

Regional Allocation Review Task Force

March 31, 2014

RCAR Lessons Learned

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Executive Summary

This Report contains the “lessons learned” from Southwest Power Pool’s (SPP) first iteration of the Regional Cost Allocation Review (RCAR I) that was performed in accordance with the Regional Allocation Review Task Forces (RARTF) Report as prescribed in Attachment J, Section III.D of SPP’s Open Access Transmission Tariff (OATT).

The “lessons learned” contained in this Report were adopted by the RARTF on March 31, 2014 after the Task Forces received and reviewed stakeholder comments and suggestion over a 6 month period during three meetings.

The concept of this Report was first raised in the 2012 RARTF Report and was further detailed in the RCAR I Report endorsed by SPP stakeholders in 2013. The purpose of this Report is to evaluate “lessons learned” from RCAR I and to make “suggested improvements” to the RCAR process. These recommendations are to be incorporated into the RCAR II process.

After reviewing and considering the comments and suggestions from SPP stakeholders, the RARTF has adopted ten “lessons learned” to be incorporated into RCAR II. These recommendations are:

RECOMMENDATION NO. 1:

That the principles and the detailed guidance provided to SPP staff in conducting RCAR I were a major success of the SPP stakeholder process with meaningful stakeholder input. Notwithstanding this success, improvements to the RCAR process can be made as SPP staff begins to analyze the Highway/Byway for RCAR II. As a result, the RARTF recommends that the January 2012 RARTF Report continue to be the basis upon which SPP staff conducts the RCAR II analysis with the exception of, or additions to, the recommendation contained in this Lessons Learned Report. The recommendations contained in this Lessons Learned Report should be incorporated and used by SPP staff when conducting the RCAR II assessment of the SPP Highway/Byway.

RECOMMENDATION NO. 2:

That the Economic Studies Working Group (ESWG) continues to review the benefits contained in the Metrics Task Force (MTF) Report that were approved through the SPP stakeholder process in 2012. This review should be established to provide SPP stakeholders the opportunity to offer wide-ranging improvements to the benefits contained in the MTF Report. Any changes or improvements to the benefits shall be presented to the ESGW, RARTF, MOPC, and RSC for recommendation to the BOD for approval by the July 2014 meeting cycle.

RECOMMENDATION NO. 3:

That the ESGW continue to review the benefits contained in the MTF Report that were approved through the SPP stakeholder process in 2012. This review should

provide SPP stakeholders the opportunity to suggest which benefits should be included in future RCAR reports. Any changes or improvements to the benefits shall be presented to the ESGW, RARTF, MOPC, and RSC for recommendation to the BOD for approval by the July 2014 meeting cycle.

RECOMMENDATION NO. 4:

That SPP staff continue to work with the SPP Transmission Working Group (TWG) and ESGW to improve models used for RCAR II. This effort should provide SPP stakeholders the opportunity to offer or suggest improvements to models used in future RCAR reports. Any changes or improvements to the models should be vetted by the TWG and ESGW as appropriate. These changes or improvements should also be in alignment with the ten guiding principles contained in the RARTF Report.

RECOMMENDATION NO. 5:

That SPP staff utilize, to the maximum extent possible, models used in the Integrated Transmission Plan 10-year planning horizon assessment (ITP10) for RCAR II. Conducting the ITP10 and RCAR II processes in parallel should allow leveraging of models and promote consistency and efficiency in the model vetting process. This measure could reduce cost and help to eliminate redundancy of efforts between SPP staff and stakeholders.

RECOMMENDATION NO. 6:

That SPP staff evaluate remedies for zones below the threshold in the Notification to Construct (NTC)-only review for RCAR II.

RECOMMENDATION NO. 7:

That SPP staff continue to work with SPP stakeholders to find ways to improve upon calculating Point to Point (PTP) revenue credits for RCAR II. This effort should provide SPP stakeholders the opportunity to suggest improvements to PTP revenue credits calculations for use in future RCAR reports that most closely align with SPP's OATT. Additionally, by updating how PTP revenue credits are projected with up-to-date information, SPP staff will be using "the most up[-]to[-] date and best available information," consistent with Principle 3 contained in the RARTF Report. Any changes or improvements to the PTP projection methodology should be vetted by the RARTF and RTWG as it was handled during the RCAR I Report in an open and transparent manner that will enable the participation of SPP stakeholders.

RECOMMENDATION NO. 8:

That the RARTF and SPP stakeholder-approved 0.8 benefit to cost ratio threshold continue to be the basis to determine when it is warranted for members to request and for SPP staff to subsequently study possible remedies as stated in Section 4.1

of the RARTF Report. Additionally, the RARTF recommends that if RCAR II shows that a zone is above the 0.8 threshold, but below a 1.0 benefit to cost ratio, that this analysis should be used and considered as a part of SPP's transmission planning process in the future.

RECOMMENDATION NO. 9:

That SPP staff continue to update and brief the RARTF throughout the RCAR II analysis and seek guidance from the RARTF when input from SPP stakeholders is necessary for SPP staff to complete RCAR II.

RECOMMENDATION NO. 10:

That SPP make a filing with the Federal Energy Regulatory Commission (FERC) to amend Attachment J, Section III.D.2 to read as follows:

For each review conducted in accordance with Section III.D.1, the Transmission Provider shall determine the cost allocation impacts of the Base Plan Upgrades *approved for construction* ~~with Notifications to Construct issued~~ after June 19, 2010 to each pricing Zone within the SPP Region.

SECTION I – Overview of RCAR I Lessons Learned

Section 1.1 - Background

This report contains the RARTF’s lessons learned following the completion of the first RCAR I analysis which studied the reasonableness of SPP’s Highway/Byway transmission cost allocation methodology in accordance with Attachment J, Section III.D of SPP’s OATT.

In January 2012, the RARTF’s report, which established the methodology upon which the RCAR analysis would be performed (RCAR I Report), was approved by the MOPC, the RSC and the SPP Board of Directors/Members Committee¹.

Based upon the recommendations contained in the RARTF’s RCAR I Report, RCAR I was conducted from 2012 to 2013. RCAR I was finalized by the RARTF on October 8, 2013. Subsequently, the MOPC² and RSC³ voted to accept the RCAR I Report during the October 2013 SPP cycle of stakeholder meetings.⁴

In addition to the results analyzing the reasonableness of the Highway/Byway transmission cost allocation methodology, the RCAR I Report contained three additional recommendations on next steps. The third recommendation was that:

the RARTF begin a process to evaluate “lessons learned” from SPP’s first RCAR Report and finalize “suggested improvements” to the RCAR process by the January 2014 stakeholder meeting cycle. This recommendation will allow any improvements to be incorporated into the RCAR II process and will be in accord with Section 7.1 of the RARTF Report. At 6.

¹ The RCAR I Report was reviewed in the SPP Stakeholder process in October 2013 with the following outcomes; October 8, 2013 the RARTF “approved the report as modified”; on October 16, 2013 the MOPC “approved as meeting the requirements of the tariff” and on October 28, 2013 the SPP RSC “accepted the report as presented”.

