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February 8, 2013

**BY ELECTRONIC FILING**

Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: Ohio Valley Electric Corporation's Order No. 1000 Regional  
Compliance Filing Docket No. ER13-\_\_\_\_-000**

Dear Ms. Bose:

Ohio Valley Electric Corporation (on behalf of itself and its wholly-owned subsidiary Indiana-Kentucky Electric Corporation) ("OVEC"), hereby provides its compliance filing to the regional transmission planning and cost allocation requirements of the Federal Energy Regulatory Commission's ("Commission" or "FERC") Order No. 1000.<sup>1</sup> This filing is also being made pursuant to the Commission's Order dated September 6, 2012, extending the pertinent filing deadline<sup>2</sup> and is being made electronically in accordance with the Commission's requirements. This filing provides new and revised tariff sheets to Attachment M<sup>3</sup> of OVEC's Open Access Transmission Tariff ("OATT").

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<sup>1</sup> *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, 136 FERC ¶ 61,051 (2011), *order on reh'g and clarification*, 139 FERC ¶ 61,132 (2012) ("Order No. 1000-A"), *order on reh'g and clarification*, 141 FERC ¶ 61,044 (2012) ("Order No. 1000-B") (Order Nos. 1000, 1000-A, and 1000-B collectively referred to as "Order No. 1000," "Order," or "Final Rule").

<sup>2</sup> Letter Order, 140 FERC ¶ 61,185 (2012).

<sup>3</sup> Please note that OVEC's Transmission Planning Process is included as Attachment M to its OATT, rather than Attachment K, because of a pre-existing attachment to OVEC's OATT labeled with the letter "K." *See*

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In Order No. 890, the Commission required transmission owners to develop and incorporate into their OATTs a comprehensive transmission planning process. The Commission outlined nine principles for the transmission planning process: coordination, openness, transparency, information exchange, comparability, dispute resolution, regional participation, economic planning studies, and cost allocation for new projects. On December 7, 2007, OVEC submitted its transmission planning process as proposed Attachment M to its OATT. On February 10, 2009, the Commission issued an order accepting OVEC's filing as modified in accordance with certain specific issues delineated in the order, and directed OVEC to submit a revised compliance filing. On May 11, 2009, OVEC submitted a revised compliance filing. On March 9, 2010, the Commission issued an order accepting OVEC's filing as modified in accordance with certain specific issues delineated in the order, and directed OVEC to submit a further revised compliance filing.<sup>4</sup> On May 7, 2010, OVEC submitted a further revised compliance filing (the "Current Attachment M"). On October 13, 2011, the Commission issued the Order accepting OVEC's Current Attachment M.<sup>5</sup>

In connection with its compliance with Order No. 1000, OVEC proposes to join the Southeastern Regional Transmission Planning Process ("SERTP") and to adopt the SERTP revised transmission planning process<sup>6</sup> as reflected in the enclosed, revised Attachment M. Specifically, OVEC's proposed, revised Attachment M (the "Proposed Attachment M")<sup>7</sup>

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Order No. 890 n.944 (permitting transmission providers to label new Attachments with the "next available letter").

<sup>4</sup> *Order Accepting Compliance Filing*, Docket No. OA08-19-002 (130 FERC ¶ 61,168) (March 9, 2010).

<sup>5</sup> *Order Accepting Compliance Filing*, Docket No. OA08-19-003 (137 FERC ¶ 61,038) (Oct. 13, 2011).

<sup>6</sup> The old SERTP was codified in Attachment K to the OATT of Southern Company Services, Inc., which acts as agent for Alabama Power Company, Georgia Power Company, Gulf Power Company, and Mississippi Power Company (collectively, "Southern Companies"). Southern Companies' old Attachment K was previously found compliant with the Commission's transmission planning requirements adopted in Order No. 890. See *Order on Compliance Filing*, 124 FERC ¶ 61,265 (2008); *Order on Rehearing and Compliance*, 127 FERC ¶ 61,282 (2009); *Order on Rehearing and Compliance*, 132 FERC ¶ 61,091 (2010). Southern Companies are also submitting today a revised Attachment K in compliance with Order No. 1000. Except as described herein, the new Southern Companies Attachment K and OVEC's New Attachment M are the same.

<sup>7</sup> A copy of OVEC's Proposed Attachment M is included as Appendix A to this letter in RTF format with metadata attached, and, for purposes of posting in FERC's eLibrary, a PDF copy of OVEC's Proposed Attachment M is included as Appendix E. For ease of reference and to avoid confusion, all "Appendices" identified in this letter refer to documents submitted as enclosures to and as appendices to this transmittal letter. References to "Attachments" in this letter refer to Attachments to an OATT (*e.g.*, the Proposed Attachment M is an attachment to OVEC's OATT). Finally, references to "Exhibit" in this transmittal letter refer to documents provided in support of Attachment M (*i.e.*, "Exhibit M-1" to Proposed Attachment M is a document submitted in support of Attachment M").

adopts SERTP's regional and local planning processes, which, as described in this letter, were previously accepted as compliant with Order No. 890 and have been revised to comply with Order No. 1000's regional requirements. However, as discussed below, in two places (namely, Section 6.3 and Section 9 of the Proposed Attachment M), OVEC proposes the retention of the procedures set forth in its Current Attachment M (*see* Section 7 and Section 9 of the Current Attachment M) relating solely to requirements pursuant to Order No. 890 regarding regional participation (excluding SERTP participation) and recovery of planning costs, which are unique to OVEC.

In developing these proposals, this filing reflects the consensus of the expanded SERTP Sponsors as well as input from regulators and stakeholders. In accordance with this consensus, the other public utility transmission providers sponsoring the SERTP — Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") (collectively "LG&E/KU") and Southern Companies<sup>8</sup> — are also filing contemporaneously herewith to adopt the SERTP as their transmission planning region for purposes of the Commission's Order No. 1000 regional transmission planning and cost allocation requirements. Furthermore, the nonjurisdictional transmission provider and owner Sponsors of the SERTP<sup>9</sup> have authorized OVEC to inform the Commission that they support this compliance filing.

Accordingly, OVEC requests that the Commission accept the Proposed Attachment M as part of OVEC's OATT for the reasons outlined below.

**I. The SERTP is an Appropriate Regional Transmission Planning Process for Purposes of Order No. 1000**

**A. Overview: The SERTP Satisfies Order No. 1000's Regional Transmission Planning Process Requirements**

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<sup>8</sup> LG&E/KU, OVEC, and Southern Companies are collectively referred herein as the Jurisdictional Sponsors.

<sup>9</sup> The nonjurisdictional utility Sponsors in the SERTP are: Associated Electric Cooperative Inc. ("AECI"), Dalton Utilities ("Dalton"), Georgia Transmission Corporation ("GTC"), the Municipal Electric Authority of Georgia ("MEAG"), PowerSouth Energy Cooperative ("PowerSouth"), the South Mississippi Electric Power Association ("SMEPA"), and the Tennessee Valley Authority ("TVA") (collectively, "the Nonjurisdictional Sponsors"). The Jurisdictional Sponsors and Nonjurisdictional Sponsors are collectively referred herein as the SERTP Sponsors.

Order No. 1000 directs public utility transmission providers to participate in a regional transmission planning process that produces a regional transmission plan<sup>10</sup> and that complies with seven (7) of Order No. 890's planning principles.<sup>11</sup> Order No. 1000 also requires regional planning processes to evaluate transmission alternatives that may address and resolve the transmission planning regions' needs more efficiently or cost-effectively than alternatives identified by individual public utility providers in their respective local processes.<sup>12</sup> As discussed herein, OVEC proposes to adopt the SERTP process, subject only to the retention of previously accepted portions of its Current Attachment M (located in Section 6.3 and Section 9 of the Proposed Attachment M) to comply with specific requirements applicable only under Order No. 890. All told, as a combination of the SERTP and the limited provisions from the Current Attachment M, the Proposed Attachment M has been found to comply with the referenced Order No. 890 planning principles and has provided for the identification of cost-effective solutions and extensive coordination by OVEC and the transmission providers in the Southeastern sub region of the SERC Reliability Corporation ("SERC") – an integrated footprint as large or larger than several ISOs/RTOs. Also, as discussed below, the SERTP is being hereby expanded to be the largest regional transmission planning process in the Eastern Interconnection (in terms of transmission miles), thereby providing for even further regional coordination among the expanded group of transmission providers and owners effectuated by the increased scope of the SERTP. In addition to this increased scope and coordination, the SERTP's existing coordinated, open, and transparent processes are being expanded as discussed herein to encompass their proposals to comply with Order No. 1000's regional transmission planning and cost allocation requirements. This combination will ensure that regional transmission projects will be considered for inclusion in the regional plan for regional cost allocation purposes ("RCAP") in a fair, nondiscriminatory, coordinated, open, and transparent manner.<sup>13</sup>

## **B. Expansion of the SERTP**

By way of background, the SERTP was originally formed in 2006 by the transmission providers and owners in the Southeastern subregion of SERC, covering most of Alabama and Georgia, the panhandle region of Florida, and significant portions of

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<sup>10</sup> Order No. 1000, P 146.

<sup>11</sup> *Id.*, P 151 ("Specifically, the requirements of this Final Rule build on the following transmission planning principles that [the Commission] required in Order No. 890: (1) coordination; (2) openness; (3) transparency; (4) information exchange; (5) comparability; (6) dispute resolution; and (7) economic planning.").

<sup>12</sup> Order No. 1000, P 148.

<sup>13</sup> The SERTP is also being specifically revised to provide for the annual preparation of a regional transmission plan, in accordance with Order No. 1000.



Mississippi. These original sponsors of the SERTP are: Dalton Utilities, GTC, MEAG, PowerSouth, SMEPA, and Southern Companies (“Original SERTP Sponsors”). While the SERTP was formed as an open, transparent, and coordinated regional transmission planning process prior to the issuance of Order No. 890, the SERTP is the regional planning process that the Original SERTP Sponsors used to satisfy the transmission planning requirements adopted in Order No. 890, and was ultimately found by the Commission to satisfy the requirements of Order No. 890’s nine (9) transmission planning principles.<sup>14</sup>

Following the issuance of Order No. 1000, OVEC, along with AECI, LG&E/KU, and TVA, approached Southern Companies in June 2012 concerning possibly expanding the SERTP to include each of the requesting entities. To allow the parties sufficient time to pursue the expansion of the SERTP and to allow for appropriate interactions with, and feedback from, regulators and stakeholders, the Commission granted the Jurisdictional SERTP Sponsors’ request to provide them an extension of time—until February 8, 2013—to comply with Order No. 1000’s regional requirements.<sup>15</sup>

OVEC is pleased to announce that the SERTP Sponsors continue to agree to the expansion of the SERTP.<sup>16</sup> While this expansion was not required by Order No. 1000, the revised SERTP reflects the consensus of the expanded SERTP group, and the expansion necessitates some of the changes that are hereby being made to the SERTP process adopted in OVEC’s Proposed Attachment M. The expanded SERTP essentially integrates into a single unified transmission planning region the regional planning performed for the following transmission systems: the original SERTP covering the transmission planning performed for the transmission systems in the Southeastern sub-region of SERC (*i.e.*, most of Alabama and Georgia and significant parts of Florida and Mississippi); LG&E/KU’s transmission system, covering most of Kentucky and parts of Virginia; OVEC’s transmission system covering Indiana, Kentucky and Ohio; and the bulk of the Central Public Power Partners’ (“CPPP”) systems. The CPPP was formed by TVA, East Kentucky Power Cooperative (“EKPC”),<sup>17</sup> and AECI.<sup>18</sup> The CPPP is expansive, comprising parts of Alabama, Georgia, Iowa, Kentucky, Missouri, Mississippi, Oklahoma, and Tennessee. With

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<sup>14</sup> See *Order on Compliance Filing*, 124 FERC ¶ 61,265 (2008); *Order on Rehearing and Compliance*, 127 FERC ¶ 61,282 (2009); *Order on Rehearing and Compliance*, 132 FERC ¶ 61,091 (2010).

<sup>15</sup> See *Letter Order Granting Extension of Time*, 140 FERC ¶ 61,185 (2012).

<sup>16</sup> SMEPA has announced that it will be joining MISO. However, it has indicated that it intends to remain a Sponsor of the SERTP for at least a transitional period.

<sup>17</sup> EKPC has since requested membership in PJM.

<sup>18</sup> The CPPP was formed, at least in part, for reciprocity-related purposes pertaining to Order No. 890’s transmission planning provisions

this expansion, and as shown on the map provided as Appendix F to this filing, the SERTP now includes all of Alabama and Georgia; most of Tennessee, Kentucky and Missouri; much of Mississippi; and portions of Florida, Indiana, Iowa, Ohio, Oklahoma, and Virginia. Based upon 2010 data, the expanded SERTP region has a total peak demand of approximately 96,000 MWs and approximately 66,000 circuit miles of existing transmission.<sup>19</sup>

**C. The SERTP is an Appropriate Transmission Planning Region for Purposes of Order No. 1000.**

Order No. 1000 clarified that a transmission planning region is “one in which public utility transmission providers, in consultation with stakeholders and affected States, have agreed to participate in for purposes of regional transmission planning and development of a single regional transmission plan.”<sup>20</sup> Order No. 1000 explained that the Commission would not prescribe the geographic scope of any planning region but the existing Order No. 890 planning regions “should provide some guidance . . . in formulating planning regions.”<sup>21</sup> The Commission clarified that an individual public utility transmission provider cannot, by itself, constitute a planning region and reaffirmed the criteria established in Order No. 890 that “the scope of a transmission planning region should be governed by the integrated nature of the regional power grid and the particular reliability and resource issues affecting individual regions.”<sup>22</sup>

As explained above, the SERTP was the Order No. 890 regional planning process used by Southern Companies to satisfy that order’s requirements. OVEC respectfully submits that the original scope of the SERTP used to satisfy Order No. 890 would, by itself, be sufficient to satisfy Order No. 1000’s scope of the region requirements. As explained in Southern Companies’ transmittal letter for their original filing of their Attachment K, the Original SERTP Sponsors “own over 35,000 miles of transmission lines and constitute all of the NERC-registered transmission providers within the Southeastern subregion of SERC, collectively providing transmission service over an integrated footprint covering

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<sup>19</sup> The expanded SERTP would be larger than MISO and PJM in terms of transmission mileage and compare well to MISO in terms of load. *See NERC 2011 Long-Term Reliability Assessment*, pp. 34 and 46 (providing that MISO has a peak of 98,068 MW with 50,144 circuit miles of transmission while PJM has a peak of 148,941 MW with 53,079 circuit miles).

<sup>20</sup> Order No. 1000, P 160.

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

approximately 120,000 square miles of service territory.”<sup>23</sup> Southern Companies further explained in a later filing in that proceeding:

[T]he Southeastern Regional Transmission Planning Process builds upon the Annual Transmission Planning Summit process the Attachment K Sponsors commenced in 2006. Importantly, the Annual Transmission Planning Summit Process in turn builds upon existing transmission planning processes performed by the Attachment K Sponsors, as evidenced by the fact the Attachment K Sponsors consist of all of the transmission providers in the Southeastern Sub-Region of SERC. Given the highly integrated nature of the Attachment K Sponsors’ systems and their historical planning practices, as well as the expansive size of their collective footprint, Southern Companies respectfully submit that the Southeastern Regional Transmission Planning Process constitutes an appropriately sized “region” for purposes of Order No. 890.<sup>24</sup>

While the original scope of the SERTP would continue to constitute a valid, integrated region for purposes of Order No. 1000, the expanded SERTP clearly satisfies the regional scope requirements. As discussed previously, the expanded SERTP essentially combines the regional planning performed by the former SERTP, CPPP, LG&E/KU, and OVEC transmission processes/systems, thereby combining several contiguous planning regions and adjacent balancing authority areas around the centrally located TVA. The SERTP Sponsors’ respective electric systems are electrically integrated, with (among other things) numerous resource/power sale and purchase arrangements between them. Further reinforcing the integrated nature of the SERTP is the SERTP Sponsors’ collective history and current practice of engaging in reliability coordination and transmission planning under the auspices of SERC. All but one of the SERTP Sponsors is a member of SERC, with the SERC members participating in SERC’s reliability, adequacy, and critical infrastructure activities, as well as the transmission planning committee structure that SERC provides.<sup>25</sup>

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<sup>23</sup> Southern Companies Attachment K Compliance Filing, Docket No. OA08-37-000, p. 3 (December 7, 2007).

<sup>24</sup> Answer of Southern Company Services, Inc., Docket No. No. OA08-37-000, p. 9 (filed Jan. 22, 2008) (internal citation and footnote omitted).

<sup>25</sup> OVEC is currently a member of ReliabilityFirst Corp. (“RFC”) but is integrated with the other SERTP Sponsors, having (among other things) a 345 kV interface with the LG&E/KU system and a FERC-approved long-term power sale arrangement with LG&E for a portion of its total generating output. In addition, OVEC

**D. The Use of the Existing SERTP to Satisfy Order No. 890's Seven (7) Planning Principles that Apply to Regional Processes and Overview of the Structure of OVEC's Proposed Attachment M.**

Order No. 1000 clarified that the following seven (7) regional planning principles from Order No. 890 will continue to apply to regional transmission planning processes: coordination, openness, transparency, information exchange, comparability, dispute resolution, and economic planning studies.<sup>26</sup> In accordance with the expansion of the SERTP region, the provisions from the existing SERTP regional planning process that have been found by the Commission to satisfy Order No. 890 will continue to be utilized. Those existing provisions are codified as Sections 1-5 and 7 in OVEC's Proposed Attachment M. In keeping with the Commission's decision to build upon Order No. 890,<sup>27</sup> this approach means that the nonincumbent transmission developer, cost allocation, and other new elements being proposed by the SERTP to comply with Order No. 1000 will be incorporated into the existing SERTP planning processes that the Commission has already found to be open, transparent, coordinated and otherwise Order No. 890-compliant.<sup>28</sup> In filings being made contemporaneously hereto, LG&E/KU and Southern Companies are both adopting these same, Commission-accepted provisions (with only a few minor but necessary modifications reflecting their unique circumstances) to satisfy Order No. 1000's requirement that seven (7) of Order No. 890's planning principles will continue to apply to regional transmission planning processes. Accordingly, OVEC is not proposing changes to those existing Sections of the SERTP in submitting the Proposed Attachment M, except as necessary to comply with a specific requirement of Order No. 1000 or as necessary to accommodate the expansion of the SERTP (or to make a few minor formatting changes or to address typographical errors).<sup>29</sup> The few changes made to those Sections are discussed below at pages 11-13. Appendix D to this letter is a redline comparison showing changes between OVEC's Proposed Attachment M and Southern Companies' proposed Attachment K.

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has begun an internal review of the possibility of moving from the RFC region to SERC, although any decision would be independent of SERTP participation.

<sup>26</sup> Order No. 1000, P 151.

<sup>27</sup> See e.g., Order No. 1000, PP 316 and 328.

<sup>28</sup> See *Order on Compliance Filing*, 124 FERC ¶ 61,265 (2008); *Order on Rehearing and Compliance*, 127 FERC ¶ 61,282 (2009); *Order on Rehearing and Compliance*, 132 FERC ¶ 61,091 (2010).

<sup>29</sup> The decision to adopt the existing SERTP provisions that satisfy those seven (7) regional planning principles from Order No. 890 means that the other two Jurisdictional Sponsors (i.e., LGE/KU and Southern Companies) are, contemporaneously to this filing, adopting those provisions into their respective Attachment Ks.

## **II. Stakeholder Process and Interactions with Regulators**

The Proposed Attachment M provisions being filed today represent not only the collective efforts and consensus of the SERTP Sponsors but also reflect extensive collaborative efforts with stakeholders and regulators. With regard to stakeholder dynamics, it bears emphasizing that there are important distinctions between the SERTP and the regional planning processes adopted by many Regional Transmission Organizations (“RTOs”). While RTOs typically do not own transmission or generation assets but provide services to transmission owners,<sup>30</sup> almost all of the SERTP Sponsors remain vertically integrated in nature, as they provide (either directly by themselves or through distributors or affiliated companies) electric service to the vast majority of the load within the SERTP’s expansive footprint.<sup>31</sup> Accordingly, the SERTP is not only sponsored by the transmission providers and owners that provide service within the expanded SERTP, but is also sponsored by the vast majority of load serving entities within this area. Moreover, this vertically-integrated nature also means that for the two Jurisdictional Sponsors having significant retail load-serving responsibilities (*i.e.*, LG&E/KU and Southern Companies), the primary means by which their state commissions influence transmission-related decisions and activities is through their regulation of bundled retail service. The combined effect of the foregoing is that the SERTP process is supported by virtually all of the transmission providers and owners within this region and by the majority of load serving entities<sup>32</sup> within this region.<sup>33</sup>

In addition to being inherently supported by virtually all of the transmission providers, transmission owners, and load serving entities within this region, the SERTP also reflects a collaborative process with stakeholders and regulators. The SERTP Sponsors have

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<sup>30</sup> RTOs typically provide transmission planning and OATT administration services and, in some cases, operate day-ahead and real-time markets.

<sup>31</sup> While the SERTP Sponsors (either directly or indirectly) constitute the majority of the load-serving entities within their collective footprint, it bears noting that the SERTP has substantial participation by certain, significant transmission dependent utilities. In particular, the Alabama Municipal Electric Authority is located within Southern Companies’ footprint, and the Owensboro Municipal Utilities is located within LG&E/KU’s footprint.

<sup>32</sup> The SERTP does have significant participation by certain, significant transmission dependent utilities located within their collective footprints, particularly with regard to the Alabama Municipal Electric Authority that is located within Southern Companies’ footprint and the City of Owensboro located within LG&E/KU’s footprint.

<sup>33</sup> In the Order No. 1000 compliance process, only a couple of entities — LS Power and a combination of environmentalist groups — were particularly active in providing feedback to the SERTP Sponsors. The environmentalist commenters were: Southern Environmental Law Center, Southern Alliance for Clean Energy, The Sierra Club, and The Sustainable FERC Project (NRDC).

engaged in significant outreach efforts with stakeholders. The SERTP Sponsors' Order No. 1000 compliance materials and related issues have been vetted during the course of their four annual stakeholder meetings that occur during each transmission planning cycle beginning with the 2011 Annual Transmission Summit that occurred on December 14, 2011.<sup>34</sup> In addition to those discussions, the SERTP Sponsors have also conducted three interim meetings with stakeholders to specifically address Order No. 1000 issues. The SERTP Sponsors posted on their regional website iterations of their "strawman" compliance materials on March 14, 2012 and May 17, 2012, a related presentation for stakeholder and regulator review on October 10, 2012, and posted draft OATT language on two occasions (December 5, 2012 and January 14, 2013). Information regarding these activities, including meeting notes generally summarizing the discussions at those meetings as well as the strawman proposals, presentations, draft Attachment K/M language, and stakeholder comments are found on the SERTP website.<sup>35</sup> The SERTP website is accessible via link from OVEC's OASIS webpage.

The SERTP Sponsors have also engaged in various outreach efforts and discussions with their State Commissions concerning the SERTP expansion and these Order No. 1000 proposals. The SERTP Sponsors have also actively sought feedback from the Commission's Staff. In addition to Commission Staff actively participating in the SERTP's different stakeholder meetings, the SERTP Sponsors have engaged in various other meetings and discussions with Commission Staff regarding the SERTP Sponsors' proposals.

The Proposed Attachment M provisions being filed today contain changes and revisions reflecting certain feedback from stakeholders and regulators. For example, the transmission developer qualification and technical criteria being proposed were formulated in significant part based upon specific stakeholder feedback. Among other things, the requirement being proposed at Section 13.1.2(2) that the developer must have the "capability to finance U.S. energy projects equal to or greater than the cost of the proposed transmission project"<sup>36</sup> was based upon specific stakeholder feedback, as was an adjustment to the baseline-credit rating requirement in Section 13.1.2(1) so as to allow a parent company's credit rating (with guaranty) to meet the credit rating threshold. Similarly with regard to the technical qualification criteria, those requirements were revised based upon stakeholder feedback to allow considerations of the transmission developer's "parent

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<sup>34</sup> OVEC approached Southern Companies in June 2012 concerning the possible expansion of SERTP; thus, OVEC has been involved in the Order No. 1000 compliance discussions with the SERTP since that time.

<sup>35</sup> See, e.g., <http://www.southeasternrtp.com/> and [http://www.southeasternrtp.com/general\\_documents.asp](http://www.southeasternrtp.com/general_documents.asp).

<sup>36</sup> See Proposed Attachment M, Section 13.1.2(2).

company, affiliate or other experience”<sup>37</sup> to satisfy the requirement that the developer have the demonstrated capability to actually construct, own and operate the project(s). In addition, the proposal of an administrative fee in the amount of \$25,000<sup>38</sup> was adopted based upon stakeholder input. Furthermore, to address a stakeholder concern that a developer might make such a payment and then early in the process either find out that its proposal is not viable or voluntarily withdraw its proposal, the Proposed Attachment M provides for a \$15,000 refund for such early exits.<sup>39</sup> Several changes were also made to the RCAP evaluation process based upon stakeholder feedback. For example, in the initial benefit-to-cost analysis that has been proposed, the transmission provider will develop the planning level cost estimates for both the transmission developer’s proposed project(s) and the transmission projects that would be displaced<sup>40</sup> to address the stakeholder concern that such an evaluation should use the same cost basis so as to be an “apples-to-apples” comparison.<sup>41</sup>

Several changes are also being proposed based upon Commission Staff feedback. For example, in response to Staff comments seeking more flexibility in the SERTP Sponsors’ proposed criteria for what constitutes a “regional transmission facility” (*e.g.*, rated 300 kV or higher and at least 100 miles in length), the SERTP Sponsors are proposing that other transmission projects not meeting the foregoing standard will still be considered on a case-by-case basis should they effectuate similar regional transfers and address similar regional needs.<sup>42</sup> Commission Staff also commented that certain steps specified in the SERTP Sponsor’s initial proposal for a facility to be eligible for RCAP should not be required as prerequisites. Several revisions are being proposed based upon that feedback, including: eliminating a previously required step that a Memorandum of Understanding would have to be developed; eliminating a provision that a proposed transmission project might be included in the transmission plan “for informational purposes” while under consideration for RCAP; and modifying the requirement to have a contract in place before a transmission project is selected in the regional plan for RCAP.

### **III. The Revisions to Southern Companies’ Attachment K Made to Comply with the Regional Requirements of Order No. 1000**

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<sup>37</sup> See *id.*, Section 13.1.3(a).

<sup>38</sup> See *id.*, Section 15.1(8).

<sup>39</sup> See *id.*

<sup>40</sup> See *id.*, Section 16.2.1(c).

<sup>41</sup> As an aside, and as previously indicated, such analysis will be performed and shared with stakeholders and regulators in accordance with Attachment ‘M’’s existing coordinated, open, transparent, and Order No. 890-complaint provisions, thereby ensuring a fair evaluation.

<sup>42</sup> See *id.*, Section 14(1).

**A. Overview of the Structure of OVEC's Proposed Attachment M and Explanation of how the SERTP Satisfies the Commission's Local and Regional Transmission Planning Requirements for Southern Companies**

The organizational structure of OVEC's Proposed Attachment M being filed today is driven, in substantial part, by the decision to continue to use the provisions from Southern Companies' existing Attachment K to satisfy the seven Order No. 890 planning principles that will continue to apply to regional processes. As previously discussed, Order No. 1000 does not require transmission providers to begin from scratch in developing their Order No. 1000 compliance processes but instead clarified that the Commission is building upon Order No. 890.<sup>43</sup> Therefore, the Jurisdictional Sponsors' collective proposals that are being filed today to satisfy, for example, Order No. 1000's public policy, enrollment, and regional cost allocation requirements are all being proposed in conjunction with Southern Companies' existing, Commission-accepted Attachment K provisions providing for a coordinated, open and transparent transmission planning process.<sup>44</sup> The foregoing means, for example, that transmission project proposals, analysis, and decisions made in accordance with the Proposed Attachment M Sections (*i.e.*, Sections 10-21) will be shared for stakeholder feedback in accordance with those existing, provisions providing for a coordinated, open and transparent transmission planning process (*i.e.*, Sections 1-5 and 7).

In addition to building upon Southern Companies' existing Attachment K provisions, another element affecting the organizational structure of OVEC's Proposed Attachment M is Order No. 1000's apparent requirement that tariff sheets be included in the filing outlining the transmission provider's "local transmission planning process." In this regard, the *pro forma* OATT contained as appendices to both Order Nos. 1000 and 1000-A provides such tariff sheets.<sup>45</sup> For Order No. 890 planning purposes, Southern Companies satisfied Order No. 890's planning requirements (both regional, and to the extent applicable, local requirements) through the SERTP by sharing for stakeholder feedback the transmission planning criteria, data inputs, base cases, and (thereby) all of the transmission projects that are to be included in a transmission expansion plan for a given planning cycle.

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<sup>43</sup> See, *e.g.*, Order No. 1000-A, PP 102, 103, 170.

<sup>44</sup> See OVEC's Attachment M Sections 1-5 and 7.

<sup>45</sup> See No. 1000, Appendix C: *Pro Forma* Open Access Transmission Tariff; Order No. 1000-A, Appendix B: *Pro Forma* Open Access Transmission Tariff.



Given the foregoing, OVEC proposes adopting the approach utilized by Southern Companies with respect to Order No. 890 of using the SERTP to satisfy the Commission's local and regional transmission planning requirements. OVEC notes that this approach is not only appropriate because it allows, for example, stakeholders to provide feedback regarding all transmission upgrades being made by OVEC, but it is also more efficient in that it allows such review and feedback to occur in a single venue. The only exceptions to this approach are OVEC's proposal relating to Sections 6 and 9 of the Proposed Attachment M. First, OVEC proposes to retain its current process with respect to local planning requirements in two discrete places (namely, Section 6.3 and Section 9 of the Proposed Attachment M). In these sections OVEC has retained the procedures set forth in its Current Attachment M (see Section 7 and Section 9 of the Current Attachment M) relating solely to requirements pursuant to Order No. 890 regarding regional participation (excluding SERTP participation, which will be identical for all participants) and recovery of planning costs, which are unique to OVEC. The Commission has already accepted these sections as compliant with the requirements of Order No. 890 for these purposes. Second, OVEC excludes from its Proposed Attachment M Sections 6.4 and 6.5 of Southern Companies' Attachment K, which do not apply to OVEC. Since OVEC currently is a member of RFC, its participation in regional planning will be through its participation in the SERTP, as well as its continued participation in the RFC regional planning process and the Southeast Inter-Regional Participation Process ("SIRPP"), and thus Sections 6.4 and 6.5 of Southern Companies' Attachment K regarding direct coordination with SERC and the Florida Reliability Coordinating Council (the "FRCC") are not applicable to OVEC.

To codify the foregoing approaches to satisfy the Commission's transmission planning requirements, OVEC's Proposed Attachment M being proposed hereunder is organized as follows:

- Preamble: The introductory paragraph and footnote from Southern Companies' existing Attachment K have been largely retained.
- Local Transmission Planning Overview: An overview of OVEC's local transmission planning is provided at pages 2-3 of the clean version of the Proposed Attachment M that is being filed for posting in eLibrary. This overview language is largely taken from the *pro forma* language provided by the Commission at pages 587-89 of Order No. 1000-A. Among other things, these OATT pages cross-reference Sections 1-5 and 7-8 that specifically comply with Order No. 890's transmission planning requirements. As discussed below, due to OVEC's unique situation, Section 6 (Regional Participation) includes a new reference to the SERTP process but otherwise retains (in Section 6.3) the current language from OVEC's Current Attachment M (in Section 7 thereof)

relating to participation in the RFC regional process, the SIRPP and related coordination, and Section 9 (Recovery of Planning Costs) retains the explanation in Section 9 of the OVEC's Current Attachment M. In addition, as discussed above, Sections 6.4 and 6.5 of Southern Companies' Attachment K (regarding direct coordination with SERC and FRCC) are not applicable to OVEC's Attachment M

- Regional Transmission Planning Overview: An overview of OVEC's regional transmission planning is provided at pages 4-6 of the clean version of the Proposed Attachment M that is being filed for posting in eLibrary. This overview language is largely taken from the *pro forma* language provided by the Commission at pages 589-91 of Order No. 1000-A. Among other things, these Proposed Attachment M pages cross-reference: i) Sections 1-5 and 7 that specifically comply with the seven (7) Order No. 890's transmission planning principles that Order No. 1000 clarified will continue to apply to regional transmission planning processes<sup>46</sup> and ii) the new Sections 10-21 that are being proposed to comply with Order No. 1000's new regional transmission planning and cost allocation requirements.<sup>47</sup>
- Retention (with Slight Modification) of Southern Companies' Existing Attachment K Sections that Comply With Order No. 890: Following the above-discussed regional and local transmission planning overviews, OVEC's Proposed Attachment M then provides its Sections 1-5, and 7-8, which are the Commission-accepted provisions from Southern Companies' current Attachment K that comply with Order No. 890's transmission planning requirements.
- Retention of Sections 6.3 and 9 from OVEC's Current Attachment M. Rather than adopting Southern Companies' Sections 6 and 9 contained in the proposed Southern Companies' Attachment K for its local planning process, OVEC's Proposed Attachment M retains (in Sections 6.3 and 9 of OVEC's Proposed Attachment M) the relevant language from Section 7 and Section 9 of OVEC's Current Attachment M.

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<sup>46</sup> In accordance with Order No. 890, OVEC's Proposed Attachment M does not have a separate section addressing that Order's comparability planning principle. Instead, OVEC commits to provide comparable and non-discriminatory service, with the commitment to comparability permeating the SERTP. Order No. 890, P 494-95, 'OVEC's Attachment M, n. 2 and 3.

<sup>47</sup> All three of the Jurisdictional Sponsors are (by separate filings being made today) essentially adopting the equivalent of Sections 1-5, 7, and 10-21 of OVEC's Proposed Attachment M that is being filed herein so as to use the SERTP to satisfy Order No. 1000's regional requirements.

Section 6.3 concerns coordination with the other participating transmission owners in the SIRPP, and OVEC's situation is unique since OVEC is a member of RFC, while the other SERTP sponsors are members of SERC. Accordingly, OVEC's Proposed Attachment M retains in Section 6.3 the applicable description of non-SERTP regional coordination from OVEC's Current Attachment M to properly reflect OVEC's participation in the SIRPP and RFC processes. Similarly, with respect to Section 9 (Recovery of Planning Costs), OVEC has historically recovered costs associated with its transmission planning through existing rate structures, whereas Southern Companies' Attachment K contemplates recovering such costs through an annual charge provided for in Schedule D of Southern Companies' tariff. OVEC proposes continuing its current manner of recovering transmission planning costs and, thus, OVEC's Proposed Attachment M retains Section 9 from the OVEC Current Attachment M. (To show changes between the Current Attachment M and the Proposed Attachment M, OVEC includes the following Appendices to this letter: (i) Appendix B1 to this letter is a redline comparison showing changes between Section 6.3 of the Proposed Attachment M and Section 7 of the Current Attachment M, (ii) Appendix B2 to this letter is a redline comparison showing changes between Section 9 of the Proposed Attachment M and the relevant portion of Section 9 of the Current Attachment M,<sup>48</sup> and (iii) Appendix B3 to this letter is a redline comparison showing changes between the entirety of the Proposed Attachment M and the entirety of Current Attachment M.)

- Addition of Proposed Attachment M Sections to Address Order No. 1000's Regional Transmission Planning and Cost Allocation Requirements. The new Sections 10-21 of this Proposed Attachment M are being filed to comply with Order No. 1000.

**B. Revisions to Southern Companies' Existing, Order No. 890-Compliant Attachment K Provisions: Proposed Attachment M Sections 1-8**

As discussed above, OVEC is only proposing changes to Southern Companies' existing Attachment K provisions (*i.e.*, Sections 1-8) that are necessary to comply with specific requirements of Order No. 1000, are necessary to accommodate the expansion of the SERTP, or are necessary in light of OVEC's unique circumstances. In addition, a few

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<sup>48</sup> The relevant portion of Section 9 of the Current Attachment M relates to "Recovery of Planning Costs."

minor formatting changes have been made (in an effort to reduce the length of Attachment M), and a couple of identified typographical errors have been addressed. These changes—*i.e.*, the changes between Sections 1-8 of Southern Companies' current Attachment K and the Proposed Attachment M—are shown in the redlined document included in this filing as Appendix C to this letter.<sup>49</sup> Some of the more significant changes include the following:

- Changes Made to Comply with Order No. 1000's Requirement to Produce a Regional Plan: A few edits have been made to Southern Companies' existing Attachment K provisions contained in the Proposed Attachment M to comply with Order No. 1000's requirement that the regional planning processes produce a regional transmission plan.<sup>50</sup> In this regard, the SERTP has always provided for the coordinated, open, and transparent preparation of an annual transmission expansion plan, and Section 1.2.4.1 has been revised to provide that at the Annual Transmission Planning Summit and Assumptions Meeting, an overview of the regional transmission plan for Order No. 1000 purposes will be provided to stakeholders, which should include the ten (10) year transmission expansion plan. In addition, footnote 4 has been revised to explain that the discussions of plan, plans, and planning throughout the Proposed Attachment M may refer to the regional transmission plan required for Order No. 1000 purposes, as may be appropriate in any particular instance.
- Changes Made to Reflect the Expansion of the SERTP:
  - References to SERC Have Been Broadened: While the Original SERTP Sponsors were all members of SERC, OVEC is a member of the RFC. Since Southern Companies' existing Attachment K makes numerous references to SERC, those references, when made to one of the Sections applying to regional planning requirements, have been broadened to include SERC "or other applicable NERC region." Those types of changes are made at Sections 1.2.2, 1.2.3, 1.2.4 and 2.5.1.

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<sup>49</sup> As discussed *infra* at page 12, OVEC does not include Sections 6.4 and 6.5 from Southern Companies' Attachment K in OVEC's Proposed Attachment M. Accordingly, Appendix C, which shows in redline form the changes between Southern Companies' current Attachment K and OVEC's Proposed Attachment M, omits Sections 6.4 and 6.5 as well. This pedagogical device—removing Sections 6.4 and 6.5—allows OVEC to more fully illustrate the similarities between Sections 1-8 in OVEC's Attachment M and the same sections from Southern Companies' current Attachment K.

<sup>50</sup> See Order No. 1000, P 146.

- Revisions to the Reliability Planning Process Discussion at Section 6.4 Due to the Expanded SERTP<sup>51</sup>: With the expansion of the SERTP, it became apparent that the existing references in Section 6.4<sup>52</sup> to “Region” were no longer appropriate because those existing references assumed that the scope of the “region” was essentially the Southeastern Sub-Region of SERC/Southern Companies. With the region now also including AECL, LG&E/KU, OVEC, and TVA, those references are no longer accurate. Likewise, the existing references therein to “inter-regional” could essentially be construed now to be the expanded SERTP. Accordingly, those references to region and inter-region have been modified as appropriate for the context throughout Section 6.4.
- Other Revisions to the Existing Sections: The other revisions to these existing sections are largely minor in nature, including: footnotes identifying which Sections only apply to local transmission planning; edits to address typographical errors; and formatting changes made in an effort to reduce the length of the Proposed Attachment M.

### **C. New Attachment M Sections Proposed to Comply with Order No. 1000**

To comply with the bulk of Order No. 1000’s regional transmission planning and cost allocation requirements, OVEC is hereby proposing to adopt new Sections 10-21 of its Proposed Attachment M, discussed below.

