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November 17, 2014

*VIA ETARIFF FILING*

Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

Re: *UNS Electric, Inc.*  
Docket No. ER13-78-\_\_\_\_  
Order No. 1000 OATT Third Regional Compliance Filing

Dear Secretary Bose:

Pursuant to the order of the Federal Energy Regulatory Commission (“Commission” or “FERC”) issued in this docket on September 18, 2014 (“Order”),<sup>1</sup> as well as Section 206 of the Federal Power Act (“FPA”)<sup>2</sup> and FERC’s regional transmission planning rule, Order No. 1000,<sup>3</sup> the WestConnect Filing Parties<sup>4</sup> (“Filing Parties”) hereby submit this compliance filing to reflect changes directed by the Commission to the Attachment K<sup>5</sup> of their respective Open Access Transmission Tariffs (“OATTs”). The compliance tariff

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<sup>1</sup> Public Service Company of Colorado, et al., 148 FERC ¶ 61,213 (2014).

<sup>2</sup> 16 U.S.C. 824e (2006).

<sup>3</sup> *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 76 Fed. Reg. ¶ 49,842 (Aug. 11, 2011), FERC Stats. & Regs. ¶ 31,323 (2011), order on reh’g and clarification, Order No. 1000-A, 139 FERC ¶ 61,132 (2012), Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff’d sub nom. S.C. Pub. Serv. Auth. v. FERC*, No. 12-1232 (D.C. Cir. Aug. 15, 2014) (“Order No. 1000”).

<sup>4</sup> The WestConnect Filing Parties are: Arizona Public Service Company (“APS”), Black Hills Power, Inc. (“Black Hills Power”), Black Hills Colorado Electric Utility Company, LP (“Black Hills Colorado”), Cheyenne Light, Fuel, & Power Company (“Cheyenne LF&P”), El Paso Electric Company (“EPE” or “El Paso Electric”), NV Energy, Inc. (“NV Energy”), Public Service Company of Colorado (“PSCo”), Public Service Company of New Mexico (“PNM”), Tucson Electric Power Company (“Tucson Electric”), and UNS Electric, Inc. (“UNS Electric”).

<sup>5</sup> The Filing Parties note that the term Attachment K is used for simplicity as that is the location of the local and regional planning process information in the *pro forma* OATT. Some Filing Parties use different OATT attachment references for their planning process provisions. For example, the transmission planning process for Public Service Company of Colorado is incorporated into Attachment R-PSCo to the Xcel Energy OATT, and the transmission planning process for Arizona Public Service Company is incorporated into Attachment E of its OATT.

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attachment is shown in both clean and redlined formats, with an effective date of January 1, 2015,<sup>6</sup> as directed by the Order.<sup>7</sup>

## I. COMMUNICATIONS

Communications regarding this filing should be sent to the following individuals:

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## II. DESCRIPTION OF THE FILING PARTY

UNS Electric is a vertically-integrated utility that serves approximately 93,000 retail customers in Mohave and Santa Cruz counties in the state of Arizona. The majority of UNS Electric's electric wires are located in northwest Arizona, with the balance located in southern Arizona. UNS Electric does not operate its own balancing authority area. Rather, its transmission lines are located wholly within the balancing authority area of its affiliate, Tucson Electric.

Tucson Electric is a vertically-integrated utility that provides regulated electric service to approximately 415,000 retail customers in Pima County, as well as parts of Cochise County, Arizona. Tucson Electric is concurrently submitting changes to its OATT similar to those being submitted by UNS Electric in this filing. Tucson Electric is also enrolled in the WestConnect Planning Region for Order No. 1000 transmission planning purposes. Tucson Electric and UNS Electric are both wholly owned subsidiaries of UNS Energy Corporation, which in turn is an indirect wholly-owned subsidiary of Fortis, Inc. Tucson Electric performs transmission planning for itself and on behalf of UNS Electric for the Tucson Electric and UNS Electric transmission systems.

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<sup>6</sup> The Attachment K included in this filing is redlined from the Attachment K included with the compliance filing submitted to FERC on September 20, 2013 in this docket.

<sup>7</sup> This compliance filing is without prejudice to the Filing Parties' pending request for rehearing of the September 18, 2014 order in these dockets.

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### **III. BACKGROUND**

On October 11, 2012, UNS Electric, together with Arizona Public Service Company (“APS”), Black Hills Power, Inc. (“Black Hills Power”), Black Hills Colorado Electric Utility Company, LP (“Black Hills Colorado”), Cheyenne Light, Fuel, & Power Company (“Cheyenne LF&P”), El Paso Electric Company (“EPE”), NV Energy, Inc. (“NV Energy”), Xcel Energy Services Inc. (“Xcel”), on behalf of Public Service Company of Colorado (“PSCo”), Public Service Company of New Mexico, and Tucson Electric, respectively submitted revisions to their transmission planning processes under their respective OATTs to comply with Order No. 1000.

In its March 22, 2013 order on compliance,<sup>8</sup> the Commission accepted the Filing Parties compliance filings, as modified, subject to further compliance filings. On April 22, 2013, the Filing Parties submitted requests for rehearing and clarification of the March 22, 2013 order. The Filing Parties made the additional compliance filings directed by the March 22, 2013 order on September 20, 2013. On July 31 and August 1, 2014, the Filing Parties made a filing modifying the pending September 20, 2013 compliance filings to remove two sentences which reflected a one-time only, single-year abbreviated planning process before initiating the first biennial Order No. 1000-compliant planning cycle.

In its Order, the Commission denied rehearing and accepted the Filing Parties’ September 20, 2013 filings in part, and rejected them in part, and directed the Filing Parties to submit further revisions to their respective OATTs in further compliance filings. In addition, the Commission rejected the single tariff modification submitted on July 31 and August 1, 2014. On October 20, 2014, the Filing Parties submitted requests for rehearing or, in the alternative, requests for clarification of the Order. The instant filing is intended to satisfy the Filing Parties’ compliance obligations arising from the Order, while the Commission evaluates the request for rehearing.

### **IV. PROVIDING FOR THE PARTICIPATION OF NON-JURISDICTIONAL TRANSMISSION OWNERS IN REGIONAL TRANSMISSION PLANNING**

Two findings in the Commission’s Order triggered modifications in the way non-jurisdictional transmission owners participate in the regional planning process. The Commission found that a non-jurisdictional transmission owner may accept or decline a regional cost allocation, on a project-by-project basis, if it is identified as a beneficiary of a regional transmission project. Order at P 57. In addition, the Commission found that the region’s proposed method of avoiding free ridership concerns was unduly restrictive. Order at P 56. These two findings are inextricably linked to the region’s compliance with the directives of the Commission in its first WestConnect compliance order with respect to binding identified beneficiaries to regional cost allocation.

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<sup>8</sup> Public Service Company of Colorado, et al., 142 FERC ¶ 61,206 (2013) (sometimes referred to herein as the “first compliance order” of the Commission).

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With these two findings in hand, coupled with the Commission's directive that Order No. 1000 regional planning commence in the WestConnect region in January 2015, instead of the following year, the Filing Parties structured their tariff changes around a project beneficiary identification process that the Commission found compliant with Order No. 1000 in another region. The processes in each region vary considerably, but when the Filing Parties reviewed the beneficiary identification and acceptance mechanics approved for the New York Independent System Operator ("NYISO") region, the NYISO process distinguished itself from the others because it could most readily accommodate inclusion of an opt-in component for non-jurisdictional Coordinating Transmission Owner ("CTO") members, responsive to the Commission's finding in P 57 of the Order.

The possibility of a beneficiary avoiding cost allocation for a project from which it receives benefits is not eliminated entirely under the new structure, but the Filing Parties have proposed certain protective measures to provide a means to limit this concern through the following components:

- The express acknowledgement in the region's list of cost allocation general considerations that free ridership concerns are to be addressed and resolved. See Section VII.B. This language mirrors the NYISO's Commission-approved language.
- The imposition of a percentage cap on the level of regional project costs that may be shifted onto other beneficiaries when a non-jurisdictional CTO declines a regional cost allocation. See Section III.E.6.e.
- The recognition that the WestConnect Planning Management Committee ("the PMC," the entity performing the function of regional transmission planning for the WestConnect region), may face from time to time, and is empowered to address, the potential situation in which a regional cost shift stemming from a CTO's decision to decline a regional cost allocation creates an unfair cost shift onto the customers of a jurisdictional transmission provider in situations where the size of the cost shift in relation to the jurisdictional provider's overall transmission revenue requirement is substantial.<sup>9</sup> See Section VII.B.

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<sup>9</sup> The Filing Parties comprise both large and small public utility transmission providers. Empowering the PMC to address this issue, should it ever arise, is necessary to protect existing transmission customers against unjust and unreasonable results if the size of a cost shift triggered by a re-allocation following a CTO's decision to decline a regional cost allocation, when measured against the transmission provider's overall transmission revenue requirement, requires a different result. The presence of all forms of stakeholders groups within the PMC's five voting member sectors, and the strong dispute resolution rights of all members and other stakeholders in the region, provide necessary and appropriate checks and balances on the exercise of the PMC's discretion in this regard.

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The benefits of the new tariff mechanics are many:

First, it borrows heavily from beneficiary-related process components the Commission found compliant with Order No. 1000. The Commission expressly acknowledged that “a regional cost allocation method for one type of regional transmission facility or for all regional transmission facilities may include voting requirements for identified beneficiaries to vote on proposed transmission facilities.” Order No. 1000 at P 689. It was on this basis that the Commission approved the NYISO tariff provisions that are reflected in the Filing Parties’ revised compliance tariff. *New York Independent System Operator*, 143 FERC ¶ 61,059 at PP 245-246 (2013) (finding that an 80% beneficiary vote “provides a useful check to ensure that a project has net benefits, by requiring that most of those whom NYISO expects to benefit from a project agree that they actually will benefit;” explaining that “[s]ince this is the group of parties that will bear the costs of the project if it goes forward, this group has a particularly strong incentive to ensure that NYISO’s estimate of benefits is accurate;” and stating that “at the same time, market participants remain free to individually or jointly develop projects that have not received supermajority support at their own cost”).

Second, it honors the Commission’s directive in the Order that CTOs be permitted to opt in or opt out of a regional cost allocation and does so in a manner that seeks to address the free rider concern that Order No. 1000 speaks to. Order at P 57, and Order No. 1000-A at P 578. As restructured, the compliance tariff comports with the Commission’s directive to “describe the process by which a coordinating transmission owner that is identified as a beneficiary of a transmission project proposed for selection in the regional transmission plan for purposes of cost allocation will advise the enrolled transmission providers of whether the coordinating transmission owner will accept its share of the costs of that transmission facility.” Order at P 57.

Third, with the January 1, 2015 effective date of the compliance tariff just six weeks away, it allows for the participation agreement among jurisdictional and non-jurisdictional transmission owners and other stakeholders to be executed, based upon a combination of benefits and burdens that the compliance tariff seeks to fairly strike, which is rooted in the resolution of unique issues of the WestConnect region and its historical majority number of non-jurisdictional planning participants.<sup>10</sup>

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<sup>10</sup> Two other types of changes were made to the compliance tariff in response to the Commission’s Order. First, in response to the Commission’s instructions at P 58 of the Order, the Filing Parties have included unenrollment tariff provisions previously submitted in the comment round on the last compliance filing. These unenrollment provisions would apply to non-jurisdictional transmission owners that formally enroll in the region. See Attachment K, Section VII.B.11. The CTO opt-in provisions addressed in the text above are different in that they apply to non-jurisdictional transmission owners that do not enroll in the region, but that sign up as coordinating transmission owners. CTOs are eligible to receive a regional cost allocation, subject to the new opt-in process. Second, in response to the Commission’s instructions at P 144 of the Order, the Filing Parties have updated the compliance tariff’s provisions to permit non-jurisdictional transmission owners to join any PMC member sector for which they qualify. See Attachment K, Section III.B.5.a.

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By way of background, the Filing Parties originally sought to conduct regional transmission planning under a model that preserves the cost causation principle and would have avoided a circumstance in which some, but not all, beneficiaries of a regional project receive a regional cost allocation. In the prior compliance filing, the Filing Parties proposed a regional transmission planning model that *avoided* “free ridership” concerns. Hewing closely to core cost causation principles is compliant with Order No. 1000’s mandate, as well as Commission precedent. However, the Commission rejected that model in its Order as too restrictive and required the Filing Parties to revise the regional transmission planning model.

