

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Building for the Future Through Electric) Docket No. RM21-17-000
Regional Transmission Planning and Cost)
Allocation and Generator Interconnection)

COMMENTS OF
SOUTHWEST POWER POOL INC.

Southwest Power Pool, Inc. (“SPP”) respectfully submits the following comments in response to the Federal Energy Regulatory Commission’s (“Commission”) Advance Notice of Proposed Rulemaking (“ANOPR”) issued on July 15, 2021.¹

As the Commission points out in the ANOPR, the growth of renewable resources interconnected to the transmission system has created new demands on the transmission system. In light of the changing resource mix, the Commission issued the ANOPR to consider whether there should be changes in the regional transmission planning and cost allocation and generator interconnection (“GI”) processes and, if so, which changes are necessary to ensure that transmission rates remain just and reasonable and not unduly discriminatory or preferential and that reliability is maintained. The Commission requested comments on several wide-ranging areas: regional transmission planning, regional cost allocation, GI funding, GI queueing processes, and consumer protection.

¹ *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, 176 FERC ¶ 61,024 (2021).

SPP appreciates the Commission providing an opportunity to comment on the possible reforms proposed in the ANOPR that could have significant impacts on SPP's regional transmission planning, GI and cost allocation processes. SPP's comments primarily focus on SPP's current practices that have helped to facilitate its regional transmission planning, GI and cost allocation processes. SPP's comments also discuss efforts underway to develop new processes within SPP that touch on many of the ideas raised in the ANOPR.

I. COMMENTS

A. SPP's Regional Planning Processes

The Commission requests comments on whether existing regional planning processes appropriately consider the transmission needs of anticipated future generation to drive study assumptions, or instead rely on less comprehensive information, such as existing interconnection requests with completed facilities studies. Additionally, the Commission requests comments on whether the current regional transmission planning processes' consideration of transmission needs driven by reliability, economic considerations, and public policy requirements are inappropriately siloed from one another, and, if so, whether a new regional transmission planning process should identify transmission facilities that support future scenarios, including anticipated future generation, and improved pricing and cost allocation for interconnection-related network upgrades.

SPP provides below an overview of its regional planning process, which considers future transmission needs driven by reliability, economic considerations, and public policy requirements and takes into account anticipated future generation and local planning

processes. Also below, SPP describes other initiatives underway in SPP to improve these processes.

i. SPP's Integrated Transmission Planning ("ITP") Assessment

Although any new and proposed transmission facilities in SPP can come from transmission service requests, GI requests, and generator retirement requests, SPP's regional planning process continuously evaluates the need for system upgrades, at all applicable voltage levels, based on a ten-year planning horizon through the ITP.

SPP incorporates several of the Commission's proposed areas of reform from the ANOPR in its current ITP process. For example, the SPP ITP develops a number of future scenarios that are designed to evaluate a range of potential outcomes under a variety of projected load, generation mix, and grid usage conditions. From the Introduction in the ITP Manual²:

The ITP assessment is a regional planning process built to leverage knowledge of the transmission system's reliability, public policy, operational, and economic needs, as well as compliance, generator interconnection, and transmission service request impacts to develop a cost-effective transmission portfolio over a 10-year planning horizon. A common set of foundational modeling assumptions will be utilized as the starting point for all planning studies. System needs resulting from generator interconnection and transmission service requests will be identified within the currently established timelines for those processes. However, the evaluation of transmission service needs and associated projects will be coordinated with those identified in the ITP assessment to facilitate continuity in the overall transmission expansion plan. This targeted approach is both forward-looking and proactive, designed to facilitate a cost-effective and responsive transmission network that adheres to the ITP principles (listed in History of the ITP

² Southwest Power Pool, Inc., Integrated Transmission Planning Manual (posted on the Transmission Planning webpage at: <https://www.spp.org/engineering/transmission-planning/>).

Assessment), while following the Federal Energy Regulatory Commission (FERC) “Nine Transmission Principles.”

The ITP process promotes transmission investment to meet near and long-term reliability, economic, public policy, and operational transmission needs. The ITP process coordinates proposed solutions emanating from ongoing compliance, local planning, interregional planning, and tariff services processes. The goal is to develop a 10-year regional transmission plan that provides reliable and economic energy delivery and achieves public policy objectives, while maximizing benefits to the end-use customers. The ITP process is open and transparent, allowing for stakeholder input throughout the assessment. Study results are coordinated with other non-member entities, including those embedded within the SPP footprint and neighboring entities.

