

## ATTACHMENT N-1

### TRANSMISSION PLANNING PROCESS (Progress Zone and Duke Zone)

#### 1. INTRODUCTION

Duke Energy Carolinas, LLC (Duke) and Duke Energy Progress, Inc. (Progress) (sometimes referred to individually as "Company" and collectively "Companies"), entities 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 local transmission planning requirements imposed by Order Nos. 890 and 1000 through the process developed by the North Carolina Transmission Planning Collaborative (NCTPC Process or Local Planning 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).

The Companies ensure that their Transmission Systems are planned in accordance with the regional planning requirements imposed by Order No. 1000 through participation in the Southeastern Regional Transmission Planning Process (SERTP or SERTP Process).

In addition to engaging in local transmission planning through the NCTPC Process and regional transmission planning through the SERTP Process, as discussed in Section 11, the Companies engage in additional coordination activities with transmission providers located inside and outside their region. Such activities include participation in SERC, which focuses on reliability assessments. Duke and Progress participate in the Southeast Inter-Regional Participation Process (Appendix 1), which focuses on economic studies.

#### PART I -- LOCAL PLANNING PROCESS

#### 2. NCTPC PROCESS OVERVIEW INCLUDING THE PROCESS FOR CONSULTING WITH TAG PARTICIPANTS

The NCTPC will annually develop a single, coordinated local transmission plan (Local 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.

- 2.1 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/>).
- 2.2 The NCTPC Process is summarized in a document entitled *North Carolina Transmission Planning Collaborative Process* that is located on the NCTPC

Website.

## 2.3 Participation in the NCTPC

2.3.1 Pursuant to the *Participation Agreement*, the NCTPC has three components: the Oversight/Steering Committee (OSC), the Planning Working Group (PWG), and the Transmission Advisory Group (TAG).

2.3.2 Eligibility for participation in the three NCTPC components is as follows:

2.3.2.1 The appointment of OSC members by the NCTPC Participants is governed by the *Participation Agreement*. 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.

2.3.2.2 The appointment of PWG members by the NCTPC Participants is governed by the *Participation Agreement*. 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.

2.3.2.3 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.

## 2.4 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.

### 2.4.1 Oversight/Steering Committee

2.4.1.1 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*.

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

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

#### 2.4.2 Planning Working Group

2.4.2.1 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*.

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

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

#### 2.4.3 Transmission Advisory Group

2.4.3.1 The purpose of the TAG is to provide advice and recommendations to the NCTPC Participants to aid in the development of an annual Local Transmission Plan. The TAG participants may propose economic studies for evaluation as described in Section 4.2.2 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 Local 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); Comparison and Selection of the Preferred Transmission Plan; and the Local Transmission Plan Report. A full list of the TAG's responsibilities is found in *Scope - Transmission Advisory Group*, which is located on the NCTPC Website.

2.4.3.2 The OSC chair 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 OSC chair will provide notice to the TAG participants in advance of the TAG meeting that specific votes will be taken during the TAG meeting.

2.4.3.3 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.

2.4.4 TAG Sector Voting Process.

2.4.4.1 In order for a TAG participant to participate in the TAG Sector Voting Process, the TAG participant must have registered with the Companies 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 Companies: 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.

2.4.4.2 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.

2.4.4.3 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); Transmission Providers/Transmission Owners (that are not LSEs in the NCTPC footprint); Transmission Customers (a customer taking Transmission Service from at least one Company in the NCTPC); Generator Interconnection Customers (a customer taking FERC- or state-jurisdictional generator interconnection service from at least one of the Companies 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.

- 2.4.4.4 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.
- 2.4.4.5 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.

## 2.5 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.

### **3. NOTICE PROCEDURES, MEETINGS, AND PLANNING-RELATED COMMUNICATIONS**

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

#### 3.1 Notice

3.1.1 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.

3.1.2 Information about signing up to be a TAG participant and to receive email communications is posted on the NCTPC Website.

3.1.3 The OSC will publish highlights of its meetings on the NCTPC Website.

#### 3.2 Location

3.2.1 The location of an OSC or PWG meeting will be determined by the component.

3.2.2 The location of a TAG meeting will be determined by the OSC.

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

#### 3.3 Meeting Protocols

##### 3.3.1 OSC

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

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

3.3.1.3 OSC meetings are open to the OSC members, their alternates, PWG members, and, if approved, guests.

##### 3.3.2 PWG

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

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

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

3.3.3 TAG

3.3.3.1 TAG meetings are chaired and facilitated by the OSC chair.

3.3.3.2 The TAG generally meets four times a year.

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

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

#### **4. DESCRIPTION OF THE LOCAL PLANNING PROCESS**

The NCTPC Process is a coordinated local transmission planning process. The entire, iterative process ultimately results in a single Local Transmission Plan that appropriately balances the costs, benefits and risks associated with the use of transmission, generation, and demand-side resources. The Local Transmission Plan will identify local transmission projects (Local Projects). A Local Project is defined as a transmission facility located solely within the NCTPC footprint.

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.

##### **4.1 Overview of Local Planning Process**

The Local Planning Process addresses transmission upgrades needed to maintain reliability and to integrate new generation resources and/or loads. The Local Planning Process includes a base reliability study (base case) that evaluates each Transmission System's ability to meet projected load with a defined set of resources as well as the needs of firm point-to-point customers, whose needs are reflected in their transmission

contracts and reservations. A resource supply analysis also is conducted to evaluate transmission system impacts for other potential resource supply options to meet future load requirements. The final results of the Local Planning Process include summaries of the estimated costs and schedules to provide any transmission upgrades and/or additions needed to maintain a sufficient level of reliability necessary to serve customers. Throughout the Reliability Planning Process, TAG participants (including TAG participants representing transmission solutions, generation solutions, and solutions utilizing demand resources) may participate.

The following are the steps in the Local Planning Processes

- 4.1.1 Each year, the OSC will initiate the process to develop the annual Local Transmission Plan.
  - 4.1.2 The OSC will provide notice of the commencement of the process to develop the annual Local Transmission Plan via e-mail to the TAG and posts a notice on the NCTPC Website.
  - 4.1.3 The process will allow for flexibility to make modifications to the development of the Local Transmission Plan throughout the year as needs change, new needs arise, or new solutions to problems are identified.
  - 4.1.4 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 Section 5, 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.
- 4.2 Overview of Local Economic Study Process
- 4.2.1 The Local Economic Study Process is the process that allows the TAG participants to propose economic upgrades to be studied as part of the Local Planning Process. The Local Economic Study Process evaluates the means to increase transmission access to potential supply resources inside and outside the Control Areas of the Companies. This economic analysis provides the opportunity to study what transmission upgrades would be required to reliably integrate new resources.
  - 4.2.2 The Local 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 a Regional or Inter-Regional nature. The OSC will direct the TAG participants to submit the Regional study



requests to the SERTP and the Inter-Regional study requests to the Southeast Inter-Regional Participation Process since those studies would have to be evaluated within those fora. Throughout the Local Economic Study Process, TAG participants (including TAG participants representing transmission solutions, generation solutions, and solutions utilizing demand resources) may participate.

4.2.2.1 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 footprint, but are not Regional or Inter-Regional in nature, the TAG participants will select a maximum of three 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 three scenarios be combined or clustered.

4.2.2.2 There will be no charge to the TAG participants for the three 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.

4.2.2.3 The final results of the Local Economic Study Process include the estimated costs and schedules to provide the increased transmission capabilities. The Local Economic Study Process results are reviewed and discussed with the TAG participants.

#### 4.3 Overview of Process to Identify If Any Public Policies Exist that Drive Local Transmission Needs.

4.3.1 Each year, the OSC will determine if there are any public policies driving the need for local transmission.

4.3.1.1 The OSC will seek input (e.g. written comments) prior to the first TAG meeting of the Local Planning Process cycle (TAG Meeting 1) from TAG participants, asking that they identify any public policies that are driving the need for local transmission, pursuant to the criteria below.

4.3.1.2 The OSC may itself identify public policies that are driving the need for Local Projects.

- 4.3.1.3 There will be a discussion at the TAG Meeting 1 as to whether there are public policies that are driving the need for Local Projects.
- 4.3.2 Criteria for determining if public policy drives local transmission need.
  - 4.3.2.1 Public policy must be reflected in state, federal, or local law or regulation (including order of a state, federal, or local agency).
  - 4.3.2.2 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.
- 4.3.3 The OSC will issue a decision as to whether any public policies are driving local transmission needs within two weeks of TAG Meeting 1 and post such determination on the NCTPC Website. If one or more public policies are identified as driving local transmission needs, the NCTPC will consider solutions to those needs and TAG participants may suggest 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.

**5. CRITERIA, ASSUMPTIONS, AND DATA UNDERLYING THE LOCAL TRANSMISSION PLAN AND METHOD OF DISCLOSURE OF LOCAL TRANSMISSION PLANS AND STUDIES**

5.1 Study Assumptions

- 5.1.1 The PWG will select the study assumptions for the analysis based on direction provided by the OSC.
- 5.1.2 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.
- 5.1.3 The study assumptions shall be set forth in an annual *Study Scope Document*.
- 5.1.4 The Companies 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.

- 5.1.5 The Companies will also develop the necessary change case models as required to evaluate different resource supply scenarios and local economic project 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 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.

## 5.2 Study Criteria

- 5.2.1 The PWG establishes the planning criteria by which the study results will be measured, in accordance with NERC and SERC Reliability Standards and individual Company criteria. TAG participants may review and comment on the planning criteria.
- 5.2.2 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.

## 5.3 Data Collection and Case Development

- 5.3.1 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.

- 5.3.2 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; and

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

- 5.3.3 The Companies collect the necessary planning data and information that are not already in their possession. One element of this data collection process will be the annual collection of data from Network Customers required by this Tariff. 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.
- 5.3.4 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.
- 5.3.5 Transmission Customers should provide the Companies 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 Company's ability to provide service. Network customers may provide revised versions of previously submitted annual data reporting forms.
- 5.3.6 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 local economic projects, such as predicted future point-to-point transmission uses, as submitted by the TAG participants.
- 5.3.7 The Case Development details will be identified in the annual *Study Scope Document*.
- 5.3.8 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 OSC Vice-Chair, who will verify that confidentiality requirements described in Section 9 have been met before providing such information.

#### 5.3.9 Status Reports

The Companies will provide a written report on the status of the Local Projects presented in the previous Local 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 Company(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 second TAG meeting of the planning cycle (TAG Meeting 2). Cost estimates for Local Projects will also be updated at this time.

#### 5.4 Methodology

5.4.1 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.

#### 5.5 Technical Analysis and Study Results

5.5.1 The PWG performs the technical analysis in accordance with the OSC approved study methodology and produces the study results.

5.5.2 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.

5.5.3 Study results are made available to the TAG participants for review and comment.

#### 5.6 Assessment and Problem Identification

5.6.1 The Companies 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 Companies to identify problems and issues and reports to the OSC.

5.6.2 TAG participants are provided information relating to technical assessments and problem identification.

## 5.7 Local Solution Development

- 5.7.1 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.
- 5.7.2 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.
- 5.7.3 All solution options that satisfactorily resolve an identified reliability problem would be given consideration on a comparable basis.
- 5.7.4 A solution that is seeking regional cost allocation must be submitted in accordance with the procedures set forth in Part II and will be evaluated through the SERTP Process.
- 5.7.5 The Companies estimate the costs for each of the proposed local solutions (e.g., cost, cash flow, present value) and develop a rough schedule estimate to implement the solution. This information is reviewed and discussed by the PWG.

## 5.8 Selection of Preferred Local Transmission Plan

- 5.8.1 The PWG compares all of the alternatives and selects the preferred solution by balancing the solutions' costs, benefits, and associated risks. Competing solutions will be evaluated against each other based on a comparison of their relative economics, timing, feasibility, and effectiveness of performance.
- 5.8.2 The PWG selects a preferred set of solutions that provides the most reliable and cost effective solution while prudently managing the associated risks.
- 5.8.3 The PWG provides the OSC and the TAG participants with their recommendations based on this selection process in order to obtain their input.

## 5.9 Local Transmission Plan Report

- 5.9.1 The PWG prepares a draft "Local Transmission Plan Report" based on the study results and the recommended solutions and provides the draft to the OSC for review. The draft Report 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 includes a comprehensive summary of all the study activities as well as the recommended solutions including estimates of costs and construction schedules.

