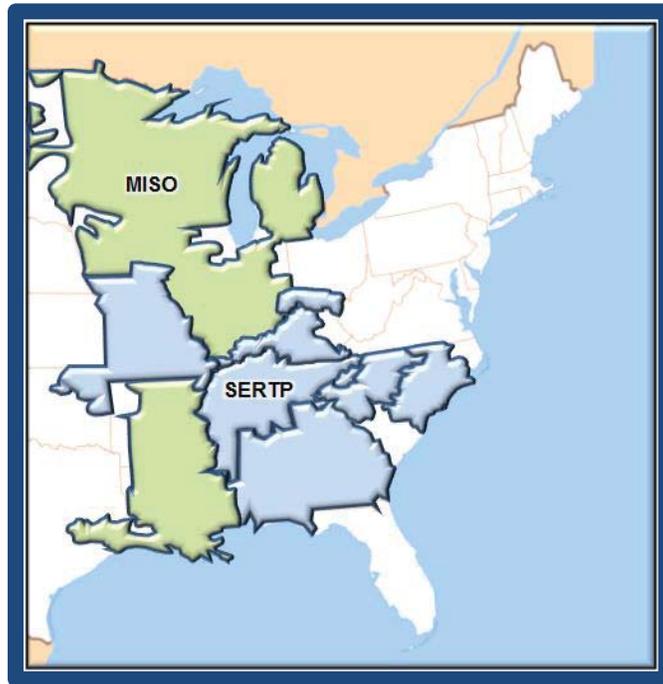


## Southeastern Regional Transmission Planning (SERTP)

### Interregional Transmission Planning Coordination Between the SERTP and MISO Regions



*Duke Energy Carolinas LLC and Duke Energy Progress, Inc. (“Duke”); Kentucky Utilities Company and Louisville Gas and Electric Company (“LG&E/KU”); Ohio Valley Electric Corporation, including its wholly owned subsidiary Indiana-Kentucky Electric Corporation (“OVEC”); and Southern Company Services, Inc. (“Southern”) constitute the four FERC-jurisdictional sponsors of the SERTP (“Jurisdictional SERTP Sponsors”). In accordance with Order No. 1000, they each have amended their respective open access transmission tariffs (“OATTs”) to adopt common tariff language to implement Order No. 1000’s interregional transmission planning and cost allocation requirements that apply to each of the SERTP’s seams with neighboring transmission planning regions. While the Jurisdictional Sponsors have all adopted common OATT language that is substantively the same for each of the SERTP’s interregional seams, the implementing OATT language for the Jurisdictional Sponsors is not absolutely identical as they reflect slight variations in terminology used in the corresponding OATTs. For example, OVEC and Southern use the term “Transmission Provider” to refer to themselves while LG&E/KU use the term “Transmission Owner.”*

*The following provides the Jurisdictional SERTP Sponsors’ OATT provisions for implementing the Order 1000 interregional requirements for the SERTP’s seam with the MISO Region. While substantively the same, the following first provides Duke’s implementing OATT language followed by that for LG&E/KU, OVEC, and then Southern. The latest OATT language for each of the Jurisdictional Sponsors is available on their respective [OASIS sites](#).*

Duke Energy Carolinas LLC and Duke Energy Progress, Inc.

Attachment N-1-MISO

Interregional Transmission Coordination Between the SERTP and MISO

## **ATTACHMENT N-1 - MISO**

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

The Duke Transmission Provider, through its regional transmission planning process, coordinates with the Midcontinent Independent System Operator region ("MISO") to address transmission planning coordination issues related to interregional transmission facilities. The interregional transmission coordination procedures include a detailed description of the process for coordination between public utility transmission providers in the SERTP and MISO (i) with respect to an interregional transmission facility that is proposed to be located in both transmission planning regions and (ii) to identify possible interregional transmission facilities that could address transmission needs more efficiently or cost-effectively than transmission facilities included in the respective regional transmission plans. The interregional transmission coordination procedures are hereby provided in this Attachment N-1 - MISO with additional materials provided on the Regional Planning website.

