RR 374
ELIMINATION OF Z2 REVENUE CREDITS

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RSC MEETING – OCTOBER 28, 2019
HITT RECOMMENDATION

• Eliminate Z2 revenue credits prospectively

• Retain incremental long-term congestion rights (ILTCRs) for new upgrades
  • Required by FERC Order 681

• ILTCRs function as currently described in Tariff, except that the total compensation would be limited to each upgrade’s directly assigned upgrade costs plus interest
**RR 374**

- Tariff language necessary to implement HITT recommendation to eliminate Z2 revenue credits prospectively

- Will be implemented with a bright-line effective date
  - All agreements authorizing construction of an eligible Network Upgrade that are executed on or after bright-line date will be eligible for ILTCRs.
  - All agreements authorizing construction of an eligible Network Upgrade that are executed prior to bright-line date will continue to be eligible for Z2 revenue credits.
**RR 374 TIMELINE**

- 7/25 – RTWG education
- 8/13 – CAWG education
- 8/22 – RTWG review
- 9/10 – CAWG review
- 9/13 – RTWG review
- 9/26 – RTWG approved

- Motion: To approve RR 374 as modified during the RTWG meeting on September 26, 2019 as implementing the BOD approved HITT-directed action
- Abstaining: AECC, CUS, Southern Power, Tenaska, WFEC
RR 374 TIMELINE (CONTINUED)

• 10/8- CAWG approved
  • Motion: CAWG recommends that the RSC approve RR374 as implementing the BOD approved HITT recommendation regarding the elimination of Z2 revenue credits
  • Abstaining: Oklahoma

• 10/15 – MOPC approved
  • Motion: Approve RR 374 as submitted with an implementation date of February 1, 2020
  • Opposed: Calpine, Dogwood, Duke-American Transmission, Duke Energy Transmission, EDP Renewables, Enel, Flat Ridge 2
  • Abstaining: Empire, Google, Gridliance, MEAN, Southern Power, Tenaska, WFEC

• 10/28- RSC vote
QUESTIONS?