

## Southeastern Regional Transmission Planning (SERTP)

### Interregional Transmission Planning Coordination Between the SERTP and FRCC Regions



*Duke Energy Carolinas LLC and Duke Energy Progress, Inc. (“Duke”); Kentucky Utilities Company and Louisville Gas and Electric Company (“LG&E/KU”); and Southern Company Services, Inc. (“Southern”) constitute the three FERC-jurisdictional sponsors of the SERTP (“Jurisdictional SERTP Sponsors”). In accordance with Order No. 1000, they each have amended their respective open access transmission tariffs (“OATTs”) to adopt common tariff language to implement Order No. 1000’s interregional transmission planning and cost allocation requirements that apply to each of the SERTP’s seams with neighboring transmission planning regions. While the Jurisdictional Sponsors have all adopted common OATT language that is substantively the same for each of the SERTP’s interregional seams, the implementing OATT language for the Jurisdictional Sponsors is not absolutely identical as they reflect slight variations in terminology used in the corresponding OATTs. For example, Southern uses the term “Transmission Provider” to refer to themselves while LG&E/KU use the term “Transmission Owner.”*

*The following provides the Jurisdictional SERTP Sponsors’ OATT provisions for implementing the Order 1000 interregional requirements for the SERTP’s seam with the FRCC Region. While substantively the same, the following first provides Duke’s implementing OATT language followed by that for LG&E/KU and then Southern. The latest OATT language for each of the Jurisdictional Sponsors is available on their respective [OASIS sites](#).*

Duke Energy Carolinas LLC and Duke Energy Progress, Inc.

Attachment N-1-FRCC

Interregional Transmission Coordination Between the SERTP and FRCC

## **ATTACHMENT N-1 - FRCC**

### **Interregional Transmission Coordination Between the SERTP and FRCC Regions**

The Duke Transmission Provider, through its regional transmission planning process, coordinates with the Florida Reliability Coordinating Council region ("FRCC") to address transmission planning coordination issues related to interregional transmission facilities. The interregional transmission coordination procedures include a detailed description of the process for coordination between the public utility transmission providers in the SERTP and FRCC (i) with respect to an interregional transmission facility that is proposed to be located in both transmission planning regions and (ii) to identify possible interregional transmission facilities that could address transmission needs more efficiently or cost-effectively than transmission facilities included in the respective regional transmission plans. The interregional transmission coordination procedures are hereby provided in this Attachment N-1 - FRCC with additional materials provided on the Regional Planning website.

The Duke Transmission Provider ensures that the following requirements are included in the interregional transmission coordination procedures:

- (1) A commitment to coordinate and share the results of the SERTP and FRCC regional transmission plans to identify possible interregional transmission projects that could address transmission needs more efficiently or cost-effectively than separate regional transmission facilities, as well as a procedure for doing so;
- (2) A formal procedure to identify and jointly evaluate transmission facilities that are proposed to be located in both transmission planning regions;
- (3) A duty to exchange, at least annually, planning data and information; and

- (4) A commitment to maintain a website or e-mail list for the communication of information related to the coordinated planning process.

The Duke Transmission Provider has worked with transmission providers located in the FRCC to develop a mutually agreeable method for allocating between the two transmission planning regions the costs of new interregional transmission facilities 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 is included in this Attachment N-1 - FRCC.

For purposes of this Attachment N-1 - FRCC, the SERTP regional transmission planning process is the process described in Attachment N-1 of this Tariff; the FRCC regional transmission planning process is the process described in the relevant Attachment Ks (or analog tariff sections) of the public utility transmission providers in the FRCC. References to the respective regional transmission planning processes in this Attachment N-1 - FRCC are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Attachment N-1 - FRCC refer to Sections within this Attachment N-1 - FRCC.

#### **INTERREGIONAL TRANSMISSION PLANNING PRINCIPLES**

Representatives of the SERTP and the FRCC will meet no less than once per year to facilitate the interregional coordination procedures described below (as applicable). Representatives of the SERTP and the FRCC may meet more frequently during the evaluation of project(s) proposed for purposes of interregional cost allocation between the SERTP and the FRCC.

