

– PRELIMINARY –

**FERC Order 1000**

March 14<sup>th</sup>, 2012 Strawman – Regional Transmission Planning Process

I. Produce a Regional Transmission Plan

The region, for purposes of regional transmission planning and development of a regional transmission plan in accordance with Order 1000, is the region served by the Sponsors of the Southeastern Regional Transmission Planning (“SERTP”) process: Dalton Utilities (“Dalton”), Georgia Transmission Corporation (“GTC”), MEAG Power (“MEAG”), PowerSouth Energy Cooperative (“PowerSouth”), South Mississippi Electric Power Association (“SMEPA”), and Southern Companies (“Southern”).

II. Procedures by which the Transmission Providers within the SERTP Identify and Evaluate Potential Regional Transmission Solutions that may Meet the Region’s Needs More Efficiently and Cost-Effectively

- i. Sponsors identify and evaluate potential regional transmission projects that may meet the region’s needs more efficiently and cost effectively.
- ii. Potential regional transmission alternatives proposed by SERTP Stakeholders, in accordance with existing Order 890 requirements, will be considered for evaluation.
- iii. Potential regional transmission solutions proposed by non-incumbent transmission developers will be considered for evaluation, and if selected, considered for the purposes of regional cost allocation.

III. Qualification Criteria to Submit a Regional Transmission Project Proposal for Selection in a Regional Transmission Plan for Purposes of Cost Allocation

- A. A non-incumbent transmission developer must meet certain qualification criteria to be eligible to propose a transmission project for selection in a regional transmission plan for the purposes of regional cost allocation.
  - i. Qualification criteria will require the non-incumbent transmission developer to demonstrate that it has the necessary financial capability and technical expertise to develop, construct, own, operate and maintain transmission facilities.
  - ii. Qualification criteria will also require the non-incumbent transmission developer to demonstrate its ability to satisfy all applicable regulatory requirements necessary to acquire rights of way and to construct, operate, and maintain the proposed facilities in the associated jurisdictions.
- B. In order for a transmission project proposed by a non-incumbent transmission developer to be considered for evaluation and potential selection in a regional plan for purposes of cost allocation, the project must meet the following criteria:

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- i. The proposed transmission project must be regional in nature.
  - o The operating voltage of the proposed transmission project must be 300 kV or above.
  - o The proposed transmission project must span 100 miles or more.
- ii. The proposed transmission project must be both a green-field facility and materially different than projects that have been previously considered in the expansion planning process.
- iii. The proposed transmission project must be able to be constructed and tied into the network by the recommended in-service date.

IV. Submission of Proposals for Selection in a Regional Transmission Plan for Purposes of Cost Allocation

A non-incumbent transmission developer must submit the following information in support of a transmission project it proposes for the purposes of regional cost allocation:

- i. Documentation of the non-incumbent transmission developer's ability to satisfy the qualification criteria required to propose a transmission project for selection in the regional transmission plan for purposes of cost allocation.
- ii. A description of the proposed transmission project that details the complete scope (including the various stages of the project such as ROW acquisition, engineering, construction, recommended in-service date, etc.)
- iii. A capital cost estimate of the proposed transmission project.
  - o If the cost estimate differs greatly from generally accepted estimates of projects of comparable scope, the non-incumbent transmission developer will be required to support such discrepancies.
- iv. Supporting documentation of the technical analysis performed to demonstrate that the proposed transmission project is a more efficient and cost-effective project than specific projects in the latest transmission expansion plans. Documentation must include the following:
  - o The identification of transmission projects in the latest expansion plans that may be displaced as a result of the proposed project, as well as any additional projects that may be required due to the project.
  - o The data and/or files necessary to evaluate the non-incumbent transmission developer's analysis of the proposed transmission project.

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- V. Evaluation of Proposals for Selection in a Regional Transmission Plan for Purposes of Cost Allocation
- A. As described in Section II, the SERTP Sponsors will evaluate potential regional transmission solutions proposed by non-incumbent transmission developers in the expansion planning process, in conjunction with those identified by SERTP Sponsors and Stakeholders. Utilizing coordinated models and assumptions, each SERTP Sponsor will utilize their respective planning guidelines and criteria to evaluate submittals and determine the following:
- i. Does the proposal address transmission needs that are currently being addressed with projects in the latest transmission expansion plans and if so, which projects in the plans could be displaced by the proposed regional transmission project.
  - ii. If any additional projects would be required as a result of the proposed regional transmission project.
- B. Based upon the evaluation outlined above, the SERTP Sponsors will assess whether the proposed transmission project is more efficient and cost-effective for the region.
- i. The non-incumbent transmission developer will provide the SERTP Sponsors with financial terms associated with the proposed transmission project.
  - ii. The inclusion of the proposed transmission project must yield a regional benefit to cost ratio of at least 1.25 and not adversely impact an individual Sponsor.
    - o The benefit used in this calculation will be quantified by the transmission cost of the displaced projects in the latest expansion plans.
    - o The cost used in this calculation will be quantified by the transmission cost of the proposed regional transmission expansion project plus the transmission cost of any additional projects required as a result of the proposal.
- C. The proposed regional transmission project would be included in the Order 1000 Regional Transmission Plan and be eligible for cost allocation if the proposal:
- i. Is determined to be more efficient and cost effective than projects in the existing transmission expansion plans,
  - ii. Continues to remain more efficient and cost effective as assessed in subsequent expansion planning processes that reflect ongoing changes in forecast conditions, and
  - iii. Is approved by the Sponsors whose transmission expansion plans would be altered with the inclusion of the proposal and their relevant jurisdictional and/or governance authorities:
    - o Dalton: Board of Commissioners

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- GTC: Rural Utility Services (as applicable) and Board of Directors
- MEAG: Board of Directors
- PowerSouth: Rural Utility Services (as applicable) and Board of Directors
- SMEPA: Board of Directors
- Southern: State public service commissions with purview over the impacted facilities and affected retail rates.

**VI. Cost Allocation for Projects Selected in the Regional Transmission Plan for Purposes of Cost Allocation**

- A. If a regional transmission project in the Order 1000 Regional Transmission Plan has met all of the criteria listed above and is thus selected for cost allocation, the Sponsors will be allocated costs in proportion to their displaced transmission costs.