

SERTP Order 1000
Draft Interregional Straw Man – March 27, 2013

PREFACE: The following only applies to interregional requirements for seams between the SERTP region and Non-RTO regions and is intended to identify interregional transmission facilities that may be more efficient or cost effective solutions to the transmission needs identified in the regional plans of the SERTP and adjacent Non-RTO regions.

I. Coordination

[Requirement: Develop and implement procedures that provide for the sharing of information regarding the respective needs of neighboring transmission planning regions.]

- a. During each regional planning cycle, the SERTP transmission planners and those in adjacent transmission planning regions will review each other's current regional plan(s) (which will include each region's respective needs) – such evaluation will typically occur during the January to June time frame – and engage in the data exchange and joint evaluation described below in Sections II and III.
- b. Regions will also coordinate with regards to the evaluation of interregional transmission facilities proposed for cost allocation purposes ("CAP") as described in Sections III and IV. Initial coordination of new interregional CAP proposals will typically begin in the mid-year time frame. Status updates for new proposals or proposals currently under consideration will generally occur every 6 months, if needed. Status updates will include, at a minimum, an update of the region's evaluation of the proposal, the latest calculation of regional benefits (if available), the anticipated timeline for future assessments, and reevaluations related to the proposal.

II. Data Exchange

[Requirement: Through clearly described procedures, exchange planning data and information between neighboring planning regions at least annually.]

- a. At least annually, load-flow models for the then current regional plan(s) for the SERTP and for adjacent transmission planning regions will be exchanged (typically by the beginning of each region's transmission planning cycle) between transmission planners. Additional transmission based models may be exchanged between transmission planners as necessary or if requested. Only data/models related to the current regional plan(s) and used in the respective regional processes will be exchanged. This data will be posted on the pertinent regional planning process' website and is considered CEII (as such, data is available to all interested parties subject to the appropriate clearances and agreements). Neighboring planning regions will be notified of the posting via email.
- b. The SERTP regional plans will be posted on the SERTP website, generally following the fourth quarter SERTP annual summit (the document(s) will also be sent by email to the

neighboring planning regions). Adjacent regions will exchange their current regional plan(s) in a similar manner according to their respective regional planning timeline.

III. Joint Evaluation

[Requirement: Develop and implement procedures for neighboring planning regions to identify and jointly evaluate transmission facilities that are proposed to be located in both regions that may more efficiently or cost effectively address the individual needs identified in their respective local and regional processes.]

Identifying Facilities & Evaluating Interregional Facilities

The SERTP and neighboring regions will exchange planning data and current regional transmission plans as described in Section II. The SERTP and neighboring regions will review one another's current regional plan(s), which includes solutions to address current regional needs. If through this review, the SERTP and a neighboring region identify a potential interregional facility that could be more cost effective and efficient, the transmission planners (or appropriate transmission planning entities) will perform the required analysis/evaluation for an identified facility on their respective systems.

The SERTP and the adjacent region will act through their respective regional processes to perform analysis. Analysis performed will be that which is consistent with accepted planning practices of the respective regions and analysis consistent with that which is utilized to produce the respective regional plans. To the extent possible/needed, assumptions (i.e. years under study) and models, will be coordinated among the respective regions. All data exchanged will be subject to the provisions in Section II.

If an interregional facility is proposed in the SERTP and an adjacent region for CAP, the initial evaluation of the facility will typically begin in the mid-year time frame, with analysis conducted in the same manner as described above. A further description of the evaluation of transmission projects proposed for interregional CAP is described below in Section IV.

IV. Cost Allocation

[Requirement: Develop a method or set of methods for allocating the costs of new interregional transmission facilities proposed for CAP that two (or more) neighboring transmission planning regions determine resolve the individual needs of each region more efficiently and cost effectively and that meets all six cost allocation principles prescribed in Order 1000.]

If an interregional project is proposed for CAP in the SERTP and an adjacent region(s), then the following methodology applies:

- a. Interregional facilities proposed for cost allocation purposes: For a transmission project to be considered for interregional CAP within the SERTP and a neighboring region(s), the following criteria must be met:
 - o The transmission project must be interregional in nature:
 - Be located in, and inter-connect to, the SERTP and an adjacent/contiguous (i.e., neighboring) planning region and;

Operate at a voltage of 300 kV or greater and span 100 miles or more. On a case by case basis, the SERTP will consider a transmission project that meets the threshold criteria for a regional project in at least one of the affected regions and would meet all other qualification criteria for interregional projects in this document.

- The transmission project must be proposed in each region that is in the path of the proposed facility or is an identified beneficiary (this should be identified in the project submittal by the dates/timeframes defined in the respective regional processes)
 - The transmission developer and project submittal must satisfy all criteria specified in the respective regional processes
- b. Interregional facilities proposed for CAP in each region would be evaluated within the respective regions as follows:
- Each region, acting through its respective regional transmission planning process, will evaluate submittals to determine whether the proposal addresses transmission needs that are currently being addressed with projects in the regional transmission planning processes, and if so, which local and regional projects could be displaced and/or deferred by the proposal.
 - Based upon its respective evaluation, each region will quantify a benefit based upon the transmission costs that each region is projected to avoid due to its transmission projects being displaced by the proposal.
- c. Each region will calculate a regional benefit to cost (“BTC”) ratio consistent with its regional process and compare the BTC ratio to its respective threshold to determine if the interregional facility appears to be more efficient and cost effective than those projects included in the current regional transmission plan (this evaluation will also include consideration of upgrades required due to the proposal)
- The anticipated percentage allocation of cost of an interregional facility proposed for CAP to be allocated to a region and utilized in that region’s calculation of regional benefit to cost BTC will:
 - Be determined in a manner consistent with the cost allocation of an interregional facility proposed for CAP, as described in Section IV.e below.
 - Be based upon the latest benefit calculation of the region(s) shown to be the beneficiaries (Section I. Coordination)
 - Each region will continue to follow respective regional processes that outline the regional BTC assessment(s) (such as calculation, reevaluation, etc.)
- d. An interregional facility proposed for CAP in the SERTP and adjacent region will be included in the respective regional plans only when:
- Each region has performed all evaluations, as prescribed in its regional process, necessary for a facility to be included in the regional plan for CAP; and
 - Each region has obtained all approvals, as prescribed in its regional process, necessary for a facility to be included in the regional plan for CAP.
- e. The cost of an interregional facility, selected for CAP in adjacent regions’ plans, will be allocated to each region as follows:
- Each region would be allocated the interregional facility’s costs in proportion to its total costs of transmission projects that will be displaced by the interregional project

- Allocation would be based upon the latest benefit calculation performed (immediately before each region included the facility in its regional plan(s)) and as approved by each region.
 - The respective regional benefit calculations for purposes of interregional cost allocation will be based on the capital cost of displaced projects
 - Costs allocated to each region would be further allocated within each region pursuant to its regional cost allocation methodology.
- f. An interregional facility may be removed from a regional plan for CAP based upon failure to meet developmental milestones and/or reevaluation procedures specified in the respective regional processes or if the interregional project is removed from the adjacent region's plan(s).

V. Transparency

- a. Procedures for Coordination and Joint evaluation will be posted on the SERTP website.
- b. Access to the data utilized will be made available subject to the appropriate clearance, as applicable (such as CEII and confidential non-CEII).
- c. At the fourth quarter SERTP Summit (or as necessary due to current activity of proposed interregional facilities), the SERTP will provide updates/status of interregional activities including:
 - Facilities to be evaluated
 - Analysis performed
 - Determinations/results