrades that are identified in the Economic Planning Studies and that are not otherwise associated with transmission service provided under the Tariff and are not associated with the provision of

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<sup>11</sup> In accordance with Order No. 1000, this planning principle only applies to the Transmission Provider's local transmission planning process.

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

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

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

**8.2.2 Request for Performance of Economic Upgrades:** Within thirty (30) calendar days of the posting of the final results of the underlying Economic Planning Study[ies], one or more entities ("Initial Requestor[s]") that would like the Transmission Provider to construct one

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

**8.2.3 Allocation of the Costs of the Economic Upgrades:** The costs of the Economic Upgrades shall be allocated to each Requestor based upon the percentage of cost responsibility that it has requested in its respective request. Should the total amount of percentage requests for cost responsibility for the Economic Upgrade[s] by the Requestors not equal

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

**8.2.4 Cost Allocation for the Acceleration, Expansion, Deferral, or Cancellation of Reliability Upgrades:** Should the Transmission Provider conclude that the construction of an Economic Upgrade[s] would accelerate the construction of, or require the construction of a more expansive, Reliability Upgrade, then the Requestor[s] shall bear the costs of such acceleration or expansion. Should the Transmission Provider

conclude that the construction of the Economic Upgrade[s] would result in the deferral or cancellation of a Reliability Upgrade, then the costs of the Economic Upgrade[s] allocated to the Requestor[s] shall be reduced by the present value of the amount of savings caused by the deferral or cancellation.

**8.2.5 Implementing Agreements and Regulatory Approvals:** The Transmission Provider will not be obligated to commence design or construction of any Economic Upgrade until (i) a binding agreement[s] with all of the Requestor[s] for such construction by the Transmission Provider and payment by the Requestor[s] of its allocated cost responsibility (in accordance with Section 8.2.3 above) is executed by the Transmission Provider, all other affected Sponsor[s], and all of the Requestor[s]; (ii) all of the Requestor[s] provide (and maintain, subject to reduction as set forth in (iii) below) the Transmission Provider security, in a form acceptable to the Transmission Provider, for the full costs of the design and construction; and (iii) appropriate commitments to construct are in place for all affected third party transmission providers (*e.g.*, other Sponsors). In addition, the Transmission Provider shall not be obligated to commence any phase of design or construction of any Economic Upgrade unless the Requestor[s] has first paid to the Transmission Provider in immediately available funds via wire transfer the Transmission Provider's estimated costs for that phase of design or construction (it being understood that security provided under (ii) above may be reduced

on a dollar-for-dollar basis with respect to such payments received by Transmission Provider as and when they are final and are no longer subject to being voided or set aside), with the Requestor[s] bearing the actual costs of design and construction upon completion of the Economic Upgrade[s] pursuant to a true-up to the estimated costs already paid. Furthermore, the Transmission Provider shall not be obligated to commence construction, or to continue construction, if all necessary regulatory approvals are not obtained or maintained, with the Transmission Provider having to make a good faith effort to obtain all such approvals. The costs associated with obtaining and maintaining such regulatory approvals shall be included in the total costs of the Economic Upgrades and shall otherwise be borne by the Requestors.

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

**8.3.1 Enhanced Reliability Upgrades:** The transmission expansion plan will identify the Reliability Upgrades, which are the transmission upgrades that are necessary to ensure the reliability of the Transmission System and to otherwise meet the needs of long-term firm transmission service commitments in accordance with the Transmission Provider's planning standards and/or ERO or RE reliability standards. Should one or more Stakeholders, including a Transmission Customer, determine that it wants an upgrade installed to provide additional reliability benefits above those necessary to satisfy the Transmission Provider's planning criteria and/or ERO or RE reliability standards (*i.e.*, an Enhanced Reliability Upgrade),

then the costs of any such Enhanced Reliability Upgrade shall be directly assigned to that Stakeholder[s] (“Requesting Stakeholder[s]”) without the provision of transmission credits or other means of reimbursement from the Transmission Provider for such direct assignment costs.

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

**8.3.3 Implementing Agreements and Regulatory Approvals:** The Transmission Provider will not be obligated to commence design or construction of any Enhanced Reliability Upgrade until (i) a binding agreement[s] with the Requesting Stakeholder[s] for such construction by the Transmission Provider and payment by the Requesting Stakeholder[s] of its direct assignment costs (in accordance with Sections 8.3.1 and 8.3.2 above) is executed by the Transmission Provider and all of the Requesting Stakeholders seeking the construction of such Enhanced Reliability Upgrade[s] and (ii) all of the Requesting Stakeholder[s] provide (and maintain, subject to reduction as set forth in the following sentence) the Transmission Provider security, in a form acceptable to the Transmission

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

- 9. Recovery of Planning Costs:** With the exception of the costs to perform more than five Economic Planning Studies (which will be directly assigned to the requestor), the Transmission Provider will recover the costs that it incurs in implementing its

requirements under this Southeastern Regional Transmission Planning Process by adding those costs to the Annual Charge costs that it recovers under Informational Schedule D in the Tariff.

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

### **10. Consideration of Transmission Needs Driven by Public Policy Requirements**

#### **10.1 Procedures for the Consideration of Transmission Needs Driven by Public**

**Policy Requirements:** The Transmission Provider addresses transmission needs driven by enacted state, federal and local laws and/or regulations (“Public Policy Requirements”) in its routine planning, design, construction, operation, and maintenance of the Transmission System.

