127 FERC ¶ 61,283
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Suedeen G. Kelly, Marc Spitzer,
and Philip D. Moeller.

Southwest Power Pool, Inc. Docket No. ER09-1039-000

ORDER CONDITIONALLY ACCEPTING TARIFF REVISIONS

(Issued June 18, 2009)

1. On April 24, 2009, Southwest Power Pool, Inc. (SPP) filed revisions to Attachment J (Recovery of Costs Associated with New Facilities) of its Open Access Transmission Tariff (Tariff) to modify its base plan funding[1] eligibility requirements and the corresponding cost allocation methodology for network upgrades associated with the designation of wind resources as network resources. As discussed below, this order accepts SPP's proposal for filing effective April 25, 2009, subject to conditions.

I. Background

2. SPP is a Commission-approved regional transmission organization (RTO). SPP administers transmission service over portions of Arkansas, Kansas, Louisiana, Missouri, Nebraska, New Mexico, Oklahoma, and Texas.

3. Under SPP's current Attachment J provisions, the costs of network upgrades associated with designating a generation resource are eligible for base plan funding if, among other things, the costs are less than or equal to the "safe harbor limit."[2] The safe harbor limit establishes the maximum allowable cost of network upgrades associated with designating a generating resource that is eligible for base plan funding. It is calculated as

[1] Base plan funding is SPP's cost allocation methodology for certain network upgrades that are included in and constructed pursuant to the SPP transmission expansion plan in order to ensure the reliability of the transmission system.

[2] SPP's Attachment J provides other criteria for base plan funding eligibility of network upgrade costs that are not at issue in this proceeding. SPP Tariff, Attachment J III.B.

follows: $180,000/MW times the lesser of (a) the planned maximum net dependable capacity[3] of the resource to be designated applicable to the transmission customer, or (b) the requested capacity of the customer's designation.[4]

4. The network upgrade costs associated with designating a resource that do not exceed the safe harbor limit, i.e., costs eligible for base plan funding, are allocated as follows: 33 percent are allocated to the entire SPP region on a postage stamp basis, and the remaining 67 percent are allocated on a MW-mile basis to the SPP pricing zone or zones that are affected by the network upgrade based on a power flow analysis. Costs that exceed the safe harbor limit or are not otherwise eligible for base plan funding are directly assigned to the transmission customer. Because the fuel source for wind resources is intermittent, SPP states that it generally assigns wind resources a net dependable capacity of 10 percent of their nameplate capacity to calculate the safe harbor limit for network upgrade costs associated with wind resources.[5] Therefore, the level of network upgrade costs associated with wind resources that are eligible for base plan funding is significantly less than that for other types of generating resources.

5. SPP states that while its current cost allocation methodology has provided beneficial results, it creates an undesirable effect when applied to network upgrades associated with wind generation resources because of the unique characteristics of such resources.[6] SPP states that wind resources are generally located in areas of SPP's service region that are often far from the load that they serve. As a result, large-scale investments in network upgrades are often necessary to transmit energy produced by wind resources to the point of delivery. According to SPP, the current cost allocation plan often results in the host zone and other non-point of delivery zones for wind resources being allocated a disproportionate share of the costs of such transmission when the load being served is outside of the wind resource's host zone.

6. SPP explains that network upgrades within SPP are built to accommodate the size of a transmission request, not the capacity of the resource providing the transmission. As a result, there may be times when a generation resource, particularly an intermittent resource, may not require all of the capacity of a network upgrade. SPP states that

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[3] Net dependable capacity is generally defined as the maximum capacity a unit can sustain over a specified period modified for seasonal limitations and reduced by the capacity required for station service or auxiliaries. SPP Criteria, section 12.1.

[4] SPP Tariff, Attachment J III.B.3.

[5] SPP June 1, 2009 Answer at 4, n. 10.

