

TRANSMISSION PLANNING PROCESS (CP&L Zone and DEC Zone)

1. INTRODUCTION

Duke Energy Carolinas, LLC (Duke) and Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. (Progress), Transmission Providers with transmission facilities located in the states of North Carolina and South Carolina, ensure that their entire Transmission Systems (i.e., both the portions located in North Carolina and the portions located in South Carolina) are planned in accordance with the requirements imposed by Order Nos. 890 and 1000 through the process developed by the North Carolina Transmission Planning Collaborative Process (NCTPC Process). The NCTPC was formed by the following load serving entities (LSEs) in the State of North Carolina: Duke, Progress, Electricities of North Carolina (Electricities), and the North Carolina Electric Membership Corporation (NCEMC) (collectively, NCTPC Participants or Participants).

In addition to engaging in local and regional planning through the NCTPC Transmission Planning Process, as discussed in Section [14], the Transmission Providers engage in "inter-regional" coordination activities with transmission providers located outside their Control Areas. Such activities include participation in SERC and the Southeast Inter-Regional Participation Process (Appendix 1), which focus on reliability assessments and economic studies respectively.

The NCTPC Transmission Planning Process is intended to meet both the nine planning principles of Order No. 890 and the seven principles of Order No. 1000 for the relevant region – the footprint of the entities that are network or native load customers of Duke and Progress. The Collaborative Transmission Plan will include Local Projects and Regional Projects.

2. DEFINITIONS

- 2.1 Developer: An entity that seeks to develop, is developing, or has developed a Regional Project.
- 2.2 Local Project: A transmission facility located solely within one Transmission Provider's footprint (i.e., Control Area) that is not selected in the Collaborative Transmission Plan for purposes of cost allocation under Section [9] of this Attachment N.
- 2.3 Non-Incumbent Developer: An entity that seeks to develop, is developing, or has developed a Regional Project that is not also an enrolled Transmission Provider.
- 2.4 Merchant Transmission Developer: An entity that seeks to develop, is developing, or has developed ~~a~~ a transmission project for which cost recovery is not sought pursuant to this Tariff.

- ~~2.5 Regional Economic Project: A Regional Project that is projected to provide economic benefits to the NCTPC footprint.~~
- ~~2.6 Regional Public Policy Project: A Regional Project that is driven by state, federal, or local laws or regulations, other than federal laws or regulations relating to the requirement to provide open access transmission service.—~~
- 2.5 ~~2.7~~ Regional Project: A project selected by the NCTPC pursuant to this Transmission Planning Process for inclusion in the Collaborative Transmission Plan for purposes of regional cost allocation because it is a more efficient or cost-effective solution to meet a regional transmission need. A Regional Project is a project whose costs are allocated pursuant to Section [9] of this Attachment.
- ~~2.8 Regional Reliability Project: A Regional Project that is a more efficient or cost-effective solution than individual Transmission Providers solving their reliability requirements solely within their own footprints (i.e., their Control Areas) with Local Projects.—~~

3. ENROLLMENT OF TRANSMISSION PROVIDERS

- 3.1 As reflected in the requirements below, enrolled Transmission Providers are entities that have the statutory or tariffed obligation to ensure that adequate transmission facilities exist in order to allow their customers to deliver energy from their network resources to their loads and to fulfill other long-term firm transmission obligations. Such Transmission Providers are thus beneficiaries for cost allocation purposes on behalf of their transmission customers.
- 3.2 Duke and Progress are deemed to be enrolled as Transmission Providers because they meet the qualifications described below and are required by FERC to be enrolled in a planning region.
- 3.3 Transmission Providers other than Duke and Progress that are directly interconnected with transmission facilities within the footprint of the NCTPC may enroll in the Transmission Planning Process described in this Attachment, if they meet the following eligibility requirements:
- 3.3.1 Have an open access transmission tariff on file with FERC (whether FERC-jurisdictional or a non-jurisdictional safe harbor tariff) under which they provide transmission service;
- 3.3.2 Are registered with NERC as a Planning Authority and a Transmission Service Provider, among other functions.
- 3.4 A Transmission Provider may enroll by informing the NCTPC Oversight/Steering Committee (OSC) that it seeks to enroll. The OSC will verify the eligibility of the Transmission Provider within two weeks and inform the Transmission Provider whether it is eligible.

- 3.4.1 If the Transmission Provider is eligible, it will be permitted to enroll as of the first day of the following calendar year after its request to enroll.
- 3.4.2 A new Transmission Provider must amend its FERC-filed tariff to include this Attachment, which will be amended as necessary to reflect the additional Transmission Provider.
- 3.5 The public utility and non-public utility Transmission Providers that have enrolled as Transmission Providers in the Transmission Planning Process are as follows:
 - Duke Energy Carolinas, LLC;
 - Carolina Power & Light Company
- 3.6 All references to Transmission Providers in this Attachment are to enrolled Transmission Providers. If Transmission Provider is not meant to be limited in such fashion, the term Non-Enrolled Transmission Provider will be utilized.

4. NCTPC PROCESS OVERVIEW INCLUDING THE PROCESS FOR CONSULTING WITH TAG PARTICIPANTS

The NCTPC will annually develop a single, coordinated transmission plan (Collaborative Transmission Plan) that appropriately balances costs, benefits, and risks associated with the use of transmission, generation, and demand-side resources to meet the needs of LSEs as well as Transmission Customers under this Tariff.

- 4.1 The North Carolina Transmission Planning Collaborative Participation Agreement (Participation Agreement) governs the NCTPC and the NCTPC Process. The Participation Agreement is located on the NCTPC Website (<http://www.nctpc.org/nctpc/>).
- 4.2 The NCTPC Process is summarized in a document entitled *North Carolina Transmission Planning Collaborative Process* that is located on the NCTPC Website.
- 4.3 Participation in the NCTPC
 - 4.3.1 Pursuant to the *Participation Agreement*, the NCTPC has four components: the OSC, the Planning Working Group (PWG), the Transmission Advisory Group (TAG), and the Independent Third Party (ITP).
 - 4.3.2 Eligibility for participation in the four NCTPC components is as follows:
 - 4.3.2.1 The appointment of OSC members by the NCTPC Participants is governed by the *Participation Agreement*.

The ITP is an *ex officio* member of the committee. The qualifications required to serve on the OSC are set forth in a document entitled *Scope - Oversight/Steering Committee* that is located on the NCTPC Website.

4.3.2.2 The appointment of PWG members by the NCTPC Participants is governed by the *Participation Agreement*. The ITP also has a representative on the PWG. The qualifications required to serve on the PWG are set forth in a document entitled *Scope - Planning Working Group* that is located on the NCTPC Website.

4.3.2.3 Anyone may participate in TAG meetings and sign-up to receive TAG communications. The TAG is comprised of TAG participants. An employee or agent of a NCTPC Participant who 1) performs or supervises transmission planning activities or 2) is a member of the OSC or PWG may not be a TAG participant, but employees or agents of NCTPC Participants that perform activities other than transmission planning activities may be TAG participants.

- (i) The Independent Third Party (ITP) is selected by the OSC. The ITP must have qualifications similar to OSC and PWG members.

4.4 Responsibilities and Decision-Making of NCTPC Components

The responsibilities of the components within the NCTPC are determined by the *Participation Agreement* and/or the OSC. Decision-making likewise is established in the *Participation Agreement*, or by policies established by the OSC.

4.4.1 Oversight/Steering Committee

4.4.1.1 The OSC is responsible for overseeing and directing all the activities associated with this NCTPC Process. A list of the OSC's responsibilities is found in *Scope - Oversight/Steering Committee*.

4.4.1.2 OSC decision-making is governed by the *Participation Agreement*.

4.4.1.3 Officers of the OSC are selected in the manner set forth in the *Participation Agreement*.

4.4.2 Planning Working Group

4.4.2.1 The PWG is responsible for developing and performing the appropriate simulation studies to evaluate the transmission conditions in the Participants' service territories and recommend a coordinated solution for the various transmission limitations identified in the studies. A list of the PWG's responsibilities is found in *Scope - Planning Working Group*.

4.4.2.2 PWG decision-making is governed by the *Participation Agreement*.

4.4.2.3 Officers of the PWG are selected in the manner set forth in the *Participation Agreement*.

4.4.3 Transmission Advisory Group

4.4.3.1 The purpose of the TAG is to provide advice and recommendations to the NCTPC Participants to aid in the development of an annual Collaborative Transmission Plan. The TAG participants may propose economic studies for evaluation as described in Section [6] hereof. The TAG participants select which of those projects should be evaluated through the TAG Sector Voting Process. The TAG participants also provide input on the annual study scope elements of the Collaborative Transmission Plan Development (including input on the following: Study Assumptions; Study Criteria; Study Methodology; Technical Analysis and Study Results; Assessment and Problem Identification; Assessment and Development of Solutions (including proposing alternative solutions for evaluation); Selection of the Preferred Transmission Plan; the Collaborative Transmission Plan Report); Regional Project Selection Process; and Cost Allocation for Regional Projects. A full list of the TAG's responsibilities is found in *Scope - Transmission Advisory Group*, which is located on the NCTPC Website.

4.4.3.2 The ITP will chair the TAG meetings and serve as a facilitator for the group. TAG decision-making is by consensus among the TAG participants. However, in the event consensus cannot be reached, voting will be conducted through the TAG Sector Voting Process. The ITP will provide notice to the TAG participants in advance

of the TAG meeting that specific votes will be taken during the TAG meeting.

4.4.3.3 Only TAG participants attending the meeting (in person or by telephone) will be allowed to participate in the TAG Sector Voting Process. No voting by proxy is permitted.

4.4.4 TAG Sector Voting Process.

4.4.4.1 In order for a TAG participant to participate in the TAG Sector Voting Process, the TAG participant must have registered with the ITP at least two weeks prior to the first meeting at which the TAG participant intends to vote. Such web-based registration will require the TAG participant to provide the following information to the ITP: name, home or business address, place of employment (if any), email address (if any), and telephone number. The registration form will require the TAG participant to indicate whether the TAG participant is registering as an "Individual" or as an agent or employee of a "TAG Sector Entity." If the TAG participant registers as an agent, member, or employee of a TAG Sector Entity, s/he must identify such TAG Sector Entity. An individual TAG participant may register as an agent, member, or employee of more than one TAG Sector Entity.

4.4.4.2 A TAG Sector Entity may be any organized group (e.g., corporation, partnership, association, trust, agency, government body, etc.) but cannot be an individual person. A TAG Sector Entity may be a member of only one TAG Sector. A TAG Sector Entity and its affiliates or member organizations all may register as separate TAG Sector Entities, as long as such affiliates or member organizations meet the definition of a TAG Sector Entity.

4.4.4.3 A TAG Sector Entity should elect to be a member of one of the following TAG Sectors: Cooperative LSEs (that serve load in the NCTPC footprint); Municipal LSEs (that serve load in the NCTPC footprint); Investor-Owned LSEs (that serve load in the NCTPC footprint); Non-Enrolled Transmission Providers/Transmission Owners (that are not LSEs in the NCTPC footprint); Transmission Customers (a customer taking Transmission Service from at least one Transmission Provider in the NCTPC); Generator Interconnection Customers (a customer taking FERC- or state-jurisdictional generator interconnection service from at

least one of the Transmission Providers in the NCTPC); Eligible Customers and Ancillary Service Providers (includes developers; ancillary service providers; power marketers not currently taking transmission service; and demand response providers); and General Public. An Individual is only eligible to join the General Public Sector.

4.4.4.4 Only one individual TAG participant that has registered as an agent or employee of a TAG Sector Entity may vote on behalf of a particular TAG Sector Entity with regard to any particular vote. An individual TAG participant may vote on behalf of more than one TAG Sector Entity, if authorized to do so. Questions to be voted on will be answerable with a Yes or No.

4.4.4.5 If a vote is to be taken, each TAG Sector that has at least one TAG Sector Entity representative, or at least one Individual or TAG Sector Entity representative in the case of the General Public Sector, present will receive a Sector Vote with a worth of 1.00. A Sector Vote is divisible. The vote of each TAG participant eligible to vote in a Sector Vote is not divisible. The vote of each TAG participant in a TAG Sector will be multiplied by 1.00 divided by the total number of TAG participants voting in such Sector to determine how the Sector Vote with a total worth of 1.00 will be allocated between "Sector Yes Votes" and "Sector No Votes." That is, each Sector Vote will be allocated such that the Sector Yes Vote(s) and Sector No Vote(s) totals 1.00. The Sector Yes Vote and Sector No Vote for each TAG Sector will then each be weighted by multiplying each of them by 1.00 divided by the number of TAG Sectors participating in the relevant vote. The results will be called "Weighted Sector Yes Vote" and "Weighted Sector No Vote." The winning position will be the larger of the Weighted Sector Yes Vote and Weighted Sector No Vote. Appendix 3 contains an example of the voting process.