A transmission upgrade or project developed through the ITP process is characterized as a reliability upgrade or an economic upgrade based on its primary driver. It should be noted, however, that reliability upgrades can also provide economic benefits and economic upgrades can provide reliability benefits.

Reliability projects allow the region to meet North American Electric Reliability Corporation (“NERC”) compliance requirements and keep the lights on through loading relief, voltage support, and system protection.

Economic projects are needed to address system congestions and provide benefits such as adjusted production cost savings to the region.³ Many of the economic projects

³ Economic projects can also provide other savings such as: savings due to lower ancillary service needs and production costs; avoided or delayed reliability projects; marginal energy losses; capacity cost savings due to reduced on-peak transmission losses; reduction of emissions rates and values; public policy benefits; assumed benefit of mandated reliability projects; mitigation of transmission outage costs; and increased wheeling through and out revenues.

enable delivery of low-cost renewable resources to the region and reduce price separation in the SPP Integrated Marketplace caused by congestion.

Figure 1 below shows the transmission infrastructure built in SPP from 2005 until 2020. A large portion of the new 345 kV system was built to allow access to renewable resources in the remote portions of SPP’s western footprint.

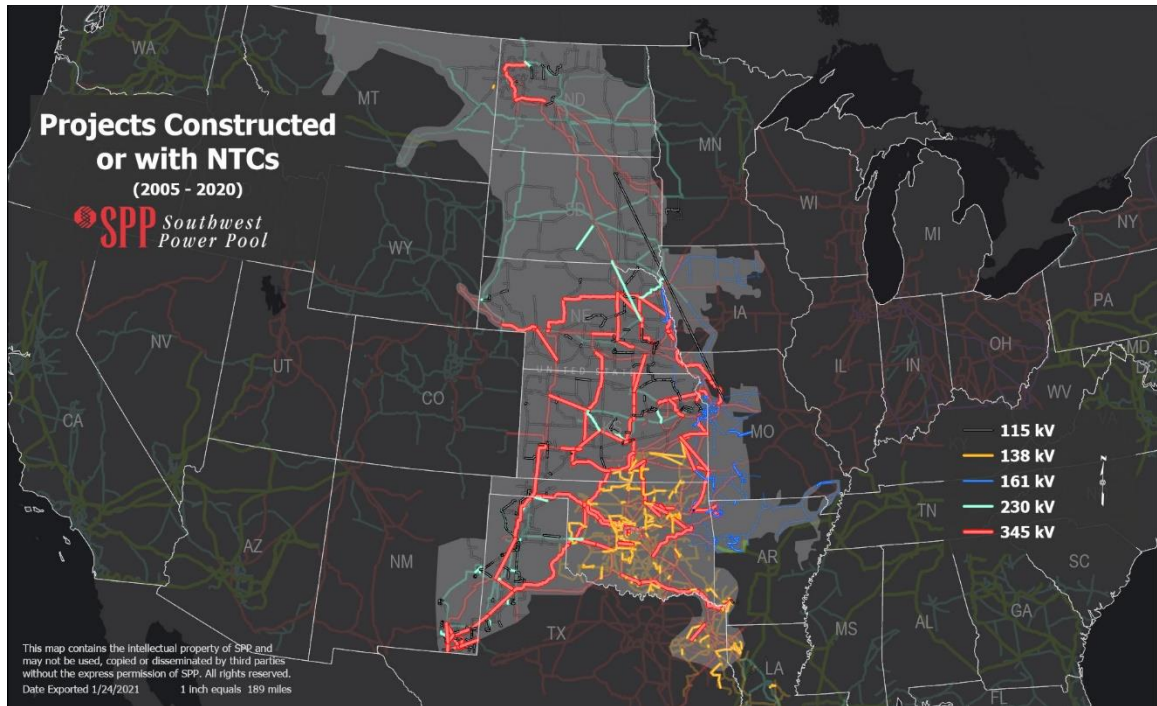


Figure 1: Transmission expansion in SPP.

