

**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”) Notice of Proposed Rulemaking (“NOPR”) issued on April 21, 2022.<sup>1</sup>

In the NOPR, the Commission proposed to reform both the *pro forma* Open Access Transmission Tariff and the *pro forma* Large Generator Interconnection Agreement to remedy deficiencies in the Commission’s existing regional transmission planning and cost allocation requirements. Specifically, the Commission’s proposal would require public utility transmission providers to (1) conduct long-term regional transmission planning on a sufficiently forward-looking basis to meet transmission needs driven by changes in the resource mix and demand; (2) more fully consider dynamic line ratings and advanced power flow control devices in regional transmission planning processes; (3) seek the agreement of relevant state entities within the transmission planning region regarding the cost allocation method or methods that will apply to transmission facilities selected in the regional transmission plan for purposes of cost allocation through long-term regional transmission planning; (4) adopt enhanced transparency requirements for local

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<sup>1</sup> *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, 179 FERC ¶ 61,028 (2022).

transmission planning processes and improve coordination between regional and local transmission planning with the aim of identifying potential opportunities to “right-size” replacement transmission facilities; and (5) revise their existing interregional transmission coordination procedures to reflect the long-term regional transmission planning reforms proposed in this NOPR. Additionally, the Commission proposed in the NOPR to not permit public utility transmission providers to take advantage of the construction-work-in-progress incentive for regional transmission facilities selected for purposes of cost allocation through long-term regional transmission planning and would permit the exercise of federal rights of first refusal for transmission facilities selected in a regional transmission plan for purposes of cost allocation, conditioned on the incumbent transmission provider with the federal right of first refusal for such regional transmission facilities establishing joint ownership of the transmission facilities. The Commission requested comments on these specific proposals.

SPP appreciates the Commission providing an opportunity to comment on the possible reforms proposed in the NOPR that could have significant impacts on SPP’s regional transmission planning, and cost allocation processes.

## **I. COMMENTS**

### **A. Long Term Planning**

The Commission asked for comment on the proposed requirement for public utility transmission providers to participate in a regional transmission planning process that includes Long- Term Regional Transmission Planning.<sup>2</sup>

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<sup>2</sup> NOPR at P 77.

SPP believes that SPP’s current Open Access Transmission Tariff (“SPP Tariff”) outlines planning processes (i.e. the 20-Year Assessment and the Integrated Transmission Planning Assessment (“ITP”)) that together meet the intent of the Commission’s proposed reforms for “public utility transmission providers to conduct long-term regional transmission planning on a sufficiently forward-looking basis to meet transmission needs driven by changes in the resource mix and demand.”<sup>3</sup> SPP, through the SPP Strategic and Creative Re-engineering of Integrated Planning Team (“SCRIPT”), developed a policy recommendation to implement a Consolidated Planning Process that will combine the SPP ITP with service processes such that regional planning assessment will include Generator Interconnection requests, among other service and study processes. This new regional planning process would co-optimize transmission expansion across multiple planning processes and more appropriately identify cost causers and beneficiaries, attaining more equitable cost allocation across those processes. This process includes development of scenarios for an assessment that will span two years and produce an annual transmission expansion plan.

SPP believes its current study processes and initiatives are sufficient to meet the Commission’s desired outcomes and the Commission should allow for flexibility in development of the Long-Term Regional Transmission Planning requirements. If the Commission specifies requirements that are expansive in scope and prescriptive in detail, this could become duplicative with SPP’s current processes and initiatives and place unnecessary burden on the future state of SPP planning.

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<sup>3</sup> NOPR at P 3.

**1. Development of Long-Term Scenarios For Use In Long-Term Regional Transmission Planning**

The Commission requests comment on “whether public utility transmission providers should be required to incorporate some form of scenario analysis into their existing reliability and economic regional transmission planning processes to identify more efficient or cost-effective transmission facilities than are identified through those processes today.”<sup>4</sup> SPP’s regional ITP and 20-Year assessments incorporate the use of scenario analysis that we believe meets the general intent of the Commission’s proposed requirement.

**a. Long-Term Scenarios Requirement.**

The Commission proposed “to require that public utility transmission providers: (1) use a transmission planning horizon no less than 20 years into the future in developing Long-Term Scenarios and reassess and revise those scenarios at least once every three years; (2) incorporate a set of Commission-identified categories of factors that may affect transmission needs driven by changes in the resource mix and demand into their Long-Term Scenarios; (3) develop a plausible and diverse set of at least four Long-Term Scenarios; (4) use “best available data”...in developing their Long-Term Scenarios; and (5) consider whether to identify geographic zones with the potential for development of large amounts of new generation.”<sup>5</sup>

**i. Transmission Planning Horizon and Frequency**

The Commission “seek[s] comment on whether using a 20-year transmission planning horizon for Long-Term Scenarios is appropriate to allow public utility

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<sup>4</sup> NOPR at P 90.

<sup>5</sup> NOPR at P 91.

transmission providers to identify transmission needs driven by changes in the resource mix and demand and to evaluate regional transmission facilities to more efficiently or cost-effectively meet such transmission needs.”<sup>6</sup> The Commission also “seek[s] comment on whether a frequency of no less than three years for reassessing and revising, as necessary, the data inputs and factors incorporated in previously developed Long-Term Scenarios appropriately balances the benefits and burdens of such updates.”<sup>7</sup> In addition, the Commission “seek[s] comment on whether a three-year frequency requirement for reassessing and revising, as necessary, the data inputs and factors incorporated in previously developed Long-Term Scenarios allows for public utility transmission providers to update their assumptions in time to assess transmission needs driven by changes in the resource mix and demand, and whether this requirement helps to balance the risks of under-building or over-building regional transmission facilities.”<sup>8</sup> Lastly, the Commission “seek[s] comment on the proposal to require that the development of Long-Term Scenarios be completed within three years, and whether this proposed requirement prevents the overlap of the three-year assessments.”<sup>9</sup>

A 20-year horizon for Long-Term Scenarios is sufficient to allow public utility transmission providers to identify transmission needs, and evaluate regional transmission facilities to meet such needs, driven by changes in the resource mix and demand. SPP performs a 20-Year Assessment that incorporates Long-Term Scenarios at least once every five years, or as directed by the SPP Board of Directors, to identify a “roadmap” of

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<sup>6</sup> NOPR at P 100.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

transmission facility needs that can be utilized to inform existing nearer-term planning processes.

