

## Southeastern Regional Transmission Planning (SERTP)

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



*Duke Energy Carolinas LLC and Duke Energy Progress, Inc. (“Duke”); Kentucky Utilities Company and Louisville Gas and Electric Company (“LG&E/KU”); Ohio Valley Electric Corporation, including its wholly owned subsidiary Indiana-Kentucky Electric Corporation (“OVEC”); and Southern Company Services, Inc. (“Southern”) constitute the four 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, OVEC and Southern use 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 SCRTP Region. While substantively the same, the following first provides Duke’s implementing OATT language followed by that for LG&E/KU, OVEC, 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-SCRTP

Interregional Transmission Coordination Between the SERTP and SCRTP

## **ATTACHMENT N-1 - SCRTP**

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

The Duke Transmission Provider, through its regional transmission planning process coordinates with the public utility transmission providers in the South Carolina Regional Transmission Planning Process region ("SCRTP") 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 the SCRTP (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 or local transmission plans. The interregional transmission coordination procedures are hereby provided in this Attachment N-1 - SCRTP 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 the SCRTP regional transmission plans to identify possible interregional transmission projects that could address transmission needs more efficiently or cost-effectively than separate 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 the transmission providers located in the SCRTP to develop a mutually agreeable cost allocation method for new interregional transmission facilities that are located within both transmission planning regions. Such cost allocation methodology, which satisfies the six interregional cost allocation principles set forth in Order No. 1000, is included in this Attachment N-1 - SCRTP.

For purposes of this Attachment N-1 - SCRTP, the SERTP regional transmission planning process is the process described in Attachment N-1 of this Tariff; the SCRTP's 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 SCRTP. References to the respective regional transmission planning processes in this Attachment N-1 - SCRTP are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Attachment N-1 - SCRTP refer to Sections within this Attachment N-1 - SCRTP.

## **INTERREGIONAL TRANSMISSION PLANNING PRINCIPLES**

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

## **1. Coordination**

**1.1 Review of Respective Regional and Local plans:** Biennially, the Duke Transmission Provider and the public utility transmission providers in the SCRTP shall review each other's current regional and local 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 public utility transmission providers in the SCRTP will coordinate with regard to the evaluation of interregional transmission projects identified by the Duke Transmission Provider and the public utility transmission providers in the SCRTP 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 public utility transmission providers in the SCRTP 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 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 public utility transmission providers in the SCRTP will coordinate assumptions used in joint evaluations, as necessary, which include

items such as:

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

## **2. Data Exchange**

**2.1** At least annually, the Duke Transmission Provider and the public utility transmission providers in the SCRTP shall exchange power-flow models and associated data used in the regional transmission planning processes to develop their respective then-current regional and local 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 public utility transmission providers in the SCRTP as necessary and if requested. For purposes of the interregional coordination activities outlined in this Attachment N-1 - SCRTP, data and models used in the development of the SERTP and the SCRTP then-current regional and local 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 may be treated as CEII as appropriate. The Duke Transmission Provider shall notify the public utility transmission providers in the SCRTP of such posting.

**2.2** The SERTP regional and local 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 public utility transmission providers in the SCRTP of such posting. The SCRTP will exchange its then-current regional and local 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 public utility transmission providers in the SCRTP shall exchange planning models and data and current regional and local transmission plans as described in Section 2. The Duke Transmission Provider and the public utility transmission providers in the SCRTP will review one another's then-current regional and local 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 the public utility transmission providers in the SCRTP identify a potential interregional project that could be more efficient or cost effective than projects included in the respective regional or local plans, the Duke Transmission Provider and the public utility transmission providers in the SCRTP will jointly evaluate the potential project pursuant to Section 3.4.

**3.2 Identification of Interregional Projects by Stakeholders:** Stakeholders may propose projects that may be more efficient or cost-effective than projects included in the SERTP and the SCRTP regional or local transmission plans. Stakeholders may propose these projects pursuant to the procedures in each region's regional transmission planning processes. The Duke Transmission

Provider and the public utility transmission providers in the SCRTP 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 SCRTP 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 SCRTP 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 public utility transmission provider(s) in the SCRTP. 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 public utility transmission providers in the SCRTP 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 public utility transmission providers in the SCRTP 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 or local transmission plans. Such analysis shall be consistent with accepted transmission planning practices of the respective regions and the methods utilized to produce each region's respective regional and local 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 Transmission Provider and the public utility transmission providers in the SCRTP 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 SCRTP 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 SCRTP, 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 SCRTP, the following criteria must be met:

- A. The transmission project must be interregional in nature:
- Be located in both the SERTP and the SCRTP regions;
  - Interconnect to transmission facilities in both the SERTP and SCRTP 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;
  - 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 the SCRTP, pursuant to their respective regional transmission planning processes.
- B. On a case-by-case basis, the Duke Transmission Provider and the public utility transmission providers in the SCRTP 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 only 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 SCRTP 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 SCRTP.
  - 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.