In the latest approved ITP (“2020 ITP”), the economic projects approved will reduce locational marginal price (“LMP”) separation between generator and load across the region and create reliable transfer capability that will allow the region to realize benefits from low-cost generation. However, installed capacity continues to outpace projections, despite SPP’s best efforts.

ii. ITP Future Scenarios

SPP supports the development of a range of likely future scenarios to inform the regional planning process. In this way, the planning process can take into consideration the most likely system conditions under which the future transmission system will be required to perform.

In determining the levels of anticipated future generation to include in future scenarios in the ITP assessment, SPP has historically collaborated with stakeholders through its Economic Studies Working Group to determine a consensus on the appropriate levels and types of generation to include, taking into consideration the current GI queue, historical trends and state integrated resource plans.

SPP's regional transmission planning process has the unique challenge of developing realistic future models, while preventing uncommitted generation from exclusively driving transmission upgrades. SPP's planning process has been designed to account for this challenge through a number of mechanisms such as the following:

- Siting - Generators are added following the siting plan ranking criteria. All future generators are considered uncontracted by load even though some are expected to be purchased by load under power purchase agreements.
- Generator Outlet Facilities - Any generators that have been assigned upgrades through the GI process are added, along with the assigned updates, to the models used in the SPP ITP process. Projected generators included in the ITP models that have not had assigned upgrades from the GI studies are assessed to identify potential interconnection upgrades necessary to allow the resources to be dispatched to the SPP region.

- Constraint Assessment & Needs Assessment – uncommitted generators’ contribution to flowgate congestion is considered for determining flowgate inclusion and also for inclusion on the list of needs for solution development.
- Adjusted Production Cost (“APC”) Benefit Metric - APC benefit is the primary metric by which economic projects are selected in the SPP planning process. APC is representative of generation production cost for a transmission zone adjusted for purchases and sales to other zones. Purchases and sales are subject to load-weighted and generation-weighted LMPs, respectively. APC associated with merchant generation is excluded from the benefit metric calculation. LMPs are impacted indirectly by merchant generation, but are not considered in the generation-weighted LMP calculations.
- Resource Expansion Plan - After forecasted load and existing and planned generation have been defined by stakeholders through an annual request for information from SPP, analysis is conducted by SPP to determine new generator additions required in years five and ten for each future in the economic and SPP Balancing Authority power flow model. Generator additions are included to develop realistic future-year models by accounting for reserve margin requirements, historical trends, and economics, among other factors.

SPP identifies economic needs through the development of a Market Economic Model that simulates SPP market operations over a full-year period, using projected Security Constrained Unit Commitment (“SCUC”)⁴ and Security Constrained Economic Dispatch (“SCED”)⁵ serving expected coincident load.

⁴ An algorithm capable of committing resources to supply Energy and/or Operating Reserve on a co-optimized basis that minimizes capacity costs and enforces multiple security constraints.

⁵ An algorithm capable of clearing, dispatching, and pricing Energy and Operating Reserve on a co-optimized basis that minimizes overall cost and enforces multiple security constraints.

Potential reliability needs are identified through the development of a Market Powerflow Model that reflects a snapshot of projected peak and off-peak conditions, which use projected SCUC and SCED as corresponding coincident load.

iii. State Regulatory Bodies' Input into ITP

The Cost Allocation Working Group (“CAWG”) supports the SPP Regional State Committee (“RSC”) and is made up of staff members from each of the various state utility regulatory commissions represented on the RSC. The CAWG reviews and provides input on the renewable policy review inputs to the ITP, which impacts the initial proxy renewable resource allocation and assignment. SPP incorporates renewable policy standard (“RPS”) mandates or goals for each state based on the load forecasts submitted in the study models and the individual state requirements listed in Table 1. SPP determines if any additional renewable resources (driven by future-specific study assumptions) are required by a state to meet its RPS.

Table 1 Current State Renewable Policy Standard Mandates and Goals

State	RPS Type	Generation Type	Capacity- or Energy-Based	Year 5 %	Year 10 %
Kansas	Goal	Both*	Capacity	20	20
Minnesota	Mandate	Both	Energy	25	25
Missouri	Mandate	Both	Energy	15	15
Montana	Mandate	Both	Energy	15	15
North Dakota	Goal	Both	Energy	10	10
New Mexico	Mandate	Both	Energy	40	50
South Dakota	Goal	Both	Energy	10	10
Texas	Mandate	Both	Capacity	5	5

