

SERTP Interim Meeting – FERC Order No. 1000 Discussion

April 10, 2013

Andrew Taylor of Southern Company Transmission, on behalf of the SERTP Sponsors, provided a presentation regarding their proposed compliance with FERC Order No. 1000. This presentation followed the power point slide program entitled “Presentation – SERTP April 10th Interim Stakeholder Meeting.” As such, much of the discussion that tracked the slides in that presentation is not reproduced below, but the substance of those discussions is contained in that document, available on the SERTP website.¹ Please submit any written comments on the Non-RTO Strawman and the April 10th meeting by April 19th, 2013 to provide the SERTP Sponsors time to evaluate the comments and consider changes to the process. The SERTP Sponsors endeavor to post interregional strawmen for the RTO seams in mid-April 2013 and request written comments on those strawmen by May 1st, 2013. Meetings such as the April 10, 2013 interim meeting are an avenue for stakeholders to offer comments, but there are others. Interested parties can submit written comments through the SERTP website.

Interregional Implementation Schedule

- Filing deadline for interregional compliance extended to July 10, 2013.

Interregional Seams Overview

Interregional Requirements Overview

Strawman Proposal for Non-RTO Seams

- Coordination
- Data Exchange
 - Allison Clements (NRDC) – What does it mean “only data/models related to the current regional plans” will be exchanged?
 - Andrew Taylor (Southern) – The SERTP uses specific information and models to develop their regional transmission plan. Say, for instance, the FRCC is using different types of models. It would not be incumbent on SERTP to create or exchange models, not applicable to the SERTP’s regional planning process or the development of the SERTP’s regional transmission plan, with FRCC.
 - Allison Clements (NRDC) – Why didn’t you include stability models?

¹ This document represents a good faith effort to accurately capture the major themes of the discussions that occurred at this meeting (although, again, it does not repeat the portions of those discussions that simply followed the power point presentation). Importantly, this document should not be considered to be in the nature of an official transcript.

- Andrew – The SERTP process typically evaluates and identifies potential solutions for thermal constraints and then feeds it into other types of analyses. Should those models, such as stability models, need to be made available, the regions would exchange that information.
 - Jimmy Glotfelty (Clean Line) – If you are a nonincumbent, will you also be provided this information?
 - Andrew Taylor (Southern) – Data availability is covered in more detail in the “Transparency” section, but this information will also be made available to stakeholders, subject to appropriate confidentiality/CEII requirements.
 - Jimmy Glotfelty (Clean Line) – Does a stakeholder have to have a subscription to specific modeling tools to access the data?
 - Andrew Taylor (Southern) – The models we post require software to access them. There are several software options that can be used, but to legitimately be able to use the models, you would need a software tool that could handle it. We also indicate, on the SERTP website, the latest version of software that we are using.
 - Allison Clements (NRDC) – Do you intend to provide assumptions for the models?
 - Andrew Taylor (Southern) – The models inherently include the assumptions, explicitly modeled, but if an entity has a question about specific assumptions, we would be happy to answer those questions.
 - Joint Evaluation
 - Frank Rambo (SELC) – When you look at the neighboring regions’ plans, are you only looking at potential interregional solutions already proposed/included in that plan or do you look at facilities that have not been proposed?
 - Andrew Taylor (Southern) – The intent is to look beyond that, to look for interregional facilities not already identified in the respective regional plans.
 - Allison Clements (NRDC) – How is it possible to proactively identify more cost effective solutions without doing a joint study?
 - Andrew Taylor (Southern) – The process we’ve outlined is a joint evaluation, but there must be a proposed interregional facility to evaluate. There are several different ways to identify a potential regional solution and once those ideas materialize, you can do a joint evaluation to determine whether it is a viable project. The joint evaluation involves a lot of coordination as outlined, but happens through the respective regional evaluation processes, consistent with the requirements in the Order.
 - Jimmy Glotfelty (Clean Line) – What about a non-cost allocated facility, such as a merchant HVDC line?