² See Agenda Item 17 at page 5 in the MOPC October 15-16, 2013 minutes posted on SPP’s website at: <http://www.spp.org/section.asp?group=321&pageID=27>.

³ See “RSC Minutes 10/28/13” at page 4; <http://www.spp.org/section.asp?group=380&pageID=27>.

⁴ The RCAR I Report is posted as the “RCAR Final Report 10/10/13” on the SPP website at: <http://www.spp.org/section.asp?group=2172&pageID=27>.

Section 1.2 – SPP Stakeholder Comments and Suggestions

Pursuant to the above referenced recommendation, SPP staff sought SPP stakeholder comments and suggestions. Responses⁵ were received from the following SPP stakeholder groups:

<u>SPP Stakeholder Group</u>	<u>Date of Submission</u>
Southwestern Public Service Company (SPS)	November 18, 2013
Omaha Public Power District (OPPD)	November 18, 2013
Lincoln Electric System (LES)	November 18, 2013
Missouri Public Service Commission (MoPSC)	November 20, 2013
City Utilities of Springfield (CUS)	November 21, 2013
Kansas City Power & Light (KCPL)	December 6, 2013

As a general overview, the comments and suggestions from SPP stakeholders are summarized in the chart below:

Stakeholder Entity	Area of Comment or Suggestion						
	Metrics/Allocation	Modeling	Remedy	NTC/ATP	PTP Offset	Sched/Process	Total
CUS	2		4		1	1	8
LES	2		1				3
OPPD	2		1		4	2	9
SPS	1	4					5
KCPL	2	2	1	1	1	1	8
MoPSC			1	1			2
TOTALS	9	6	8	2	6	4	35

On February 3, 2014, the RARTF held a conference call to review stakeholder comments and suggestions on how SPP can improve the RCAR process.⁶ Following a review of stakeholder comments and suggestions, the RARTF held an in-person meeting on March 3, 2014 in Dallas, Texas to begin finalizing the RARTF Lessons Learned Report after the completion of RCAR I.⁷

On March 24, 2014 the RARTF held a conference call to finalize stakeholder recommendations and approve the RARTF Lessons Learned Report. Once final this report will be posted publicly and shared with the appropriate SPP Working Groups.

⁵ A complete copy of SPP stakeholder comments and suggestions received are contained in Attachment No. 1 to this Lessons Learned Report.

⁶ More than thirty-five SPP stakeholders participated in the RARTF's February 3, 2014 call.

⁷ More than thirty-five SPP stakeholders participated in the RARTF's March 3, 2014 in-person meeting.

Based upon SPP stakeholder comments and suggestions, as well as SPP staff's internal experiences in implementing RCAR I, the RARTF have developed a set of "Lessons Learned" from RCAR I that are recommended to be implemented for RCAR II.⁸ These "Lessons Learned" are contained in Sections II, III, IV, V, VI, VII, VIII and IX of this report.

SECTION II – Successes from RCAR I Lessons Learned

Overview

In June 2011, the RARTF was formed to develop the methodology to perform SPP's first Regional Cost Allocation Review (RCAR) of the SPP Highway/Byway cost allocation methodology per Attachment J, Section III.D of SPP's OATT. After months of detailed work with significant stakeholder input the RARTF finalized its report. The RARTF's report was unanimously approved by the SPP Regional State Committee (RSC), MOPC, and Members Committee, as well as the SPP Board of Directors.⁹

After completing the first RCAR review, known as RCAR I, the RARTF finds the first review to be a success. This success was largely driven by the ten guiding principles and direction giving to SPP staff, which are detailed in the twenty-three page RARTF Report finalized in January 2012¹⁰ and approved later that month by SPP stakeholder groups.

Although RCAR I was a success, as stated in the RCAR I Report, the RARTF recommended that an after the fact Lessons Learned Report be completed by SPP staff and the RARTF. This lessons learned analysis would be conducted following an open and transparent stakeholder process that included submission of written comments and RARTF meetings to review and consider the comments and suggestions from SPP stakeholders.

Based upon the success of RCAR I and the realization to find ways to improve the methodology and processes after assessing the first-ever review of the Highway/Byway transmission cost allocation methodology pursuant to SPP's OATT, the RARTF makes the following recommendations related to improving the RCAR process.

⁸ Per the second additional recommendation contained in the RCAR I Report, RCAR II will "be commenced and work in parallel with the current ITP10 assessment which is expected to be completed in January 2015." See RCAR I Report at page 6.

⁹ Per Section 4.6.3 of SPP's Bylaws, the SPP Board of Directors votes by secret ballot and only voting results are announced and recorded in the minutes; individual votes are neither announced nor recorded.

¹⁰ The RARTF Report is posted on SPP's website at: <http://www.spp.org/section.asp?group=2172&pageID=27>.

2.1 – Lesson Learned: Incorporating Lessons Learned Report with the Stakeholder-Approved RARTF Report

RECOMMENDATION NO. 1:

That the principles and the detailed guidance provided to SPP staff in conducting RCAR I were a major success of the SPP stakeholder process with meaningful stakeholder input. Notwithstanding this success, improvements to the RCAR process can be made as SPP staff begins to analyze the Highway/Byway for RCAR II. As a result, the RARTF recommends that the January 2012 RARTF Report continue to be the basis upon which SPP staff conducts the RCAR II analysis with the exception of, or additions to, the recommendation contained in this Lessons Learned Report. The recommendations contained in this Lessons Learned Report should be incorporated and used by SPP staff when conducting the RCAR II assessment of the SPP Highway/Byway.

SECTION III – Benefits Lessons Learned

Overview

During both stakeholder review and comment of published drafts of the RCAR I Report, and as contained in stakeholder comments and recommendations for a lessons learned review, a significant area of feedback related to benefits. *As a result, SPP staff/RARTF provides the following summary and offers the following recommendation for Lessons Learned as it relates to benefits:*

3.1 – Lesson Learned: Improvement of Benefits

Per the RARTF Report, the ESWG established the MTF to monetize benefit metrics contained in the RARTF Report. The MTF was commissioned with the specific purpose of developing tangible dollar-oriented measures and metrics for use in economic evaluations as identified by the RARTF.

In their report, the MTF recommended that a total of thirteen monetized benefit metrics be utilized in the RCAR process. Of those thirteen metrics, five were benefit metrics previously used in the Integrated Transmission Planning (ITP) process, and eight were benefit metrics newly developed by the MTF.¹¹

¹¹ Those metrics recommended by the MTF are: Adjusted Production Cost (APC); reduced capacity expansion costs due to reduced transmission losses on peak; avoided or delayed reliability projects; reduction of emission rates and values; savings due to lower ancillary service needs and ancillary service production costs; marginal energy losses (footnote continued)

The ESWG approved the MTF's report in September 2012,¹² and the MOPC approved the MTF Report at its October 16-17, 2012 meeting.¹³ Later in the month, the MTF Report was presented to the SPP Board of Directors and Members Committee. After a presentation of the report, the Members Committee approved the metrics contained in the MTF Report unanimously, followed by the SPP Board of Directors' approval.¹⁴

After the MTF benefit metrics were approved through SPP's stakeholder process, most but not all of the benefits were included in the RCAR analyses.¹⁵ The approved benefit metrics that were not quantified were not included due to time and financial considerations.