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

**Allocation Purposes:** Interregional projects proposed for Interregional CAP in the SERTP and the SCRTP 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 or local transmission plan and, if so, which projects in the regional or local 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.
  - For purposes of this Attachment N-1 - SCRTP, "Regional Benefit" means the total avoided capital costs of projects included in the then-current regional or local 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 or local transmission plan. For purposes of this BTC ratio evaluation:

- A. Each region shall utilize the benefit calculation(s) as defined in such region's regional transmission planning process (for purposes of clarity, these benefits are not necessarily the same as the Regional Benefits determined pursuant to Section 4.2).
- B. Each region shall utilize the cost calculation(s) as defined in such region's regional transmission planning process. 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 SCRTP. 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 SCRTP 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.
  - 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 have been obtained.

**4.5 Allocation of Costs Between the SERTP and the SCRTP:** The cost of an interregional project, selected for purposes of cost allocation in the regional transmission plans of both the SERTP and the SCRTP, 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 SCRTP.
  - 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.

**4.6 Removal from Regional Plans:** An interregional project may be removed from the SERTP or the SCRTP regional 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 public utility transmission providers in the SCRTP if an interregional project or a portion thereof is likely to be removed from its regional transmission plan.

**4.7 Abandonment:** If an interregional project is abandoned, the impacted Duke Transmission Provider(s) may seek to complete the interregional project (in accordance with all applicable laws and regulations) or to propose alternative projects (including non-transmission alternatives) that will ensure that any reliability need is satisfied in an adequate manner. If a NERC Registered Entity believes that abandonment will cause a specific NERC Reliability Standard to be violated, and the Duke Transmission Provider(s) have not chosen to complete the project in order to prevent the violation, or cannot complete such a project in a timely fashion, the NERC Registered Entity will be expected to submit a mitigation plan to the appropriate entity to address the violation.

## 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 will make available, on the Regional Planning website, links for stakeholders to register (if applicable/available) for the stakeholder committees or distribution lists of the SCRTP planning region.
- 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
  - 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 SCRTP 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 SCRTP.
- 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 SCRTP 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 9 to Attachment K

Interregional Transmission Coordination Between the SERTP and SCRTTP

## **Appendix 9 to Attachment K**

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

The Transmission Owner, through its regional transmission planning process coordinates with the public utility transmission providers in the South Carolina Regional Transmission Planning Process region (“SCRTP”) 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 the SCRTP (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 or local transmission plans. The interregional transmission coordination procedures are hereby provided in this Appendix 9 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 the SCRTP regional transmission plans to identify possible interregional transmission projects that could address transmission needs more efficiently or cost-effectively than separate 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 the transmission providers located in the SCRTP to develop a mutually agreeable cost allocation method for new interregional transmission facilities that are located within both transmission planning regions. Such cost allocation methodology, which satisfies the six interregional cost allocation principles set forth in Order No. 1000, is included in this Appendix 9.

For purposes of this Appendix 9, the SERTP regional transmission planning process is the process described in Attachment K of this Tariff; the SCRTP's 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 SCRTP. References to the respective regional transmission planning processes in this Appendix 9 are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Appendix 9 refer to Sections within this Appendix 9.

## **INTERREGIONAL TRANSMISSION PLANNING PRINCIPLES**

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

## **1. Coordination**

**1.1 Review of Respective Regional and Local plans:** Biennially, the Transmission Owner and the public utility transmission providers in the SCRTP shall review each other's current regional and local 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 public utility transmission providers in the SCRTP will coordinate with regard to the evaluation of interregional transmission projects identified by the Transmission Owner and the public utility transmission providers in the SCRTP 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 public utility transmission providers in the SCRTP 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 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 public utility transmission providers in the SCRTP will coordinate assumptions used in joint evaluations, as necessary, which include items such as:

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

## **2. Data Exchange**

**2.1** At least annually, the Transmission Owner and the public utility transmission providers in the SCRTP shall exchange power-flow models and associated data used in the regional transmission planning processes to develop their respective then-current regional and local 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 public utility transmission providers in the SCRTP as necessary and if requested. For purposes of the interregional coordination activities outlined in this Appendix 9, data and models used in the development of the SERTP and the SCRTP then-current regional and local 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 may be treated as CEII as appropriate. The Transmission Owner shall notify the public utility transmission providers in the SCRTP of such posting.