4.4.5 Independent Third Party

4.4.5.1 The ITP facilitates the overall NCTPC Process.

4.4.5.2 A list of the ITP's primary responsibilities is found in *Scope - Planning Working Group* and *Scope - Oversight/Steering Committee*.

- 4.4.5.3 The ITP also provides the leadership role in developing the Economic Study Process, subject to the oversight of the OSC.
- 4.4.5.4 The ITP maintains the content of the NCTPC Website.
- 4.4.5.5 The ITP's role in decision-making varies based on which group s/he is participating as documented in the NCTPC documents posted on the NCTPC Website.

4.5 Participation of State Regulators

State regulators, including state-sanctioned entities representing the public, like other members of the public, may choose to be TAG participants. State public utility regulatory commissions also may seek to receive periodic status updates and the progress reports on the NCTPC Process. State public utility regulatory commissions may be TAG Sector Entities in the General Public Sector.

5. NOTICE PROCEDURES, MEETINGS, AND PLANNING-RELATED COMMUNICATIONS

All information regarding transmission planning meetings and communications are located on the NCTPC Website.

5.1 Notice

- 5.1.1 Notice of all meetings of a component (TAG, PWG, OSC) will be by email to such component. All TAG meeting notices and agendas will be posted on the NCTPC Website.
- 5.1.2 Information about signing up to be a TAG participant and to receive email communications is posted on the NCTPC Website.
- 5.1.3 The OSC will publish highlights of its meetings on the NCTPC Website.

5.2 Location

- 5.2.1 The location of an OSC or PWG meeting will be determined by the component.
- 5.2.2 The location of a TAG meeting will be determined by the OSC.

5.2.3 Conference call dial-in technology will be available for meetings upon request.

5.3 Meeting Protocols

5.3.1 OSC

5.3.1.1 The OSC chair schedules meetings, provides notice, ensures that meeting minutes are taken, develops the agenda, chairs the meetings.

5.3.1.2 The OSC generally will meet at least monthly, and more frequently as necessary.

5.3.1.3 OSC meetings are open to the OSC members (including the ITP), their alternates, PWG members, and, if approved, guests.

5.3.2 PWG

5.3.2.1 The PWG chair schedules meetings, provides notice, ensures that meeting minutes are taken, develops the agenda, and chairs the meetings.

5.3.2.2 The PWG generally meets at least monthly, and more frequently as necessary.

5.3.2.3 PWG meetings are open to the PWG members, the ITP, the OSC (and their alternates), and, if approved, guests.

5.3.3 TAG

5.3.3.1 TAG meetings are chaired and facilitated by the ITP.

5.3.3.2 The TAG generally meets four times a year.

5.3.3.3 Meetings of the TAG generally are open to the public, i.e., TAG participants. When necessary, TAG meetings may be restricted by the ITP to TAG participants that are qualified to receive Confidential Information.

5.3.3.4 A yearly meeting and activity schedule is proposed, discussed with, and provided to TAG participants annually.

6. OVERVIEW OF ECONOMIC STUDY PROCESS

- 6.1 The Economic Study Process is the process that allows the TAG participants to propose economic upgrades to be studied as part of the Transmission Planning Process. The Economic Study Process evaluates the means to increase transmission access to potential supply resources inside and outside the Control Areas of the Transmission Providers. This economic analysis provides the opportunity to study what transmission upgrades would be required to reliably integrate new resources.
- 6.2 The Economic Study Process begins with the TAG participants proposing scenarios and interfaces to be studied. The information required and the form necessary to submit a request as well as the submittal deadline is reviewed and discussed with the TAG participants early in the annual planning cycle. The form is posted on the NCTPC Website. The PWG will determine if it would be efficient to combine and/or cluster any of the proposed scenarios and will also determine if any of the proposed scenarios are of an Inter-Regional nature. The OSC will direct the TAG participants to submit the Inter-Regional study requests to the Southeast Inter-Regional Participation Process since those studies would have to be evaluated within that forum. Throughout the Economic Study Process, TAG participants (including TAG participants representing transmission solutions, generation solutions, and solutions utilizing demand resources) may participate.
 - 6.2.1 The OSC will review the PWG analysis, approve the compiled study list, and provide the study list to the TAG. For the study scenarios that impact the NCTPC region, but are not Inter-Regional in nature, the TAG participants will select a maximum of five scenarios that will be studied within the current NCTPC planning cycle. If consensus cannot be reached as to which scenarios to study, the choice will be resolved through the TAG Sector Voting Process. The TAG participants may request that the five scenarios be combined or clustered.
 - 6.2.2 There will be no charge to the TAG participants for the five studies selected by the TAG participants. However, if a particular TAG participant wants the NCTPC to evaluate a scenario that was not chosen by the TAG participants, then the TAG participant can request to have the NCTPC conduct the study. The NCTPC will evaluate this request and will conduct the study if the study can be reasonably accommodated, however the cost of conducting this additional study will be allocated to that specific TAG participant.
 - 6.2.3 The final results of the Economic Study Process include the estimated costs and schedules to provide the increased transmission capabilities. The Economic Study Process results are reviewed and discussed with the TAG participants.

7. COLLABORATIVE TRANSMISSION PLAN DEVELOPMENT

The NCTPC Process is an iterative process that ultimately results in a single Collaborative Transmission Plan that appropriately balances the costs, benefits and risks associated with the use of transmission, generation, and demand-side resources.

7.1 Overview of the Collaborative Transmission Plan Development

- 7.1.1 Each year, the OSC will initiate the process to develop the annual Collaborative Transmission Plan.
- 7.1.2 The OSC will provide notice of the commencement of the process to develop the annual Collaborative Transmission Plan via e-mail to the TAG and posts a notice on the NCTPC Website.
- 7.1.3 The process will allow for flexibility to make modifications to the development of the plan throughout the year as needs change, new needs arise, or new solutions to problems are identified.
- 7.1.4 The schedule for all of the activities will be set by the PWG and OSC, but will vary from year to year. The basic order of events is as set forth in this Section [7], although the planning process is an iterative one. A list of relevant dates established for the planning cycle will be posted on the NCTPC website.
- 7.1.5 Although a Collaborative Transmission Plan is issued each planning year, because the Regional Project Selection Process (set forth in Section [8]) takes more than one year to complete, in the first planning year after the effective date of this version of Attachment N, there will be no Regional Projects that have been selected for inclusion in the Collaborative Transmission Plan. In the second planning year, and planning years thereafter, there may be Regional Projects selected for inclusion in the Collaborative Transmission Plan. The following table provides an overview of the major tasks performed by the NCTPC, the TAG, and Developers and the approximate quarter in which they will occur, taking into account the difference between the first planning year and all subsequent planning years.

Overview of Planning Process by Quarter

	Q1 – Year 1 Only	Q2 – Year 1 Only	Q3 – Year 1 Only	Q4 – Year 1 Only	Q1 – Subsequent Years	Q2 – Subsequent Years	Q3
NCTPC	Obtain data, select assumptions, develop base case and change case models. Determine if any public policies are driving transmission needs.	Perform technical analysis, identify reliability problems. Run § 6 economic studies.	Develop and propose solutions to reliability problems <u>and needs driven by public policy, if any.</u> Finalize § 6 economic study results.	Issue draft Plan. Review Comments on draft Plan. Issue final Plan. Perform screening analyses on Regional Project Proposals	Same as Q1, Year 1. Plus: Perform Regional Project selection process.	Same as Q2, Year 1. Plus: Complete Regional Project selection process and issue draft and final Regional Project selection reports.	Sam 1. P Neg any I Proje
TAG	Provide input regarding data, assumptions, base case models, change case models. Identify public policies driving transmission needs. Choose five economic studies. Obtain models and data to perform analysis.	Review NCTPC identified reliability problems.	Review NCTPC-proposed solutions and Regional Projects. Propose alternatives to NCTPC-proposed solutions and Regional Projects.	Provide comments on draft Plan. Review Regional Project Proposals. Provide comments on Regional Project Proposals and screening analyses.	Same as Q1, Year 1. Plus: Participate in meetings to discuss Regional Projects.	Same as Q2, Year 1. Plus: Comment on draft Regional Project selection report.	Sam 1.
Dev.	Obtain models and data to perform analysis.	Develop proposals for Regional Projects.	Propose Regional Projects.	Provide additional data on Regional Project Proposal if requested.	Same as Q1, Year 1. Plus: Participate in meetings to discuss Regional Projects.	Same as Q2, Year 1.	Sam 1. P Neg selec

Notes:

- Dev. = Developer
- A Developer may be member of the TAG and perform TAG tasks as well.

- 7.2 Process to identify if any public policies exist that drive transmission needs.
- 7.2.1 Each year, the OSC will determine if any there are any public policies driving the need for transmission.
- 7.2.1.1 The OSC will seek input (e.g. written comments) prior to the first quarter (Q1) TAG meeting from TAG participants, asking that they identify any public policies that are driving the need for transmission, pursuant to the criteria below.
- 7.2.1.2 The OSC may itself identify public policies that are driving the need for transmission.
- 7.2.1.3 There will be a discussion at the Q1 TAG meeting as to whether there are public policies that are driving the need for transmission.
- 7.2.2 Criteria for determining if public policy drives transmission need.
- 7.2.2.1 Public policy must be reflected in state, federal, or local law or regulation (including order of a state, federal, or local agency).
- 7.2.2.2 A transmission need will not be considered to be driven by public policy, if the need is readily addressed through the individual resource planning processes of LSEs and individual requests for Network Resource designations, i.e., where there is no apparent benefit to a collective approach.
- 7.2.3 The OSC will issue a decision as to whether any public policies are driving transmission needs within two weeks of Q1 TAG meeting and post such determination on the NCTPC Website. If one or more public policies are identified, ~~Local Projects and Regional Projects may be proposed by TAG participants (including Developers)~~ as driving transmission needs, the NCTPC will consider solutions to those needs, and TAG participants may suggest Local or Regional Projects to meet those needs in accordance with the planning process. If no policies are identified for the planning year, public policy projects cannot be proposed as solutions. ~~However, this does not preclude the NCTPC from considering public policy scenarios as part of the analyses described in Section 7.5.8.~~

7.3 Study Assumptions

- 7.3.1 The PWG will select the study assumptions for the analysis based on direction provided by the OSC.
- 7.3.2 Once the PWG identifies the study assumptions, they will be reviewed with the TAG participants before the set of final assumptions are approved by the OSC. The process for this dialogue is in-person meetings, written submissions, and/or other forms of communication selected by TAG participants. Input should be provided in the timeframes agreed upon.
- 7.3.3 The study assumptions shall be set forth in an annual *Study Scope Document*.
- 7.3.4 The Transmission Providers will prepare the base case models. These models will be reviewed with the PWG to ensure that they represent the study assumptions approved by the OSC. TAG participants also may, upon request, review the base case models and provide input to the PWG with regard to whether the models represent the study assumptions approved by the OSC.
- 7.3.5 The Transmission Providers will also develop the necessary change case models as required to evaluate different resource supply scenarios and economic scenarios as directed by the OSC. Such change case models will also be reviewed with the PWG to ensure that they represent the study assumptions approved by the OSC. TAG participants also may, upon request, request to review the change case models and provide input to the PWG with regard to whether the models represent the study assumptions approved by the OSC.
- 7.3.6 In order to ensure comparability, customers taking Network Transmission Service are expected to accurately reflect their demand response resources appropriately in their annual load forecast projections. Customers taking Point-to-Point Transmission Service are expected to accurately reflect their demand response resources in submitting their requests for Transmission Service and in submitting information about potential needs for Point-to-Point Transmission Service. Eligible Customers providing information about potential needs for Point-to-Point Transmission Service are expected to accurately reflect their demand response resources in submitting information. To the extent a TAG participant has a demand response resource or a generation resource that the TAG participant desires the NCTPC to specifically consider as an alternative to transmission expansion, or otherwise in conjunction with the NCTPC Process, such TAG participant sponsoring such demand response resource or generation

resource shall provide the necessary information (cost, performance, lead time to install, etc.) in order for the NCTPC to consider such demand response resource or generation resource alternatives comparably with other alternatives.

7.4 Study Criteria

- 7.4.1 The PWG establishes the planning criteria by which the study results will be measured, in accordance with NERC and SERC Reliability Standards and individual Transmission Provider criteria. TAG participants may review and comment on the planning criteria.
- 7.4.2 Transmission System planning documents of Duke and Progress will be posted on their respective OASIS sites. Some planning documents may not be posted due to CEII and confidentiality concerns, but will be identified such that they can be requested via the methodology posted on the relevant OASIS.

