

**Southwest Power Pool**  
**BOARD OF DIRECTORS/MEMBERS COMMITTEE MEETING**  
**Teleconference**  
**May 13, 2010**

**Agenda Item 1 - Administrative Items**

SPP Chair Mr. Jim Eckelberger called the meeting to order at 9:05 a.m. The following Board of Directors/Members Committee members were in attendance or represented by proxy:

Mr. Larry Altenbaumer, director  
Ms. Phyllis Bernard, director  
Mr. Julian Brix, director  
Mr. Nick Brown, director  
Mr. Mike Deggendorf, Kansas City Power and Light  
Mr. Jim Eckelberger, director  
Mr. Tom Stuchlik, proxy for Mr. Kelly Harrison, Westar Energy  
Mr. Rob Janssen, Dogwood Energy  
Mr. Pat Pope, proxy for Mr. Jeff Knottek, City Utilities of Springfield  
Mr. Brett Kruse, Calpine Energy Services  
Mr. Joshua Martin, director  
Mr. Steve Parr, Kansas Electric Power Cooperative  
Mr. Pat Pope, Nebraska Public Power District  
Mr. Gary Roulet, Western Farmers Electric Cooperative  
Mr. Richard Ross, proxy for Mr. Stuart Solomon, American Electric Power  
Mr. Harry Skilton, director  
Mr. Mike Wise, Golden Spread Electric

Ms. Stacy Duckett presented proxies and a quorum was declared (Proxies – Attachment 1).

**Agenda Item 2 – Markets and Operations Policy Committee Recommendation**

Mr. Bill Dowling, Markets and Operations Policy Committee (MOPC) Chair, was asked to present changes to the Tariff to implement the Integrated Transmission Planning (ITP) initiative as well as the MOPC recommendation (ITP Recommendation and presentation – Attachment 2). Mr. Nick Brown moved to approve the recommendation as presented; Ms. Phyllis Bernard seconded the motion. As part of the discussion, Mr. Dowling clarified that the initial review for unintended consequences will occur in 2014 for presentation to the Board of Directors in 2015, offering the first opportunity for an entity to request review of any unintended consequences. Following this initial cycle, an entity can seek a review at any time. Further clarification was provided that the financial obligation related to assignment of costs is incurred with the issuance of a Notice to Construct (NTC); rate changes are effective when filed and accepted at FERC, which follows placement of the facilities into service. The cost allocation methodology is locked in at the issuance of the NTC; actual charges will vary with load and actual costs incurred. SPP Staff will include mention of the plan in the filing letter and details will be developed in the Business Practices. Mr. Bary Warren expressed concern with the process and results as not reflecting policy direction. Empire feels the Regional Tariff Working Group has not presented language that fully reflects and implements the ITP process as detailed in the ITP white paper, which was unanimously supported: the cost effectiveness standards are not included; details in ITP process are only 50% complete and not subject to FERC approval to ensure just and reasonableness; auto transformers are not included. The RTWG was instructed not to change Attachment J regarding unintended consequences and did. Empire recommends that the Board send the Tariff language back to the RTWG and have it re-worked based on the ITP paper.

SPP Board of Directors/Members Committee Minutes  
May 13, 2010

Ms. Duckett called roll for the Members Committee vote. The vote resulted in Mr. Mike Deggendorf, Mr. Mike Wise, Mr. Rob Janssen, Mr. Stuart Solomon, Mr. Steve Parr, Mr. Kelly Harrison, Mr. Gary Roulet and Mr. Brett Kruse<sup>1</sup> voting yes; Mr. Pat Pope and Mr. Jeff Knottek voting against and no abstentions. The Board provided votes to Ms. Duckett via email or phone.

The meeting adjourned at 9:43 a.m.

Following the meeting, Ms. Duckett announced the motion passed.

Stacy Duckett, Corporate Secretary

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<sup>1</sup> Mr. Brett Kruse (Calpine) was present for the meeting and discussion. He unexpectedly had to leave the phone as the vote was taken, but indicated his vote in favor of the motion via email following the meeting.



**Southwest Power Pool, Inc.**  
**BOARD OF DIRECTORS/MEMBERS COMMITTEE MEETING**  
**Teleconference**  
**May 13, 2010**

**ATTENDANCE LIST**

<b>Name</b>	<b>System</b>
Rob Janssen	Dogwood Energy
Mike Wise	Golden Spread Electric
David Ried	OPPD
Bary Warren	Empire
Steve Ferry	Sunflower
Julian Brix	Director
Gary Roulet	Western Farmers
Patrick Smith	KCC
Steve Parr	KEPCO
Brett Kruse	Calpine
Josh Martin	Director
Tom Stuchlik	Westar
Richard Ross	AEP
David Hudson	SPS
Carl Monroe	SPP
Pat Pope	NPPD
Harry Skilton	Director
Carl Huslig	ITC Great Plains
Todd Fridley	KCPL
Bill Dowling	Midwest Energy
Mike Moffet	Sunflower/ITC Great Plains
Katherine Prewitt	SPP
Dennis Reed	Westar
Katy Onnen	SPP
Brian Thumm	ITC Holdings
Mike Deggendorf	KCPL
Jake Langthorn	OG&E
Heather Starnes	SPP
Wendy Reed	Wright & Talisman
Carrie Cooper	Analyst
Les Evans	KEPCO
Tom Hesterman	Sunflower
Adam McKinnie	MOPSC
Phyllis Bernard	Director
Phil Crissup	OG&E
Larry Altenbaumer	Director
Douglas Collins	OPPD
Lynn Doan	SNL



**Southwest Power Pool, Inc.**  
**REGIONAL STATE COMMITTEE MEETING**  
**Teleconference**  
**May 13, 2010**

**ATTENDANCE LIST**

<b>Name</b>	<b>System</b>
Matt Segers	Wright & Talisman
Tracey Stewart	SWPA
Jim Eckelberger	Director
Nick Brown	SPP
Tom Dunn	SPP
Les Dillahunty	SPP
Stacy Duckett	SPP

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**Subject:** FW: May 13 SPP Board Call

-----Original Message-----

From: Kelly.B.Harrison@westarenergy.com [mailto:Kelly.B.Harrison@westarenergy.com]

Sent: Tuesday, May 04, 2010 5:23 PM

To: Nick Brown; Carl Monroe; Stacy Duckett

Cc: Stuchlik, Tom

Subject: May 13 SPP Board Call

By this e-mail, I am giving my proxy to Tom Stuchlik to vote on the May 13, 2010 SPP Board Call should there be a vote. I will be on vacation and will be out of cell phone coverage, as in mountain biking in CO/UT.

Kelly B. Harrison  
Vice President, Transmission Operations & Environmental Services  
Westar Energy, Inc.  
818 S. Kansas Ave.  
Topeka, KS 66612  
(785) 575-1636  
Fax (785) 575-8061  
[kelly.harrison@westarenergy.com](mailto:kelly.harrison@westarenergy.com)

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**Subject:**

FW: SPP Board Meeting Teleconference on 5/13/10

-----Original Message-----

From: Knottek, Jeff

Sent: Thursday, May 13, 2010 8:32 AM

To: Carl Monroe; SDuckett@spp-mg2.spp.org

Cc: Pope, Pat

Subject: SPP Board Meeting Teleconference on 5/13/10

Carl/Stacy,

I don't think I will be able to make this meeting. I have asked Pat Pope with NPPD to take my proxy. Thank you.

Jeff

Jeff Knottek

Director - Transmission Planning

City Utilities of Springfield, Missouri

417-831-8920 Fax: 417-831-8402

[jeff.knottek@cityutilities.net](mailto:jeff.knottek@cityutilities.net)

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**Subject:** FW: SPP Board of Directors/Members Committee Teleconference 5/13/10

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**From:** Solomon, Stuart

**Sent:** Thursday, April 22, 2010 3:59 PM

**To:** Stacy Duckett

**Cc:** Ross, Richard C. (AEP); Fox, Kip; pchodak@aep.com; sfate@aep.com; Cheryl Robertson

**Subject:** Fw: SPP Board of Directors/Members Committee Teleconference 5/13/10

Stacy: I can't attend this meeting. Richard Ross has my proxy. Thanks.

Stuart Solomon  
President and Chief Operating Officer  
Public Service Company of Oklahoma  
212 East Sixth Street  
Tulsa, Oklahoma 74119  
918/599-2555  
918/599-3388 (fax)  
[jssolomon@aep.com](mailto:jssolomon@aep.com)



**Southwest Power Pool, Inc.**  
**MARKETS & OPERATIONS POLICY COMMITTEE**  
**Recommendation to the Board of Directors**  
**May 13, 2010**

**Tariff Language Revisions to Implement the Integrated Transmission Planning Process**

**Organizational Roster**

The following persons are members of the Regional Tariff Working Group:

Dennis Reed, WR (Chair)	Brett Leopold, ITC Great Plains
Charles Locke, KCPL (Vice-Chair)	Bernie Liu, Xcel
Gene Anderson, OMPA	Paul Malone, NPPD
Bob Bowser, KEPCo	Adam McKinnie, MoPSC
David Brian, ETEC	Robert Pennybaker, AEP
Bill Dowling, Midwest Energy	Robert Shields, AECC
Steve Ferry, Sunflower	Bary Warren, EDE
Ron Gary, LAFA	Mitch Williams, WFEC
Rob Janssen, Dogwood	Mike Wise, Golden Spread
David Kays, OGE	Heather Starnes, SPP
Rich Kosch, LES	Katy Onnen, SPP (Secretary)

**Background**

The Integrated Transmission Plan (ITP) is SPP's new approach to planning what transmission is needed to maintain reliability and provide economic benefits to the SPP region in both the near- and long-term. Implementing the ITP will enable SPP and its stakeholders to better facilitate the development of a robust transmission grid that will give regional customers improved access to the SPP region's diverse resources. Development of the ITP was driven by the Synergistic Planning Project Team (SPPT) and the planning principles it developed, including the need to develop a transmission backbone large enough in both scale and geography to provide flexibility to meet SPP's future needs.

The Transmission Working Group and the Economic Studies Working Group had multiple, joint, face to face meetings along with conference calls every other week to develop the ITP document. This effort combines existing planning processes of the Base Plan, Balanced Portfolio, and EHV Study into a single process. The SPPT report provided direction on certain key areas of the new process such as a 20 year time frame with a 40 year economic assessment.

On October 1, 2009, the Transmission Working Group and Economic Studies Working Group reached consensus on the proposed ITP process language.

On October 14, 2009, MOPC approved the recommended ITP process unanimously.

On October 27, 2009, the SPP Board of Directors approved Staff's recommendation for the approval of the Integrated Transmission Plan with Tariff language developed by January, 2010 and ITP process implementation after required approvals.

The revisions to the tariff language were introduced to the RTWG during a meeting on February 19, 2010. The proposed language was further reviewed during meetings on February 25, 2010, March 5, 2010, March 11, 2010, March 17, 2010, March 25, 2010, April 9, 2010, April 12, 2010, and April 28-29, 2010. The RTWG approved the language in three separate motions during their meeting on April 29, 2010.

**Analysis**

The RTWG modified the SPP OATT in the Definitions and Attachments J, O, and V. These changes are described below. Note: Italicized language in the Attachments is pending a ruling by FERC.





- Definitions
  - 1.3b – Balanced Portfolio: Corrected reference to section in Attachment O.
  - 1.3g – Base Plan Upgrades: Added approved ITP Upgrades to be included as Base Plan Upgrades
  - 1.15a – ITP Upgrades: Created defined term for ITP Upgrades.
- Attachment J
  - Section III – Added language for transformer waiver as requested by MOPC during their teleconference on March 2, 2010.
  - Section III.D.2 – Revised language filed in the Highway/Byway case for clarification.
  - Corrected references to Attachment O throughout.
- Attachment O
  - See Excel spreadsheet for a map from the old Attachment O to the new Attachment O.
- Attachment V
  - Corrected references in Section 12.3 of Attachment V, Section 11.3 of the GIA, and Section 11.3 of the Interim GIA.

**Regional Tariff Working Group Recommendations:**

The RTWG recommends that the MOPC approve the Tariff changes. The RTWG voted on the language in three separate motions.

**Attachment O**

**Approved:** Regional Tariff Working Group April 29, 2010  
14 In Favor, 3 Opposed (EDE, NPPD, and LES), 0 Abstentions

**Action Requested:** Approve Recommendation for Attachment O

**Attachment J**

**Approved:** Regional Tariff Working Group April 29, 2010  
14 In Favor, 3 Opposed (EDE, NPPD, and LES), 0 Abstentions

**Action Requested:** Approve Recommendation for Attachment J

**Definitions and Attachment V**

**Approved:** Regional Tariff Working Group April 29, 2010  
15 In Favor, 0 Opposed, 2 Abstentions (EDE and LES)

**Action Requested:** Approve Recommendation for Definitions and Attachment V



**Markets & Operations Policy Committee Recommendations:**

**Attachment O**

**Approved:** Markets & Operations Policy Committee May 6, 2010

Roll call vote with 75% Approval,  
29 In Favor, 10 Opposed (Clarksdale, Lafayette, Independence, Springfield, Lincoln, LEPA, Yazoo City, EDE, NPPD, OPPD) and Entergy Services Abstaining.

**Action Requested:** Approve Recommendation for Attachment O

**Attachment J**

**Approved:** Markets & Operations Policy Committee May 6, 2010

Roll call vote with 75% Approval,  
26 In Favor, 9 Opposed (Clarksdale, Lafayette, Springfield, Lincoln, LEPA, Yazoo City, EDE, NPPD, OPPD) and Independence, ETEC, Entergy Services, NTEC, Tex-La Abstaining.

**Action Requested:** Approve Recommendation for Attachment J

**Definitions and Attachment V**

**Approved:** Markets & Operations Policy Committee May 6, 2010

Passed by unanimous voice vote with EDE, OPPD, Lafayette, LEPA, Clarksdale, Yazoo City, and Springfield Abstaining.

**Action Requested:** Approve Recommendation for Definitions and Attachment V

The following lists minority opinions that were asked to be recorded to the MOPC minutes and provided to the Board.

“Although ETEC voted in favor of the language provisions presented today in Attachment J at the RTWG, here at MOPC we continue to have concerns about the unintended consequences language in Section III 4.D.i and ii., and therefore abstained. It was made clear that there would be no changes allowed to this recently filed language; however, changes were made to the filed language during the last set of Attachment J revisions without giving stakeholders the opportunity to provide comments or propose their own language recommendations.

Further, we believe that 2014 and not 2015 as highlighted in Attachment J Section III 4 (ii) was the decision made by the Board and Members committee at the March 31, 2010 Board of Directors and Members Committee meeting. The language as it now stands would prevent highly imbalanced member companies from protesting until 2015. We would ask the Board and Members Committee to review the mitigation language in these sections to ensure that it is reflective of their direction, which we feel was to provide stronger language ensuring long-term cost-allocation parity.

Overall, ETEC, NTEC and Tex-La are generally supportive of the ITP process concept.”

“AEP is supportive of the language provisions in Attachment J presented to MOPC today by RTWG. We believe that the language enhancements to Attachment J Section III 4 (i & ii) add to clarify "imbalanced cost allocation". For interpretation purposes, under Section III 4 (ii) AEP believes that the Priority Projects (approved in April 2010), the first ITP 20 year plan (tentatively to be approved in 2011) and the second ITP 20 year plan (tentatively to be approved in 2014) would constitute the first 3 year planning cycle in



which an imbalanced cost allocation could be protested to SPP at any time thereafter. Therefore, AEP believes 2014 and not 2015 as highlighted in Attachment J Section III 4 (ii) was the intent of the Members Committee and Board as discussed at the March 31, 2010 Board of Directors and Members Committee meeting as outlined in Attachment J Section III 4 (ii). We assume any member that appeared to be highly imbalanced would protest shortly after the 2014 ITP analysis was available and not wait until 2015. This is a minor point but could limit any action by SPP staff on behalf of the imbalanced member.

AEP supports mitigation language such as this to address any imbalance to members from the cost allocation associated with ITP projects. We anticipate that business practices to address this imbalance issue and process in detail will be developed with the support of the membership as outlined by the Attachment J language. We would encourage the Board and Members Committee to recommend business practices detailing how imbalanced protests should be addressed as part of their approval of the Attachment J modifications. “

“OPPD would like the MOPC minutes to reflect that all stakeholders were not given the opportunity to provide their comments on Attachment O changes. Not sure why given the call ended at least 10 minutes early.

We have the following comments below that were not allowed to be brought forth.

Since the Board has been clear that they intend to ensure long-term equity, I would like to be sure that the calculation of benefits in Section III.8.e.ii applies to all non-reliability metrics used in the ITP. If a metric like reduced congestion is used, it would need to be measured against a case without that metric to determine its benefit.

Section V.3.c discusses the Board approving ITP Upgrades other than those recommended by MOPC. Is this meant to allow the Board to remove projects or to add projects that have not been analyzed? I think this needs to be clear.

Section V needs to include language that limits cost overruns for economic projects in order to prevent the use of low cost-estimates to get projects approved.

Section VI.4 allows the Board to authorize construction of transmission that would not require a financial commitment before the next STEP. Is this necessary and how will the Board decide which project to advance and which projects don't?”

## ATTACHMENT J

### Recovery Of Costs Associated With New Facilities

#### I. Direct Assignment Facilities

Where a System Impact and/or Facilities Study indicates the need to construct Direct Assignment Facilities to accommodate a request for Transmission Service, the Transmission Customer shall be charged the full cost of such Direct Assignment Facilities. Such costs shall be specified in a Service Agreement.

#### II. Network Upgrades

Where applicable the costs of completed Network Upgrades shall be allocated as specified in Sections III, IV and V of this Attachment. The revenue requirements of Base Plan Upgrades and approved Balanced Portfolios will be recovered through Schedule 11, subject to filing such rate or revenue requirements with the Commission, and where applicable Directly Assigned Upgrade Costs. These costs may be recovered in whole or in part through the Base Plan Zonal Charge, Base Plan Region-wide Charge, and/or a direct assignment charge. The cost allocable to each of these charges shall be determined in accordance with Section III of this Attachment. The revenue requirements for other Network Upgrades may be recovered by Transmission Owners through Schedules 7, 8, and 9 subject to their filing such rate or revenue requirements with the Commission.

#### III. Base Plan Upgrades

A single Base Plan Upgrade is comprised of any upgrade or group of upgrades required to be made to a single transmission circuit, where a transmission circuit is comprised of all *load carrying* elements between circuit breakers or the comparable switching devices. A *load carrying element within a Base Plan Upgrade that is connected at two different voltage levels (e.g. a 345kV/138kV transformer) shall, for the purposes of this Attachment J, be considered to have a nominal operating voltage of its lower voltage level (excluding any tertiary windings) and its costs shall be allocated in accordance with the rules governing the lower voltage level in this Attachment J.* A waiver may be requested to use a transformer's higher voltage level instead of the lower voltage level for the purposes of cost allocation under this Attachment J based on the

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Effective:

anticipated utilization of the transformer. Such request must be made in writing and submitted to the Transmission Provider not later than one hundred eighty (180) days following the inclusion of the transformer in an approved SPP Transmission Expansion Plan. The Transmission Provider shall make a recommendation to accept or deny the waiver, on a non-discriminatory basis, to the Markets and Operations Policy Committee. The Markets and Operations Policy Committee will consider the waiver request and the Transmission Provider's recommendation, and will provide its own recommendation (along with the Transmission Provider's recommendation) regarding such waiver to the SPP Board of Directors. Barring unusual circumstances, the recommendation to approve or reject such waiver request will be submitted to the SPP Board of Directors within one hundred twenty (120) days following the receipt of the waiver request.