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

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

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

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

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

**10.3.1 Identification of Public Policy-Driven Transmission Needs:** In order to identify, out of the set of possible transmission needs driven by Public Policy Requirements proposed by Stakeholders, those transmission needs for which transmission solutions will be evaluated in the current planning cycle, the Transmission Provider will assess:

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

**10.3.2 Identification and Evaluation of Possible Transmission Solutions for Public Policy-Driven Transmission Needs that Have Not Already Been Addressed:** If a Public Policy-driven transmission need is identified that

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

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

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

**10.4.2** Stakeholders, including those who are not Transmission Customers, may provide input regarding Stakeholder-proposed possible transmission need(s) and may provide input during the evaluation of potential transmission solutions to identified transmission needs driven by Public

Policy Requirements. Specifically with regard to the evaluation of such potential transmission solutions, a Stakeholder may provide input at the Preliminary Expansion Plan Meeting. If a Stakeholder has performed analysis regarding such a potential transmission solution, the Stakeholder may provide any such analysis at that time.

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

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

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

### **11.1 Regional Planning Analyses**

**11.1.1** During the course of each transmission planning cycle, the Transmission Provider will conduct regional transmission analyses to assess if the then-current regional transmission plan addresses the Transmission Provider's

transmission needs, including those of its Transmission Customers and those which may be driven, in whole or in part, by economic considerations or Public Policy Requirements. This regional analysis will include assessing whether there may be more efficient or cost effective transmission projects to address transmission needs than transmission projects included in the latest regional transmission plan (including projects selected in a regional transmission plan for RCAP pursuant to Section 17).

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

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

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

- Impact on reliability.
- Feasibility, including the viability of constructing and tying in the proposed project by the required in-service date.

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

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

**12. Merchant Transmission Developers Proposing Transmission Facilities Impacting**

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

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

**13. Enrollment**

**13.1 General Eligibility for Enrollment:** A public utility or non-public utility transmission service provider and/or transmission owner who is registered with NERC as a Transmission Owner or a Transmission Service Provider may enroll in the SERTP. Such Transmission Service Providers and Transmission Owners are thus potential Beneficiaries for cost allocation purposes on behalf of their

transmission customers. Entities that do not enroll will nevertheless be permitted to participate as Stakeholders in the SERTP.

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

**13.3 Means to Enroll:** Entities that satisfy the general eligibility requirements of Section 13.1 or are required to enroll in accordance with Section 13.2 may provide an application to enroll, by submitting the form of enrollment posted on the Regional Planning Website.

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

M-6 within fifteen (15) business days of such notice. The effective date of any such revised tariff record shall be the effective date of the non-public utility's election to not enroll or to withdraw as provided in Section 13.5 or 13.6, as applicable.

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

**13.5.1 Upon Order on Compliance Filing:** The initial non-public utilities that satisfy the general eligibility requirements of 13.1 and who have made the decision to enroll at the time of the Transmission Provider's compliance filing in response to FERC's July 18, 2013 Order on Compliance Filings in Docket Nos. ER13-897, ER13-908, and ER13-913, 144 FERC ¶ 61,054, do so on the condition precedent that the Commission accepts: i) that compliance filing without modification and without setting it for hearing or suspension and ii) the Transmission Provider's July 10, 2013 compliance filing made in Docket Nos. ER13-1928, ER13-1930, ER13-1940, and ER13-1941 without modification and without setting it for hearing or suspension. Should the Commission take any such action upon review of such compliance filings or in any way otherwise modify, alter, or impose amendments to this Attachment M, then each such non-public

utility shall be under no obligation to enroll in the SERTP and shall have sixty (60) days following such an order or action to provide written notice to the Transmission Provider of whether it will, in fact, enroll in the SERTP. If, in that event, such non-public utility gives notice to the Transmission Provider that it will not enroll, such non-public utility shall not be subject to cost allocation under this Attachment M (unless it enrolls at a later date).

**13.5.2 Upon Future Regulatory Action:** Notwithstanding anything herein to the contrary, should the Commission, a Court, or any other governmental entity having the requisite authority modify, alter, or impose amendments to this Attachment M, then an enrolled non-public utility may immediately withdraw from this Attachment M by providing written notice within sixty (60) days of that order or action, with the non-public utility's termination being effective as of the close of business the prior business day before said modification, alteration, or amendment occurred (although if the Commission has not acted by that prior business day upon both of the compliance filings identified in Section 13.5.1, then the non-public utility shall never have been deemed to have enrolled in the SERTP). In the event of such a withdrawal due to such a future regulatory and/or judicial action, the withdrawing Enrollee will be subject to cost allocations, if any, that were determined in accordance with this Attachment M during the period in which it was enrolled and that determined that the withdrawing

Enrollee would be a Beneficiary of new transmission projects selected in the regional transmission plan for RCAP.

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

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

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

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

1. A non-refundable administrative fee of \$25,000 to off-set the cost to review, process, and evaluate the transmission developer's pre-qualification application;
2. Demonstration that at least one of the following criteria is satisfied:
  - A. The transmission developer must have and maintain a Credit Rating (defined below) of BBB- or better from Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial ("S&P"), a Credit Rating of Baa3 or better from Moody's Investors Service, Inc. ("Moody's") and/or a Credit Rating of BBB- or better from Fitch Ratings, Inc. ("Fitch", collectively with S&P and Moody's and/or their successors, the "Rating Agencies") and not have or obtain less than any such Credit Rating by S&P, Moody's or Fitch. The senior unsecured debt (or similar) rating for the relevant entity from the Rating Agencies will be considered the "Credit Rating". In the event of multiple Credit Ratings from one Rating Agency or Credit Ratings from more than one Rating Agency, the lowest of those Credit Ratings will be used by the Transmission Provider for its evaluation. However, if such a senior unsecured debt (or

similar) rating is unavailable, the Transmission Provider will consider Rating Agencies' issuer (or similar) ratings as the Credit Rating.

