

132 FERC ¶ 61,042
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer, Philip D. Moeller,
John R. Norris, and Cheryl A. LaFleur.

Southwest Power Pool, Inc.

Docket No. ER10-1269-000

ORDER CONDITIONALLY ACCEPTING TARIFF REVISIONS

(Issued July 15, 2010)

1. On May 17, 2010, Southwest Power Pool, Inc. (SPP) filed a proposal to revise its Open Access Transmission Tariff (Tariff) to incorporate a modified transmission planning process. SPP proposes to use this process, the Integrated Transmission Plan (ITP), to determine its near-term and long-term transmission needs to maintain reliability and provide economic benefits in the SPP region. As discussed below, the Commission accepts SPP's filing, effective July 17, 2010, subject to a compliance filing.

I. Background

2. Under SPP's existing Tariff, SPP implements the SPP Transmission Expansion Plan (STEP) each year in accordance with Attachment O (Transmission Planning Process) to its Tariff. The STEP identifies network upgrades needed to satisfy reliability criteria, as well as upgrades that provide economic benefits, and incorporates network upgrades sponsored and funded by an SPP stakeholder, and upgrades identified through SPP's generation interconnection and Aggregate Transmission Service Study¹ processes. In addition to these planning processes, SPP has also developed a plan for constructing an extra high voltage (EHV) transmission backbone of transmission projects to facilitate the economic transfer of power and reduce congestion across SPP's transmission system (EHV Overlay).

3. In January 2009, in response to SPP's annual stakeholder survey from previous years and anticipated changes in national energy policy, the SPP Board of Directors

¹ Under SPP's Aggregate Transmission Service Study process, customers may submit requests for long-term transmission service during a pair of open seasons. These requests are evaluated simultaneously to provide for optimization of transmission expansion. SPP Tariff, section I, 1.1c, and Attachment Z1.

established the Synergistic Planning Project Team (SPPT) to recommend improvements to SPP's regional transmission planning process and cost allocation methodology.² Based on its findings, the SPPT issued a report and recommendations for reforming SPP's transmission planning and cost allocation processes.³

4. In its report, the SPPT noted that SPP's staff and members "have become frustrated in managing the complexity of the many different planning processes that have evolved over the past several years."⁴ In addition, the SPPT recommended adopting an "Integrated Planning Process" (now referred to as the ITP), establishing a Highway/Byway cost allocation methodology for the SPP region,⁵ and identifying and recommending a list of EHV "Priority Projects" to be approved by the SPP Board of Directors within six months.⁶

5. On April 27, 2009, the Regional State Committee (RSC)⁷ endorsed the SPPT Report and, on April 28, 2009, the SPP Members Committee voted in favor of the SPPT Report, and the Board of Directors adopted the SPPT Report.

² Membership in the SPPT includes: two state regulatory commissioners; one representative each from the investor-owned utility, transmission-dependent utility, and market segments of the SPP membership; an outside investor; an industry consultant; and a senior SPP staff member.

³ Southwest Power Pool, Report of the Synergistic Project Planning Team (Apr. 30, 2009) (SPPT Report), *available at* <http://www.spp.org/publications/SPPT%20Report%20Version%20v6-1.pdf>.

⁴ *Id.* at 4.

⁵ SPP filed its Highway/Byway cost allocation proposal on April 19, 2010 in Docket No. ER10-1069-000. An order on that proposal was issued on June 17, 2010. *Southwest Power Pool, Inc.*, 131 FERC ¶ 61,252 (2010) (Highway/Byway Order).

⁶ The SPPT characterizes Priority Projects as those facilities that continue to show up in multiple system evaluations as needed to relieve congestion on existing flowgates and to tie the eastern and western sections of the region together. *See* SPPT Report at 16.

⁷ The RSC provides state regulatory agency input on regional matters related to the development and operation of bulk electric transmission and includes one designated commissioner from each state regulatory commission having jurisdiction over an SPP member. SPP Bylaws, Original Volume No. 4 section 7.2.

6. SPP's Transmission Working Group and Economic Studies Working Group subsequently drafted an ITP Process Document, which describes the ITP and how it will be implemented. Following approval by the Markets and Operating Policy Committee (MOPC), on October 27, 2009, SPP's Members Committee voted in favor of the ITP Process Document, and the Board of Directors approved the ITP Process Document with a directive that tariff language be developed and filed after the required approvals.⁸

7. On May 6, 2010, the MOPC reviewed the proposed tariff revisions and voted to recommend to the SPP Board of Directors that the revisions be approved. On May 13, 2010, SPP's Members Committee voted in favor of the proposed tariff revisions, and the Board of Directors granted final approval to the tariff revisions submitted in this docket.

II. SPP's Filing

A. Attachment O: Transmission Planning Process

8. SPP describes the ITP as a planning process that includes 20-Year, 10-Year, and Near-Term Assessments. For the longer-term planning horizons, the ITP focuses on higher-voltage facility solutions: 300 kV and above for 20-Year Assessments and 100-300 kV for 10-Year Assessments. The Near-Term Assessment's primary purpose is to meet reliability needs and compliance with North American Electric Reliability Corporation (NERC) standards. Under SPP's proposal, the 20-Year and 10-Year Assessments will be initiated every three years, while the Near-Term Assessment will be performed annually.

9. The proposed ITP tariff revisions are detailed in section III of SPP's modified Attachment O.⁹ Under proposed section III.1 (Transmission Planning Forums), SPP will conduct transmission planning forums with its stakeholders to define the scope of each assessment. SPP's proposal provides that at the beginning of each calendar year SPP will notify stakeholders as to which parts of the integrated transmission planning cycle will take place during that year and the approximate timing of activities required to develop the STEP.¹⁰ Notice of commencement of the process shall be posted on the SPP website

⁸ SPP attached the ITP Process Document to its filing as Exhibit SPP-2.

⁹ SPP notes that its filing includes tariff sheets that contain language pending before the Commission in other dockets. *See* SPP Filing at n.38. In the redlined version of the proposed tariff sheets, SPP uses italics to show the language pending in other dockets but does not use italics in the clean version of its proposed tariff sheets.

¹⁰ *See* SPP Tariff Attachment O, proposed section III.1.

and distributed via email distribution lists. SPP proposes to incorporate into its planning studies the specific policy, reliability, and economic inputs appropriate for the assessment being performed. SPP asserts that it will also consider alternatives, including non-transmission solutions, proposed by stakeholders. SPP explains that it will use a comprehensive cost-effectiveness analysis (described in further detail below) in order to determine a draft list of projects for review and approval by SPP's MOPC and Board of Directors.

10. Sections III.3 to III.5 of SPP's revised Attachment O outline the scope of the 20-Year, 10-Year, and Near-Term Assessments. The 20-Year Assessment will be used to develop an EHV backbone network of 300 kV and above facilities that will be required by year 20 and will be initiated generally in the first half of each three-year cycle.¹¹ SPP's tariff revisions provide for SPP to work with its stakeholders to identify the appropriate years to study in developing the assessment study scope.¹² According to SPP, the assessment study scope will specify the methodology, criteria, assumptions, and data to be used. Once SPP and its stakeholders have finalized the study scope, SPP proposes to post it on its website and include it in the annual STEP report.¹³

11. The 10-Year Assessment will be used to identify 100 kV and above solutions to issues not resolved in the 20-Year Assessment. These issues include meeting such needs as: (1) elimination of criteria violations; (2) mitigation of known or projected congestion; (3) improved access to markets; (4) backbone expansion staging; and (5) improved interconnections.¹⁴ SPP states that the 10-Year Assessment will be conducted in the second half of the three-year cycle, in a manner similar to the 20-Year Assessment, and will include the upgrades from the most recent 20-Year Assessment that were approved by SPP's Board of Directors.¹⁵

12. The Near-Term Assessment, which will be performed annually, will focus primarily on analyzing SPP's transmission system for solutions to violations of reliability

¹¹ *Id.* at proposed section III.3(a).

¹² *Id.* at proposed section III.3(b).

¹³ *Id.* at proposed section III.3(f), (g).

¹⁴ *See* SPP Filing at 13.

¹⁵ *Id.* at 13-14; SPP Tariff Attachment O, proposed section III.3(a)-(h).

standards.¹⁶ SPP states that it will develop the study scope in much the same way as it develops the study scope for the 10-Year and 20-Year Assessments.

13. SPP explains that once the study scope for each assessment is developed and finalized, it will analyze any potential alternatives for improvements to its transmission system proposed by SPP and its stakeholders.¹⁷ Specifically, section III.8 provides that in addition to recommended upgrades, the transmission provider will consider, on a comparable basis, any alternative proposals which could include, but would not be limited to, generation options, demand response programs, “smart grid” technologies, and energy efficiency programs. SPP states that solutions will be evaluated against each other based on a comparison of their relative effectiveness of performance and economics.

14. Proposed section III.8(d) provides that SPP will assess the cost-effectiveness of proposed solutions in accordance with the ITP Manual, which will be developed by SPP in consultation with its stakeholders, approved by the MOPC, and posted on the SPP website.¹⁸ SPP’s proposed tariff revisions describe the factors that must be considered in the cost-effectiveness analysis set forth in the ITP Manual.¹⁹ Specifically, the financial modeling time frame for this analysis will be 40 years and the analysis will include quantifying benefits resulting from dispatch savings, loss reductions, avoided projects, applicable environmental impacts, reduction in required operating reserves, interconnection improvements, congestion reduction, and other benefit metrics. Under the proposed revisions, the analysis will also identify, if possible, the benefits related to any proposed transmission upgrade that is required to meet any regional reliability criteria. In addition, SPP explains that the analysis will assess the net impact of SPP’s transmission plan on a typical residential customer within the SPP region and on a \$/kWh basis. The results of the analysis will be reported on a regional, zonal, and state-specific basis.

15. Under SPP’s proposal, after SPP completes the studies and analyses, SPP will prepare a list of proposed projects for review and approval by SPP’s MOPC and Board of Directors.²⁰ The revised tariff also provides that the presentation shall include a

¹⁶ SPP Tariff Attachment O, proposed section III.5(b).

¹⁷ *Id.* at proposed section III.8 (Process to Analyze Transmission Alternatives for Each Assessment).

¹⁸ *Id.* at proposed section III.8(d).

¹⁹ *See id.* at proposed section III.8(e)(i)-(vi).

²⁰ *Id.* at proposed section III.8(f).

discussion of all transmission provider and stakeholder alternatives considered and reasons for choosing the particular preferred solution. SPP states that, once approved, the projects identified in the STEP will be constructed in accordance with Attachment O of SPP's Tariff.

16. SPP states that the transition to the ITP process will be performed on a compressed timeline, with plans to present a recommended 20-year transmission plan to SPP's MOPC and Board of Directors in January 2011 and the 10-year transmission plan in January 2012. SPP states that it will then move to the triennial schedule set forth in its Tariff.