7.5 Data Collection and Case Development

- 7.5.1 The most current Multi-Regional Modeling Working Group (MMWG) or SERC Long-Term Study Group model will be used for the systems external to Duke and Progress as a starting point for the base case to be used by both Progress and Duke. The base case will include the detailed internal models for Progress and Duke and will include current transmission additions planned to be in-service for given years.
- 7.5.2 A Merchant Transmission Developer that is considering constructing a project that will interconnect with the facilities of a Transmission Provider is encouraged to provide the following information to the NCTPC in Q1: Location of proposed facilities; Substation(s) where Merchant Transmission Developer proposes to interconnect or add its facilities; Proposed voltage and nominal capability of new facilities or increase in capability of existing facilities; Description of proposed facilities and equipment; and Planned date the proposed facilities will be in service. The provision of such information to the NCTPC, however, will not be treated as a substitute for a request for interconnection service. A formal interconnection request is still required and should be directed to the relevant Transmission Provider(s).
- 7.5.3 The following data are relevant to the development of internal models for Progress and Duke:
 - Load and resource projections provided by network customers (including the native load of the NCTPC Participants);

Confirmed, firm point-to-point transmission service reservations (including rollover rights);

Generation real and reactive capacity data;

Generation dispatch priority data;

Transmission facility impedance and rating data;

Merchant Transmission Developer projects, if: 1) interconnection service has been requested of Transmission Provider(s); 2) all necessary interconnection studies have been completed; 3) any necessary certificates of public convenience have been obtained from the relevant state(s); and 4) the Merchant Transmission Developer has submitted an attestation or other evidence that a minimum of 50% of the capacity of the facility has been subscribed; and

Interchange data adjusted to correctly model transfers associated with designated network resources from outside the Transmission Providers' Control Areas.

- 7.5.4 The Transmission Providers collect the necessary planning data and information that are not already in their possession. Any guidelines, data formats, and schedules for any data and information exchanges will be established by the PWG. Aside from the annual submission of data by Network Customers, the timing of this data collection process is established as part of the development of the annual study work plan that is prepared by the PWG, reviewed with the TAG participants, and approved by the OSC.
- 7.5.5 A Merchant Transmission Developer should inform the NCTPC in writing if the following conditions have been met with regard to a proposed project: 1) interconnection service has been requested of Transmission Provider(s); 2) all necessary interconnection studies have been completed; 3) any necessary certificates of public convenience have been obtained from the relevant state(s); and 4) the Merchant Transmission Developer has submitted an attestation or other evidence that a minimum of 50% of the capacity of the facility has been subscribed.
- 7.5.6 TAG participants may provide additional input into the data collection process (i.e., the provision of data not required to be submitted under this Tariff), such as providing information on future point-to-point transmission service scenarios. Such non-required information may be used in the appropriate study process.
- 7.5.7 Transmission customers should provide the Transmission Providers with timely written notice of material changes in any information previously provided relating to load, resources, or other aspects of their facilities or

operations affecting the Transmission Provider's ability to provide service. Network customers may provide revised versions of previously submitted annual data reporting forms.

7.5.8 Additional cases will be developed as required for different scenarios to evaluate other options to meet load demand forecasts in the study, including where fictitious or as yet undesignated network resources are deemed to be designated. Other cases may be developed and approved by the OSC to evaluate enhanced access scenarios, such as predicted future point-to-point transmission uses, as submitted by the TAG participants.

7.5.9 The Case Development details will be identified in the annual *Study Scope Document*.

7.5.10 Sufficient information will be made available, subject to CEII and confidentiality restrictions, to enable TAG participants to replicate the results of planning studies. A TAG participant seeking data and information that would allow it to replicate the NCTPC planning studies should provide such request to the ITP, who will verify that confidentiality requirements described in Section [13] have been met before providing such information.

7.5.11 Status Reports

7.5.11.1 In Q2, the Transmission Providers and any Developers responsible for approved Local and Regional Projects will provide the ITP a written report on the status of the transmission upgrades presented in the previous Collaborative Transmission Plans. A composite update will be posted on the NCTPC Website and will include the following information: the name of the project, the issue it resolves, the name of the relevant Transmission Provider(s), the original planned in-service date and the current expected in-service date and an explanation of the reasons for any change. This report will be reviewed at the Q2 TAG meeting.

7.6 Study Methodology

7.6.1 The PWG determines the methodologies that will be used to carry out the technical analysis required for the approved studies. The PWG also determines the specific software and models that will be utilized to perform the technical analysis. The study methodology will be identified in the annual *Study Scope Document*. TAG participants may review and comment on the study methodology.

7.7 Technical Analysis and Study Results

- 7.7.1 The PWG performs the technical study analysis in accordance with the OSC approved study methodology and produces the study results.
- 7.7.2 Results from the technical analysis are reported to identify transmission elements approaching their limits such that all NCTPC Participants are made aware of potential issues and appropriate steps can be identified to correct these issues, including the potential of identifying previously undetected problems.
- 7.7.3 Study results are made available to the TAG participants for review and comment.

7.8 Assessment and Problem Identification

- 7.8.1 The Transmission Providers provide the summary data identifying the reliability problems and causes resulting from their assessments and comprehensively review the information with the PWG. The PWG evaluates the technical results provided by the Transmission Providers to identify problems and issues and reports to the OSC.
- 7.8.2 TAG participants are provided information relating to technical assessments and problem identification.

7.9 Project Solution Development

- 7.9.1 The PWG identifies potential solutions to the transmission problems identified and will test the effectiveness of the potential solutions through additional analysis as required and ensure that the solutions meet the study criteria previously developed.
- 7.9.2 TAG participants will have the opportunity to propose alternative transmission, generation and/or demand response solutions. TAG participants shall provide the necessary information (cost, performance, lead time to install, etc.) for proposed generation and/or demand response alternative solutions so that they may be compared with other alternatives. A Developer proposing a Regional Project as a solution must do so in accordance with the steps set forth in Section [8].

[7.9.3 A Merchant Transmission Developer may propose a participant-funded project as an alternative solution and use this planning process to promote the proposal among TAG stakeholders.](#)

7.9.4 ~~7.9.3~~ All solution options that satisfactorily resolve an identified reliability problem would be given consideration on a comparable basis.

7.9.5 ~~7.9.4~~ The Transmission Providers estimate the costs for each of the proposed solutions (~~e.g., cost, cash flow, present value~~total estimated capital cost of project, fully loaded including contingencies and overhead, expressed in in current year dollars), other than Regional Projects, and develop a rough schedule estimate to implement the solutions. This information is reviewed and discussed by the PWG.

7.10 Selection of Preferred Transmission Plan

7.10.1 Taking into account the Final Report on Regional Project Selection, the PWG selects the preferred set of solutions to be recommended for inclusion in the Collaborative Transmission Plan by considering the solutions' costs, benefits, and associated risks and determining the most reliable and cost effective solutions.

7.10.2 The PWG provides the OSC and the TAG participants with their recommendations based on this selection process in order to obtain their input.

7.11 Collaborative Transmission Plan Report

7.11.1 The PWG prepares a draft "Collaborative Transmission Plan Report" ("Draft Plan") based on the study results and the recommended solutions and provides the draft to the OSC for review. The Draft Plan describes the plan in a manner that is understandable to the TAG participants (e.g., describing any needs, the underlying assumptions, applicable planning criteria, and methodology used to determine the need), rather than simply reporting engineering results. The ~~report~~Draft Plan includes a comprehensive summary of all the study activities as well as the recommended solutions including estimates of costs and construction schedules.

7.11.2 The OSC forwards the Draft Plan to the TAG participants for their review and discussion. The PWG members are the technical points of contact that can respond to questions regarding modeling criteria, assumptions, and data underlying the Draft Plan. The TAG participants may discuss, question, or propose alternatives for any upgrades identified by the Draft Plan.

7.11.3 The OSC evaluates the results and the PWG recommendations and the TAG participants' input. The OSC approves the final Collaborative Transmission Plan for posting on the NCTPC Website. The Plan also is posted on the Transmission Providers' OASIS and distributed to the

TAG participants. If a Regional Project is included in the Collaborative Transmission Plan it has been selected for regional cost allocation in a regional transmission plan.

- 7.11.4 The Collaborative Transmission Plan allows the NCTPC Participants to identify alternative, least-cost resources to include with their respective Integrated Resource Plans. Others can similarly use this information for their own resource planning purposes.
- 7.11.5 The Collaborative Transmission Plan, and the associated models, serve as the basis for the models that the Transmission Providers provide as input to the development of the SERC-wide model as described in Section [7.5].

8. REGIONAL PROJECT SELECTION PROCESS

This Section sets forth the methodology used by the NCTPC to determine if any Regional Projects should be included in the Collaborative Transmission Plan.

8.1 Regional Projects are projects that:

- 8.1.1 Typically encompass multiple Transmission Providers' footprints; however if it can be demonstrated that a transmission project within a single Transmission Provider's footprint provides regional benefits, it can qualify;
- 8.1.2 Are of a voltage level of 230 kV or above;
- 8.1.3 Have a project cost of at least \$10 million;
- 8.1.4 Will be subject to the Tariff of the Transmission Provider(s) for open access purposes;
- ~~8.1.5 Will be categorized as Reliability, Economic, or Public Policy (based on primary nature of benefits)~~
- 8.1.5 ~~8.1.6~~ Must be materially different than a project or projects currently in the Collaborative Transmission Plan. As an example, a Developer may not simply "bundle" several transmission projects that are currently in the Collaborative Transmission Plan and claim that it is a Regional Project. Examples of how a Regional Project might materially differ from a project already included in the plan include changes in equipment size or different terminal bus locations, among other things.

8.2 Submission of Regional Project Proposals

8.2.1 The NCTPC will announce a date in Q3 by which all Developers must submit Regional Project Proposals. Such Regional Project Proposals must include the two sets of information identified below: Project Information to be Submitted with Regional Project Proposals and Developer Qualification Information to be Submitted with Regional Project Proposals. In providing such information, Developer should take into account the project selection criteria identified in Section [8.4.48.4.3]. The Developer must also submit a deposit of \$25,000. The actual costs incurred by the NCTPC to analyze Regional Projects will be borne by the Developer and the deposit will be trued up based on the documented cost of the analysis.

8.2.2 A Regional Project Proposal may include upgrades to existing or proposed (i.e., facilities that a Developer is expected to own but are not yet in service) facilities of one or more Transmission Providers, Non-Incumbent Developers, or Merchant Transmission Developers. If a Regional Project Proposal includes such upgrades and the Developer is not also the owner of the facilities to be upgraded, the Developer must offer the owner of the facilities the option to design, build, operate, and maintain the portions of the Regional Project that are upgrades to such owner's facilities. If the owner of the facilities to be upgraded declines to design, build, operate, and/or maintain the portions of the Regional Project that are upgrades to its facilities, the Developer proposing the Regional Project may design, build, operate, and/or maintain the portions of the Regional Project that are upgrades to the owner(s)' facilities. Nothing in this OATT affects any Developer's rights under state law with regard to its real property (including rights of way and easements).

8.2.3 Project Information to be Submitted with Regional Project Proposals. The list below should be considered the required elements of a proposal. In determining what information to submit, Developers should consider the criteria which may be taken into account in determining whether to select a Regional Project:

8.2.3.1 Description of Owner(s);

8.2.3.2 Transmission project technical information:

(a) Description of the transmission facilities being proposed (e.g., voltage levels, etc.);

- (b) If a transmission line(s), general path of the line(s);
 - (c) Any interconnection points with the transmission system;
 - (d) In-service date for the project(s);
- 8.2.3.3 Estimated cost of the project(s) ~~including the proposed project return on equity and any FERC incentives that will be requested:~~(total estimated capital cost of project, fully loaded including contingencies and overhead, expressed in in current year dollars)
- 8.2.3.4 Project financing approach;
- 8.2.3.5 Explanation of how project will abide by any transmission standards of Transmission Provider(s) with which project will interconnect;
- 8.2.3.6 Potential impacts to other transmission projects in the prior year's plan, ~~if applicable~~;
- (a) Identification of transmission project(s) that would be avoided if Regional Project selected;
 - (b) ~~(a)~~ Schedule or project modification impacts;
 - (c) ~~(b)~~ Cost impacts (both positive and negative);
- 8.2.3.7 Reliability impact assessment;
- 8.2.3.8 Load flow cases that demonstrate the expected performance of the project(s);
- 8.2.3.9 Whether the project would require state transmission siting proceedings, National Environmental Policy Act review, or federal permits. Describe the legal authority, if any, that will need to be obtained by the Developer to site/own transmission under relevant state law. Identify the authorized governmental body that will review the Developer's applications for siting approval for projects within the NCTPC region.