[6] SPP April 24, 2009 Filing at 4-5.

generally, network upgrades associated with designating a wind resource are constructed in the zone where the wind resource is located (host zone).[7] Thus, the host zone is allocated a majority of the 67 percent of network upgrade costs allocated on a MW-mile basis. SPP states that this outcome is reasonable when the wind resource is serving load within the same zone, because the zone that required the network upgrades receives the benefit of the upgrades and should bear the costs accordingly. However, SPP contends that this outcome is not producing reasonable results when the wind resource is designated by a customer to serve load in another zone. In this situation, SPP reasons that because the network upgrades would be located in the host, non-point of delivery zone, and because SPP's MW-mile methodology takes into account the location of the network upgrades, the majority of the costs would be allocated to the zones where the network upgrades are located (i.e., the host zone), and not the zone that benefits from the network upgrades.

II. SPP's Proposal

7. In this filing, SPP proposes revisions to its Attachment J of its current cost allocation methodology that SPP argues create inequities, i.e., the inclusion of net dependable capacity in the safe harbor limit calculation, and the effect of the MW-mile method of allocating network upgrade costs associated with wind resources serving loads in a different zone.

8. SPP states that its stakeholders worked diligently to develop an equitable cost allocation methodology for wind resources, and that all revisions in this proposal have been vetted through the SPP stakeholder process. SPP states that the SPP Cost Allocation Working Group developed a recommendation for the policy changes included in this proposal, which were unanimously approved by SPP's Regional State Committee[8] and reviewed by SPP's Regional Tariff Working Group.[9] SPP reports that the Regional Tariff Working Group approved the Tariff revisions in this proposal and forwarded the

[7] *Id.*

[8] SPP's Regional State Committee provides collective state regulatory agency input on matters of regional importance related to the development and operation of bulk electric transmission and in particular, is responsible for determining whether and to what extent participant funding will be used for transmission enhancements. The Regional State Committee is comprised of retail regulatory commissioners from agencies in Arkansas, Kansas, Missouri, New Mexico, Oklahoma, and Texas.

[9] The Regional Transmission Working Group is responsible for the development, recommendation, overall implementation, and oversight of SPP's Regional Tariff.

proposal to SPP's Markets and Operations Policy Committee[10] for further review and consideration. SPP also states that the Markets and Operations Policy Committee unanimously voted to recommend to the SPP board of directors that the revisions be approved, and subsequently, the SPP Members Committee[11] unanimously approved the proposed revisions, and SPP's board of directors granted final approval on the same day.

9. SPP states that the proposed revisions are just and reasonable because they will protect customers in zones with wind generating resources from bearing a disproportionate share of the costs for network upgrades needed to serve loads outside those zones. In addition, SPP states that the proposal reduces barriers to integration of wind generation resources into the SPP transmission system by allowing for a more favorable allocation of network upgrade costs associated with designating wind resources than the current cost allocation methodology permits.

10. First, SPP proposes to remove net dependable capacity from the safe harbor limit calculation for wind resources and instead, use the customer's requested capacity to calculate a safe harbor limit for network upgrade costs associated with designating a wind resource. SPP states that under its current cost allocation methodology, the amount of base plan funding eligible for upgrades needed to designate a wind resource would likely be limited by the net dependable capacity of the wind resource, which SPP assumes to be 10 percent of nameplate capacity. However, SPP states that under its proposed cost allocation methodology, it is likely that the full amount of network upgrades would be eligible for base plan funding because the safe harbor limit calculation would be based on the capacity requested by the customer from the wind resource (i.e., up to 100 percent of nameplate capacity) and not the net dependable capacity (i.e., 10 percent of nameplate capacity). Because costs that exceed the safe harbor limit are directly assigned to the transmission customer, SPP states that its proposal to revise its safe harbor calculation will result in the transmission customer being directly assigned a much smaller portion of network upgrade costs.[12]

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[10] The Markets and Operations Policy Committee reports to the SPP board of directors. The committee consists of an officer or employee of each SPP member.

[11] The Members Committee consists of up to 19 persons representing transmission owning and transmission using sectors of SPP's membership, and it provides input to the SPP board of directors with the management and direction of the general business of SPP.