To remain consistent with the process used for RCAR I for the stakeholder development and approval for monetization of benefits, the RARTF recommends:

RECOMMENDATION NO. 2:

That the ESWG continue to review the benefits contained in the MTF Report that were approved through the SPP stakeholder process in 2012. This review should be established to provide SPP stakeholders the opportunity to offer wide-ranging improvements to the benefits contained in the MTF Report. Any changes or improvements to the benefits shall be presented to the ESWG, RARTF, MOPC, and RSC for recommendation to the BOD for approval by the July 2014 meeting cycle.

3.2 – Lesson Learned: Benefits Used in the RCAR II Assessment

During SPP's stakeholder process that resulted in the development and approval of those benefits contained in the MTF Report, as well as the stakeholder processes related to both RCAR I and those lessons learned SPP stakeholder comments and suggestions, stakeholders have commented

benefits; mitigation of transmission outage costs; capital savings due to reduction of minimum required capacity margin; Reduced Loss of Load Probability (LOLP); reducing the cost of extreme events; assumed benefit of mandated reliability projects; increased wheeling through and out revenues; and benefit from meeting public policy goals.

¹² See the "Benefits for the 2013 Regional Cost Allocation Review" report, dated September 13, 2012, posted on SPP's website at: http://www.spp.org/publications/20120913%20MTF%20Report_approved.pdf.

¹³ See Agenda Item 12 in the MOPC October 16-17, 2012 minutes posted on SPP's website at: <http://www.spp.org/publications/MOPC%20Minutes%20&%20Attachments%20October%2016-17,%202012.pdf> (MTF Report).

¹⁴ See Summary of Action Items no. 9 in the Board of Directors October 30, 2012 minutes posted on SPP's website at: <http://www.spp.org/publications/BOD103012.pdf>.

¹⁵ Section 7.5 of the RCAR I Report discusses those metrics developed by the MTF that were used in the RCAR. The metrics used in the RCAR I Report were: APC; reduced capacity expansion costs due to reduced transmission losses on peak; avoided or delayed reliability projects; reduction of emission rates and values; savings due to lower ancillary service needs and ancillary service production costs; mitigation of transmission outage costs; assumed benefit of mandated reliability projects; and Benefit from meeting public policy goals. The metrics not monetized for the RCAR I Report were: increased wheeling through and out revenues; reducing the cost of extreme events; capital savings due to reduction of minimum required capacity margin; reduced LOLP; and marginal energy losses benefits.

on which benefits should be included or excluded in RCAR analysis. *As a result the RARTF provides the following summary and offers the following recommendation for Lessons Learned as it relates to benefits:*

Consistent with the recommendations contained in the stakeholder-approved RARTF Report and the process used for the development of the benefits monetized in the MTF Report, the RARTF recommends:

RECOMMENDATION NO. 3:

That the ESGW continue to review the benefits contained in the MTF Report that were approved through the SPP stakeholder process in 2012. This review should provide SPP stakeholders the opportunity to suggest which benefits should be included in future RCAR reports. Any changes or improvements to the benefits shall be presented to the ESGW, RARTF, MOPC, and RSC for recommendation to the BOD for approval by the July 2014 meeting cycle.

SECTION IV – Modeling Lessons Learned

Overview

During both stakeholder review and comment of published drafts of the RCAR I Report, and as contained in stakeholder comments and recommendations for lessons learned, an area of feedback from SPP stakeholders related to the models used in the RCAR I analysis. These comments and suggestions related to the models, as well as how to synchronize the work related to the models used for the both the ITP and the RCAR processes. *As a result, the RARTF provides the following summary and offers the following recommendation for Lessons Learned as it relates to models:*

4.1 – Lesson Learned: Improvement to and Vetting of Models

Based upon recommendations in the RCAR I Report, the RARTF recommends that SPP staff work with the TWG and ESWG to find ways to improve the models used for RCAR II.

RECOMMENDATION NO. 4:

That SPP staff continue to work with the TWG and ESWG to improve models used for RCAR II. This effort should provide SPP stakeholders the opportunity to offer or suggest improvements to models used in future RCAR reports. Any changes or improvements to the models should be vetted by the TWG and ESWG as appropriate. These changes or improvements should also be in alignment with the ten guiding principles contained in the RARTF Report.

4.2 – Lesson Learned: Synchronizing Models between ITP10 and RCAR II

As recommended in the RCAR I Report and based upon stakeholder feedback, the RARTF recommends that RCAR II be conducted, to the maximum extent possible, by utilizing the models used in the current ITP10 for RCAR II. As a result the RARTF recommends:

RECOMMENDATION NO. 5:

That SPP staff utilize, to the maximum extent possible, models used in ITP10 for RCAR II. Conducting the ITP10 and RCAR II processes in parallel should allow leveraging of models and promote consistency and efficiency in the model vetting process. This measure could reduce cost and help to eliminate redundancy of efforts between SPP staff and stakeholders.

SECTION V – Review of NTCs and 10-Year Projects Lessons Learned

Overview

During both stakeholder review of the RCAR I Report and as contained in stakeholder comments and recommendations for lessons learned, an area of feedback from SPP stakeholders related to the review of projects with NTCs, as well as projects needed within 10 years – which were formerly known as Authorizations to Plan (ATPs).¹⁶ Commenters expressed feedback that although the evaluation of remedies for deficient zones – as directed in the RARTF Report – were for only the zones below the 0.8 threshold in the 10 year evaluation as opposed the evaluation of only projects that had been issued NTCs.¹⁷

During SPP stakeholder discussions that led to the final RARTF Report, a significant amount of time was spent developing potential remedies for zones below some threshold. After this discussion, the RARTF decided to look for remedies for zones below the 0.8 threshold in the 10-year analysis and not the NTC-only assessment. During SPP stakeholder review of the RCAR I results and during feedback for the RARTF’s lessons learned report, comments and suggestions related to the issue of whether or not remedies should be analyzed for zones below the 0.8 threshold in the NTC-only analysis. *As a result, the RARTF provides the following summary and offers the following recommendation for Lessons Learned as it relates to models:*

5.1 – Lesson Learned: Review of NTCs and Projects Needed within 10 Years

Based upon recommendations contained in the RARTF Report, SPP staff was directed to evaluate remedies for zones below the 0.8 threshold in the 10-year analysis contained in the RCAR I Report. Based upon stakeholder feedback, the RARTF recommends that, for RCAR II, SPP staff continue to perform analysis looking at projects with only NTCs, as well as an analysis looking at projects with NTCs plus projects needed within 10 years. Additionally, as a part of RCAR II, SPP staff should evaluate remedies for zones below the threshold in the NTC-only review for RCAR II. As a result, the RARTF recommends:

¹⁶ At the time the RARTF was developing the methods under which the RCAR was to be conducted SPP utilized a concept known as ATPs. Since the approval of the RARTF Report, the term ATP is no longer utilized. Although the term ATP is no longer used, SPP staff still followed Principle 8 of the RARTF Report by including projects with an in-service date of ten years or less per the RARTF Report.

