



## **SPP RSC CAWG MEETING**

**August 17, 2004**

**DFW Hyatt**

### **• A G E N D A •**

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| <b>1. Meeting Begins</b>  | <b>10:00 a.m.</b>    |
| <b>2. Administrative Matters</b>  | <b>10:00 – 10:15</b> |
| <b>3. Status of Action items from August 3 meeting</b>  | <b>10:15 – 10:45</b> |
| a. Review of Action items   |                      |
| b. Areas of Agreement   |                      |
| c. Further Determinations   |                      |
| <b>4. SPP regional transmission funding cost comparisons</b>                                      | <b>10:45-11:15</b>   |
| <b>5. Wind developer's perspective of cost allocation proposals</b>                               | <b>11:15-11:45</b>   |
| <b>LUNCH</b>  | <b>11:45 – 12:45</b> |
| <b>6. Defining Participant Funding (Pam Kozlowski facilitator)</b>                                | <b>12:45 – 3:45</b>  |
| a. Allocation of Regional vs. Zonal (facilitate discussion of the pros/cons of various proposals) |                      |
| b. Generation resources to serve load reliably (discuss pros/cons of different alternatives)      |                      |
| c. Generation that exports out of SPP to neighboring regions                                      |                      |
| d. Allocation of economic and requested upgrade costs   |                      |
| <b>7. Action Items for next meeting</b>   | <b>3:45 – 4:00</b>   |
| a. CAWG to report on the progress and expectations to the RSC on August 18                        |                      |
| b. CAWG Distribute draft funding proposal on August 24 to all stakeholders                        |                      |
| c. CAWG will present draft participant funding process on August 31                               |                      |
| d. CAWG Participant Funding Symposium – Dallas, September 14                                      |                      |
| e. CAWG Participant Funding Symposium – Dallas, September 28                                      |                      |
| f. CAWG proposal to the RSC, October 26   |                      |

SUMMARY OF AUGUST 3 CAWG MEETING IN DALLAS<sup>1</sup>  
Mike Proctor

*AREAS OF AGREEMENT AND NEED FOR FURTHER DETERMINATIONS*

There were three general areas of agreement (in italics below) indicated by those who spoke up at the August 3 meeting. We did not take any votes on these, but if there was disagreement, it was not expressed. Under each area of agreement I have used bullet points and bold type to indicate related areas for which there is a need for further discussion and determination.

1. *The SPP Base Plan for transmission should include the ten-year plans (forecasts) of load-serving entities for load and generation resources to serve that load at the SPP capacity margin. The ten-year plan should also include any local upgrades planned for the transmission system that the load-serving entity deems necessary.*
  - **Need to further discuss the treatment in the Base Plan of existing generation resources that are not currently designated as a network resource.** This question was raised by AEP. Initially, non-network resources were not included in the Base Plan, but were included in the Economic Plan, but AEP wants to discuss the possibility of including non-network resources in the Base Plan.
  - **Need to determine what is meant by “local upgrades planned for the transmission system.”** Apparently, certain upgrades correspond to ones needed because of load growth associated with geographic expansion within the transmission owners control area, but this was not clear in the discussion
2. *The SPP implementation of Base Plan transmission upgrades should include upgrades necessary to support load growth and generation resources to the extent that there is a firm commitment by the load-serving entity to include the specified generation resources as designated network resources to serve its load.*
  - **Need to define what constitutes a firm commitment.** Discussed the fact that the implementation plan would occur over time and that later upgrades are less certain because load growth and new generation resources are also less certain. Did not discuss specific criteria for firm commitment to a network resource that would be required in order to begin implementation of specific transmission projects.
  - **Need to determine policy with respect to changes in network resources.** Even if there is a firm commitment to a new network resource in the future, unforeseen changes can occur. In addition, load-serving entities may need to change the designation for a network resource when contracts for power supply change. There were two perspectives discussed on this issue.

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<sup>1</sup> In addition to the items discussed there were three action items that will be included in the minutes. In this regard, this summary of the meeting is not meant to represent official minutes, rather it is meant to communicate my impression of the discussion that occurred during the meeting.

- 1) Some supported the concept that if a change in a network resource resulted in incremental transmission costs, then the load-serving entity making the change would be responsible to fund these cost changes.
  - 2) Others wanted either: a) a robust enough transmission system built so that “small” changes in network resource designation could be handled without any additional upgrades; or b) to roll costs into the Base Plan for “larger” changes that require additional transmission costs.
3. *Within certain limits, costs for Base Plan transmission upgrades should be rolled into a SPP regional transmission rate as opposed to being funded by specific participants. The roll-in could be to either a zonal or postage stamp rate.*
- **Need to set limits with respect to location/costs.** While most seem to support the need for some type of limit, there did not seem to be consensus support for the two types of limits that were discussed.
    - 1) Minimum Cost Transmission – some believed this was too restrictive.
    - 2) Of Benefit to Others – this brings into play economic upgrades, the criteria for measuring benefit to others and how this would be applied to determine the limit placed on what would be rolled into rates vs. participant funded.
  - **Need to determine division between zonal vs. region-wide (postage stamp).** There are currently five proposals.
    - 1) TDUs – 100% Postage Stamp.
    - 2) Sunflower – 50% Postage Stamp / 50% Zonal.
    - 3) Xcel Energy – Highway / Byway (Voltage or Functional Test).
    - 4) AEP – 100% Zonal with a reallocation of certain costs (i.e. those that are associated with regional usage) among the zones.
    - 5) Minimum Transmission Cost - It was expressed that all TO systems are currently not at the same level with respect to reliability standards. There were questions as to how upgrades that would merely bring these systems up to certain standards should be handled. Should these costs would simply go into the zonal rates and not be allocated as “base plan upgrades.” The cost of bringing all transmission up to reliability standards would be determined as the minimum cost and those costs would then be included in the zonal rate.