



Southwest Power Pool
REGIONAL STATE COMMITTEE
Teleconference
August 25, 2014
• M I N U T E S •

Administrative Items:

The following members were in attendance:

Dana Murphy, Oklahoma Corporation Commission (OCC)
Donna Nelson, Public Utility Commission of Texas (PUCT)
Olan Reeves, Arkansas Public Service Commission (APSC)
Stephen Lichter, Nebraska Power Review Board (NPRB)
Steve Stoll, Missouri Public Service Commission (MOPSC)
Shari Feist Albrecht, Kansas Corporation Commission (KCC)

President Donna Nelson called the Regional State Committee (RSC) meeting to order at 1:05 p.m. with roll call and a quorum was declared. She then requested introductions of those in attendance. There were 69 in attendance, (Attendance & Proxies – Attachment 1).

BUSINESS MEETING

Nothing to report at this time.

REPORTS/PRESENTATIONS

Nothing to report at this time.

UPDATES

Meena Thomas reported that the Cost Allocation Working Group (CAWG) had its monthly meeting on August 12th in Dallas and the group discussed implementation of Order 1000, the benefits metrics and the Seams Projects Policy Paper.

Lanny Nickell reported on the EPA Rule 111(d). We started on the reliability impact analysis several weeks ago. We have not finished the analysis yet, but preliminary results indicate that there are some pretty serious concerns from a reliability perspective about the impact of generator retirements based on EPA assumptions. We continue to evaluate and are trying to qualify and quantify the concerns. We are having a difficult time getting the models to solve.

Southwest Power Pool (SPP) has prepared a write-up of a high-level scope of how SPP would complete the scope if the RSC wants us to do it. We can take a state-by-state or do a regional approach. We will be prepared to provide a report at the next conference call. Commissioner Reeves communicated with Great Plains Institute and Bi-Partisan Policy Center. They are completing this study with 16 MISO states coming up with the least cost alternative to comply with the rule. They are willing to do the same with RSC and SPP states they just need guidance as to what we want before they proceed. They will complete Texas, Arkansas, Louisiana, and Missouri in the MISO study. Commissioner Nelson asked that Lanny have a report ready for the next meeting in late September. Lanny will provide a copy of the scope document he and his staff has prepared for the study they would propose and take comments on that. He will also work with Commissioner Reeves to try and get something in writing what the Great Plains Institute and the BPC would do.

Regional State Committee
August 25, 2014

Commissioner Olan Reeves provided the RARTF Report (RSC Update – RARTF – Attachment 2). The overview of his report covered the inclusion of Integrated System in RCAR II, NTC 10-Year (ATP) Study, Suspended NTC, and the Clean Power Plan.

Antoine Lucas discusses the RCAR Benefit Metrics (Benefit Metrics Status – Attachment 3). Antoine reviewed the RARTF and the first RCAR Assessment, the Benefits to be calculated, the recommendations of the lessons learned, the Market and Operations Policy Committee (MOPC) directive.

Meena Thomas provided the CAWG report (CAWG Report to the RSC – Attachment 4). The following areas were discussed regarding the Seams Projects Policy Paper.

- Background
- CAWG Consideration of the Policy Paper
- Upcoming Relevant Activity
- Seams Policy Task Force (SPTF) Recommendation on Cost Allocation
- Upcoming CAWG Action

Jake Langthorn reported on the update of the SPTF (Seams Project Task Force Update – Attachment 5). Jake reported that the SPTF was chartered to develop criteria for seams projects that are not part of the Interregional Order 1000 Process. Sources of Seams Projects:

- Tariff Processes
- Non-Order 1000 Seams Planning Process
- Joint Special Studies

Seams Project Criteria:

- 100 kV and above
- Minimum total project cost of \$5 million
- Need date within 10-years
- SPP Regional B/C ration of 1.0
- Cost sharing agreement between SPP and the Seams Partner
 - Cost shared between SPP and the Seams Partner(s) based on benefits
 - Agreed-to metrics
 - Principles used in arriving at equitable cost sharing

Other RSC Matters:

A list of action items was discussed for the next meeting:

SPP will complete a cost analysis on completing an EPA study

SPP will provided a report on the Reliability Study that was completed

RARTF will provide an update and vote on the new metrics

SPTF on New Member Additions will provide and update

Scheduling of Next Regular Meeting, Special Meetings or Events:

September 29, 2014	Net Conference
October 27, 2014	Little Rock, AR
January 26, 2015	Dallas, TX
April 27, 2015	Tulsa, OK
July 27, 2015	Kansas City, MO

With no further business, the meeting adjourned at 2:45 p.m.

