

May 18, 2015

**VIA ELECTRONIC FILING**

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

**Re: Southwest Power Pool, Inc., Docket No. ER13-1939-\_\_\_\_**  
(Open Access Transmission Tariff)

**Order No. 1000 Interregional Compliance Filing for the SPP-SERTP Seam**

Dear Secretary Bose:

Pursuant to Section 206 of the Federal Power Act (“FPA”), 16 U.S.C. 824e, and the Order On Compliance Filings issued on March 19, 2015<sup>1</sup> by the Federal Energy Regulatory Commission (“Commission”), Southwest Power Pool, Inc. (“SPP”) submits revisions to its Open Access Transmission Tariff (“Tariff”)<sup>2</sup> to comply with the SPP-SERTP Order. Additionally, as will be explained *infra*, SPP provides additional justification for its proposal for cost allocation of Interregional Projects<sup>3</sup> as required by the SPP-SERTP Order.

**I. INTRODUCTION**

SPP is a Commission-approved Regional Transmission Organization (“RTO”).<sup>4</sup> SPP is an Arkansas non-profit corporation with its principal place of business in Little Rock, Arkansas. SPP has 84 Members, including 14 investor-owned utilities, 11 municipal systems, 14 generation and transmission cooperatives, 8 state agencies, 13 independent power producers, 12 power marketers, 11 independent transmission companies, and 1

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<sup>1</sup> *Sw. Power Pool, Inc.*, 150 FERC ¶ 61,210 (2015) (“SPP-SERTP Order”).

<sup>2</sup> Southwest Power Pool, Inc., Open Access Transmission Tariff, Sixth Revised Volume No. 1.

<sup>3</sup> Capitalized terms not otherwise defined herein shall have the meanings provided in the Tariff.

<sup>4</sup> *Southwest Power Pool, Inc.*, 109 FERC ¶ 61,009 (2004), *order on reh’g*, 110 FERC ¶ 61,137 (2005).

federal agency. As an RTO, SPP administers open access Transmission Service over approximately 48,930 miles of transmission lines covering portions of Arkansas, Kansas, Louisiana, Missouri, Nebraska, New Mexico, Oklahoma, and Texas, across the facilities of SPP's Transmission Owners,<sup>5</sup> and administers the Integrated Marketplace, a centralized day ahead and real-time energy and operating reserve market with locational marginal pricing and market-based congestion management.<sup>6</sup>

This filing contains SPP's proposal to comply with Order No. 1000's<sup>7</sup> interregional transmission planning and cost allocation requirements with a neighboring transmission planning region – the Southeastern Regional Transmission Planning Process (“SERTP”).<sup>8</sup> On July 10, 2013, SPP submitted its proposal in the above-referenced dockets to comply with Order No. 1000's interregional transmission planning coordination and cost allocation requirements with two neighboring transmission planning regions, one of which is SERTP.<sup>9</sup> In addition to SERTP, the other transmission planning regions that are adjacent to SPP are the Midcontinent Independent System Operator, Inc. (“MISO”) and the Mid-

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<sup>5</sup> See *Sw. Power Pool, Inc.*, 89 FERC ¶ 61,084 (1999); *Sw. Power Pool, Inc.*, 86 FERC ¶ 61,090 (1999); *Sw. Power Pool, Inc.*, 82 FERC ¶ 61,267, *order on reh'g*, 85 FERC ¶ 61,031 (1998).

<sup>6</sup> *Sw. Power Pool, Inc.*, 146 FERC ¶ 61,130 (2014) (order approving the start-up and operation of the Integrated Marketplace effective March 1, 2014).

<sup>7</sup> *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011), *order on reh'g and clarification*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g and clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012) (“Order No. 1000”).

<sup>8</sup> SERTP includes the following entities: Duke, LG&E/KU, OVEC, and Southern Companies (collectively, the “Jurisdictional SERTP Sponsors” or the “SERTP Filing Parties”) are all public utility transmission providers that sponsor SERTP. In addition to the Jurisdictional SERTP Sponsors, the SERTP also is supported by the following non-jurisdictional transmission owners and service providers: Associated Electric Cooperative Inc. (“AECI”), Dalton Utilities (“Dalton”), Georgia Transmission Corporation (“GTC”), the Municipal Electric Authority of Georgia (“MEAG”), PowerSouth Energy Cooperative (“PowerSouth”), and the Tennessee Valley Authority (“TVA”) (collectively, the “Non-jurisdictional SERTP Sponsors”) (the Jurisdictional SERTP Sponsors and Non-jurisdictional SERTP Sponsors are collectively referred to herein as the “SERTP Sponsors”).

<sup>9</sup> Compliance Filing of Southwest Power Pool, Inc., Docket No. ER13-1939-000 (July 10, 2013) (“July 2013 Compliance Filing”).

Continent Area Power Pool (“MAPP”).<sup>10</sup> While there are many similarities between the compliance proposals between the SPP and SERTP and MISO, each compliance proposal was specific to each neighboring region and reflected extensive negotiations between the SPP and the relevant transmission providers in each of those regions, respectively. Accordingly, SPP’s initial proposals with SERTP was, respectively, joint proposals, with the SERTP Filing Parties and SPP having filed, for the most part, common tariff language for their interregional seam.

On March 19, 2015, the Commission issued the SPP-SERTP Order, which addresses the initial compliance proposals submitted by the SERTP Filing Parties and SPP.<sup>11</sup> While accepting important aspects of those compliance proposals, the SPP-SERTP Order requires some changes. The instant filing provides SPP’s compliance filing to the Order.

As with its initial compliance filing submitted in these dockets on July 10, 2013, SPP and the SERTP Filing Parties have engaged in extensive outreach and coordination. Significantly, the SERTP Sponsors and SPP have reached full agreement on all points at issue in this compliance filing. Accordingly, the SPP and SERTP Filing Parties are hereby submitting (by separate filings being made contemporaneously) parallel tariff language to comply with the Order. SPP is also filing additional Tariff language that will not be included in the respective SERTP Filing Parties’ filings. The additional Tariff language is necessary for SPP to be compliant with the Tariff revisions proposed by SPP, and accepted by the Commission, with regards to SPP’s compliance with Order No. 1000’s regional planning and cost allocation requirements. The Tariff revisions will incorporate Interregional Projects into SPP’s Transmission Owner Designation Process contained in Attachment Y of the Tariff, consistent with SPP’s current provisions regarding construction of approved transmission projects.

A January 1, 2015 effective date is proposed for the Tariff revisions proposed in this compliance filing.

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<sup>10</sup> At the time of the July 2013 Compliance Filing SPP had been granted an extension of time to file Order No. 1000 interregional planning and cost allocation requirements with MAPP. *See Notice Granting an Extension of Time to Submit Interregional Compliance Filings* (July 8, 2013), Docket No. RM10-23-000.

<sup>11</sup> The Commission earlier issued separate orders addressing the compliance filings by SPP. *See Sw. Power Pool, Inc., et al.*, 150 FERC ¶ 61,093 (2015) (“SPP-MISO Order”). The Commission recently granted extensions of time for the submission of compliance filings to the SPP-MISO Order, with the compliance filing being due on August 18, 2015. *See Sw. Power Pool, Inc., et al.*, 151 FERC ¶ 61,054 (2015) (order granting extension of time). SPP will submit a compliance filing to the SPP-MISO Order in accordance with those extensions of time.

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

SPP and the Jurisdictional SERTP Sponsors have agreed to a common approach and parallel tariff language in SPP's Tariff and the SERTP Sponsors' respective Open Access Transmission Tariffs ("OATTs") to satisfy Order No. 1000's interregional coordination and cost allocation requirements for their collective seam (the "SPP-SERTP Joint Proposal"). For SPP, this tariff language effectuating the SPP-SERTP Joint Proposal is found at Addendum 4 to Attachment O to the Tariff.

For the Jurisdictional SERTP Sponsors, this parallel tariff language effectuating the SPP-SERTP Joint Proposal is included in their respective OATTs as follows:

- For Duke, the implementing tariff language is found at Attachment N-1 - SPP of the Duke Joint OATT.
- For LG&E/KU, the implementing tariff language is found at Appendix 10 to Attachment K of LG&E/KU's OATT.
- For OVEC, the implementing tariff language is found at Attachment M-5 of OVEC's OATT.
- For Southern Companies, the implementing tariff language is found at Attachment K-8, "Interregional Transmission Coordination Between the SERTP and SPP" of Southern Companies' OATT.<sup>12</sup>

In an effort to facilitate the Commission's review of these filings being made contemporaneously by SPP and the Jurisdictional SERTP Sponsors, the parties have coordinated their transmittal letters. Any differences in the transmittal letters are not intended to be substantive, but rather reflect the differences necessary to explain the respective party's compliance filing. To facilitate the Commission's review of the proposals made herein, the headings under this Section II.A of the transmittal letter generally follow the topic headings under "Article IV. Discussion" in the Order.

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<sup>12</sup> Southern Companies OATT is identified as the following in the Commission's eTariff data base: "Alabama Power Company, OATT and Associated Service Agreements, Tariff Volume No. 5, Southern Companies OATT."

