

124 FERC ¶ 61,266
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

South Carolina Electric & Gas Company

Docket Nos. OA08-46-000
OA08-46-001

ORDER ON COMPLIANCE FILING

(Issued September 18, 2008)

1. On December 7, 2007, and amended on December 12, 2007,¹ pursuant to section 206 of the Federal Power Act (FPA),² South Carolina Electric & Gas Company (SCE&G), submitted its transmission planning process as a proposed attachment (Attachment K) to its Open Access Transmission Tariff (OATT), as required by Order No. 890.³ In this order, we accept SCE&G's compliance filing, effective December 7, 2007, subject to further compliance filings, as discussed below.

I. Background

2. In Order No. 890, the Commission reformed the *pro forma* OATT to clarify and expand the obligations of transmission providers to ensure that transmission service is provided on a non-discriminatory basis. One of the Commission's primary reforms was

¹ SCE&G submitted a revised version of the filing under Docket No. OA08-46-001 in order to correct the tariff sheet pagination on its original filing. (December 12 Amendment).

² 16 U.S.C. § 824e (2006).

³ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 72 Fed. Reg. 12,266 (Mar. 15, 2007), FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, 73 Fed. Reg. 2984 (Jan. 16, 2008), FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 73 Fed. Reg. 39,092 (July 8, 2008), 123 FERC ¶ 61,299 (2008).

designed to address the lack of specificity regarding how customers and other stakeholders should be treated in the transmission planning process.⁴ To remedy the potential for undue discrimination in planning activities, the Commission directed all transmission providers to develop a transmission planning process that satisfies nine principles (discussed below) and to clearly describe that process in a new attachment (Attachment K) to their OATTs.

3. In Order No. 890, the Commission required that each transmission provider's transmission planning process satisfy the following nine principles: (1) coordination; (2) openness; (3) transparency; (4) information exchange; (5) comparability; (6) dispute resolution; (7) regional participation; (8) economic planning studies; and (9) cost allocation for new projects. The Commission also directed transmission providers to address the recovery of planning-related costs. The Commission explained that it adopted a principles-based reform to allow for flexibility in implementation and to build on transmission planning efforts and processes already underway in many regions of the country. However, although Order No. 890 allows for flexibility, each transmission provider has a clear obligation to address each of the nine principles in its transmission planning process and all of these principles must be fully addressed in the tariff language filed with the Commission. The Commission emphasized that tariff rules must be specific and clear to facilitate compliance by transmission providers and place customers on notice of their rights and obligations.⁵

⁴ The Commission, among other things, also amended the *pro forma* OATT to require greater consistency and transparency in the calculation of Available Transfer Capability (ATC) and standardization of charges for generator and energy imbalance services. The Commission also revised various policies governing network resources, rollover rights, and reassignments of transmission capacity. These reforms have been or will be addressed in other orders.

⁵ As the Commission explained in Order No. 890, not all rules and practices related to transmission service, or planning activities in particular, need to be codified in the transmission provider's OATT. Rules, standards and practices that relate to, but do not significantly affect, transmission service may be placed on a transmission provider's website, provided there is a link to those business practices on its Open Access Same-Time Information System (OASIS). See Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 1649-55. A transmission provider could therefore use a combination of tariff language in its Attachment K, and a reference to planning manuals on its website, to satisfy its planning obligations under Order No. 890.

II. Compliance Filing

4. SCE&G states that its existing planning process, combined with the expanded processes established in response to the nine planning principles contained in Order No. 890, fully satisfies the Commission's requirements for transmission planning. As discussed further below, SCE&G also states that its proposed transmission planning process includes a joint planning process and stakeholder group, which it developed with the South Carolina Public Service Authority (Santee Cooper).⁶ SCE&G further states that in order to provide a means for stakeholders to request inter-regional economic studies, among other things, its Attachment K also includes the Southeast Inter-Regional Participation Process (SIRPP).⁷ SCE&G explains that Duke Energy Carolinas, LLC (Duke), Entergy Operating Companies (Entergy), E.ON U.S., LLC (E.ON U.S.), Progress Energy Carolinas, Inc. (Progress), Santee Cooper, Southern Company, and the Tennessee Valley Authority (collectively, Southeast Inter-Regional Participants) also participate in the SIRPP.

III. Notice of Filing and Responsive Pleadings

5. Notice of SCE&G's compliance filing was published in the *Federal Register*, 72 Fed. Reg. 71,885 (2007), with interventions and protests due on or before December 28, 2007. On December 20, 2007, the Commission issued a notice of extension of time to file comments up to and including January 7, 2008. The Electric Power Supply Association filed a timely motion to intervene. Energy Consulting Group, LLC (Energy Consulting) filed a timely motion to intervene and comments. In addition, North Carolina Electric Membership Corporation (NCEMC) and Electricities of North Carolina, Inc. (Electricities) (collectively, NC Customers) jointly and severally filed a timely motion to intervene and comments. On January 22, 2008, SCE&G filed an answer to the comments, in which SCE&G notes that it joins an answer filed by Southern Company Service, Inc., in Docket No. OA08-37 responding to Energy Consulting.

6. Notice of SCE&G's December 12 Amendment was published in the *Federal Register*, 72 Fed. Reg. 73,017 (2007), with interventions and protests due on or before

⁶ In *South Carolina Public Service Authority*, 122 FERC ¶ 61,183 (2008) (Santee Cooper), the Commission noted that SCE&G and Santee Cooper have developed a joint planning proposal for coordinated, open and transparent transmission planning. There, the Commission found this joint planning process would ultimately be reviewed by the Commission in its consideration of SCE&G's Attachment K. In addition, the Commission explained that because Santee Cooper participates in the regional planning process established by Order No. 890, it is acceptable that Santee Cooper, as a non-jurisdictional utility, includes its Attachment K on its OASIS, instead of in its OATT.

⁷ A document explaining the SIRPP is included as Appendix K-3.

January 2, 2008. Duke and Central Electric Power Cooperative, Inc. filed timely motions to intervene.

IV. Discussion

A. Procedural Matters

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2008), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

8. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2008), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept SCE&G's answer because it has provided information that assisted us in our decision-making process.

B. Substantive Matters

9. We find that SCE&G's Attachment K transmission planning process, with certain modifications, complies with each of the nine planning principles and other planning requirements adopted in Order No. 890. Accordingly, we accept the Attachment K filing of SCE&G to be effective December 7, 2007, subject to a further compliance filing as discussed below.

10. We also note that, while we accept SCE&G's transmission planning process in Attachment K, we nevertheless encourage further refinements and improvements to SCE&G's planning process as it and its customers and other stakeholders gain more experience through actual implementation of this process. Commission staff will also periodically monitor the implementation of the planning process to determine if adjustments are necessary and will inform the transmission provider and the Commission of any such recommendations. Specifically, beginning in 2009, the Commission will convene regional technical conferences similar to those conferences held in 2007 leading up to the filing of the Attachment K compliance filings. The focus of the 2009 regional technical conferences will be to determine the progress and benefits realized by each transmission provider's transmission planning process, obtain customer and other stakeholder input, and discuss any areas that may need improvement.

C. Compliance with Order No. 890's Planning Principles

1. Coordination

11. In order to satisfy the coordination principle, transmission providers must provide customers and other stakeholders the opportunity to participate fully in the planning process. The purpose of the coordination requirement, as stated in Order No. 890, is to

eliminate the potential for undue discrimination in planning by opening appropriate lines of communication between transmission providers, their transmission-providing neighbors, affected state authorities, customers, and other stakeholders. The planning process must provide for the timely and meaningful input and participation of customers and other stakeholders regarding the development of transmission plans, allowing customers and other stakeholders to participate in the early stages of development. In its planning process, each transmission provider must clearly identify the details of how its planning process will be coordinated with interested parties.⁸

a. SCE&G's Filing

12. SCE&G states that it has satisfied the coordination requirement by establishing, with Santee Cooper, “a stakeholder process for information sharing and public input, to be known as the South Carolina Regional Transmission Planning (SCRTP) process and the SCRTP Stakeholder Group (SCSG).”⁹ Any individual or entity may participate in the SCSG, although SCE&G and Santee Cooper will request that stakeholders organize their group into sectors. SCE&G states that it contemplates eight potential sectors: transmission owners/operators; transmission service customers; cooperatives; municipals; marketers; generation owners/developers; ISO/RTOs; and state regulatory representatives (which will be non-voting). SCSG’s key governance features include the following: (1) each sector within the SCSG will have two voting members (for a total of 14 voting members); (2) there will be one vote per member and majority rule; (3) voting members will be determined by the sector membership annually during the Fall meeting; and (4) meetings are to be open to non-SCSG members.¹⁰

13. SCE&G further states that through the SCSG, Santee Cooper and SCE&G will host quarterly meetings to provide a forum to achieve an open and transparent transmission planning process for SCE&G’s local and regional planning. Under SCE&G’s Attachment K, notification and schedules for these meetings will be posted on the SCRTP website,¹¹ and an open electronic mail distribution list will be maintained by SCE&G and Santee Cooper and will be used to electronically mail notices of meetings and other planning-related communications. SCE&G explains that all stakeholders will

⁸ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 451-54.