**A. Allocation of Base Plan Upgrade Costs Eligible for Cost Allocation**

1. If the cost of a Base Plan Upgrade is less than or equal to \$100,000, the annual transmission revenue requirement associated with such Base Plan Upgrade shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement of the Zone in which the Base Plan Upgrade is located.

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2. If a) the Base Plan Upgrade is included in and constructed pursuant to the SPP Transmission Expansion Plan in order to ensure the reliability of the Transmission System *or is an approved high priority upgrade*, and the cost for that upgrade is not allocable under Section III.A.1; or b) the Base Plan Upgrade cost eligible for cost allocation under Section III.B.1 is not associated with a new or changed Designated Resource for a wind generation plant, then:
  - i. X% of the annual transmission revenue requirement associated with such Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Region-wide Annual Transmission Revenue Requirement and recovered through the Region-wide Charge, *where X shall be set as follows:*
    - a. *For all Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010 or whose nominal operating voltage level is less than 300 kV but greater than 100 kV, X shall be 33%.*
    - b. *For all other Base Plan Upgrades whose nominal operating voltage level is greater than or equal to 300 kV, X shall be 100%.*
    - c. *For all other Base Plan Upgrades whose nominal operating voltage level is less than or equal to 100 kV, X shall be 0%.*
  - ii. (100-X)% of the annual transmission revenue requirement associated with such Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement and recovered through the Base Plan Zonal Charge *as follows:*
    - a. *For Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010, this portion of the annual transmission revenue requirement for Base Plan Upgrade*

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Effective: June 19, 2010

costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement of specific Zones based on the Zones' share of the incremental positive MW-mile benefits as computed in Section 4 of Attachment S to this Tariff. Each Zone with a benefit of at least 10 MW-miles from a given Base Plan Upgrade shall be allocated a portion of the Base Plan Zonal Annual Transmission Revenue Requirement for such upgrade based on its incremental positive MW-mile benefit divided by the sum of the incremental positive MW-mile benefits for all of those Zones with a benefit of at least 10 MW-miles from the upgrade, provided that such allocation represents an engineering and construction cost of at least \$100,000.

- b. For all other Base Plan Upgrades, this portion of the annual transmission revenue requirement for Base Plan Upgrade costs eligible for cost allocation shall be allocated solely to the Base Plan Zonal Annual Transmission Revenue Requirement of the Zone in which the Base Plan Upgrade is located.*

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Issued on: April 19, 2010

Effective: June 19, 2010

3. If the Base Plan Upgrade cost eligible for cost allocation under Section III.B.1 of Attachment J is a) associated with a new or changed Designated Resource that is a wind generation plant and b) the Base Plan Upgrade is located within the same zone as the Transmission Customer's Point of Delivery, then:
  - i. X% of the annual transmission revenue requirement associated with the portion of the Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Region-wide Annual Transmission Revenue Requirement and recovered through the Base Plan Region-wide Charge, *where X shall be set as follows:*
    - a. *For Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010 or whose nominal operating voltage level is less than 300 kV and greater than 100 kV, X shall be 33%.*
    - b. *For all other Base Plan Upgrades whose nominal operating voltage level is greater than or equal to 300 kV, X shall be 100%.*
    - c. *For all other Base Plan Upgrades whose nominal operating voltage level is less than or equal to 100 kV, X shall be 0%.*
  - ii. (100-X)% of the annual transmission revenue requirement associated with the portion of the Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement and recovered through the Base Plan Zonal Charge *as follows:*
    - a. *For Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010, this portion of the annual transmission revenue requirement for Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue*

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Requirement of specific Zones based on the Zones' share of the incremental positive MW-mile benefits as computed in Section 4 of Attachment S to this Tariff. Each Zone with a benefit of at least 10 MW-miles from a given Base Plan Upgrade shall be allocated a portion of the Base Plan Zonal Annual Transmission Revenue Requirement for such upgrade based on its incremental positive MW-mile benefit divided by the sum of the incremental positive MW-mile benefits for all of those Zones with a benefit of at least 10 MW-miles from the upgrade, provided that such allocation represents an engineering and construction cost of at least \$100,000.

*b. For all other Base Plan Upgrades, this portion of the annual transmission revenue requirement for Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement of the Zone in which the Base Plan Upgrade is located.*

4. If the Base Plan Upgrade cost eligible for cost allocation under Section III.B.1 of Attachment J is a) associated with a new or changed Designated Resource that is a wind generation plant and b) the Base Plan Upgrade is located within a zone(s) other than the Transmission Customer's Point of Delivery, then:
  - i. Y% of the annual transmission revenue requirement associated with the Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Region-wide Annual Transmission Revenue Requirement and recovered through the Base Plan Region-wide Charge, where Y shall be set as follows:

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- a. *For Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010 or whose nominal operating voltage level is less than 300 kV, Y shall be 67%.*
- b. *For all other Base Plan Upgrades Y shall be 100%.*
- ii. (100-Y)% of the annual transmission revenue requirement associated with the Base Plan Upgrade costs eligible for cost allocation shall be directly assigned to the Transmission Customer.

**B. Conditions for Classifying Service Upgrade Costs Associated with Designated Resources As Base Plan Upgrade Costs Eligible for Cost Allocation**

- 1. Except as provided in Section III.A.1 and subject to the limits and rules set forth in Subsections d and f below, the costs of

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Service Upgrades associated with new or changed Designated Resources shall be classified as Base Plan Upgrade costs eligible for cost allocation if the conditions in the following Subsections a and b are met, and if the condition in Subsection c is met as applicable.

- a. The Transmission Customer's commitment to the Designated Resource has a duration of at least five years
- b. In the first year the Designated Resource is planned to be used by the Transmission Customer, the accredited capacity of the Transmission Customer's existing Designated Resources plus the lesser of: (a) the planned maximum net dependable capacity applicable to the Transmission Customer or (b) the requested capacity; shall not exceed 125% of the Transmission Customer's projected system peak responsibility determined pursuant to SPP Criteria 2.
- c. If the Designated Resource is a wind generation plant, then the sum of: (1) the requested capacity and (2) the transmission capacity reserved for the Transmission Customer's existing Designated Resources that are wind generation plants shall not exceed 20% of the Transmission Customer's projected system peak responsibility as determined pursuant to SPP Criteria 2 in the first year the Designated Resource is planned to be used by the Transmission Customer.
- d. Safe Harbor Cost Limit for Eligibility of the Costs of Base Plan Upgrade for Cost Allocation
  - i. For Base Plan Upgrades that cost over \$100,000, the aggregate cost of such upgrades assigned to each individual transmission

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Effective: June 19, 2010

service request that is less than or equal to the Safe Harbor Cost Limit of \$180,000 / MW times the requested capacity is eligible for cost allocation in accordance with:

- 1) Section III.A.2 for a new or changed Designated Resource other than a wind generation plant; or
  - 2) Sections III.A.3 and 4 for a new or changed Designated Resource that is a wind generation plant.
- ii. Any costs that exceed the Safe Harbor Cost Limit for a transmission service request shall be directly assigned to the Transmission Customer unless a waiver of the Safe Harbor Cost Limit is granted pursuant to Section III.C.
- e. Base Plan Upgrade costs eligible for allocation as a result of the granting of a waiver shall be allocated in accordance with Sections III.A.2, III.A.3, or III.A.4, as applicable.
- f. For each Transmission Service Request, the amount of Base Plan Upgrade costs eligible for cost allocation shall be pro-rated among all Base Plan Upgrades required to grant the Transmission Service Request based upon each Upgrade's cost that is allocated to the Transmission Service Request in accordance with Attachment Z1.

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Issued on: April 19, 2010

Effective: June 19, 2010

2. The Transmission Customer must provide the Transmission Provider the information that the Transmission Provider deems necessary to verify that the new or changed Designated Resource meets conditions in Section III.B.1.a,b and c above.
3. If an upgrade for a new or changed Designated Resource meets the requirements set forth in Section III.B.1.a, b, and c above, the costs up to the \$180,000/MW Safe Harbor Cost Limit will be classified as Base Plan Upgrade costs eligible for cost allocation.
4. If the conditions set forth in Section III.B.1.a, b, and c above are not met, and the Transmission Customer does not secure a waiver of the relevant condition(s), the costs of the upgrades will be directly assigned to the Transmission Customer. If the costs of upgrades associated with a new or changed Designated Resource exceeds the Safe Harbor Cost Limit and the Transmission Customer does not secure a waiver of that limit, the costs of the upgrades in excess of the limit will be directly assigned to the Transmission Customer. The Transmission Customer shall receive transmission revenue credits in accordance with Attachment Z2 to this Tariff for any such directly assigned costs.

**C. Waiver of Conditions for Classifying Service Upgrade Costs Associated with Designated Resources As Base Plan Upgrade Costs Eligible for Cost Allocation**

**1. Waiver Process**

If one or more of the conditions in Section III.B.1.a, b, c are not met or if the Base Plan Upgrade cost exceeds the Safe Harbor Cost Limit, the Transmission Customer may seek a waiver from the Transmission Provider in order that the costs of any Service Upgrade(s) that otherwise would be directly assigned to the Transmission Customer may be classified in whole or in part as Base Plan Upgrade costs eligible for cost allocation.

Issued by: Heather H. Starnes, Manager, Regulatory Policy

Issued on: April 24, 2009

Effective: April 25, 2009

To obtain a waiver for the conditions set forth in Section III.B.1.a, b, c, the Transmission Customer must submit a request for a waiver to the Transmission Provider simultaneous with its request for long-term transmission service, submitted in accordance with Attachment Z1 to this Tariff, for the new or changed Designated Resource.

Aggregate Facilities Studies performed by the Transmission Provider as part of the Aggregate Transmission Service Study procedure, which is described in Attachment Z1, will determine whether the costs for Service Upgrades associated with a new or changed Designated Resource might exceed the Safe Harbor Cost Limit. If the Transmission Provider determines that the costs for Service Upgrades associated with a new or changed Designated Resource might exceed the Safe Harbor Cost Limit, the Transmission Provider shall notify the affected Transmission Customer when the Transmission Provider posts the associated Facilities Study. The affected Transmission Customer may request a waiver regarding the costs in excess of the Safe Harbor Cost Limit within 15 days of such notice from the Transmission Provider.

Following the receipt of a request for a waiver, the Transmission Provider will review the request and make a determination on a non-discriminatory basis of whether a waiver should be granted based upon consideration of the factors described in Section III.C.2. of this Attachment. The Transmission Customer requesting the waiver shall be responsible for the reasonable costs of any studies that the Transmission Provider performs in

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Issued on: April 24, 2009

Effective: April 25, 2009

making its determination. The Transmission Provider will provide a report and recommendation to the Markets and Operations Policy Committee for each requested waiver. The Markets and Operations Policy Committee will consider the waiver request and the Transmission Provider's report and recommendation, and will provide its own recommendation (along with the Transmission Provider's report and recommendation) regarding each requested waiver to the SPP Board of Directors. Barring unusual circumstances, a valid waiver request will be reviewed and submitted to the SPP Board of Directors within 120 days following the receipt of the waiver request.

## **2. Factors to be Considered in Evaluating Waiver Requests**

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Any waiver request submitted by a Transmission Customer pursuant to Section III.C.1. of this Attachment shall be evaluated based upon the following general factors, including but not limited to:

- i. There are insufficient competitive resource alternatives for one or more Transmission Customers.
- ii. In the event that the aggregate costs of a Service Upgrade associated with a new or changed Designated Resource exceed the Safe Harbor Cost Limit, (i) those costs up to the level of the Safe Harbor Cost Limit shall be classified as Base Plan Upgrade costs eligible for cost allocation, and (ii) those costs that exceed the Safe Harbor Cost Limit may be classified in whole or in part as Base Plan Upgrade costs eligible for cost allocation taking into account the extent to which the duration of the Transmission Customer's commitment to the new or changed Designated Resource exceeds the five-year commitment period set forth in paragraph III.B.1. above.

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Issued on: April 24, 2009

Effective: April 25, 2009

- iii. The five-year commitment period for the new or changed Designated Resource may be waived if: (i) the associated Service Upgrade costs are significantly less than the Safe Harbor Cost Limit; or (ii) the associated Service Upgrades provide benefits to other Transmission Customers that would offset in less than five years any costs allocated to them as a result of the upgrade being classified as a Base Plan Upgrade.
- iv. If a request for a waiver is received by the Transmission Provider based upon other circumstances, such waiver request shall also be considered pursuant to the waiver process described in Section III.C.1. of this Attachment.

If the costs of the Service Upgrade(s) required for a new or changed Designated Resource are not eligible for classification as Base Plan Upgrade costs, the Transmission Customer may nevertheless request the construction of such upgrades. In such event, the costs of such upgrades shall be allocated in accordance with Attachment Z1 to this Tariff.

**D. Review of Base Plan Allocation Methodology**

1. The Transmission Provider shall review the reasonableness of the regional allocation *methodology and factors (X% and Y%)* and the zonal allocation methodology at least once every *three years in accordance with this Section III.D.* The Transmission Provider and/or the Regional State Committee may initiate *such review at any time.* Any change in the regional allocation *methodology and factors* or the zonal allocation methodology shall be filed with the Commission.

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Issued on: April 19, 2010

Effective: June 19, 2010



2. For each ~~review~~ conducted in accordance with Section III.D.1, the Transmission Provider shall *determine* the cost allocation impacts of the Base Plan Upgrades with Notifications to Construct issued after [DATE] to each pricing Zone within the SPP Region. *The Transmission Provider in collaboration with the Regional State Committee shall determine the cost allocation impacts* utilizing the analysis specified in Section III of Attachment O and the results produced by the analytical methods defined pursuant to Section III.D.4(i).

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3. *The Transmission Provider shall review the results of the cost allocation analysis with SPP's Regional Tariff Working Group, Markets and Operations Policy Committee, and the Regional State Committee. The Transmission Provider shall publish the results of the cost allocation impact analysis and any corresponding presentations on the SPP website.*

4. *The Transmission Provider shall request the Regional State Committee provide its recommendations, if any, to adjust or change the costs allocated under this Attachment J if the results of the analysis show an imbalanced cost allocation in one or more Zones.*

i) *One year prior to each three-year planning cycle (starting in 2013) the Markets and Operations Policy Committee and Regional State Committee, will define the analytical methods to be used to report under this Section III.D and suggest adjustments to the Regional State Committee and Board of Directors on any imbalanced zonal cost allocation in the SPP footprint; and*

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ii) *Starting in 2015 and at any time thereafter, any member company that feels that it has an imbalanced cost allocation may request relief through the Markets and Operations Policy Committee. The Markets and Operations*

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*Policy Committee recommendation, if any, will be forwarded with the request for relief to the Regional State Committee and Board of Directors for review.*

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5. *In accordance with the SPP Bylaws, the SPP Board of Directors will initiate the appropriate actions, including any necessary filings with the Commission, consistent with the Regional State Committee recommendations.*

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#### IV. **Approved Balanced Portfolios**

One hundred percent (100%) of the annual transmission revenue requirement for an approved Balanced Portfolio shall be recovered through the Region-wide Charge.

##### A. **Reallocation of Zonal Revenue Requirements for Deficient Zone(s)**

For an approved Balanced Portfolio, the balance may have been achieved by transferring a portion of the Base Plan Zonal Annual Transmission Revenue Requirement and/or the Zonal Annual Transmission Revenue Requirement (“Reallocated Revenue Requirements”) from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement in accordance with Section IV 4.c of Attachment O to this Tariff.

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##### 1. **Implementation of Reallocated Revenue Requirements**

The initial reallocation of the Reallocated Revenue Requirements from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement shall occur when at least 10% of the estimated levelized annual transmission revenue requirements for the approved Balanced Portfolio has been included in rates under the Tariff (the “Trigger Date”).

On the Trigger Date and on the anniversary of the Trigger Date in each of the subsequent four years, 20% of the Reallocated Revenue Requirements required to balance the portfolio for the deficient Zone(s), as estimated in accordance with Section IV 4.c of Attachment O to this

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Tariff, shall be reallocated to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement. However, if all the upgrades in the

approved Balanced Portfolio are completed and included in rates under the Tariff and the actual costs of any third party impacts identified under Section IV.3.c of Attachment O are determined prior to the fourth anniversary of the Trigger Date, the remaining Reallocated Revenue Requirements shall be reallocated and the true-up specified in Section IV.A.2 of this Attachment shall be performed.

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The reallocation of the Reallocated Revenue Requirements shall be from the Base Plan Zonal Annual Transmission Revenue Requirement of the deficient Zone(s) first, then, if necessary, from the Zonal Annual Transmission Revenue Requirement of the deficient Zone(s).

**2. Final Reallocation of Reallocated Revenue Requirements and True-up**

Upon the completion and inclusion in rates under the Tariff of all of the upgrades that are part of the approved Balanced Portfolio and the determination of the actual cost of any third party impacts attributable to the Balanced Portfolio under Section IV.3.c of Attachment O, the final amount of costs to be reallocated from the Reallocated Revenue Requirements for the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement to balance the approved Balanced Portfolio shall be trued-up based on the applicable fixed charge rate and actual costs. The final reallocation shall be performed using the same benefits estimated at the time the Balanced Portfolio was approved.

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Notwithstanding the foregoing, if the ten-year net present value of levelized annual transmission revenue requirements based on actual costs and third party impact costs under Section IV.3.c of Attachment O exceeds the ten-year net present value of estimated benefits for the entire approved Balanced Portfolio, then the reallocation for each Zone shall be set at a level that equates the benefit to cost ratio in each Zone to the true-up benefit to cost ratio for the approved Balanced Portfolio.

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**B. Reconfiguration of an Approved Balanced Portfolio**

**1. Conditions Under Which an Approved Balanced Portfolio may be Reconfigured**

Under certain conditions, the Transmission Provider shall review an approved Balanced Portfolio for unintended consequences and may recommend reconfiguring a previously approved Balanced Portfolio. Conditions that would initiate such review include but are not limited to:

- i. Cancellation of an upgrade that is part of an approved Balanced Portfolio;
- ii. Unanticipated decreases in benefits or increases in the costs of upgrades that are part of an approved Balanced Portfolio or increases in the costs of third party impacts under Section IV.3.c of Attachment O; and
- iii. Significant unanticipated changes in the transmission system.

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**2. Factors to be Considered in Determining Whether a Balanced Portfolio Should be Reconfigured**

Reconfiguration of a Balanced Portfolio shall be evaluated based upon the following general factors, including but not limited to, the impact of the reconfiguration on:

- i. Meeting the conditions for a Balanced Portfolio specified in Section IV ~~3.e~~ of Attachment O to this Tariff;
- ii. The number of deficient Zones as defined in Section IV ~~4.a~~ of Attachment O to this Tariff;
- iii. The amount of Reallocated Revenue Requirements that needs to be transferred from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement in order to balance the reconfigured portfolio; and
- iv. The increase in the overall cost of the reconfigured Balanced Portfolio, if upgrades are added to the portfolio.