A specific temporal requirement included in a public utility transmission provider's Open Access Transmission Tariff ("OATT") for reassessing and revising data inputs and factors incorporated into a Long-Term Regional Transmission Planning assessment needs to be balanced with existing regional planning processes. SPP's ITP incorporates scenario analysis on an annual basis, assessing data inputs and factors incorporated into the assessment each year. This annual assessment of a 10-year horizon, which incorporates scenario analysis, should afford SPP the flexibility to determine the frequency of a Long-Term Regional Transmission Planning assessment that best suits the needs of stakeholders in the SPP region; this would allow the regional planning assessments to be more agile in meeting the proposed goals.

## **ii. Factors**

The Commission proposed "to require that each Long-Term Scenario that public utility transmission providers use in Long-Term Regional Transmission Planning incorporate and be consistent with federal, state, and local laws and regulations that affect the future resource mix and demand; federal, state, and local laws and regulations on decarbonization and electrification; and state-approved integrated resource plans and expected supply obligations for load serving entities."<sup>10</sup> The Commission also "propose[d] to require that each Long-Term Scenario that public utility transmission providers use in Long-Term Regional Transmission Planning include trends in technology and fuel costs within and outside of the electricity supply industry, including shifts toward electrification

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<sup>10</sup> NOPR at P 106.

of buildings and transportation; resource retirements; and generator interconnection requests and withdrawals.”<sup>11</sup> Lastly, the Commission “propose[d] to require that each Long-Term Scenario incorporate utility and corporate goals and federal, state, and local goals that affect the future resource mix.”<sup>12</sup> The Commission requested “comment on whether and how the categories of factors listed above adequately capture factors expected to drive changes in the resource mix and demand.”<sup>13</sup>

SPP believes most of the categories of factors listed by the Commission are appropriate to consider when capturing factors expected to identify transmission needs driven by changes in the resource mix and demand. Future trends of electrification, decarbonization, utility state-approved Integrated Resource Plans, including projected resource retirements, company and regulatory drivers, advancement of technology, and fuel costs may all impact the resource requirements and system operation that then drive the transmission needs of a system.

Requiring the listed factors to be incorporated, rather than considered, in development of scenarios for the Long-Term Regional Transmission Planning assessment could result in overburdening the process. For example, ensuring that all laws and goals that affect future resources and demand of stakeholders within the SPP footprint are collected, assessed, reconciled, and incorporated through modeling assumptions, would be challenging, at best. The Commission should afford flexibility in the consideration of factors when determining those factors to incorporate into a regional planning assessment

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<sup>11</sup> NOPR at P 107.

<sup>12</sup> NOPR at P 108.

<sup>13</sup> NOPR at P 112.

that are most impactful and provide the most value. SPP believes that explicitly including previous generator interconnection requests and withdrawals in a Long-Term Regional Transmission Planning assessment is not appropriate. SPP's current processes incorporate future generation expansion intended to reflect the amount and location of that activity by considering Generator Interconnection queue activity and those requests that are most likely to move forward. Considering the location and type of generation that has withdrawn multiple times from an interconnection queue could be subject to manipulation and would require appropriate guardrails, if required.

As mentioned above, the SPP SCRIPT developed a policy recommendation to implement a Consolidated Planning Process that will combine SPP's ITP with service processes such that regional planning and Generator Interconnection assessments will be performed together. This new regional planning process would co-optimize transmission expansion across multiple planning processes and more appropriately identify cost causers and beneficiaries, attaining more equitable cost allocation across those processes.

### **iii. Number and Range of Long-Term Scenarios**

The Commission "propose[s] to require that public utility transmission providers develop at least four distinct Long-Term Scenarios as part of Long-Term Regional Transmission Planning."<sup>14</sup> The Commission "propose[d] to require that public utility transmission providers in each transmission planning region develop a plausible and diverse set of Long-Term Scenarios...[that] must be: (1) plausible, that is they must reasonably capture probable future outcomes, and (2) diverse in the sense that public utility

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<sup>14</sup> NOPR at P 121.



transmission providers can distinguish distinct transmission facilities or distinct benefits of similar transmission facilities in each scenario.”<sup>15</sup> The Commission “seek[s] comment on whether four Long-Term Scenarios will provide public utility transmission providers with enough information to identify transmission needs driven by changes in the resource mix and demand and evaluate transmission facilities for potential selection in the regional transmission plan for purposes of cost allocation that may more efficiently or cost-effectively meet those needs or whether additional Long-Term Scenarios should be required.”<sup>16</sup> In addition, the Commission “seek[s] comment on whether public utility transmission providers should be required to develop sensitivities for each Long-Term Scenario to identify more efficient or cost-effective transmission facilities for selection in the regional transmission plan for purposes of cost allocation as part of Long-Term Regional Transmission Planning.”<sup>17</sup>

SPP does not support prescribing the number of scenarios to be evaluated in a Long-Term Regional Transmission Planning assessment. The number of scenarios to be evaluated each assessment cycle should be identified by stakeholders involved in the regional planning processes to best balance the burden of performing the analysis with the trends of change of the different factors considered in any given Long-Term Regional Planning assessment cycle. The research and development of appropriate inputs into additional scenarios can take as much time and effort as performing the analysis on those additional scenarios. While SPP believes that larger numbers of scenarios can be beneficial

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<sup>15</sup> NOPR at P 123.

<sup>16</sup> NOPR at P 126.

<sup>17</sup> NOPR at P 126.

for identifying future transmission needs, interplay between the Long-Term Regional Transmission Planning assessment and existing regional processes needs to be considered.

Development of sensitivities to the factors considered for Long-Term Scenario development is a valuable tool to assess the range of benefits of a transmission portfolio. SPP believes sensitivities should be identified and evaluated in a way that balances the burden with the value they provide to transmission selection decisions, considering the regional differences within each transmission provider's footprint and the expected future change of the factors being varied. This would also allow for more agility when coordinating with existing regional planning processes.