#### **1. Public Policy: Section 10**

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<sup>51</sup> Section 6 provides OVEC’s compliance to Order No. 890’s regional participation principle. In accordance with Order No. 1000, this principle only applies to OVEC’s local transmission planning. *See* Order No. 1000, P 151.

<sup>52</sup> As discussed *infra* at page 12, since OVEC excludes from its Proposed Attachment M Sections 6.4 and 6.5 from Southern Companies’ Attachment K, references to Section 6.4 to the Proposed Attachment M refer to the provisions found in Section 6.6 of Southern Companies’ Attachment K.

Order No. 1000 requires transmission providers to amend their OATTs to provide for the consideration of transmission needs driven by public policy requirements.<sup>53</sup> In adopting these public policy procedures, Order No. 1000 requires that stakeholders be allowed an opportunity to provide input and offer proposals regarding the transmission needs they believe are driven by public policy requirements.<sup>54</sup> OVEC has addressed these requirements at Section 10 of its Proposed Attachment M. As discussed in Section 10.1, OVEC strives to address all public policy requirements in its routine transmission planning “through the planning for and provision of long-term firm transmission services to meet: i) native load obligations and ii) wholesale Transmission Customer obligations under the Tariff,” consistent with all federal and state reliability and other requirements applicable to transmission. Furthermore, Section 10.2 allows stakeholders to propose transmission needs driven by public policy requirements for consideration, and Section 10.3 provides that if a transmission need is identified that is not already addressed in the transmission planning process, the transmission provider will identify a corresponding transmission solution. Section 10.4 also provides that a response to stakeholder input regarding transmission needs driven by public policy requirements will be posted on the regional website.<sup>55</sup>

## **2. Merchant Transmission Developers: Section 11**

Order No. 1000-A clarified that, because a merchant developer’s transmission facility can impact a region’s transmission network, merchant transmission developers must provide adequate information and data to allow public utility transmission providers in the transmission planning region to assess the potential reliability and operational impacts of such proposed merchant transmission facilities on other systems in the region.<sup>56</sup> In accordance with that requirement, Section 11 of the Proposed Attachment M requires merchant transmission developers who propose to develop a transmission facility that will impact the transmission systems within the SERTP (including those who do not seek regional cost allocation under this Proposed Attachment M) to provide information and data necessary to assess the potential reliability and operational impacts of those facilities. Section 11 requires that data to include “[t]ransmission project timing, scope, network terminations, load flow data, stability data, HVDC data (as applicable), and other technical data necessary to assess potential impacts.”

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<sup>53</sup> Order No. 1000, P 203; Order No. 1000-A, P 317.

<sup>54</sup> Order No. 1000, P 207.

<sup>55</sup> See Order No. 1000-A, P 325.

<sup>56</sup> Order No. 1000-A, P 297.

### **3. Enrollment: Section 12**

Section 12 has been added to the Proposed Attachment M to comply with Order No. 1000-A's enrollment requirements. Since enrollment is driven by Order No. 1000's cost allocation requirements,<sup>57</sup> Section 12.1 provides that those utilities who could be the "beneficiaries" of a cost allocation determination made in accordance with this Proposed Attachment M are generally eligible to enroll. As this Proposed Attachment M adopts a quantifiable "avoided transmission costs" methodology<sup>58</sup> to determine whether a regional project seeking cost allocation is a more "efficient and cost effective" regional alternative, the utilities generally eligible to enroll are defined in Section 12.1 as "[a] public utility or non-public utility transmission provider and/or transmission owner having a statutory or tariff obligation to ensure that adequate transmission facilities exist within a portion of the SERTP". In addition to those who may enroll as provided in Section 12.1, Order No. 1000-A requires that entities seeking regional cost allocation must enroll if they or an affiliate have load within the region.<sup>59</sup> This requirement has been proposed at Section 12.2. In order to enroll, Section 12.3 provides that entities are to execute the enrollment application form posted on the SERTP website except that public utility transmission providers, such as OVEC, who have adopted the SERTP in their respective OATTs will be deemed to have enrolled. Order No. 1000-A also provides that there must be a clear withdrawal process for nonjurisdictional transmission providers to unenroll.<sup>60</sup> Section 12.6 provides that, in general, an enrollee may unenroll by providing written notice, with that withdrawal becoming effective at the end of the planning cycle provided that the notification must be tendered at least sixty (60) days prior to the Annual Transmission Planning Summit and Assumption Input Meeting (which is held in the 4th quarter of each year).

Order No. 1000-A also provides that the different regions are to address the enrollment-related concerns raised by their non-public utility transmission providers.<sup>61</sup> In accordance with that guidance, Section 12.5 proposes provisions that seek to ensure that the nonjurisdictional entities understand exactly what they are committing to by enrolling. Specifically, Section 12.5 provide that a nonjurisdictional's enrollment is subject to the condition subsequent that if the Commission or other governmental entity requires changes to this Proposed Attachment M, then such enrollee may immediately withdraw. Importantly, should such an event occur, then an enrolled nonjurisdictional utility(ies) may

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<sup>57</sup> See Order No. 1000-A, P 275.

<sup>58</sup> See *infra* at pages 25-28 (discussing Attachment M, Section 17).

<sup>59</sup> Order No. 1000-A, P 417.

<sup>60</sup> *Id.* n.734; see also Order No. 1000, P 622.

<sup>61</sup> See Order No. 1000-A, P 277.

immediately withdraw from the SERTP by providing written notice within sixty (60) days of that order or action.

The list of enrollees will be posted and maintained on the SERTP website. As referenced above, the Jurisdictional Sponsors — LG&E/KU, OVEC, and Southern Companies — are deemed to have enrolled. While certain entities are continuing to consider enrollment, particularly pending review of the Commission’s actions with regard to the Order No. 1000 compliance filings to be made by the Jurisdictional Sponsors, OVEC notes that all of the Nonjurisdictional Sponsors have indicated that they intend to continue to participate in the SERTP’s coordinated, open, and transparent regional transmission planning process.

#### **4. OVEC Has No Federal Right-of-First-Refusal**

One of the primary reasons that the Commission provides for adopting Order No. 1000 is to eliminate federal rights of first refusal (“ROFR”) for incumbent utilities to construct the new transmission facilities necessary to serve their customers.<sup>62</sup> As explained in the Order No. 1000 rulemaking process, neither OVEC nor (to the best of its knowledge) any of the other SERTP Sponsors have any such federal ROFR that has to be so eliminated.

#### **5. Transmission Developer Qualification Criteria to Propose Projects for Selection in the Regional Plan for Purposes of Cost Allocation: Section 13**

Order No. 1000 requires all public utility transmission providers to adopt specific provisions allowing nonincumbent transmission developers to propose regional transmission projects that they may develop and to allocate their costs commensurate with benefits. One of these requirements is that the transmission provider must specify the qualification criteria for an entity to be eligible to propose a transmission project for selection in the regional plan for purposes of cost allocation, whether that entity is an incumbent or nonincumbent developer.<sup>63</sup> Section 13 has been proposed to comply with these requirements. As discussed above concerning stakeholder interactions, these qualification provisions, along with the criteria for a facility to be considered “regional” in Section 14 and the information

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<sup>62</sup> See, Order No. 1000, PP 253, *et seq.*

<sup>63</sup> E.g., Order No. 1000, P 323; Order No. 1000-A, P 439.



requirements proposed in Section 15, were formulated with specific stakeholder and Commission Staff feedback.

With regard to qualification criteria, Section 13.1.2(1) requires that the developer or its parent company have a BBB- or Baa3 credit rating from the pertinent credit-rating agency. Importantly, this requirement is comparable, as all of the SERTP Sponsors satisfy at least this minimum standard. Moreover, since Order No. 1000 allows nonincumbent developers to essentially take the place of the incumbent service providers to develop the new transmission facilities necessary for the incumbent to render reliable and economic service, the nonincumbent must have at least this minimum level of ability to not only obtain financing, but also to render long-term service to meet the needs of the consuming public. While having this credit level is no guarantee, it is a prudent measure (and, hence, just and reasonable and non-discriminatory) to protect customers. This credit rating or equivalent surety of financial stability would be applied in a nondiscriminatory and nonpreferential manner to all entities, including any SERTP Sponsor, that propose projects for selection in the regional transmission plan for RCAP.

In addition to this credit rating requirement, Sections 13(2)-(3) also require the transmission developer to provide documentation of its financing and development capability, including a summary of its prior transmission development experience and history of any violations of NERC, Regional Entity, or other regulatory requirements pertaining to electric infrastructure development, construction, ownership, or operation and maintenance. In accordance with Order No. 1000, these informational requirements do not require the transmission developer to register with NERC,<sup>64</sup> but, rather, only to inform the SERTP Sponsors if they have already done so.

## **6. Transmission Facilities Potentially Eligible for Selection in the Regional Plan for Purposes of Cost Allocation: Section 14**

Order No. 1000 defines the regional transmission facilities subject to its requirements as those “located solely within a single transmission planning region and are determined to be a more efficient or cost-effective solution to a regional transmission need.”<sup>65</sup> Order No. 1000 further clarifies,

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<sup>64</sup> See Order No. 1000-A, P 444.

<sup>65</sup> Order No. 1000, P 63.

Such transmission facilities often will not comprise all of the transmission facilities in the regional transmission plan; rather, such transmission facilities may be a subset of the transmission facilities in the regional transmission plan. For example, such transmission facilities do not include a transmission facility in the regional transmission plan but that has not been selected in manner described above, such as a local transmission facility or a merchant transmission facility.<sup>66</sup>

Order No. 1000 provides other guidance relevant to the development of the criteria for what should constitute a regional transmission facility. In this regard, Order No. 1000 provides the regions flexibility in developing their regional cost allocation proposals to reflect regional differences.<sup>67</sup> Order No. 1000 also seeks to complement, not supplant, existing transmission planning activities “to ensure that public utility transmission providers in every transmission planning region, in consultation with stakeholders, evaluate proposed alternative solutions *at the regional level* that may resolve the region’s needs more efficiently or cost effectively than solutions identified in the local transmission plans of individual public utility transmission providers.”<sup>68</sup> Order No. 1000 also expresses the Commission’s intent for Order No. 1000 to work together with the requirements of Order No. 890 and not “disrupt the progress being made with respect to transmission planning and investment in transmission infrastructure.”<sup>69</sup>

The SERTP is a very large region in virtually all aspects: geographically, electrically, and in terms of customer loads, miles of transmission lines, generating resources, etc. Achieving efficiencies at the regional level necessarily involves the large economies of scale of high voltage transmission lines capable of moving significant amounts of power reliably and economically over long distances. The transmission system of the SERTP Sponsors is built to integrate generation to large load centers utilizing major 300+ kV transmission lines. As demonstrated by the SERTP transmission map attached as Appendix F to this filing, the “backbone” transmission facilities that convey bulk transfers

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<sup>66</sup> *Id.* Accordingly, a regional transmission facility subject to Order No. 1000’s requirements is not any facility other than a “local facility” (as some have claimed), as Order No. 1000 clearly provides that local transmission facilities are just an “example” of a type of transmission facilities that are not subject to the requirements applicable to facilities selected in a regional plan for purposes of cost allocation.

<sup>67</sup> See, e.g., Order No. 1000, PP 223 and 302.

<sup>68</sup> Order No. 1000 P, 68 (emphasis added).

<sup>69</sup> Order No. 1000 P, 31.

throughout the expansive SERTP region, are the long, 345 kV and 500 kV transmission lines that interlace the SERTP and interconnect the different balancing authority areas (“BAAs”) in this region. These high voltage transmission facilities provide regional efficiencies through significant reliability, economic and operational benefits. As shown on that map, these high voltage transmission facilities provide benefits across multiple jurisdictions, with the expanded SERTP encompassing a huge geographic area in twelve (12) different States. As also shown on the referenced map, the SERTP contains numerous transmission lines that satisfy this standard. While the next lower voltage (*i.e.*, 230 kV) classification of transmission facilities might convey “regional” deliveries for smaller regions, this is not the case in a region having the scale of the SERTP. The addition of lower voltage facilities, with their higher impedances and lower loadings, simply would not provide regional impacts. Moreover, 230 kV transmission facilities are becoming increasingly load-serving in nature for the SERTP utilities.

The SERTP process is structured to focus on regional planning activities and resources on identifying project alternatives of a regional scale which may be more efficient and cost effective than the typically smaller, shorter-lead time transmission facilities identified through bottom-up planning processes. In addition, the SERTP process is structured in an effort to complement bottom-up planning activities by identifying efficient and cost-effective alternatives of regional scale well in advance of regional needs, providing sufficient time to fully develop and construct such regional projects, and avoiding disruptions to the efficient and timely completion of the high volumes of upgrades identified on existing facilities and underlying systems through State IRP or other local load serving processes. Therefore, the transmission facilities in the SERTP that generally address “*regional* needs” are those rated 300 kV and above, which transverse a regionally significant distance (*i.e.*, 100 miles or more) across two or more BAAs. These criteria for an SERTP regional transmission facility are described at Section 14(a)-(b) of the Proposed Attachment M. Importantly, because the SERTP Sponsors continually strive to identify economic expansion options, and pursuant to recommendations from Commission Staff, while the foregoing establishes the general standard for an SERTP regional transmission facility, other transmission facilities capable of providing similar, significant bulk transfers and regional benefits will also be considered on a case-by-case basis in accordance with Section 14(1).

Other criteria proposed in Section 14 are requirements that the proposed regional transmission project may not be merely an upgrade to an existing facility, and may not use the rights-of-way of parties other than the developer absent the consent of the owner of such rights-of-way. These provisions are aimed to prevent, among other things, the unnecessary disputes that would inevitably ensue should a developer attempt to use the right-of-way belonging to another without first obtaining that party’s consent. Another element pertains to the requirement that the proposed transmission project must be materially different than those under consideration and those that have been previously considered in the expansion

planning process. This “materially different” requirement was adopted in accordance with Order No. 1000’s fundamental holding that the regional transmission facilities are those that “are more efficient and cost effective solutions.”<sup>70</sup> Transmission proposals that, for example, have already been considered do not offer new alternatives and requiring their consideration (again) would undermine the efficient planning and expansion of the transmission system.

Before leaving these criteria, it must be emphasized that the foregoing criteria are not only being proposed pursuant to Order No. 1000’s holding that a regional transmission facility is one that addresses “a regional need,” but are also important to retain the continued support of the Nonjurisdictional Sponsors to the SERTP process.<sup>71</sup>

**7. Submission and Evaluation of Proposals for Potential Selection in a Regional Transmission Plan for Purposes of Regional Cost Allocation: Section 15**

Order No. 1000 requires public utility transmission providers to revise their OATTs to identify: (a) the information that must be submitted to be considered in a given transmission planning cycle; and (b) the date by which such information must be provided to be considered in a given transmission planning cycle.<sup>72</sup> Order No. 1000 provides that these provisions could require, for example, relevant engineering studies and cost analyses, and may request other reports or information from the transmission developer necessary to evaluate the transmission project in the regional planning process.<sup>73</sup>

Sections 15 of Proposed Attachment M implements Order No. 1000’s requirements pertaining to the information that must be submitted by a prospective transmission developer in support of a transmission project it proposes for potential selection in the regional transmission plan for RCAP,<sup>74</sup> and is structured to solicit project proposals at the beginning of each planning cycle. As discussed previously, these provisions were developed reflecting specific stakeholder and regulatory feedback. Some of the key aspects of these requirements

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<sup>70</sup> See, e.g., Order No. 1000 at PP 6 and 81 (stating an intent to require revisions to regional transmission planning process that may resolve needs “more efficiently and cost-effectively”).

<sup>71</sup> See e.g., Order No. 1000-A, P 277, n. 321 (providing for regional flexibility to facilitate nonjurisdictional participation).

<sup>72</sup> Order No. 1000, P 325.

<sup>73</sup> *Id.*, P 326.

<sup>74</sup> *Id.*

include the provision of specified descriptive and technical information for the project, so that it can be assessed efficiently with other project alternatives without delays resulting from insufficient technical data. In addition, Section 15.1 requires the provision of a \$25,000 administrative fee to cover the costs necessary to review, process, and evaluate the proposal. Should the developer elect to withdraw the project early in the evaluation process or should the developer be found to be noncompliant (and not remediated) early in the process, these provisions provide that \$15,000 of that fee will be refunded. With regard to the submission deadline required by Order No. 1000,<sup>75</sup> Section 15.2 requires that in order for a project to be considered for potential selection in the regional plan for RCAP for a particular planning cycle, the proposal must be submitted no later than 60 calendar days after the previous planning cycle's SERTP Annual Transmission Planning Summit and Input Assumptions Meeting. This requirement, that proposals be provided at the beginning of the pertinent transmission cycle, enables transmission developers' projects to be evaluated comparably and efficiently under the same planning processes that assess the other transmission projects under consideration. Proposals can be submitted after that date at any time, but may be considered in subsequent cycles. To further encourage proposals and ensure accuracy in data, Section 15.3 also provides the transmission developer an opportunity to remedy any identified deficiencies in its qualification criteria or information supplied. Of course, once these qualification and data requirements are satisfied, it remains critical to the reliable and economic planning and expansion of the transmission system for the developer to *maintain* compliance so as to retain the viability to complete the project. Section 15.4, thus, requires the developer to maintain compliance with these qualification requirements.

**8. Evaluation of Proposals for Selection in a Regional Plan for RCAP and the Proposed Adoption of an "Avoided Transmission Costs" Cost Allocation Methodology: Sections 16 and 17**

Order No. 1000 requires each public utility transmission provider to amend its OATT to describe a transparent and not unduly discriminatory process for evaluating whether to select a transmission project proposal in the regional plan for purposes of cost allocation, requiring this process to comply with Order No. 890's transparency, openness, and coordination requirements.<sup>76</sup> "[F]or one solution to be chosen over another in the regional transmission planning process, there should be an evaluation of the relative efficiency and cost effectiveness of each solution."<sup>77</sup> Order No. 1000 further requires that nonincumbent transmission developers must have the same eligibility as an incumbent

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<sup>75</sup> Order No. 1000, P 325.

<sup>76</sup> *Id.*, P 328.

<sup>77</sup> *Id.*, at n. 307.

developer to use a regional cost allocation method for its proposed transmission projects that are selected in a regional plan for RCAP.<sup>78</sup> A mechanism also has to be established to ensure that all projects are eligible for consideration for selection in the regional plan for RCAP.<sup>79</sup> The Commission emphasized that it was allowing regional flexibility in developing the different approaches to these transmission planning evaluations.<sup>80</sup> In analyzing the cost estimates for different transmission projects, the Commission emphasized that “the regional planning process must scrutinize costs in the same manner whether the transmission project is sponsored by an incumbent or nonincumbent transmission developer.”<sup>81</sup> With regard to cost allocation for selected projects, Order No. 1000 establishes six cost allocation principles that have to be satisfied.<sup>82</sup>

Section 16 implements these requirements and provides the mechanism for the potential selection of regional transmission projects in the regional plan for RCAP. Furthermore, Section 16 combined with Section 17 also satisfies Order No. 1000’s cost allocation requirements. The cost allocation methodology proposed by the SERTP Sponsors in these Sections is based upon the benefits received from the quantifiable “avoided transmission” costs of a proposal that is determined to be more efficient and cost effective regional alternative than other projects under consideration. Stated differently, the benefits would be the displacement cost savings received by replacing the higher cost planned transmission project with the more efficient and cost effective proposed project(s) that address long-term needs previously being addressed by the displaced projects. OVEC or other entities who have their transmission projects displaced by the proposed project, and thereby would receive costs savings, would be the beneficiaries themselves or on behalf of their customers.

As discussed below, this cost allocation methodology is appropriate, as it satisfies the Commission’s regional cost allocation principles adopted in Order No. 1000, with this process providing a clear, *ex ante* method for determining costs and benefits. Because different transmission facilities can always be developed to meet any particular level of requirements for transmission reliability and delivery capacity, the benefit of any particular transmission facility or set of facilities can be quantified by comparing the costs of

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<sup>78</sup> *Id.*, P 332.

<sup>79</sup> *Id.*, P 336.

<sup>80</sup> Order No. 1000-A, PP 453 and 455.

<sup>81</sup> *Id.*, P 455; *see also id.*, P 689 (“[W]e clarify that regional cost allocation method for one type of regional transmission facility or for all regional transmission facilities may include voting requirements for identified beneficiaries to vote on proposed transmission facilities.”).

<sup>82</sup> *See*, Order No. 1000, P 603, *et seq.*

implementing different alternatives, which could also meet the same requirements. For this reason, using this methodology provides a consistent, objective measure for comparing transmission alternatives and avoids dependencies on highly uncertain energy prices and other forward market assumptions.

To determine whether the proposed transmission project would be a more efficient and cost effective alternative, Section 16 provides for the performance of two benefit-to-cost analyses. The first would be an initial benefit-to-cost analysis using high-level transmission planning estimates that would compare the estimated costs of the proposed transmission project (plus the costs of additional facilities that might be necessary to integrate the proposed transmission project) to the costs of the planned transmission projects that would be displaced.<sup>83</sup> Planning level cost estimates would be used since it is unlikely that detailed, engineering level estimates would be available when a transmission project is initially proposed, although Section 16.2.1(c) provides that such detailed estimates may be used if available. To ensure a comparable cost comparison between the pertinent projects, the SERTP Sponsors would develop the planning level estimates. Assuming that the transmission project satisfies at least a 1.25 benefit-to-cost ratio using planning level estimates, then Section 16.3 provides for the performance of a detailed benefit-to-cost analysis to be performed after the detailed costs components of the proposed transmission project and affected projects are identified. Should the project pass at least a 1.25 benefit-to-cost ratio based upon that detailed analysis, then the project would be selected in the regional plan for RCAP if the project's detailed financial terms are acceptable to each beneficiary and approval is obtained from the pertinent jurisdictional authorities/governance boards. With regard to this requirement to obtain jurisdictional authority/governance approval, obtaining such consent is not only critical to the viability of the project to actually get constructed (since, for example, the States retain siting authority), but it is also consistent with the Commission's encouragement for Attachment K proposals to "establish a formal role for state commissions in the regional transmission planning process"<sup>84</sup> and to facilitate the incumbent's ability to continue to comply with its duty to serve requirements. Likewise, the Nonjurisdictional Sponsors have emphasized the need to obtain their governance approvals so as to facilitate their ability to participate in the SERTP.<sup>85</sup>

Importantly, since the SERTP process is going to continue to apply Southern Companies' existing, Order No. 890 Attachment K regional provisions, these benefit-to-cost evaluations will be performed through the SERTP's existing, coordinated, open, and

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<sup>83</sup> See Attachment K, Section 16.2

<sup>84</sup> Order No. 1000-A, P 290.

<sup>85</sup> See *id.*, p 277, *et seq.* (encouraging nonjurisdictional transmission providers to raise their concerns during the development of the regional compliance filings).

transparent processes. Furthermore, as both incumbent and nonincumbent transmission developers are free to use these same processes for the submission and evaluation of proposals for potential selection in the regional plan for RCAP, these processes are comparable and nondiscriminatory.<sup>86</sup> Section 16.1 further ensures comparability and nondiscrimination by specifying that the evaluation of projects proposed for RCAP will occur “[d]uring 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).”

This avoided transmission costs methodology also satisfies Order No. 1000’s six cost allocation principles.<sup>87</sup> Specifically, the costs that would be allocated would be commensurate with the benefits (Cost Allocation Principle 1)<sup>88</sup> because the benefits are the quantifiable benefits of avoided/displaced transmission. This approach complies with Cost Allocation Principle 2<sup>89</sup> and Cost Allocation Principle 4<sup>90</sup> because only a transmission provider/owner in the region that avoids transmission costs would be allocated the cost of the regional project. The SERTP’s cost allocation approach also satisfies Cost Allocation Principle 3<sup>91</sup> because it adopts a benefit-to-cost ratio of 1.25. Since the benefits are quantifiable, the cost allocation method and data requirements for determining benefits and identifying beneficiaries would be transparent, satisfying Cost Allocation Principle 5, and there would be sufficient documentation to allow stakeholders to determine how the cost allocation method was applied to a proposed facility.<sup>92</sup> With regard to Cost Allocation

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<sup>86</sup> Order No. 1000-A recognizes that the adoption of these Order No. 1000 regional cost allocation methodologies “does not undermine the ability of market participants to negotiate alternative cost sharing arrangements voluntarily and separately from the regional cost allocation method or methods.” Order No. 1000, P 561.

<sup>87</sup> Cost Allocation Principle 1 provides that costs are to be allocated roughly commensurate with benefits; Cost Allocation Principle 2 provides that there will be no involuntary cost allocation to non-beneficiaries; Cost Allocation Principle 3 provides that if a benefit-to-cost ratio is used, it may not include a ratio exceeding 1.25 absent Commission approval; Cost Allocation Principle 4 provides that cost allocation is to be done solely within the planning region(s) where the facility(ies) is located unless those outside voluntarily assume cost responsibility; Cost Allocation Principle 5 requires a transparent method for determining benefits and identifying beneficiaries; and Cost Allocation Principle 6 allows for different cost allocation methods for different types of facilities. *See*, Order No. 1000, P 603, *et seq.*

<sup>87</sup> Order No. 1000, P 622.

<sup>88</sup> Order No. 1000, P 622.

<sup>89</sup> *Id.*, P 637.

<sup>90</sup> *Id.*, P 657.

<sup>91</sup> *Id.*, P 646.

<sup>92</sup> *Id.*, P 668.



Principle 6,<sup>93</sup> this straight-forward approach would apply to all types of transmission facilities proposed for potential selection in the regional plan for RCAP, regardless of whether those projects were proposed to address underlying reliability, economic, or public policy need, or some combination of the foregoing.

#### **9. Other Attachment M Provisions: Sections 18-21.**

With regard to the other Sections of the Proposed Attachment M being filed hereunder, Section 18 provides for the on-going re-evaluation of projects selected in the regional plan for RCAP to ensure that they remain more efficient and cost-effective alternatives prospectively. This provision is comparable not only because it would apply to both incumbent and nonincumbent projects selected in the regional plan for RCAP, but because OVEC and the other SERTP Sponsors continually re-evaluate proposed projects included in their transmission plans as circumstances change and more updated data becomes available.

In accordance with the requirements of Order No. 1000, Section 19 provides for the on-going assessment of whether alternative transmission solutions may be required for a transmission project selected for RCAP due to the delay or abandonment of the project.<sup>94</sup> Section 20 provides for the milestones of required steps necessary to maintain status as being selected in a regional plan for RCAP.<sup>95</sup> Lastly, Section 21 discusses requirements that would be included in the contract(s) that would be necessary to effectuate a transmission project selected in a regional plan for RCAP and for the incumbent to hopefully be able to continue to satisfy its duty to serve requirements.

#### **IV. Request for Waiver**

OVEC is making this filing in compliance with the Commission's regional directives in Order No. 1000. 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 regulations (including filing regulations) or requirements that we may not have addressed be found to apply, OVEC respectfully requests waiver of any such regulation or requirement.

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<sup>93</sup> *Id.*, P 685.

<sup>94</sup> *See id.*, P 329.

<sup>95</sup> *See* Order No. 1000-A, P 442.

**V. Effective Date**

Order No. 1000 acknowledges that it might become effective during the middle of a transmission planning cycle and therefore directed public utility transmission providers to explain in their respective compliance filings how they intend to implement Order No. 1000's requirements.<sup>96</sup> Consistent with the foregoing, OVEC is proposing that the OATT provisions being filed hereunder become effective at the start of the next practical transmission planning cycle/year following FERC acceptance of this compliance filing, assuming that the Commission largely adopts this filing and issues such an order sufficiently before the beginning of that next year to allow for commencement of implementation. Although OVEC and the other SERTP Sponsors expect that the effective date will be January 1, 2014, OVEC is using the date 12/31/9998 in its electronic metadata to reflect that there is some uncertainty in this regard. For example, should the Commission require extensive changes, it may not prove feasible to effectuate those changes to the transmission planning process by January 1, 2014.

**VI. Service**

OVEC is serving an electronic copy of this filing to its OATT customers, and to each of the state public commissions of Indiana, Ohio and Kentucky, the location of OVEC's transmission facilities. In addition, this filing is being posted on the SERTP website and the OVEC OASIS website.

**VII. List of Documents**

The following is a list of documents submitted with this transmittal letter:

- (a) **Appendix A** – OVEC's Proposed Attachment M in RTF format with metadata attached;
- (b) **Appendices B1, B2, and B3** – Redline comparisons, in RTF format, of
  - (i) Section 6.3 of OVEC's Proposed Attachment M and Section 7 of OVEC's Current Attachment M (Appendix B1);

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<sup>96</sup> See Order No. 1000, P 162.

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- (ii) Section 9 of OVEC's Proposed Attachment M and the relevant portion of Section 9 of OVEC's Current Attachment M (Appendix B2); and
  - (iii) the entirety of OVEC's Proposed Attachment M and the entirety of OVEC's Current Attachment M (Appendix B3).
- (c) **Appendix C** – A redline comparison showing changes between Sections 1-8 of the Proposed Attachment M and the relevant portions of Southern Companies' current Attachment K (excluding Sections 6.4 and 6.5 of Southern Companies' current Attachment K);
- (d) **Appendix D** – A redline comparison, in RTF format, showing changes between OVEC's Proposed Attachment M and Southern Companies' proposed Attachment K;
- (e) **Appendix E** – A clean version of OVEC's Proposed Attachment M in PDF format for posting in eLibrary; and
- (f) **Appendix F** – A map of the geography and transmission lines covered by SERTP.

**VII. Miscellaneous**

Should additional information be required, it is requested that Mr. David E. Jones, Vice President of Operations, Ohio Valley Electric Corporation, 3932 U.S. Route 23 Piketon, Ohio 45661, or the undersigned attorney be contacted at the earliest possible date so that such information can be supplied expeditiously.

Sincerely,

/s/ Brian E. Chisling

Brian E. Chisling

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Counsel for Ohio Valley Electric Corporation

# **APPENDIX A**

**OVEC's Proposed Attachment M  
in RTF format with metadata attached**

## **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 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 needs of both the Transmission Provider and its Network and Firm Point-to-Point Transmission Customers on a comparable and nondiscriminatory basis. 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.

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<sup>1</sup> The Transmission Provider notes that 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, at times, a single transmission expansion plan may be common to all Sponsors. 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.

## **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 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 NERC Reliability Standards, the Transmission Provider conducts comprehensive reliability assessments and thoroughly coordinates with neighboring and/or affected transmission providers.

As provided below, 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>2</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

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<sup>2</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.

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. As provided below, 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>3</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 12 a clear enrollment process for public and

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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.



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 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. The list of enrolled entities to the SERTP is posted on the Regional Planning Website. 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 16-17 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 12 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;

- (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 13-21 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 11 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 16-17.

## **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 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. Requests that are inter-regional in nature will be addressed in the Southeast Inter-Regional Participation Process. 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>4</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 will be implemented the following calendar year).<sup>5</sup> Stakeholders may submit comments to the

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<sup>4</sup> As indicated *infra* at footnote 1, references in this Attachment M to a transmission “plan,” “planning,” or “plans” should be construed in the singular or plural as may be appropriate in a particular instance. Likewise, the reference to a plan or plans may, depending upon the circumstance, be a reference to a regional transmission plan required for purposes of Order No. 1000. 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>5</sup> A transmission expansion plan completed during one calendar year (and presented to Stakeholders at that calendar year's Annual Transmission Planning Summit) is implemented 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.

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.

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. 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. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders as they become available from the Southeast Inter-Regional Planning Participation Process. 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 results for such studies that are inter-regional in nature will be reported to the RPSG and interested Stakeholders as they become available from the

Southeast Inter-Regional Planning Participation Process. The Transmission Provider will also provide an overview of the ten (10) year transmission expansion plan, the results of that year's coordination study activities with the FRCC transmission providers, and the results of any *ad hoc* coordination study activities. 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 Florida Reliability Coordinating Council (“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. The RPSG is also encouraged to coordinate with stakeholder groups in the area covered by the Southeast Inter-Regional Participation Process regarding requests for Economic Planning Studies that are inter-regional in nature. 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>6</sup>
- (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

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<sup>6</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.

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>7</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 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

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<sup>7</sup> As previously discussed, the Transmission Provider expects that the other Sponsors will also be hosts and sponsors of these activities.

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 with the sponsors of the Southeast Inter-Regional Participation Process (“SIRPP”), 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 system 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) Current software titles and version numbers used for transmission analyses by the Transmission Provider.

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. 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 10 calendar days prior to the Second RPSG Meeting.

6. At the Annual Transmission Planning Summit, the ten (10) year transmission expansion plan that will be implemented the following year will be presented to the Stakeholders. The Transmission Planning Summit presentations and the (10) year transmission expansion plan will be posted on the Regional Planning Website at least 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-3.

#### **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 or other Participating Transmission Owners of the Southeast Inter-Regional Participation 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>8</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

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<sup>8</sup> In accordance with Order No. 1000, this planning principle only applies to the Transmission Provider's local transmission planning process.

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 regional 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 Coordination with the Other Participating Transmission Owners in the Southeast Inter-Regional Participation Process:** 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 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 Multi-regional 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. Thus, given the location of OVEC facilities along the seam between MISO and PJM in RFC, and other transmission systems that are members of SERC, OVEC participates in the Southeast Inter-Regional Participation Process (“SIRPP”) in addition to the RFC efforts described above. Although OVEC initially offered to join the SIRPP as a member, after discussions with representatives of SIRPP and in light of OVEC’s uniqueness (e.g., very small load and discrete system), OVEC participates in SIRPP as a stakeholder. In accordance with the SIRPP process, stakeholders are given access to information flow and are included in the planning process without discrimination. It is expected that OVEC participation in the SIRPP will enhance coordination of OVEC planning efforts with systems to the south. The SIRPP process document, which describes stakeholder and other participation rights and other processes, is attached hereto as Exhibit M-2.

#### **6.4 Reliability Planning Process.**

**6.4.1 General:** The Transmission Provider’s reliability planning process with the transmission providers and owners participating in the SERTP and

SIRPP is described in documentation posted on the Regional Website and the Inter-Regional Website.

#### **6.4.2 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 (or other applicable NERC region’s) 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 on both (a) a local and regional level (*e.g.* Southeastern Regional Transmission Planning level) and (b) an inter-regional (*e.g.* SERC-wide level).

(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, North American Electric Reliability Corporation ("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 Multiregional Modeling Working Group (“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 inter-regional 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.

### **6.4.3 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 (or other applicable NERC region’s) 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 (or other applicable NERC region’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, 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 (or other applicable NERC region's) regional model development for the following year); FRCC model development; and any *ad hoc* coordination studies.

- (a)(ii) **Participation Through the SIRPP:** As shown on the Southeast Inter-Regional Participation Process Diagram contained in Exhibit M-2, the particular activities that the SIRPP sponsors coordinate

are the preparation of the inter-regional Economic Planning Studies addressed in Section 7 below and in Exhibit M-2. In addition, the SIRPP sponsors will review with stakeholders the data, assumptions, and assessment that are then being conducted on a SERC-wide basis at: the 1<sup>st</sup> Inter-Regional Stakeholder Meeting; the 2<sup>nd</sup> Inter-Regional Stakeholder Meeting; and the 3<sup>rd</sup> Inter-Regional Stakeholder Meeting.

(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.

**6.5 Timeline and Milestones:** The general timelines and milestones for the performance of the reliability planning activities are provided in Exhibit M-3, 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. Requests that are inter-regional in nature will be addressed in the SIRPP. Accordingly, it is expected that the RPSG will coordinate with other inter-

regional stakeholders regarding Economic Planning Studies that are inter-regional in nature.

**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. It should again be noted that requests that are inter-regional in nature will be addressed in the SIRPP.

**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. It is foreseeable that clustering of requests may occur during the SIRPP.

**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. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders and posted as they become available from the SIRPP. 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 10 calendar days prior to the Transmission Planning Summit. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders and posted as they become available from the SIRPP.
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>9</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

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<sup>9</sup> In accordance with Order No. 1000, this planning principle only applies to the Transmission Provider's local transmission planning process.

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 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 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), OVEC's costs associated with its transmission planning process shall be recovered through existing rate structures (through transmission rates embedded in the cost-based rates charged to its owners and their affiliates under the Commission-approved Inter-Company Power Agreement and through agreements with third parties for transmission service, including as a component of retail service agreements authorized under applicable state law).

## **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 and federal laws and/or regulations ("Public Policy Requirements") in its routine planning, design, construction, operation, and maintenance of the Transmission System. In this regard, the Transmission

Provider addresses transmission needs driven by the Public Policy Requirements of load serving entities and wholesale transmission customers through the planning for and provision of long-term firm transmission services to meet i) native load obligations and ii) wholesale Transmission Customer obligations under the Tariff.

## **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 transmission needs driven by Public Policy Requirements that are proposed by a Stakeholder, the Stakeholder must provide the following information via a submittal to the Regional Planning Website:

1. The applicable Public Policy Requirement, which must be a requirement established by an enacted state or federal law(s) and/or regulation(s); and
2. An explanation of the possible transmission need driven by the Public Policy Requirement identified in the immediately above subsection (1) (*e.g.*, the situation or system condition for which possible solutions may be needed, as opposed to a specific transmission project) and an explanation and/or demonstration that the current iteration of the transmission expansion plan(s) does not adequately address that need.

**10.2.2 Deadline for Providing Such Information:** Stakeholders that propose a 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 60 calendar days after the SERTP



Annual Transmission Planning Summit and Input Assumptions Meeting for the previous transmission planning cycle. That information is to be provided in accordance with the contact information provided on the Regional Planning Website.

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

**10.3.1** In the transmission planning process for that planning cycle, the Transmission Provider will evaluate Stakeholder input to determine if there is a transmission need driven by the Public Policy Requirement identified by the Stakeholder in Section 10.2 that should be addressed in the transmission expansion plan.

**10.3.2** If a transmission need is identified that is not already addressed in the transmission expansion planning process, the Transmission Provider will identify a transmission solution to address the aforementioned need in the planning processes.

**10.3.3** Stakeholder input regarding potential transmission needs driven by Public Policy Requirements may be directed to the governing Tariff process as appropriate. For example, if the potential 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.

**10.4 Posting Requirement:** The Transmission Provider will provide and post on the Regional Planning Website a response to Stakeholder input regarding transmission needs driven by Public Policy Requirements.

**11. Merchant Transmission Developers Proposing Transmission Facilities Impacting the SERTP:** Merchant transmission developers not seeking regional cost allocation pursuant to Sections 15-21 ("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.

**12. Enrollment**

**12.1 General Eligibility for Enrollment:** A public utility or non-public utility transmission service provider and/or transmission owner having a statutory or tariff obligation to ensure that adequate transmission facilities exist within a portion of the SERTP region may enroll in the SERTP. Such transmission 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.

**12.2 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 plan for regional cost allocation purposes (“RCAP”) pursuant to Sections 15-21, 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 plan for RCAP if it, an affiliate, subsidiary, member, owner or parent company has load in the SERTP.

**12.3 Means to Enroll:** A public utility or non-public utility transmission service provider or transmission owners may provide an application to enroll in accordance with Sections 12.1 and 12.2 above, by executing the form of enrollment posted on the Regional Planning Website. The Transmission Provider is deemed to have enrolled for purposes of Order No. 1000 through this Attachment K.

**12.4 List of Enrollees in the SERTP:** The Transmission Provider will post and keep current on the Regional Planning Website a list of the public utility and non-public utility transmission service providers and transmission owners who have enrolled in the SERTP (“Enrollees”).