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**3. Reallocation of Reallocated Revenue Requirements**

If a reconfigured portfolio is to be balanced by transferring a portion of the Reallocated Revenue Requirements from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission

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Revenue Requirement, the reallocation of the revenue requirements specified in Section IV.A of this Attachment shall be adjusted based on the costs and benefits of the proposed reconfigured Balanced Portfolio as approved.

**4. Recommendation and Approval of a Reconfigured Balanced Portfolio**

Based on the analysis performed in accordance with Sections IV.B.1 through IV.B.3 of this Attachment, the Transmission Provider shall provide a report and make a recommendation in regard to reconfiguration of the Balanced Portfolio to the Markets and Operations Policy Committee. The Markets and Operations Policy Committee shall consider the Transmission Provider's report and recommendation, and shall provide its own recommendation (along with the Transmission Provider's report and recommendation) to the SPP Board of Directors. Based upon these recommendations, the SPP Board of Directors shall take action regarding reconfiguration of the Balanced Portfolio.

**V. Other Network Upgrades**

**A. Sponsored Upgrades**

The Directly Assigned Upgrade Cost of a Sponsored Upgrade shall be borne voluntarily by the Project Sponsor. The Project Sponsor shall execute an Agreement for Sponsored Upgrade in which it agrees to bear these Directly Assigned Upgrade Costs. In the Agreement, the Project Sponsor shall elect to pay for the Sponsored Upgrade by (1) a lump sum payment or (2) periodic charges calculated in accordance with Commission policy (both hereafter referred to as "Project Sponsor's Payment"). Such periodic charges shall be paid on a monthly basis over a twenty year period unless a different frequency and/or shorter term is established in the Agreement for Sponsored Upgrade. The present value of the Project Sponsor's Payment shall equal the present value of the annual revenue requirements of the Sponsored Upgrade over a twenty year plant life. The annual revenue requirements of the

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Issued on: December 9, 2008

Effective: February 7, 2009

Sponsored Upgrade shall be calculated by multiplying the levelized fixed charge rate of the Transmission Owner, based on full depreciation over a 20 year plant life and including operating and maintenance expenses and any applicable tax consequences, by the nondepreciated actual cost of the Sponsored Upgrade.

The Transmission Provider shall file the Agreement initially utilizing good faith estimates of the construction costs for the assigned upgrade. Upon completion of the Sponsored Upgrade, the Transmission Provider shall true up the Directly Assigned Upgrade Costs to the actual construction costs as appropriate and calculate the Project Sponsor's Payment.

In addition, the Directly Assigned Upgrade Cost of the Sponsored Upgrade shall be reduced as provided in Section VII of this Attachment J and by any revenue credits granted to a Transmission Owner for the use of the Sponsored Upgrade.

The Project Sponsor shall receive transmission revenue credits in accordance with Attachment Z2.

**B. Service Upgrades**

The cost of a Service Upgrade shall be allocated in accordance with Attachment Z1 to this Tariff. The Transmission Customer shall receive transmission revenue credits in accordance with Attachment Z2.

**C. Generation Interconnection Related Network Upgrades**

The cost of a generation interconnection related Network Upgrade shall be allocated in accordance with Attachment V to this Tariff. The Interconnection Customer shall receive transmission revenue credits in accordance with Attachment Z2.

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**D. Zonal Reliability Upgrades**

1. The cost of Zonal Reliability Upgrades (i) included in the 2005 SPP Transmission Expansion Plan and (ii) placed in service prior to January 1, 2008 shall be allocated in accordance with Section III to this Attachment.
2. The cost of all other Zonal Reliability Upgrades shall be includable in the applicable Zonal Annual Transmission Revenue Requirement.

**VI. Reserved**

**VII. Treatment of Upgrades that Permit Deferral or Displacement of Network Upgrades**

**A. Deferred Upgrade**

In the case of a Base Plan Upgrade, an upgrade that is part of an approved Balanced Portfolio, a Zonal Reliability Upgrade, or a Service Upgrade that may be deferred (“Deferred Upgrade”) as a result of a proposed Network Upgrade, the

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Effective: October 17, 2008

achievable Accredited Revenue Requirements shall be equal to the time value of the affected Transmission Owner's(s') revenue requirement(s) for the Deferred Upgrade over the period of the deferral, calculated as follows:

1. A Transmission Owner's annual revenue requirement for a Deferred Upgrade shall be determined using the same method as is used by the Transmission Owner to calculate its revenue requirement for transmission facilities for other purposes, but applying that method to the projected incremental investment in the Deferred Upgrade.
2. The time value of the deferral shall be calculated by discounting to present value the accredited annual revenue requirements for each individual year in the deferral period and summing the resulting values. For each individual year in the deferral period, the time value of the deferral will be determined by discounting the annual revenue requirement for that year first from January 1 of that year and then from December 31 of that year, summing the two resulting values, and dividing by two. For any partial year encompassed by the deferral period, the time value of the deferral shall be calculated in the same manner as indicated in the immediately preceding sentence, except that the resulting value will be pro-rated based on the number of months in the partial year divided by 12.

**B. Displaced Upgrade**

In the case of a Base Plan Upgrade, an upgrade that is part of an approved Balanced Portfolio, a Zonal Reliability Upgrade, or a Service Upgrade that may be displaced ("Displaced Upgrade") as a result of a proposed Network Upgrade, the achievable Accredited Revenue Requirements shall be equal to the time value of the affected Transmission Owner's(s') revenue requirement(s) for the Displaced Upgrade over the expected service

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life of the facility that is displaced. The methodology for calculating the Accredited Revenue Requirements shall be the same as set forth in Section VII.A. of this Attachment, except that the expected service life of the facility shall be substituted for the deferral period in all instances.

**C. Application of Accredited Revenue Requirements**

The Transmission Provider shall calculate the Accredited Revenue Requirements that are achievable due to a Deferred Upgrade or Displaced Upgrade. The Accredited Revenue Requirements shall be based on the estimated project costs for the approved upgrade which is deferred or displaced.

1. If a proposed Network Upgrade defers or displaces the need for a Base Plan Upgrade associated with a new or changed Designated Resources for which there are Directly Assigned Upgrade Costs, the Accredited Revenue Requirements related to Base Plan Upgrade charges shall only include the costs that are allocated to the Base Plan Zonal Annual Transmission Revenue Requirement and the Base Plan Region-wide Annual Transmission Revenue Requirement.
2. If a proposed Network Upgrade defers or displaces the need for an upgrade that is part of an approved Balanced Portfolio, the Accredited Revenue Requirements related to Balanced Portfolio charges shall only include the costs that are allocated to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement.
3. If a proposed Network Upgrade defers or displaces the need for a Zonal Reliability Upgrade, the Accredited Revenue Requirements related to Zonal Reliability Upgrade charges shall only include the costs that are assigned to the Zonal Annual Transmission Revenue Requirement.
4. If a proposed Network Upgrade defers or displaces the need for a Service Upgrade required to provide Long-Term Firm Point-to-Point Transmission Service, the Accredited Revenue Requirements related to the transmission service charges shall only include the expected increase in revenue that

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can be distributed through Section II.C of Attachment L to this Tariff, for service under Schedule 7, as a result of displacement or deferral of the Service Upgrade.

**D. Assignment and Recovery of Accredited Revenue Requirements**

1. For a proposed Network Upgrade, other than an upgrade included in a Balanced Portfolio, that results in a Deferred Upgrade or Displaced Upgrade:
  - i. The entity responsible for paying the cost of the Network Upgrade shall be responsible for any positive difference between the present value of the total costs for its upgrade and the present value of the Accredited Revenue Requirements.
  - ii. The Accredited Revenue Requirements of the deferred or displaced upgrades shall be recovered through charges specified in:
    - a. Section III.A of this Attachment for deferred or displaced Base Plan Upgrades;
    - b. Section IV of this Attachment for deferred or displaced upgrades associated with a Balanced Portfolio;
    - c. Section V.D of this Attachment for deferred or displaced Zonal Reliability Upgrades; and
    - d. Section V.B. of this Attachment for deferred or displaced Service Upgrades.

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Effective: October 17, 2008

- iii. The calculations for determining the Accredited Revenue Requirements shall be filed with the Commission by the Transmission Provider prior to the imposition of any charges or credits hereunder.
  2. The costs of the upgrades included in an approved Balanced Portfolio that result in a Deferred Upgrade or Displaced Upgrade shall be included in the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement and shall be recovered through the Region-wide Charge.
    - i. The costs of a Network Upgrade that is deferred or displaced by the upgrades included in an approved Balanced Portfolio shall not be recovered through the original recovery mechanism for such upgrade.
    - ii. In the evaluation of the benefits of the Balanced Portfolio as specified in Section IV.3.d of Attachment O to this Tariff, the Accredited Revenue Requirements associated with the deferred or displaced Base Plan Upgrade(s), Zonal Reliability Upgrade(s) and Service Upgrade(s) shall be treated as benefits to the Zones to which those Accredited Revenue Requirements are distributed or would have been otherwise assigned or recovered as specified in:
      - a. Section III.A of this Attachment for deferred or displaced Base Plan Upgrades;

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- b. Section V.D of this Attachment for deferred or displaced Zonal Reliability Upgrades; and
- c. Section II.C of Attachment L for service under Schedule 7 for deferred or displaced Service Upgrades.

**VIII. Uncompleted Network Upgrades**

The costs of Network Upgrades that are not completed through no fault of the Transmission Owner charged with construction of the upgrades shall be handled as follows:

If a proposed Network Upgrade was accepted and approved by the Transmission Provider, the Transmission Provider shall develop a mechanism to recover such costs and distribute such revenue on a case by case basis. Such recovery and distribution mechanism shall be filed with the Commission. The Transmission Owner(s) that incurred the costs shall be reimbursed for those costs by the Transmission Provider. These costs shall include, but are not limited to: the costs associated with attempting to obtain all necessary approvals for the project, study costs, and any construction costs.

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Issued on: August 15, 2008

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**Schedule 1 to Attachment J**

Agreement  
For  
Sponsored Upgrade

This Agreement For Sponsored Upgrade ("Agreement") is entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between \_\_\_\_\_ ("Project Sponsor"), and Southwest Power Pool, Inc. ("Transmission Provider") on behalf of itself and the designated Transmission Owner(s). The Project Sponsor and Transmission Provider shall be referred to as "Parties."

WHEREAS, the Transmission Provider administers an Open Access Transmission Tariff ("Tariff") to provide Transmission Service within the Southwest Power Pool and acts as agent for the Transmission Owners in providing service under the Tariff; and

WHEREAS, the Sponsored Upgrade identified in the Specifications attached hereto has been endorsed by the Markets and Operations Policy Committee and the Board of Directors of the Transmission Provider; and

WHEREAS, the Project Sponsor has agreed to bear the cost of the Sponsored Upgrade; and

WHEREAS, the Parties intend that capitalized terms used herein shall have the same meaning as in the Tariff;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, the Parties agree as follows:

- 1.0 This Agreement shall become effective on the later of (1) the date of the execution of this Agreement by both Parties or (2) such other date as it is permitted to become effective by the Commission. ("Effective Date")
- 2.0 This Agreement shall terminate on the later of the following events: (1) the Project Sponsor has fulfilled its obligation to make Project Sponsor's Payment pursuant to section 3.0 or (2) the Transmission Provider has fulfilled its obligation to pay the Project Sponsor all revenue credits pursuant to section 5.0, recognizing that no obligation to pay revenue credits will remain after the Sponsored Upgrade has been permanently removed from service.
- 3.0 Project Sponsor agrees to pay the Directly Assigned Upgrade Costs of the Sponsored Upgrade pursuant to Attachment J of the Tariff. Project Sponsor has elected to pay for the Sponsored Upgrade in one of the following manners, as indicated in the Specifications attached hereto: (1) by a lump sum payment or (2) a periodic charge, both hereinafter referred to as "Project Sponsor's Payment." The Parties recognize that the initial Project Sponsor's Payment will be based on an estimate of the Directly Assigned Upgrade Costs. While Transmission

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Provider represents that the Project Sponsor's Payment is based on a good faith estimate of the Directly Assigned Upgrade Costs, such estimate shall not be binding, and the Project Sponsor shall compensate the Transmission Provider and designated Transmission Owner(s) for all costs incurred pursuant to the provisions of the Tariff. Promptly after the Sponsored Upgrade is placed in service, Transmission Provider shall adjust the Project Sponsor's Payment to reflect all such costs incurred, as appropriate.

- 4.0 Project Sponsor shall maintain a Letter of Credit in the amount specified in this Agreement or such other form of security acceptable to Transmission Provider pursuant to Attachment X of the Tariff until such time as the Project Sponsor has fulfilled its obligation to make Project Sponsor's Payment pursuant to section 3.0.
- 5.0 Transmission Provider agrees to provide Project Sponsor with revenue credits pursuant to Attachment Z2 of the Tariff. Revenue credits shall be the exclusive compensation of the Project Sponsor under this Agreement.
- 6.0 Transmission Provider agrees to arrange for the construction of the Sponsored Upgrade in accordance with the Tariff, the SPP Membership Agreement and the construction timeline specified herein.
- 7.0 Any notice or request made to or by either Party regarding this Agreement shall be made to the representative of the other Party as indicated below.

Southwest Power Pool, Inc.:

\_\_\_\_\_  
415 N. McKinley, Suite 140  
Little Rock, AR 72205

Project Sponsor:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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8.0 The Tariff is incorporated herein and made a part hereof for all purposes.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized officials.

Southwest Power Pool, Inc.:

By: \_\_\_\_\_  
Name Title Date

Project Sponsor:

By: \_\_\_\_\_  
Name Title Date

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**Specifications**

1.0 Designated Transmission Owner(s): \_\_\_\_\_

2.0 Description of Sponsored Upgrade: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3.0 Project Sponsor's Payment:\* The Project Sponsor shall elect to pay the Directly Assigned Upgrade Grade Costs of the Sponsored Upgrade by (1) a lump sum payment or (2) a periodic charge as indicated below:

\_\_\_\_\_ Lump Sum Payment: \_\_\_\_\_

Payment Due Date: \_\_\_\_\_

\_\_\_\_\_ Periodic Charge: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\* The Project Sponsor's Payment specified herein shall initially be based on a good faith estimate of Directly Assigned Upgrade Costs. The Project Sponsor's Payment shall be subject to adjustment and true up after the Sponsored Upgrade is placed in service.

4.0 Project Timeline (Milestones): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5.0 Letter of Credit: \_\_\_\_\_

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## ATTACHMENT O

### TRANSMISSION PLANNING PROCESS

#### I. Overview of Planning Process

The Transmission Provider's transmission planning process is an open process. New and proposed transmission facilities can come from several different areas of the Tariff. These areas are: 1) transmission service requests; 2) Generation Interconnection Service requests; 3) the integrated transmission planning process (ITP Upgrades); 4) the Balanced Portfolio process; 5) the high priority study process (high priority upgrades); and 6) requests for Sponsored Upgrades. Figure 1 illustrates the planning processes within SPP and how these result in a comprehensive regional plan called the SPP Transmission Expansion Plan (STEP).

Each of these sources of potential upgrades has its own evaluation and approval process. Transmission service requests are evaluated in accordance with Attachment Z1. Generator interconnection requests are assessed under the provisions of Attachment V. In addition, the process for adding new delivery points is described in Attachment AQ. The integrated transmission planning process and other study processes for Sponsored Upgrades, Balanced Portfolios and high priority upgrades are described in this Attachment O.

The results from all these sources are collected and reported in the annual SPP Transmission Expansion Plan which gives a twenty year projection of transmission changes in the SPP Region. The SPP Transmission Expansion Plan, as endorsed by the Markets and Operations Policy Committee, is presented to the SPP Board of Directors once a year for their review and approval, as required in accordance with Section V of this Attachment O. The SPP Board of Directors may modify upgrades that are part of approved Balanced Portfolios in accordance with Section IV of Attachment J, ITP Upgrades, or high priority upgrades in the SPP Transmission Expansion Plan throughout the year in accordance with Section V of this Attachment O. Projects associated with transmission service requests and Generation Interconnection Service requests and Sponsored Upgrades may also be added throughout the year as Service Agreements and interconnection agreements are executed.

SPP's long range transmission planning is conducted over a three year planning cycle as shown in Figure 2. A 20 Year Assessment is conducted during the first half of this three year cycle. A 10 Year Assessment is conducted in the second half of the three year cycle. The Near Term Assessment is conducted each year and generally looks over the next five to seven years. Each of these assessments and the approval process is set forth in this Attachment O.

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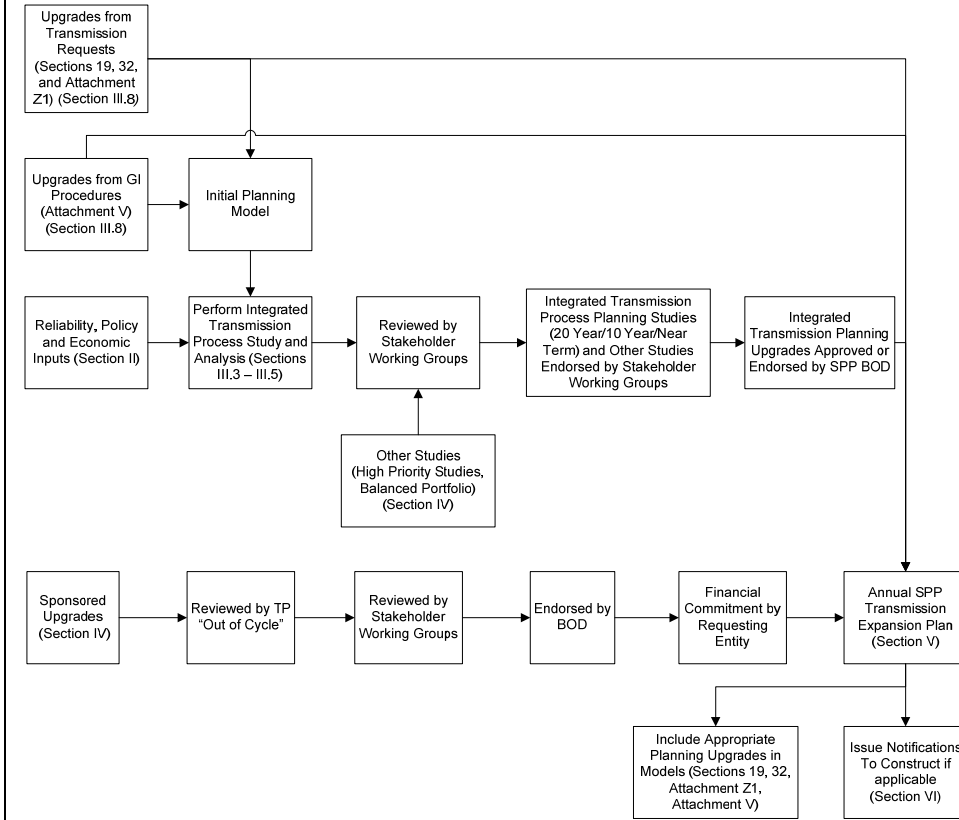
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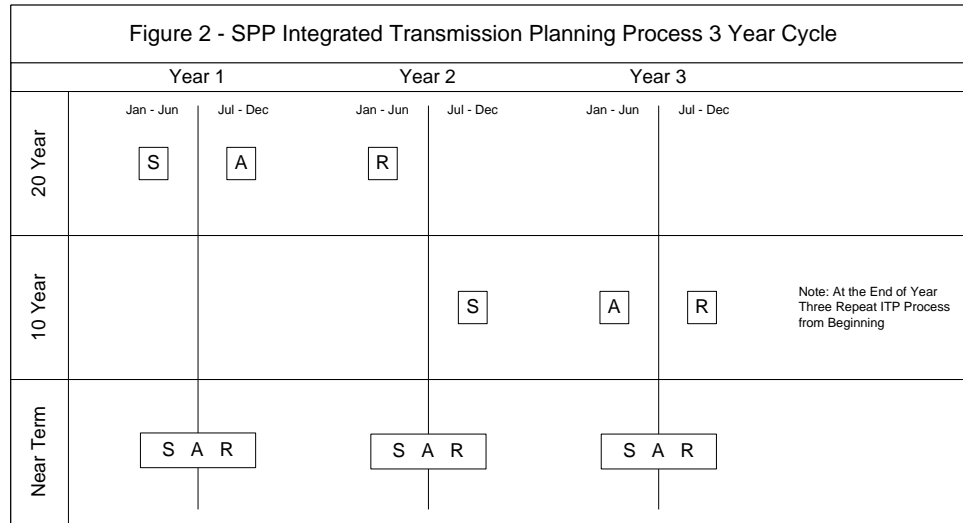
**Figure 1 - SPP Transmission Planning**



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S = Scenarios  
 A = Analysis  
 R = Results

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**II. Roles and Responsibilities**

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References to the “stakeholder working group” is a generic term that references those working group(s) as defined in the SPP Bylaws, Sections 3 through 6 that are charged with the transmission planning process. The current names of all the working groups shall be posted on the SPP website.