- Jimmy Glotfelty (Clean Line) – Did you opt to use avoided transmission costs because it is easier in a market with LMPs to determine the spot price for generation?
 - Andrew Taylor (Southern)– It is not whether determining other metrics are easier to calculate, but rather, for the SERTP, avoided transmission costs are the only appropriate quantification of benefits. Firm delivery services, such as resource decisions from load serving entities, drive transmission needs and subsequently transmission projects. To the extent a proposal is a more efficient and cost effective way to address identified needs, then the benefit is the avoided cost of projects that would have been pursued without the proposal.
- Jimmy Glotfelty (Clean Line) – So a market doesn't decide what resources there are, the LSEs do and the TPs make sure the LSE's resource decisions are efficiently planned for?
 - Doug McLaughlin (Southern) – It's really not market dependent. In an RTO market, a desired transmission delivery capability and/or reliability need would be identified, which would then require transmission projects to serve it. The same occurs in non-RTO markets. This inter-regional process seeks to identify inter-regional projects that would be more efficient and cost effective to serve the delivery need than local or regional projects. For this reason, the benefits of any transmission project can always be quantified in terms of the alternate projects which it would displace.
- Frank Rambo (SELC) – Will the regions post whatever they did through their interregional coordination?
 - Andrew Taylor (Southern) – Any facilities proposed and evaluations performed will be made available through the respective regional processes, so stakeholders can participate in the SERTP and understand the on-going interregional coordination activities with neighboring seams.

RTO Seams

- Discussions are ongoing with the RTO neighbors. We plan to post strawmen within the next week or so, but we can review the high-level concepts that will be included.
- Interregional Cost Allocation
 - Jimmy Glotfelty (Clean Line) – What if something is only cost allocated in one region, but is in both regional plans.
 - Andrew Taylor (Southern) – If you are talking about interregional cost allocation, it has to be selected in both regions.

- Jimmy Glotfelty (Clean Line) – I am getting to the specific point of DC lines, what is a regional plan and a regional plan for purposes of cost allocation? This makes perfect sense for AC lines, but it is ambiguous with respect to DC lines.
 - Andrew Taylor (Southern)– Are you talking about DC lines proposed for cost allocation?
- Jimmy Glotfelty (Clean Line) – I’m talking about one that would be participant funded, not cost allocated, but how are consistent with regional plans
 - Bryan Hill (Southern) – For the SERTP there is no distinction between a “regional plan” and a “regional plan for cost allocation.” There is one regional plan. If there is a facility two regions have agreed upon, it will be reflected in the plan.
- Jimmy Glotfelty (Clean Line) – Specific example: DC line has been submitted in the SPP planning process. Because it is not providing benefits to SPP (though it is geographically located in SPP) there are no costs for the region to bear for purposes of cost allocation. SPP asks, then why are we putting it in our plan?
 - Doug McLaughlin (Southern) – In the hypothetical, are you looking to get regional cost allocation out of the project?
- Jimmy Glotfelty (Clean Line) – No.
 - Doug McLaughlin (Southern) – So you are not submitting that for interregional cost allocation. For your particular project, you would be working with SPP within their region for whatever connections would support their terminal connections on that end and SERTP in their regional process for the terminal on that end, but wouldn’t be looking for interregional cost allocation for the project because you’d be looking to recover the costs by other means.
- Jimmy Glotfelty (Clean Line) – But I want to be consistent with regional plans.
 - Doug McLaughlin (Southern) – Our regional plan has all facilities needed to met delivery commitments and delivery needs. Whatever facilities would be needed to connect the DC facility would be included in the plan, but not for purposes of cost allocation.
- Jimmy Glotfelty (Clean Line) – So they would be in the plan to the extent they are connected with some other party?
 - Doug McLaughlin (Southern) – Correct.
- Frank Rambo (SELC) – Can you talk about what the major differences are shaking up to be between the RTO-seams and Non-RTO seams strawmen?
 - Andrew Taylor (Southern) – At a high level there are very few differences between the two. The only one that jumps to mind is that regional plans are reviewed biennially instead of annually. The genesis for that is the construct the RTOs have used with their other

seams. The biennial frequency of meeting is a minimum number though, so it may occur more often as appropriate.

Please submit comments on the Non-RTO Strawman by April 19, 2013 and on the RTO Strawman by May 1, 2013.

