

ATTACHMENT [K-___]**Interregional Transmission Coordination Between the SERTP and PJM Regions**

The Transmission Provider, through its regional transmission planning process, coordinates with the PJM Interconnection, LLC (“PJM”) as the transmission provider and planner for the PJM region to address transmission planning coordination issues related to interregional transmission projects. The interregional transmission coordination procedures include a detailed description of the process for coordination between public utility transmission providers in the SERTP and PJM to identify possible interregional transmission projects that could address transmission needs more efficiently or cost-effectively than transmission projects included in the respective regional transmission plans. The interregional transmission coordination procedures are hereby provided in this Attachment [K-___] with additional materials provided on the Regional Planning website.

The Transmission Provider and PJM shall:

- (1) Coordinate and share the results of the SERTP’s and PJM’s regional transmission plans to identify possible interregional transmission projects that could address transmission needs more efficiently or cost-effectively than separate regional transmission projects;
- (2) Identify and jointly evaluate transmission projects that are proposed to be located in both transmission planning regions;
- (3) Exchange, at least annually, planning data and information; and
- (4) Maintain a website and e-mail list for the communication of information related to the coordinated planning process.

The Transmission Provider and PJM developed a mutually agreeable method for allocating between the two transmission planning regions the costs of new interregional transmission projects that are located within both transmission planning regions. Such cost allocation method satisfies the six interregional cost allocation principles set forth in Order No. 1000 and are included in this Attachment [K-___].

For purposes of this Attachment [K-___], the SERTP's transmission planning process is the process described in Attachment [K] of this Tariff; PJM's regional transmission planning process is the process described in [PJM's Tariff Section]. References to the respective transmission planning processes in this Attachment [K-___] are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Attachment [K-___] refer to Sections within this Attachment [K-___].

Nothing in this Attachment [K-___] is intended to affect the terms of any bilateral planning or operating agreements between transmission owners and/or transmission service providers that exist as of the effective date of this Attachment [K-___] or that are executed at some future date.

INTERREGIONAL TRANSMISSION PLANNING PRINCIPLES

Representatives of the SERTP and PJM will meet no less than once per year to facilitate the interregional coordination procedures described below (as applicable). Representatives of the SERTP and PJM may meet more frequently during the evaluation of project(s) proposed for purposes of interregional cost allocation between the SERTP and PJM. For purposes of this Attachment [K-___], an "interregional transmission project" means a facility or set of facilities that would be physically located in both the SERTP and PJM regions and would interconnect to

the transmission facilities of one or more SERTP Sponsors and one or more PJM transmission owners

1. Coordination

1.1 Review of Respective Regional Transmission Plans: Biennially, the Transmission Provider and PJM shall review each other's current regional transmission plan(s) and engage in the data exchange and joint evaluation described in Sections 2 and 3.

- The review of each region's regional transmission plan(s), which plans include the transmission needs and planned upgrades of the transmission providers in each region, shall occur on a mutually agreeable timetable, taking into account each region's transmission planning process timeline.

1.2 Review of Proposed Interregional Transmission Projects: The Transmission Provider and PJM will also coordinate with regard to the evaluation of interregional transmission projects identified by the Transmission Provider and PJM as well as interregional transmission projects proposed for Interregional Cost Allocation Purposes ("Interregional CAP"), pursuant to Sections 3 and 4, below. Initial coordination activities regarding new interregional proposals will typically begin during the third calendar quarter. The Transmission Provider and PJM will exchange status updates for new interregional transmission project proposals or proposals currently under consideration as needed. These status updates will generally include, if applicable: (i) an update of the region's evaluation of the proposal; (ii) the latest calculation of Regional Benefits (as defined in Section

4.2); (iii) the anticipated timeline for future assessments; and (iv) reevaluations related to the proposal.

1.3 Coordination of Assumptions Used in Joint Evaluation: The Transmission Provider and PJM will coordinate assumptions used in joint evaluations, as necessary, which includes items such as:

- Expected timelines/milestones associated with the joint evaluation
- Study assumptions
- Regional benefit calculations

1.4 Posting of Materials on Regional Planning Websites: The Transmission Provider and PJM will coordinate with respect to the posting of materials related to the interregional coordination procedures described in this Attachment [K-__] on each region's regional planning website.

2. Data Exchange

2.1 At least annually, the Transmission Provider and PJM shall exchange power-flow models and associated data used in the regional transmission planning processes to develop their respective then-current regional transmission plan(s). This exchange will occur when such data is available in each of the transmission planning processes, typically during the first calendar quarter. Additional transmission-based models and data may be exchanged between the Transmission Provider and PJM as necessary and if requested. For purposes of the interregional coordination activities outlined in this Attachment [K-___], only data and models used in the development of the Transmission Provider's and PJM's then-current regional transmission plans and used in their respective regional transmission

planning processes will be exchanged. This data will be posted on the pertinent regional transmission planning process' websites, consistent with the posting requirements of the respective regional transmission planning processes, and is considered CEII. The Transmission Provider shall notify PJM of such posting.