⁹ SCE&G Compliance Filing Transmittal at 3.

¹⁰ Section III.B. (Stakeholder Group) of SCE&G’s Attachment K. SCE&G states that voting will be used to determine the number of high-priority economic studies to be performed annually.

¹¹ SCE&G and Santee Cooper’s regional website is established and located at: www.scrtp.com.

have input and participation into both reliability and economic planning. SCE&G explains that the schedule for the stakeholder meetings tracks the planning timeline to allow SCE&G to communicate information to its stakeholders at each stage of the planning process, which allows stakeholders to participate through the exchange of information, as well as allowing for stakeholder input at the relevant periods of the planning process.

14. Under SCE&G's Attachment K, the first quarterly meeting (i.e., Fall Stakeholder Meeting) is scheduled to occur prior to the initiation of SCE&G's annual reliability transmission planning studies, examining system performance against requirements included in the North American Electric Reliability Corporation (NERC) standards criteria. SCE&G states that this will allow the opportunity for stakeholder input into the study processes and the sharing and reviewing of planning-related data and analysis before studies are actually conducted and will ensure that up-to-date information is modeled and included in the reliability study processes. At the Fall Stakeholder Meeting, SCE&G will review and discuss with stakeholders the key assumptions and data used for internal model development. Additionally, stakeholders will provide input on key assumptions and modeling data used in the reliability planning process, including, but not limited to, network load and network resources forecasts and point-to-point customer forecasts.¹² Further, stakeholders will have the opportunity to discuss and provide comments on the latest transmission plans and upgrades in order to provide feedback for the development of the next plan. At the second quarterly meeting (i.e., Winter Stakeholder Meeting), SCE&G will review the results of: (1) its reliability planning studies; (2) completed and published two-party and multi-party reliability planning studies conducted with interconnected and other Eastern Interconnection transmission owners; (3) Virginia-Carolinas (VACAR), SERC Reliability Corporation (SERC) region and Eastern Interconnection Reliability Assessment Group (ERAG) reliability assessment studies; and (4) any upgrades being considered, as well as stakeholder alternatives to the proposed upgrades. Further, SCE&G will review information on how to acquire all data used to conduct the studies, such as base cases, reports and criteria.

15. Under SCE&G's Attachment K, at the third quarterly meeting (i.e., Spring Stakeholder Meeting), stakeholders will identify and request economic transmission planning studies.¹³ At the fourth quarterly meeting (i.e., Summer Stakeholder Meeting), SCE&G will review, discuss and receive input from the SCSG on the results of requested economic power transfer sensitivities conducted by SCE&G both individually and

¹² Section II.B.1. (Reliability Standards and Planning Criteria) of SCE&G's Attachment K.

¹³ Section III.C. (Stakeholder Meetings) of SCE&G's Attachment K.

regionally with Santee Cooper or pursuant to the SIRPP process.¹⁴ In addition, SCE&G states that it will review and explain to the SCSG and meeting attendees how to acquire all data and study assumptions used to conduct the power transfer sensitivity.

b. Commission Determination

16. We find that SCE&G's proposed Attachment K partially complies with the coordination principle stated in Order No. 890. As summarized above, Santee Cooper and SCE&G each year will host quarterly meetings of the SCSG that are open to all interested persons and entities in order to provide a forum for open and transparent transmission planning for SCE&G's local and regional planning processes. Under SCE&G's Attachment K, any individual or entity may attend these quarterly meetings, participate in the process, and join in the annual selection of voting SCSG representatives. Through the SCSG, all participants will have the opportunity to provide input to and participate in both the reliability and economic planning processes conducted by SCE&G. SCE&G's quarterly meetings permit stakeholder input and feedback on data and study assumptions in the development of the transmission expansion plan, and SCE&G will notify participants of meeting schedules via electronic mail and through postings on the SCRTP.¹⁵

17. However, in Order No. 890, the Commission found that customers must be included at the early stages of development of a transmission plan and not merely given an opportunity to comment on transmission plans that were developed in the first instance without their input.¹⁶ While SCE&G's local and regional transmission planning process provides quarterly meetings that permit participants to provide input to and participate in most aspects of the reliability and economic planning process, we are not convinced that SCE&G's Attachment K ensures that customers and other stakeholders can provide timely and meaningful input throughout the development of the transmission plan. Under SCE&G's Attachment K, at the Winter Stakeholder meeting stakeholders review the results of reliability planning studies and two-party and multiple party studies that have been completed. However, it is unclear from SCE&G's description whether these studies will be in final draft or if this review and comment process is for an interim draft to be finalized later. Additionally, SCE&G's Attachment K lacks a sufficient description of how the draft transmission plan will be made available for review by stakeholders prior to being finalized. Further, although SCE&G states that stakeholders will be able to provide comments at the Fall Stakeholder Meeting on the latest transmission plans and upgrades for the development of the next plan, it is unclear whether SCE&G is describing the prior

¹⁴ *Id.*

¹⁵ Section III.A. (Introduction) of SCE&G's Attachment K.

¹⁶ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 454.

year's transmission plan or the current year's transmission plan. Accordingly, we direct SCE&G, in a compliance filing to be made within 90 days of issuance of this order, to revise its Attachment K to: (1) clearly describe the review and comment process for its reliability planning studies and completed two-party and multiple-party studies; (2) provide a detailed description of the review process for finalizing and approving the transmission plan; (3) clearly describe the transmission plan(s) being reviewed in the quarterly stakeholder meetings; and (4) clearly describe the process for stakeholders to submit alternatives and for consideration of alternatives.¹⁷

2. Openness

18. The openness principle requires that transmission planning meetings be open to all affected parties, including, but not limited to, all transmission and interconnection customers, state authorities, and other stakeholders. Although the Commission recognized in Order No. 890 that it may be appropriate in certain circumstances to limit participation in a meeting to a subset of parties, such as a particular meeting of a sub-regional group, the Commission emphasized that the overall development of the transmission plan and the planning process must remain open.¹⁸ Transmission providers, in consultation with affected parties, must also develop mechanisms to manage confidentiality and Critical Energy Infrastructure Information (CEII) concerns, such as confidentiality agreements and password protected access to information.¹⁹

a. SCE&G's Filing

19. Section III.A of SCE&G's Attachment K provides that any individual or entity may attend the quarterly stakeholder meetings, participate in the process, and consider joining the SCSG. SCE&G further states that with regard to CEII information, it will utilize the CEII non-disclosure agreement posted in its Rules, Standards and Practices on OASIS to address CEII concerns.²⁰ SCE&G explains that the Rules, Standards and

¹⁷ We note that SCE&G's reference in section II.B.1. (Reliability Standards and Planning Criteria) to Original Sheet No. 192 of its Transmission Planning Criteria should be modified to reference Original Sheet No. 202. We direct SCE&G to make this modification in the further compliance filing ordered herein.

¹⁸ The Commission made clear in Order No. 890-A that any circumstances under which participation in a planning meeting is limited should be clearly described in the transmission provider's Attachment K planning process, as all affected parties must be able to understand how, and when, they are able to participate in planning activities. *See* Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 194.

¹⁹ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 460.

²⁰ Section III.D. (Access to Data and Studies) of SCE&G's Attachment K.