#### **iv. Specificity of Data Inputs.**

The Commission “propose[d] to require that public utility transmission providers use ‘best available data inputs’ when developing Long-Term Scenarios.”<sup>18</sup> The Commission “propose[d] to define ‘best available data inputs’ as data inputs that are timely and developed using diverse and expert perspectives, adopted via a process that satisfies the transparency planning principle described above, and that reflect the list of factors that public utility transmission providers must incorporate into Long-Term Scenarios.”<sup>19</sup> The Commission lastly “propose[d] to require that public utility transmission providers in each transmission planning region update all data inputs each time they reassess and revise, as necessary, their Long-Term Scenarios, which, as explained above, we propose to require they do at least every three years. As indicated in the Long-Term Regional Transmission section above, we also propose to require that the Order Nos. 890 and 1000 transmission

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<sup>18</sup> NOPR at P 130.

<sup>19</sup> NOPR at P 131.

planning principles apply to the process through which public utility transmission providers determine which data inputs to use in their Long-Term Scenarios. For example, consistent with the coordination transmission planning principle in Order Nos. 890 and 1000, we propose to require that public utility transmission providers in each transmission planning region give stakeholders the opportunity to provide timely and meaningful input concerning which data inputs to use in Long-Term Scenarios.”<sup>20</sup>

The Commission “seek[s] comment on whether the proposed definition of best available data inputs will allow for public utility transmission providers to identify the more efficient or cost effective transmission facilities for selection in the regional transmission plan for purposes of cost allocation using Long-Term Scenarios.”<sup>21</sup> Additionally, the Commission “seek[s] comment on whether the proposed definition of best available data inputs should be expanded to include an evaluation of the data source entities’ historical accuracy in identifying and projecting trends that impact the resource mix and demand.”<sup>22</sup> Lastly, the Commission “seek[s] comment as to whether stakeholders and public utility transmission providers would find value in or believe it is necessary for the Commission to facilitate the development of data inputs that meet this proposed requirement by identifying or standardizing the best available data inputs that meet this proposed requirement.”<sup>23</sup>

SPP believes that the development of data inputs facilitated by the Commission could provide value if implemented in a way that does not create additional burden to the

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<sup>20</sup> NOPR at P 132.

<sup>21</sup> NOPR at P 134.

<sup>22</sup> NOPR at P 134.

<sup>23</sup> NOPR at P 134.

Long-Term Regional Transmission Planning assessment. Allowing access to recommended sources or standard information for use would provide an additional reference for public utility transmission providers to validate their own data, incorporate portions of the data, or utilize all of the data, as appropriate for each Long-Term Regional Transmission Planning assessment within each region.

**v. Identification of Geographic Zones.**

The Commission “propose[s] to require each public utility transmission provider, as part of its regional transmission planning process, to consider whether to: (1) identify, with stakeholder input, specific geographic zones within the transmission planning region that have the potential for development of large amounts of new generation; (2) assess generation developers’ commercial interest in developing generation within the identified geographic zones; and (3) incorporate designated zones, and the identified commercial interest in each zone, into Long-Term Scenarios.”<sup>24</sup> The Commission seeks comment on this proposal. The Commission also “seek[s] comment on how public utility transmission providers in multi-state transmission planning regions may reconcile or account for differing energy policy interests or preferences in implementing this proposed requirement, while respecting and not overriding those state preferences.”<sup>25</sup>

SPP’s regional transmission planning processes that incorporate scenario analysis currently leverage the Generator Interconnection queue to identify approximate locations for future expected resource development, which inherently incorporates the direct commercial interest of generation developers in developing generation within specific

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<sup>24</sup> NOPR at P 145

<sup>25</sup> NOPR at P 153.

geographic zones. This proposal would duplicate SPP's current process to some extent, and it would not be practical to do both.

SPP recognizes available transmission capacity is a factor in the geographic locations of interest to generation developers that may not reflect the geographic areas of richest potential for development. SPP developed an Integrated Transmission Plan Resource Siting Manual in which its general siting philosophy considers "maintain[ing] a reasonable balance of remaining renewable technical potential across [the] SPP system" and to "consider areas of the system with insufficient transmission availability to prevent trapped generation potential."<sup>26</sup>

The SPP SCRIPT developed a policy recommendation to implement a Consolidated Planning Process that will combine SPP's ITP with service processes such that regional planning and Generator Interconnection assessments and will be performed together. While not performed on a 20-year horizon, this new study process would even more directly identify and reflect commercial interest in a particular geographic zone within the regional planning process.

Depending on how commercial interests are assessed, the process could conceivably be subject to manipulation by certain interested developers. There would need to be safeguards in place to mitigate this risk. The Commission should establish principles for translating commercial interest into concrete planning for upgrades. The Commission should elaborate as to what extent public utility transmission providers should commit resources based on commercial interest.

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<sup>26</sup> Integrated Transmission Plan Resource Siting Manual, p. 6 posted at: <https://spp.org/Documents/59932/ITP%20Resource%20Siting%20Manual.docx>.

**b. Coordination of Regional Transmission Planning and Generator Interconnection Processes.**

The Commission “propose[d] to require that public utility transmission providers consider in their Long-Term Regional Transmission Planning regional transmission facilities that address certain interconnection-related needs that the public utility transmission provider has identified multiple times in the generator interconnection process but that have never been constructed due to the withdrawal of the underlying interconnection request(s).”<sup>27</sup> In particular, the Commission “propose[d] to require that public utility transmission providers evaluate for selection in the regional transmission plan for purposes of cost allocation regional transmission facilities to address interconnection-related needs that have been identified in the generator interconnection process as requiring interconnection-related network upgrades where: (1) the public utility transmission provider has identified interconnection-related network upgrades in interconnection studies to address those interconnection-related needs in at least two interconnection queue cycles during the preceding five years (beginning at the time of the withdrawal of the first underlying interconnection request); (2) the interconnection-related network upgrade identified to meet those interconnection-related needs has a voltage of at least 200 kV and/or an estimated cost of at least \$30 million; (3) those interconnection-related network upgrades have not been developed and are not currently planned to be developed because the interconnection request(s) driving the need for the upgrade has been withdrawn; and (4) the public utility transmission provider has not identified an interconnection-related network upgrade to address the relevant interconnection-related need in an executed