Respectfully Submitted,

Paul Suskie

Monday, August 25, 2014

1:00 - 5:00 p.m.

Conference Call

1. CALL TO ORDER
2. PRELIMINARY MATTERS
 - a. Declaration of a Quorum
3. UPDATES
 - a. SPP
4. BUSINESS MEETING
5. REPORTS/PRESENTATIONS
 - a. CAWG Report.....Meena Thomas
This report provides an update on CAWG activity.
 - b. EPA Rule 111(d).....Lanny Nickell
This report will update the RSC on SPP's efforts and activity related to EPA Rule 111(d).
 - c. RARTF Update.....Butch Reeves / Antoine Lucas
This report will provide an update on the August RARTF meeting and next steps as well as an update on the Benefits Metrics.
 - d. Update on Seams Project Task Force.....Jake Langthorn / Meena Thomas
This report will provide an update on the progress of the Seams Project Task Force and include an update on CAWG activity on this matter.
6. OTHER RSC MATTERS
 - a. Format of Monthly MeetingsDonna Nelson
 - b. SPC Task Force (New Member Process)
First Meetings Scheduled for September 3rd and 15th in Oklahoma City
 - c. Capacity Margin Task Force
First Meeting Scheduled for August 26th in Dallas
7. SCHEDULING OF NEXT REGULAR MEETINGS, SPECIAL MEETINGS OR EVENTS

RSC Meetings:

 - September 29, 2014 – Conference Call
 - October 27, 2014 – Little Rock, AR
 - November 27, 2014 – Conference Call
 - December 29, 2014 – Conference Call
 - January 26, 2015 – Dallas, TX
 - April 27, 2015 – Tulsa, OK
 - July 27, 2015 – Kansas City, MO
8. ADJOURN

Adam McKinnie	Missouri Public Service Commission
Antoine Lucas	SPP
Ben Bright	SPP
Bernie Liu	Xcel Energy
Beverly Baughman	City Utilities of Springfield
Bill Leung	Nebraska Power Review Board
Blake Gross-AEPSC	Southwestern Electric Power Company
Brett Hooten	SPP
Carl Monroe	SPP
Chris Winland	ITC Great Plains
Dallas Rippy	New Mexico Public Regulation Commission
Dana Murphy	Oklahoma Corporation Commission
David Linton	ITC Great Plains
Dennis Reed	Westar Energy
Don Frerking	Kansas City Power & Light Company
Donna Nelson	Public Utility Commission of Texas
Dorothy Barnett	
Doug Collins	Omaha Public Power District
Erin Cullum	SPP
Gayle Freier	SPP
Gerald Butcher	Western Farmers Electric Cooperative
Heather Starnes	MJMEUC/CUS
Jack Madden	GDS Associates
Jake Langthorn (OG&E)	Oklahoma Municipal Power Authority
Jan Bagnall	Southwest Power Administration
Jared Luner	Xcel Energy
Jason Atwood	Northeast Texas Electric Cooperative
Jeff Knottek	City Utilities of Springfield
Jim Jacoby	AEP
Jim Krajecki	Customized Energy Solutions
Jim Sheldon	Basin Electric
Joe Lang	Lincoln Electric System
Joey Schrepel	Basin Electric
John Bell	Kansas Corporation Commission
John Krajewski	Nebraska Power Review Board
John Moore	Sustainable FERC
Juliano Freitas	SPP
Kassia Micek	Platts
Katharine McCormick	
Kevin Kingsley	Montana-Dakota Utilities, Co.
Lanny Nickell	SPP
Laura Kennedy	Public Utility Commission of Texas
Marguerite Wagner	Boston Energy Trading and Marketing, LLC
Marisa Choate	SPP
Meena Thomas	Public Utility Commission of Texas
Michael Moffet	Sunflower Electric Power Corporation
Mike Deggendorf	Kansas City Power & Light Company

Nancy Roby
Nicole King
Nicole Wagner
Olan W. Reeves
Pat Hayes
Patrick - Westar
Paul Suskie
Ricky Bittle
Rob Janssen
Robert Pick
Robert Safuto
Shari Albrecht
Shaun Scott
Shawnee Claiborn-Pinto
Steve Gaw
Steve Lichter
Steve Stoll
Terri Gallup
Tom Burke
Tom Littleton
Tom Wright
Walt Cecil
Tom DeBaun
Sam Feather
Andrew French
Jeff McClanahan