- (a) Describe the process the Developer will use to obtain transmission siting approval including the authority to acquire rights of way by eminent domain, if necessary, that would facilitate approval and construction of the project.
- (b) Describe the process that the Developer will use for the preparation of any required application for siting approval, including milestones and a description of supporting studies and other evidence.
- (c) Describe the Developer's experience in the areas above.

8.2.3.10 ~~The proposed type of Regional Project being proposed shall be identified (e.g. Reliability, Economic, Public Policy, or a combination of types). The proposed benefits and beneficiaries of the project(s) and the proposed cost allocation~~ Proposed percentage cost allocations to the beneficiaries ~~with supporting analysis shall be provided, in accordance with the~~ based on the avoided transmission cost allocation ~~methodologies~~ methodology identified in Section [9]. The projected costs of the transmission project(s) being avoided, which cost estimates would be available in the prior year's Collaborative Transmission Plan, should be used in developing this proposal.

8.2.4 Developer Qualification Information to be Submitted with Regional Project Proposals

In addition to providing information about the entity that will develop and own the Regional Project, a Developer may provide information, as relevant, about affiliates and parent entities. Once a Developer has passed the Developer Analysis Screen for a Regional Project Proposal, the Developer will not have to resubmit the complete Qualification Information for other projects of comparable or lesser price and scope, but instead is permitted to indicate whether there are material changes that should be made to the information provided in its prior submission. If a Developer seeks to have any of the information being submitted treated as Confidential Information, it should so identify such information as Confidential Information and its release to TAG participants will be governed by Section [13].

8.2.4.1 Financial

- (a) Credit rating from Moody's Investor Services and Standard & Poors;

- (b) Ability to assume liability for major losses resulting from failure of facilities;
- (c) To the extent a Developer is an electric utility and relies on an affiliated transmission and distribution utility for credit, investment, or other financing arrangements, it shall demonstrate that any such arrangement complies with applicable legal and regulatory requirements and restrictions;
- (d) Provide a summary of any history of bankruptcy, dissolution, merger, or acquisition of the project developer or any predecessors in interest for the current calendar year and the five calendar years immediately preceding its submission of information related to affiliated entities.

8.2.4.2 Construction

- (a) Technical and engineering qualifications and experience;
- (b) Past history of meeting transmission project schedules;
- (c) Capability to adhere to standardized construction practices;
 - (i) If the Developer intends to build the transmission project and then turn it over to another Transmission Provider for operations and maintenance, the Developer must demonstrate that it will meet any additional engineering standards of the Transmission Provider who will be performing the operations and maintenance (O&M).
- (d) Past history regarding construction of transmission facilities;
 - (i) Cost containment capability and other advantages the Developer may have to build the specific project.
 - (ii) A discussion of the Developer's business practices that demonstrate that its business practices are consistent with good utility

practices for proper licensing, designing, ROW acquisition, constructing, operating and maintaining transmission facilities that will become part of the transmission grid.

8.2.4.3 O&M/Reliability

- (a) Past history regarding O&M of transmission facilities and/or contracting for the O&M of transmission facilities;
- (b) Capability to adhere to standardized O&M practices;
- (c) Plan on how it intends to comply with all applicable reliability standards and obtaining the appropriate NERC certifications;
- (d) Past record of compliance with NERC standards.

8.2.4.4 Legal/Regulatory

- (a) For the current calendar year and the previous five calendar years, provide a list and descriptive summary of violations of law and/or regulation by the Developer as determined by federal or state courts, federal regulatory agencies, state public utility commissions, other regulatory agencies, or attorneys general, that resulted in a monetary payment (including settlements) and arose related to the Developer's transmission business.
- (b) A summary of any instances in which the Developer is currently under investigation or is a defendant in a proceeding involving an attorney general or any state or federal regulatory agency, for violation of any laws, including regulatory requirements that relate to its transmission business.

8.2.4.5 Developer shall include an affidavit by an officer of the project developer stating that the information that is being submitted is true and that the project developer will comply with the provisions identified in the qualification data submittal.

- 8.2.5 The ITP will review the Regional Project Proposals and ensures that they are complete. If incomplete, the Developer(s) will be given an explanation of the deficiencies and an opportunity to resubmit its proposal within 14 days. The purpose of this review is to ensure that the NCTPC has sufficient information to perform the screening analyses discussed below.
- 8.2.6 All Regional Project Proposals will be posted on the NCTPC website shortly after the due date for such proposals.

8.3 Screening Process for Regional Projects

To be selected as a Regional Project, a Regional Project must pass three high-level screening analyses the purpose of which is to screen out non-viable Regional Projects and/or unqualified Developers. TAG participants may provide written comments to the OSC as to whether a Developer should pass or fail the screening analyses. To the extent possible, the OSC will work with the Developer during this screening analyses process to identify and resolve potential issues that might cause one or more of the screening analyses to fail. The OSC may seek additional information from a Developer in order to perform the screening analyses.

8.3.1 Developer Screen

8.3.1.1 The OSC will determine if a Developer appears sufficiently qualified to finance, license, and construct the Regional Project and operate and maintain it for the life of the project.

8.3.1.2 If a Developer "passes" the Developer Screen, the Developer remains qualified for later submissions for other Regional Projects of comparable cost and scope as the Regional Project for which it was originally evaluated, even if prior projects are never included in a Collaborative Transmission Plan, subject to an attestations that the other data initially submitted remain true and correct.

8.3.2 Technical Analysis Screen

8.3.2.1 PWG reviews power flow and other technical documentation regarding Regional Project Proposal and recommends to OSC whether the Regional Project passes or fails the Technical Analysis, i.e., whether it is feasible from a reliability standpoint. PWG will examine the following factors to the extent applicable:

- (a) Impacts on other transmission projects in the plan (schedule or project modification impacts);
- (b) Reliability impacts;
- (c) Operational impacts;
- ~~(d) Congestion/constraint impacts;~~
- (d) ~~(e)~~ Risk factors;
- ~~(f) Losses impacts;~~
- (e) ~~(g)~~ Cost estimates.

8.3.2.2 OSC reviews PWG recommendation and determines whether passes or fails.

8.3.3 Benefit Analysis Screen

8.3.3.1 ~~Reliability Projects~~—The OSC will determine if Regional Project solves the same issues as ~~alternative Local Project(s)~~the transmission projects being avoided.

8.3.3.2 ~~Economic Projects & Public Policy Projects~~—The OSC reviews Developer's analysis to ensure the Regional Project Proposal meets a 1.25 Benefit/Cost ratio.

8.3.4 The OSC will issue a written report on the screening analyses results.

8.3.5 Failure of Screening Analyses

8.3.5.1 If a Regional Project fails any of the three screening analyses, any other analysis will be stopped.

8.3.5.2 If Regional Project fails any analysis, Developer may challenge such determination through the Dispute Resolution process.

8.3.5.3 A Developer may revise a Regional Project Proposal that has failed and submit it during the next window for submitting Regional Projects.

8.4 Regional Project Selection

The PWG and OSC, assisted by the TAG participants, will undertake a thorough review of all Regional Projects that passed the screening analyses to determine which Regional Projects will be included in the Collaborative Transmission Plan issued in the year following the year in which the Regional Project Proposal was submitted.

8.4.1 Project Meetings: OSC will direct the ITP to work with the Developers to schedule meetings, as needed, to more fully vet the Regional Project proposals. ~~These meetings will be the venue to fully discuss the proposed project including the transmission technical aspects, transmission project cost, computation of the benefits, the allocation of costs to the proposed beneficiaries, and qualification of Developers.~~ Meetings will be open to the public and notice will be provided on the NCTPC website. Additional information may be sought from the Developer, if deemed necessary.

~~8.4.2 The PWG will determine which Regional Projects would be mutually exclusive as to 1) Local Projects and 2) other Regional Projects to assist in analysis. NCTPC posts results of this analysis.~~

8.4.2 ~~8.4.3~~ The OSC will seek written comments from the TAG participants on Regional Project Proposals, including the qualifications of Developers and the proposed cost allocation. Such comments will be made public. Commenters may want to address the criteria listed in Section ~~[8.4.4~~8.4.3] in submitting comments.

8.4.3 ~~8.4.4~~ OSC determines which Regional Projects should result in a more efficient and cost-effective transmission system. ~~The NCTPC will consider the following factors, to the extent applicable, in selecting Regional Projects and determining whether they will provide sufficient benefits to meet the requirements of the applicable cost allocation methodology(ies)~~Specifically, the NCTPC will confirm that the Developer is deemed adequately capable with regard to the three areas below. If multiple Developers are proposing mutually exclusive Regional Projects, these factors will be used on a comparative basis:

8.4.3.1 ~~8.4.4.1~~ Engineering Design (Reliability/Quality/General Design): Measures ~~the~~whether the Developer has necessary capability with regard to ensuring an appropriate quality of-

~~the~~ design, material, technology, and life expectancy of a Regional Project.

- (a) Type of construction (wood, steel, design loading, etc.)
- (b) Losses (design efficiency)
- (c) Estimated life of construction
- (d) Reliability/Quality Metrics

8.4.3.2 ~~8.4.4.2~~ Construction (Project Management): Measures ~~expertise in~~ whether Developer has necessary capability with regard to constructing projects similar in scope.

- (a) Engineering
- (b) Environmental
- (c) ROW Acquisition
- (d) Procurement
- (e) Project Management (including scope, schedule management)
- (f) Construction
- (g) Commissioning
- (h) Timeframe to construct
- (i) Experience/Track Record

8.4.3.3 ~~8.4.4.3~~ Operations (Operations/Maintenance/Safety): Measures ~~how well and safely a Developer will be able to operate, maintain, and restore the Regional Project once it is placed in service~~ whether Developer has necessary capability

with regard to safely operating, maintaining, and restoring transmission projects.

- (a) NERC compliance – process/history
- (b) Storm/Outage response plan
- (c) Reliability metrics
- (d) Restoration Experience/Performance
- (e) Maintenance Staffing/Training
- (f) Maintenance plans
- (g) Equipment
- (h) Maintenance performance/expertise
- (i) Internal safety program
- (j) Contractor safety program
- (k) Safety performance record (program execution)

~~8.4.4.4 Rate Analysis (Cost to Customer): Measures Developer's cost to construct, own, and operate the Regional Project.~~

- ~~(a) Estimated total cost of project~~
- ~~(b) Financing costs~~
- ~~(c) FERC Incentives~~
- ~~(d) Revenue Requirements~~

- (e) ~~Lifetime cost of the project to customers~~
- (f) ~~ROE~~
- (g) ~~Material on Hand, ROW approval, Assets on hand~~
- (h) ~~Cost certainty guarantee (if any)~~

8.5 Draft Report and Final Report on Regional Project Selection

8.5.1 The OSC will issue a Draft Report on Regional Project Selection indicating which Regional Projects are approved and which are not and provide a written basis for its decision. Such Draft Report on Regional Project Selection will include the proposed cost allocation for the Regional Projects' Transmission Revenue Requirements.

8.5.2 The TAG participants will be asked to comment on the OSC's Draft Report on Regional Project Selection.

8.5.3 After considering any comments received, OSC issues a Final Report on Regional Project Selection which includes a list of approved Regional Projects.

8.6 Disputes over the approval or failure to approve Regional Projects will be addressed through the Dispute Resolution provisions.

8.7 Activities After Issuance of the Final Regional Project Selection Report

8.7.1 Because Non-Incumbent Developer(s) have no written contractual or tariff relationship with the Transmission Providers the following process is intended to provide sufficient documentation relating to the written contractual relationship that must be formed. Ultimately, the Non-Incumbent Developer(s) of a Regional Project will enter into a Non-Incumbent Developer Interconnection Agreement with the Transmission Providers that own the facilities with which an approved Regional Project will interconnect and/or to whom costs will be allocated that sets forth the rights and obligations of the parties as to the Regional Project. Because the development of such final contractual arrangements may take some time, the MOU process described below will be used to establish that there is a sufficient meeting of the minds as to the rights and obligations of the project to include the Regional Project in the Collaborative Transmission Plan. A Regional Project will not be included in the Collaborative Transmission Plan unless an MOU

is executed. Note that a Collaborative Transmission Plan may be updated, and such update may be for the purpose of including a Regional Project for which the MOU was not executed on the date the Collaborative Transmission Plan became final.