*Both Wind and Solar

iv. Strategic and Creative Re-engineering of Integrated Planning Team

Because of growing concerns and division among SPP’s stakeholders about the amount, nature, and funding of continued transmission investment amid rapid industry changes, SPP realized there was a need to more strategically consider broader changes to SPP’s transmission planning process. The SPP Board of Directors (“SPP Board”) created the Strategic and Creative Re-engineering of Integrated Planning Team (“SCRIPT”) to develop a set of high-level recommendations to provide solutions for the SPP region.⁶ The SPP Board tasked SCRIPT to develop policy recommendations that result in appropriate consolidation of SPP’s transmission planning and queue-driven study processes, improved responsiveness and outcome certainty of studies, reduced dependence on queue-driven studies, improved decision quality, optimization of the existing and planned transmission network, increased transmission capacity for interregional energy transfers, and improved cost sharing.⁷

SPP currently performs several of its studies, including regional planning, transmission service, load addition, and GI, in parallel. These separate studies utilize Commission-approved, but different, cost allocation methods. Some SPP study processes, such as the GI and transmission service processes, seek to find least-cost solutions, while others, such as the ITP, seek solutions providing the highest net benefits. Occasionally, parallel studies identify similar solutions needed to accomplish the unique goals of each

⁶ SPP Board of Directors/Members Committee Meeting Minutes No. 192, dated September 22, 2020, at Agenda Item 3 posted at: <https://spp.org/documents/63057/bod%20mc%20minutes%20and%20attachments%2020200922.pdf>.

⁷ The SCRIPT scope statement is posted at: <https://www.spp.org/spp-documents-filings/?id=242481>.

respective study. SPP's policy has been to determine funding responsibilities for required upgrades based on the study process that is completed first. Additionally, NERC compliance studies beyond the scope of SPP's regional planning study may be required to be performed in parallel with the SPP planning studies mentioned above.

The SCRIPT identified the following critical issues with the current transmission planning processes that needed to be addressed through a consolidated study and cost sharing process:

- SPP's multiple, disparately-performed studies yield sub-optimal transmission plans
- Current deficiencies in collective quantification of cost-causers and beneficiaries across planning processes create "free-rider" situations
- Processes used to identify upgrades needed to provide generator interconnection and transmission service only rely on reliability analysis that does not consider congestion costs and other economic impacts

The SCRIPT has developed recommendations that seek to consolidate planning processes to more efficiently identify transmission expansion solutions that optimally meet the needs of a broader group of customers and more equitably share costs of upgrades among cost-causers and beneficiaries. Specifically, the SCRIPT has recommended the consolidation of the ITP, GI, and transmission service processes. The SCRIPT expects this recommendation to: (1) reduce dependency on individual queue-driven processes; (2) improve planning efficiencies, effectiveness and timeliness; (3) increase optimization of transmission analysis and transmission upgrade portfolio development; (4) increase cost certainty for service customers and provide potential cost-sharing with load-serving

customers; (5) reduce the need for SPP to manage multiple parallel service queues and assessments that yield sub-optimal results; and (6) reduce opportunities for and perceptions of “free-rider” situations.

The recommendations from the SCRIPT are expected to be presented to the SPP Board on October 26, 2021 for approval.

v. Analysis of Severe Events

Earlier this year, SPP and its stakeholders performed a comprehensive review in response to the February 2021 winter storm to ensure future reliable delivery of electricity during severe events. The review analyzed operational, financial, communications and other aspects of the events of February 14-20, 2021, and identified how the organization can learn, adapt and be better prepared for future extreme threats to reliability. As part of this comprehensive review, SPP and its stakeholders proposed a number of recommendations⁸. Resource adequacy recommendations included: 1) performing initial and ongoing assessments of minimum reliability attributes needed from SPP's resource mix; and 2) improve or develop policies, which may include required performance of seasonal resource adequacy assessments, development of accreditation criteria, incorporation of minimum reliability attribute requirements, and utilization of market-based incentives that ensure sufficient resources will be available during normal and extreme conditions. Transmission planning recommendations included developing: 1)

⁸ “A Comprehensive Review of SPP’s Response to the February 2021 Winter Storm,” <https://www.spp.org/documents/65037/comprehensive%20review%20of%20spp's%20response%20to%20the%20feb.%202021%20winter%20storm%202021%2007%2019.pdf>

policies that facilitate transmission expansion needed to improve SPP's ability to more effectively utilize the transmission system during severe events; and 2) policies that improve input data, assumptions or analysis techniques needed to better account for severe events.