Practices describe how parties can request and obtain CEII. In addition, SCE&G explains that it is planning to establish a website that will give all affected parties access to its Attachment K and all relevant information underlying SCE&G's planning process. SCE&G states that all data will be subject to non-disclosure and confidentiality agreements.

b. Commission Determination

20. We find that SCE&G's proposed Attachment K partially satisfies the openness principle stated in Order No. 890. Any individual or entity may attend the quarterly stakeholder meetings, participate in the process, and consider joining the SCSG. SCE&G also states that, with regard to CEII information, it will utilize the CEII non-disclosure agreement posted in its Rules, Standards and Practices on OASIS to address CEII concerns. Further, SCE&G states that it will establish a website to facilitate the dissemination of planning related information, and that all data will be subject to non-disclosure and confidentiality agreements. However, SCE&G's Attachment K does not address access to confidential information that is not CEII. Accordingly, we direct SCE&G, in a compliance filing to be made within 90 days of issuance of this order, to develop a mechanism to manage access to confidential planning-related information that is not CEII.

3. Transparency

21. The transparency principle requires transmission providers to reduce to writing and make available the basic methodology, criteria, and processes used to develop transmission plans, including how they treat retail native loads, in order to ensure that standards are consistently applied. To that end, each transmission provider must describe in its planning process the method(s) it will use to disclose the criteria, assumptions and data that underlie its transmission system plans.²¹ The Commission specifically found that simple reliance on Form Nos. 714 and 715 failed to provide sufficient information to provide transparency in planning because those forms were designed for different purposes. Transmission providers also were directed to provide information regarding the status of upgrades identified in the transmission plan.

22. The Commission explained that sufficient information should be made available to enable customers, other stakeholders, and independent third parties to replicate the results of planning studies and thereby reduce the incidence of after-the-fact disputes regarding whether planning has been conducted in an unduly discriminatory fashion. The

²¹ In Order No. 890-A, the Commission made clear that this includes disclosure of transmission base case and change case data used by the transmission provider, as these are basic assumptions necessary to adequately understand the results reached in a transmission plan. *See* Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 199.

Commission explained that simultaneous disclosure of transmission planning information should alleviate Standards of Conduct concerns regarding disclosure of information. The Commission also specifically addressed consideration of demand resources in transmission planning. Where demand resources are capable of providing the functions assessed in a transmission planning process, and can be relied upon on a long-term basis, they should be permitted to participate in that process on a comparable basis.²²

a. SCE&G's Filing

23. SCE&G states that it will disclose, through the SCSG meeting process, information regarding the basic methodology, criteria, and process used to develop its transmission plan.²³ SCE&G will review and have discussions with stakeholders regarding the key assumptions and data used for internal model development in the reliability planning process. Stakeholders also will have the opportunity to discuss and provide comments on the latest transmission plans and the status of upgrades in order to provide feedback for the development of the next plan. Base cases, reports, and criteria for transmission planning will be provided to stakeholders and third parties to allow them to replicate the results of planning studies.

b. Commission Determination

24. We find that SCE&G's proposed Attachment K complies with the transparency principle stated in Order No. 890.²⁴ Through the quarterly stakeholder meetings, SCE&G and the stakeholders will have the opportunity to discuss and provide comments on the key assumptions and modeling data used in the development of the transmission expansion plan.²⁵ SCE&G will make available, during stakeholder meetings and/or on the regional website, sufficient information concerning the basic methodology, criteria and processes used to allow stakeholders and third parties to replicate the results of transmission studies. SCE&G also will provide information, and take comments on, the status of upgrades identified in previous transmission plans.

4. Information Exchange

25. The information exchange principle requires network customers to submit information on their projected loads and resources on a comparable basis (e.g., planning

²² Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 471-79.

²³ Section III.A (Introduction) of SCE&G's Attachment K.

²⁴ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 471.

²⁵ Section III.C. (Stakeholder Meetings) of SCE&G's Attachment K.

horizon and format) as used by transmission providers in planning for their native load. Point-to-point customers are required to submit any projections they have of a need for service over the planning horizon and at what receipt and delivery points. As the Commission made clear in Order No. 890-A, these projections are intended only to give the transmission provider additional data to consider in its planning activities, and should not be treated as a proxy for actual reservations.²⁶ Transmission providers, in consultation with their customers and other stakeholders, are to develop guidelines and a schedule for the submittal of such customer information.

26. The Commission also provided that, to the extent applicable, transmission customers should provide information on existing and planned demand resources and their impacts on demand and peak demand. Stakeholders, in turn, should provide proposed demand resources if they wish to have them considered in the development of the transmission plan. The Commission stressed that information collected by transmission providers to provide transmission service to their native load customers must be transparent, and equivalent information must be provided by transmission customers to ensure effective planning and comparability. In Order No. 890-A, the Commission made clear that customers should only be required to provide cost information for transmission and generation facilities as necessary for the transmission provider to perform economic planning studies requested by the customer, and that the transmission provider must maintain the confidentiality of this information. To this end, transmission providers must clearly define in their Attachment K the information sharing obligations placed on customers in the context of economic planning.²⁷

27. The Commission emphasized that transmission planning is not intended to be limited to the mere exchange of information and after the fact review of transmission provider plans. The planning process is instead intended to provide a meaningful opportunity for customers and stakeholders to engage in planning along with their transmission providers. To that end, the Commission clarified that information exchange relates to planning, not other studies performed in response to interconnection or transmission service requests.²⁸

a. SCE&G's Filing

28. SCE&G states that stakeholders are given the opportunity, at each Fall Stakeholder Meeting, to provide input on key assumptions and modeling data used in the reliability planning process, including, but not limited to: (1) network load and resources

²⁶ Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 207.

²⁷ *Id.* P 206.

²⁸ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 486-88.

forecasts and (2) projections of point-to-point service.²⁹ SCE&G states that the information received will be subject to protection for confidentiality.³⁰ At each Spring Stakeholder Meeting, SCE&G will review assumptions used to develop its regional model and provide an opportunity for stakeholders to provide additional input regarding those assumptions.

b. Commission Determination

29. We find that SCE&G's proposed Attachment K partially satisfies the information exchange principle stated in Order No. 890. SCE&G explains that it will receive load forecasts and resources information from network customers, as well as information on potential future needs from point-to-point customers, as part of its reliability planning process.³¹ Stakeholders may also provide input regarding the assumptions used to develop SCE&G's planning models. In Order No. 890, the Commission found that information collected by transmission providers to provide transmission service to their native load customers must be transparent and, to that end, equivalent information must be provided by transmission customers to ensure effective planning and comparability.³² While SCE&G explains that the quarterly stakeholder meetings allow for the exchange of information and input, SCE&G's Attachment K lacks sufficient detail regarding the type of information it expects customers to provide regarding their load/resource forecasts and projected transmission uses that will be shared during the stakeholder meetings. Therefore, we direct SCE&G, in a compliance filing to be made within 90 days of issuance of this order, to revise its Attachment K to identify the particular information customers and other stakeholders are to provide at the Fall Stakeholder Meeting.

30. Additionally, in Order No. 890, the Commission directed transmission providers to develop guidelines for submission of planning-related information in consultation with stakeholders.³³ SCE&G's Attachment K lacks a guideline and schedule for the submittal of customer and other stakeholder information. Therefore, we direct SCE&G, in a compliance filing to be made within 90 days of issuance of this order, to revise Attachment K to include guidelines for submittal of planning-related information or to

²⁹ Section III.C. (Stakeholder Meetings) of SCE&G's Attachment K.

³⁰ SCE&G Compliance Filing Transmittal at 4.

³¹ Section II.B.2. (Types of Planning Studies Conducted) and Section III.C. (Stakeholder Meetings).

³² Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 486.

³³ *Id.*

post these guidelines on SCE&G and Santee Cooper's regional website, provided they have been developed in consultation with stakeholders.