- 2.2** The SERTP regional transmission plans will be posted on the Regional Planning website pursuant to the Transmission Provider's regional transmission planning process. The Transmission Provider will also notify PJM of such posting so PJM may retrieve these transmission plans. PJM will exchange its then-current regional plan(s) in a similar manner according to its regional transmission planning process.

3. Joint Evaluation

- 3.1 Identification of Interregional Transmission Projects:** The Transmission Provider and PJM shall exchange planning models and data and current regional transmission plans as described in Section 2. The Transmission Provider and PJM will review one another's then-current regional transmission plan(s) in accordance with the coordination procedures described in Section 1 and their respective regional transmission planning processes. If through this review, the Transmission Provider and PJM identify a potential interregional transmission project that could be more efficient and cost effective than projects included in the respective regional plans, the Transmission Provider and PJM will jointly evaluate the potential project pursuant to Section 3.3.

- 3.2 Identification of Interregional Transmission Projects by Stakeholders:** Stakeholders may propose projects that may be more efficient or cost-effective

than projects included in the Transmission Provider's and PJM's regional transmission plans pursuant to the procedures in each region's regional transmission planning processes. The Transmission Provider and PJM will evaluate interregional transmission projects proposed by stakeholders pursuant to Section 3.3.

3.3 Evaluation of Interregional Transmission Projects: The Transmission Provider and PJM shall act through their respective regional transmission planning processes to evaluate potential interregional transmission projects and to determine whether the inclusion of any potential interregional transmission projects in each region's regional transmission plan would be more efficient or cost-effective than projects included in the respective then-current regional transmission plans. Such analysis shall be consistent with accepted planning practices of the respective regions and the methods utilized to produce each region's respective regional transmission plan(s). To the extent possible and as needed, assumptions and models will be coordinated between the Transmission Provider and PJM, as described in Section 1. Data shall be exchanged to facilitate this evaluation using the procedures described in Section 2.

3.4 Evaluation of Interregional Transmission Projects Proposed for Interregional Cost Allocation Purposes:

3.4.1 If an interregional transmission project is proposed in the SERTP and PJM for Interregional CAP, the initial evaluation of the project will typically begin during the third calendar quarter, with analysis conducted in the same manner as analysis of interregional projects identified pursuant to

Sections 3.1 and 3.2. Further evaluation shall also be performed pursuant to this Section 3.4. Projects proposed for Interregional CAP shall also be subject to the requirements of Section 4.

3.4.2. Each region, acting through its regional transmission planning process, will evaluate proposals to determine whether the proposed project(s) addresses transmission needs that are currently being addressed with projects in its regional transmission plan(s) and, if so, which projects in the regional transmission plan(s) could be displaced by the proposed project(s).

3.4.3. Based upon its evaluation, each region will quantify a Regional Benefit based upon the transmission costs that each region is projected to avoid due to its transmission projects being displaced by the proposed project.

For purposes of this Attachment [K-___], “Regional Benefit” means: (i) for the Transmission Provider, the total avoided costs of projects included in the then-current regional transmission plan that would be displaced if the proposed interregional transmission project was included and (ii) for PJM, the total avoided costs of projects included in the then-current regional transmission plan that would be displaced if the proposed interregional transmission project was included. The Regional Benefit is not necessarily the same as the benefits used for purposes of *regional cost* allocation.

3.5 Inclusion in Regional Transmission Plans: An interregional transmission project proposed for Interregional CAP in the SERTP and PJM will be included in the respective regional plans for purposes of cost allocation only after it has been

selected by both the SERTP and PJM regional processes to be included in their respective regional plans for purposes of cost allocation.

3.5.1. To be selected in both the SERTP and PJM regional plans for cost allocation purposes means that each region has performed all evaluations, as prescribed in its regional transmission planning processes, necessary for a project to be included in its regional transmission plans for purposes of cost allocation.

- This includes any requisite regional benefit to cost (“BTC”) ratio calculations performed pursuant to the respective regional transmission planning processes. For purposes of the SERTP, the anticipated allocation of costs of the interregional transmission project for use in the regional BTC ratio calculation shall be based upon the ratio of the SERTP’s Regional Benefit to the sum of the Regional Benefits identified for both the SERTP and PJM.; and

3.5.2. All requisite approvals are obtained, as prescribed in the respective regional transmission planning processes, necessary for a project to be included in the regional transmission plans for purposes of cost allocation.

3.7 Removal from Regional Plans: An interregional transmission project may be removed from the SERTP’s or PJM’s regional plan for CAP: (i) if the developer fails to meet developmental milestones; (ii) pursuant to the reevaluation procedures specified in the respective regional transmission planning processes; or (iii) if the project is removed from one of the region’s regional transmission plan(s) pursuant to the requirements of its regional transmission planning process.