**Deleted: I. Transmission Upgrades Related to Transmission Service Requests¶**

¶ Transmission upgrades related to requests for transmission service are described in Sections 19 and 32 of the Tariff and Attachment Z1 to the Tariff. These upgrades are included as part of the future expansion of the transmission system, upon the execution of the various Service Agreements with the Transmission Customers. Transmission upgrades related to an approved request for transmission service may be deferred or supplemented by other upgrades based upon the results of subsequent studies. Changes in planned upgrades do not remove the obligation of the Transmission Provider to have adequate transmission facilities available to start or continue the approved transmission service.¶

**II. Transmission Upgrades Related to Generation Interconnection Service Requests ¶**

¶ Interconnection facilities and other transmission upgrades related to requests for generation interconnection service are described in Attachment V. These upgrades are included as part of the future expansion of the transmission system upon the execution of the various interconnection agreements with the Generation Interconnection Customers. Transmission upgrades related to an approved interconnection agreement may be deferred or supplemented by other upgrades based upon the results of subsequent studies. Changes in planned upgrades do not remove the obligation of the Transmission Provider to have adequate transmission facilities available to start or continue the approved interconnection service.¶

**III. Transmission Upgrades Needed to Satisfy Reliability Criteria¶**

¶ Reliability upgrades are those transmission upgrades and additions that are required to meet NERC, SPP and the Transmission Owner’s local area reliability criteria. Section III describes the process of determining these requirements, how the requirements are approved, and ultimately how the final set of reliability projects is selected. In this area of transmission planning the future grid requirements for maintaining service to firm transmission service sold in the past is evaluated and approved.¶

¶ . 1) Roles and Responsibilities¶

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1. Division of Responsibilities

- a) The rights, powers and obligations for planning are set forth in the SPP Membership Agreement in (i) Articles 2.1.1(j), 2.1.5 and 2.2(a) for the Transmission Provider and (ii) Articles 3.5 and 3.9 for the Members. The division of responsibility between the Transmission Provider and the Members is set forth in the SPP Criteria and in this Attachment O. The SPP Membership Agreement, the SPP Criteria and the Tariff shall be posted on the SPP website.
- b) The Transmission Provider shall be responsible for developing the list of projects in accordance with the stakeholder process set forth in Sections II, III, and V of this Attachment O, and including inter-regional coordination set forth in Section VIII of this Attachment O.
- c) The Transmission Provider shall perform transmission planning studies to assess the reliability and economic operation of the Transmission System in accordance with Section III of this Attachment O.
- d) As inputs to the planning process, the Transmission Provider shall include and maintain requirements to serve existing commitments for long-term transmission service and interconnection service in accordance with Sections III.7 of this Attachment O and any applicable roll-over rights as set out in Section 2.2 of the Tariff. It shall also take into account all previously approved projects.
- e) The Transmission Provider shall review, and include as appropriate, all local area upgrades to meet local area reliability criteria as proposed by the Transmission Owners including those plans developed by Transmission Owners that have their own FERC approved local planning process to ensure coordination of the projects set forth in such plans with the potential solutions developed in the regional planning process.
- f) *The Transmission Provider shall review and include, as appropriate, all reasonably expected demand resource, transmission, or generation options identified by stakeholders.*
- g) The Transmission Provider shall describe the details regarding expansion planning methodology, criteria, assumptions and data in the SPP Transmission Expansion Planning Manual which shall be posted on the SPP website.

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- h) In accordance with its NERC reporting requirements, the Transmission Provider shall publish an annual reliability report that shall include a list of the following:
  - i) Regional upgrades required to maintain reliability in accordance with the NERC Reliability Standards and SPP Criteria;
  - ii) Zonal upgrades required to maintain reliability in accordance with more stringent individual Transmission Owner planning criteria; and
  - iii) Inter-regional upgrades developed with neighboring Transmission Providers to meet inter-regional needs, including results from the coordinated system plans.

2) Stakeholder Working Groups

- a) The purpose of the stakeholder working groups is to provide technical advice, assistance and oversight to the Transmission Provider in all aspects of the regional, sub-regional and local planning process, including but not limited to:
  - i) Review and development of coordinated planning among the Transmission Provider and the Transmission Owners including accepted Network Upgrades developed by those Transmission Owners that have their own FERC approved local planning process to meet local area reliability criteria;
  - ii) Review and development of regional planning criteria;
  - iii) Review and development of Available Transfer Capability related calculation criteria as specified in Attachment C to the Tariff;
  - iv) Review and development of transmission rating criteria; and
  - v) Compliance with NERC Reliability Standards concerning transmission assessment, transfer capability and ratings of transmission facilities.
- b) All the stakeholder working group representation shall be appointed and chaired in accordance with Article 3.0 of the SPP Bylaws. All meetings of the stakeholder working groups are open to all entities.
- c) Voting in the various stakeholder working groups shall conform to Article 3.9 of the SPP Bylaws.

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- d) The data, information, and technical support necessary for the Transmission Provider to perform studies as required by the planning process and to develop the regional reliability projects are provided by the Transmission Owners, Transmission Customers and Generation Interconnection Customers and other entities. This process is described in Section VII of this Attachment O.
- e) Stakeholder working groups that work with the Transmission Provider on transmission planning shall meet at least quarterly and additional meetings, web conferences and teleconferences shall be scheduled as needed. Teleconference capability will be made available for stakeholder working group meetings. Notice of meetings of the stakeholder working groups shall be posted on the SPP website and distributed via email distribution lists. Meeting agendas and minutes shall be posted on the SPP website.

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### 3) Participation by State Regulators

In accordance with the SPP Bylaws, any regulatory agency having utility rates or services jurisdiction over a Member may participate fully in all SPP planning activities.

### 4) Adherence to Regional Planning Criteria

- i) The regional planning criteria are comprised of the NERC Reliability Standards and SPP Criteria.
- ii) The regional planning criteria may change from time to time based upon the then current process for changing reliability criteria.
- iii) The individual transmission owners shall be obligated under the NERC Reliability Standards and SPP Criteria to resolve reliability violations and compliance needs identified by the Transmission Provider or by the individual transmission owners themselves in accordance with these standards and criteria. The SPP Criteria shall be posted on the SPP website.

### 5) Use of Local Planning Criteria

- i) Individual Transmission Owners within the SPP Region may develop company-specific planning criteria that, at a minimum, conform to the NERC Reliability Standards and SPP Criteria.
- ii) For each annual planning cycle, Transmission Owners, including those Transmission Owners that have their own FERC approved local planning process, must provide to the Transmission Provider at least once a year, by April 1<sup>st</sup> their company-specific planning criteria in order for the need for Zonal Reliability Upgrades to be assessed and included in the SPP Transmission Expansion Plan.
- iii) Transmission Owner planning criteria and assumptions may be modified at any time provided that, if the planning criteria are made more stringent, the increased requirements will not apply retroactively to studies previously completed or studies already underway by the Transmission Provider. Access to the individual Transmission Owner's planning criteria shall be made available via an electronic link on the SPP website.

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- iv) The individual planning criteria of each Transmission Owner, including those Transmission Owners that have their own FERC approved local planning process, shall be the basis for determining whether a reliability violation exists for which a need for a new Zonal Reliability Upgrade should be considered.
- v) The Transmission Owner shall apply its local planning criteria comparably to all load in its service territory.

### III. The Integrated Transmission Planning Process

The ITP process is an iterative three-year process that includes 20-Year, 10-Year and Near Term Assessments. The 20-Year Assessment identifies the transmission projects, generally above 300kV, and provides a grid flexible enough to provide benefits to the region across multiple scenarios. The 10-Year Assessment focuses on facilities 100 kV and above to meet the system needs over a ten year horizon. The Near-Term Assessment is performed annually and assesses the system upgrades, at all applicable voltage levels, required in the near term planning horizon.

#### 1) Commencement of the Process

At the beginning of each calendar year the Transmission Provider shall notify stakeholders as to which part(s) of the integrated transmission planning cycle will take place during that year and the approximate timing of activities required to develop the SPP Transmission Expansion Plan. Notice of commencement of the process shall be posted on the SPP website and distributed via email distribution lists.

#### 2) Transmission Planning Forums

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The transmission planning forums include planning summits and sub-regional planning meetings and these are conducted as follows:

- a) Planning Summits
  - i) The purpose of the planning summits is for the Transmission Provider and the stakeholders to share current SPP transmission network issues, develop the study scopes, provide solution alternatives and review study findings. These summits also provide an open forum where all stakeholders have an opportunity to provide advice and recommendations to the Transmission Provider to aid in the development of the SPP Transmission Expansion Plan.
  - ii) The planning summits shall be open to all entities.
  - iii) The Transmission Provider shall chair and facilitate the planning summits.
  - iv) Planning summits shall be held at least semi-annually, including sub-regional breakout sessions of the SPP Region. Teleconference capability will be made available for planning summits. Planning summit web conferences shall be held as needed.
  - v) Notice of the planning summits and web conferences shall be posted on the SPP website and distributed via email distribution lists.

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b) Sub-regional Planning Meetings

i) The Transmission Provider shall define sub-regions from time to time to address local area planning issues.

ii) The purpose of the sub-regional planning meetings is to identify unresolved local stakeholder issues and transmission solutions at a more granular level. The sub-regional planning meetings shall provide stakeholders with local needs the opportunity to provide advice and recommendations to the Transmission Provider and to the Transmission Owners. The sub-regional planning meetings shall provide a forum to review local planning criteria as specified in Section III of this Attachment O.

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- iii) The sub-regional planning meetings shall be open to all entities.
- iv) The Transmission Provider shall facilitate the sub-regional planning meetings.
- v) A planning meeting shall be held at least annually for each individual sub-region.
- vi) The sub-regional planning meetings shall be held in conjunction with the stakeholder working group meetings. Teleconference capability will be made available for sub-regional planning meetings. Sub-regional planning web conferences shall be held as needed.
- vii) Notice of the sub-regional planning meetings, teleconferences and web conferences shall be posted on the SPP website and distributed via email distribution lists.

3) Preparation of the 20 Year Assessment

- a) The Transmission Provider shall perform a 20 Year Assessment once every three years. The timing of this assessment shall generally be in the first half of each three year cycle.
- b) The 20 Year Assessment shall review the system for a twenty year planning horizon and address, at a minimum, facilities 300 kV and above needed in year 20. This assessment is not intended to review each consecutive year in the planning horizon. The Transmission Provider shall work with stakeholders to identify the appropriate year(s) to study in developing the assessment study scope.
- c) The 20 Year Assessment shall assess the cost effectiveness of proposed solutions over a forty year time horizon.
- d) The Transmission Provider shall develop the assessment study scope with input from the stakeholders. The study scope shall take into consideration the input requirements described in this Section III.6.
- e) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used.
- f) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope.
- g) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report.
- h) In accordance with the assessment study scope, the Transmission Provider shall analyze potential solutions following the process set forth in Section III.8.

**Deleted:** c) Participation by State Regulators¶  
In accordance with Article 7.0 of the SPP Bylaws, any regulatory agency having utility rates or services jurisdiction over a Member may participate fully in all SPP planning activities. ¶

**Deleted:** 4) Reliability Studies¶  
¶  
a) . The Transmission Provider shall summarize the regional, sub-regional and local transmission needs, including accepted Network Upgrades developed by those Transmission Owners that have their own FERC approved local planning process to meet local area reliability criteria, of the SPP Region into a single plan which is assessed on the basis of maintaining the reliability of the SPP Region and economic transmission improvement opportunities. ¶  
b) . The reliability studies shall conform to the NERC Reliability Standards, the SPP Criteria, and to company-specific planning criteria.¶  
c) . The reliability studies shall cover, at a minimum, the subsequent ten year planning horizon. Information included as part of the analysis is:¶  
i) . Previously identified and approved transmission projects; ¶  
ii) . Zonal Reliability Upgrades developed by those Transmission Owners that have their own FERC approved local planning process to meet local area reliability criteria; ¶  
iii) . Load and capacity forecasts, including the impact on load of existing and planned demand response resources; ¶  
iv) . Long-term firm transmission service; ¶  
v) . Capacity forecasts, including generation additions and retirements; and¶  
vi) . Existing and planned demand response resources.¶  
d) . The details regarding expansion planning methodology, criteria, assumptions and data are included in the SPP Transmission Expansion Planning Manual which shall be posted on the SPP website.

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4) Preparation of the 10 Year Assessment

- a) The Transmission Provider shall perform a 10 Year Assessment once every three years as part of the three year planning cycle. The timing of this assessment shall generally be in the second half of the three year planning cycle.
- b) The 10 Year Assessment shall review the system for a ten year planning horizon and address, at a minimum, facilities 100 kV and above needed in year 10. This assessment is not intended to review each consecutive year in the planning horizon. The Transmission Provider shall work with stakeholders to identify the appropriate year(s) to study in developing the assessment study scope.
- c) The 10 Year Assessment shall assess the cost effectiveness of proposed solutions over a forty year time horizon.
- d) The Transmission Provider shall develop the assessment study scope with input from the stakeholders. The study scope shall take into consideration the input requirements described in this Section III.6.
- e) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used.
- f) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope.
- g) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report.
- h) In accordance with the assessment study scope, the Transmission Provider shall analyze potential solutions, including those upgrades approved by the SPP Board of Directors from the most recent 20 Year Assessment, following the process set forth in Section III.8.

**Deleted:** e) The reliability studies shall accommodate and model the specific long-term firm transmission service of the Transmission Customers with Service Agreements under the Tariff and specific interconnections of Generation Interconnection Customers with interconnection agreements under the Tariff, where such Service Agreements and interconnection agreements are either executed or filed unexecuted with the Commission. The reliability studies shall also accommodate and model *all* upgrades that have been approved for construction in accordance with Section VIII of this Attachment O.

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5) Preparation of the Near Term Assessment

- a) The Transmission Provider shall perform the Near Term Assessment on an annual basis.
- b) The Near Term Assessment will be performed on a shorter planning horizon than the 10 Year Assessment and shall focus primarily on identifying solutions required to meet the reliability criteria defined in Section III.6.
- c) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used to develop the list of proposed near term upgrades.
- d) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope. The study scope shall take into consideration the input requirements described in this Section III.6.

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- e) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report.
- f) In accordance with the assessment study scope, the Transmission Provider shall analyze potential solutions, including those upgrades approved by the SPP Board of Directors from the most recent 20 Year Assessment and 10 Year Assessment, following the process set forth in Section III.8.

6) Policy, Reliability and Economic Input Requirements to Planning Studies

The Transmission Provider shall incorporate, as appropriate for the assessment being performed, the following into its planning studies:

- a) NERC Reliability Standards;
- b) SPP Criteria;
- c) Transmission Owner-specific planning criteria as set forth in Section II;
- d) Previously identified and approved transmission projects;
- e) Zonal Reliability Upgrades developed by Transmission Owners, including those that have their own FERC approved local planning process, to meet local area reliability criteria;
- f) Long-term firm transmission service;
- g) Load forecasts, including the impact on load of existing and planned demand management programs, exclusive of demand response resources;
- h) Capacity forecasts, including generation additions and retirements;
- i) Existing and planned demand response resources;
- j) Congestion within SPP and between the SPP Region and other regions and balancing areas;
- k) Renewable energy standards;
- l) Fuel price forecasts;
- m) Energy efficiency requirements;
- n) Other relevant environmental or government mandates; and
- o) Other input requirements identified during the stakeholder process.

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p) In developing the long term capacity forecasts, the studies will reflect generation and demand response resources capable of providing any of the functions assessed in the SPP planning process, and can be relied upon on a long-term basis. Such demand response resources shall be permitted to participate in the planning process on a comparable basis. These studies will consider operational experience gained from markets operated by the Transmission Provider.

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7) Inclusion of Upgrades Related to Transmission Service and Generator Interconnection in Planning Studies

a) Transmission upgrades related to requests for transmission service are described in Sections 19 and 32 of the Tariff and Attachment Z1 to the Tariff. These upgrades are included as part of the future expansion of the transmission system upon the execution of the various Service Agreements with the Transmission Customers. Transmission upgrades related to an approved request for transmission service may be deferred or supplemented by other upgrades based upon the results of subsequent studies. Changes in planned upgrades do not remove the obligation of the Transmission Provider to have adequate transmission facilities available to start or continue the approved transmission service.

**Deleted:** g) Each annual reliability report shall include a list of the following: ¶  
i) Regional upgrades required to maintain reliability in accordance with the NERC Reliability Standards and SPP Criteria; ¶  
ii) Zonal upgrades required to maintain reliability in accordance with more stringent individual Transmission Owner planning criteria; and ¶  
iii) Inter-regional upgrades developed with neighboring Transmission Providers to meet inter-regional needs, including results from the coordinated system plans. ¶

b) Interconnection facilities and other transmission upgrades related to requests for generation interconnection service are described in Attachment V. These upgrades are included as part of the future expansion of the transmission system upon the execution of the various interconnection agreements with the Generation Interconnection Customers. Transmission upgrades related to an approved interconnection agreement may be deferred or supplemented by other upgrades based upon the results of subsequent studies. Changes in planned upgrades do not remove the obligation of the Transmission Provider to have adequate transmission facilities available to start or continue the approved interconnection service.