- 5.9.2 The OSC forwards the draft Local Transmission Plan Report 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 Report. The TAG participants may discuss, question, or propose alternatives for any upgrades identified by the draft Report.
- 5.9.3 The OSC evaluates the results and the PWG recommendations and the TAG participants' input. The OSC approves the final Local Transmission Plan for posting on the NCTPC Website. The Plan also is posted on the Companies' OASIS and distributed to the TAG participants.
- 5.9.4 The Local 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.
- 5.9.5 The Local Transmission Plan, and the associated models, serve as the basis for the models that the Companies provide as input to the development of the SERC-wide model as described in Section 11.
- 5.9.6 The Local Transmission Plan, which reflects the coordination described in Section 11, will be an input into the SERTP Process. Local Projects identified in a Local Transmission Plan may later be removed from a Local Transmission Plan due to, for example, the iterative nature of transmission planning in subsequent planning cycles, additional transmission planning coordination provided through the SERTP Process, or if a project seeking regional cost allocation has been selected in the regional transmission expansion plan to replace a Local Project.

## **6. NCTPC DISPUTE RESOLUTION MECHANISM**

### **6.1 NCTPC Process Disputes**

- 6.1.1 A Company has the right to reject an OSC decision if it believes that it would harm reliability.
- 6.1.2 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.

6.1.3 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.

## 6.2 Transmission Siting Disputes

6.2.1 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.

6.2.2 NCUC Rule R8-62 addresses disputes involving utilities' transmission projects that require North Carolina authorization through the certificates of public convenience and necessity process.

## 6.3 Integrated Resource Planning Disputes

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

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

## 6.4 Other Local Planning Process Disputes

6.4.1 The dispute resolution process provisions included in this Tariff apply to disputes involving compliance with the Commission's local transmission planning obligations set forth in Order No. 890. 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.

6.4.2 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 Company(ies) 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.

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



## 7. TRANSMISSION COST ALLOCATION FOR LOCAL PROJECTS

### 7.1 OATT Cost Allocation

With the exception of "Joint Local Reliability Projects" and "Joint Local Economic Projects" nothing in this Attachment is intended to alter the cost allocation policies of the Tariff.

### 7.2 Joint Local Reliability Project Cost Allocation

7.2.1 A Joint Local Reliability Project is defined as any reliability project that requires an upgrade to a Company's system that would not have otherwise been made based upon the reliability needs of the Company.

7.2.2 An "avoided cost" cost allocation methodology will apply to reliability projects where there is a demonstration that a Local Project meets the criteria for a Joint Local Reliability Project.

7.2.3 The NCTPC Planning Process results in a set of projects that satisfy the reliability criteria of the Companies who are parties to the Participation Agreement (i.e., Reliability Projects). Through this process, a project may be identified that meets a reliability need in a more cost-effective manner than if each Company were only considering projects on its system to meet its reliability criteria. A Joint Local Reliability Project must have a cost of at least \$1 million to be subject to the avoided-cost cost allocation methodology. The costs of a Joint Local Reliability Project with a cost of less than \$1 million would be borne by each Company based on the costs incurred on its system.

7.2.4 Unless a Joint Local Reliability Project is determined by the NCTPC to be the most cost-effective solution to a reliability need, it will not be selected to be included in the Local Transmission Plan. But, if a Joint Local Reliability Project is determined by the NCTPC to be the most cost effective solution, it will have its costs allocated based on an avoided cost approach, whereby each Company looks at the stand-alone approach to maintaining reliable service and shares the savings of not implementing the stand-alone approach on a pro-rata basis. The avoided cost approach formula can be expressed as follow:

$$(\text{Company } x\text{'s Avoided Cost/Total Avoided Cost}) * \text{cost of Joint Local Reliability Project} = \text{Company } x\text{'s Cost Allocation}$$
$$(\text{Company } y\text{'s Avoided Cost/Total Avoided Cost}) * \text{cost of Joint Local Reliability Project} = \text{Company } y\text{'s Cost Allocation}$$

These cost responsibility determinations will then be reflected in transmission rates. The avoided cost approach also will take into account in determining avoided costs, the acceleration or delay of Joint Local Reliability Projects. Examples of the application of the avoided-cost approach may be found in *NCTPC Transmission Cost Allocation*.

### 7.3 Joint Local Economic Project Cost Allocation

- 7.3.1 A Joint Local Economic Project is a project that permits energy to be transferred on a Point-to Point basis from an interface or a Point of Receipt on a Company's system to an interface or a Point of Delivery on another Company's system for a specified time period.
- 7.3.2 The costs of Joint Local Economic Projects are allocated on a "requestor pays" basis.
- 7.3.3 Transmission Customer(s) that are requesting a Joint Local Economic Project would provide the up-front funding of any transmission construction that was required to ensure that the transmission path capability that was created by the Joint Local Economic Project was available for the relevant time period. On the Duke and/or Progress systems, the Transmission Customer would receive a levelized repayment of this initial funding amount from Duke and/or Progress in the form of monthly transmission credits over a maximum 20-year period. The Companies will be permitted to work with the Transmission Customers to provide shorter or different crediting. As credits are paid, Duke and Progress would have the opportunity to include the costs of upgrades that were needed for the Joint Local Economic Project(s) in transmission rates, similar to the Generator Interconnection pricing/rate approach.
- 7.3.4 As part of the Joint Local Economic Project process, a network customer may ensure that power can be delivered from an interface on, or utilizing transmission capability created by, a Joint Local Economic Project to network load. Such network transmission service would not be subject to the requestor pays approach. This transmission cost allocation would be in accordance with OATT provisions for network service.
- 7.3.5 No additional compensation is provided to the "requestors" of the Joint Local Economic Project for any "head-room" or excess transmission capability that would be created on the Transmission Systems. The total project cost for the transmission expansion required due to a Joint Local Economic Project will be reduced to provide compensation for the positive transmission impacts that the Joint Local Economic Project would provide, compared to the existing Local Transmission Plan.

- 7.3.6 This Joint Local Economic Project concept and cost allocation methodology applies to the NCTPC footprint, which consists of the Duke and Progress Control Areas.

#### 7.4 SIRPP Cost Allocation

The cost allocation for Inter-Regional Economic Upgrade projects described in Appendix 1 will be determined in accordance with the cost allocation principles adopted by each Regional Planning Process in which each portion of the construction of such upgrades (in whole or in part) would occur. Thus, for the portion of an Inter-Regional Economic Upgrade project that is located in the NCTPC footprint, the cost allocation principles set forth in this Tariff and Section 7 would apply.

### 8. COST ALLOCATION FOR PLANNING COSTS

#### 8.1 NCTPC-Related Planning Costs

- 8.1.1 Each NCTPC Participant bears its own expenses.
- 8.1.2 TAG participants bear their own expenses.
- 8.1.3 The costs of the NCTPC base reliability studies are born by Duke and Progress.
- 8.1.4 Costs associated with incremental reliability studies and local economic studies are all allocated to NCTPC Participants in the manner set forth in the *Participation Agreement*.
- 8.1.5 Pursuant to Section 4, costs associated with local economic studies that are outside the scope of Section 4, will be borne by the study requestor.
- 8.1.6 NCTPC Participants may challenge the correctness of NCTPC cost allocations.
- 8.1.7 For the Companies, 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.

#### 8.2 Non-NCTPC-Related Planning Costs

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

## 9. CONFIDENTIALITY

9.1 The Companies will take appropriate steps to protect CEII information, which is one form of Confidential Information.

### 9.2 Identification of Confidential Information

The confidentiality of information is determined in the first instance by a NCTPC Participant 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 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 9.4.3. If the information is Confidential Information only because it is CEII, the NCTPC Participant or TAG participant should indicate that such information may be released to TAG participants eligible to receive CEII.

### 9.3 Availability of Confidential Information

9.3.1 The NCTPC Participants will mask all Confidential Information in documents that are released to the public.

9.3.2 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.

9.3.3 TAG participants may be provided Confidential Information, in accordance with Section 9.4.3/9.4.4. 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 9.4.4.

### 9.4 Obtaining Confidential Information

9.4.1 The OSC Vice-Chair 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.

9.4.2 The OSC Vice-Chair ensures that the confidentiality of information principles reflected in Order No. 890 as well as any Standards of Conduct or Code of Conduct requirements are being adhered to within the TAG process, to the extent applicable and/or necessary.

- 9.4.3 If a TAG participant seeks non-CEII Confidential Information, s/he must formally request the data from the OSC Vice-Chair and demonstrate that s/he:
  - 9.4.3.1 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.
  - 9.4.3.2 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.
- 9.4.4 If a TAG participant seeks CEII, s/he must formally request the data from the OSC Vice-Chair and demonstrate that s/he:
  - 9.4.4.1 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.
  - 9.4.4.2 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.
  - 9.4.4.3 The OSC Vice-Chair will process the above requests, approve/deny the request, and if approved, provide the data to a TAG participant.

## **10. INTEGRATED RESOURCE AND SUB-LOCAL PLANNING**

### **10.1 Integrated Resource Planning**

In addition to the NCTPC Process, the Companies 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.

#### **10.1.1 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.

### 10.1.2 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.

### 10.2 Sub-Local Planning

The Companies 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 Company are rolled into NCTPC transmission models. The same data and assumptions would be used in sub-local planning as are used in the NCTPC Process.

## 11. ADDITIONAL COORDINATION

### 11.1 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.

- 11.1.1 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 reliability planning process(es), 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 reliability transmission expansions plans through their planning process(es), such as the NCTPC. In this regard, the reliability plan for each planning process 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 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. The transmission models also incorporate external models (at a minimum the current SERC models) that are developed using similar assumptions.

The transmission models created for use in developing the 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, the relevant Transmission Planners will develop solutions for these projected limitations in accordance with the planning process to which they belong. As a part of this study process, the Transmission Planners, in accordance with the process to which they belong, will reexamine the current reliability 10-year transmission expansion plan (determined through the previous year's 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.

- 11.1.2 Coordination by Transmission Planners with Affected Systems: Once a planning criteria concern is identified and the optimization process identifies the potential solution, the Transmission Planner(s), here Duke and Progress, determine if any other Transmission Planner is potentially impacted by the projected solution. Potentially impacted Transmission Planners are then contacted to determine if there is a need for an *ad hoc* coordinated study. In the event one or more neighboring Transmission Planners agrees that they would be impacted by the projected limitation or identifies the potential for a superior reliability solution, based on transmission enhancements in their current reliability plan, an *ad hoc* coordinated study is initiated. In the event that no impacts are identified, or if once contacted the potentially impacted Transmission Planner(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 10-year transmission expansion plan as a reliability project.

11.1.3 SERC-Wide Reliability Assessment by Transmission Planners: After the transmission models are developed through the 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 reliability transmission expansion plans are simultaneously feasible and to otherwise ensure that these processes are using consistent models and data. Additionally, the reliability assessment measures and reports the transfer capabilities within SERC. The SERC-wide assessment serves as a valuable tool for each of the Transmission Planners to reassess the need for additional reliability joint studies.

11.1.4 Other Coordination Activities Within SERC

11.1.4.1 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 planning process(es), 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 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.

11.1.4.2 Additional Reliability Joint Studies: As mentioned above, the SERC-wide reliability assessment serves as a valuable tool for the Transmission Planners, in accordance with their planning process(es), to reassess the need for additional reliability joint studies. If the SERC-wide reliability model projects additional planning criteria concerns that were not identified in the reliability studies, then the impacted Transmission Planners may initiate one or more *ad hoc* coordinated study(ies) (in accordance with existing Reliability Coordination Agreements) to better identify the planning criteria concerns and determine the optimal reliability transmission enhancements to resolve the limitations. Once the study(ies) is completed, required reliability transmission enhancements will be incorporated into the 10-year expansion plan as a reliability project.



Accordingly, planning criteria concerns identified at the SERC-wide level are "pushed down" for detailed resolution.

#### 11.1.5 Stakeholder Participation in Planning and Coordination Activities:

Since the bulk of the reliability transmission planning occurs at the as a "bottom up" process in the development of the various 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 planning processes that they choose to participate in. Specifically, the 10-year Local Transmission 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 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.

#### 11.2 ERAG & SERC-RFC East Coordination Activities

11.2.1 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 areas served by ERAG members.

11.2.2 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.

11.2.3 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.

### 11.3 VACAR Coordination Activities

- 11.3.1 Duke and Progress both participate with Alcoa Power Generating, Inc., City of Fayetteville Public Works Commission, South Carolina Electric & Gas Company, South Carolina Public Service Authority, and Dominion Virginia Power, in the VACAR Planning Task Force.
- 11.3.2 A VACAR contract agreement provides for coordination between the various entities within VACAR.
- 11.3.3 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 VACAR, although VACAR coordinates with Southern and TVA under existing agreements.

### 11.4 Bilateral Coordination Activities

Through bilateral agreements with neighboring transmission systems of, Duke and Progress will perform coordinated studies with such transmission systems on an as-needed basis.

### 11.5 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.

- 11.5.1 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 1<sup>st</sup> Inter-Regional Stakeholder Meeting; the 2<sup>nd</sup> Inter-Regional Stakeholder Meeting; and the 3<sup>rd</sup> Inter-Regional Stakeholder Meeting.