- A. The Transmission Provider shall notify PJM if an interregional project or a portion thereof is likely to be removed from its regional transmission plan.

4. Cost Allocation

(The SERTP and PJM have agreed to the cost allocation concepts included in Section 4, but are continuing to discuss the appropriate wording to convey such concepts)

4.1 Proposal of Interregional Transmission Projects for Interregional CAP: For an interregional transmission project to be considered for Interregional CAP within the SERTP and PJM regions, the following criteria must be met:

- A. The interregional transmission project must be interregional in nature:
 - Be physically located in both the SERTP region and PJM regions;
 - Interconnect to the transmission facilities of one or more SERTP Sponsors and the transmission facilities of one or more transmission owner in PJM; and
 - Meet the qualification criteria for transmission projects potentially eligible to be included in the regional transmission plans for purposes of cost allocation in both the SERTP and PJM regions, pursuant to their respective regional transmission planning processes.
- B. The transmission project must be proposed for purposes of cost allocation in both the SERTP and PJM regions.
 - The transmission developer and project submittal must satisfy all criteria specified in the respective regional transmission processes.

- The proposal should be submitted in the timeframes outlined in the respective regional transmission planning processes.
- C. The interregional transmission project must be selected in the regional transmission plans of both the SERTP and PJM regions.
 - The costs of the interregional transmission project eligible for interregional cost allocation shall only be allocated to a region if that region has selected the interregional transmission project in its regional transmission plan for purposes of costs allocation.
 - No cost shall be allocated to a region that has not selected the interregional transmission project in its regional transmission plan.

4.2 Allocation of Costs Between the SERTP and PJM Regions: The cost of an interregional transmission project, selected for purposes of cost allocation in the regional transmission plans of both the SERTP and PJM regions, shall be allocated for Interregional CAP to those regions as provided below:

- A. The share of the costs of an interregional transmission project allocated to a region will be determined by the ratio of the present value of the estimated costs of such region's displaced regional transmission project(s) to the total of the present values of the estimated costs of the displaced regional transmission project(s) in all regions that have selected the interregional transmission project in their regional transmission plans. The present values used in the cost allocation shall be based on a common date, comparable cost components, and the latest cost estimates used in the determination to include the interregional transmission project in the

respective regional plans for purposes of cost allocation. The applicable discount rate(s) used for the SERTP region may be determined on a case-by-case basis, and the SERTP region might have multiple discount rates should there be multiple SERTP transmission owners that would be allocated the costs of the interregional transmission project. The applicable discount rate for the PJM region shall be the discount rate included in the assumptions that are reviewed with the PJM Board each year for use in the economic planning process.

- B. When all or a portion of an interregional transmission project is to be located within a region in which there is no displaced regional transmission project, such region may at its sole discretion select the interregional transmission project for inclusion in its regional transmission plan, provided, however, that no portion of the costs of the interregional transmission project shall be allocated to such region in accordance with Section 4.2 (A).
- C. Nothing in these Section 4 provisions shall govern the further allocation of costs allocated to a region pursuant to this Section 4.2 within such region. For purposes of clarification, the further allocation of costs allocated within PJM pursuant to this Section 4.2 to transmission customers within PJM shall be governed by the applicable provisions of any tariff or agreement among PJM and its transmission owners allocating or otherwise addressing filing rights under Section 205 of the Federal Power Act (“FPA”).

4.3 Merchant Transmission and Individual Transmission Owner Projects:

The interregional cost allocation process provided hereunder does not preclude the Transmission Provider and/or other entities, including merchant transmission developers or transmission owners from developing interregional transmission projects through alternative cost sharing arrangements separately from the interregional cost allocation methods provided in this Section 4.

4.4 Filing Rights with Respect to Interregional Transmission Projects Selected for Interregional CAP: The following provisions shall apply with respect to interregional transmission projects selected for Interregional CAP pursuant to the procedures described in this Attachment K-_____.

(Section 4.4 continues to be under development and discussion)

5. Transparency

5.1 The Transmission Provider shall post procedures for coordination and joint evaluation on the Regional Planning website.

5.2 Access to the data utilized will be made available through the Regional Planning website subject to the appropriate clearance, as applicable (such as CEII and confidential non-CEII). Both planning regions will make available, on their respective regional websites, links to where stakeholders can register (if applicable/available) for the stakeholder committees or distribution lists of the other planning region.

5.3 At the fourth quarter SERTP Summit, or as necessary due to current activity of proposed interregional transmission projects, the SERTP will provide status updates of interregional activities including:

- Facilities to be evaluated
- Analysis performed
- Determinations/results.

5.4 Stakeholders will have an opportunity to provide input and feedback within the respective regional planning processes of SERTP and PJM related to interregional facilities identified, analysis performed, and any determination/results.

Stakeholders may participate in either or both regions' regional planning processes to provide their input and feedback regarding the interregional coordination between the SERTP and PJM.