**12.5 Enrollment, Cost Allocation Responsibility, and Conditions Subsequent:** 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 new transmission project(s) selected in the regional

transmission plan for RCAP; provided, that once enrolled, 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 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. The withdrawing Enrollee will be subject to regional and interregional cost allocations, if any, to which it had agreed and that were determined in accordance with this Attachment M during the period in which it was enrolled and was determined to be a beneficiary of new transmission facilities selected in the regional transmission plan for RCAP. Any withdrawing Enrollee will not be allocated costs for projects selected in a regional transmission plan for RCAP after its termination of enrollment becomes effective in accordance with the provisions of this Section 12.5.

**12.6 Notification of Withdrawal:** An Enrollee wanting to terminate its enrollment in the SERTP may do so by providing written notification of such intent to the Transmission Provider. Except for non-public utilities terminating pursuant to Section 12.5 above, the termination will 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. The withdrawing Enrollee will be subject to regional and interregional cost allocations, if any, to which it had agreed and that were determined in accordance with this Attachment M during the period in which it was enrolled and was determined to be a beneficiary of new transmission facilities selected in the regional transmission plan for purposes of cost allocation. Any withdrawing Enrollee will not be allocated costs for projects selected in a regional transmission plan for RCAP after its termination of enrollment becomes effective in accordance with the provisions of this Section 12.6.

**13. Qualification Criteria to Submit a Regional Transmission Project Proposal for Potential Selection in a Regional Transmission Plan for Purposes of Cost Allocation**

**13.1 Transmission Developer Qualification Criteria:** While additional financial and technical criteria may be required to be satisfied in order for a proposed transmission project to be selected and/or included in a regional plan for RCAP, a transmission developer must satisfy the following, initial qualification criteria to be eligible to propose a transmission project for potential selection in a regional transmission plan for RCAP.<sup>10</sup>

**13.1.1** If the transmission developer or its parent or owner or any affiliate, member or subsidiary has load in the SERTP region, the transmission

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<sup>10</sup> The regional cost allocation process provided hereunder in accordance with Sections 13-21 does not undermine the ability of the Transmission Provider and other entities to negotiate alternative cost sharing arrangements voluntarily and separately from this regional cost allocation method.

developer must have enrolled in the SERTP in accordance with Section 12.2.

**13.1.2** In order to be eligible to propose a transmission project for consideration for selection in a regional plan for RCAP, the transmission developer must demonstrate that it satisfies the following, minimum financial capability and technical expertise requirements:

1. The transmission developer has and maintains a credit rating of BBB- or higher from Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), or a credit rating of Baa3 or higher from Moody's Investors Service, Inc. In addition, the transmission developer's parent company's credit rating may be used to satisfy this requirement but only if the parent company commits in writing to provide a guaranty for the transmission developer if the proposed transmission project is selected in a regional plan for RCAP;<sup>11</sup>
2. The transmission developer provides documentation of its capability to finance U.S. energy projects equal to or greater than the cost of the proposed transmission project; and
3. The transmission developer has the capability to develop, construct, operate, and maintain U.S. electric transmission projects of similar or larger complexity, size, and scope as the proposed project. The transmission developer must demonstrate such capability by providing, at a minimum, the following information:
  - a. A summary of the transmission developer's: 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. This may include projects and experience

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<sup>11</sup> If a project is selected in a regional plan for RCAP, having a BBB- and/or a Baa3 rating alone will not be sufficient to satisfy the requisite project security/collateral requirements.

provided by a parent company or affiliates or other experience relevant to the development of the proposed project; and

- b. If it or a parent, owner, affiliate, or member has been found in violation of any NERC and/or Regional Entity reliability standard and/or the violation of regulatory requirement(s) pertaining to the development, construction, ownership, operation, and/or maintenance of electric infrastructure facilities, an explanation of such violations.

**14. Transmission Facilities Potentially Eligible for RCAP:** In order for a transmission project proposed by a transmission developer to be considered for evaluation and potential selection in a regional plan for RCAP, the project must be regional in nature in that it must be a major transmission project effectuating significant bulk electric transfers across the SERTP region and addressing significant electrical needs. A regional transmission project eligible for potential selection in a regional plan for RCAP would be a transmission line that would:

- a. operate at a voltage of 300 kV or greater and span 100 miles or more within the SERTP; and
- b. portions of said transmission line must be located in two or more balancing authority areas located in the SERTP.

- 1. A transmission project that does not satisfy (a) and (b) above but that would effectuate similar, significant bulk electric transfers across the SERTP region and address similar, significant regional electrical needs will be considered on a case-by-case basis;
- 2. The proposed transmission project cannot be an upgrade to an existing facility. In addition, the proposed transmission project cannot be located on the property and/or right-of-way ("ROW") belonging to anyone other than the transmission developer absent the consent of the owner of the existing facility or ROW, as the case may be;
- 3. In order for the proposed transmission project to be a more efficient and cost effective alternative to the projects identified by the transmission providers through their planning processes, it should be materially different than projects already under consideration and materially different than projects that have been previously considered in the expansion planning process; and

4. The proposed transmission project must be able to be constructed and tied into the transmission system by the required in-service date.

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

**15.1 Information to be Submitted:** A transmission developer must submit the following information in support of a transmission project it proposes for potential selection in a regional transmission plan for RCAP:

1. Documentation of the transmission developer's ability to satisfy the qualification criteria required in Section 13;
2. Sufficient information for the Transmission Provider to determine that the potential transmission project satisfies the regional eligibility requirements of Section 14;
3. 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.
4. 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.);
5. 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 will be required to support such differences;
6. Documentation of the technical analysis performed supporting the position that the proposed transmission project addresses the transmission needs and does so more efficiently and cost-effectively than specific projects included in the latest transmission expansion plan. Documentation must include the following:
  - The identification of: (a) transmission projects in the latest expansion plan



that would be displaced by the proposed project, and (b) any additional projects that may be required in order to implement the proposed project; and

- The data and/or files necessary to evaluate the transmission developer's analysis of the proposed transmission project;
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; and
8. 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:
- The transmission developer or its proposal is determined to not satisfy the qualification criteria in Section 13 through 15.1; or
  - 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.

**15.2 Deadline for Submittal:** 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 identified in Sections 13 through 15.1 to the Transmission Provider in accordance with the contact information provided on the Regional Planning Website no later than 60 calendar days after the SERTP Annual Transmission Planning Summit and Input Assumptions Meeting for the previous transmission planning cycle.

**15.3 Initial Review of Qualification Criteria and Opportunity for Cure:** The Transmission Provider will notify transmission developers who do not meet the qualification criteria in Section 13 through 15.1, or who provide an incomplete

submittal, within 30 calendar days of the submittal deadline to allow the transmission developers an opportunity to remedy any identified deficiency(ies). Transmission developers, so notified, will have 15 calendar days to resubmit the necessary supporting documentation to remedy the identified deficiency.

**15.4 Change in the Transmission Developer's Qualification Information or**

**Circumstances:** The transmission developer has an obligation to update and report in writing to the Transmission Provider any change to its information that was provided as the basis for its satisfying the requirements of Sections 13 through 15, except that the transmission developer is not expected to update its technical analysis performed for purposes of Section 15.1(6) to reflect updated transmission planning data as the transmission planning cycle(s) progresses. If at any time the Transmission Provider concludes that a transmission developer or a potential transmission project proposed for possible selection in a regional plan for RCAP no longer satisfies such requirements specified in Sections 13 through 15, then the Transmission Provider may remove the transmission developer's potential transmission project(s) from consideration for potential selection in a regional plan for RCAP and/or remove any and all such transmission project(s) from the selected category in a regional plan for RCAP, as applicable.

**16. Evaluation of Proposals for Selection in a Regional Transmission Plan for RCAP**

**16.1 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 plan for RCAP by transmission developers. 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 apply its planning guidelines and criteria to evaluate submittals and determine whether:

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 by the proposed transmission project;<sup>12</sup>
3. Any additional projects would be required to implement the proposed transmission project.

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

**16.2.1** Based upon the evaluation outlined in Section 16.1, the Transmission Provider will assess whether the proposed transmission project seeking selection in a regional plan for RCAP is considered at that point in time to

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<sup>12</sup> Entities that are identified to potentially have one or more of their planned transmission projects displaced by the transmission developer's potential transmission project for possible selection in a regional plan for RCAP shall be referred to as "Beneficiaries."

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>

- a. The benefit used in this calculation will be quantified by the transmission costs that the Beneficiaries would avoid due to their transmission projects being displaced by the transmission developer's proposed transmission project.
- b. The cost used in this calculation will be quantified by the transmission cost of the project proposed for selection in a regional transmission plan for RCAP plus the transmission costs of any additional projects required to implement the proposal.
- c. 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.

**16.2.2** For potential transmission projects found to satisfy the foregoing benefit-to-cost analysis, the Transmission Provider and the Impacted Utilities will then consult with the transmission developer of that project to establish a schedule reflecting the expected in-service date of the project for: 1) the transmission developer to provide detailed financial terms for its proposed project that are acceptable to each Beneficiary and 2) the proposed transmission project to receive approval for selection in a regional plan for

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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 for the proposed transmission project and ii) any entity identified in this Section 16.2.1 to potentially have increased costs in order to implement the proposal.

RCAP from the jurisdictional and/or governance authorities of the Impacted Utilities.

### **16.3 The Transmission Developer to Provide More Detailed Financial Terms**

#### **Acceptable to the Beneficiaries and the Performance of a Detailed –**

**Transmission Benefit to Cost Analysis:** By the date specified in the schedule established in Section 16.2.2,<sup>14</sup> the transmission developer shall identify the detailed financial terms for its proposed project, establishing in detail: (a) the total cost to be allocated to the Beneficiaries if the proposal were to be selected in a regional plan for RCAP, and (b) the components that comprise that cost, such as the costs of:

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

To determine whether the proposed project is considered at that time to remain a more efficient and cost effective alternative, the Transmission Provider will then perform a more detailed 1.25 transmission benefit-to-cost analysis consistent with

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<sup>14</sup> The schedule established in accordance with Section 16.2.2 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.

that performed pursuant to Section 16.2.1. This more detailed transmission analysis will be based upon the detailed financial terms 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) that are applicable to/available for the proposed transmission project, the projects that would be displaced, and any additional projects required to implement the proposal.<sup>15</sup>

#### **16.4 Jurisdictional and/or Governance Authority Approval and Selection for**

**RCAP:** The project will be selected for RCAP in the then-current iteration of the regional plan for purposes of Order No. 1000, subject to the provisions of Section 18, if: (i) the detailed financial terms provided in accordance with Section 16.3, as may be modified by agreement of the transmission developer and Beneficiary(ies), are acceptable to each Beneficiary; (ii) the proposed transmission project is found to satisfy the more detailed benefit-to-cost analysis specified in Section 16.3; and (iii) if approval is obtained from all of the jurisdictional and/or governance authorities of the Impacted Utilities by the date specified in the schedule adopted in accordance with Section 16.2.2.<sup>16</sup> If

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<sup>15</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 16.2.1.

<sup>16</sup> Being selected for RCAP in the then-current iteration of a regional plan only provides how the costs of the transmission project may be allocated in Commission-approved rates should the project be built. Being selected

obtaining jurisdictional and/or governance authorities approval requires a modification of the detailed financial terms found acceptable in Section 16.3, and both the transmission developer and the Beneficiary(ies) agree to the modification, then the modified detailed financial terms shall be the basis for the regional cost allocation for purposes of the project.

- 17. Cost Allocation Methodology Based Upon Avoided Transmission Costs:** If a regional transmission project is selected in a regional plan for RCAP in accordance with Section 16.4 and then constructed and placed into service, the Beneficiaries identified in the detailed benefit-to-cost analysis performed in Section 16.3 to potentially have one or more of their planned transmission projects displaced by the transmission developer's potential transmission project for RCAP will be allocated the regional transmission project's costs in proportion to their respective displaced transmission costs as found acceptable in accordance with Sections 16.3 and 16.4.
- 18. On-Going Evaluations of Proposed Projects:** 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 actually proves to be more efficient and cost effective, the Transmission Provider will continue to reevaluate a proposed transmission project, including any such projects that

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in a regional 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 the selected category in a regional plan for RCAP in accordance with the provisions of Sections 15.4, 18 and 19.

are being considered for potential selection in a regional plan for RCAP and any transmission projects that may have been selected in a regional plan for RCAP. This continued reevaluation will assess then-current transmission needs and determine whether the proposed transmission project continues to be needed and is more efficient and cost effective compared to alternatives as assessed in subsequent expansion planning processes that reflect ongoing changes in actual and forecasted conditions. Even though a proposed project may have been selected in a regional plan for RCAP in an earlier regional plan, if it is determined that the proposed project is no longer needed and/or it is no longer more efficient and cost effective than alternatives, then the Transmission Provider may notify the transmission developer and remove the proposed project from the selected category in a regional plan for RCAP. Reevaluation will occur 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.

- 19. Delay or Abandonment:** 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 plan for RCAP due to the delay in its development or abandonment of the project. In this regard, the transmission developer shall promptly notify the Transmission Provider should any material changes or delays be encountered in the



development of the potential transmission project. If, due to such delay or abandonment, the Transmission Provider determines that a project selected in a regional plan for RCAP no longer adequately addresses underlying transmission needs and/or no longer remains more efficient and cost effective, then the Transmission Provider may remove the project from being selected in a regional plan for RCAP and proceed with seeking appropriate solution(s). If removed from being selected in a regional plan for RCAP due to delay or abandonment by the transmission developer, then the transmission developer shall be responsible for, at a minimum, any increased costs to the Impacted Utilities due to any such delay or abandonment.

- 20. Milestones of Required Steps Necessary to Maintain Status as Being Selected for RCAP:** Once selected in a regional plan for RCAP, the transmission developer must submit a development schedule to the Transmission Provider and the Impacted Utilities that establishes the milestones, including (to the extent not already accomplished) obtaining all necessary ROWs and requisite environmental, state, and other governmental approvals and executing a mutually-agreed upon contract(s) with the Beneficiaries, by which the necessary steps to develop and construct the transmission project must occur. The schedule and milestones must be satisfactory to the Transmission Provider and the Impacted Utilities. In addition, the Transmission Provider and the Impacted Utilities will also determine the security/collateral arrangements for the proposed project and the deadline(s) by which they must be provided.<sup>17</sup> If such critical steps are not met by the

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<sup>17</sup> Satisfying the minimum, financial criteria specified in Section 13.1.2 alone in order to be eligible propose a project for RCAP will not satisfy this security/collateral requirement.

specified milestones and then afterwards maintained, then the Transmission Provider may remove the project from the selected category in a regional plan for RCAP.

**21. Mutually Agreed Upon Contract(s) Between the Transmission Developer and the**

**Beneficiaries:** The contract(s) referenced in Section 20 will address terms and conditions associated with the development of the proposed transmission project in a regional plan for RCAP, including:

1. The specific financial terms/specific total amounts to be charged by the transmission developer for the regional transmission project to the Beneficiaries, as agreed to by the parties,
2. The contracting Beneficiary's(ies') allocation of the costs of the aforementioned regional facility,
3. Creditworthiness/project security requirements,
4. Operational control of the regional transmission project,
5. Milestone reporting, including schedule of projected expenditures,
6. Engineering, procurement, construction, maintenance, and operation of the proposed regional transmission project,
7. Emergency restoration and repair responsibilities,
8. Reevaluation of the regional transmission project, and
9. Non-performance or abandonment.

## **Interregional Transmission Coordination**

[RESERVED]

## **EXHIBIT M-2**

### **Southeast Inter-Regional Participation Process**

#### **Introduction:**

In an effort to more fully address the regional participation principle outlined in the Order 890 Attachment K Tariff requirements and the related guidance contained in the FERC Transmission Planning Process Staff White Paper (dated August 2, 2007), this Southeast Inter-Regional Participation Process expands upon the existing processes for regional planning in the Southeast. This document outlines an inter-regional process among various Southeastern interconnected transmission owners. The inter-regional process described herein is incorporated into each Participating Transmission Owner's<sup>1</sup> planning process and OATT Attachment K (for those transmission owners that have a regulatory requirement to file an Attachment K).

#### **Purpose:**

This inter-regional process complements the regional planning processes developed by the Participating Transmission Owners in the Southeast. For the purpose of this document, the term "Southeast Inter-Regional Participation Process" ("SIRPP") is defined as a new process to more fully address the regional participation principle of Order 890 for multiple transmission systems in the Southeast. The term "Regional Planning Processes" refers to the regional transmission planning processes a Transmission Owner has established within its particular region for Attachment K purposes. Importantly, the Economic Planning Studies discussed herein are hypothetical studies that do not affect the transmission queue for purposes of System Impact Studies, Facilities Studies, or interconnection studies performed under other portions of the OATT.

#### **Current Inter-Regional Planning Process:**

Each Southeastern transmission owner currently develops a transmission plan to account for service to its native load and other firm transmission service commitments on its transmission system. This plan development is the responsibility of each transmission planner individually and does not directly involve the Regional Reliability Organization (*e.g.* SERC). Once developed, the Participating Transmission Owners collectively conduct inter-regional reliability transmission assessments, which include the sharing of the individual transmission system plans, providing information on the assumptions and data inputs used in the development of those plans and assessing whether the plans are simultaneously feasible.

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<sup>1</sup>The sponsors of the Southeast Inter-Regional Participation Process are referred to as transmission owners, rather than transmission providers, because not all of the sponsors are "Transmission Providers" for purposes of the *pro forma* OATT.

### **Participating Transmission Owners:**

Due to the additional regional planning coordination principles that have been announced in Order 890 and the associated Transmission Planning White Paper, several transmission owners have agreed to provide additional transmission planning coordination, as further described in this document. The “Participating Transmission Owners” are listed on the SIRPP website (<http://www.southeastirpp.com>).

### **Southeast Inter-Regional Participation Process:**

The Southeast Inter-Regional Participation Process is outlined in the attached diagram. As shown in that diagram, this process will provide a means for conducting stakeholder requested Economic Planning Studies across multiple interconnected systems. In addition, this process will build on the current inter-regional, reliability planning processes required by existing multi-party reliability agreements to allow for additional participation by stakeholders.

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

These established Attachment K processes may also serve as a mechanism to collect requests for inter-regional Economic Planning Studies by a participant’s stakeholders group. The Economic Planning Studies requested through each participant’s Attachment K process that involve impacts on multiple systems between Regional Planning Processes will be consolidated and evaluated as part of the Southeast Inter-Regional Participation Process. Stakeholders will also be provided the opportunity to submit their requests for inter-regional Economic Planning Studies directly to the Inter-Regional process.

The Participating Transmission Owners recognize the importance of coordination with neighboring (external) planning processes. Therefore, seams coordination will take place at the regional level where external regional planning processes adjoin the Southeast Inter-Regional Participation Process (*e.g.* Southeastern Regional Planning Process coordinating with FRCC Regional Planning Process, Entergy coordinating with SPP, TVA coordinating with MISO and PJM, and the North Carolina Transmission Planning Collaborative coordinating with PJM). External coordination is intended to include planning assumptions from neighboring processes and the coordination of transmission enhancements and stakeholder requested Economic Planning Studies to support the development of simultaneously feasible transmission plans both internal and external to the Southeast Inter-Regional Participation Process.

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

With regard to coordinating with stakeholders in the development of the inter-regional Economic Planning Study(ies), in each cycle of the Southeast Inter-Regional Participation Process, the Participating Transmission Owners will conduct three inter-regional stakeholder meetings. The information to be discussed at such meetings will be made available in final draft form for stakeholder review prior to any such meeting by posting on the SIRPP website and/or e-mails to SIRPP Stakeholder Group (“SIRPPSG”) members. The Participating Transmission Owners will use reasonable efforts to make such information available at least 10 calendar days prior to the particular meeting. The Participating Transmission Owners will conduct the “1<sup>st</sup> Inter-Regional Stakeholder Meeting”, as shown in the attached diagram. At this meeting, a review of all of the Economic Planning Study(ies) submitted through the participants’ Regional Planning Processes or directly to the Inter-Regional process, along with any additional Economic Planning Study requests that are submitted at this 1<sup>st</sup> meeting, will be conducted. During this meeting, the stakeholders will select up to five studies that will be evaluated within the planning cycle. The study coordination team will coordinate with the stakeholders regarding the study assumptions underlying the identified stakeholder requested inter-regional Economic Planning Study(ies). Through this process, stakeholders will be provided an opportunity to comment and provide input regarding those assumptions. Following that meeting, and once the study coordination team has an opportunity to perform its initial analyses of the inter-regional Economic Planning Study(ies), the Participating Transmission Owners will then conduct the “2<sup>nd</sup> Inter-Regional Stakeholder Meeting.” At this meeting, the study coordination team will review the results of such initial analysis, and stakeholders will be provided an opportunity to comment and provide input regarding that initial analysis. The study coordination team will then finalize its analysis of the inter-regional study(ies) and draft the Economic Planning Study(ies) report(s), which will be presented to the stakeholders at the “3<sup>rd</sup> Inter-Regional Stakeholder Meeting.” Stakeholders will be provided an opportunity to comment and provide input regarding the draft report(s). Subsequent to that meeting, the study coordination team will then finalize the report(s), which will be issued to the Participating Transmission Owners and stakeholders.

In addition to performing inter-regional Economic Planning Studies, the Southeast Inter-Regional Participation Process will also provide a means for the Participating Transmission Owners to review, at the Southeast Inter-Regional Participation Process stakeholder

meetings, the regional data, assumptions, and assessments that are then being performed on an inter-regional basis.

### **Southeast Inter-Regional Participation Process Cycle:**

The Southeast Inter-Regional Participation Process will be performed annually. Due to the expected scope of the requested studies and size of the geographical region encompassed, the Participating Transmission Owners will perform up to five (5) inter-regional Economic Planning Studies annually, which could encompass both Step 1 and Step 2 evaluations. A Step 1 evaluation will consist of a high level screen of the requested transfer and will be performed during a single year's planning cycle. The high level screen will identify transfer constraints and likely transmission enhancements to resolve the identified constraints. The Participating Transmission Owners will also provide approximate costs and timelines associated with the identified transmission enhancements to facilitate the stakeholders' determination of whether they have sufficient interest to pursue a Step 2 evaluation. Once a Step 1 evaluation has been completed for a particular transfer, the stakeholders have the option to request a Step 2 evaluation for that transfer to be performed during the subsequent year's Inter-Regional Participation Process Cycle. If the stakeholders opt to not pursue Step 2 evaluation for the requested transfer during the subsequent year's Inter-Regional Participation Process Cycle, an Economic Planning Study of that request may be re-evaluated in the future by being submitted for a new Step 1 evaluation. In the event that the stakeholders request a Step 2 evaluation, the Participating Transmission Owners will then perform additional analysis, which may include additional coordination with external processes. The Participating Transmission Owners will then develop detailed cost estimates and timelines associated with the final transmission enhancements. The Step 2 evaluation will ensure that sufficient coordination can occur with stakeholders and among the impacted Participating Transmission Owners. In addition, the Step 2 evaluation will provide sufficient time to ensure that the inter-regional study results are meaningful and meet the needs of the stakeholders.

It is important to note that the Participating Transmission Owners expect that a Step 2 evaluation will be completed prior to interested parties requesting to sponsor transmission enhancements identified in an Economic Planning Study. However, the Participating Transmission Owners will work with stakeholders if a situation develops where interested parties attempt to sponsor projects identified in a Step 1 evaluation and there is a compelling reason (*e.g.* where time is of the essence).

### **Inter-Regional Cost Allocation:**

The cost allocation for Inter-Regional Economic Upgrade projects will be determined in accordance with the cost allocation principle adopted by each Participating Transmission Owner's Regional Planning Process in which each portion of the construction of such upgrades would occur. The cost allocation principle for each SIRPP Regional Planning Process is posted on the SIRPP website. Typically, since Inter-Regional Economic Upgrade projects will likely consist of improvements that will be physically located in the footprints of multiple Regional Planning Processes, this approach means the cost allocation for each

part of the Inter-Regional Economic Upgrade project or each project within a set of projects will be governed by the cost allocation principle adopted by the Regional Planning Process in which that part of the project or set is physically located. For example, should an Inter-Regional Economic Upgrade project consist of a single, 100 mile 500 kV transmission line, with 30 miles physically located in Regional Planning Process “A” and the remaining 70 miles located in Regional Planning Process “B,” then the cost allocation for the 30 miles of 500 kV transmission line located in Regional Planning Process “A” would be governed by that Regional Planning Process’ cost allocation principle, and the cost allocation for the other 70 miles of 500 kV transmission line would be governed by the cost allocation principle of Regional Planning Process “B.” Should an Inter-Regional Economic Upgrade project be physically located entirely within one Regional Transmission Planning process, the costs of the project would be governed by that region’s cost allocation principle.

### **Inter-Regional Coordination of Economic Transmission Project Development:**

Once an Economic Planning Study report has been finalized, multiple stakeholders may be interested in jointly participating in the project development. An Inter-Regional process addressing each such economic upgrade request will be developed that will formalize the process of determining if there is sufficient stakeholder interest to pursue economic project development and the coordination that will be required of the impacted Transmission Owners to support this process. The Participating Transmission Owners and the stakeholders will support this process development activity beginning in 2008.

### **Stakeholder Participation in the Southeast Inter-Regional Participation Process:**

#### ***Purpose***

The purpose of the SIRPPSG is to provide a structure to facilitate the stakeholders’ participation in the Southeast Inter-Regional Participation Process. Importantly, the SIRPPSG shall have the flexibility to change the “Meeting Procedures” section discussed below but cannot change the Purpose, Responsibilities, Membership, or Data and Information Release Protocol sections absent an appropriate filing with (and order by) FERC to amend the OATT.

#### ***Responsibilities***

In general, the SIRPPSG is responsible for working with the Participating Transmission Owners on Inter-Regional Economic Planning Study requests so as to facilitate the development of such studies that meet the goals of the stakeholders. The specific responsibilities of this group include:

1. Adherence to the intent of the FERC Standards of Conduct requirements in all discussions.
2. Develop the SIRPPSG annual work plan and activity schedule.
3. Propose and select the Economic Planning Study(ies) to be evaluated (five annually).
  - a. Step 1 evaluations
  - b. Step 2 evaluations



4. The SIRPPSG should consider clustering similar Economic Planning Study requests. In this regard, if two or more of the Economic Planning Study requests are similar in nature and the Participating Transmission Owners conclude that clustering of such requests and studies is appropriate, the Participating Transmission Owners may, following communications with the SIRPPSG, cluster those studies for purposes of the transmission evaluation.
5. Provide timely input on the annual Economic Planning Study(ies) scope elements, including the following:
  - a. Study Assumptions, Criteria and Methodology
  - b. Case Development and Technical Analysis
  - c. Problem Identification, Assessment and Development of Solutions  
(including proposing alternative solutions for evaluation)
  - d. Comparison and Selection of the Preferred Solution Options
  - e. Economic Planning Study Results Report.
6. Providing advice and recommendations to the Participating Transmission Owners on the Southeast Inter-Regional Participation Process.

### ***Membership***

The SIRPPSG membership is open to any interested party.

### ***Meeting Procedures***

The SIRPPSG may change the Meeting Procedures criteria provided below pursuant to the voting structure in place for the SIRPPSG at that time. The currently effective Meeting Procedures for the SIRPPSG shall be provided to the Participating Transmission Owners to be posted on the SIRPP website and shall become effective once posted on that website (<http://www.southeastirpp.com>), which postings shall be made within a reasonable amount of time upon receipt by the Transmission Owners. Accordingly, the following provisions contained under this Meeting Procedures heading provide a starting-point structure for the SIRPPSG, which the SIRPPSG shall be allowed to change.

#### **Meeting Chair**

A stakeholder-elected member of the SIRPPSG will chair the SIRPPSG meetings and serve as a facilitator for the group by working to bring consensus within the group. In addition, the duties of the SIRPPSG chair will include:

1. Developing mechanisms to solicit and obtain the input of all interested stakeholders related to inter-regional Economic Planning Studies.
2. Ensuring that SIRPPSG meeting notes are taken and meeting highlights are posted on the SIRPP website (<http://www.southeastirpp.com>) for the information of the participants after all SIRPPSG meetings.

#### **Meetings**

Meetings of the SIRPPSG shall be open to all SIRPPSG members interested in inter-regional Economic Planning Studies across the respective service territories of the Participating Transmission Owners. There are no restrictions on the number of people attending SIRPPSG meetings from any interested party.

### **Quorum**

Since SIRPPSG membership is open to all interested parties, there are no quorum requirements for SIRPPSG meetings.

### **Voting**

In attempting to resolve any issue, the goal is for the SIRPPSG to develop consensus solutions. However, in the event consensus cannot be reached, voting will be conducted with each SIRPPSG member's organization represented at the meeting (either physically present or participating via phone) receiving one vote. The SIRPPSG chair will provide notices to the SIRPPSG members in advance of the SIRPPSG meeting that specific votes will be taken during the SIRPPSG meeting. Only SIRPPSG members participating in the meeting will be allowed to participate in the voting (either physically present or participating via phone). No proxy votes will be allowed. During each SIRPP cycle, the SIRPPSG members will propose and select the inter-regional Economic Planning Studies that will be performed during that particular SIRPP cycle. The SIRPPSG will annually select up to five (5) inter-regional Economic Planning Studies, including both Step 1 evaluation(s) and any Step 2 evaluations, with any such Step 2 evaluations being performed for the previous year's Step 1 studies for the pertinent transfers. Each organization represented by their SIRPPSG members will be able to cast a single vote for up to five Economic Planning Studies that their organization would like to be studied within the SIRPP cycle. If needed, repeat voting will be conducted until there are clear selections for the five Economic Planning Studies to be conducted.

### **Meeting Protocol**

In the absence of specific provisions in this document, the SIRPPSG shall conduct its meetings guided by the most recent edition of *Robert's Rules of Order, Newly Revised*.

### ***Data and Information Release Protocol***

SIRPPSG members can request data and information that would facilitate their ability to replicate the SIRPP inter-regional Economic Planning studies while ensuring that CEII and other confidential data is protected.

### **CEII Data and Information**

SIRPPSG members may be certified to obtain CEII data used in the SIRPP by following the confidentiality procedures posted on the SIRPP website (*e.g.*, making a formal request for CEII, authorizing background checks, executing the SIRPP CEII Confidentiality Agreement, etc.). The SIRPP Participating Transmission Owners reserve the discretionary right to waive the certification process, in whole or in part, for anyone that the SIRPP Participating Transmission Owners deem appropriate to receive CEII. The SIRPP Participating Transmission Owners also reserve the discretionary right to reject a request for CEII; upon such rejection, the requestor may pursue the SIRPP dispute resolution procedures set forth below.

### **Non-CEII Confidential Information**

The Participating Transmission Owners will make reasonable efforts to preserve the confidentiality of information that is confidential but not CEII in accordance with the provisions of the Tariff and the requirements of (and/or agreements with) NERC and/or SERC, as well as any agreements with the other Participating Transmission Owners and any other contractual or legal confidentiality requirements.

Without limiting the applicability of the foregoing, to the extent confidential non-CEII information is provided in the transmission planning process and is needed to participate in the transmission planning process and/or to replicate transmission planning studies, it will be made available to those SIRPPSG members who have executed the SIRPP Non-CEII Confidentiality Agreement, which is posted on the SIRPP website. Importantly, if information should prove to contain both confidential non-CEII information and CEII, then the requirements of both this section and the previous section would apply.

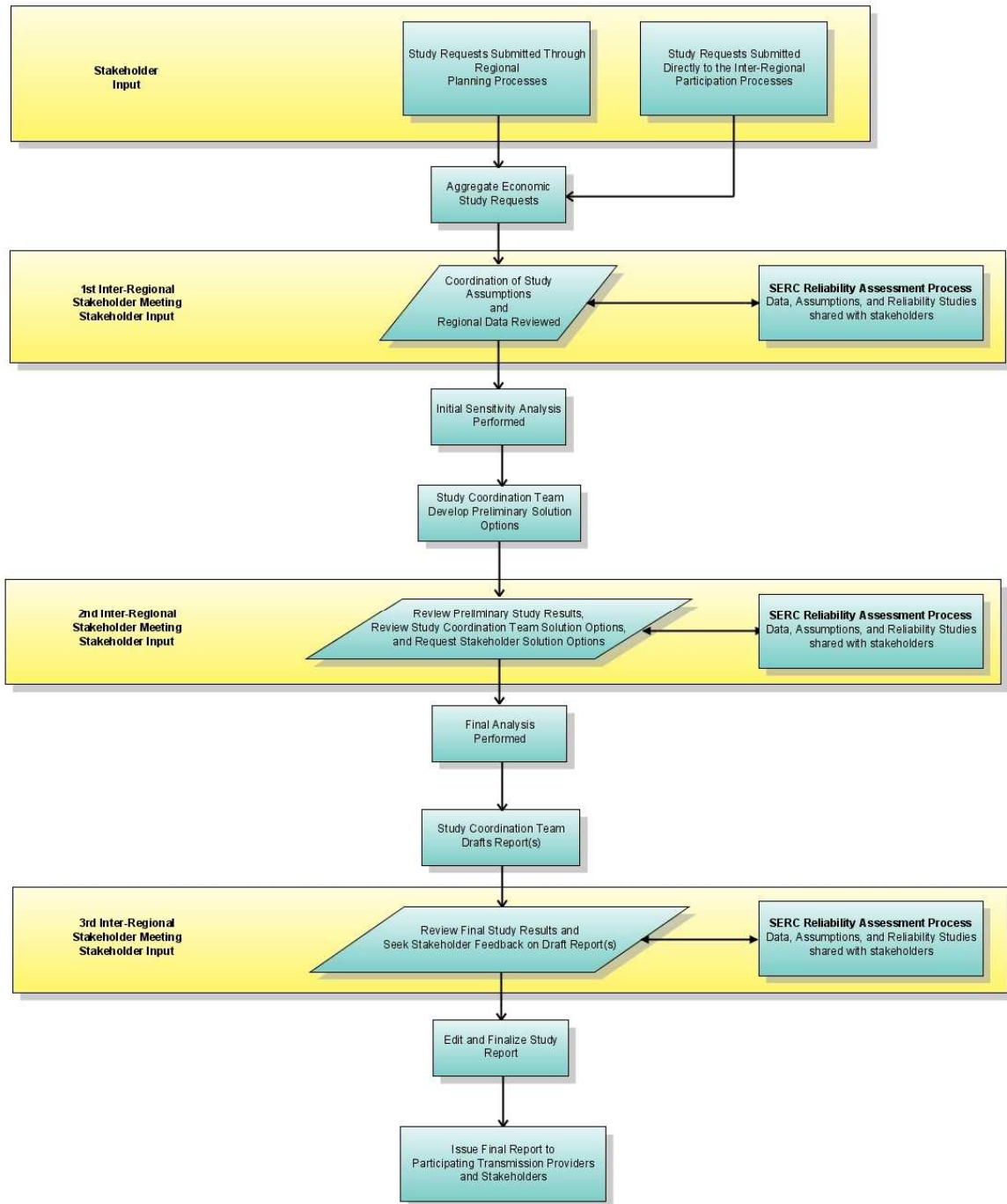
### ***Dispute Resolution***

Any procedural or substantive dispute between a stakeholder and a Participating Transmission Owner that arises from the SIRPP will be addressed by the Participating Transmission Owner's dispute resolution procedures in its respective Regional Planning Process. In addition, should the dispute only be between stakeholders with no Participating Transmission Owner involved (other than its ownership and/or control of the underlying facilities), the stakeholders will be encouraged to utilize the Commission's alternative means of dispute resolution.

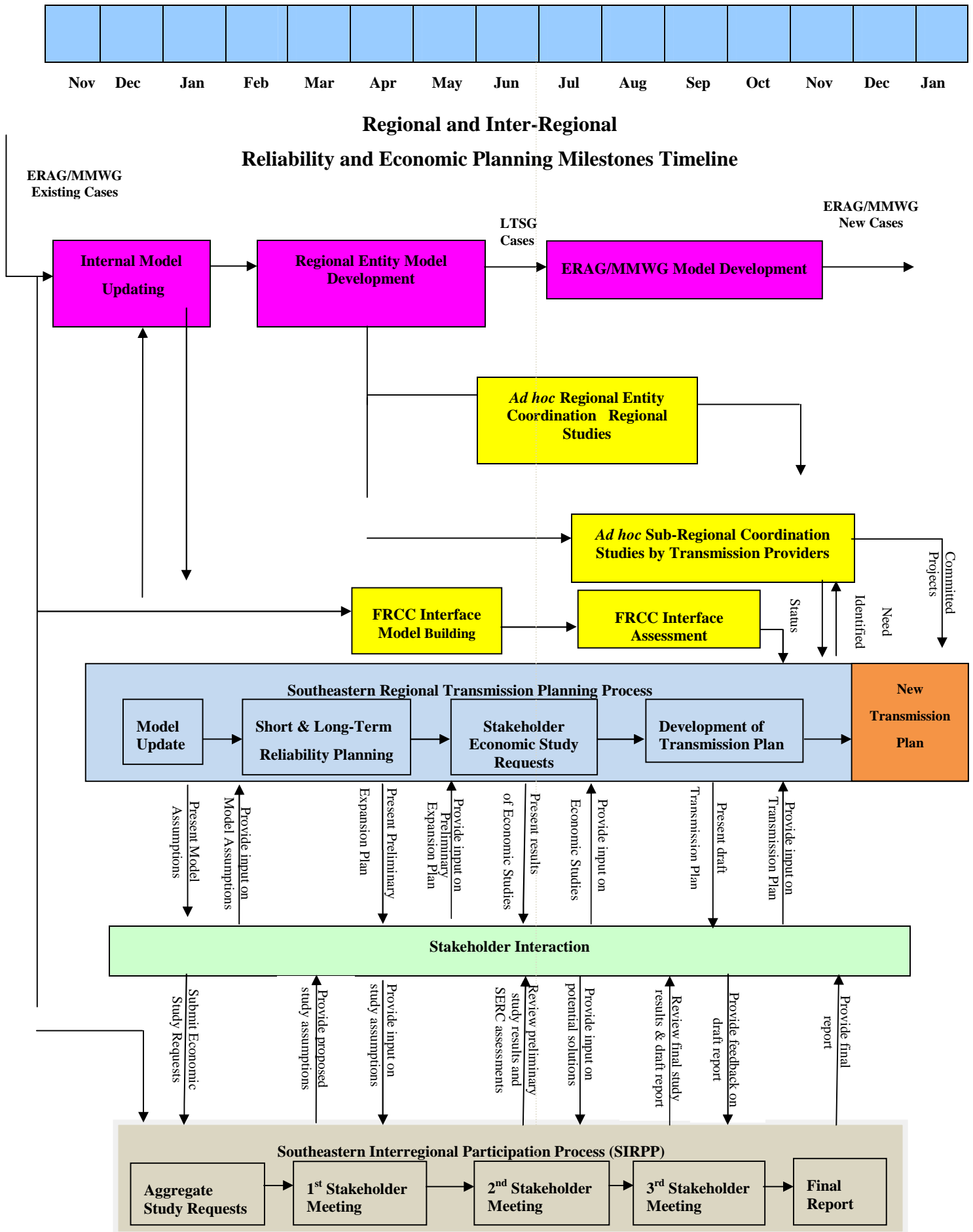
Should dispute resolution proceedings be commenced in multiple Regional Planning Processes involving a single dispute among multiple Participating Transmission Owners, the affected Participating Transmission Owners, in consultation with the affected stakeholders, agree to use reasonable efforts to consolidate the resolution of the dispute such that it will be resolved by the dispute resolution procedures of a single Regional Planning Process in a single proceeding. If such a consensus is reached, the Participating Transmission Owners agree that the dispute will be addressed by the dispute resolution procedures of the selected Regional Transmission Planning Process.