[12] SPP June 1, 2009 Answer at 6.

11. Second, to address the MW-mile issue that arises with SPP's current cost allocation methodology when the network upgrades are needed for a wind resource to serve load in another zone, SPP proposes a specific cost allocation methodology for such network upgrade costs that otherwise meet the eligibility requirements for base plan funding. SPP proposes that the cost of network upgrades needed for a wind resource to serve load in another zone and that otherwise meet the eligibility requirements for base plan funding will be allocated as follows: 67 percent of the costs will be allocated to the entire SPP region on a postage stamp basis, and 33 percent of the costs will be directly assigned to the transmission customer. SPP states that this cost allocation method will remedy the disproportionate amount of costs customers in the host zone may pay for network upgrades that are needed to serve loads in other zones, and ensures that the beneficiary of the network upgrade bears the cost accordingly.[13] SPP notes that for network upgrades associated with all other types of generation, and for network upgrades associated with wind resources that are used to serve load in the same zone as the resource, the current cost allocation methodology will apply (i.e., 33 percent allocated to the entire SPP region on a postage stamp basis, 67 percent on a MW-basis).

12. Third, SPP proposes to incorporate a limit on the amount of wind resources that are eligible for base plan funding. Specifically, SPP states that a network upgrade associated with designating a wind resource will qualify for base plan funding if the sum of a customer's newly requested transmission capacity to designate wind and its existing transmission capacity designated for wind does not exceed 20 percent of the customer's projected system peak responsibility in the first year the customer plans to take service from the wind resource.[14] SPP states that this limit is reasonable because of the operational challenges of integrating large amounts of wind resources into the SPP transmission system. For example, SPP states that if too many wind resources simultaneously stop generating, this could result in a decrease in reliability of SPP's transmission system and require a significant increase in the amount of spinning reserves to cover any potential losses. Similarly, SPP states that if excessive winds cause wind resources to inject too much power into the system, base load units that must operate at minimum levels to stay on-line could be compromised. Thus, SPP proposes a 20 percent limit, as recommended by its Cost Allocation Working Group, which is consistent with the renewable portfolio standards that have been adopted within SPP's region.[15]

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[13] SPP April 24, 2009 Filing at 7-8.

[14] *Id.* at 8.

[15] SPP June 1, 2009 Answer at 10, n. 28. Missouri requires an 11 percent renewable portfolio standard by 2020, New Mexico requires 20 percent by 2020, and Texas requires 5,880 MW by 2015. http://apps1.eere.energy.gov/states/maps/renewable_portfolio_states.cfm#chart.

13. SPP requests an effective date of April 25, 2009 for its proposed Tariff revisions.

III. Notice and Responsive Pleadings

14. Notice of SPP's filing was published in the *Federal Register*, 74 Fed. Reg. 21,354 (2009), with interventions and protests due on or before May 15, 2009. On May 15, 2009, Dogwood Energy, LLC; CPV Renewable Energy Company, LLC; Golden Spread Electric Cooperative, Inc.; National Rural Electric Cooperative Association; Arkansas Electric Cooperative Corporation; East Texas Electric Cooperative, Inc.; Northeast Texas Electric Cooperative, Inc.; Tex-La Electric Cooperative of Texas, Inc.; Constellation Energy Commodities Group, Inc.; and Constellation NewEnergy, Inc., filed motions to intervene, Acciona Wind Energy USA LLC (Acciona) filed a motion to intervene and protest, and Western Farmers Electric Cooperative (Western Farmers) filed a motion to intervene and comments. On May 19, 2009, the Arkansas Public Service Commission filed a motion for leave to intervene out of time. On May 23, 2009, the American Wind Energy Association and the Wind Coalition filed motions for leave to intervene out of time. On June 1, 2009, SPP filed an answer to Acciona's protest and request for rejection. On June 16, 2009, Acciona filed a motion for leave to answer and answer to SPP's answer.