## 1. Interregional Transmission Coordination Requirements

### a. General Requirements

#### Differences Resolved in OATT Language

In the Order, the Commission found that SPP and the SERTP Filing Parties did not propose identical language on all points and instructed them to do so.<sup>13</sup> In this regard, in their initial filings, SPP and the SERTP Filing Parties were able to reach agreement on all points except for two issues. As discussed in more detail below in the discussions of the specific issues concerning those two matters, SPP and the SERTP Filing Parties have now agreed to common language<sup>14</sup> on all points.

#### Interregional Transmission Facility Definition

The Commission found that SPP's and the SERTP Filing Parties proposed criteria for defining a transmission project as interregional in nature for purposes of interregional cost allocation partially complies with Order No. 1000. Specifically, the Commission found that:

While SPP's and SERTP Filing Parties' proposal to allow only interconnecting interregional transmission facilities to be eligible for interregional cost allocation is consistent with the requirements of Order No. 1000, limiting this interconnection to only interregional transmission facilities that interconnect to the transmission facilities of one or more SPP transmission owners and one or more SERTP Filing Parties is unduly limiting. Order No. 1000 did not limit stakeholders and transmission developers to proposing only interregional transmission facilities that would interconnect to *existing* transmission facilities of *an existing* transmission owner, or a transmission owner *enrolled* in the respective transmission planning regions. SPP's and SERTP Filing Parties' proposed language would preclude interregional transmission facilities from interconnecting with transmission facilities that are selected in the regional transmission plan for purposes of cost allocation but that are *currently under development* by a transmission developer who has not yet become a sponsor in

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<sup>13</sup> SPP-SERTP Order at P 26.

<sup>14</sup> While agreeing to a common approach and common tariff language on all points, SPP's and the SERTP Filing Parties implementing tariff language is not exactly identical in that they reflect the use of differing terminology and organizational approaches.

SERTP or a transmission owner in SPP.... Accordingly, we direct SPP and SERTP Filing Parties to submit ... further compliance filings that include a definition of an interregional transmission facility that is consistent with Order No. 1000...<sup>15</sup>

To comply with these directives, SPP and the SERTP Filing Parties have jointly developed the following proposal that would make corresponding changes to Section 2.1.A of the SPP-SERTP Proposal. Specifically, SPP and the SERTP Filing Parties propose to revise their definition of a transmission project that is eligible to seek interregional cost allocation as a project that connects to “either existing transmission facilities or transmission projects included in the regional transmission plan that are currently under development.” Accordingly, Section 2.1.A of Addendum 4 to Attachment O of the Tariff is proposed to be revised as shown in the blackline provided below:<sup>16</sup>

- A. The transmission project must interconnect to the transmission facilities in both the SERTP and SPP regions, of one or more SERTP Sponsors and the transmission facilities of one or more transmission owners in SPP and must meet the qualification criteria for transmission projects potentially eligible to be included in the regional transmission plans for purposes of regional cost allocation in accordance with the respective regional transmission planning processes of both the SERTP and SPP. The facilities to which the project is proposed to interconnect may be either existing facilities or transmission projects included in the regional transmission plan that are currently under development;

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<sup>15</sup> SPP-SERTP Order at P 27 (internal footnotes omitted) (emphasis in original and added). The Commission later reiterates this requirement to revise the definition of an interregional transmission project in discussing SPP’s and the SERTP Filing Parties’ interregional cost allocation proposals. *See id.* at P 181.

<sup>16</sup> The redline shows the changes being hereby proposed to the original tariff language that SPP and the SERTP Filing Parties initially proposed in their July 10, 2013 interregional compliance filings. For ease of reference, the actual OATT language shown in this transmittal letter is typically that from Southern Companies’ OATT. While parallel OATT language is being filed by the filing transmission providers, there are some slight terminology and related differences between the OATT language that is being filed.

**b. Implementation of the Interregional Transmission Coordination Requirements**

**i. Data Exchange and Identifying Interregional Transmission Facilities**

Replace “And” with “Or”

The Commission noted that SPP and the SERTP Filing Parties use the phrase identifying a potential transmission project that could be more efficient “and” cost effective, while Order No. 1000 used the terminology of more efficient “or” cost effective.<sup>17</sup> The Order directs that SPP’s Tariff and the SERTP Filing Parties’ OATTs be corrected.<sup>18</sup> Accordingly, and as shown in the attached redline comparisons and revised Tariff language, in compliance with that directive, Sections 1.3.1 of Addendum 4 to Attachment O of the Tariff has been so revised.

Removal of Additional Language Related to Stakeholder Proposals

In the SPP-SERTP Order, the Commission accepted provisions SPP’s Tariff and the Jurisdictional SERTP Sponsor’s OATTs that provide the ability for stakeholders and transmission developers to propose interregional transmission facilities and for public utility transmission providers to use those proposals to identify possible interregional transmission facilities that could address *regional* transmission needs more efficiently or cost-effectively than separate intraregional transmission facilities.<sup>19</sup> However, the Commission rejected additional language that SPP had proposed that would have allowed stakeholders to propose “new transmission projects to address *interregional* transmission needs pursuant to [SPP]’s and/or the SERTP’s regional transmission planning processes.”<sup>20</sup> The Commission did so because it found that, although it recognized SPP’s proposal had merit,<sup>21</sup> the language was not required to comply with Order No. 1000 and because the SERTP Sponsors had not agreed to the additional language.<sup>22</sup> In accordance with that holding, SPP has removed the identified language from the Tariff.

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<sup>17</sup> SPP-SERTP Order at P 66.

<sup>18</sup> *Id.*

<sup>19</sup> *Id.* at P 69.

<sup>20</sup> *Id.* (emphasis in original) (citing SPP, OATT, Attachment O, Addendum 4 (0.0.0), § 1.3.2).

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

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

### Identification of Interregional Transmission Projects by Developers

With regard to the identification of interregional transmission facilities, the Commission accepted SPP's and the SERTP Filing Parties' "proposals to rely on the regional transmission planning processes as the forum for stakeholders and transmission developers to propose interregional transmission facilities for joint evaluation".<sup>23</sup> However, the Commission held that:

SPP and SERTP Filing Parties have not explained how a proponent of an interregional transmission facility may seek to have its interregional transmission facility jointly evaluated by SPP and SERTP Filing Parties by submitting the interregional transmission facility into SPP's and SERTP Filing Parties' regional transmission planning processes. Accordingly, we direct SPP and SERTP Filing Parties to submit ... further compliance filings with proposed revisions to their tariffs that satisfy these requirements.<sup>24</sup>

To address this requirement and make clear how a developer of an interregional transmission project may seek to have the project jointly evaluated, SPP and the SERTP Filing Parties propose to add a new Section 1.3.3. As shown below, the new Section 1.3.3 articulates the steps by which such a proponent may identify an interregional transmission project in order to trigger SPP's and the SERTP Filing Parties' joint evaluation procedures. As proposed, the new Section 1.3.3 provides:

**1.3.3 Identification of Interregional Transmission Projects by Developers:** Interregional transmission projects proposed for potential interregional cost allocation must be submitted in both the SERTP and SPP regional transmission planning processes and satisfy the requirements of Section 2.1. The submittal must identify the potential transmission project as interregional in scope and identify that such project will interconnect between the SERTP and SPP regions. The Transmission Provider will verify whether the submittal for the potential interregional transmission project satisfies all applicable requirements. Upon finding that the proposed interregional transmission project satisfies all such applicable requirements, the Transmission Provider will notify SPP. Once the potential interregional transmission project has been proposed through the regional transmission

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<sup>23</sup> SPP-SERTP Order at P 70.

<sup>24</sup> *Id.*

planning processes in both regions, and upon both regions so notifying one another that the project is eligible for consideration pursuant to their respective regional transmission planning processes, the Transmission Provider and SPP will jointly evaluate the proposed interregional transmission projects pursuant to Sections 1.3.4.

**ii. Procedures For Joint Evaluation**

While largely finding SPP's and the SERTP Filing Parties' procedures for joint evaluation satisfy the requirements of Order No. 1000, the Commission held that the

SPP and SERTP Filing Parties do not indicate the type of transmission studies that will be conducted to evaluate conditions on neighboring transmission systems for the purpose of determining whether interregional transmission facilities are more efficient or cost-effective ... We therefore direct SPP and SERTP Filing Parties to submit further compliance filings ... listing either the type of transmission studies that will be conducted or cross references to the specific provisions in the respective tariffs that reference such studies at the regional transmission planning level.<sup>25</sup>

In accordance with this directive, SPP and the SERTP Filing Parties propose to cross reference the provisions in SPP's Tariff and the SERTP Filing Parties' respective OATTs that reference such studies. SPP proposes to add a sentence providing that potential transmission solutions will be evaluated consistent with Tariff provisions accepted in the SPP-SERTP Order. Specifically, in what is now Section 1.3.4.1, SPP proposes to add the following sentence: "The Transmission Provider will evaluate potential interregional transmission projects in accordance with Section IV.6.b and IV.6.d of Attachment O of this Tariff." These sections provide for SPP's regional review of a proposed Interregional Project. Such project shall be studied in SPP's process and SPP shall issue a system study report identifying the types of studies it performed. The Jurisdictional SERTP Sponsors are also adding similar cross-references to their respective OATTs. This cross-referencing not only complies with the SPP-SERTP Order's directive to "cross reference" the appropriate OATT sections, but such an approach for compliance is similar in substantive

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<sup>25</sup> SPP-SERTP Order at P 95.

form to what the Commission accepted for the SPP and MISO interregional planning process.<sup>26</sup>