## **1. Coordination**

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

**1.2 Review of Proposed Interregional Projects:** The Duke Transmission Provider and the FRCC will coordinate with regard to the evaluation of interregional transmission projects identified by the Duke Transmission Provider and the FRCC 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 Duke Transmission Provider and the FRCC will typically exchange status updates for new interregional transmission project proposals or proposals currently under consideration every six (6) months, or 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 Duke Transmission Provider and the FRCC will coordinate assumptions used in joint evaluations, as necessary, which includes items such as:

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

## **2. Data Exchange**

- 2.1** At least annually, the Duke Transmission Provider and the FRCC 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 typically occur by the beginning of each region's transmission planning cycle. Additional transmission-based models and data may be exchanged between the Duke Transmission Provider and the FRCC as necessary and if requested. For purposes of the interregional coordination activities outlined in this Attachment N-1 - FRCC, only data and models used in the development of the Duke Transmission Provider's and FRCC'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' website, consistent with the posting requirements of the respective regional transmission planning processes, and is considered CEII. The Duke Transmission Provider shall notify the FRCC of such posting.
- 2.2** The SERTP regional transmission plans will be posted on the Regional Planning website pursuant to the Duke Transmission Provider's regional transmission planning process. The Duke Transmission Provider will also notify the FRCC of such posting so the FRCC may retrieve these transmission plans. The FRCC 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 Projects:** The Duke Transmission Provider and the FRCC shall exchange planning models and data and current regional transmission plans as described in Section 2. The Duke Transmission Provider and the FRCC will review one another's then-current regional plan(s) in accordance with the coordination procedures described in Section 1 and their respective regional transmission planning processes. If through this review, the Duke Transmission Provider or the FRCC identify a potential interregional project that could be more efficient or cost effective than projects included in the respective regional plans, the Duke Transmission Provider and the FRCC will jointly evaluate the potential project pursuant to Section 3.4.

**3.2 Identification of Interregional Projects by Stakeholders:** Stakeholders may also propose projects that may be more efficient or cost-effective than projects included in the SERTP's and the FRCC's regional transmission plans pursuant to the procedures in each region's regional transmission planning processes. The Duke Transmission Provider and the FRCC will evaluate interregional projects proposed by stakeholders pursuant to Section 3.4.

**3.3 Identification of Interregional Projects by Developers:** Interregional transmission projects proposed for potential Interregional CAP must be submitted in both the SERTP and FRCC regional transmission planning processes. The project submittal must satisfy the requirements of Section 4.1. The submittal must identify the potential transmission project as interregional in scope and identify the SERTP and FRCC as regions in which the project is proposed to interconnect.

The Duke Transmission Provider will verify whether the submittal for the potential interregional transmission project satisfies all applicable requirements. Upon finding that the proposed interregional transmission project satisfies all such applicable requirements, the Duke Transmission Provider will notify the FRCC. Once the potential project has been proposed through the regional transmission planning processes in both regions, and upon both regions so notifying one another that the project is eligible for consideration pursuant to their respective regional transmission planning processes, the Duke Transmission Provider and the FRCC will jointly evaluate the proposed interregional projects pursuant to Sections 3 and 4.

**3.4 Evaluation of Interregional Projects:** The Duke Transmission Provider and the FRCC 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 their respective then-current regional transmission plans. Such analysis shall be consistent with accepted planning practices of the respective regions and the transmission study methodologies utilized to produce each region's respective regional transmission plan(s). The Duke Transmission Provider will evaluate potential interregional transmission projects consistent with Sections 4, 5 and 20 of Attachment N-1. To the extent possible and as needed, assumptions and models will be coordinated between the Duke Transmission



Provider and the FRCC as described in Section 1. Data shall be exchanged to facilitate this evaluation using the procedures described in Section 2.

**3.5 Initial Evaluation of Interregional Projects Proposed for Interregional Cost**

**Allocation Purposes:** If an interregional project is proposed in the SERTP and the FRCC 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. Projects proposed for Interregional CAP shall also be subject to the requirements of Section 4.

- 4. Cost Allocation:** If an interregional project is proposed for Interregional CAP in the SERTP and the FRCC, then the following methodology applies:

**4.1 Interregional Projects Proposed for Interregional Cost Allocation Purposes:**

For a transmission project to be considered for Interregional CAP within the SERTP and the FRCC, the following criteria must be met:

- A. The transmission project must be interregional in nature:
- Be located in both the SERTP and the FRCC regions;
  - Interconnect to transmission facilities in both the SERTP and FRCC regions. The facilities to which the project is proposed to interconnect may be either existing transmission facilities or transmission projects included in the regional transmission plan that are currently under development; and
  - Meet the threshold criteria for transmission projects potentially eligible to be included in the regional transmission plans for purposes

of cost allocation in both the SERTP and the FRCC, pursuant to their respective regional transmission planning processes.

- B. On a case-by-case basis, the Duke Transmission Provider and the FRCC will consider a transmission project that does not satisfy all of the criteria specified in Section 4.1.A but: (i) meets the threshold criteria for a project proposed to be included in the regional transmission plan for purposes of cost allocation in at least one of the two regions; (ii) would be located in both regions; and (iii) would be interconnected to transmission facilities in both the SERTP and FRCC regions. The facilities to which the project is proposed to interconnect may be either existing transmission facilities or transmission projects included in the regional transmission plan that are currently under development.
- C. The transmission project must be proposed for purposes of cost allocation in both the SERTP and the FRCC.
  - o Except for the case-by-case exception for project threshold criteria identified in Section 4.1.B, the transmission developer and project submittal must satisfy all criteria specified in the respective regional transmission processes.
  - o The proposal should be submitted in the timeframes outlined in the respective regional transmission planning processes.