- B. If a transmission developer does not have a Credit Rating from S&P, Moody's or Fitch, it shall be considered "Unrated", and an Unrated transmission developer's parent company or the entity that plans to create a new subsidiary that will be the transmission developer (both hereinafter "parent company") must have and maintain a Credit Rating of BBB- or better from S&P, Baa3 or better from Moody's and/or BBB- or better from Fitch, not have or obtain less than any such Credit Rating by S&P, Moody's or Fitch, and the parent company must commit in writing to provide an acceptable guaranty to the Transmission Provider meeting the requirements of Section 22 for the transmission developer if a proposed transmission project is selected in a regional transmission plan for RCAP. If there is more than one parent company, the parent company(ies) committing to provide the guaranty must meet the requirements set forth herein.
  
- C. For an Unrated transmission developer, unless its parent company satisfies the requirements under B. above, such transmission developer must have and maintain a Rating Equivalent (defined below) of BBB- or better. Upon an Unrated transmission developer's request, a credit rating will be determined for such Unrated transmission developer comparable to a Rating Agency credit rating ("Rating Equivalent") based upon the process outlined below:
  - (i) Each Unrated transmission developer will be required to pay a non-refundable annual fee of \$15,000.00 for its credit to be evaluated/reevaluated on an annual basis.
  
  - (ii) Upon request by the Transmission Provider, an Unrated transmission developer must submit to the Transmission Provider for the determination of a Rating Equivalent, and not less than annually thereafter, the following information with respect to the transmission developer, as applicable:
    - A. financial statements (audited if available) for each completed fiscal quarter of the then current fiscal year including the most recent fiscal quarter, as well as the most recent three (3) fiscal years;

- i. For Unrated transmission developers with publicly-traded stock, this information must include:
    1. Annual reports on Form 10-K (or successor form) for the three (3) fiscal years most recently ended, and quarterly reports on Form 10-Q (or successor form) for each completed quarter of the then current fiscal year, together with any amendments thereto, and
    2. Form 8-K (or successor form) reports disclosing material changes, if any, that have been filed since the most recent Form 10-K (or successor form), if applicable;
  - ii. For Unrated transmission developers that are privately held, this information must include:
    1. Financial Statements, including balance sheets, income statements, statement of cash flows, and statement of stockholder's equity,
    2. Report of Independent Accountants,
    3. Management's Discussion and Analysis, and
    4. Notes to financial statements;
- B. its Standard Industrial Classification and North American Industry Classification System codes;
- C. at least one (1) bank and three (3) acceptable trade references;
- D. information as to any material litigation, commitments or contingencies as well as any prior bankruptcy declarations or material defaults or defalcations by, against or involving the

transmission developer or its predecessors, subsidiaries or affiliates, if any;

- E. information as to the ability to recover investment in and return on its projects;
- F. information as to the financial protections afforded to unsecured creditors contained in its contracts and other legal documents related to its formation and governance;
- G. information as to the number and composition of its members or customers;
- H. its exposure to price and market risk;
- I. information as to the scope and nature of its business; and
- J. any additional information, materials and documentation which such Unrated transmission developer deems relevant evidencing such Unrated transmission developer's financial capability to develop, construct, operate and maintain transmission developer's projects for the life of the projects.

(iii) The Transmission Provider will notify an Unrated transmission developer after the determination of its Rating Equivalent. Upon request, the Transmission Provider will provide the Unrated transmission developer with information regarding the procedures, products and/or tools used to determine such Rating Equivalent (*e.g.*, Moody's RiskCalc™ or other product or tool, if used).

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

3. Evidence that the transmission developer has the capability to develop, construct, operate, and maintain significant U.S. electric transmission projects. The transmission developer should provide, at a minimum, the following

information about the transmission developer. If the transmission developer is relying on the experience or technical expertise of its parent company or affiliate(s) to meet the requirements of this subsection 3, the following information should be provided about the transmission developer's parent company and its affiliates, as applicable:

- A. Information regarding the transmission developer's or other relevant experience regarding transmission projects in-service, under construction, and/or abandoned or otherwise not completed including locations, operating voltages, mileages, development schedules, and approximate installed costs; whether delays in project completion were encountered; and how these facilities are owned, operated and maintained;
  - B. Evidence demonstrating the ability to address and timely remedy failure of transmission facilities;
  - C. Violations of NERC and/or Regional Entity reliability standard(s) and/or violations of regulatory requirement(s) that have been made public pertaining to the development, construction, ownership, operation, and/or maintenance of electric transmission infrastructure facilities (provided that violations of CIP standards are not required to be identified), and, if so, an explanation of such violations; and
  - D. A description of the experience of the transmission developer in acquiring rights of way.
4. Evidence of how long the transmission developer and its parent company, if relevant, have been in existence.

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

- 14.3 Opportunity for Cure for Pre-Qualification Applications:** If a transmission developer does not meet the pre-qualification criteria or provides an incomplete application, then following notification by the Transmission Provider, the transmission developer will have fifteen (15) calendar days to resubmit the necessary supporting documentation to remedy the identified deficiency. The Transmission Provider will notify the transmission developer, whether they are, or will continue to be, pre-qualified within thirty (30) calendar days of the resubmittal, provided that the Transmission Provider shall not be required to provide such a response prior to November 1<sup>st</sup> of the then-current planning cycle.
- 14.4 Pre-Qualification Renewal:** If a transmission developer is pre-qualified as eligible to propose a transmission project for consideration for selection in a regional transmission plan for RCAP in the then-current planning cycle, such transmission developer may not be required to re-submit information to pre-qualify with respect to the upcoming planning cycle. In the event any information on which the entity's pre-qualification is based has changed, such entity must submit all updated information by the August 1<sup>st</sup> deadline. In addition, all transmission developers must submit a full pre-qualification application once every 3 years.
- 14.5 Enrollment Requirement to Pre-Qualify as Eligible to Propose a Transmission Project for Potential Selection in a Regional Transmission Plan for RCAP:** If a transmission developer or its parent company or owner or any affiliate, member or subsidiary has load in the SERTP region, the transmission developer must have enrolled in the SERTP in accordance with Section 13.2 to be

eligible to pre-qualify to propose a transmission project for potential selection in a regional transmission plan for RCAP.