- 8.7.2 After a Regional Project is approved by the OSC in the Final Regional Project Selection Report discussed in Section [8.5], the Transmission Providers will negotiate an MOU with the Non-Incumbent Developer that will be the basis for the Non-Incumbent Developer Interconnection Agreement. Such MOU will include:
 - 8.7.2.1 Interconnection provisions;
 - 8.7.2.2 Provisions indicating allocation of responsibility for meeting NERC standards;
 - 8.7.2.3 Provision indicating that transmission service over facilities will be provided pursuant to Duke and/or Progress OATT and delineation of which facilities are subject to which OATT;
 - 8.7.2.4 Provisions relating to operational control of the facilities;
 - 8.7.2.5 Provisions regarding allocation of costs;
 - 8.7.2.6 A development schedule that indicates the required steps, such as the granting of state approvals, necessary to develop and construct the transmission facility;
 - 8.7.2.7 Provisions regarding responsibility for physical operation of Regional Project and maintenance of Regional Project;
 - 8.7.2.8 Provisions regarding the assignment of the Non-Incumbent Developer Interconnection Agreement in the event the Developer seeks to assign such Agreement in the future;
 - 8.7.2.9 Provisions regarding liability/indemnification.
- 8.7.3 It is intended that the MOU provide sufficient contractual certainty to allow a Developer to seek siting approval and financing for a Regional Project. If additional contractual certainty is required, the Transmission Providers and Developers will use their best efforts to enter into such document(s) on an expedited basis, but this contract activity will not

delay the inclusion of the Regional Project in the Collaborative Transmission Plan.

9. **COST ALLOCATION ~~AND ACCESS TO ADDITIONAL TRANSMISSION CAPACITY~~ FOR REGIONAL PROJECTS**

9.1 OATT Cost Allocation

With the exception of "Regional Projects" nothing in this Attachment is intended to alter the cost allocation policies of the Tariff.

9.2 Costs Allocated to Transmission Providers Based on Determination of Relative Benefits

The Transmission Providers, who are identified in the enrollment process described in this Attachment, are the beneficiaries to whom costs of Regional Projects will be allocated. Cost allocations will be reflected in terms of a percentage of the relevant Transmission Revenue Requirement for a Regional Project being allocated to each Transmission Provider. ~~Order No. 1000 permits but does not require the Transmission Providers to designate different types of transmission facilities for purposes of cost allocation. Order No. 1000 requires that if there is a different cost allocation methodology for each type of transmission facility, there can be only one cost allocation method for each such type. Although the cost allocation approach for all three types of Regional Projects is identical — beneficiary pays based on relative share of benefits — the three cost allocation methodologies are distinguished based on the type of benefits considered.~~

~~9.3 Cost Allocation Framework Regional Project Proposals must identify the type of regional project being submitted: Reliability; Economic; Public Policy; or a combination of types. Such Regional Project Proposals shall include a proposal for allocating costs among the Transmission Providers that is aligned with the cost allocation methodologies determinations discussed in this Attachment. The OSC reviews such proposals pursuant to Section [8]. Generally, the NCTPC approach to cost allocation is intended to be implemented in a manner that is flexible and transparent, with decisions on cost allocation reached on a consensus basis. Transparency is achieved through open dialogue with the TAG participants and the written comment processes described in Section [8]. Flexibility is achieved, particularly as to Economic and Public Policy Regional Projects, by allowing the OSC (and TAG participants) to take into account a broad range of economic benefits or public policy benefits. Through this interactive and transparent NCTPC process, the originally proposed cost allocation may be adjusted from the time the Regional Project was proposed to the time the Regional Project is selected by the OSC.~~

9.3 9.4 Cost Allocation for Regional Reliability Projects

The cost allocation methodology for Regional Reliability Projects is based on an "avoided transmission cost benefits" approach. An avoided transmission cost benefit can be demonstrated by showing that a Regional Reliability Project is a more efficient and cost-effective transmission solution to meet the reliability needs of the Transmission Providers than the individual Transmission Providers' developing projects to meet such reliability needs on a stand-alone basis. The relative benefits will be measured by comparing the costs to Transmission Providers of the planned alternatives of each Transmission Provider. A 1.25 Benefit to Cost ratio must be demonstrated for Regional Projects.

The Benefit to Cost ratio calculation would be expressed: Total Cost of Transmission Avoided ÷ Cost of the Regional Project ≥ 1.25.

The avoided cost approach formula can be expressed as follow:

$$(\text{Transmission Provider}_x\text{'s Avoided Cost/Total Avoided Cost}) * \text{cost of Regional Reliability Project} = \text{Transmission Provider}_x\text{'s Cost Allocation}$$

$$(\text{Transmission Provider}_y\text{'s Avoided Cost/Total Avoided Cost}) * \text{cost of Regional Reliability Project} = \text{Transmission Provider}_y\text{'s Cost Allocation}$$

Note that the costs of a Regional Reliability Project may be allocated 100% to a single Transmission Provider but some portion of the Regional Reliability Project must be located in the footprint of the Transmission Provider whose allocation is 0%; otherwise the project would be a Local Project.

9.5 Cost Allocation for Regional Economic Projects

The cost allocation methodology for Regional Economic Projects is based on a “relative economic benefits” approach that considers economic benefits that will accrue to the LSEs in the Transmission Providers' service areas. An economic benefit is a benefit that reduces the overall cost of serving load in light of regulatory requirements regarding service to load. For example, economic benefits could be in the form of facilitating additional economic power transfers, alleviating transmission congestion, reducing transmission system losses, reserve sharing, etc. Costs will be allocated based on the relative share of the economic benefits accruing to LSEs in each of the Transmission Providers' service areas. A 1.25 ratio of such economic benefits to costs must be demonstrated for Regional Economic Projects.

9.6 Cost Allocation for Regional Public Policy Projects

The cost allocation methodology for Regional Public Policy Projects is based on a “relative public policy benefits” approach that considers public policy benefits that accrue to the LSEs in the Transmission Providers' service areas. A public policy benefit is a benefit that allows an entity subject to a public policy requirement to fulfill that requirement. For example, if the public policy involved the requirement to serve a percentage of load with a particular type of resource, the cost would be allocated to each Transmission Provider based on the extent to which LSEs in the service area will be able to access the resources enabled by the project in order to meet their public policy requirements. Costs would be allocated based on the relative share of the public policy benefits accruing to LSEs in each of the Transmission Providers' service areas. A 1.25 ratio of such public policy benefits to costs must be demonstrated for Regional Public Policy Projects.

9.7 Benefits Calculation for Regional Projects with Multiple Types of Benefits

It is recognized that there could be a Regional Project that may have benefits in more than one category, i.e. reliability, economic or public policy. The estimated benefits from each category will be considered in allocating the costs of such Regional Projects.

9.8 Incremental Transmission Capacity Created by Regional Projects

Access to any incremental transmission capacity created on the Transmission System of a Transmission Provider by a Regional Project will be determined in accordance with the Tariff.

10. REGIONAL PROJECT DEVELOPMENT

10.1 The NCTPC may delay, revise, or cancel a Regional Project included in the

Collaborative Transmission Plan if subsequent events result in a finding that the expected benefits of the Regional Project will be significantly different due to a change in circumstances. Decisions regarding such matters will take into account the current status of a Regional Project. The Non-Incumbent Developer Interconnection Agreement will address the issue of cost recovery in the event of a cancellation of a Regional Project after such agreement is executed.

10.2 Process if Developer Abandons a Regional Project

~~10.2.1~~ If a Regional ~~Reliability~~ Project is abandoned by a Developer, the impacted Transmission Providers may seek to complete the Regional Project (in accordance with all applicable laws and regulations) or to propose alternative projects (including non-transmission alternatives) that will ensure that ~~the~~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 Providers 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.

~~10.2.2 If an Economic or Public Policy Regional Project is abandoned, the NCTPC will provide notice to TAG participants and Developers may offer to step in and try and complete the project, subject to obtaining necessary regulatory approvals. Developers willing to offer to complete will submit the Developer Qualification Information set forth in this Attachment. If multiple Developers seek to complete project, a decision would be made by the OSC as to which Developer will be selected. The OSC would use a similar process as used in this Attachment for selecting Regional Projects in evaluating multiple Developer proposals.~~

10.3 Delays in Completion of Regional Project

The MOU and/or the Non-Incumbent Developer Interconnection Agreement will include a development schedule with specific Milestones. For Incumbent Developers, the Milestones will be set forth in a document in a form acceptable to the NCTPC.

10.3.1 Developers of Regional Projects will have an obligation to report delays in project development and construction of Regional Projects to the NCTPC on a Milestone-by-Milestone basis.

10.3.2 If a delay in the completion of a Regional ~~Reliability~~ Project potentially would cause a Registered Entity to violate a NERC Reliability Standard, the Registered Entity should inform the NCTPC as soon as it is aware of the possibility.

- 10.3.3 The NCTPC will reevaluate the regional transmission plan to determine if delays in the Regional Project require the evaluation of alternative solutions to ensure the relevant Registered Entity can meet its reliability needs or service obligations. The Registered Entity may pursue solutions within its footprint that will enable it to meet its reliability needs or service obligations. Delays in achieving Milestones can result in a Regional Project being cancelled.

11. DISPUTE RESOLUTION MECHANISM

11.1 NCTPC Process Disputes

- 11.1.1 The OSC voting structure allows the ITP to cast a tie breaking vote if necessary to decide on a particular issue.
- 11.1.2 A Transmission Provider has the right to reject an OSC decision if it believes that it would harm reliability.
- 11.1.3 Any NCTPC Participant or TAG participant has the right to seek assistance from the North Carolina Utilities Commission (NCUC) Public Staff to mediate an issue and render a non-binding opinion on any disputed decision.
- 11.1.4 If the Participants cannot resolve a disputed decision by NCUC Public Staff facilitation, they may seek review from a judicial or regulatory body that has jurisdiction.

11.2 Transmission Siting Disputes

- 11.2.1 The South Carolina Code of Laws Section 58, Chapter 33 addresses disputes involving utilities' transmission projects that require South Carolina authorization through the certificates of public convenience and necessity process.
- 11.2.2 NCUC Rule R8-62 addresses disputes involving utilities' transmission projects that require North Carolina authorization through the certificates of public convenience and necessity process.

11.3 Integrated Resource Planning Disputes

- 11.3.1 The NCUC allows public participation in and may hold hearings regarding matters related to integrated resource planning.

11.3.2 The South Carolina Public Service Commission allows public participation in and may hold hearings regarding matters related to integrated resource planning.

11.4 Tariff Disputes

11.4.1 The dispute resolution process provisions included in this Tariff apply to disputes involving compliance with the Commission's transmission planning obligations set forth in Order No. 890 and Order No. 1000. Any TAG participant, not just a TAG participant that is a Transmission Customer, may avail itself of the dispute resolution provision of the Tariff, as that process is modified below.

11.4.2 If a TAG participant has completed the negotiation step set forth in Section 12.1 of this Tariff, a TAG participant may ask to have the issue mediated on a non-binding basis before the next step (i.e., arbitration) commences. A request for mediation must be made within thirty days of the agreed-upon conclusion of the negotiation step. If the mediation step is concluded without resolution, the disputing party has thirty days to inform the Transmission Provider that it seeks to commence the arbitration step set forth in Section 12.2. If this mediation option is selected, the parties to the dispute will use the Commission's Dispute Resolution Service as the forum for mediation.

11.4.3 Matters over which the Commission does not have jurisdiction, including planning to meet retail native load of the Transmission Providers shall not be within the scope of the dispute resolution process of this Tariff.

12. COST ALLOCATION FOR PLANNING COSTS

12.1 NCTPC-Related Planning Costs

12.1.1 Each NCTPC Participant bears its own expenses.

12.1.2 TAG participants bear their own expenses.

12.1.3 The costs of the NCTPC base reliability studies are born by Duke and Progress.

12.1.4 Costs associated with incremental reliability studies, the ITP's costs, and the costs of the Economic Project Study Process are all allocated to

NCTPC Participants in the manner set forth in the *Participation Agreement*.

- 12.1.5 Pursuant to Section 4, costs associated with economic studies that are outside the scope of the Economic Project Study Process, will be borne by the study requestor.
- 12.1.6 NCTPC Participants may challenge the correctness of NCTPC cost allocations.
- 12.1.7 For the Transmission Providers, transmission planning costs are a routine cost-of-service item that would be reflected in both wholesale and retail transmission rates. There is no plan to allocate planning costs to customers, other than as described above, or as contemplated by this Tariff when a customer makes a specific request that must be studied.

12.2 Non-NCTPC-Related Planning Costs

Each Transmission Provider will bear its own costs of planning-related activities that are not occurring through the rubric of the NCTPC Planning Process, which costs may be recovered in rates, pursuant to the then-applicable ratemaking policies.

13. CONFIDENTIALITY

- 13.1 The Transmission Providers will take appropriate steps to protect CEII information, which is one form of Confidential Information.