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<sup>27</sup> NOPR at P 166.

generator interconnection agreement or in a generator interconnection agreement that the interconnection customer requested that the public utility transmission provider file unexecuted with the Commission.”<sup>28</sup>

The Commission requests “comment on whether this proposed reform could delay the processing of existing interconnection queues and what reforms, if any, would be necessary to ensure that the generator interconnection and regional transmission planning processes are not significantly delayed by this proposed reform.”<sup>29</sup> Also, the Commission seeks “comment on the appropriateness of the criteria that [the Commission] propose[s] a public utility transmission provider must use to identify the interconnection-related needs that should be considered in the regional transmission planning process, and whether there are alternative criteria public utility transmissions providers may use to identify significant interconnection-related needs that warrant consideration in the regional transmission planning process.”<sup>30</sup> Finally, the Commission requests “comment on how this proposed reform should interact with existing regional transmission planning processes and the Long-Term Regional Transmission Planning proposed herein.”<sup>31</sup>

SPP’s existing regional planning processes consider various plausible scenarios of generation futures and that should be sufficient to identify upgrades that would facilitate interconnection requests while providing a concrete economic benefit that would justify the load-serving entities funding them. SPP planning processes currently coordinate on system needs and solutions to provide insight of each of those processes to the others.

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<sup>28</sup> NOPR at P 166.

<sup>29</sup> NOPR at P 174.

<sup>30</sup> NOPR at P 174.

<sup>31</sup> NOPR at P 174.

Consideration and selection of solutions for cost allocation in a Long-Term Regional Transmission Planning process that do not provide clear benefit to load-serving entities funding them is not just or reasonable.

This proposal would be susceptible to manipulation without strict guardrails. Customers who are assigned an expensive upgrade in one study and withdraw could purposely enter the same request in the next cluster with the intent of withdrawing it and triggering the transition of the need to the non-Generator Interconnection planning process. It is not clear how guardrails could be crafted that would avoid this risk.

The SPP SCRIPT developed a policy recommendation to implement a Consolidated Planning Process, including a cost sharing approach, that will combine SPP's ITP with service processes such that regional planning and Generator Interconnection assessments will be performed together. The detailed approach to this assessment consolidation is under development and, while not performed on a 20-year timeframe, is expected to exceed the intent of this proposal from the Commission.

**c. Evaluation of the Benefits of Regional Transmission Facilities.**

The Commission “propose[s] to require that, as part of public utility transmission providers’ identification and evaluation of more efficient or cost-effective regional transmission facilities that may resolve those transmission needs in the regional transmission planning process, public utility transmission providers must: (1) evaluate the benefits of regional transmission facilities to meet identified transmission needs driven by changes in the resource mix and demand, identify which benefits they will use in Long-Term Regional Transmission Planning, explain how they will calculate those benefits, and explain how the benefits will reasonably reflect the benefits of regional transmission



facilities to meet identified transmission needs driven by changes in the resource mix and demand ; and (2) evaluate the benefits of regional transmission facilities over a time horizon that covers, at a minimum, 20 years starting from the estimated in-service date of the transmission facilities.”<sup>32</sup> Also, the Commission “propose[d] to allow (but not require) public utility transmission providers to evaluate the benefits of a portfolio of regional transmission facilities instead of doing so on a facility-by-facility basis.”<sup>33</sup> Finally, the Commission “identif[ied] and describe[d] a broad set of benefits that [it] believe[s] public utility transmission providers could consider using in Long-Term Regional Transmission Planning (Long-Term Regional Transmission Benefits) to reasonably capture the benefit of regional transmission facilities to meet identified transmission needs driven by changes in the resource mix and demand.”<sup>34</sup>

**i. Evaluations of Long-Term Regional Transmission Benefits.**

The Commission “seek[s] comment on each of the Long-Term Regional Transmission Benefits discussed” in the NOPR.<sup>35</sup> Additionally, the Commission “seek[s] comment on how to ensure that each type of benefit is distinct such that the list of benefits does not ‘double count’ benefits.”<sup>36</sup> Lastly the Commission “seek[s] comment on whether public utility transmission providers should be required to use some or all of the Long-

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<sup>32</sup> NOPR at P 175.

<sup>33</sup> NOPR at P 175.

<sup>34</sup> NOPR at P 175.

<sup>35</sup> NOPR at P 187.

<sup>36</sup> NOPR at P 187.

Term Regional Transmission Benefits as a minimum set of benefits for their Long-Term Regional Transmission Planning process.”<sup>37</sup>

SPP has performed multiple efforts to develop, monetize and refine its suite of benefit metrics for use in the regional planning assessments; SPP believes these efforts were necessary but burdensome. The results of these multi-year efforts are documented in SPP’s Benefit Metrics Manual.<sup>38</sup>

Determination of which transmission benefits are calculated and incorporated in any regional transmission planning assessment should be at the discretion of each public utility transmission provider and its stakeholders. This would allow for agility in process decisions to balance the value the analysis provides with the burden of the effort.

How and when transmission benefits are calculated and incorporated in any regional transmission planning assessment should be at the discretion of each public utility transmission provider and its stakeholders. This would allow for agility in process decisions to balance the value the analysis provides with the burden of the effort.

SPP’s ITP process prescribes a larger suite of monetized benefit metrics used to quantify the value of transmission to be calculated on a portfolio of projects at the end of the assessment. The effort required to incorporate additional benefit metrics into the selection of transmission projects cannot be accommodated within the current process timeline. The SPP SCRIPT developed a policy recommendation to include the assessment of additional “project value drivers” into the selection of projects that SPP intends to incorporate into the new Consolidated Planning Process mentioned in previous comments.

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<sup>37</sup> NOPR at P 188.

<sup>38</sup> See Benefit Metrics Manual posted at:  
<https://spp.org/Documents/44031/Benefit%20Metrics%20Manual%2020201106.docx>.

Which and how additional metrics will be utilized in the selection of transmission system upgrades will be a balance of value and burden.