B. Attachment J: Recovery of Costs Associated With New Facilities

17. In addition to the tariff revisions to Attachment O, SPP proposes two primary revisions to Attachment J (Recovery of Costs Associated with New Facilities).²¹ First, SPP proposes to revise its tariff provision, accepted by the Commission in the Highway/Byway Order, assigning dual-voltage transformers according to the lower voltage for cost allocation purposes.²² Specifically, SPP proposes to modify Attachment J to allow entities developing a dual-voltage transformer to seek a waiver to use, for cost allocation purposes, the transformer's higher voltage level instead of the lower voltage level based on the anticipated utilization of the transformer. Such a request must be made in writing and submitted to SPP not later than 180 days following the inclusion of the transformer in an approved STEP. SPP will make a recommendation to the MOPC to approve or deny the waiver on a non-discriminatory basis. The MOPC will then provide its own recommendation to the Board of Directors.²³ SPP asserts that this proposed language is necessary in order to provide flexibility concerning how the costs of dual-voltage transformers are allocated. SPP also states that this proposed waiver is substantially similar to SPP's current waiver process for facilities that do not satisfy the Base Plan Upgrade²⁴ criteria in Attachment J, which, SPP explains, the Commission determined to be just and reasonable.²⁵

²¹ SPP also filed several administrative revisions to Attachment J to accommodate the ITP provisions.

²² See Highway/Byway Order, 131 FERC ¶ 61,252 at P 96.

²³ SPP Tariff Attachment J, proposed section III.

²⁴ SPP's existing Tariff defines "Base Plan Upgrades" as follows: Upgrades included in and constructed pursuant to the SPP Transmission Expansion Plan in order to ensure the reliability of the Transmission System. Base Plan Upgrades also include Service Upgrades required for new or changed Designated Resources to the extent

(continued)

18. Second, SPP proposes several revisions to the unintended consequences provisions in Attachment J of its Tariff, which SPP states were developed by stakeholders subsequent to SPP's Highway/Byway filing.²⁶ SPP explains that in its Highway/Byway cost allocation filing, it proposed to modify the SPP Tariff provisions requiring SPP to review the reasonableness of the Base Plan regional and zonal cost allocation factors, as well as the cost allocation effects of Base Plan Upgrades to each transmission customer within the SPP Region, for unintended consequences. In that proceeding, SPP proposed and the Commission accepted revisions that: (1) require review of the Highway/Byway methodology and allocation factors at least every three years, rather than every five years as previously provided; (2) authorize the RSC to recommend any adjustments to the cost allocation if a review shows an imbalanced cost allocation to one or more zones and require that the analytical methods used in the review be defined; and (3) enable member companies (beginning in 2015) that believe they have been allocated an imbalanced portion of costs to seek relief from the MOPC.²⁷

19. SPP states that after it submitted the Highway/Byway cost allocation filing, the SPP stakeholders developed and approved clarifications to the unintended consequences provisions, which SPP proposes here. Specifically, SPP proposes to replace a reference to the triennial reviews in section III.D.2 of Attachment J with language indicating that such reviews will occur at least once every three years in accordance with section III.D.1. Additionally, SPP proposes to modify section III.D.2 to indicate that SPP's determination of the zonal cost allocation impacts of Base Plan Upgrades will only include such upgrades with Notifications to Construct²⁸ issued after June 19, 2010. SPP states that this revision is necessary so that SPP does not compare Base Plan Upgrades that were issued Notifications to Construct prior to the implementation of the Highway/Byway cost allocation methodology with Base Plan Upgrades issued Notifications to Construct after the Highway/Byway methodology has been implemented.

allowed for in Attachment J to the SPP Tariff. Base Plan Upgrades shall also include high priority upgrades, excluding Balanced Portfolios, that are approved for construction by the SPP Board of Directors. *See* SPP Tariff at 1.3g.

²⁵ SPP Filing at 29 (citing *Southwest Power Pool, Inc.*, 111 FERC ¶ 61,118, at P 57 (2005) (accepting SPP's Base Plan Upgrade waiver Tariff language)).

²⁶ *Id.* at 29.

²⁷ *See* Highway/Byway Order, 131 FERC ¶ 61,252 at P 83.

²⁸ SPP issues Notifications to Construct to entities designated to construct facilities identified in the STEP.

20. SPP also proposes revisions to section III.D.4 to clarify how analytical methods used in unintended consequences reviews will be defined, specifying that the RSC, not the RSC's Cost Allocation Working Group, will work with SPP's MOPC to define the analytical methods to be used, and to clarify that Member companies may seek relief from a perceived imbalanced cost allocation through SPP's MOPC starting in 2015 and at any time thereafter.

C. SPP Support

21. SPP states that its transmission system's needs have evolved significantly in the years since it became a Commission-approved Regional Transmission Organization (RTO). According to SPP, the zone-by-zone planning and cost allocation paradigm that governed in the days before SPP became a Commission-approved RTO has given way to the need for SPP to address reliability and economic issues comprehensively on a region-wide basis, a need that the Commission recognized in promulgating Order No. 890.²⁹

22. SPP states that the ITP is SPP's second step, after its Highway/Byway cost allocation methodology, in transforming its cost allocation and planning processes to respond to the changing needs of its transmission system in an innovative and effective manner. SPP asserts that, as such, the ITP builds upon SPP's existing Commission-approved and Order No. 890-compliant transmission planning processes by focusing on the benefits of large-scale, regional facilities and the development of a robust transmission system to address varied stakeholder and customer needs on a cost-effective basis. SPP states that the ITP will also allow SPP's stakeholders to maximize opportunities presented by the rich renewable resource potential in the SPP Region through the development of a robust regional transmission network. According to SPP, the ITP will enhance SPP's transmission planning process by allowing SPP to identify the transmission facilities that are necessary to both maintain reliability and provide economic benefits to the SPP region in both the near- and long-term. In addition, SPP states that the ITP will foster a new era of planning that is both forward-looking and proactive while creating efficiencies for SPP's generation interconnection procedures and Aggregate Transmission Service Study process.

23. SPP explains that the ITP will allow SPP to meet both the short-term and long-term needs of its transmission system by accommodating the variability of numerous

²⁹ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228 (2009), *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

transmission planning scenarios in a cost-effective manner. SPP states that in addition to the myriad benefits that will result from the ITP, the ITP is consistent with Commission policy and complies with the transmission planning principles and requirements adopted by the Commission in Order No. 890.³⁰

III. Notice of Filing and Responsive Pleadings

24. Notice of SPP's filing was published in the *Federal Register*, 75 *Fed. Reg.* 29750 (2010) with interventions or protests due on or before June 7, 2010. The following entities filed timely motions to intervene: Arkansas Public Service Commission; Omaha Public Power District; NextEra Energy Resources, LLC; Westar Energy, Inc.; the City of Alexandria, Louisiana; Occidental Permian, Ltd., *et al.*; Arkansas Electric Cooperative Corp.; Kansas City Power & Light Co. and KCP&L Greater Missouri Operations Co. (jointly); Dogwood Energy LLC; Golden Spread Electric Cooperative, Inc.; and NRG Companies.

25. The following entities filed timely motions to intervene and comments in support of the filing: Xcel Energy Services, Inc., on behalf of Southwestern Public Service Co. (Xcel); Oklahoma Gas and Electric Co. (OG&E); American Electric Power Service Corp. (AEP); Clean Line Energy Partners, LLC (Clean Line Energy); American Wind Energy Association and the Wind Coalition (collectively, AWEA); and ITC Great Plains, LLC (ITC Great Plains). Additionally, the Kansas Corporation Commission (Kansas Commission) filed a notice of intervention and comments.

26. The following entities filed timely motions to intervene and protests: City Utilities of Springfield, Missouri, Empire District Electric Co. (Empire), Lincoln Electric System (Lincoln), and Omaha Public Power District (collectively, Joint Protesters);³¹ East Texas Electric Cooperative, Inc., Northeast Texas Electric Cooperative, Inc., and Tex-La Electric Cooperative of Texas, Inc. (collectively, East Texas Cooperatives); Nebraska Public Power District (NPPD) and Lincoln. E.ON Climate and Renewables North America, LLC (E.ON), and Western Farmers Electric Cooperative (Western Farmers) filed timely motions to intervene and comments, and the Missouri Public Service Commission (Missouri Commission) filed a late motion to intervene and

³⁰ See SPP Filing at 18-26 (explaining why SPP believes its Attachment O, as modified to implement the ITP process, remains consistent with the nine planning principles of Order No. 890).

³¹ We refer to this protest as "Joint Protest."

comments.³² SPP filed an answer to the protests on June 22, 2010. On July 7, 2010, NPPD and East Texas Cooperatives filed answers to SPP's answer and on July 8, 2010, Joint Protesters filed an answer to SPP's answer.

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 (2010), the notice of intervention and 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) (2010), the Commission will grant Missouri Commission's late filed motion to intervene given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

28. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2010), prohibits answer to a protest unless otherwise ordered by the decisional authority. We will accept the answers filed by SPP, NPPD, East Texas Cooperatives, and Joint Protesters because they have provided information that assisted us in our decision-making process.

B. Analysis

1. Attachment O Revisions Implementing the ITP

a. Supporting Comments

29. SPP transmission owners, renewable energy developers, and the Kansas Commission filed comments supporting SPP's ITP filing. AEP, AWEA, Clean Line Energy, ITC Great Plains, the Kansas Commission, OG&E, and Xcel support the ITP as a significant improvement on the current planning process and state that among the benefits of the ITP are its long-term view, the implementation of one comprehensive approach to

³² In their comments, E.ON, Western Farmers, and Missouri Commission state that they generally support SPP's filing but request revisions to certain aspects. Accordingly, we include the comments in the protest summaries below.

planning, and the multi-faceted view of the benefits that come from transmission investment that will be used.³³

30. AEP states that the current planning horizon, which is limited to 10 years, has been a stumbling block to building transmission in SPP. According to AEP, expanding the planning horizon to 20 years and 40 years for economic analysis will help alleviate this problem.³⁴ AWEA states that the ITP, by incorporating a longer planning horizon, is proactive rather than reactive and will allow transmission to be a contributor, along with generation and demand response, in meeting current and future needs rather than being limited to its traditional role of reacting to generation needs.³⁵ The Kansas Commission adds that because the ITP is proactive it will produce enduring transmission solutions.³⁶

31. With regard to SPP's current planning processes, AWEA states that the existing processes often result in transmission solutions that address discrete, localized issues, which has led to SPP addressing geographically limited solutions without considering regional impacts or long-term needs. AWEA asserts that the ITP will solve the problems of SPP's current planning processes.³⁷ Similarly, OG&E states that the integrated plan will address features of the current planning process that result in less effective transmission development, and will support the planning and construction of a robust transmission system that is forward-looking and long-term.³⁸

32. In addition, several supporters praise SPP's proposals to account for the benefits that transmission provides and for the diverse factors that must be considered when evaluating new transmission projects.³⁹ ITC points to SPP's proposed Attachment O,

³³ See AEP Comments at 3-5; AWEA Comments at 5-9; Clean Line Energy Comments at 3-5; ITC Great Plains Comments at 5; Kansas Commission Comments at 4; OG&E Comments at 2; Xcel Comments at 4.