**Deleted:** 5) Transmission Planning Criteria ¶  
¶  
a) Regional Planning Criteria ¶  
i) The regional planning criteria are comprised of the NERC Reliability Standards and SPP Criteria. ¶  
ii) The regional planning criteria may change from time to time based upon the then current process for changing reliability criteria. ¶  
iii) The individual transmission owners shall be obligated under the NERC Reliability Standards and SPP Criteria to resolve reliability violations and compliance needs identified by the Transmission Provider or by the individual transmission owners themselves in accordance with these standards and criteria. The SPP Criteria shall be posted on the SPP website. ¶  
b) Local Planning Criteria ¶  
i) Individual Transmission Owners within the SPP Region may develop company-specific planning criteria that, at a minimum, conform to the NERC Reliability Standards and SPP Criteria. ¶  
ii) For each annual planning cycle, Transmission Owners, including those Transmission Owners that have their own FERC approved local planning process, must provide to the Transmission Provider at least once a year, by April 1<sup>st</sup> their company-specific planning criteria in order for the need for Zonal Reliability Upgrades to be assessed and included in the SPP Transmission Expansion Plan. ¶  
iii) Transmission Owner planning criteria and assumptions may be modified at any time provided that, if the planning criteria are made more stringent, the increased requirements will not apply retroactively to studies previously completed or studies already underway by the Transmission Provider. Access to the individual Transmission Owner's planning criteria shall be made available via an electronic link on the SPP website. ¶

c) The studies performed under this Section III of Attachment O shall accommodate and model the specific long-term firm transmission service of Transmission Customers and specific interconnections of Generation Interconnection Customers no later than when the relevant Service Agreements and interconnection agreements are accepted by the Commission.

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8) Process to Analyze Transmission Alternatives for each Assessment

The following shall be performed, at the appropriate time in the respective planning cycle, for the 20 Year Assessment, 10 Year Assessment and Near Term Assessment studies:

a) The Transmission Provider shall perform the required studies to analyze the potential alternatives for improvements to the Transmission System, provided by the Transmission Provider and by the stakeholders, in order to address the final assessment study scope agreed to with the stakeholders. This analysis shall consider the current and anticipated future needs of the SPP Region within the parameters of the study scope. The analysis shall also consider the value brought to the SPP Region by incremental changes to the proposed solutions.

b) For all potential alternatives provided by the stakeholders, including reliability upgrades that Transmission Owners, including those Transmission Owners that have their own FERC approved local planning process, propose to address violations of company-specific planning criteria pursuant to Section II.5 of this Attachment O, the Transmission Provider shall determine if there is a more comprehensive regional solution to address the reliability and economic needs identified in the assessment.

c) In addition to recommended upgrades, the Transmission Provider will consider, on a comparable basis, any alternative proposals which could include, but would not be limited to, generation options, demand response programs, “smart grid” technologies, and energy efficiency programs. Solutions will be evaluated against each other based on a comparison of their relative effectiveness of performance and economics.

**Deleted:** iv) The individual planning criteria of each Transmission Owner, including those Transmission Owners that have their own FERC approved local planning process, shall be the basis for determining whether a reliability violation exists for which a need for a new Zonal Reliability Upgrade should be considered. ¶  
v) The Transmission Owner shall apply its local planning criteria comparably to all load in its service territory. ¶

**IV Transmission Upgrades That Provide Economic Benefits¶**

Economic upgrades are those transmission upgrades and additions that have been shown to provide customers access to *demand resource, transmission, or generation options* such that the potential energy savings exceed the cost of the proposed transmission upgrade(s). This section describes the process of determining how these upgrades are identified and added to the SPP Transmission Expansion Plan.¶

¶ 1) Overview of the Process¶

¶ Following is a flow chart of the process to perform the economic assessment and economic planning studies.¶

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- d) The Transmission Provider shall assess the cost effectiveness of proposed solutions. Such assessments shall be performed in accordance with the Integrated Transmission Planning Manual, which shall be developed by the Transmission Provider, in consultation with stakeholders, and approved by the Markets and Operations Policy Committee. SPP shall post this manual on its website.
- e) The analysis described above shall take into consideration the following:
- i) The financial modeling time frame for the analysis shall be 40 years (with the last 20 years provided by a terminal value).
- ii) The analysis shall include quantifying the benefits resulting from dispatch savings, loss reductions, avoided projects, applicable environmental impacts, reduction in required operating reserves, interconnection improvements, congestion reduction, and other benefit metrics as appropriate.
- iii) The analysis shall identify and quantify, if possible, the benefits related to any proposed transmission upgrade that is required to meet any regional reliability criteria.
- iv) The analysis scope shall include different scenarios to analyze sensitivities to load forecasts, wind generation levels, fuel prices, environmental costs, and other relevant factors. The Transmission Provider shall consult the stakeholders to guide the development of these scenarios.
- v) The results of the analysis shall be reported on a regional, zonal and state-specific basis.
- vi) The analysis shall assess the net impact of the transmission plan, developed in accordance with this Attachment O, on a typical residential customer within the SPP Region and on a \$/kWh basis.
- f) The Transmission Provider shall make a comprehensive presentation of the preferred potential solutions, including the results of the analysis above, to the stakeholder working groups and at a planning summit meeting or web conference. The presentation shall include a discussion of all the Transmission Provider and stakeholder alternatives considered and reasons for choosing the particular preferred solutions.

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g) The Transmission Provider shall solicit feedback on the solutions from the stakeholder working groups and through the stakeholders attending the various planning summits. The Transmission Provider will also include feedback from stakeholders through other meetings, teleconferences, web conferences and via email or secure web-based workspace. Stakeholders may propose any combination of demand resources, transmission, or generation as alternative solutions to identified reliability and economic needs.

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h) Upon consideration of the results of the cost effectiveness analysis and feedback received in the subsequent review process, the Transmission Provider shall prepare a draft list of projects for review and approval in accordance with Section V.

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**IV. Other Planning Studies**

**1) Sponsored Upgrade Studies**

Any entity may request that a Sponsored Upgrade be built. SPP will evaluate the impact of any Sponsored Upgrade on Transmission System reliability and identify any necessary mitigation of these impacts. Such entity must be willing to assume the cost of such Sponsored Upgrade, study costs, and any cost associated with such necessary mitigation. The proposed Sponsored Upgrade will be submitted to the proper stakeholder working group for their review as a part of the transmission planning process.

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Process Flow Chart¶  
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2) . Economic Assessment¶

¶

a) . The Transmission Provider shall perform an economic assessment as part of the planning process described in Section VI.4.e of this Attachment O. ¶

b) . The economic assessment shall be based on the most current planning model(s) and shall address:¶

i) . Congestion within the SPP Region;¶

ii) . Congestion between the SPP Region and other regions and balancing areas.¶

**2) High Priority Studies**

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- a) The Transmission Provider shall perform high priority studies in accordance with this Attachment O and the Transmission Network Economic Modeling & Methods manual which shall be maintained on the SPP website.
- b) Potential Balanced Portfolios, as developed through the process specified in Sections IV.3, shall be considered to be high priority studies.
- c) The stakeholders may request high priority studies, *including a request for the Transmission Provider to study potential upgrades or other investments necessary to integrate any combination of resources, whether demand resources, transmission, or generation, identified by the stakeholders.* Annually, the costs of up to three high priority studies requested by the stakeholders and performed by the Transmission Provider shall be recovered pursuant to Schedule 1-A of this Tariff. A high priority study of a potential Balanced Portfolio initiated by the Transmission Provider will not be considered a stakeholder request pursuant to this Section IV.2.c.
- d) The Transmission Provider, in consultation with the stakeholders, shall develop the scope for each high priority study and post the scope(s) on the SPP website.
- e) Each study shall include:
  - i) Quantification of benefits and costs in accordance with this Attachment O and the Transmission Network Economic Modeling and Methods manual; and
  - ii) An analysis of the sensitivity of the economics of the upgrades included in the high priority study to changes in assumptions.
- f) The Transmission Provider shall solicit input from the stakeholders and the Regional State Committee regarding the appropriate sensitivity analyses to be performed.

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- g) For each high priority study the Transmission Provider shall publish a report, including but not limited to, the study input assumptions, the estimated cost of the upgrades, *any third party impacts*, the expected economic benefits of the upgrades, and identify reliability impacts, if any, of the upgrades. The report and related studies and the criteria, assumptions and data underlying the report shall be posted on the SPP website, with password protected access if required to preserve the confidentiality of information in accordance with the provisions of the Tariff and the SPP Membership Agreement and to address Critical Energy Infrastructure Information (CEII) requirements. The CEII compliant redacted version of the report shall be posted on the SPP website. The redacted version shall include instructions for acquiring the complete version of the report.
- h) *The Transmission Provider may recommend, based on the results of a high priority study, a high priority upgrade for inclusion in the SPP Transmission Expansion Plan in accordance with [the approval process set forth in Section V](#).*

3) Evaluation of Potential **Balanced Portfolios**

- a) The Transmission Provider shall solicit

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**Deleted:** suggestions of potential economic upgrades as outlined in the study scope. The Transmission Provider may also suggest potential economic upgrades. The Transmission Provider shall post the list of all potential economic upgrades on the SPP website, subject to confidentiality requirements. Suggestion of potential economic upgrades does not require the submission of a specific request for transmission service or for interconnection service. ¶

¶

5) . Screening Analysis of Potential Economic Upgrades¶

¶

a) The Transmission Provider shall perform a screening analysis of the potential economic upgrades.¶

b) . To perform the screening analysis, the Transmission Provider shall estimate the cost and the benefit of each potential economic upgrade.¶

c) . The screening analysis shall establish a relative ranking of all potential economic upgrades based on the ratio of the estimated benefit to the estimated cost. ¶

d) . The Transmission Provider shall post a list of all of the potential economic upgrades screened and the results of the screening analysis, including their relative rankings, on the SPP website.¶

e) . The Transmission Provider shall discuss the results of the screening analysis with the stakeholder working groups and with stakeholders at a planning summit or web conference.

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input from stakeholders on combinations of potential economic upgrades to be evaluated as potential Balanced Portfolios.

**Deleted:** 6) . Evaluation of Potential Balanced Portfolios¶  
¶  
a) . The Transmission Provider shall solicit

- b) Each economic upgrade to be included in a potential Balanced Portfolio:
- i) Must include a 345 kV or higher voltage facility;
  - ii) May include lower voltage transmission facilities needed to integrate the 345 kV or higher facilities and achieve the benefits; however, the cost of the lower voltage transmission facilities cannot exceed the cost of the 345 kV or higher facilities included in the economic upgrade; and
  - iii) An economic upgrade that includes lower voltage transmission facilities for which the cost of such facilities exceeds the cost of the 345 kV or higher facilities constituting the economic upgrade may be included in the evaluation of a potential Balanced Portfolio, if a Project Sponsor agrees to bear the portion of the cost of the lower voltage facilities that is in excess of the cost of the 345 kV or higher facilities.
  - iv) Will include an evaluation of the costs of the upgrades, including any cost impacts potentially allocable to the Transmission Provider or a Zone(s) from third party upgrade(s) required to relieve congestion on a neighboring system due to the construction of the potential Balanced Portfolio.
- c) The Transmission Provider shall determine for each Zone the net present value of the revenue requirements of each potential Balanced Portfolio as follows:
- i) The revenue requirements for each potential Balanced Portfolio shall be calculated as if all of the upgrades associated with the potential Balanced Portfolio are simultaneously available to the power system. This requirement is for evaluation purposes only and shall not restrict the timing of the construction of individual upgrades within a Balanced Portfolio approved by the SPP Board of Directors.
  - ii) Based on input from the Transmission Owners and other pertinent information, the Transmission Provider shall estimate the construction costs of each upgrade in the potential Balanced Portfolio.
  - iii) For each upgrade in the potential Balanced Portfolio, the Transmission Provider shall use the transmission fixed charge rate(s) for the appropriate Transmission Owner(s) to estimate the revenue requirements. In each annual planning cycle, the Transmission Owner shall supply its fixed charge rate to the Transmission Provider.
  - iv) The fixed charge rate(s) shall take account of all costs necessary to support the upgrade in the potential Balanced Portfolio, including but not limited to, operation and maintenance expenses, depreciation, property and payroll taxes, income taxes, if applicable, return on investment and any other factors affecting the revenue requirement associated with the upgrade.

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- v) The revenue requirements also shall include any specific costs that are projected to be incurred by the Transmission Provider or a Zone(s) as a result of third-party impacts (*net of any reimbursements resulting from such third-party impacts*) due to one or more upgrades within a proposed Balanced Portfolio.
  - vi) The revenue requirements for the potential Balanced Portfolio shall equal the sum of the revenue requirements of the upgrades that comprise the potential Balanced Portfolio.
  - vii) The Transmission Provider shall estimate the cost for each Zone by allocating the revenue requirements for the potential Balanced Portfolio to each Zone based on its Region-wide Load Ratio Share forecasted over the ten year period analyzed.
  - viii) If any costs of an upgrade in the potential Balanced Portfolio will be borne by other funding mechanisms, such costs shall not be included in the determination of the net present value of the revenue requirements for the potential Balanced Portfolio.
- d) The Transmission Provider shall determine for each Zone the net present value of the benefits of each potential Balanced Portfolio as follows:
- i) The benefits from each potential Balanced Portfolio shall be calculated as if all of the upgrades associated with the potential Balanced Portfolio are simultaneously available to the power system.
  - ii) The Transmission Provider shall use an adjusted production cost metric to analyze the benefits of the potential Balanced Portfolio, where adjusted production cost is the production cost minus revenues from sales plus cost of purchases. As described in Section IV 5 of this Attachment O, the Transmission Provider shall continue to evaluate and explore with the stakeholders any additional metrics and criteria which have quantifiable economic effects. Deleted: 8
  - iii) The adjusted production cost benefit for each Zone shall equal the difference between the adjusted production cost with the potential Balanced Portfolio modeled and without the potential Balanced Portfolio modeled.
  - iv) The Transmission Provider shall estimate the annual benefits for each Zone over the same ten-year period as used to determine the costs by calculating the annual benefits for at least three specific years in the ten-year time period and interpolating the annual benefits for the remaining years.
- e) A potential Balanced Portfolio shall meet the following conditions:
- i) Cost Beneficial: The sum of the benefits of the potential Balanced Portfolio determined in Section IV 3.d must equal or exceed the sum of the costs determined in Section IV 3.c; and Deleted: 6  
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ii) Balanced: For each Zone, the sum of the benefits of the potential Balanced Portfolio determined in Section IV 3.d must equal or exceed the sum of the costs determined in Section IV 3.c. Additionally, the balance may be achieved through the provisions set forth in Section IV 4.

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f) In developing a potential Balanced Portfolio, the Transmission Provider shall timely publish a report, including but not limited to, the study input assumptions, the estimated costs included in the potential Balanced Portfolio, and the expected economic benefits of the potential Balanced Portfolio. With regard to such report, the Transmission Provider shall comply with the information sharing and reporting requirements in Part VII (Information Exchange) and Section IV 2 (High Priority Studies) of this Attachment O, including the requirements for treatment of confidential information.

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4) Options for Achieving a Balanced Portfolio

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a) Section IV 3 of this Attachment O sets forth provisions to achieve a Balanced Portfolio when there are deficient Zones. A deficient Zone is a Zone where the costs allocated to the Zone in Section IV 3.c exceed the benefits allocated to the Zone in Section IV 3.d, including any additional costs or benefits derived from the application of the provisions in this Section IV 4.

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- b) In order to achieve a Balanced Portfolio, the Transmission Provider may include transmission upgrades that do not adhere to the voltage requirements of Sections IV 3.b.i and ii of this Attachment O.
- c) If including the lower voltage transmission facilities does not achieve a Balanced Portfolio, the Transmission Provider may balance the portfolio by transferring a portion of the Base Plan Zonal Annual Transmission Revenue Requirement and/or the Zonal Annual Transmission Revenue Requirement from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement. Transmission Provider shall include the following constraints in this assessment:
  - i) Limit the amount to be transferred from the Base Plan Zonal Annual Transmission Revenue Requirement and/or the Zonal Annual Transmission Revenue Requirement to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement to the minimum amount that will balance the portfolio over the ten-year period analyzed;
  - ii) Transfer from the Base Plan Zonal Annual Transmission Revenue Requirement first, then, if necessary, transfer from the Zonal Annual Transmission Revenue Requirement; and
  - iii) For each Zone, meet the conditions specified in Section IV 3.e.ii of this Attachment O.

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5) Development of Additional Benefit Metrics

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- a) The Transmission Provider shall continue to evaluate and explore with the stakeholders via the transmission planning process any additional metrics and criteria which have quantifiable economic effects, such as:
  - i) Reduction in system losses;
  - ii) Differing environmental impacts;
  - iii) Improvement to capacity margin and operating reserve requirements;
  - iv) Energy, capacity and ancillary service market facilitation;
  - v) Increased competition in wholesale markets;
  - vi) Reliability enhancement, including storm hardening and black start capability; and
  - vii) Critical infrastructure and homeland security.
- b) Any subsequent adjustment to the metrics and criteria for evaluating potential Balanced Portfolios developed by the Transmission Provider, with input from the stakeholders, shall be proposed through Tariff amendments.

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**V. The SPP Transmission Expansion Plan**

The SPP Transmission Expansion Plan shall be a comprehensive listing of all transmission projects in the SPP for the twenty year planning horizon. Projects included in the SPP Transmission Expansion Plan are: 1) upgrades required to satisfy requests for transmission service; 2) upgrades required to satisfy requests for generation interconnection; 3) approved projects from the 20 Year Assessment, 10 Year Assessment and Near Term Assessment (ITP Upgrades); 4) upgrades within approved Balanced Portfolios; 5) approved high priority upgrades; and 6) endorsed Sponsored Upgrades. A specific endorsed Sponsored Upgrade will be included in the Transmission System planning model upon execution of a contract that financially commits a Project Sponsor to such upgrade or when such upgrade is otherwise funded pursuant to the Tariff. To be included in the SPP Transmission Expansion Plan, each project must have been endorsed or approved through its proper process. This Section V describes the process used to approve or endorse the specific upgrades identified in 20 Year, 10 Year and Near Term Assessments, high priority upgrades, and Balanced Portfolios.