**2.2** The SERTP regional and local 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 public utility

transmission providers in the SCRTP of such posting. The SCRTP will exchange its then-current regional and local 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 public utility transmission providers in the SCRTP shall exchange planning models and data and current regional and local transmission plans as described in Section 2. The Transmission Owner and the public utility transmission providers in the SCRTP will review one another's then-current regional and local 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 and the public utility transmission providers in the SCRTP identify a potential interregional project that could be more efficient or cost effective than projects included in the respective regional or local plans, the Transmission Owner and the public utility transmission providers in the SCRTP will jointly evaluate the potential project pursuant to Section 3.4.

**3.2 Identification of Interregional Projects by Stakeholders:** Stakeholders may propose projects that may be more efficient or cost-effective than projects included in the SERTP and the SCRTP regional or local transmission plans. Stakeholders may propose these projects pursuant to the procedures in each region's regional transmission planning processes. The Transmission Owner and the public utility transmission providers in the SCRTP 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 SCRTP 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 SCRTP 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 public utility transmission provider(s) in the SCRTP. 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 public utility transmission providers in the SCRTP will jointly evaluate the proposed interregional projects pursuant to Sections 3 and 4.

**3.4 Evaluation of Interregional Projects:** The Transmission Owner and the public utility transmission providers in the SCRTP 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 or local transmission plans. Such analysis shall be consistent with accepted transmission planning practices of the respective regions and the methods utilized to produce each region's respective regional and local 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 public utility transmission providers in the SCRTP 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 SCRTP 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 SCRTP, 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 SCRTP, the following criteria must be met:

A. The transmission project must be interregional in nature:



- Be located in both the SERTP and the SCRTP regions;
  - Interconnect to the transmission facilities in both the SERTP and SCRTP 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 of one or more SERTP Sponsors and the transmission facilities of one or more transmission providers enrolled in the SCRTP; 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 the SCRTP, pursuant to their respective regional transmission planning processes.
- B. On a case-by-case basis, the Transmission Owner and the public utility transmission providers in the SCRTP 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 only 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 SCRTP 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 SCRTP.
  - o 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 SCRTP 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 or local transmission plan and, if so, which projects in the regional or local 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 9, “Regional Benefit” means the total avoided capital costs of projects included in the then-current regional or local 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 or local transmission plan. For purposes of this BTC ratio evaluation:

- A. Each region shall utilize the benefit calculation(s) as defined in such region’s regional transmission planning process (for purposes of clarity, these benefits are not necessarily the same as the Regional Benefits determined pursuant to Section 4.2).
- B. Each region shall utilize the cost calculation(s) as defined in such region’s regional transmission planning process. 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 SCRTP. 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 SCRTP 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 have been obtained.

**4.5 Allocation of Costs Between the SERTP and the SCRTP:** The cost of an interregional project, selected for purposes of cost allocation in the regional transmission plans of both the SERTP and the SCRTP, 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 SCRTP.
  - 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.

**4.6 Removal from Regional Plans:** An interregional project may be removed from the SERTP or the SCRTP regional 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 public utility transmission providers in the SCRTP if an interregional project or a portion thereof is likely to be removed from its regional transmission plan.

**4.7 Abandonment:** If an interregional project is abandoned, the impacted Transmission Owner(s) may seek to complete the interregional project (in accordance with all applicable laws and regulations) or to propose alternative projects (including non-transmission alternatives) that will ensure that any reliability need is satisfied in an adequate manner. If a NERC Registered Entity believes that abandonment will cause a specific NERC Reliability Standard to be violated, and the Transmission Owner(s) have not chosen to complete the project in order to prevent the violation, or cannot complete such a project in a timely fashion, the NERC Registered Entity will be expected to submit a mitigation plan to the appropriate entity to address the violation.