**4.2 Evaluation of Interregional Projects Proposed for Interregional Cost Allocation Purposes:** Interregional projects proposed for Interregional CAP in

the SERTP and the FRCC shall be evaluated within the respective regions as follows:

- A. 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 and, if so, which projects in the regional transmission plan could be displaced by the proposed project(s).
- B. 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 project(s) being displaced by the proposal.
  - o For purposes of this Attachment N-1 - FRCC, "Regional Benefit" means the total avoided costs of projects included in the then-current regional transmission plans 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.

**4.3. Calculation of Benefit to Cost Ratio:** 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 project appears to be more efficient or cost effective than those projects included in its current regional transmission plan. Each region shall utilize the cost calculation(s) as defined in such region's regional transmission planning process (*e.g.*, the FRCC will compute the cost of the portion of the interregional project

that resides within the FRCC region in accordance with their regional process and the SERTP will do the same). The regions shall also coordinate such cost calculation assumptions in accordance with Section 1.3. The anticipated percentage allocation of costs of the interregional project to each region shall be based upon the ratio of the region's Regional Benefit to the sum of the Regional Benefits identified for both the SERTP and the FRCC. The Regional Benefits shall be determined pursuant to the methodology described in Section 4.2. Regional BTC assessments shall be performed in accordance with each region's regional transmission planning process, including but not limited to subsequent calculations and reevaluations.

**4.4 Inclusion in Regional Transmission Plans:** An interregional project proposed for Interregional CAP in the SERTP and the FRCC will be included in the respective regional transmission plans for purposes of cost allocation after:

- A. Each region has performed all evaluations, as prescribed in its regional transmission planning process, necessary for a project to be included in its regional transmission plan for purposes of cost allocation;
  - o This includes any regional BTC ratio calculations performed pursuant to Section 4.3; and
- B. Each region has obtained all approvals, as prescribed in its regional process, necessary for a project to be included in the regional transmission plan for purposes of cost allocation.

**4.5 Allocation of Costs Between the SERTP and the FRCC:** The cost of an interregional project, selected for purposes of cost allocation in the regional transmission plans of both the SERTP and the FRCC, will be allocated as follows:

- A. Each region will be allocated a portion of the interregional project's costs in proportion to such region's Regional Benefit to the sum of the Regional Benefits identified for both the SERTP and the FRCC.
  - o The Regional Benefits used for this determination shall be based upon the last Regional Benefit calculation performed – pursuant to the method described in Section 4.2. – before each region included the project in its regional transmission plan for purposes of cost allocation and as approved by each region.
- B. Costs allocated to each region shall be further allocated within each region pursuant to the cost allocation methodology contained in its regional transmission planning process.
- C. Should one region be willing to bear more costs of the interregional transmission project than those costs identified pursuant to the methodology described in Section 4.5.A, the regions may voluntarily agree, subject to applicable regional approvals, to an alternative cost sharing arrangement.

**4.6 Removal from Regional Plans:** An interregional project may be removed from the SERTP's or the FRCC's regional transmission plan for purposes of cost allocation: (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 plans pursuant to the requirements of its regional transmission planning process.

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

## **5. Transparency**

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

B. 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). The Duke Transmission Provider shall make available on the Regional Planning website links to where stakeholders can register (if applicable/available) for the stakeholder committee(s) or distribution list(s) of the FRCC.

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

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

D. Stakeholders will have an opportunity to provide input and feedback within the respective regional transmission planning processes of the SERTP and the FRCC

related to interregional facilities identified, analysis performed, and any determination/results. Stakeholders may participate in either or both regions' regional transmission planning processes to provide their input and feedback regarding the interregional coordination between the SERTP and the FRCC.

- E. The Duke Transmission Provider will post, on the Regional Planning Website, a list of all interregional transmission projects that are proposed for potential selection in a regional transmission plan for purposes of cost allocation in both the SERTP and the FRCC that are found not to be eligible for consideration because they do not satisfy the regional project threshold criteria of one or both of the regions. The Duke Transmission Provider will also post an explanation of the relevant thresholds the proposed interregional project(s) failed to satisfy.