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**V. Sponsored Upgrades ¶**

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Any entity may request that a Sponsored Upgrade be built. SPP will evaluate the impact of any Sponsored Upgrade on Transmission System reliability and identify any necessary mitigation of these impacts. Such entity must be willing to assume the cost of such Sponsored Upgrade, study costs, and any cost associated with such necessary mitigation. The proposed Sponsored Upgrade will be submitted to the proper stakeholder working group for their review as a part of the transmission planning process.¶

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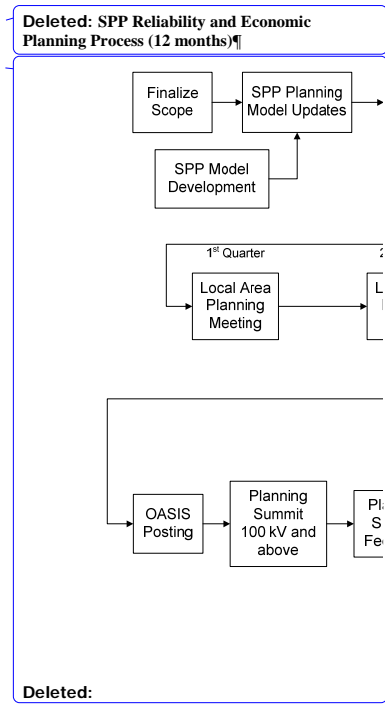
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VI. The Annual Planning Process¶  
¶  
1) Overview of the Process¶  
¶  
Following is a flow chart of the process to develop the SPP Transmission Expansion Plan, the annual planning cycle, and milestones in the cycle.

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**Deleted:** 2) Commencement of the Process¶  
¶  
At the beginning of each annual planning cycle, the Transmission Provider shall initiate the stakeholder process to develop the annual SPP Transmission Expansion Plan. Notice of commencement of the process shall be posted on the SPP website and distributed via email distribution lists. ¶  
¶  
3) Preparation of the Reliability Assessment¶  
¶  
a) For each annual planning cycle, the Transmission Provider shall develop the assessment study scope with input from the stakeholders.¶  
b) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used to develop the list of proposed reliability upgrades.¶  
c) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope.¶  
d) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report.¶  
e) In accordance with the assessment study scope, the Transmission Provider shall prepare an assessment of the Transmission System on the basis of maintaining the reliability of the SPP Region and identifying economic opportunities to reduce congestion. ¶  
f) The Transmission Provider shall present the reliability assessment to the stakeholder working groups and the planning summit. ¶  
g) The Transmission Provider shall solicit feedback on the reliability assessment, including potential alternatives for improvements to the Transmission System, from the stakeholder working groups and through the stakeholders attending the various planning summits. The Transmission Provider will also include feedback from stakeholders through other meetings, teleconferences, web conferences and via email or secure web-based workspace. *Stakeholders may propose any combination of demand resources, transmission, or generation as alternative solutions to identified reliability and economic needs.* ¶  
¶  
4) Analysis of Transmission Alternatives to Address Identified Needs ¶  
¶  
a) The Transmission Provider shall perform the required studies to analyze the potential alternatives for improvements to the Transmission System, provided by the Transmission Provider and by the stakeholders, in order to address the reliability and economics identified in the assessment. ¶  
b) For all potential alternatives provided by the stakeholders, including reliability upgrades that Transmission Owners, including those Transmission Owners that have their own FERC approved local planning process, propose to address violations of company-specific planning criteria pursuant to Section III.5.b of this Attachment O, the Transmission Provider shall determine if there is a more comprehensive regional solution to address the reliability and economic needs identified in the assessment.

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**Deleted:** *c) In addition to recommended upgrades, the Transmission Provider will consider, on a comparable basis, any alternative proposals which could include, but would not be limited to, generation options, demand response programs, "smart grid" technologies, and energy efficiency programs. Solutions will be evaluated against each other based on a comparison of their relative effectiveness of performance and economics.¶*

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**Deleted:** *d) The Transmission Provider shall make a comprehensive presentation of the viable potential solutions to the stakeholder working groups and at a planning summit meeting or web conference. The presentation shall include a discussion of the Transmission Provider and stakeholder alternatives considered and reasons for choosing the particular solutions. ¶*

*e) The Transmission Provider shall solicit feedback on the solutions from the stakeholder working groups and through the stakeholders attending the various planning summits. The Transmission Provider will also include feedback from stakeholders through other meetings, teleconferences, web conferences and via email or secure web-based workspace. ¶*

*f) The Transmission Provider shall review proposed solutions that reduce congestion or provide other economic benefits to the region. The screening analysis and inclusion of these solutions shall be performed in accordance with Section IV of this Attachment O. ¶*

*g) In addition, the Transmission Provider shall consider the costs and benefits in selecting the potential solutions. The benefits related to each potential solution shall be calculated pursuant to the following guidelines: ¶*

*i) The Transmission Provider shall review the scope and assumptions of the analysis with the Cost Allocation Working Group ("CAWG") and Economic Studies Working Group ("ESWG"). ¶*

*ii) The financial modeling time frame for the analysis shall be 40 years (with the last 20 years provided by a terminal value). ¶*

*iii) The analysis shall include quantifying the benefits resulting from dispatch savings, loss reductions, avoided projects, reduction in carbon emissions, reduction in required operating reserves, interconnection improvements, congestion reduction, and other benefit metrics developed by the ESWG. ¶*

*iv) Special care must be taken to identify and possibly quantify the benefits from reliability improvements of the transmission system. ¶*

*v) The benefit analysis scope shall include different scenarios to analyze sensitivities to load forecasts, wind generation levels, fuel prices, carbon prices, and other relevant factors. The CAWG and ESWG should guide the development of these scenarios. ¶*

*vi) The benefit analysis shall assess both regional costs and benefits for the SPP Region and the net cost-benefit of each scenario on a zonal and by state basis. ¶*

*vii) The benefit analysis shall assess the net impact of the transmission plan, developed in accordance with Attachment O, on a typical residential customer within the SPP Region and on a \$/kWh basis.*

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1) Development of the Recommended Set of Upgrades from Planning Studies

- a) Upon completion of the analysis, studies and stakeholder review and comment on the results in accordance with Sections III and IV of this Attachment O, the Transmission Provider shall prepare a draft list of all projects for review by the stakeholders. The Transmission Provider shall post the draft project list on the SPP website and shall identify the assessment process with which they are associated.
- b) Upon posting of the draft project list, the Transmission Provider shall invite written comments to be submitted to the Transmission Provider.
- c) The Transmission Provider shall review the draft project list with the stakeholder working groups and the Regional State Committee.
- d) Considering the input from the stakeholders through this review process, the Transmission Provider shall prepare a recommended list of proposed ITP Upgrades based upon the analysis as described in Section III. upgrades within proposed Balanced Portfolios, and proposed high priority upgrades for review and approval.

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2) Disclosure of the Recommended Set of Upgrades and Supporting Information from Planning Studies

- a) The Transmission Provider shall disclose planning information, which includes the recommended list of proposed upgrades and the underlying studies, by providing:
  - i) All stakeholders equal access, notice and opportunity to participate in planning summits, the stakeholder working group meetings and the sub-regional planning meetings as well as any associated web conferences or teleconferences as set forth in Section II, of this Attachment O; and
  - ii) For the contemporaneous availability of such meeting handouts on the SPP website.

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b) The related study results, criteria, assumptions, analysis results and data underlying the studies used to develop the proposed ITP Upgrades, the list of upgrades within proposed Balanced Portfolios, and proposed high priority upgrades shall be posted on the SPP website, with password protected access if required to preserve the confidentiality of information in accordance with the provisions of the Tariff and the SPP Membership Agreement and to address CEII requirements. Additionally, Transmission Owner specific local plans and criteria shall be accessible via an electronic link on the SPP website in accordance with Section VII of this Attachment O. The CEII compliant redacted version of the SPP Transmission Expansion Plan and individual Transmission Owner specific local plans shall be posted on the SPP website. Redacted versions shall include instructions for acquiring the complete version of the SPP Transmission Expansion Plan and individual Transmission Owner specific local plans. An electronic link shall be provided on the SPP website by which stakeholders may send written comments on the SPP Transmission Expansion Plan and Transmission Owner specific local plans and criteria.

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**VII. The SPP Transmission Expansion Plan¶**  
¶  
The SPP Transmission Expansion Plan shall be a comprehensive listing of all transmission projects in the SPP for the ten year planning horizon. Projects included in the SPP Transmission Expansion Plan are: 1) upgrades required to satisfy requests for transmission service; 2) upgrades required to satisfy requests for generation interconnection; 3) approved reliability projects; 4) upgrades within approved Balanced Portfolios; 5) *approved high priority upgrades*; and 6) endorsed Sponsored Upgrades. A specific endorsed Sponsored Upgrade will be included in the Transmission System planning model upon execution of a contract that financially commits a Project Sponsor to such upgrade or when such upgrade is otherwise funded pursuant to the Tariff. To be included in the SPP Transmission Expansion Plan, each project must have been endorsed or approved through its proper process.

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3) Approval and Endorsement Process

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a) The Markets and Operations Policy Committee shall make a recommendation regarding the approval of ITP Upgrades. Approval by the SPP Board of Directors is required for the inclusion of ITP Upgrades in the SPP Transmission Expansion Plan.

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b) The Markets and Operations Policy Committee shall make a recommendation regarding the inclusion of a proposed Balanced Portfolio in the SPP Transmission Expansion Plan. Approval by the SPP Board of Directors is required for inclusion of a Balanced Portfolio in the SPP Transmission Expansion Plan. SPP is not required to have a Balanced Portfolio each year.

c) If the SPP Board of Directors approves a list of ITP Upgrades, upgrades within Balanced Portfolios, or high priority upgrades other than those recommended by the Markets and Operations Policy Committee, the explanation for the deviation shall be included in the SPP Transmission Expansion Plan.

d) The Markets and Operations Policy Committee shall make a recommendation regarding the approval of a high priority upgrade recommended by the Transmission Provider. Approval by the SPP Board of Directors is required for the inclusion of a high priority upgrade in the SPP Transmission Expansion Plan.

e) The Markets and Operations Policy Committee shall make a recommendation regarding endorsement of a proposed Sponsored Upgrade. Endorsement by the SPP Board of Directors is required for the inclusion of a Sponsored Upgrade in the SPP Transmission Expansion Plan.

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f) The list of projects shall be posted on the SPP website by the Transmission Provider. The Transmission Provider shall, in addition to the posting, e-mail notice of such posting to the stakeholders at least ten days prior to a meeting at which the SPP Board of Directors is expected to take action on accepting or modifying the list.

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g) The list of approved ITP Upgrades, upgrades within approved Balanced Portfolios, approved high priority upgrades, and endorsed Sponsored Upgrades may be modified throughout the year by the SPP Board of Directors provided that such action shall be posted and noticed pursuant to this section.

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h) The list of upgrades for transmission service are approved in accordance with the provisions of Attachment Z1 and included in the STEP accordingly.

i) The list of interconnection facilities and other transmission upgrades related to requests for generation interconnection service are approved in accordance with the provisions of Attachment V and included in the STEP accordingly.

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j) The SPP Transmission Expansion Plan shall be presented to the SPP Board of Directors at least once a year. Approval of the ITP Upgrades, Balanced Portfolios, and high priority upgrades and the endorsement of the other projects contained in the SPP Transmission Expansion Plan by the SPP Board of Directors shall certify a regional plan for meeting the transmission needs of the SPP Region.

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4) Updates to the SPP Transmission Expansion Plan

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- a) Modifications to the SPP Transmission Expansion Plan may be made between the annual approvals as required to maintain system reliability and to meet new business opportunities as they are identified.
- b) The Transmission Provider shall work with the stakeholders on an on-going basis throughout the year analyzing any newly identified issues and incorporating any necessary adjustments to the SPP Transmission Expansion Plan on an out of cycle basis.
- c) On a quarterly basis, the Transmission Provider shall post any modifications to the SPP Transmission Expansion Plan on the SPP website.
- d) The modifications shall be reviewed by the stakeholders and the Regional State Committee, endorsed by the stakeholder working groups, and approved or endorsed by the SPP Board of Directors, in accordance with Section V of this Attachment O, respectively.

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5) Removal of an Upgrade from the SPP Transmission Expansion Plan.

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The Transmission Provider, in consultation with the stakeholders in accordance with Section V of this Attachment O, may remove an upgrade from an approved SPP Transmission Expansion Plan. A Transmission Owner that has incurred costs related to the removed upgrade shall be reimbursed for any expenditure pursuant to Section VIII of Attachment J to the Tariff.

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6) Status of Upgrades Identified in the SPP Transmission Expansion Plan

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- a) The Transmission Provider shall track the status of planned system upgrades to ensure that the projects are built in time or that acceptable mitigation plans are in place to meet customer and system needs.
- b) On a quarterly basis, at a minimum, the Transmission Provider shall:
  - i) Report to the Markets and Operations Policy Committee, the Regional State Committee and the SPP Board of Directors on the status of the upgrades identified in the SPP Transmission Expansion Plan; and
  - ii) Post the status of the upgrades on the SPP website.

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**VI. Construction of Transmission Facilities**

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- 1) The Transmission Provider shall not build or own transmission facilities. The Transmission Provider, with input from the Transmission Owners and other stakeholders, shall designate in a timely manner within the SPP Transmission Expansion Plan (“STEP”) one or more Transmission Owners to construct, own, and/or finance each project in the plan.
- 2) Any owner of Transmission Facilities, as defined in Attachment AI of this Tariff, which are or *are capable of being* used by the Transmission Provider to provide transmission service pursuant to Part II and Part III of this Tariff, shall have the right to sign the SPP Membership Agreement as a Transmission Owner and thereby acquire all of the rights and obligations of a Transmission Owner described therein, including all of the rights and obligations of a Transmission Owner described in this Tariff and specifically this Section VI. Each Transmission Owner and every other entity designated to construct a project by the Transmission Provider pursuant to this Section VI shall use due diligence to construct transmission facilities as directed by the SPP Board of Directors subject to such siting, permitting, and environmental constraints as may be imposed by state, local and federal laws and regulations, and subject to the receipt of any necessary federal or state regulatory approvals. Such construction shall be performed in accordance with Good Utility Practice, applicable SPP Criteria, industry standards, the applicable Transmission Owner’s specific reliability requirements and operating guidelines (to the extent these are not inconsistent with other requirements), and in accordance with all applicable requirements of federal or state regulatory authorities. Each Transmission Owner shall be fully compensated to the greatest extent permitted by the Commission for the costs of construction undertaken by such Transmission Owner in accordance with this Tariff.
- 3) A specific endorsed Sponsored Upgrade in the SPP Transmission Expansion Plan will be deemed approved for construction upon execution of a contract that financially commits a Project Sponsor to such upgrade.

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- 4) After a new transmission project is (i) approved under the SPP Transmission Expansion Plan or (ii) required pursuant to a Service Agreement or (iii) required by a generation interconnection agreement to be constructed by a Transmission Owner(s) other than the Transmission Owner that is a party to the generation interconnection agreement, the Transmission Provider shall direct the appropriate Transmission Owner(s) to begin implementation of the project for which financial commitment is required prior to the approval of the next update of the SPP Transmission Expansion Plan. At the discretion of the SPP Board of Directors, the Transmission Provider may direct the appropriate Transmission Owner(s) to begin implementation of other such approved or required transmission projects for which financial commitment is not required prior to approval of the next SPP Transmission Expansion Plan. The direction from the Transmission Provider shall be provided in writing to the

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Transmission Owner(s) designated to construct the project (“Designated Transmission Owner(s)”). The written notification to the Designated Transmission Owner(s) shall include but not be limited to: (1) the specifications of the project required by the Transmission Provider and (2) a reasonable project schedule, including a project completion date (“Notification to Construct”). If the project forms a connection with facilities of a single Transmission Owner, that Transmission Owner shall be designated to construct the project. If the project forms a connection with facilities owned by multiple Transmission Owners, the applicable Transmission Owners will be designated to provide their respective new facilities. If there is more than one Transmission Owner designated to construct a project, the Designated Transmission Owners will agree among themselves which part of the project will be provided by each entity. If the Designated Transmission Owners cannot come to a mutual agreement regarding the assignment and ownership of the project the Transmission Provider will facilitate their discussion. Each project or segment of a project being built by a single Designated Transmission Owner shall be considered a separate project for purposes of Section VI.6 and each Designated Transmission Owner will receive a separate Notification to Construct for each project or segment of a project they are responsible to construct.

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- 5) Network Upgrade(s) and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a generation interconnection agreement will be constructed pursuant to the generation interconnection agreement or pursuant to Section VI.4 of this Attachment O. Network Upgrades and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a generation interconnection agreement required to be constructed by the Transmission Owner who is a party to the generation interconnection agreement shall be constructed pursuant to the generation interconnection agreement. All other Network Upgrades and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a generation interconnection agreement to be constructed by Transmission Owners not a party to the generation interconnection agreement shall be constructed pursuant to Section VI.4 of this Attachment O.

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In order to maintain its right to construct the project, the Designated Transmission Owner shall respond within ninety (90) days after the receipt of the Notification to Construct with a written commitment to construct the project as specified in the Notification to Construct *or a proposal for a different project schedule and/or alternative specifications in its written commitment to construct (“Designated Transmission Owner’s proposal”). The Transmission Provider shall respond to the Designated Transmission Owner’s proposal within ten (10) days of its receipt of the proposal. If the Transmission Provider accepts the Designated Transmission Owner’s proposal, the Notification to Construct will be modified according to the accepted proposal and the Designated Transmission Owner shall construct the project in accordance with the modified Notification to Construct. If the Transmission Provider rejects the Designated Transmission Owner’s proposal, the Designated Transmission Owner’s proposal shall not be deemed an acceptable written commitment to construct the project. However, the Transmission Provider’s rejection of such proposal shall not preclude a Designated Transmission Owner from providing a written commitment to construct the project after such rejection, provided the subsequent written commitment to construct the project is made within the ninety day time period after the issuance of the Notification to Construct.*

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If a Designated Transmission Owner does not provide an acceptable written commitment to construct within *the* ninety (90) day period, the Transmission Provider shall solicit and evaluate proposals for the project from other entities and select a replacement designated provider. The Transmission Provider shall solicit proposals from entities that meet certain specified legal, regulatory, technical, financial and managerial qualifications, specifically including the following:

- i) Entities that have obtained all state regulatory authority necessary to construct, own and operate transmission facilities within the state(s) where the project is located,
- ii) Entities that meet the creditworthiness requirements of the Transmission Provider,
- iii) Entities that have signed or are capable and willing to sign the SPP Membership Agreement as a Transmission Owner upon the selection of its proposal to construct and own the project, and
- iv) Entities that meet such other technical, financial and managerial qualifications as are specified in the Transmission Provider’s business practices.

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The Transmission Provider shall evaluate each proposal with regard to the cost, reliability and timeliness of the proposed construction of the project and shall make a recommendation to the Board of Directors. The Board of Directors shall thereafter select an entity making a proposal and arrange for that entity to construct the project and become the Designated Transmission Owner.

*At any time, a Designated Transmission Owner may elect to arrange for another entity or another existing Transmission Owner to build and own all or part of the project in its place subject to the qualifications in Subsections i, ii, iii, and iv above.*

Nothing in this Section VI.6 shall relieve a Transmission Owner of its obligation to construct an upgrade as specified in Section VI.2 of this Attachment O and Section 3.3(a) of the SPP Membership Agreement in the event that no other qualified entity can be found to construct the project.