Nothing herein shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

## Southeast Inter-Regional Participation Process Diagram:



# Exhibit M-3



## **APPENDIX B1**

**Redline comparison, in RTF format, of Section 6.3 of  
OVEC's Proposed Attachment M and Section 7 of  
OVEC's Current Attachment M**

## **Principle 7: Regional Participation**

~~As an overall matter, OVEC's participation in regional planning, as described below, operates on a "bottom-up" principle—that is, individual transmission owning participants (such as OVEC) work with their stakeholders (in OVEC's case, pursuant to the procedures described in this Attachment M) to identify problems or projects which are then presented to the regional group as appropriate. The project or problem is then studied and/or acted upon pursuant to the regional group's standards using objective criteria. If a project moves forward on a regional level, costs are allocated pursuant to such regional group's cost allocation methodology (if any).~~

### **6.3 Coordination with the Other Participating Transmission Owners**

**in the Southeast Inter-Regional Participation Process:** As a current

member of ~~RFC~~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 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 Multi-regional 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 ~~the SERC Reliability Corporation (SERC)~~. Thus, given the location of OVEC facilities along the seam between MISO and PJM in RFC, and other transmission systems that are members of SERC, OVEC participates in the Southeast Inter-Regional Participation Process (“SIRPP”) in addition to the RFC efforts described above. Although OVEC initially offered to join the SIRPP as a member, after discussions with representatives of SIRPP and in light of OVEC’s uniqueness (e.g., very small load and discrete system), OVEC participates in SIRPP as a stakeholder. In accordance with the SIRPP process, stakeholders are given access to information flow and are included in the planning process without discrimination. It is expected that OVEC participation in the SIRPP will enhance coordination of OVEC planning efforts with systems to the south. The SIRPP process document, which describes stakeholder and other participation rights and other processes, is attached hereto as Exhibit ~~H~~M-2.

## **APPENDIX B2**

**Redline comparison, in RTF format, of Section 9 of  
OVEC's Proposed Attachment M and the relevant  
portion of Section 9 of OVEC's Current Attachment M**

**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), OVEC's costs associated with its transmission planning process shall be recovered through existing rate structures (through transmission rates embedded in the cost-based rates charged to its owners and their affiliates under the Commission-approved Inter-Company Power Agreement), ~~except that any Committee member requesting an economic planning study in excess of the five (5) allocated per year in the section above titled "Principle 8: Economic Planning Studies" shall be assessed directly for the cost of the study. Costs associated with participation in regional planning activities will be rolled into its existing jurisdictional cost-based rates~~ and through agreements with third parties for transmission service, including as a component of retail service agreements authorized under applicable state law).

## **APPENDIX B3**

**Redline comparison, in RTF format, of the entirety of  
OVEC's Proposed Attachment M and the entirety of  
OVEC's Current Attachment M**

~~Attachment~~ATTACHMENT M

~~Ohio Valley Electric Corporation~~

The Southeastern Regional Transmission Planning Process

~~Pursuant to the requirements of the Commission's order titled "Preventing Undue Discrimination and Preference in Transmission Service", 72 Fed. Reg. 12,266 (March 15, 2007), including amendments and guidance related thereto issued from time to time (Order No. 890), Ohio Valley Electric Corporation on behalf of itself and its wholly owned subsidiary Indiana Kentucky Electric Corporation (OVEC) includes this Attachment M to its open access transmission tariff (OATT).~~

**Background**

~~OVEC was organized and its transmission systems constructed in the years 1952-1956. OVEC was formed by various electric utility holding companies and their subsidiaries (Owners) for the express purpose of supplying the electric power requirements of a single retail customer, the predecessor to the U.S. Department of Energy's (DOE) uranium enrichment project.~~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 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

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<sup>1</sup> The Transmission Provider notes that 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, at times, a single transmission expansion plan may be common to all Sponsors. 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,

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 needs of both the Transmission Provider and its Network and Firm Point-to-Point Transmission Customers on a comparable and nondiscriminatory basis. 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.

~~(Project) located near Portsmouth, Ohio. Due to the highly critical nature of the load at the Project, stringent design criteria were adopted for planning and constructing the OVEC transmission system (OVEC System). The OVEC System also was constructed and has been operated and maintained in a coordinated manner with its neighboring systems, and every OVEC transmission substation includes at least two tie lines to neighboring, third party utilities.~~

~~— The OVEC System is primarily an extra high voltage (EHV) network. The lower voltage 138 kV facilities in the OVEC System are all associated with interconnections to the transmission systems of its Owners. In addition to those at 138 kV, OVEC's interconnections include EHV facilities. The DOE load is served from a 345 kV station~~

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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.

~~within the Project's boundaries. The Project stations are owned, operated, and maintained by DOE.~~

### **Local Transmission Planning**

~~Two double-circuit tower 345kV lines and one single-circuit 345 kV line from OVEC and its Owners' stations supply the DOE station. OVEC currently has no transmission customers (other than OVEC's own use of the OVEC System to deliver power and energy to its current Owners) and only a single bundled retail customer (DOE). Under a short-term, arranged power service agreement approved by the Public Utilities Commission of Ohio, DOE's maximum load is limited to 50 MW and its actual load is fairly predictable.~~

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 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 NERC Reliability Standards, the Transmission Provider conducts comprehensive reliability assessments and thoroughly coordinates with neighboring and/or affected transmission providers.

As provided below, 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>2</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. As provided below, the SERTP includes sufficient detail to enable Transmission Customers to understand:

~~———— As a result of the stringent criteria used in its initial system design, the coordination of its~~

- (x) The process for consulting with customers for Attachment M purposes, which is set forth in Section 1 of this Attachment M;
- (xi) The notice procedures and anticipated frequency of meetings; which is set forth in Sections 1 and 2 of this Attachment M;
- (xii) The Transmission Provider's transmission planning methodology, criteria, and processes, which are set forth in Section 3 of this Attachment M;
- (xiii) 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;
- (xiv) 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;

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<sup>2</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.



- (xv) The dispute resolution process; which is set forth in Section 5 of this Attachment M;
- (xvi) 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;
- (xvii) 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
- (xviii) 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>3</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 12 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 process subjects enrollees to cost allocation if they are found to be beneficiaries of new transmission facilities ~~with its neighboring system, and relatively predictable and limited load at the Project, it has been unnecessary to regularly carry out facility planning studies for the OVEC System. As discussed below, the OVEC System's performance is routinely assessed as part of Reliability First Corp.'s (RFC's) seasonal appraisal conducted for every upcoming summer and winter period. OVEC also participates in future system appraisals conducted by RFC, or as otherwise required by the Commission or NERC. In addition, the OVEC System's performance has been assessed as part of system impact studies carried out at the request of independent power producers seeking to connect to the OVEC System. Finally, as discussed below, OVEC as part of the required planning process would conduct additional economic planning studies as requested by stakeholders.~~ selected in the regional transmission plan for purposes

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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.

of cost allocation. The list of enrolled entities to the SERTP is posted on the Regional Planning Website. 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 16-17 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:

- (xiii) The process for enrollment and terminating enrollment in the SERTP, which is set forth in Section 12 of this Attachment M;
- (xiv) The process for consulting with customers, which is set forth in Section 1 of this Attachment M;
- (xv) The notice procedures and anticipated frequency of meetings, which is set forth in Sections 1 and 2 of this Attachment M;
- (xvi) The Transmission Provider's transmission planning methodology, criteria, and processes, which are set forth in Section 3 of this Attachment M;
- (xvii) 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;
- (xviii) The obligations of and methods for transmission customers to submit data, which are set forth in Section 4 of this Attachment M;
- (xix) 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

13-21 of this Attachment M;

(xx) 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 11 of this Attachment M;

(xxi) The dispute resolution process, which is set forth in Section 5 of this Attachment M;

(xxii) 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;

(xxiii) 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

(xxiv) 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 16-17.

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

### **Principle 1: 1. Coordination**

~~The purpose of the coordination requirement is to eliminate the potential for undue discrimination in planning by opening appropriate lines of communication between transmission providers, their transmission providing neighbors, affected state authorities, customers and other stakeholders. The Transmission Provider can meet this requirement by facilitating the formation of a permanent planning committee made up of itself, its neighboring transmission providers, affected state authorities, customers, and other stakeholders. (452)~~

~~Transmission Provider is required to craft a process that allows for reasonable and meaningful opportunity to meet or otherwise interact meaningfully. (453)~~

~~The ultimate responsibility for planning remains with the transmission providers. (454)~~

~~———— The following procedures and meetings give all interested stakeholders the opportunity to provide meaningful input into OVEC's transmission planning process, including input to the development of any transmission plans.~~

~~———— OVEC will form a planning committee (Committee) comprised of representatives (to the extent they wish to participate) from its Owners and a representative from DOE, which together comprise all of OVEC's owners and customers. In addition, representatives from the state utility commissions in which OVEC's System is located (Indiana, Kentucky and Ohio) are invited to participate. Finally, any other stakeholders may participate. All meeting notices and contact information for persons to request to join the Committee will be posted on OVEC's OASIS. Correspondence with OVEC by the Committee may be conducted via electronic mail or any other written materials.~~

~~———— The Committee will meet at least twice a year to develop the annual OVEC transmission plan. The plan will consider projected transmission needs up to 10 years in the~~

~~future. The first Committee meeting will take place on April 1, 2008, and will be repeated annually on that date or another suitable date selected by OVEC with at least 30 days notice to the Committee. At that meeting, OVEC will present its latest transmission plan, as well as request information from the Committee on what projects, expansions, or other considerations should be taken into account in developing the next transmission plan.~~

~~—————Committee members will have thirty (30) days from the date of the annual meeting in which to submit written comments or other information for the next transmission plan. In particular, customers and stakeholders (including sponsors of transmission solutions, generation solutions, and solutions utilizing demand resources) may submit information for consideration in the annual transmission plan such as load forecast, generation requirements, generation retirements, generation outage schedules, demand response availability (including demand resources available to reduce demand for interconnected entities), distribution construction programs, and any other relevant information as it deems necessary or appropriate to the proposed transmission plan (including alternative proposals) and each entity proposing alternative solutions will be given equal opportunity to participate. Any entity proposing alternatives must complete a description thereof with reasonable detail, which will be posted on OASIS. If any proposals or other data is not submitted in a timely manner pursuant to the planning process, then such proposals or data may not be able to be incorporated into the then-current planning cycle, although it will be included in the next annual proposal and planning cycle, as applicable.~~

~~———— The second Committee meeting will take place on October 1, 2008, and will be repeated annually on that date or another suitable date selected by OVEC with at least 30 days notice to the Committee. At that meeting, OVEC will finalize the transmission plan for the current year; provided that, at least 30 days prior to the date of such meeting, OVEC shall provide a draft of the proposed final transmission plan to the Committee for its review and comment. To the extent feasible, OVEC will include all Committee comments, and as it deems reasonable incorporate such comments, in OVEC's transmission plan as soon as reasonably practicable.~~

~~———— In addition, the Committee may meet more frequently as necessary for planning purposes; provided that, the Committee members will be given at least ten (10) days' prior notice of any meeting and be given the opportunity to participate and/or submit written comments or other information before or after such meeting. All Committee meetings and review of Committee comments will be conducted in a non-discriminatory manner.~~

The following items will be addressed in developing OVEC's transmission plan:

- ~~•———— Review of recent operating conditions, such as NERC Transmission Loading Relief events, and MISO and PJM LMP binding constraints that may indicate developing reliability concerns on the OVEC system;~~
- ~~•———— Requests for connection to OVEC facilities;~~
- ~~•———— Requests for service into, out of or through the OVEC Transmission system;~~

- ~~Projections of future load or generation changes within OVEC;~~
- ~~Projections of OVEC major transmission equipment or systems approaching end-of-useful life; and~~
- ~~To the extent possible, review of the above items will include similar information in the adjacent portions of the directly connected Sponsors systems.~~

~~In addition, as a member of RFC, OVEC participates in RFC's regional assessment processes as applicable, including the process for consolidating and sharing power flow information and any other processes developed in compliance with Order No. 890. The Committee will be provided with drafts of any transmission planning proposals (or changes to previous proposals) and the expected timing of implementation of such proposals (as reasonably practicable based on RFC requirements) in order to permit the Committee to comment on such proposals and timing. Consistent with FERC requirements, additional information may be made available to the Committee, subject to applicable confidentiality and CEII requirements. RFC related filings also would be discussed at the annual meeting of the Committee.~~

## **Principle 2: Openness**

*~~Transmission planning meetings are required to be open to all affected parties including, but not limited to, all transmission and interconnection customers, state commissions, and other stakeholders. (460)~~*

*~~Transmission Provider in consultation with affected parties, are to develop mechanisms to manage confidentiality and CEII concerns. (460)~~*

~~As discussed above, all Committee meetings and the ability to submit comments are open to all stakeholders. OVEC will use a confidentiality agreement to address sharing of Critical Energy Infrastructure Information (CEII) and/or confidential information. If an entity wishes to participate in the Committee meetings, or to receive information provided to or by the Committee, it will be granted access to all non-CEII and non-confidential information. If the entity requesting participation executes a form confidentiality agreement (to be provided by OVEC after any valid request to join the Committee), it will be granted access to CEII and confidential information. OVEC will put into place appropriate procedures to allow entities that have not executed the form confidentiality agreement access to non-CEII and non-confidential information, such as by creating a separate section~~



~~of its OASIS site with restricted access for CEII or confidential information and/or by structuring meetings to have separate discussion of issues involving CEII or confidential information with only those participants who have executed the confidentiality agreement. OVEC also will comply with the Commission's requirements regarding the use and dissemination of Critical Energy Infrastructure Information (CEII), subject to the provision of CEII information requests under 18 C.F.R. § 388.113 or a Freedom of Information request under 18 C.F.R. § 388.108.—~~

~~———OVEC is also working with its OASIS provider to set up a separate secure section for the dissemination of information to and from the Committee.~~

### **Principle 3: Transparency**

~~Transmission Provider disclose to all customers and other stakeholders the basic criteria, assumptions, and data that underlie their transmission system plans. (471)~~

~~Transmission Providers are required to reduce to writing and make available the basic methodology, criteria, and processes they use to develop their transmission plans, including how they treat retail native loads. (471)~~

~~Transmission Providers required to make available information regarding the status of upgrades identified in their transmission plans in addition to the underlying plans and related studies. (472)~~

~~Form 715 is an insufficient basis for broad transmission planning proposes and must be supplemented by additional assumptions and data.(477)~~

~~Require disclosure of criteria, assumptions, data and other information that underlie transmission plans.(478)~~

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 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. Requests that are inter-regional in nature will be addressed in the Southeast Inter-Regional Participation Process. 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>4</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 will be implemented the following calendar year).<sup>5</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

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<sup>4</sup> As indicated *infra* at footnote 1, references in this Attachment M to a transmission "plan," "planning," or "plans" should be construed in the singular or plural as may be appropriate in a particular instance. Likewise, the reference to a plan or plans may, depending upon the circumstance, be a reference to a regional transmission plan required for purposes of Order No. 1000. 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>5</sup> A transmission expansion plan completed during one calendar year (and presented to Stakeholders at that calendar year's Annual Transmission Planning Summit) is implemented 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.

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.

~~————OVEC's transmission system planning guidelines are available on OVEC's OASIS. These guidelines outline the basic criteria, assumptions, and data that underlie transmission planning for the OVEC System, including:~~

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. 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. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders as they become available from the Southeast Inter-Regional Planning Participation Process. 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 results for such studies that are inter-regional in nature will be reported to the RPSG and interested Stakeholders as they

become available from the Southeast Inter-Regional Planning Participation Process. The Transmission Provider will also provide an overview of the ten (10) year transmission expansion plan, the results of that year's coordination study activities with the FRCC transmission providers, and the results of any *ad hoc* coordination study activities. 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 Florida Reliability Coordinating Council ("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. The RPSG is also encouraged to coordinate with stakeholder groups in the area covered by the Southeast Inter-Regional Participation Process regarding requests for Economic Planning Studies that are inter-regional in nature. 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>6</sup>

(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.

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<sup>6</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.

**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>7</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 certified to receive Critical Energy Infrastructure Information (“CEII”), and other transmission planning-related information will be posted on the

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<sup>7</sup> As previously discussed, the Transmission Provider expects that the other Sponsors will also be hosts and sponsors of these activities.

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.).
- 
- ~~Adherence to NERC and RFC reliability standards;~~
- ~~Treatment of native load;~~

- ~~• Transmission contingencies and monitored facilities;~~
- ~~• Thermal and voltage limits;~~
- ~~• Generation dispatch assumptions;~~
- ~~• Minimum operating voltage at generators; and~~
- ~~• Other modeling considerations.~~

## 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;

~~The transmission system planning guidelines have been designed to allow others to replicate the OVEC transmission planning process. Power flow models used in OVEC planning studies are based on the models used in RFC studies, or as submitted in Part 2 of FERC Form 715. As all OVEC facilities fall within the definition of Bulk Electric System facilities, these models contain a complete representation of the OVEC transmission system. All of the underlying assumptions used in developing the transmission plan, along with information on how to obtain access to CEII modeling data will be available on OVEC's OASIS.~~

2. Could be useful to a person planning an attack on critical infrastructure;

~~—————To the extent that updated modeling information is received from other stakeholders in the course of the planning process, this information will be made available to the Committee, subject to applicable confidentiality and CEII requirements.~~

3. Is exempt from mandatory disclosure under the Freedom of Information Act; and

~~—————A flow chart of OVEC's transmission system planning process is attached hereto as Exhibit I.~~

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 with the sponsors of the Southeast Inter-Regional Participation Process (“SIRPP”), 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 system 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) Current software titles and version numbers used for transmission analyses by the Transmission Provider.

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. 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 10 calendar days prior to the Second RPSG Meeting.

6. At the Annual Transmission Planning Summit, the ten (10) year transmission expansion plan that will be implemented the following year will be presented to the Stakeholders. The Transmission Planning Summit presentations and the (10) year transmission expansion plan will be posted on the Regional Planning Website at least 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-3.

~~OVEC will also post on its OASIS, every six months or more often, updates on the status of all transmission expansion and transmission improvement projects on the OVEC System, including current, projected completion dates.~~

#### **Principle 4: Information Exchange**4. Information Exchange

~~Transmission Providers, in consultation with their customers and other stakeholders, required to develop guidelines and a schedule for the submittal of information. The information exchanges principles are for both network and point-to-point transmission customers. (486)~~

~~Transmission Providers, in consultation with their customers and other stakeholders, required to develop guidelines and a schedule for the submittal of~~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 ~~the~~ transmission providers in planning for their native load. ~~The information exchanges principles are for both network and point-to-point transmission customers. In order for the Final Rule's planning processes to be open and transparent as possible, the information collected by transmission providers to provide transmission service to their native load customers must be transparent and, to that end, equivalent information must be provided by transmission customers to ensure effective planning and comparability. We clarify that the information must be made available at~~  
~~regular intervals to be identified in advance. The information exchange should be a continual process, the frequency of which should be addressed in the transmission provider's compliance filing required by this Final Rule. However, we expect that the~~

~~frequency and planning horizon will be consistent with the ERO requirements. (480, 486) We also believe that it is appropriate to require point-to-point customers~~ Transmission Customers having Service Agreements for Point-To-Point Transmission Service are required to submit any projections they have ~~of a need for service over the planning horizon and at what receipt and delivery points. To the extent applicable, transmission customers also should provide information on existing and planned demand resources and their impacts on demand and peak demand. In addition, stakeholders should provide proposed demand response resources if they wish to have them considered in the development of the transmission plan. (487)~~ 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.

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~~OVEC currently has no network transmission customers. To the extent in the future OVEC has any network transmission customers, those customers would be required pursuant to the terms of their network service agreement to provide annual updates of their network resource availability forecast (e.g., all planned resource outages, including off-line and on-line dates) for the following year. Network transmission customers would also be~~

~~required to inform OVEC, in a timely manner, of any changes to such customer's network resource availability forecast. In addition to the information required under the network service agreement, for the purposes of transmission planning, all network transmission customers would be required to provide annual load forecasts for the next ten years.~~

~~————— The primary focus for transmission planning on OVEC's transmission system is contracted, long-term firm usage. However, OVEC invites firm point-to-point customers and bundled retail customers to provide information regarding any projected usage that will exceed five years, as well as information regarding planning (including any proposed projects) relating to portions of the bulk transmission system owned or operated by such retail customers. OVEC also invites owners or operators of electric generation facilities located within or near OVEC's transmission system to provide any relevant information about their planning or projections, subject to and in accordance with any confidentiality or requirements under applicable Standards of Conduct. Customers or others providing such information would be required to inform OVEC, in a timely manner, of any changes to such customer's forecast or other information.~~

### **Principle 5: Comparability**

*Transmission Providers, after considering the data and comments supplied by customers and other stakeholders, are to develop a transmission system plan that (1) meets the specific*

~~service requests of its transmission customers, and (2) otherwise treats similarly situated customers comparably in transmission system planning. (494)~~

~~Customer demand resources should be considered on a comparable basis to the service provided by comparable generation resources where appropriate. (494)~~

~~—————OVEC notes that currently OVEC is the sole transmission customer requesting service on the OVEC System, and OVEC has no network transmission customers. However, to the extent network customers request service over the OVEC System in the future, they, as well as OVEC's native load, will be treated comparably for the purposes of transmission planning for all network customers.~~

In accordance with the principles and procedures set forth in Principle 1: Coordination, OVEC's planning process is an objective process that evaluates use of the transmission system on a comparable basis for all customers. All proposals and alternatives from stakeholders that are presented on a timely basis (in accordance with the process set forth in Principle 1: Coordination), including transmission solutions, generation solutions and solutions utilizing demand response resources, whether presented by OVEC or a stakeholder, will be evaluated on a comparable basis. The same criteria and evaluation process will be applied to competing solutions and/or projects, regardless of type or class of stakeholder. Transmission plans will be technology neutral, balancing costs, benefits and risks associated with the use of various transmission, generation, and demand resources to meet the needs of transmission customers and the OVEC System. Alternatives will be evaluated against one another on the basis of the following criteria to select the preferred solution or combination of solutions: (1) ability to practically fulfill the identified need; (2) ability to meet applicable reliability criteria or NERC Planning Standards; (3) technical, operational and financial feasibility; (4) operational benefits/constraints or issues; (5) cost-effectiveness over the time frame of the study or the life of the facilities, as appropriate (including adjustments as necessary for operational benefits/constraints or issues, including dependability); and (6) where applicable, consistency with State or local **integrated resource planning** requirements, or regulatory requirements, including cost recovery through regulated rates.

**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.

**Principle 6: Dispute Resolution**5. Dispute Resolution

*Transmission Providers required to develop a dispute resolution process to manage disputes  
that arise from the Final Rule's planning process. (501)*

*If an existing dispute resolution process is relied upon,*

5.1 Negotiation: Any substantive or procedural dispute between the  
Transmission Provider *must specifically address how its procedures will be  
used to address planning disputes. (501)*

*The dispute process shall address both substantive and procedural planning issues. (501)*

*The dispute resolution process should be a three step process consisting of negotiation,  
mediation, and arbitration. (503)*

~~Any dispute, claim or controversy between OVEC and any applicable  
stakeholder regarding application of, or results from, the transmission planning procedures  
set forth in this Appendix K (each a "Dispute") shall be resolved in accordance with the  
procedures set forth below. For the avoidance of doubt, any dispute between OVEC and a~~

~~transmission customer relating to transmission service or any other service provided, or activity performed, under any other portion of OVEC's Open Access Transmission Tariff shall be resolved pursuant to the dispute resolution provisions of such tariff.~~

~~A. \_\_\_\_\_ Notice of Dispute. In the event of a Dispute, any party to the Dispute may provide written notice to the other parties to the Dispute, including a description of the nature of the Dispute.~~

~~B. \_\_\_\_\_ Dispute Resolution by Representatives. The parties to the Dispute shall first refer the Dispute to their respective representatives who shall negotiate in good faith to resolve the Dispute.~~

~~C. \_\_\_\_\_ Dispute Resolution by Executive Management Representatives. If the Dispute is not resolved within fifteen (15) days of being referred to the disputing parties' representatives pursuant to subsection B above, then each party shall have five (5) days to appoint an executive management representative who shall negotiate in good faith to resolve the Dispute.~~

~~D. \_\_\_\_\_ Dispute Resolution by Mediation. If the parties' executive management representatives are unable to resolve the Dispute within thirty (30) days of their appointment, the parties shall proceed in good faith to submit the matter to a mediator mutually acceptable to the disputing parties. The parties will share equally in the cost of~~

~~such mediation, which will be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association.~~

~~E.                      Arbitration or FERC Complaint Process. If the parties are unable to resolve the Dispute within thirty (30) days after the appointment of a mediator pursuant to subsection D above, then the Dispute shall be resolved either through a formal proceeding at the Commission pursuant to Section 205 or 206 (as applicable) or through the following binding arbitration procedure.~~

~~1.                      Choice of Arbitrator(s). Any arbitration initiated under subsection E shall be conducted before a single neutral arbitrator appointed by the disputing parties. If the disputing parties fail to agree upon a single arbitrator within ten (10) days of the referral of the Dispute to arbitration, each disputing party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. The arbitrator(s) shall provide each of the disputing parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.~~

~~2.                      Arbitration Decisions. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the disputing parties in writing of such decision and the reasons therefore. The decision of the arbitrator(s) shall be~~

~~final and binding upon the disputing parties, and judgment on the award may be entered in any court having jurisdiction; provided, to the extent the final decision of the arbitrator(s) affects jurisdictional rates, terms and conditions of service or facilities, it must also be filed with the Commission consistent with applicable law, and its effectiveness is contingent upon applicable filing and acceptance provisions, if any, of applicable law. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act.~~ 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 or other Participating Transmission Owners of the Southeast Inter-Regional Participation 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.

~~3. Costs. Each disputing party~~**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 ~~arbitration process and for the following costs, if applicable:~~

- ~~• the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or~~
- ~~• one half of the cost of the single~~

~~arbitrator jointly chosen by the disputing parties~~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.

~~F. Notwithstanding these Dispute Resolution procedures,~~5.4 Rights under the  
Federal Power Act: Nothing in this section shall restrict the rights of any  
party to ~~a Dispute retains its rights to file a complaint pursuant to Section~~  
~~206~~file a Complaint with the Commission under relevant provisions of the  
Federal Power Act.

**Principle 7: 6. Regional Participation<sup>8</sup>**

~~In addition to preparing a system plan for its own control area on an open and~~  
~~nondiscriminatory basis, each~~6.1 General: The Transmission Provider ~~is~~  
~~required to coordinate~~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. ~~(523)~~

~~The regional planning processes must be open and inclusive and address both reliability  
and economic considerations. (528)~~

~~As an overall matter, OVEC's participation in regional  
planning, as described below, operates on a "bottom up" principle—that is, individual  
transmission-owning participants (such as OVEC) work with their stakeholders (in OVEC's  
case, pursuant to the procedures described in this Attachment M) to identify problems or  
projects which are then presented to the regional group as appropriate. The project or  
problem is then studied and/or acted upon pursuant to the regional group's standards using  
objective criteria. If a project moves forward on a regional level, costs are allocated  
pursuant to such regional group's cost allocation methodology (if any).~~

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<sup>8</sup> In accordance with Order No. 1000, this planning principle only applies to the Transmission  
Provider's local transmission planning process.

## **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 regional 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.

## **As a 6.3 Coordination with the Other Participating Transmission**

**Owners in the Southeast Inter-Regional Participation Process:** As a

current member of ~~RFC~~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 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 Multi-regional 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 ~~the SERC Reliability Corporation (SERC)~~. Thus, given the location of OVEC facilities along the seam between MISO and PJM in RFC, and other transmission systems that are members of SERC, OVEC participates in the Southeast Inter-Regional Participation Process (“SIRPP”) in addition to the RFC efforts described above. Although OVEC initially offered to join the SIRPP as a member, after discussions with representatives of SIRPP and in light of OVEC’s uniqueness (e.g., very small load and discrete system), OVEC participates in SIRPP as a stakeholder. In accordance with the SIRPP process, stakeholders are given access to information flow and are included in the planning process without discrimination. It is expected that OVEC participation in the SIRPP will enhance coordination of OVEC planning efforts with systems to the south. The SIRPP process document, which

describes stakeholder and other participation rights and other processes, is attached hereto as Exhibit ~~H~~M-2.

### **Principle 8: Economic Planning Studies**

~~The planning process retains a congestion study principle for the transmission planning process and must consider both reliability and economic considerations. (542)~~

~~Transmission Providers, in consultation with their stakeholders during the development of the Attachment M compliance filings, are directed to develop a means to allow the Transmission Provider and stakeholders to cluster or batch requests for economic planning studies so that the Transmission Provider may perform the studies in the most efficient manner. (546)~~

~~Stakeholders shall have the right to request a defined number of high priority studies (5-10 annually) to address congestion and/or integration of new resources or loads. The costs of this defined number of high priority studies would be recovered as part of the overall pro forma OATT cost of service. Once requested, the transmission provider would conduct the studies, including appropriate sensitivity analyses, in a manner that is open and coordinated with the affected stakeholders. (547)~~

~~The study process should encompass the study of upgrades to integrate new generation resources or loads on an aggregated or regional basis. (548)~~

~~Requests for economic planning studies and the responses to the requests shall be posted on~~

### **6.4 Reliability Planning Process.**

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

**6.4.2 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 (or other applicable NERC region's) 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 on both (a) a local and regional level (*e.g.* Southeastern Regional Transmission Planning level) and (b) an inter-regional (*e.g.* SERC-wide level).

(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, North American Electric Reliability Corporation ("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 Multiregional Modeling Working Group (“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 inter-regional 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.

#### **6.4.3 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 (or other applicable NERC region’s) 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 (or other applicable NERC region'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, 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 ~~OASIS or website.~~(546)

~~The Transmission Provider should be obligated to study the cost of congestion only to the extent it has the information to do so. If stakeholders request that a particular congested area be studied, they must supply relevant data within their possession to enable the transmission provider to calculate the level of congestion costs that is occurring or is likely to occur in the near future, . . . providing for confidential treatment and application of the Standards of Conduct. Transmission Provider must clearly define the information sharing obligations placed on customers in the planning attachments in the pro forma OATT. (550)~~

~~—————Committee members may collectively request up to five (5) economic planning studies per year. Multiple study requests within the same 60 day period will be clustered. The costs of such planning studies, to the extent possible, will be included in OVEC's transmission rates. If Committee members request any economic planning studies above the five (5) allocated per year, then the requesting Committee member will be assessed directly for the cost of the additional study.~~

~~—————Economic planning studies may be used to evaluate: (i) network additions or upgrades that are not required to maintain NERC or RFC standards of reliability on the OVEC System, or to accommodate a request for interconnection or transmission service, but that may alleviate significant and/or recurring congestion on some portion of the transmission system; (ii) network additions or upgrades necessary to integrate new generation resources or load on the transmission system other than as necessary to accommodate a request for interconnection or transmission service; or (iii) network additions or upgrades necessary to integrate any new resource on the transmission system.~~

~~———OVEC will post on its OASIS site any request for economic planning studies and responses to such requests.~~

~~———OVEC will perform the economic planning studies to the extent it has the data necessary to perform such a study. OVEC may solicit the requesting customer(s), Committee members or others for additional information and data necessary to perform the requested economic planning study. Such information and data including the results of any studies will be subject to confidentiality provisions, and/or Standards of Conduct, as appropriate.~~

~~———In addition to evaluating potential network additions or upgrades, the economic planning study will evaluate which customer(s) will receive the primary benefit of such upgrades or additions. Such evaluation will include network response studies, sometimes referred to as Distribution Factor (DFAX) or Line Outage Distribution Factor (LODF) methods to identify the beneficiaries of the proposed changes.~~

~~———The performance of any economic planning study would be used for evaluation purposes only. OVEC shall not have any obligation to build any network additions or upgrades identified by the economic planning studies. OVEC notes that, consistent with Order No. 890, the study of economic planning proposals does not represent an endorsement by OVEC of such proposals or require OVEC to commit to fund any such proposals.~~

## **~~Principle 9: Cost Allocation for New Projects~~**

~~Planning process must address the allocation of costs of new facilities (stakeholders and Transmission Providers are permitted to determine their own specific criteria). (557 & 558)~~

~~Guidance for cost allocation method: (1) whether it fairly assigns costs among participants, (2) whether it provides adequate incentives to construct new transmission, (3) whether it is generally supported by state authorities and participants across the region. (559)~~

~~Each region should address these issues up front, at least in principle, rather than having them reiterated each time a project is proposed. (561)~~

~~—— If a network upgrade or addition is identified in an economic planning study, and if such addition or upgrade is then approved for construction, then the entity or entities requesting the upgrade and all customers benefiting from such upgrade shall jointly agree as to how the costs of the upgrade shall be allocated among the entities identified in the economic planning study as receiving the primary benefit of such upgrade.~~

~~—— Consistent with Order No. 890, the above cost allocation principles are not applicable to existing mechanisms for cost allocation, including allocation of costs to~~

~~interconnection or transmission customers requesting such services. In addition, these cost allocation criteria do not apply to network upgrades or additions necessary to maintain OVEC's transmission system reliability pursuant to NERC or RFC standards.~~

~~—— Notwithstanding the above cost allocation principles or the results of the study identifying the entities benefiting from such upgrades, OVEC shall under no circumstances be required to build any economic planning upgrades unless OVEC has reasonable proof of the guarantee of the payment of all costs related to such upgrades from the entities requesting or benefiting from such upgrades to assure that OVEC is not responsible for any of the costs of the upgrades. Such guarantee may take the form of prepayment of all costs or a suitable guarantee from a creditworthy counterparty.~~

input into the SERC (or other applicable NERC region's) regional model development for the following year); FRCC model development; and any *ad hoc* coordination studies.

(a)(ii) **Participation Through the SIRPP:** As shown on the Southeast Inter-Regional Participation Process Diagram contained in Exhibit M-2, the particular activities that the SIRPP sponsors coordinate are the preparation of the inter-regional Economic Planning Studies addressed in Section 7 below and in Exhibit M-2. In addition, the SIRPP sponsors will review with stakeholders the data, assumptions, and assessment that are then being conducted on a SERC-wide basis at: the 1<sup>st</sup> Inter-Regional Stakeholder Meeting; the 2<sup>nd</sup>

Inter-Regional Stakeholder Meeting; and the 3<sup>rd</sup> Inter-Regional Stakeholder Meeting.

(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.

**6.5 Timeline and Milestones:** The general timelines and milestones for the performance of the reliability planning activities are provided in Exhibit M-3, 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. Requests that are inter-regional in nature will be addressed in the SIRPP. Accordingly, it is expected that the RPSG will coordinate with other inter-regional stakeholders regarding Economic Planning Studies that are inter-regional in nature.

**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. It should again be noted that requests that are inter-regional in nature will be addressed in the SIRPP.

**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. It is foreseeable that clustering of requests may occur during the SIRPP.

**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. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders and posted as they become available from the SIRPP. 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 10 calendar days prior to the Transmission Planning Summit. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders and posted as they become available from the SIRPP.
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>9</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 transmission service under other arrangements.

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<sup>9</sup> In accordance with Order No. 1000, this planning principle only applies to the Transmission Provider's local transmission planning process.

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 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), OVEC's costs associated with its transmission planning process shall be recovered through existing rate structures (through transmission rates embedded in the cost-based rates charged to its owners and their affiliates under the Commission-approved Inter-Company Power Agreement and through agreements with third parties for transmission service, including as a component of retail service agreements authorized under applicable state law).

## **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 and federal laws and/or regulations ("Public Policy Requirements") in its routine planning, design, construction, operation, and maintenance of the Transmission System. In this regard, the Transmission Provider addresses transmission needs driven by the

Public Policy Requirements of load serving entities and wholesale transmission customers through the planning for and provision of long-term firm transmission services to meet i) native load obligations and ii) wholesale Transmission Customer obligations under the Tariff.

## **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 transmission needs driven by Public Policy Requirements that are proposed by a Stakeholder, the Stakeholder must provide the following information via a submittal to the Regional Planning Website:

1. The applicable Public Policy Requirement, which must be a requirement established by an enacted state or federal law(s) and/or regulation(s); and
2. An explanation of the possible transmission need driven by the Public Policy Requirement identified in the immediately above subsection (1) (e.g., the situation or system condition for which possible solutions may be needed, as opposed to a specific transmission project) and an explanation and/or demonstration that the current iteration of the transmission expansion plan(s) does not adequately address that need.

**10.2.2 Deadline for Providing Such Information:** Stakeholders that propose a 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

60 calendar days after the SERTP Annual Transmission Planning Summit and Input Assumptions Meeting for the previous transmission planning cycle. That information is to be provided in accordance with the contact information provided on the Regional Planning Website.

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

**10.3.1** In the transmission planning process for that planning cycle, the Transmission Provider will evaluate Stakeholder input to determine if there is a transmission need driven by the Public Policy Requirement identified by the Stakeholder in Section 10.2 that should be addressed in the transmission expansion plan.

**10.3.2** If a transmission need is identified that is not already addressed in the transmission expansion planning process, the Transmission Provider will identify a transmission solution to address the aforementioned need in the planning processes.

**10.3.3** Stakeholder input regarding potential transmission needs driven by Public Policy Requirements may be directed to the governing Tariff process as appropriate. For example, if the potential 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.

**10.4 Posting Requirement:** The Transmission Provider will provide and post on the Regional Planning Website a response to Stakeholder input regarding transmission needs driven by Public Policy Requirements.

## **11. Merchant Transmission Developers Proposing Transmission Facilities**

**Impacting the SERTP:** Merchant transmission developers not seeking regional cost allocation pursuant to Sections 15-21 ("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.

## **12. Enrollment**

**12.1 General Eligibility for Enrollment:** A public utility or non-public utility transmission service provider and/or transmission owner having a statutory or tariff obligation to ensure that adequate transmission facilities exist within a portion of the SERTP region may enroll in the SERTP. Such transmission 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.

## **12.2 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 plan for regional cost allocation purposes (“RCAP”) pursuant to Sections 15-21, 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 plan for RCAP if it, an affiliate, subsidiary, member, owner or parent company has load in the SERTP.

## **12.3 Means to Enroll:** A public utility or non-public utility transmission service

provider or transmission owners may provide an application to enroll in accordance with Sections 12.1 and 12.2 above, by executing the form of enrollment posted on the Regional Planning Website. The Transmission Provider is deemed to have enrolled for purposes of Order No. 1000 through this Attachment K.

## **12.4 List of Enrollees in the SERTP:** The Transmission Provider will post and

keep current on the Regional Planning Website a list of the public utility and non-public utility transmission service providers and transmission owners who have enrolled in the SERTP (“Enrollees”).

## **12.5 Enrollment, Cost Allocation Responsibility, and Conditions Subsequent:**

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 new transmission project(s) selected in the regional transmission plan for RCAP; provided, that once enrolled,



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 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. The withdrawing Enrollee will be subject to regional and interregional cost allocations, if any, to which it had agreed and that were determined in accordance with this Attachment M during the period in which it was enrolled and was determined to be a beneficiary of new transmission facilities selected in the regional transmission plan for RCAP. Any withdrawing Enrollee will not be allocated costs for projects selected in a regional transmission plan for RCAP after its termination of enrollment becomes effective in accordance with the provisions of this Section 12.5.

