

## SPP Transmission Expansion Cost Allocation

### CAWG Meeting

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#### Defining Participant Funding

August 17, 2004

**BDR**

*strategic solutions for the electricity industry*

### Agenda Item 6 – Defining Participant Funding

**BDR**

- Should cost allocation for “Base Funded” upgrades be regional, zonal or some combination?
- Should network upgrade costs associated with network resources to serve load reliably be “Base Funded”?
- How should “economic” and “requested” upgrade costs be funded?
  - How should network upgrade costs associated with transmission service for generation to export out of the SPP footprint be funded?

**Agenda Item 6 – Process**

- Limited to 45 minutes per item
- Discuss pros/cons
- Determine if there is an area of agreement or critical mass

**Regional, Zonal or Some Combination for  
Cost Allocation for “Base Funded” Upgrades**

	Regional	Zonal	Allocation between Regional and Zonal
TDUs	100%	0%	
Sunflower	50%	50%	
Xcel Energy	Highway	Byway	Using a voltage or functional test
AEP	0%	100%	With a reallocation of costs associated with regional usage among the zones

## Need to Set Limits for Base Funding of Base Plan Transmission Upgrades

- Potential limits
  - Minimum Cost Transmission
  - Benefits to Others
  - ???
- Minimum Cost Transmission are the costs of bringing all transmission up to reliability standards
  - Funding alternatives
    - Base Funded
    - 100% allocated to zone
  - Timing of constructing such upgrades (and starting to recover costs)
    - 2005 vs. 2010

## Network Upgrade Costs Associated with Generation Resources to Serve Load Reliably

- Should network upgrade costs associated with network resources to serve load reliably be “Base Funded” or funded by another means?
- Need to discuss different “states” of generation resources to serve load reliably?
- Need to discuss/define “firm commitment” of generation resources to serve load reliably?

**“States” of Generation Resources to Serve Load Reliably**

Network Upgrades Associated With:	Base-Funded	Other Allocation
Existing unit for which a load is submitting a new or changed request for designation (displacement v. incremental)		
New generator for which a load is submitting a request for designation		
New generator requesting Network Resource Interconnection Service		
New generator requesting Energy Resource Interconnection Service		
Long-term firm Point-to-Point service for loads located within the SPP footprint		

**Network Upgrade Costs Associated with Requested and Economic Upgrades**

Network Upgrades Associated With:	Base-Funded	Other Allocation (Requestor, Beneficiaries, combination)
Tx service requests to serve load within the SPP footprint via shorter term energy transactions		
Tx service requests to export out of the SPP footprint		
Tx service requests to wheel through SPP		
Economic Upgrades in the SPP tx plan approved by the SPP Board		
Economic Upgrades “requested/suggested” outside of the SPP tx plan		