### 11.6 Timelines and Milestones

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

## **PART II -- REGIONAL TRANSMISSION PLANNING**

### **12. OVERVIEW OF REGIONAL TRANSMISSION PLANNING**

Duke and Progress, referred to collectively for the purposes of regional transmission planning as the "Duke Transmission Provider" participate in the SERTP Process described herein and on the Regional Planning Website, a link to which is found on the Duke and Progress OASIS sites. The other transmission owners and transmission providers that participate in this SERTP Process are identified on the Regional Planning Website (Sponsors).<sup>1</sup>

The Duke Transmission Provider participates in the SERTP through which transmission facilities and non-transmission alternatives may be proposed and evaluated. This regional transmission planning process develops a regional transmission plan that identifies the transmission facilities necessary to meet the needs of transmission providers and transmission customers in the transmission planning region for purposes of Order No. 1000. This regional transmission planning process is consistent with the provision of Commission-jurisdictional services at rates, terms and conditions that are just and reasonable and not unduly discriminatory or preferential, as described in Order No. 1000.

This regional transmission planning process satisfies the following seven principles, as set out and explained in Order No. 1000: coordination, openness, transparency, information exchange,

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<sup>1</sup> Duke and Progress are each separate "transmission providers" as that term is defined in this Tariff and under the Code of Federal Regulations. They are referred to here as the Duke Transmission Provider only for the purpose of Order No. 1000-mandated regional planning. The Duke Transmission Provider notes that the Duke Transmission Provider's participation in the SERTP is for purposes of regional planning only, since local planning is conducted in accordance with the Local Planning Process as described in Sections 1 through 11 of this Attachment N-1. The Duke Transmission Provider notes that while this Attachment N-1 discusses the Duke Transmission Provider largely effectuating the activities of the SERTP Process that are discussed herein, the Duke Transmission Provider expects that the other Sponsors will also sponsor those activities. For example, while this Attachment N-1 discusses the Duke Transmission Provider hosting the Annual Transmission Planning Meetings, the Duke Transmission Provider expects that it will be co-hosting such meetings with the other Sponsors. Accordingly, many of the duties described herein as being performed by the Duke Transmission Provider may be performed in conjunction with one or more other Sponsors or may be performed entirely by, or be applicable only to, one or more other Sponsors. To the extent that this Attachment N-1 makes statements that might be construed to imply establishing duties or obligations upon other Sponsors, no such duty or obligation is intended. Rather, such statements are intended to only mean that it is the Duke Transmission Provider's expectation that other Sponsors will engage in such activities. Accordingly, this Attachment N-1 only establishes the duties and obligations of the Duke Transmission Provider and the means by which Stakeholders may interact with the Duke Transmission Provider with respect to regional planning through the SERTP Process described herein.

comparability,<sup>2</sup> dispute resolution, and economic planning studies. This transmission planning process includes at Sections 4.3 and 21 the procedures and mechanisms for considering transmission needs driven by Public Policy Requirements, consistent with Order No. 1000. This transmission planning process provides at Section 8 a mechanism for the recovery and allocation of planning costs consistent with Order Nos. 890 and 1000. This regional transmission planning process includes at Section 21 a clear enrollment process for public and non-public utility transmission providers that make the choice to become part of a transmission planning region for purposes of regional cost allocation. This regional transmission planning process subjects enrollees to cost allocation if they are found to be beneficiaries of new transmission facilities selected in the regional transmission plan for purposes of cost allocation

The list of enrolled entities to the SERTP is posted on the Regional Planning Website. The relevant cost allocation method or methods that satisfy the six regional cost allocation principles set forth in Order No. 1000 are described in Section 26 of this Attachment N-1. Nothing in this regional transmission planning process includes an unduly discriminatory or preferential process for transmission project submission and selection. As provided below, with respect to regional planning, the SERTP includes sufficient detail to enable Transmission Customers to understand:

- 12.1 The process for enrollment and terminating enrollment in the SERTP, which is set forth in Section 21 of this Attachment N-1;
- 12.2 The process for consulting with customers regarding regional transmission planning, which is set forth in Section 13 of this Attachment N-1;
- 12.3 The notice procedures and anticipated frequency of regional transmission planning meetings, which is set forth in Sections 13 and 14 of this Attachment N-1;
- 12.4 The Duke Transmission Provider's regional transmission planning methodology, criteria, and processes, which are set forth in Section 15 of this Attachment N-1;
- 12.5 The method of disclosure of regional transmission planning criteria, assumptions and underlying data, which is set forth in Sections 14 and 15 of this Attachment N-1;
- 12.6 The obligations of and methods for Transmission Customers to submit data if necessary to support the regional transmission planning process, which are set forth in Section 16 of this Attachment N-1;
- 12.7 The process for submission of data by nonincumbent developers of transmission projects that wish to participate in the regional transmission planning process and

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<sup>2</sup> The Duke Transmission Provider is committed to providing comparable and non-discriminatory transmission service. As such, comparability is not separately addressed in a stand-alone section of this Attachment N-1 but instead permeates the SERTP Process described in this Attachment N-1.

seek regional cost allocation for purposes of Order No. 1000, which is set forth in Sections 22-30 of this Attachment N-1;

- 12.8 The process for submission of data by merchant transmission developers that wish to participate in the regional transmission planning process, which is set forth in Section 20 of this Attachment N-1;
- 12.9 The regional dispute resolution process, which is set forth in Section 17 of this Attachment N-1;
- 12.10 The study procedures for regional economic upgrades to address congestion or the integration of new resources, which is set forth in Section 18 of this Attachment N-1;
- 12.11 The procedures and mechanisms for considering transmission needs driven by Public Policy Requirements, consistent with Order No. 1000, which are set forth in Section 19 of this Attachment N-1; and
- 12.12 The relevant regional cost allocation method or methods satisfying the six regional cost allocation principles set forth in Order No. 1000, which is set forth at Section 26.

### **13. COORDINATION**

- 13.1 General: The SERTP Process is designed to eliminate the potential for undue discrimination in planning by establishing appropriate lines of communication between the Duke Transmission Provider, its transmission-providing neighbors, affected state authorities, Transmission Customers, and other Stakeholders regarding transmission planning issues.
- 13.2 Meeting Structure: Each calendar year, the SERTP Process will generally conduct and facilitate four (4) meetings (Annual Transmission Planning Meetings) that are open to all Stakeholders. However, the number of Annual Transmission Planning Meetings, or duration of any particular meeting, may be adjusted by announcement upon the Regional Planning Website, provided that any decision to reduce the number of Annual Transmission Planning Meetings must first be approved by the Sponsors and by the Regional Planning Stakeholders' Group (RPSG). These meetings can be done in person, through phone conferences, or through other telecommunications or technical means that may be available. The details regarding any such meeting will be posted on the Regional Planning Website, with a projected meeting schedule for a calendar year being posted on the Regional Planning Website on or before December 31<sup>st</sup> of the prior calendar year, with firm dates for all Annual Transmission Planning Meetings being posted at least 60 calendar days prior to a particular meeting. The general structure and purpose of these four (4) meetings will be as follows:
  - 13.2.1 First RPSG Meeting and Interactive Training Session: At this meeting, which will be held in the first quarter of each calendar year, the RPSG

will be formed for purposes of that year. In addition, the Duke Transmission Provider will meet with the RPSG and any other interested Stakeholders for the purposes of allowing the RPSG to select up to five (5) Stakeholder requested Economic Planning Studies<sup>3</sup> that they would like to have studied by the Duke Transmission Provider and the Sponsors. At this meeting, the Duke Transmission Provider will work with the RPSG to assist the RPSG in formulating these Economic Planning Study requests. Requests that are inter-regional in nature will be addressed in the Southeast Inter-Regional Participation Process. The Duke Transmission Provider will also conduct an interactive training session regarding its transmission planning for all interested Stakeholders. This session will explain and discuss the underlying methodology and criteria that will be utilized to develop the transmission expansion plan<sup>4</sup> before that methodology and criteria are finalized for purposes of the development of that year's transmission expansion plan (*i.e.*, the expansion plan that will be implemented the following calendar year).<sup>5</sup> Stakeholders may submit comments to the Duke Transmission Provider regarding the Duke Transmission Provider's criteria and methodology during the discussion at the meeting or within ten (10) business days after the meeting, and the Duke Transmission Provider will consider such comments. Depending upon the major transmission planning issues presented at that time, the Duke Transmission Provider will provide various technical experts that will lead the discussion of pertinent transmission planning topics, respond to Stakeholder questions, and provide technical guidance regarding transmission planning matters. It is foreseeable that it may prove appropriate to shorten the training sessions as Stakeholders become

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<sup>3</sup> As indicated *infra* at footnote 1, the Economic Planning Studies discussed in the regional planning portion of this Attachment N-1 (Sections 12-30) refer to the regional Economic Planning Studies conducted through the SERTP Process.

<sup>4</sup> As indicated *infra* at footnote 1, references in this Attachment N-1 to a transmission "plan," "planning," or "plans" should be construed refer to regional transmission planning and the Duke Transmission Provider's participation in the regional planning only. Processes relevant to local transmission planning are set forth in Sections 1-11 and govern all Local Transmission Plans. Moreover, the iterative nature of transmission planning bears emphasis, with underlying assumptions, needs, and data inputs continually changing to reflect market decisions, load service requirements, and other developments. A transmission plan, thus, only represents the status of transmission planning when the plan was prepared.

<sup>5</sup> A regional transmission expansion plan completed during one calendar year (and presented to Stakeholders at that calendar year's Annual Transmission Planning Summit) is implemented the following calendar year. For example, the regional transmission expansion plan developed during 2014 and presented at the 2014 Annual Transmission Planning Summit is for the 2015 calendar year.

increasingly knowledgeable regarding the Duke Transmission Provider's transmission planning process and no longer need detailed training in this regard.

The Duke Transmission Provider will also address transmission planning issues that the Stakeholders may raise.

- 13.2.2 Preliminary Expansion Plan Meeting: During the second quarter of each calendar year, the Duke Transmission Provider will meet with all interested Stakeholders to explain and discuss: the Duke Transmission Provider's preliminary transmission expansion plan, which is also input into that year's SERC (or other applicable NERC region's) regional model; internal model updating and any other then-current coordination study activities with the transmission providers in the Florida Reliability Coordinating Council (FRCC); and any *ad hoc* coordination study activities that might be occurring. These preliminary transmission expansion plan, internal model updating, and coordination study activities will be described to the Stakeholders, with this meeting providing them an opportunity to supply their input and feedback, including the transmission plan/enhancement alternatives that the Stakeholders would like the Duke Transmission Provider and the Sponsors to consider. In addition, the Duke Transmission Provider will address transmission planning issues that the Stakeholders may raise and otherwise discuss with Stakeholders developments as part of the SERC (or other applicable NERC region's) reliability assessment process.
- 13.2.3 Second RPSG Meeting: During the third quarter of each calendar year, the Duke Transmission Provider will meet with the RPSG and any other interested Stakeholders to report the preliminary results for the Economic Planning Studies requested by the RPSG at the First RPSG Meeting and Interactive Training Session. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders as they become available from the Southeast Inter-Regional Planning Participation Process. This meeting will give the RPSG an opportunity to provide input and feedback regarding those preliminary results, including alternatives for possible transmission solutions that have been identified. At this meeting, the Duke Transmission Provider shall provide feedback to the Stakeholders regarding transmission expansion plan alternatives that the Stakeholders may have provided at the Preliminary Expansion Plan Meeting, or within a designated time following that meeting. The Duke Transmission Provider will also discuss with the Stakeholders the results of the SERC (or other applicable NERC region's) regional model development for that year (with the Duke Transmission Provider's input into that model being its ten (10) year transmission expansion plan); any on-going coordination study activities with the FRCC transmission providers; and any *ad hoc* coordination study activities. In addition, the

Duke Transmission Provider will address transmission planning issues that the Stakeholders may raise.

13.2.4 Annual Transmission Planning Summit and Assumptions Input Meeting: During the fourth quarter of each calendar year, the Duke Transmission Provider will host the annual Transmission Planning Summit and Assumptions Input Meeting.

13.2.4.1 Annual Transmission Planning Summit: At the Annual Transmission Planning Summit aspect of the Annual Transmission Planning Summit and Assumptions Input Meeting, the Duke Transmission Provider will present the final results for the Economic Planning Studies. The results for such studies that are inter-regional in nature will be reported to the RPSG and interested Stakeholders as they become available from the Southeast Inter-Regional Planning Participation Process. The Duke Transmission Provider will also provide an overview of the ten (10) year transmission expansion plan, the results of that year's coordination study activities with the FRCC transmission providers, and the results of any *ad hoc* coordination study activities. The Duke Transmission Provider will also provide an overview of the regional transmission plan for Order No. 1000 purposes, which should include the ten (10) year transmission expansion plan of the Duke Transmission Provider. In addition, the Duke Transmission Provider will address transmission planning issues that the Stakeholders may raise.