## 2. Cost Allocation

### Posting Requirement

While largely accepting SPP's and the SERTP Filing Parties' cost allocation proposals, the Order requires them to comply with additional posting requirements. Specifically, the Order holds that:

SPP and SERTP Filing Parties must allow stakeholders to propose, and must keep a record of, interregional transmission facilities that are found not to meet the minimum threshold criteria for transmission facilities potentially eligible for selection in a regional transmission plan for purposes of cost allocation in both the SPP and SERTP regions. In addition, as part of the information that public utility transmission providers must communicate on their website related to interregional transmission coordination procedures, SPP and SERTP Filing Parties must post a list of all interregional transmission facilities that are proposed for potential selection in the regional transmission plans for purposes of cost allocation but that are found not to meet the relevant thresholds, as well as an explanation of the thresholds the proposed interregional transmission facilities failed to satisfy.<sup>27</sup>

Consistent with this requirement, SPP and the SERTP Filing Parties commit to post on their respective websites “a list of all interregional transmission facilities that are proposed for potential selection in the regional transmission plans for purposes of cost

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<sup>26</sup> The formal name of the Joint Operating Agreement (“JOA”) between SPP and MISO is the “Joint Operating Agreement between the Midwest Independent Transmission System Operator, Inc. and Southwest Power Pool, Inc.” The JOA is a Commission-filed rate schedule of both MISO and SPP. The JOA is designated as MISO’s Rate Schedule FERC No. 6; and as SPP’s Rate Schedule FERC No. 9. See JOA at Section 9.3.3.5.1.

<sup>27</sup> SPP-SERTP Order at P 183 (internal footnotes omitted).

allocation but that are found not to meet the relevant thresholds, as well as an explanation of the thresholds the proposed interregional transmission facilities failed to satisfy.”<sup>28</sup>

#### The Case-by-Case Exception

In their initial filings, SPP and the SERTP Filing Parties proposed that a transmission project could be eligible for consideration for interregional cost allocation even if it does not satisfy all of the regional cost allocation threshold requirements on a case-by-case basis. However, SPP and the SERTP Sponsors were unable to agree upon the specific criteria that would apply. Upon review, the Commission explained:

[T]here is nothing in Order No. 1000 that requires or precludes a pair of transmission planning regions from proposing an exception to evaluate transmission facilities that do not meet both regions’ regional criteria on a case-by-case basis. However, such an exception is not required by Order No. 1000. Thus, while an exception is not precluded in the instant compliance filings, SPP and SERTP Filing Parties have not developed the same language for an exception to be included in their respective OATTs. Accordingly, if SPP and SERTP Filing Parties choose to include an exception that broadens the category of transmission projects that would be eligible for interregional cost allocation beyond those transmission facilities that meet both regions’ regional criteria, which is not a requirement of Order No. 1000, SPP and SERTP Filing Parties would need to provide a joint proposal...<sup>29</sup>

After further coordination between SPP and the SERTP Sponsors, SPP and the SERTP Filing Parties have agreed to remove the case-by-case exception. As shown in the attached redline comparisons and revised Tariff language, in compliance with that

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<sup>28</sup> *Id.* Importantly, the SPP-SERTP Order does not require either SPP or the SERTP Filing Parties to revise SPP’s Tariff or the SERTP Filing Parties’ respective OATTs to codify this commitment, and SPP has not been including additional tariff language to implement this requirement with their other interregional seams. Since the SPP-SERTP Order does not require additional tariff language, and to be consistent with SPP’s practice with its other seams, neither SPP nor the SERTP Filing Parties propose to include specific tariff language to implement this requirement but commit to comply with this requirement.

<sup>29</sup> SPP-SERTP Order at P 185.

directive, the original Section 2.1.B contained in Addendum 4 to Attachment O of the Tariff has been removed.

### **III. REVISIONS TO ATTACHMENT Y OF THE TARIFF**

In the July 2013 Compliance Filing, SPP submitted its Tariff revisions to comply with Order No. 1000's interregional planning and cost allocation requirements on Tariff language originally submitted in SPP's Order No. 1000 regional compliance filing. Subsequent to the July 2013 Compliance Filing, the Commission issued a series of orders on SPP's regional filings and required compliance filings which established Attachment Y, which provides a competitive bidding and transmission owner designation process for SPP's planning region, including provisions for the construction of approved transmission upgrades.<sup>30</sup>

With this compliance filing, SPP proposes to reconcile its interregional planning process accepted in the SPP-SERTP Order with the relative provisions of SPP's Tariff dealing with approval and construction of transmission projects in SPP's regional process, namely Attachment Y of the Tariff. To that end, SPP proposes to comply with Order No. 1000 by including "Interregional Projects" in Section I.1 of Attachment Y. By including Interregional Projects in this section of Attachment Y, the Tariff will contain consistent terms for the approval of Interregional Projects within the SPP regional process for the identification and construction of transmission projects within the SPP region. Commission acceptance is appropriate to support and sustain SPP's compliance with all aspects of Order No. 1000.

### **IV. HIGHWAY COST ALLOCATION FOR ALL INTERREGIONAL PROJECTS REGARDLESS OF VOLTAGE IS A JUST AND REASONABLE MEANS TO COMPLY WITH THE TRANSMISSION PLANNING AND COST ALLOCATION REQUIREMENTS OF ORDER NO. 1000**

#### **a. SPP's Proposal and the SPP-SERTP Order**

In the July 2013 Compliance Filing, SPP proposed that all approved Interregional Projects would receive Highway cost allocation pursuant to SPP's Commission approved Highway/Byway cost allocation.<sup>31</sup> In other words, SPP proposed that 100% of the

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<sup>30</sup> See generally *Sw. Power Pool, Inc.* 144 FERC ¶ 61,059 (2013); see also *Sw. Power Pool, Inc.*, 149 FERC ¶ 61,048 (2014); *Sw. Power Pool, Inc.*, 151 FERC ¶ 61,045 (2015).

<sup>31</sup> See July 2013 Compliance Filing at 31-32.

allocation of costs related to Interregional Projects are assigned on a regional basis, regardless of which zone the transmission facility is located.<sup>32</sup> SPP intends that regional (Highway) cost allocation is applicable to all approved Interregional Projects regardless of voltage. Therefore, under SPP's proposal, Interregional Projects below 300 kV would receive regional funding the same as projects with voltage ratings over 300 kV.

In the SPP-SERTP Order, the Commission accepted SPP's proposal for a highway cost allocation method that allocates the costs of an Interregional Project on a 100 percent postage stamp basis as that proposal applies to 300 kV and above facilities.<sup>33</sup> Additionally, the Commission recognized arguments by Western Farmers Electric Cooperative that challenged Highway cost allocation for projects under 300 kV.<sup>34</sup> The Commission however, found that the arguments by Western Farmers to be rendered moot because the SPP-SERTP Proposal accepted by the Commission from a practical matter did not include projects under 300 kV.<sup>35</sup> The Commission found that should SPP and SERTP develop a process that would recognize interregional projects below 300 kV for cost allocation, then SPP would need to demonstrate why the "highway cost allocation method is applicable to this new set of transmission facilities."<sup>36</sup> Except for the compliance requirements identified for the SPP-SERTP process, as detailed *supra*, all other aspects of the Tariff pertaining to SPP's compliance with Order No. 1000's interregional planning and cost allocation requirements were found by the Commission to be just and reasonable with an effective date of March 30, 2014, as SPP requested.<sup>37</sup> In this section of this compliance filing, SPP proffers the following arguments why Highway cost allocation for all Interregional Projects with voltage ratings of 100 kV and higher is just and reasonable as a means to comply with Order No. 1000 and promote effective interregional planning.

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<sup>32</sup> *Id.*

<sup>33</sup> SPP-SERTP Order at P 204 ("Under SPP's Highway/Byway cost allocation method, all the costs of transmission facilities that provide primarily regional benefits are allocated on a regional postage stamp basis. When accepting the Highway/Byway cost allocation method, the Commission noted that it 'reasonably . . . align[s] the costs associated with transmission expansions with the usage of the system' and 'fairly assigns costs among SPP members'"). *Quoting* Highway/Byway Order, 131 FERC ¶61,252 at P 76.

<sup>34</sup> *Id.* at PP 202-203, 206.

<sup>35</sup> *Id.* at P 206.

<sup>36</sup> *Id.*

<sup>37</sup> *Id.* at P 207.

**b. Interregional Projects under 300 kV may be identified and approved for cost allocation pursuant to the SPP-MISO process**

Subsequent to the SPP-SERTP Order, SPP has become aware that the Commission's findings in the SPP-SERTP Order regarding cost allocation for Interregional Projects under 300 kV may not have taken into account that under the SPP-MISO interregional process, projects under 300 kV may be identified and approved for cost allocation between the SPP and MISO planning regions.

In the Commission's order on the SPP-MISO filing the Commission accepted SPP's proposed SPP-MISO JOA language which requires that an Interregional Project be approved under both the SPP and the MISO regional planning processes.<sup>38</sup> Under both tariffs, transmission projects under 300 kV may be approved by each RTO's respective Board of Directors.<sup>39</sup> There is no prohibition in the SPP-MISO JOA or either RTO's tariff which requires that a potential Interregional Project be greater than 300 kV. Therefore it is possible that an Interregional Project less than 300 kV could be approved by the SPP and MISO respective Boards of Directors. Although SPP's proposed Highway funding for SPP's share of approved Interregional Projects may not be applicable in its coordination with the SERTP, SPP respectfully requests the Commission evaluate SPP's proposal in light of the approved interregional transmission planning coordination and cost allocation procedures between SPP and MISO.