³⁴ AEP Comments at 4.

³⁵ AWEA Comments at 6.

³⁶ See Kansas Commission Comments at 4.

³⁷ AWEA Comments at 8.

³⁸ OG&E Comments at 3.

³⁹ See ITC Great Plains Comments at 6 (pointing to the 15 factors listed in proposed Attachment O section III.6 that SPP will incorporate, as appropriate, in an assessment) ; *see also* AWEA Comments at 8; Xcel Comments at 4-5.

section III.6, and states that SPP's proposal to use a broad array of planning assumptions and benefits is necessary and appropriate.⁴⁰ Xcel, OG&E, and Clean Line Energy state that these benefits go beyond standard adjusted production costs to include environmental benefits, avoided project costs, and congestion reduction. ITC observes that the fact that reliability criteria are considered in the same context as fuel price forecasts, government mandates, and renewable energy standards demonstrates SPP's holistic view of transmission planning, integrating reliability, economics, policy, and other important initiatives into a single integrated transmission planning process.⁴¹

33. Supporters point to other benefits of the ITP. For example, Xcel and Clean Line Energy tout the expected reductions in congestion, which will lead in turn to lower prices to consumers, as the system is able to access cheaper generation.⁴² Clean Line Energy also states that an improved planning process will lead SPP to increase its ability to export more of the anticipated wind power that will be built in the coming years.⁴³

b. Protests

34. Protesters generally assert that SPP has not provided sufficient information in its proposed Tariff revisions to demonstrate that the ITP proposal is consistent with the planning principles of Order No. 890 and, in particular the transparency and comparability planning principles, as discussed below.

35. With regard to the amount of information that needs to be included in the Tariff to be consistent with the transparency principle, protesters state that SPP is still developing the ITP Manual which will include the standards, criteria, and metric to be used by stakeholders in the regional planning process. Protesters argue that because SPP is seeking approval of the ITP even though SPP and stakeholders are not finished developing the necessary standards, criteria, and metrics, the proposal should be rejected.⁴⁴

⁴⁰ ITC Comments at 5.

⁴¹ *See id.* at 5-6.

⁴² XES Comments at 5; Clean Line Energy Comments at 4.

⁴³ Clean Line Energy Comments at 4.

⁴⁴ *See* NPPD Protest at 13. In addition to quoting the Commission's regulations at 18 C.F.R § 35.1(a) (2010), NPPD also cites *Southwest Power Pool, Inc.*, 112 FERC ¶ 61,303, at P 24, 25 (2005) (explaining that SPP's Tariff must contain all the provisions of the market that "significantly affect rates and charges").

36. If the Commission does not reject the filing, protesters generally contend that the filing is inadequate and the ITP Manual or at least the associated standards, criteria, and metrics should be included in the Tariff to facilitate transparency. East Texas Cooperatives argue that without knowing what will be included in the ITP Manual, it is impossible to know whether some or all of the ITP Manual should be made part of SPP's Tariff and filed with the Commission for approval, or whether it is more appropriately treated as a business practice manual that does not need to be filed. Similarly, E.ON and Joint Protesters argue that the ITP Manual or information in it should be filed with the Commission as part of SPP's Tariff because certain information that will be in the manual will serve as the crux and heart of the ITP.⁴⁵

37. Protesters point to several areas in which the proposed Tariff revisions could contain more detail. For example, protesters note that, while the planning studies will assess the cost-effectiveness of proposed solutions over a forty-year time horizon, there is no definition for "cost-effectiveness" in SPP's revised Tariff provisions.⁴⁶ As a result, stakeholders will not know what analyses will be performed or what standards will be applied in determining the cost-effectiveness of proposed solutions.⁴⁷ East Texas Cooperatives conclude that regardless of whether the actual ITP Manual is filed, much more detail about how the cost-effectiveness analysis will be performed must be included in the Tariff.⁴⁸ NPPD further alleges that the Tariff lacks any provision that would preclude SPP from applying an entirely different, or even inconsistent, cost-effectiveness assessment with each iteration of the 10-Year and 20-Year Assessments.⁴⁹

38. NPPD and Joint Protesters also argue that the scope of the studies to be used in the assessments is not defined sufficiently in SPP's proposal.⁵⁰ For example, NPPD notes that proposed section III.3 of Attachment O of the Tariff, which governs the preparation

⁴⁵ See Joint Protest at 11; E.ON Comments at 3-5. For example, E.ON states that SPP's filing leaves unanswered what methodology, criteria, assumptions, and data SPP will use in its study scope, how SPP will consider and give value to the sixteen proposed categories in section III.6 of Attachment O, and how SPP will compare the relative effectiveness of performance and economics of alternatives to transmission. *Id.* at 5.

⁴⁶ NPPD Protest 9-11; Joint Protest at 5-7; E.ON Comments at 4.

⁴⁷ East Texas Cooperatives Protest at 6.

⁴⁸ *Id.* at 7.

⁴⁹ NPPD Protest at 11.

⁵⁰ See *id.* at 7; Joint Protest at 9.

of the 20-Year Assessment, provides that “[t]he assessment study scope shall specify the methodology, criteria, assumptions, and data to be used.”⁵¹ NPPD and Joint Protesters argue that, by leaving the methodology, criteria, and assumptions undefined, SPP’s filing presents an improper moving target regarding how such studies will be structured and used to determine SPP’s transmission needs.⁵² Joint Protesters also argue that the Tariff should specify the years to be studied, the methodology to be employed, and the criteria, assumptions, and data to be used in performing transmission assessments because such information is absolutely essential for a stakeholder to understand how particular transmission (or alternative) solutions are identified, evaluated, compared, and selected in the planning process.⁵³

39. In contrast, NPPD argues, the existing Tariff language governing the evaluation of the costs and benefits of potential Balanced Portfolios sets forth detailed, specific metrics for determining the net present value of costs and benefits of potential Balanced Portfolios.⁵⁴ NPPD argues that there should be comparable safeguards in the ITP provisions. Similarly, Joint Protesters argue that SPP’s current transmission planning methodology evaluates projects based on straightforward criteria.⁵⁵ Joint Protesters contend that these existing standards have functioned well because they are well-understood, explicit, and clear.

40. NPPD states that it is necessary to include the ITP Manual or at least the standards, criteria, and metrics used in the planning process in the Tariff because the

⁵¹ NPPD notes that the ITP provisions include identical language for the 10-Year and Near-Term Assessments. NPPD Protest at 8.

⁵² NPPD Protest at 8; Joint Protest at 8-10.

⁵³ *Id.* at 11.

⁵⁴ NPPD Protest at 11 (citing SPP Tariff, Attachment O, section IV.6). Under the Balanced Portfolio provisions of its Tariff, SPP evaluates a portfolio of economic upgrades to achieve a balance where the benefits of the portfolio to each zone (as measured by adjusted production costs) equals or exceeds the costs allocated to each zone over a ten-year period. Where necessary, SPP will include costs associated with reliability upgrades or existing facilities that are allocated zonally to achieve a balance among all SPP Zones. *See* SPP Tariff Attachment J, section IV.A.

⁵⁵ Joint Protest at 5 (citing SPP Tariff Attachment O, section IV, which addresses economic upgrades; SPP Tariff Attachment O, section IV.6(e), which addresses Balanced Portfolio Upgrades; SPP Tariff Attachment O, section III.4(a) and SPP Tariff section 1.3g, which address Base Plan Upgrades).

Commission's regulations require that tariff filings be full and complete as filed.⁵⁶ Additionally, protesters argue that Commission policy governing the minimal requirements for proposed Tariff revisions to be accepted for filing requires more specificity.⁵⁷ East Texas Cooperatives contend that, under the Commission's "rule of reason," provisions that significantly affect the rates, terms, and conditions of service must be included in a tariff and filed at the Commission.⁵⁸

41. With regard to the comparability principle of Order No. 890, Joint Protesters argue that the ITP filing does not include any meaningful information about the process SPP will use to evaluate and compare the potential transmission or other solutions identified in the assessments.⁵⁹ NPPD notes that the proposal addresses evaluating alternative proposals by referring to "generation options" and "smart grid" technologies but SPP does not define these terms, which have different meanings in different contexts.⁶⁰ NPPD and East Texas Cooperatives point out that the proposal provides, in part, that the analysis of alternatives "shall also consider the value brought to the SPP Region by incremental changes to the proposed solutions."⁶¹ NPPD states that the ITP does not identify the meaning, impact, or implementation of the "consider the value" language.

⁵⁶ NPPD Protest at 14 (citing 18 C.F.R. § 35.1(a)).

⁵⁷ *Id.* at 10 (citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 101 FERC ¶ 61,221, at P 64 (2002) (directing the Midwest ISO to make a compliance filing that specified the formula calculations missing from the as-filed rate sheets, noting that "[t]he proposed rate sheets do not specify the actual calculations of the costs of these services. This lack of specificity in cost allocation among the schedules is contrary to Commission policy"), *reh'g denied*, 103 FERC ¶ 61,035 (2003), *order on paper hearing and compliance filing*, 108 FERC ¶ 61,235 (2004)); East Texas Cooperatives at 6; Joint Protest at 7.

⁵⁸ East Texas Cooperatives Protest at 6 (citing *City of Cleveland v. FERC*, 773 F.2d 1368, 1376 (D.C. Cir. 1985) (requiring utilities to file "only those practices that affect rates and service significantly, that are reasonably susceptible of specification, and that are not so generally understood in any contractual arrangement as to render recitation superfluous"); *Cal. Indep. Sys. Operator Corp.*, 122 FERC ¶ 61,271 (2008) (assessing whether certain business practice manual provisions significantly affect rates, terms and conditions, and, therefore, must be included in a tariff)).

⁵⁹ Joint Protest at 10.

⁶⁰ NPPD Protest at 11-12.

⁶¹ East Texas Cooperatives Protest at 7-8; NPPD Protest at 12-14.