¹⁷ Attachment J, Section III.D.2 of SPP’s OATT requires that the Regional Allocation Review “determine the cost allocation impacts of the Base Plan Upgrades with Notifications to Construct issued after June 19, 2010.” The RARTF viewed that the report in Section 3.2(1) of the RARTF Report will comply with the OATT. However, the RARTF believed that additional analyses needed to be considered by SPP stakeholders in light of the fact the Highway/Byway applies to future projects that have yet to receive an NTC. Hence, the RARTF recommended additional studies, as stated in Section 3.2(2) of its report, so that the focus is not exclusively on the first projects that fall under SPP’s Highway/Byway. SPP stakeholders have commented that remedies should be reviewed for zones below the 0.8 threshold in the NTC evaluation as opposed to the 10-year evaluation of the Highway/Byway. A review of RCAR I shows that KCPL was the only zone below the 0.8 threshold in the NTC analysis but above the 0.8 threshold in the 10 year evaluation.

RECOMMENDATION NO. 6:

That SPP staff evaluate remedies for zones below the threshold in the NTC-only review for RCAR II.

SECTION VI – Point to Point Revenue Offset Lessons Learned

Overview

Although the RCAR I Report did not calculate the SPP stakeholder-approved increased wheeling revenue benefit metric identified by the MTF,¹⁸ SPP staff projected a PTP revenue credit to each Pricing Zone (Zone) over the 40 years of the study. This projected PTP revenue credit offsets the Annual Transmission Revenue Requirement (ATRR) costs allocated to the individual Zones from Base Plan Zonal cost allocation and to all the Zones through a reduction in the Base Plan Regional rate. The PTP revenue reduces the ATRR that must be recovered in subsequent years by the Network Integrated Transmission Service charges to all of the Transmission Customers of the SPP Zones.

During both the stakeholder review and comment of published drafts of the RCAR I Report and as contained in stakeholder comments and recommendation for lessons learned, an area of feedback from SPP stakeholders related to the methodology of projecting PTP revenue which reduces cost to SPP Zones. *As a result the RARTF provides the following summary and offers the following recommendation for Lessons Learned as it relates to PTP revenue projections:*

6.1 – Lesson Learned: Improvement to and Vetting of Projected PTP Revenue

Based upon comments and recommendations during both the public vetting of RCAR I drafts, as well as SPP stakeholder comments and recommendations for the RARTF's Lessons Learned, SPP staff/RARTF recommends that SPP staff continue to work with SPP stakeholders to find ways to improve upon calculating PTP revenue credits for RCAR II. As a result, SPP staff/the RARTF recommends:

RECOMMENDATION NO. 7:

That SPP staff continue to work with SPP stakeholders to find ways to improve upon calculating PTP revenue credits for RCAR II. This effort should provide SPP stakeholders the opportunity to suggest improvements to PTP revenue credits calculations for use in future RCAR reports that most closely align with SPP's OATT. Additionally, by updating how PTP revenue credits are projected with up-to-date information, SPP staff will be using "the most up[-]to[-] date and best available information," consistent with Principle 3 contained in the RARTF Report. Any changes or improvements to the PTP projection methodology should be vetted by the RARTF and RTWG as it was handled during the RCAR I Report in an open and transparent manner that will enable the participation of SPP Stakeholders.

¹⁸ See Section 7.5 of the RCAR I Report.

SECTION VII – Threshold Lessons Learned

Overview

During the lengthy work performed by the RARTF in 2011 to develop and finalize the RARTF Report in January 2012, a significant amount of time was spent discussing the establishment of a “threshold” upon which SPP staff would evaluate remedies for zones in accordance with the RARTF’s charter¹⁹. The RARTF established the 0.8 benefit to cost threshold after discussing and exploring different approaches to a possible threshold. Ultimately, the RARTF unanimously agreed to the 0.8 benefit to cost threshold based upon a number of factors. These factors included, but were not limited to the understanding that: (1) certain benefits to transmission expansion are unquantifiable or quantifiable,²⁰ and (2) the legal standard applied by both FERC and the courts is not a cost beneficial standard, but instead a “roughly commensurate” standard.²¹

Although the RARTF established a 0.8 benefit to cost threshold, the task force was very mindful that SPP should not overlook zones above the 0.8 benefit to cost threshold but below a 1.0 benefit to cost ratio. In recognizing the need to be cognitive of these zones, the RARTF explicitly noted the need to monitor these zones in Section 4.2 of the RARTF Report when the task force recommended that:

4.2 RARTF Recommendation for Zones above Threshold but below the 1.0 Benefit to Cost Ratio.

Pursuant to the RARTF Charter, the RARTF recommends that a threshold be established to determine when it is warranted that SPP staff study possible remedies as stated in Section 4.1.

Additionally, the RARTF recommends that any Regional Cost Allocation Review, which shows that a zone is above the 0.8 threshold in Section 4.1, but below a 1.0 benefit to cost ratio, should be used and considered as a part of SPP’s transmission planning process in the future.

¹⁹ The RARTF Final Report was approved unanimously by the RARTF, RSC, MOPC and SPP Members Committee and approved by the SPP BOD in January 2012 and detailed a list of potential remedies for staff to evaluate which included, but was not limited to the following: (1) Acceleration of planned upgrades; (2) Issuance of NTCs for selected new upgrades; (3) Apply Highway funding to one or more Byway Projects; (4) Apply Highway funding to one or more Seams Projects; (5) Zonal Transfers (similar to Balanced Portfolio Transfers) to offset costs or lack of benefits to a zone; (6) Exemptions from cost associated with the next set of projects; and (7) Change Cost Allocation Percentages.

²⁰ It was noted in RARTF meetings that APC calculations are currently calculated with models that assume that all lines are in service 24 hours a day, 7 days a week, and 365 days a year when in reality at no time is every line in service in the SPP footprint.

²¹ *Illinois Commerce Comm’n v. FERC*, 576 F.3d 470 (7th Cir. 2009) and *Illinois Commerce Comm’n, et al. v. FERC*, 721 F.3d 764 (7th Cir. 2013).

SPP stakeholders provided feedback during the review of RCAR I results and during RARTF's Lessons Learned stakeholder process on the topic of zones above the 0.8 benefit to cost ratio but below the 1.0 benefit to cost ratio. As a result the RARTF provides the following summary and offers the following recommendation on how to handle thresholds during RCAR II:

7.1 – Lesson Learned: Threshold and Zones below a 1.0 Benefit to Cost Ratio

The RARTF established the 0.8 benefit to cost threshold after discussing and exploring different approaches to a threshold for use in the RCAR I process. Ultimately, the RARTF unanimously agreed to the 0.8 benefit to cost threshold based upon a number of factors, as discussed above and as articulated in the RARTF Report. Since the completion of the RARTF Report, neither the underlying principles that led the RARTF to establish the 0.8 threshold nor the RARTF's concern to be cognitive of and to monitor all zones below the 1.0 benefit to cost ratio have changed.