Attendees:

<u>Name</u>	<u>Company</u>
<u>Andrew Taylor</u>	<u>Southern Company</u>
<u>Doug McLaughlin</u>	<u>Southern Company</u>
<u>Kevin Hopper</u>	<u>AECI</u>
<u>Jeff Johns</u>	<u>AECI</u>
<u>Jay Farrington</u>	<u>PowerSouth</u>
<u>Julia York</u>	<u>Southern Company</u>
<u>Jesse Unkenholz</u>	<u>Balch & Bingham</u>
<u>Andy Tunnell</u>	<u>Balch & Bingham</u>
<u>Derek Rahn</u>	<u>LGE/KU</u>
<u>Chris Balmer</u>	<u>LGE/KU</u>
<u>Michael Toll</u>	<u>LGE/KU</u>
<u>Tom Jessee</u>	<u>LGE/KU</u>
<u>Robert Matthey</u>	<u>OVEC</u>
<u>Scott Cunningham</u>	<u>OVEC</u>
<u>Larry Monday</u>	<u>TranServ</u>
<u>Richard Saas</u>	<u>TVA</u>
<u>Marjorie Parsons</u>	<u>TVA</u>
<u>Tim Smith</u>	<u>TVA</u>
<u>Danny Dees</u>	<u>MEAG</u>
<u>Edwin Galloway</u>	<u>Dalton</u>
<u>Kerry Sibley</u>	<u>GTC</u>
<u>Rob Wiley</u>	<u>GTC</u>
<u>Zakia El Omari</u>	<u>GTC</u>
<u>Frank Rambo</u>	<u>Southern Environmental Law Center</u>
<u>Jack Halpern</u>	<u>Louis Berger Group</u>
<u>Josh Pierce</u>	<u>Southern Company</u>
<u>Bryan Hill</u>	<u>Southern Company</u>
<u>John Kaduk</u>	<u>GA PSC</u>
<u>Blair Fink</u>	<u>GA PSC</u>
<u>Chip Estes (Web/Phone)</u>	<u>Utilicom</u>
<u>Benjamin Crawford (Web/Phone)</u>	<u>FL PSC</u>
<u>Kyle Hannah (Web/Phone)</u>	<u>Dominion</u>
<u>Joyce Davidson (Web/Phone)</u>	<u>FERC</u>
<u>Valerie Martin (Web/Phone)</u>	<u>FERC</u>
<u>John Free (Web/Phone)</u>	<u>AL PSC</u>
<u>Nina McLaurin (Web/Phone)</u>	<u>Duke Energy</u>

<u>Arthur Bishop (Web/Phone)</u>	<u>AMEA</u>
<u>Jimmy Glotfelty (Web/Phone)</u>	<u>Clean Line Energy</u>
<u>Jennifer Key (Web/Phone)</u>	<u>Steptoe</u>
<u>Allison Clements (Web/Phone)</u>	<u>NRDC</u>
<u>Ed Ernst (Web/Phone)</u>	<u>Duke Energy</u>
<u>Kyo Kelly (Web/Phone)</u>	<u>Southern Company</u>
<u>Richard McCall (Web/Phone)</u>	<u>NCEMC</u>
<u>Chris Diebold (Web/Phone)</u>	<u>Tallahassee</u>
<u>Tom Kansier (Web/Phone)</u>	<u>MAPP</u>
<u>Jay Caspary (Web/Phone)</u>	<u>SPP</u>
<u>Robert Carbonaro (Web/Phone)</u>	<u>SCPSA</u>
<u>Warren Whitson (Web/Phone)</u>	<u>Southern Power</u>
<u>Kimberly Jackson (Web/Phone)</u>	<u>Alabama Power</u>
<u>Bob Pierce (Web/Phone)</u>	<u>Duke Energy</u>
<u>Rhonda Jones (Web/Phone)</u>	<u>FERC</u>
<u>Brett Hooton (Web/Phone)</u>	<u>SPP</u>
<u>Kevin Burns (Web/Phone)</u>	<u>TranServ</u>
<u>Chris McGeeney (Web/Phone)</u>	<u>AECI</u>
<u>Christin Domian (Web/Phone)</u>	<u>Mitsubishi Electric</u>
<u>Sam Loudenslager (Web/Phone)</u>	<u>SPP</u>
<u>Jason Goar (Web/Phone)</u>	<u>SMEPA</u>