**12.6 Notification of Withdrawal:** An Enrollee wanting to terminate its enrollment in the SERTP may do so by providing written notification of such intent to the Transmission Provider. Except for non-public utilities terminating pursuant to Section 12.5 above, the termination will 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. The withdrawing Enrollee will be subject to regional and interregional cost

allocations, if any, to which it had agreed and that were determined in accordance with this Attachment M during the period in which it was enrolled and was determined to be a beneficiary of new transmission facilities selected in the regional transmission plan for purposes of cost allocation. Any withdrawing Enrollee will not be allocated costs for projects selected in a regional transmission plan for RCAP after its termination of enrollment becomes effective in accordance with the provisions of this Section 12.6.

### **13. Qualification Criteria to Submit a Regional Transmission Project Proposal for Potential Selection in a Regional Transmission Plan for Purposes of Cost Allocation**

**13.1 Transmission Developer Qualification Criteria:** While additional financial and technical criteria may be required to be satisfied in order for a proposed transmission project to be selected and/or included in a regional plan for RCAP, a transmission developer must satisfy the following, initial qualification criteria to be eligible to propose a transmission project for potential selection in a regional transmission plan for RCAP.<sup>10</sup>

**13.1.1** If the transmission developer or its parent 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 12.2.

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<sup>10</sup> The regional cost allocation process provided hereunder in accordance with Sections 13-21 does not undermine the ability of the Transmission Provider and other entities to negotiate alternative cost sharing arrangements voluntarily and separately from this regional cost allocation method.

13.1.2 In order to be eligible to propose a transmission project for consideration for selection in a regional plan for RCAP, the transmission developer must demonstrate that it satisfies the following, minimum financial capability and technical expertise requirements:

4. The transmission developer has and maintains a credit rating of BBB- or higher from Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), or a credit rating of Baa3 or higher from Moody's Investors Service, Inc. In addition, the transmission developer's parent company's credit rating may be used to satisfy this requirement but only if the parent company commits in writing to provide a guaranty for the transmission developer if the proposed transmission project is selected in a regional plan for RCAP;<sup>11</sup>
5. The transmission developer provides documentation of its capability to finance U.S. energy projects equal to or greater than the cost of the proposed transmission project; and
6. The transmission developer has the capability to develop, construct, operate, and maintain U.S. electric transmission projects of similar or larger complexity, size, and scope as the proposed project. The transmission developer must demonstrate such capability by providing, at a minimum, the following information:
  - a. A summary of the transmission developer's: 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. This may include projects and experience provided by a parent company or

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<sup>11</sup> If a project is selected in a regional plan for RCAP, having a BBB- and/or a Baa3 rating alone will not be sufficient to satisfy the requisite project security/collateral requirements.

affiliates or other experience relevant to the development of the proposed project; and

- b. If it or a parent, owner, affiliate, or member has been found in violation of any NERC and/or Regional Entity reliability standard and/or the violation of regulatory requirement(s) pertaining to the development, construction, ownership, operation, and/or maintenance of electric infrastructure facilities, an explanation of such violations.

**14. Transmission Facilities Potentially Eligible for RCAP:** In order for a transmission project proposed by a transmission developer to be considered for evaluation and potential selection in a regional plan for RCAP, the project must be regional in nature in that it must be a major transmission project effectuating significant bulk electric transfers across the SERTP region and addressing significant electrical needs. A regional transmission project eligible for potential selection in a regional plan for RCAP would be a transmission line that would:

- a. operate at a voltage of 300 kV or greater and span 100 miles or more within the SERTP; and
- b. portions of said transmission line must be located in two or more balancing authority areas located in the SERTP.

1. A transmission project that does not satisfy (a) and (b) above but that would effectuate similar, significant bulk electric transfers across the SERTP region and address similar, significant regional electrical needs will be considered on a case-by-case basis;

2. The proposed transmission project cannot be an upgrade to an existing facility. In addition, the proposed transmission project cannot be located on the property and/or right-of-way ("ROW") belonging to anyone other than the transmission developer absent the consent of the owner of the existing facility or ROW, as the case may be;

3. In order for the proposed transmission project to be a more efficient and cost effective alternative to the projects identified by the transmission providers through their planning processes, it should be

materially different than projects already under consideration and materially different than projects that have been previously considered in the expansion planning process; and

4. The proposed transmission project must be able to be constructed and tied into the transmission system by the required in-service date.

## **15. Submission and Evaluation of Proposals for Potential Selection in a Regional**

### **Transmission Plan for RCAP**

#### **15.1 Information to be Submitted:** A transmission developer must submit the

following information in support of a transmission project it proposes for potential selection in a regional transmission plan for RCAP:

1. Documentation of the transmission developer's ability to satisfy the qualification criteria required in Section 13;
2. Sufficient information for the Transmission Provider to determine that the potential transmission project satisfies the regional eligibility requirements of Section 14;
3. 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.
4. 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.);
5. 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 will be required to support such differences;

6. Documentation of the technical analysis performed supporting the position that the proposed transmission project addresses the transmission needs and does so more efficiently and cost-effectively than specific projects included in the latest transmission expansion plan. Documentation must include the following:
  - The identification of: (a) transmission projects in the latest expansion plan that would be displaced by the proposed project, and (b) any additional projects that may be required in order to implement the proposed project; and
  - The data and/or files necessary to evaluate the transmission developer's analysis of the proposed transmission project;
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; and
8. 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:
  - The transmission developer or its proposal is determined to not satisfy the qualification criteria in Section 13 through 15.1; or
  - 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.

**15.2 Deadline for Submittal:** 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 identified in Sections 13

through 15.1 to the Transmission Provider in accordance with the contact information provided on the Regional Planning Website no later than 60 calendar days after the SERTP Annual Transmission Planning Summit and Input Assumptions Meeting for the previous transmission planning cycle.

### **15.3 Initial Review of Qualification Criteria and Opportunity for Cure: The**

Transmission Provider will notify transmission developers who do not meet the qualification criteria in Section 13 through 15.1, or who provide an incomplete submittal, within 30 calendar days of the submittal deadline to allow the transmission developers an opportunity to remedy any identified deficiency(ies). Transmission developers, so notified, will have 15 calendar days to resubmit the necessary supporting documentation to remedy the identified deficiency.

### **15.4 Change in the Transmission Developer's Qualification Information or**

**Circumstances:** The transmission developer has an obligation to update and report in writing to the Transmission Provider any change to its information that was provided as the basis for its satisfying the requirements of Sections 13 through 15, except that the transmission developer is not expected to update its technical analysis performed for purposes of Section 15.1(6) to reflect updated transmission planning data as the transmission planning cycle(s) progresses. If at any time the Transmission Provider concludes that a transmission developer or a potential transmission project proposed for possible selection in a regional plan for RCAP no longer satisfies such requirements specified in Sections 13 through 15, then the Transmission

Provider may remove the transmission developer's potential transmission project(s) from consideration for potential selection in a regional plan for RCAP and/or remove any and all such transmission project(s) from the selected category in a regional plan for RCAP, as applicable.

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

### **16.1 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 plan for RCAP by transmission developers. 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 apply its planning guidelines and criteria to evaluate submittals and determine whether:

4. The proposed transmission project addresses an underlying transmission need(s);
5. 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 by the proposed transmission project;<sup>12</sup>

6. Any additional projects would be required to implement the proposed transmission project.

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

### **Estimates**

#### **16.2.1** Based upon the evaluation outlined in Section 16.1, the Transmission

Provider will assess whether the proposed transmission project seeking selection in a regional 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>

- d. The benefit used in this calculation will be quantified by the transmission costs that the Beneficiaries would avoid due to their transmission projects being displaced by the transmission developer's proposed transmission project.
- e. The cost used in this calculation will be quantified by the transmission cost of the project proposed for selection in a regional transmission plan for RCAP plus the transmission costs of any additional projects required to implement the proposal.
- f. 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.

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<sup>12</sup> Entities that are identified to potentially have one or more of their planned transmission projects displaced by the transmission developer's potential transmission project for possible selection in a regional plan for RCAP shall be referred to as "Beneficiaries."

<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 for the proposed transmission project and ii) any entity identified in this Section 16.2.1 to potentially have increased costs in order to implement the proposal.

16.2.2 For potential transmission projects found to satisfy the foregoing benefit-to-cost analysis, the Transmission Provider and the Impacted Utilities will then consult with the transmission developer of that project to establish a schedule reflecting the expected in-service date of the project for: 1) the transmission developer to provide detailed financial terms for its proposed project that are acceptable to each Beneficiary and 2) the proposed transmission project to receive approval for selection in a regional plan for RCAP from the jurisdictional and/or governance authorities of the Impacted Utilities.

### 16.3 The Transmission Developer to Provide More Detailed Financial Terms

Acceptable to the Beneficiaries and the Performance of a Detailed – Transmission Benefit to Cost Analysis: By the date specified in the schedule established in Section 16.2.2,<sup>14</sup> the transmission developer shall identify the detailed financial terms for its proposed project, establishing in detail: (a) the total cost to be allocated to the Beneficiaries if the proposal were to be selected in a regional plan for RCAP, and (b) the components that comprise that cost, such as the costs of:

- f. Engineering, procurement, and construction consistent with Good Utility Practice and standards and specifications acceptable to the Transmission Provider,

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<sup>14</sup>The schedule established in accordance with Section 16.2.2 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.

- g. Financing costs, required rates of return, and any and all incentive-based (including performance based) rate treatments,
- h. Ongoing operations and maintenance of the proposed transmission project,
- i. Provisions for restoration, spare equipment and materials, and emergency repairs, and
- j. Any applicable local, state, or federal taxes.

To determine whether the proposed project is considered at that time to remain a more efficient and 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 16.2.1. This more detailed transmission analysis will be based upon the detailed financial terms 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) that are applicable to/available for the proposed transmission project, the projects that would be displaced, and any additional projects required to implement the proposal.<sup>15</sup>

#### **16.4 Jurisdictional and/or Governance Authority Approval and Selection for**

**RCAP:** The project will be selected for RCAP in the then-current iteration of the regional plan for purposes of Order No. 1000, subject to the provisions of Section 18, if: (i) the detailed financial terms provided in accordance with Section 16.3, as may be modified by agreement of the transmission developer

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<sup>15</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 16.2.1.

and Beneficiary(ies), are acceptable to each Beneficiary; (ii) the proposed transmission project is found to satisfy the more detailed benefit-to-cost analysis specified in Section 16.3; and (iii) if approval is obtained from all of the jurisdictional and/or governance authorities of the Impacted Utilities by the date specified in the schedule adopted in accordance with Section 16.2.2.<sup>16</sup> If obtaining jurisdictional and/or governance authorities approval requires a modification of the detailed financial terms found acceptable in Section 16.3, and both the transmission developer and the Beneficiary(ies) agree to the modification, then the modified detailed financial terms shall be the basis for the regional cost allocation for purposes of the project.

**17. Cost Allocation Methodology Based Upon Avoided Transmission Costs:** If a regional transmission project is selected in a regional plan for RCAP in accordance with Section 16.4 and then constructed and placed into service, the Beneficiaries identified in the detailed benefit-to-cost analysis performed in Section 16.3 to potentially have one or more of their planned transmission projects displaced by the transmission developer's potential transmission project for RCAP will be allocated the regional transmission project's costs in proportion to their respective displaced transmission costs as found acceptable in accordance with Sections 16.3 and 16.4.

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<sup>16</sup> Being selected for RCAP in the then-current iteration of a regional 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 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 the selected category in a regional plan for RCAP in accordance with the provisions of Sections 15.4, 18 and 19.

**18. On-Going Evaluations of Proposed Projects:** 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 actually proves to be more efficient and cost effective, the Transmission Provider will continue to reevaluate a proposed transmission project, including any such projects that are being considered for potential selection in a regional plan for RCAP and any transmission projects that may have been selected in a regional plan for RCAP. This continued reevaluation will assess then-current transmission needs and determine whether the proposed transmission project continues to be needed and is more efficient and cost effective compared to alternatives as assessed in subsequent expansion planning processes that reflect ongoing changes in actual and forecasted conditions. Even though a proposed project may have been selected in a regional plan for RCAP in an earlier regional plan, if it is determined that the proposed project is no longer needed and/or it is no longer more efficient and cost effective than alternatives, then the Transmission Provider may notify the transmission developer and remove the proposed project from the selected category in a regional plan for RCAP. Reevaluation will occur 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.

**19. Delay or Abandonment:** 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 plan for RCAP due to the delay in its development or abandonment of the project. In this regard, the transmission developer shall promptly notify the Transmission Provider should any material changes or delays be encountered in the development of the potential transmission project. If, due to such delay or abandonment, the Transmission Provider determines that a project selected in a regional plan for RCAP no longer adequately addresses underlying transmission needs and/or no longer remains more efficient and cost effective, then the Transmission Provider may remove the project from being selected in a regional plan for RCAP and proceed with seeking appropriate solution(s). If removed from being selected in a regional plan for RCAP due to delay or abandonment by the transmission developer, then the transmission developer shall be responsible for, at a minimum, any increased costs to the Impacted Utilities due to any such delay or abandonment.

**20. Milestones of Required Steps Necessary to Maintain Status as Being Selected for RCAP:** Once selected in a regional plan for RCAP, the transmission developer must submit a development schedule to the Transmission Provider and the Impacted Utilities that establishes the milestones, including (to the extent not already accomplished) obtaining all necessary ROWs and requisite environmental, state, and other governmental approvals and executing a mutually-agreed upon contract(s) with the Beneficiaries, by which the necessary steps to develop and construct the

transmission project must occur. The schedule and milestones must be satisfactory to the Transmission Provider and the Impacted Utilities. In addition, the Transmission Provider and the Impacted Utilities will also determine the security/collateral arrangements for the proposed project and the deadline(s) by which they must be provided.<sup>17</sup> If such critical steps are not met by the specified milestones and then afterwards maintained, then the Transmission Provider may remove the project from the selected category in a regional plan for RCAP.

**21. Mutually Agreed Upon Contract(s) Between the Transmission Developer and the Beneficiaries:** The contract(s) referenced in Section 20 will address terms and conditions associated with the development of the proposed transmission project in a regional plan for RCAP, including:

10. The specific financial terms/specific total amounts to be charged by the transmission developer for the regional transmission project to the Beneficiaries, as agreed to by the parties,
11. The contracting Beneficiary's(ies') allocation of the costs of the aforementioned regional facility,
12. Creditworthiness/project security requirements,
13. Operational control of the regional transmission project,
14. Milestone reporting, including schedule of projected expenditures,
15. Engineering, procurement, construction, maintenance, and operation of the proposed regional transmission project,
16. Emergency restoration and repair responsibilities,
17. Reevaluation of the regional transmission project, and
18. Non-performance or abandonment.

~~OVEC's costs associated with its transmission planning process shall be recovered through existing rate structures (through transmission rates embedded in the cost-based rates charged to its owners and their affiliates under the Commission approved Inter-Company Power Agreement), except that any Committee member requesting an economic planning~~

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<sup>17</sup> Satisfying the minimum, financial criteria specified in Section 13.1.2 alone in order to be eligible propose a project for RCAP will not satisfy this security/collateral requirement.

~~study in excess of the five (5) allocated per year in the section above titled “Principle 8: Economic Planning Studies” shall be assessed directly for the cost of the study. Costs associated with participation in regional planning activities will be rolled into its existing jurisdictional cost-based rates.~~



**Exhibit I**

## **Interregional Transmission Coordination**

[RESERVED]

**EXHIBIT M-2**

## **Exhibit H: Southeast Inter-Regional Participation Process**

### **Introduction:**

In an effort to more fully address the regional participation principle outlined in the Order 890 Attachment K Tariff requirements and the related guidance contained in the FERC Transmission Planning Process Staff White Paper (dated August 2, 2007), this Southeast Inter-Regional Participation Process expands upon the existing processes for regional planning in the Southeast. This document outlines an inter-regional process among various Southeastern interconnected transmission owners. The inter-regional process described herein is incorporated into each Participating Transmission Owner's<sup>1</sup> planning process and OATT Attachment K (for those transmission owners that have a regulatory requirement to file an Attachment K).

### **Purpose:**

This inter-regional process complements the regional planning processes developed by the Participating Transmission Owners in the Southeast. For the purpose of this document, the term "Southeast Inter-Regional Participation Process" ("SIRPP") is defined as a new process to more fully address the regional participation principle of Order 890 for multiple transmission systems in the Southeast. The term "Regional Planning Processes" refers to the regional transmission planning processes a Transmission Owner has established within its particular region for Attachment K purposes. Importantly, the Economic Planning Studies discussed herein are hypothetical studies that do not affect the transmission queue for purposes of System Impact Studies, Facilities Studies, or interconnection studies performed under other portions of the OATT.

### **Current Inter-Regional Planning Process:**

Each Southeastern transmission owner currently develops a transmission plan to account for service to its native load and other firm transmission service commitments on its transmission system. This plan development is the responsibility of each transmission planner individually and does not directly involve the Regional Reliability Organization (*e.g.* SERC). Once developed, the Participating Transmission Owners collectively conduct inter-regional reliability transmission assessments, which include the sharing of the individual transmission system plans, providing information on the assumptions and data inputs used in the development of those plans and assessing whether the plans are simultaneously feasible.

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<sup>1</sup>[The sponsors of the Southeast Inter-Regional Participation Process are referred to as transmission owners, rather than transmission providers, because not all of the sponsors are “Transmission Providers” for purposes of the \*pro forma\* OATT.](#)

### **Participating Transmission Owners:**

Due to the additional regional planning coordination principles that have been announced in Order 890 and the associated Transmission Planning White Paper, several transmission owners have agreed to provide additional transmission planning coordination, as further described in this document. The “Participating Transmission Owners” are listed on the SIRPP website (~~<http://www.southeastirpp.com>~~<http://www.southeastirpp.com>).

### **Southeast Inter-Regional Participation Process:**

The Southeast Inter-Regional Participation Process is outlined in the attached diagram. As shown in that diagram, this process will provide a means for conducting stakeholder requested Economic Planning Studies across multiple interconnected systems. In addition, this process will build on the current inter-regional, reliability planning processes required by existing ~~multi-party~~[multi-party](#) reliability agreements to allow for additional participation by stakeholders.

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

These established Attachment K processes may also serve as a mechanism to collect requests for inter-regional Economic Planning Studies by a participant’s stakeholders group. The Economic Planning Studies requested through each participant’s Attachment K process that involve impacts on multiple systems between Regional Planning Processes will be consolidated and evaluated as part of the Southeast Inter-Regional Participation Process. Stakeholders will also be provided the opportunity to submit their requests for inter-regional Economic Planning Studies directly to the Inter-Regional process.

The Participating Transmission Owners recognize the importance of coordination with neighboring (external) planning processes. Therefore, seams coordination will take place at

the regional level where external regional planning processes adjoin the Southeast Inter-Regional Participation Process (*e.g.* Southeastern Regional Planning Process coordinating with FRCC Regional Planning Process, Entergy coordinating with SPP, TVA coordinating with MISO and PJM, and the North Carolina Transmission Planning Collaborative coordinating with PJM). External coordination is intended to include planning assumptions from neighboring processes and the coordination of transmission enhancements and stakeholder requested Economic Planning Studies to support the development of simultaneously feasible transmission plans both internal and external to the Southeast Inter-Regional Participation Process.

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

With regard to coordinating with stakeholders in the development of the inter-regional Economic Planning Study(ies), in each cycle of the Southeast Inter-Regional Participation Process, the Participating Transmission Owners will conduct three inter-regional stakeholder meetings. The information to be discussed at such meetings will be made available in final draft form for stakeholder review prior to any such meeting by posting on the SIRPP website and/or e-mails to SIRPP Stakeholder Group (“SIRPPSG”) members. The Participating Transmission Owners will use reasonable efforts to make such information available at least 10 calendar days prior to the particular meeting. The Participating Transmission Owners will conduct the “1<sup>st</sup> Inter-Regional Stakeholder Meeting”, as shown in the attached diagram. At this meeting, a review of all of the Economic Planning Study(ies) submitted through the participants’ Regional Planning Processes or directly to the Inter-Regional process, along with any additional Economic Planning Study requests that are submitted at this 1<sup>st</sup> meeting, will be conducted. During this meeting, the stakeholders will select up to five studies that will be evaluated within the planning cycle. The study coordination team will coordinate with the stakeholders regarding the study assumptions underlying the identified stakeholder requested inter-regional Economic Planning Study(ies). Through this process, stakeholders will be provided an opportunity to comment and provide input regarding those assumptions. Following that meeting, and once the study coordination team has an opportunity to perform its initial analyses of the inter-regional Economic Planning Study(ies), the Participating Transmission Owners will then conduct the “2<sup>nd</sup> Inter-Regional Stakeholder Meeting.” At this meeting, the study coordination team will review the results of such initial analysis, and stakeholders will be provided an opportunity to comment and provide input regarding that initial analysis. The study coordination team will then finalize

its analysis of the inter-regional study(ies) and draft the Economic Planning Study(ies) report(s), which will be presented to the stakeholders at the “3rd Inter-Regional Stakeholder Meeting.” Stakeholders will be provided an opportunity to comment and provide input regarding the draft report(s). Subsequent to that meeting, the study coordination team will then finalize the report(s), which will be issued to the Participating Transmission Owners and stakeholders.

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

### **Southeast Inter-Regional Participation Process Cycle:**

The Southeast Inter-Regional Participation Process will be performed annually. Due to the expected scope of the requested studies and size of the geographical region encompassed, the Participating Transmission Owners will perform up to five (5) inter-regional Economic Planning Studies annually, which could encompass both Step 1 and Step 2 evaluations. A Step 1 evaluation will consist of a high level screen of the requested transfer and will be performed during a single year’s planning cycle. The high level screen will identify transfer constraints and likely transmission enhancements to resolve the identified constraints. The Participating Transmission Owners will also provide approximate costs and timelines associated with the identified transmission enhancements to facilitate the stakeholders’ determination of whether they have sufficient interest to pursue a Step 2 evaluation. Once a Step 1 evaluation has been completed for a particular transfer, the stakeholders have the option to request a Step 2 evaluation for that transfer to be performed during the subsequent year’s Inter-Regional Participation Process Cycle. If the stakeholders opt to not pursue Step 2 evaluation for the requested transfer during the subsequent year’s Inter-Regional Participation Process Cycle, an Economic Planning Study of that request may be re-evaluated in the future by being submitted for a new Step 1 evaluation. In the event that the stakeholders request a Step 2 evaluation, the Participating Transmission Owners will then perform additional analysis, which may include additional coordination with external processes. The Participating Transmission Owners will then develop detailed cost estimates and timelines associated with the final transmission enhancements. The Step 2 evaluation will ensure that sufficient coordination can occur with stakeholders and among the impacted Participating Transmission Owners. In addition, the Step 2 evaluation will provide sufficient time to ensure that the inter-regional study results are meaningful and meet the needs of the stakeholders.

It is important to note that the Participating Transmission Owners expect that a Step 2 evaluation will be completed prior to interested parties requesting to sponsor transmission enhancements identified in an Economic Planning Study. However, the Participating

Transmission Owners will work with stakeholders if a situation develops where interested parties attempt to sponsor projects identified in a Step 1 evaluation and there is a compelling reason (*e.g.* where time is of the essence).

### **Inter-Regional Cost Allocation:**

The cost allocation for Inter-Regional Economic Upgrade projects will be determined in accordance with the cost allocation principle adopted by each Participating Transmission Owner's Regional Planning Process in which each portion of the construction of such upgrades would occur. The cost allocation principle for each SIRPP Regional Planning Process is posted on the SIRPP website. Typically, since Inter-Regional Economic Upgrade projects will likely consist of improvements that will be physically located in the footprints of multiple Regional Planning Processes, this approach means the cost allocation for each part of the Inter-Regional Economic Upgrade project or each project within a set of projects will be governed by the cost allocation principle adopted by the Regional Planning Process in which that part of the project or set is physically located. For example, should an Inter-Regional Economic Upgrade project consist of a single, 100 mile 500 kV transmission line, with 30 miles physically located in Regional Planning Process "A" and the remaining 70 miles located in Regional Planning Process "B," then the cost allocation for the 30 miles of 500 kV transmission line located in Regional Planning Process "A" would be governed by that Regional Planning Process' cost allocation principle, and the cost allocation for the other 70 miles of 500 kV transmission line would be governed by the cost allocation principle of Regional Planning Process "B." Should an Inter-Regional Economic Upgrade project be physically located entirely within one Regional Transmission Planning process, the costs of the project would be governed by that region's cost allocation principle.

### **Inter-Regional Coordination of Economic Transmission Project Development:**

Once an Economic Planning Study report has been finalized, multiple stakeholders may be interested in jointly participating in the project development. An Inter-Regional process addressing each such economic upgrade request will be developed that will formalize the process of determining if there is sufficient stakeholder interest to pursue economic project development and the coordination that will be required of the impacted Transmission Owners to support this process. The Participating Transmission Owners and the stakeholders will support this process development activity beginning in 2008.

### **Stakeholder Participation in the Southeast Inter-Regional Participation Process:**

#### ***Purpose***

The purpose of the SIRPPSG is to provide a structure to facilitate the stakeholders' participation in the Southeast Inter-Regional Participation Process. Importantly, the



SIRPPSG shall have the flexibility to change the “Meeting Procedures” section discussed below but cannot change the Purpose, Responsibilities, Membership, or Data and Information Release Protocol sections absent an appropriate filing with (and order by) FERC to amend the OATT.

### ***Responsibilities***

In general, the SIRPPSG is responsible for working with the Participating Transmission Owners on Inter-Regional Economic Planning Study requests so as to facilitate the development of such studies that meet the goals of the stakeholders. The specific responsibilities of this group include:

1. Adherence to the intent of the FERC Standards of Conduct requirements in all discussions.
2. Develop the SIRPPSG annual work plan and activity schedule.
3. Propose and select the Economic Planning Study(ies) to be evaluated (five annually).
  - a. Step 1 evaluations
  - b. Step 2 evaluations
4. The SIRPPSG should consider clustering similar Economic Planning Study requests. In this regard, if two or more of the Economic Planning Study requests are similar in nature and the Participating Transmission Owners conclude that clustering of such requests and studies is appropriate, the Participating Transmission Owners may, following communications with the SIRPPSG, cluster those studies for purposes of the transmission evaluation.
5. Provide timely input on the annual Economic Planning Study(ies) scope elements, including the following:
  - a. Study Assumptions, Criteria and Methodology
  - b. Case Development and Technical Analysis
  - c. Problem Identification, Assessment and Development of Solutions  
(including proposing alternative solutions for evaluation)
  - d. Comparison and Selection of the Preferred Solution Options
  - e. Economic Planning Study Results Report.
6. Providing advice and recommendations to the Participating Transmission Owners on the Southeast Inter-Regional Participation Process.

### ***Membership***

The SIRPPSG membership is open to any interested party.

## ***Meeting Procedures***

The SIRPPSG may change the Meeting Procedures criteria provided below pursuant to the voting structure in place for the SIRPPSG at that time. The currently effective Meeting Procedures for the SIRPPSG shall be provided to the Participating Transmission Owners to be posted on the SIRPP website and shall become effective once posted on that website (~~<http://www.southeastirpp.com>~~), which postings shall be made within a reasonable amount of time upon receipt by the Transmission Owners. Accordingly, the following provisions contained under this Meeting Procedures heading provide a starting-point structure for the SIRPPSG, which the SIRPPSG shall be allowed to change.

### **Meeting Chair**

A stakeholder-elected member of the SIRPPSG will chair the SIRPPSG meetings and serve as a facilitator for the group by working to bring consensus within the group. In addition, the duties of the SIRPPSG chair will include:

1. Developing mechanisms to solicit and obtain the input of all interested stakeholders related to inter-regional Economic Planning Studies.
2. Ensuring that SIRPPSG meeting notes are taken and meeting highlights are posted on the SIRPP website (~~<http://www.southeastirpp.com>~~<http://www.southeastirpp.com>) for the information of the participants after all SIRPPSG meetings.

### **Meetings**

Meetings of the SIRPPSG shall be open to all SIRPPSG members interested in inter-regional Economic Planning Studies across the respective service territories of the Participating Transmission Owners. There are no restrictions on the number of people attending SIRPPSG meetings from any interested party.

### **Quorum**

Since SIRPPSG membership is open to all interested parties, there are no quorum requirements for SIRPPSG meetings.

### **Voting**

In attempting to resolve any issue, the goal is for the SIRPPSG to develop consensus solutions. However, in the event consensus cannot be reached, voting will be conducted with each SIRPPSG member's organization represented at the meeting (either physically present or participating via phone) receiving one vote. The SIRPPSG chair will provide notices to the SIRPPSG members in advance of the SIRPPSG meeting that specific votes will be taken during the SIRPPSG meeting. Only SIRPPSG members participating in the meeting will be allowed to participate in the voting (either physically present or participating via phone). No proxy votes will be allowed. During each SIRPP cycle, the SIRPPSG

members will propose and select the inter-regional Economic Planning Studies that will be performed during that particular SIRPP cycle. The SIRPPSG will annually select up to five (5) inter-regional Economic Planning Studies, including both Step 1 evaluation(s) and any Step 2 evaluations, with any such Step 2 evaluations being performed for the previous ~~years~~year's Step 1 studies for the pertinent transfers. Each organization represented by their SIRPPSG members will be able to cast a single vote for up to five Economic Planning Studies that their organization would like to be studied within the SIRPP cycle. If needed, repeat voting will be conducted until there are clear selections for the five Economic Planning Studies to be conducted.

### **Meeting Protocol**

In the absence of specific provisions in this document, the SIRPPSG shall conduct its meetings guided by the most recent edition of *Robert's Rules of Order, Newly Revised*.

### ***Data and Information Release Protocol***

SIRPPSG members can request data and information that would facilitate their ability to replicate the SIRPP inter-regional Economic Planning studies while ensuring that CEII and other confidential data is protected.

### **CEII Data and Information**

SIRPPSG members may be certified to obtain CEII data used in the SIRPP by following the confidentiality procedures posted on the SIRPP website (*e.g.*, making a formal request for CEII, authorizing background checks, executing the SIRPP CEII Confidentiality Agreement, etc.). The SIRPP Participating Transmission Owners reserve the discretionary right to waive the certification process, in whole or in part, for anyone that the SIRPP Participating Transmission Owners deem appropriate to receive CEII. The SIRPP Participating Transmission Owners also reserve the discretionary right to reject a request for CEII; upon such rejection, the requestor may pursue the SIRPP dispute resolution procedures set forth below.

### **Non-CEII Confidential Information**

The Participating Transmission Owners will make reasonable efforts to preserve the confidentiality of information that is confidential but not CEII in accordance with the provisions of the Tariff and the requirements of (and/or agreements with) NERC and/or SERC, as well as any agreements with the other Participating Transmission Owners and any other contractual or legal confidentiality requirements.

Without limiting the applicability of the foregoing, to the extent confidential non-CEII information is provided in the transmission planning process and is needed to participate in

the transmission planning process and/or to replicate transmission planning studies, it will be made available to those SIRPPSG members who have executed the SIRPP Non-CEII Confidentiality Agreement, which is posted on the SIRPP website. Importantly, if information should prove to contain both confidential non-CEII information and CEII, then the requirements of both this section and the previous section would apply.

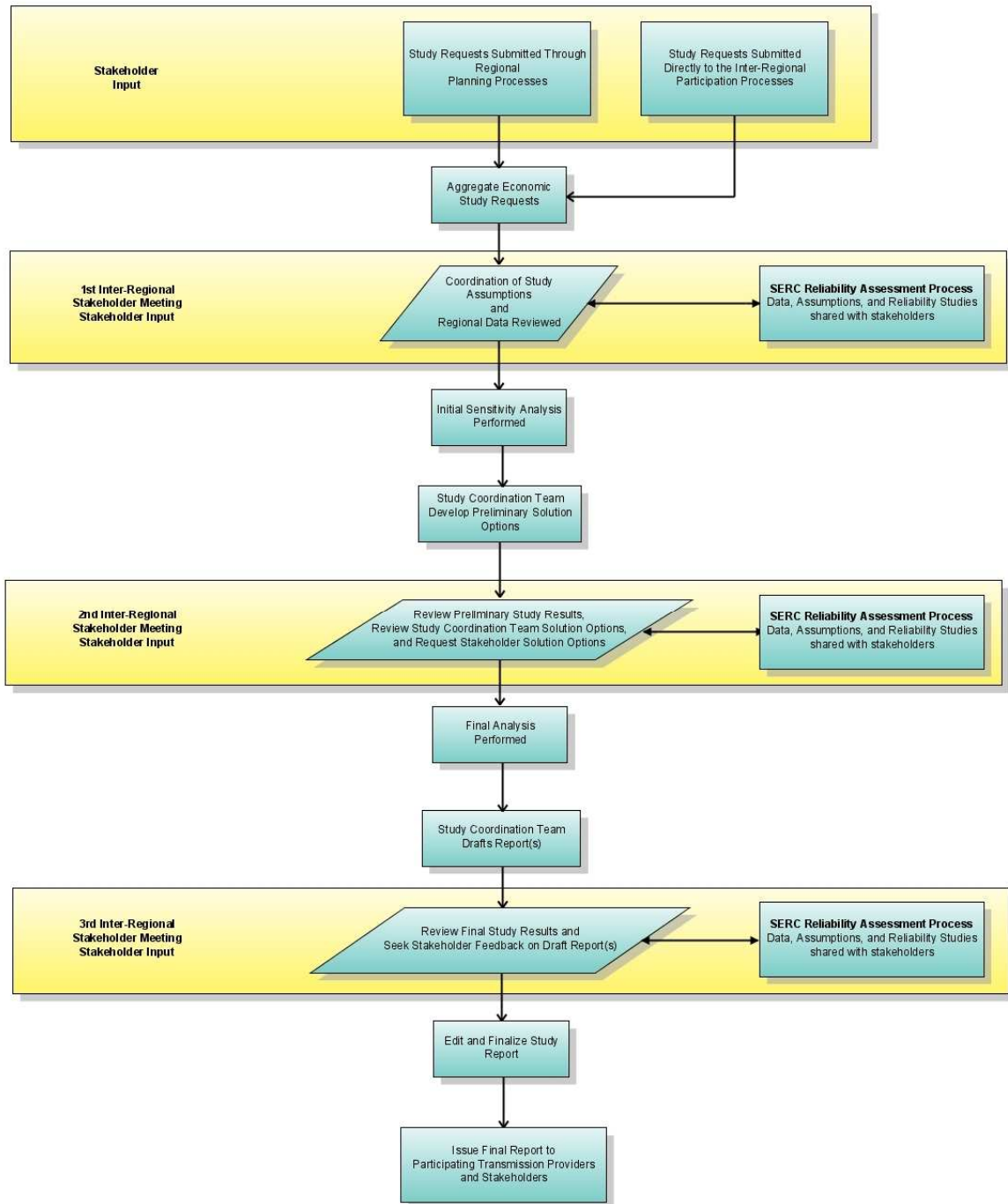
### ***Dispute Resolution***

Any procedural or substantive dispute between a stakeholder and a Participating Transmission Owner that arises from the SIRPP will be addressed by the Participating Transmission Owner's dispute resolution procedures in its respective Regional Planning Process. In addition, should the dispute only be between stakeholders with no Participating Transmission Owner involved (other than its ownership and/or control of the underlying facilities), the stakeholders will be encouraged to utilize the Commission's alternative means of dispute resolution.

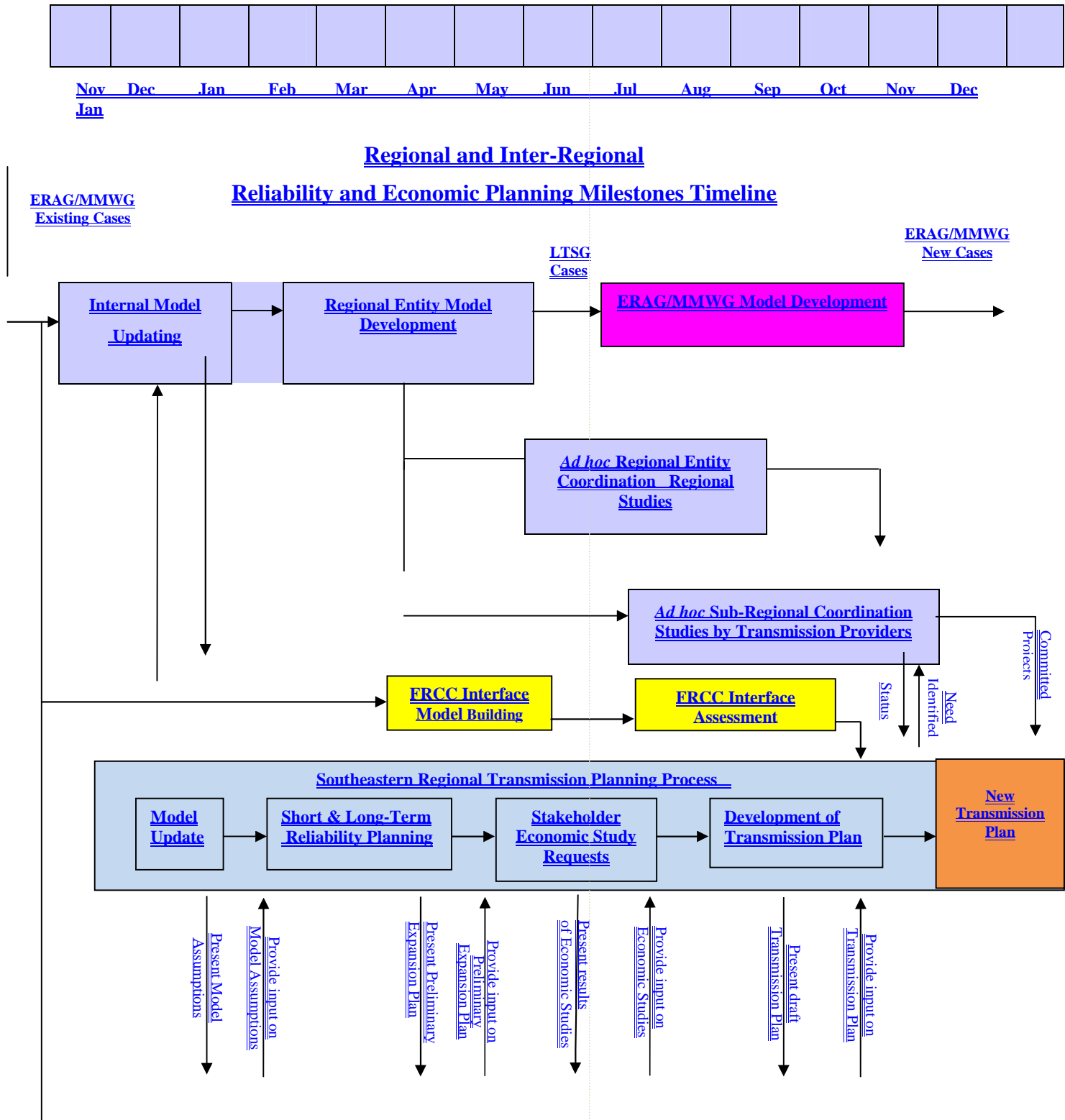
Should dispute resolution proceedings be commenced in multiple Regional Planning Processes involving a single dispute among multiple Participating Transmission Owners, the affected Participating Transmission Owners, in consultation with the affected stakeholders, agree to use reasonable efforts to consolidate the resolution of the dispute such that it will be resolved by the dispute resolution procedures of a single Regional Planning Process in a single proceeding. If such a consensus is reached, the Participating Transmission Owners agree that the dispute will be addressed by the dispute resolution procedures of the selected Regional Transmission Planning Process.