5. Comparability

31. The comparability principle requires transmission providers, after considering the data and comments supplied by customers and other stakeholders, to develop a transmission system plan that meets the specific service requests of their transmission customers and otherwise treats similarly-situated customers (e.g., network and retail native load) comparably in transmission system planning. In Order No. 890, the Commission expressed concern that transmission providers historically have planned their transmission systems to address their own interests without regard to, or ahead of, the interests of their customers. Through the comparability principle, the Commission requires that the interests of transmission providers and their similarly-situated customers be treated on a comparable basis during the planning process. The Commission also explained that demand resources should be considered on a comparable basis to the service provided by comparable generation resources where appropriate.³⁴ Lastly, in Order No. 890-A, the Commission clarified that, as part of its Attachment K planning process, each transmission provider is required to identify how it will treat resources on a comparable basis and, therefore, should identify how it will determine comparability for purposes of transmission planning.³⁵

a. SCE&G's Filing

32. SCE&G's Attachment K states that the annual transmission plan is developed through an open and nondiscriminatory process to meet the needs of all customers, i.e., native load, network customers, long-term point-to-point customers, and generator interconnection customers. Any individual or entity may attend and participate in meetings of the SCSG and consider joining the SCSG, which provides for both open information sharing and regular meetings. By giving stakeholders a meaningful voice in those meetings, SCE&G states that stakeholders can ensure that its planning process satisfies the comparability principle.³⁶ In addition, SCE&G states that it has a robust

³⁴ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 494-95.

³⁵ Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 216.

³⁶ SCE&G Compliance Filing Transmittal at 4-5.

“Standards of Conduct for Transmission Providers” compliance plan that ensures SCE&G’s adherence to comparability principles.³⁷

b. Commission Determination

33. We find that SCE&G’s proposed Attachment K complies with the comparability principle stated in Order No. 890. SCE&G’s annual transmission plan is designed to meet the needs of all customers. All participants will have input and will be able to participate in the reliability and economic transmission planning processes through the SCSG, ensuring that SCE&G complies with its obligation to provide comparable treatment in planning activities.³⁸

34. However, we note that Order No. 890-A was issued on December 27, 2007, after SCE&G submitted its Order No. 890 Attachment K compliance filing. In Order No. 890-A, the Commission provided additional guidance, among other things, as to how the transmission provider can achieve compliance with the comparability principle. Specifically, the Commission stated that a transmission provider needed to identify as part of its Attachment K planning process “how it will treat resources on a comparable basis and, therefore, should identify how it will determine comparability for purposes of transmission planning.”³⁹ Here, SCE&G has not addressed how it will treat demand resources comparably. Since Order No. 890-A was issued subsequent to the filing before us, SCE&G did not have an opportunity to demonstrate that it complies with this requirement of Order No. 890-A. Therefore, SCE&G is directed to file, within 90 days

³⁷ See *Standards of Conduct for Transmission Providers*, Order No. 2004, FERC Stats. & Regs. ¶ 31,155 (2003), *order on reh’g*, Order No. 2004-A, FERC Stats. & Regs. ¶ 31,161, *order on reh’g*, Order No. 2004-B, FERC Stats. & Regs. ¶ 31,166, *order on reh’g*, Order No. 2004-C, FERC Stats. & Regs. ¶ 31,172 (2004), *order on reh’g*, Order No. 2004-D, 110 FERC ¶ 61,320 (2005), *vacated and remanded as it applies to natural gas pipelines sub nom. National Fuel Gas Supply Corp. v. FERC*, 468 F.3d 831 (D.C. Cir. 2006); see also *Standards of Conduct for Transmission Providers*, Order No. 690, FERC Stats. & Regs. ¶ 31,237, *order on reh’g*, Order No. 690-A, FERC Stats. & Regs. ¶ 31,243 (2007); See also *Standards of Conduct for Transmission Providers*, Notice of Proposed Rulemaking, FERC Stats. & Regs. ¶ 32,611 (2007); Notice of Proposed Rulemaking, 73 Fed. Reg. 16,228 (Mar. 27, 2008), FERC Stats. & Regs. ¶ 32,630 (2008).

³⁸ Section III.A. (Introduction) of SCE&G’s Attachment K.

³⁹ Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 216; see also Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 479, 487, 494 and 549.

of issuance of this order, a compliance filing providing the necessary demonstration required by Order No. 890-A.⁴⁰

6. Dispute Resolution

35. The dispute resolution principle requires transmission providers to identify a process to manage disputes that arise from the planning process. The Commission stated that an existing dispute resolution process may be utilized, but that a transmission provider seeking to rely on an existing dispute resolution process must specifically explain how its procedures will address matters related to transmission planning. The Commission encouraged transmission providers, customers, and other stakeholders to utilize the Commission's Dispute Resolution Service (DRS) to help develop a three-step dispute resolution process, consisting of negotiation, mediation, and arbitration. In order to facilitate resolution of all disputes related to planning activities, a transmission provider's dispute resolution process must be available to address both procedural and substantive planning issues. The Commission made clear, however, that all affected parties retain any rights they may have under FPA section 206 to file complaints with the Commission.⁴¹

a. SCE&G's Filing

36. SCE&G states that disputes arising from procedural or substantive issues relating to Order No. 890 will be resolved in the following manner. Disputes shall first be referred to senior representative(s) of SCE&G and of the individual stakeholder(s) for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute by mutual agreement within 90 days from the date of receiving notice, such dispute then may be submitted to non-binding arbitration and resolved using specified arbitration procedures.⁴²

b. Commission Determination

37. We find that SCE&G's proposed Attachment K partially complies with the dispute resolution principle stated in Order No. 890. SCE&G's dispute resolution process

⁴⁰ For example, tariff language should provide for participation throughout the transmission planning process by sponsors of transmission solutions, generation solutions, and solutions utilizing demand resources.

⁴¹ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 501-03.

⁴² Section III.E. (Dispute Resolution) of SCE&G's Attachment K.

requires initial informal resolution, followed if necessary by non-binding arbitration.⁴³ We encourage parties to seek the resolution of issues relating to transmission planning through this dispute resolution process. However, during the dispute resolution process affected parties should retain any rights they may have under FPA section 206 to file a complaint with the Commission.⁴⁴ SCE&G's proposed dispute resolution process may inappropriately affect the ability of a party to exercise its rights under section 206 of the FPA. Therefore, we direct SCE&G, in a compliance filing to be made within 90 days of issuance of this order, to revise its dispute resolution provision to preserve the rights of a party to exercise its rights under section 206 of the FPA.⁴⁵

7. Regional Participation

38. The regional participation principle provides that, in addition to preparing a system plan for its own control area on an open and nondiscriminatory basis, each transmission provider is required to coordinate with interconnected systems to: (1) share system plans to ensure that they are simultaneously feasible and otherwise use consistent assumptions and data and (2) identify system enhancements that could relieve congestion or integrate new resources. In Order No. 890, the Commission stated that the specific features of the regional planning effort should take account of and accommodate, where appropriate, existing institutions, as well as physical characteristics of the region and historical practices. The Commission there declined to mandate the geographic scope of particular planning regions, instead stating that the geographic scope of a planning process should be governed by the integrated nature of the regional power grid and the particular reliability and resource issues affecting individual regions and subregions. The Commission also made clear that reliance on existing NERC planning processes may not

⁴³ SCE&G Compliance Filing Transmittal at 5. We note that SCE&G omitted the second step, mediation, of a three-step dispute resolution process consisting of negotiation, mediation and arbitration. While we are not directing SCE&G to include mediation, we strongly encourage it to consider including a mediation step in its dispute resolution process. We have found that a high percentage of disputes sent to the Commission's Dispute Resolution Service or another mediator or an Administrative Law Judge serving as a Settlement Judge settle without adjudication. If SCE&G desires to include the mediation step, it should do so in the compliance filing required at the end of this order.

⁴⁴ See Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 501-03.