vi. Grid-Enhancing Technologies

SPP supports the inclusion of certain grid-enhancing technologies where their operation and impact in real-time can be appropriately translated into the type of model and analysis process typically utilized in planning. For example, SPP has considered and implemented phase-shifting transformers and dynamic reactive power compensation as solutions in planning studies. Certain technologies, like dynamic line ratings or topological control, have historically not lent themselves readily to utilization in the planning process. SPP supports efforts to continue to evaluate and implement innovative approaches where their use makes sense.

vii. Coordination for Joint Interregional Planning

SPP believes that an interregional planning process based on coordination between regional planning processes is the most efficient approach to identifying potential interregional funded transmission expansion projects. The Midcontinent Independent System Operator, Inc. ("MISO") and SPP previously attempted a dedicated joint planning process that was separate from each Regional Transmission Organization's ("RTO") regional planning processes. Based on this experience, SPP would offer the following observations on a separate joint interregional planning process:

- As previously constructed, a separate joint interregional planning process created a significant additional workload on staff and stakeholders of both organizations

without any demonstrable increase in the chance of a favorable outcome when compared with the current interregional planning process based on coordination between regional planning processes.

- Potential interregional transmission expansion projects identified through coordination between regional planning processes helps to ensure greater synergy with regional transmission expansion portfolios when compared with potential projects identified through a separate joint interregional planning process.
- Projects identified using a separate joint interregional planning process are generally not as readily accepted by stakeholders as projects identified and validated separately in coordinated regional planning processes. This is primarily a function of the regional differences and regional stakeholder preferences that have been incorporated into each transmission provider’s regional planning process.
- While SPP and MISO previously modified their interregional planning processes to rely on better coordination of their regional planning processes, the two RTOs are currently collaborating on a separate Joint Targeted Interconnection Queue (“JTIQ”) study.⁹ The concept of the JTIQ was conceived in mid-2020 as a means to identify projects required for the interconnection of low cost resources which also provide economic benefit to both the SPP and MISO regions. The JTIQ study goals include: Identify more comprehensive, cost effective and efficient upgrades than would otherwise be identified in the current interconnection queue process where upgrades are identified in the time sequence by one or the other RTO.
- Identify solutions that meet the needs of interconnection customers and provide benefits to load in both SPP and MISO near the seam.
- Identify opportunities to improve coordination between processes and affected parties both in this instance and on an ongoing basis.

SPP and MISO have been conducting joint public stakeholder meetings throughout the JTIQ study timeline to inform stakeholders on the status of the study and to solicit input

⁹ The JTIQ study scope of work is posted at:
<https://www.spp.org/documents/64101/spp-miso%20jtiq%20detailed%20scope%2002192021%20final.pdf>.

on the study's findings and proposed cost allocation approaches. The JTIQ study is expected to be completed by the end of 2021.

SPP believes the Commission could consider adopting a minimum set of criteria, benefit metrics, or other assumptions that should be standardized amongst transmission providers. SPP notes that the value placed on transmission diverges greatly between transmission providers based on geographic region, whether the transmission provider is in an Independent Transmission Organization (“ISO”)/RTO, and whether its states/utilities have adopted policies that support renewables or specific fuel types of generation. Additionally, the methodology of calculating certain benefit metrics is different between transmission providers along with other assumptions that can have a material impact on the ability to determine, on an apples-to-apples basis, whether a particular transmission project is truly beneficial to multiple transmission providers.

SPP does not believe it is appropriate for one region's regional planning process to identify benefits and allocate costs to a neighboring region based solely on one region's planning process. However, SPP does believe it would be beneficial to require that each regional planning process include an approach/methodology for evaluating transmission projects on its own system that another regional planning process has determined to be beneficial to itself. SPP has identified situations where the most efficient, cost effective transmission solution is not on SPP's system at all. In fact, we have pursued and approved projects wholly on neighboring transmission provider's systems.¹⁰ To date, these instances

¹⁰ *Sw. Power Pool, Inc.*, Letter Order, Docket Nos. ER18-2243-000 and ER18-2245-000 (Oct. 10, 2018).

have been handled on a case-by-case basis, and having a standardized approach to considering these types of projects could be beneficial.