AEP
Oklahoma Corporation Commission
SPP
Arkansas Public Service Commission
Ameren Services Company
Westar Energy
SPP
Arkansas Electric Cooperative
Dogwood Energy
Nebraska Public Power District
Customized Energy Solutions
Kansas Corporation Commission
SPP
Public Utility Commission of Texas

Nebraska Power Review Board
Missouri Public Service Commission
AEP
Golden Spread Electric Cooperative
Oklahoma Municipal Power Authority
Kansas Corporation Commission
Missouri Public Service Commission
Kansas Corporation Commission
Kansas Corporation Commission
Kansas Corporation Commission
Kansas Corporation Commission

Company	Last Name	First
Southwest Power Pool	Scott	Shaun
	Starnes	Heather
	Gaw	Steve
	Bell	John
Southwestern Electric Power Company	Gross	Blake
American Electric Power	Fox	Kip
Oklahoma Corporation Commission	King	Nicole
Southwest Power Pool	Loudenslager	Sam
Arkansas Electric Cooperative	Bittle	Ricky
Midwest ISO	Hillman	Todd
Arkansas Public Service Commission	Ireland	Cindy
ITC Great Plains, LLC	Schmidt	Kristine
Nebraska Power Review Board	Krajewski	John
Dogwood Energy, LLC	Janssen	Robert
Southwest Power Pool	Locke	Charles
American Electric Power	Jacoby	Jim
Sunflower Electric Power Corporation	Hestermann	Thomas
Kansas City Power & Light Company	Buffington	Denise
Westar Energy, Inc.	Olsen	John
Oklahoma Corporation Commission	Chaplin	Jason
Sunflower Electric Power Corporation	Moffet	Michael
Kansas City Power & Light Company	Frerking	Don
Boston Energy Trading and Marketing, LLC	Wagner	Marguerit
	Shumate	Walt
Southwest Power Pool	Monroe	Carl
Golden Spread Electric Cooperative, Inc.	Burke	Tom
Golden Spread Electric Cooperative, Inc.	Wise	Michael
Customized Energy Solutions, LTD	Safuto	Robert
Omaha Public Power District	Collins	Douglas
Southwest Power Pool	Lucas	Antoine
Westar Energy, Inc.	Smith	Patrick
Kansas Corporation Commission	DeBaun	Tom
Northeast Texas Electric Cooperative, Inc.	Atwood	Jason
Nebraska Public Power District	Malone	Paul
Kansas City Power & Light Company	Deggendorf	Michael
Transource Energy, LLC	Fridley	Todd
	Madden	Jack
ITC Great Plains, LLC	Winland	Chris
Southwestern Power Administration	Bagnall	Jan
Basin Electric	Christensen	Tom
Public Utility Commission of Texas	Thomas	Meena
Basin Electric	Schrepel	Joey
Xcel Energy	Grant	William
Westar Energy, Inc.	Reed	Dennis
Lincoln Electric System	Lang	Joseph

Public Service Commission, Wisconsin	Bohage	Andrew
Ameren Services Company	Hayes	Patrick
Basin Electric	Erhardt	Blaine
Montana-Dakota Utilities, Co.	Kingsley	Kevin
Xcel Energy	Liu	Bernard
New Mexico Public Regulation Commission	Lyons	Patrick
David C. Linton, LLC	Linton	David
Xcel Energy	Luner	Jared
City Utilities of Springfield	Knottek	Jeff
	Moore	John
	Barnett	Dorothy
Western Farmers Electric Cooperative	Williams	Mitchell
Southwest Power Pool	Cullum	Erin
Customized Energy Solutions, LTD	Berlinski	Michael
City Utilities of Springfield	Baughman	Beverly
Nebraska Public Power District	Pick	Robert J.
EAD, Inc.	Lichter	Stephen
Public Utility Commission of Texas	Claiborn-Pinto	Shawnee
Southwest Power Pool	Bright	Ben
Southwest Power Pool	Wagner	Nicole
Customized Energy Solutions, LTD	Krajecki	Jim
Southwest Power Pool	Caspary	Jay
East Texas Electric Cooperative, Inc.	Tynes	Keith
Southwestern Public Service Company	Cude	Bruce
American Electric Power	Gallup	Terri
American Electric Power	Roby	Nancy
Southwest Power Pool	Choate	Marisa
Kansas City Power & Light Company	Deggendorf	Michael
Missouri Public Service Commission	Cecil	Walt
Missouri Public Service Commission	McKinnie	Adam
	Svanda	David
Platts	Micek	Kassia
Basin Electric	Sheldon	James
Public Utility Commission of Texas	Kennedy	Laura
Nebraska Power Review Board	Leung	William
Southwest Power Pool	Bell	Adam
Oklahoma Municipal Power Authority	Littleton	Tom
Oklahoma Gas and Electric Company	Langthorn, IV	Jacob