Thus, the proposal in the instant filing *limits* free ridership issues but cannot fully avoid them, given the Commission’s directives in the Order. It is for this reason that the Filing Parties sought rehearing of the Order. As the Commission explained in Order No. 1000, regional transmission planning is intended to avoid a circumstance in which entities do not bear cost responsibility for benefits they receive:

[F]ree riders for purposes of Order No. 1000 are entities who do not bear cost responsibility for benefits that they receive in their use of the transmission grid, specifically benefits they receive from new transmission facilities selected in a regional transmission plan for purposes of cost allocation.<sup>11</sup>

It is within this context that the Commission explained what it was seeking with its Order No. 1000 reforms:

Indeed, in seeking to eliminate free riders on the transmission grid, Order No. 1000 seeks to eliminate a form of subsidization, as free riders by definition are entities who are being subsidized by those who pay the costs of the benefits that free riders receive for nothing.<sup>12</sup>

The Filing Parties’ prior tariff mechanism eliminated the shifting of costs of regional projects onto native load and other transmission customers of public utility transmission providers in cases where an identified beneficiary takes no transmission service on the regional project, but reaps quantified benefits associated with the project. In this respect, the Filing Parties believe the original tariff mechanism would have been true to Order No. 1000’s goal of seeking to eliminate cost subsidization on the transmission grid. *See* Order No. 1000-A at P 578. In contrast, the mechanism within the instant compliance tariff would permit a 10% shifting of costs of regional projects onto native load and other transmission customers of public utility transmission providers in cases where a declining CTO beneficiary takes no transmission service on the regional project, but reaps

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<sup>11</sup> Order No. 1000-A at P 576.

<sup>12</sup> Order No. 1000-A at P 578.

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quantified benefits associated with the project. Cost subsidization concerns are addressed under the Filing Parties' restructured compliance tariff, but not entirely eliminated.

The instant compliance filing is, of course, submitted without prejudice to the Filing Parties' pending request for rehearing, and the Filing Parties would welcome the Commission's grant of rehearing on this issue. In the meantime, the Filing Parties are preparing to move forward with Order No. 1000 compliance implementation on January 1, 2015 under the restructured framework set forth in the revised compliance tariff presented herein. The revised compliance tariff is compliant with the directives of the Order.<sup>13</sup>

## V. PROCESS CLARITY

In PP 83 and 132-134 of the Order, the Commission directed the Filing Parties to provide further details of the timing of various activities within the regional transmission planning process. For example, the Commission directed the Filing Parties to include more detailed guidelines on the timing and notice for submission of information and input throughout the regional transmission planning process.<sup>14</sup> The Commission explained that “[s]uch revisions should include a regional transmission planning process schedule . . . and could be complemented with a flow chart or other graphic to allow stakeholders to easily understand the milestones in the regional transmission planning process.”<sup>15</sup> In response to this directive, the Filing Parties have revised their compliance tariffs to include a new exhibit, which includes a timeline and table developed by the Filing Parties to provide additional detail related to the timing and notice for submission of information and input. See Section III.C and new Attachment K-2.

The Commission also directed the Filing Parties to clarify the timing of assessments related to planning reliability projects, economic transmission projects, and projects driven by public policy considerations. For each of these three categories of transmission projects (reliability projects, economic projects, and public policy-driven projects), the Commission directed the Filing Parties to identify when in the regional transmission planning process the PMC will perform: the regional reliability assessment, the production cost modeling analysis, and the assessment to identify whether there are more cost-effective regional transmission solutions to meet identified regional transmission needs driven by public policy requirements, respectively.<sup>16</sup> In response, the Filing Parties have revised their respective tariffs, as follows:

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<sup>13</sup> In reviewing the restructured beneficiary mechanics embedded within the compliance tariff, the Commission will see the word “enrolled” deleted across several sections within the tariff’s regional transmission planning provisions. This deletion is part of the overall implementation of the Commission’s directive regarding the creation of a new process that includes CTO acceptance (opt-ins) of regional cost allocations.

<sup>14</sup> Order at P 83.

<sup>15</sup> *Id.*

<sup>16</sup> *See id.* at PP 132-134.

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Reliability Planning Process: In response to P 132, the Filing Parties have revised Section III.E.2 to detail that the PMC will perform the regional reliability assessment and, if necessary, identify a regional need for transmission projects to resolve any violations that impact more than one transmission owner in the fourth quarter of the planning cycle.

Economic Planning Process: In response to P 133, the Filing Parties have revised Section III.E.3 to detail that the PMC will develop the production cost modeling analysis in the second and third quarters of the planning cycle and identify economic transmission projects in the sixth quarter and parts of the fifth and seventh quarters of the planning cycle.

Public Policy Planning Process: In response to P 134, the Filing Parties have revised Section III.E.4 to detail how the PMC will assess whether there are more cost-effective regional transmission solutions to meet identified regional transmission needs driven by public policy requirements. The revisions also detail that such an assessment will be performed in the sixth quarter and parts of the fifth and seventh quarters of the planning cycle.

Additionally, in P 131 of the Order, the Commission directed the Filing Parties to remove the provision that limits the transmission planning region to conduct studies to identify and meet regional needs only within the means permitted by PMC funds. The Commission noted that the Filing Parties cannot limit the ability to conduct such studies due to lack of funding because Filing Parties can recover the costs associated with regional transmission planning through their respective OATT rates.<sup>17</sup> In response, the Filing Parties have removed the provision, as shown in the marked attachment. See Section III.E.1.

## **VI. DISPUTE RESOLUTION**

In P 109 of the Order, the Commission found that requiring a PMC member to first seek to resolve a dispute among PMC members under the dispute resolution provisions of the Planning Participation Agreement (“PPA” or “Agreement”) before pursuing a dispute with the Commission would limit a party’s rights to file a Section 206 complaint with respect to transmission planning disputes. Thus, the Commission directed the Filing Parties to remove that provision of their respective tariffs.<sup>18</sup> In response, the Filing Parties have removed the provision found in Section V, as shown in the filing, and have retained the provision that expressly allows a disputing PMC member the right to refer to the Commission for resolution any procedural or substantive matter within the jurisdiction of the Commission.

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<sup>17</sup> *Id.* at P 131.

<sup>18</sup> *Id.* at P 109.



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## VII. PLANNING PARTICIPATION AGREEMENT

In its Order, the Commission directed the Filing Parties to file the WestConnect PPA for Commission review, as it evaluated stakeholder comments on the Agreement's provisions governing (a) dispute resolution and liability, (b) the requirement for membership by those seeking to propose regional transmission projects for regional cost allocation, and (c) membership dues.<sup>19</sup> In connection with today's filing of the revised compliance tariff, the Filing Parties are filing the PPA as a rate schedule of each jurisdictional transmission owner in the region,<sup>20</sup> with Arizona Public Service Company designated as the Lead Tariff Filer, and with all other Filing Parties submitting certificates of concurrence. To aid in the Commission's review, the Filing Parties have attached to this transmittal letter an overview of the key provisions of the Agreement, together with a description of the process under which the PPA was developed. In addition, each of the three compliance issues that prompted the Commission's request for review of the Agreement is addressed below.

### A. Dispute Resolution/Liability

In P 108 of the Order, the Commission directed the Filing Parties to file the PPA for Commission review so that the Commission could address the concerns raised by certain parties regarding the dispute resolution provisions in the PPA, including the cost sharing imposed when the PMC must participate in dispute resolution or incur legal costs. Section 10 of the PPA contains the dispute resolution provisions. Within that section, subsection 10.2.2 provides for the sharing of costs incurred by the PMC in defending the PMC or any of the members of the PMC from claims by another PMC member arising from PMC actions or other actions taken within the scope of the agreement. Subsection 10.3.2 provides the same cost sharing for claims by non-PMC members. Subsection 10.2.2 and subsection 10.3.2 explain that legal defense expenses, including but not limited to legal defense costs on outside counsel and consultants, arbitration expenses, and settlement costs, will be split as follows between the member sectors, and among the members in each sector:

- The Transmission Owners with Load Serving Obligations ("TOLSO") member sector will bear 66% of all such costs and the amount assessed to this sector will be split equally among the members of this sector. The TOLSO member sector includes jurisdictional and non-jurisdictional transmission owners in the region for whom the PMC is performing the function of regional transmission planning.

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<sup>19</sup> Order at P 108.

<sup>20</sup> See, e.g., *Avista Corp., et al.*, Order on Compliance Filings and Petition for Declaratory Order, 143 FERC ¶ 61,255, P 1 & n.3 ("Avista and Puget Sound filed the Restated PEFA as a rate schedule with the Commission pursuant to section 205 of the FPA, 16 U.S.C. § 824d (2006), in compliance with Order No. 1000").

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- The remaining 34% will be split between the other membership sectors, except for the State Regulatory Commission membership sector, which will not receive any costs. The amount will be split equally between the Independent Transmission Developer or Owner sector, the Transmission Customer sector, and the Key Interest Group sector. The amount assessed to each sector will be divided equally between the members of that sector.

Because certain membership sectors may be vacant or sparsely populated, particularly in the early stage of the new regional transmission planning processes under Order No. 1000, the PMC has the discretion under subsections 10.2.3 and 10.3.2 to deviate from these percentages if their application would result in a “substantially disproportionate and unfair burden on a single Member or Member Sector.” The intent is to provide for an equitable sharing of the cost burden associated with defending the actions of the PMC among all sectors of the PMC with voting rights, without creating an unduly large burden on any single member or sector such that it would create a strong disincentive to PMC membership. Because the State Regulatory Commission member sector would not bear any of these costs, the concerns previously raised by the Colorado and Nevada Commissions have been resolved.

### **B. PMC Membership as Developer Qualification**

In P 158 of the Order, FERC directed the Filing Parties to submit the PPA for Commission review because part of the WestConnect transmission developer qualification criteria is that prospective transmission developers must be active members of the PMC and execute the PPA.<sup>21</sup> The Filing Parties have filed the PPA for Commission review in this regard.

### **C. Membership Dues**

In P 240 of the Order, the Commission directed the Filing Parties to submit the PPA for review so that the Commission can evaluate the provisions on membership dues to ensure that the dues are not a barrier to entry, particularly because prospective transmission developers seeking to propose projects for selection in the regional plan for purposes of cost allocation must become members of the PMC and pay the associated dues. In this regard, Section 6.4 of the Agreement governs dues payments by PMC members:

- The Key Interest Group sector members have dues of \$5,000 per year.<sup>22</sup> However, members of this sector that are state energy offices or state consumer representatives are not required to pay dues.<sup>23</sup> Furthermore, members of this sector that are non-government organizations (“NGOs”), meaning that they hold appropriate IRS tax exemptions, pay lower dues based on their annual operating

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<sup>21</sup> See Attachment E § III.D.2.m.

<sup>22</sup> PPA § 6.4.3.

<sup>23</sup> PPA § 6.4.1.

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budgets. NGOs with an annual operating budget above \$15 million pay \$3,250 in dues each year. NGOs with an annual operating budget between \$8,000,001 and \$15 million pay \$1,200 per year in dues. NGOs with an annual operating budget between \$4,000,001 and \$8 million pay dues of \$650 each year. NGOs with an operating budget of \$2,000,001 to \$4 million pay \$325 per year in dues. NGOs with annual operating budgets of \$2 million or less are not responsible for dues.

- The members of the Transmission Customers sector have dues of \$5,000 per year.<sup>24</sup>
- The members of the Independent Transmission Developers and Owners sector have dues of \$5,000 per year.
- The members of the State Regulatory Commission sector do not pay dues.
- The members of the TOLSO sector pay the remaining costs of carrying out the WestConnect regional planning process.<sup>25</sup> Each TOLSO member's share of the total TOLSO dues is based on its load ratio share of the combined TOLSO member loads in the region.<sup>26</sup>

As indicated by these dues provisions, the annual dues assessed to members of any sectors other than the TOLSO sector are sufficiently low so as to not represent a barrier to entry and participation as voting members of the PMC. Those entities with the least ability to afford dues (state regulatory commissions and other state offices as well as small NGOs) have no dues obligations at all, and the dues paid by all other members of the non-TOLSO sectors are no more than \$5,000 per year. As a result of this dues structure, the TOLSO members on whose behalf the PMC conducts the WestConnect regional planning process will bear the overwhelming majority of WestConnect costs.

Of course, participation in the WestConnect regional transmission planning process is open to all stakeholders for free. One does not need to pay dues in order to participate and be heard in the regional transmission planning process. There will be certain stakeholders that choose not to join the PMC as voting members as a result of budgetary restrictions in their own organizations. Such stakeholders are welcome to participate in the WestConnect process by attending open planning meetings and offering their comments during the various posted stages of the planning process.

## **VIII. TRANSMISSION DEVELOPERS**

### **A. Information Requirements that Apply to Merchant Developers**

In its first compliance order, the Commission directed Filing Parties to clarify in their respective compliance tariffs the proposed information requirements that apply to

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<sup>24</sup> PPA § 6.4.3.

<sup>25</sup> The total amount owed by TOLSO members is reduced by the dues collected by other member sectors.

<sup>26</sup> PPA § 6.4.5.

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merchant transmission developers submitting project proposals for regional planning.<sup>27</sup> In the Order, the Commission accepted most of the information requirements set forth by the Filing Parties for merchant developer proposals, but rejected the proposal to the extent it applied uniform data submission requirements for all transmission projects, including merchant transmission projects, proposed for the regional transmission plan.<sup>28</sup> The Commission affirmed that with respect to merchant developers, “Order No. 1000 requires only” sufficient information and data to allow assessment of the potential reliability and operational impacts of the proposed transmission facilities on systems in the region.<sup>29</sup> The Commission also reiterated that Order No. 1000 does not require that merchant transmission developers provide project costs and associated annual revenue requirements.<sup>30</sup> Consequently, the Commission rejected the Filing Parties’ OATT provisions requiring the following from merchant developer project proposals: (1) an explanation of how their project is a more efficient or cost-effective solution compared to regional transmission needs, and estimated project cost and a description of basis for that cost; (2) a \$25,000 deposit to support the cost of relevant study work, subject to true-up (up or down) based upon the actual cost of the studies, and; (3) the studies concerning impacts on other regions.