**c. Commission approval of Highway (Regional) funding for all approved Interregional Projects is warranted**

***1. SPP RSC and Stakeholder Approval of Methodology***

As stated in the section above, the Tariff provisions governing cost allocation for approved Interregional Projects were not intended to only be applicable to the SPP-SERTP process. Rather, Highway (aka "Regional") funding applies to any Interregional Project that is approved by the SPP Board. As will be explained in more detail below, the policy to fund Interregional Projects on a Regional basis received broad support from SPP stakeholders, and was approved by SPP's Regional State Committee ("RSC"), an organization of state regulators which has authority over cost allocation within the SPP region.<sup>40</sup> The Commission has supported policies within RTOs which foster stakeholder participation in RTO governance. While SPP recognizes that stakeholder approval does

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<sup>38</sup> *Sw. Power Pool, Inc.*, 150 FERC ¶ 61,093 (2015) at P 165.

<sup>39</sup> *See* SPP-MISO JOA at Section 9.3.3.6.

<sup>40</sup> *See* Southwest Power Pool, Inc., Bylaws, First Revised Volume No. 4 ("Bylaws") at Section 7.2 (The RSC is comprised of "one designated commissioner from each state regulatory commission having jurisdiction over an SPP Member...").

not by itself cause a filing to be just and reasonable, SPP requests that the Commission extend appropriate deference to the wishes of the SPP Regional State Committee and SPP's stakeholders, consistent with Commission precedent.<sup>41</sup>

The RSC has been given authority over cost allocation in accordance with the SPP's Commission-approved Bylaws. Under Section 7.2 of the SPP Bylaws, the RSC is established to "provide both direction and input on all matters pertinent to the participation of the Members in SPP."<sup>42</sup> Amongst other duties, the RSC has primary responsibility for determining regional proposals and the transition process in the following areas:

- “(a) whether and to what extent participant funding will be used for transmission enhancements;
- (b) whether license plate or postage stamp rates will be used for the regional access charge[.]”<sup>43</sup>

In addition, as the RSC reached decisions on cost allocation methodologies that will be used to address the above issues, SPP files the methodology pursuant to Section 205 of the FPA.<sup>44</sup>

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<sup>41</sup> The Commission has previously recognized that provisions approved through RTO stakeholder processes are due deference. *See Sw. Power Pool, Inc.*, 127 FERC ¶ 61,283, at P 33 (2009) (noting that the Commission “accord[s] an appropriate degree of deference to RTO stakeholder processes”); *New Eng. Power Pool*, 105 FERC ¶ 61,300, at P 34 (2003) (Commission approval of transmission cost allocation proposal based upon an extensive and thorough stakeholder process); *Policy Statement Regarding Regional Transmission Groups*, 1991-1996 FERC Stats. & Regs., Regs. Preambles ¶ 30,976, at 30,872 (1993) (the Commission will afford the appropriate degree of deference to the stakeholder approval process). The Commission's deference to RTO stakeholder processes has been upheld by the courts. *See Pub. Serv. Comm'n of Wis. v. FERC*, 545 F.3d 1058, 1062-63 (D.C. Cir. 2008) (noting that the Commission often gives weight to RTO proposals that reflect the position of the majority of the RTO's stakeholders) (quoting *Am.Elec. Power Serv. Corp. v. Midwest Indep. Transmission Sys. Operator, Inc.*, 122 FERC ¶ 61, 083, at P 172 (2008)).

<sup>42</sup> *See* Bylaws at 7.2.

<sup>43</sup> *Id.* Other duties which are not directly relevant to this proceeding include “(c) FTR allocation, where a locational price methodology is used; and (d) the transition mechanism to be used to assure that existing firm customers receive FTRs equivalent to the customers' existing firm rights.

<sup>44</sup> *Id.*

To develop the policy for cost allocation for Interregional Projects, the RSC created the Interregional Cost Allocation Task Force (“ICATF”) which consisted of RSC members and SPP stakeholders. The ICATF engaged the consulting firm The Brattle Group to study cost allocation for Interregional Projects and to develop principles and guidelines for a recommended allocation paradigm for approved Interregional Project costs.<sup>45</sup> The Brattle Report found generally that interregional projects could provide benefits to the SPP region. Additionally, the Brattle Group recommended that no threshold be placed on criteria, such as voltage class, total cost, or total benefits. Under this recommendation, The Brattle Group was of the opinion that even “small” projects may offer substantial benefits to the SPP region.<sup>46</sup>

In July 2012, the ICATF advised the RSC that its preference is that the costs of an approved Interregional Project be assigned using the regional rate (highway).<sup>47</sup> Similarly, the RSC’s Cost Allocation Working Group (“CAWG”) recommended a preferred highway approach to cost allocation of Interregional Projects as well.<sup>48</sup> The ICATF and CAWG recommended a regional cost allocation methodology for Interregional Projects due to the unique qualities associated with transmission projects located at SPP’s seams. The RSC adopted the methodology that costs for approved Interregional Projects will be recovered 100% regionally for projects selected pursuant to interregional planning processes.<sup>49</sup> Based on this direction, SPP developed and filed Tariff language that provided Highway (or Regional) funding of Interregional Projects that would apply to all other SPP Order No. 1000 interregional planning processes approved for SPP by the Commission, including the SPP-MISO process under the JOA.

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<sup>45</sup> The Brattle Group’s final report titled *Seams Cost Allocation: A Flexible Framework to Support Interregional Transmission Planning* can be found in the IRCATF meeting materials for the June, 18, 2012 meeting located here: <http://www.spp.org/section.asp?group=2494&pageID=27>.

<sup>46</sup> See *Id.* at 4a- Brattle Seams Cost Allocation Presentation for SPP mtg\_2012-04-23.pdf at p 13.

<sup>47</sup> See Meeting Materials for July 2012 RSC Meeting at p 75 at the following link: <http://www.spp.org/publications/RSCAGD&BKGD073012-E.pdf>

<sup>48</sup> See October 3, 2012 CAWG Meeting Minutes at the following link: <http://www.spp.org/publications/CAWG%2010.3.12%20Minutes.pdf>.

<sup>49</sup> See October 29, 2012 RSC Meeting Minutes at p 4 at the following link: <http://www.spp.org/publications/RSC102912.pdf>.

**2. *Highway funding for Interregional Projects lower than 300 kV will promote approval of projects identified in the SPP-MISO Interregional Planning Process***

As the Commission recognized in the issuance of Order No. 1000 there are significant challenges to the identification and ultimate approval of Interregional Projects. SPP estimates that between the years 2006 through 2014 SPP and MISO will have collectively approved over \$24 billion in regional projects while simultaneously approving zero seams projects between the two planning regions. As discussed at the October 29, 2012 SPP RSC meeting, historically projects that have shown benefits to a seams neighbor of a planning region have been marginalized in part due to a lack of an equitable cost allocation methodology.<sup>50</sup> In an attempt to remove unnecessary hurdles to the approval of Interregional Projects that are more efficient or cost effective than regional projects, SPP proposed a single regional cost allocation methodology for all Interregional Projects greater than 100 kV.

This regional cost allocation proposal for Interregional Projects is both just and reasonable because the study process for the evaluation of such projects are constructed to identify projects that provide benefits at a regional level. Unlike regional projects, Interregional Projects between SPP and MISO will be evaluated by two separate and independent RTOs.<sup>51</sup> Additionally, stakeholders from both RTOs will have an opportunity to provide input and comments regarding the Interregional Projects in the joint and coordinated phase through the Interregional Stakeholder Advisory Committee (“IPSAC”). In addition to the joint and coordinated portion of the study, each RTO also evaluates the proposed Interregional Project through their respective regional analysis.<sup>52</sup> Therefore, the evaluation of an Interregional Project which consists of: a joint evaluation, two separate regional evaluations, joint stakeholder input and feedback, and includes stakeholder input and feedback from each respective regional evaluation, will result in a significant, robust evaluation of the regional and interregional benefits of the proposed Interregional Project. As a result, the Commission approved process between SPP and MISO assures that approved projects will have quantifiable benefits to both regions; and the level of stakeholder participation in the approval process justifies a consistent methodology to be applied to all Interregional Projects approved by the regions.

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<sup>50</sup> See October 29, 2012 RSC Meeting Materials at Seams Steering Committee Update p 10 at the following link:  
<http://www.spp.org/publications/RSDAGD&BKGD102912-E.pdf>.

<sup>51</sup> While this occurs initially in the joint and coordinated phase of the project evaluation, all analyses and results will also be conducted and verified separately by each RTO.

<sup>52</sup> This regional analysis is performed independently by each RTO and utilizes their respective regional stakeholder groups for feedback.