East Texas Cooperatives argue that SPP should be required to remove this provision or explain what the terms “value” and “incremental changes” mean, and how the provision is intended to affect the cost-effectiveness analysis provided for in section III.8.d.⁶²

42. Additionally, Joint Protesters argue that because the ITP lacks adequate standards, the SPP Board of Directors will have significant discretion to decide which specific transmission upgrades will be pursued as part of the regional transmission expansion plan.⁶³ For example, Joint Protesters contend that the Board of Directors could add or eliminate specific projects from the list of projects recommended by the MOPC as long as its decision to do so is publicly posted. Thus, Joint Protesters argue, because the Board of Directors does not need to identify any particular standard for their decision, the Board of Directors could exercise considerable discretion and be immune from after-the-fact challenges.⁶⁴ Joint Protesters allege that vesting the Board of Directors with such discretion and immunity from challenges would invite parties to lobby individual Board members to modify the upgrade list.

43. Finally, Joint Protesters argue that the Commission should not grant SPP’s requested July 17, 2010 effective date but should withhold an effective date for the ITP-related Tariff changes until the ITP Manual has been developed, fully vetted within SPP, finalized, and placed on file as a part of SPP’s Tariff Attachment O.

c. SPP Answer

44. SPP asserts that protesters’ demand that SPP incorporate more detail into Attachment O of its Tariff than either Commission or judicial precedent require.⁶⁵ SPP argues that its revised Attachment O provides significant detail regarding how SPP and its stakeholders will conduct future transmission system planning. SPP contends that the ITP filing fully complies with the tariff filing requirements of section 205 of the Federal Power Act (FPA), 16 U.S.C. § 824d (2006).⁶⁶ Additionally, SPP points out that the United States Court of Appeals for the District of Columbia Circuit has observed that:

⁶² East Texas Cooperatives Protest at 7-8.

⁶³ Joint Protest at 16.

⁶⁴ *Id.* at 17.

⁶⁵ SPP Answer at 5.

⁶⁶ *Id.* at 6.

there is an infinitude of practices affecting rates and service. The statutory directive must reasonably be read to require the recitation of only those practices that affect rates and services *significantly*, that are realistically *susceptible* of specification, and that are not so generally understood in any contractual arrangement as to render recitation superfluous.⁶⁷

45. SPP states that the Commission employs a “rule of reason” to determine whether practices affecting rates, terms, or conditions of service must be included in a utility’s tariff filed under FPA section 205,⁶⁸ and has indicated that “[t]he Commission’s policy, as implemented through the rule of reason, is that only those practices that significantly affect rates, terms and conditions fall within the directive of [the FPA].”⁶⁹ SPP notes that the Commission also has stated that “[i]t is appropriate for Business Practice Manuals to contain implementation details, such as instructions, guidelines, examples and charts, which guide internal operations and inform market participants” of how a utility conducts its operations under its tariff.⁷⁰ SPP states that the Commission has elaborated that, even where business practices implicate the Commission’s jurisdiction because they involve “the installation, operation, or use of facilities for the transmission or delivery of power...in interstate commerce,” they need not be filed with the Commission under FPA section 205 when “they mostly involve general operating procedures,” such as the implementation details that SPP will include in its ITP Manual.⁷¹

46. In response to comments requesting that the Commission direct SPP to file the ITP Manual, SPP asserts that the Commission and judicial precedent do not require SPP to file the ITP Manual or to incorporate the ITP Manual into the SPP Tariff.⁷² SPP conveys

⁶⁷ *Id.* (citing *City of Cleveland v. FERC*, 773 F.2d 1368, 1376 (emphasis in original)).

⁶⁸ *Id.* (citing Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 1649).

⁶⁹ *Id.* at 7 (citing *Cal. Indep. Sys. Operator Corp.*, 122 FERC ¶ 61,271, at P 16 (2008)).

⁷⁰ *Id.*

⁷¹ *Id.* (citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 108 FERC ¶ 61,163, at P 656, *order on reh’g*, 109 FERC ¶ 61,157 (2004), *order on reh’g*, 111 FERC ¶ 61,043 (2005), *reh’g denied sub nom. Wis. Pub. Power Inc. v. FERC*, 493 F.3d 239 (2007) (citing *Prior Notice and Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ 61,139, at 61,988 (1993))).

⁷² SPP Answer at 11 (citing Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 1653 (“We merely require that, if the transmission provider uses standards, rules or

that its transmission planning process currently relies on several manuals to provide additional detail to the provisions of the Tariff.⁷³ SPP points out that the Commission specifically rejected arguments that business practices manuals need to be filed for Commission approval, and expressed its belief “that requiring transmission providers to file all of their rules, standards and practices in their [open access transmission tariffs (OATTs)] would be impractical and potentially administratively burdensome.”⁷⁴ SPP goes on to argue that Joint Protesters’ suggestion that every methodology, criteria, assumption, and data category be specified in the SPP Tariff likewise belies the Commission’s findings in Order No. 890 regarding the level of detail to be filed in a tariff, and provides no basis for the Commission to reject the ITP filing or require SPP to incorporate the ITP Manual into the SPP Tariff.⁷⁵

47. SPP also argues that suggestions that the ITP filing fails to define key terms also lack merit. For example, protesters seek rejection of the ITP filing because the term “cost-effectiveness” is not expressly defined in the SPP Tariff. Contrary to protesters’ assertions, SPP states that Attachment O contains significant detail regarding the components that will comprise SPP’s “cost-effectiveness” analysis. Specifically, SPP states that section III.8.e of revised Attachment O enumerates a series of specific factors to guide the cost-effectiveness analysis, including (among other things): (i) the financial modeling time frame; (ii) lists of the benefits that must be quantified in the cost-effectiveness analysis; (iii) details regarding the different scenarios and sensitivity analyses to be used; (iv) a provision requiring the analysis to be reported on regional, zonal, and state specific levels of granularity; and (v) a requirement that net impacts to typical residential customers be assessed. Thus, SPP argues that section III.8.e of Attachment O provides significantly more guidance than would be provided by a definition.

48. Additionally, SPP notes that, as the Joint Protesters concede, the SPP stakeholders specifically considered whether to incorporate an express definition for “cost-effectiveness” into the Tariff and declined to do so.⁷⁶ SPP states that the issue was raised

business practices to administer its OATT, such standards, rules or business practices must be available for public inspection’’)).

⁷³ SPP states that its Transmission Network Economic Modeling and Methods Manual is one such manual. *See* SPP Answer at 10.

⁷⁴ SPP Answer at 11 (citing Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 1651).

⁷⁵ *Id.* (citing Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 1658).

⁷⁶ *Id.* at 13 (citing Joint Protest at 6).

during the stakeholder process, and, after discussion, the stakeholders determined that it was more appropriate to adopt Tariff guidelines for determining cost-effectiveness, supplemented by the practices to be specified in the ITP Manual, rather than incorporating an express definition that would not allow flexibility in determining cost-effectiveness as system conditions change.

49. SPP also argues that NPPD's objections that certain provisions in the ITP Tariff language are vague and ambiguous are inapposite and outside the scope of this proceeding.⁷⁷ SPP highlights NPPD's attacks on language indicating that SPP "will consider, on a comparable basis, any alternative proposals which could include, but would not be limited to, generation options, demand response programs, 'smart grid' technologies, and energy efficiency programs."⁷⁸ SPP asserts that it previously filed this language in Docket No. OA08-61-002 to comply with a Commission order addressing its Order No. 890 compliance.⁷⁹ From SPP's perspective, that the language is carried over, unmodified, in the ITP filing does not provide NPPD a new opportunity to challenge the language or relieve NPPD of its burden to intervene and protest in a timely fashion in the dockets where the language was first proposed.⁸⁰

50. Regarding Joint Protesters' assertion that the ITP provisions vest too much discretion in the SPP Board of Directors, SPP responds that the language Joint Protesters cited was previously accepted by the Commission and exists in the Attachment O currently on file.⁸¹ In SPP's view, these objections amount to a collateral attack on Commission orders that approved such language and an untimely attack on tariff language that was proposed in other dockets. Furthermore, SPP argues that new tariff language requiring the SPP Board of Directors to offer an explanation for any deviation in approved upgrades does not expand the discretion of the Board of Directors, but rather strengthens stakeholder protections.⁸²

⁷⁷ *Id.* at 16.

⁷⁸ *Id.*

⁷⁹ *See id.* at 16-17.

⁸⁰ *Id.* at 17.

⁸¹ *Id.* at 15 (citing *Southwest Power Pool, Inc.*, 124 FERC ¶ 61,028, at P 11 (2008) (First SPP Planning Order)).

⁸² *Id.* at 16 (citing SPP Tariff Attachment O, proposed section V.3.c).

51. SPP adds that because SPP's Board of Directors is expressly required to be independent from SPP's stakeholders, the Joint Protesters' concern that the SPP Board of Directors will somehow be unduly influenced by proponents of particular upgrades is unsupported and thus provides no basis for rejecting language that exists in SPP's Commission-accepted Tariff.⁸³

d. Determination

52. The Commission finds that SPP's ITP filing adopts a proactive, comprehensive transmission planning approach that encourages the development of integrated regional solutions to address both reliability and economic needs across the SPP transmission system in a non-discriminatory manner. In addition, SPP's proposal provides enough flexibility to enable SPP and its Members to address the policy, reliability, and economic needs of the SPP system as they change over time. Accordingly, as discussed below, we find SPP's ITP proposal to be just and reasonable, and consistent with the transmission planning principles of Order No. 890 and Commission precedent. We will accept SPP's ITP proposal for filing, with minor revisions.⁸⁴

53. Protesters generally assert that SPP has not provided sufficient information to demonstrate that its proposed planning process is just and reasonable and consistent with the planning principles of Order No. 890. We disagree. 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. The Commission called upon transmission providers to look beyond serving the basic reliability needs of their individual transmission systems and focus instead on developing a robust transmission system that not only ensures reliability, but also benefits customers by providing economic opportunities through reduced congestion.⁸⁵ Among other things, the Commission required each public utility transmission provider to have a coordinated, open, and transparent regional transmission planning process that addresses 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.

⁸³ *Id.*

⁸⁴ As previously noted, *supra* note 9, SPP's filing includes tariff sheets that contain language pending before the Commission in other dockets. Our determinations in this order address only the tariff revisions proposed in the instant proceeding.

⁸⁵ *See* Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 57-60.