Kentucky Utilities Company and Louisville Gas and Electric  
Company

Appendix 6 to Attachment K

Interregional Transmission Coordination Between the SERTP and FRCC



## **Appendix 6 to Attachment K**

### **Interregional Transmission Coordination Between the SERTP and FRCC Regions**

The Transmission Owner, through its regional transmission planning process, coordinates with the Florida Reliability Coordinating Council region (“FRCC”) to address transmission planning coordination issues related to interregional transmission facilities. The interregional transmission coordination procedures include a detailed description of the process for coordination between the public utility transmission providers in the SERTP and FRCC (i) with respect to an interregional transmission facility that is proposed to be located in both transmission planning regions and (ii) to identify possible interregional transmission facilities that could address transmission needs more efficiently or cost-effectively than transmission facilities included in the respective regional transmission plans. The interregional transmission coordination procedures are hereby provided in this Appendix 6 to Attachment K with additional materials provided on the Regional Planning website.

The Transmission Owner ensures that the following requirements are included in the interregional transmission coordination procedures:

- (1) A commitment to coordinate and share the results of the SERTP and FRCC regional transmission plans to identify possible interregional transmission projects that could address transmission needs more efficiently or cost-effectively than separate regional transmission facilities, as well as a procedure for doing so;
- (2) A formal procedure to identify and jointly evaluate transmission facilities that are proposed to be located in both transmission planning regions;
- (3) A duty to exchange, at least annually, planning data and information; and

- (4) A commitment to maintain a website or e-mail list for the communication of information related to the coordinated planning process.

The Transmission Owner has worked with transmission providers located in the FRCC to develop a mutually agreeable method for allocating between the two transmission planning regions the costs of new interregional transmission facilities 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 is included in this Appendix 6.

For purposes of this Appendix 6, the SERTP regional transmission planning process is the process described in Attachment K of this Tariff; the FRCC regional transmission planning process is the process described in the relevant Attachment Ks (or analog tariff sections) of the public utility transmission providers in the FRCC. References to the respective regional transmission planning processes in this Appendix 6 are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Appendix 6 refer to Sections within this Appendix 6.

#### **INTERREGIONAL TRANSMISSION PLANNING PRINCIPLES**

Representatives of the SERTP and the FRCC will meet no less than once per year to facilitate the interregional coordination procedures described below (as applicable). Representatives of the SERTP and the FRCC may meet more frequently during the evaluation of project(s) proposed for purposes of interregional cost allocation between the SERTP and the FRCC.

## **1. Coordination**

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

**1.2 Review of Proposed Interregional Projects:** The Transmission Owner and the FRCC will coordinate with regard to the evaluation of interregional transmission projects identified by the Transmission Owner and the FRCC 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 Owner and the FRCC will typically exchange status updates for new interregional transmission project proposals or proposals currently under consideration every six (6) months, or 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 Owner and the FRCC will coordinate assumptions used in joint evaluations, as necessary, which includes items such as:

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

## **2. Data Exchange**

- 2.1** At least annually, the Transmission Owner and the FRCC 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 typically occur by the beginning of each region's transmission planning cycle. Additional transmission-based models and data may be exchanged between the Transmission Owner and the FRCC as necessary and if requested. For purposes of the interregional coordination activities outlined in this Appendix 6, only data and models used in the development of the Transmission Owner's and FRCC'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' website, consistent with the posting requirements of the respective regional transmission planning processes, and is considered CEII. The Transmission Owner shall notify the FRCC of such posting.
- 2.2** The SERTP regional transmission plans will be posted on the Regional Planning website pursuant to the Transmission Owner's regional transmission planning process. The Transmission Owner will also notify the FRCC of such posting so the FRCC may retrieve these transmission plans. The FRCC 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 Projects:** The Transmission Owner and the FRCC shall exchange planning models and data and current regional transmission plans as described in Section 2. The Transmission Owner and the FRCC will review one another's then-current regional 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 Owner or the FRCC identify a potential interregional project that could be more efficient or cost effective than projects included in the respective regional plans, the Transmission Owner and the FRCC will jointly evaluate the potential project pursuant to Section 3.4.

**3.2 Identification of Interregional Projects by Stakeholders:** Stakeholders may also propose projects that may be more efficient or cost-effective than projects included in the SERTP's and the FRCC's regional transmission plans pursuant to the procedures in each region's regional transmission planning processes. The Transmission Owner and the FRCC will evaluate interregional projects proposed by stakeholders pursuant to Section 3.4.

**3.3 Identification of Interregional Projects by Developers:** Interregional transmission projects proposed for potential Interregional CAP must be submitted in both the SERTP and FRCC regional transmission planning processes. The project submittal must satisfy the requirements of Section 4.1. The submittal must identify the potential transmission project as interregional in scope and identify the SERTP and FRCC as regions in which the project is proposed to interconnect.