**d. Evaluation of the Benefits of Portfolios of Transmission Facilities.**

The Commission “propose[s] to afford public utility transmission providers in each transmission planning region the flexibility to propose to use a portfolio approach in the evaluation of benefits of regional transmission facilities through their Long-Term Regional Transmission Planning. Evaluating the benefits of a portfolio of regional transmission facilities appears to contain several advantages compared to evaluating the benefits of each proposed regional transmission facility individually.”<sup>39</sup> The Commission “seek[s] comment as to whether there are certain circumstances for which the Commission should require the use of a portfolio approach.”<sup>40</sup>

SPP believes the approach to evaluation of the benefits of transmission facilities on an individual or portfolio basis should be discretionary and determined by each public utility transmission provider and its stakeholders.

**e. Selection of Regional Transmission Facilities.**

The Commission “propose[d] to require that public utility transmission providers, as part of the Long-Term Regional Transmission Planning that we propose to require in this NOPR, include in their OATTs: (1) transparent and not unduly discriminatory criteria, which seek to maximize benefits to consumers over time without over-building transmission facilities, to identify and evaluate transmission facilities for potential selection in the regional transmission plan for purposes of cost allocation that address

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<sup>39</sup> NOPR at P 233.

<sup>40</sup> NOPR at P 235.

transmission needs driven by changes in the resource mix and demand, consistent with the discussion below; and (2) a process to coordinate with the relevant state entities in developing such criteria.”<sup>41</sup> The Commission also proposed, subject to certain minimum requirements, “to provide public utility transmission providers the flexibility to propose the selection criteria that they, in consultation with their stakeholders, believe will ensure that more efficient or cost effective regional transmission facilities to address the region’s transmission needs driven by changes in the resource mix and demand ultimately are selected in the regional transmission plan for purposes of cost allocation.”<sup>42</sup> The evaluation must seek to maximize benefits to consumers over time without over-building transmission facilities.<sup>43</sup>

The Commission “seek[s] comment on the requirements proposed in this section of the NOPR.”<sup>44</sup> In addition, the Commission “seek[s] comment on whether relevant state entities should have the opportunity to voluntarily fund the cost of, or a portion of the cost of, a Long-Term Regional Transmission Facility to enable such facility to satisfy the public utility transmission provider’s selection criteria (e.g., any benefit-cost threshold), and if so, whether the Commission’s final rule in this proceeding should include requirements to facilitate such an opportunity for the relevant state entities.”<sup>45</sup> The Commission stated that “[c]ommenters on this issue should also address preferred approaches to implement such a voluntary funding opportunity for relevant state entities for Long-Term Regional

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<sup>41</sup> NOPR at P 241.

<sup>42</sup> NOPR at P 242.

<sup>43</sup> *Id.*

<sup>44</sup> NOPR at P 252.

<sup>45</sup> NOPR at P 252.

Transmission Facilities.”<sup>46</sup> The Commission “seek[s] comment on what mechanism would be appropriate to document agreement from the relevant state entities to voluntarily fund (e.g., commit customers within the state to fund) the cost of, or a portion of the cost of, a Long-term Regional Transmission Facility to enable such facility to satisfy the public utility transmission provider’s selection criteria; whether a public utility transmission provider should be required to include a pro forma agreement for such an opportunity in its OATT for facilitation purposes; how the Commission and the public utility transmission providers would be assured that the commitment by the relevant state entity is sufficiently binding; and whether another manner for relevant state entities to make and fulfill such a commitment would be preferable.”<sup>47</sup> The Commission also “seek[s] comment on what stage in the regional transmission planning process is the most appropriate point for such an opportunity for the relevant state entities.”<sup>48</sup> The Commission lastly “seek[s] comment on whether such opportunity for the relevant state entities to voluntarily fund the cost of, or the portion of the cost of, a Long-Term Regional Transmission Facility should be limited to relevant state entities or should be expanded to include interconnection customers.”<sup>49</sup>

Attachment O of SPP Tariff specifies for the ITP assessment, “the Transmission Provider shall assess the cost effectiveness of proposed solutions. Such assessments shall be performed in accordance with the Integrated Transmission Planning Manual.”<sup>50</sup> Allowing specific criteria for selection of regional transmission facilities to reside in a

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<sup>46</sup> NOPR at P 252.

<sup>47</sup> NOPR at P 252.

<sup>48</sup> NOPR at P 252.

<sup>49</sup> NOPR at P 252.

<sup>50</sup> SPP Tariff, Attachment O, Section III(7)(d).

working document, such as a process manual or business practice, provides for more flexibility to adjust study approaches when determined necessary by SPP and its stakeholders.

Through its authorities established in the Section 7.2 of the SPP Bylaws,<sup>51</sup> the Regional State Committee (“RSC”) developed a cost allocation framework that includes the option for entities to sponsor specific projects, thereby assuming cost responsibility without imposing burdens on others through the general rate structure. While the sponsorship option for building new transmission facilities has been utilized on multiple occasions by individual entities, it potentially could be exercised by multiple entities within a state or a group of states to fund projects that otherwise would not be authorized under SPP’s long-term planning process and regional criteria.

As previously stated, the SPP SCRIPT developed a policy recommendation to implement a Consolidated Planning Process that will combine SPP’s ITP with service processes such that regional planning and Generator Interconnection assessments will be performed together. This Consolidated Planning Process would also allow for joint funding.

## **2. Implementation of Long-Term Regional Transmission Planning.**

The Commission “propose[d] that public utility transmission providers must explain on compliance how the initial timing sequence for Long-Term Regional Transmission Planning interacts with existing regional transmission planning efforts.”<sup>52</sup>

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<sup>51</sup> Southwest Power Pool, Inc., Bylaws, First Revised Volume No. 4 (“SPP Bylaws”).

<sup>52</sup> NOPR at P 253.