Projects along the SPP-MISO seam, regardless of voltage level, are likely to provide benefits to the entire SPP Integrated Marketplace. In fact, over 80% of the existing interconnections between SPP and MISO are less than 300 kV making it highly likely that lower voltage elements will be the limiting element for a flowgate that restricts interregional transfer capability. This restricted transfer capability can result in all SPP Market Participants being negatively impacted, even those not directly along the seam. Relieving constraints between SPP and MISO may alleviate congestion, improve reliability, and increase opportunities for the sale of additional transmission service within SPP. Even “small” projects between 100 kV and 300 kV may enable more economic transfers of energy between SPP and MISO and provide regional benefits seen throughout SPP. As shown in the case studies reported by The Brattle Group, even projects geographically located in one zone may often provide benefits to the entire SPP Region.<sup>53</sup>

**3. *Highway cost allocation for Interregional Projects is necessary for SPP to allocate the costs of projects approved by SPP and MISO***

Highway (or Regional) cost allocation for all Interregional Projects, regardless of voltage, is necessary to engage in effective interregional planning with MISO. SPP’s proposed cost allocation is also required in order to regionally cost allocate SPP’s portion of an approved Interregional Project. In both SPP and MISO’s Interregional Order No. 1000 compliance filings, the RTOs agreed to exceed the requirements of Order No. 1000 and define an Interregional Project in a manner to not preclude a potential Interregional Project from being constructed completely within one RTO.<sup>54</sup> Therefore a project completely inside MISO could be approved by both RTOs as an Interregional Project. MISO and SPP would allocate the costs of that project between the regions commensurate with the benefits identified in the joint evaluation of the proposed project.<sup>55</sup>

SPP’s proposed cost allocation is necessary and required in order for SPP to allocate the costs of an Interregional Project within SPP’s current processes. If the Commission does not accept SPP’s proposed regional cost allocation methodology for an Interregional

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<sup>53</sup> See The Brattle Group report at Section XII at:  
<http://www.spp.org/section.asp?group=2494&pageID=27>.

<sup>54</sup> The RTOs recognized that projects do not have to be a tie-line in order to provide benefits to multiple planning regions.

<sup>55</sup> Since an Interregional Project is a project that is cost shared between more than one planning region, the SPP region is not bearing the full cost of the project. Unlike an SPP regional project, with an Interregional Project the costs and risks are shared between at least two planning regions. Before the costs of an approved Interregional Project are regionally allocated to the SPP members, the costs have already been split between SPP and the applicable neighboring planning region based on the benefits received by each region.

Project, and instead requires SPP to utilize the Highway/Byway methodology utilized in SPP's regional process, there would be no clear cut way to apply the "Byway" part of the methodology for projects located solely in the MISO region. As provided by SPP's Commission approved Highway/Byway cost allocation methodology, projects between 100 and 300 kV are allocated  $2/3^{\text{rds}}$  of the project cost to the host zone and  $1/3^{\text{rd}}$  of the project cost to the region. With the project completely within MISO, there is no SPP host zone for which to allocate the  $2/3^{\text{rds}}$  of the project cost. This problem is avoided if the Commission accepts the SPP proposed regional cost allocation of Interregional Projects.

## **V. EFFECTIVE DATE AND REQUEST FOR WAIVER**

SPP requests an effective date of January 1, 2015 for the Tariff revisions proposed herein in compliance with Order No. 1000's requirements for interregional planning and cost allocation. Granting an effective date of January 1, 2015 is consistent with the date granted by the Commission for the SPP-SERTP Proposal in the SPP-SERTP Order.

Additionally, SPP is making this filing to satisfy the Commission's directives in the SPP-SERTP Order. By making this filing in compliance with the Order, SPP 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 may not have been addressed be found to apply, SPP respectfully request waiver of any such regulation or requirement.

## **VI. ADDITIONAL INFORMATION**

### **a. Documents Submitted with this Filing:**

In addition to this transmittal letter, the following documents are included with this filing:

Clean and Redline Tariff revisions under the Sixth Revised Volume No. 1.

### **b. Service:**

SPP has served a copy of this filing on all individuals listed on the service list compiled by the Commission's secretary in this proceeding, as well as SPP Members, Customers, Market Participants, and all affected state commissions. A complete copy of this filing will be posted on the SPP web site, [www.spp.org](http://www.spp.org).

**c. Communications**

In the event the Commission assigns a new docket number for this filing, correspondence and communications with respect to this filing should be sent to, and SPP requests the Secretary to include on the official service list, the following:

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Manager–Regulatory Policy  
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**VII. CONCLUSION**

For all the reasons stated herein, SPP respectfully requests that the Commission:

- i) Find the Tariff revisions proposed herein to Addendum 4 to Attachment O of the Tariff to be compliant with the SPP-SERTP Order;
- ii) Accept the revisions to Attachment Y of the Tariff to be consistent with Order No. 1000; and
- iii) Approve Highway (regional) cost allocation for all Interregional Projects irrespective of voltage.

Respectfully submitted,

/s/ Matthew Harward  
Matthew Harward  
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**Attorney for  
Southwest Power Pool, Inc.**

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Little Rock, Arkansas, this 18th day of May, 2015.

/s/ Michelle Harris  
Michelle Harris

## **ADDENDUM 4 TO ATTACHMENT O**

### **INTERREGIONAL TRANSMISSION COORDINATION BETWEEN THE TRANSMISSION PROVIDER AND THE SOUTHEASTERN REGIONAL TRANSMISSION PLANNING PROCESS**

Pursuant to Section VIII of Attachment O, the Transmission Provider and the public utility transmission providers in the Southeastern Regional Transmission Planning Process (“SERTP”) region shall undertake coordinated interregional transmission planning in accordance with the provisions of this Addendum 4. All terms not otherwise defined herein shall have the definitions assigned in the Tariff.

For purposes of this Addendum 4, the Transmission Provider’s regional transmission planning process is the process described in Attachment O of this Tariff; the SERTP is the process described in the respective Attachment Ks (or comparable tariff sections) of the public utility transmission providers in the SERTP. References to the respective regional transmission planning processes in this Addendum 4 are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Addendum 4 refer to Sections within this Addendum 4.

## **INTERREGIONAL TRANSMISSION PLANNING**

### **1. Coordination**

**1.1 Annual Coordination:** Representatives of the Transmission Provider and the SERTP will meet no less than once per year to facilitate the interregional coordination procedures described below (as applicable). Representatives of the Transmission Provider and the SERTP may meet more frequently to coordinate the evaluation of interregional transmission project(s).

### **1.2. Data Exchange**

**1.2.1 Annual Data Exchange:** At least annually, the Transmission Provider and the public utility transmission providers in the SERTP shall exchange power-flow models and associated data used in the regional transmission planning processes to develop their respective then-current regional transmission plan(s). The Transmission Provider shall designate a representative for its region and the SERTP sponsors shall designate a representative for the SERTP region to facilitate the annual data exchange. The data exchange will occur when such data is available in each of the regional transmission planning processes, typically during the first calendar quarter. Additional transmission-based models and data used in the development of the respective regional transmission plans will be exchanged between the Transmission Provider and the public utility transmission providers in the SERTP if requested. Data exchanged between the Transmission Provider and the public utility transmission providers in the SERTP under this Section 1.2.1 shall be posted on the

pertinent regional transmission planning websites consistent with the posting requirements of the respective regional transmission planning processes and is generally considered CEII.

**1.2.2 Exchange of Regional Transmission Plans:** The Transmission Provider's regional transmission plan(s) will be posted on the SPP website pursuant to the Transmission Provider's regional transmission planning process. The Transmission Provider will also notify the SERTP representative of such posting so they may retrieve the transmission plan(s). The public utility transmission providers in the SERTP will exchange the then-current SERTP regional transmission plan(s) in a similar manner according to its regional transmission planning process.

**1.2.3 Confidentiality:** Any CEII and Confidential data disclosed by the Transmission Provider pursuant to this Addendum 4 shall be subject to the provisions of Section VII of Attachment O of this Tariff.

### **1.3. Joint Evaluation**

**1.3.1 Identification of Interregional Transmission Projects:** At least biennially, the Transmission Provider will review the then-current regional transmission plan of the SERTP, and the public utility transmission providers in the SERTP will review the Transmission Provider's then-current regional transmission plan. Such plans include the transmission needs of each region as prescribed by each region's planning process. This review shall occur on a mutually agreeable schedule, taking into account each region's regional transmission planning processes timetable.

If through this review, the Transmission Provider and the public utility transmission providers, as applicable, in the SERTP identify a potential interregional transmission project that could be more efficient or cost effective than transmission projects included in the respective regional transmission plans, the Transmission Provider and the public utility transmission providers in the SERTP will jointly evaluate the potential transmission project pursuant to Section 1.3.4.

**1.3.2 Identification of Interregional Transmission Projects by Stakeholders:**

Stakeholders may also propose transmission projects that may be more efficient or cost-effective than transmission projects included in the Transmission Provider's and/or the SERTP's regional transmission plans pursuant to the procedures in each region's regional transmission planning processes. The Transmission Provider and the public utility transmission providers in the SERTP will evaluate interregional transmission projects proposed by stakeholders pursuant to Section 1.3.4.

**1.3.3** Interregional transmission projects proposed for potential interregional cost allocation must be submitted in both the SERTP and Transmission Provider's regional transmission planning processes and satisfy the requirements of Section 2.1. The submittal must identify the potential transmission project as interregional in scope and identify that such project will interconnect between the SERTP region and the Transmission Provider. The Transmission Provider will verify whether the submittal for the potential interregional transmission project satisfies all applicable

requirements. Upon finding that the proposed interregional transmission project satisfies all such applicable requirements, the Transmission Provider will notify SERTP. Once the potential interregional transmission project has been proposed through the regional transmission planning processes in both regions, and upon both regions so notifying one another that the project is eligible for consideration pursuant to their respective regional transmission planning processes, the Transmission Provider and SERTP will jointly evaluate the proposed interregional transmission projects pursuant to Sections 1.3.4.