13.2.4.2 Assumptions Input Session: The Assumptions Input Session aspect of the Annual Transmission Planning Summit and Assumptions Input Meeting will take place following the annual Transmission Planning Summit and will provide an open forum for discussion with, and input from, the Stakeholders regarding: the data gathering and transmission model assumptions that will be used for the development of the Duke Transmission Provider's following year's ten (10) year transmission expansion plan, which includes the Duke Transmission Provider's input, to the extent applicable, into that year's SERC regional model development; internal model updating and any other then-current coordination study activities with the transmission providers in the Florida Reliability Coordinating Council (FRCC); and any *ad hoc* coordination study activities that might be occurring. This meeting may also serve to address miscellaneous transmission planning issues, such as reviewing the previous year's regional planning process, and to address specific transmission planning issues that may be raised by Stakeholders.



13.3 Committee Structure - the RPSG: The RPSG has two primary purposes. First, the RPSG is charged with determining and proposing up to five (5) Economic Planning Studies on an annual basis and should consider clustering similar Economic Planning Study requests. The RPSG is also encouraged to coordinate with stakeholder groups in the area covered by the Southeast Inter-Regional Participation Process regarding requests for Economic Planning Studies that are inter-regional in nature. Second, the RPSG serves as the representative in interactions with the Duke Transmission Provider and Sponsors for the eight (8) industry sectors identified below.

13.3.1 RPSG Sector Representation: The Stakeholders are organized into the following eight (8) sectors for voting purposes within the RPSG:

- (1) Transmission Owners/Operators<sup>6</sup>
- (2) Transmission Service Customers
- (3) Cooperative Utilities
- (4) Municipal Utilities
- (5) Power Marketers
- (6) Generation Owners/Developers
- (7) ISO/RTOs
- (8) Demand Side Management/Demand Side Response

13.3.2 Sector Representation Requirements: Representation within each sector is limited to two members, with the total membership within the RPSG being capped at 16 members (Sector Members). The Sector Members, each of whom must be a Stakeholder, are elected by Stakeholders, as discussed below. A single company, and all of its affiliates, subsidiaries, and parent company, is limited to participating in a single sector.

13.3.3 Annual Reformulation: The RPSG will be reformed annually at each First RPSG Meeting and Interactive Training Session discussed in Section 13.2.1. Specifically, the Sector Members will be elected for a term of approximately one year that will terminate upon the convening of the following year's First RPSG Meeting and Interactive Training

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<sup>6</sup> The Sponsors will not have a vote within the Transmission Owners/Operators sector, although they (or their affiliates, subsidiaries or parent company) shall have the right to participate in other sectors.

Session. Sector Members shall be elected by the Stakeholders physically present at the First RPSG Meeting and Interactive Training Session (voting by sector for the respective Sector Members). If elected, Sector Members may serve consecutive, one-year terms, and there is no limit on the number of terms that a Sector Member may serve.

- 13.3.4 Simple Majority Voting: RPSG decision-making that will be recognized by the Duke Transmission Provider for purposes of this Attachment N-1 shall be those authorized by a simple majority vote by the then-current Sector Members, with voting by proxy being permitted for a Sector Member that is unable to attend a particular meeting. The Duke Transmission Provider will notify the RPSG of the matters upon which an RPSG vote is required and will use reasonable efforts to identify upon the Regional Planning Website the matters for which an RPSG decision by simple majority vote is required prior to the vote, recognizing that developments might occur at a particular Annual Transmission Planning Meeting for which an RPSG vote is required but that could not be reasonably foreseen in advance. If the RPSG is unable to achieve a majority vote, or should the RPSG miss any of the deadlines prescribed herein or clearly identified on the Regional Planning Website and/or at a particular meeting to take any action, then the Duke Transmission Provider will be relieved of any obligation that is associated with such RPSG action.
- 13.3.5 RPSG Guidelines/Protocols: The RPSG is a self-governing entity subject to the following requirements that may not be altered absent an appropriate filing with the Commission to amend this aspect of the Tariff: (i) the RPSG shall consist of the above-specified eight (8) sectors; (ii) each company, its affiliates, subsidiaries, and parent company, may only participate in a single sector; (iii) the RPSG shall be reformed annually, with the Sector Members serving terms of a single year; and (iv) RPSG decision-making shall be by a simple majority vote (*i.e.*, more than 50%) by the Sector Members, with voting by written proxy being recognized for a Sector Member unable to attend a particular meeting. There are no formal incorporating documents for the RPSG, nor are there formal agreements between the RPSG and the Duke Transmission Provider. As a self-governing entity, to the extent that the RPSG desires to adopt other internal rules and/or protocols, or establish subcommittees or other structures, it may do so provided that any such rule, protocol, etc., does not conflict with or otherwise impede the foregoing requirements or other aspects of the Tariff. Any such additional action by the RPSG shall not impose additional burdens upon the Duke Transmission Provider unless it agrees in advance to such in writing, and the costs of any such action shall not be borne or otherwise imposed upon the Duke Transmission Provider unless the Duke Transmission Provider agrees in advance to such in writing.

- 13.4 The Role of the Duke Transmission Provider in Coordinating the Activities of the SERTP Process Meetings and of the Functions of the RPSG: The Duke Transmission Provider will host and conduct the above-described Annual Transmission Planning Meetings with Stakeholders.<sup>7</sup>
- 13.5 Procedures Used to Notice Meetings and Other Planning-Related Communications: Meetings notices, data, stakeholder questions, reports, announcements, registration for inclusion in distribution lists, means for being certified to receive CEII, and other transmission planning-related information will be posted on the Regional Planning Website. Stakeholders will also be provided notice regarding the annual meetings by e-mail messages (if they have appropriately registered on the Regional Planning Website to be so notified). Accordingly, interested Stakeholders may register on the Regional Planning Website to be included in e-mail distribution lists (Registered Stakeholder). For purposes of clarification, a Stakeholder does not have to have received certification to access CEII in order to be a Registered Stakeholder.
- 13.6 Procedures to Obtain CEII Information: For access to information considered to be CEII, there will be a password protected area that contains such CEII information. Any Stakeholder may seek certification to have access to this CEII data area.
- 13.7 The Regional Planning Website: The Regional Planning Website will contain information regarding the SERTP Process, including:
- 13.7.1 Notice procedures and e-mail addresses for contacting the Sponsors and for questions;
  - 13.7.2 A calendar of meetings and other significant events, such as release of draft reports, final reports, data, etc.;
  - 13.7.3 A registration page that allows Stakeholders to register to be placed upon an e-mail distribution list to receive meetings notices and other announcements electronically; and
  - 13.7.4 The form in which meetings will occur (*i.e.*, in person, teleconference, webinar, *etc.*).

## 14. OPENNESS

- 14.1 General: The Annual Transmission Planning Meetings, whether consisting of in-person meetings, conference calls, or other communicative mediums, will be open to all Stakeholders. The Regional Planning Website will provide announcements

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<sup>7</sup> As previously discussed, the Duke Transmission Provider expects that the other Sponsors will also be hosts and sponsors of these activities.

of upcoming events, with Stakeholders being notified regarding the Annual Transmission Planning Meetings by such postings. In addition, Registered Stakeholders will also be notified by e-mail messages. Should any of the Annual Transmission Planning Meetings become too large or otherwise become unmanageable for the intended purpose(s), smaller breakout meetings may be utilized.

14.2 Links to OASIS: In addition to open meetings, the publicly available information, CEII-secured information (the latter of which is available to any Stakeholder certified to receive CEII), and certain confidential non-CEII information (as set forth below) shall be made available on the Regional Planning Website, a link to which is found on the Duke Transmission Provider's OASIS website, so as to further facilitate the availability of this transmission planning information on an open and comparable basis.

### 14.3 CEII Information

14.3.1 Criteria and Description of CEII: The Commission has defined CEII as being specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure (physical or virtual) that:

14.3.1.1 Relates details about the production, generation, transmission, or distribution of energy;

14.3.1.2 Could be useful to a person planning an attack on critical infrastructure;

14.3.1.3 Is exempt from mandatory disclosure under the Freedom of Information Act; and

14.3.1.4 Does not simply give the general location of the critical infrastructure.

14.3.2 Secured Access to CEII Data: The Regional Planning Website will have a secured area containing the CEII data involved in the SERTP Process that will be password accessible to Stakeholders that have been certified to be eligible to receive CEII data. For CEII data involved in the SERTP Process that did not originate with the Duke Transmission Provider, the duty is incumbent upon the entity that submitted the CEII data to have clearly marked it as CEII.

14.3.3 CEII Certification: In order for a Stakeholder to be certified and be eligible for access to the CEII data involved in the SERTP Process, the Stakeholder must follow the CEII certification procedures posted on the Regional Planning Website (*e.g.*, authorize background checks and execute the SERTP CEII Confidentiality Agreement posted on the Regional Planning Website). The Duke Transmission Provider reserves

the discretionary right to waive the certification process, in whole or in part, for anyone that the Duke Transmission Provider deems appropriate to receive CEII information. The Duke Transmission Provider also reserves the discretionary right to reject a request for CEII; upon such rejection, the requestor may pursue the dispute resolution procedures of Section 17.

- 14.3.4 Discussions of CEII Data at the Annual Transmission Planning Meetings: While the Annual Transmission Planning Meetings are open to all Stakeholders, if CEII information is to be discussed during a portion of such a meeting, those discussions will be limited to being only with those Stakeholders who have been certified eligible to have access to CEII information, with the Duke Transmission Provider reserving the discretionary right at such meeting to certify a Stakeholder as being eligible if the Duke Transmission Provider deems it appropriate to do so.
- 14.4 Other Sponsor- and Stakeholder- Submitted Confidential Information: The other Sponsors and Stakeholders that provide information to the Duke Transmission Provider that foreseeably could implicate transmission planning should expect that such information will be made publicly available on the Regional Planning Website or may otherwise be provided to Stakeholders in accordance with the terms of this Attachment N-1. Should another Sponsor or Stakeholder consider any such information to be CEII, it shall clearly mark that information as CEII and bring that classification to the Duke Transmission Provider's attention at, or prior to, submittal. Should another Sponsor or Stakeholder consider any information to be submitted to the Duke Transmission Provider to otherwise be confidential (*e.g.*, competitively sensitive), it shall clearly mark that information as such and notify the Duke Transmission Provider in writing at, or prior to, submittal, recognizing that any such designation shall not result in any material delay in the development of the transmission expansion plan or any other transmission plan that the Duke Transmission Provider (in whole or in part) is required to produce.
- 14.5 Procedures to Obtain Confidential Non-CEII Information
  - 14.5.1 The Duke Transmission Provider shall make all reasonable efforts to preserve the confidentiality of information in accordance with the provisions of the Tariff, the requirements of (and/or agreements with) NERC, the requirements of (and/or agreements with) SERC or other applicable NERC region, the provisions of any agreements with the other Sponsors and/or with the sponsors of the Southeast Inter-Regional Participation Process (SIRPP), and/or in accordance with any other contractual or legal confidentiality requirements.
  - 14.5.2 Without limiting the applicability of Section 14.5.1, to the extent competitively sensitive and/or otherwise confidential information (other

than information that is confidential solely due to its being CEII) is provided in the transmission planning process and is needed to participate in the transmission planning process and to replicate transmission planning studies, it will be made available to those Stakeholders who have executed the SERTP Non-CEII Confidentiality Agreement (which agreement is posted on the Regional Planning Website). Importantly, if information should prove to contain both competitively sensitive/otherwise confidential information and CEII, then the requirements of both Section 14.3 and Section 14.5 would apply.

- 14.5.3 Other transmission planning information shall be posted on the Regional Planning Website and may be password protected, as appropriate.

## 15. TRANSPARENCY

15.1 **General:** Through the Annual Transmission Planning Meetings and postings made on the Regional Planning Website, the Duke Transmission Provider will disclose to its Transmission Customers and other Stakeholders the basic criteria, assumptions, and data that underlie its transmission system plan, as well as information regarding the status of upgrades identified in the transmission plan. The process for notifying stakeholders of changes or updates in the data bases used for transmission planning shall be through the Annual Transmission Planning Meetings and/or by postings on the Regional Planning Website.

15.2 **The Availability of the Basic Methodology, Criteria, and Process the Duke Transmission Provider Uses to Develop its Transmission Plan:** In an effort to enable Stakeholders to replicate the results of the Duke Transmission Provider's transmission planning studies, and thereby reduce the incidences of after-the-fact disputes regarding whether transmission planning has been conducted in an unduly discriminatory fashion, the Duke Transmission Provider will provide the following information, or links thereto, on the Regional Planning Website:

15.2.1 The Electric Reliability Organization and Regional Entity reliability standards that the Duke Transmission Provider utilizes, and complies with, in performing transmission planning.