15. In its May 15, 2009 protest, Acciona states that it is a developer and owner of wind generation projects and is a member of SPP. Acciona alleges that SPP's proposal to directly assign 33 percent of the costs eligible for base plan funding and related to network upgrades associated with designation of a wind resource when the upgrade is needed to serve load in a different zone is unduly discriminatory against wind generation owners and customers. Acciona states that SPP's proposal will actually assign more costs to wind generation resources and frustrate the integration of wind resources in SPP. Acciona also argues that SPP's proposal "singles out wind generation for onerous cost allocations," by noting that SPP will not directly allocate network upgrade costs eligible for base plan funding to customers of coal, gas, or other generation facilities, no matter how distant they might be from the load to be served.[16]

16. Acciona states that the 20 percent limitation on using wind generated power as a designated resource is not justified. While the limit may make sense from the perspective of load serving adequacy, Acciona contends that it does not similarly make sense to restrict cost allocation for network upgrades to this percentage.[17]

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[16] Acciona May 15, 2009 Protest at 4.

[17] *Id.* at 8.

17. Acciona also argues that while SPP acknowledges that wind generators only generate electricity intermittently, SPP constructs network upgrades to designate a wind resource to accommodate its nameplate capacity. Acciona argues that this results in excess transmission capacity, which disproportionately benefits non-wind SPP members because the wind generators pay for the excess transmission.[18]

18. Acciona argues that SPP's proposal runs counter to Order No. 2000's aim of eliminating pancaked rates because the direct assignment provision in SPP's proposed cost allocation methodology for wind resources creates the equivalent of pancaked rates thereby imposing more than one rate within the RTO.

19. Finally in its May 15, 2009 protest, Acciona states that the stakeholder process SPP describes in its filing should not serve as the basis for the Commission's approval of SPP's proposal. Acciona asserts that SPP's description of the series of stakeholder meetings that considered the revised allocation plan did not consider a number of "material factors" necessary to accord the "substantial deference" for the plan that SPP seeks, including consideration of these relevant factors:

- What wind generators were actively involved in the stakeholder working groups;
- What other cost allocation methodologies were discussed, including any methodologies that would both promote additional wind generation while protecting ratepayers (citing rolled in, system wide cost allocation as an example) and what were the pros and cons of these other allocation methodologies; and,
- Whether any studies were performed to analyze the effect of the proposal on wind generation within SPP.[19]

20. Acciona asks the Commission either to reject SPP's filing or to set the matter for hearing.

21. Western Farmers is a generation and transmission cooperative and is a member of SPP. Western Farmers states that it generally supports SPP's proposed cost allocation methodology. Western Farmers states that while its zone is located in an area rich in wind resources, it is far from the load centers that seek access to such resources.[20]

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[18] *Id*. at 6.

[19] *Id*. at 12.

[20] Western Farmers May 15, 2009 Comments at 3.

Western Farmers asserts that if the Commission rejects SPP's proposal, it and its native load customers would pay a disproportionate share of the cost of the transmission network upgrades associated with wind power. Western Farmers contends that under SPP's proposal, it would still be obligated to pay for part of the network upgrade costs when customers in other zones designate wind resources in its zone because 67 percent of the costs are allocated on a postage stamp basis; however, Western Farmers finds this acceptable because 33 percent of the costs are allocated directly to the customer that caused the network upgrades, and this maintains the "beneficiary pays" principle.[21]

22. In its answer, SPP states that Acciona's assertion that SPP's proposal will discourage wind integration is based on a misunderstanding of SPP's current and proposed cost allocation methodologies for network upgrades eligible for base plan funding. Contrary to Acciona's claims, SPP contends that its proposal will benefit wind by spreading more of the costs regionally.[22]

23. To illustrate this, SPP provides the following example: A transmission customer seeks to designate a 100 MW wind resource not located in its load's zone; $18 million in network upgrades to provide the transmission service; and, the network upgrade costs are split evenly between upgrades needed in the wind resource's zone and upgrades needed in the customer's load's zone. SPP states that under its current cost allocation methodology, the amount of base plan funding eligible for the needed upgrades would likely be limited by the net dependable capacity of the wind resource, which SPP assumes to be 10 percent. SPP states that this results in only $1.8 million (10 MW times the $180,000/MW safe harbor limit) being eligible for base plan funding. SPP explains that the remaining $16.2 million of upgrade costs would exceed the current safe harbor limit, and thus, would be directly assigned to the customer seeking to designate the wind resource.