The Commission “seek[s] comment on the requirement proposed in this section of the NOPR.”<sup>53</sup> In particular, the Commission “seek[s] comment on whether there is a need to coordinate the initial timing sequences between Long-Term Regional Transmission Planning and the existing near term regional transmission planning processes.”<sup>54</sup> The Commission “also seek[s] comment on whether the Commission should host a periodic forum for public utility transmission providers, transmission experts, relevant federal and state agencies, and other stakeholders to share best practices in implementing Long-Term Regional Transmission Planning as proposed herein.”<sup>55</sup> The Commission state that they could, for example, host a tri-annual technical conference focused on topics such as choice of best available data, principles for developing plausible scenarios, and techniques for evaluating benefits of proposed transmission facilities. The Commission “seek[s] comment on the benefits such a forum might provide, and, if implemented, how such a forum should be structured and the frequency on which it should be held.”<sup>56</sup>

The SPP Tariff states “the purpose of the 20-Year Assessment is to produce an informational report of possible transmission upgrades that may be used in future planning studies by looking at a longer planning horizon.”<sup>57</sup> SPP’s approach to coordination between the 20-Year Assessment and the Integrated Transmission Planning Assessment is to develop common scenarios and common models for a portion of both assessments. For example, the 20-Year Assessment currently being performed by SPP has two scenarios

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<sup>53</sup> NOPR at P 254.

<sup>54</sup> NOPR at P 254.

<sup>55</sup> NOPR at P 255.

<sup>56</sup> NOPR at P 255.

<sup>57</sup> SPP Tariff, Attachment O, Section IV(2)(a).

with common assumptions to those developed for the 10-year assessment, with two additional scenarios to capture a wider range of possible outcomes for the 20th year.

SPP supports the sharing of best practices through a periodic meeting of stakeholders. There are existing forums where this takes place, such as the Eastern Interconnection Planning Collaborative, that could be leveraged for the Commission's topics of interest.

### **3. Consideration of Dynamic Line Ratings and Advanced Power Flow Devices in Long-Term Regional Transmission Planning.**

To facilitate greater use of dynamic line ratings and advanced power flow control devices where warranted, the Commission “propose[d] to require that public utility transmission providers in each transmission planning region consider for each identified regional transmission need whether selecting transmission facilities in the regional transmission plan for purposes of cost allocation that incorporate dynamic line ratings or advanced power flow control devices would be more efficient or cost-effective than transmission facilities that do not incorporate these technologies.”<sup>58</sup> The Commission point out that “such consideration should include first, whether incorporating dynamic line ratings or advanced power flow control devices into existing transmission facilities could meet the same regional transmission need more efficiently or cost-effectively than other potential transmission facilities.”<sup>59</sup> “Second, when evaluating transmission facilities for potential selection in the regional transmission plan for purposes of cost allocation, the public utility transmission providers in the transmission planning region must also consider

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<sup>58</sup> NOPR at P 274.

<sup>59</sup> NOPR at P 274.



whether incorporating dynamic line ratings and advanced power flow control devices as part of any potential regional transmission facility would be more efficient or cost-effective.”<sup>60</sup> The Commission “propose[d] that this requirement apply in all aspects of the regional transmission planning processes, including the existing regional transmission planning processes for near-term regional transmission needs and Long-Term Regional Transmission Planning, as proposed in this NOPR.”<sup>61</sup>

The Commission “seek[s] comment on the requirements proposed in this section of the NOPR.”<sup>62</sup> The Commission also “seek[s] comment on whether there are other transmission technologies serving a transmission function that should be considered in regional transmission planning and cost allocation processes.”<sup>63</sup> Finally, the Commission “seek[s] comment on whether non-RTO/ISO transmission planning regions should be required to update their energy management systems or make other similar changes if dynamic line ratings are identified as a more efficient or cost-effective transmission facility selected in the regional transmission plan for purposes of cost allocation.”<sup>64</sup>

SPP supports the consideration of dynamic line ratings and other advanced power flow devices as solution to address transmission system needs to a certain degree. SPP Tariff requires the consideration of “smart grid” technology proposals offered into the regional planning process, the ITP, as well as generation, demand response, energy efficiency, and other alternative proposals. SPP does not believe these alternative

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<sup>60</sup> NOPR at P 274.

<sup>61</sup> NOPR at P 274.

<sup>62</sup> NOPR at P 277.

<sup>63</sup> NOPR at P 277.

<sup>64</sup> NOPR at P 277.

technologies to traditional transmission system upgrades should be required to be evaluated for each transmission system need.

Technologies like dynamic line ratings can be a valuable operational tool to optimize the use of the transmission system, but may not be appropriate for planning purposes. Dynamic line ratings can likely optimize the use of the transmission system in a more cost-effective way but as a proposed planning solution, could increase operational reliability risk and may not be an appropriate replacement when additional transmission capacity may better provide the operational flexibility that is needed. This is especially true in longer-term planning assessments, such as the proposed Long-Term Regional Transmission Planning study, that utilize data inputs which are increasingly speculative over the horizon of the forecasts. In general, technologies that optimize transmission system operation should be considered short-term solutions and not a replacement for long-term transmission capacity.

**B. Regional Transmission Cost Allocation**

The Commission “propose[d] to require that public utility transmission providers in each transmission planning region seek the agreement of relevant state entities within the transmission planning region regarding the cost allocation method or methods that will apply to transmission facilities selected in the regional transmission plan for purposes of cost allocation through Long-Term Regional Transmission Planning and revise their OATTs to include the method or methods.”<sup>65</sup> The Commission “propose[d] a reform to facilitate an additional opportunity for involvement of state regulators in decisions about how the costs of transmission facilities selected in a regional transmission plan for purposes

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<sup>65</sup> NOPR at P 278.

of cost allocation through Long-Term Regional Transmission Planning will be allocated... “require[ing] public utility transmission providers in each transmission planning region to add a time period for states to negotiate an alternate cost allocation method for a transmission facility selected in the regional transmission plan for purposes of cost allocation through Long-Term Regional Transmission Planning.”<sup>66</sup>

**1. State Involvement in Cost Allocation for Long-Term Regional Transmission Facilities.**

The Commission “propose[d] to require that public utility transmission providers in each transmission planning region revise their OATTs to include either (1) a Long-Term Regional Transmission Cost Allocation Method to allocate the costs of Long-Term Regional Transmission Facilities, or (2) a State Agreement Process<sup>67</sup> by which one or more relevant state entities may voluntarily agree to a cost allocation method, or (3) a combination thereof.”<sup>68</sup> The Commission “propose[d] to require that the Long-Term Regional Transmission Cost Allocation Method and any cost allocation method resulting

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<sup>66</sup> NOPR at P 279.