## **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 will make available, on the Regional Planning website, links for stakeholders to register (if applicable/available) for the stakeholder committees or distribution lists of the SCRTP planning region.
- 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:
- Facilities to be evaluated
  - Analysis performed
  - 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 SCRTP 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 SCRTP.
- 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 SCRTP 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.

# Ohio Valley Electric Corporation

## Attachment M-4

Interregional Transmission Coordination Between the SERTP and SC RTP



## **ATTACHMENT M-4**

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

The Transmission Provider, through its regional transmission planning process coordinates with the public utility transmission providers in the South Carolina Regional Transmission Planning Process region (“SCRTP”) 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 the SCRTP (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 or local transmission plans. The interregional transmission coordination procedures are hereby provided in this Attachment M-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 the SCRTP regional transmission plans to identify possible interregional transmission projects that could address transmission needs more efficiently or cost-effectively than separate 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 the transmission providers located in the SCRTP to develop a mutually agreeable cost allocation method for new interregional transmission facilities that are located within both transmission planning regions. Such cost allocation methodology, which satisfies the six interregional cost allocation principles set forth in Order No. 1000, is included in this Attachment M-4.

For purposes of this Attachment M-4, the SERTP regional transmission planning process is the process described in Attachment M of this Tariff; the SCRTP's 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 SCRTP. References to the respective regional transmission planning processes in this Attachment M-4 are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Attachment M-4 refer to Sections within this Attachment M-4.

## **INTERREGIONAL TRANSMISSION PLANNING PRINCIPLES**

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

## **1. Coordination**

**1.1 Review of Respective Regional and Local plans:** Biennially, the Transmission Provider and the public utility transmission providers in the SCRTP shall review each other's current regional and local 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 public utility transmission providers in the SCRTP will coordinate with regard to the evaluation of interregional transmission projects identified by the Transmission Provider and the public utility transmission providers in the SCRTP 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 public utility transmission providers in the SCRTP 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 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 public utility transmission providers in the SCRTP will coordinate assumptions used in joint evaluations, as necessary, which include

items such as:

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

## **2. Data Exchange**

- 2.1** At least annually, the Transmission Provider and the public utility transmission providers in the SCRTP shall exchange power-flow models and associated data used in the regional transmission planning processes to develop their respective then-current regional and local 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 public utility transmission providers in the SCRTP as necessary and if requested. For purposes of the interregional coordination activities outlined in this Attachment M-4, data and models used in the development of the SERTP and the SCRTP then-current regional and local 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 may be treated as CEII as appropriate. The Transmission Provider shall notify the public utility transmission providers in the SCRTP of such posting.
- 2.2** The SERTP regional and local 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 public utility transmission providers in the SCRTP of such posting. The SCRTP will exchange its then-current regional and local 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 public utility transmission providers in the SCRTP shall exchange planning models and data and current regional and local transmission plans as described in Section 2. The Transmission Provider and the public utility transmission providers in the SCRTP will review one another's then-current regional and local 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 the public utility transmission providers in the SCRTP identify a potential interregional project that could be more efficient or cost effective than projects included in the respective regional or local plans, the Transmission Provider and the public utility transmission providers in the SCRTP will jointly evaluate the potential project pursuant to Section 3.4.

**3.2 Identification of Interregional Projects by Stakeholders:** Stakeholders may propose projects that may be more efficient or cost-effective than projects included in the SERTP and the SCRTP regional or local transmission plans. Stakeholders may propose these projects pursuant to the procedures in each region's regional transmission planning processes. The Transmission Provider and the public utility transmission providers in the SCRTP 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 SCRTP 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 SCRTP 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 public utility transmission provider(s) in the SCRTP. 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 public utility transmission providers in the SCRTP will jointly evaluate the proposed interregional projects pursuant to Sections 3 and 4.

**3.4 Evaluation of Interregional Projects:** The Transmission Provider and the public utility transmission providers in the SCRTP 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 or local transmission plans. Such analysis shall be consistent with accepted transmission planning practices of the respective regions and the methods utilized to produce each region's respective regional and local transmission plan(s). The Transmission Provider will evaluate potential interregional transmission projects consistent with Section 6 and Section 11 of Attachment M. To the extent possible and as needed, assumptions and models will be coordinated between the Transmission Provider and the public utility transmission providers in the SCRTP 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 SCRTP 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 SCRTP, 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 SCRTP, the following criteria must be met:

- A. The transmission project must be interregional in nature:
- Be located in both the SERTP and the SCRTP regions;
  - Interconnect to the transmission facilities in both the SERTP and SCRTP 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 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 the SCRTP, pursuant to their respective regional transmission planning processes.
- B. On a case-by-case basis, the Transmission Provider and the public utility transmission providers in the SCRTP 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 only 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 SCRTP 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 SCRTP.