13.2 Identification of Confidential Information

The confidentiality of information is determined in the first instance by a NCTPC Participant, Developer, or TAG participant providing the information. Examples of Confidential Information, other than CEII, include commercially sensitive information and customer-related information that is proprietary to a particular wholesale or retail customer. The NCTPC Participant, Developer, or TAG participant providing Confidential Information acknowledges that such Confidential Information may be released to the representatives of TAG participants that have abided by the procedures in Section [13.4.3]. If the information is Confidential Information only because it is CEII, the NCTPC Participant, Developer, or TAG participant should indicate that such information may be released to TAG participants eligible to receive CEII.

13.3 Availability of Confidential Information

- 13.3.1 The NCTPC Participants will mask all Confidential Information in documents that are released to the public.
- 13.3.2 Confidential Information will be made available, to the extent not prohibited by law or government policy, to the NCTPC Participants, as limited by the *Participation Agreement*. Each NCTPC Participant is restricted from sharing or giving access to Confidential Information with any employee, representative, and/or organization directly involved in the sale and/or resale of electricity in the wholesale electricity such that they do not receive preferential treatment or a competitive advantage.
- 13.3.3 TAG participants may be provided Confidential Information, in accordance with Section [9.4.3/9.4.413.4.3/13.4.4]. In cases where the information is Confidential Information only because it is CEII, the TAG participants may be provided such information in accordance with Section [9.4.413.4.4].

13.4 Obtaining Confidential Information

- 13.4.1 The ITP is tasked with ensuring that no marketing/brokering organizations receive preferential treatment or achieve competitive advantage through the distribution of any transmission-related information in the TAG.
- 13.4.2 The ITP ensures that the confidentiality of information principles reflected in Order Nos. 890 and 1000 as well as any Standards of Conduct or FERC affiliate rules requirements are being adhered to within the TAG process, to the extent applicable and/or necessary.
- 13.4.3 If a TAG participant seeks non-CEII Confidential Information, s/he must formally request the data from the ITP and demonstrate that s/he:
 - 13.4.3.1 Is a representative of a TAG Sector Entity that has signed the SERC Confidentiality Agreement or is an Individual that has signed the SERC Confidentiality Agreement.
 - 13.4.3.2 Is listed on Attachment A to a TAG Sector Entity's TAG Confidentiality Agreement as a representative of a TAG Sector Entity or is an Individual that has signed the TAG Confidentiality Agreement.
- 13.4.4 If a TAG participant seeks CEII, s/he must formally request the data from the ITP and demonstrate that s/he:

13.4.4.1 Is a representative of a TAG Sector Entity that has signed the SERC Confidentiality Agreement or is an Individual that has signed the SERC Confidentiality Agreement.

13.4.4.2 Is listed on Attachment A of a TAG Sector Entity's TAG Confidentiality Agreement as a representative of a TAG Sector Entity or is an Individual that has signed the TAG Confidentiality Agreement.

13.4.5 The NCTPC ITP will process the above requests, approve/deny the request, and if approved, provide the data to a TAG participant.

14. INTER-REGIONAL COORDINATION

The NCTPC will coordinate with other transmission systems primarily through Duke and Progress participating in SERC (as Transmission Planners), other inter-regional study groups, and bilateral agreements between Duke and/or Progress and transmission systems to which they are interconnected.

14.1 Coordination Activities Within SERC

Duke and Progress are members of the SERC Reliability Corporation (SERC) and coordinate with other SERC members registered as Transmission Planners. SERC is the entity responsible for promoting and improving the reliability, adequacy, and critical infrastructure of the bulk power supply systems in the area served by its member systems. SERC membership is open to any entity that is a user, owner, or operator of the Bulk-Power System and is subject to the jurisdiction of FERC for the purpose of complying with Reliability Standards. SERC membership is comprised of investor-owned, municipal, cooperative, state and federal systems, RTOs/ISOs, merchant electricity generators, and power marketers. SERC has in place various committees and subcommittees that perform the identified SERC functions, including the promotion of the reliability and adequacy of the bulk power system as related to the planning and engineering of the electric systems. The SERC committees are identified on SERC's website. The particular activities that are coordinated among the Transmission Planners include the creation of a SERC-wide model and the preparation of a simultaneous feasibility assessment, which are discussed in further detail below.

14.1.1 Regional Reliability Planning by Transmission Planners Located in SERC: A Transmission Planner's 10-year transmission expansion plan is the basis for models used for its own regional reliability planning process, such as the NCTPC, as well as serving as a Transmission Planner's input into the development of the SERC-wide model.

Substantive transmission planning occurs as Transmission Planners develop regional reliability transmission expansions plans through their regional planning process, such as the NCTPC. In this regard, the

reliability plan for each region is generally developed by determining the required 10-year transmission expansion plan to satisfy load, resources, and transmission service commitments throughout the 10-year reliability planning horizon. The development of each regional reliability plan is facilitated through the creation of transmission models (base cases) that incorporate the current 10-year transmission expansion plan, load projections, resource assumptions (generation, demand response, and imports), and transmission service commitments within the region. The transmission models also incorporate external regional models (at a minimum the current SERC models) that are developed using similar assumptions.

The transmission models created for use in developing the regional reliability 10-year transmission expansion plan are analyzed to determine if any planning criteria concerns are projected. In the event one or more planning criteria concerns are identified at the regional level, the relevant Transmission Planners will develop solutions for these projected limitations in accordance with the regional process to which they belong. As a part of this study process, the Transmission Planners, in accordance with the regional process to which they belong, will reexamine the current regional reliability 10-year transmission expansion plan (determined through the previous year's regional reliability planning process) to determine if the current plan can be optimized based on the updated assumptions and any new planning criteria concerns identified in the analysis. The optimization process may include the deletion and/or modification of any of the existing reliability transmission enhancements identified in the previous year's reliability planning process.

- 14.1.2 Coordination by Transmission Planners with Affected Regions: Once a planning criteria concern is identified and the optimization process identifies the potential solution (at the regional level), the Transmission Planner(s), here Duke and Progress, determine if any transmission system in another region is potentially impacted by the projected solution. Potentially impacted regions are then contacted to determine if there is a need for an inter-regional *ad hoc* coordinated study. In the event one or more neighboring regions agrees that they would be impacted by the projected limitation or identifies the potential for a superior inter-regional reliability solution, based on transmission enhancements in their current regional reliability plan, an inter-regional *ad hoc* coordinated study is initiated. In the event that no inter-regional impacts are identified, or if once contacted the potentially impacted regions(s) determine that they will not actually be impacted, the initiating Transmission Planner will move forward to conduct a reliability study to determine the solution for the projected planning criteria concern. In either case, once the study has been completed, the identified reliability transmission enhancements will then be

incorporated into the region's(s') 10-year transmission expansion plan as a reliability project.

14.1.3 SERC-Wide Reliability Assessment by Transmission Planners: After the transmission models are developed through the regional planning processes, the Transmission Planners within SERC create a SERC-wide transmission model and conduct a long-term reliability assessment. The intent of the SERC-wide reliability assessment is to determine if the different regional reliability transmission expansion plans are simultaneously feasible and to otherwise ensure that these regional processes are using consistent models and data. Additionally, the reliability assessment measures and reports the transfer capabilities between regions within SERC. The SERC-wide assessment serves as a valuable tool for each of the regions to reassess the need for additional inter-regional reliability joint studies.

14.1.4 Other Coordination Activities Within SERC

14.1.4.1 Transmission Model Development: SERC transmission models are developed by the Transmission Planners in SERC through an annual model development process. Each Transmission Planner in SERC, incorporating input from their regional planning process, develops and submits their 10-year transmission models to a model development databank. The databank then joins the models to create SERC-wide models for use in reliability assessment. Additionally, the SERC-wide models are then used in each regional planning process as an update (if needed) to the current transmission models and as a foundation (along with the MMWG models) for the development of next year's transmission models.

14.1.4.2 Additional Inter-Regional Reliability Joint Studies: As mentioned above, the SERC-wide reliability assessment serves as a valuable tool for the Transmission Planners, in accordance with their regional planning process, to reassess the need for additional inter-regional reliability joint studies. If the SERC-wide reliability model projects additional planning criteria concerns that were not identified in the regional reliability studies, then the impacted Transmission Planners may initiate one or more *ad hoc* inter-regional coordinated study(ies) (in accordance with existing Reliability Coordination Agreements) to better identify the planning criteria concerns and determine the optimal inter-regional reliability transmission enhancements to resolve the limitations. Once the study(ies) is completed,

required reliability transmission enhancements will be incorporated into the region's 10-year expansion plan as a reliability project. Accordingly, planning criteria concerns identified at the SERC-wide level are "pushed down" to the regional level for detailed resolution.

14.1.5 Stakeholder Participation in Planning and Coordination Activities:

Since the bulk of the reliability transmission planning occurs at the regional level as a "bottom up" process in the development of the various regions' 10-year transmission expansion plans, stakeholders in the NCTPC footprint may provide input into the coordination activities by participating in the NCTPC process and any other regional planning processes that they choose to participate in. Specifically, the 10-year transmission expansion plan developed in the NCTPC process described in this Attachment is the basis for Duke's and Progress' input into the SERC model development. As discussed in Sections 4 and 5, the TAG participants are provided a number of opportunities to review and comment on and allowed to propose alternatives concerning the development of this transmission expansion plan. The results of inter-regional coordination activities will be shared and discussed with TAG participants. If the results of coordination activities are to be shared at a TAG participant meeting, the meeting notice will indicate that such results will be shared and discussed and will either provide the results or indicate how the results can be obtained if the results include Confidential Information.

14.2 ERAG & SERC-RFC East Coordination Activities

- 14.2.1 SERC is a Member of the Eastern Interconnection Reliability Assessment Group (ERAG) along with the Florida Reliability Coordinating Council, Inc., the Midwest Reliability Organization, the Northeast Power Coordinating Council, Inc., ReliabilityFirst Corporation, and the Southwest Power Pool. ERAG augments the reliability of the bulk-power system through periodic reviews of generation and transmission expansion programs and forecasted system conditions within the regions served by ERAG members.
- 14.2.2 The Eastern Interconnection Reliability Assessment Group (ERAG) Multi-Regional Modeling Working Group (MMWG) administers the development of a library of power-flow base case models for the benefit of members.
- 14.2.3 The SERC-RFC East study group was established in 2006 and is a sub-group within the ERAG structure. Through the SERC-RFC East study group, coordination of plans, data and assumptions is achieved

between Tennessee Valley Authority, VACAR, and the transmission systems of the eastern portion of PJM.

14.3 VACAR Coordination Activities

- 14.3.1 The Transmission Providers both participate with Fayetteville, South Carolina Electric & Gas Company, South Carolina Public Service Authority, Dominion Virginia Power, and Alcoa Power Generating, Inc. in the VACAR Planning Task Force.
- 14.3.2 A VACAR contract agreement provides for coordination between the various entities within the VACAR region.
- 14.3.3 Duke and Progress will engage in studies of the bulk power supply system. VACAR typically analyzes the performance of their proposed future transmission systems based on five- or ten-year projections. VACAR studies are similar to those conducted for SERC, but are focused on the VACAR region, although VACAR coordinates with Southern and TVA under existing agreements.

14.4 Bilateral Coordination Activities

Through bilateral interconnection agreements or joint operating agreements with the interconnected transmission systems of American Electric Power, TVA, Southern Companies, PJM, Dominion, SCE&G, Santee Cooper, and Yadkin, Duke and Progress perform coordinated studies on an as-needed basis.

14.5 Southeast Inter-Regional Participation Process Activities

Duke and Progress have joined with a group of southeast utilities to develop the Southeast Inter-Regional Participation Process. This process provides valid stakeholders the ability to request economic studies that would be evaluated on an inter-regional basis. The framework for this process is provided in a document entitled "Southeast Inter-Regional Participation Process" which is attached as Appendix 1. The purpose of the Southeast Inter-Regional Participation Process is to facilitate the development of inter-regional economic planning studies.

- 14.5.1 Stakeholder Participation Through the SIRPP: As shown on the Southeast Inter-Regional Participation Process Diagram contained in Appendix 1, the particular activity that the SIRPP sponsors coordinate is the preparation of the inter-regional Economic Planning Studies addressed in Appendix 1. In addition, the SIRPP sponsors will review with stakeholders the data, assumptions, and assessment that are then being conducted on a SERC-wide basis at the following SIRPP meetings: the 1st Inter-Regional Stakeholder Meeting; the 2nd

Inter-Regional Stakeholder Meeting; and the 3rd Inter-Regional Stakeholder Meeting.

14.6 Timelines and Milestones

The general timelines and milestones for the performance of both the reliability planning and coordination activities are provided in Appendix 2.

15. INTEGRATED RESOURCE PLANNING

In addition to the NCTPC Process, the Transmission Providers must abide by state laws regarding Integrated Resource Planning (IRP). The information provided below is intended to assist persons who may want to participate in state IRP and siting proceedings.