⁴⁵ Since non-binding arbitration does not commit the parties to implement the arbitrator's decision, we also suggest that SCE&G consider whether the optional use of binding arbitration would be appropriate. If SCE&G desires to change from non-binding to binding arbitration, it should do so in the compliance filing required at the end of this order.

be sufficient to meet the requirements of Order No. 890 unless they are open and inclusive and address both reliability and economic considerations. To the extent a transmission provider's implementation of the NERC processes is not appropriate for such economic issues, individual regions or subregions must develop alternative processes.⁴⁶

39. In Order No. 890-A, the Commission clarified that while the obligation to engage in regional coordination is directed toward transmission providers, participation in such processes is not limited to transmission providers and should be open to all interested customers and stakeholders.⁴⁷ The Commission also emphasized that effective regional planning should include coordination among regions and subregions as necessary, in order to share data, information, and assumptions to maintain reliability and allow customers to consider resource options that span the regions.⁴⁸

a. SCE&G's Filing

40. SCE&G states that layered on top of its local transmission planning process are the coordinated reliability assessments conducted by SCE&G in conjunction with other transmission owners in the SERC. It asserts that the purpose of these assessments is to further augment the reliability of each utility's bulk power system through coordination of the plans of neighboring bulk power systems. SCE&G states that it participates fully in these processes. SCE&G further explains that it utilizes an approach of coupling local planning activities with information sharing, coordinated assessments, and joint planning efforts.⁴⁹

41. SCE&G's Attachment K describes three levels of regional coordination regarding transmission planning for reliability. First, SCE&G states that it will facilitate its local planning by exchanging information with neighboring systems about existing facilities and future plans to ensure that each transmission provider, acting on its own, can individually assess the simultaneous feasibility of plans and performance. SCE&G explains that any individual system plans developed as a result of the facilitation of local planning is the individual system's responsibility for implementation. To ensure that the facilitation of local planning is effective, systems share through these modeling efforts their best currently available estimates of future system conditions and plans. SCE&G

⁴⁶ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 523-28.

⁴⁷ Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 226.

⁴⁸ *Id.*

⁴⁹ Section II.C. (Regional and Sub-regional Participation) of SCE&G's Attachment K.

states that the sharing of this information for future years is intended to provide ample time for other affected systems to react, through their local planning processes, to changes in the plans of neighboring systems that may have significant impacts. SCE&G also states that it participates in the facilitation of local planning through annual joint modeling efforts with neighboring systems.

42. Second, SCE&G describes a coordinated assessment process in which two or more individual systems agree to exchange necessary data and system plans and collectively monitor and assess conformance to a specific set of criteria and guidelines, such as the national and utility reliability standards associated with planning. SCE&G states that this process inherently recognizes the potential effects of each system's plans on the other interconnected systems with respect to efficiency and reliability. The results of such assessments are taken into consideration during local planning processes of the participating systems where specific plans addressing identified system deficiencies are developed.

43. Third, SCE&G states that joint planning processes allow two or more systems to plan as if they were a single system while not relinquishing their responsibility for planning their individual systems. SCE&G further explains that this is usually done to address a specific concern of the interconnected system or to investigate possible mutually beneficial solutions to a given set of local issues. The systems agree to perform studies and plan system additions based on agreed upon criteria, guides and performance goals, and virtually all system data and plans are exchanged except for proprietary business data. SCE&G states that the systems engaged in joint planning agree on how the resulting joint plan will be accepted, rejected or approved.

44. In addition, as discussed more fully below in the section on economic planning studies, SCE&G also joined with a group of Southeast transmission owners to develop the SIRPP to enhance inter-regional coordination efforts in compliance with the requirements of Order No. 890. SCE&G states that the SIRPP will provide a means for conducting stakeholder-requested economic planning studies across multiple interconnected systems. SCE&G explains that this process will build on the current inter-regional reliability planning processes under multi-party reliability agreements, allowing for additional participation by stakeholders in economic planning. Data and assumptions developed at the regional level will be consolidated and used in the development of models for use in the SIRPP economic planning process. SCE&G states that will ensure consistency between local, regional, and inter-regional planning processes. SCE&G incorporates the inter-regional economic planning process into its Attachment K planning process.⁵⁰

⁵⁰ Appendix K-3 (Southeast Inter-Regional Participation Process) of SCE&G's Attachment K.

b. Comments

45. NC Customers understand that the SIRPP initially was developed to facilitate economic studies. However, NC Customers argue that for any planning process to meet the requirements of Order No. 890, it must address both reliability and economic considerations. NC Customers contend that an open, inclusive and regional transmission planning process should address all expansions, including reliability and economic upgrades, required to serve all load-serving transmission consumers within the region reliably and economically. As a result, NC Customers argue that a serious gap in regional reliability planning exists, given that the SERC reliability assessment process does not constitute a coordinated reliability planning process across seams.

46. NC Customers believe that a possible solution is for the SIRPP to be expanded beyond the facilitation of economic studies to also address reliability studies. NC Customers also believe processes should be set up to facilitate both reliability and economic studies on a coordinated basis across seams throughout the region. NC Customers state that these processes may not be suitable for the entire SIRPP to undertake but may instead involve a subgroup of the SIRPP depending upon the geographic nature of the studies undertaken. NC Customers argue that at a minimum, the affected transmission providers should include the load serving entities that are in the affected control areas in the study process and should comply with the principles of Order No. 890. NC Customers offer several additional recommendations to address what it views as additional SIRPP shortcomings, such as creating a forum to design and implement studies that would examine designated network resources that are used to serve load in more than one region and coordinate the timing of studies between the regional and inter-regional groups and SERC assessments in one-year cycles. Energy Consulting contends that the SIRPP is a regional planning process that must independently comply with the nine planning principles stated in Order No. 890. It asks the Commission to direct SCE&G, and every transmission provider that has included the SIRPP in its Attachment K filing, to modify the SIRPP to comply with Order No. 890's intent as it applies to regional planning.

c. SCE&G's Answer

47. SCE&G argues that NC Customers' presumption about the geographic scope of the transmission planning "region" is misguided. SCE&G contends that in Order No. 890, the Commission made it clear that regions would be left to draw their own transmission planning boundaries, and that particular planning regions would not be the subject of Commission edict.⁵¹

⁵¹ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 527.

48. SCE&G states that transmission providers provide their transmission plans through the SERC regional processes, which ensure that transmission planning within the southeast consider these draft plans. SCE&G explains that the purpose of the SERC region assessment-coordination effort is to assess whether changes are needed to draft plans of the transmission owners within the SERC region, not to draft a SERC-wide transmission plan. SCE&G argues that the transmission owners within SERC have therefore provided an inter-regional forum for coordinating transmission reliability matters.

49. SCE&G disagrees that there is a gap in regional reliability planning across seams throughout SERC. SCE&G notes that it engages in joint planning with its neighboring transmission owners to address and resolve seams reliability issues, as contractually required by longstanding reliability agreements between SCE&G and all of its neighboring transmission owners. SCE&G states that the newly established SIRPP process is only intended to address economic related seams issues. SCE&G contends that if the Commission were to adopt the procedures requested by NC Customers, whereby the SIRPP was employed for all transmission planning, the result would be both unwieldy and duplicative. SCE&G points out that even NC Customers acknowledge that expanding the transmission planning process beyond current regional borders would be too unwieldy.⁵²

d. Commission Determination

50. We find that SCE&G's proposed Attachment K partially complies with the regional participation principle stated in Order No. 890. SCE&G's Attachment K describes various processes that can be used to coordinate regional reliability planning, such as coordinated assessments and joint planning activities. However, it is unclear which other transmission owners it intends to coordinate with in these activities. For example, in its answer, SCE&G references certain reliability agreements between it and its neighboring transmission owners, but provides no details on these agreements in its Attachment K or whether such arrangements involve the facilitation of local planning, the coordination of assessments, or joint planning activities. SCE&G also does not identify the timelines and milestones for the coordination of models by SERC. A description of how stakeholders can participate in these regional participation processes is lacking, as is a description of how these various processes will interact with each other and SCE&G's

⁵² SCE&G notes that it joins in the answer filed by Southern Company Service, Inc., in Docket No. OA08-37-000, which responds to the comments filed by Energy Consulting.

own planning activities.⁵³ Accordingly, we direct SCE&G, in a compliance filing to be made within 90 days of issuance of this order, to describe in detail its process for coordinating with interconnected systems to share system plans to ensure that they are simultaneously feasible and otherwise use consistent assumptions and data and identify system enhancements that could relieve congestion or integrate new resources.