54. In its filing, SPP discusses each of the nine planning principles and explains why it believes that its Attachment O, as modified by the ITP provisions, remains consistent with Order No. 890.⁸⁶ However, protesters raise specific concerns that the ITP proposal may be inconsistent with the transparency and comparability principles of Order No. 890.⁸⁷ They also appear to suggest that it does not satisfy the openness principle of Order No. 890. Specifically, with regard to the transparency principle, Joint Protesters, NPPD, and East Texas argue that the term “cost-effectiveness” is not adequately defined in the Tariff and request that the ITP Manual be filed with the Commission. Protesters also raise concerns that the assessment scopes are inadequately defined as is the process for evaluating alternative proposals. According to Order No. 890, however, the transparency principle requires transmission providers to reduce to writing and make available the basic methodology, criteria, and processes used to develop transmission plans in order to ensure that standards are consistently applied.⁸⁸ The transparency principle does not require that all rules and practices related to transmission planning be included in SPP’s tariff or filed with the Commission. The Commission requires transmission providers to include in their tariffs only the information necessary to ensure transparency and comparability without causing the Commission to manage the planning process.⁸⁹ To that end, each transmission provider must describe in its planning process the methods it will use to disclose the criteria, assumptions, and data that underlie its transmission system plans.⁹⁰

55. Here, SPP has identified in its tariff the specific costs and benefits that will be identified on a regional, zonal, and state-specific basis, including among other things dispatch savings, loss reductions, avoided projects, reduction in required operating reserves, interconnection improvements, and congestion reduction. SPP states that the assessment of particular projects shall be performed in accordance with the ITP Manual to be developed through the stakeholder process and posted on the SPP website.⁹¹ SPP

⁸⁶ SPP Filing at 18-27.

⁸⁷ *See, e.g.*, Joint Protest at 8 (asserting that essential elements of the ITP have been left undefined, in violation of Order No. 890).

⁸⁸ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 471.

⁸⁹ *See id.* P 438 (indicating that the planning obligations imposed under the Final Rule do not address or dictate which investments identified in a transmission plan should be undertaken by transmission providers).

⁹⁰ *Id.* P 471-79.

⁹¹ SPP Tariff, Attachment O, proposed section III.8(d).

has also made clear that it will determine the years to be studied, the methodology, criteria, assumptions, and data to be used in the assessments through stakeholder sessions, and that it will post this information on its website. Specifically, section V.2(b) of Attachment O provides that the related study results, criteria, assumptions, and underlying data shall be posted on the SPP website. Accordingly, because SPP's Attachment O identifies the specific costs and benefits that will be identified and requires SPP to post the study results, criteria, assumptions, and underlying data on the SPP website, we find that SPP's Tariff reduces to writing and makes available the basic methodology, criteria, and processes used to develop transmission plans under the ITP consistent with the transparency principle of Order No. 890.⁹²

56. Furthermore, we deny protesters' requests that SPP be required to file the ITP Manual with the Commission as part of its Tariff. Rather, the Commission finds it sufficient for SPP to post the ITP Manual on its website, as it states it will do. In *Midwest Independent Transmission System Operator, Inc.*,⁹³ the Commission explained that:

...not all rules and practices related to transmission service, or planning activities in particular, need be codified in the transmission provider's OATT. These rules, standards and practices that relate to, but do not significantly affect, transmission service may be placed on the transmission providers' websites, provided there is a link to those business practices on OASIS. Transmission providers can therefore use a combination of tariff language in their OATT and a reference to planning manuals on their websites to satisfy their planning obligations under Order No. 890.⁹⁴

57. In determining that not all rules and practices related to the dictates of Order No. 890 need to be filed in a transmission provider's OATT, the Commission pointed to the "rule of reason," which the Commission has traditionally used to determine the types of documents that must be filed with the Commission for approval—i.e., those practices that significantly affect rates, terms, and conditions—and those that are not required to be a part of a transmission provider's tariff.⁹⁵ While it could be argued that all practices and

⁹² Our review indicates that these data for the 20-year assessment have been posted on the SPP Website. *See* http://www.spp.org/publications/ITP%202020Year%20Scope%2001-06-09_ESWG_TWG_Approved_clean.doc

⁹³ 123 FERC ¶ 61,164 (2008).

⁹⁴ *Id.* P 43 (citing Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 1649-55).

⁹⁵ *See* Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 1649.

procedures, including the ITP Manual, “affect rates, terms, and conditions,” we find that the ITP as proposed is generally consistent with the Order No. 890 planning principles and Commission precedent, as well as the filing requirements under the Commission’s “rule of reason,” with only minor clarifications needed, as discussed below. In its Tariff, SPP has defined the ITP process, described how the ITP Manual will be used in the ITP process, and how the ITP Manual will be developed. SPP’s Tariff also requires that the ITP Manual will be developed by SPP in consultation with its stakeholders, approved by SPP’s MOPC, and posted on SPP’s website. We find this approach, which allows SPP and its stakeholders the flexibility needed in the context of a proactive, dynamic transmission planning process, to be reasonable. Accordingly, we will not require SPP to file the ITP Manual.

58. However, while we find it unnecessary for SPP to file the ITP Manual as part of its Tariff, we will require SPP to submit a compliance filing, within 30 days of the date of this order, specifying when the completed ITP Manual will be available.⁹⁶ In addition, with regard to the proposed Tariff language stating that SPP’s “analysis [of alternatives] shall also consider the value brought to the SPP region by incremental changes to the proposed solutions,” we interpret this to mean that SPP will use the same cost-effectiveness study process detailed in the ITP Manual to determine the value of the incremental changes.

59. 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.⁹⁷ Again, here SPP has made clear that it will determine the years to be studied, the methodology, criteria, assumptions, and data to be used in the assessments through its stakeholder processes. SPP also states that the cost-effectiveness assessments shall be performed in accordance with the ITP Manual to be developed through the stakeholder process and posted on the SPP website. We find that SPP continues to comply with this planning principle with the ITP because section III(2)(b) of Attachment O provides that all meetings of the stakeholder working groups, planning summits, and sub-regional planning meetings are open to all entities.⁹⁸ Thus, all interested stakeholders have access to and can participate in SPP’s stakeholder

⁹⁶ See Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 194 (providing that all affected parties must be able to understand how, and when, they are able to participate in planning activities).

⁹⁷ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 460.

⁹⁸ See First SPP Planning Order, 124 FERC ¶ 61,028 at P 19.

process, through which the assessment scopes and the cost-effectiveness metrics will be determined.⁹⁹

60. With regard to comparability, the Commission in Order No. 890-A stated that each transmission provider must identify how it will treat resources on a comparable basis and, therefore, should identify how it will determine comparability for purposes of transmission planning. In SPP's Order No. 890 transmission planning compliance proceeding, the Commission refined this aspect of comparability, finding that tariff language could, for example, state that solutions will be evaluated against each other based on a comparison of their relative economics and effectiveness of performance.¹⁰⁰ Here, sections III(8)(c) through (e) of Attachment O provide that SPP will assess solutions based on their cost-effectiveness, and the Tariff identifies a list of metrics that SPP will use in determining cost-effectiveness.

61. These Tariff provisions also provide that, in addition to recommended upgrades, SPP will consider, on a comparable basis, any alternative proposals. These could include, but would not be limited to, generation options, demand response programs, "smart grid" technologies, and energy efficiency programs. SPP's Tariff proposal provides that SPP will evaluate such solutions against each other based on a comparison of their relative effectiveness of performance and economics. Thus, the Commission finds that SPP has complied with the comparability principle of Order No. 890.

62. We also grant the July 17, 2010 effective date for the revisions, as requested. While the ITP Manual may not be completed by the granted effective date, we expect the cost-effectiveness metrics to be developed and vetted through the stakeholder process as soon as practicable.

63. We disagree with Joint Protesters that SPP's proposed Tariff provisions will increase SPP's Board of Directors' discretion, make the Board susceptible to lobbying pressure, and compromise the Board's independence. The Commission has previously found the SPP Board of Directors to be independent and we will not revisit that determination here.¹⁰¹ Moreover, nothing in SPP's proposal excuses SPP, its

⁹⁹ Lincoln, NPPD, and Empire are voting members of the Economic Studies Working Group, which is primarily responsible for developing the cost-effectiveness metrics. See Economic Studies Working Group roster at: http://www.spp.org/committee_roster.asp?commID=79.

¹⁰⁰ *Southwest Power Pool, Inc.*, 127 FERC ¶ 61,171, at P 54 n.54 (2009).

¹⁰¹ See *Southwest Power Pool, Inc.*, 108 FERC ¶ 61,003, at P 27 (2004) (commending SPP and its members for expeditiously installing its independent Board of Directors).

stakeholders and its Board of Directors from abiding by the standards outlined in the SPP Bylaws, its Tariff and the standards of the ITP Manual. In addition, while the existing Tariff language grants the Board of Directors the ability to modify the list of upgrades included in the STEP, the proposed addition makes any such action more transparent by requiring the Board of Directors to explain its decision to stakeholders. Moreover, nothing in this language prohibits a stakeholder from challenging any Board of Directors' action in an appropriate forum. Thus, we will reject Joint Protesters' assertions.

2. Other Attachment O Issues

a. Authorization to Plan

i. Protest

64. Joint Protesters note that SPP included in the filing the ITP Process Document which served as the basis for the proposed ITP-related Tariff changes.¹⁰² Joint Protesters state that despite the broad approval given the ITP Process Document,¹⁰³ the ITP proposal deviates from the ITP Process Document by excluding Authorizations to Plan (ATP) for new transmission projects. Joint Protesters state that the ITP Process Document describes the role that issuance of an ATP has in the life of a transmission project as follows:

An Authorization to Plan (ATP) will be issued for projects identified in the ITP that are needed beyond the four-year financial horizon. SPP will inform the appropriate parties that an ITP project is likely to be needed and will need to be included in all future study models, including the [Affected System] and [Generator Interconnection] study models. Current STEP 10-Year Reliability Assessments, GI, and AS models do not include projects needed beyond the four-year financial commitment horizon, so the ATP represents a significant change regarding modeling for the planning processes.¹⁰⁴

65. The Joint Protesters contend that the issuance of an ATP provides at least two benefits to the transmission planning process. First, with the issuance of an ATP, the Transmission Provider begins to include the relevant project in the models it uses in

¹⁰² Joint Protest at 22 (citing SPP Filing, Ex. No. SPP-2).

¹⁰³ Joint Protesters note that the ITP Process Document was unanimously endorsed by the MOPC, RSC, Members Committee, and the Board of Directors.

¹⁰⁴ Joint Protest at 23 (citing Ex. No. SPP-2 at 19).

studies of long-term transmission service requests, generator interconnection requests, and affected system. Thus, according to Joint Protesters, the issuance of an ATP indicates that the need for the facility is sufficiently clear so that the models may assume that the facility is likely to be built. Second, Joint Protesters assert that issuance of an ATP alerts an affected Transmission Owner that a facility has been approved for planning and may be submitted to the Board of Directors in the future. Thus, in Joint Protesters view, the affected Transmission Owner obtains notice to commence its own internal activities that are necessary for constructing a new transmission project.¹⁰⁵ For these reasons, Joint Protesters conclude that the issuance of an ATP improves the accuracy of long-term models and alerts Transmission Owners to begin planning for the facility.

