

September 30, 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 Process

Dear Secretary Bose:

Pursuant to Section 206 of the Federal Power Act (“FPA”), 16 U.S.C. 824e, and the second Order On Compliance Filings issued on August 31, 2015¹ by the Federal Energy Regulatory Commission (“Commission”), Southwest Power Pool, Inc. (“SPP”) submits revisions to Addendum 4 to Attachment O of its Open Access Transmission Tariff² to comply with the Second Order on Compliance.

I. INTRODUCTION

SPP is a Commission-approved Regional Transmission Organization (“RTO”).³ It is an Arkansas non-profit corporation with its principal place of business in Little Rock, Arkansas. SPP has 92 Members, including 16 investor-owned utilities, 13 municipal systems, 18 generation and transmission cooperatives, 8 state agencies, 13 independent power producers, 12 power marketers, 11 independent transmission companies and 1 federal agency. As an RTO, SPP administers open access Transmission Service over approximately 56,000 miles of transmission lines covering portions of Arkansas, Kansas, Iowa, Louisiana, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, and Wyoming, across the

¹ *Sw. Power Pool, Inc.*, 152 FERC ¶ 61,172 (2015) (“Second Order on Compliance”).

² Southwest Power Pool, Inc., Open Access Transmission Tariff, Sixth Revised Volume No. 1 (“Tariff”).

³ *Southwest Power Pool, Inc.*, 109 FERC ¶ 61,009 (2004), *order on reh’g*, 110 FERC ¶ 61,137 (2005).

facilities of SPP's Transmission Owners;⁴ 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.⁵

On July 10, 2013, SPP submitted its proposal in Docket No. ER13-1939-000 to comply with Order No. 1000's interregional transmission planning coordination and cost allocation requirements with the Southeastern Regional Transmission Planning Process ("SERTP"), a neighboring transmission planning region,⁶ and other revisions to the Tariff necessary to incorporate cost allocation and interregional planning into SPP's planning process.⁷ On March 19, 2015, the Commission issued an order on SPP's compliance filing.⁸ While accepting important aspects of SPP's compliance proposal for interregional coordination and cost allocation between SPP and the SERTP Filing Parties, the First Order on Compliance required further changes to the SPP-SERTP process. SPP's compliance filing in response to the First Order on Compliance was filed on May 18, 2015⁹ and the Second Order on Compliance was issued by the Commission as explained *supra*.

This filing contains SPP's proposal to comply with the Second Order on Compliance's requirement that SPP submit a further compliance filing that lists either the particular type of transmission studies that SPP will conduct or cross-references the specific provisions in the Tariff that indicate the type of transmission studies SPP will conduct to evaluate Order No. 1000 interregional transmission facilities with SERTP.

⁴ 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).

⁵ *Sw. Power Pool, Inc.*, 146 FERC ¶ 61,130 (2014) (order approving the start-up and operation of the Integrated Marketplace effective March 1, 2014).

⁶ Relevant to this instant filing, SERTP includes the following entities: Duke, LG&E/KU, OVEC, and Southern Companies (collectively, the "SERTP Filing Parties") are all public utility transmission providers that sponsor SERTP which submitted Order No. 1000 compliance filings. SERTP also contains non-jurisdictional entities which are not named herein and which did not submit compliance filings.

⁷ Compliance Filing of Southwest Power Pool, Inc., Docket No. ER13-1939-000 (July 10, 2013).

⁸ *Sw. Power Pool, Inc.*, 150 FERC ¶ 61,210 (2015) ("First Order on Compliance").

⁹ Order No. 1000 Interregional Compliance Filing for the SPP-SERTP Seam of Southwest Power Pool, Inc., Docket No. ER13-1939-001 (May 18, 2015).