51. With regard to regional economic planning, we disagree with NC Customers that the SIRPP process must be expanded to include reliability planning in order to comply with Order No. 890. As described above, SCE&G has mechanisms in place to achieve regional coordination of reliability planning activities, and we have directed SCE&G to provide additional information regarding how stakeholders can participate in those activities. NC Customers can bring to the Commission's attention any continuing concerns regarding the inadequacy of SCE&G's regional reliability planning activities, as modified, upon review of that compliance filing.

52. We also disagree with Energy Consulting that the SIRPP must comply independently with all nine planning principles of Order No. 890. The SIRPP participants have committed to using the SIRPP process to satisfy their obligations under Order No. 890 to engage in economic planning on a regional basis. The obligation to comply with the requirements of Order No. 890 falls on transmission providers, not the processes in which they participate. In Order No. 890-A, for example, the Commission specifically denied a request to expand the regional participation principle to expressly require regions to adopt interregional planning processes subject to the same nine principles applicable to individual regions.⁵⁴ The Commission concluded that effective regional planning should include coordination among regions, and each of these regions or sub-regions should coordinate as necessary to share data, information and assumptions in order to maintain reliability and allow customers to consider resource options that span the regions. SCE&G's participation in the SIRPP complies with that requirement as it relates to economic planning activities.

8. Economic Planning Studies

53. The economic planning studies principle requires transmission providers to account for economic, as well as reliability, considerations in the transmission planning process. The Commission explained in Order No. 890 that good utility practice requires

⁵³ Exhibit C to SCE&G's transmittal letter, entitled "Reliability Planning in the Southeast and the Relationship between Reliability and Economic Planning," provides a general description of how SERC develops its transmission models, but does not address opportunities for stakeholder input or how SERC's planning activities will be integrated with those of SCE&G.

⁵⁴ Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 226.

vertically integrated transmission providers to plan not only to maintain reliability, but also to consider whether transmission upgrades can reduce the overall cost of serving native load. The economic planning principle is designed to ensure that economic considerations are adequately addressed when planning for OATT customers as well. The Commission emphasized that the scope of economic studies should not just be limited to individual requests for transmission service. Customers must be given the opportunity to obtain studies that evaluate potential upgrades or other investments that could reduce congestion or integrate new resources and loads on an aggregated or regional basis.

54. All transmission providers, including RTOs and ISOs, were directed to develop procedures to allow stakeholders to identify a certain number of high priority studies annually and a means to cluster or batch requests to streamline processing. The Commission determined that the cost of the high priority studies would be recovered as part of the transmission provider's overall OATT cost of service, while the cost of additional studies would be borne by the stakeholder(s) requesting the study.⁵⁵

55. In Order No. 890-A, the Commission made clear that the transmission provider's planning process must clearly describe the process by which economic planning studies can be requested and how they will be prioritized.⁵⁶ The Commission also made clear that a transmission provider's affiliates should be treated like any other stakeholder and, therefore, their requests for studies should be considered comparably, pursuant to the process outlined in the transmission provider's planning process.⁵⁷

a. SCE&G's Filing

56. SCE&G explains that it will engage in an annual economic planning process to determine the facilities or system changes on the SCE&G transmission system to address congestion or increase transfer capability on any direct interface. SCE&G states that the final results of its economic planning studies will include cost and time estimates associated with implementing the facilities or system changes. SCE&G explains that the intent of the economic planning process is to provide information to stakeholders and is not a commitment to build.

57. At the Spring Stakeholder Meeting, stakeholders will identify and request, through the SCSG, economic power transfer sensitivities to be studied. SCE&G states that all requested sensitivities will be considered except sensitivities that specify specific

⁵⁵ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 542-51.

⁵⁶ Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 236.

⁵⁷ *Id.* P 237.

generation resources. SCE&G states that up to five sensitivities will be studied per year. If more than five are requested, the SCSG will vote to select priorities. Sensitivities that are not selected by the stakeholders as one of the five studied sensitivities will be studied only if the requestor(s) pays for the additional study efforts. SCE&G states that, for each approved request, the affected transmission providers will conduct the studies through their economic planning processes and that requested economic power transfer sensitivities with sources or sinks outside the SCE&G service territory will be advanced to either a regional process or the SIRPP. For example, if a requested economic transfer is between SCE&G and Santee Cooper, then SCE&G and Santee Cooper will conduct the studies as outlined in the regional planning process, while transfers between SCE&G and Duke would be studied through the SIRPP inter-regional economic planning process. Results of requested economic power transfer sensitivities, whether conducted by SCE&G individually, regionally through the SCRTP, or pursuant to the SIRPP, will be reviewed and discussed at the Summer Stakeholder Meeting.⁵⁸ SCE&G states that it will explain at that time how interested stakeholders can acquire data and study assumptions used to conduct power transfer sensitivity studies, subject to appropriate confidentiality restrictions.

58. With regard to the SIRPP, SCE&G states that the participating transmission owners have committed to study up to five inter-regional economic planning studies per year. In addition to submitting inter-regional economic study requests through each transmission owner, stakeholders also will be able to directly request the performance of an inter-regional economic study through the SIRPP stakeholder group.⁵⁹ SCE&G states that these inter-regional economic studies consist of an initial Step 1, which consists of a high level screen of the request, followed by a more detailed Step 2 evaluation only if the SIRPP stakeholder group decides to pursue a more detailed study of the request.

⁵⁸ Section III.A and C of SCE&G's Attachment K. SCE&G also notes that it has adopted a "Cost Allocation Methodology for Economic Upgrades."

⁵⁹ A valid stakeholder under the SIRPP is defined as "any eligible customer, generation owner/development company, state or federal agency, and any organization capable of providing Ancillary Services under one of the Participating Transmission Owners' OATTs." See Appendix K-3 (Southeast Inter-Regional Participation Process) of SCE&G's Attachment K at 5. In addition, any transmission owner, transmission operator, or transmission planner as those terms or their successors are used in the NERC Functional Model, as may be amended from time to time, are eligible stakeholders under the SIRPP. Authorized agents of the above identified stakeholder organizations will also be permitted to represent those organizations in the SIRPP. Any individual wishing to become a SIRPP member can make an application for membership on the SIRPP website. *Id.*

59. SCE&G explains that to facilitate the development of these inter-regional economic studies and to provide for stakeholder feedback and interaction, the SIRPP provides for an annual series of three meetings with stakeholders, who organize themselves into a stakeholder group. Through these meetings, the stakeholder group will be allowed to select the five annual inter-regional economic studies and provide input regarding the assumptions, criteria, and methodologies used for each inter-regional economic study. A SIRPP study coordination team will perform the studies, developing inter-regional study assumptions and additional model development, as well as coordinating with stakeholders and impacted external planning processes. SCE&G shall provide transmission planning personnel to serve on the SIRPP coordination team. After a study is completed, the coordination team will distribute applicable reports to the SIRPP transmission owners and stakeholders, subject to appropriate confidentiality restrictions.

60. Members of the SIRPP stakeholder group may also request data and information that would facilitate their ability to replicate study results if they first: request and obtain from FERC the Form No. 715 data (including CEII data) for the relevant participating transmission owner(s); have a current SERC Confidentiality Agreement in place; have a current SIRPP Confidentiality Agreement in place; and formally request the data on the SIRPP website. The SIRPP transmission owners will process such requests and, if approved, provide the data to the stakeholder group member.

61. SCE&G adds that several elements of the SIRPP will be developed in more detail in the future, for example: (1) a process for inter-regional transmission upgrade(s) resulting from inter-regional economic planning studies, and (2) possible changes in meeting procedures governing the stakeholder group.

b. Comments

62. Energy Consulting argues that the participation afforded to SIRPP stakeholders is at such a distance from the planning process that there is opportunity for undue discrimination. While Energy Consulting acknowledges that stakeholders are allowed to request planning materials of the SERC-wide SIRPP system, it complains that the SIRPP does not specify how long before, or even if, the planning-related information will be available before each meeting. Energy Consulting argues that the SIRPP planning process leaves the actual planning out of the public eye and that the SIRPP participants, which have the final decision on how projects being considered are designed, could act in their own self-interest. Energy Consulting requests that the Commission direct SCE&G, and all companies that have committed to participate in the SIRPP as part of their Attachment K compliance filings, to modify the SIRPP to include a subcommittee of the stakeholder group in its planning process as it produces economic planning studies. Energy Consulting adds that the involvement does not need to be at the level of specific

day-to-day issues, but should be frequent enough to allow inclusion of stakeholders and to promote openness as system issues are revealed and solutions proposed and evaluated.