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

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

1. operates at a voltage of 300 kV or greater;
2. is a transmission line located in the SERTP region; and
3. spans at least 50 miles.

**15.2** In addition to satisfying the requirements of Section 15.1, the proposed regional transmission project must not contravene state or local laws with regard to rights-of-way ~~efor~~ construction of transmission facilities. The proposed transmission project also cannot be an upgrade to an existing facility. A transmission upgrade includes any expansion, partial replacement, or modification, for any purpose, made to existing transmission facilities, including, but not limited to:

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

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

**15.3** In order for the proposed transmission project to be a more efficient or cost effective alternative to the transmission projects identified by the transmission providers through their planning processes, it should be materially different than projects already under consideration in the expansion planning process. A project will be deemed materially different, as compared to another transmission alternative(s) under consideration, if the proposal consists of significant geographical or electrical differences in the alternative's proposed interconnection point(s) or transmission line routing. Should the proposed transmission project be deemed not materially different than projects already under consideration in the transmission expansion planning process, the Transmission Provider will provide a sufficiently detailed explanation on the Regional Planning Website for Stakeholders to understand why such determination was made.

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

Any entity may propose a transmission project for consideration by the Transmission Provider for potential selection in a regional transmission plan for RCAP.<sup>12</sup> An entity

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

that wants to propose a transmission project for potential selection in a regional transmission plan for RCAP but does not intend to develop the transmission project may propose such transmission project in accordance with Section 16.6.

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

1. Sufficient information for the Transmission Provider to determine that the potential transmission project satisfies the regional eligibility requirements of Section 15;
2. A description of the proposed transmission project that details the intended scope (including the various stages of the project development such as engineering, ROW acquisition, construction, recommended in-service date, *etc.*);
3. A capital cost estimate of the proposed transmission project. If the cost estimate differs greatly from generally accepted estimates of projects of comparable scope, the transmission developer may be asked to support such differences with supplemental information;
4. Data and/or files necessary to appropriately model the proposed transmission project;
5. Documentation of the specific transmission need(s) that the proposed transmission project is intended to address. This documentation should include a description of the transmission need(s), timing of the transmission need(s), and may include the technical analysis performed to support that the proposed transmission project addresses the specified transmission need(s);
6. A description of why the proposed transmission project is expected to be more efficient or cost effective than other transmission projects included in the then-current regional transmission plan. If available, and to facilitate the evaluation of the proposal and to mitigate the potential for disputes, the entity proposing the project for potential selection in a regional transmission plan for RCAP may submit documentation of detailed technical analyses performed that supports the position that the proposed transmission project addresses the specified transmission needs

more efficiently or cost-effectively. Such optional documentation could include the following:

- Transmission projects in the latest transmission expansion plan or regional transmission plan that would be displaced by the proposed project,
  - Any additional projects that may be required in order to implement the proposed project, or
  - Any reduction/increase in real-power transmission system losses;
7. The transmission developer must provide a reasonable explanation of, as it pertains to its proposed project, its planned approach to satisfy applicable regulatory requirements and its planned approach to obtain requisite authorizations necessary to acquire rights of way and to construct, operate, and maintain the proposed facility in the relevant jurisdictions;
    - The transmission developer should not expect to use the Transmission Provider's right of eminent domain for ROW acquisition;
  8. How the transmission developer intends to comply with all applicable standards and obtain the appropriate NERC certifications,
    - If it or a parent, owner, affiliate, or member who will be performing work in connection with the potential transmission project is registered with NERC or other industry organizations pertaining to electric reliability and/or the development, construction, ownership, or operation, and/or maintenance of electric infrastructure facilities, a list of those registrations;
  9. The experience of the transmission developer specific to developing, constructing, maintaining, and operating the type of transmission facilities contained in the transmission project proposed for potential selection in a regional transmission plan for RCAP,
    - Including verifiable past achievements of containing costs and adhering to construction schedules for transmission projects of similar size and scope as the proposed transmission project, and
    - Including a description of emergency response and restoration of damaged equipment capability;
  10. The planned or proposed project implementation management teams and the types of resources, including relevant capability and experience, contemplated for use in the development and construction of the proposed project;

11. A written commitment to comply with all applicable standards, including Good Utility Practices, governing the engineering, design, construction, operation, and maintenance of transmission projects in the SERTP region; and
12. Evidence of the ability of the transmission developer, its affiliate, partner or parent company to secure a financial commitment from an approved financial institution(s) agreeing to finance the construction, operation, and maintenance of the transmission project if selected in a regional transmission plan for RCAP.

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

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

**16.3 Deadline for Transmission Developer Submittals:** In order for its transmission project to be considered for RCAP in the current transmission planning cycle, a transmission developer must provide the requisite information and payment identified in Sections 16.1 through 16.2 to the Transmission Provider in accordance with the submittal instructions provided on the Regional Planning Website no later than sixty (60) calendar days after the SERTP Annual Transmission Planning Summit and Input Assumptions Meeting for the previous transmission planning cycle.