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

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

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

The Duke Transmission Provider has worked with MISO to develop a mutually agreeable method for allocating between the two transmission planning regions the costs of new interregional transmission facilities that are located within both transmission planning regions. Such cost allocation method satisfies the six interregional cost allocation principles set forth in Order No. 1000 and are included in this Attachment N-1 - MISO.

For purposes of this Attachment N-1 - MISO, the SERTP regional transmission planning process is the process described in Attachment N-1 of this Tariff; MISO's regional transmission planning process is the process described in section X of Attachment FF to MISO's OATT. References to the respective regional transmission planning processes in this Attachment N-1 - MISO are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Attachment N-1 - MISO refer to Sections within this Attachment N-1 - MISO.

## **1. Interregional Transmission Coordination**

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

**1.2 Website Posting of Information on Interregional Coordination:** The Duke Transmission Provider shall utilize the Regional Planning website for communication of

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

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

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

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

data will be posted on the pertinent regional transmission planning process' websites, consistent with the posting requirements of the respective regional transmission planning processes, and subject to the applicable treatment of confidential data and Critical Energy Infrastructure Information (CEII). The Duke Transmission Provider shall notify MISO of such posting.

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

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

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

**3.3 Identification of Interregional Transmission Projects by Developers:** Interregional transmission projects proposed for interregional cost allocation

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

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

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

projects. Such analysis shall be consistent with accepted transmission planning practices of the respective regions and the methods utilized to produce each region's respective regional transmission plan(s). The Duke Transmission Provider will evaluate potential interregional transmission projects consistent with Sections 4, 5 and 20 of Attachment N-1.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **5. Transparency**

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

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

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

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

Kentucky Utilities Company and Louisville Gas and Electric  
Company

Appendix 7 to Attachment K

Interregional Transmission Coordination Between the SERTP and MISO

## **Appendix 7 to Attachment K**

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

The Transmission Owner, through its regional transmission planning process, coordinates with the Midcontinent Independent System Operator region (“MISO”) to address transmission planning coordination issues related to interregional transmission facilities. The interregional transmission coordination procedures include a detailed description of the process for coordination between public utility transmission providers in the SERTP and MISO (i) with respect to an interregional transmission facility that is proposed to be located in both transmission planning regions and (ii) to identify possible interregional transmission facilities that could address transmission needs more efficiently or cost-effectively than transmission facilities included in the respective regional transmission plans. The interregional transmission coordination procedures are hereby provided in this Appendix 7 to Attachment K with additional materials provided on the Regional Planning website.

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

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

information related to the coordinated planning process.

The Transmission Owner has worked with MISO to develop a mutually agreeable method for allocating between the two transmission planning regions the costs of new interregional transmission facilities that are located within both transmission planning regions. Such cost allocation method satisfies the six interregional cost allocation principles set forth in Order No. 1000 and are included in this Appendix 7.

For purposes of this Appendix 7, the SERTP regional transmission planning process is the process described in Attachment K of this Tariff; MISO's regional transmission planning process is the process described in section X of Attachment FF to MISO's OATT. References to the respective regional transmission planning processes in this Appendix 7 are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Appendix 7 refer to Sections within this Appendix 7.

## **1. Interregional Transmission Coordination**

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

**1.2 Website Posting of Information on Interregional Coordination:** The Transmission Owner shall utilize the Regional Planning website for communication of information related to these coordinated interregional transmission planning procedures. The Transmission Owner shall coordinate with MISO with respect to the posting of materials

to the regional planning website related to the interregional coordination procedures between the SERTP and MISO transmission planning regions. The Transmission Owner shall, at a minimum, provide the following on the Regional Planning website:

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

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

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

(CEII). The Transmission Owner shall notify MISO of such posting.

