



October 9, 2009

**Southwest Power Pool
Study Consultant for Wind Cost Allocation
Attachment J
Statement of Work***

STATEMENT OF WORK:

On June 18, 2009 FERC issued an order in docket ER09-1039-000 conditionally accepting revisions to Attachment J of the SPP tariff. The revisions to Attachment J modify Base Plan funding eligibility requirements and corresponding cost allocations methodologies for Network Upgrades associated with the designation of wind resources as Network Resources up to 20 percent of the Transmission Customer's system peak load responsibility.

In the order FERC expressed concern that the SPP 20 percent limit could place Transmission Customers serving smaller loads at a disadvantage relative to Transmission Customers serving larger loads. This concern would arise if a smaller portion of Network Upgrades costs associated with designation of wind resource capacity acquired by Transmission Customers with smaller loads may be eligible for Base Plan funding.

In order to meet the conditional acceptance and address the FERC concern, a study must be performed to: (1. determine the percentage of wind resources allowable; (2. verify that the cost allocation methods associated with wind resource designation do not create a competitive disadvantage to smaller load serving Transmission Customers as compared to larger load serving Transmission Customers.

In order to meet the June 18, 2010 FERC response deadline, the final report and supporting documentation will be made available by March 12, 2010 to SPP staff for review by SPP Stakeholders.

PROJECT OBJECTIVES

1. For large and small entities determine the competitive impact of the filed percentage limitation on the amount of wind capacity eligible for Base Plan funding per the new Attachment J methodology.
2. Determine that the costs associated with wind resource designation that do not create a competitive disadvantage to smaller load serving Transmission Customers vs. larger load serving Transmission Customers. (Based on Attachment J safe harbor cost methodology)

SPP will provide the Selected Study Consultant the following deliverables:

1. Background and support documentation:
 - 127 FERC ¶ 61,283 (Docket No. ER09-1039-000)
 - Attachment J and Z of the SPP Open Access Transmission Tariff
 - Base Plan Funding Determination for Designated Resources process document

- Designated Network Resources (DNR) listing for each Network Integrated Transmission Service (NITS) Customer (including existing non-wind DNR lists)
 - List of Wind projects included in Base Model
 - Load Mapping or Forecasted Load information
 - Standard Upgrade pricing document
2. 2010 Summer and Winter Peak Power Flow Models (PSS/E version 30.3) with proposed wind generation sites and their associated interconnections..

STUDY REQUIREMENTS:

Study consultants will use MUST N-1 Analysis applications / reporting tools to satisfy the deliverables set out in the Objectives section of this document:

1. Determine 10 and 20% nameplate amount per load for each load serving entity.
2. Develop Participation Subsystem Definitions for each load serving entity.
3. Develop Participation Subsystem Definitions four control areas with the most wind projects to aggregate wind projects
4. Perform three Transfer Impact Analysis from three of the four worst case aggregated wind projects outside the delivery zone for each of the 40 NITS customer to fulfill 10 and 20 % amounts, using MUST FCITC with monitored elements 69 kV and above at 90% for both the Summer and Winter Peak Power Flow Models.
5. Determine the approximate upgrade requirements per Transfer Impact Analysis and determine the cost allocation for wind resources in accordance with Attachment J and Z.
6. Compare large and small Transmission Customer cost allocations for each Transfer Impact Analysis. Once completed, if cost allocation analysis proves that there is a competitive disadvantage to smaller load serving Transmission Customers as compared to larger load serving Transmission Customer determine percentage at which the disadvantage occurs.

TIMELINE:

Ref	Action	Due Date
1	SPP provides Study Consultant with scope of work	Oct. 9, 2009
2	Study Consultant provides SPP a "not to exceed" price	Oct. 23, 2009
3	SPP awards contract	Oct. 30, 2009
4	SPP and Study Consultant participate in Kick-off Meeting in Little Rock Arkansas SPP provides models to Study Consultant – provide items 1, 2, and 3 as noted in SPP deliverables list	Nov. 9, 2009
5	Study Consultant to provide MUST analysis for 10% wind cost allocation, report outline and MUST files required	Jan. 15, 2009
6	Study Consultant to provide MUST analysis for 20% wind cost allocation, report outline and MUST files required.	Feb. 12, 2009
7	Study Consultant provides draft report and power flows	Feb. 26, 2010
8	Internal SPP Staff to complete draft report review	March 5, 2010
9	Study Consultant provides Final report	March 12, 2010
10	External review of Final report with SPP Stakeholders	April 28, 2010
11	SPP prepares filing of results of study with FERC	June 4, 2010

REPORTING:

The Study Consultant will provide reports and MUST analysis and MUST files results as noted in the timeline.

The final report and supporting documentation is due to SPP by March 12, 2010. The report shall include but not be limited to the following sections:

Table of Contents

Executive Summary

Objective

Study Assumptions

Study Procedure

Conclusion

Appendices

- Print-outs of the transfer analysis
- Print out of the transfer analysis with cost comparison to support the determined competitive impact of the filed percentage limitation on the amount of wind capacity eligible for Base Plan funding per the new Attachment J methodology for the large and the small entities
- Print out of the transfer analysis to support percentage that do not create a competitive disadvantage to smaller load serving Transmission Customers vs. larger load serving Transmission Customers

At the conclusion of the study, SPP will retain ownership of all MUST files associated with the study.

* SPP's final response, based on study results, is due to FERC on or before June 18, 2010.