24. SPP states that under its proposed cost allocation methodology, it is likely that the full $18 million for network upgrades would be eligible for base plan funding. SPP states that this is because of the proposed revision to calculate the safe harbor limit using the capacity requested by the customer from the wind resource, rather than the wind resource's net dependable capacity (which SPP assumes to be 10 percent). SPP contends that, assuming the customer requests to designate all of the wind resource's 100 MW nameplate capacity, the entire $18 million in network upgrade costs (100 MW times the $180,000/MW safe harbor limit) would be eligible for base plan funding, and, as noted above, split evenly between upgrades needed in the wind resource's zone and upgrades in the customer's load's zone ($9 million for each zone). SPP states that for a customer

[21] *Id*. at 4.

[22] SPP June 1, 2009 Answer at 4.

with load that is not in the same zone as the wind resource, the cost of the upgrades that are not located in the customer's zone ($9 million) will be allocated pursuant to SPP's proposed methodology, i.e., 67 percent ($6 million) will be allocated to the entire SPP region on a postage stamp basis, and only 33 percent ($3 million) will be directly assigned to the customer.[23] Thus, SPP explains that, in this example, SPP's proposed methodology would result in the transmission customer being allocated network upgrade costs of $3 million instead of $16.2 million under the current cost allocation methodology, a benefit of $13.2 million.

25. SPP responds to Acciona's claim that because conventional generation is just as likely to serve load in another zone as wind, SPP's proposal is unduly discriminatory. SPP points out that the specific SPP zones where wind resources are more likely to be located are far from the load to be served, and these zones often have the lowest load density.[24] Thus, SPP contends, it is likely that the beneficiaries of such generation will be located in other zones. Furthermore, SPP asserts, an increasing number of transmission customers throughout SPP's service region are requesting service from renewable forms of generation to meet their renewable portfolio standards.[25] SPP states that as the beneficiaries of wind generation and the network upgrades necessary to deliver the wind generation to that load are not likely to be located in the same zone as the wind generator, it is reasonable for SPP to propose a separate cost allocation methodology for wind generation that spreads more costs on a regional basis.

26. In its June 16, 2009 answer to SPP's answer, Acciona states that SPP's answer shows that its proposal is not just and reasonable, and repeats its request for a technical conference.[26] Acciona argues that SPP's example that only $3 million of a total of $18 million would be borne by transmission customers under its proposal is incorrect. Acciona also states that one of its potential power customers, Westar Energy, rejected Acciona's proposal for two projects because of transmission investment costs and that Acciona believes that such rejection is a direct reference to SPP's proposed cost allocation method.[27]

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[23] *Id.* at 6.

[24] *Id.* at 7-8.

[25] *Id.* at 8.

[26] Acciona June 16, 2009 Answer at 3-8.

[27] *Id*. at 8.

IV. Discussion

A. Procedural Matters

27. 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. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2008), the Commission will grant the Arkansas Public Service Commission, American Wind Energy Association, and the Wind Coalition's late-filed motions to intervene given their interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2008), prohibits answers unless otherwise ordered by the decisional authority. We will accept SPP and Acciona's answers because they have provided information that assisted us in our decision-making process.