Consistent with the Commission’s determination concerning requirements for merchant developer project proposals, Filing Parties have amended the information requirements for proposed projects to expressly exempt merchant developers from the following submission requirements: explanation of how the project is a more efficient or cost-effective solution compared to regional transmission needs; estimated Project Cost and description of basis for that cost; a \$25,000 deposit to support the cost of relevant study work; and transmission system impact studies. See Section III.C.5.

**B. Qualification Criteria for Transmission Developers Seeking Eligibility to Use Regional Cost Allocation Method**

The Commission accepted, as not unduly discriminatory or preferential, the Filing Parties’ proposed qualification criteria for transmission developers that seek to be eligible to use the regional cost allocation method for a transmission project selected in the regional transmission plan for purposes of cost allocation.<sup>31</sup> The Commission directed, however, that the Filing Parties eliminate two of these criteria and clarify two others of these criteria.

First, the Commission rejected as inconsistent with Order No. 1000-A the Filing Parties’ OATT requirement that a potential transmission developer submit a plan to develop its

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<sup>27</sup> 142 FERC ¶ 61,206 at P 144.

<sup>28</sup> Order at P 163.

<sup>29</sup> *Id.* P 164 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 164, *order on reh’g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 298).

<sup>30</sup> Order at P 164.

<sup>31</sup> Order at P 241.

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ability to comply with the applicable local, state, and federal permitting requirements.<sup>32</sup> Accordingly, Filing Parties have revised their compliance tariffs to remove the qualification criterion that requires a potential transmission developer to demonstrate its ability, or plans to develop the ability, to comply with “applicable local, state, and federal permitting requirements.” See Section III.D.2(k).

Second, the Commission also rejected the requirement that a potential transmission developer intending to rely on a non-affiliated third-party to develop a transmission facility obtain affidavits from the entity stating its willingness to perform the tasks identified by the transmission developer.<sup>33</sup> In response, the Filing Parties have eliminated the affidavit-type demonstration that a third-party is committed under contract to perform the tasks for the developer. Because the Commission recognized that it would be insufficient for a transmission developer to submit nothing more than a list of contractors with which *it could contract* to perform identified tasks,<sup>34</sup> the Filing Parties now provide that the transmission developer “must provide in attestation form an identification of its *preferred third-party contractor(s)* and indicate when it plans to enter into a definitive agreement with its third-party contractor(s).” See Section III.D.2(l).

In addition, the Commission directed that the OATT provisions clarify that a prospective transmission developer need not have existing control center operations capabilities at the time it seeks to be eligible to use the regional cost allocation method for a transmission project selected in the regional transmission plan. Rather, the OATT must provide that the developer demonstrate only that it has the ability to undertake such operations.<sup>35</sup> To satisfy this directive, Filing Parties amended the tariff language to provide that the applicant “must demonstrate that it has control center operations capabilities.” That sentence now reads that the applicant must have “the ability to undertake” control center operations. See Section III.D.2(i).

Finally, the Commission also ordered clarification of the OATT requirement that the transmission developer demonstrate it has, or has plans to develop (1) control center capabilities, including reservation, scheduling and outage coordination; and (2) an adequate transmission maintenance program, including staffing and crew training, transmission facility and equipment maintenance, a performance maintenance record, and a NERC compliance process. The Commission directed that the OATT make clear it requires only that the transmission developer provide a statement of which entity will be performing necessary functions.<sup>36</sup> Pursuant to this directive, Filing Parties added a clarifying language to make clear that a potential transmission developer will not be required to have an entity under contract at the time it seeks eligibility for regional cost allocation. See Section III.D.2(i) and III.D.2 (j).

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<sup>32</sup> Order at P 245 (citing Order No. 1000-A, 139 FERC ¶ 61,132 at P 441).

<sup>33</sup> Order at P 247.

<sup>34</sup> *Id.*

<sup>35</sup> Order at P 243.

<sup>36</sup> *Id.* P 246.

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### C. Information Requirements for Projects Proposed for the Regional Planning Process

In its first compliance order for the WestConnect region, the Commission noted that the Filing Parties' OATTs contained appropriately detailed information requirements that any prospective transmission developer must submit in support of a transmission project proposed in the regional transmission planning process, but that those OATT requirements omitted two information requirements contained in their draft Business Practice Manual.<sup>37</sup> In a prior compliance tariff, the Filing Parties both added those requirements to the relevant OATT section, and expanded the list of information requirements with additional items to be submitted by the project developer.<sup>38</sup> The Commission accepted the additional information requirements, including the option given to the potential transmission developer to either provide transmission system impact studies showing reliability effects on neighboring systems and identifying costs associated with mitigating upgrades or request that the regional transmission planning process do the study at the developer's expense. The Commission requested clarification, however, that the incumbent transmission owners will provide potential developers, subject to appropriate confidentiality protections, the information the developer would need to perform the study.<sup>39</sup> The Commission also rejected, as unduly discriminatory, that the PMC had discretion to reject a developer's request that the planning process perform the study at the developer's expense if the study could not be performed within the planning cycle.<sup>40</sup>

Consistent with the Commission's directives regarding the requirement of system impact studies in support of submissions of projects proposed in the regional transmission planning process, the Filing Parties have deleted the statement that the PMC will approve study requests depending upon whether the request "can be performed within the planning cycle timeframe," and have added new clarifying text at Section III.C.5:

The PMC will provide, subject to appropriate confidentiality and CEII restrictions, the information in the possession of the PMC that the applicant needs to perform the transmission system impact study and to identify the costs associated with any upgrades required to mitigate adverse impacts.

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<sup>37</sup> *Id.* P 249 (observing that the OATT omitted the transmission project in-service date and the stated intention of the transmission project developer to join the WestConnect transmission planning region if its transmission project is selected in the regional transmission plan for purposes of cost allocation).

<sup>38</sup> *Id.* P 254.

<sup>39</sup> *Id.*

<sup>40</sup> *Id.* P 255.

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**D. Process for Selecting the Transmission Developer Eligible to Use the Regional Cost Allocation Method for Selected Projects**

In the Order, the Commission found that the Filing Parties had failed to satisfy a prior directive to “include a process in their OATTs for determining *which transmission developer* is eligible to use the regional cost allocation method for a transmission project selected in the regional transmission plan for purposes of cost allocation.”<sup>41</sup> Additionally, the Commission directed the Filing Parties to provide a process for selecting the transmission developer that will have the right to use the regional cost allocation method for unsponsored projects – e.g., projects identified in the process that were not proposed by a transmission developer, or for which the sponsoring developer becomes ineligible.<sup>42</sup>

Consistent with this directive, Filing Parties have added to their compliance tariffs a process for selecting an eligible transmission developer for projects selected in the regional transmission plan. The process addresses all projects, sponsored or unsponsored. The provision allows for, in the first instance, the selection process to be preempted by state or other governing statutes or regulations that mandate or provide a right to an incumbent utility to develop the project (*e.g.*, a right of first refusal). In circumstances where applicable law does not dictate otherwise regarding developer selection, the PMC will solicit interest in developing and building regional transmission projects from developers qualified under the developer qualification criteria of the tariff. Solicitation of interest will be followed by a request for proposal from those entities that express interest. The PMC is to direct evaluation of the responses to the request for proposal, and the evaluation process is to involve representatives of all beneficiaries of the project in question. See Section VII.B.9.

**IX. COST ALLOCATION THRESHOLD CLARIFICATION**

The Order pointed out the need for clarification of the compliance tariff’s provisions addressing the situation in which a regional transmission project may fail to satisfy the cost allocation benefit/cost threshold for any single category of regional project (a reliability-driven project versus an economic-driven project versus projects driven by public policy requirements), but may reap a combination of benefits that warrants consideration as a regional project.<sup>43</sup> In response, the Filing Parties have expanded the compliance tariff’s provisions in this regard so that greater clarity is offered to the evaluation of such projects. Sample calculations are included to increase transparency and understanding. See Section VII.B.4.

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<sup>41</sup> *Id.* P 299 (citing to the first compliance order, 142 FERC ¶ 61,206 at P 268) (emphasis in original).

<sup>42</sup> Order at P 300.

<sup>43</sup> Order at P 353.

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## **X. MISCELLANEOUS COMPLIANCE REVISIONS**

The Order included a number of other compliance directives that prompted tariff revisions. The Filing Parties have addressed them, as follows:

1. Restoration/Retention of the 2015 Abbreviated Planning Cycle. In their July 31, 2014 filings, the Filing Parties proposed to revise their respective OATTs to, *inter alia*, eliminate the one time abbreviated transmission planning cycle to be held during 2015. In PP 15 and 71 of the Order, the Commission rejected the Filing Parties' proposal.<sup>44</sup> In compliance, the Filing Parties have restored or retained, as applicable, the language in their respective OATTs that provides for a one-year abbreviated planning cycle.
2. Hyperlink Reference to the Non-Disclosure Agreement. In their September 20, 2013 filings, the Filing Parties proposed to revise their respective OATTs to, *inter alia*, state that any entity that would like to access confidential information must execute and submit a non-disclosure agreement ("NDA") obtained from the WestConnect website. In P 80 of the Order, the Commission noted that some Filing Parties' OATTs contained hyperlinks to the NDA that did not function and directed the Filing Parties to "include in their respective OATTs either a standard non-disclosure agreement or, alternatively, the location on the WestConnect website where the non-disclosure agreement can be found."<sup>45</sup> In response, the Filing Parties have updated their compliance tariffs to either include a now-functioning hyperlink, or to identify with greater specificity where the document appears on the WestConnect website.
3. Study Deposits. In P 100 of the Order, the Commission accepted the Filing Parties' proposal to charge a \$25,000 deposit for studies, subject to a true-up based on the actual study costs, to all developers that submit a transmission project or non-transmission alternative proposal, regardless of whether the developer is seeking regional cost allocation. The Commission further directed the Filing Parties, however, to make clear in their respective OATT provisions the following obligations with respect to that deposit: (1) to true-up, with interest, the difference between the study deposit and the actual study costs; (2) to provide to each project sponsor a description of the costs to which the deposit will be applied, how those costs will be calculated, and an accounting of the actual costs; and (3) to provide that any disputes arising from this process be addressed under the transmission planning dispute resolution procedures. Consistent with this directive, Filing Parties have amended the study deposit requirement provisions accordingly. See Section III.C.5.
4. Consistency in Use of the Phrase "More Efficient or Cost Effective." In P 283 of the Order, the Commission directed the Filing Parties to catch any stray references to the "more efficient or cost effective" standard of Order No. 1000 that do not conform

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<sup>44</sup> Order at PP 15, 71.

<sup>45</sup> Order at P 80.



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precisely to the rule's wording.<sup>46</sup> The Commission also noted that the "Filing Parties must use the 'more efficient or cost-effective' criterion established by Order No. 1000 throughout Filing Parties' OATTs."<sup>47</sup> To comply with the Commission's directive, the Filing Parties have uniformly used the phrase "more efficient or cost-effective" in their respective OATTs consistent with the Order No. 1000 standard.<sup>48</sup>

**5.** Deletion of subparts (3) and (4) in the "No Obligation to Construct" Section. At PP. 356-360, the Commission rejected the wording of subparts (3) and (4) of Section VII.B.10. The Filing Parties have removed these subparts from the compliance tariff.

**6.** Insertion of the Word, "Applicable." In their September 20, 2013 Filings, the Filing Parties proposed to revise their respective OATTs to, *inter alia*, state that governmental authorities are the only entities that could confer upon the transmission developer the right to construct, own, and/or operate a transmission project. The Commission expressed concern that such proposed language could be unclear and noted that it could be potentially confusing in application.<sup>49</sup> To add clarity, the Commission directed the Filing Parties to revise their respective OATTs to replace the term "governing governmental authorities" with "applicable governing governmental authorities."<sup>50</sup> The Filing Parties have done so. See Section III.D.1.

## **XI. CONCLUSION**

The Filing Parties respectfully request that the Commission accept the modifications to their respective compliance tariffs for the reasons set forth herein. The compliance tariffs bear an effective date of January 1, 2015, as directed in the Order.

Sincerely,

/s/ Amy Welander

Amy J. Welander  
Assistant General Counsel,  
Federal Regulation & Compliance  
for UNS Electric, Inc.

cc: Docket No. ER13-78-000 Service List

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<sup>46</sup> Order at P 283; *see also* Order, at P 268 n.435 (Commission noting "that the seventh evaluation criterion in NV Energy's and Public Service Company of Colorado's proposed OATTs uses the phrase 'more efficient cost-effective,'" and holding that "Filing Parties must use the 'more efficient *or* cost-effective' criterion established by Order No. 1000." (emphasis in original)).

<sup>47</sup> Order at P 283 n.454.