- 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.

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

**Allocation Purposes:** Interregional projects proposed for Interregional CAP in the SERTP and the SCRTP 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 or local transmission plan and, if so, which projects in the regional or local 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.
  - For purposes of this Attachment M-4, “Regional Benefit” means the total avoided capital costs of projects included in the then-current regional or local 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 or local transmission plan. For purposes of this BTC ratio evaluation:

- A. Each region shall utilize the benefit calculation(s) as defined in such region’s regional transmission planning process (for purposes of clarity, these benefits are not necessarily the same as the Regional Benefits determined pursuant to Section 4.2).
- B. Each region shall utilize the cost calculation(s) as defined in such region’s regional transmission planning process. 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 SCRTP. 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 SCRTP 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 have been obtained.

**4.5 Allocation of Costs Between the SERTP and the SCRTP:** The cost of an interregional project, selected for purposes of cost allocation in the regional transmission plans of both the SERTP and the SCRTP, 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 SCRTP.
  - 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.

**4.6 Removal from Regional Plans:** An interregional project may be removed from the SERTP or the SCRTP regional 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 public utility transmission providers in the SCRTP if an interregional project or a portion thereof is likely to be removed from its regional transmission plan.

**4.7 Abandonment:** If an interregional project is abandoned, the impacted Transmission Provider(s) may seek to complete the interregional project (in accordance with all applicable laws and regulations) or to propose alternative projects (including non-transmission alternatives) that will ensure that any reliability need is satisfied in an adequate manner. If a NERC Registered Entity believes that abandonment will cause a specific NERC Reliability Standard to be violated, and the Transmission Provider(s) have not chosen to complete the project in order to prevent the violation, or cannot complete such a project in a timely fashion, the NERC Registered Entity will be expected to submit a mitigation plan to the appropriate entity to address the violation.

## **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 will make available, on the Regional Planning website, links for stakeholders to register (if applicable/available) for the stakeholder committees or distribution lists of the SCRTP planning region.
- 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:
  - o Facilities to be evaluated
  - o Analysis performed
  - 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 SCRTP 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 SCRTP.
- 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 SCRTP 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.

Southern Company Services, Inc.

Exhibit K-7

Interregional Transmission Coordination Between the SERTP and SC RTP

## **EXHIBIT K-7**

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

The Transmission Provider, through its regional transmission planning process coordinates with the public utility transmission providers in the South Carolina Regional Transmission Planning Process region (“SCRTP”) 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 the SCRTP (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 or local transmission plans. The interregional transmission coordination procedures are hereby provided in this Exhibit K-7 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 the SCRTP regional transmission plans to identify possible interregional transmission projects that could address transmission needs more efficiently or cost-effectively than separate 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 the transmission providers located in the SCRTP to develop a mutually agreeable cost allocation method for new interregional transmission facilities that are located within both transmission planning regions. Such cost allocation methodology, which satisfies the six interregional cost allocation principles set forth in Order No. 1000, is included in this Exhibit K-7.

For purposes of this Exhibit K-7, the SERTP regional transmission planning process is the process described in Attachment K of this Tariff; the SCRTP's 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 SCRTP. References to the respective regional transmission planning processes in this Exhibit K-7 are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Exhibit K-7 refer to Sections within this Exhibit K-7.

## **INTERREGIONAL TRANSMISSION PLANNING PRINCIPLES**

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

### **1. Coordination**

- 1.1 Review of Respective Regional and Local plans:** Biennially, the Transmission Provider and the public utility transmission providers in the SCRTP shall review

each other's current regional and local 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 public utility transmission providers in the SCRTP will coordinate with regard to the evaluation of interregional transmission projects identified by the Transmission Provider and the public utility transmission providers in the SCRTP 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 public utility transmission providers in the SCRTP 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 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 public utility transmission providers in the SCRTP will coordinate assumptions used in joint evaluations, as necessary, which include 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 public utility transmission providers in the SCRTP shall exchange power-flow models and associated data used in the regional transmission planning processes to develop their respective then-current regional and local 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 public utility transmission providers in the SCRTP as necessary and if requested. For purposes of the interregional coordination activities outlined in this Exhibit K-7, data and models used in the development of the SERTP and the SCRTP then-current regional and local 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 may be treated as CEII as appropriate. The Transmission Provider shall notify the public utility transmission providers in the SCRTP of such posting.
- 2.2** The SERTP regional and local 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 public utility transmission providers in the SCRTP of such posting. The SCRTP will exchange