Consequently, the RARTF recommends that the 0.8 benefit to cost ratio remain the threshold upon which SPP staff will evaluate remedies for zones below the threshold. Likewise, the RARTF recommends that any zone that is above the 0.8 threshold but below a 1.0 benefit to cost ratio “should be used and considered in SPP’s transmission planning process in the future.”²² As a result, the RARTF recommends:

RECOMMENDATION NO. 8:

That the RARTF and SPP stakeholder-approved 0.8 benefit to cost ratio threshold continue to be the basis to determine when it is warranted for members to request and for SPP staff to subsequently study possible remedies as stated in Section 4.1 of the RARTF Report. Additionally, the RARTF recommends that if RCAR II shows that a zone is above the 0.8 threshold, but below a 1.0 benefit to cost ratio, that this analysis should be used and considered as a part of SPP’s transmission planning process in the future.

²² See Section 4.2 of the RARTF Report.

SECTION VIII – RARTF Guidance to SPP Staff Lessons Learned

Overview

From time to time during the RCAR I process issues arose that required SPP staff to seek guidance on matters for SPP stakeholders. This was illustrated during the RCAR I process when projects that were issued NTCs were suspended by the SPP Board of Directors for further study due to increases in cost estimates outside of an established bandwidth.²³ As a result, SPP staff sought guidance from the RARTF on how to handle suspended NTCs during the RCAR I analysis, as well as other matters related to RCAR I.²⁴

Because new issues and factors may come into existence during RCAR II, SPP staff will from time to time need guidance from SPP stakeholders on how to proceed with RCAR II as it relates to issues that are not addressed in either the January 2012 RARTF Report or in this Lessons Learned Report. *As a result the RARTF provides the following summary and offers the following recommendation for Lessons Learned as it relates to unforeseen issues that arise during RCAR II:*

8.1 – Lesson Learned: SPP Stakeholder Guidance during the RCAR Process

Based upon the need for SPP stakeholder guidance to SPP staff during the analysis for RCAR II, it will be important that SPP staff has a SPP stakeholder group that is well informed and up-to-date on the RARTF's recommendations and the RCAR process. As a part of the RARTF's Lessons Learned, the RARTF recommends that SPP staff continue to update the RARTF on the status of RCAR II analysis and to seek guidance from the RARTF when necessary to complete the RCAR II Report. As a result, the RARTF recommends:

RECOMMENDATION NO. 9:

That SPP staff continue to update and brief the RARTF throughout the RCAR II analysis and seek guidance from the RARTF when input from SPP stakeholders is necessary for SPP staff to complete RCAR II.

²³ See the Project Cost Working Group site on SPP's website;
http://www.spp.org/committee_detail.asp?commID=101.

²⁴ Per the RARTF's guidance, SPP staff gave suspended NTCs a reduced weighting of seventy-five percent (75%) for the cost and benefits for all suspended NTCs. The final RCAR I Report contains this reduced weighting per the RARTF's guidance.

SECTION IX – Amendment to SPP Tariff Lessons Learned

Overview

During the process of developing the RARTF Report in January 2012 and during the implementation of the RCAR I, SPP Staff and the RARTF faced challenges related to the implementation of the RCAR based upon the language in the SPP Tariff specifically calling for a review of transmission upgrades with “Notifications to Construct” or “NTCs”. Specifically, Attachment J, Section III.D.2 to the SPP Tariff states:

For each [RCAR] review conducted in accordance with Section III.D.1, the Transmission Provider *shall* determine the cost allocation impacts of the Base Plan Upgrades with *Notifications to Construct* issued after June 19, 2010 to each pricing Zone within the SPP Region. [*Emphasis added.*]

Some of the challenges SPP Staff and the RARTF faced related to the frequency upon which NTCs are issued. This frequency could likely cause new NTCs to be issued while SPP is in the midst of conducting an RCAR analysis.²⁵ An additional complication arose during the RCAR I analysis when previously issued NTC’s cost estimates exceeded the +/- 20% bandwidth SPP uses as of part of SPP’s cost containment efforts for transmission upgrades. Based on the updated cost estimate information the SPP Board of Directors chose to “suspend” these NTCs until staff could further review them. Although Section III.D.2 cited above is silent on how to handle “suspended” NTCs, the RARTF decided to include the suspended NTCs in the RCAR analysis at reduced weighting.²⁶

Looking forward, the RARTF finds that the delays in the issuance of NTCs created by SPP Order 1000 compliance filing will create additional challenges for future RCARs. Currently, NTCs are issued for the ITP 15 days following the SPP Board of Directors’ approval of the ITP process.²⁷ Beginning in 2015, Order 1000 has required SPP to creation the addition of a competitive solicitation process at the end of SPP’s ITP planning process. This Transmission Owner Selection Process (TOSP) will delay the issuance of NTCs for Competitive Upgrades for at least 6 months.

Due to the challenges caused by terms “Notices to Construct” in Attachment J, Section III.D.2 to the SPP Tariff, the RARTF provides the following summary and offers the following

²⁵ There were a total of 35 NTCs issued in 2013; 27 were approved through the ITP planning process, 6 approved through a Delivery Point Addition (AQ) studies, and 1 each through the Aggregate Study process and a High Priority Study.

²⁶ Per the RARTF’s guidance, SPP staff gave suspended NTCs a reduced weighting of seventy-five percent (75%) for the cost and benefits for all suspended NTCs. The final RCAR I Report contains this reduced weighting per the RARTF’s guidance.

²⁷ See SPP Business Practice No. 7060, Section 3.

recommendation for Lessons Learned as it relates to suggested changes to Attachment J, Section III of the SPP Tariff:

9.1 – Lesson Learned: SPP Stakeholder Guidance during the RCAR Process

Based upon the challenges caused to the implementation of RCAR analysis by terms “Notices to Construct” contained in Attachment J, Section III.D.2 and anticipated delays to the issuance of NTCs upon the implementation of SPP’s TOSP per Order1000, SPP staff/RARTF provides the following recommendation for Lessons Learned as it relates to suggested amendments to Attachment J, Section III of the SPP Tariff. As a result, the RARTF recommends:

RECOMMENDATION NO. 10:

That SPP make a filing with FERC to amend Attachment J, Section III.D.2 to read as follows:

For each review conducted in accordance with Section III.D.1, the Transmission Provider shall determine the cost allocation impacts of the Base Plan Upgrades approved for construction ~~with Notifications to Construct issued~~ after June 19, 2010 to each pricing Zone within the SPP Region.

Conclusion

The idea of a “lessons learned” following the first iteration of the RCAR Report was originally raised in the 2012 RARTF Report and was again recommended as a part of the RCAR I Report in 2013. As a result, the RARTF led this effort to determine ways to improve the SPP RCAR process.

As a result, the RARTF recommends that the ten lessons learned contained herein be presented to the RSC and MOPC for approval. Upon their approval, the RARTF recommends that these ten lessons learned be incorporated into the RCAR II process.