B. Substantive Matters

28. The Commission will accept SPP's proposed tariff revisions for filing effective April 25, 2009, as discussed below. The Commission finds that SPP's proposal to modify the safe harbor limit calculation to use requested capacity instead of net dependable capacity for wind resources is just and reasonable. This modification significantly increases the amount of network upgrade costs associated with wind resources that are eligible for base plan funding by eliminating existing provisions that currently disadvantage wind resources in the application of the safe harbor limit. The Commission also finds that SPP's proposed cost allocation for network upgrades associated with wind resources that are designated to serve loads in another zone is just and reasonable. Acciona is incorrect when it alleges that SPP's proposal to directly assign 33 percent of costs related to network upgrades associated with wind resources when the network upgrade is located in a different zone will assign more costs to wind generation resources and frustrate the development of wind. To the contrary, as indicated in SPP's answer, the revisions will increase the level of base plan funding eligibility for network upgrade costs associated with designating wind resources, and thus, lower the amount of directly assigned costs a customer must bear in order to designate a wind resource.[28] Thus, we find that SPP's proposal will reduce existing barriers to wind generation integration.

29. Furthermore, we disagree with Acciona's allegation that SPP's proposal is unduly discriminatory against wind generators and customers. SPP's proposal to directly assign 33 percent of the network upgrade costs that are associated with wind resources and that

[28] SPP June 1, 2009 Answer at 6.

would otherwise be eligible for base plan funding is designed to address the unintended consequence that the current allocation methodology assigns a disproportionate amount of costs are being assigned to host zones when the load is located in a different zone. We find that SPP's treatment for such wind resources is reasonable because of the "location-constrained" nature of such resources.[29] The Commission has recognized that renewable resources, such as wind, are typically constrained as a result of their location, relative size, and the immobility of their fuel sources, and therefore, present unique challenges that are not faced by other resources.[30] SPP points out that the SPP zones where wind resources are more likely to be located often have the lowest load densities, and are located far from the load that the wind resources are likely to serve.[31] It is this unique situation presented by wind resources that results in the disproportionate allocation of costs to zones in wind rich areas that SPP's proposal addresses. We find it reasonable for SPP to institute a cost allocation methodology that appropriately addresses the issues created by these location-constrained wind resources, even if it is dissimilar to the allocation methodology for other resources. Dissimilar treatment of dissimilar resources does not in and of itself constitute undue discrimination,[32] and we find SPP's distinct treatment of these location-constrained resources is not unduly discriminatory given the facts and circumstances of this case.

30. The Commission will accept, as an initial limit, SPP's proposal to limit base plan funding eligibility to network upgrade costs associated with wind resources with reserved capacity up to 20 percent of the customer's system peak responsibility. SPP argues this limit is reasonable based on operational challenges of integrating large amounts of intermittent generation such as wind into the SPP system based on the potential of sudden loss of wind and a resultant need for substitute generation. However, SPP provided no study or evidence supporting its choice of this particular percentage. In addition, the Commission is concerned that SPP's proposed limit could place transmission customers serving smaller loads at a disadvantage relative to transmission customers serving larger loads. This concern would arise if a smaller portion of network upgrade costs associated

[29] *See generally California Independent System Operator Corp.*, 119 FERC ¶ 61,061 (2007) (*CAISO).*

[30] *Id., passim.*

[31] SPP June 1, 2009 Answer at 7-8.

[32] *CAISO* at P 70; *Interconnection for Wind Energy*, Order No. 661, FERC Stats. & Regs., Regulations Preambles 2001-2005 ¶ 31,186, at P 1 (2005); *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003-A, FERC Stats. & Regs., Regulations Preambles 2001-2005 ¶ 31,160, at P 407 n.85 (2004); *Entergy Services, Inc*., 93 FERC ¶ 61,156, at 61,525 n.8 (2000).

with designation of wind resource capacity acquired by transmission customers with smaller loads may be eligible for base plan funding. Accordingly, we will accept this limit as a starting point for the SPP region but direct SPP to study (1) the operational challenges it identifies due to the integration of wind generating resources into its system, and (2) whether the 20 percent limit places transmission customers with smaller loads at a competitive disadvantage with customers serving larger loads with dedicated wind resources. We direct SPP to report the results of this study to the Commission within one year of the date of this order.[33] Based on results of the study and other evidence, we will reevaluate whether the 20 percent threshold continues to be just and reasonable or should be modified.

