

On March 13, the SPP Board of Directors approved a set of terms and conditions to guide the integration of the Mountain West Transmission Group as members of the SPP regional transmission organization. The board approved 18 policy statements and directed staff and stakeholders next to draft appropriate supporting amendments to the organization's tariff, bylaws, membership agreement, and other governing documents. The following broad statements describe the intended changes and conditions to be affected by those 18 policies. Specific information regarding terms and conditions of Mountain West's membership will be provided to the appropriate SPP working groups for consideration as part of SPP's public stakeholder process.

1. Terms of SPP Membership

- a. Mountain West entities' payment of SPP's Schedule 1-A fees (administrative fees paid by members to fund the organization's operating expenses) will be phased in over three years. (Year One=60%; Year Two=65%; Year Three=70%; Year Four=100%)
- b. SPP will clarify that SPP's and new members' obligations are contingent upon approvals from FERC and other jurisdictional authorities.
- c. Withdrawal obligations will be amended under certain circumstances related to mergers and also to the timing of notices of intent to withdraw in relation to transmission planning cycles.
- d. Based on federal statutes, the Western Area Power Administration's Rocky Mountain Region and Colorado River Storage Project will be integrated using the current Federal Service Exemption (FSE) from marginal losses and congestion in the market as well as regional cost allocation for new transmission projects.
- e. Any consideration of a future capacity market in SPP the region, including the West, would be considered pursuant to the RSC's existing responsibilities when and if such a market is ever proposed.

2. Governance

- a. SPP's Members Committee will grow by three seats and the Strategic Planning Committee by four seats to ensure appropriate representation of all SPP members, including those in the West.
- b. The SPP Regional State Committee's roster will expand to include commissioners and utility regulators from western states. SPP's bylaws will allow the RSC to develop East and West divisions to consider issues pertaining exclusively to their regions.
- c. The voting structures of SPP's Markets and Operations Policy Committee and Corporate Governance Committee will be modified to allow West participants separate consideration of issues including cost allocation for new and existing transmission facilities in the West (and not shared with the East).
- d. The following are the transmission rate-related items on which West participants will be give separate consideration, specific to their facilities in the Western Interconnection: regional cost allocation; zonal rate design; RTOR point-to-point design and revenue distribution and mitigation; zonal constructs; compliance with the Order 1000 competitive bidding process; and definition of transmission facilities in SPP tariff attachment AI (during the first ten years of SPP membership). There will be joint considerations by both the East and West for items related to the combination of their planning areas for purposes of Order 1000 compliance and changes to cost allocation for existing DC ties during the first seven years of SPP membership.

- e. The consideration of changes to certain provisions will be judged based on the Mobile Sierra (public interest) standard of review at FERC, as opposed to a standard of “just and reasonable”.
3. **DC Ties:** The costs to operate the four DC ties in the SPP footprint will be allocated across all entities (East and West) according to a load-ratio share for a seven-year phase-in period. After seven years, cost allocation will be benefit-based and follow SPP’s standard planning process.
4. **Transmission Planning and Resource Adequacy**
- a. The definition of “transmission facilities” in the West will differ slightly from the definition currently in Attachment AI of the SPP tariff. Specifically, transmission facilities in the West will include all existing non-radial lines, substations, and associated facilities, operating at 100 kV or above, plus all radial lines and associated facilities operated at or above 100 kV that serve two or more eligible customers and are not affiliates of each other.
 - b. SPP will establish east and west planning regions. SPP’s standard Integrated Transmission Planning (ITP) processes will govern planning in each region and across the combined SPP footprint. As needed, SPP will work with appropriate planners on local solutions that will be incorporated into the ITP portfolio of recommended projects.
 - c. The existing Order 1000 competitive bidding process developed by SPP will be applied in the West, subject to certain conditions and changes.
 - d. SPP will perform a loss-of-load study of the Mountain West footprint to verify the appropriateness of adopting a single minimum planning reserve margin for that region. Mountain West entities will not be subject to SPP’s resource adequacy requirements until the study is complete and the policies can be applied to the footprint.
5. **Rates and Revenue**
- a. SPP will include in its Open Access Tariff transmission rate zones in the West and administer a seven-year, multi-way cost-shift mitigation settlement to address certain adverse cost shifts.
 - b. Revenues resulting from point-to-point transactions that span DC ties will be shared between the East and West on a load ratio share basis.
 - c. Instead of implementing the current Attachment Z2, credits for directly assigned upgrade costs (DAUC) or sponsored upgrades would be provided based on “excess” ARR revenues allocated to the West. This source of funding will provide customers with DAUC or sponsored upgrades credits when those upgrades provide incremental value to the network and are valued by SPP’s transmission congestion rights market.