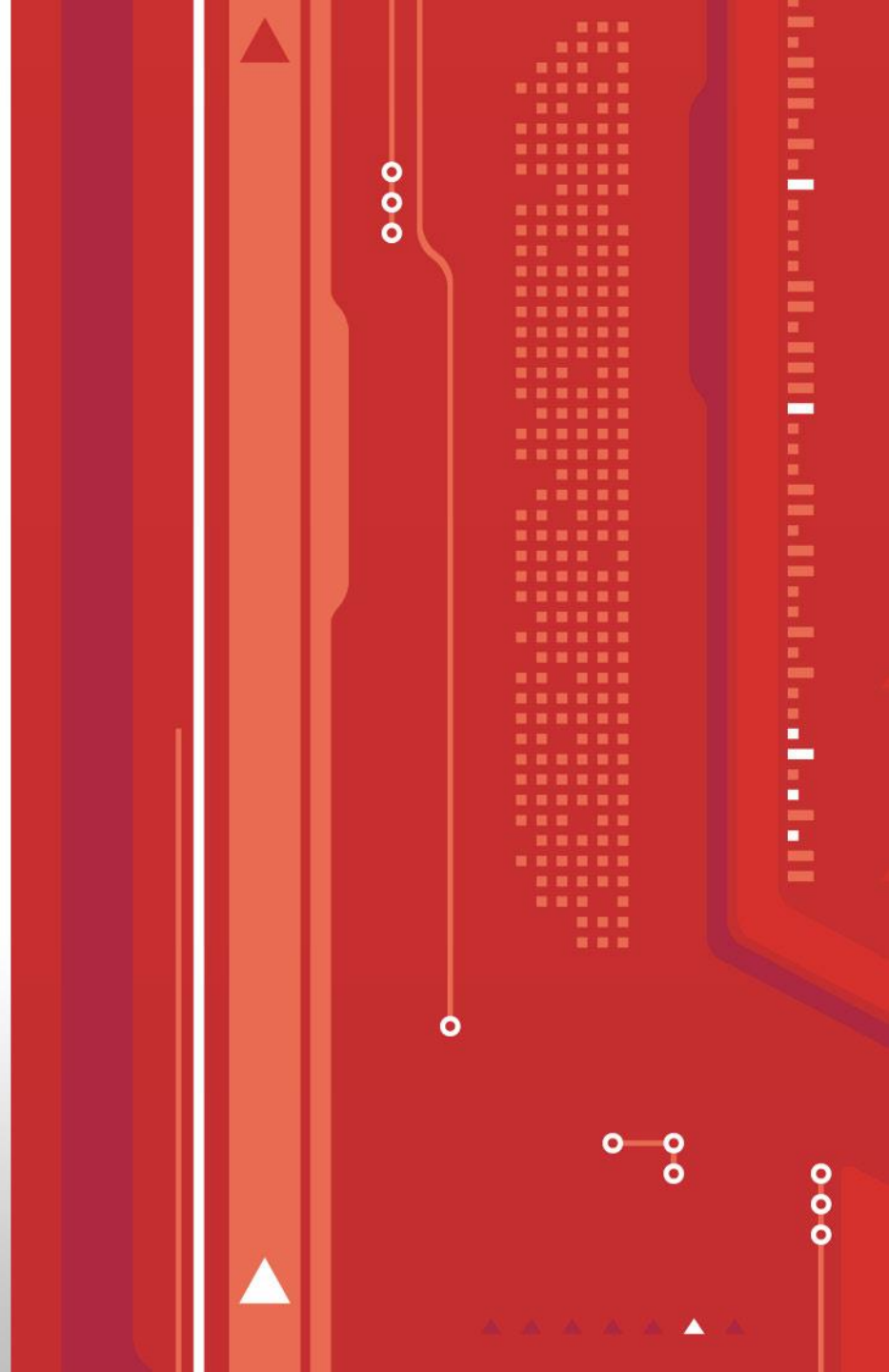


Z2 Crediting Project Update RTWG

June 25, 2015

Chuck Jennings, PMO



Current Project Status

Status

- Project Phase: Design
- Status: Green
- Changes to requirements/scope: NA
- In process work:
 - Functional Design sessions with vendor*
 - Business Process documentation/Development*
 - Test Planning*
- What's been completed since the last update:
 - Completed Functional Design for Module 1
 - Started Technical Design for Module 1
 - Started Functional Design for Module 2