ATTACHMENT NO. 1

SPP Stakeholder Comments and Suggestions

Entity	Metrics/Allocation	Modeling	Remedy	NTC/ATP	PTP Offset	Sched/Process	Total
CUS	2		4		1	1	8
LES	2		1				3
OPPD	2		1		4	2	9
SPS	1	4					5
KCPL	2	2	1	1	1	1	8
MoPSC			1	1			2
TOTALS	9	6	8	2	6	4	35

Entity	Item #	Description	Category	Comments
CUS	2	Our understanding is that reliability project benefits calculated for RCAR were allocated regionally based on load ratio share of the various zones. As noted earlier, load ratio share is an arbitrary allocation and may have little or no correlation to actual benefits received by a zone (on a local basis), as a result of where a transmission project is actually built. CU recommends that all benefits for projects be assigned to the zones based on modeling results for each zone (and not allocated arbitrarily).	Metrics / Allocation	ESWG Review per MOPC Action Item #222
C US	6	CU recommends that SPP assign adequate manpower resources to allow for the detailed zonal benefit/cost calculations used in the RCAR process, rather than allocating benefits and costs using the arbitrary load ratio share allocation method.	Metrics / Allocation	ESWG Review per MOPC Action Item #222
OPPD	1	OPPD believes that the number of calculated benefits should remain constant. The benefits used in the current RCAR analysis should be more than adequate to determine the benefits for each Transmission Owner. Any additional benefit categories may not be accurate and could provide a false benefit assumption. They will also take up more time for SPP to calculate and for the stakeholders to verify. The benefits categories in the current RCAR have been agreed to by the stakeholders and the process should remain the same from here on out. The benefits should still be recalculated with new, more accurate information, but the number of benefit categories should be constant. This way it is known what will be used and it is not a moving target.	Metrics / Allocation	ESWG Review per MOPC Action Item #222, ESGW and TWG will recommend Metrics to be used in 2015 ITP10 as part of the 2015 ITP10 Scope. To the extent that any adjustments or changes to these Benefit Metrics are recommended by the Regional Allocation Review Task Force (RARTF), these changes will be considered by ESGW.
OPPD	9	Further, SPP must clearly list each of the projects that provided a value to OPPD with the dollar amount separated by metric. This information and all data used to calculate the RCAR must be visible for all members to review. This information must be available with sufficient time to allow for thorough review.	Metrics / Allocation	In RCAR the projects were reviewed in aggregate for benefits, not individually. Since the purpose of RCAR is to review the equity over time of the HWBW it does not seem logical to look at each project individually for benefits.
SPS	5	SPS understands that the treatment of the reliability project benefits were vetted through the stakeholder process, but did not fully comprehend how those identified benefits would be treated and believes that the total inclusion of APC as well as 100% of the cost of the reliability projects would lead to an overstatement and double-counting of benefits. It is SPS's position that when the reliability benefit is utilized for a project at 100% of the cost of the project, the only additional benefits above or below the 100% already identified should be additive in the results	Metrics / Allocation	ESWG Review per MOPC Action Item #222
KCPL	1	All benefit metrics should be revisited to be sure the allocation is appropriate.	Metrics / Allocation	ESWG Review per MOPC Action Item #222

KCPL	4	In general, the benefits that are being allocated on a load ratio share basis should be allocated on a more specific metric if possible. Mitigation of transmission outage cost is an example of this.	Metrics / Allocation	ESWG Review per MOPC Action Item #222
LES	1	The RCAR process includes additional benefits to those used in the ITP process, and these additional benefits are “questionable,” as the ITP process intentionally does not include them. Benefits used in the RCAR process should be consistent with the benefits used in the well-established ITP process.	Metrics / Allocation	ESWG Review per MOPC Action Item #222, ESWG and TWG will recommend Metrics to be used in 2015 ITP10 as part of the 2015 ITP10 Scope. To the extent that any adjustments or changes to these Benefit Metrics are recommended by the Regional Allocation Review Task Force (RARTF), these changes will be considered by ESWG.
LES	3	Benefits of reliability projects should be analyzed on their merits and not arbitrarily assigned a 1.0 benefit/cost ratio as required by ICC v. FERC, 576 F.3d 470 (7th Cir. 2009), and ICC v. FERC, Nos. 11-342, et al., slip op. (7th Cir. June 7, 2013). In ICC v. FERC (2009) PJM contended that a subject 765kV transmission project would benefit the reliability of the entire footprint, and the Court denied load ratio cost sharing of the project stating that, “[FERC] can presume that transmission lines benefit the entire network by reducing the likelihood or severity of outages. But it cannot use the presumption to avoid the duty of comparing the costs assessed against a party to the burdens imposed or benefits drawn by that party.” To satisfy this and to meet the Court’s substantial evidence standard, here, the SPP RCAR process should assign a 1.0 b/c ratio for reliability projects to only those zones where the related transmission line is physically located, and benefits to other zones should be analyzed on their merits.	Metrics / Allocation	ESWG Review per MOPC Action Item #222
SPS	1	1. No N-1 analysis was utilized in the report. a. Example of why this is an issue: The Osage to Canyon (Randall to Canyon in the 2015 model) is the most constrained flow gate in the SPP market footprint. In the 2018 base case, the average flow on the Randall to Canyon line is 83 MW and 87 MW in the change case. The thermal limit of the line is 96 MVA and several hours of the flow are at the 96 MW level. In real time operation, the flow on the line will be limited to a value much less than the limit for the loss of the Deaf-Smith to Bushland 230 KV line. When checking the levels of the actual flows in 2013 when the line has been constrained in the EIS market, the actual flows have been ~ half of the thermal limit of the line. Allowing the line to load to the thermal limit of the line is not the way the system is allowed to operate and is greatly overstating the deliverability and the APC benefits to the SPS zone.	Models	N-1 contingency analysis was utilized in the RCAR analysis. For such modeled contingencies, Rate B is the rating utilized for the monitored element post-contingent flow. The RCAR models, including facility ratings were reviewed and vetted by the ESWG. No changes to this facility rating was suggested as part of the model review and vetting process.