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

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

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

**3.3 Identification of Interregional Transmission Projects by Developers:** Interregional transmission projects proposed for interregional cost allocation purposes ("Interregional CAP") must be submitted in both the SERTP and MISO regional transmission planning processes. The project submittal must satisfy the requirements of Section 4.1 except for the benefit-to-cost ratio requirements of

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

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

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

respective regional transmission plan(s). The Transmission Owner will evaluate potential interregional transmission projects consistent with Section 6 and Section 11 of Attachment K.

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

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

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

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

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

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

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

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

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

if the proposed interregional transmission project was included;  
and

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

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

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

Prior to any regional benefit-to-cost ratio calculation pursuant to either regional transmission planning process, the combined interregional benefit-to-cost ratio, referenced in Section 4.1.A, shall be calculated for an interregional transmission project proposed for Interregional CAP. Such calculation shall be performed by dividing the sum of the present value of the avoided project cost determined in accordance with Section 4.2.B.i for the SERTP region and the present value of avoided project cost determined in accordance with Section 4.2.B.ii for the MISO region by the present value of the proposed interregional transmission project's total project cost. The present values used in the cost calculation shall be based on a common date, comparable cost components, and the latest cost estimates used in the evaluation of the interregional transmission project. The combined interregional benefit-to-cost ratio will be assessed in addition to, not in the place of, the SERTP's and MISO's respective regional benefit-to-cost ratio assessment(s) (if applicable) as specified in the respective regional processes.

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

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

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

follows:

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

**4.6 Milestones of Required Steps Necessary to Maintain Status as Being Selected for Interregional Cost Allocation Purposes:** Once selected in the respective regional transmission plans for purposes of cost allocation, the SERTP Sponsors that will be allocated costs of the transmission project, MISO, and the transmission developer(s) must mutually agree upon an acceptable development schedule including milestones by which the necessary steps to develop and construct the interregional transmission project must occur. These milestones may include (to the extent not already accomplished) obtaining all necessary rights of way and requisite environmental, state, and other governmental approvals and executing a mutually-agreed upon contract(s) between the

applicable SERTP Sponsors, MISO and the transmission developer. If such critical steps are not met by the specified milestones and then afterwards maintained, then the Transmission Owner and MISO may remove the transmission project from the selected category in the regional transmission plans for purposes of cost allocation.

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

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

**4.8 Removal from Regional Transmission Plans:** An interregional transmission project may be removed from the Transmission Owner's or MISO's regional

transmission plan(s) for Interregional CAP: (i) if the transmission developer fails to meet developmental milestones; (ii) pursuant to the reevaluation procedures specified in the respective regional transmission planning processes; or (iii) if the project is removed from one of the region's regional transmission plans pursuant to the requirements of its regional transmission planning process.

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

## **5. Transparency**

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

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

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

**5.3** The Transmission Owner will post a list on the Regional Planning Website of interregional transmission projects proposed for purposes of cost allocation in

both the SERTP and MISO regions that are not eligible for consideration because they do not satisfy the regional project threshold criteria of one or both of the regions as well as post an explanation of the thresholds the proposed interregional projects failed to satisfy.

Ohio Valley Electric Corporation

Attachment M-2

Interregional Transmission Coordination Between the SERTP and MISO

## **ATTACHMENT M-2**

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

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

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

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

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

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

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

## **1. Interregional Transmission Coordination**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **5. Transparency**

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

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

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

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

Southern Company Services, Inc.

Exhibit K-5

Interregional Transmission Coordination Between the SERTP and MISO

## **EXHIBIT K-5**

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

The Transmission Provider, through its regional transmission planning process, coordinates with the Midcontinent Independent System Operator region (“MISO”) to address transmission planning coordination issues related to interregional transmission facilities. The interregional transmission coordination procedures include a detailed description of the process for coordination between public utility transmission providers in the SERTP and MISO (i) with respect to an interregional transmission facility that is proposed to be located in both transmission planning regions and (ii) to identify possible interregional transmission facilities that could address transmission needs more efficiently or cost-effectively than transmission facilities included in the respective regional transmission plans. The interregional transmission coordination procedures are hereby provided in this Exhibit K-5 with additional materials provided on the Regional Planning website.