#### **1.3.4 Evaluation of Interregional Transmission Projects:**

**1.3.4.1 Joint Evaluation of Interregional Transmission Projects:** The Transmission Provider and the public utility transmission providers in the SERTP shall act through their respective regional transmission planning processes to evaluate potential interregional transmission projects and to determine whether the inclusion of any potential interregional transmission projects in each region's regional transmission plan would be more efficient or cost-effective than transmission projects included in the respective then-current regional transmission plans. Initial coordination activities to facilitate such analysis will typically begin during the third calendar quarter. Such analysis shall be consistent with accepted planning practices of the respective regions and the methods utilized to produce each region's respective regional transmission plan(s). The Transmission Provider will evaluate potential interregional transmission projects in

accordance with Section IV.6.b and IV.6.d of Attachment O of this Tariff. To the extent possible, and as needed, information will be coordinated between the Transmission Provider and the public utility transmission providers in the SERTP, including, but not limited to:

- Planning horizons;
- Expected timelines/milestones associated with the joint evaluation;
- Study assumptions and data;
- Models; and
- Criteria

The Transmission Provider and the public utility transmission providers in the SERTP will exchange status updates for new interregional transmission project proposals or proposals currently under consideration as needed. These status updates will generally include, if applicable: (i) an update of the region's evaluation of the proposal; (ii) the anticipated timeline for future assessments; and (iii) reevaluations related to the proposal.

#### **1.3.4.2 Determination of Regional Benefit(s) for Interregional Cost**

**Allocation Purposes:** The Transmission Provider and the SERTP shall evaluate the proposed interregional transmission project that meets the criteria of Section 2 for interregional cost allocation within the respective regions as follows:

- A. Each region, acting through its regional transmission planning process, will evaluate proposals to determine whether the proposed

interregional transmission project(s) provides Regional Benefits to its respective region. For purposes of this Addendum 4, “Regional Benefit” shall mean the calculation described in Section 1.3.4.2.B.

- B. Based upon the evaluation made pursuant to 1.3.4.2.A, each region will quantify a Regional Benefit based upon (i) for the Transmission Provider, the Transmission Provider shall calculate the total avoided costs of regional transmission projects that would be displaced if the proposed interregional transmission project was included; and (ii) for the SERTP, the SERTP sponsors shall calculate the total avoided costs of transmission projects included in the then-current regional transmission plan that would be displaced if the proposed interregional transmission project was included.
- C. Updated Regional Benefits calculations will be exchanged in a similar manner to the status updates described in Section 1.3.4.1. In any regional benefit to cost (“BTC”) ratio calculation(s) performed pursuant to the respective regional transmission planning processes, the anticipated allocation of costs of the interregional transmission project to each region shall be based upon the ratio of the region’s Regional Benefit to the sum of the Regional Benefits identified for both SPP and the SERTP.

## **2. Cost Allocation**

## **2.1 Interregional Transmission Projects Proposed for Interregional Cost**

**Allocation Purposes:** For a transmission project to be considered for purposes of interregional cost allocation between the Transmission Provider and the SERTP, the following criteria must be met:

- A. The transmission project must interconnect to transmission facilities in both the Transmission Provider's and SERTP regions, and must meet the qualification criteria for transmission projects potentially eligible to be included in the regional transmission plans for purposes of regional cost allocation in accordance with the respective regional transmission planning processes of both the Transmission Provider and the SERTP. The facilities to which the project is proposed to interconnect may be either existing facilities or transmission projects included in the regional transmission plan that are currently under development.
  
- B. The transmission project must be proposed in the Transmission Provider and the SERTP regional planning processes for purposes of cost allocation, as well as any other regions to which the proposed transmission project would interconnect, in accordance with the procedures of the applicable regional transmission planning processes. If the proposed transmission project is being proposed by a transmission developer, the transmission developer must also satisfy all qualification criteria specified in the respective regional transmission planning processes, as applicable.

## **2.2 Inclusion in Regional Transmission Plans for Purposes of Cost Allocation:**

An interregional transmission project proposed for interregional cost allocation purposes in each region will be included in the respective regional transmission plans for purposes of cost allocation after each region has performed all evaluations and the transmission project has obtained all approvals, as prescribed in the respective regional transmission planning processes, necessary for it to be included in each regional transmission plan for purposes of cost allocation.

## **2.3 Allocation of Costs Between the Transmission Provider and the SERTP:**

The cost of an interregional transmission project selected for purposes of cost allocation in the regional transmission plans of both the Transmission Provider and the SERTP will be allocated between the regions as follows:

- A. Each region will be allocated a portion of the interregional transmission project's costs in proportion to such region's Regional Benefit to the sum of the Regional Benefits identified for both the Transmission Provider and the SERTP.
  - o The Regional Benefits used for this determination shall be based upon the last Regional Benefit calculation performed – pursuant to the method described in Section 1.3.4.2 – before each region included the transmission project in its regional transmission plan for purposes of cost allocation and as approved by each region.
  - o Should one region be willing to bear more costs of the interregional transmission project than the costs identified pursuant to the methodology described in this Section 2.3.A, the regions may

voluntarily agree, subject to applicable regional approvals, to an alternative cost sharing arrangement.

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

**2.5 Interregional Project Contractual Arrangements:** The contracts referenced in Section 2.4 will address terms and conditions associated with the development of the proposed transmission project included in the regional transmission plans for purposes of cost allocation, including but not limited to:

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

- c) The specific financial terms/specific total amounts to be charged by the transmission developer of the transmission project to each beneficiary, as agreed to by the parties;
- d) Creditworthiness/project security requirements;
- e) Milestone reporting, including schedule of projected expenditures;
- f) Reevaluation of the transmission project; and
- g) Non-performance or abandonment.

**2.6 Removal from Regional Transmission Plans for Purposes of Cost Allocation:**

An interregional transmission project may be removed from the Transmission Provider's or the SERTP's regional transmission plan for purposes of cost allocation (1) if the project is removed from either regions', regional transmission plans pursuant to the requirements of its regional transmission planning process or (2) if the developer fails to meet the developmental milestones established pursuant to Section 2.4.

**2.6.1:** The Transmission Provider and/or the public utility transmission providers in the SERTP will notify the other party if an interregional transmission project or a portion thereof is likely to be removed from its regional transmission plan.

**3. Transparency**

**3.1** The Transmission Provider and the public utility transmission providers in the SERTP shall host their respective regional websites for communication of information related to coordinated interregional transmission planning procedures. The regions shall coordinate on the documents and information that is posted on

their respective websites to ensure consistency of information. Each regional website shall contain, at a minimum, the following information:

- i. Link to this Addendum;
- ii. Information related to joint meetings, such as links to materials for joint meetings;
- iii. Documents relating to joint evaluations; and
- iv. Procedures for coordination and joint evaluation

**3.2** Access to the data utilized will be made available through the pertinent regional planning websites subject to the requirements in Section 1.2.3. The Transmission Provider will make available, on the SPP website, links to where stakeholders can register (if applicable/available) for SERTP stakeholder committees and distribution lists.

**3.3** The Transmission Provider shall report back to its stakeholders on the status of any interregional activities done under this Addendum 4 including:

- Facilities to be evaluated
- Analysis performed
- Determinations/results

**3.4** Stakeholders will have an opportunity to provide input and feedback related to interregional facilities identified, analysis performed, and any determination/results within the respective regional transmission planning processes. Stakeholders may participate in either or both regions' regional transmission planning processes to provide their input and feedback regarding the interregional coordination activities described in this Addendum 4.

## I. OVERVIEW OF TRANSMISSION OWNER DESIGNATION PROCESS

- 1) As determined in accordance with Section I.2 of this Attachment Y, the Transmission Provider shall designate a Transmission Owner in accordance with the process set forth in Section III of this Attachment Y for transmission facilities approved for construction by the Transmission Provider after January 1, 2015 that meet all of the following criteria:
  - a) Transmission facilities that are: ITP Upgrades, high priority upgrades, or Interregional Projects;
  - b) Transmission facilities with a nominal operating voltage of greater than 100 kV;
  - c) Transmission facilities that are not a Rebuild of an existing facility;
  - d) *Transmission facilities that do not alter a Transmission Owner's use and control of its existing right of way under relevant laws or regulations;*
  - e) Transmission facilities located where the selection of a Transmission Owner pursuant to Section III of this Attachment Y does not violate relevant law where the transmission facility is to be built;
  - f) Transmission projects that do not require both a Rebuild of existing facilities and new transmission facilities; and
  - g) Transmission facilities that are not a Local Transmission Facility.
- 2) For transmission projects involving both a Rebuild of existing facilities and the construction of new transmission facilities, the Transmission Provider shall designate the Transmission Owner(s) as follows:
  - a. If 80% or more of the total cost of a project consists of the Rebuild of existing facilities, then the Transmission Provider shall designate the Transmission

Owner(s) for the project in accordance with Section IV of this Attachment Y;  
or