The Transmission Owner will verify whether the submittal for the potential interregional transmission project satisfies all applicable requirements. Upon finding that the proposed interregional transmission project satisfies all such applicable requirements, the Transmission Owner will notify the FRCC. Once the potential project has been proposed through the regional transmission planning processes in both regions, and upon both regions so notifying one another that the project is eligible for consideration pursuant to their respective regional transmission planning processes, the Transmission Owner and the FRCC will jointly evaluate the proposed interregional projects pursuant to Sections 3 and 4.

**3.4 Evaluation of Interregional Projects:** The Transmission Owner and the FRCC 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 their respective then-current regional transmission plans. Such analysis shall be consistent with accepted planning practices of the respective regions and the transmission study methodologies utilized to produce each region's respective regional transmission plan(s). The Transmission Owner will evaluate potential interregional transmission projects consistent with Section 3 and Section 21 of Attachment K. To the extent possible and as needed, assumptions and models will be coordinated between the Transmission Owner and the FRCC as described in Section 1. Data shall be exchanged to facilitate this evaluation using the procedures described in Section 2.

### **3.5 Initial Evaluation of Interregional Projects Proposed for Interregional Cost**

**Allocation Purposes:** If an interregional project is proposed in the SERTP and the FRCC 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. Projects proposed for Interregional CAP shall also be subject to the requirements of Section 4.

**4. Cost Allocation:** If an interregional project is proposed for Interregional CAP in the SERTP and the FRCC, then the following methodology applies:

#### **4.1 Interregional Projects Proposed for Interregional Cost Allocation Purposes:**

For a transmission project to be considered for Interregional CAP within the SERTP and the FRCC, the following criteria must be met:

- A. The transmission project must be interregional in nature:
  - Be located in both the SERTP and the FRCC regions;
  - Interconnect to transmission facilities in both the SERTP and FRCC regions. The facilities to which the project is proposed to interconnect may be either existing transmission facilities or transmission projects included in the regional transmission plan that are currently under development; and
  - Meet the threshold criteria for transmission projects potentially eligible to be included in the regional transmission plans for purposes of cost allocation in both the SERTP and the FRCC, pursuant to their respective regional transmission planning processes.

- B. On a case-by-case basis, the Transmission Owner and the FRCC will consider a transmission project that does not satisfy all of the criteria specified in Section 4.1.A but: (i) meets the threshold criteria for a project proposed to be included in the regional transmission plan for purposes of cost allocation in at least one of the two regions; (ii) would be located in both regions; and (iii) would be interconnected to transmission facilities in both the SERTP and FRCC regions. The facilities to which the project is proposed to interconnect may be either existing transmission facilities or transmission projects included in the regional transmission plan that are currently under development.
- C. The transmission project must be proposed for purposes of cost allocation in both the SERTP and the FRCC.
  - o Except for the case-by-case exception for project threshold criteria identified in Section 4.1.B, the transmission developer and project submittal must satisfy all criteria specified in the respective regional transmission processes.
  - o The proposal should be submitted in the timeframes outlined in the respective regional transmission planning processes.

#### **4.2 Evaluation of Interregional Projects Proposed for Interregional Cost**

**Allocation Purposes:** Interregional projects proposed for Interregional CAP in the SERTP and the FRCC shall be evaluated within the respective regions as follows:



- A. 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 and, if so, which projects in the regional transmission plan could be displaced by the proposed project(s).
- B. 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 project(s) being displaced by the proposal.
  - o For purposes of this Appendix 6, “Regional Benefit” means the total avoided costs of projects included in the then-current regional transmission plans 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.

**4.3. Calculation of Benefit to Cost Ratio:** 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 project appears to be more efficient or cost effective than those projects included in its current regional transmission plan. Each region shall utilize the cost calculation(s) as defined in such region’s regional transmission planning process (*e.g.*, the FRCC will compute the cost of the portion of the interregional project that resides within the FRCC region in accordance with their regional process and the SERTP will do the same). The regions shall also coordinate such cost

calculation assumptions in accordance with Section 1.3. The anticipated percentage allocation of costs of the interregional project to each region shall be based upon the ratio of the region's Regional Benefit to the sum of the Regional Benefits identified for both the SERTP and the FRCC. The Regional Benefits shall be determined pursuant to the methodology described in Section 4.2. Regional BTC assessments shall be performed in accordance with each region's regional transmission planning process, including but not limited to subsequent calculations and reevaluations.

**4.4 Inclusion in Regional Transmission Plans:** An interregional project proposed for Interregional CAP in the SERTP and the FRCC will be included in the respective regional transmission plans for purposes of cost allocation after:

- A. Each region has performed all evaluations, as prescribed in its regional transmission planning process, necessary for a project to be included in its regional transmission plan for purposes of cost allocation;
  - o This includes any regional BTC ratio calculations performed pursuant to Section 4.3; and
- B. Each region has obtained all approvals, as prescribed in its regional process, necessary for a project to be included in the regional transmission plan for purposes of cost allocation.