B. Cost Allocation of SPP Transmission Expansion

The Commission requests comment on whether or how any reforms or revisions to existing rules that facilitate the development of regional transmission facilities needed to meet the transmission needs of the changing resource mix, could unjustly and unreasonably shift additional costs to customers of load serving entities. The Commission also requests comments on whether or not it is appropriate for the costs of state or local public policy-driven transmission facilities to be shifted through regional cost allocation to consumers in nonparticipating states. In general, the Commission states that it wants to ensure that costs are appropriately identified and that those are allocated in a manner that satisfies the Commission's cost-causation principle - i.e., that costs are allocated to beneficiaries in a manner that is at least roughly commensurate with estimated benefits.

SPP is unique among other ISOs/RTOs in that the state regulators from each state in the SPP footprint, who participate on SPP's RSC, have express responsibilities under the SPP Bylaws.¹¹ One of those responsibilities is the determination of cost allocation methodologies for the SPP footprint.

¹¹ Southwest Power Pool, Inc., Bylaws, First Revised Volume No. 4 at Section 7.2. The RSC has primary responsibility for determining regional proposals and the transition process in the following areas: (1) whether and to what extent participant funding will be used for transmission enhancements; (2) whether license plate or postage-stamp rates will be used for the regional access charge; (3) determination of financial transmission rights ("FTRs") allocations where a locational price methodology is used; and (4) determination of the transition mechanism to be used to assure that existing firm customers receive FTRs equivalent to the customers' existing firm rights; and (5) determination of the approach for resource adequacy across the entire region.

The costs of developing transmission infrastructure is of interest to all of SPP's members and stakeholders, especially those regulatory commissions throughout SPP's footprint who oversee how these costs affect retail and end-use customers' rates. The RSC provides collective state regulatory agency input and participation in the SPP committees, working groups and task forces.

Since the Commission recognized SPP as an RTO in 2004, the RSC has on numerous occasions helped to develop various methodologies for allocation of new transmission costs to entities in SPP. The following are some of the Commission approved cost allocation methodologies approved by the RSC: the original Base Plan funding methodology;¹² the Balanced Portfolio methodology;¹³ and the revised Base Plan funding methodology (aka, the "Highway/Byway" methodology).¹⁴

The original Base Plan funding methodology applies to Network Upgrades for which SPP issued a Notification to Construct ("NTC") from 2005 to June 19, 2010. The costs for Network Upgrades under this methodology are allocated 33% on a region-wide basis and 67% to specific Zones based on a MW-mile benefit estimate.

The Balanced Portfolio methodology was established in 2008 and can be utilized to allocate costs for a specifically defined portfolio of projects. The Balanced Portfolio methodology allocates project costs on a 100% region-wide basis, but also includes a

¹² *Sw. Power Pool, Inc.*, 111 FERC ¶ 61,118, order on reh'g, 112 FERC ¶ 61,319 (2005).

¹³ *Sw. Power Pool, Inc.*, 125 FERC ¶ 61,054 (2008), order on reh'g, 127 FERC ¶ 61,271 (2009).

¹⁴ *Sw. Power Pool, Inc.*, 131 FERC ¶ 61,252 (2010).

balancing mechanism that transfers costs away from Zones with lower benefits to Zones with greater benefits.

The “Highway/Byway” methodology applies to Network Upgrades for which SPP issued an NTC after June 19, 2010. The costs for Network Upgrades under this methodology are allocated based on project voltage level. Projects less than or equal to 100 kV are allocated 100% to the Zone in which they are constructed. Projects between 100 kV and 300 kV are allocated 67% to the Zone in which they are constructed and 33% on a region-wide basis. Projects greater than or equal to 300 kV are allocated 100% on a region-wide basis. In addition, there are variations of the methodology that directly assign portions of upgrade costs to a Transmission Customer that designates a wind resource that is located in a different Zone than its load.

SPP also conducts a regional cost allocation review study (“RCAR”) that assesses the cost allocation impact of the “Highway/Byway” allocated transmission solutions resulting from all of SPP’s transmission planning processes. SPP coordinates with stakeholders to study and identify any potential imbalanced zonal cost allocations within the SPP footprint. The results of the evaluation are reviewed with SPP stakeholders and posted publicly on SPP’s website. SPP then solicits potential remedies from stakeholders, if necessary, that would increase the benefit-to-cost ratio in one or more zones that are deemed deficient.

