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All cost allocation principles associated with transmission expansion should embrace concepts and allocation methodologies that do no harm to the competitive supply, generation planning, voluntary economic upgrades and all rights and benefits associated with those upgrades and or projects. These are competitive acknowledgements and therefore they are aligned with transmission expansion and all of the benefits of maintaining a reliable transmission grid. The following transmission cost allocation principles are thus being developed to further those goals:

Principle 1 (equity): The cost allocation policy should reflect the classic principles of “cost causers should be cost bearers” and “he who benefits should pay.”

Principle 2 (equity): The cost allocation of a transmission service should not result in the cost causers being required to pay for more than is received in transmission benefits.

Principle 3 (equity): The cost allocation policy for transmission expansion, transmission access pricing and transmission service allocation (whether physical or financial) should, when combined, reflect the principle that there are no “free riders” and that similar transmission service is allocated and priced indiscriminately.

Principle 4 (reliability): Each transmission owner should fund, and recover the approved costs of , transmission projects to meet the SPP reliability standards, replace obsolete facilities, and meet growth in demand.

Principle 5 (allocation): Transmission expansion projects resulting from the RTO’s plan that are intended to provide economic benefits may be allocated to single or multiple transmission customers (and/or zones), or the entire region, based on the RTO’s estimate of the distribution of benefits.