**4.5 Allocation of Costs Between the SERTP and the FRCC:** The cost of an interregional project, selected for purposes of cost allocation in the regional transmission plans of both the SERTP and the FRCC, will be allocated as follows:

- A. Each region will be allocated a portion of the interregional project's costs in proportion to such region's Regional Benefit to the sum of the Regional Benefits identified for both the SERTP and the FRCC.
  - o The Regional Benefits used for this determination shall be based upon the last Regional Benefit calculation performed - pursuant to the method described in Section 4.2. - before each region included the project in its regional transmission plan for purposes of cost allocation and as approved by each region.
- B. Costs allocated to each region shall be further allocated within each region pursuant to the cost allocation methodology contained in its regional transmission planning process.
- C. Should one region be willing to bear more costs of the interregional transmission project than those costs identified pursuant to the methodology described in Section 4.5.A, the regions may voluntarily agree, subject to applicable regional approvals, to an alternative cost sharing arrangement.

**4.6 Removal from Regional Plans:** An interregional project may be removed from the SERTP's or the FRCC's regional transmission plan for purposes of cost allocation: (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 plans pursuant to the requirements of its regional transmission planning process.

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

**5. Transparency**

- A. The Transmission Owner shall post procedures for coordination and joint evaluation on the Regional Planning website.
- B. 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). The Transmission Owner shall make available on the Regional Planning website links to where stakeholders can register (if applicable/available) for the stakeholder committee(s) or distribution list(s) of the FRCC.
- C. At the fourth quarter SERTP Summit, or as necessary due to current activity of proposed interregional transmission projects, the Transmission Owner will provide status updates of interregional activities including:
  - o Facilities to be evaluated;
  - o Analysis performed; and
  - o Determinations/results.
- D. Stakeholders will have an opportunity to provide input and feedback within the respective regional transmission planning processes of the SERTP and the FRCC related to interregional facilities identified, analysis performed, and any determination/results. Stakeholders may participate in either or both regions’

regional transmission planning processes to provide their input and feedback regarding the interregional coordination between the SERTP and the FRCC.

- E. The Transmission Owner will post, on the Regional Planning Website, a list of all interregional transmission projects that are proposed for potential selection in a regional transmission plan for purposes of cost allocation in both the SERTP and the FRCC that are found not to be eligible for consideration because they do not satisfy the regional project threshold criteria of one or both of the regions. The Transmission Owner will also post an explanation of the relevant thresholds the proposed interregional project(s) failed to satisfy.

Southern Company Services, Inc.

Exhibit K-4

Interregional Transmission Coordination Between the SERTP and FRCC

## **EXHIBIT K-4**

### **Interregional Transmission Coordination Between the SERTP and FRCC Regions**

The Transmission Provider, through its regional transmission planning process, coordinates with the Florida Reliability Coordinating Council region (“FRCC”) to address transmission planning coordination issues related to interregional transmission facilities. The interregional transmission coordination procedures include a detailed description of the process for coordination between the public utility transmission providers in the SERTP and FRCC (i) with respect to an interregional transmission facility that is proposed to be located in both transmission planning regions and (ii) to identify possible interregional transmission facilities that could address transmission needs more efficiently or cost-effectively than transmission facilities included in the respective regional transmission plans. The interregional transmission coordination procedures are hereby provided in this Exhibit K-4 with additional materials provided on the Regional Planning website.

The Transmission Provider ensures that the following requirements are included in the interregional transmission coordination procedures:

- (1) A commitment to coordinate and share the results of the SERTP and FRCC regional transmission plans to identify possible interregional transmission projects that could address transmission needs more efficiently or cost-effectively than separate regional transmission facilities, as well as a procedure for doing so;
- (2) A formal procedure to identify and jointly evaluate transmission facilities that are proposed to be located in both transmission planning regions;
- (3) A duty to exchange, at least annually, planning data and information; and

- (4) A commitment to maintain a website or e-mail list for the communication of information related to the coordinated planning process.

The Transmission Provider has worked with transmission providers located in the FRCC to develop a mutually agreeable method for allocating between the two transmission planning regions the costs of new interregional transmission facilities 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 is included in this Exhibit K-4.

For purposes of this Exhibit K-4, the SERTP regional transmission planning process is the process described in Attachment K of this Tariff; the FRCC regional transmission planning process is the process described in the relevant Attachment Ks (or analog tariff sections) of the public utility transmission providers in the FRCC. References to the respective regional transmission planning processes in this Exhibit K-4 are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Exhibit K-4 refer to Sections within this Exhibit K-4.