**16.4 Initial Review of Submittal and Opportunity for Cure:** The Transmission Provider will notify transmission developers who propose a transmission project for potential selection in a regional transmission plan for RCAP whose submittals

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

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

**16.5.1** The transmission developer proposing a transmission project for potential selection in a regional transmission plan for RCAP has an obligation to update and report in writing to the Transmission Provider any change to its or its parent company's information that was provided as the basis for its satisfying the requirements of Sections 14 through 22, except that the transmission developer is not expected to update its technical analysis performed for purposes of Section 16.1(6) to reflect updated transmission planning data as the transmission planning cycle(s) progresses.

**16.5.2** The transmission developer must inform the Transmission Provider of the occurrence of any of the developments described in (1) or (2) below should the following apply (and within the prescribed time period): (i) within five (5) business days of the occurrence if the transmission

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

1. the existence of any material new or ongoing investigations against the transmission developer by the Commission, the Securities and Exchange Commission, or any other governing, regulatory, or standards body that has been or was required to be made public; if its parent company has been relied upon to meet the requirements of Section 14.1(2) or Section 22, such information must be provided for the parent company and, in any event, with respect to any affiliate that is a transmitting utility; and
2. any event or occurrence which could constitute a material adverse change in the transmission developer's (and, if the parent company has been relied upon to meet the requirements of Section 14.1(2) or

Section 22, the parent company's) financial condition ("Material Adverse Change") such as:

- A. A downgrade or suspension of any debt or issuer rating by any Rating Agency,
- B. Being placed on a credit watch with negative implications (or similar) by any Rating Agency,
- C. A bankruptcy filing or material default or defalcation,
- D. Insolvency,
- E. A quarterly or annual loss or a decline in earnings of twenty-five percent (25%) or more compared to the comparable year-ago period,
- F. Restatement of any prior financial statements, or
- G. Any government investigation or the filing of a lawsuit that reasonably would be expected to adversely impact any current or future financial results by twenty-five percent (25%) or more.

**16.5.3** If at any time the Transmission Provider concludes that a transmission developer or a potential transmission project proposed for possible selection in a regional transmission plan for RCAP no longer satisfies such requirements specified in Sections 14 through 16, then the Transmission Provider will so notify the transmission developer or entity who will have fifteen (15) calendar days to cure. If the transmission developer does not meet the fifteen (15) day deadline to cure, or if the Transmission Provider determines that the transmission developer continues to no longer satisfy the requirements specified in Sections 14 through 16 despite the transmission developer's efforts to cure, then the Transmission Provider may, without limiting its other rights and remedies, immediately remove

the transmission developer's potential transmission project(s) from consideration for potential selection in a regional transmission plan for RCAP and, if previously selected, from being selected in a regional transmission plan for RCAP, as applicable.

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

**Not Intend to be the Developer of the Project:** Any Stakeholder may propose a potentially more cost effective or efficient transmission project for consideration in the transmission planning process in accordance with Section 3.5.3, and nothing herein limits the ability of a Stakeholder and other entities to negotiate alternative transmission development arrangements voluntarily and separately from the processes provided in this Attachment M. Should an entity propose a transmission project for potential selection in a regional transmission plan for RCAP but not intend to develop the project, then the following applies. Such an entity must submit the information required by Sections 16.1(1), 16.1(5), and 16.1(6) for a regional transmission project eligible for potential selection in a regional transmission plan for RCAP within the sixty (60) day window established in Section 16.3. Provided that the proposal complies with those requirements, the Transmission Provider will make information describing the proposal available on the Regional Planning Website. The entity proposing the transmission project should coordinate with a transmission developer (either incumbent or nonincumbent) to have the developer submit the remaining information and materials required by Section 16. A pre-qualified transmission developer, should it decide to proceed, must submit the materials required by

Section 16 within the sixty (60) day window established in Section 16.3 in order for the proposed transmission project to be considered for selection in a regional transmission plan for RCAP. If such a transmission project has not been so submitted within the sixty (60) day window established in Section 16.3, then the Transmission Provider may treat the project as a Stakeholder-proposed transmission project alternative pursuant to Section 3.5.3. Furthermore, should the Transmission Provider identify in the regional transmission planning process a regional transmission project that is selected in the regional transmission plan for RCAP that does not have a transmission developer that intends or is able to develop the project, the Transmission Provider will identify such project on the Regional Planning Website. A prequalified transmission developer that desires to develop the project, whether incumbent or non-incumbent, may then propose the transmission project pursuant to Sections 15 and 16, as the intended transmission developer for the project's on-going consideration in a regional transmission plan for RCAP.

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

**17.1 Potential Transmission Projects Seeking RCAP Will be Evaluated in the Normal Course of the Transmission Planning Process:** During the course of the then-current transmission expansion planning cycle (and thereby in conjunction with other system enhancements under consideration in the transmission planning process), the Transmission Provider will evaluate current transmission needs and assess alternatives to address current needs including the

potential transmission projects proposed for possible selection in a regional transmission plan for RCAP by transmission developers consistent with the regional evaluation process described in Section 11. Such evaluation will be in accordance with, and subject to (among other things), state law pertaining to transmission ownership, siting, and construction. Utilizing coordinated models and assumptions, the Transmission Provider will perform analyses, including power flow, dynamic, and short circuit analyses, as necessary and, applying its planning guidelines and criteria to evaluate submittals, determine whether, throughout the ten (10) year planning horizon:

1. The proposed transmission project addresses an underlying transmission need(s);
2. The proposed transmission project addresses transmission needs that are currently being addressed with projects in the transmission planning process and if so, which projects could be displaced (consistent with the reevaluation of the projects included in a regional transmission plan as described in Section 19) by the proposed transmission project, including:
  - transmission projects in the Transmission Provider's ten (10) year transmission expansion plan,
  - transmission projects in the regional transmission plan, including those currently under consideration and/or selected for RCAP;
3. The proposed transmission project addresses a transmission need(s) for which no transmission project is currently included in the latest ten (10) year expansion plans and/or regional transmission plan. If so, the Transmission Provider will identify an alternative transmission project(s) which would be required to fully and appropriately address the same transmission need(s) (*e.g.*, otherwise considered to be the more efficient or cost effective transmission alternative). The Transmission Provider will identify and evaluate such an alternative transmission project(s) consistent with the processes described in Sections 6 and 11;
4. Any additional projects that would be required to implement the proposed transmission project;

5. The proposed transmission project reduces and/or increases real power transmission losses on the transmission system within the SERTP region.