15.2.2 The Duke Transmission Provider's internal policies, criteria, and guidelines that it utilizes in performing transmission planning.

15.2.3 Current software titles and version numbers used for transmission analyses by the Duke Transmission Provider.

Any additional information necessary to replicate the results of the Duke Transmission Provider's planning studies will be provided in accordance with, and subject to, the CEII and confidentiality provisions specified in this Attachment N-1.

15.3 **Additional Transmission Planning-Related Information:** In an effort to facilitate

the Stakeholders' understanding of the Transmission System, the Duke Transmission Provider will also post additional transmission planning-related information that it deems appropriate on the Regional Planning Website.

15.4 Additional Transmission Planning Business Practice Information: In an effort to facilitate the Stakeholders' understanding of the Business Practices related to Transmission Planning, the Duke Transmission Provider will also post the following information on the Regional Planning Website:

15.4.1 Means for contacting the Duke Transmission Provider.

15.4.2 Procedures for submittal of questions regarding transmission planning to the Duke Transmission Provider (in general, questions of a non-immediate nature will be collected and addressed through the Annual Transmission Planning Meeting process).

15.4.3 Instructions for how Stakeholders may obtain transmission base cases and other underlying data used for transmission planning.

15.4.4 Means for Transmission Customers having Service Agreements for Network Integration Transmission Service to provide load and resource assumptions to the Duke Transmission Provider; provided that if there are specific means defined in a Transmission Customer's Service Agreement for Network Integration Transmission Service (NITSA), then the NITSA shall control.

15.4.5 Means for Transmission Customers having Long-Term Service Agreements for Point-To-Point Transmission Service to provide to the Duke Transmission Provider projections of their need for service over the planning horizon (including any potential rollover periods, if applicable), including transmission capacity, duration, receipt and delivery points, likely redirects, and resource assumptions; provided that if there are specific means defined in a Transmission Customer's Long-Term Transmission Service Agreement for Point-To-Point Transmission Service, then the Service Agreement shall control.

15.5 Transparency Provided Through the Annual Transmission Planning Meetings

15.5.1 The First RPSG Meeting and Interactive Training Session

15.5.1.1 An Interactive Training Session Regarding the Duke Transmission Provider's Transmission Planning Methodologies and Criteria: As discussed in (and subject to) Section 13.2.1, at the First RPSG Meeting and Interactive Training Session, the Duke Transmission Provider will, among other things, conduct an interactive, training and input session for the Stakeholders regarding the methodologies and criteria that the Duke Transmission Provider utilizes in conducting its transmission

planning analyses. The purpose of these training and interactive sessions is to facilitate the Stakeholders' ability to replicate transmission planning study results to those of the Duke Transmission Provider.

15.5.1.2 Presentation and Explanation of Underlying Transmission Planning Study Methodologies: During the training session in the First RPSG Meeting and Interactive Training Session, the Duke Transmission Provider will present and explain its transmission study methodologies. While not all of the following methodologies may be addressed at any single meeting, these presentations may include explanations of the methodologies for the following types of studies:

1. Steady state thermal analysis.
2. Steady state voltage analysis.
3. Stability analysis.
4. Short-circuit analysis.
5. Nuclear plant off-site power requirements.
6. Interface analysis (*i.e.*, import and export capability).

15.5.2 Presentation of Preliminary Modeling Assumptions: At the Annual Transmission Planning Summit, the Duke Transmission Provider will also provide to the Stakeholders its preliminary modeling assumptions for the development of the Duke Transmission Provider's following year's ten (10) year transmission expansion plan. This information will be made available on the Regional Planning Website, with CEII information being secured by password access. The preliminary modeling assumptions that will be provided may include:

15.5.2.1 Study case definitions, including load levels studied and planning horizon information.

15.5.2.2 Resource assumptions, including on-system and off-system supplies for current and future native load and network customer needs.

15.5.2.3 Planned resource retirements.

15.5.2.4 Renewable resources under consideration.

15.5.2.5 Demand side options under consideration.



15.5.2.6 Long-term firm transmission service agreements.

15.5.2.7 Current TRM and CBM values.

15.5.3 The Transmission Expansion Review and Input Process: The Annual Transmission Planning Meetings will provide an interactive process over a calendar year for the Stakeholders to receive information and updates, as well as to provide input, regarding the Duke Transmission Provider's development of its transmission expansion plan. This dynamic process will generally be provided as follows:

15.5.3.1 At the Annual Transmission Planning Summit and Assumptions Input Meeting, the Duke Transmission Provider will describe and explain to the Stakeholders the database assumptions for the ten (10) year transmission expansion plan that will be developed during the upcoming year. The Stakeholders will be allowed to provide input regarding the ten (10) year transmission expansion plan assumptions.

15.5.3.2 At the First RPSG Meeting and Interactive Training Session, the Duke Transmission Provider will provide interactive training to the Stakeholders regarding the underlying criteria and methodologies utilized to develop the transmission expansion plan. The databases utilized by the Duke Transmission Provider will be posted on the secured area of the Regional Planning Website.

15.5.3.3 To the extent that Stakeholders have transmission expansion plan/enhancement alternatives that they would like for the Duke Transmission Provider and other Sponsors to consider, the Stakeholders shall perform analysis prior to, and provide any such analysis at, the Preliminary Expansion Plan Meeting. At the Preliminary Expansion Plan Meeting, the Duke Transmission Provider will present its preliminary transmission expansion plan for the current ten (10) year planning horizon. The Duke Transmission Provider and Stakeholders will engage in interactive expansion plan discussions regarding this preliminary analysis. This preliminary transmission expansion plan will be posted on the secure/CEII area of the Regional Planning Website at least 10 calendar days prior to the Preliminary Expansion Plan meeting.

15.5.3.4 The transmission expansion plan/enhancement alternatives suggested by the Stakeholders will be considered by the Duke Transmission Provider for possible inclusion in the transmission expansion plan. When evaluating such proposed alternatives, the Duke Transmission Provider will, from a

transmission planning perspective, take into account factors such as, but not limited to, the proposed alternatives' impacts on reliability, relative economics, effectiveness of performance, impact on transmission service (and/or cost of transmission service) to other customers and on third-party systems, project feasibility/viability and lead time to install.

15.5.3.5 At the Second RPSG Meeting, the Duke Transmission Provider will report to the Stakeholders regarding the suggestions/alternatives suggested by the Stakeholders at the Preliminary Expansion Plan Meeting. The then-current version of the transmission expansion plan will be posted on the secure/CEII area of the regional planning website at least 10 calendar days prior to the Second RPSG Meeting.

15.5.3.6 At the Annual Transmission Planning Summit, the ten (10) year transmission expansion plan that will be implemented the following year will be presented to the Stakeholders. The Transmission Planning Summit presentations and the (10) year transmission expansion plan will be posted on the Regional Planning Website at least 10 calendar days prior to the Annual Transmission Planning Summit.

15.5.4 Flowchart Diagramming the Steps of the SERTP Process: A flowchart diagramming the SERTP Process, as well as providing the general timelines and milestones for the performance of the activities described herein, is provided in Appendix 2.

## **16. INFORMATION EXCHANGE**

To the extent that the information described in this Section 16 has not already been exchanged pursuant to the Companies' Local Planning Process described in Sections 1-10 herein, the Duke Transmission Provider may request that Transmission Customers and/or other interested parties provide additional information pursuant to this Section 16 in support of regional transmission planning pursuant to Sections 12-30 herein.

16.1 General: Transmission Customers having Service Agreements for Network Integration Transmission Service are required to submit information on their projected loads and resources on a comparable basis (*e.g.*, planning horizon and format) as used by transmission providers in planning for their native load. Transmission Customers having Service Agreements for Point-To-Point Transmission Service are required to submit any projections they have a need for service over the planning horizon and at what receipt and delivery points. Interconnection Customers having Interconnection Agreements under the Tariff are required to submit projected changes to their generating facility that could impact the Duke Transmission Provider's performance of transmission planning studies. The purpose of this information that is provided by each class of

customers is to facilitate the Duke Transmission Provider's transmission planning process, with the September 1 due date of these data submissions by customers being timed to facilitate the Duke Transmission Provider's development of its databases and model building for the following year's ten (10) year transmission expansion plan.

- 16.2 Network Integration Transmission Service Customers: By September 1 of each year, each Transmission Customer having Service Agreement[s] for Network Integration Transmission Service shall provide to the Duke Transmission Provider an annual update of that Transmission Customer's Network Load and Network Resource forecasts for the following ten (10) years consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff.
- 16.3 Point-to-Point Transmission Service Customers: By September 1 of each year, each Transmission Customers having Service Agreement[s] for long-term Firm Point-To-Point Transmission Service shall provide to the Duke Transmission Provider usage projections for the term of service. Those projections shall include any projected redirects of that transmission service, and any projected resells or reassignments of the underlying transmission capacity. In addition, should the Transmission Customer have rollover rights associated with any such service agreement, the Transmission Customer shall also provide non-binding usage projections of any such rollover rights.
- 16.4 Demand Resource Projects: The Duke Transmission Provider expects that Transmission Customers having Service Agreements for Network Integration Transmission Service that have demand resource assets will appropriately reflect those assets in those customers' load projections. Should a Stakeholder have a demand resource asset that is not associated with such load projections that the Stakeholder would like to have considered for purposes of the transmission expansion plan, then the Stakeholder shall provide the necessary information (*e.g.* technical and operational characteristics, affected loads, cost, performance, lead time to install) in order for the Duke Transmission Provider to consider such demand response resource comparably with other alternatives. The Stakeholder shall provide this information to the Duke Transmission Provider by the Annual Transmission Planning Summit and Assumptions Input Meeting of the year prior to the implementation of the pertinent ten (10) year transmission expansion plan, and the Stakeholder should then continue to participate in this SERTP Process. To the extent similarly situated, the Duke Transmission Provider shall treat such Stakeholder submitted demand resource projects on a comparable basis for transmission planning purposes.
- 16.5 Interconnection Customers: By September 1 of each year, each Interconnection Customer having an Interconnection Agreement[s] under the Tariff shall provide to the Duke Transmission Provider annual updates of that Interconnection Customer's planned addition or upgrades (including status and expected in-service date), planned retirements, and environmental restrictions.

- 16.6 Notice of Material Change: Transmission Customers and Interconnection Customers shall provide the Duke Transmission Provider with timely written notice of material changes in any information previously provided related to any such customer's load, resources, or other aspects of its facilities, operations, or conditions of service materially affecting the Duke Transmission Provider's ability to provide transmission service or materially affecting the Transmission System.

## 17. DISPUTE RESOLUTION<sup>8</sup>

- 17.1 Negotiation: Any substantive or procedural dispute between the Duke Transmission Provider and one or more Stakeholders (collectively, the "Parties") that arises from the Attachment N-1 transmission planning process generally shall be referred to a designated senior representative of the Duke Transmission Provider and a senior representative of the pertinent Stakeholder(s) for resolution on an informal basis as promptly as practicable. Should the dispute also involve one or more other Sponsors of this SERTP Process or other Participating Transmission Owners of the Southeast Inter-Regional Participation Process, then such entity(ies) shall have the right to be included in "Parties" for purposes of this section and for purposes of that dispute, and any such entity shall also include a designated senior representative in the above discussed negotiations in an effort to resolve the dispute on an informal basis as promptly as practicable. In the event that the designated representatives are unable to resolve the dispute within thirty (30) days, or such other period as the Parties may unanimously agree upon, by unanimous agreement among the Parties such dispute may be voluntarily submitted to the use of the Commission's Alternative Means of Dispute Resolution (18 C.F.R. § 385.604, as those regulations may be amended from time to time), the Commission's Arbitration process (18 C.F.R. § 385.605, as those regulations may be amended from time to time) (collectively, "Commission ADR"), or such other dispute resolution process that the Parties may unanimously agree to utilize.
- 17.2 Use of Dispute Resolution Processes: In the event that the Parties voluntarily and unanimously agree to the use of a Commission ADR process or other dispute resolution procedure, then the Duke Transmission Provider will have a notice posted to this effect on the Regional Planning Website, and an e-mail notice in that regard will be sent to Registered Stakeholders. In addition to the Parties, all Stakeholders and Sponsors shall be eligible to participate in any Commission ADR process as "participants", as that or its successor term in meaning is used in 18 C.F.R. §§ 385.604, 385.605 as may be amended from time to time, for

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<sup>8</sup> Any dispute, claim or controversy amongst Duke or Progress and/or a stakeholder regarding application of, or results from the local transmission planning process contained in Sections 1-11 herein (each a "Dispute") shall be resolved in accordance with the procedures set forth in Section 6 herein. Any procedural or substantive dispute that arises from the SERTP will be addressed by the regional Dispute Resolution Measures contained in this Section 17.

purposes of the Commission ADR process; provided, however, any such Stakeholder or Sponsor must first have provided written notice to the Duke Transmission Provider within thirty (30) calendar days of the posting on the Regional Planning Website of the Parties' notice of their intent to utilize a Commission ADR Process.