Additional, new, or revised cost allocation methodologies will likely be necessary to facilitate the consolidated planning process recommendations by the SCRIPT. The RSC through its cost allocation authority under the SPP Bylaws will need to approve any such additional, new, or revised cost allocation methodologies.

C. SPP's Generator Interconnection Process

The Commission requests comments on whether and which reforms are necessary to the GI process to ensure a more purposeful integration with the regional transmission planning and cost allocation processes, a more efficient queueing process, and a more efficient and cost-effective allocation of interconnection costs.

i. Overview of SPP's Generator Interconnections

SPP has seen a tremendous amount of growth in wind development over the last decade or more. The total nameplate capacity of operational wind generating facilities within SPP has grown from less than 5 GW in 2010 to more than 27 GW as of January 2021.¹⁵ In 2020, for the first time, wind produced more energy than any other fuel source, accounting for 31.3% of SPP's annual energy needs - surpassing coal (30.9%) and natural gas (26.6%).¹⁶ SPP continues to have the potential for more wind development with over 33 GW in the GI queue as of July 2021.¹⁷ SPP has also seen a growing interest in development of other generating technologies. SPP now has over 44 GW of solar and over 13 GW of battery storage being studied in its GI queue as of July 2021 with hybrid renewable/storage requests at 3 GW and growing.¹⁸ Although SPP is certainly not unique among transmission providers in experiencing an explosive demand for interconnection

¹⁵ See slide 36 of "SPP 101: An Introduction to SPP" (<https://www.spp.org/documents/31587/spp101%20-%20an%20introduction%20to%20spp%20-%20all%20slides%20print.pdf>) (last visited October 12, 2021).

¹⁶ *Id.* at Slide 34.

¹⁷ *Id.* at Slide 38.

¹⁸ *Id.*

service, it does have a unique mix of high renewable potential paired with a comparatively modest peak load of 51 GW¹⁹ that heightens the challenges of planning for and funding transmission expansion in the region. In spite of the challenges and the backlog, SPP has successfully connected more than 22 GW of renewable resources over the last ten years, more than 40% of its peak demand.

The amount of new and expected renewable generation on the SPP system creates financial pressures on older conventional generators, likely resulting in an increasing number of retirements in the future. It remains to be seen if and when this additional new renewable development also begins to displace existing, older renewable resources in the region. Without the addition of transmission capacity needed to export surplus generation, SPP is facing a likely future where it will increasingly have more energy than it needs to supply its own Balancing Authority Area needs.

ii. Changes to SPP's Generator Interconnection Process

The current unprecedented amount of generation capacity requested in the GI queue and the iterative process necessitated by customer withdrawals in the cluster-based study process has significantly delayed queue processing. The time-consuming and iterative nature of the current process hinders timely development of viable projects and results in uncertainty about the long-term viability of those projects. To address the issue of late-stage withdrawals by interconnection customers, SPP proposed, and the Commission

¹⁹ SPP's highest coincident peak load of 51,037 MW was set July 28, 2021 (<https://www.spp.org/about-us/fast-facts/>) (last visited on October 12, 2021).

approved, the adoption of a three-phase GI study process,²⁰ which is designed to facilitate consistent, timely processing of new generator interconnection requests.

SPP has begun using the three-phase process, however, SPP does not believe that the three-phase process alone is sufficient to clear the existing backlog of GI requests without additional reforms. On July 26, 2021, the SPP Board approved a set of additional reforms that are designed to mitigate the backlog in SPP's GI queue.²¹ The revisions to the SPP Open Access Transmission Tariff²² to facilitate the implementation of the recommendations in the GI Backlog Mitigation Plan are being reviewed through the SPP stakeholder process.²³ These reforms include requiring increased financial security milestones and evidence of a project's readiness to move forward in order to remain in the study process. Some clusters will also be combined and some study results will be available sooner than under the normal GI process. Although these reforms are intended to address the immediate problem of a backlogged queue, some may be included in the longer-term solutions included in the SCRIPT recommendations in order to avoid future backlogs.

As discussed above, the SCRIPT has recommended the consolidation of SPP's planning processes, which will directly affect the SPP GI process. Specifically, the SCRIPT

²⁰ *Sw. Power Pool, Inc.*, 167 FERC ¶ 61,275 (2019).