II. TARIFF REVISIONS TO COMPLY WITH THE SECOND ORDER ON COMPLIANCE

While largely finding SPP's and the SERTP Filing Parties' procedures for joint evaluation complied with the directives of the First Order on Compliance, the Commission held that:

...SPP does not fully comply. SPP's OATT provisions that SPP proposes to cross-reference do not indicate the type of transmission studies that SPP will conduct to evaluate conditions on neighboring transmission systems for the purpose of determining whether interregional transmission facilities are more efficient or cost-effective than regional transmission facilities. Instead, the portions of the SPP tariff that SPP references state only that the types of studies SPP performs to evaluate a proposed interregional transmission project will be revealed in a report after the studies are complete. Therefore, we direct SPP to submit, within 30 days of the date of issuance of this order, a further compliance filing that lists either the particular type of transmission studies that will be conducted or cross-references the specific provisions in the SPP tariff that indicate the type of transmission studies SPP will conduct to evaluate interregional transmission facilities.¹⁰

To comply with this directive, SPP proposes to revise the Tariff at Section 1.3.4.1 of Addendum 4 to Attachment O to include language referencing Section IV.6 of Attachment O which will, in turn, direct an interested entity to a publicly available planning document which lists the types of transmission studies SPP will perform to determine whether a proposed interregional transmission project is more efficient or cost-effective than regional transmission facilities.

The types of studies and criteria SPP will utilize to review Interregional Projects are contained in SPP's Regional Review Methodology found on the SPP website.¹¹ Section IV.6 of Attachment O states that "[SPP] shall, in consultation with stakeholders, develop the regional review methodology which shall be posted on the [SPP] website;"¹² and further states the methodology will contain, at a minimum, the specific procedures to

¹⁰ Second Order on Compliance at P 21.

¹¹ SPP's Regional Review Methodology can be found on SPP's website at the following location: <http://spp.org/publications/SPP%20Regional%20Review%20Methodology.pdf>

¹² Tariff at Attachment O, Section IV.6(c).

determine assumptions and criteria to complete the regional review of the proposed Interregional Project.¹³ In other words, SPP proposes to revise the SPP-SERTP process as so ordered and direct the interested reader to Section IV.6 of Attachment O of the Tariff- which, in turn, references the Regional Review Methodology (relevant to the evaluation of a proposed Interregional Project) which is posted publicly on SPP's website. To that end, SPP respectfully requests the Commission approve the addition of the following language to Section 1.3.4.1 of Addendum 4 to Attachment O of the Tariff:

“The Transmission Provider will evaluate potential interregional transmission projects in accordance with Section IV.6 of Attachment O of this Tariff.”

Section IV.6 of Attachment O was accepted by the Commission in the First Order on Compliance. As the Commission has accepted this study process (which includes the reference to the Regional Review Methodology), SPP's proposal to refer to such study process is consistent with principles of transparency and previous Commission orders regarding the evaluation of proposed Interregional Projects within SPP's regional planning process. Moreover, pointing to Section IV.6 of Attachment O within Section 1.3.4.1 of Addendum 4 of Attachment O is a reasonable means to comply with the Commission's directive to cross-reference the specific provisions in the Tariff that indicate the type of transmission studies SPP will conduct to evaluate interregional transmission facilities during coordinated evaluation with SERTP participants. For these reasons, SPP respectfully requests the Commission accept this compliance filing.

III. EFFECTIVE DATE

SPP requests an effective date of January 1, 2015 for the Tariff revisions proposed in this compliance filing. Granting an effective date of January 1, 2015 is consistent with the date granted by the Commission in the First and Second Orders on Compliance. With this compliance filing, SPP understands and considers that it has satisfied any and all of the Commission's requirements for Order No. 1000's interregional planning and cost allocation that might apply to SPP.¹⁴

¹³ *Id.* at Section IV.6(c)(i).

¹⁴ SPP has not identified any outstanding interregional planning and coordination requirements as it relates to coordination between SPP and any neighboring planning region (including regions that are in either the Eastern or Western Interconnections). This includes planning regions which will be adjacent to facilities under the Tariff after the integration of new SPP members on October 1, 2015.

IV. 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.

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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V. CONCLUSION

For all the reasons stated herein, SPP respectfully requests that the Commission find the revisions proposed herein to Section 1.3.4.1 of Addendum 4 to Attachment O of the Tariff to be compliant with the directives of the Second Order on Compliance, and grant an effective date of January 1, 2015, which is consistent with the previous Commission orders in this docket.

Respectfully submitted,

/s/ **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 30th day of September, 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 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.

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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.

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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.