<sup>48</sup> *See* Order No. 1000, at P 148.

<sup>49</sup> *See* Order at P 302.

<sup>50</sup> *Id.*

## Overview of the WestConnect Planning Participation Agreement

### A. Development History

As with other aspects of the WestConnect Order No. 1000 regional planning process, the WestConnect Planning Participation Agreement (PPA) was developed through a lengthy and transparent stakeholder process that was open to all interested parties and provided any such parties an opportunity to comment on the language as it was developed. Because the WestConnect regional planning process has always envisioned including a governing agreement between the utilities and stakeholders participating in and administering that process, the PPA began development in 2012 when the Filing Parties were first developing their compliance proposal in response to Order No. 1000. Since that time, 52 meetings have been held by the WestConnect Legal and Negotiations Committee to address the development of the PPA and related topics. An average of 27 attendees participated in these meetings, a number substantially in excess of the Filing Parties' own representatives, and stakeholder participation included prospective transmission developers, various public interest groups, and state commissions. In addition to these meetings, substantial portions of the PPA were developed by sub-groups each comprised of a broad cross-section of stakeholders. Each of these sub-groups held numerous meetings to develop the initial section drafts which were then provided to the full group for review and comment.

In many respects, the PPA operated for much of the two year period under an "open comment" policy, in which interested stakeholders were invited to submit comments and edits to the agreement at any time. To further ensure transparency and provide a mechanism to solicit and receive feedback on the PPA, various versions of the PPA were distributed and comments were explicitly requested at least a dozen times over the last two years.

The input provided by attendees at these meetings was invaluable to the Filing Parties in developing the proposed language as several provisions, such as the discussion of Planning Management Committee (PMC) dispute resolution cost-sharing and PMC dues, were the subject of considerable debate.

### B. Description of Agreement

Generally speaking, WestConnect is not a typical region. Rather than a separate legal entity such as an RTO or other corporation formed to conduct the WestConnect regional transmission planning process, WestConnect is a participation organization comprised of its members. For that reason, it is necessary to replicate certain language from the Filing Parties' OATTs in the PPA to memorialize the particular rules, regulations, and requirements of the WestConnect regional transmission planning process as accepted for filing by the Commission.

*Section 1.* The first section of the PPA contains the recitals and describes the history of WestConnect regional planning, including planning pre-Order No. 890, the revisions to regional planning created by Order No. 890, and the development of Order No. 1000 regional planning. Subsection 1.7 contains important provisions intended to protect State Regulatory Commission members of the PMC, providing that the PPA does not limit the authority of such state commissions or in any way bind such commissions to

## Overview of the WestConnect Planning Participation Agreement

any particular course of action outside the WestConnect regional planning process. That same subsection also explains that other PMC members are likewise not limited in authority or bound to any course of action in any proceedings outside the scope of the PPA.

*Section 2.* The second section of the PPA explains that the PPA is made in consideration of the promises and mutual covenants that it contains.

*Section 3.* The third section contains the formal definitions for the defined terms used in the agreement. As explained in section 3.6, the PPA will become effective once it has been executed by five public utility members of the Transmission Owners with Load Serving Obligations (“TOLSO”) sector.

*Section 4.* The fourth section explains that the signatories to the PPA intend to suspend, but not terminate, the existing WestConnect Project Agreement for Subregional Transmission Planning (“STP Agreement”), dated May 23, 2007, which was developed to facilitate Order No. 890 regional planning and has since that time governed regional planning coordination between the utilities in the WestConnect region. That suspension will be accomplished through an amendment to the STP Agreement. Section 4 also notes that the STP Agreement may be terminated at a later date.

*Section 5.* The fifth section provides the rules for enrolling in the WestConnect regional planning process and becoming a member of the PMC.

Subsection 5.1 explains that an interested entity may become a member by executing the PPA and identifying the sector it intends to join. Once the PMC is formed, it will evaluate each entity that executed the PPA and verify that each such entity is eligible to join the identified sector. Public utilities that satisfy TOLSO sector criteria may only join that sector; other entities, including non-public utilities, may join any sector in which they qualify.

Subsection 5.2 addresses membership by non-public utilities, explaining that they may join the TOLSO sector either as an Enrolled Transmission Owner (formally enrolling in the WestConnect region) or as a Coordinating Transmission Owner. As explained in that subsection, if a non-public utility joins a sector other than the TOLSO sector, the PMC will not perform regional planning for that non-public utility.

Subsection 5.4 explains the process by which non-public utilities that are Enrolled Transmission Owners may unenroll with respect to a planning cycle *at its own discretion*. This mirrors the tariff language proposed by the Filing Parties in their OATT compliance filings. Unenrolling non-public utilities must notify the PMC chair of their decision to unenroll within 60 days after the regional transmission plan for the planning cycle is approved and can rescind the unenrollment at any time prior to the end of the 60-day period. The unenrolling non-public utility would automatically become a Coordinating Transmission Owner. The effect of that unenrollment is that the non-public utility would not be subject to cost allocation for any transmission facility selected in the WestConnect regional plan for purposes of cost allocation. That same subsection also provides that a

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Coordinating Transmission Owner may choose to accept a cost allocation for any regional project where it is identified as a beneficiary *in its sole discretion*.

Subsection 5.5 governs the process for changing membership sectors. Any member except a member of the TOLSO sector may elect to change membership sectors. An unenrolling non-public utility Enrolled Transmission Owner becomes a Coordinating Transmission Owner for the current planning cycle and the following planning cycle. Coordinating Transmission Owners may change to another membership sector at the end of each planning cycle. Subsection 5.5.2 addresses the effects of sector changes on membership dues, explaining that members transitioning to the TOLSO sector must pay the higher dues as of the effective date of the sector change and that membership changes not involving the TOLSO sector result in the member paying the higher of the two dues levels (if applicable) for 180 days after the effective date of the change or through the end of the current calendar year, whichever is longer.

Subsection 5.6 addressed the withdrawal of a member from participating in the PPA, explaining that withdrawal requires 180 days' prior notice to the chair of the PMC. Members providing notice on or after July 1 must pay their dues for the current year and the following calendar year. Members providing notice prior to July 1 are only liable for dues for the remainder of the current year. Subsection 5.6.2 addresses the participation by members funded through governmental appropriations and notes that if sufficient funding is not appropriated, that member's membership is voided and the member must provide notice of withdrawal to the chair of the PMC. Subsection 5.6.5 explains that an Enrolled Transmission Owner that withdraws is not subject to cost allocation for transmission projects selected after the member's withdrawal, and that such withdrawal may trigger reevaluation of the project. Under subsection 5.6.7, a withdrawing member's right to continue to participate in regional planning as a stakeholder is preserved. Subsection 5.6.8 provides that a member may withdraw at any time if it determines *in its sole discretion* that there is a material risk of adverse regulatory action or if the Commission orders revisions to the PPA that adversely affect the member.

Subsection 5.7 provides that the members of the TOLSO sector may terminate the PPA by majority vote if the Commission makes significant modifications to the requirements of Order No. 1000 or if a court vacates, reverses, or remands any significant part of the Commission's orders on WestConnect Order No. 1000 regional planning.

*Section 6.* The sixth section of the PPA describes the qualifications for membership in the membership sectors, the rules for maintaining active membership status in the PMC, and the process for moving a member from active to inactive status.

Subsection 6.1 describes the various membership sectors, including the TOLSO sector, which contains the Enrolled Transmission Owners, and the Coordinating Transmission Owners, the Transmission Customer sector, the Independent Transmission Developer or Owner sector, the State Regulatory Commission sector, and the Key Interest Group sector. In order to qualify for TOLSO membership, an entity must provide transmission service and own a minimum of one hundred circuit miles or \$100 million of original installed cost of transmission plant at 115 kV or above and have a minimum of 150 MW of retail and/or wholesale network load. The Transmission

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Customer sector includes entities that receive transmission service or generator interconnection service from a member of the TOLSO or Independent Transmission Developer or Owner sectors. The Independent Transmission Developer or Owner sector includes entities that plan to develop transmission projects at 115 kV or higher in the region and have submitted those projects in the regional planning process as well as entities that own transmission facilities in the region but do not have enough retail and/or wholesale network load to qualify for the TOLSO sector. The State Regulatory Commission sector includes any state regulatory commissions with jurisdiction over the provision of electric service at retail over facilities owned or operated by TOLSO sector members serving retail load. The Key Interest Group sector includes entities that do not qualify for membership in another sector or choose not to join another sector, and is expected to include state energy offices, consumer representatives, resource and environmental advocacy groups, and generator developers.

Subsection 6.2 explains the requirements for a PMC member maintaining “active” membership status. To maintain that status, the member must attend at least three PMC meetings within each rolling 12-month period (including through teleconference or videoconference) and must be current on its dues. Members who become inactive may not participate in PMC voting except as necessary to fulfill its obligations for funding the planning process. Inactive members can become active members by becoming current on dues and renewing its attendance at PMC meetings. Any member that is inactive for two consecutive years will be deemed to have withdrawn from the PPA.

Subsection 6.3 allows a supermajority vote in each membership sector to designate a member as inactive or terminate a member’s membership in the PMC for failing to meet the membership obligations under the agreement.

Subsection 6.4 addresses membership dues, and is addressed in more detail in the transmittal letter to the compliance tariff.

Subsection 6.5 provides for the maintenance of PMC funds and the billing mechanics to collect dues.

*Section 7.* The seventh section of the PPA describes the WestConnect Order No. 1000 regional planning process, the rules of which are provided in significantly more detail within the various Filing Parties’ OATTs. Subsection 7.1 requires the PMC to develop a regional study plan at the beginning of each biennial planning cycle. Subsection 7.2 then requires the PMC to develop the power flow and production cost models required to perform the technical studies required to complete the regional study plan. Subsection 7.3 then directs the PMC to identify regional transmission needs. Subsection 7.4 requires the PMC to solicit project proposals to satisfy those needs. Subsection 7.5 then requires that the PMC identify the proposed projects that resolve identified regional transmission needs and, if no valid projects have been proposed, to identify a potential project. The PMC must then determine if any projects are more efficient or cost effective or if any regional transmission need is unaddressed.

Subsection 7.6 contains the rules for determining whether a proposed project is eligible for cost allocation and mirrors the provisions in the Filing Parties’ OATTs. The

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process explains the analysis for determining whether the proposed project demonstrates known and measureable reliability, economic, and/or public policy benefits at or above the required benefit/cost ratio, as well as the identification of beneficiaries of proposed projects and the opportunity to comment on any proposed selection of a project for cost allocation. Subsection 7.6 also describes the process whereby beneficiaries of proposed transmission projects selected by the PMC may vote on the approval of the project, the 80% weighted vote threshold required for the project to move forward, and the written justification required for any negative vote by a PMC member. Finally, this subsection provides that any CTO beneficiary of a project must “opt in” to cost allocation for the project, and provides the same process contained in the Filing Parties’ OATTs for doing so. Under those provisions, if a CTO member chooses not to opt in to cost allocation for an approved project, the benefit/cost analysis is re-run to determine whether the transmission project still meets the WestConnect region’s criteria for regional cost allocation after the benefits to the CTO beneficiary opting out of the allocation are removed. If so, then the project will move forward so long as after the share of project costs declined by the CTO(s) are reallocated to the remaining beneficiaries, the cost increase is equal to or less than 10% of the previously-allocated cost to each beneficiary.

Subsection 7.7 provides that once that process is complete, the PMC must vote to approve the regional plan.

Subsection 7.8 requires the PMC to select a developer that has the right to use the regional cost allocation methodology for each project included in the WestConnect regional plan for purposes of cost allocation.

*Section 8.* Section 8 describes the rules for the governance of the WestConnect regional planning process. Under that section, each PMC member may appoint one representative to the PMC and may cast a single vote. In the absence of the designated representative, a member may appoint an alternate representative. Subsection 8.1.1 describes the requirements for PMC and PMC subcommittee meetings. Subsection 8.2 describes the process for electing a Chair and Vice Chair for the PMC. Subsection 8.3 describes the responsibilities of the PMC.

Subsection 8.4 describes the subcommittees of the PMC, including the process for participation by members in each subcommittee. The PPA requires three standing committees: the Planning Subcommittee, which conducts the regional planning process, the Cost Allocation Subcommittee, which performs the cost allocation for proposed projects and makes associated recommendations to the PMC, and the Legal Subcommittee, which advises the PMC on disputes under the PPA dispute resolution procedures and on defending the PMC against other claims. The PMC may establish additional committees from time to time.

Subsection 8.5 provides the rules for votes conducted by the PMC and the subcommittees and duplicates the language approved for filing in the Filing Parties’ OATTs. For the PMC to approve any matter, a 75% majority in at least three membership sectors, one of which must be the TOLSO sector, must vote in favor of the proposal. Alternatively, if 2/3 of the TOLSO sector votes for a proposal and at least 75%

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of the members in four other member sectors approve the proposal, the proposal will be approved.

*Section 9.* Section 9 provides that access to any items or information of a confidential nature will be subject to a non-disclosure agreement and that any member that does not sign such an agreement may not have access to such confidential information.