31. Because SPP has removed net dependable capacity from the safe harbor limit for wind resources, the Commission finds that SPP's proposal specifically addresses Acciona's concern that constructing network upgrades to accommodate a wind resource's nameplate capacity creates excess transmission capacity paid for by wind generators that benefits non-wind SPP members. As a result of SPP's proposal, the safe harbor limit will be calculated using requested capacity for all wind resources, and 67 percent of the costs of the upgrades located in non-point of delivery zones that qualify for base plan funding will be allocated to the entire SPP region on a postage stamp basis. We find that this strikes a reasonable balance, ensuring that the transmission customer designating the wind resource pays a reasonable share of the costs of network upgrades needed to serve its load, while the entire SPP region shares the remaining costs in recognition of the regional benefits (including any excess transmission capacity) provided by such network upgrades.

32. We reject Acciona's assertion that SPP's proposal creates the equivalent of pancaked rates through the direct assignment of network upgrade costs for those network upgrades located in zones other than the customer's delivery zone. The Tariff provides for the direct assignment of network upgrades for point-to-point transmission service requests under the Commission's "higher of" pricing policy as well as for network service requests that do not otherwise qualify for base plan funding regardless of their location. The Commission does not believe that SPP's pricing policy creates pancaked rates through the direct assignment of network upgrade costs.

[33] This study requirement is in keeping with SPP's current tariff provisions that require SPP to review the reasonableness of its cost allocation methodologies at least every five years. SPP Tariff, Attachment J, section III.D.1.

33. The Commission notes that while we accord an appropriate degree of deference to RTO stakeholder processes[34], our decision is based on our assessment of the record that the proposal is just and reasonable. For the reasons explained above, we find SPP's proposal to be just and reasonable on its merits. Accordingly, we deny Acciona's request to reject SPP's filing or to set the matter for hearing.

34. We reject Acciona's assertion, in its answer to SPP's answer, that SPP's proposal is unjust and unreasonable and requires a technical conference. We have analyzed Acciona's examples in support of these assertions and find, first, that Acciona's assumption that SPP will waive the ten percent safe harbor threshold is not supported in Acciona's answer or the record of this proceeding. Second, while we agree that Acciona's examples give more detail and show that, in certain circumstances, a transmission customer may be assessed more than SPP's example shows, they do not rise to a level that would illustrate that SPP's proposal is unjust and unreasonable, nor do they support the request for a technical conference. On the contrary, we believe SPP's general example demonstrates support for wind resources. Finally, the letter from Westar Energy attached to Acciona's answer does not support Acciona's interpretation that Acciona's failure to prevail in Westar Energy's request for proposal process is a result of SPP's proposal. Based upon the record of these proceedings, the Commission finds that any connection between Westar Energy's rejection of Acciona's projects and SPP's proposal is pure speculation on Acciona's part.

35. Lastly, we will grant waiver of the Commission's prior notice requirement for good cause shown. SPP explains that its proposal will expedite the integration of wind generation into the SPP region.

The Commission orders:

(A) SPP's proposed revisions are hereby conditionally accepted as discussed in the body of the order.

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[34] *See e.g., New England Power Pool*, 115 FERC ¶ 61,300 (2002); *Policy Statement Regarding Regional Transmission Groups*, FERC Stats. & Regs., Regulations Preambles 1991-1996 ¶ 30,976 at 30,872 (1992); and *PSC of Wisconsin v. FERC*, 45 F.3d 1058, 1062 (D.C. Cir. 2009) (*citation omitted*).

(B) SPP is directed to evaluate (1) the operational challenges it identifies due to the integration of wind generating facilities into its system, and (2) whether the 20 percent limit places transmission customers at a competitive disadvantage relative to transmission customers serving larger loads with designated wind resources and report the results of this study to the Commission within one year of the date of this order, as discussed in the body of the order.

(C) SPP's request for waiver of the Commission's prior notice requirement is hereby granted.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.