²¹ Special Board of Directors/Members Committee Meeting Minutes No. 196, dated July 26, 2021, at Agenda Item 3 posted at: <https://www.spp.org/documents/65099/special%20bod%20mc%20minutes%2020210726%20v2.pdf>.

²² Southwest Power Pool, Inc., Open Access Transmission Tariff, Sixth Revised Volume No. 1 ("Tariff").

²³ See Markets and Operations Policy Committee Meeting Materials, dated October 11-12-2021, at Agenda Item 2(1) posted at: <https://www.spp.org/spp-documents-filings/?id=250232>.

is recommending the consolidation of the ITP, GI, and transmission service processes. This recommendation to consolidate planning processes will allow a more efficient queueing process; lower the dependency on individual queue-driven processes; improve planning efficiencies, effectiveness and timeliness; and increase optimization of transmission analysis and cost allocation.

Lastly, SPP is currently in the exploratory policy stage of evaluating benefits and challenges to a unified queued approach for generator interconnection, regional planning studies, and efficient cost allocation. The benefits expected from consolidation include:

- Process efficiency resulting from use of common assessment scopes, models, and assumptions for all regional planning processes
- Reduced dependency on queued processes while improving planning efficiencies, effectiveness, and timeliness
- Optimized transmission analysis and portfolios
- More comprehensive solutions for service customers with potential cost-sharing with load customers

Challenges of consolidation include:

- Balancing certainty provided by service customers and received by RTO/ISO with appropriate readiness criteria to perform an equitable assessment on time and with limited restudies.
- Some organizations utilize existing regional transmission planning processes to meet or supplement annual Transmission System Planning Performance Requirements (“TPL”), in particular (TPL-001). With the inclusion of GI processes, the duration of the transmission planning study could increase beyond the yearly calendar year to ensure certainty to service and load-serving customers. The extended period could have an adverse impact until the NERC TPL annual reliability assessment duration is lengthened.

D. Oversight of Transmission Facility Costs

The Commission seeks comments regarding oversight of transmission facility costs. The SPP Tariff currently requires SPP to track the costs and schedules related to all projects approved for construction under the SPP Tariff.²⁴ Upon acceptance of an NTC for a project by a Designated Transmission Owner (“DTO”), the baseline costs of the project will be set.²⁵ The DTO is required to submit updates on the estimated costs and schedules to SPP on at least a quarterly basis.²⁶ If at any time the cost projection varies from the estimated baseline cost by more than the bandwidth defined by SPP in its business practices,²⁷ SPP shall investigate the reason for the change in cost and report to the SPP Board. To facilitate this process, SPP established the Project Cost Working Group (“PCWG”).²⁸ To ensure cost estimate variances are addressed in a timely manner, the PCWG evaluates projects exceeding allowable variance levels and provides a recommendation to the Markets and Operations Policy Committee and SPP Board. The

²⁴ See Tariff at Attachment Y, Section VI.

²⁵ The baseline cost shall be the estimated cost of the project as agreed to between the DTO and SPP at the time the NTC was accepted.

²⁶ See Tariff at Attachment Y, Section VI. SPP makes this information available in the SPP Quarterly Project Tracking report posted at: <https://www.spp.org/spp-documents-filings/?id=18641>.

²⁷ The current bandwidth is +/- 20 percent. See Southwest Power Pool, Inc. Open Access Transmission Tariff Business Practices at SPP Business Practice 7060, Section 11. The Business Practices are posted at: <https://www.spp.org/spp-documents-filings/?id=18162>.

²⁸ The PCWG provides stakeholder input, oversight and accountability that allows for a transparent review of transmission project cost variances. The PCWG evaluates projects that exceed allowable variance levels and provides quarterly reports to stakeholders.

PCWG recommendations may include: 1) accepting the cost estimate deviation; 2) recommending changes to the project to reduce costs; and 3) suspending the project while SPP restudies the project to determine appropriate changes to the project including the possible withdrawal replacement of the project.²⁹ The SPP Board shall make the final determination on the action to be taken to address cost estimate variances, which includes cancellation of the project and withdrawal of the NTC.³⁰

II. CONCLUSION

SPP respectfully requests that the Commission consider these comments in developing a Notice of Proposed Rulemaking.

Respectfully submitted,

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²⁹ SPP Business Practice 7060, Section 11.

³⁰ Tariff at Attachment Y, Section VI.