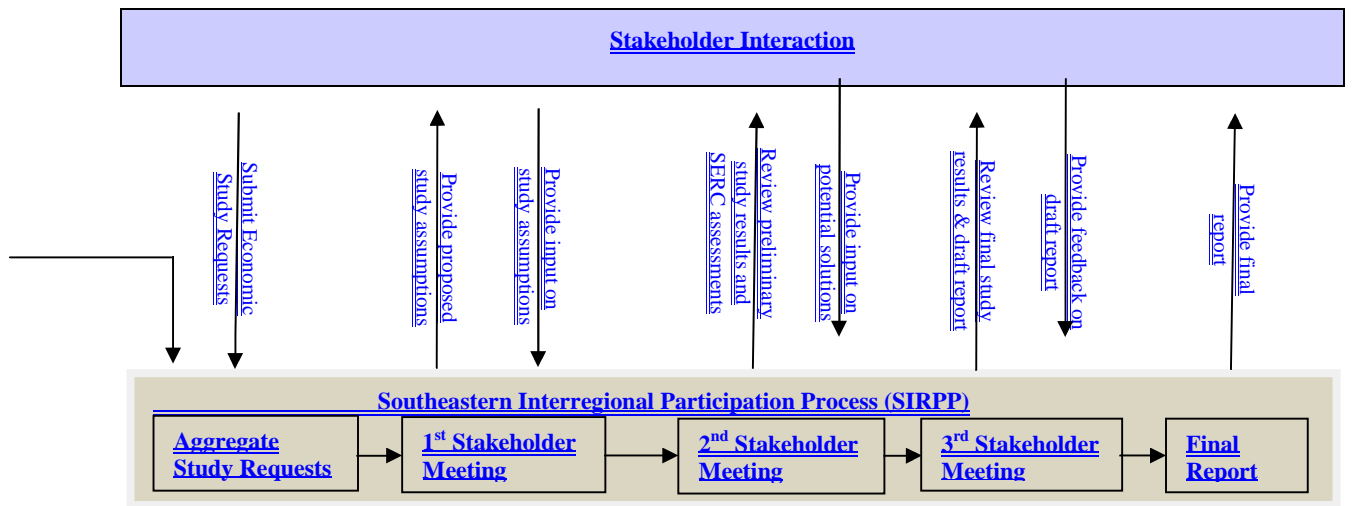
Nothing herein shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

## Southeast Inter-Regional Participation Process Diagram:



### Exhibit M-3





## **APPENDIX C**

**A redline comparison showing changes between Sections 1-8 of the Proposed Attachment M and the relevant portions of Southern Companies' current Attachment K (excluding Sections 6.4 and 6.5 of Southern Companies' current Attachment K)**



## **~~Section-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 60 calendar

days prior to a particular meeting. The general structure and purpose of these four (4) meetings will be as follows:

**1.2.5 ~~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. Requests that are inter-regional in nature will be addressed in the Southeast Inter-Regional Participation Process. 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>4</sup> before that methodology and criteria are finalized for purposes of the development of that

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<sup>4</sup> As indicated *infra* at footnote 1, references in this Attachment M to a transmission “plan,” “planning,” or “plans” should be construed in the singular or plural as may be appropriate in a particular instance. Likewise, the reference to a plan or plans may, depending upon the circumstance, be a reference to a regional transmission plan required for purposes of Order No. 1000. 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.

year's transmission expansion plan (*i.e.*, the expansion plan that will be implemented the following calendar year).<sup>35</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. The Transmission Provider will also address transmission planning issues that the Stakeholders may raise.

#### 1.2.6 ~~1.2.2~~ **Preliminary Expansion Plan Meeting:**

During the second quarter of each calendar year, the Transmission

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<sup>35</sup> A transmission expansion plan completed during one calendar year (and presented to Stakeholders at that calendar year's Annual Transmission Planning Summit) is implemented 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.

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. In addition, the Transmission Provider will address transmission planning issues that the Stakeholders may raise and otherwise discuss with Stakeholders developments ~~at~~[as part of](#) the SERC ([or other applicable NERC region's](#)) reliability assessment process.

**1.2.7 ~~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. Study results that are inter-regional in nature will be

reported to the RPSG and interested Stakeholders as they become available from the Southeast Inter-Regional Planning Participation Process. 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.

**1.2.8 ~~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 results for such studies that are inter-regional in nature will be reported to the RPSG and interested Stakeholders as they become available from the Southeast Inter-Regional Planning Participation Process. The Transmission Provider will also provide an overview of the ten (10) year transmission expansion plan, the results of that year's coordination study activities with the FRCC transmission providers, and the results of any *ad hoc* coordination study activities. [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 ~~comprises~~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 Florida Reliability Coordinating Council ("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. The RPSG is also encouraged to coordinate with stakeholder groups in the area covered by the Southeast Inter-Regional Participation Process regarding requests for Economic Planning Studies that are inter-regional in nature. 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>46</sup>
- (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

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<sup>46</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.



**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 ~~K~~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>57</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 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.

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<sup>57</sup> As previously discussed, the Transmission Provider expects that the other Sponsors will also be hosts and sponsors of these activities.

**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.*).

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## **Section 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:

5. ~~1.~~ Relates details about the production, generation, transmission, or distribution of energy;
6. ~~2.~~ Could be useful to a person planning an attack on critical infrastructure;
7. ~~3.~~ Is exempt from mandatory disclosure under the Freedom of Information Act; and
8. ~~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 ~~K~~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) ~~the~~~~SERC~~



~~Reliability Corporation (“SERC”)~~[SERC or other applicable NERC region](#), the provisions of any agreements with the other Sponsors and/or with the sponsors of the Southeast Inter-Regional Participation Process (“SIRPP”), 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.

### **~~Section 3.3.~~ 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 system 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) Current software titles and version numbers used for transmission analyses by the Transmission Provider.

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 ~~K~~M and Exhibit ~~K~~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. 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 10 calendar days prior to the Second RPSG Meeting.
6. At the Annual Transmission Planning Summit, the ten (10) year transmission expansion plan that will be implemented the following year will be presented to the Stakeholders. The Transmission Planning Summit presentations and the (10) year transmission expansion plan will be posted on the Regional Planning Website at least 10 calendar days prior to the Annual Transmission Planning Summit.

3.5.5 ~~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 ~~K~~M, is provided in Exhibit ~~K~~M-3.

**~~Section 4~~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.

## **~~Section 5~~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 ~~K~~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 or other Participating Transmission Owners of the Southeast Inter-Regional Participation 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.

## **~~Section 6.6.~~ Regional Participation<sup>8</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 ~~with~~within the ~~other Sponsors~~SERTP:** The Transmission Provider coordinates ~~with the other Sponsors~~ 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 Sponsors are identified on the Regional Planning Website.~~ The particular activities that are coordinated are the annual preparation of this region's ten (10) year transmission expansion ~~plan~~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 regional studies conducted to improve the reliability of the bulk power system and this information will be shared with the other ~~Sponsors~~transmission owners in this region.

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<sup>8</sup>In accordance with Order No. 1000, this planning principle only applies to the Transmission Provider's local transmission planning process.

### 6.3 Coordination with the Other Participating Transmission Owners in the Southeast Inter-Regional Participation Process: ~~On an inter-regional~~

~~basis, the Transmission Provider coordinates with the transmission systems with which the Transmission Provider is interconnected, with the exception of the utilities in the Florida Reliability Coordination Council (“FRCC”), through the Southeast Inter Regional Participation Process (“SIRPP”) attached hereto as Exhibit K-2 and incorporated herein by reference, and the corresponding meetings, communications, and data and informational exchanges. In that regard, a link to the SIRPP website is found on the Transmission Provider’s OASIS. The transmission owners participating in the SIRPP are identified on the SIRPP website (“SIRPP Sponsors”). The particular activities that the SIRPP sponsors coordinate are the preparation of the inter-regional Economic Planning Studies addressed in Section 7 below and in Exhibit K-2, and the review with stakeholders of the data, assumptions, and assessment activities that are then being conducted on a SERC wide basis.~~ 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 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 Multi-regional 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. Thus, given the location of OVEC facilities along the seam between MISO and PJM in RFC, and other transmission systems that are members of SERC, OVEC participates in the Southeast Inter-Regional Participation Process (“SIRPP”) in addition to the RFC efforts described above. Although OVEC initially offered to join the SIRPP as a member, after discussions with representatives of SIRPP and in light of OVEC’s uniqueness (e.g., very small load and discrete system), OVEC participates in SIRPP as a stakeholder. In accordance with the SIRPP process, stakeholders are given access to information flow and are included in the planning process without discrimination. It is expected that OVEC participation in the SIRPP will enhance coordination of OVEC planning efforts with systems to the south.

The SIRPP process document, which describes stakeholder and other participation rights and other processes, is attached hereto as Exhibit M-2.

*[Sections 6.4 (Coordination with Other SERC Members) and 6.5 (Coordination with the Transmission Owners in the FRCC) of Southern Companies' Current Attachment K are omitted from comparison]*

#### **6.6.4 Reliability Planning Process**

##### **6.6.16.4.1**

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

##### **6.6.26.4.2**

#### **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 (or other applicable NERC region's) 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 on both (a) a local and regional level (*e.g.* Southeastern Regional Transmission Planning level) and (b) an inter-regional (*e.g.* SERC-wide level).

(a)(i) **~~Regional~~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 ~~for each Attachment K region (such as that comprising this Southeastern Regional Transmission Planning Process)~~ 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 ~~each regional~~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) ~~Regional~~Bottom-Up Reliability Study Process: The transmission models created for use in developing the ~~regional~~transmission provider's reliability 10-year transmission expansion plan are analyzed to determine if any planning criteria concerns (including, at a minimum, North American Electric Reliability Corporation ("NERC") planning criteria) are projected. In the event one or more planning criteria concerns are identified ~~at the regional level~~, 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 ~~plan~~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 ~~Regional~~ 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 ~~regions~~transmission owners are then contacted to determine if there is a need for an ~~inter-regional~~ *ad hoc* coordinated study. In the event one or more neighboring ~~region~~transmission owners ~~agrees~~agree that they would be impacted by the projected limitation or identifies the potential for a superior ~~inter-regional~~ reliability solution based on transmission enhancements in their current ~~regional~~ reliability plan, an ~~inter-regional~~ *ad hoc* coordinated study is initiated. Once the study has been completed, the identified reliability transmission enhancements will then be incorporated into the ~~region's(s')~~ ten (10) year transmission expansion plan (*i.e.*, the plan due to be ~~implanted~~implemented the following year) as a reliability project.

(b)(i) **~~Inter-Regional~~ ~~(SERC-Wide)~~ Assessments and ~~Inter-Regional~~ Planning Activities:** After ~~the regional~~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 ~~regional~~ 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 ~~inter-regional~~ 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 ~~each-regional~~ the SERTP planning process as an update (if needed) to the current

transmission models and as a foundation (along with the Multiregional Modeling Working Group (“MMWG”) models) for the development of the transmission provider’s transmission models for the following year.

(b)(iii) **Additional–~~Inter-Regional~~ 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 ~~inter-regional~~ reliability joint studies. If the SERC-wide reliability model projects additional planning criteria concerns that were not identified in the ~~regional~~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 inter-regional reliability transmission enhancements to resolve the limitations. Once the study(ies) is completed, required reliability transmission enhancements will be incorporated into the ~~region~~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.



**Participate in These Processes**

- (a)(i) **Participation Through the Southeastern Regional Transmission Planning Process:** Since the bulk of the reliability transmission planning occurs ~~at the regional level~~ 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 (or other applicable NERC region’s) 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 (or other applicable NERC region’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, 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 [\(or other applicable NERC region's\)](#) regional model development for the following year); FRCC model development; and any *ad hoc* coordination studies.

(a)(ii) **Participation Through the SIRPP:** As shown on the Southeast Inter-Regional Participation Process Diagram contained in Exhibit [KM-2](#), the particular activities that the SIRPP sponsors coordinate are the preparation of the inter-regional Economic Planning Studies addressed in Section 7 below and in Exhibit [KM-2](#). In addition, the SIRPP sponsors will review with stakeholders the data, assumptions, and assessment that are then being conducted on a SERC-wide basis at: the 1<sup>st</sup> Inter-Regional Stakeholder Meeting; the 2<sup>nd</sup> Inter-Regional Stakeholder Meeting; and the 3<sup>rd</sup> Inter-Regional Stakeholder Meeting.

(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.

**[6.76.5](#) Timeline and Milestones:** The general timelines and milestones for the performance of the reliability planning activities are provided in Exhibit [KM-3](#), which also provides a flowchart diagramming the steps of the Southeastern Regional Transmission Planning Process.

## **[Section 7.1](#) Economic Planning Studies**

**7.1 General [7.1](#) 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. Requests that are inter-regional in nature will be addressed in the SIRPP. Accordingly, it is expected that the RPSG will coordinate with other inter-regional stakeholders regarding Economic Planning Studies that are inter-regional in nature.

**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 within 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. It should again be noted that requests that are inter-regional in nature will be addressed in the SIRPP.

**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. It is foreseeable that clustering of requests may occur during the SIRPP.

**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 CEIL.
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. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders and posted as they become available from the SIRPP. 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 10 calendar days prior to the Transmission Planning Summit. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders and posted as they become available from the SIRPP.
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.



## **~~Section 8.8.~~ Order No. 890 Cost Allocation Principle<sup>9</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 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

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<sup>9</sup> In accordance with Order No. 1000, this planning principle only applies to the Transmission Provider's local transmission planning process.

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 ~~Economic~~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 Reliability Upgrade[s] and shall otherwise be borne by the Requesting Stakeholder[s].



## **APPENDIX D**

**A redline comparison, in RTF format, showing changes between OVEC's Proposed Attachment M and Southern Companies' proposed Attachment K**

**ATTACHMENT ~~K~~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 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 needs of both the Transmission Provider and its Network and Firm Point-to-Point Transmission Customers on a comparable and nondiscriminatory basis. The Transmission Provider’s coordinated, open and transparent planning process is hereby

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<sup>1</sup> The Transmission Provider notes that while this Attachment ~~K~~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 ~~K~~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 ~~K~~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, at times, a single transmission expansion plan may be common to all Sponsors. To the extent that this Attachment ~~K~~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 ~~K~~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.

provided in this Attachment ~~K~~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 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 NERC Reliability Standards, the Transmission Provider conducts comprehensive reliability assessments and thoroughly coordinates with neighboring and/or affected transmission providers.

As provided below, 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>2</sup>

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<sup>2</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 ~~K~~M but instead permeates the Southeastern Regional Transmission Process described in this Attachment ~~K~~M.

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. As provided below, the SERTP includes sufficient detail to enable Transmission Customers to understand:

- (i) The process for consulting with customers for Attachment ~~K~~M purposes, which is set forth in Section 1 of this Attachment ~~K~~M;
  - (ii) The notice procedures and anticipated frequency of meetings; which is set forth in Sections 1 and 2 of this Attachment ~~K~~M;
  - (iii) The Transmission Provider's transmission planning methodology, criteria, and processes, which are set forth in Section 3 of this Attachment ~~K~~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 ~~K~~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 ~~K~~M;
  - (vi) The dispute resolution process~~;~~ which is set forth in Section 5 of this Attachment ~~K~~M;
  - (vii) The Transmission Provider's study procedures for economic upgrades to address
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congestion or the integration of new resources, which is set forth in Section 7 of this Attachment ~~K~~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 ~~K~~M; and
- (ix) The relevant cost allocation method or methods, which is set forth in Section 8 of this Attachment ~~K~~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>3</sup> dispute resolution, and economic planning studies. This regional transmission planning process includes at Section 10 the procedures and

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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 ~~K~~M but instead permeates the Southeastern Regional Transmission Process described in this Attachment ~~K~~M.

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 12 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 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. The list of enrolled entities to the SERTP is posted on the Regional Planning Website. 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 16-17 of this Attachment ~~K~~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 12 of this Attachment ~~K~~M;
- (ii) The process for consulting with customers, which is set forth in Section 1 of this Attachment ~~K~~M;
- (iii) The notice procedures and anticipated frequency of meetings, which is set forth in Sections 1 and 2 of this Attachment ~~K~~M;
- (iv) The Transmission Provider's transmission planning methodology, criteria, and

processes, which are set forth in Section 3 of this Attachment ~~K~~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 ~~K~~M;
- (vi) The obligations of and methods for transmission customers to submit data, which are set forth in Section 4 of this Attachment ~~K~~M;
- (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 13-21 of this Attachment ~~K~~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 11 of this Attachment ~~K~~M;
- (ix) The dispute resolution process, which is set forth in Section 5 of this Attachment ~~K~~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 ~~K~~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 ~~K~~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 16-17.

## **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 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. Requests that are inter-regional in nature will be addressed in the Southeast Inter-Regional Participation Process. 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>4</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 will be implemented the

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<sup>4</sup> As indicated *infra* at footnote 1, references in this Attachment ~~K~~M to a transmission “plan,” “planning,” or “plans” should be construed in the singular or plural as may be appropriate in a particular instance. Likewise, the reference to a plan or plans may, depending upon the circumstance, be a reference to a regional transmission plan required for purposes of Order No. 1000. 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.

following calendar year).<sup>5</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.

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

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<sup>5</sup> A transmission expansion plan completed during one calendar year (and presented to Stakeholders at that calendar year's Annual Transmission Planning Summit) is implemented 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.

**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. 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. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders as they become available from the Southeast Inter-Regional Planning Participation Process. 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 results for such studies that are inter-regional in nature will be reported to the RPSG and interested Stakeholders as they become available from the Southeast Inter-Regional Planning Participation Process. The Transmission Provider will also provide an overview of the ten (10) year transmission expansion plan, the results of that year's coordination study activities with the FRCC transmission providers, and the results of any *ad hoc* coordination study activities. 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 Florida Reliability Coordinating Council ("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. The RPSG is also encouraged to coordinate with stakeholder groups in the area covered by the Southeast Inter-Regional Participation Process regarding requests for Economic Planning Studies that are inter-regional in nature. 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>6</sup>
- (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

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<sup>6</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.

**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 ~~K~~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>7</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 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.

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<sup>7</sup> As previously discussed, the Transmission Provider expects that the other Sponsors will also be hosts and sponsors of these activities.

**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 ~~K~~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 with the sponsors of the Southeast Inter-Regional Participation Process (“SIRPP”), 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 system 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) Current software titles and version numbers used for transmission analyses by the Transmission Provider.

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 ~~K~~M and Exhibit ~~K~~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. 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 10 calendar days prior to the Second RPSG Meeting.
6. At the Annual Transmission Planning Summit, the ten (10) year transmission expansion plan that will be implemented the following year will be presented to the Stakeholders. The Transmission Planning Summit presentations and the (10) year transmission expansion plan will be posted on the Regional Planning Website at least 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 ~~K~~M, is provided in Exhibit ~~K~~M-3.

#### **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 ~~K~~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 or other Participating Transmission Owners of the Southeast Inter-Regional Participation 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>8</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 regional 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 Coordination with the Other Participating Transmission Owners in the Southeast Inter-Regional Participation Process:** ~~On an inter-regional basis, the Transmission Provider coordinates with the transmission systems~~

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<sup>8</sup> In accordance with Order No. 1000, this planning principle only applies to the Transmission Provider's local transmission planning process.

~~with which the Transmission Provider is interconnected, with the exception of the utilities in the Florida Reliability Coordination Council (“FRCC”), through the Southeast Inter Regional Participation Process (“SIRPP”) attached hereto as Exhibit K-2 and incorporated herein by reference, and the corresponding meetings, communications, and data and informational exchanges. In that regard, a link to the SIRPP website is found on the Transmission Provider’s OASIS. The transmission owners participating in the SIRPP are identified on the SIRPP website (“SIRPP Sponsors”). The particular activities that the SIRPP sponsors coordinate are the preparation of the inter-regional Economic Planning Studies addressed in Section 7 below and in Exhibit K 2, and the review with stakeholders of the data, assumptions, and assessment activities that are then being conducted on a SERC wide basis.~~ 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 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 Multi-regional 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. Thus, given the location of OVEC facilities along the seam between MISO and PJM in RFC, and other transmission systems that are members of SERC, OVEC participates in the Southeast Inter-Regional Participation Process (“SIRPP”) in addition to the RFC efforts described above. Although OVEC initially offered to join the SIRPP as a member, after discussions with representatives of SIRPP and in light of OVEC’s uniqueness (e.g., very small load and discrete system), OVEC participates in SIRPP as a stakeholder. In accordance with the SIRPP process, stakeholders are given access to information flow and are included in the planning process without discrimination. It is expected that OVEC participation in the SIRPP will enhance coordination of OVEC planning efforts with systems to the south. The SIRPP process document, which describes stakeholder and other participation rights and other processes, is attached hereto as Exhibit M-2.

**6.4 ~~Coordination with Other SERC Members:~~** The Transmission Provider is a member of the SERC Reliability Corporation (“SERC”) and coordinates with other SERC members in reliability transmission planning. At least as of December 17, 2008, the SERC members are identified on SERC’s website. SERC is the regional entity responsible for promoting the reliability and adequacy of the bulk power system in the area served by its member systems. SERC has in place various committees and subcommittees, whose members are employees of SERC members, to perform those functions, including the promotion of the reliability and adequacy of the bulk power system as related to the planning and engineering of the electric systems. At least as of December 17, 2008, the SERC committees are identified on SERC’s website. Through these committee processes, the particular transmission planning activities that are coordinated with the SERC members are the creation of a SERC regional model and the preparation of a simultaneous feasibility assessment, which are discussed in further detail below. [Reliability Planning Process.](#)

**6.5 ~~Coordination with the Transmission Owners in the FRCC~~**

**6.5.1 ~~Reliability Coordination with the Transmission Owners in the~~**

**FRCC:** As discussed in Exhibit K-2, seams coordination for the SIRPP occurs at the regional level where external planning processes adjoin the SIRPP. In that regard, the Transmission Provider coordinates with the transmission providers in the FRCC through a reliability coordination arrangement for the purpose of safeguarding

~~and augmenting the reliability of the Transmission Provider's Transmission System and that of the FRCC. This arrangement provides for exchanges of information and system data between the Transmission Provider and the FRCC transmission providers for the coordination of planning and operations in the interest of reliability. This arrangement also provides the mechanism for regional studies and recommendations designed to improve the reliability of the interconnected bulk power system. Duties under the arrangement are as follows: (1) coordination of generation and transmission system planning, construction, operating, and protection to maintain maximum reliability; (2) coordination of interconnection lines and facilities for full implementation of mutual assistance in emergencies; (3) initiation of joint studies and investigations pertaining to the reliability of bulk power supply facilities; (4) coordination of maintenance schedules of generating units and transmission lines; (5) determination of requirements for necessary communication between the parties; (6) coordination of load relief measures and restoration procedures; (7) coordination of spinning reserve requirements; (8) coordination of voltage levels and reactive power supply; (9) other matters relating to the reliability of bulk power supply required to meet customer service requirements; and (10) exchange of necessary information, such as magnitude and characteristics of actual and forecasted loads, capability of generating facilities, programs of~~

~~capacity additions, capability of bulk power interchange facilities, plant and system emergencies, unit outages, and line outages.~~

~~**6.5.2 Economic Planning Studies with the FRCC:** The Transmission Provider and the FRCC have developed procedures for the performance of Economic Planning Studies that are selected by their Stakeholders through their respective Attachment K transmission planning processes for bulk power transfers that involve both the FRCC and the Transmission Provider. Those procedures are posted on the Regional Planning Website (including the FRCC/SERTP process for requesting inter-regional economic studies and a description of how information, modeling data and expansion plans are shared).~~

## **6.6 Reliability Planning Process**

### **~~6.6.1~~ 6.4.1**

#### **General:**

The Transmission Provider's reliability planning process with the transmission providers and owners participating in the SERTP and SIRPP is described in documentation posted on the Regional Website and the Inter-Regional Website.

### **~~6.6.2~~ 6.4.2**

#### **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 [\(or other applicable NERC region's\)](#) 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 on both (a) a local and regional level (*e.g.* Southeastern Regional Transmission Planning level) and (b) an inter-regional (*e.g.* SERC-wide level).

(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, North American Electric Reliability Corporation ("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 Multiregional Modeling Working Group (“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 inter-regional 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~~6.4.3

### **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 [\(or other applicable NERC region's\)](#) 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 [\(or other applicable NERC region's\)](#) 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, 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 [\(or other applicable NERC region's\)](#) regional model development for the following year); FRCC model development; and any *ad hoc* coordination studies.

- (a)(ii) **Participation Through the SIRPP:** As shown on the Southeast Inter-Regional Participation Process Diagram contained in Exhibit [KM](#)-2, the particular activities that the SIRPP sponsors coordinate are the preparation of the inter-regional Economic Planning Studies addressed in Section 7 below and in Exhibit [KM](#)-2. In addition, the SIRPP sponsors

will review with stakeholders the data, assumptions, and assessment that are then being conducted on a SERC-wide basis at: the 1<sup>st</sup> Inter-Regional Stakeholder Meeting; the 2<sup>nd</sup> Inter-Regional Stakeholder Meeting; and the 3<sup>rd</sup> Inter-Regional Stakeholder Meeting.

(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.

**6.46.5 Timeline and Milestones:** The general timelines and milestones for the performance of the reliability planning activities are provided in Exhibit ~~K~~M-3, 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. Requests that are inter-regional in nature will be addressed in the SIRPP. Accordingly, it is expected that the RPSG will coordinate with other inter-regional stakeholders regarding Economic Planning Studies that are inter-regional in nature.

**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 within 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. It should again be noted that requests that are inter-regional in nature will be addressed in the SIRPP.

**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. It is foreseeable that clustering of requests may occur during the SIRPP.

**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. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders and posted as they become available from the SIRPP. 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 10 calendar days prior to the Transmission Planning Summit. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders and posted as they become available from the SIRPP.
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>9</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

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<sup>9</sup> In accordance with Order No. 1000, this planning principle only applies to the Transmission Provider's local transmission planning process.

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 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~~OVEC's costs associated with its transmission planning process shall be recovered through existing rate structures (through transmission rates embedded in the cost-based rates charged to its owners and their affiliates under the Commission-approved Inter-Company Power Agreement and through agreements with third parties for transmission service, including as a component of retail service agreements authorized under applicable state law).

**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 and federal laws and/or regulations (“Public Policy Requirements”) in its routine planning, design, construction, operation, and maintenance of the Transmission System. In this regard, the Transmission Provider addresses transmission needs driven by the Public Policy Requirements of load serving entities and wholesale transmission customers through the planning for and provision of long-term firm transmission services to meet i) native load obligations and ii) wholesale Transmission Customer obligations under the Tariff.

### **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 transmission needs driven by Public Policy Requirements that are proposed by a Stakeholder, the Stakeholder must provide the following information via a submittal to the Regional Planning Website:

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

demonstration that the current iteration of the transmission expansion plan(s) does not adequately address that need.

**10.2.2 Deadline for Providing Such Information:** Stakeholders that propose a 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 60 calendar days after the SERTP Annual Transmission Planning Summit and Input Assumptions Meeting for the previous transmission planning cycle. That information is to be provided in accordance with the contact information provided on the Regional Planning Website.

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

**10.3.1** In the transmission planning process for that planning cycle, the Transmission Provider will evaluate Stakeholder input to determine if there is a transmission need driven by the Public Policy Requirement identified by the Stakeholder in Section 10.2 that should be addressed in the transmission expansion plan.

**10.3.2** If a transmission need is identified that is not already addressed in the transmission expansion planning process, the Transmission Provider

will identify a transmission solution to address the aforementioned need in the planning processes.

**10.3.3** Stakeholder input regarding potential transmission needs driven by Public Policy Requirements may be directed to the governing Tariff process as appropriate. For example, if the potential 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.

**10.4 Posting Requirement:** The Transmission Provider will provide and post on the Regional Planning Website a response to Stakeholder input regarding transmission needs driven by Public Policy Requirements.

## **11. Merchant Transmission Developers Proposing Transmission Facilities**

**Impacting the SERTP:** Merchant transmission developers not seeking regional cost allocation pursuant to Sections 15-21 ("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.

## **12. Enrollment**

**12.1 General Eligibility for Enrollment:** A public utility or non-public utility transmission service provider and/or transmission owner having a statutory or tariff obligation to ensure that adequate transmission facilities exist within a portion of the SERTP region may enroll in the SERTP. Such transmission 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.

**12.2 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 plan for regional cost allocation purposes (“RCAP”) pursuant to Sections 15-21, 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 plan for RCAP if it, an affiliate, subsidiary, member, owner or parent company has load in the SERTP.

**12.3 Means to Enroll:** A public utility or non-public utility transmission service provider or transmission owners may provide an application to enroll in accordance with Sections 12.1 and 12.2 above, by executing the form of enrollment posted on the Regional Planning Website. The Transmission

Provider is deemed to have enrolled for purposes of Order No. 1000 through this Attachment K.

**12.4 List of Enrollees in the SERTP:** The Transmission Provider will post and keep current on the Regional Planning Website a list of the public utility and non-public utility transmission service providers and transmission owners who have enrolled in the SERTP (“Enrollees”).

**12.5 Enrollment, Cost Allocation Responsibility, and Conditions Subsequent:**

Enrollment will subject Enrollees to cost allocation if, during the period in which they are enrolled, it is determined in accordance with this Attachment ~~K~~M that the Enrollee is a beneficiary of a new transmission project(s) selected in the regional transmission plan for RCAP; provided, ~~that,~~ once enrolled, should the Commission, a Court, or any other governmental entity having the requisite authority modify, alter, or impose amendments to this Attachment ~~K~~M, then an enrolled non-public utility may immediately withdraw from this Attachment ~~K~~M by providing written notice within 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. The withdrawing Enrollee will be subject to regional and interregional cost allocations, if any, to which it had agreed and that were determined in accordance with this Attachment ~~K~~M during the period in which it was enrolled and was determined to be a beneficiary of new transmission facilities selected in the regional transmission plan for RCAP. Any withdrawing Enrollee will not be allocated

costs for projects selected in a regional transmission plan for RCAP after its termination of enrollment becomes effective in accordance with the provisions of this Section 12.5.

**12.6 Notification of Withdrawal:** An Enrollee wanting to terminate its enrollment in the SERTP may do so by providing written notification of such intent to the Transmission Provider. Except for non-public utilities terminating pursuant to Section 12.5 above, the termination will 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. The withdrawing Enrollee will be subject to regional and interregional cost allocations, if any, to which it had agreed and that were determined in accordance with this Attachment ~~K~~M during the period in which it was enrolled and was determined to be a beneficiary of new transmission facilities selected in the regional transmission plan for purposes of cost allocation. Any withdrawing Enrollee will not be allocated costs for projects selected in a regional transmission plan for RCAP after its termination of enrollment becomes effective in accordance with the provisions of this Section 12.6.

**13. Qualification Criteria to Submit a Regional Transmission Project Proposal for Potential Selection in a Regional Transmission Plan for Purposes of Cost Allocation**

**13.1 Transmission Developer Qualification Criteria:** While additional financial and technical criteria may be required to be satisfied in order for a proposed transmission project to be selected and/or included in a regional plan for RCAP, a transmission developer must satisfy the following, initial qualification criteria to be eligible to propose a transmission project for potential selection in a regional transmission plan for RCAP.<sup>10</sup>

**13.1.1** If the transmission developer or its parent 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 12.2.

**13.1.2** In order to be eligible to propose a transmission project for consideration for selection in a regional plan for RCAP, the transmission developer must demonstrate that it satisfies the following, minimum financial capability and technical expertise requirements:

1. The transmission developer has and maintains a credit rating of BBB- or higher from Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), or a credit rating of Baa3 or higher from Moody's Investors Service, Inc. In addition, the transmission developer's parent company's credit rating may be used to satisfy this requirement but only if the parent company commits in writing to provide a guaranty for the transmission

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<sup>10</sup> The regional cost allocation process provided hereunder in accordance with Sections 13-21 does not undermine the ability of the Transmission Provider and other entities to negotiate alternative cost sharing arrangements voluntarily and separately from this regional cost allocation method.



developer if the proposed transmission project is selected in a regional plan for RCAP;<sup>11</sup>

2. The transmission developer provides documentation of its capability to finance U.S. energy projects equal to or greater than the cost of the proposed transmission project; and
3. The transmission developer has the capability to develop, construct, operate, and maintain U.S. electric transmission projects of similar or larger complexity, size, and scope as the proposed project. The transmission developer must demonstrate such capability by providing, at a minimum, the following information:
  - a. A summary of the transmission developer's: 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. This may include projects and experience provided by a parent company or affiliates or other experience relevant to the development of the proposed project; and
  - b. If it or a parent, owner, affiliate, or member has been found in violation of any NERC and/or Regional Entity reliability standard and/or the violation of regulatory requirement(s) pertaining to the development, construction, ownership, operation, and/or maintenance of electric infrastructure facilities, an explanation of such violations.

14. **Transmission Facilities Potentially Eligible for RCAP:** In order for a transmission project proposed by a transmission developer to be considered for evaluation and potential selection in a regional plan for RCAP, the project must be regional in nature in that it must be a major transmission project effectuating significant bulk electric

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<sup>11</sup> If a project is selected in a regional plan for RCAP, having a BBB- and/or a Baa3 rating alone will not be sufficient to satisfy the requisite project security/collateral requirements.

transfers across the SERTP region and addressing significant electrical needs. A regional transmission project eligible for potential selection in a regional plan for RCAP would be a transmission line that would:

- a. operate at a voltage of 300 kV or greater and span 100 miles or more within the SERTP; and
  - b. portions of said transmission line must be located in two or more balancing authority areas located in the SERTP.
1. A transmission project that does not satisfy (a) and (b) above but that would effectuate similar, significant bulk electric transfers across the SERTP region and address similar, significant regional electrical needs will be considered on a case-by-case basis;
  2. The proposed transmission project cannot be an upgrade to an existing facility. In addition, the proposed transmission project cannot be located on the property and/or right-of-way ("ROW") belonging to anyone other than the transmission developer absent the consent of the owner of the existing facility or ROW, as the case may be;
  3. In order for the proposed transmission project to be a more efficient and cost effective alternative to the projects identified by the transmission providers through their planning processes, it should be materially different than projects already under consideration and materially different than projects that have been previously considered in the expansion planning process; and
  4. The proposed transmission project must be able to be constructed and tied into the transmission system by the required in-service date.

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

**15.1 Information to be Submitted:** A transmission developer must submit the following information in support of a transmission project it proposes for potential selection in a regional transmission plan for RCAP:

1. Documentation of the transmission developer's ability to satisfy the qualification criteria required in Section 13;
2. Sufficient information for the Transmission Provider to determine that the potential transmission project satisfies the regional eligibility requirements of Section 14;
3. 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.
4. 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.);
5. 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 will be required to support such differences;
6. Documentation of the technical analysis performed supporting the position that the proposed transmission project addresses the transmission needs and does so more efficiently and cost-effectively than specific projects included in the latest transmission expansion plan. Documentation must include the following:
  - The identification of: (a) transmission projects in the latest expansion plan that would be displaced by the proposed project, and (b) any additional projects that may be required in order to implement the proposed project; and

- The data and/or files necessary to evaluate the transmission developer's analysis of the proposed transmission project;
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; and
8. 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:
- The transmission developer or its proposal is determined to not satisfy the qualification criteria in Section 13 through 15.1; or
  - 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.

**15.2 Deadline for Submittal:** 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 identified in Sections 13 through 15.1 to the Transmission Provider in accordance with the contact information provided on the Regional Planning Website no later than 60 calendar days after the SERTP Annual Transmission Planning Summit and Input Assumptions Meeting for the previous transmission planning cycle.

**15.3 Initial Review of Qualification Criteria and Opportunity for Cure:** The Transmission Provider will notify transmission developers who do not meet

the qualification criteria in Section 13 through 15.1, or who provide an incomplete submittal, within 30 calendar days of the submittal deadline to allow the transmission developers an opportunity to remedy any identified deficiency(ies). Transmission developers, so notified, will have 15 calendar days to resubmit the necessary supporting documentation to remedy the identified deficiency.

**15.4 Change in the Transmission Developer's Qualification Information or**

**Circumstances:** The transmission developer has an obligation to update and report in writing to the Transmission Provider any change to its information that was provided as the basis for its satisfying the requirements of Sections 13 through 15, except that the transmission developer is not expected to update its technical analysis performed for purposes of Section 15.1(6) to reflect updated transmission planning data as the transmission planning cycle(s) progresses. If at any time the Transmission Provider concludes that a transmission developer or a potential transmission project proposed for possible selection in a regional plan for RCAP no longer satisfies such requirements specified in Sections 13 through 15, then the Transmission Provider may remove the transmission developer's potential transmission project(s) from consideration for potential selection in a regional plan for RCAP and/or remove any and all such transmission project(s) from the selected category in a regional plan for RCAP, as applicable.

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

### **16.1 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 plan for RCAP by transmission developers. 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 apply its planning guidelines and criteria to evaluate submittals and determine whether:

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 by the proposed transmission project;<sup>12</sup>
3. Any additional projects would be required to implement the proposed transmission project.

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<sup>12</sup> Entities that are identified to potentially have one or more of their planned transmission projects displaced by the transmission developer's potential transmission project for possible selection in a regional plan for RCAP shall be referred to as "Beneficiaries."

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

**16.2.1** Based upon the evaluation outlined in Section 16.1, the Transmission Provider will assess whether the proposed transmission project seeking selection in a regional 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>

- a. The benefit used in this calculation will be quantified by the transmission costs that the Beneficiaries would avoid due to their transmission projects being displaced by the transmission developer's proposed transmission project.
- b. The cost used in this calculation will be quantified by the transmission cost of the project proposed for selection in a regional transmission plan for RCAP plus the transmission costs of any additional projects required to implement the proposal.
- c. 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.

**16.2.2** For potential transmission projects found to satisfy the foregoing benefit-to-cost analysis, the Transmission Provider and the Impacted Utilities will then consult with the transmission developer of that project to establish a schedule reflecting the expected in-service date

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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 ~~K~~M, the terms "Impacted Utilities" shall mean: i) the Beneficiaries identified for the proposed transmission project and ii) any entity identified in this Section 16.2.1 to potentially have increased costs in order to implement the proposal.

of the project for: 1) the transmission developer to provide detailed financial terms for its proposed project that are acceptable to each Beneficiary and 2) the proposed transmission project to receive approval for selection in a regional plan for RCAP from the jurisdictional and/or governance authorities of the Impacted Utilities.

**16.3 The Transmission Developer to Provide More Detailed Financial Terms Acceptable to the Beneficiaries and the Performance of a Detailed Transmission Benefit- to- Cost Analysis:** By the date specified in the schedule established in Section 16.2.2,<sup>14</sup> the transmission developer shall identify the detailed financial terms for its proposed project, establishing in detail: (a) the total cost to be allocated to the Beneficiaries if the proposal were to be selected in a regional plan for RCAP, and (b) the components that comprise that cost, such as the costs of:

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

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<sup>14</sup>The schedule established in accordance with Section 16.2.2 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.