#### **INTERREGIONAL TRANSMISSION PLANNING PRINCIPLES**

Representatives of the SERTP and the FRCC will meet no less than once per year to facilitate the interregional coordination procedures described below (as applicable). Representatives of the SERTP and the FRCC may meet more frequently during the evaluation of project(s) proposed for purposes of interregional cost allocation between the SERTP and the FRCC.



## **1. Coordination**

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

**1.2 Review of Proposed Interregional Projects:** The Transmission Provider and the FRCC will coordinate with regard to the evaluation of interregional transmission projects identified by the Transmission Provider and the FRCC 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 the FRCC will typically exchange status updates for new interregional transmission project proposals or proposals currently under consideration every six (6) months, or 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 the FRCC will coordinate assumptions used in joint evaluations, as necessary, which includes items such as:

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

## **2. Data Exchange**

- 2.1** At least annually, the Transmission Provider and the FRCC 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 typically occur by the beginning of each region's transmission planning cycle. Additional transmission-based models and data may be exchanged between the Transmission Provider and the FRCC as necessary and if requested. For purposes of the interregional coordination activities outlined in this Exhibit K-4, only data and models used in the development of the Transmission Provider's and FRCC'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' website, consistent with the posting requirements of the respective regional transmission planning processes, and is considered CEIL. The Transmission Provider shall notify the FRCC 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 the FRCC of such posting so the FRCC may retrieve these transmission plans. The FRCC 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 Projects:** The Transmission Provider and the FRCC shall exchange planning models and data and current regional transmission plans as described in Section 2. The Transmission Provider and the FRCC will review one another's then-current regional 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 or the FRCC identify a potential interregional project that could be more efficient or cost effective than projects included in the respective regional plans, the Transmission Provider and the FRCC will jointly evaluate the potential project pursuant to Section 3.4.

**3.2 Identification of Interregional Projects by Stakeholders:** Stakeholders may also propose projects that may be more efficient or cost-effective than projects included in the SERTP's and the FRCC's regional transmission plans pursuant to the procedures in each region's regional transmission planning processes. The Transmission Provider and the FRCC will evaluate interregional projects proposed by stakeholders pursuant to Section 3.4.

**3.3 Identification of Interregional Projects by Developers:** Interregional transmission projects proposed for potential Interregional CAP must be submitted in both the SERTP and FRCC regional transmission planning processes. The project submittal must satisfy the requirements of Section 4.1. The submittal must identify the potential transmission project as interregional in scope and identify the SERTP and FRCC as regions in which the project is proposed to interconnect.

The Transmission Provider will verify whether the submittal for the potential interregional transmission project satisfies all applicable requirements. Upon finding that the proposed interregional transmission project satisfies all such applicable requirements, the Transmission Provider will notify the FRCC. Once the potential project has been proposed through the regional transmission planning processes in both regions, and upon both regions so notifying one another that the project is eligible for consideration pursuant to their respective regional transmission planning processes, the Transmission Provider and the FRCC will jointly evaluate the proposed interregional projects pursuant to Sections 3 and 4.

**3.4 Evaluation of Interregional Projects:** The Transmission Provider and the FRCC 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 their respective then-current regional transmission plans. Such analysis shall be consistent with accepted planning practices of the respective regions and the transmission study methodologies utilized to produce each region's respective regional transmission plan(s). The Transmission Provider will evaluate potential interregional transmission projects consistent with Section 6 and Section 11 of Attachment K. To the extent possible and as needed, assumptions and models will be coordinated between the Transmission Provider

and the FRCC as described in Section 1. Data shall be exchanged to facilitate this evaluation using the procedures described in Section 2.

**3.5 Initial Evaluation of Interregional Projects Proposed for Interregional Cost**

**Allocation Purposes:** If an interregional project is proposed in the SERTP and the FRCC 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. Projects proposed for Interregional CAP shall also be subject to the requirements of Section 4.

**4. Cost Allocation:** If an interregional project is proposed for Interregional CAP in the SERTP and the FRCC, then the following methodology applies:

**4.1 Interregional Projects Proposed for Interregional Cost Allocation Purposes:**

For a transmission project to be considered for Interregional CAP within the SERTP and the FRCC, the following criteria must be met:

- A. The transmission project must be interregional in nature:
- Be located in both the SERTP and the FRCC regions;
  - Interconnect to transmission facilities in both the SERTP and FRCC regions. The facilities to which the project is proposed to interconnect may be either existing transmission facilities or transmission projects included in the regional transmission plan that are currently under development; and
  - Meet the threshold criteria for transmission projects potentially eligible to be included in the regional transmission plans for purposes

of cost allocation in both the SERTP and the FRCC, pursuant to their respective regional transmission planning processes.