<sup>67</sup> The Commission “propose[d] to define a State Agreement Process as an *ex post* cost allocation process that would be included in each public utility transmission provider’s OATT as part of Long-Term Regional Transmission Planning, which may apply to an individual Long-Term Regional Transmission Facility or a portfolio of such Facilities grouped together for purposes of cost allocation. After a Long-Term Regional Transmission Facility is selected in the regional transmission plan for purposes of cost allocation, the State Agreement Process would be followed to establish a cost allocation method for that facility (if agreement can be reached). If the Commission subsequently approves the cost allocation method that results from the State Agreement Process, the developer of the Long-Term Regional Transmission Facility would be entitled to use that cost allocation method if it is the applicable method.”

<sup>68</sup> NOPR at P 302.

from the State Agreement Process for Long-Term Regional Transmission Facilities comply with the existing six Order No. 1000 regional cost allocation principles.”<sup>69</sup>

The Commission “seek[s] comment on how to resolve the potential inability of the relevant parties to come to agreement, noting that it will ultimately be necessary for public utility transmission providers to have a cost allocation method on file with the Commission for transmission facilities selected through Long-Term Regional Transmission Planning, and recognizing a State Agreement Process or combination cost allocation method would not comply with this proposed rule unless the relevant public utility transmission providers has obtained agreement from the relevant state entities.”<sup>70</sup>

Under the SPP Bylaws,<sup>71</sup> the RSC has authority concerning the extent to which postage stamp pricing, license plate pricing, and participant funding are applied in the SPP region. The RSC also has responsibility for determining whether transmission upgrades for remote resources are included in the regional planning process and the role of transmission owners in proposing transmission upgrades in the planning process.

Through its authorities established in the SPP Bylaws, the RSC developed a cost allocation framework that is applied to facilities directed for construction under the regional planning processes. Depending on the nature and purpose of each facility, the SPP cost allocation framework can result in regional funding, local funding, or a blend of regional and local funding.

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<sup>69</sup> NOPR at P 302.

<sup>70</sup> NOPR at P 303.

<sup>71</sup> SPP Bylaws, Section 7.2.

This cost allocation framework includes the option for entities to sponsor specific projects, thereby assuming cost responsibility without imposing burdens on others through the general rate structure. While the sponsorship option has been utilized on multiple occasions by individual entities, it potentially could be exercised by multiple entities within a state or a group of states to fund projects that otherwise would not be authorized under SPP’s long-term planning process and regional criteria.

As a result, existing SPP Bylaws and SPP Tariff provisions provide capability and flexibility to permit SPP and its stakeholders to address the Commission’s cost allocation objectives as proposed in the NOPR.

**a. Agreement of Relevant State Entities.**

The Commission “propose[d] to define relevant state entities for purposes of the Long-Term Regional Transmission Planning cost allocation requirements as any state entity responsible for utility regulation or siting electric transmission facilities within the state or portion of a state located in the transmission planning region, including any state entity as may be designated for that purpose by the law of such state.”<sup>72</sup> The Commission “propose[d] to provide public utility transmission providers flexibility in determining what constitutes state agreement, [and it] preliminarily find[s] that, for each state, a single entity should be designated as the voting or representative entity to avoid confusion or over-representation by a single state in a multi-state voting process.”<sup>73</sup>

The Commission “seek[s] comment on the requirements proposed in this section of the NOPR[, and] also seek[s] comment on whether the Commission should require, instead

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<sup>72</sup> NOPR at P 304.

<sup>73</sup> NOPR at P 304.

of the reforms proposed in this section of the NOPR, public utility transmission providers to include a Long-Term Regional Transmission Cost Allocation Method in their OATTs.”<sup>74</sup>

SPP’s believes that its existing RSC and the authorities vested in that committee through the SPP Bylaws provide the appropriate means to address cost allocation under the current SPP regional planning process as well as under proposed reforms described by the Commission in its NOPR.

As previously described, SPP’s existing RSC-approved cost allocation methodologies provide for substantial flexibility to address the NOPR’s potential requirements. Additionally, SPP is continuing to review its planning processes and is evaluating, in coordination with the RSC, whether additional refinements of its “highway-byway” cost-sharing construct are appropriate in view of any changes in planning process that may result from the ongoing review.

## **2. Identification of Benefits Considered in Cost Allocation for Long-Term Regional Transmission Facilities.**

The Commission “acknowledge[d] the support for the adoption of a common set of minimum benefits, and we propose for consideration a list of Long-Term Regional Transmission Benefits described above for public utility transmission providers to apply in Long-Term Regional Transmission Planning and Cost Allocation processes.”<sup>75</sup> The Commission “propose[d] to require that public utility transmission providers identify on compliance the benefits they will use in any ex ante cost allocation method associated with

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<sup>74</sup> NOPR at P 318.

<sup>75</sup> NOPR at P 326.

Long-Term Regional Transmission Planning, how they will calculate those benefits, and how the benefits will reasonably reflect the benefits of regional transmission facilities to meet identified transmission needs driven by changes in the resource mix and demand.”<sup>76</sup>

The Commission “requests comment on this proposed requirement[, and] also request[s] comment on whether the Commission should require that public utility transmission providers account for the full list of benefits described in the Evaluation of the Benefits of Regional Transmission Facilities section above in Long-Term Regional Transmission Planning, or whether no change to the benefits currently used in existing regional transmission planning processes is needed.”<sup>77</sup>

SPP’s regional cost allocation methodology does not quantify the specific benefits of transmission facilities within each planning assessment but instead provides a process through which the benefits and costs of facilities approved in multiple assessments are analyzed in a comprehensive manner. Potential inequities of transmission cost allocation are not appropriately quantified within a single regional planning assessment cycle because perceived imbalances in one planning cycle may be offset in later cycles and even changed by a different grid topology. Quantification of whether benefits of transmission facilities to a transmission pricing zone are roughly commensurate with allocated costs should be performed through evaluation of portfolios of projects cost allocated over multiple planning cycles. SPP’s highway-byway cost allocation methodology was justified based, in part, on this concept. Any potential inequities as a result of SPP’s cost allocation methodology are addressed through a separate assessment process performed periodically,

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<sup>76</sup> NOPR at P 326.