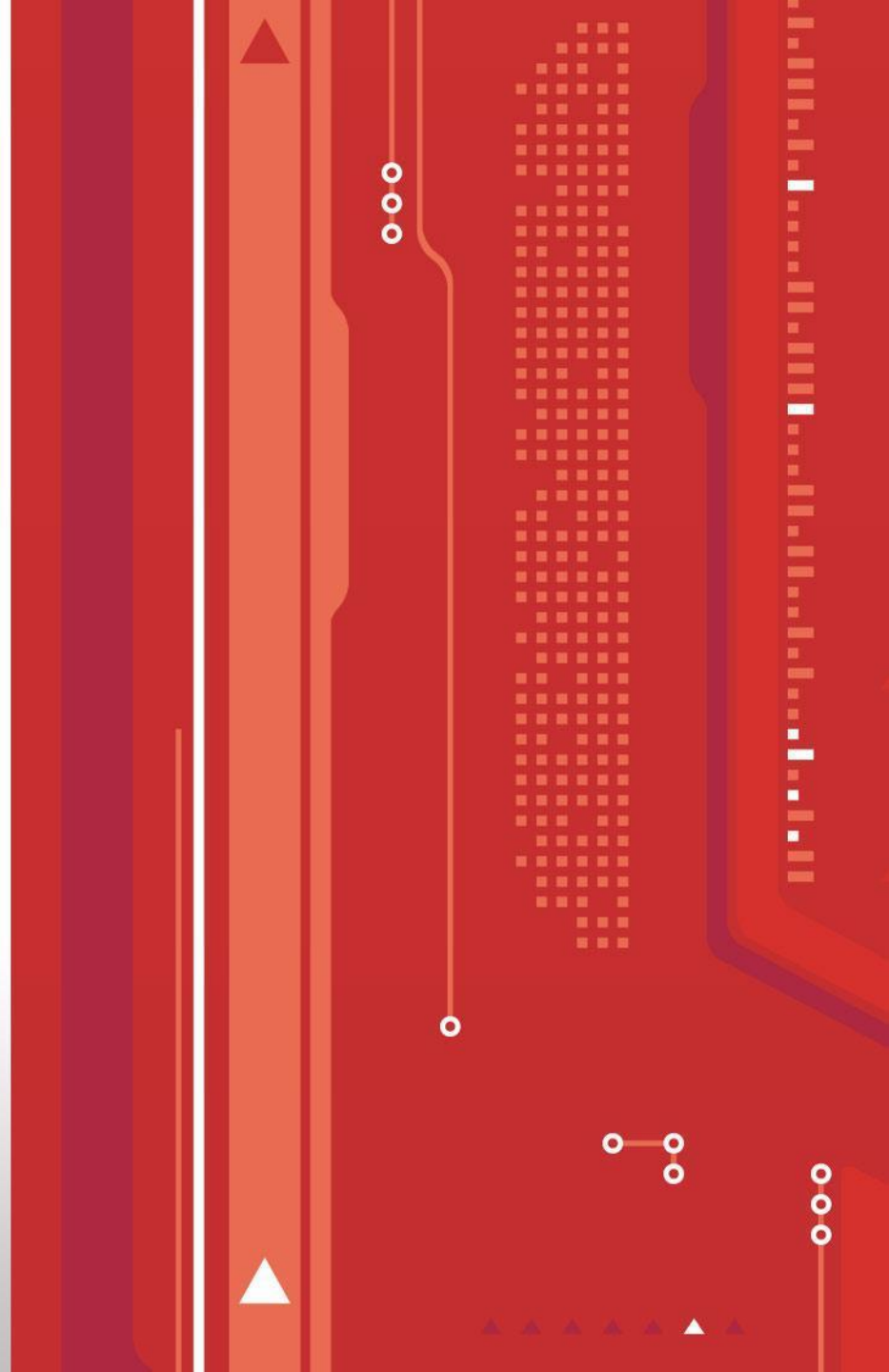
Email
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RSGaw1@gmail.com
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RSC Update - RARTF