To determine whether the proposed project is considered at that time to remain a more efficient and 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 16.2.1. This more detailed transmission analysis will be based upon the detailed financial terms 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) that are applicable to/available for the proposed transmission project, the projects that would be displaced, and any additional projects required to implement the proposal.<sup>15</sup>

#### **16.4 Jurisdictional and/or Governance Authority Approval and Selection for**

**RCAP:** The project will be selected for RCAP in the then-current iteration of the regional plan for purposes of Order No. 1000, subject to the provisions of Section 18, if: (i) the detailed financial terms provided in accordance with Section 16.3, as may be modified by agreement of the transmission developer and Beneficiary(ies), are acceptable to each Beneficiary; (ii) the proposed transmission project is found to satisfy the more detailed benefit-to-cost analysis specified in Section 16.3; and (iii) if approval is obtained from all of the jurisdictional and/or governance authorities of the Impacted Utilities by

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<sup>15</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 16.2.1.

the date specified in the schedule adopted in accordance with Section 16.2.2.<sup>16</sup> If obtaining jurisdictional and/or governance authorities approval requires a modification of the detailed financial terms found acceptable in Section 16.3, and both the transmission developer and the Beneficiary(ies) agree to the modification, then the modified detailed financial terms shall be the basis for the regional cost allocation for purposes of the project.

**17. Cost Allocation Methodology Based Upon Avoided Transmission Costs:** If a regional transmission project is selected in a regional plan for RCAP in accordance with Section 16.4 and then constructed and placed into service, the Beneficiaries identified in the detailed benefit-to-cost analysis performed in Section 16.3 to potentially have one or more of their planned transmission projects displaced by the transmission developer's potential transmission project for RCAP will be allocated the regional transmission project's costs in proportion to their respective displaced transmission costs as found acceptable in accordance with Sections 16.3 and 16.4.

**18. On-Going Evaluations of Proposed Projects:** 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 actually proves to be more efficient and cost effective,

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<sup>16</sup> Being selected for RCAP in the then-current iteration of a regional 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 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 the selected category in a regional plan for RCAP in accordance with the provisions of Sections 15.4, 18 and 19.

the Transmission Provider will continue to reevaluate a proposed transmission project, including any such projects that are being considered for potential selection in a regional plan for RCAP and any transmission projects that may have been selected in a regional plan for RCAP. This continued reevaluation will assess then-current transmission needs and determine whether the proposed transmission project continues to be needed and is more efficient and cost effective compared to alternatives as assessed in subsequent expansion planning processes that reflect ongoing changes in actual and forecasted conditions. Even though a proposed project may have been selected in a regional plan for RCAP in an earlier regional plan, if it is determined that the proposed project is no longer needed and/or it is no longer more efficient and cost effective than alternatives, then the Transmission Provider may notify the transmission developer and remove the proposed project from the selected category in a regional plan for RCAP. Reevaluation will occur 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.

- 19. Delay or Abandonment:** 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 plan for RCAP due to the delay in its development or abandonment of the project. In this regard, the transmission

developer shall promptly notify the Transmission Provider should any material changes or delays be encountered in the development of the potential transmission project. If, due to such delay or abandonment, the Transmission Provider determines that a project selected in a regional plan for RCAP no longer adequately addresses underlying transmission needs and/or no longer remains more efficient and cost effective, then the Transmission Provider may remove the project from being selected in a regional plan for RCAP and proceed with seeking appropriate solution(s). If removed from being selected in a regional plan for RCAP due to delay or abandonment by the transmission developer, then the transmission developer shall be responsible for, at a minimum, any increased costs to the Impacted Utilities due to any such delay or abandonment.

- 20. Milestones of Required Steps Necessary to Maintain Status as Being Selected for RCAP:** Once selected in a regional plan for RCAP, the transmission developer must submit a development schedule to the Transmission Provider and the Impacted Utilities that establishes the milestones, including (to the extent not already accomplished) obtaining all necessary ROWs and requisite environmental, state, and other governmental approvals and executing a mutually-agreed upon contract(s) with the Beneficiaries, by which the necessary steps to develop and construct the transmission project must occur. The schedule and milestones must be satisfactory to the Transmission Provider and the Impacted Utilities. In addition, the Transmission Provider and the Impacted Utilities will also determine the security/collateral arrangements for the proposed project and the deadline(s) by

which they must be provided.<sup>17</sup> If such critical steps are not met by the specified milestones and then afterwards maintained, then the Transmission Provider may remove the project from the selected category in a regional plan for RCAP.

**21. Mutually Agreed Upon Contract(s) Between the Transmission Developer and the Beneficiaries:** The contract(s) referenced in Section 20 will address terms and conditions associated with the development of the proposed transmission project in a regional plan for RCAP, including:

1. The specific financial terms/specific total amounts to be charged by the transmission developer for the regional transmission project to the Beneficiaries, as agreed to by the parties,
2. The contracting Beneficiary's(ies') allocation of the costs of the aforementioned regional facility,
3. Creditworthiness/project security requirements,
4. Operational control of the regional transmission project,
5. Milestone reporting, including schedule of projected expenditures,
6. Engineering, procurement, construction, maintenance, and operation of the proposed regional transmission project,
7. Emergency restoration and repair responsibilities,
8. Reevaluation of the regional transmission project, and
9. Non-performance or abandonment.

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<sup>17</sup> Satisfying the minimum, financial criteria specified in Section 13.1.2 alone in order to be eligible propose a project for RCAP will not satisfy this security/collateral requirement.

## **Interregional Transmission Coordination**

[RESERVED]

## EXHIBIT **K**M-2

### **Southeast Inter-Regional Participation Process**

#### **Introduction:**

In an effort to more fully address the regional participation principle outlined in the Order 890 Attachment K Tariff requirements and the related guidance contained in the FERC Transmission Planning Process Staff White Paper (dated August 2, 2007), this Southeast Inter-Regional Participation Process expands upon the existing processes for regional planning in the Southeast. This document outlines an inter-regional process among various Southeastern interconnected transmission owners. The inter-regional process described herein is incorporated into each Participating Transmission Owner's<sup>1</sup> planning process and OATT Attachment K (for those transmission owners that have a regulatory requirement to file an Attachment K).

#### **Purpose:**

This inter-regional process complements the regional planning processes developed by the Participating Transmission Owners in the Southeast. For the purpose of this document, the term "Southeast Inter-Regional Participation Process" ("SIRPP") is defined as a new process to more fully address the regional participation principle of Order 890 for multiple transmission systems in the Southeast. The term "Regional Planning Processes" refers to the regional transmission planning processes a Transmission Owner has established within its particular region for Attachment K purposes. Importantly, the Economic Planning Studies discussed herein are hypothetical studies that do not affect the transmission queue for purposes of System Impact Studies, Facilities Studies, or interconnection studies performed under other portions of the OATT.

#### **Current Inter-Regional Planning Process:**

Each Southeastern transmission owner currently develops a transmission plan to account for service to its native load and other firm transmission service commitments on its transmission system. This plan development is the responsibility of each transmission planner individually and does not directly involve the Regional Reliability Organization

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<sup>1</sup>The sponsors of the Southeast Inter-Regional Participation Process are referred to as transmission owners, rather than transmission providers, because not all of the sponsors are "Transmission Providers" for purposes of the *pro forma* OATT.

(e.g. SERC). Once developed, the Participating Transmission Owners collectively conduct inter-regional reliability transmission assessments, which include the sharing of the individual transmission system plans, providing information on the assumptions and data inputs used in the development of those plans and assessing whether the plans are simultaneously feasible.

### **Participating Transmission Owners:**

Due to the additional regional planning coordination principles that have been announced in Order 890 and the associated Transmission Planning White Paper, several transmission owners have agreed to provide additional transmission planning coordination, as further described in this document. The “Participating Transmission Owners” are listed on the SIRPP website (<http://www.southeastirpp.com>).

### **Southeast Inter-Regional Participation Process:**

The Southeast Inter-Regional Participation Process is outlined in the attached diagram. As shown in that diagram, this process will provide a means for conducting stakeholder requested Economic Planning Studies across multiple interconnected systems. In addition, this process will build on the current inter-regional, reliability planning processes required by existing multi-party reliability agreements to allow for additional participation by stakeholders.

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

These established Attachment K processes may also serve as a mechanism to collect requests for inter-regional Economic Planning Studies by a participant’s stakeholders group. The Economic Planning Studies requested through each participant’s Attachment K process that involve impacts on multiple systems between Regional Planning Processes will be consolidated and evaluated as part of the Southeast Inter-Regional Participation Process. Stakeholders will also be provided the opportunity to submit their requests for inter-regional Economic Planning Studies directly to the Inter-Regional process.



The Participating Transmission Owners recognize the importance of coordination with neighboring (external) planning processes. Therefore, seams coordination will take place at the regional level where external regional planning processes adjoin the Southeast Inter-Regional Participation Process (*e.g.* Southeastern Regional Planning Process coordinating with FRCC Regional Planning Process, Entergy coordinating with SPP, TVA coordinating with MISO and PJM, and the North Carolina Transmission Planning Collaborative coordinating with PJM). External coordination is intended to include planning assumptions from neighboring processes and the coordination of transmission enhancements and stakeholder requested Economic Planning Studies to support the development of simultaneously feasible transmission plans both internal and external to the Southeast Inter-Regional Participation Process.

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

With regard to coordinating with stakeholders in the development of the inter-regional Economic Planning Study(ies), in each cycle of the Southeast Inter-Regional Participation Process, the Participating Transmission Owners will conduct three inter-regional stakeholder meetings. The information to be discussed at such meetings will be made available in final draft form for stakeholder review prior to any such meeting by posting on the SIRPP website and/or e-mails to SIRPP Stakeholder Group (“SIRPPSG”) members. The Participating Transmission Owners will use reasonable efforts to make such information available at least 10 calendar days prior to the particular meeting. The Participating Transmission Owners will conduct the “1<sup>st</sup> Inter-Regional Stakeholder Meeting”, as shown in the attached diagram. At this meeting, a review of all of the Economic Planning Study(ies) submitted through the participants’ Regional Planning Processes or directly to the Inter-Regional process, along with any additional Economic Planning Study requests that are submitted at this 1<sup>st</sup> meeting, will be conducted. During this meeting, the stakeholders will select up to five studies that will be evaluated within the planning cycle. The study coordination team will coordinate with the stakeholders regarding the study assumptions underlying the identified stakeholder requested inter-regional Economic Planning Study(ies). Through this process, stakeholders will be provided an opportunity to comment and provide input regarding those assumptions. Following that meeting, and once the study coordination team has an opportunity to perform its initial analyses of the inter-regional Economic Planning Study(ies), the Participating Transmission Owners will then conduct the “2<sup>nd</sup> Inter-Regional Stakeholder Meeting.” At this meeting, the study coordination team will review the results

of such initial analysis, and stakeholders will be provided an opportunity to comment and provide input regarding that initial analysis. The study coordination team will then finalize its analysis of the inter-regional study(ies) and draft the Economic Planning Study(ies) report(s), which will be presented to the stakeholders at the “3rd Inter-Regional Stakeholder Meeting.” Stakeholders will be provided an opportunity to comment and provide input regarding the draft report(s). Subsequent to that meeting, the study coordination team will then finalize the report(s), which will be issued to the Participating Transmission Owners and stakeholders.

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

### **Southeast Inter-Regional Participation Process Cycle:**

The Southeast Inter-Regional Participation Process will be performed annually. Due to the expected scope of the requested studies and size of the geographical region encompassed, the Participating Transmission Owners will perform up to five (5) inter-regional Economic Planning Studies annually, which could encompass both Step 1 and Step 2 evaluations. A Step 1 evaluation will consist of a high level screen of the requested transfer and will be performed during a single year’s planning cycle. The high level screen will identify transfer constraints and likely transmission enhancements to resolve the identified constraints. The Participating Transmission Owners will also provide approximate costs and timelines associated with the identified transmission enhancements to facilitate the stakeholders’ determination of whether they have sufficient interest to pursue a Step 2 evaluation. Once a Step 1 evaluation has been completed for a particular transfer, the stakeholders have the option to request a Step 2 evaluation for that transfer to be performed during the subsequent year’s Inter-Regional Participation Process Cycle. If the stakeholders opt to not pursue Step 2 evaluation for the requested transfer during the subsequent year’s Inter-Regional Participation Process Cycle, an Economic Planning Study of that request may be re-evaluated in the future by being submitted for a new Step 1 evaluation. In the event that the stakeholders request a Step 2 evaluation, the Participating Transmission Owners will then perform additional analysis, which may include additional coordination with external processes. The Participating Transmission Owners will then develop detailed cost estimates and timelines associated with the final transmission enhancements. The Step 2 evaluation will ensure that sufficient coordination can occur with stakeholders and among the impacted Participating Transmission Owners. In addition, the Step 2 evaluation will provide sufficient time to ensure that the inter-regional study results are meaningful and meet the needs of the stakeholders.

It is important to note that the Participating Transmission Owners expect that a Step 2 evaluation will be completed prior to interested parties requesting to sponsor transmission enhancements identified in an Economic Planning Study. However, the Participating Transmission Owners will work with stakeholders if a situation develops where interested parties attempt to sponsor projects identified in a Step 1 evaluation and there is a compelling reason (*e.g.* where time is of the essence).

### **Inter-Regional Cost Allocation:**

The cost allocation for Inter-Regional Economic Upgrade projects will be determined in accordance with the cost allocation principle adopted by each Participating Transmission Owner's Regional Planning Process in which each portion of the construction of such upgrades would occur. The cost allocation principle for each SIRPP Regional Planning Process is posted on the SIRPP website. Typically, since Inter-Regional Economic Upgrade projects will likely consist of improvements that will be physically located in the footprints of multiple Regional Planning Processes, this approach means the cost allocation for each part of the Inter-Regional Economic Upgrade project or each project within a set of projects will be governed by the cost allocation principle adopted by the Regional Planning Process in which that part of the project or set is physically located. For example, should an Inter-Regional Economic Upgrade project consist of a single, 100 mile 500 kV transmission line, with 30 miles physically located in Regional Planning Process "A" and the remaining 70 miles located in Regional Planning Process "B," then the cost allocation for the 30 miles of 500 kV transmission line located in Regional Planning Process "A" would be governed by that Regional Planning Process' cost allocation principle, and the cost allocation for the other 70 miles of 500 kV transmission line would be governed by the cost allocation principle of Regional Planning Process "B." Should an Inter-Regional Economic Upgrade project be physically located entirely within one Regional Transmission Planning process, the costs of the project would be governed by that region's cost allocation principle.

### **Inter-Regional Coordination of Economic Transmission Project Development:**

Once an Economic Planning Study report has been finalized, multiple stakeholders may be interested in jointly participating in the project development. An Inter-Regional process addressing each such economic upgrade request will be developed that will formalize the process of determining if there is sufficient stakeholder interest to pursue economic project development and the coordination that will be required of the impacted Transmission Owners to support this process. The Participating Transmission Owners and the stakeholders will support this process development activity beginning in 2008.

## **Stakeholder Participation in the Southeast Inter-Regional Participation Process:**

### ***Purpose***

The purpose of the SIRPPSG is to provide a structure to facilitate the stakeholders' participation in the Southeast Inter-Regional Participation Process. Importantly, the SIRPPSG shall have the flexibility to change the "Meeting Procedures" section discussed below but cannot change the Purpose, Responsibilities, Membership, or Data and Information Release Protocol sections absent an appropriate filing with (and order by) FERC to amend the OATT.

### ***Responsibilities***

In general, the SIRPPSG is responsible for working with the Participating Transmission Owners on Inter-Regional Economic Planning Study requests so as to facilitate the development of such studies that meet the goals of the stakeholders. The specific responsibilities of this group include:

1. Adherence to the intent of the FERC Standards of Conduct requirements in all discussions.
2. Develop the SIRPPSG annual work plan and activity schedule.
3. Propose and select the Economic Planning Study(ies) to be evaluated (five annually).
  - a. Step 1 evaluations
  - b. Step 2 evaluations
4. The SIRPPSG should consider clustering similar Economic Planning Study requests. In this regard, if two or more of the Economic Planning Study requests are similar in nature and the Participating Transmission Owners conclude that clustering of such requests and studies is appropriate, the Participating Transmission Owners may, following communications with the SIRPPSG, cluster those studies for purposes of the transmission evaluation.
5. Provide timely input on the annual Economic Planning Study(ies) scope elements, including the following:
  - a. Study Assumptions, Criteria and Methodology
  - b. Case Development and Technical Analysis
  - c. Problem Identification, Assessment and Development of Solutions  
(including proposing alternative solutions for evaluation)
  - d. Comparison and Selection of the Preferred Solution Options
  - e. Economic Planning Study Results Report.
6. Providing advice and recommendations to the Participating Transmission Owners on the Southeast Inter-Regional Participation Process.

### ***Membership***

The SIRPPSG membership is open to any interested party.

### ***Meeting Procedures***

The SIRPPSG may change the Meeting Procedures criteria provided below pursuant to the voting structure in place for the SIRPPSG at that time. The currently effective Meeting Procedures for the SIRPPSG shall be provided to the Participating Transmission Owners to be posted on the SIRPP website and shall become effective once posted on that website (<http://www.southeastirpp.com>), which postings shall be made within a reasonable amount of time upon receipt by the Transmission Owners. Accordingly, the following provisions contained under this Meeting Procedures heading provide a starting-point structure for the SIRPPSG, which the SIRPPSG shall be allowed to change.

#### **Meeting Chair**

A stakeholder-elected member of the SIRPPSG will chair the SIRPPSG meetings and serve as a facilitator for the group by working to bring consensus within the group. In addition, the duties of the SIRPPSG chair will include:

1. Developing mechanisms to solicit and obtain the input of all interested stakeholders related to inter-regional Economic Planning Studies.
2. Ensuring that SIRPPSG meeting notes are taken and meeting highlights are posted on the SIRPP website (<http://www.southeastirpp.com>) for the information of the participants after all SIRPPSG meetings.

#### **Meetings**

Meetings of the SIRPPSG shall be open to all SIRPPSG members interested in inter-regional Economic Planning Studies across the respective service territories of the Participating Transmission Owners. There are no restrictions on the number of people attending SIRPPSG meetings from any interested party.

#### **Quorum**

Since SIRPPSG membership is open to all interested parties, there are no quorum requirements for SIRPPSG meetings.

#### **Voting**

In attempting to resolve any issue, the goal is for the SIRPPSG to develop consensus solutions. However, in the event consensus cannot be reached, voting will be conducted with each SIRPPSG member's organization represented at the meeting (either physically

present or participating via phone) receiving one vote. The SIRPPSG chair will provide notices to the SIRPPSG members in advance of the SIRPPSG meeting that specific votes will be taken during the SIRPPSG meeting. Only SIRPPSG members participating in the meeting will be allowed to participate in the voting (either physically present or participating via phone). No proxy votes will be allowed. During each SIRPP cycle, the SIRPPSG members will propose and select the inter-regional Economic Planning Studies that will be performed during that particular SIRPP cycle. The SIRPPSG will annually select up to five (5) inter-regional Economic Planning Studies, including both Step 1 evaluation(s) and any Step 2 evaluations, with any such Step 2 evaluations being performed for the previous year's Step 1 studies for the pertinent transfers. Each organization represented by their SIRPPSG members will be able to cast a single vote for up to five Economic Planning Studies that their organization would like to be studied within the SIRPP cycle. If needed, repeat voting will be conducted until there are clear selections for the five Economic Planning Studies to be conducted.

### **Meeting Protocol**

In the absence of specific provisions in this document, the SIRPPSG shall conduct its meetings guided by the most recent edition of *Robert's Rules of Order, Newly Revised*.

### ***Data and Information Release Protocol***

SIRPPSG members can request data and information that would facilitate their ability to replicate the SIRPP inter-regional Economic Planning studies while ensuring that CEII and other confidential data is protected.

### **CEII Data and Information**

SIRPPSG members may be certified to obtain CEII data used in the SIRPP by following the confidentiality procedures posted on the SIRPP website (*e.g.*, making a formal request for CEII, authorizing background checks, executing the SIRPP CEII Confidentiality Agreement, etc.). The SIRPP Participating Transmission Owners reserve the discretionary right to waive the certification process, in whole or in part, for anyone that the SIRPP Participating Transmission Owners deem appropriate to receive CEII. The SIRPP Participating Transmission Owners also reserve the discretionary right to reject a request for CEII; upon such rejection, the requestor may pursue the SIRPP dispute resolution procedures set forth below.

### **Non-CEII Confidential Information**

The Participating Transmission Owners will make reasonable efforts to preserve the confidentiality of information that is confidential but not CEII in accordance with the provisions of the Tariff and the requirements of (and/or agreements with) NERC and/or

SERC, as well as any agreements with the other Participating Transmission Owners and any other contractual or legal confidentiality requirements.

Without limiting the applicability of the foregoing, to the extent confidential non-CEII information is provided in the transmission planning process and is needed to participate in the transmission planning process and/or to replicate transmission planning studies, it will be made available to those SIRPPSG members who have executed the SIRPP Non-CEII Confidentiality Agreement, which is posted on the SIRPP website. Importantly, if information should prove to contain both confidential non-CEII information and CEII, then the requirements of both this section and the previous section would apply.

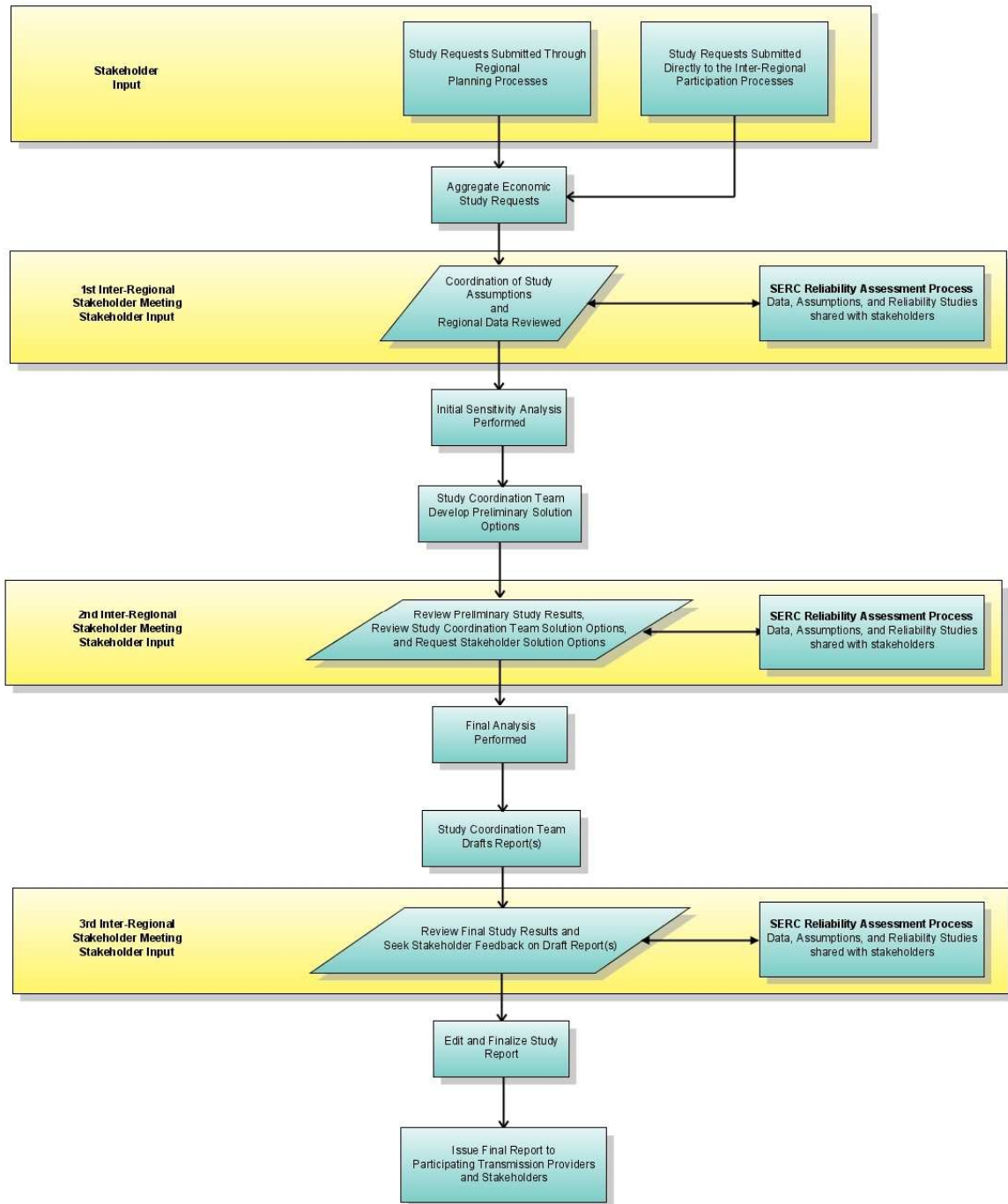
### ***Dispute Resolution***

Any procedural or substantive dispute between a stakeholder and a Participating Transmission Owner that arises from the SIRPP will be addressed by the Participating Transmission Owner's dispute resolution procedures in its respective Regional Planning Process. In addition, should the dispute only be between stakeholders with no Participating Transmission Owner involved (other than its ownership and/or control of the underlying facilities), the stakeholders will be encouraged to utilize the Commission's alternative means of dispute resolution.

Should dispute resolution proceedings be commenced in multiple Regional Planning Processes involving a single dispute among multiple Participating Transmission Owners, the affected Participating Transmission Owners, in consultation with the affected stakeholders, agree to use reasonable efforts to consolidate the resolution of the dispute such that it will be resolved by the dispute resolution procedures of a single Regional Planning Process in a single proceeding. If such a consensus is reached, the Participating Transmission Owners agree that the dispute will be addressed by the dispute resolution procedures of the selected Regional Transmission Planning Process.

Nothing herein shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

## Southeast Inter-Regional Participation Process Diagram:



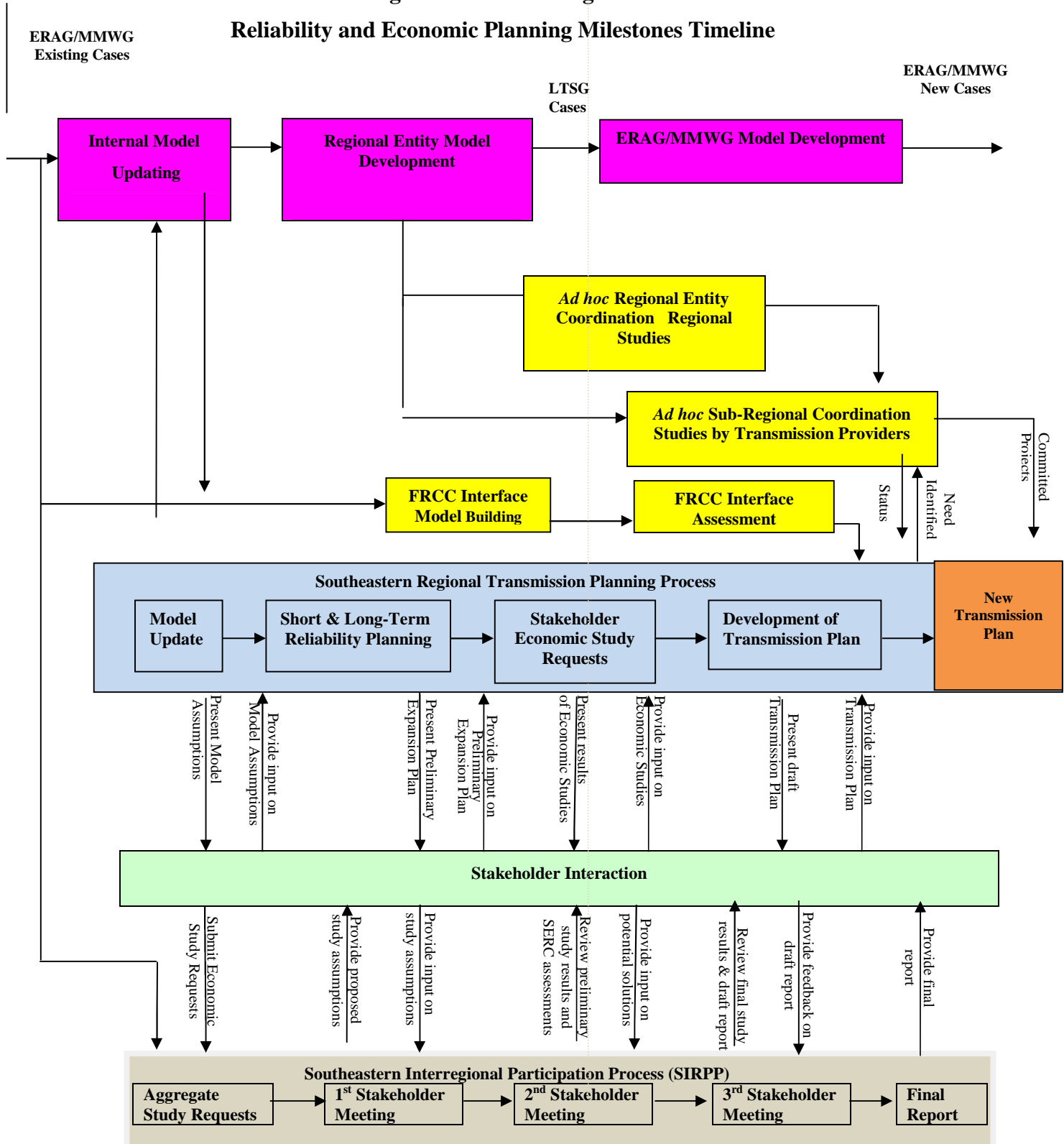


# Exhibit KM-3



Nov Jan Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

## Regional and Inter-Regional Reliability and Economic Planning Milestones Timeline



## **APPENDIX E**

**A clean version of OVEC's Proposed Attachment M in  
PDF format for posting in eLibrary**

## **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 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 needs of both the Transmission Provider and its Network and Firm Point-to-Point Transmission Customers on a comparable and nondiscriminatory basis. 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.

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<sup>1</sup> The Transmission Provider notes that 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, at times, a single transmission expansion plan may be common to all Sponsors. 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.

## **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 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 NERC Reliability Standards, the Transmission Provider conducts comprehensive reliability assessments and thoroughly coordinates with neighboring and/or affected transmission providers.

As provided below, 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>2</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

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<sup>2</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.

driven by Public Policy Requirements consistent with Order No. 1000. As provided below, 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>3</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 12 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 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.

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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.

The list of enrolled entities to the SERTP is posted on the Regional Planning Website. 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 16-17 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 12 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;
- (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 13-21 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 11 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 16-17.

## **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 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. Requests that are inter-regional in nature will be addressed in the Southeast Inter-Regional Participation Process. 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>4</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 will be implemented the following calendar year).<sup>5</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

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<sup>4</sup> As indicated *infra* at footnote 1, references in this Attachment M to a transmission "plan," "planning," or "plans" should be construed in the singular or plural as may be appropriate in a particular instance. Likewise, the reference to a plan or plans may, depending upon the circumstance, be a reference to a regional transmission plan required for purposes of Order No. 1000. 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>5</sup> A transmission expansion plan completed during one calendar year (and presented to Stakeholders at that calendar year's Annual Transmission Planning Summit) is implemented 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.

Transmission Provider's transmission planning process and no longer need detailed training in this regard.

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. 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. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders as they become available from the Southeast Inter-Regional Planning Participation Process. 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 ongoing 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 results for such studies that are inter-regional in nature will be reported to the RPSG and interested Stakeholders as they become available from the Southeast Inter-Regional Planning Participation Process. The Transmission Provider will also provide an overview of the ten (10) year transmission expansion plan, the results of that year's coordination study activities with the FRCC transmission providers, and the results of any *ad hoc* coordination study activities. 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 Florida Reliability Coordinating Council ("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. The RPSG is also encouraged to coordinate with stakeholder groups in the area covered by the Southeast Inter-Regional Participation Process regarding requests for Economic Planning Studies that are inter-regional in nature. 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>6</sup>
- (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

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<sup>6</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.

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>7</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 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

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<sup>7</sup> As previously discussed, the Transmission Provider expects that the other Sponsors will also be hosts and sponsors of these activities.

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 with the sponsors of the Southeast Inter-Regional Participation Process (“SIRPP”), 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 system 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) Current software titles and version numbers used for transmission analyses by the Transmission Provider.



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. 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 10 calendar days prior to the Second RPSG Meeting.
6. At the Annual Transmission Planning Summit, the ten (10) year transmission expansion plan that will be implemented the following year will be presented to the Stakeholders. The Transmission Planning Summit presentations and the (10) year transmission expansion plan will be posted on the Regional

Planning Website at least 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-3.

#### **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 or other Participating Transmission Owners of the Southeast Inter-Regional Participation 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>8</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 regional 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 Coordination with the Other Participating Transmission Owners in the Southeast Inter-Regional Participation Process:** 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

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<sup>8</sup> In accordance with Order No. 1000, this planning principle only applies to the Transmission Provider's local transmission planning process.

planning process also reflect the latest available information about 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 Multi-regional 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. Thus, given the location of OVEC facilities along the seam between MISO and PJM in RFC, and other transmission systems that are members of SERC, OVEC participates in the Southeast Inter-Regional Participation Process (“SIRPP”) in addition to the RFC efforts described above. Although OVEC initially offered to join the SIRPP as a member, after discussions with representatives of SIRPP and in light of OVEC’s uniqueness (e.g., very small load and discrete system), OVEC participates in SIRPP as a stakeholder. In accordance with the SIRPP process, stakeholders are given access to information flow and are included in the planning process without discrimination. It is expected that OVEC participation in the

SIRPP will enhance coordination of OVEC planning efforts with systems to the south. The SIRPP process document, which describes stakeholder and other participation rights and other processes, is attached hereto as Exhibit M-2.

#### **6.4 Reliability Planning Process.**

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

**6.4.2 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 (or other applicable NERC region's) 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 on both (a) a local and regional level (*e.g.* Southeastern Regional Transmission Planning level) and (b) an inter-regional (*e.g.* SERC-wide level).

(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, North American Electric Reliability Corporation ("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 Multiregional Modeling Working Group (“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 inter-regional 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.

### **6.4.3 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 (or other applicable NERC region’s) 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 (or other applicable NERC region’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, 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 (or other applicable NERC region's) regional model development for the following year); FRCC model development; and any *ad hoc* coordination studies.

- (a)(ii) **Participation Through the SIRPP:** As shown on the Southeast Inter-Regional Participation Process Diagram contained in Exhibit M-2, the particular activities that the SIRPP sponsors coordinate are the preparation of the inter-regional Economic Planning Studies addressed in Section 7 below and in Exhibit M-2. In

addition, the SIRPP sponsors will review with stakeholders the data, assumptions, and assessment that are then being conducted on a SERC-wide basis at: the 1<sup>st</sup> Inter-Regional Stakeholder Meeting; the 2<sup>nd</sup> Inter-Regional Stakeholder Meeting; and the 3<sup>rd</sup> Inter-Regional Stakeholder Meeting.

(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.

**6.5 Timeline and Milestones:** The general timelines and milestones for the performance of the reliability planning activities are provided in Exhibit M-3, 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. Requests that are inter-regional in nature will be addressed in the SIRPP. Accordingly, it is expected that the RPSG will coordinate with other inter-regional stakeholders regarding Economic Planning Studies that are inter-regional in nature.

**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. It should again be noted that requests that are inter-regional in nature will be addressed in the SIRPP.

**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. It is foreseeable that clustering of requests may occur during the SIRPP.

**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. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders and posted as they become available from the SIRPP. 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 10 calendar days prior to the

Transmission Planning Summit. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders and posted as they become available from the SIRPP.

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>9</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 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

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<sup>9</sup> In accordance with Order No. 1000, this planning principle only applies to the Transmission Provider's local transmission planning process.

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 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), OVEC's costs associated with its transmission planning process shall be recovered through existing rate structures (through transmission rates embedded in the cost-based rates charged to its owners and their affiliates under the Commission-approved Inter-Company Power Agreement and through agreements with third parties for transmission service, including as a component of retail service agreements authorized under applicable state law).

## **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 and federal laws and/or regulations ("Public Policy Requirements") in its routine planning, design, construction, operation, and maintenance of the Transmission System. In this regard, the Transmission

Provider addresses transmission needs driven by the Public Policy Requirements of load serving entities and wholesale transmission customers through the planning for and provision of long-term firm transmission services to meet i) native load obligations and ii) wholesale Transmission Customer obligations under the Tariff.

## **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 transmission needs driven by Public Policy Requirements that are proposed by a Stakeholder, the Stakeholder must provide the following information via a submittal to the Regional Planning Website:

1. The applicable Public Policy Requirement, which must be a requirement established by an enacted state or federal law(s) and/or regulation(s); and
2. An explanation of the possible transmission need driven by the Public Policy Requirement identified in the immediately above subsection (1) (*e.g.*, the situation or system condition for which possible solutions may be needed, as opposed to a specific transmission project) and an explanation and/or demonstration that the current iteration of the transmission expansion plan(s) does not adequately address that need.

**10.2.2 Deadline for Providing Such Information:** Stakeholders that propose a 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 60 calendar days after the SERTP Annual Transmission Planning Summit and Input Assumptions Meeting

for the previous transmission planning cycle. That information is to be provided in accordance with the contact information provided on the Regional Planning Website.

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

**10.3.1** In the transmission planning process for that planning cycle, the Transmission Provider will evaluate Stakeholder input to determine if there is a transmission need driven by the Public Policy Requirement identified by the Stakeholder in Section 10.2 that should be addressed in the transmission expansion plan.

**10.3.2** If a transmission need is identified that is not already addressed in the transmission expansion planning process, the Transmission Provider will identify a transmission solution to address the aforementioned need in the planning processes.

**10.3.3** Stakeholder input regarding potential transmission needs driven by Public Policy Requirements may be directed to the governing Tariff process as appropriate. For example, if the potential 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.

**10.4 Posting Requirement:** The Transmission Provider will provide and post on the Regional Planning Website a response to Stakeholder input regarding transmission needs driven by Public Policy Requirements.

**11. Merchant Transmission Developers Proposing Transmission Facilities Impacting the SERTP:** Merchant transmission developers not seeking regional cost allocation pursuant to Sections 15-21 ("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.

**12. Enrollment**

**12.1 General Eligibility for Enrollment:** A public utility or non-public utility transmission service provider and/or transmission owner having a statutory or tariff obligation to ensure that adequate transmission facilities exist within a portion of the SERTP region may enroll in the SERTP. Such transmission 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.

**12.2 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 plan for regional cost allocation purposes (“RCAP”) pursuant to Sections 15-21, 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 plan for RCAP if it, an affiliate, subsidiary, member, owner or parent company has load in the SERTP.

**12.3 Means to Enroll:** A public utility or non-public utility transmission service provider or transmission owners may provide an application to enroll in accordance with Sections 12.1 and 12.2 above, by executing the form of enrollment posted on the Regional Planning Website. The Transmission Provider is deemed to have enrolled for purposes of Order No. 1000 through this Attachment K.

**12.4 List of Enrollees in the SERTP:** The Transmission Provider will post and keep current on the Regional Planning Website a list of the public utility and non-public utility transmission service providers and transmission owners who have enrolled in the SERTP (“Enrollees”).

**12.5 Enrollment, Cost Allocation Responsibility, and Conditions Subsequent:** 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 new transmission project(s) selected in the regional transmission plan for RCAP; provided, that once enrolled, 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 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. The withdrawing Enrollee will be subject to regional and interregional cost allocations, if any, to which it had agreed and that were determined in accordance with this Attachment M during the period in which it was enrolled and was determined to be a beneficiary of new transmission facilities selected in the regional transmission plan for RCAP. Any withdrawing Enrollee will not be allocated costs for projects selected in a regional transmission plan for RCAP after its termination of enrollment becomes effective in accordance with the provisions of this Section 12.5.