66. However, Joint Protesters point out that, despite the benefits provided by the issuance of an ATP, as provided in the ITP Process Document, the proposed Tariff changes ignore the ATP mechanism. Joint Protesters note that during the stakeholder process, Empire requested the inclusion of the ATP mechanism in the Tariff and the proposal was rejected. To the extent SPP believes the ATP is optional, the Joint Protesters counter that the ITP Process Document requires issuance of an ATP. Without the issuance of an ATP, Joint Protesters state that Transmission Owners may have to begin planning for a new facility on less than four years notice. Joint Protesters request that the Commission require SPP to include the ATP mechanism in the Tariff.

ii. SPP Answer

67. SPP states that while the ITP Process Document was filed as an exhibit to the ITP filing, the ITP Process Document is not a filed tariff or rate schedule, does not take precedence over tariff revisions submitted in the ITP filing, and does not bind SPP. Furthermore, SPP asserts that a conflict between the tariff revisions and the ITP Process Document does not render the Tariff revisions deficient.¹⁰⁶

iii. Determination

68. While the ITP Process Document is intended to guide tariff revisions implementing the ITP, the Commission agrees with SPP and finds that the ITP Process Document is not a filed tariff or rate schedule, and it does not take precedence over the

¹⁰⁵ Joint Protesters state that, for example, a Transmission Owner may begin to include the cost of the new project in its long-term capital planning models or begin studying lower voltage facilities to determine if improvements are necessary as a result of the proposed facility.

¹⁰⁶ SPP Answer at 23-24.

Tariff revisions submitted in the ITP filing. Therefore, we will not require SPP to revise its Tariff and issue ATPs.

b. ITP is More Complex

i. Protests

69. NPPD argues that, rather than reducing complexity, SPP's filing will increase complexity because SPP plans to retain the planning processes that currently exist under its Tariff while layering on top of them the new processes proposed in the ITP filing.¹⁰⁷ Moreover, NPPD states that SPP offers no explanation in its filing for why it evaluated the Priority Projects based on a 40-year cost-benefit analysis, whereas the Transmission Network Economic Modeling & Methods Manual requires that the cost and benefits of proposed projects must be justified within 10 years.¹⁰⁸

70. NPPD also argues that conflicts between the ITP and the existing processes retained in the Tariff will create incentives for transmission project proponents to engage in forum shopping to seek out the least rigorous cost-benefit analysis requirements for their projects. For example, NPPD states that a project proponent who is unable to show a positive benefit/cost ratio under the Balanced Portfolio provisions could re-label the project as an ITP project (where the benefits are analyzed over 40 years) or a Priority Project (with no requirement for benefits in each zone).¹⁰⁹ NPPD contends such gaming is not just and reasonable.

71. Western Farmers add that even though regional planning has benefits, a regional process may be slower than individual companies proceeding with their own transmission planning efforts.¹¹⁰ Thus, Western Farmers request the Commission to urge SPP to

¹⁰⁷ NPPD states that SPP indicated in its filing that the following planning processes would be retained: (1) Balanced Portfolio studies; (2) STEP studies; (3) high priority studies; (4) Transmission Owner local planning studies; (5) Generation Interconnection studies; and (6) Aggregate Transmission Service Studies. NPPD Protest at 24 (citing SPP Filing at 24-26, Ex. No. SPP-1 at 4, 8-9).

¹⁰⁸ *Id.* at 26.

¹⁰⁹ *Id.*

¹¹⁰ Western Farmers Comments at 4.

streamline the ITP process to the extent it can in order to avoid unnecessary delays and the needless expenditure of resources.¹¹¹

ii. Answers

72. SPP challenges as unavailing NPPD's assertions that SPP failed to explain how the ITP will reduce complexity in the transmission planning process and may lead to forum shopping.¹¹² SPP argues that its filing has not made any attempt to justify the ITP filing solely on the basis that it reduces complexity. SPP states that it discusses at length the various justifications for the ITP filing and how it complies with the Order No. 890 planning principles. With regard to NPPD's assertion that there will be forum shopping, SPP responds by noting that the ITP filing does not introduce any new forum or process beyond those already included in SPP's current Tariff (i.e., the transmission planning process, Balanced Portfolio process, Sponsored Upgrade process, generation interconnection process, and Aggregate Transmission Service Study process).¹¹³

73. SPP notes that Commission precedent does not require SPP to demonstrate that its modified planning process is superior in every respect to its existing process, but rather that its modified process is just and reasonable.

74. In its Answer, NPPD takes issue with SPP's statement that the ITP filing does not introduce any new forum or process beyond those already included in SPP's current Tariff. NPPD states that SPP's statement contradicts SPP's characterization of the ITP as implementing a fundamental change in the manner by which new transmission projects will be identified, developed, and priced within the SPP footprint.¹¹⁴

iii. Determination

75. We agree with SPP that SPP is not required under section 205 to demonstrate that its modified planning process is superior to its existing process. Currently, SPP has separate transmission planning and study processes for generation interconnection, transmission service, reliability purposes, and economic transmission expansion, as well as a strategic plan for building an EHV Overlay. As SPP explains in its filing, each of these processes identifies transmission solutions to address the discrete issues raised in

¹¹¹ *Id.* at 5.

¹¹² *Id.* at 21.

¹¹³ *Id.* at 22.

¹¹⁴ NPPD Answer at 9-10 (citing SPP Filing at 1-2).

each particular process.¹¹⁵ What SPP proposes under the ITP is to replace its existing process for planning for reliability purposes with a new process that addresses reliability and economic purposes under an integrated, longer-term framework. We find that the ITP provisions detail a comprehensive, iterative process for transmission planning in SPP which enhances SPP's existing planning efforts and provides better coordination of reliability assessments, economic analyses, and long-term transmission evaluations. While SPP has not filed to delete the current processes for Balanced Portfolio and high priority studies from the SPP Tariff,¹¹⁶ we find that retaining these processes does not hinder implementation of the comprehensive ITP provisions.

76. Furthermore, we find NPPD's concern that the ITP could encourage a form of forum shopping to be unfounded. NPPD states that, for example, a project proponent who is unable to show a positive benefit/cost ratio under the Balanced Portfolio provisions could resubmit that project to be considered under the ITP or as a high priority project. NPPD's assumptions are incorrect because under the Balanced Portfolio provisions of SPP's Tariff, it is the balanced portfolio, comprising a group of economic projects, that must have a positive benefit/cost ratio, not an individual project.¹¹⁷ Moreover, we have previously found the Balanced Portfolio and high priority studies processes to be just and reasonable and they continue to be reasonable. Thus, NPPD's concern about forum shopping is unfounded, because it is not unreasonable for a project to be considered in one or more planning processes under SPP's Tariff. Including the ITP process in SPP's Tariff should create more options for transmission developers to have their projects considered for development..

c. Planning for Transmission Needs Outside of the SPP Region

i. Protest

77. NPPD questions SPP's statements that the ITP process will address not only transmission needs within the SPP region, but also national needs and "the diverse, ever-changing needs across and beyond SPP's service territory."¹¹⁸ NPPD contends that SPP

¹¹⁵ See SPP Filing at 4.

¹¹⁶ SPP has proposed to remove the existing provisions for reliability studies from the SPP Tariff as the ITP replaces those provisions. See SPP Filing at Ex. No. SPP-4 (redlined version of Third Revised Sheet No. 299).

¹¹⁷ See SPP Tariff Attachment O, section IV.6.e.ii.

¹¹⁸ NPPD Protest at 19 (citing SPP Filing at 2).

identifies no statutory or Tariff provision or any other legal basis for SPP to engage in a transmission planning process that takes into consideration needs outside the SPP region.¹¹⁹ NPPD also argues that it would be unreasonable for SPP members, through the Highway/Byway cost allocation methodology, to pay 100 percent of the cost of extra high voltage facilities that SPP approves for construction, to serve any needs outside the SPP region.¹²⁰

78. NPPD states that the Tariff only authorizes SPP to act within the SPP region and provide transmission service within the SPP region. For example, NPPD notes that Attachment O of the Tariff provides that the “SPP Transmission Expansion Plan...gives a ten (10) year projection of transmission changes in the SPP Region.”¹²¹ Thus, NPPD contends that SPP is precluded from taking into account needs beyond the SPP region.

79. NPPD adds that SPP is likely to face fierce opposition from entities located outside of the SPP region if SPP unilaterally plans for the needs outside of the region and that, while SPP is permitted to engage in inter-regional coordination of studies, NPPD is unaware of SPP performing such studies.

ii. SPP Answer

80. SPP argues that NPPD takes significantly out of context SPP’s suggestion that its ITP may provide benefits outside of the SPP region, and notes that NPPD identifies no tariff revision in the ITP filing that purports to convey upon SPP super-regional planning authority. Furthermore, SPP states that NPPD seems to ignore that SPP is obligated under Order No. 890 to engage in a certain level of inter-regional planning coordination with adjacent transmission providers. SPP asserts that the ITP complies with the Order No. 890 regional participation principle and is compatible with the inter-regional planning goals announced in the Commission’s Transmission Planning Notice of Proposed Rulemaking, and that the Commission should reject allegations that the ITP filing is an attempt by SPP to “anoint itself as the arbiter of transmission needs beyond the SPP region.”¹²²

¹¹⁹ *Id.* at 19-20.

¹²⁰ *Id.* at 20.

¹²¹ *Id.* at 20-21 (citing SPP Tariff Attachment O, section I of Attachment O).

¹²² SPP Answer at 22-23.

iii. Determination

81. We find NPPD's concern regarding SPP engaging in unauthorized inter-regional planning to be misplaced. The statements NPPD references are general statements regarding the intent and purpose of the ITP included in SPP's transmittal letter and attached witness testimony.¹²³ We interpret these statements as SPP describing factors such as changing national and state energy policies that have contributed to the development of the ITP. While SPP made these general statements in the documents it submitted to support its proposed Tariff changes, SPP has not modified its Tariff to include any language that would allow SPP to plan for transmission needs outside of its region.

82. Moreover, even if these statements are interpreted as addressing inter-regional planning, such consideration is not unreasonable for a transmission provider or RTO such as SPP. Under the regional participation principle of Order No. 890, transmission providers are required to coordinate 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.¹²⁴ In Order No. 890-A, the Commission stated that effective regional planning should include coordination among regions and sub-regions as necessary, in order to share data, information, and assumptions to maintain reliability and allow customers to consider resource options that span the regions.¹²⁵ Accordingly, we do not find the ITP to allow SPP to engage in unauthorized planning of transmission service outside of its region.