63. Energy Consulting also suggests that the SIRPP process be amended to include a dispute resolution process. Energy Consulting argues that, as presently proposed in the SIRPP, there is no process by which participating transmission owners or their transmission planners in the “study coordination team” will arrive at decisions among themselves. Should stakeholders decide that they have a substantive or procedural dispute, their only dispute resolution process available is with the participating transmission owner with which they are a stakeholder pursuant to those participating transmission owner’s Attachment Ks. If a SIRPP stakeholder engages the participating transmission owner’s dispute resolution process, Energy Consulting argues that it will either find that its participating transmission owner declines to recognize that the stakeholder has a dispute with the participating transmission owner in the SIRPP or that the participating transmission owner in settling the dispute has no standing, basis or ability to implement the settlement in the SIRPP. Energy Consulting argues that this results in stakeholders being denied a means of appealing SIRPP substantive or procedural issues outside of filing a complaint with the Commission. Energy Consulting requests that the Commission direct SCE&G, and all companies that have committed to participate in the SIRPP as part of their Attachment K compliance filings, to modify the SIRPP to include a dispute resolution process in the SIRPP, consistent with Order No. 890 and the need for stakeholders of the SIRPP to have such a process at the SIRPP level. Additionally, NC Customers similarly argue that the SIRPP procedures do not address dispute resolution, as required by Order No. 890.

c. SCE&G’s Answer

64. SCE&G argues that the Commission has made it clear that the inter-regional coordination effort is not a transmission planning function. SCE&G observes that on rehearing of Order No. 890, the Commission was asked to make the “interregional planning processes subject to the same nine principles applicable to individual regions.” SCE&G states that in response the Commission said that “regional planning should include coordination among regions”⁶⁰ and did not impose the transmission planning standards on inter-regional efforts.

d. Commission Determination

65. We find that SCE&G’s proposed Attachment K partially complies with the economic planning studies principle stated in Order No. 890. SCE&G’s economic planning process provides an opportunity for customers and other stakeholders to

⁶⁰ SCE&G *citing* Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 226 (emphasis added).

consider whether potential upgrades or other investments could reduce congestion costs or integrate new resources on an aggregated or regional basis by providing for five economic sensitivity studies each year. In response to a request, SCE&G will determine the facilities or system changes on its transmission system necessary to address congestion and/or increase transfer capability on any direct interface. Stakeholders will have the opportunity, through the SCSG, to select the studies to be performed and provide input on the assumptions used for the study.⁶¹ However, SCE&G's Attachment K lacks sufficient information as to how requests may be clustered or batched by the SCSG to streamline processing of economic studies. The tariff language also lacks a clear statement whether economic studies not involving transfers to another system will be performed by SCE&G individually and that the subregional process used to study transfers involving Santee Cooper is the SCRTP. We require SCE&G to submit a compliance filing within 90 days of issuance of this order to revise its Attachment K to identify how SCSG will cluster or batch economic studies in its economic planning process and to clearly identify the processes being used to perform economic planning studies on a local and subregional basis.

66. With regard to economic planning on a regional basis, we find that the SIRPP, an inter-regional process created to conduct stakeholder requested economic planning studies across multiple interconnected systems, is an open and coordinated process that generally satisfies the requirements of the economic planning studies principle as it relates to those entities that participate in the SIRPP. The SIRPP consolidates the data and assumptions developed at the participating transmission owners' planning level to use in the development of inter-regional models, which ensures consistency throughout the regional and inter-regional economic planning processes. There will be three specific meetings with stakeholders, although stakeholders also will be able to comment and provide input throughout the process. Participating transmission owners will perform up to five inter-regional economic planning studies annually, as selected by stakeholders at the first annual meeting, and the study coordination team will coordinate with stakeholders throughout the process regarding study assumptions, initial analysis and final draft reports. In addition, the SIRPP calls for the formation of a SIRPP stakeholder group to provide a structure to facilitate the stakeholders' participation in the inter-regional process and to work with the participating transmission owners.

⁶¹ Section III.A. (South Carolina Regional Transmission Planning Stakeholder Group) of SCE&G's Attachment K. SCE&G states that all requested sensitivities will be considered except those that specify specific generation resources. *Id.* at section III.C. The Commission interprets this limitation as excluding studies for the integration of new generation resources through specific requests for interconnection or transmission service under SCE&G's OATT. *See* Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 549.

67. We are concerned, however, that the definition of stakeholder in the SIRPP process may unduly restrict the ability of all interested parties to participate in the inter-regional economic planning process. We also agree with Energy Consulting that stakeholders should have an appropriate amount of time to review information before meetings. Although SCE&G states that the SIRPP stakeholder group will provide timely input on study assumptions and results, it does not obligate transmission owning members of the SIRPP to provide study information in advance of meetings of the stakeholder group. In addition, SCE&G's Attachment K does not provide that requests may be clustered or batched by the SIRPP stakeholder group to streamline processing of economic studies. Accordingly, we direct SCE&G to revise its Attachment K-3 in a compliance filing to be submitted within 90 days of issuance of this order to provide for: participation by any interested party in the SIRPP stakeholder group; the distribution of information to be discussed at a stakeholder meeting sufficiently in advance of that meeting to provide for meaningful stakeholder review; and, the ability of the SIRPP stakeholder to cluster or batch requests for economic studies.

68. Moreover, although SCE&G's Attachment K-3 provides a mechanism for SIRPP stakeholders to request data and information to permit replication of inter-regional economic studies, we find that process to be unduly restrictive. As proposed by SCE&G, stakeholders may not obtain data supporting an SIRPP study unless they first request and obtain from the Commission the FERC Form No. 715, including CEII, for the relevant SIRPP participants. This effectively requires participants to meet the criteria for accessing CEII even if the data which they seek includes confidential information that is not CEII. Accordingly, we direct SEC&G to revise its Attachment K-3 in a compliance filing to be submitted within 90 days of issuance of this order to remove the requirement that stakeholders seeking non-CEII confidential information from SIRPP participants first request and obtain from the Commission the Form No. 715, including CEII, for the relevant SIRPP participants.

69. We disagree, however, that it is necessary to establish a subcommittee of the stakeholder group in the SIRPP planning process. We note that the SIRPP provides a detailed description of its stakeholder participation, including the formation of the stakeholder group, which is widely inclusive.⁶² We conclude that reliance on this stakeholder group to provide advice and input regarding economic planning studies is adequate to ensure coordination of those studies with stakeholders.

70. We also disagree with Energy Consulting that the SIRPP must independently meet the specific requirements of the dispute resolution principle. The responsibility to implement an open and transparent planning process on a local and regional level rests with each transmission provider. This includes the obligation to ensure that its dispute resolution process is adequate to address matters related to each aspect of transmission

⁶² See *supra* note 61.

planning. Although the SIRPP is not independently subject to the nine planning principles stated in Order No. 890, SCE&G nonetheless must establish a mechanism for resolving disputes that arise in regional planning activities, including those performed by the SIRPP. It is unclear whether section III.E. of SCE&G's Attachment K is sufficient to address this requirement. For example, it is unclear how disputes involving an SCE&G stakeholder and other SIRPP stakeholders would be addressed and resolved under SCE&G's dispute resolution provisions if SCE&G were not a party to the dispute. We, therefore, direct SCE&G to demonstrate in a compliance filing, to be submitted within 90 days of issuance of this order, how the dispute resolution provision of its Attachment K can be used to address and resolve disputes related to SIRPP planning activities or, alternatively, propose different dispute resolution provisions that can be used to address and resolve such disputes and implement agreements reached through such dispute resolution.⁶³

9. Cost Allocation

71. The cost allocation principle requires that transmission providers address in their Attachment K the allocation of costs of new facilities that do not fit under existing rate structures. In Order No. 890, the Commission suggested that such new facilities might include regional projects involving several transmission owners or economic projects that are identified through the study process, rather than individual requests for service. The Commission did not impose a particular allocation method for such projects and, instead, permitted transmission providers and stakeholders to determine the criteria that best fits their own experience and regional needs. Transmission providers therefore were directed to identify the types of new projects that are not covered under existing cost allocation rules and, as a result, would be affected by the cost allocation proposal.