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

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

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

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

1. The benefit used in this calculation for purposes of assessing the transmission developer's proposed transmission project will be quantified by the Beneficiaries' total cost savings in the SERTP region associated with:
  - A. All transmission projects in the ten (10) year transmission expansion plan which would be displaced, as identified pursuant to Section 17.1;

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

- B. All regional transmission projects included in the regional transmission plan which would be displaced, as identified pursuant to Section 17.1 and to the extent no overlap exists with those transmission projects identified as displaceable in the Transmission Provider's ten (10) year transmission expansion plan. This includes transmission projects currently selected in the regional transmission plan for RCAP; and
  - C. All alternative transmission project(s), as determined pursuant to Section 17.1 that would be required in lieu of the proposed regional transmission project, if the proposed regional transmission project addresses a transmission need for which no transmission project is included in the latest ten (10) year expansion plan and/or regional transmission plan.
2. The cost used in this calculation will be quantified by the transmission cost within the SERTP region associated with:
- A. The project proposed for selection in a regional transmission plan for RCAP; and
  - B. Any additional projects within the SERTP region on Impacted Utility transmission systems required to implement the proposal as identified pursuant to Section 17.1.
  - C. For interregional transmission projects proposed for purposes of cost allocation between the SERTP and a neighboring region(s), the cost used in this calculation will be quantified by the transmission cost of the project multiplied by the allocation of the transmission project's costs (expressed as a fraction) to the SERTP region as specified in the applicable interregional cost allocation procedures, plus the transmission costs of any additional project within the SERTP region on Impacted Utility transmission systems required to implement the proposal as identified pursuant to Section 17.1.
3. If the initial BTC calculation results in a ratio equal to or greater than 1.0, then the Transmission Provider will calculate the estimated change in real power transmission losses on the transmission system(s) of Impacted Utilities located in the SERTP. In that circumstance, an updated BTC ratio will be calculated consistent with Section 17.2 in which:

- A. The cost savings associated with a calculated reduction of real power energy losses on the transmission system(s) will be added to the benefit; and
- B. The cost increase associated with a calculated increase of real power energy losses on the transmission system(s) will be added to the cost.

**17.2.2** The Transmission Provider will develop planning level cost estimates for use in determining the regional benefit-to-cost ratio. Detailed engineering estimates may be used if available. If the Transmission Provider uses a cost estimate different than a detailed cost estimate(s) provided by the transmission developer for use in performing the regional benefit-to-cost ratio, the Transmission Provider will provide a detailed explanation of such difference to the transmission developer.

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

- The Transmission Provider will utilize power flow models to determine the change in real power losses on the transmission system at estimated average load levels.
  - If the estimated change in real power transmission losses is less than 1 MW on a given transmission system of an Impacted Utility, no cost savings and/or cost increase for change in real power transmission losses on such system will be assigned to the proposal.
- The Transmission Provider will estimate the energy savings associated with the change in real power losses utilizing historical or forecasted data that is publicly available (*e.g.*, FERC Form 714).

**17.2.4** Within 30 days of the Transmission Provider completing the foregoing regional benefit-to-cost analysis, the Transmission Provider will notify the transmission developer of the results of that analysis. For potential transmission projects found to satisfy the foregoing benefit-to-cost analysis, the Impacted Utilities will then consult with the transmission developer of that project to establish a schedule for the following activities specified below, with the schedule to be developed within 90 days of the notification: 1) the transmission developer providing detailed financial terms for its proposed project and 2) the proposed transmission project to be reviewed by the jurisdictional and/or governance authorities of the Impacted Utilities pursuant to Section 17.4 for potential selection in a regional transmission plan for RCAP.<sup>14</sup>

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

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

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

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

**17.3.2** To determine whether the proposed project is considered at that time to remain a more efficient or cost effective alternative, the Transmission Provider will then perform a more detailed 1.25 transmission benefit-to-cost analysis consistent with that performed pursuant to Section 17.2.1. This more detailed transmission benefit-to-cost analysis will be based upon the detailed financial terms<sup>15</sup> provided by the transmission developer, as may be modified by agreement of the transmission developer and Beneficiary(ies), and any additional, updated, and/or more detailed transmission planning, cost or benefit information/component(s) as provided by the Impacted Utilities that are applicable to/available for the proposed transmission project, the projects that would be displaced, any additional projects required to implement the proposal and real power

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<sup>15</sup> The detailed financial terms are to be provided by the date specified in the schedule to be developed by the Impacted Utilities and the transmission developer in accordance with Section 17.2.4.

transmission loss impacts.<sup>16</sup> Once the Transmission Provider has determined the outcome of the aforementioned regional benefit-to-cost analysis, the Transmission Provider will notify the transmission developer within 30 days of the outcome.