August 25, 2015

Commissioner Olan Reeves
RARTF Chairman



RARTF Members

RARTF Members

Butch Reeves, Chair

Arkansas Public Service Commission

Richard Ross, Vice Chair

American Electric Power

Shari Albrecht

Kansas Corporation Commission

Steve Lichter

Nebraska Power Review Board

Steve Stoll

Missouri Public Service Commission

Phil Crissup

Oklahoma Gas and Electric

Bill Grant

SPS Xcel Energy

Bary Warren

Empire District Electric

Harry Skilton

SPP Board of Directors

August 13, 2014 RARTF Agenda Topics



- **Welcome and Overview**
- **Overview/History of the RARTF**
 - **RARTF Report**
 - **Guidance to SPP Staff During RCAR I**
 - **RCAR I Results**
 - **RARTF Lessons Learned Report**
- **Presentation on Status of Metrics**
- **Guidance to Staff on Policy Questions**
 - **RCAR II Study Scope Review**
 - **Inclusion of IS in RCAR II**
 - **NTC + 10-year (ATP) Study**
 - **Suspended NTCs**
 - **111(d) – Clean Power Plan**
- **Tariff Changes**
 - **Tariff Revisions for NTC clarification**
 - **Draft Remedy Language per BOD guidance**
- **SPP Staff Work with Deficient Zones on Remedies**
 - **SPP Staff visit with Member zones**
 - **Seams Project being Review in ITP10**
 - **Possible Remedies (Cost Allocation reclassification of upgrades)**
- **RITF Scope and Responsibilities**

Guidance to Staff on Policy Questions



INCLUSION OF IS IN RCAR II

Inclusion of the IS in RCAR II Analysis

- **Should the Integrated System be included in the RCAR II Analysis?**

- **RCAR I Lesson Learned # 5 states:**

“That SPP staff utilize, to the maximum extent possible, models used in ITP10 for RCAR II. Conducting the ITP10 and RCAR II processes in parallel should allow leveraging of models and promote consistency and efficiency in the model vetting process. This measure will reduce cost and help to eliminate redundancy of efforts between SPP staff and stakeholders.”

- **RARTF Principle #3 and #4**

- Use Best Information Available – The Regional Cost Allocation Review should use the most up to date and best available information for the review.
- Consistency – The Regional Cost Allocation Review should be consistent.

- **Staff Recommendation is to include the IS in the RCAR II Analysis**

- **RARTF unanimously approved the Staff Recommendation**

NTC + 10-YEAR (ATP) STUDY

NTC + 10 Year (ATP) Evaluation

- **2011 RARTF Report called for two evaluations to assess the impacts of the Highway/Byway cost allocation methodology:**
 1. **NTCs: all projects that have been issued an NTC since June 2010**
 2. **NTCs and Projects within 10 years: All SPP projects that have been issued an NTC18 since June 2010 and all projects that have received an Authorization to Plan (ATP) that have an in-service date of ten years or less from the year of the report.**

NTC + 10 Year (ATP) Evaluation

- Since remedies would be evaluated for the NTC-only evaluation is there a need to complete the NTC + 10 year evaluation in RCAR II?
 - Additional Costs = \$266,000
 - Additional Time = 2 Months
- Staff Recommends exclusion of the NTC + 10 Year (ATP) Evaluation
- **RARTF unanimously approved the Staff Recommendation**

SUSPENDED NTCS

Suspended NTCs

- If required, how should staff evaluate suspended NTCs during the RCAR II analysis?
- RCAR I, staff instructed to include suspended NTCs in the NTC-only study weighted at 75% for both costs and benefits
 - Additional Costs = \$133,000-\$266,000
 - Additional Time = 1-2 Months
- Staff Recommends modeling suspended NTCs and weight at 100%
- **RARTF approved to support SPP Staff's recommendation to value suspended NTCs at 100% unless there is a material change to the current cost of suspended NTCs – approved unanimously**
 - **Staff will update the RARTF on any upgrades that are suspended at all future meetings.**

CLEAN POWER PLAN

Clean Power Plan 111(d)