*Section 10.* Section 10 provides the dispute resolution rules used to address disputes between members of the PMC, between a member and the PMC, and between the PMC and third-party/non-members within the scope of the PPA.

Under subsection 10.1, governing disputes between members, notice is provided by the disputing member to the Legal Subcommittee Chair, who then provides notice to the PMC member representatives. The Legal Subcommittee then facilitates informal negotiations, following which the Legal Subcommittee Chair makes a recommendation to the PMC if the dispute is not resolved. Once referred to the PMC, the PMC's resolution is determined through normal voting procedures. If the disputing member continues to have concerns with the PMC's decision, it may invoke the provisions governing disputes between a member and the PMC in subsection 10.2.

Subsection 10.2 governs disputes between a member and the PMC. Under those provisions, the disputing member sends a notice of dispute to the Chair of the Legal Subcommittee, who then provides notice to the PMC member representatives. If the dispute cannot be resolved informally, the Legal Subcommittee refers the dispute to the PMC, which uses its normal voting procedures to resolve the dispute. If the disputing member continues to have concerns with the PMC's decision, it may bring the dispute in another forum with jurisdiction. This subsection provides that, to the extent permitted by law, each member waives any and all rights to a trial by jury and agrees not to request such trial. However, this waiver does not apply to the extent the United States Department of Justice is representing a federal agency in any such legal proceeding. This subsection also permits any disputing member to request binding arbitration, which requires the unanimous consent of PMC members and would be conducted under the arbitration procedures in Attachment A to the PPA.

Subsection 10.3 address claims brought by non-members, and explains that those disputes are submitted to the Legal Subcommittee to review and make a recommendation to the PMC.

The expenses incurred by the PMC in conducting dispute resolution and settling any claims are discussed in the Filing Parties' transmittal letter, as they relate to a specific compliance directive in the September 18 Order.

Finally, subsection 10.5 explains that any allegations that a TOLSO sector member has violated the terms of its OATT, other than pursuant to a PMC decision or otherwise within the scope of the PPA, are addressed through the dispute resolution provisions of the applicable OATT.

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In all instances, the PPA provides that parties are free to take their disputes directly to the Commission for resolution.

*Section 11.* In Section 11, the PPA addresses the limitations on liability between members, explaining that the rights and obligations created under the PPA are solely between members and that specific performance is the sole available remedy. This section also provides that no third party has any rights under the agreement, including the right to enforce the agreement or receive damages of any kind. This section explains that in the event third parties are awarded damages stemming from PMC or PMC-member conduct under the PPA, no member is obligated to pay such legal liability for another member. The PPA provides no indemnification or joint liability.

*Section 12.* Section 12 provides typical contractual rules for notices, amendments, severability, assignment, interpretation, and the like.

*Section 13.* Section 13 is intended to provide additional rules regarding the participation of federal governmental entity members, noting that their participation is subject to federal law and that their payment of dues is subject to appropriations by Congress and that such members have no liability for the failure of Congress to make sufficient appropriations. Furthermore, subsection 13.4 provides that federal governmental entity members do not waive any defenses by participation in the agreement and that they have not accepted liability to pay any penalties or fines to which they otherwise would not be subject.

*Attachments.* Following the text of the PPA itself, the PPA includes the member sector notification form used for joining the PMC and selecting a membership sector as well as the attestation to be used by non-governmental organizations to reduce their yearly fees for participation in the Key Interest Group sector.



UNS Electric, Inc. (“UNSE”) submits  
Revisions to UNSE Open Access Transmission Tariff  
in accordance with  
FERC Order No. 1000  
Clean Tariff

eTariff Information:

FERC Tariff Program Code: (FPA) Traditional Cost of Service and Market Based Rates

Tariff Title: UNS Electric, Inc. Open Access Transmission Tariff

Tariff Record Effective Date: January 1, 2015

Tariff Record Title: Attachment K, Transmission Planning Process

Option Code: A

## **ATTACHMENT K**

### **TRANSMISSION PLANNING PROCESS**

#### **I. Overview of the TEP and UNSE Transmission Planning Process**

#### **II. Local Transmission Planning**

- A. TEP and UNSE Planning Process
  - 1. Confidential or Proprietary Information
  - 2. Types of Planning Studies; Consideration of Public Policy Requirements
    - a. Transmission Planning Studies
    - b. Economic Planning Studies
    - c. Consideration of Public Policy Requirements
  - 3. TEP and UNSE Transmission Planning Study Process
    - a. Overview
    - b. TEP's and UNSE's Local Transmission Planning Cycle
    - c. Transmission Customer's Responsibility for Providing Data
    - d. Stakeholder Participation in the TEP and UNSE Local Transmission Planning Study Process
    - e. Coordination of Transmission Study Cycle with SWAT
    - f. TEP and UNSE Point of Contact for Local Reliability Study Requests
    - g. TEP and UNSE Local Study Criteria and Guidelines
    - h. TEP, UNSE and Stakeholder Alternative Solutions Evaluation Basis
  - 4. TEP and UNSE Economic Planning Study Process
    - a. Requesting Economic Planning Studies
    - b. TEP Process for Handling Economic Study Requests
    - c. Process for Handling Economic Study Requests Received by TEPPC
    - d. Low Priority Economic Study Requests
    - e. Clustering Local Priority Economic Planning Studies
    - f. Cost Responsibility for Economic Studies
    - g. Exchange of Data Unique to Economic Planning Studies
    - h. TEP and UNSE Point of Contact for Study Requests
- B. TEP and UNSE Open Public Meetings -- Overview
  - 1. Purpose and Scope
  - 2. TEP and UNSE Public Local Planning Meeting Process
    - a. Open Stakeholder Meetings
    - b. TEP and UNSE Local Planning Meeting Schedule
    - c. Meeting Purpose
    - d. Coordination with SWAT and WestConnect Meetings
    - e. Posting of Meeting Notices

- f. Posting of Study Plans and Planning Results
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## **I. Overview of the Tucson Electric Power Company and UNS Electric, Inc. Transmission Planning Process**

Tucson Electric Power Company (“TEP”) and UNS Electric, Inc. (“UNSE”), wholly owned subsidiaries of UNS Energy Corporation, are vertically integrated public utilities engaged in the business of generating, transmitting and distributing electricity in four of Arizona’s fifteen counties. TEP and UNSE provide electric transmission and related reliability services under both the state and federal arena. TEP’s and UNSE’s transmission planning processes are based on the following three core objectives:

- Maintain reliable electric service.
- Improve the efficiency of electric system operations, including the provision of open and non-discriminatory access to its transmission facilities.
- Identify and promote new investments in transmission infrastructure in a coordinated, open, transparent and participatory manner.

The TEP and UNSE transmission planning processes invite open participation and facilitate active involvement by interested stakeholders from inception to completion, recognizing the integrated nature of their transmission systems with neighboring facilities as the basis for an open and transparent process. Therefore, TEP and UNSE encourage stakeholders to provide guidance, input and comment on the applicable transmission plan through all stages of its development. This is accomplished through TEP and UNSE leadership, facilitation and coordination of plan development with essential support and cooperation by key stakeholders. Stakeholders include, but are not limited to, native and network customers; point-to-point customers; sponsors of transmission solutions, generation solutions and solutions utilizing non-transmission alternatives (*i.e.*, demand side management, distributed generation, energy storage facilities, smart grid equipment, etc.); interconnected transmission providers, load serving entities and generators; independent power producers; regulatory entities, state bodies and local jurisdictions; industry consultants and vendors; local, sub-regional and regional utility entities; and other stakeholders. The work plan for the long-range transmission plan, which includes scope, schedule, study methodology, criteria and standards, scenario and strategy development, technical and economic analysis, and documentation is developed through facilitated open stakeholder meetings and teleconferences.

TEP has been a founding member of regional transmission efforts in the West including developing and supporting the Southwest Area Transmission Study Group (“SWAT”) efforts to develop a west-wide process in the Seams Steering Group - Western Interconnection (“SSG-WI”) process which subsequently rolled into the Transmission Expansion Planning Policy Committee (“TEPPC”), and its Technical Advisory Subcommittee (“TAS”) of Western Electric Coordinating Council (“WECC”) as well as

participation in the Arizona Corporation Commission (“ACC”) Biennial Transmission Assessment (“BTA”) process.

At a more local level, TEP and UNSE coordinate their transmission planning and related processes with other transmission providers and stakeholders in their applicable regions, principally in the southeast Arizona area. This effort has resulted in the formation of the Southeast Arizona Transmission Study (“SATS”) group, which became a formal subregional group under SWAT. Thus, in addition to its local transmission planning process, TEP and UNSE coordinate their transmission planning with other transmission providers and stakeholders in the Desert Southwest area, and the Western Interconnection as a whole, through participation in the SWAT group, membership in WestConnect<sup>1</sup>, and membership in the Western Electricity Coordinating Council (“WECC”) and participation in the WECC Transmission Expansion Planning Policy Committee (“TEPPC”) and its Technical Advisory Subcommittee (“TAS”).

Three subregional planning groups operate within the WestConnect footprint: SWAT, the Colorado Coordinated Planning Group (“CCPG”) and the Sierra Subregional Planning Group (“SSPG”). WestConnect’s planning effort, which includes funding and provision of planning management, analysis, report writing and communication services, supports and manages the coordination of the subregional planning groups and their respective studies. Such responsibilities are detailed in the WestConnect Project Agreement for Subregional Transmission Planning (the “WestConnect STP Project Agreement”), dated May 23, 2007. (see *TEP Attachment K List of Hyperlinks* <[http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_List\\_of\\_Hyperlinks.pdf](http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP_Attachment_K_List_of_Hyperlinks.pdf)>).

TEP is a signatory to the WestConnect STP Project Agreement.

The subregional planning groups within the WestConnect footprint, assisted by the WestConnect planning manager, coordinate with other Western Interconnection

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<sup>1</sup> WestConnect was formed under a memorandum of understanding (the “MOU”) voluntarily entered into by FERC jurisdictional and non-jurisdictional transmission providing electric utilities in the Western Interconnection. The purposes of WestConnect are to investigate the feasibility of wholesale market enhancements, work cooperatively with other Western Interconnection organizations and market stakeholders, and address seams issues in appropriate forums. WestConnect has initiated an effort to facilitate and coordinate regional transmission planning across the WestConnect footprint. Following the effective date of TEP and UNSE’s September 20, 2013 Order No. 1000 compliance filings, the WestConnect Order No. 1000 (as defined below) regional transmission planning management committee (as further described in Part III of this Attachment K) will commence the regional transmission planning process under the principles set forth in FERC’s order *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241 (2007), et al. (collectively, “Order No. 890”), and carried forward in FERC’s order *Transmission Planning and Cost Allocation by Transmission Owning and Operating Utilities*, Order No. 1000, 136 FERC ¶ 61,051 (2011), et al. (collectively, “Order No. 1000”).



transmission providers and their subregional planning groups through TEPPC. TEPPC provides for the development and maintenance of an economic transmission study database for the entire Western Interconnection and performs annual congestion studies at the Western Interconnection level.

## II. Local Transmission Planning

### A. TEP and UNSE Planning Process

Participation in each of TEP's and UNSE's local planning process is open to all affected parties, including but not limited to all transmission and interconnection customers, sponsors of transmission solutions, generation solutions, and solutions utilizing non-transmission alternatives, state authorities, and other stakeholders.

#### 1. Confidential or Proprietary Information.

TEP's and UNSE's local transmission planning studies may include base case data that are WECC proprietary data or classified as Critical Energy Infrastructure Information ("CEII") by the Federal Energy Regulatory Commission ("FERC" or "Commission"). A stakeholder must hold membership in or execute a non-disclosure agreement with WECC (*see TEP Attachment K List of Hyperlinks* [http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf](http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)) in order to obtain requested base case data from WECC. A stakeholder may obtain TEP and/or UNSE transmission planning information classified as CEII information from TEP or UNSE upon execution of a non-disclosure agreement with TEP or UNSE, as applicable.

#### 2. Types of Planning Studies; Consideration of Public Policy Requirements.

- a. Transmission Planning Studies. TEP, on behalf of itself and UNSE, will conduct local reliability studies to ensure that all North American Electric Reliability Corporation ("NERC"), WECC, and local reliability standards are met for each year of the ten year planning horizon, including all TEP and UNSE customers' requirements for planned loads and resources, including non-transmission alternatives. These reliability planning studies will be coordinated with the other subregional transmission providers through the SWAT studies.
- b. Economic Planning Studies. Economic planning studies are performed by TEP on behalf of itself and UNSE to identify significant and recurring congestion on the transmission system and/or address the integration of new resources and loads. Such studies may analyze any, or all, of the following: (i) the location and magnitude of the congestion, (ii) possible remedies for the elimination of the congestion, in whole or in part, including transmission solutions, generation solutions, and solutions

utilizing non-transmission alternatives, (iii) the associated costs of congestion, (iv) the costs associated with relieving congestion through system enhancements (or other means), and as appropriate (v) the economic impacts of integrating new resources and loads. TEP will perform, or cause to be performed, economic planning studies at the request of any transmission customer or stakeholder. All economic planning studies performed, either by TEP or TEPPC, will utilize the TEPPC public data base.