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

**17.4 Jurisdictional and/or Governance Authority Review:** Should the proposed transmission project be found to satisfy the more detailed benefit-to-cost analysis specified in Section 17.3, the state jurisdictional and/or governance authorities of the Impacted Utilities will be provided an opportunity to review the transmission project proposal and otherwise consult, collaborate, inform, and/or provide recommendations to the Transmission Provider. The recommendations will

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<sup>16</sup> The performance of this updated, detailed benefit-to-cost analysis might identify different Beneficiaries and/or Impacted Utilities than that identified in the initial benefit-to-cost analysis performed in accordance with Section 17.2.1.

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

## **17.5 Selection of a Proposed Transmission Project for RCAP:**

**17.5.1** The Transmission Provider will select a transmission project (proposed for RCAP) for inclusion in the regional transmission plan for RCAP for the then-current planning cycle if the Transmission Provider determines that the project is a more efficient or cost effective transmission project as compared to other alternatives to reliably address transmission need(s).<sup>17</sup>

Factors considered in this determination include:

- Whether the project meets or exceeds the detailed benefit-to-cost analysis performed pursuant to Section 17.3. Such detailed benefit-to-cost analysis may be reassessed, as appropriate, based upon the then-current Beneficiaries and to otherwise reflect additional, updated, and/or more detailed transmission planning, cost or benefit information/component(s) that are applicable to/available for the proposed transmission project, the projects that would be displaced, any additional projects required to implement the proposal and real power transmission loss impacts;
- Any recommendation provided by state jurisdictional and/or governance authorities in accordance with Section 17.4 including whether the

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<sup>17</sup> Being selected for RCAP in the then-current iteration of a regional transmission plan only provides how the costs of the transmission project may be allocated in Commission-approved rates should the project be built. Being selected in a regional transmission plan for RCAP provides no rights with regard to siting, construction, or ownership. The transmission developer must obtain all requisite approvals to site and build its transmission project. A transmission project may be removed from being selected in a regional transmission plan for RCAP in accordance with the provisions of Sections 16.4, 19, 20, 21 and 22.

transmission developer is considered reasonably able to construct the transmission project in the proposed jurisdiction(s);

- Whether, based on the timing for the identified transmission need(s) and the stages of project development provided by the transmission developer in accordance with Section 16.1 and as otherwise may be updated, the transmission developer is considered to be reasonably able to construct and tie the proposed transmission project into the transmission system by the required in-service date;
- Whether it is reasonably expected that the Impacted Utilities will be able to construct and tie-in any additional facilities on their systems located within the SERTP region that are necessary to reliably implement the proposed transmission project; and
- Any updated qualification information regarding the transmission developer's finances or technical expertise, as detailed in Section 14.

The Transmission Provider will post on the Regional Planning Website its determination regarding whether a proposed project will be selected for inclusion in the regional transmission plan for RCAP for that transmission planning cycle. The Transmission Provider will document its determination in sufficient detail for Stakeholders to understand why a particular project was selected or not selected for RCAP and will make this supporting documentation available to the transmission developer or Stakeholders, subject to any applicable confidentiality requirements. For projects selected in the regional transmission plan for purposes of RCAP, the documentation will also include sufficient information regarding the application of the regional cost allocation method to determine the benefits and identify the Beneficiaries of the proposed regional transmission project.

**17.5.2** If a regional transmission project is selected in the regional transmission plan for purposes of RCAP, the Transmission Provider will perform

analyses to determine whether, throughout the ten (10) year planning horizon the proposed transmission project could potentially result in reliability impacts to the transmission system(s) of an adjacent neighboring transmission planning region(s). If a potential reliability impact is identified, the Transmission Provider will coordinate with the neighboring planning region on any further evaluation. The costs associated with any required upgrades identified in neighboring planning regions will not be included for RCAP within the SERTP.

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

If a regional transmission project is selected in a regional transmission plan for RCAP in accordance with Section 17.5 and then constructed and placed into service, the Beneficiaries will be allocated the regional transmission project's costs based upon their cost savings calculated in accordance with Section 17.3 and associated with:

1. The displacement of one or more of the transmission projects previously included in their ten (10) year transmission expansion plan.
2. The displacement of one or more regional transmission projects previously included in the regional transmission plan. More specifically, if a regional transmission project addresses the same transmission need(s) as a transmission project selected in a regional transmission plan for RCAP and displaces the original RCAP project as a more efficient or cost effective alternative, this cost allocation component will be based upon the costs of the original RCAP project that were to be allocated to the Beneficiaries in accordance with the application of the regional cost allocation method to the transmission project being displaced.
3. Any alternative transmission project(s) that would be required in lieu of the regional transmission project, if the proposed regional transmission project addresses a transmission need for which no transmission project is included in the latest ten (10) year expansion plan and/or regional transmission plan.
4. The reduction of real power transmission losses on their transmission system.

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

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

- These on-going assessments will include reassessing transmission projects that have been selected in the regional transmission plan for RCAP and any projects that are being considered for potential selection in a regional transmission plan for RCAP.

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

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

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

All prudently incurred costs of the regional transmission project will be allocated if the project remains selected in the regional plan for RCAP.

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

## **20. Delay or Abandonment**

**20.1** The transmission developer shall promptly notify the Transmission Provider should any material changes or delays be encountered in the development of a potential transmission project selected in a regional transmission plan for RCAP. As part of the Transmission Provider's on-going transmission planning efforts, the Transmission Provider will assess whether alternative transmission solutions may be required in addition to, or in place of, a potential transmission project selected in a regional transmission plan for RCAP due to the delay in its development or abandonment of the project. The identification and evaluation of potential transmission project alternative solutions may include transmission

project alternatives identified by the Transmission Provider to include in the ten (10) year transmission expansion plan. Furthermore, nothing precludes the Transmission Provider from proposing such alternatives for potential selection in a regional transmission plan for RCAP pursuant to Section 16.