SPS	2	<p>2. The flow gates used in the model are identified utilizing the current dispatching in the SPP region and a new analysis needs to be performed utilizing the new line construction and centralized dispatch to identify any new potential congestion points on the system.</p> <p>a. For example the SPP/SPS flowgate with the addition of the new lines has not been identified. It has been suggested that with the additional lines that this flowgate may not be needed and new congestion elements would need to be identified since it is more likely that individual elements may be more restrictive than the SPP/SPS flowgate. The lines that make up the current flowgate were monitored in the model but without adding in the two additional lines and the corresponding flows, this flowgate may not be the concerning issue.</p>	Models	<p>The flowgates used in the RCAR model are not based solely on the current SPP region dispatch. The RCAR uses a very similar set of constraints as the 2013 ITP20 constraint list as a base. The TWG approved the initial list of constraints to be used in the 2013 ITP20. New flowgates were later identified through N-1 analysis conducted in the 2013 ITP20. Also, some minor changes were made to this constraint list to address topology differences and to also reflect known local generation interconnection type issues.</p>
SPS	3	<p>3. Must run units need to be analyzed</p> <p>a. SPS has a couple of concerns in this area. First, the RCAR model took the assumptions that are being utilized in the planning models to determine if there are any must run requirements in the model. SPS for example has agreed that for the purposes of future transmission planning, we should not show must run units so that constraints and fixes can be identified. When studying the economic benefits for the lines that have already received NTCs or CNTCs, must run units may still be needed in areas that were not relieved by the receipt of an NTC for an area that needs a must run unit. For example, the SPS system has must run requirements in New Mexico that have not been remedied in the planning models but no units were designated as must run in the RCAR review. Until projects have been identified to relieve this issue, SPS has a published must run requirement for SE New Mexico.</p> <p>i. The RCAR review is not looking at voltage stability issues in the dispatch models.</p> <p>b. No reasons for must run units were provided in the report. Each utility reported their own must run requirements and these could be identified for several different issues such as voltage and fuel contracts. If the must run requirements were identified for the purposes of fuel contracts which will become an economic issue, a zone may be prohibited from receiving APC benefits because of the inflexibility of the generation resources. SPS believes the reason for must run dispatch should be identified in the report and a metric used to develop benefits.</p>	Models	<p>The RCAR Models include Must Run generation as identified by SPP stakeholders in the 2013 ITP20 Generation Review. These Must Runs include generation within the SPS zone. Stakeholders have not been required to provide reasons for must run units to SPP Staff in past planning processes and as a result, such documentation was not obtained.</p>

SPS	4	<p>4. Reserve zones that will operate in the market need to be considered.</p> <p>a. SPS was informed that for the purposes of the RCAR review; only one reserve zone is utilized in the study. SPS understands that there will be three reserve zones in the day ahead market that will be utilized. The SPS zone will be in two of these reserve zones. A study that does not recognize the way the SPP day ahead market will be dispatched will be inaccurate in stating the benefits or cost to the impacted zones.</p>	Models	One reserve zone was modeled in the RCAR review. Staff is evaluating the feasibility of modeling multiple reserve zones in the software used in the RCAR analysis. If feasible, Staff is open to making this modeling change upon stakeholder request.
KCPL	2	Issues were noted with some outdated figures being used for renewable resources/requirements, load forecasts, generator capacity ratings, and location/siting of new renewables/conventional generation. With 'RCAR 2' planned to be run in parallel with the ITP10, these issues should be corrected as stakeholders have been involved in updating/correcting these items already.	Models	We expect to use the same Policy Survey inputs used in the ITP10 process, which was issued subsequent to the Policy Survey used in the initial RCAR.
KCPL	3	It would be convenient if output from the modeling was made available on TRUESHARE rather than just the inputs.	Models	
KCPL	8	The Tariff stipulates that SPP "shall determine the cost allocation impacts of the Base Plan Upgrades with Notifications to Construct issued after June 19, 2010..." (Att. J, Sec. III.D.2) Although this language does not prohibit analysis of ATP projects, the clear focus is on assessment of projects with NTCs. The decision to put primary focus on a benefit assessment that includes ATP projects should be revisited.	NTC / ATP	RARTF Policy decision

MOPSC	1	<p>The RCAR report contemplates the benefits and costs from projects with (1) Notifications to Construct; (2) suspended Notifications to Construct; and (3) projects that have no Notifications to Construct but have received an ATP. By including the last two categories, the benefits and costs from projects that may never be built are included in the analysis (at least some probably will be). Including the benefits from those projects from the last RCAR report did increase both the benefits and the costs in the calculations and the same is true for costs. Those amounts were included because the taskforce and stakeholders felt it appropriate to include them for political and technical reasons, but including those hypothetical benefits and costs causes an inflation of the B/C on a zonal and regional basis, based on projects that may not be built.</p> <p>Therefore, the MOPSC is concerned with the RCAR analysis, and recommends the future RCAR reports produce a series of B/C Ratios with only NTC projects included.</p> <p>Rather than increase the B/C for those entities with deficient B/C by adjusting the RCAR analysis to include benefits and costs for projects that may be constructed, the MOPSC suggests it is appropriate to produce within future RCAR reports B/C ratios using only projects for which NTCs have been issued. Additionally, MOPSC suggests this "NTC only" analysis be considered for use to analyze the reasonableness of the current Highway/Byway cost allocation methodology, and be used to direct the future Integrated Transmission Planning 2010, and Near Term scopes and agenda.</p>	NTC / ATP	RARTF Policy decision;the RCAR report did include an NTC only B/C ratios that were included in the report.
CUS	1	<p>Point to Point (PTP) revenue offsets (credits) were treated in RCAR (in one of the later revisions) as a cost offset (reduction of cost), rather than a revenue (benefit). This metric is not on the approved list of metrics in the RCAR report. If it is going to be used, it should be vetted through the stakeholders first. Our recommendation is that PTP revenue offsets be accounted for as a benefit, rather than a cost reduction.</p> <p>PTP revenue offsets are not currently calculated or recognized in the Integrated Transmission Planning (ITP) process. CU recommends that the same benefit metrics be utilized in the RCAR and ITP processes, for both consistency and fairness.</p> <p>PTP revenue offsets were allocated to the zones based on load ratio share (LRS). CU believes that these benefits should be allocated to only those zones that actually receive a direct benefit from transmission built in, or in close proximity, to their footprints.</p>	PTP Offset	The PTP offset used in the RCAR Report was vetted and approved by the RARTF. SPP Staff supports vetting of this revenue credit (or benefit -- however classified) by SPP stakeholders. SPP Staff notes that this revenue credit was not the RARTF/ESWG/MOPC/BOD & MC approved benefit of "increased" transmission wheeling revenue benefit that was NOT included in the RCAR.

OPPD	3	No additional offsets can be used in the calculations and proof of the value of existing offset must be provided. The PTP offset must be specifically approved by MOPC and the members.	PTP Offset	The PTP offset used in the RCAR Report was vetted and approved by the RARTF. SPP Staff supports vetting of this revenue credit (or benefit -- however classified) by SPP stakeholders. SPP Staff notes that this revenue credit was not the RARTF/ESWG/MOPC/BOD & MC approved benefit of "increased" transmission wheeling revenue benefit that was NOT included in the RCAR.
OPPD	4	Because the Schedule 11 PTP revenue is used as an offset to the costs, it needs to be tracked and reported to the stakeholders. SPP should report on a total of the Schedule 11 PTP revenue generated each month and for the year. Also SPP should be able to track through the TO's rate template that they are actually reducing their Base Plan ATRR based on the Schedule 11 PTP revenue allocated to each TO.	PTP Offset	SPP Staff concurs.
OPPD	5	There are some issues with counting the Schedule 11 PTP revenue as a cost offset because there is nothing in the Tariff that states how Schedule 11 PTP revenue is to be treated by the Transmission Owner. As KCP&L stated in their comments to the initial RCAR, there are multiple ways being used to account for the Schedule 11 PTP revenue in rate templates, each with a different effect on the ATRRs. If the Schedule 11 PTP revenue is going to be used in the RCAR, there should be a Tariff revision that details how the Schedule 11 PTP revenue should be treated by the TO so that everyone treats the revenue the same. That would also make it easier for SPP to track and report that the revenue is truly offsetting the Base Plan ATRRs.	PTP Offset	SPP Staff will help OPPD facilitate any TRR that OPPD pursues.
OPPD	6	The actual PTP volume that generates the Schedule 11 PTP revenue should be tracked monthly and reported to the stakeholders. This would validate the RCAR's use of the three year average of the 2010 to 2012 PTP volume. The time frame used to create the PTP volume used to determine the revenue in future RCAR reports needs to be set as well. Will it be the PTP volume average of 2013 to 2015 or will it be the 2010 to 2015 timeframe? Because of the start of the Integrated Marketplace, 2013 to 2015 would probably be the more accurate representation going forward rather than the six year span of 2010 to 2015.	PTP Offset	SPP Staff concurs.
KCPL	5	The allocation of point-to-point revenue should be consistent with actual tariff provisions (i.e., the Attachment H formula rates), not simply assumed to follow the highway-byway process.	PTP Offset	SPP Staff supports improving PTP estimations.