- b. Otherwise, the Transmission Provider shall divide the project into two or more segments based upon whether that portion of the project is a Rebuild of existing facilities or new facilities. For those segments that are Rebuilds of existing facilities, the Transmission Provider shall designate the Transmission Owner(s) in accordance with Section IV of this Attachment Y. For those segments that are new facilities, the Transmission Provider shall designate the Transmission Owner(s) in accordance with Section III of this Attachment Y.
- 3) For any upgrade meeting the specifications listed in Section I.1 of this Attachment Y, the Transmission Provider may designate the Transmission Owner(s) in accordance with Section IV of this Attachment Y if such upgrade is required to be in service within 3 years or less to address an identified reliability violation (“Short-Term Reliability Project”). To have a transmission project approved as a Short-Term Reliability Project, the Transmission Provider shall:
- a) Separately identify and post an explanation of the reliability violations and system conditions for which there is a time-sensitive need, in sufficient detail to allow stakeholders to understand the need and why it is time sensitive.
  - b) Provide to stakeholders and post on its website a full and supported written description explaining:
    - i. The decision to designate the Transmission Owner pursuant to Section IV of this Attachment Y, including an explanation of other transmission or non-transmission options that the Transmission Provider considered but concluded would not sufficiently address the immediate reliability need; and

- ii. The circumstances that generated the immediate reliability need and an explanation of why that immediate reliability need was not identified earlier.
  - c) Permit stakeholders thirty (30) days to provide comments in response to the description required under Section I.3.b of this Attachment Y and make such comments publicly available.
  - d) Maintain and post a list of prior year designations of Short-Term Reliability Projects. The list must include the Short-Term Reliability Project's need date and the date that the DTO actually energized the project. Such list must be filed with the Commission as an informational filing in January of each calendar year covering the designations of the prior calendar year.
  - e) Obtain approval by the SPP Board of Directors.
- 4) For any upgrade not defined in Section I.1 or not meeting the requirements of Sections I.2 or I.3 of this Attachment Y, the Transmission Provider shall designate the Transmission Owner(s) in accordance with the process set forth in Section IV of this Attachment Y.
- 5) The designation from the Transmission Provider shall be provided pursuant to Section V of this Attachment Y.
- 6) The Transmission Provider shall track all projects that are approved for construction in accordance with Section VI of this Attachment Y.

## **ADDENDUM 4 TO ATTACHMENT O**

### **INTERREGIONAL TRANSMISSION COORDINATION BETWEEN THE TRANSMISSION PROVIDER AND THE SOUTHEASTERN REGIONAL TRANSMISSION PLANNING PROCESS**

Pursuant to Section VIII of Attachment O, the Transmission Provider and the public utility transmission providers in the Southeastern Regional Transmission Planning Process (“SERTP”) region shall undertake coordinated interregional transmission planning in accordance with the provisions of this Addendum 4. All terms not otherwise defined herein shall have the definitions assigned in the Tariff.

For purposes of this Addendum 4, the Transmission Provider’s regional transmission planning process is the process described in Attachment O of this Tariff; the SERTP is the process described in the respective Attachment Ks (or comparable tariff sections) of the public utility transmission providers in the SERTP. References to the respective regional transmission planning processes in this Addendum 4 are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Addendum 4 refer to Sections within this Addendum 4.

## **INTERREGIONAL TRANSMISSION PLANNING**

### **1. Coordination**

**1.1 Annual Coordination:** Representatives of the Transmission Provider and the SERTP will meet no less than once per year to facilitate the interregional coordination procedures described below (as applicable). Representatives of the Transmission Provider and the SERTP may meet more frequently to coordinate the evaluation of interregional transmission project(s).

### **1.2. Data Exchange**

**1.2.1 Annual Data Exchange:** At least annually, the Transmission Provider and the public utility transmission providers in the SERTP shall exchange power-flow models and associated data used in the regional transmission planning processes to develop their respective then-current regional transmission plan(s). The Transmission Provider shall designate a representative for its region and the SERTP sponsors shall designate a representative for the SERTP region to facilitate the annual data exchange. The data exchange will occur when such data is available in each of the regional transmission planning processes, typically during the first calendar quarter. Additional transmission-based models and data used in the development of the respective regional transmission plans will be exchanged between the Transmission Provider and the public utility transmission providers in the SERTP if requested. Data exchanged between the Transmission Provider and the public utility transmission providers in the SERTP under this Section 1.2.1 shall be posted on the

pertinent regional transmission planning websites consistent with the posting requirements of the respective regional transmission planning processes and is generally considered CEII.

**1.2.2 Exchange of Regional Transmission Plans:** The Transmission Provider's regional transmission plan(s) will be posted on the SPP website pursuant to the Transmission Provider's regional transmission planning process. The Transmission Provider will also notify the SERTP representative of such posting so they may retrieve the transmission plan(s). The public utility transmission providers in the SERTP will exchange the then-current SERTP regional transmission plan(s) in a similar manner according to its regional transmission planning process.

**1.2.3 Confidentiality:** Any CEII and Confidential data disclosed by the Transmission Provider pursuant to this Addendum 4 shall be subject to the provisions of Section VII of Attachment O of this Tariff.

### **1.3. Joint Evaluation**

**1.3.1 Identification of Interregional Transmission Projects:** At least biennially, the Transmission Provider will review the then-current regional transmission plan of the SERTP, and the public utility transmission providers in the SERTP will review the Transmission Provider's then-current regional transmission plan. Such plans include the transmission needs of each region as prescribed by each region's planning process. This review shall occur on a mutually agreeable schedule, taking into account each region's regional transmission planning processes timetable.

If through this review, the Transmission Provider and the public utility transmission providers, as applicable, in the SERTP identify a potential interregional transmission project that could be more efficient ~~and-or~~ cost effective than transmission projects included in the respective regional transmission plans, the Transmission Provider and the public utility transmission providers in the SERTP will jointly evaluate the potential transmission project pursuant to Section 1.3.34.

### **1.3.2 Identification of Interregional Transmission Projects by Stakeholders:**

Stakeholders may also propose transmission projects that may be more efficient or cost-effective than transmission projects included in the Transmission Provider's and/or the SERTP's regional transmission plans pursuant to the procedures in each region's regional transmission planning processes. The Transmission Provider and the public utility transmission providers in the SERTP will evaluate interregional transmission projects proposed by stakeholders pursuant to Section 1.3.34.

1.3.3 Interregional transmission projects proposed for potential interregional cost allocation must be submitted in both the SERTP and Transmission Provider's regional transmission planning processes and satisfy the requirements of Section 2.1. The submittal must identify the potential transmission project as interregional in scope and identify that such project will interconnect between the SERTP region and the Transmission Provider. The Transmission Provider will verify whether the submittal for the potential interregional transmission project satisfies all applicable

requirements. Upon finding that the proposed interregional transmission project satisfies all such applicable requirements, the Transmission Provider will notify SERTP. Once the potential interregional transmission project has been proposed through the regional transmission planning processes in both regions, and upon both regions so notifying one another that the project is eligible for consideration pursuant to their respective regional transmission planning processes, the Transmission Provider and SERTP will jointly evaluate the proposed interregional transmission projects pursuant to Sections 1.3.4.

**1.3.34 Evaluation of Interregional Transmission Projects:**

**1.3.34.1 Joint Evaluation of Interregional Transmission Projects:** The

Transmission Provider and the public utility transmission providers in the SERTP shall act through their respective regional transmission planning processes to evaluate potential interregional transmission projects and to determine whether the inclusion of any potential interregional transmission projects in each region's regional transmission plan would be more efficient or cost-effective than transmission projects included in the respective then-current regional transmission plans. Initial coordination activities to facilitate such analysis will typically begin during the third calendar quarter. Such analysis shall be consistent with accepted planning practices of the respective regions and the methods utilized to produce each region's respective regional transmission plan(s). The Transmission Provider will evaluate potential interregional transmission projects in

accordance with Section IV.6.b and IV.6.d of Attachment O of this Tariff.

To the extent possible, and as needed, information will be coordinated between the Transmission Provider and the public utility transmission providers in the SERTP, including, but not limited to:

- Planning horizons;
- Expected timelines/milestones associated with the joint evaluation;
- Study assumptions and data;
- Models; and
- Criteria

The Transmission Provider and the public utility transmission providers in the SERTP will exchange status updates for new interregional transmission project proposals or proposals currently under consideration as needed. These status updates will generally include, if applicable: (i) an update of the region's evaluation of the proposal; (ii) the anticipated timeline for future assessments; and (iii) reevaluations related to the proposal.

**1.3.34.2 Determination of Regional Benefit(s) for Interregional Cost**

**Allocation Purposes:** The Transmission Provider and the SERTP shall evaluate the proposed interregional transmission project that meets the criteria of Section 2 for interregional cost allocation within the respective regions as follows:

- A. Each region, acting through its regional transmission planning process, will evaluate proposals to determine whether the proposed

interregional transmission project(s) provides Regional Benefits to its respective region. For purposes of this Addendum 4, “Regional Benefit” shall mean the calculation described in Section 1.3.34.2.B.