- **Should models be updated to reflect potential EPA requirements?**
 - EPA's proposed performance standards to reduce CO₂ emissions from existing fossil fuel-fired generators
 - Achieves nationwide 30% reduction of CO₂ from 2005 levels by 2030
- **Final Rule expected June 2015**
- **State implementation plans would be due June 2016**
- **Planning assumptions would not be firm until June 2016**
- **Staff recommends using 2015 ITP10 models as basis**
- **RARTF unanimously approved the Staff Recommendation**

RARTF Next Meeting

- **September 10, 2014 - In Person – DFW Hyatt**
- **Topics**
 - **Benefit Metrics**
 - **RITF Scope and Responsibilities**
 - **Remedy Tariff Language**
 - **PTP Analysis**

Benefit Metrics Status

RSC Meeting

August 25, 2014

Antoine Lucas

Director, Planning

Southwest Power Pool

alucas@spp.org



RARTF and 1st RCAR Assessment

- **SPP's Open Access Transmission Tariff (Tariff or OATT) requires;**
 - **MOPC and RSC will define the analytical methods to be used in conducting the Regional Cost Allocation Review**
- **RARTF created as part of the SPP stakeholder process to develop these “analytical methods”**
- **Approved metrics utilized to quantify benefits that are compared to allocated costs in RCAR assessment**
- **First RCAR produced lessons learned to be applied in RCAR II**

3.8 Benefits to be Calculated.

- When conducting the Regional Cost Allocation Review, the RARTF recommends using the list of benefits in this section to assess the benefit to cost ratio. Additionally, the Regional Cost Allocation Review should consider the use of any additional benefits that may be defined and quantified in dollar values or can be converted into dollar values by the EWSG and approved by the MOPC.



Lessons Learned Recommendations

- Recommendation #2

- That the Economic Studies Working Group (ESWG) continues to review the benefits contained in the Metrics Task Force (MTF) Report that were approved through the SPP stakeholder process in 2012. This review should be established to provide SPP stakeholders the opportunity to offer wide-ranging improvements to the benefits contained in the MTF Report. Any changes or improvements to the benefits shall be presented to the ESWG, RARTF, MOPC, and RSC for recommendation to the BOD for approval by the July 2014 meeting cycle.

Lessons Learned Recommendations

- Recommendation #3

- That the ESWG continue to review the benefits contained in the MTF Report that were approved through the SPP stakeholder process in 2012. This review should provide SPP stakeholders the opportunity to suggest which benefits should be included in future RCAR reports. Any changes or improvements to the benefits shall be presented to the ESWG, RARTF, MOPC, and RSC for recommendation to the BOD for approval by the July 2014 meeting cycle.

RARTF Lessons Learned & MOPC Directive

- **RARTF Lessons Learned produced multiple comments related to benefit metrics calculation and allocation reevaluation**
- **MOPC Action Item #222**
 - **ESWG/TWG evaluated the calculation and allocation of benefit metrics**
 - **Staff retained Brattle for an independent assessment of benefit metrics methodologies**
 - **MOPC approved recommendations on 8 of 10 metrics**
 - **SPP Board approved recommendations on all 10 metrics**
 - **SPP Board provided approved metrics recommendations to RARTF for consideration in RCAR II**

RCAR Benefit Metrics	Calculated in RCAR I	Calculated in RCAR II	RCAR I Approximate Benefit (\$M)*
Adjusted Production Cost (APC)	✓	✓	\$3,020
Emission Rates and Values	✓	✓	(Included in APC)
Ancillary Service Needs and Production Costs	✓	✓	(Included in APC)
Benefits of Mandated Reliability Projects	✓	✓	\$2,475
Increased Wheeling Through and Out Revenues		✓	\$540
Mitigation of Transmission Outage Costs	✓	✓	\$340
Marginal Energy Losses Benefits		✓	\$332
Benefits from Meeting Public Policy Goals	✓	✓	\$296
Capacity Cost Savings due to Reduced On-Peak Transmission Losses	✓	✓	\$155
Avoided or Delayed Reliability Projects	✓	✓	\$97

MOPC & SPP Board Approved

SPP Board Approved

*These are approximations of 40-year NPV benefit, and are based primarily on RCAR I results. RCAR II results may differ.

CAWG REPORT TO RSC

Seams Projects Policy Paper

- Background
- CAWG Consideration of Policy Paper
- Upcoming Relevant Activity
- SPTF recommendation on cost allocation
- Upcoming CAWG Action

CAWG REPORT TO RSC

Background

- The issue of cost allocation for seams projects has already been addressed by the RSC in the context of FERC Order 1000 Interregional compliance filing.
- In October 2012, the RSC, through a majority vote (5-2), approved a 100% regional allocation of costs related to interregional projects selected pursuant to interregional planning processes. New Mexico and Texas dissented.