CUS	3	RCAR identified five zones whose benefit/cost ratios were less than 0.8 (and considered to be adversely affected by the ITP process). The 0.8 benefit/cost threshold (rather than 1.0) was selected by RCAR to account for estimates used in calculating benefit metrics and costs for the projects. As noted earlier, CU believes more precision in estimating benefits and costs is possible through use of modeling software. As more accuracy is possible, CU recommends that the benefit/cost ratio threshold be changed from 0.8 to 1.0. Zones that contribute \$1 toward the cost of regional transmission projects should at least receive \$1 in corresponding benefits.	Remedy	RARTF Policy Decision
CUS	4	RCAR identified deficient zones (based on benefit/cost ratios of less than .8) in the SPP region. However, RCAR did nothing to remedy the situation. CU recommends that future RCAR studies which identify deficient zones must contain specific remedies to make the deficient zones whole (bring benefit/cost ratio back to at least 1.0).	Remedy	RARTF Policy Decision
CUS	7	If the RCAR II process continues to identify deficient zones (after factoring in the 2015 ITP 10 report), CU recommends that zonal transfers between benefitting zones and deficient zones be the remedy with the highest priority. After completion of the 2015 ITP 10 process, SPP will have performed three ITP 10 processes and two ITP 20 processes. Unless the 2015 ITP 10 produces different results, it will be clear that the ITP processes are not producing equity in terms of transmission project portfolios, within the SPP region.	Remedy	RARTF Policy Decision
CUS	8	In addition to recognizing deficient zones, RCAR should identify zones that are receiving an inordinate amount of benefits in relation to their costs.	Remedy	RARTF Policy Decision
OPPD	7	If the potential remedies are ranked by SPP's preference, then there is the potential for some unintended consequences. By choosing to accelerate a project, it may actually be counterproductive to the RCAR process. If a project was not quite ready to be implemented at the time of an ITP study, then it shouldn't be brought forward for construction to remediate a deficient Zone. The project would have to be cost allocated to the footprint which will probably drive the other members' B/C ratio lower with the potential to increase the number of TOs who need remediation. Changes in the cost allocation or money back (which are the last few options that SPP would like to pursue) would seem to be the better way to remedy the members with a low B/C. Those options do not seem to compound the problem as much as accelerating or granting NTCs to projects that don't quite meet the criteria to be constructed now and may not necessarily be needed depending on how the load growth actually takes place.	Remedy	RARTF Policy Decision

KCPL	7	How will RCAR 1 and RCAR 2 be used in the ITP 10 process? RCAR 1 is admittedly flawed, but still may be used to identify zones that need a remedy. Also, how will the numbers emerging from RCAR 2 be ?	Remedy	SPP Staff anticipates that RCAR II will be used as stated in the RARTF Report and the RCAR I Report.
MOPSC	2	<p>The MOPSC looks forward to the stakeholder process of RCAR 2.0. MOPSC suggests that as part of the process, consideration and discussion should be given to whether the current list of remedies included within the RCAR report2, and their order of preference, is the appropriate list going forward.</p> <p>The Report's suggested seven (7) possible remedies should be evaluated further for their current applicability, usefulness, and order of preference. Largely, the remedies involve building transmission projects which will have benefits more specific to the deficient zones and raise their B/C to at least 0.8 or change how costs are allocated or projects are cost-shared.</p> <p>The MOPSC urges caution when selecting remedies to apply to a specific zone. Many of the suggested remedies will not result in positive outcomes in all Zones – it is possible that while the deficient Zones may benefit from remedies, other Zones may be made worse off. For example, the Balanced Portfolio benefits transfer scheme is highly controversial among the membership; therefore, remedy 5, Zonal transfers similar to the Balanced Portfolio, may not be a popular option. Also, given MISO's and ERTF's current position on Seams projects, remedy 4, Application of Highway funding to Seams Projects, does not seem to be an obtainable goal.</p> <p>Finally, the MOPSC urges caution when suggesting building projects just to cure deficiencies. Incurring costs to deliberately create benefits that may not be needed in the long run may further distort the Highway/Byway and could require more remedies.</p>	Remedy	RARTF Policy Decision
LES	2	In the event that questionable benefits continue to be used in the RCAR analysis, using a 0.8 b/c ratio to remedy harmed entities is inadequate and does not satisfy the spirit of Roughly Commensurate. Harmed entities should be remedied at 0.9 to 1.0 b/c ratio provided questionable additional benefits continue to be included.	Remedy	RARTF Policy Decision
C US	5	The RCAR and ITP processes are not currently complementary. CU recommends that both processes be fully integrated, consistent and utilize the same benchmarks, benefit metrics and construction costs. The consistency between the processes should be reflected in the scope sections of both documents.	Schedule / Process	Process will run in parallel for RCAR 2

OPPD	2	OPPD would also like to see more time for stakeholder review of the models used to determine the benefits. The Transmission Working Group and Economic Studies Working Group should have adequate time to review and comment on the accuracy of the models and how they are used to calculate benefits. During the original RCAR process we did not feel like we had enough time to properly analyze the models. By starting to review the RCAR process now, there should be time to allow for a more lengthy review of the benefits calculation process by the stakeholder groups.	Schedule / Process	Can SPP provide more review time in schedule? The RCAR 2 models are expected to leverage the 2015 ITP10 models. These models are reviewed and vetted by the ESWG under the established timeframes.
OPPD	8	Preliminary results of the RCAR will need to be available early enough to permit proper evaluation of the ITP10 recommended projects. The RCAR results will be one of the drivers for project selection. OPPD must have sufficient time to review the materials to ensure projects are adding value for OPPD.	Schedule / Process	Can SPP provide more review time in schedule?
KCPL	6	There appears to be confusion about the concepts of real dollars and present value. The former is stated as the objective, but the latter appears to be what was done in RCAR 1.	Schedule / Process	RARTF Policy Decision