¹²³ See SPP Filing at 2 (“The expectation is that by adopting a broader perspective, focused on longer term, regional and potentially national needs, the ITP will produce enduring transmission solutions and meaningful reliability and economic benefits to the market.”); SPP Filing Ex. SPP-1 at 2:22-23 (“Additionally, changing federal and state energy and environmental policies provide both challenges and opportunities for SPP to maximize abundant resources within its footprint to deliver environmental and economic benefits both within and beyond its borders in a reliable and cost effective manner.”).

¹²⁴ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 523.

¹²⁵ Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 226.

3. Proposed Revisions to Attachment J

a. Transformer Waiver

i. Protests

83. Joint Protesters, NPPD, E.ON, and the East Texas Cooperatives argue that SPP's proposed transformer waiver provision that permits a dual-voltage facility to be considered to have a nominal operating voltage at its higher voltage level (and qualify for Base Plan Funding), rather than at the lower voltage level, as currently provided under its Tariff, contains no standards, criteria, or factors upon which the merits of a waiver request will be weighed.¹²⁶ E.ON adds that objective standards are needed to ensure that facilities across the region are treated comparably and on a non-discriminatory basis. Intervenors add that the lack of substantive standards could yield the following undesirable results: (1) arbitrariness in the application of the waiver process with no basis on which differing decisions on waiver requests could be evaluated or challenged; (2) SPP granting each and every waiver request that satisfies the procedural requirements; and (3) vesting the SPP Board of Directors with the authority to make a final disposition of any waiver request, thus creating a situation where discretion this broad could ultimately have adverse effects that are not in the long-term best interests of SPP.

84. E.ON further requests that the Commission direct SPP to revise its Tariff to provide that the cost of dual-voltage equipment be allocated according to the higher voltage level of the facility.¹²⁷

ii. SPP Answer

85. In response to arguments raised by protesters, SPP asserts that sufficient governing provisions for its waiver process are included in its proposed tariff revisions.¹²⁸ SPP states that it adopted the waiver process at the request of its stakeholders, and that the tariff language specifically requires SPP to make its waiver recommendations on a non-discriminatory basis. Furthermore, SPP argues that its proposed waiver process is consistent with the Commission's previous findings that SPP "must have some degree of flexibility in making cost allocation determinations and that therefore, the existence of a waiver process is appropriate. Further, we are not persuaded that the [Base Plan

¹²⁶ Joint Protest at 27, NPPD Protest at 16 and 17, E.ON Comments at 12, East Texas Cooperatives Protest at 9-10.

¹²⁷ E.ON Comments at 10-12.

¹²⁸ SPP Answer at 9.

Upgrade] waiver process vests the SPP Board with too much discretion.”¹²⁹ In SPP’s view, protesters have not offered any reasons for the Commission to find any incentive for SPP or its Board of Directors to administer the waiver process in a discriminatory manner.

iii. Determination

86. Commission policy requires transmission providers, like SPP, to treat similarly-situated customers comparably. As such, if SPP seeks to offer a waiver for a dual-voltage facility, such waiver must be granted in a non-discriminatory manner. SPP proposes that a “waiver may be requested to use a transformer’s higher voltage level instead of the lower voltage level for the purposes of cost allocation under this Attachment J based on the anticipated utilization of the transformer.”¹³⁰ SPP’s proposed Tariff revision describes the process that a customer must use to submit a waiver request as well as the process for recommendation and approval of the waiver request by SPP, the MOPC, and the SPP Board of Directors.¹³¹

87. SPP also states that its proposed transformer waiver process is substantially similar to SPP’s current waiver process for facilities that do not satisfy the Base Plan Upgrade criteria in Attachment J. However, the waiver provision for facilities that do not satisfy the Base Plan Upgrade criteria in Attachment J details factors that SPP will consider in evaluating waivers.¹³² Such factors describe for interested stakeholders how their requests for waivers will be evaluated. However, SPP does not provide similar factors in its proposed waiver provision for dual voltage facilities. As with the Commission’s requirements for facilities that do not satisfy the Base Plan Upgrade criteria, we find that a waiver for dual voltage facilities determines the rate treatment for the facility and the parties ultimately responsible for paying for the cost of the facility. Thus, because of the significant effect on rates that a waiver for dual voltage transformers, the Commission requires SPP to submit a compliance filing, within 30 days of the date of this order, incorporating the factors SPP will consider with respect to such waiver requests. Specifically, SPP must revise proposed section III to provide the factors

¹²⁹ *Id.* at 9 (citing *Southwest Power Pool, Inc.*, 111 FERC ¶ 61,118, at P 57, *order on rehearing*, 112 FERC ¶ 61,319 (2005)).

¹³⁰ SPP Tariff Attachment J, proposed section III.

¹³¹ *Id.*

¹³² *See id.* at section III.C.2 (listing four factors to be considering in granting waivers).

to be used to evaluate a request for waiver for a dual-voltage facility for cost allocation purposes.

88. Also, consistent with the Highway/Byway Order, we deny E.ON's request that the Commission require dual voltage equipment to be allocated according to the higher level of the facility.¹³³

b. Unintended Consequences Provision

i. Protests

89. Joint Protesters, East Texas Cooperatives, and Lincoln argue that SPP's revised unintended consequences provisions fail to protect SPP zones and customers from inequitable outcomes. In particular, Joint Protesters state that there is no express requirement in Attachment J, section III.D that any action be taken by SPP even if an inequitable cost allocation is (or is not) actually corrected.¹³⁴

90. Lincoln also argues that there is no enforceable right for an affected zone to be relieved of its inequitable cost burdens. Lincoln requests that the Commission require SPP to adopt an enforceable tariff mechanism to ensure timely measurement and achievement of inter-zonal equity for Lincoln and similarly affected zones.

91. The East Texas Cooperatives argue that the ITP filing lacks detail regarding how the cost impacts of the Base Plan Upgrades to each pricing zone will be determined and also does not make clear that SPP members will have the opportunity to evaluate and comment effectively on the impact analysis. East Texas Cooperatives also express a concern that SPP is not required to take corrective action if the analysis determines that one or more pricing zones are bearing costs that are not commensurate with the benefits they receive from transmission projects.¹³⁵ Finally, East Texas Cooperatives argue that SPP provides no justification for delaying the availability of the complaint process for a customer who believes it has an imbalance cost allocation until 2015.¹³⁶

¹³³ Highway/Byway Order, 131 FERC ¶ 61,252 at P 96 ([W]e find that determining cost allocation for dual-voltage facilities based on the lower operating voltage is just and reasonable).

¹³⁴ Joint Protest at 29; Lincoln Protest at 8-10.

¹³⁵ East Texas Cooperatives Protest at 11 (referencing their protest filed in the Highway/Byway proceeding at 17-18).

¹³⁶ *Id.* at 12.

ii. Answers

92. SPP argues that the Highway/Byway Order effectively answers protesters' complaints regarding the proposed revisions to SPP's cost allocation unintended consequences review.¹³⁷ SPP states that in that order, the Commission found that SPP's proposed revisions to its existing unintended consequences provisions in Attachment J of the SPP tariff "provide a reasonable mechanism for adversely affected parties to raise their concerns through the stakeholder process and for unintended outcomes to be amended, despite arguments to the contrary." In SPP's view, protesters' complaints offer no compelling argument that the unintended consequences revisions proposed in the ITP filing destabilize the Commission's earlier findings, and thus offer no basis for the Commission to reject the modified provisions.¹³⁸

93. In response, NPPD, East Texas Cooperatives, and Joint Protesters assert that the Commission's determination in the Highway/Byway Order was based on the transmission planning processes in existence at that time. For example, NPPD states that under the then-existing processes, SPP and its stakeholders reviewing proposed transmission projects were obligated to determine the "least cost" solution to address reliability issues but under the proposed ITP they will make such determinations based on cost-effectiveness.¹³⁹ East Texas states that the Commission should take a fresh look at the unintended consequences provisions as circumstances have changed with the ITP filing. NPPD, East Texas Cooperatives, and Joint Protesters assert that the new language proposed in the ITP filing undermines SPP's reliance on the Commission's acceptance of the revisions to the unintended consequences proposed in the Highway/Byway filing.¹⁴⁰

iii. Determination

94. Based on our review of the modifications SPP proposes to the unintended consequences provisions, we find that the newly-submitted revisions clarify and refine the language the Commission accepted in the Highway/Byway Order. In addressing SPP's Highway/Byway proposal, the Commission considered arguments concerning the unintended consequences provisions similar to those raised in the instant proceeding and found the provisions to be just and reasonable.¹⁴¹ There, the Commission found that the

¹³⁷ SPP Answer at 26 (citing Highway/Byway Order, 131 FERC ¶ 61,252 at P 83).

¹³⁸ *Id.* at 26.

¹³⁹ *See* NPPD Answer at 11.

¹⁴⁰ *See id.*; East Texas Answer at 8; Joint Protesters Answer at 9-10.

¹⁴¹ *See* Highway/Byway Order, 131 FERC ¶ 61,252, at P 45-48.

unintended consequences provisions provide a reasonable mechanism for adversely affected parties to raise their concerns through the stakeholder process and for unintended outcomes to be amended.¹⁴²

95. NPPD and East Texas Cooperatives argue that acceptance of the unintended consequences provisions in the Highway/Byway Order should not be relied upon as a basis to accept the revisions to those provisions proposed here. We agree. The Commission considered the proposed revisions to the unintended consequences provisions on the basis of the record in the instant proceeding. Based on this review of the proposed revisions to the unintended consequences provisions we do not believe that the addition of the ITP process adversely affects the unintended consequences provisions. Rather, we find that the change from the existing planning process to the ITP will not alter the usefulness of the unintended consequences provisions. This is so because the unintended consequences provisions are intended to remedy unintended outcomes, regardless of the planning process in use. Accordingly, we find that the revised unintended consequences provisions are just and reasonable. Accordingly, we will accept the revisions to the unintended consequences provisions as SPP has proposed.

4. Other Issues

a. Forty-Year Time Frame

i. Protests

96. NPPD states that the problems caused by lack of details in the ITP are compounded by the fact that the ITP calls for forecasting economic benefits associated with transmission projects over a very long-term period, leading to questionable predictions.¹⁴³ NPPD asserts that there are always uncertainties in forecasting, but those uncertainties increase substantially when moving from the 10-year forecast associated with the existing Balanced Portfolio provisions of the Tariff to the 40-year forecasts called for under the ITP. NPPD contends that under the ITP, SPP will engage in forecasts of economic benefits that will require SPP to speculate about the location and intensity of future congestion and transmission losses and the future value of mitigating of congestion and losses over the 50-year economic life of transmission upgrades. Yet, NPPD argues, congestion can, and often does, disappear in response to factors such as

¹⁴² *Id.* P 83.

¹⁴³ NPPD Protest at 18-19.

changes in load growth, relative fuel prices, or additions of generators and transmission upgrades.¹⁴⁴ Thus, NPPD claims that SPP uses speculative benefits to justify the ITP.