- c. Consideration of Public Policy Requirements. For purposes of this Attachment K, “Public Policy Requirements” means those requirements enacted by state or federal laws or regulations, including those enacted by local governmental entities, such as a municipality or county. Public Policy Requirements, as applicable, are incorporated into the load forecasts and/or are modeled in the local planning studies. For example, TEP and UNSE incorporate Arizona’s energy efficiency, demand response and distributed generation programs, as applicable, that are required as a result of state-mandated renewable energy standards and energy efficiency rules in its transmission planning analysis. Proposed public policy requirements (public policy proposed before a governmental authority but not yet enacted) may be studied if time and resources permit.

3. TEP and UNSE Local Transmission Planning Study Process.

- a. Overview: TEP’s and UNSE’s local transmission planning process consists of an assessment of the following needs:
- i. Provide adequate transmission to access sufficient resources in order to reliably and economically serve retail and network loads
  - ii. Where feasible, identify non-transmission alternatives that could meet or mitigate the need for transmission additions or upgrades.
  - iii. Support TEP’s and UNSE’s local transmission and subregional transmission systems.
  - iv. Provide for interconnection for new generation resources.
  - v. Coordinate new interconnections with other transmission systems.
  - vi. Consider local transmission needs driven by Public Policy Requirements.

- b. TEP's and UNSE's Local Transmission Planning Cycle.
- i. Calendar Year Planning Cycle. TEP, for itself and UNSE, conducts its local transmission planning on a calendar year cycle for a ten year planning horizon.
  - ii. Annually Updated Ten Year Plan. TEP updates its and UNSE's ten year plan annually and publishes an annual Ten Year Transmission Plan document when the Ten Year Plan is filed at the end of January each year with the Arizona Corporation Commission ("ACC")<sup>2</sup> (see *TEP Attachment K List of Hyperlinks* <<http://www.oatiosis.com/TEPC/TEPCdocs/TEP Attachment K - List of Hyperlinks.pdf>>).
- c. Transmission Customer's Responsibility for Providing Data.
- i. Use of Customer Data. TEP uses information provided by TEP and UNSE transmission customers to, among other things, assess network load and resource projections (including non-transmission alternatives), transmission needs, operating dates and retirements for generation resources in TEP's and UNSE's system and regional models used to conduct planning studies.
  - ii. Submission of Data by Transmission Customers. Transmission customers are required, pursuant to each of the TEP and UNSE Open Access Transmission Tariff ("OATT"), to submit their ten year projected network load and network resources (including non-transmission alternatives) to TEP and UNSE, as applicable, on an annual basis. TEP and UNSE require that network transmission customers submit this information electronically to [Transcoord@tep.com](mailto:Transcoord@tep.com) by September 1 each year. All other transmission customers must also submit this information electronically to [Transcoord@tep.com](mailto:Transcoord@tep.com) by September 1 each year in order to be included in the local transmission planning process for the transmission plans that TEP will submit for itself and UNSE to the ACC the following January.

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<sup>2</sup> The ACC's Biennial Transmission Assessment process, in coordination with SWAT evaluates the Arizona transmission providers' filed ten year plans and other study reports on a biennial basis and allows for and encourages stakeholder review, input and comment on the ACC's assessment of the plans as published in the ACC's Biennial Transmission Assessment Report.

iii. Transmission Customer Data to be Submitted. To the maximum extent practical and consistent with protection of proprietary information, data submitted by network transmission customers and other transmission customers should include for the ten year planning horizon:

- Generators - planned additions or upgrades (including status and expected in-serve date), planned retirements and environmental restrictions.
- Non-transmission alternatives – alternatives include, without limitation, technologies that defer or possibly eliminate the need for new and/or upgraded transmission lines, such as distributed generation, demand side management (load management, such as energy efficiency and demand response programs), energy storage facilities and smart grid equipment that can help eliminate or mitigate a grid reliability problem, reduce uneconomic grid congestion, and/or help to meet grid needs driven by Public Policy Requirements.
- Network customers - forecast information for load and resource requirements over the planning horizon and identification of demand response reductions.
- Point-to-point transmission customers - projections of need for service over the ten year planning horizon, including transmission capacity, duration, and receipt and delivery points.

iv. Notification of Material Changes to Transmission Customer Data. Each transmission customer is responsible for timely submittal of written notice to TEP or UNSE, as applicable, of material changes in any of the information previously provided by the Customer to TEP or UNSE related to the Customer's load, its resources (including non-transmission alternatives), or other aspects of its facilities or operations affecting TEP's or UNSE's ability to provide service.

d. Stakeholder Participation in the TEP and UNSE Local Transmission Planning Study Process.

- i. During its 2<sup>nd</sup> Quarter public planning meeting, TEP will, for itself and UNSE, (a) review its current study plan with stakeholders; (b) provide an opportunity for stakeholder input on any aspect of

TEP's current study plan, including but not limited to, methodology, study inputs, Public Policy Requirements, and potential stakeholder-suggested transmission needs driven by Public Policy Requirements, and study results (including non-transmission alternatives); (c) review any stakeholder proposals previously submitted to TEP for study plan alternatives; (d) invite the submittal of additional stakeholder study plan proposals for review and discussion; and (e) provide updates on TEP's and UNSE's planned projects.

After the 2<sup>nd</sup> Quarter meeting but not less than thirty (30) days before the 4<sup>th</sup> Quarter meeting, TEP and UNSE will post on OASIS an explanation of those transmission needs driven by Public Policy Requirements that have been identified for evaluation for potential solutions in the local transmission planning process and an explanation of why any suggested transmission needs driven by Public Policy Requirements will not be evaluated.

- ii. During its 4<sup>th</sup> Quarter public planning meeting, TEP will present a draft of its Ten Year Plan for the following calendar year for stakeholder review and comment.
- e. Coordination of Transmission Study Cycle with SWAT. TEP will coordinate the timing of its local transmission planning study cycle process with the development of the assumptions, coordinated base cases, and power flow cases performed within the SWAT planning group, which is open to participation by all interested parties.
- f. TEP and UNSE Point of Contact for Local Reliability Study Requests. TEP's and UNSE's Point of Contact to respond to customer/stakeholder questions regarding modeling, criteria, assumptions and data underlying system plans studies is TEP's Transmission Coordinator. The Transmission Coordinator can be contacted via TEP's OASIS at [Transcoord@tep.com](mailto:Transcoord@tep.com).
- g. TEP and UNSE Local Study Criteria and Guidelines. Customers should refer to the TEP Transmission Planning Process and Guidelines for (TEP Planning Guidelines) TEP and UNSE local planning criteria, guidelines, assumptions and data. The TEP Transmission Planning and Process Guidelines are posted on the TEP OASIS (*see TEP Attachment [K List of Hyperlinks](#)* [http://www.oatioasis.com/TEPC/TEPCdocs/TEP Attachment K - List of Hyperlinks.pdf](http://www.oatioasis.com/TEPC/TEPCdocs/TEP%20Attachment%20K%20-%20List%20of%20Hyperlinks.pdf)).

- h. TEP, UNSE and Stakeholder Alternative Solutions Evaluation Basis. TEP's and UNSE's local planning process is an objective process performed by TEP, for itself and on behalf of UNSE, that evaluates use of the transmission system on a comparable basis for all customers. All solution alternatives that have been presented on a timely basis (per Section II.A.4 of this Attachment K), including transmission solutions, generation solutions and solutions utilizing non-transmission alternatives, whether presented by TEP, UNSE or another stakeholder, will be evaluated on a comparable basis. The same criteria and evaluation process will be applied to competing solutions and/or projects, regardless of type or class of stakeholder. Solution alternatives will be evaluated against one another on the basis of the following criteria to select the preferred solution or combination of solutions: (1) ability to practically fulfill the identified need; (2) ability to meet applicable reliability criteria or NERC Transmission Planning Standards issues; (3) technical, operational and financial feasibility; (4) operational benefits/constraints or issues; (5) cost-effectiveness over the time frame of the study or the life of the facilities, as appropriate (including adjustments, as necessary, for operational benefits/constraints or issues, including dependability); and (6) where applicable, consistency with State or local integrated resource planning requirements, or regulatory requirements, including cost recovery through regulated rates.

4. TEP and UNSE Economic Planning Study Process.

- a. Requesting Economic Planning Studies. Any TEP or UNSE transmission customer or other interested stakeholder ("Customer"), including sponsors of transmission solutions, generation solutions and solutions utilizing non-transmission alternatives, may submit an economic planning study request, available through TEP's OASIS, for an economic planning study directly to TEP, WestConnect or TEPPC. The Customer must submit its study request(s) no later than October 31 each year if the Customer wants TEP to review such request with stakeholders in its 4<sup>th</sup> Quarter open public planning meeting. All requests must be submitted to TEP electronically (whether related to TEP transmission or UNSE transmission) at [Transcoord@tep.com](mailto:Transcoord@tep.com) using the form posted on TEP's OASIS site (*see TEP Attachment K List of Hyperlinks <[http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf](http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)>*). TEP will coordinate the timing of its economic planning study cycle with the WestConnect and TEPPC planning processes.
- b. TEP Process for Handling Economic Study Requests. TEP shall manage any economic planning study requests it receives (whether related to TEP

transmission or UNSE transmission) under this Attachment K in the following manner:

- i. TEPPC Master List. TEP shall forward the request to TEPPC for inclusion in the TEPPC Master List of economic planning studies for the Western Interconnection. TEPPC's Master List is publicly available (*see TEP Attachment K List of Hyperlinks*  [<http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf>](http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)).
- ii. Stakeholder Review of Economic Transmission Study Requests. TEP shall review local requests in a TEP open public planning meeting. Based on stakeholder input, TEP shall determine whether (i) the study request should be classified as a local priority request and performed by TEP; (ii) whether the study request encompasses a region, in which case TEP will transfer the request to WestConnect for consideration as a regional priority request at WestConnect's stakeholder meeting; or (iii) whether the study request encompasses the Western Interconnection, in which case TEP will transfer the request to TEPPC for consideration as a Western Interconnection priority request at TEPPC's stakeholder meeting. The criteria WestConnect utilizes to prioritize requests for regional economic studies is described in Section III.D.3, below. The criteria TEPPC utilize to prioritize requests for Western Interconnection economic studies are posted on the TEPPC page of the WECC website (*see TEP Attachment K List of Hyperlinks*  [<http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf>](http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)).
- iii. Criteria Used to Determine Whether a Transmission Planning Study Request is a Local Study Request. Based in part on the number and type of local study requests received, local area *i.e.*, TEP's or UNSE's service territory, TEP shall consider the following criteria to determine whether the economic transmission planning study request is a local study request:
  1. Whether the study request does not affect interconnected transmission systems; and
  2. Whether the remedies are confined to the TEP/UNSE transmission system and resolved within the TEP/UNSE transmission system.

- iv. Criteria Used to Determine Whether a Local Study Request Qualifies as a Local Priority Economic Transmission Planning Study Request. TEP shall consider the following criteria to determine whether a local study request qualifies as a local priority economic transmission planning study request:
1. What portion of the TEP or UNSE system will be considered by the study?
  2. Does the request raise fundamental design issues of interest to multiple parties?
  3. Does the request raise public policy issues of national, regional or state interest, *e.g.*, with respect to access to renewable power, and location of both conventional and renewable resources?
  4. Can the objectives of the study be met by other studies?
  5. Will the study provide information of broad value to customers, regulators, transmission providers and other interested stakeholders?
  6. Can similar requests for studies or scenarios be represented generically if the projects are generally electrically equivalent?
  7. Can requests be aggregated into energy or load aggregation zones with generic transmission expansion between?
  8. Does the study request require the use of production cost simulation or can it be better addressed through technical studies, *i.e.*, power flow and stability analysis?
- v. Economic Planning Study Requests Determined to be a Local Priority. If TEP determines that the study request is a local priority request, TEP will conduct the study (whether related to TEP transmission or UNSE transmission) and coordinate assumptions and results with its or UNSE's customers, stakeholders and interconnected neighbors, as applicable. TEP will have no obligation to conduct more than three priority local economic planning studies per calendar year. If TEP receives more than three requests for local economic studies that are determined to be priority local requests, it may perform one or more additional studies at its sole discretion. If TEP elects not to perform such



additional study, the Requester may request, and TEP will provide, its assistance in having a third party perform the economic planning study at the Requester's expense. The Requester will have use of the TEPPC economic study data base and TEP will support the Requester in ensuring that the study is coordinated as necessary through local, subregional or regional planning groups.