- 17.3 Costs: Each Party involved in a dispute resolution process hereunder, and each "participant" in a Commission ADR Process utilized in accordance with Section 17.2, shall be responsible for its own costs incurred during the dispute resolution process. Should additional costs be incurred during the dispute resolution process that are not directly attributable to a single Party/participant, then the Parties/participants shall each bear an equal share of such cost.
- 17.4 Rights under the Federal Power Act: Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

## **18. REGIONAL ECONOMIC PLANNING STUDIES<sup>9</sup>**

- 18.1 General - Economic Planning Study Requests: Stakeholders will be allowed to request that the Duke Transmission Provider perform up to five (5) Stakeholder requested economic planning studies (Economic Planning Studies) on an annual basis. Requests that are inter-regional in nature will be addressed in the SIRPP. Accordingly, it is expected that the RPSG will coordinate with other inter-regional stakeholders regarding Economic Planning Studies that are inter-regional in nature.
- 18.2 Parameters for the Economic Planning Studies: These Economic Planning Studies shall be confined to sensitivity requests for bulk power transfers and/or to evaluate potential upgrades or other investments on the Transmission System that could reduce congestion or integrate new resources. Bulk power transfers from one area to another area with the region encompassed by this SERTP Process (the "Region") shall also constitute valid requests. The operative theory for the Economic Planning Studies is for them to identify meaningful information regarding the requirements for moving large amounts of power beyond that currently feasible, whether such transfers are internal to the Region or from this Region to interconnected regions. It should again be noted that requests that are inter-regional in nature will be addressed in the SIRPP.
- 18.3 Other Tariff Studies: The Economic Planning Studies are not intended to replace System Impact Studies, Facility Studies, or any of the studies that are performed for transmission delivery service or interconnection service under the Tariff.

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<sup>9</sup> The economic planning studies undertaken pursuant to this Section 18 are regional. Local economic studies are undertaken pursuant to Section 4.2 herein.

- 18.4 Clustering: The RPSG should consider clustering similar Economic Planning Study requests. In this regard, if two or more of the RPSG requests are similar in nature and the Duke Transmission Provider concludes that clustering of such requests and studies is appropriate, the Duke Transmission Provider may, following communications with the RPSG, cluster those studies for purposes of the transmission evaluation. It is foreseeable that clustering of requests may occur during the SIRPP.
- 18.5 Additional Economic Planning Studies: Should a Stakeholder(s) request the performance of an Economic Planning Study in addition to the above-described five (5) Economic Planning Studies that the RPSG may request during a calendar year, then any such additional Economic Planning Study will only be performed if such Stakeholder(s) first agrees to bear the Duke Transmission Provider's actual costs for doing so and the costs incurred by any other Sponsor to perform such Economic Planning Study, recognizing that the Duke Transmission Provider may only conduct a reasonable number of transmission planning studies per year. If affected by the request for such an additional Economic Planning Study, the Duke Transmission Provider will provide to the requesting Stakeholder(s) a non-binding but good faith estimate of what the Duke Transmission Provider expects its costs to be to perform the study prior to the Stakeholder(s) having to agree to bear those costs. Should the Stakeholder(s) decide to proceed with the additional study, then it shall pay the Duke Transmission Provider's and other affected Sponsor[s]' estimated study costs up-front, with those costs being trued-up to the Duke Transmission Provider's and other affected Sponsor[s]' actual costs upon the completion of the additional Economic Planning Study.
- 18.6 Economic Planning Study Process
- 18.6.1 Stakeholders will be prompted at the Annual Transmission Planning Summit to provide requests for the performance of Economic Planning Studies. Corresponding announcements will also be posted on the Regional Planning Website, and Registered Stakeholders will also receive e-mail notifications to provide such requests. An Economic Planning Study Request Form will be made available on the Regional Planning Website, and interested Stakeholders may submit any such completed request form on the non-secure area of the Regional Planning Website (unless such study request contains CEII, in which case the study request shall be provided to the Duke Transmission Provider with the CEII identified, and the study request shall then be posted on the secure area of the Regional Planning Website).
- 18.6.2 Prior to each First RPSG Meeting, the RPSG shall compile the Economic Planning Study requests. At the First RPSG Meeting, the RPSG shall meet to discuss and select up to five (5) Economic Planning Studies to be requested to be performed. At the First RPSG Meeting, the Duke Transmission Provider will coordinate with the RPSG and any interested Stakeholders to facilitate the RPSG's efforts regarding its

development and selection of the Economic Planning Study requests. Once the RPSG selects the Economic Planning Study(ies) (up to five annually), the RPSG will notify the Duke Transmission Provider, who will post the results on the Regional Planning Website.

- 18.6.3 The Duke Transmission Provider will post on the secure area of the Regional Planning Website the study assumptions for the five (5) Economic Planning Studies within thirty (30) days of the postings of the selected Economic Planning Studies on the Regional Planning Website. Registered Stakeholders will receive an e-mail notification of this posting, and an announcement will also be posted on the Regional Planning Website.
- 18.6.4 Stakeholders will have thirty (30) calendar days from the Duke Transmission Provider's posting of the assumptions for the RPSG to provide comments regarding those assumptions. Any such comments shall be posted on the secure area of the Regional Planning Website if the comments concern CEII.
- 18.6.5 The preliminary results of the Economic Planning Studies will be presented at the Second RPSG Meeting. These results and related data will be posted on the secure area of the Regional Planning Website a minimum of 10 calendar days prior to the Second RPSG Meeting. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders and posted as they become available from the SIRPP. The Second RPSG Meeting will be an interactive session with the RPSG and other interested Stakeholders in which the Duke Transmission Provider will explain the results, alternatives, methodology, criteria, and related considerations pertaining to those preliminary results. At that meeting, the Stakeholders may submit alternatives to the enhancement solutions identified in those preliminary results. All such alternatives must be submitted by Stakeholders within thirty (30) calendar days from the close of the Second RPSG Meeting. The Duke Transmission Provider will consider the alternatives provided by the Stakeholders.
- 18.6.6 The final results of the Economic Planning Studies will be presented at the Annual Transmission Planning Summit, and the Duke Transmission Provider will report regarding its consideration of the alternatives provided by Stakeholders. These final results will be posted on the secure area of the Regional Planning Website a minimum of 10 calendar days prior to the Transmission Planning Summit. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders and posted as they become available from the SIRPP.
- 18.6.7 The final results of the Economic Planning Studies will be non-binding upon the Duke Transmission Provider and will provide general non-

binding estimations of the required transmission upgrades, timing for their construction, and costs for completion.

## **19. CONSIDERATION OF TRANSMISSION NEEDS DRIVEN BY PUBLIC POLICY REQUIREMENTS**

- 19.1 Procedures for the Consideration of Transmission Needs Driven by Public Policy Requirements: The Duke Transmission Provider addresses transmission needs driven by enacted state and federal laws and/or regulations (Public Policy Requirements) in its routine planning, design, construction, operation, and maintenance of the Transmission System. In this regard, the Duke Transmission Provider addresses transmission needs driven by the Public Policy Requirements of load serving entities and wholesale transmission customers through the planning for and provision of long-term firm transmission services to meet i) native load obligations and ii) wholesale Transmission Customer obligations under the Tariff.
- 19.2 The Consideration of Transmission Needs Driven by Public Policy Requirements Identified Through Stakeholder Input and Proposals
- 19.2.1 Requisite Information: In order for the Duke Transmission Provider to consider transmission needs driven by Public Policy Requirements that are proposed by a Stakeholder, the Stakeholder must provide the following information via a submittal to the Regional Planning Website:
- 19.2.1.1 The applicable Public Policy Requirement, which must be a requirement established by an enacted state or federal law(s) and/or regulation(s); and
- 19.2.1.2 An explanation of the possible transmission need driven by the Public Policy Requirement identified in the immediately above subsection (19.2.1.1) (*e.g.*, the situation or system condition for which possible solutions may be needed, as opposed to a specific transmission project) and an explanation and/or demonstration that the current iteration of the transmission expansion plan(s) does not adequately address that need.
- 19.2.2 Deadline for Providing Such Information: Stakeholders that propose a transmission need driven by a Public Policy Requirement for evaluation by the Duke Transmission Provider in the current transmission planning cycle must provide the requisite information identified in Section 19.2.1 to the Duke Transmission Provider no later than 60 calendar days after the SERTP Annual Transmission Planning Summit and Input Assumptions Meeting for the previous transmission planning cycle. That information is to be provided in accordance with the contact information provided on the Regional Planning Website.
- 19.3 Duke Transmission Provider Evaluation of SERTP Stakeholder Input Regarding



## Potential Transmission Needs Driven by Public Policy Requirements

- 19.3.1 In the transmission planning process for that planning cycle, the Duke Transmission Provider will evaluate Stakeholder input to determine if there is a transmission need driven by the Public Policy Requirement identified by the Stakeholder in Section 19.2 that should be addressed in the transmission expansion plan.
  - 19.3.2 If a transmission need is identified that is not already addressed in the transmission expansion planning process, the Duke Transmission Provider will identify a transmission solution to address the aforementioned need in the planning processes.
  - 19.3.3 Stakeholder input regarding potential transmission needs driven by Public Policy Requirements may be directed to the governing Tariff process as appropriate. For example, if the potential transmission need identified by the Stakeholder is essentially a request by a network customer to integrate a new network resource, the request would be directed to that existing Tariff process.
- 19.4 Posting Requirement: The Duke Transmission Provider will provide and post on the Regional Planning Website a response to Stakeholder input regarding transmission needs driven by Public Policy Requirements.

## **20. MERCHANT TRANSMISSION DEVELOPERS PROPOSING TRANSMISSION FACILITIES IMPACTING THE SERTP:**

Merchant transmission developers not seeking regional cost allocation pursuant to Sections 24-30 (Merchant Transmission Developers) who propose to develop a transmission project(s) potentially impacting the Transmission System and/or transmission system(s) within the SERTP region shall provide information and data necessary for the Duke Transmission Provider to assess the potential reliability and operational impacts of those proposed transmission facilities. That information should include:

- Transmission project timing, scope, network terminations, load flow data, stability data, HVDC data (as applicable), and other technical data necessary to assess potential impacts.

## **21. ENROLLMENT**

- 21.1 General Eligibility for Enrollment: A public utility or non-public utility transmission service provider and/or transmission owner having a statutory or tariff obligation to ensure that adequate transmission facilities exist within a portion of the SERTP region may enroll in the SERTP. Such transmission providers and transmission owners are thus potential beneficiaries for cost allocation purposes on behalf of their transmission customers. Entities that do not enroll will nevertheless be permitted to participate as stakeholders in the SERTP.

- 21.2 Enrollment Requirement In Order to Seek Regional Cost Allocation: While enrollment is not generally required in order for a transmission developer to be eligible to propose a transmission project for evaluation and potential selection in a regional plan for regional cost allocation purposes (RCAP) pursuant to Sections 24-30, a potential transmission developer must enroll in the SERTP in order to be eligible to propose a transmission project for potential selection in a regional plan for RCAP if it, an affiliate, subsidiary, member, owner or parent company has load in the SERTP.
- 21.3 Means to Enroll: A public utility or non-public utility transmission service provider or transmission owners may provide an application to enroll in accordance with Sections 21.1 and 21.2 above, by executing the form of enrollment posted on the Regional Planning Website. The Duke Transmission Provider is deemed to have enrolled for purposes of Order No. 1000 through this Attachment N-1.
- 21.4 List of Enrollees in the SERTP: The Duke Transmission Provider will post and keep current on the Regional Planning Website a list of the public utility and non-public utility transmission service providers and transmission owners who have enrolled in the SERTP (Enrollees).
- 21.5 Enrollment, Cost Allocation Responsibility, and Conditions Subsequent: Enrollment will subject Enrollees to cost allocation if, during the period in which they are enrolled, it is determined in accordance with this Attachment N-1 that the Enrollee is a beneficiary of a new transmission project(s) selected in the regional transmission plan for RCAP; provided that, once enrolled, should the Commission, a Court, or any other governmental entity having the requisite authority modify, alter, or impose amendments to this Attachment N-1, then an enrolled non-public utility may immediately withdraw from this Attachment N-1 by providing written notice within 60 days of that order or action, with the non-public utility's termination being effective as of the close of business the prior business day before said modification, alteration, or amendment occurred. The withdrawing Enrollee will be subject to regional and interregional cost allocations, if any, to which it had agreed and that were determined in accordance with this Attachment N-1 during the period in which it was enrolled and was determined to be a beneficiary of new transmission facilities selected in the regional transmission plan for RCAP. Any withdrawing Enrollee will not be allocated costs for projects selected in a regional transmission plan for RCAP after its termination of enrollment becomes effective in accordance with the provisions of this Section 21.
- 21.6 Notification of Withdrawal: An Enrollee wanting to terminate its enrollment in the SERTP may do so by providing written notification of such intent to the Duke Transmission Provider. Except for non-public utilities terminating pursuant to Section 21.5 above, the termination will be effective at the end of the then-current transmission planning cycle provided that the notification of withdrawal is provided to the Duke Transmission Provider at least sixty (60) days prior to the

Annual Transmission Planning Summit and Assumptions Input Meeting for that transmission planning cycle. The withdrawing Enrollee will be subject to regional and interregional cost allocations, if any, to which it had agreed and that were determined in accordance with this Attachment N-1 during the period in which it was enrolled and was determined to be a beneficiary of new transmission facilities selected in the regional transmission plan for purposes of cost allocation. Any withdrawing Enrollee will not be allocated costs for projects selected in a regional transmission plan for RCAP after its termination of enrollment becomes effective in accordance with the provisions of this Section 21.