- B. On a case-by-case basis, the Transmission Provider and the FRCC will consider a transmission project that does not satisfy all of the criteria specified in Section 4.1.A but: (i) meets the threshold criteria for a project proposed to be included in the regional transmission plan for purposes of cost allocation in at least one of the two regions; (ii) would be located in both regions; and (iii) would be interconnected to transmission facilities in both the SERTP and FRCC regions. The facilities to which the project is proposed to interconnect may be either existing transmission facilities or transmission projects included in the regional transmission plan that are currently under development.
- C. The transmission project must be proposed for purposes of cost allocation in both the SERTP and the FRCC.
  - o Except for the case-by-case exception for project threshold criteria identified in Section 4.1.B, the transmission developer and project submittal must satisfy all criteria specified in the respective regional transmission processes.
  - o The proposal should be submitted in the timeframes outlined in the respective regional transmission planning processes.

**4.2 Evaluation of Interregional Projects Proposed for Interregional Cost Allocation Purposes:** Interregional projects proposed for Interregional CAP in

the SERTP and the FRCC shall be evaluated within the respective regions as follows:

- A. 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 and, if so, which projects in the regional transmission plan could be displaced by the proposed project(s).
- B. 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 project(s) being displaced by the proposal.
  - o For purposes of this Exhibit K-4, “Regional Benefit” means the total avoided costs of projects included in the then-current regional transmission plans 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.

**4.3. Calculation of Benefit to Cost Ratio:** 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 project appears to be more efficient or cost effective than those projects included in its current regional transmission plan. Each region shall utilize the cost calculation(s) as defined in such region’s regional transmission planning process (e.g., the FRCC will compute the cost of the portion of the interregional project

that resides within the FRCC region in accordance with their regional process and the SERTP will do the same). The regions shall also coordinate such cost calculation assumptions in accordance with Section 1.3. The anticipated percentage allocation of costs of the interregional project to each region shall be based upon the ratio of the region's Regional Benefit to the sum of the Regional Benefits identified for both the SERTP and the FRCC. The Regional Benefits shall be determined pursuant to the methodology described in Section 4.2. Regional BTC assessments shall be performed in accordance with each region's regional transmission planning process, including but not limited to subsequent calculations and reevaluations.

**4.4 Inclusion in Regional Transmission Plans:** An interregional project proposed for Interregional CAP in the SERTP and the FRCC will be included in the respective regional transmission plans for purposes of cost allocation after:

- A. Each region has performed all evaluations, as prescribed in its regional transmission planning process, necessary for a project to be included in its regional transmission plan for purposes of cost allocation;
  - o This includes any regional BTC ratio calculations performed pursuant to Section 4.3; and
- B. Each region has obtained all approvals, as prescribed in its regional process, necessary for a project to be included in the regional transmission plan for purposes of cost allocation.



- 4.5 Allocation of Costs Between the SERTP and the FRCC:** The cost of an interregional project, selected for purposes of cost allocation in the regional transmission plans of both the SERTP and the FRCC, will be allocated as follows:
- A. Each region will be allocated a portion of the interregional project's costs in proportion to such region's Regional Benefit to the sum of the Regional Benefits identified for both the SERTP and the FRCC.
    - o The Regional Benefits used for this determination shall be based upon the last Regional Benefit calculation performed – pursuant to the method described in Section 4.2. – before each region included the project in its regional transmission plan for purposes of cost allocation and as approved by each region.
  - B. Costs allocated to each region shall be further allocated within each region pursuant to the cost allocation methodology contained in its regional transmission planning process.
  - C. Should one region be willing to bear more costs of the interregional transmission project than those costs identified pursuant to the methodology described in Section 4.5.A, the regions may voluntarily agree, subject to applicable regional approvals, to an alternative cost sharing arrangement.
- 4.6 Removal from Regional Plans:** An interregional project may be removed from the SERTP's or the FRCC's regional transmission plan for purposes of cost allocation: (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 plans pursuant to the requirements of its regional transmission planning process.

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

## **5. Transparency**

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

B. 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). The Transmission Provider shall make available on the Regional Planning website links to where stakeholders can register (if applicable/available) for the stakeholder committee(s) or distribution list(s) of the FRCC.

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

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

D. Stakeholders will have an opportunity to provide input and feedback within the respective regional transmission planning processes of the SERTP and the FRCC

related to interregional facilities identified, analysis performed, and any determination/results. Stakeholders may participate in either or both regions' regional transmission planning processes to provide their input and feedback regarding the interregional coordination between the SERTP and the FRCC.

- E. The Transmission Provider will post, on the Regional Planning Website, a list of all interregional transmission projects that are proposed for potential selection in a regional transmission plan for purposes of cost allocation in both the SERTP and the FRCC that are found not to be eligible for consideration because they do not satisfy the regional project threshold criteria of one or both of the regions. The Transmission Provider will also post an explanation of the relevant thresholds the proposed interregional project(s) failed to satisfy.