- c. Process for Handling Economic Study Requests Received by TEPPC. TEPPC will review economic planning study requests received either from transmission providers or from Customers directly. TEPPC shall review such study requests during its open stakeholder meeting and, together with its stakeholders, prioritize requests for economic planning studies. TEP shall participate, for itself and UNSE, in the TEPPC prioritization process and provide input as to whether a study request should be included in the TEPPC study plan. The Customer is also encouraged to participate and provide input in the TEPPC prioritization process. Additionally, WestConnect will provide advice, on an as needed basis, to TEPPC regarding prioritizing regional economic planning study requests and potential clustering of requested regional economic planning studies, if those studies involve facilities in the WestConnect footprint. For more detail regarding the TEPPC economic planning study process, see the executive summary overview of the TEPPC Transmission Planning Protocol (see *TEP Attachment K List of Hyperlinks* <[http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_List\\_of\\_Hyperlinks.pdf](http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP_Attachment_K_List_of_Hyperlinks.pdf)>).
- d. Low Priority Economic Study Requests. If TEP, WestConnect and/or TEPPC determine, after reviewing through an open stakeholder process, that the requested economic planning study is not a priority study, the Customer may request TEP's assistance in having a third party perform the economic planning analysis at the Customer's expense (whether related to TEP transmission or UNSE transmission). The Customer will have use of the TEPPC economic study data base (see Section VI.A.3.a.ii) and TEP will support the Customer in ensuring that the study is coordinated as necessary through local, subregional or regional planning groups.
- e. Clustering Local Priority Economic Planning Studies. TEP may determine that any number of Customers' economic planning study requests should be studied together, or a Customer may request that TEP study its request together with other requests. TEP will consider the following criteria to determine whether to cluster requested priority local economic studies, both on its own volition and in response to a Requester's request:

- i. TEP-Proposed Clusters. In the event that TEP proposes to cluster certain priority local economic planning studies on any reasonable grounds, including, without limitation, upon its determination that the proposed cluster studies are sufficiently similar, from an electrical perspective, to be feasibly and meaningfully studied as a group, it shall provide notice to each Requester that it proposes to include in the study. Each Requester shall be provided the opportunity to opt out of the cluster within ten (10) days of notice from TEP.
  - ii. Requester-Proposed Clusters. If a Requester wishes to propose a cluster study, prior to submitting an economic planning study cluster request to TEP, the Requester must contact all of the other Requesters whose requests it proposes to cluster and obtain their written consent that they are willing to have their request clustered with other identified requests. TEP will reasonably determine whether the local economic planning study requests that the Requester proposes to cluster and for which the other affected Requesters have provided consent, are sufficiently similar, from an electrical perspective, to be feasibly and meaningfully studied together. TEP reserves the right to reject a Requester-proposed cluster on any reasonable grounds, including, without limitation, upon its determination that the proposed cluster cannot be feasibly studied as a group or that the proposed clustering impairs administration or timely processing of the economic study process. TEP will make the determination whether to reject a proposed cluster, and provide notice of any decision to reject, within twenty (20) days of receipt of all of the written consents of the Requesters that propose to be clustered.
- f. Cost Responsibility for Economic Studies.
  - i. Priority Local Economic Planning Studies. Priority local economic planning studies selected pursuant to Section II.A.4.b.v including clustered priority local economic planning studies selected pursuant to Section II.A.4.e will be performed or caused to be performed by TEP (whether related to TEP transmission or UNSE transmission) at TEP's or UNSE's expense, as appropriate.
  - ii. Priority Regional Economic Planning Studies. Regional economic studies will be performed by WestConnect as discussed in Part III of this Attachment K.

- iii. Priority Western Interconnection Economic Planning Studies. Western Interconnection-wide economic studies will be performed by TEPPC and funded by WECC.
  - iv. Other Local Economic Study Requests. Local economic study requests not selected pursuant to Sections II.A.4.b.v or II.A.4.e will be performed at the transmission customer's expense. At the Customer's request, TEP may perform the study work (whether related to TEP transmission or UNSE transmission) or work with the transmission customer and its third party contractor.
- g. Exchange of Data Unique to Economic Planning Studies.
- i. Data Used for Economic Planning Studies. TEP obtains all data used for its economic planning studies from the TEPPC data base.
  - ii. Request for Base Case Data. Customer's request for detailed base case data must be submitted to WECC in accordance with the WECC procedures.
  - iii. Posting of Requesters' Requests for Economic Planning Studies. Customer's request for economic planning studies and responses to such requests shall be posted on the TEP's OASIS and the WestConnect website<sup>3</sup> (*see TEP Attachment K List of Hyperlinks* [http://www.oatioasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf](http://www.oatioasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)) subject to confidentiality requirements.
- h. TEP and UNSE Point of Contact for Study Requests. TEP's and UNSE's Point of Contact to respond to customer/stakeholder questions regarding modeling, criteria, assumptions, and data underlying economic planning studies is TEP's Transmission Coordinator, who can be reached at [Transcoord@tep.com](mailto:Transcoord@tep.com).

## **B. TEP and UNSE Open Public Meetings - Overview**

Typically in the 2<sup>nd</sup> quarter and the 4<sup>th</sup> quarter, TEP will hold at least two open public local transmission planning meetings each year with respect to TEP's and UNSE's transmission system, in coordination with the SWAT open public transmission planning meetings, to allow and encourage customers, sponsors of transmission

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<sup>3</sup> The WestConnect website is located at <http://www.westconnect.com>.

solutions, generation solutions, and solutions utilizing non-transmission alternatives, interconnected neighbors, regulatory and state bodies and other stakeholders to participate in a coordinated, nondiscriminatory process for development of the TEP and UNSE transmission plan. TEP will rely on the facilitated SATS, or its successor, public transmission planning process to coordinate open participation covering the local Southeast Arizona area.

1. Purpose and Scope. TEP's and UNSE's open public meetings will provide an open transparent forum whereby electric transmission stakeholders can comment and provide advice to TEP during all stages, including the early stages, of its local transmission planning. These public transmission planning meetings will serve to:
  - a. Provide a forum for open and transparent communications among Arizona transmission providers, state regulatory authorities, customers, sponsors of transmission solutions, generation solutions and solutions utilizing non-transmission alternatives, and other interested stakeholders.
  - b. Promote discussion of all aspects of the TEP or UNSE local transmission planning activities, including, but not limited to, methodology, study inputs and study results.
  - c. Provide a forum for TEP or UNSE to understand better the specific electric transmission interests of key stakeholders.
2. TEP and UNSE Public Local Planning Meeting Process.
  - a. Open Stakeholder Meetings. All public local transmission planning meetings will be open to all stakeholders.
  - b. TEP and UNSE Local Planning Meeting Schedule. TEP will establish the TEP and UNSE public local planning meeting schedule as needed (and post the same on their OASIS), but will hold meetings no less than twice annually.
  - c. Meeting Purpose. Meetings will be conducted to (i) allow TEP and UNSE to maximize their understanding of customers' forecast needs for the TEP or UNSE transmission system; (ii) offer customers, sponsors of transmission solutions, generation solutions and solutions utilizing non-transmission alternatives, and other stakeholders an opportunity to be informed about, offer input and advice into, the TEP or UNSE transmission system and local planning process, as well as to propose alternatives for any upgrades identified by TEP or UNSE; (iii) review study results; and (iv) review local transmission plans.

- d. Coordination with SWAT and WestConnect Meetings. TEP's and UNSE's local transmission planning process will be coordinated with SWAT and WestConnect through quarterly planning meetings.
- e. Posting of Meeting Notices. All meeting notices, including date, time, place and draft meeting agenda, will be posted on the TEP OASIS and WestConnect websites (*see TEP Attachment K List of Hyperlinks <<http://www.oatioasis.com/TEPC/TEPCdocs/TEP Attachment K - List of Hyperlinks.pdf>>*) and circulated to the TEP distribution list at least thirty (30) days prior to the TEP public local planning meeting.
- f. Posting of Study Plans and Planning Results. Local study plans and planning results will be posted on the TEP OASIS and WestConnect websites (*see TEP Attachment K List of Hyperlinks <<http://www.oatioasis.com/TEPC/TEPCdocs/TEP Attachment K - List of Hyperlinks.pdf>>*) and circulated to the TEP distribution list at least two (2) weeks prior to the TEP public local planning meeting.
- g. Meeting Process. At the TEP public local planning meetings, TEP shall (i) review the TEP and UNSE local transmission planning process and current local study plan with stakeholders; (ii) request stakeholder review of the current local study plan; (iii) provide an opportunity for comment on any aspect of its local transmission planning process; (iv) invite the submittal of local transmission study requests from stakeholders for review and discussion; (v) review local economic planning study requests; and (v) provide updates on its planned projects. During the meeting, and for fifteen (15) calendar days following the meeting, all stakeholders and interested parties will be encouraged to submit comments to TEP on study results presented in the TEP meeting. The final local study results and study plan will be posted on TEP's OASIS and the WestConnect websites (*see TEP Attachment K List of Hyperlinks <<http://www.oatioasis.com/TEPC/TEPCdocs/TEP Attachment K - List of Hyperlinks.pdf>>*).
- h. Electronic Input and Comments. Stakeholders may provide input, comments, advice and questions on TEP's local transmission planning process at any time electronically by sending emails to TEP's Transmission Coordinator at [Transcoord@tep.com](mailto:Transcoord@tep.com).
- i. TEP Public Local Planning Meeting Schedule. At the 2<sup>nd</sup> Quarter meetings, TEP will review information on loads, resources (including non-transmission alternatives) and other needs from TEP's and UNSE's transmission customers, together with specific requests submitted either prior to or during the TEP 2<sup>nd</sup> Quarter meeting (*see Section II.A.3.d.i*) for inclusion in TEP's draft local transmission study plan. At the 4<sup>th</sup> Quarter

meeting, TEP will review economic study requests received by October 31 (see Section II.A.4.a) and present a draft of the Ten Year Plan for stakeholder review and comment. This schedule may be modified to coordinate with the subregional, regional and Western Interconnection-wide transmission planning processes, subject to updated postings on the TEP OASIS and WestConnect websites (see *TEP Attachment K List of Hyperlinks*

[http://www.oatioasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_List\\_of\\_Hyperlinks.pdf](http://www.oatioasis.com/TEPC/TEPCdocs/TEP_Attachment_K_List_of_Hyperlinks.pdf)).

- j. TEP and UNSE Distribution List. All existing TEP and UNSE customers, network and point-to-point, will be included on TEP's distribution list and actively notified *via* e-mail of all upcoming TEP and UNSE open, public, local planning meetings. Any other stakeholder, including but not limited to sponsors of transmission solutions, generation solutions and solutions utilizing non-transmission alternatives, wanting to be included on TEP's e-mail distribution list should submit its information to the TEP Transmission Coordinator at [Transcoord@tep.com](mailto:Transcoord@tep.com).
- k. Posting of Meeting Documents. TEP will post all meeting-related notes, documents and drafts or final reports on its OASIS and WestConnect websites (see *TEP Attachment K List of Hyperlinks* [http://www.oatioasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_List\\_of\\_Hyperlinks.pdf](http://www.oatioasis.com/TEPC/TEPCdocs/TEP_Attachment_K_List_of_Hyperlinks.pdf)).
- l. Posting of Public Documents. In order to permit all stakeholders access to the information posted on the TEP OASIS, UNSE OASIS and WestConnect website, only public information will be shared, and public business conducted, in the TEP and UNSE open public planning meetings.

### C. Planning for Public Policy Requirements in the Local Planning Process

1. Procedures for Identifying Transmission Needs Driven by Public Policy Requirements.

Stakeholders may participate in identifying local transmission needs driven by Public Policy Requirements for TEP and/or UNSE by contacting TEP's point of contact at [Transcoord@tep.com](mailto:Transcoord@tep.com). In addition, stakeholders have the opportunity to offer input or make proposals at TEP's and UNSE's open meetings held pursuant to this Attachment K.

The process by which TEP, on behalf of itself and UNSE, is to identify those local transmission needs driven by Public Policy Requirements for which a local

transmission solution(s) will be evaluated, out of what may be a larger set of local transmission needs, is to utilize the two communication channels it has in place with stakeholders, identified above, through which local transmission needs driven by Public Policy Requirements are to be part of the open dialogue: (a) direct electronic communication to the email address dedicated for TEP and UNSE, through which a stakeholder desiring to communicate directly with TEP transmission planners may offer its views on which local transmission needs are ripe for evaluation for solutions, and (b) through participation in TEP's and UNSE's open meetings held pursuant to this Attachment K.

In selecting those local transmission needs driven by Public Policy Requirements that will be evaluated for solutions in the current planning cycle, TEP, on behalf of itself and USNE, is to consider, on a non-discriminatory basis, factors, including but not limited to, the following:

- a. whether the Public Policy Requirement is driving a local transmission need that can be reasonably identified in the current planning cycle;
- b. the feasibility of addressing the local transmission need driven by the Public Policy Requirement in the current planning cycle;
- c. the factual basis supporting the local transmission need driven by the Public Policy Requirement; and
- d. whether a Public Policy Requirement has been identified for which a local transmission need has not yet materialized, or for which there may exist a local transmission need but the development of a solution to that need is premature. One example is a renewables portfolio increase that is enacted for implementation in a future year, and for which the process by which the renewable resource is to be identified, selected, and sited under the governing state-regulated resource adequacy process has not yet begun (making it premature to identify the location and scope of the local transmission need and/or the appropriate solution for the need).

No single factor shall necessarily be determinative in selecting among the potential transmission needs driven by Public Policy Requirements.