**22. QUALIFICATION CRITERIA TO SUBMIT A REGIONAL TRANSMISSION PROJECT PROPOSAL FOR POTENTIAL SELECTION IN A REGIONAL TRANSMISSION PLAN FOR PURPOSES OF COST ALLOCATION**

22.1 Transmission Developer Qualification Criteria: While additional financial and technical criteria may be required to be satisfied in order for a proposed transmission project to be selected and/or included in a regional plan for RCAP, a transmission developer must satisfy the following, initial qualification criteria to be eligible to propose a transmission project for potential selection in a regional transmission plan for RCAP.<sup>10</sup>

22.1.1 If the transmission developer or its parent or owner or any affiliate, member or subsidiary has load in the SERTP region, the transmission developer must have enrolled in the SERTP in accordance with Section 21.

22.1.2 In order to be eligible to propose a transmission project for consideration for selection in a regional plan for RCAP, the transmission developer must demonstrate that it satisfies the following, minimum financial capability and technical expertise requirements:

22.1.2.1 The transmission developer has and maintains a credit rating of BBB- or higher from Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (S&P), or a credit rating of Baa3 or higher from Moody's Investors Service, Inc. In addition, the transmission developer's parent company's credit rating may be used to satisfy this requirement but only if the parent company commits in writing to provide a guaranty for

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<sup>10</sup> The regional cost allocation process provided hereunder in accordance with Sections 12-30 does not undermine the ability of each of the Companies and other entities to negotiate alternative cost sharing arrangements voluntarily and separately from this regional cost allocation method.

the transmission developer if the proposed transmission project is selected in a regional plan for RCAP;<sup>11</sup>

22.1.2.2 The transmission developer provides documentation of its capability to finance U.S. energy projects equal to or greater than the cost of the proposed transmission project; and

22.1.2.3 The transmission developer has the capability to develop, construct, operate, and maintain U.S. electric transmission projects of similar or larger complexity, size, and scope as the proposed project. The transmission developer must demonstrate such capability by providing, at a minimum, the following information:

- a. A summary of the transmission developer's: transmission projects in-service, under construction, and/or abandoned or otherwise not completed including locations, operating voltages, mileages, development schedules, and approximate installed costs; whether delays in project completion were encountered; and how these facilities are owned, operated and maintained. This may include projects and experience provided by a parent company or affiliates or other experience relevant to the development of the proposed project; and
- b. If it or a parent, owner, affiliate, or member has been found in violation of any NERC and/or Regional Entity reliability standard and/or the violation of regulatory requirement(s) pertaining to the development, construction, ownership, operation, and/or maintenance of electric infrastructure facilities, an explanation of such violations.

## **23. TRANSMISSION FACILITIES POTENTIALLY ELIGIBLE FOR RCAP:**

In order for a transmission project proposed by a transmission developer to be considered for evaluation and potential selection in a regional plan for RCAP, the project must be regional in nature in that it must be a major transmission project effectuating significant bulk electric transfers across the SERTP region and addressing significant electrical needs. A regional transmission project eligible for potential selection in a regional plan for RCAP would be a transmission line that would:

- 23.1 operate at a voltage of 300 kV or greater and span 100 miles or more within the SERTP; and

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<sup>11</sup> If a project is selected in a regional plan for RCAP, having a BBB- and/or a Baa3 rating alone will not be sufficient to satisfy the requisite project security/collateral requirements.

- 23.2 portions of said transmission line must be located in two or more balancing authority areas located in the SERTP.
  - 23.2.1 A transmission project that does not satisfy Sections 23.1 and 23.2 above but that would effectuate similar, significant bulk electric transfers across the SERTP region and address similar, significant regional electrical needs will be considered on a case-by-case basis;
  - 23.2.2 The proposed transmission project cannot be an upgrade to an existing facility. In addition, the proposed transmission project cannot be located on the property and/or right-of-way (ROW) belonging to anyone other than the transmission developer absent the consent of the owner of the existing facility or ROW, as the case may be;
  - 23.2.3 In order for the proposed transmission project to be a more efficient and cost effective alternative to the projects identified by the transmission providers through their planning processes, it should be materially different than projects already under consideration and materially different than projects that have been previously considered in the expansion planning process;
  - 23.2.4 The proposed transmission project must be able to be constructed and tied into the transmission system by the required in-service date; and
  - 23.2.5 The proposed transmission project must not be a Local Project as that term is defined in this Attachment N-1.

**24. SUBMISSION AND EVALUATION OF PROPOSALS FOR POTENTIAL SELECTION IN A REGIONAL TRANSMISSION PLAN FOR RCAP**

- 24.1 Information to be Submitted: A transmission developer must submit the following information in support of a transmission project it proposes for potential selection in a regional transmission plan for RCAP:
  - 24.1.1 Documentation of the transmission developer's ability to satisfy the qualification criteria required in Section 22;
  - 24.1.2 Sufficient information for the Duke Transmission Provider to determine that the potential transmission project satisfies the regional eligibility requirements of Section 23;
  - 24.1.3 If it or a parent, owner, affiliate, or member who will be performing work in connection with the potential transmission project is registered with NERC or other industry organizations pertaining to electric reliability and/or the development, construction, ownership, or operation, and/or maintenance of electric infrastructure facilities, a list of those registrations.

- 24.1.4 A description of the proposed transmission project that details the intended scope (including the various stages of the project development such as engineering, ROW acquisition, construction, recommended in-service date, etc.);
- 24.1.5 A capital cost estimate of the proposed transmission project. If the cost estimate differs greatly from generally accepted estimates of projects of comparable scope, the transmission developer will be required to support such differences;
- 24.1.6 Documentation of the technical analysis performed supporting the position that the proposed transmission project addresses the transmission needs and does so more efficiently and cost-effectively than specific projects included in the latest transmission expansion plan. Documentation must include the following:
  - 24.1.6.1 The identification of: (a) transmission projects in the latest expansion plan that would be displaced by the proposed project, and (b) any additional projects that may be required in order to implement the proposed project; and
  - 24.1.6.2 The data and/or files necessary to evaluate the transmission developer's analysis of the proposed transmission project;
- 24.1.7 The transmission developer must provide a reasonable explanation of, as it pertains to its proposed project, its planned approach to satisfy applicable regulatory requirements and its planned approach to obtain requisite authorizations necessary to acquire rights of way and to construct, operate, and maintain the proposed facility in the relevant jurisdictions;
  - 24.1.7.1 The transmission developer should not expect to use the Duke Transmission Provider's right of eminent domain for ROW acquisition; and
- 24.1.8 An administrative fee of \$25,000 to off-set the costs to review, process and evaluate each transmission project proposal. A refund of \$15,000 will be provided to the transmission developer if:
  - 24.1.8.1 The transmission developer or its proposal is determined to not satisfy the qualification criteria in Section 22 through 24.1; or
  - 24.1.8.2 The transmission developer withdraws its proposal by providing written notification of its intention to do so to the Duke Transmission Provider prior to the First RPSG Meeting and Interactive Training Session for that transmission planning cycle.

- 24.2 **Deadline for Submittal:** In order for its transmission project to be considered for RCAP in the current transmission planning cycle, a transmission developer must provide the requisite information identified in Sections 22 through 24.1 to the Duke Transmission Provider in accordance with the contact information provided on the Regional Planning Website no later than 60 calendar days after the SERTP Annual Transmission Planning Summit and Input Assumptions Meeting for the previous transmission planning cycle.
- 24.3 **Initial Review of Qualification Criteria and Opportunity for Cure:** The Duke Transmission Provider will notify transmission developers who do not meet the qualification criteria in Section 24 through 26.1, or who provide an incomplete submittal, within 30 calendar days of the submittal deadline to allow the transmission developers an opportunity to remedy any identified deficiency(ies). Transmission developers, so notified, will have 15 calendar days to resubmit the necessary supporting documentation to remedy the identified deficiency.
- 24.4 **Change in the Transmission Developer's Qualification Information or Circumstances:** The transmission developer has an obligation to update and report in writing to the Duke Transmission Provider any change to its information that was provided as the basis for its satisfying the requirements of Sections 24 through 26, except that the transmission developer is not expected to update its technical analysis performed for purposes of Section 24.1.6 to reflect updated transmission planning data as the transmission planning cycle(s) progresses. If at any time the Duke Transmission Provider concludes that a transmission developer or a potential transmission project proposed for possible selection in a regional plan for RCAP no longer satisfies such requirements specified in Sections 24 through 26, then the Duke Transmission Provider may remove the transmission developer's potential transmission project(s) from consideration for potential selection in a regional plan for RCAP and/or remove any and all such transmission project(s) from the selected category in a regional plan for RCAP, as applicable.

## **25. EVALUATION OF PROPOSALS FOR SELECTION IN A REGIONAL TRANSMISSION PLAN FOR RCAP**

- 25.1 **Potential Transmission Projects Seeking RCAP Will be Evaluated in the Normal Course of the Transmission Planning Process:** During the course of the then-current transmission expansion planning cycle (and thereby in conjunction with other system enhancements under consideration in the transmission planning process), the Duke Transmission Provider will evaluate current transmission needs and assess alternatives to address current needs including the potential transmission projects proposed for possible selection in a regional plan for RCAP by transmission developers. Such evaluation will be in accordance with, and subject to (among other things), state law pertaining to transmission ownership, siting, and construction. Utilizing coordinated models and assumptions, the Duke Transmission Provider will apply its planning guidelines and criteria to evaluate submittals and determine whether:

- 25.1.1 The proposed transmission project addresses an underlying transmission need(s);
  - 25.1.2 The proposed transmission project addresses transmission needs that are currently being addressed with projects in the transmission planning process and if so, which projects could be displaced by the proposed transmission project;<sup>12</sup>
  - 25.1.3 Any additional projects would be required to implement the proposed transmission project.
- 25.2 Transmission Benefit-to-Cost Analysis Based Upon Planning Level Cost Estimates
- 25.2.1 Based upon the evaluation outlined in Section 25.1, the Duke Transmission Provider will assess whether the proposed transmission project seeking selection in a regional plan for RCAP is considered at that point in time to yield meaningful, net regional benefits. Specifically, the proposed transmission project should yield a regional transmission benefit-to-cost ratio of at least 1.25 and no individual Impacted Utility should incur increased, unmitigated transmission costs.<sup>13</sup>
    - 25.2.1.1 The benefit used in this calculation will be quantified by the transmission costs that the Beneficiaries would avoid due to their transmission projects being displaced by the transmission developer's proposed transmission project.
    - 25.2.1.2 The cost used in this calculation will be quantified by the transmission cost of the project proposed for selection in a regional transmission plan for RCAP plus the transmission costs of any additional projects required to implement the proposal.
    - 25.2.1.3 The Duke Transmission Provider will develop planning level cost estimates for use in determining the regional benefit-to-

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<sup>12</sup> Entities that are identified to potentially have one or more of their planned transmission projects displaced by the transmission developer's potential transmission project for possible selection in a regional plan for RCAP shall be referred to as "Beneficiaries."

<sup>13</sup> An entity would incur increased, unmitigated transmission costs should it incur more costs than displaced benefits and not be compensated/made whole for those additional costs. For purposes of this Attachment N-1, the terms "Impacted Utilities" shall mean: i) the Beneficiaries identified for the proposed transmission project and ii) any entity identified in this Section 25.2.1 to potentially have increased costs in order to implement the proposal.



cost ratio. Detailed engineering estimates may be used if available.

25.2.2 For potential transmission projects found to satisfy the foregoing benefit-to-cost analysis, the Duke Transmission Provider and the Impacted Utilities will then consult with the transmission developer of that project to establish a schedule reflecting the expected in-service date of the project for: 1) the transmission developer to provide detailed financial terms for its proposed project that are acceptable to each Beneficiary and 2) the proposed transmission project to receive approval for selection in a regional plan for RCAP from the jurisdictional and/or governance authorities of the Impacted Utilities.