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

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

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

**21.1** Once a regional transmission project is selected in a regional transmission plan for RCAP, the transmission developer must submit a development schedule to the Transmission Provider and the Impacted Utilities that establishes the milestones by which the necessary steps to develop and construct the transmission project must occur. These milestones include (to the extent not already accomplished)

obtaining all necessary ROWs and requisite environmental, state, and other governmental approvals. A development schedule will also need to be established for any additional projects by Impacted Utilities that are determined necessary to integrate the transmission projects selected in a regional transmission plan for RCAP. The schedule and milestones must be satisfactory to the Transmission Provider and the Impacted Utilities.

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

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

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

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

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

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

1. The transmission developer must (i) have and maintain a Credit Rating of BBB+ (or equivalent) or better from one or more of the Rating Agencies and not have or obtain less than any such Credit Rating by any of the Rating Agencies or (ii) be Unrated and have and maintain a Rating Equivalent of BBB+ or better; or
2. The transmission developer must provide to and maintain with the Beneficiaries Eligible Developer Collateral (as defined in Section 22.4 below) in an amount equal to twenty-five percent (25%) of the total costs of the transmission developer’s projects selected in a regional transmission plan for RCAP.

## **22.2 Limitation of Exposure**

**22.2.1** Notwithstanding the foregoing, the Beneficiaries may limit their exposure with respect to transmission projects selected in a regional transmission plan being developed by a transmission developer satisfying the requirements of item 1 of Section 22.1.2 above if the aggregate costs of such projects are at any time in excess of the lesser of (a) 10% of the transmission developer’s Tangible Net Worth if the transmission

developer has a Tangible Net Worth of less than one billion dollars or (b) two hundred fifty million dollars (the “Cap”). In such event, the transmission developer must provide to and maintain with the Beneficiaries Eligible Developer Collateral in a dollar amount not less than the amount by which the aggregate costs of such projects exceed the Cap. Each transmission developer will provide and update the Beneficiaries with such information as is necessary to establish and confirm the transmission developer’s Tangible Net Worth. For purposes hereof, “Tangible Net Worth” shall be equal to the relevant entity’s total equity minus its intangible assets and also minus its goodwill.

**22.2.2** Notwithstanding the foregoing, the Beneficiaries may limit their exposure with respect to transmission projects selected in a regional transmission plan being developed by a transmission developer or its affiliates who are satisfying the requirements of item 2 of Section 22.1.2 or 22.2.1 above by providing and maintaining a Developer Parent Guaranty (as defined in Section 22.4 below) if the aggregate costs of such projects are at any time in excess of the lesser of (a) 10% of the Parent Guarantor’s Tangible Net Worth if such Parent Guarantor has a Tangible Net Worth of less than one billion dollars or (b) two hundred fifty million dollars (the “Guarantor Cap”). In such event, the transmission developer must provide to and maintain with the Beneficiaries an acceptable Irrevocable Letter of Credit in a dollar amount not less than the amount by which the aggregate costs of such projects exceed the Guarantor Cap. Each transmission developer

will provide and update the Beneficiaries with such information as is necessary to establish and confirm the Parent Guarantor's Tangible Net Worth.

### **22.3 Credit Evaluation/Updates**

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

**22.3.2** On at least an annual basis, or more often if there is a Material Adverse Change in the financial condition and/or a relevant change in the Tangible Net Worth of the transmission developer or its Parent Guarantor or if there are issues or changes regarding a transmission project, the Beneficiaries may review the Credit Rating and review and update the Rating Equivalent, Cap, Guarantor Cap and Eligible Developer Collateral requirements for said transmission developer. In the event said transmission developer is required to provide additional Eligible Developer Collateral as a result of the Beneficiaries' review/update, the Beneficiaries will notify the transmission developer and such additional Eligible Developer Collateral must be provided within five (5) business days of such notice, all in amount and form approved by the Beneficiaries.

**22.4 Eligible Developer Collateral:** Acceptable forms of eligible collateral meeting the requirements referenced below and the Beneficiaries' approval (the "Eligible Developer Collateral") may be either in the form of an irrevocable letter of credit

(“Irrevocable Letter of Credit”) or parent guaranty issued by a Parent Guarantor who has and maintains a Credit Rating of BBB+ (or equivalent) or better from one or more of the Rating Agencies and does not have or obtain less than any such Credit Rating by any of the Rating Agencies (“Developer Parent Guaranty”). Acceptable forms of Eligible Developer Collateral and related requirements and practices will be posted and updated on the Regional Planning Website and/or provided to the relevant transmission developer directly.

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

**22.4.2** Each Beneficiary shall require a Developer Parent Guaranty to be issued to it in a dollar amount equal to its Percentage multiplied by the aggregate dollar amount of all Developer Parent Guaranties constituting or to constitute Eligible Developer Collateral for such transmission projects.

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

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

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

**22.5 Cure Periods/Default:** If a transmission developer fails to comply with the requirements of this Section 22 and such failure is not cured within ten (10) business days after its initial occurrence, the Beneficiaries may declare such transmission developer to be in default hereunder and/or the Beneficiaries may, without limiting their other rights and remedies, revise the Cap, Guarantor Cap and Eligible Developer Collateral requirements; further, if such failure is not cured within an additional ten (10) business days, the Beneficiaries may, without limiting their other rights and remedies, immediately remove any or all of the transmission developer's projects from consideration for potential selection in the regional transmission plan for RCAP and, if previously selected, from being selected in a regional transmission plan for RCAP, as applicable.

# Exhibit M-1