72. The Commission suggested that several factors be weighed in determining whether a cost allocation methodology is appropriate. First, a cost allocation proposal should fairly assign costs among participants, including those who cause them to be incurred and those who otherwise benefit from them. Second, the cost allocation proposal should provide adequate incentives to construct new transmission. Third, the cost allocation proposal should be generally supported by state authorities and participants across the region. The Commission stressed that each region should address cost allocation issues up front, at least in principle, rather than have them relitigated each

⁶³ SCE&G and the transmission owning sponsors of the SIRPP could, for example, establish an inter-regional dispute resolution process to address disputes arising in the SIRPP planning process. We encourage SCE&G and other SIRPP sponsors to contact the Commission's Dispute Resolution Service for assistance in developing any alternative dispute resolution provisions that may be necessary.

time a project is proposed.⁶⁴ In Order No. 890-A, the Commission also made clear that the details of proposed cost allocation methodologies must be clearly defined, as participants seeking to support new transmission investment need some degree of certainty regarding cost allocation to pursue that investment.⁶⁵

a. **SCE&G's Filing**

73. SCE&G states that, within 30 days of the date of posting the final results of an economic planning study it conducted (i.e., outside the SIRRP), one or more entities that would like the transmission provider to construct one or more economic upgrades identified in the economic planning studies may post on a secured area of the SCRTP website a request for the transmission provider to construct such upgrade(s), along with an identification of the amount of transmission capacity for which the requestor(s) would like to take cost responsibility.⁶⁶ Additional parties that would like the transmission provider to construct economic upgrades sought by the initial requestor(s) may then notify the transmission provider of their intent by posting such intent, along with the amount of transmission capacity for which they would like to take cost responsibility, within 30 days of the initial requestor(s)' posting. The costs of economic upgrades would be allocated to each requestor based upon the amount of transmission capacity that it requested in its posting on the regional planning website.⁶⁷

74. Should the total amount of transmission capacity identified by the requestors not equal the amount of transmission capacity that is estimated to be added to the transmission system by constructing the economic upgrade, then the requestor(s)' cost responsibility will be adjusted on a pro rata basis based upon the amount of capacity identified by the requestor(s) relative to the total transmission capacity estimated to be added by the economic upgrade(s), so that all of the cost responsibility for the economic upgrade is allocated to the requestor(s). SCE&G explains that if one or more of the requestors do not identify the amount of capacity for which it is willing to take cost responsibility, then the requestors will bear cost responsibility, in equal shares based

⁶⁴ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 557-61.

⁶⁵ Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 251.

⁶⁶ Section III.F.2.b. (Request for Performance of Economic Upgrades) of SCE&G's Attachment K.

⁶⁷ *Id.*

upon the number of requestors. In all cases, the requestors will bear the cost responsibility for the actual costs of the economic upgrades.⁶⁸

75. SCE&G's Attachment K also provides that, should the transmission provider conclude that the construction of an economic upgrade(s) would accelerate the construction of, or require the construction of a more expensive, reliability upgrade, then the requestor(s) will bear the costs of such acceleration or expansion. If the construction of the economic upgrade would result in the deferral or cancellation of a reliability upgrade, then the actual costs of the economic upgrade(s) allocated to the requestors shall be reduced by the amount of savings caused by the deferral or cancellation. SCE&G will not be obligated to commence design or construction of any economic upgrades until (1) a binding agreement with all of the requestor(s) for such construction by the transmission provider and payment by the requestor(s) of its allocated cost responsibility is executed by the parties; and (2) all of the requestor(s) provide the transmission provider security for the full costs of the design and construction.

76. With regard to economic upgrades identified through the SIRPP, SCE&G's Appendix K-3 provides that costs will be allocated as determined by each region in which the construction of such upgrades (in whole or in part) would occur. With regard to reliability upgrades, SCE&G's Attachment K states that SCE&G shall retain decision making authority for decisions related to reliability planning consistent with its statutory responsibilities.

b. Comments

77. Energy Consulting argues that the SIRPP produces the kinds of transmission projects that are not covered under existing cost allocation rules and, therefore, the cost allocation for these projects must be identified under the cost allocation principle of Order No. 890. Energy Consulting requests that the Commission direct SCE&G, and all other companies that have committed to the SIRPP as part of their Attachment K compliance filings, to modify the SIRPP, to add cost allocation in compliance with each of the nine principles of Order No. 890. NC Customers argue that the SIRPP procedures do not address cost allocation, as required by Order No. 890.

c. Commission Determination

78. We find that SCE&G's proposed Attachment K partially complies with the cost allocation principle stated in Order No. 890. SCE&G's Attachment K-3 provides a structure for allocating the costs of an upgrade identified pursuant to the economic planning process to the parties requesting the upgrade, including a mechanism for

⁶⁸ Section III.F.2.c. (Allocation of the Costs of the Economic Upgrades) of SCE&G's Attachment K.

apportioning costs when additional parties support a requested upgrade. However, SCE&G fails to identify the cost allocation methodology that will be used for economic upgrades identified through a SIRPP study. The Commission made clear in Order No. 890 that each region should address cost allocation issues up front, and affirmed in Order No. 890-A that the details of each cost allocation methodology must be clearly defined.⁶⁹ SCE&G merely states that cost allocation for economic projects identified in a SIRPP study will be determined by each region in which the construction of such upgrades, in whole or in part, would occur. Accordingly, we direct SCE&G to address, in a compliance filing to be made within 90 days of issuance of this order, the allocation of costs for upgrades identified through the SIRPP economic planning process.

10. Recovery of Planning Costs

79. In Order No. 890, the Commission recognized the importance of cost recovery for planning activities, specifically addressing that issue after discussing the nine principles that govern the planning process. The Commission directed transmission providers to work with other participants in the planning process to develop cost recovery proposals in order to determine whether all relevant parties, including state agencies, have the ability to recover the costs of participating in the planning process. The Commission also suggested that transmission providers consider whether mechanisms for regional cost recovery may be appropriate, such as through agreements (formal or informal) to incur and allocate costs jointly.⁷⁰

80. Under section III.A (Introduction) of Attachment K, SCE&G states that participants in the SCRTP process will be responsible for their own costs of participation.⁷¹ SCE&G does not identify how it will recover the costs it incurs in conducting planning activities and, therefore, we require SCE&G to address, in a compliance filing to be submitted within 90 days of issuance of this order, how its planning costs will be recovered.

D. SCE&G's December 12 Amendment

81. On December 12, 2007, SCE&G submitted revisions to its December 7, 2007 Attachment K compliance filing to correct tariff sheet pagination. SCE&G also proposed corresponding changes to the pagination of Attachment L, with an effective date of

⁶⁹ See Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 561; see also Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 251.

⁷⁰ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 586.

⁷¹ South Carolina Electric & Gas Company FERC Electric Tariff Third Revised Volume No. 5 Original Sheet No. 215.

December 7, 2007. Subsequently, in *South Carolina Electric & Gas Company*,⁷² the Commission required SCE&G to amend its Attachment L to provide specific criteria as to when it would reevaluate a customer's creditworthiness. SCE&G has since submitted a revised version of Attachment L in Docket No. OA07-36-002 addressing that requirement in tariff sheets to be made effective as of July 13, 2007. In the instant docket, however, SCE&G's Attachment L does not address the lack of the specific criteria required to reevaluate a customer's creditworthiness. We therefore direct SCE&G to file a corrected version of Attachment L to reflect the revisions accepted in Docket No. OA07-36-001,⁷³ with an effective date of December 12, 2007, in a compliance filing to be made within 90 days of issuance of this order.

The Commission orders:

(A) SCE&G's compliance filing, as amended, is hereby accepted, as modified, effective December 7, 2007, as discussed in the body of this order.

(B) SCE&G is hereby directed to submit a compliance filing, within 90 days of issuance of this order, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

⁷² 122 FERC ¶ 61,070, at P 11-13 (2008).

⁷³ See *South Carolina Electric & Gas Company*, Docket No. OA07-36-001, issued under delegated authority on May 27, 2008.