15.1 North Carolina

The NCUC analyzes the probable growth in the use of electricity and the long-range need for future generating capacity in North Carolina. Duke and Progress annually furnish the NCUC a report of their respective resource plans, which contain a 15-year forecast of loads and generating capacity. The report describes all generating facilities and known transmission facilities with operating voltage of 161 kV or more which, in the judgment of the utility, will be required to supply system demands during the 15-year forecast period. Such filings must include a section containing a comprehensive analysis of their Demand-Side Management (DSM) plans and activities.

15.2 South Carolina

Section 58-37-40 of the South Carolina Code of Laws requires that all electrical utilities prepare integrated resource plans and submit them to the State Energy Office. The plans must be submitted every three years and must be updated on an annual basis. For electrical utilities subject to the jurisdiction of the SC PSC, submission of the IRP plans required by the SC PSC (which similarly are submitted triennially and updated at least annually) constitutes compliance with the state law. The SC PSC requires that the plans submitted cover 15 years and evaluate the cost effectiveness of supply-side and demand-side options in an economic and reliable manner that considers relevant costs and benefits.

16. SUB-LOCAL PLANNING

The Transmission Providers coordinate with their network and native load customers to ensure adequate and reliable electric service to all points of delivery within their control areas. The focus of the NCTPC is planning higher-voltage facilities and transfers of bulk power and thus "sub-local planning" focuses on lower-voltage facilities and the delivery of energy to customer

locations. Customer meetings may be held, when necessary, to discuss the respective plans of the customer and the provider and how such plans impact local areas. Any sub-local area plans developed by a Transmission Provider are rolled into the power system models of the transmission providers and these models subsequently roll up to the NCTPC transmission models. The same data and assumptions would be used in sub-local planning as are used in the NCTPC Process.

Appendix 1

Southeast Inter-Regional Participation Process

Introduction:

In an effort to more fully address the regional participation principle outlined in the Order 890 Attachment K Tariff requirements and the related guidance contained in the FERC Transmission Planning Process Staff White Paper (dated August 2, 2007), this Southeast Inter-Regional Participation Process expands upon the existing processes for regional planning in the Southeast. This document outlines an inter-regional process among various Southeastern interconnected transmission owners. The inter-regional process described herein is incorporated into each Participating Transmission Owner's¹ planning process and OATT Attachment K (for those transmission owners that have a regulatory requirement to file an Attachment K).

Purpose:

This inter-regional process complements the regional planning processes developed by the Participating Transmission Owners in the Southeast. For the purpose of this document, the term "Southeast Inter-Regional Participation Process" ("SIRPP") is defined as a new process to more fully address the regional participation principle of Order 890 for multiple transmission systems in the Southeast. The term "Regional Planning Processes" refers to the regional transmission planning processes a Transmission Owner has established within its particular region for Attachment K purposes. Importantly, the Economic Planning Studies discussed herein are hypothetical studies that do not affect the transmission queue for purposes of System Impact Studies, Facilities Studies, or interconnection studies performed under other portions of the OATT.

Current Inter-Regional Planning Process:

Each Southeastern transmission owner currently develops a transmission plan to account for service to its native load and other firm transmission service commitments on its transmission system. This plan development is the responsibility of each transmission planner individually and does not directly involve the Regional Reliability Organization (e.g., SERC). Once developed, the Participating Transmission Owners collectively conduct inter-regional reliability transmission assessments, which include the sharing of the individual transmission system plans, providing information on the assumptions and data inputs used in the development of those plans and assessing whether the plans are simultaneously feasible.

Participating Transmission Owners:

Due to the additional regional planning coordination principles that have been announced in Order 890 and the associated Transmission Planning White Paper, several transmission owners have agreed to provide additional transmission planning coordination, as further described in this document. The "Participating Transmission Owners" are listed on the SIRPP website (<http://www.southeastirpp.com>).

Southeast Inter-Regional Participation Process:

¹ The sponsors of the Southeast Inter-Regional Participation Process are referred to as transmission owners, rather than transmission providers, because not all of the sponsors are "Transmission Providers" for purposes of the *pro forma* OATT.

The Southeast Inter-Regional Participation Process is outlined in the attached diagram. As shown in that diagram, this process will provide a means for conducting stakeholder requested Economic Planning Studies across multiple interconnected systems. In addition, this process will build on the current inter-regional, reliability planning processes required by existing multi-party reliability agreements to allow for additional participation by stakeholders.

The established Regional Planning Processes outlined in the Participating Transmission Owners' Attachment Ks will be utilized for collecting data, coordinating planning assumptions, and addressing stakeholder requested Economic Planning Studies internal to their respective regions. The data and assumptions developed at the regional level will then be consolidated and used in the development of models for use in the Inter-Regional Participation Process. This will ensure consistency in the planning data and assumptions used in local, regional, and inter-regional planning processes.

These established Attachment K processes may also serve as a mechanism to collect requests for inter-regional Economic Planning Studies by a participant's stakeholders group. The Economic Planning Studies requested through each participant's Attachment K process that involve impacts on multiple systems between Regional Planning Processes will be consolidated and evaluated as part of the Southeast Inter-Regional Participation Process. Stakeholders will also be provided the opportunity to submit their requests for inter-regional Economic Planning Studies directly to the Inter-Regional process.

The Participating Transmission Owners recognize the importance of coordination with neighboring (external) planning processes. Therefore, seams coordination will take place at the regional level where external regional planning processes adjoin the Southeast Inter-Regional Participation Process (e.g. Southeastern Regional Planning Process coordinating with FRCC Regional Planning Process, Entergy coordinating with SPP, TVA coordinating with MISO and PJM, and the North Carolina Transmission Planning Collaborative coordinating with PJM). External coordination is intended to include planning assumptions from neighboring processes and the coordination of transmission enhancements and stakeholder requested Economic Planning Studies to support the development of simultaneously feasible transmission plans both internal and external to the Southeast Inter-Regional Participation Process.

With regard to the development of the stakeholder requested inter-regional Economic Planning Studies, the Participating Transmission Owners will each provide staff (transmission planners) to serve on the study coordination team. The study coordination team will lead the development of study assumptions (and coordinate with stakeholders, as discussed further below), perform model development, and perform any other coordination efforts with stakeholders and impacted external planning processes. During the study process, the study coordination team will also be responsible for performing analysis, developing solution options, evaluating stakeholder suggested solution options, and developing a report(s) once the study(ies) is completed. Once the study(ies) is completed, the study coordination team will distribute the report(s) to all Participating Transmission Owners and the stakeholders.

With regard to coordinating with stakeholders in the development of the inter-regional Economic Planning Study(ies), in each cycle of the Southeast Inter-Regional Participation Process, the Participating Transmission Owners will conduct three inter-regional stakeholder meetings. The information to be discussed at such meetings will be made available in final draft form for stakeholder review prior to any such meeting by posting on the SIRPP website and/or e-mails to SIRPP Stakeholder Group ("SIRPPSG") members. The Participating Transmission

Owners will use reasonable efforts to make such information available at least 10 calendar days prior to the particular meeting. The Participating Transmission Owners will conduct the "1st Inter-Regional Stakeholder Meeting", as shown in the attached diagram. At this meeting, a review of all of the Economic Planning Study(ies) submitted through the participants' Regional Planning Processes or directly to the Inter-Regional process, along with any additional Economic Planning Study requests that are submitted at this 1st meeting, will be conducted. During this meeting, the stakeholders will select up to five studies that will be evaluated within the planning cycle. The study coordination team will coordinate with the stakeholders regarding the study assumptions underlying the identified stakeholder requested inter-regional Economic Planning Study(ies). Through this process, stakeholders will be provided an opportunity to comment and provide input regarding those assumptions. Following that meeting, and once the study coordination team has an opportunity to perform its initial analyses of the inter-regional Economic Planning Study(ies), the Participating Transmission Owners will then conduct the "2nd Inter-Regional Stakeholder Meeting." At this meeting, the study coordination team will review the results of such initial analysis, and stakeholders will be provided an opportunity to comment and provide input regarding that initial analysis. The study coordination team will then finalize its analysis of the inter-regional study(ies) and draft the Economic Planning Study(ies) report(s), which will be presented to the stakeholders at the "3rd Inter-Regional Stakeholder Meeting." Stakeholders will be provided an opportunity to comment and provide input regarding the draft report(s). Subsequent to that meeting, the study coordination team will then finalize the report(s), which will be issued to the Participating Transmission Owners and stakeholders.

In addition to performing inter-regional Economic Planning Studies, the Southeast Inter-Regional Participation Process will also provide a means for the Participating Transmission Owners to review, at the Southeast Inter-Regional Participation Process stakeholder meetings, the regional data, assumptions, and assessments that are then being performed on an inter-regional basis.

Southeast Inter-Regional Participation Process Cycle:

The Southeast Inter-Regional Participation Process will be performed annually. Due to the expected scope of the requested studies and size of the geographical region encompassed, the Participating Transmission Owners will perform up to five (5) inter-regional Economic Planning Studies annually, which could encompass both Step 1 and Step 2 evaluations. A Step 1 evaluation will consist of a high level screen of the requested transfer and will be performed during a single year's planning cycle. The high level screen will identify transfer constraints and likely transmission enhancements to resolve the identified constraints. The Participating Transmission Owners will also provide approximate costs and timelines associated with the identified transmission enhancements to facilitate the stakeholders' determination of whether they have sufficient interest to pursue a Step 2 evaluation. Once a Step 1 evaluation has been completed for a particular transfer, the stakeholders have the option to request a Step 2 evaluation for that transfer to be performed during the subsequent year's Inter-Regional Participation Process Cycle. If the stakeholders opt to not pursue Step 2 evaluation for the requested transfer during the subsequent year's Inter-Regional Participation Process Cycle, an Economic Planning Study of that request may be re-evaluated in the future by being submitted for a new Step 1 evaluation. In the event that the stakeholders request a Step 2 evaluation, the Participating Transmission Owners will then perform additional analysis, which may include additional coordination with external processes. The Participating Transmission Owners will then develop detailed cost estimates and timelines associated with the final transmission

enhancements. The Step 2 evaluation will ensure that sufficient coordination can occur with stakeholders and among the impacted Participating Transmission Owners. In addition, the Step 2 evaluation will provide sufficient time to ensure that the inter-regional study results are meaningful and meet the needs of the stakeholders.

It is important to note that the Participating Transmission Owners expect that a Step 2 evaluation will be completed prior to interested parties requesting to sponsor transmission enhancements identified in an Economic Planning Study. However, the Participating Transmission Owners will work with stakeholders if a situation develops where interested parties attempt to sponsor projects identified in a Step 1 evaluation and there is a compelling reason (e.g., where time is of the essence).

Inter-Regional Cost Allocation:

The cost allocation for Inter-Regional Economic Upgrade projects will be determined in accordance with the cost allocation principle adopted by each Participating Transmission Owner's Regional Planning Process in which each portion of the construction of such upgrades would occur. The cost allocation principle for each SIRPP Regional Planning Process is posted on the SIRPP website. Typically, since Inter-Regional Economic Upgrade projects will likely consist of improvements that will be physically located in the footprints of multiple Regional Planning Processes, this approach means the cost allocation for each part of the Inter-Regional Economic Upgrade project or each project within a set of projects will be governed by the cost allocation principle adopted by the Regional Planning Process in which that part of the project or set is physically located. For example, should an Inter-Regional Economic Upgrade project consist of a single, 100 mile 500 kV transmission line, with 30 miles physically located in Regional Planning Process "A" and the remaining 70 miles located in Regional Planning Process "B," then the cost allocation for the 30 miles of 500 kV transmission line located in Regional Planning Process "A" would be governed by that Regional Planning Process' cost allocation principle, and the cost allocation for the other 70 miles of 500 kV transmission line would be governed by the cost allocation principle of Regional Planning Process "B." Should an Inter-Regional Economic Upgrade project be physically located entirely within one Regional Transmission Planning process, the costs of the project would be governed by that region's cost allocation principle.

Inter-Regional Coordination of Economic Transmission Project Development:

Once an Economic Planning Study report has been finalized, multiple stakeholders may be interested in jointly participating in the project development. An Inter-Regional process addressing each such economic upgrade request will be developed that will formalize the process of determining if there is sufficient stakeholder interest to pursue economic project development and the coordination that will be required of the impacted Transmission Owners to support this process. The Participating Transmission Owners and the stakeholders will support this process development activity beginning in 2008.

Stakeholder Participation in the Southeast Inter-Regional Participation Process:

Purpose

The purpose of the Southeast SIRPPSG is to provide a structure to facilitate the stakeholders' participation in the Southeast Inter-Regional Participation Process. Importantly, the SIRPPSG shall have the flexibility to change the "Meeting Procedures" section discussed below but cannot

change the Purpose, Responsibilities, Membership, or Data and Information Release Protocol sections absent an appropriate filing with (and order by) FERC to amend the OATT.