25.3 The Transmission Developer to Provide More Detailed Financial Terms Acceptable to the Beneficiaries and the Performance of a Detailed Transmission Benefit-to-Cost Analysis: By the date specified in the schedule established in Section 25.2.2,<sup>14</sup> the transmission developer shall identify the detailed financial terms for its proposed project, establishing in detail: (a) the total cost to be allocated to the Beneficiaries if the proposal were to be selected in a regional plan for RCAP, and (b) the components that comprise that cost, such as the costs of:

25.3.1 Engineering, procurement, and construction consistent with Good Utility Practice and standards and specifications acceptable to the Duke Transmission Provider,

25.3.2 Financing costs, required rates of return, and any and all incentive-based (including performance based) rate treatments,

25.3.3 Ongoing operations and maintenance of the proposed transmission project,

25.3.4 Provisions for restoration, spare equipment and materials, and emergency repairs, and

25.3.5 Any applicable local, state, or federal taxes.

To determine whether the proposed project is considered at that time to remain a more efficient and cost effective alternative, the Duke Transmission Provider will

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<sup>14</sup> The schedule established in accordance with Section 25.2.1 will reflect considerations such as the timing of those transmission needs the regional project may address as well as the lead-times of the regional project, transmission projects that must be implemented in support of the regional project, and projects that may be displaced by the regional project. This schedule may be revised by the Duke Transmission Provider and the Impacted Utilities, in consultation with the transmission developer, as appropriate to address, for example, changes in circumstances and/or underlying assumptions.

then perform a more detailed 1.25 transmission benefit-to-cost analysis consistent with that performed pursuant to Section 25.2.1. This more detailed transmission analysis will be based upon the detailed financial terms provided by the transmission developer, as may be modified by agreement of the transmission developer and Beneficiary(ies), and any additional, updated, and/or more detailed transmission planning, cost or benefit information/component(s) that are applicable to/available for the proposed transmission project, the projects that would be displaced, and any additional projects required to implement the proposal.<sup>15</sup>

- 25.4 Jurisdictional and/or Governance Authority Approval and Selection for RCAP: The project will be selected for RCAP in the then-current iteration of the regional plan for purposes of Order No. 1000, subject to the provisions of Section 27, if: (i) the detailed financial terms provided in accordance with Section 25.3, as may be modified by agreement of the transmission developer and Beneficiary(ies), are acceptable to each Beneficiary; (ii) the proposed transmission project is found to satisfy the more detailed benefit-to-cost analysis specified in Section 25.3; and (iii) if approval is obtained from all of the jurisdictional and/or governance authorities of the Impacted Utilities by the date specified in the schedule adopted in accordance with Section 25.2.2.<sup>16</sup> If obtaining jurisdictional and/or governance authorities approval requires a modification of the detailed financial terms found acceptable in Section 25.3, and both the transmission developer and the Beneficiary(ies) agree to the modification, then the modified detailed financial terms shall be the basis for the regional cost allocation for purposes of the project.

## **26. COST ALLOCATION METHODOLOGY BASED UPON AVOIDED TRANSMISSION COSTS:**

If a regional transmission project is selected in a regional plan for RCAP in accordance with Section 25.4 and then constructed and placed into service, the Beneficiaries identified in the detailed benefit-to-cost analysis performed in Section 25.3 to potentially have one or more of their planned transmission projects displaced by the transmission developer's potential transmission project for RCAP will be allocated the regional transmission project's costs in

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<sup>15</sup> The performance of this updated, detailed benefit-to-cost analysis might identify different Beneficiaries and/or Impacted Utilities than that identified in the initial benefit-to-cost analysis performed in accordance with Section 25.2.1.

<sup>16</sup> Being selected for RCAP in the then-current iteration of a regional plan only provides how the costs of the transmission project may be allocated in Commission-approved rates should the project be built. Being selected in a regional plan for RCAP provides no rights with regard to siting, construction, or ownership. The transmission developer must obtain all requisite approvals to site and build its transmission project. A transmission project may be removed from the selected category in a regional plan for RCAP in accordance with the provisions of Sections 24.4, 27 and 28.

proportion to their respective displaced transmission costs as found acceptable in accordance with Sections 25.3 and 25.4.

**27. ON-GOING EVALUATIONS OF PROPOSED PROJECTS:**

In order to ensure that the Duke Transmission Provider can efficiently and cost effectively meet its respective reliability, duty to serve, and cost of service obligations, and to ensure that the proposed transmission project actually proves to be more efficient and cost effective, the Duke Transmission Provider will continue to reevaluate a proposed transmission project, including any such projects that are being considered for potential selection in a regional plan for RCAP and any transmission projects that may have been selected in a regional plan for RCAP. This continued reevaluation will assess then-current transmission needs and determine whether the proposed transmission project continues to be needed and is more efficient and cost effective compared to alternatives as assessed in subsequent expansion planning processes that reflect ongoing changes in actual and forecasted conditions. Even though a proposed project may have been selected in a regional plan for RCAP in an earlier regional plan, if it is determined that the proposed project is no longer needed and/or it is no longer more efficient and cost effective than alternatives, then the Duke Transmission Provider may notify the transmission developer and remove the proposed project from the selected category in a regional plan for RCAP. Reevaluation will occur until it is no longer reasonably feasible to replace the proposed transmission project as a result of the proposed transmission project being in a material stage of construction and/or if it is no longer considered reasonably feasible for an alternative transmission project to be placed in service in time to address the underlying transmission need(s) the proposed project is intended to address.

**28. DELAY OR ABANDONMENT:**

As part of the Duke Transmission Provider's on-going transmission planning efforts, the Duke Transmission Provider will assess whether alternative transmission solutions may be required in addition to, or in place of, a potential transmission project selected in a regional plan for RCAP due to the delay in its development or abandonment of the project. In this regard, the transmission developer shall promptly notify the Duke Transmission Provider should any material changes or delays be encountered in the development of the potential transmission project. If, due to such delay or abandonment, the Duke Transmission Provider determines that a project selected in a regional plan for RCAP no longer adequately addresses underlying transmission needs and/or no longer remains more efficient and cost effective, then the Duke Transmission Provider may remove the project from being selected in a regional plan for RCAP and proceed with seeking appropriate solution(s). If removed from being selected in a regional plan for RCAP due to delay or abandonment by the transmission developer, then the transmission developer shall be responsible for, at a minimum, any increased costs to the Impacted Utilities due to any such delay or abandonment.

**29. MILESTONES OF REQUIRED STEPS NECESSARY TO MAINTAIN STATUS AS BEING SELECTED FOR RCAP:**

Once selected in a regional plan for RCAP, the transmission developer must submit a development schedule to the Duke Transmission Provider and the Impacted Utilities that

establishes the milestones, including (to the extent not already accomplished) obtaining all necessary ROWs and requisite environmental, state, and other governmental approvals and executing a mutually-agreed upon contract(s) with the Beneficiaries, by which the necessary steps to develop and construct the transmission project must occur. The schedule and milestones must be satisfactory to the Duke Transmission Provider and the Impacted Utilities. In addition, the Duke Transmission Provider and the Impacted Utilities will also determine the security/collateral arrangements for the proposed project and the deadline(s) by which they must be provided.<sup>17</sup> If such critical steps are not met by the specified milestones and then afterwards maintained, then the Duke Transmission Provider may remove the project from the selected category in a regional plan for RCAP.

**30. MUTUALLY AGREED UPON CONTRACT(S) BETWEEN THE TRANSMISSION DEVELOPER AND THE BENEFICIARIES:**

The contract(s) referenced in Section 29 will address terms and conditions associated with the development of the proposed transmission project in a regional plan for RCAP, including:

- 30.1 The specific financial terms/specific total amounts to be charged by the transmission developer for the regional transmission project to the Beneficiaries, as agreed to by the parties,
- 30.2 The contracting Beneficiary's(ies') allocation of the costs of the aforementioned regional facility,
- 30.3 Creditworthiness/project security requirements,
- 30.4 Operational control of the regional transmission project,
- 30.5 Milestone reporting, including schedule of projected expenditures,
- 30.6 Engineering, procurement, construction, maintenance, and operation of the proposed regional transmission project,
- 30.7 Emergency restoration and repair responsibilities,
- 30.8 Reevaluation of the regional transmission project, and
- 30.9 Non-performance or abandonment.

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<sup>17</sup> Satisfying the minimum, financial criteria specified in Section 22.1.2 alone in order to be eligible propose a project for RCAP will not satisfy this security/collateral requirement.

## **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's<sup>18</sup> 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

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<sup>18</sup> 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.

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:**

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 "1<sup>st</sup> 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 1<sup>st</sup> 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 "2<sup>nd</sup> 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 "3<sup>rd</sup> 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 years 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.

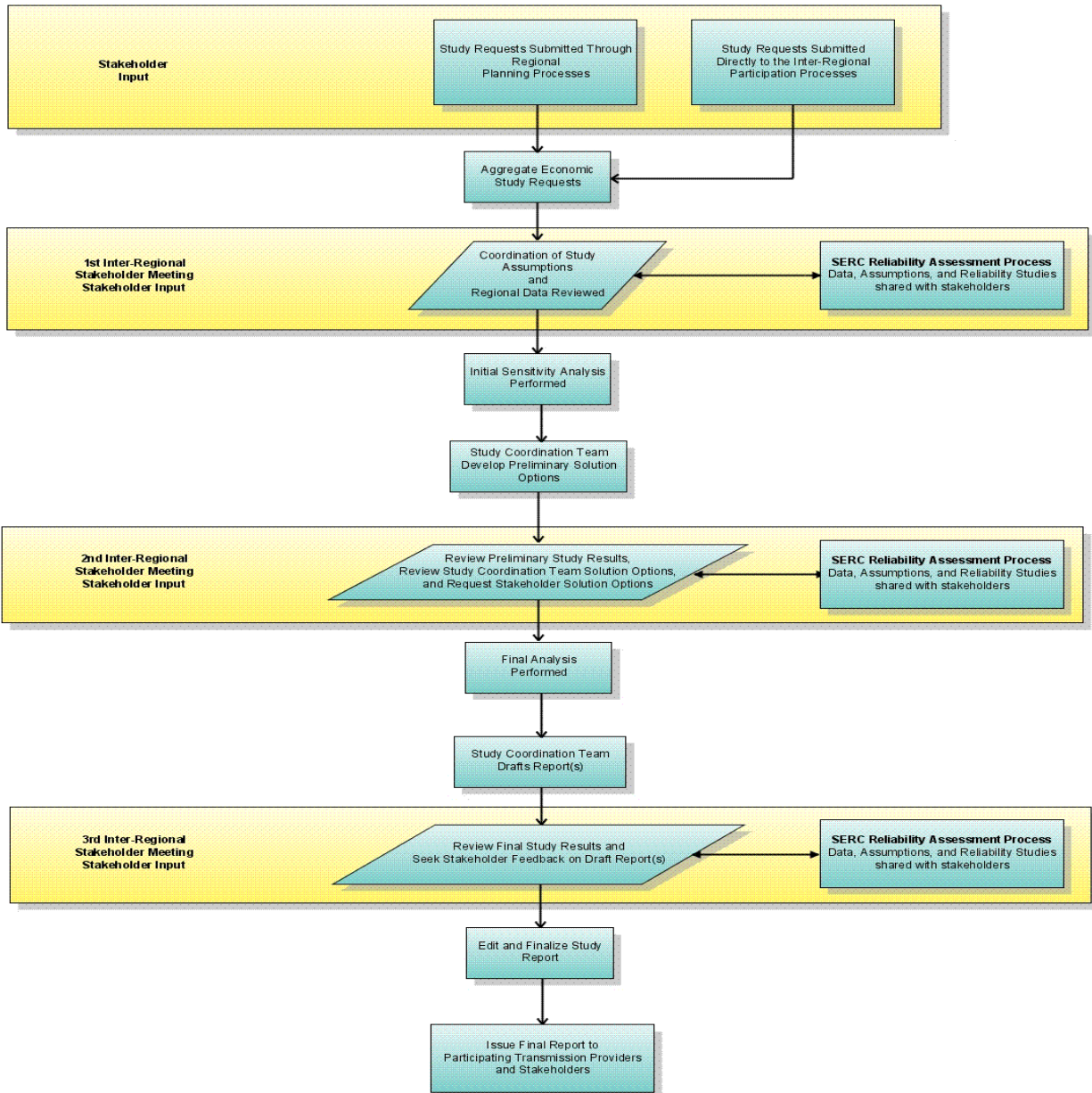
### ***Dispute Resolution***

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  
**[Need Copy of SERTP Appendix 2]**

### 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
<b>Total Vote</b>						0.47	0.53