CAWG REPORT TO RSC

Background (Continued)

- SPP filed the Order 1000 Interregional compliance filing in July 2013. FERC has not issued its decision on the compliance filing.
- Since then, the Seams Steering Committee (SSC) and member utilities have identified gaps that remained with respect to seams projects that were not addressed in SPP's Order 1000 Interregional Compliance Filing.
- SSC Chair made a presentation on these seams projects to the RSC at the January 2014 meeting, given that the RSC will have to decide the issue of cost allocation for these seams projects.

CAWG REPORT TO RSC

Background (Continued)

- At the January 2014 meeting, several RSC members indicated the need for more information on the criteria, parameters, and factors that would be used to evaluate non-Order 1000 seams projects before the RSC could make a decision on cost allocation for the projects.

CAWG REPORT TO RSC

Background (Continued)

- The Seams Project Task Force (SPTF) has been developing a policy paper delineating the project criteria and the study/approval process.
- The SPTF is scheduled to complete its work on the policy paper next month and the SSC will likely approve the policy paper at its September 9th meeting. The work on the tariff language is expected to commence shortly thereafter.
- The SPTF is seeking feedback on various aspects of the policy paper including the criteria.

CAWG REPORT TO RSC

CAWG Consideration of Policy Paper

At its August meeting, CAWG discussed the following aspects of the policy paper:

- Cost sharing of seams projects between SPP and its seams partners.
- Should the criteria include the requirement that seams projects benefit more than one SPP zone?
- Impact of any decision to 100% regionally fund byway seams projects on potential changes in future cost allocation for byway projects within the footprint.
- Inclusion of RSC in the list of stakeholder groups that will be provided an update on the regional review process.

CAWG REPORT TO RSC

CAWG Consideration of Policy Paper (Continued)

Cost sharing between SPP and seams partners:

- Should the policy paper contain a provision which would allow either SPP or its seams partner to bear more costs of the seams projects if the two parties voluntarily agree, subject to applicable approvals by SPP and seams partner, to an alternative cost sharing arrangement?
- CAWG members were generally not in favor of including such a provision in the policy paper.

CAWG REPORT TO RSC

CAWG Consideration of Policy Paper (Continued)

Cost sharing between SPP and seams partners:

Will the cost sharing agreement have to be approved by the stakeholder process before it is agreed to by SPP and seams partner? No.

- The agreement on cost sharing will be negotiated and must be in place prior to any recommendation on seams project developed by MOPC or approved by the SPP Board.
- The negotiated cost sharing mechanism will be part of any recommendation on a seams project for consideration by MOPC and SPP Board.

CAWG REPORT TO RSC

CAWG Consideration of Policy Paper (Continued)

Criteria Regarding Zonal Benefits :

Should criteria for seams projects include the requirement that seams projects benefit more than one SPP zone? No.

- Most seams projects are expected to provide regional benefits.
- The byway seams facilities are often the limiting elements that constrain the full use of available capacity on higher voltage projects along the seams and restrict energy transfers at interregional seams.
- Seams zones may not have the incentive to construct and bear the full costs of such projects if other SPP zones also receive benefits.

CAWG REPORT TO RSC

CAWG Consideration of Policy Paper (Continued)

Criteria Regarding Zonal Benefits:

Should criteria include the requirement that seams projects benefit more than one SPP zone? No.

- In the instances where seams projects may benefit a single zone, the benefits could be addressed in the RCAR analysis. The issue of the appropriate benefits metrics to determine zonal allocation of benefits for seams projects has yet to be considered by the RARTF.
- A project that benefits a single zone along the seams today may provide benefits to other SPP zones in the future.

CAWG REPORT TO RSC

CAWG Consideration of Policy Paper (Continued)

Impact on potential changes in future cost allocation for byway projects within the footprint:

- The SPTF's charter did not include consideration of any future impacts on the cost allocation for byway projects within the footprint.
- A regional cost allocation methodology for seams projects would be appropriate due to the unique qualities associated with transmission projects along the seams.

CAWG REPORT TO RSC

CAWG Consideration of Policy Paper (Continued)

Updates to RSC on the regional review process:

Should RSC be included in the list of stakeholder groups that will be provided an update on the regional review process as it is in progress?