- B. Based upon the evaluation made pursuant to 1.3.34.2.A, each region will quantify a Regional Benefit based upon (i) for the Transmission Provider, the Transmission Provider shall calculate the total avoided costs of regional transmission projects that would be displaced if the proposed interregional transmission project was included; and (ii) for the SERTP, the SERTP sponsors shall calculate the total avoided costs of transmission projects included in the then-current regional transmission plan that would be displaced if the proposed interregional transmission project was included.
- C. Updated Regional Benefits calculations will be exchanged in a similar manner to the status updates described in Section 1.3.34.1. In any regional benefit to cost (“BTC”) ratio calculation(s) performed pursuant to the respective regional transmission planning processes, the anticipated allocation of costs of the interregional transmission project to each region shall be based upon the ratio of the region’s Regional Benefit to the sum of the Regional Benefits identified for both SPP and the SERTP.

## 2. Cost Allocation

## 2.1 Interregional Transmission Projects Proposed for Interregional Cost

**Allocation Purposes:** For a transmission project to be considered for purposes of interregional cost allocation between the Transmission Provider and the SERTP, the following criteria must be met:

- A. The transmission project must interconnect to ~~the Transmission System and the~~ transmission facilities in both the Transmission Provider's and SERTP regions, of one or more SERTP sponsors and must meet the qualification criteria for transmission projects potentially eligible to be included in the regional transmission plans for purposes of regional cost allocation in accordance with the respective regional transmission planning processes of both the Transmission Provider and the SERTP. The facilities to which the project is proposed to interconnect may be either existing facilities or transmission projects included in the regional transmission plan that are currently under development.
- ~~B. At the request of either planning region, the Transmission Provider and SERTP will consider an interregional transmission project that does not satisfy all of the criteria specified in Section 2.1.A but: (i) provides quantifiable interregional benefits; (ii) would be located in both regions; and (iii) would be interconnected to the transmission facilities of one or more SERTP Sponsors and the transmission facilities of a Transmission Owner in SPP.~~
- CB. The transmission project must be proposed in the Transmission Provider and the SERTP regional planning processes for purposes of cost

allocation, as well as any other regions to which the proposed transmission project would interconnect, in accordance with the procedures of the applicable regional transmission planning processes. If the proposed transmission project is being proposed by a transmission developer, the transmission developer must also satisfy all qualification criteria specified in the respective regional transmission planning processes, as applicable.

**2.2 Inclusion in Regional Transmission Plans for Purposes of Cost Allocation:**

An interregional transmission project proposed for interregional cost allocation purposes in each region will be included in the respective regional transmission plans for purposes of cost allocation after each region has performed all evaluations and the transmission project has obtained all approvals, as prescribed in the respective regional transmission planning processes, necessary for it to be included in each regional transmission plan for purposes of cost allocation.

**2.3 Allocation of Costs Between the Transmission Provider and the SERTP:** The cost of an interregional transmission project selected for purposes of cost allocation in the regional transmission plans of both the Transmission Provider and the SERTP will be allocated between the regions as follows:

- A. Each region will be allocated a portion of the interregional transmission project's costs in proportion to such region's Regional Benefit to the sum of the Regional Benefits identified for both the Transmission Provider and the SERTP.
  - o The Regional Benefits used for this determination shall be based upon the last Regional Benefit calculation performed – pursuant to the

method described in Section 1.3.4.2 – before each region included the transmission project in its regional transmission plan for purposes of cost allocation and as approved by each region.

- Should one region be willing to bear more costs of the interregional transmission project than the costs identified pursuant to the methodology described in this Section 2.3.A, the regions may voluntarily agree, subject to applicable regional approvals, to an alternative cost sharing arrangement.

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

**2.5 Interregional Project Contractual Arrangements:** The contracts referenced in Section 2.4 will address terms and conditions associated with the development of the proposed transmission project included in the regional transmission plans for purposes of cost allocation, including but not limited to:

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

- c) The specific financial terms/specific total amounts to be charged by the transmission developer of the transmission project to each beneficiary, as agreed to by the parties;
- d) Creditworthiness/project security requirements;
- e) Milestone reporting, including schedule of projected expenditures;
- f) Reevaluation of the transmission project; and
- g) Non-performance or abandonment.

**2.6 Removal from Regional Transmission Plans for Purposes of Cost Allocation:**

An interregional transmission project may be removed from the Transmission Provider's or the SERTP's regional transmission plan for purposes of cost allocation (1) if the project is removed from either regions', regional transmission plans pursuant to the requirements of its regional transmission planning process or (2) if the developer fails to meet the developmental milestones established pursuant to Section 2.4.

**2.6.1:** The Transmission Provider and/or the public utility transmission providers in the SERTP will notify the other party if an interregional transmission project or a portion thereof is likely to be removed from its regional transmission plan.

**3. Transparency**

**3.1** The Transmission Provider and the public utility transmission providers in the SERTP shall host their respective regional websites for communication of information related to coordinated interregional transmission planning procedures. The regions shall coordinate on the documents and information that is posted on

their respective websites to ensure consistency of information. Each regional website shall contain, at a minimum, the following information:

- i. Link to this Addendum;
- ii. Information related to joint meetings, such as links to materials for joint meetings;
- iii. Documents relating to joint evaluations; and
- iv. Procedures for coordination and joint evaluation

**3.2** Access to the data utilized will be made available through the pertinent regional planning websites subject to the requirements in Section 1.2.3. The Transmission Provider will make available, on the SPP website, links to where stakeholders can register (if applicable/available) for SERTP stakeholder committees and distribution lists.

**3.3** The Transmission Provider shall report back to its stakeholders on the status of any interregional activities done under this Addendum 4 including:

- Facilities to be evaluated
- Analysis performed
- Determinations/results

**3.4** Stakeholders will have an opportunity to provide input and feedback related to interregional facilities identified, analysis performed, and any determination/results within the respective regional transmission planning processes. Stakeholders may participate in either or both regions' regional transmission planning processes to provide their input and feedback regarding the interregional coordination activities described in this Addendum 4.

## I. OVERVIEW OF TRANSMISSION OWNER DESIGNATION PROCESS

- 1) As determined in accordance with Section I.2 of this Attachment Y, the Transmission Provider shall designate a Transmission Owner in accordance with the process set forth in Section III of this Attachment Y for transmission facilities approved for construction by the Transmission Provider after January 1, 2015 that meet all of the following criteria:
  - a) Transmission facilities that are: ITP Upgrades, ~~or~~ high priority upgrades, or Interregional Projects;
  - b) Transmission facilities with a nominal operating voltage of greater than 100 kV;
  - c) Transmission facilities that are not a Rebuild of an existing facility;
  - d) *Transmission facilities that do not alter a Transmission Owner's use and control of its existing right of way under relevant laws or regulations;*
  - e) Transmission facilities located where the selection of a Transmission Owner pursuant to Section III of this Attachment Y does not violate relevant law where the transmission facility is to be built;
  - f) Transmission projects that do not require both a Rebuild of existing facilities and new transmission facilities; and
  - g) Transmission facilities that are not a Local Transmission Facility.
- 2) For transmission projects involving both a Rebuild of existing facilities and the construction of new transmission facilities, the Transmission Provider shall designate the Transmission Owner(s) as follows:
  - a. If 80% or more of the total cost of a project consists of the Rebuild of existing facilities, then the Transmission Provider shall designate the Transmission

Owner(s) for the project in accordance with Section IV of this Attachment Y;  
or

- b. Otherwise, the Transmission Provider shall divide the project into two or more segments based upon whether that portion of the project is a Rebuild of existing facilities or new facilities. For those segments that are Rebuilds of existing facilities, the Transmission Provider shall designate the Transmission Owner(s) in accordance with Section IV of this Attachment Y. For those segments that are new facilities, the Transmission Provider shall designate the Transmission Owner(s) in accordance with Section III of this Attachment Y.
- 3) For any upgrade meeting the specifications listed in Section I.1 of this Attachment Y, the Transmission Provider may designate the Transmission Owner(s) in accordance with Section IV of this Attachment Y if such upgrade is required to be in service within 3 years or less to address an identified reliability violation (“Short-Term Reliability Project”). To have a transmission project approved as a Short-Term Reliability Project, the Transmission Provider shall:
- a) Separately identify and post an explanation of the reliability violations and system conditions for which there is a time-sensitive need, in sufficient detail to allow stakeholders to understand the need and why it is time sensitive.
  - b) Provide to stakeholders and post on its website a full and supported written description explaining:
    - i. The decision to designate the Transmission Owner pursuant to Section IV of this Attachment Y, including an explanation of other transmission or non-transmission options that the Transmission Provider considered but concluded would not sufficiently address the immediate reliability need; and

- ii. The circumstances that generated the immediate reliability need and an explanation of why that immediate reliability need was not identified earlier.
  - c) Permit stakeholders thirty (30) days to provide comments in response to the description required under Section I.3.b of this Attachment Y and make such comments publicly available.
  - d) Maintain and post a list of prior year designations of Short-Term Reliability Projects. The list must include the Short-Term Reliability Project's need date and the date that the DTO actually energized the project. Such list must be filed with the Commission as an informational filing in January of each calendar year covering the designations of the prior calendar year.
  - e) Obtain approval by the SPP Board of Directors.
- 4) For any upgrade not defined in Section I.1 or not meeting the requirements of Sections I.2 or I.3 of this Attachment Y, the Transmission Provider shall designate the Transmission Owner(s) in accordance with the process set forth in Section IV of this Attachment Y.
- 5) The designation from the Transmission Provider shall be provided pursuant to Section V of this Attachment Y.
- 6) The Transmission Provider shall track all projects that are approved for construction in accordance with Section VI of this Attachment Y.