97. Similarly, Western Farmers states that the 10-Year and 20-Year Assessments are vulnerable to overstatement of benefits because they depend on studies that look far into the future when circumstances are likely to change.¹⁴⁵ Western Farmers asserts that faulty assumptions underlying these long-term assessments will lead to overstatement of benefits and understatement of costs resulting in too much large-scale, high-voltage transmission built in the region.¹⁴⁶ Thus, according to Western Farmers, large transmission construction projects and variable resource generation projects will be subsidized by other entities through regional cost allocation masking the true cost of the projects.

ii. SPP Answer

98. SPP challenges Western Farmers' concerns, stating that the ITP Process does not "promote too much large-scale, high voltage transmission."¹⁴⁷ SPP acknowledges that the 20-Year Assessment will focus on developing extra high voltage transmission facilities to meet the needs and provide economic opportunities for the region. SPP asserts, however, this assessment is only one part of the ITP planning cycle. The 10-Year and Near-Term Assessments will focus on middle and low voltage facilities, and will narrow the scenarios considered in the 20-Year Assessment to consider more short-term solutions and upgrades. In SPP's view, the ITP is an iterative process that is designed to identify appropriate transmission solutions at various voltage levels to address the diverse needs of SPP's customers, and the multiple assessments conducted during the three-year planning cycle will enable SPP and its stakeholders to modify identified upgrades as necessary to protect against excessive or insufficient transmission construction.¹⁴⁸

iii. Determination

99. We find unavailing concerns raised by NPPD and Western Farmers about SPP's use of a forty-year time frame in its 20-Year and 10-Year Assessments. They question

¹⁴⁴ *Id.*

¹⁴⁵ Western Farmers Comments at 4

¹⁴⁶ *Id.* at 4.

¹⁴⁷ SPP Answer at 18.

¹⁴⁸ *Id.*

the reliability of basing assessments on a 40-year analysis as well as including benefits they characterize as speculative in the analysis. However, as NPPD recognized in its protest,¹⁴⁹ the fact remains that the lifetime of the facilities in all likelihood will extend beyond even the 40-year benefit horizon and that benefits will accrue over the lives of the facilities. Thus we will not require SPP to modify the time frame it considers in its assessments.

b. Generation Interconnection Upgrades Should be Incorporated into the ITP Process

i. Protests

100. E.ON states that the Commission should require SPP to evaluate transmission upgrades that are needed to accommodate the interconnection of new generation as part of its regional transmission planning process.¹⁵⁰ According to E.ON, the reliability and economic benefits that interconnection-related transmission upgrades bring are no different from the reliability and economic benefits that result from transmission upgrades identified, for example, as part of the Balanced Portfolio or through reliability assessments that will be included in the ITP process.

101. E.ON argues that all these transmission upgrades serve load and provide reliability and economic benefits. E.ON adds that in section III.7 of Attachment O, SPP proposes to include transmission upgrades from the generation interconnection process in the studies for the Near-Term, 10-Year and 20-Year Assessments. Thus, E.ON states, the regional benefits that will result from these transmission upgrades will be modeled and taken into account as SPP considers the need for all other transmission in the region. According to E.ON, the only difference with these transmission upgrades is their source of origin. E.ON states that the source of origin is not a just and reasonable means to treat these transmission upgrades dissimilarly than all other transmission upgrades.

102. Further, E.ON argues that the SPP region will benefit from including transmission upgrades for generation interconnection in the ITP because the generation interconnection process often identifies the minimum transmission upgrades that are needed to accommodate a specific generator or group of generators which may not be the most cost-efficient for the SPP region.

103. E.ON argues that it might be possible that, when a generation interconnection is assessed in tandem with other inputs of the ITP, it will be found that a re-sizing of the

¹⁴⁹ See NPPD Protest at 19.

¹⁵⁰ E.ON Comments at 8.

generation interconnection transmission upgrade is needed to accommodate expected future load growth or accommodate other generation to serve load in the future.¹⁵¹ E.ON also argues that it might also be determined that the transmission upgrade is not needed at all because other facilities in the ITP will meet the reliability need, and thus ensure against over-building certain transmission. E.ON argues that these are just and reasonable goals that will not be achieved if the Commission allows the generation interconnection process to be excluded from the ITP (and, in turn, excluded from the cost recovery under the SPP Highway/Byway cost allocation methodology).

104. Accordingly, E.ON respectfully requests that the Commission direct SPP to file processes that subject transmission upgrades needed to accommodate generation interconnection to the ITP. E.ON is aware that this also may require SPP to file revisions to its generation interconnection procedures and generation interconnection *pro forma* agreements. E.ON submits that this request is not beyond the scope of this proceeding; nor is it an answer that SPP has filed only to revise Attachment O (transmission planning) and not Attachment V (generation interconnection). E.ON asserts that the ITP filing focuses on transmission planning and that the transmission needed to accommodate generation is directly germane to this instant filing.

ii. SPP Answer

105. SPP states that the request by E.ON to have the Commission require SPP to determine upgrades needed for generation interconnection through the ITP process is beyond the scope of this proceeding.¹⁵² SPP asserts that while enhancing the generation interconnection process is a goal of the ITP, Commission policy permits generation interconnection processes to be separated from transmission planning for reliability and economic purposes. According to SPP, that E.ON prefers that SPP utilize the ITP to process future generation interconnection requests rather than its existing generation interconnection procedures provides no basis for requiring modifications to the ITP proposal.

106. Furthermore, SPP notes that the Commission rejected a similar request by E.ON to apply SPP's recently accepted Highway/Byway cost allocation methodology to generation interconnection, finding the request beyond the scope of the proceeding because "SPP did not consider, nor has SPP proposed, any modifications to its cost allocation methodology for the costs associated with generation interconnection

¹⁵¹ *Id.* at 8-10.

¹⁵² SPP Answer at 19-20.

upgrades.” SPP argues that the Commission should reject E.ON’s instant request on the same basis.¹⁵³

iii. Determination

107. We find E.ON’s request to require SPP to include generator interconnection process upgrades in the ITP to be beyond the scope of this proceeding. SPP has not proposed any modifications to its generator interconnection process. A transmission service provider such as SPP has discretion under section 205 of the FPA to determine what to propose in its filing.¹⁵⁴ Thus, the Commission denies E.ON’s request that the Commission direct SPP to include the generation interconnection process in the ITP.

c. Separating Cost and Benefits of Reliability Projects

i. Protest

108. The Missouri Commission suggests that during the review of reasonableness of the cost allocation methodology SPP demonstrate the separate costs and benefits of the reliability projects and include in the “analytical methods” for the reasonableness analysis a separate consideration of reliability projects.¹⁵⁵

ii. SPP Answer

109. SPP states as an initial matter that the Commission rejected the Missouri Commission’s similar arguments regarding cost allocation for reliability upgrades in the Highway/Byway Order.¹⁵⁶ Furthermore, SPP states that the ITP process will continue to focus separately on reliability issues during its Near-Term Assessment. SPP states that the objectives of this assessment remain the same as the current SPP regional reliability study process that identifies necessary upgrades to ensure that the transmission system continues to meet applicable NERC, SPP, and local reliability criteria. SPP adds that it will compare and contrast impacts of all new proposed upgrades against the list of SPP

¹⁵³ *Id.* at 21.

¹⁵⁴ See *Western Massachusetts Electric Co.*, 23 FERC ¶ 61,025 (1983), *aff’d sub nom. Commonwealth of Massachusetts v. FERC*, 729 F.2d 886 (1st Cir. 1984) (indicating that under section 205, public utilities have the discretion to choose whether or not to file).

¹⁵⁵ Missouri Commission Comments at 4-7.

¹⁵⁶ SPP Answer at 24 (citing Highway/Byway Order, 131 FERC ¶ 61,252 at P 97).

Board of Director-approved reliability upgrades to assess advancements, deferrals, or offsets of existing projects, which will enhance the overall determination of cost-effectiveness of future proposed ITP upgrades.

iii. Determination

110. As the Commission stated in the Highway/Byway Order, we find the Missouri Commission's concerns regarding reliability and economic upgrades to be misplaced. Commission policy does not require reliability and economic upgrades to be separately identified for the purposes of cost allocation. Accordingly, we will not require that SPP modify its proposal to identify and provide disparate cost allocation methodologies for reliability and economic upgrades.

d. Consolidate with Highway/Byway Proceeding

i. Protest

111. Lincoln, East Texas Cooperatives, and Joint Protesters state that because the current filing is closely related to the Highway/Byway proposal and makes changes to tariff language that was originally proposed in the Highway/Byway filing, the two cases should be consolidated.¹⁵⁷ Absent formal consolidation, they argue that the two cases should at least be considered together. Lincoln adds that in the event that the Commission does not formally consolidate the two proceedings, Lincoln wishes to have before the Commission in the current proceeding the facts and arguments Lincoln submitted in its Supplemental Protest in the Highway/Byway docket. Lincoln submits the Supplemental Protest as an attachment to its protest.

ii. SPP Answer

112. SPP asserts that the Commission's unconditional acceptance of the Highway/Byway Filing renders moot requests by several parties to consolidate the ITP and Highway/Byway Filings into a single proceeding.¹⁵⁸

iii. Determination

113. We find protesters' request for the Commission to consolidate the two dockets to be moot because the Commission issued an order accepting SPP's Highway/Byway proposal in Docket No. ER10-1269-000 on June 17, 2010, as noted above.

¹⁵⁷ Lincoln Protest at 3-4; East Texas Cooperatives Protest at 1; Joint Protest at 31.

¹⁵⁸ SPP Answer at 25.

114. For the reasons stated above, the Commission accepts SPP's revised tariff sheets subject to SPP submitting a compliance filing, within 30 days of the date this order, identifying when the ITP Manual will be made available on its website and revising proposed section III of Attachment O to provide the factors to be used to evaluate a request for waiver for a dual-voltage facility for cost allocation purposes under Attachment J of the SPP tariff. Further, as previously noted, *supra* note 9, SPP's filing includes tariff sheets that contain language pending before the Commission in other dockets (which SPP set off in italics in the redlined version but not in the clean version of its tariff sheets). Our determinations in this order do not address the tariff revisions pending in other proceedings. Thus, we accept the tariff sheets subject to the outcome of the pending proceedings. For informational purposes, we will require SPP to include in its compliance filing a list of the pending proceedings.

The Commission orders:

(A) SPP's proposed tariff revisions are hereby accepted effective July 17, 2010, subject to a compliance filing, as discussed above.

(B) SPP is directed to submit a compliance filing within 30 days of the date of this order, as discussed above.

By the Commission. Commissioner LaFleur voting present.

(S E A L)

Kimberly D. Bose,
Secretary.