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

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

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

The Transmission Provider has worked with MISO to develop a mutually agreeable method for allocating between the two transmission planning regions the costs of new interregional transmission facilities that are located within both transmission planning regions. Such cost allocation method satisfies the six interregional cost allocation principles set forth in Order No. 1000 and are included in this Exhibit K-5.

For purposes of this Exhibit K-5, the SERTP regional transmission planning process is the process described in Attachment K of this Tariff; MISO's regional transmission planning process is the process described in section X of Attachment FF to MISO's OATT. References to the respective regional transmission planning processes in this Exhibit K-5 are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Exhibit K-5 refer to Sections within this Exhibit K-5.

## **1. Interregional Transmission Coordination**

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

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

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

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

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

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

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

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

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

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

**3.3 Identification of Interregional Transmission Projects by Developers:** Interregional transmission projects proposed for interregional cost allocation

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

**3.4 Evaluation of Interregional Transmission Projects:** The Transmission Provider and MISO shall act through their respective regional transmission planning processes in the joint evaluation of potential interregional transmission projects identified pursuant to Sections 3.1 and 3.2 to determine whether the inclusion of any potential interregional transmission projects in each region’s

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

regional transmission plan would be more efficient or cost-effective than regional projects. Such analysis shall be consistent with accepted transmission planning practices of the respective regions and the methods utilized to produce each region's respective regional transmission plan(s). The Transmission Provider will evaluate potential interregional transmission projects consistent with Section 6 and Section 11 of Attachment K.

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

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

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

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

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

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

criteria for a project proposed to be included in the regional transmission plan for purposes of cost allocation in only one of the two regions; and (ii) would be interconnected to transmission facilities in both the SERTP and MISO regions. The facilities to which the project is proposed to interconnect may be either existing facilities or transmission projects included in the regional transmission plan that are currently under development.

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

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

- A. Each transmission planning region, acting through its regional transmission planning process, will evaluate proposals to determine whether the proposed project(s) addresses transmission needs that are currently being addressed with projects in its regional transmission plan

and, if so, which projects in the regional transmission plan could be displaced by the proposed project(s).

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

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

- 4.3. Calculation of Benefit-to-Cost Ratio for an Interregional Transmission Project Proposed for Interregional CAP:** Prior to any regional benefit-to-cost ratio calculation pursuant to either regional transmission planning process, the combined interregional benefit-to-cost ratio, referenced in Section 4.1.A, shall be calculated for an interregional transmission project proposed for Interregional CAP. Such calculation shall be performed by dividing the sum of the present value of the avoided project cost determined in accordance with Section 4.2.B.i for the SERTP region and the present value of avoided project cost determined in accordance with Section 4.2.B.ii for the MISO region by the present value of the

proposed interregional transmission project's total project cost. The present values used in the cost calculation shall be based on a common date, comparable cost components, and the latest cost estimates used in the evaluation of the interregional transmission project. The combined interregional benefit-to-cost ratio will be assessed in addition to, not in the place of, the SERTP's and MISO's respective regional benefit-to-cost ratio assessment(s) (if applicable) as specified in the respective regional processes.

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

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

both as determined pursuant to Section 4.2, identified for both the SERTP and MISO.

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

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

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

**4.6 Milestones of Required Steps Necessary to Maintain Status as Being Selected for Interregional Cost Allocation Purposes:** Once selected in the respective

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

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

- (i) Engineering, procurement, construction, maintenance, and operation of the proposed transmission project, including coordination responsibilities of the parties;
- (ii) Emergency restoration and repair;

- (iii) The specific financial terms and specific total amounts to be charged by the transmission developer of the transmission project to each beneficiary, as agreed to by the parties;
- (iv) Creditworthiness and project security requirements;
- (v) Milestone reporting, including schedule of projected expenditures;
- (vi) Reevaluation of the transmission project; and
- (vii) Non-performance or abandonment.

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

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

## **5. Transparency**

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

regional transmission planning processes to provide their input and feedback regarding the interregional coordination between the SERTP and MISO.

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

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

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