its then-current regional and local 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 public utility transmission providers in the SCRTP shall exchange planning models and data and current regional and local transmission plans as described in Section 2. The Transmission Provider and the public utility transmission providers in the SCRTP will review one another's then-current regional and local 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 the public utility transmission providers in the SCRTP identify a potential interregional project that could be more efficient or cost effective than projects included in the respective regional or local plans, the Transmission Provider and the public utility transmission providers in the SCRTP will jointly evaluate the potential project pursuant to Section 3.4.

**3.2 Identification of Interregional Projects by Stakeholders:** Stakeholders may propose projects that may be more efficient or cost-effective than projects included in the SERTP and the SCRTP regional or local transmission plans. Stakeholders may propose these projects pursuant to the procedures in each region's regional transmission planning processes. The Transmission Provider and the public utility transmission providers in the SCRTP 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 SCRTP 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 SCRTP 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 public utility transmission provider(s) in the SCRTP. 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 public utility transmission providers in the SCRTP will jointly evaluate the proposed interregional projects pursuant to Sections 3 and 4.

**3.4 Evaluation of Interregional Projects:** The Transmission Provider and the public utility transmission providers in the SCRTP 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 or local transmission plans. Such analysis shall be consistent with accepted transmission planning practices of the respective regions and the methods utilized to produce each region's respective regional and local 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 public utility transmission providers in the SCRTP 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 SCRTP 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 SCRTP, 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 SCRTP, the following criteria must be met:

A. The transmission project must be interregional in nature:

- Be located in both the SERTP and the SCRTP regions;
  - Interconnect to transmission facilities in both the SERTP and SCRTP 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 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 the SCRTP, pursuant to their respective regional transmission planning processes.
- B. On a case-by-case basis, the Transmission Provider and the public utility transmission providers in the SCRTP 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 only 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 SCRTP 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 SCRTP.

- 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.

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

**Allocation Purposes:** Interregional projects proposed for Interregional CAP in the SERTP and the SCRTP 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 or local transmission plan and, if so, which projects in the regional or local 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.
  - For purposes of this Exhibit K-7, “Regional Benefit” means the total avoided capital costs of projects included in the then-current regional or local 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 or local transmission plan. For purposes of this BTC ratio evaluation:

- A. Each region shall utilize the benefit calculation(s) as defined in such region’s regional transmission planning process (for purposes of clarity, these benefits are not necessarily the same as the Regional Benefits determined pursuant to Section 4.2).
- B. Each region shall utilize the cost calculation(s) as defined in such region’s regional transmission planning process. 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 SCRTP. 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 SCRTP 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.
  - 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 have been obtained.

**4.5 Allocation of Costs Between the SERTP and the SCRTP:** The cost of an interregional project, selected for purposes of cost allocation in the regional transmission plans of both the SERTP and the SCRTP, 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 SCRTP.
  - 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.

**4.6 Removal from Regional Plans:** An interregional project may be removed from the SERTP or the SCRTP regional 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 public utility transmission providers in the SCRTP if an interregional project or a portion thereof is likely to be removed from its regional transmission plan.

**4.7 Abandonment:** If an interregional project is abandoned, the impacted Transmission Provider(s) may seek to complete the interregional project (in accordance with all applicable laws and regulations) or to propose alternative projects (including non-transmission alternatives) that will ensure that any reliability need is satisfied in an adequate manner. If a NERC Registered Entity believes that abandonment will cause a specific NERC Reliability Standard to be violated, and the Transmission Provider(s) have not chosen to complete the project in order to prevent the violation, or cannot complete such a project in a timely fashion, the NERC Registered Entity will be expected to submit a mitigation plan to the appropriate entity to address the violation.

## **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 will make available, on the Regional Planning website, links for stakeholders to register (if applicable/available) for the stakeholder committees or distribution lists of the SCRTP planning region.
- 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 SCRTP 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 SCRTP.
- 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 SCRTP 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.