- RSC typically receives updates on transmission planning and recommended projects.
- SPTF and SPP staff will consider adding language in the policy paper and tariff revisions that would list RSC as one of the stakeholder groups that would receive an update on the regional review process.

CAWG REPORT TO RSC

Upcoming Relevant Activity

- Seams projects are currently being evaluated in the ITP planning process, AECl study, and MISO study with recommendations for seams projects expected from the ITP-10 study in January 2015.
- Approved seams projects in the planning processes outlined in the seams projects policy paper will also be considered for possible remedies in the RCAR analysis.
- Regional cost allocation for byway seams projects as an RCAR remedy is being considered in a separate tariff revision.

CAWG REPORT TO RSC

SPTF recommendation on cost allocation

- Cost for Seams Projects greater than 300 kV should be allocated regionally consistent with the SPP's highway/byway allocation methodology.
- Costs for all Seams Projects between 100 and 300 kV should be recovered regionally through "Highway" Funding.

CAWG REPORT TO RSC

Upcoming CAWG Action

- CAWG plans to take up the issue of cost allocation for 100 kV and above seams projects addressed by the policy paper at its meeting on September 3, 2014.
- CAWG plans to bring a recommendation on cost allocation for RSC consideration at its September 29, 2014 meeting.

CAWG REPORT TO RSC

Questions?

Submitted by: Meena Thomas
CAWG Chairman
August 25, 2014

Seams Project Task Force Update

August 25, 2014



Helping our members
work together to
keep the lights on...
today and in the future

SEAMS PROJECTS TASK FORCE

Seams Project Task Force Update

- Chartered to develop criteria for seams projects
 - These are projects that aren't part of the Interregional Order 1000 Process
- Finalizing a policy paper which outlines seams project criteria and the study/approval process

SEAMS PROJECTS WHITE PAPER

Definitions

- **New Definitions**
 - **Seams Project:** project which has agreement on cost sharing, 100 kV and above, SPP B/C ratio of at least 1.0, provides benefit to SPP
 - **Seams Partner:** non-SPP transmission owner which whom SPP is considering a Seams Project
 - **Regional Review Process:** Process used by SPP region to regionally evaluate a Seams Project. This is separate from any interregional or joint seams evaluation

Sources of Seams Projects

- **Tariff Processes**
 - ITPNT, ITP10, or other SPP Tariff planning process
- **Non-Order 1000 Seams Planning Process**
 - Joint study via SPP-AECI Joint Operating Agreement (JOA)
 - Any other study performed as a part of a defined seams planning process
 - SPP approval through the Regional Review Process
- **Joint Special Study**
 - Other study between SPP and a Seams Partner
- **SPP approval through the Regional Review Process**

SPP Regional Review Process

- **Consistent to Regional Review Process approved by SPP stakeholders for use in the Interregional Order 1000 planning process**
- **Used for regional review and decision on approval**
 - SPP stakeholder directed
 - SPP assumptions, models, and metrics

Seams Project Criteria

- **100 kV and above**
 - Tie lines or wholly within SPP or a Seams Partner
- **Minimum total project cost of \$5 million**
- **Need date within 10-years**
- **SPP regional B/C ratio of 1.0**
 - Benefits based upon agreed-to metrics
 - Provide 5% of benefits to SPP and each Seams Partner
- **Cost sharing agreement between SPP and the Seams Partner**
 - Could be with more than one Seams Partner

Cost Sharing

- **Cost shared between SPP and the Seams Partner(s) based on benefits**
- **Agreed-to metrics**
- **Principles used in arriving at equitable cost sharing:**
 - **Costs roughly commensurate with benefits**
 - **No cost sharing without receiving benefits**
 - **Transparent methodologies and identification of benefits**
 - **Share of benefits to SPP and its Seams Partners should be sufficient to support seams projects' approval**

Regional Cost Allocation Proposal

- **Cost for Seams Projects greater than 300 kV will be recovered according to SPP’s highway/byway cost allocation methodology**
- **Projects less than 300 kV recovered regionally through “highway” funding**
- **Approved seams projects will be considered in the SPP Regional Cost Allocation Review (RCAR)**

Next Steps

- **Input from the RSC**
- **Input from CAWG**
- **Submit to Seams Steering Committee for approval**
- **CAWG response to proposed cost allocation for facilities less than 300 kV**
- **Submit to RSC for approval of proposed cost allocation**
- **Submit to MOPC and the BOD for approval**
- **Complete tariff language**
- **Complete all steps with target of October 2014**