*This work will be ongoing for several months

Schedule Overview

Task Name	Start	Finish
Functional Design*	Mon 4/27/15	Wed 9/23/15
Module 1 - FD - Core, Workflow, Inbound APIs & Staging, MODULE 1 UI	Mon 4/27/15	Tue 6/16/15
Module 2 - FD - ST/LT Stacking, Gross CPO Calcs, MODULE 2 UI	Fri 6/5/15	Wed 7/22/15
Module 3 - FD - Offsets, Settlement Calcs, MODULE 3 UI, Outbound APIs	Wed 7/15/15	Wed 9/23/15
Technical Design	Mon 6/1/15	Tue 10/6/15
Module 1 - TD - Core, Workflow, Inbound APIs & Staging, MODULE 1 UI	Mon 6/1/15	Mon 7/13/15
Module 2 - TD - ST/LT Stacking, Gross CPO Calcs, MODULE 2 UI	Thu 7/9/15	Wed 8/26/15
Module 3 - TD - Offsets, Settlement Calcs, MODULE 3 UI, Outbound APIs	Tue 9/1/15	Tue 10/6/15
Build & Unit Test & FAT	Mon 6/29/15	Tue 11/24/15
Module 1 - Build, UT/FAT - Core, Workflow, Inbound APIs & Staging, MODULE 1 UI	Mon 6/29/15	Mon 8/10/15
Module 2 - Build, UT/FAT - ST/LT Stacking, Gross CPO Calcs, MODULE 2 UI	Thu 8/13/15	Thu 10/8/15
Module 3 - Build, UT/FAT - Offsets, Settlement Calcs, MODULE 3 UI, Outbound APIs	Wed 10/7/15	Tue 11/24/15
Testing	Tue 8/11/15	Wed 1/13/16
Installation & SAT/SIT/FIT	Tue 8/11/15	Fri 12/18/15
Module 1 - SAT/SIT/FIT - Core, Workflow, Inbound APIs & Staging, MODULE 1 UI	Tue 8/11/15	Tue 9/15/15
Module 2 - SAT/SIT/FIT - Stack, Gross CPO Calcs, MODULE 2 UI	Fri 10/9/15	Tue 12/1/15
Module 3 - SAT/SIT/FIT - Offsets, Settlement Calcs, MODULE 3 UI, Outbound APIs	Mon 11/30/15	Fri 12/18/15
End-to-End Test / UAT	Mon 12/28/15	Wed 1/13/16
Performance Testing	Mon 12/28/15	Tue 12/29/15
Go-Live of Credit Stacking System	Wed 1/13/16	Fri 1/29/16
Code Freeze	Wed 1/13/16	Wed 1/13/16
Production Ready System	Fri 1/29/16	Fri 1/29/16

- Note: SPP will re-baseline the schedule at the end of Functional Design; expected delivery of finalized schedule October 9, 2015

Project Next Steps

Upcoming Activities

- Complete functional design and approval of Module 2
- Begin technical design of module 2
- Update business processes and audit controls
- Continue Test Planning and Preparation

Z2 Interest Methodology

Attachment Z2, Section II:

“The Directly Assigned Upgrade Costs are recoverable, with interest calculated in accordance with 18 CFR §35.19a(a)(2), from new transmission service using the facility as defined below until the amount owed the Upgrade Sponsor is zero.”

Pursuant to this Tariff requirement, the uncompensated balance of each Upgrade Sponsor will accrue interest at the FERC rate, which applies quarterly compounding.

Z2 Interest Methodology

Interest accrual will tie to the date each payment is made by the Upgrade Sponsor.

Interest accrual does not guarantee interest payment:

- Compensation of the Upgrade Sponsor for its sponsorship cost is dependent on subsequent transmission service.
- Correspondingly, interest payments are dependent on subsequent transmission service.
- Therefore, full compensation with interest can be funded only if subsequent service utilizes the upgrade in sufficient amounts.

Payment Plan for Retroactive Amounts

A payment plan is being considered to address retroactive charges and credits when the system is deployed.

If a payment plan is recommended by Staff, it will be brought to stakeholders for review and feedback.

A payment plan could entail a FERC filing—either a waiver request or Tariff language.

As Z2 system development proceeds, Staff will continue its work on this issue.

Z2 Settlement & Resettlement

- **Initial Settlement of Z2 Crediting Activity**
 - The initial invoicing of crediting monies from the CSS tool for any given Operating Date/Month is considered as the initial crediting settlement for Z2.
 - There are portions of previous business settlement that come into play for this initial Z2 crediting settlement:
 - Direct Assignment payments to T.O.s
 - PTP Revenues previously allocated to T.O.s
 - Additional ‘or’ pricing to T.C.s for upgrade payments

Z2 Settlement & Resettlement

- **Resettlement of Z2 Crediting Activity**
 - The recalculation of crediting monies from the CSS tool for any given Operating Date/Month is considered as a crediting resettlement for Z2.
 - **This could be due to numerous reasons:**
 - Updating of Estimated Upgrade Costs to Final Costs
 - Changes in other input data to the CSS tool



Z2 Crediting Update

Point of Contact

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