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**VII. Information Exchange**

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1) Data Requirements

- a) Any entity that is subject to the NERC Reliability Standards is required to provide data to the Transmission Provider in accordance the NERC Reliability Standards for Modeling, Data and Analysis (the “NERC MOD Standards”).
- b) When an entity has developed a preliminary engineering concept for new facilities that impact the interconnected operation of the Transmission System, it shall contact the Transmission Provider so that the optimal integration of any new facilities and potentially benefiting parties can be identified.
- c) In preparation for the annual update of transmission planning models for each annual planning cycle, Members, Transmission Customers, Transmission Owners, Generation Interconnection Customers and all other stakeholders must provide to the Transmission Provider the data specified in this Section VII.
- d) During the course of the annual planning cycle, if material changes to the data occur, the data owners must provide timely written notice to the Transmission Provider.
- e) The format required to submit modeling data shall be posted on the SPP website.
- f) The modeling data shall be posted on the SPP website with password protected access.

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2) Owners of transmission facilities shall provide to the Transmission Provider:

- a) Modeling data for power flow, short-circuit and stability analysis;
- b) Detailed power system models of their transmission systems and provide updates to their models via a password protected web based application;
- c) Data regarding the design and operation of their transmission facilities;
- d) Their FERC Form 715;
- e) Their individual company-specific planning criteria;

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- f) Planning grade cost estimates and schedules for upgrades in the SPP Transmission Expansion Plan in a timely manner;
  - g) Their five-year transmission construction plans; and
  - h) Their transmission fixed charge rate.
- 3) Generator owners shall provide to the Transmission Provider:
- a) Modeling data for power flow, short-circuit and stability analysis;

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- b) Data for planned additions or upgrades, including status and expected in-service dates, planned retirements and environmental restrictions; and
- c) Modeling data to perform economic planning studies in accordance with Section V of this Attachment O. Data required to model generating units for the economic planning studies is documented in the Transmission Network Economic Modeling and Methods manual which shall be posted on the SPP website.

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4) Transmission Customers

- a) Network Customers shall provide the Transmission Provider an update of the information on its Network Integration Transmission Service application with a ten year forecast of summer and winter load at each delivery point and ten year projection of network resources and with any other information that has changed from the original application.
- b) Point-to-point Transmission Customers shall provide to the Transmission Provider their good faith projections on their need for service including transmission capacity, duration and points of delivery and receipt over the ten year planning horizon.
- c) Transmission Customers with existing and planned demand response resources, including demand response resources, shall provide information on such resources

5) Neighboring Transmission Providers and RTOs

In accordance with applicable agreements and Section VIII of this Attachment O, the Transmission Provider shall exchange with neighboring Transmission Providers and RTOs the data required for the development of power flow cases, short-circuit cases and stability cases over the ten year planning horizon.

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6) Stakeholder Access to Transmission Planning Information

- a) The planning information, data, and models provided pursuant to this Section VII shall be sufficient to allow parties to replicate results of the planning studies.
- b) The Transmission Provider shall provide a secure web-based workspace for hosting and sharing planning information, data, and models.
- c) The secure web-based workspace shall be password protected and require CEII clearance in accordance with Section VII.8 of this Attachment O.
- d) Instructions to obtain access to the Transmission Provider's power flow models shall be posted on the SPP website.
- e) Instructions to obtain copies of the Transmission Provider's transmission planning maps shall be posted on the SPP website.

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7) Confidentiality Requirements

- a) The Transmission Provider shall make all reasonable efforts to preserve the confidentiality of information in accordance with the provisions of the Tariff and the SPP Membership Agreement.
- b) For those entities that have executed a confidentiality agreement, the Transmission Provider shall provide password protected access to confidential information related to the SPP Transmission Expansion Plan and the underlying studies and models via the SPP website.
- c) The form of confidentiality agreement shall be posted on the SPP website.
- d) *The confidentiality agreement shall allow access to applicable system design software results needed to participate in the SPP Transmission Expansion Plan process, replicate the results of specified transmission planning studies, or to confirm assumptions used in creating adjusted production cost-benefits metrics used to analyze a specified Balanced Portfolio; provided however, if the results include resource specific data (including input data), access will be limited to individuals that are not Competitive Duty Personnel. In no event shall Transmission Provider or any other entity that has executed a confidentiality agreement and has been provided resource specific data disclose such data to Competitive Duty Personnel. For the purposes of this section:*
  - i) *“Competitive Duty Personnel” are any individuals directly engaged in Competitive Duties. Counsel or outside consultants that do not provide consulting services in connection with the direct marketing, purchase, or sale of electric power at wholesale in the SPP Region are not Competitive Duty Personnel.*
  - ii) *“Competitive Duties” include: (1) the marketing, sale, or purchase of electric power at wholesale in the SPP Region; (2) the direct supervision of any employee with such responsibilities; or (3) the provision of consulting services in connection with the marketing, purchase, or sale of electric power at wholesale in the SPP Region.*
- e) Other transmission planning information shall be posted on the SPP website and may be password protected, as appropriate.
- f) Confidentiality agreements shall be required for Members and Market Participants to receive data where the owner of the data has given permission to the Transmission Provider to release the data.

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8) Critical Energy Infrastructure Information (CEII) Requirements

- a) The Transmission Provider shall take appropriate steps to protect CEII information.
- b) The Transmission Provider shall screen Members and Market Participants prior to providing access to CEII information. Individuals that do not belong to a confirmed pre-screened Member or Market Participant shall be directed to the Commission's website for instructions for access to CEII information.
- c) For those entities that have met the CEII requirements in Section IX.8.b of this Attachment O, the Transmission Provider shall provide password protected access to CEII information related to the SPP Transmission Expansion Plan and the underlying studies and models via the SPP website.
- d) The Transmission Provider shall follow the guidelines set forth by the Commission to flag data which shall be treated as CEII sensitive.

**VIII. Inter-regional Coordination**

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- 1) The Transmission Provider shall undertake to coordinate any studies required to assure the reliable, efficient, and effective operation of the Transmission System with, at a minimum, first-tier adjacent interconnected systems. Such coordination shall include:

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- a) Sharing system plans to ensure that such plans are simultaneously feasible and otherwise use consistent assumptions and data; and
  - b) Identifying system enhancements that could relieve inter-regional congestion or integrate new resources on an aggregate basis.
- 2) The Transmission Provider shall undertake to coordinate any studies with other transmission providers primarily through participation in the agreements listed in Addendum 1 to this Attachment O.
  - 3) On an annual basis, the Transmission Provider shall review the ongoing planning activities under the agreements specified in Addendum 1 to this Attachment O to determine the need for any additional inter-regional studies. The Transmission Provider shall share this review with the stakeholders at a planning summit and solicit input regarding additional inter-regional studies that should be initiated by the Transmission Provider.

**~~IX.~~ Recovering Costs Associated with the Planning Process**

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- 1) The Transmission Provider's costs associated with the planning process and associated studies set forth in this Attachment O shall be recovered pursuant to Schedule 1-A of the Tariff.
- 2) The Transmission Provider's costs associated with studies for potential Sponsored Upgrades, shall be the responsibility of the entities requesting such studies.
- 3) The Transmission Provider's costs for studies associated with requests for long-term firm transmission service shall be recovered pursuant to Sections 19 and 32 of the Tariff.
- 4) The Transmission Provider's costs for studies associated with requests for interconnection service shall be recovered pursuant to Attachment V of the Tariff.

**~~X.~~ Cost Allocation**

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The costs associated with new or upgraded transmission facilities shall be allocated in accordance with Attachment J to the Tariff.

**~~XI.~~ Dispute Resolution**

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Any dispute regarding the planning process shall be resolved utilizing the procedures identical to those set forth in Section 12 of the Tariff.

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**ADDENDUM 1 TO ATTACHMENT O  
INTER-REGIONAL COORDINATION AGREEMENTS**

In accordance with Section VIII of Attachment O, the Transmission Provider shall undertake to coordinate any studies with other transmission providers primarily through participation in the agreements listed below:

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- 1) The Joint Operating Agreement between the Midwest Independent Transmission System Operator, Inc. (MISO) and Southwest Power Pool, Inc. (SPP);
- 2) The Transmission Coordination Agreement between the Associated Electric Cooperative, Inc. (AECI) and the Southwest Power Pool, Inc. (SPP);
- 3) The United States Department of Energy Southwestern Power Administration Agreement Between United States of America and Southwest Power Pool, Inc. (the "SPA Agreement");
- 4) The Eastern Interconnection Reliability Assessment Group; and
- 5) Bilateral agreements between the Transmission Provider and transmission systems to which the SPP Region is interconnected.

SPP shall continue its efforts to formalize and improve seams agreements with its neighbors and affected systems to facilitate inter-regional and interconnection wide transmission planning and expansion.

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<b>New Section</b>	<b>Existing Section</b>
I	Opening
II	III.1
II.1.a-e	III.1.a-e
II.1.f	
II.1.g	III.4.d
II.1.h	III.4.g
II.2	III.2
II.3	III.3.c
II.4	III.5.a
II.5	III.5.b
III	
III.1	
III.2	III.3.a-b
III.3	
III.4	
III.5	
III.6.a-c	III.4.b
III.6.d-i	III.4.c
III.6.j	IV.2.b
III.6.k-o	
III.6.p	III.4.f
III.7.a	I
III.7.b	II
III.7.c	III.4.e
III.8.a	VI.4.a
III.8.b	VI.4.b
III.8.c	
III.8.d	
III.8.e	
III.8.f	VI.4.c
III.8.g	VI.4.d
III.8.h	VI.5.a
IV.1	V
IV.2.a-g	IV.3.a-g
IV.2.h	
IV.3	IV.6
IV.4	IV.7
IV.5	IV.8
V	VII
V.1	VI.5
V.2	VI.6
V.3.a	VII.1.a
V.3.b	VII.1.b
V.3.c	
V.3.d	
V.3.e-f	VII.1.c-d
V.3.f	VII.1.e
V.3.g	
V.3.h	
V.3.i	VII.1.f
V.4	VII.2

V.5	VII.3
V.6	VII.4
VI	VIII
VI.4	VIII.4
VII	IX
VIII	X
IX	XI
X	XII
XI	XIII



## Changes

Changed reliability upgrades to ITP upgrades; Add short description of ITP process and diagram of ITP three-  
Moved intro paragraph from Opening.

Removed reference to reliability projects

Pending language from Order No. 890 compliance filing

Assigned responsibility to the Transmission Provider

Assigned responsibility to the Transmission Provider to publish annual reliability report

Removed reference to specific section of SPP Bylaws

Intro to the ITP

Commencement of the Process

Intro included to state that forums include summits and sub-regional planning meetings

New section discussing the preparation of the 20 Year Assessment

New section discussing the preparation of the 10 Year Assessment

New section discussing the preparation of the Near Term Assessment

Additional policy and economic input requirements added for ITP

Removed reference to reliability studies

Upgrades from GI and TSR will be modeled no later than when their Service Agreement is accepted by FERC  
Addresses study scope agreed to with stakeholders instead of reliability and economics identified in the

Pending language from Order No. 890 compliance filing

Cost effectiveness is introduced

Cost effectiveness analysis is defined

Pending language from Order No. 890 compliance filing

Additional pending language from Order No. 890 compliance filing

Subsection c has additional pending language from Order No. 890 compliance filing

Language included in Highway/Byway Attachment O revisions

Changed planning horizon from 10 to 20 years; Changed reliability upgrades to ITP upgrades in list of types of

Changed reliability upgrades to ITP upgrades

Language included in Highway/Byway Attachment O revisions

Requirement that SPP BOD must post reasoning for departing from recommended upgrades

Reliability upgrades changed to ITP upgrades and additional language from Highway/Byway Attachment O

Points to Attachment Z1 for approval of upgrades for transmission service

Points to Attachment V for approval of upgrades related to generation interconnection

Changed reliability upgrades to ITP upgrades and additional language from Highway/Byway Attachment O

Includes additional pending language from Order No. 890 compliance filing  
Allows for the TP to direct TO to begin implementation of transmission projects

**10.5 Operating and Maintenance Expenses.** Subject to the provisions herein addressing the use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, Interconnection Customer shall be responsible for all reasonable expenses including overheads, associated with: (1) owning, operating, maintaining, repairing, and replacing Interconnection Customer's Interconnection Facilities; and (2) operation, maintenance, repair and replacement of Transmission Owner's Interconnection Facilities.

**Article 11. Performance Obligation**

**11.1 Interconnection Customer Interconnection Facilities.** Interconnection Customer shall design, procure, construct, install, own and/or control Interconnection Customer's Interconnection Facilities described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades, at its sole expense.

**11.2 Transmission Owner's Interconnection Facilities.** Transmission Owner shall design, procure, construct, install, own and/or control the Transmission Owner's Interconnection Facilities described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades, at the sole expense of the Interconnection Customer.

**11.3 Network Upgrades and Distribution Upgrades.** All Network Upgrades and Distribution Upgrades described in Appendix A shall be constructed in accordance with the process set forth in Section VI of Attachment O. Transmission Owner shall design, procure, construct, install, and own the Network Upgrades and Distribution Upgrades described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades that are associated with that Transmission Owner's system. The Distribution Upgrades and Network Upgrades described in Appendix A shall be solely funded by Interconnection Customer unless Transmission Owner elects to fund the capital for the Distribution Upgrades or Network Upgrades.

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Issued by: Heather H. Starnes, Manager, Regulatory Policy

Issued on: June 1, 2009

Effective: June 2, 2009

Southwest Power Pool  
FERC Electric Tariff  
Fifth Revised Volume No. 1

Second Revised Sheet No. 513  
Superseding Substitute First Revised Sheet No. 513

Issued by: Heather H. Starnes, Manager, Regulatory Policy

Issued on: June 1, 2009

Effective: June 2, 2009

**11.3 Network Upgrades and Distribution Upgrades.** All Network Upgrades and Distribution Upgrades described in Appendix A shall be constructed in accordance with the process set forth in Section VI of Attachment O. Transmission Owner shall design, procure, construct, install, and own the Network Upgrades and Distribution Upgrades described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades that are associated with that Transmission Owner's system. The Distribution Upgrades and Network Upgrades described in Appendix A shall be solely funded by Interconnection Customer unless Transmission Owner elects to fund the capital for the Distribution Upgrades or Network Upgrades.

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**11.4 Transmission Credits.**

**11.4.1 Credits for Amounts Advanced for Network Upgrades.** Interconnection Customer shall be entitled to credits in accordance with Attachment Z2 of the Tariff for any Network Upgrades including any tax gross-up or other tax-related payments associated with Network Upgrades, and not refunded to Interconnection Customer pursuant to Article 5.17.8.

**11.4.2 Special Provisions for Affected Systems.** Unless Transmission Provider provides, under the Interim GIA, for the repayment of amounts advanced to Affected System Operator for Network Upgrades, Interconnection Customer and Affected System Operator shall enter into an agreement that provides for such repayment. The agreement shall specify the terms governing payments to be made by Interconnection Customer to the Affected System Operator as well as the repayment by the Affected System Operator.

**11.4.3** Notwithstanding any other provision of this Interim GIA, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that Interconnection Customer, shall be entitled to, now or in the future under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain transmission credits for transmission service that is not associated with the Generating Facility.

**11.5 Provision of Security.**

**11.5.1 Initial Security.** Within fifteen (15) Business Days of the date that Interconnection Customer delivers to Transmission Provider an executed Interim GIA, Interconnection Customer shall provide Transmission Provider, at Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Transmission Provider and is consistent with the Uniform Commercial Code of the jurisdiction identified in Article 14.2.1 in the amount set forth in Appendix A to this Interim GIA. This amount represents either (a) the sum of the estimated costs for which Interconnection Customer will be responsible for the construction, procurement,

Issued by: Heather H. Starnes, Manager, Regulatory Policy

Issued on: January 29, 2010

Effective: March 31, 2010

Southwest Power Pool  
FERC Electric Tariff  
Fifth Revised Volume No. 1

First Revised Sheet No. 562AS  
Superseding Original Sheet No. 562AS

Issued by: Heather H. Starnes, Manager, Regulatory Policy

Issued on: January 29, 2010

Effective: March 31, 2010

**12.3 Upgrades which will not be constructed by Transmission Owner.**

For all interconnection agreements that identify Network Upgrades and Distribution Upgrades as listed in Appendix A of the GIA which are required to be built by an entity other than the Transmission Owner (as defined in this Attachment V), such upgrades shall be constructed in accordance with the process defined under Section VI of Attachment O to the SPP Tariff.

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**Section 13. Miscellaneous**

**13.1 Confidentiality.**

Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by either of the Parties to the other prior to the execution of a GIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by either Party, the other Party shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

**13.1.1 Scope.**

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently

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Issued by: Heather H. Starnes, Manager, Regulatory Policy

Issued on: January 29, 2010

Effective: March 31, 2010

Southwest Power Pool  
FERC Electric Tariff  
Fifth Revised Volume No. 1

Second Revised Sheet No. 415  
Superseding First Revised Sheet No. 415

Issued by: Heather H. Starnes, Manager, Regulatory Policy

Issued on: January 29, 2010

Effective: March 31, 2010



**1.3b Balanced Portfolio:** A set of transmission upgrades that provides economic benefits across the SPP Region that meet the requirements in Sections IV 3 and IV 4 of Attachment O.

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**1.3c Balanced Portfolio Region-wide Annual Transmission Revenue Requirement:** The annual transmission revenue requirement for an approved Balanced Portfolio determined in accordance with Attachment J to this Tariff.

**1.3d Balancing Authority:** The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time.

**1.3e Balancing Authority Area:** The collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

**1.3f Base Plan Region-wide Annual Transmission Revenue Requirement:** The sum of the annual transmission revenue requirement for each Base Plan Upgrade and of the Accredited Revenue Requirement(s), if any, that are allocated to the SPP Region in accordance with Attachment J to this Tariff.

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**1.3g Base Plan Upgrades:** Those upgrades included in and constructed pursuant to the SPP Transmission Expansion Plan in order to ensure the reliability of the Transmission System. Base Plan Upgrades shall also include: (i) those Service Upgrades required for new or changed Designated Resources to the extent allowed for in Attachment J to this Tariff, (ii) ITP Upgrades that are approved for construction by the SPP Board of Directors, and (iii) high priority upgrades, excluding Balanced Portfolios, that are approved for construction by the SPP Board of Directors. For Zones 1 through 15, all such upgrades shall specifically exclude planned Transmission System facilities identified in the SPP Transmission Expansion Plan that are: (i) placed in service during the 2005 calendar year or (ii) required to be in service to meet the SPP Criteria and the NERC Reliability Standards for the summer of 2005. For Zones 16, 17, and 18, all such upgrades shall specifically exclude planned Transmission System facilities in those zones identified in the SPP Transmission Expansion Plan Report (2009 – 2018) that are required to be in service to meet the SPP Criteria and the NERC Reliability Standards for the summer of 2008 or which are in operation prior to January 1, 2009, except for those upgrades that are in service prior to January 1, 2009 and are components of Phase 1 of the NPPD 345kV Norfolk to Lincoln (ETR) project or OPPD Sub 1255/3455 Transformer project. Network Upgrades that are components of Phase 1 of the NPPD 345kV Norfolk to Lincoln (ETR) project or OPPD Sub 1255/3455 Transformer project that are in service prior to January 1, 2009 will be Base Plan Upgrades, however, the Zonal component of the costs shall be 100% allocated to the respective host zone.