Responsibilities

In general, the SIRPPSG is responsible for working with the Participating Transmission Owners on Inter-Regional Economic Planning Study requests so as to facilitate the development of such studies that meet the goals of the stakeholders. The specific responsibilities of this group include:

1. Adherence to the intent of the FERC Standards of Conduct requirements in all discussions.
2. Develop the SIRPPSG annual work plan and activity schedule.
3. Propose and select the Economic Planning Study(ies) to be evaluated (five annually).
 - a. Step 1 evaluations
 - b. Step 2 evaluations
4. The SIRPPSG should consider clustering similar Economic Planning Study requests. In this regard, if two or more of the Economic Planning Study requests are similar in nature and the Participating Transmission Owners conclude that clustering of such requests and studies is appropriate, the Participating Transmission Owners may, following communications with the SIRPPSG, cluster those studies for purposes of the transmission evaluation.
5. Provide timely input on the annual Economic Planning Study(ies) scope elements, including the following:
 - a. Study Assumptions, Criteria and Methodology
 - b. Case Development and Technical Analysis
 - c. Problem Identification, Assessment and Development of Solutions (including proposing alternative solutions for evaluation)
 - d. Comparison and Selection of the Preferred Solution Options
 - e. Economic Planning Study Results Report.
6. Providing advice and recommendations to the Participating Transmission Owners on the Southeast Inter-Regional Participation Process.

Membership

The SIRPPSG membership is open to any interested party.

Meeting Procedures

The SIRPPSG may change the Meeting Procedures criteria provided below pursuant to the voting structure in place for the SIRPPSG at that time. The currently effective Meeting Procedures for the SIRPPSG shall be provided to the Participating Transmission Owners to be posted on the SIRPP website and shall become effective once posted on that website (<http://www.southeastirpp.com>), which postings shall be made within a reasonable amount of time upon receipt by the Transmission Owners. Accordingly, the following provisions contained under this Meeting Procedures heading provide a starting-point structure for the SIRPPSG, which the SIRPPSG shall be allowed to change.

Meeting Chair

A stakeholder-elected member of the SIRPPSG will chair the SIRPPSG meetings and serve as a facilitator for the group by working to bring consensus within the group. In addition, the duties of the SIRPPSG chair will include:

1. Developing mechanisms to solicit and obtain the input of all interested stakeholders related to inter-regional Economic Planning Studies.
2. Ensuring that SIRPPSG meeting notes are taken and meeting highlights are posted on the SIRPP website (<http://www.southeastirpp.com>) for the information of the participants after all SIRPPSG meetings.

Meetings

Meetings of the SIRPPSG shall be open to all SIRPPSG members interested in inter-regional Economic Planning Studies across the respective service territories of the Participating Transmission Owners. There are no restrictions on the number of people attending SIRPPSG meetings from any interested party.

Quorum

Since SIRPPSG membership is open to all interested parties, there are no quorum requirements for SIRPPSG meetings.

Voting

In attempting to resolve any issue, the goal is for the SIRPPSG to develop consensus solutions. However, in the event consensus cannot be reached, voting will be conducted with each SIRPPSG member's organization represented at the meeting (either physically present or participating via phone) receiving one vote. The SIRPPSG chair will provide notices to the SIRPPSG members in advance of the SIRPPSG meeting that specific votes will be taken during the SIRPPSG meeting. Only SIRPPSG members participating in the meeting will be allowed to participate in the voting (either physically present or participating via phone). No proxy votes will be allowed. During each SIRPP cycle, the SIRPPSG members will propose and select the inter-regional Economic Planning Studies that will be performed during that particular SIRPP cycle. The SIRPPSG will annually select up to five (5) inter-regional Economic Planning Studies, including both Step 1 evaluation(s) and any Step 2 evaluations, with any such Step 2 evaluations being performed for the previous year's Step 1 studies for the pertinent transfers. Each organization represented by their SIRPPSG members will be able to cast a single vote for up to five Economic Planning Studies that their organization would like to be studied within the SIRPP cycle. If needed, repeat voting will be conducted until there are clear selections for the five Economic Planning Studies to be conducted.

Meeting Protocol

In the absence of specific provisions in this document, the SIRPPSG shall conduct its meetings guided by the most recent edition of *Robert's Rules of Order, Newly Revised*.

Data and Information Release Protocol

SIRPPSG members can request data and information that would facilitate their ability to replicate the SIRPP inter-regional Economic Planning studies while ensuring that CEII and other confidential data is protected.

CEII Data and Information

SIRPPSG members may be certified to obtain CEII data used in the SIRPP by following the confidentiality procedures posted on the SIRPP website (e.g., making a formal request for CEII, authorizing background checks, executing the SIRPP CEII Confidentiality Agreement, etc.). The SIRPP Participating Transmission Owners reserve

the discretionary right to waive the certification process, in whole or in part, for anyone that the SIRPP Participating Transmission Owners deem appropriate to receive CEII. The SIRPP Participating Transmission Owners also reserve the discretionary right to reject a request for CEII; upon such rejection, the requestor may pursue the SIRPP dispute resolution procedures set forth below.

Non-CEII Confidential Information

The Participating Transmission Owners will make reasonable efforts to preserve the confidentiality of information that is confidential but not CEII in accordance with the provisions of the Tariff and the requirements of (and/or agreements with), NERC and/or SERC as well as agreements with the other Participating Transmission Owners and any other contractual or legal confidentiality requirements.

Without limiting the applicability of the foregoing, to the extent confidential non-CEII information is provided in the transmission planning process and is needed to participate in the transmission planning process and/or to replicate transmission planning studies, it will be made available to those SIRPPSG members who have executed the SIRPP Non-CEII Confidentiality Agreement, which is posted on the SIRPP website. Importantly, if information should prove to contain both confidential and non-CEII information and CEII, then the requirements of both this section and the previous section would apply.

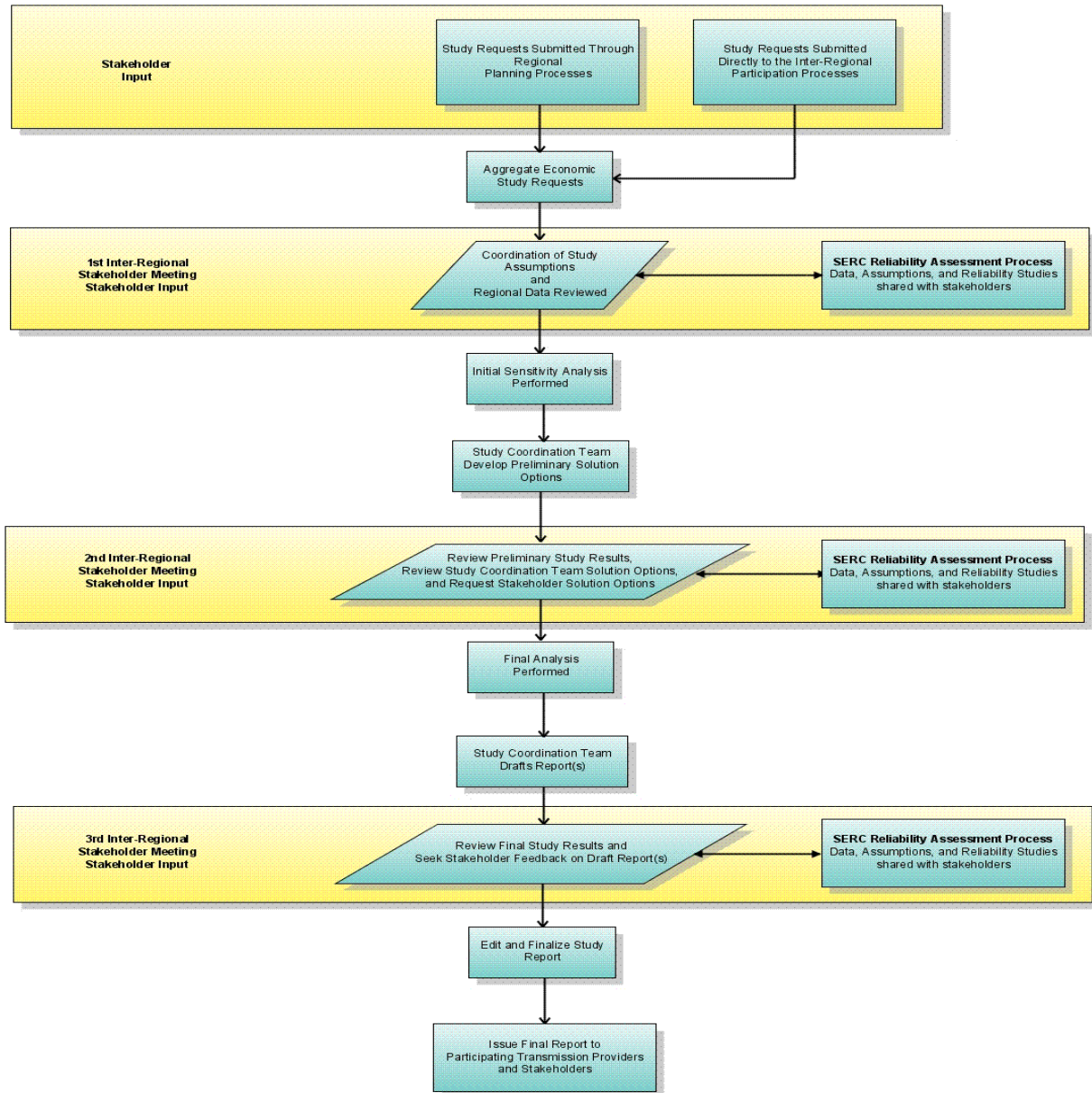
Dispute Resolution

Any procedural or substantive dispute between a stakeholder and a Participating Transmission Owner that arises from the SIRPP will be addressed by the Participating Transmission Owner's dispute resolution procedures in its respective Regional Planning Process. In addition, should the dispute only be between stakeholders with no Participating Transmission Owner involved (other than its ownership and/or control of the underlying facilities), the stakeholders will be encouraged to utilize the Commission's alternative means of dispute resolution.

Should dispute resolution proceedings be commenced in multiple Regional Planning Processes involving a single dispute among multiple Participating Transmission Owners, the affected Participating Transmission Owners, in consultation with the affected stakeholders, agree to use reasonable efforts to consolidate the resolution of the dispute such that it will be resolved by the dispute resolution procedures of a single Regional Planning Process in a single proceeding. If such a consensus is reached, the Participating Transmission Owners agree that the dispute will be addressed by the dispute resolution procedures of the selected Regional Transmission Planning Process.

Nothing herein shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

Southeast Inter-Regional Participation Process Diagram:



[Appendix 2 has to be redone]

Appendix 3

Sector Voting Example

The example below illustrates the TAG Sector Voting Process. For purposes of explaining the example, we assume that the General Public (GP) Sector has 10 Individuals present. In addition to the 10 Individuals, there are 17 other TAG Sector Entities present, spread across four TAG Sectors (Cooperative LSEs (Coop LSE); Municipal LSEs (Muni LSE); Investor-Owned LSEs (IOU LSE); and Transmission Customers (TC)). These 17 TAG Sector Entities may each have several TAG participants present but only one may vote in one sector. Each Individual and TAG Sector Entity casts their vote, which vote is then weighted based on the number of persons/entities voting in the TAG Sector of which they are a member. E.g., since there are six Coop LSEs is present, each Coop LSE's vote is worth $1.00/6$ or $.166$ (see Columns 4 and 5 for weighted vote). As the final step, the votes are weighted again, based on the number of TAG Sectors present. With five TAG Sectors present, each Sector Yes Vote and Sector No Vote is multiplied by $1.00/5 = .20$. The weighted total is reported in columns 6 and 7. In the example, the No votes have won $.53$ to $.47$.

Column	1	2	3	4	5	6	7
Sector	No. of Voters	Yes Votes	No Votes	Sector Yes Vote	Sector No Vote	Weighted Sector Yes	Weighted Sector No Vote
Coop LSE	6	6	0	1.00	0	.20	0
Muni LSE	8	2	6	.25	.75	.05	.15
IOU LSE	2	1	1	.50	.50	.10	.10
TP/TO	0	0	0	0	0	0	0
TCs	1	0	1	0	1.00	0	.20
GICs	0	0	0	0	0	0	0
ECs	0	0	0	0	0	0	0
GP	10	6	4	.60	.40	.12	.08
Total Vote						0.47	0.53

Document comparison by Workshare Professional on Friday, September 07, 2012 8:32:11 AM

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Description	#2606298v1<DC> - Attachment N September 6 2012
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Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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Moved to	0
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