**12.6 Notification of Withdrawal:** An Enrollee wanting to terminate its enrollment in the SERTP may do so by providing written notification of such intent to the Transmission Provider. Except for non-public utilities terminating pursuant to Section 12.5 above, the termination will 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. The withdrawing Enrollee will be subject to regional and interregional cost allocations, if any, to which it had agreed and that were determined in accordance with this Attachment M during the period in which it was enrolled and was determined to be a beneficiary of new transmission facilities selected in the regional transmission plan for purposes of cost allocation.



Any withdrawing Enrollee will not be allocated costs for projects selected in a regional transmission plan for RCAP after its termination of enrollment becomes effective in accordance with the provisions of this Section 12.6.

**13. Qualification Criteria to Submit a Regional Transmission Project Proposal for Potential Selection in a Regional Transmission Plan for Purposes of Cost Allocation**

**13.1 Transmission Developer Qualification Criteria:** While additional financial and technical criteria may be required to be satisfied in order for a proposed transmission project to be selected and/or included in a regional plan for RCAP, a transmission developer must satisfy the following, initial qualification criteria to be eligible to propose a transmission project for potential selection in a regional transmission plan for RCAP.<sup>10</sup>

**13.1.1** If the transmission developer or its parent 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 12.2.

**13.1.2** In order to be eligible to propose a transmission project for consideration for selection in a regional plan for RCAP, the transmission developer must demonstrate that it satisfies the following, minimum financial capability and technical expertise requirements:

1. The transmission developer has and maintains a credit rating of BBB- or higher from Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), or a credit rating of Baa3 or higher from

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<sup>10</sup> The regional cost allocation process provided hereunder in accordance with Sections 13-21 does not undermine the ability of the Transmission Provider and other entities to negotiate alternative cost sharing arrangements voluntarily and separately from this regional cost allocation method.

Moody's Investors Service, Inc. In addition, the transmission developer's parent company's credit rating may be used to satisfy this requirement but only if the parent company commits in writing to provide a guaranty for the transmission developer if the proposed transmission project is selected in a regional plan for RCAP;<sup>11</sup>

2. The transmission developer provides documentation of its capability to finance U.S. energy projects equal to or greater than the cost of the proposed transmission project; and
3. The transmission developer has the capability to develop, construct, operate, and maintain U.S. electric transmission projects of similar or larger complexity, size, and scope as the proposed project. The transmission developer must demonstrate such capability by providing, at a minimum, the following information:
  - a. A summary of the transmission developer's: 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. This may include projects and experience provided by a parent company or affiliates or other experience relevant to the development of the proposed project; and
  - b. If it or a parent, owner, affiliate, or member has been found in violation of any NERC and/or Regional Entity reliability standard and/or the violation of regulatory requirement(s) pertaining to the development, construction, ownership, operation, and/or maintenance of electric infrastructure facilities, an explanation of such violations.

14. **Transmission Facilities Potentially Eligible for RCAP:** In order for a transmission project proposed by a transmission developer to be considered for evaluation and potential selection in a regional plan for RCAP, the project must be regional in nature in that it must be a major transmission project effectuating significant bulk electric transfers across the SERTP region and addressing significant electrical needs. A regional transmission project eligible for potential selection in a regional plan for RCAP would be a transmission line that would:

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<sup>11</sup> If a project is selected in a regional plan for RCAP, having a BBB- and/or a Baa3 rating alone will not be sufficient to satisfy the requisite project security/collateral requirements.

- a. operate at a voltage of 300 kV or greater and span 100 miles or more within the SERTP; and
  - b. portions of said transmission line must be located in two or more balancing authority areas located in the SERTP.
- 1. A transmission project that does not satisfy (a) and (b) above but that would effectuate similar, significant bulk electric transfers across the SERTP region and address similar, significant regional electrical needs will be considered on a case-by-case basis;
- 2. The proposed transmission project cannot be an upgrade to an existing facility. In addition, the proposed transmission project cannot be located on the property and/or right-of-way (“ROW”) belonging to anyone other than the transmission developer absent the consent of the owner of the existing facility or ROW, as the case may be;
- 3. In order for the proposed transmission project to be a more efficient and cost effective alternative to the projects identified by the transmission providers through their planning processes, it should be materially different than projects already under consideration and materially different than projects that have been previously considered in the expansion planning process; and
- 4. The proposed transmission project must be able to be constructed and tied into the transmission system by the required in-service date.

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

**15.1 Information to be Submitted:** A transmission developer must submit the following information in support of a transmission project it proposes for potential selection in a regional transmission plan for RCAP:

- 1. Documentation of the transmission developer’s ability to satisfy the qualification criteria required in Section 13;
- 2. Sufficient information for the Transmission Provider to determine that the potential transmission project satisfies the regional eligibility requirements of Section 14;
- 3. 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.

4. 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.);
5. 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 will be required to support such differences;
6. Documentation of the technical analysis performed supporting the position that the proposed transmission project addresses the transmission needs and does so more efficiently and cost-effectively than specific projects included in the latest transmission expansion plan. Documentation must include the following:
  - The identification of: (a) transmission projects in the latest expansion plan that would be displaced by the proposed project, and (b) any additional projects that may be required in order to implement the proposed project; and
  - The data and/or files necessary to evaluate the transmission developer's analysis of the proposed transmission project;
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; and
8. 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:
  - The transmission developer or its proposal is determined to not satisfy the qualification criteria in Section 13 through 15.1; or
  - 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.

**15.2 Deadline for Submittal:** 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 identified in Sections 13 through 15.1 to the Transmission Provider in accordance with the contact information provided on the Regional Planning Website no later than 60 calendar days after the SERTP Annual Transmission Planning Summit and Input Assumptions Meeting for the previous transmission planning cycle.

**15.3 Initial Review of Qualification Criteria and Opportunity for Cure:** The Transmission Provider will notify transmission developers who do not meet the qualification criteria in Section 13 through 15.1, or who provide an incomplete submittal, within 30 calendar days of the submittal deadline to allow the transmission developers an opportunity to remedy any identified deficiency(ies). Transmission developers, so notified, will have 15 calendar days to resubmit the necessary supporting documentation to remedy the identified deficiency.

**15.4 Change in the Transmission Developer's Qualification Information or Circumstances:** The transmission developer has an obligation to update and report in writing to the Transmission Provider any change to its information that was provided as the basis for its satisfying the requirements of Sections 13 through 15, except that the transmission developer is not expected to update its technical analysis performed for purposes of Section 15.1(6) to reflect updated transmission planning data as the transmission planning cycle(s) progresses. If at any time the Transmission Provider concludes that a transmission developer or a

potential transmission project proposed for possible selection in a regional plan for RCAP no longer satisfies such requirements specified in Sections 13 through 15, then the Transmission Provider may remove the transmission developer's potential transmission project(s) from consideration for potential selection in a regional plan for RCAP and/or remove any and all such transmission project(s) from the selected category in a regional plan for RCAP, as applicable.

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

### **16.1 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 plan for RCAP by transmission developers. 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 apply its planning guidelines and criteria to evaluate submittals and determine whether:

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 by the proposed transmission project;<sup>12</sup>

3. Any additional projects would be required to implement the proposed transmission project.

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

**16.2.1** Based upon the evaluation outlined in Section 16.1, the Transmission Provider will assess whether the proposed transmission project seeking selection in a regional 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>

- a. The benefit used in this calculation will be quantified by the transmission costs that the Beneficiaries would avoid due to their transmission projects being displaced by the transmission developer's proposed transmission project.
- b. The cost used in this calculation will be quantified by the transmission cost of the project proposed for selection in a regional transmission plan for RCAP plus the transmission costs of any additional projects required to implement the proposal.
- c. 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.

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<sup>12</sup> Entities that are identified to potentially have one or more of their planned transmission projects displaced by the transmission developer's potential transmission project for possible selection in a regional plan for RCAP shall be referred to as "Beneficiaries."

<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 for the proposed transmission project and ii) any entity identified in this Section 16.2.1 to potentially have increased costs in order to implement the proposal.

**16.2.2** For potential transmission projects found to satisfy the foregoing benefit-to-cost analysis, the Transmission Provider and the Impacted Utilities will then consult with the transmission developer of that project to establish a schedule reflecting the expected in-service date of the project for: 1) the transmission developer to provide detailed financial terms for its proposed project that are acceptable to each Beneficiary and 2) the proposed transmission project to receive approval for selection in a regional plan for RCAP from the jurisdictional and/or governance authorities of the Impacted Utilities.

**16.3 The Transmission Developer to Provide More Detailed Financial Terms Acceptable to the Beneficiaries and the Performance of a Detailed – Transmission Benefit to Cost Analysis:** By the date specified in the schedule established in Section 16.2.2,<sup>14</sup> the transmission developer shall identify the detailed financial terms for its proposed project, establishing in detail: (a) the total cost to be allocated to the Beneficiaries if the proposal were to be selected in a regional plan for RCAP, and (b) the components that comprise that cost, such as the costs of:

- a. Engineering, procurement, and construction consistent with Good Utility Practice and standards and specifications acceptable to the Transmission Provider,
- b. Financing costs, required rates of return, and any and all incentive-based (including performance based) rate treatments,

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<sup>14</sup> The schedule established in accordance with Section 16.2.2 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.



- c. Ongoing operations and maintenance of the proposed transmission project,
- d. Provisions for restoration, spare equipment and materials, and emergency repairs, and
- e. Any applicable local, state, or federal taxes.

To determine whether the proposed project is considered at that time to remain a more efficient and 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 16.2.1. This more detailed transmission analysis will be based upon the detailed financial terms 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) that are applicable to/available for the proposed transmission project, the projects that would be displaced, and any additional projects required to implement the proposal.<sup>15</sup>

#### **16.4 Jurisdictional and/or Governance Authority Approval and Selection for**

**RCAP:** The project will be selected for RCAP in the then-current iteration of the regional plan for purposes of Order No. 1000, subject to the provisions of Section 18, if: (i) the detailed financial terms provided in accordance with Section 16.3, as may be modified by agreement of the transmission developer and Beneficiary(ies), are acceptable to each Beneficiary; (ii) the proposed transmission project is found to satisfy the more detailed benefit-to-cost analysis

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<sup>15</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 16.2.1.

specified in Section 16.3; and (iii) if approval is obtained from all of the jurisdictional and/or governance authorities of the Impacted Utilities by the date specified in the schedule adopted in accordance with Section 16.2.2.<sup>16</sup> If obtaining jurisdictional and/or governance authorities approval requires a modification of the detailed financial terms found acceptable in Section 16.3, and both the transmission developer and the Beneficiary(ies) agree to the modification, then the modified detailed financial terms shall be the basis for the regional cost allocation for purposes of the project.

**17. Cost Allocation Methodology Based Upon Avoided Transmission Costs:** If a regional transmission project is selected in a regional plan for RCAP in accordance with Section 16.4 and then constructed and placed into service, the Beneficiaries identified in the detailed benefit-to-cost analysis performed in Section 16.3 to potentially have one or more of their planned transmission projects displaced by the transmission developer's potential transmission project for RCAP will be allocated the regional transmission project's costs in proportion to their respective displaced transmission costs as found acceptable in accordance with Sections 16.3 and 16.4.

**18. On-Going Evaluations of Proposed Projects:** 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

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<sup>16</sup> Being selected for RCAP in the then-current iteration of a regional 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 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 the selected category in a regional plan for RCAP in accordance with the provisions of Sections 15.4, 18 and 19.

actually proves to be more efficient and cost effective, the Transmission Provider will continue to reevaluate a proposed transmission project, including any such projects that are being considered for potential selection in a regional plan for RCAP and any transmission projects that may have been selected in a regional plan for RCAP. This continued reevaluation will assess then-current transmission needs and determine whether the proposed transmission project continues to be needed and is more efficient and cost effective compared to alternatives as assessed in subsequent expansion planning processes that reflect ongoing changes in actual and forecasted conditions. Even though a proposed project may have been selected in a regional plan for RCAP in an earlier regional plan, if it is determined that the proposed project is no longer needed and/or it is no longer more efficient and cost effective than alternatives, then the Transmission Provider may notify the transmission developer and remove the proposed project from the selected category in a regional plan for RCAP. Reevaluation will occur 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.

- 19. Delay or Abandonment:** 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 plan for RCAP due to the delay in its development or abandonment of the project. In this regard, the transmission developer shall promptly notify the

Transmission Provider should any material changes or delays be encountered in the development of the potential transmission project. If, due to such delay or abandonment, the Transmission Provider determines that a project selected in a regional plan for RCAP no longer adequately addresses underlying transmission needs and/or no longer remains more efficient and cost effective, then the Transmission Provider may remove the project from being selected in a regional plan for RCAP and proceed with seeking appropriate solution(s). If removed from being selected in a regional plan for RCAP due to delay or abandonment by the transmission developer, then the transmission developer shall be responsible for, at a minimum, any increased costs to the Impacted Utilities due to any such delay or abandonment.

- 20. Milestones of Required Steps Necessary to Maintain Status as Being Selected for RCAP:** Once selected in a regional plan for RCAP, the transmission developer must submit a development schedule to the Transmission Provider and the Impacted Utilities that establishes the milestones, including (to the extent not already accomplished) obtaining all necessary ROWs and requisite environmental, state, and other governmental approvals and executing a mutually-agreed upon contract(s) with the Beneficiaries, by which the necessary steps to develop and construct the transmission project must occur. The schedule and milestones must be satisfactory to the Transmission Provider and the Impacted Utilities. In addition, the Transmission Provider and the Impacted Utilities will also determine the security/collateral arrangements for the proposed project and the deadline(s) by which they must be provided.<sup>17</sup> If such critical steps are not met by the

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<sup>17</sup> Satisfying the minimum, financial criteria specified in Section 13.1.2 alone in order to be eligible propose a project for RCAP will not satisfy this security/collateral requirement.

specified milestones and then afterwards maintained, then the Transmission Provider may remove the project from the selected category in a regional plan for RCAP.

**21. Mutually Agreed Upon Contract(s) Between the Transmission Developer and the**

**Beneficiaries:** The contract(s) referenced in Section 20 will address terms and conditions associated with the development of the proposed transmission project in a regional plan for RCAP, including:

1. The specific financial terms/specific total amounts to be charged by the transmission developer for the regional transmission project to the Beneficiaries, as agreed to by the parties,
2. The contracting Beneficiary's(ies') allocation of the costs of the aforementioned regional facility,
3. Creditworthiness/project security requirements,
4. Operational control of the regional transmission project,
5. Milestone reporting, including schedule of projected expenditures,
6. Engineering, procurement, construction, maintenance, and operation of the proposed regional transmission project,
7. Emergency restoration and repair responsibilities,
8. Reevaluation of the regional transmission project, and
9. Non-performance or abandonment.

**Interregional Transmission Coordination**

[RESERVED]

## **EXHIBIT M-2**

### **Southeast Inter-Regional Participation Process**

#### **Introduction:**

In an effort to more fully address the regional participation principle outlined in the Order 890 Attachment K Tariff requirements and the related guidance contained in the FERC Transmission Planning Process Staff White Paper (dated August 2, 2007), this Southeast Inter-Regional Participation Process expands upon the existing processes for regional planning in the Southeast. This document outlines an inter-regional process among various Southeastern interconnected transmission owners. The inter-regional process described herein is incorporated into each Participating Transmission Owner's<sup>1</sup> planning process and OATT Attachment K (for those transmission owners that have a regulatory requirement to file an Attachment K).

#### **Purpose:**

This inter-regional process complements the regional planning processes developed by the Participating Transmission Owners in the Southeast. For the purpose of this document, the term "Southeast Inter-Regional Participation Process" ("SIRPP") is defined as a new process to more fully address the regional participation principle of Order 890 for multiple transmission systems in the Southeast. The term "Regional Planning Processes" refers to the regional transmission planning processes a Transmission Owner has established within its particular region for Attachment K purposes. Importantly, the Economic Planning Studies discussed herein are hypothetical studies that do not affect the transmission queue for purposes of System Impact Studies, Facilities Studies, or interconnection studies performed under other portions of the OATT.

#### **Current Inter-Regional Planning Process:**

Each Southeastern transmission owner currently develops a transmission plan to account for service to its native load and other firm transmission service commitments on its transmission system. This plan development is the responsibility of each transmission planner individually and does not directly involve the Regional Reliability Organization (*e.g.* SERC). Once developed, the Participating Transmission Owners collectively conduct inter-regional reliability transmission assessments, which include the sharing of the individual transmission system plans, providing information on the assumptions and data inputs used in the development of those plans and assessing whether the plans are simultaneously feasible.

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<sup>1</sup>The sponsors of the Southeast Inter-Regional Participation Process are referred to as transmission owners, rather than transmission providers, because not all of the sponsors are "Transmission Providers" for purposes of the *pro forma* OATT.

### **Participating Transmission Owners:**

Due to the additional regional planning coordination principles that have been announced in Order 890 and the associated Transmission Planning White Paper, several transmission owners have agreed to provide additional transmission planning coordination, as further described in this document. The “Participating Transmission Owners” are listed on the SIRPP website (<http://www.southeastirpp.com>).

### **Southeast Inter-Regional Participation Process:**

The Southeast Inter-Regional Participation Process is outlined in the attached diagram. As shown in that diagram, this process will provide a means for conducting stakeholder requested Economic Planning Studies across multiple interconnected systems. In addition, this process will build on the current inter-regional, reliability planning processes required by existing multi-party reliability agreements to allow for additional participation by stakeholders.

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

These established Attachment K processes may also serve as a mechanism to collect requests for inter-regional Economic Planning Studies by a participant’s stakeholders group. The Economic Planning Studies requested through each participant’s Attachment K process that involve impacts on multiple systems between Regional Planning Processes will be consolidated and evaluated as part of the Southeast Inter-Regional Participation Process. Stakeholders will also be provided the opportunity to submit their requests for inter-regional Economic Planning Studies directly to the Inter-Regional process.

The Participating Transmission Owners recognize the importance of coordination with neighboring (external) planning processes. Therefore, seams coordination will take place at the regional level where external regional planning processes adjoin the Southeast Inter-Regional Participation Process (*e.g.* Southeastern Regional Planning Process coordinating with FRCC Regional Planning Process, Entergy coordinating with SPP, TVA coordinating with MISO and PJM, and the North Carolina Transmission Planning Collaborative coordinating with PJM). External coordination is intended to include planning assumptions from neighboring processes and the coordination of transmission enhancements and stakeholder requested Economic Planning Studies to support the development of simultaneously feasible transmission plans both internal and external to the Southeast Inter-Regional Participation Process.

With regard to the development of the stakeholder requested inter-regional Economic Planning Studies, the Participating Transmission Owners will each provide staff (transmission planners) to serve on the study coordination team. The study coordination team will lead the development of



study assumptions (and coordinate with stakeholders, as discussed further below), perform model development, and perform any other coordination efforts with stakeholders and impacted external planning processes. During the study process, the study coordination team will also be responsible for performing analysis, developing solution options, evaluating stakeholder suggested solution options, and developing a report(s) once the study(ies) is completed. Once the study(ies) is completed, the study coordination team will distribute the report(s) to all Participating Transmission Owners and the stakeholders.

With regard to coordinating with stakeholders in the development of the inter-regional Economic Planning Study(ies), in each cycle of the Southeast Inter-Regional Participation Process, the Participating Transmission Owners will conduct three inter-regional stakeholder meetings. The information to be discussed at such meetings will be made available in final draft form for stakeholder review prior to any such meeting by posting on the SIRPP website and/or e-mails to SIRPP Stakeholder Group (“SIRPPSG”) members. The Participating Transmission Owners will use reasonable efforts to make such information available at least 10 calendar days prior to the particular meeting. The Participating Transmission Owners will conduct the “1<sup>st</sup> Inter-Regional Stakeholder Meeting”, as shown in the attached diagram. At this meeting, a review of all of the Economic Planning Study(ies) submitted through the participants’ Regional Planning Processes or directly to the Inter-Regional process, along with any additional Economic Planning Study requests that are submitted at this 1<sup>st</sup> meeting, will be conducted. During this meeting, the stakeholders will select up to five studies that will be evaluated within the planning cycle. The study coordination team will coordinate with the stakeholders regarding the study assumptions underlying the identified stakeholder requested inter-regional Economic Planning Study(ies). Through this process, stakeholders will be provided an opportunity to comment and provide input regarding those assumptions. Following that meeting, and once the study coordination team has an opportunity to perform its initial analyses of the inter-regional Economic Planning Study(ies), the Participating Transmission Owners will then conduct the “2<sup>nd</sup> Inter-Regional Stakeholder Meeting.” At this meeting, the study coordination team will review the results of such initial analysis, and stakeholders will be provided an opportunity to comment and provide input regarding that initial analysis. The study coordination team will then finalize its analysis of the inter-regional study(ies) and draft the Economic Planning Study(ies) report(s), which will be presented to the stakeholders at the “3<sup>rd</sup> Inter-Regional Stakeholder Meeting.” Stakeholders will be provided an opportunity to comment and provide input regarding the draft report(s). Subsequent to that meeting, the study coordination team will then finalize the report(s), which will be issued to the Participating Transmission Owners and stakeholders.

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

### **Southeast Inter-Regional Participation Process Cycle:**

The Southeast Inter-Regional Participation Process will be performed annually. Due to the expected scope of the requested studies and size of the geographical region encompassed, the

Participating Transmission Owners will perform up to five (5) inter-regional Economic Planning Studies annually, which could encompass both Step 1 and Step 2 evaluations. A Step 1 evaluation will consist of a high level screen of the requested transfer and will be performed during a single year's planning cycle. The high level screen will identify transfer constraints and likely transmission enhancements to resolve the identified constraints. The Participating Transmission Owners will also provide approximate costs and timelines associated with the identified transmission enhancements to facilitate the stakeholders' determination of whether they have sufficient interest to pursue a Step 2 evaluation. Once a Step 1 evaluation has been completed for a particular transfer, the stakeholders have the option to request a Step 2 evaluation for that transfer to be performed during the subsequent year's Inter-Regional Participation Process Cycle. If the stakeholders opt to not pursue Step 2 evaluation for the requested transfer during the subsequent year's Inter-Regional Participation Process Cycle, an Economic Planning Study of that request may be re-evaluated in the future by being submitted for a new Step 1 evaluation. In the event that the stakeholders request a Step 2 evaluation, the Participating Transmission Owners will then perform additional analysis, which may include additional coordination with external processes. The Participating Transmission Owners will then develop detailed cost estimates and timelines associated with the final transmission enhancements. The Step 2 evaluation will ensure that sufficient coordination can occur with stakeholders and among the impacted Participating Transmission Owners. In addition, the Step 2 evaluation will provide sufficient time to ensure that the inter-regional study results are meaningful and meet the needs of the stakeholders.

It is important to note that the Participating Transmission Owners expect that a Step 2 evaluation will be completed prior to interested parties requesting to sponsor transmission enhancements identified in an Economic Planning Study. However, the Participating Transmission Owners will work with stakeholders if a situation develops where interested parties attempt to sponsor projects identified in a Step 1 evaluation and there is a compelling reason (*e.g.* where time is of the essence).

### **Inter-Regional Cost Allocation:**

The cost allocation for Inter-Regional Economic Upgrade projects will be determined in accordance with the cost allocation principle adopted by each Participating Transmission Owner's Regional Planning Process in which each portion of the construction of such upgrades would occur. The cost allocation principle for each SIRPP Regional Planning Process is posted on the SIRPP website. Typically, since Inter-Regional Economic Upgrade projects will likely consist of improvements that will be physically located in the footprints of multiple Regional Planning Processes, this approach means the cost allocation for each part of the Inter-Regional Economic Upgrade project or each project within a set of projects will be governed by the cost allocation principle adopted by the Regional Planning Process in which that part of the project or set is physically located. For example, should an Inter-Regional Economic Upgrade project consist of a single, 100 mile 500 kV transmission line, with 30 miles physically located in Regional Planning Process "A" and the remaining 70 miles located in Regional Planning Process "B," then the cost allocation for the 30 miles of 500 kV transmission line located in Regional Planning Process "A" would be governed by that Regional Planning Process' cost allocation principle, and the cost allocation for the other 70 miles of 500 kV transmission line would be

governed by the cost allocation principle of Regional Planning Process “B.” Should an Inter-Regional Economic Upgrade project be physically located entirely within one Regional Transmission Planning process, the costs of the project would be governed by that region’s cost allocation principle.

### **Inter-Regional Coordination of Economic Transmission Project Development:**

Once an Economic Planning Study report has been finalized, multiple stakeholders may be interested in jointly participating in the project development. An Inter-Regional process addressing each such economic upgrade request will be developed that will formalize the process of determining if there is sufficient stakeholder interest to pursue economic project development and the coordination that will be required of the impacted Transmission Owners to support this process. The Participating Transmission Owners and the stakeholders will support this process development activity beginning in 2008.

### **Stakeholder Participation in the Southeast Inter-Regional Participation Process:**

#### ***Purpose***

The purpose of the SIRPPSG is to provide a structure to facilitate the stakeholders’ participation in the Southeast Inter-Regional Participation Process. Importantly, the SIRPPSG shall have the flexibility to change the “Meeting Procedures” section discussed below but cannot change the Purpose, Responsibilities, Membership, or Data and Information Release Protocol sections absent an appropriate filing with (and order by) FERC to amend the OATT.

#### ***Responsibilities***

In general, the SIRPPSG is responsible for working with the Participating Transmission Owners on Inter-Regional Economic Planning Study requests so as to facilitate the development of such studies that meet the goals of the stakeholders. The specific responsibilities of this group include:

1. Adherence to the intent of the FERC Standards of Conduct requirements in all discussions.
2. Develop the SIRPPSG annual work plan and activity schedule.
3. Propose and select the Economic Planning Study(ies) to be evaluated (five annually).
  - a. Step 1 evaluations
  - b. Step 2 evaluations
4. The SIRPPSG should consider clustering similar Economic Planning Study requests. In this regard, if two or more of the Economic Planning Study requests are similar in nature and the Participating Transmission Owners conclude that clustering of such requests and studies is appropriate, the Participating Transmission Owners may, following communications with the SIRPPSG, cluster those studies for purposes of the transmission evaluation.
5. Provide timely input on the annual Economic Planning Study(ies) scope elements, including the following:
  - a. Study Assumptions, Criteria and Methodology
  - b. Case Development and Technical Analysis

- c. Problem Identification, Assessment and Development of Solutions  
(including proposing alternative solutions for evaluation)
  - d. Comparison and Selection of the Preferred Solution Options
  - e. Economic Planning Study Results Report.
6. Providing advice and recommendations to the Participating Transmission Owners on the Southeast Inter-Regional Participation Process.

### ***Membership***

The SIRPPSG membership is open to any interested party.

### ***Meeting Procedures***

The SIRPPSG may change the Meeting Procedures criteria provided below pursuant to the voting structure in place for the SIRPPSG at that time. The currently effective Meeting Procedures for the SIRPPSG shall be provided to the Participating Transmission Owners to be posted on the SIRPP website and shall become effective once posted on that website (<http://www.southeastirpp.com>), which postings shall be made within a reasonable amount of time upon receipt by the Transmission Owners. Accordingly, the following provisions contained under this Meeting Procedures heading provide a starting-point structure for the SIRPPSG, which the SIRPPSG shall be allowed to change.

### ***Meeting Chair***

A stakeholder-elected member of the SIRPPSG will chair the SIRPPSG meetings and serve as a facilitator for the group by working to bring consensus within the group. In addition, the duties of the SIRPPSG chair will include:

1. Developing mechanisms to solicit and obtain the input of all interested stakeholders related to inter-regional Economic Planning Studies.
2. Ensuring that SIRPPSG meeting notes are taken and meeting highlights are posted on the SIRPP website (<http://www.southeastirpp.com>) for the information of the participants after all SIRPPSG meetings.

### ***Meetings***

Meetings of the SIRPPSG shall be open to all SIRPPSG members interested in inter-regional Economic Planning Studies across the respective service territories of the Participating Transmission Owners. There are no restrictions on the number of people attending SIRPPSG meetings from any interested party.

### ***Quorum***

Since SIRPPSG membership is open to all interested parties, there are no quorum requirements for SIRPPSG meetings.

### ***Voting***

In attempting to resolve any issue, the goal is for the SIRPPSG to develop consensus solutions. However, in the event consensus cannot be reached, voting will be conducted with each SIRPPSG member's organization represented at the meeting (either physically present or participating via phone) receiving one vote. The SIRPPSG chair will provide notices to the SIRPPSG members in advance of the SIRPPSG meeting that specific votes will be taken during

the SIRPPSG meeting. Only SIRPPSG members participating in the meeting will be allowed to participate in the voting (either physically present or participating via phone). No proxy votes will be allowed. During each SIRPP cycle, the SIRPPSG members will propose and select the inter-regional Economic Planning Studies that will be performed during that particular SIRPP cycle. The SIRPPSG will annually select up to five (5) inter-regional Economic Planning Studies, including both Step 1 evaluation(s) and any Step 2 evaluations, with any such Step 2 evaluations being performed for the previous year's Step 1 studies for the pertinent transfers. Each organization represented by their SIRPPSG members will be able to cast a single vote for up to five Economic Planning Studies that their organization would like to be studied within the SIRPP cycle. If needed, repeat voting will be conducted until there are clear selections for the five Economic Planning Studies to be conducted.

### **Meeting Protocol**

In the absence of specific provisions in this document, the SIRPPSG shall conduct its meetings guided by the most recent edition of *Robert's Rules of Order, Newly Revised*.

### ***Data and Information Release Protocol***

SIRPPSG members can request data and information that would facilitate their ability to replicate the SIRPP inter-regional Economic Planning studies while ensuring that CEII and other confidential data is protected.

### **CEII Data and Information**

SIRPPSG members may be certified to obtain CEII data used in the SIRPP by following the confidentiality procedures posted on the SIRPP website (*e.g.*, making a formal request for CEII, authorizing background checks, executing the SIRPP CEII Confidentiality Agreement, etc.). The SIRPP Participating Transmission Owners reserve the discretionary right to waive the certification process, in whole or in part, for anyone that the SIRPP Participating Transmission Owners deem appropriate to receive CEII. The SIRPP Participating Transmission Owners also reserve the discretionary right to reject a request for CEII; upon such rejection, the requestor may pursue the SIRPP dispute resolution procedures set forth below.

### **Non-CEII Confidential Information**

The Participating Transmission Owners will make reasonable efforts to preserve the confidentiality of information that is confidential but not CEII in accordance with the provisions of the Tariff and the requirements of (and/or agreements with) NERC and/or SERC, as well as any agreements with the other Participating Transmission Owners and any other contractual or legal confidentiality requirements.

Without limiting the applicability of the foregoing, to the extent confidential non-CEII information is provided in the transmission planning process and is needed to participate in the transmission planning process and/or to replicate transmission planning studies, it will be made available to those SIRPPSG members who have executed the SIRPP Non-CEII Confidentiality Agreement, which is posted on the SIRPP website. Importantly, if information should prove to contain both confidential non-CEII information and CEII, then the requirements of both this section and the previous section would apply.

***Dispute Resolution***

Any procedural or substantive dispute between a stakeholder and a Participating Transmission Owner that arises from the SIRPP will be addressed by the Participating Transmission Owner's dispute resolution procedures in its respective Regional Planning Process. In addition, should the dispute only be between stakeholders with no Participating Transmission Owner involved (other than its ownership and/or control of the underlying facilities), the stakeholders will be encouraged to utilize the Commission's alternative means of dispute resolution.

Should dispute resolution proceedings be commenced in multiple Regional Planning Processes involving a single dispute among multiple Participating Transmission Owners, the affected Participating Transmission Owners, in consultation with the affected stakeholders, agree to use reasonable efforts to consolidate the resolution of the dispute such that it will be resolved by the dispute resolution procedures of a single Regional Planning Process in a single proceeding. If such a consensus is reached, the Participating Transmission Owners agree that the dispute will be addressed by the dispute resolution procedures of the selected Regional Transmission Planning Process.

Nothing herein shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

## Southeast Inter-Regional Participation Process Diagram:

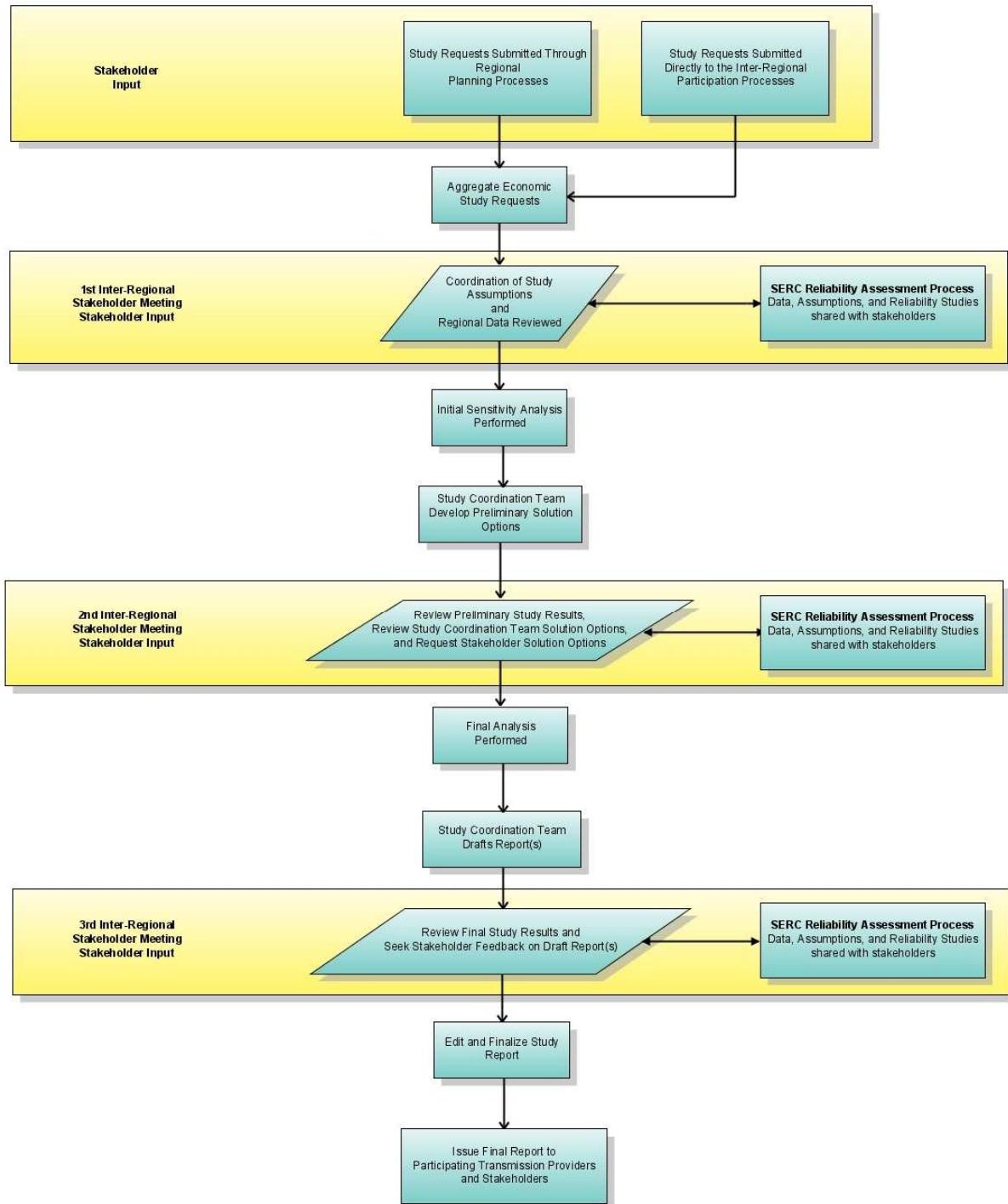
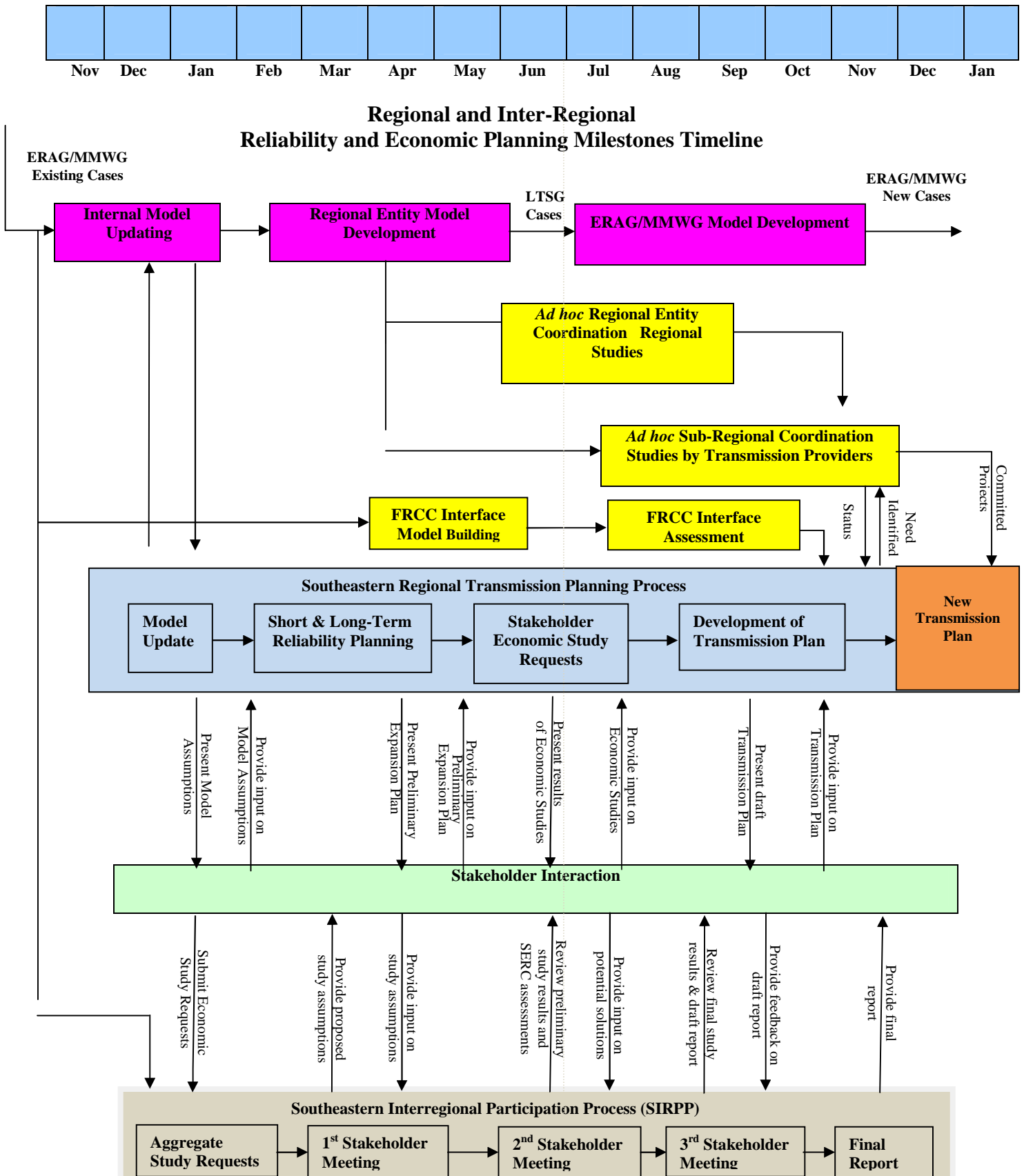


Exhibit M-3





## **APPENDIX F**

**A map of the geography and transmission lines covered  
by SERTP**

## SERTP – 300 kV+ Backbone



The diagram above depicts key high voltage facilities within the SERTP region. All facilities shown may not be owned by an SERTP Sponsor.