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**1.3h Base Plan Zonal Annual Transmission Revenue Requirement:** For each Zone, the sum of the annual transmission revenue requirement for each Base Plan Upgrade and of the Accredited Revenue Requirement(s), if any, that are allocated to the Zone in accordance with Attachments J and S to this Tariff.

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- 1.3i Base Plan Zonal Charge:** Zonal component of the charge assessed by the Transmission Provider in accordance with Schedule 11 to recover the revenue requirement of facilities classified as Base Plan Upgrades.
- 1.3j Base Plan Zonal Load Ratio Share:** Ratio of a Network Customer's or Transmission Owner's Resident Load in a Zone to the total load in that Zone

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the extent that provision of service under the Tariff would not satisfy such Member's obligation under state law. These agreements are set forth on the list which is Attachment W to this Tariff. Umbrella service agreements are specifically not Grandfathered.

**1.15 Interruption:** A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.

**1.15a ITP Upgrades:** Those upgrades identified and analyzed through the integrated transmission planning process described in Section III of Attachment O.

**1.16 Load Ratio Share:** Ratio of a Transmission Customer's Network Load in a Zone to the total load in that Zone computed in accordance with Sections 34.4 and 34.5 of the Network Integration Transmission Service under Part III of this Tariff and calculated on a calendar year basis, for the prior calendar year.

**1.17 Load Shedding:** The systematic reduction of system demand by temporarily decreasing load in response to Transmission System or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.

**1.18 Long-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

**1.18a Long-Term Service:** Long-Term Firm Point-To-Point Transmission Service or Network Integration Transmission Service of one year or longer.

**1.18b Market Participant:** An entity that generates, transmits, distributes, purchases, or sells electricity or provides Ancillary Services with respect to such services (or contracts to perform any of the foregoing activities) within, into, out of, or through the Transmission System. Market Participant expressly includes:

(a) Transmission Owner(s) and any of their Affiliates including Transmission Owners providing transmission service to: (i) bundled retail load for which such Transmission Owners are taking neither Network Integration Transmission Service nor Firm Point-To-Point Transmission Service under this Tariff; and (ii) load being served under Grandfathered Agreements for which such Transmission Owners are taking neither Network Integration Transmission Service nor Firm Point-To-Point Transmission Service under this Tariff,

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SOUTHWEST POWER POOL 


 **SPP** *Southwest  
Power Pool*

Markets & Operations  
Policy Committee  
**Bill Dowling – Chair**

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SOUTHWEST POWER POOL 

Tariff Changes to Implement  
Integrated Transmission Planning



**MOPC Presentation**  
**05/13/10**

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## What is ITP?

- **ITP = Integrated Transmission Planning**
- **Revising the way SPP plans future transmission upgrades**
- **BOD approved ITP whitepaper Oct. 2009**
- **ITP**
  - **Creates a long-term “road map” of how the Network should look in years 10 & 20**
    - Road maps used for Near-term, GI and AS
  - **Near-term assessment done every year to review Reliability**

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## Overview of Proposed Changes

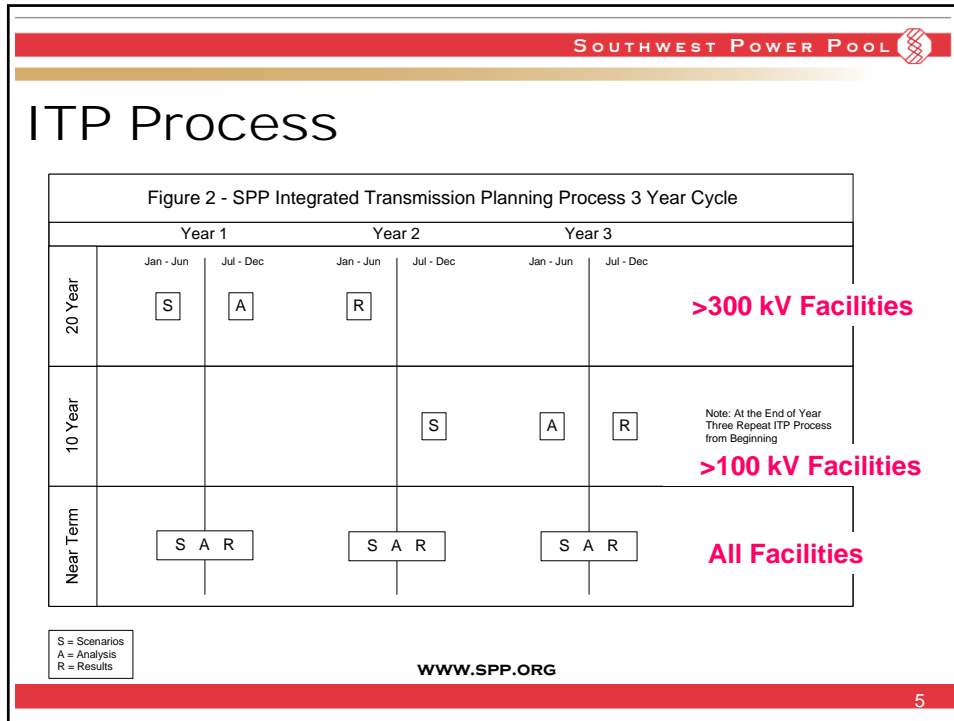
- **To implement the new ITP Process:**
  - **Attachment O: Describe ITP Planning process**
  - **Attachment J: Transformer Cost Classification Waiver & Conforming changes to Cost Allocation Review process**
  - **Tariff Definitions: Add ITP projects to Base Plan Funding**
  - **Attachment V: Clean up references to Attachment O**


(In order of most changes to least)

**NOTE: *Italicized type in the Tariff language is language currently pending at FERC***

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SOUTHWEST POWER POOL 


## Challenges in Revising Tariff

- **Need to re-organize a significant portion of Attachment O**
- **Keep all Order 890 planning requirements**
- **Keep as much of the Attachment O intact as possible**

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SOUTHWEST POWER POOL 

## Attachment O

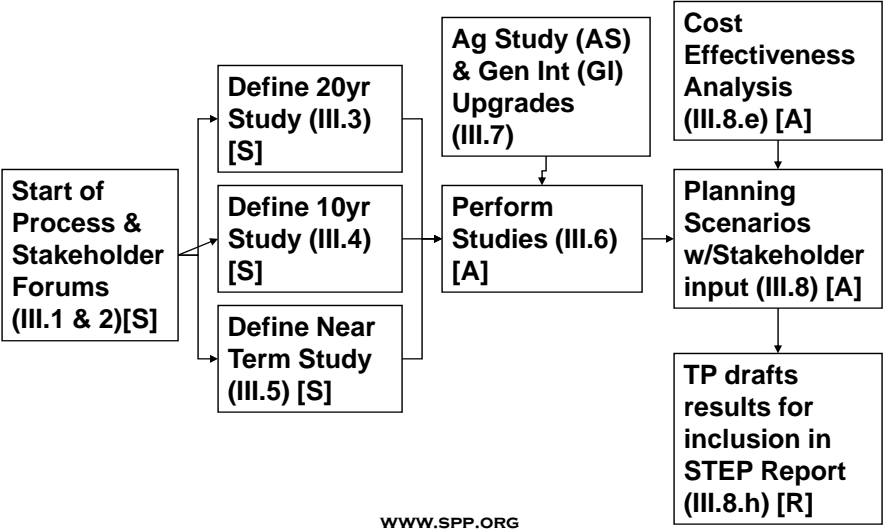
- **Section I: Overview of the planning process, includes process flow diagrams**
- **Section II: Roles and Responsibilities**
  - **Defines the roles and responsibilities of all the participants in the Planning Process**
    - Transmission Provider, Stakeholders, Working Groups and Regulators
  - **Basic rules: NERC/Regional Planning Criteria & Local Planning Criteria**

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## Attachment O: Section III-ITP




```

    graph TD
      A[Start of Process & Stakeholder Forums (III.1 & 2)[S]] --> B[Define 20yr Study (III.3) [S]]
      A --> C[Define 10yr Study (III.4) [S]]
      A --> D[Define Near Term Study (III.5) [S]]
      B --> E[Perform Studies (III.6) [A]]
      C --> E
      D --> E
      E --> F[Ag Study (AS) & Gen Int (GI) Upgrades (III.7)]
      E --> G[Cost Effectiveness Analysis (III.8.e) [A]]
      F --> H[Planning Scenarios w/Stakeholder input (III.8) [A]]
      G --> H
      H --> I[TP drafts results for inclusion in STEP Report (III.8.h) [R]]
    
```

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## Other Planning Studies (Section IV)

- **Sponsored Upgrades (no change)**
- **High Priority Studies (no change-except for references)- Required by Order 890**
- **Balanced Portfolios (BP) (basically unchanged)**
  - Kept in Tariff to allow current approved BP to be completed
  - Now relies on stakeholder input to get a list of projects for study
  - Small corrections to references

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## SPP Expansion Plan (Section V)

- **Approval Process-ITP**
  - Proposed from SPP Staff based on Stakeholder input (V.1 & V.2)
  - MOPC reviews the report, must report the Staff findings and whether or not it endorses those results (V.3)
  - BOD can approve all, some or none of the recommended list.
    - Differences from the recommended list must be documented and included in the STEP
- **Approval and/or Endorsement of High Priority Studies (HPS), Balanced Portfolios, and Sponsored Upgrades remains the same as today.**
- **AS and GI upgrades are included as they are today, based upon the executed agreements**
- **Updates to approved projects may happen throughout the year (no change)**

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## S.T.E.P Report: (Section V)

### **YES, the annual STEP report will remain!**

- **Still includes a comprehensive listing of ALL transmission projects in the SPP**
  - Over next 20 years
  - From all areas: AS, GI, ITP, Sponsored, BP and HPS Upgrades.
- **SPP posts proposed upgrades & supporting information**

## The Rest of Attachment O


- **Construction: (was VIII, now VI)**
  - **Modified references and clarified that BOD can issue NTC's for projects that do not require expenditures in the next 12 months**
    - This fits current practice and NTC whitepaper
    - More clearly states the BOD's authority
  - **Otherwise, no change from current Tariff**

## Rest of Attachment O

- **Only reference changes for remaining sections, otherwise no changes**
  - Information Exchange (VII)
  - Inter-regional Coordination (VIII)
  - Recovering Costs Associated with the Planning Process (IX)
  - Cost Allocation (X)
  - Dispute Resolution (XI)
  - Addendum 1 to Attachment O

## Authorization To Plan (ATP)

- **Concept was in ITP Whitepaper**
- **Majority of RTWG felt there was no need to include this concept in the Tariff**
  - ATP does not obligate any entity to do anything (spend money, agree to build, etc.) therefore no cost recovery or rate impacts
  - “Approved” projects in models are used to sell service (no change from today)
  - Same information that would be included in ATP is already contained in STEP
  - Was voted 6 to 5 (with one abstention) to exclude the concept at the April 29<sup>th</sup> RTWG meeting
- **Does not keep SPP from implementing the process (pursuant to the Whitepaper) if Stakeholders want it**

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## Approval Votes on Attachment O

**RTWG Motion: To approve the Attachment O language, as modified, as implementing the ITP planning process.**  
 Vote: 15 for (OMPA, KEPCo, ETEC, MIDW, SECI, Dogwood, OGE, ITC Great Plains, SPS, KCPL, AEP, WR, AECC, WFEC, Golden Spread), 3 against (LES, NPPD, EDE), 0 abstaining

**MOPC Motion: To approve the Attachment O tariff changes, as presented by the RTWG, as implementing the ITP process described in the ITP Whitepaper and other actions, previously approved by the MOPC, RSC and BOD.** Passed by 75% approval. There were 29 favorable votes, 10 opposed (Clarksdale, Lafayette, Independence, Springfield, Lincoln, LEPA, Yazoo City, EDE, NPPD, OPPD) and one abstention (Entergy Services)

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## Attachment J – Cost Allocation

- **Changes are based on Attachment J as filed in ER10-1069 (Highway/Byway)**
  - Fixed various Tariff references throughout
- **Section III: Added waiver process for a transformer to have its cost recovery be based upon its higher level voltage rather than its lower level voltage**
- **Section III.D: Review of Base Plan Allocation Methodology**
  - Cleaned up some language to make the process clearer, including references to policy groups
  - No change to the process filed in ER10-1069

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## Approval Votes on Attachment J

**RTWG Motion: To approve the Attachment J language, as modified.** *Vote: 14 for (OMPA, KEPCo, ETEC, MIDW, SECI, OGE, ITC Great Plains, SPS, KCPL, AEP, WR, AECC, WFECC, Golden Spread), 3 against (LES, NPPD, EDE), 0 abstaining*

**MOPC Motion: To approve the Attachment J tariff changes, as presented by the RTWG.** *Passed with 75% approval. There were 26 favorable votes, 9 opposed (Clarksdale, Lafayette, Springfield, Lincoln, LEPA, Yazoo City, EDE, NPPD, OPPD) and five abstentions (Independence, ETEC, Entergy Services, NTEC, Tex-La)*

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## Miscellaneous Changes

- **Main Body of Tariff: Definitions**
  - Fixed references in definition of **Balanced Portfolio (1.3b)**
  - Added “approved ITP Upgrades” as being **Base Plan Funded (1.3g)**
  - Added definition of **ITP Upgrades (1.15a)**
- **Attachment V**
  - Fixes three references to **Attachment O** that changed due to renumbering

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## Approval Votes on Misc Changes

**RTWG Motion: To approve the changes to the Tariff definitions and Attachment V.** **Vote: 15 for (OMPA, KEPCo, ETEC, MIDW, SECI, OGE, ITC Great Plains, SPS, KCPL, NPPD, AEP, WR, AECC, WFEC, Golden Spread), 0 against, 2 abstaining (LES, EDE)**

**MOPC Motion: To approve the changes to the Tariff definitions and Attachment V as presented by the RTWG.** **Passed with no opposing votes and 7 abstentions (LUS, LEPA, Clarksdale, Yazoo City, Empire District, OPPD and Springfield)**

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## Minority Opinions

“Although ETEC voted in favor of the language provisions presented today in Attachment J at the RTWG, here at MOPC we continue to have concerns about the unintended consequences language in Section III 4.D.i and ii., and therefore abstained. It was made clear that there would be no changes allowed to this recently filed language; however, changes were made to the filed language during the last set of Attachment J revisions without giving stakeholders the opportunity to provide comments or propose their own language recommendations. Further, we believe that 2014 and not 2015 as highlighted in Attachment J Section III 4 (ii) was the decision made by the Board and Members committee at the March 31, 2010 Board of Directors and Members Committee meeting. The language as it now stands would prevent highly imbalanced member companies from protesting until 2015. We would ask the Board and Members Committee to review the mitigation language in these sections to ensure that it is reflective of their direction, which we feel was to provide stronger language ensuring long-term cost-allocation parity. Overall, ETEC, NTEC and Tex-La are generally supportive of the ITP process concept.”

“AEP is supportive of the language provisions in Attachment J presented to MOPC today by RTWG. We believe that the language enhancements to Attachment J Section III 4 (i & ii) add to clarify ‘imbalanced cost allocation’. For interpretation purposes, under Section III 4 (ii) AEP believes that the Priority Projects (approved in April 2010), the first ITP 20 year plan (tentatively to be approved in 2011) and the second ITP 20 year plan (tentatively to be approved in 2014) would constitute the first 3 year planning cycle in which an imbalanced cost allocation could be protested to SPP at any time thereafter. Therefore, AEP believes 2014 and not 2015 as highlighted in Attachment J Section III 4 (ii) was the intent of the Members Committee and Board as discussed at the March 31, 2010 Board of Directors and Members Committee meeting as outlined in Attachment J Section III 4 (ii). We assume any member that appeared to be highly imbalanced would protest shortly after the 2014 ITP analysis was available and not wait until 2015. This is a minor point but could limit any action by SPP staff on behalf of the imbalanced member. AEP supports mitigation language such as this to address any imbalance to members from the cost allocation associated with ITP projects. We anticipate that business practices to address this imbalance issue and process in detail will be developed with the support of the membership as outlined by the Attachment J language. We would encourage the Board and Members Committee to recommend business practices detailing how imbalanced protests should be addressed as part of their approval of the Attachment J modifications.”

“OPPD would like the MOPC minutes to reflect that all stakeholders were not given the opportunity to provide their comments on Attachment O changes. Not sure why given the call ended at least 10 minutes early. We have the following comments below that were not allowed to be brought forth. Since the Board has been clear that they intend to ensure long-term equity, I would like to be sure that the calculation of benefits in Section III.8.e.ii applies to all non-reliability metrics used in the ITP. If a metric like reduced congestion is used, it would need to be measured against a case without that metric to determine its benefit. Section V.3.c discusses the Board approving ITP Upgrades other than those recommended by MOPC. Is this meant to allow the Board to remove projects or to add projects that have not been analyzed? I think this needs to be clear. Section V needs to include language that limits cost overruns for economic projects in order to prevent the use of low cost-estimates to get projects approved. Section VI.4 allows the Board to authorize construction of transmission that would not require a financial commitment before the next STEP. Is this necessary and how will the Board decide which project to advance and which projects don't?”

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## Recommendation to the BOD:

**Approve the Attachment O, J, tariff definitions, and Attachment V tariff changes, as presented by the RTWG, to implement the ITP process described in the ITP Whitepaper and other actions previously approved by the MOPC, RSC and BOD.**

## Additional Detail – Section III




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## Attachment O-Section III: ITP Process

- **III.1: The start of the annual process and notification of where in the ITP process SPP is currently.**
- **III.2: Defines the Planning Forums and how SPP presents results and collects comments from Stakeholders (Unchanged from current Tariff)**
- **III.3: Defines how to start the 20 yr study**
  - First half of 3 yr ITP cycle
  - Study scope is defined by SPP & Stakeholders

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## Attach. O-Section III: ITP Process (cont.)

- **III.4: Defines how to start the 10 yr study**
  - Second half of 3 yr ITP cycle
  - Study scope is defined by SPP & Stakeholders
  - Takes into account results of 20 yr study
- **III.5: Defines how to start the Near-Term study**
  - Done annually
  - Focus on Reliability Criteria
  - Study scope is defined by SPP & Stakeholders
  - Takes into account results of 20 & 10 yr studies

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Attach. O-Section III: ITP Process (cont.)

- **III.6: Defines Policy, Reliability and Economic Input for all ITP studies**
  - Full list included in section
  - Includes reliability, load forecasts, State and Federal Policy issues, fuel prices, energy efficiency, etc.
- **III.7: Include upgrades from Aggregate Study and Generation Interconnection processes.**
  - SPP must also include service requirements for all sold Firm transmission service.

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Attach. O-Section III: ITP Process (cont.)

- **III.8: Transmission Studies**
  - Same process for 20 yr, 10 yr and Near-Term
  - Must look at various alternatives proposed by Stakeholders
  - Must look at non-transmission solutions
    - Generation, Demand Response, Smart Grid technologies, Energy Efficiency Programs
  - Calc. Cost Effectiveness of each option
  - SPP must make comprehensive presentation of the preferred potential solutions
    - Must take feedback from Stakeholders (Working Groups and Forums)
  - Prepare a draft list of projects for review and approval

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