<sup>77</sup> NOPR at P 326.

the Regional Cost Allocation Review,<sup>78</sup> to identify whether previously allocated costs included in the base plan meet the roughly commensurate test, using a large number of transmission projects and a holistic set of benefit metrics.

C. **Enhanced Transparency of Local Transmission Planning Inputs In the Regional Transmission Planning Process and Identifying Potential Opportunities to Right-Size Replacement Transmission Facilities.**

The Commission “propose[d] to require that public utility transmission providers in each transmission planning region revise the regional transmission planning process in their OATTs with additional provisions to enhance transparency of: (1) the criteria, models, and assumptions that they use in their local transmission planning process, (2) the local transmission needs that they identify through that process, and (3) the potential local or regional transmission facilities that they will evaluate to address those local transmission needs.”<sup>79</sup> The Commission states that “[u]nder this proposed reform, public utility transmission providers would be required to establish an iterative process that would ensure that stakeholders have meaningful opportunities to participate and provide feedback on local transmission planning throughout the regional transmission planning process... [l]everaging the existing stakeholder processes for regional transmission planning, [the Commission] propose[d] to require that the regional transmission planning process include at least three stakeholder meetings concerning the local transmission planning process of each public utility transmission provider that is a member of the transmission planning

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<sup>78</sup> See SPP Tariff, Attachment J, Section III(D). A link to SPP’s Regional Cost Allocation Review Report I can be found at: <https://www.spp.org/documents/37781/rcar%20report%20final%20clean.pdf>. A link to SPP’s Regional Cost Allocation Review Report II can be found at: <https://www.spp.org/documents/46235/rcar%20%20report%20final.pdf>.

<sup>79</sup> NOPR at P 400.



region before each public utility transmission provider’s local transmission plan can be incorporated into the transmission planning region’s planning models, as described further below.”<sup>80</sup>

The Commission proposed the following:

Specifically, prior to the submission of local transmission planning information to the transmission planning region for inclusion in the regional transmission planning process, public utility transmission providers in each transmission planning region would be required to convene, collectively, as part of the regional transmission planning process, a stakeholder meeting to review the criteria, assumptions, and models related to each public utility transmission provider’s local transmission planning (Assumptions Meeting). Next, no fewer than 25 calendar days after the Assumptions Meeting, public utility transmission providers that are members of the transmission planning region would be required to convene, collectively, as part of the regional transmission planning process, a stakeholder meeting to review identified reliability criteria violations and other transmission needs that drive the need for local transmission facilities (Needs Meeting). Finally, no fewer than 25 calendar days after the Needs Meeting, public utility transmission providers that are members of the transmission planning region would be required to convene, collectively, as part of the regional transmission planning process, a stakeholder meeting to review potential solutions to those reliability criteria violations and other transmission needs (Solutions Meeting). Additionally, we propose to require that all materials for stakeholder review during these three meetings be publicly posted and that stakeholders have opportunities before and after each meeting to submit comments.”<sup>81</sup>

The Commission “seek[s] comment on the requirements proposed in this section of the NOPR...In particular, [the Commission] seek[s] comment on whether the Commission should impose any requirements regarding how the relevant public utility transmission

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<sup>80</sup> NOPR at P 400.

<sup>81</sup> NOPR at P 401.

providers would determine incremental costs of right-sizing the transmission facility.”<sup>82</sup> The Commission “also seek[s] comment on whether there is additional information from transmission owners that would help public utility transmission providers to identify whether there are estimated in-kind replacements of an existing transmission facility that could be right-sized to address a transmission need identified in Long-Term Regional Transmission Planning.”<sup>83</sup> If so, the Commission “seek[s] comment what level of burden such a requirement would impose on the transmission owners required to provide that information, and what level of burden is justified given the potential benefits of such information [, and] whether there is additional information beyond a list of in-kind replacement estimates that public utility transmission providers need to calculate such benefits and, if so, how that information could be obtained.”<sup>84</sup>

SPP currently coordinates with Local Transmission Planners on their transmission system upgrades and makes good faith efforts to optimize local transmission plans through its existing regional planning process. SPP recently developed a formal Transmission Owner Project Evaluation Process that includes submittal of local transmission plans to SPP and the evaluation of those plans to identify “no harm” to the SPP transmission system. The SPP Tariff also includes recent Commission-approved changes to establish zonal-wide local planning criteria and provide for stakeholder input in development of those criteria. These new provisions allow for both broad participation and transparency.

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<sup>82</sup> NOPR at P 414.

<sup>83</sup> NOPR at P 415.

<sup>84</sup> NOPR at P 415.

Local transmission planning inputs are not explicitly referenced in SPP’s 20-Year Assessment process, but that does not preclude their consideration to the extent stakeholders propose solutions to address the transmission needs identified during the assessment, including the desire to “right-size” those solutions with the needs of the regional planning assessment.

The SPP SCRIPT developed a Planning Process Improvement recommendation, approved by SPP’s Board of Directors, to develop policies that add aging infrastructure to the regional planning process as a formal transmission need to be considered and addressed.

**II. CONCLUSION**

SPP respectfully requests that the Commission consider these comments in developing a final rule.

Respectfully submitted,

Paul Suskie  
Executive Vice President and General  
Counsel  
Southwest Power Pool, Inc.  
201 Worthen Drive  
Little Rock, AR 72223  
Telephone: (501) 688-2535  
[psuskie@spp.org](mailto:psuskie@spp.org)

*/s/ Justin A. Hinton*  
Justin A. Hinton  
Attorney  
Southwest Power Pool, Inc.  
201 Worthen Drive  
Little Rock, AR 72223  
Telephone: (501) 482-2468  
[jhinton@spp.org](mailto:jhinton@spp.org)

Antoine Lucas  
Vice President, Engineering  
Southwest Power Pool, Inc.  
201 Worthen Drive  
Little Rock, AR 72223  
Telephone: (501) 614-3382  
[alucas@spp.org](mailto:alucas@spp.org)

Tessie Kentner  
Managing Attorney  
Southwest Power Pool, Inc.  
201 Worthen Drive  
Little Rock, AR 72223  
Telephone: (501) 688-1782  
[tkentner@spp.org](mailto:tkentner@spp.org)

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