TEP, on behalf of itself and UNSE, is not required to identify any particular set of local transmission needs driven by Public Policy Requirements, but if TEP chooses not to identify any stakeholder-suggested local transmission need driven by a Public Policy Requirement as a transmission need for which solutions will be evaluated in the local transmission planning process, TEP will post on OASIS an explanation of why the suggested transmission need will not be evaluated. TEP and UNSE's OASIS posting will include both an explanation of those local transmission needs driven by Public Policy Requirements that have been identified for evaluation for potential solutions in the local transmission planning process, and an explanation why other stakeholder-suggested transmission needs driven by Public Policy Requirements were not identified for further evaluation.

After considering the input of stakeholders, TEP, on behalf of itself and UNSE, is to determine whether to move forward with the identification of a local solution to a particular local need driven by Public Policy Requirements.

2. Procedures for Evaluating Solutions to Identified Transmission Needs.

Stakeholders may use the two communication avenues identified above (direct electronic communication via email and/or participation in TEP's and UNSE's open meetings) to participate in the evaluation of solutions to identified local transmission needs driven by Public Policy Requirements that are selected by TEP, on behalf of itself and UNSE, for further evaluation. Stakeholders may provide comments on proposed solutions or may submit other proposed solutions to such local transmission needs.

After seeking the input of stakeholders, TEP, on behalf of itself and UNSE, is to determine whether to select a particular local solution in its local transmission plan. TEP will post TEP's and UNSE's local transmission plan, which will include any such solutions selected.

The procedures for evaluating potential solutions to the identified local transmission needs driven by Public Policy Requirements are the same as those procedures used to evaluate any other project proposed in the local planning process.

3. Posting of Public Policy Needs.

TEP and UNSE will maintain on OASIS (i) a list of all local transmission needs identified that are driven by Public Policy Requirements and that are included in the studies for the current local planning cycle; and (ii) an explanation of why other suggested transmission needs driven by Public Policy Requirements will not be evaluated.

#### **D. Ten Year Transmission System Plan**

Each year TEP uses the planning process described in Section II.A.3 above to update the TEP and UNSE Ten Year Transmission System Plans (*see TEP Attachment K List of Hyperlinks*  [<http://www.oatioasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf>](http://www.oatioasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)). Each of the TEP and UNSE Ten Year Transmission System Plans identifies all new transmission facilities, 115 kV and above, and all facility replacements and/or upgrades required over the next ten years to reliably and cost effectively meet customers' needs.



### **III. Regional Transmission Planning**

In accordance with the Commission's regulations, this Attachment K to the TEP and UNSE OATT implements the requirements for regional planning in accordance with Order No. 1000 and Order No. 890. TEP and UNSE engage in regional planning and coordination with the WestConnect regional process ("Regional Planning Process").

The purpose of the Regional Planning Process is to produce a regional transmission plan (the "Regional Plan") and provide a process for evaluating projects submitted for cost allocation in accordance with the provisions of this Attachment K and those business practices adopted by WestConnect in the WestConnect Regional Planning Process Business Practice Manual, as may be amended from time to time, available on the WestConnect website (the "Business Practice Manual").

#### **A. Overview**

The WestConnect Planning Region is defined by the transmission owners and transmission provider members (referred to generally as "transmission owners") participating in the Regional Planning Process and for whom WestConnect is conducting regional planning. The service areas of the transmission providers consist of all or portions of nine states: Arizona, California, Colorado, New Mexico, Nebraska, Nevada, South Dakota, Texas and Wyoming. Non-public utilities are invited to participate in the Regional Planning Process.

Following the effective date of TEP and UNSE's September 20, 2013 Order No. 1000 compliance filings ("Effective Date"), the WestConnect Order No. 1000 regional transmission planning management committee ("PMC") will commence the Regional Planning Process. This committee will be responsible for administering the Regional Planning Process. In order to align its regional process with the western interregional coordination process, it is WestConnect's intent to begin its biennial process in even-numbered years. Should FERC's acceptance of WestConnect's compliance filing result in an effective date in an odd-numbered year, WestConnect will conduct an abbreviated planning process in its first year and begin its biennial process the next year. To effectuate such an abbreviated process, the PMC will develop a study scope for the first year, including project submission deadlines, and post it to the WestConnect website within the first thirty (30) days of the year.

In conjunction with creating the new PMC, the WestConnect members, in consultation with interested stakeholders, will establish a separate project agreement (the "Planning Participation Agreement") to permit interested stakeholders to participate in the Regional Planning Process. Although, the Regional Planning Process is open to the public, stakeholders interested in having a voting right in decisions related to the Regional Planning Process will be required to execute the Planning Participation Agreement and any necessary confidentiality agreements (as further described below). The PMC will

implement the stakeholder developed Regional Planning Process, which results in a Regional Plan for the ten-year transmission planning horizon.

TEP has been a party to the WestConnect STP Project Agreement (*see TEP Attachment K List of Hyperlinks* [http://www.oatioasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_List\\_of\\_Hyperlinks.pdf](http://www.oatioasis.com/TEPC/TEPCdocs/TEP_Attachment_K_List_of_Hyperlinks.pdf)). The committees formed under the WestConnect STP Project Agreement and the WestConnect Steering Committee have no authority over the PMC and the PMC's decision-making in implementing the Regional Planning Process.

1. WestConnect Planning Participation Agreement.

Each WestConnect member will be a signatory to the Planning Participation Agreement, which formalizes the members' relationships and establishes obligations, including transmission owner coordination of regional transmission planning among the WestConnect participants and the local transmission planning processes and to produce a Regional Plan.

2. Members.

WestConnect has two general types of members: (i) transmission owners that enroll in WestConnect to comply with the Order No. 1000 planning and cost allocation requirements, as well as transmission owners that elect to participate in the WestConnect Regional Planning Process without enrolling for Order No. 1000 cost allocation purposes; and (ii) stakeholders who wish to have voting input on the methodologies, studies and decisions made in the execution of the Order No. 1000 requirements.

a. Joining the WestConnect Planning Region.

A transmission owner that wishes to enroll or participate in the WestConnect Planning Region may do so by executing the Planning Participation Agreement and paying its share of costs as provided for in the Planning Participation Agreement.

A stakeholder that wishes to have voting input may join the WestConnect Planning Region by executing the Planning Participation Agreement, paying annual dues, and complying with applicable provisions as outlined in such agreement. For further information regarding membership dues, please see WestConnect's Planning Participation Agreement, located on the WestConnect website<sup>4</sup> and on file with FERC.

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<sup>4</sup> The Planning Participation Agreement is located at [http://www.westconnect.com/planning\\_agreement.php](http://www.westconnect.com/planning_agreement.php).

b. Exiting the WestConnect Planning Region.

Should a transmission owner wish to exit the WestConnect Planning Region, it must submit notice in accordance with the Planning Participation Agreement and pay its share of any WestConnect Planning Region expenditures approved prior to providing its formal notice of withdrawal from the WestConnect Planning Region.

Should a stakeholder wish to exit the WestConnect Planning Region, it may do so by providing notice in accordance with the Planning Participation Agreement. Withdrawing stakeholders will forfeit any monies or dues paid to the PMC and agree to remit to the PMC any outstanding monies owed to the committee on or prior to the effective date of such withdrawal.

c. List of Enrolled Entities.

Transmission owners enrolled in the WestConnect Planning Region for purposes of Order No. 1000:

- Arizona Public Service Company
- Black Hills Colorado Electric Utility Company, LP
- Black Hills Power, Inc.
- Cheyenne Light, Fuel, & Power Company
- El Paso Electric Company
- NV Energy, Inc. Operating Companies
- Public Service Company of Colorado
- Public Service Company of New Mexico
- Tucson Electric Power Company
- UNS Electric, Inc.

3. WestConnect Objectives and Procedures for Regional Transmission Planning.

The Regional Planning Process will produce a Regional Plan that complies with existing Order No. 890 principles and carried forward in Order No. 1000:

- Coordination
- Openness
- Transparency
- Information exchange
- Comparability
- Dispute Resolution

TEP and UNSE, along with the other Planning Participation Agreement participant signatories, will work through the regional planning group processes, as applicable, to integrate their transmission plans into a single, ten year Regional Plan for the WestConnect Planning Region by:

- a. Actively coordinating development of the Regional Plan, including incorporating information, as appropriate, from all stakeholders;
- b. Coordinating, developing and updating common base cases to be used for all study efforts within the Regional Planning Process and ensuring that each plan adheres to the methodology and format developed for the Regional Plan;
- c. Providing funding for the Planning Participation Agreement planning management functions pursuant to the Planning Participation Agreement;
- d. Maintaining a regional planning section on the WestConnect website,<sup>5</sup> where all WestConnect planning information, including meeting notices, meeting minutes, reports, presentations, and other pertinent information is posted;
- e. Posting detailed notices of all regional and local planning meeting agendas on the WestConnect website; and
- f. Establishing a cost allocation process for regional transmission projects selected in the Regional Planning Process for cost allocation.

## **B. Roles in the Regional Transmission Planning Process**

### **1. PMC Role.**

The PMC is responsible for bringing transmission planning information together and sharing updates on active projects. The PMC provides an open forum where any stakeholder interested in the planning of the regional transmission system in the WestConnect footprint can participate and obtain information regarding base cases, plans, and projects and provide input or express its needs as they relate to the transmission system. On a biennial basis and in coordination with its members, transmission owners and other interested stakeholders, the PMC will develop the Regional Plan. The PMC, after considering the data and comments supplied by customers and other stakeholders, is to develop a regional

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<sup>5</sup> The WestConnect website is located at <http://www.westconnect.com>.

transmission plan that treats similarly-situated customers (*e.g.*, network, retail network, and native load) comparably in transmission system planning.

The PMC is charged with development and approval of the Regional Plan. The PMC will be comprised of representatives from each stakeholder sector. The PMC will be empowered to create and dissolve subcommittees as necessary to facilitate fulfillment of its responsibilities in developing the Regional Plan.

## 2. Stakeholder Participation and Assistance.

Stakeholders may participate in the Regional Planning Process by any one or more of the following ways: (a) by joining one of five WestConnect regional transmission planning membership sectors described below; (b) by attending publicly-posted WestConnect regional transmission planning stakeholder meetings; and/or (c) by submitting project proposals for consideration and evaluation in the Regional Planning Process.

Attendance at meetings is open to all interested stakeholders. These meetings will include discussion of models, study criteria and assumptions, and progress updates. Formal participation, including voting as allowed by the process, can be achieved through payment of applicable fees and annual dues in accordance with the Planning Participation Agreement. Transmission Owners with Load Serving Obligations shall be the default funding source to support WestConnect transmission planning activities beyond dues paid by other organizations. As such, Transmission Owners with Load Serving Obligations shall not be responsible for annual dues.

WestConnect Planning Region members will assist stakeholders interested in becoming involved in the Regional Planning Process by directing them to appropriate contact persons and websites (*see TEP Attachment K List of Hyperlinks* [http://www.oatioasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_List\\_of\\_Hyperlinks.pdf](http://www.oatioasis.com/TEPC/TEPCdocs/TEP_Attachment_K_List_of_Hyperlinks.pdf)). All stakeholders are encouraged to bring their plans for future generators, loads or transmission services to the WestConnect regional transmission planning meetings. Each transmission planning cycle will contain a period during which project ideas are accepted for potential inclusion in that cycle's Regional Plan.

## 3. Forum for Evaluation.

The WestConnect Regional Planning Process provides a forum for transmission project sponsors to introduce their specific projects to interested stakeholders and potential partners and allows for joint study of these projects by interested parties, coordination with other projects, and project participation, including ownership from other interested parties. This may include evaluation of transmission alternatives or non-transmission alternatives in coordination with the Regional Planning Process.

4. Stakeholder Meetings.

WestConnect will hold open stakeholder meetings on at least a semi-annual basis, or as needed and noticed by the PMC with thirty (30) days advance notice to update stakeholders about its progress in developing the Regional Plan and to solicit input regarding material matters of process related to the Regional Plan. Notice for such meetings will be posted on the WestConnect website and via email to the Regional Planning Process email distribution list.

The meeting agendas for all WestConnect regional transmission planning meetings will be sufficiently detailed, posted on the WestConnect website, and circulated in advance of the meetings in order to allow stakeholders the ability to choose their meeting attendance most efficiently.

5. WestConnect Planning Governance Process.

a. Membership Sectors.

The Regional Planning Process will be governed by the PMC, which will be tasked with executing the Regional Planning Process and have authority to approve the Regional Plan. For those entities desiring to be a part of the management of the Regional Planning Process, one of five PMC membership sectors is available:

- Transmission Owners with Load Serving Obligations
- Transmission Customers
- Independent Transmission Developers and Owners
- State Regulatory Commissions
- Key Interest Groups

Only transmission owners that have load serving obligations individually or through their members may join the Transmission Owners with Load Serving Obligations membership sector. The Transmission Owners with Load Serving Obligations sector will be comprised of (a) those transmission owners that enroll in the WestConnect Planning Region for purposes of Order No. 1000; and (b) those transmission owners that elect to participate in the WestConnect Regional Planning Process as Coordinating Transmission Owners.

Except for Public Utilities that are required to comply with Order No. 1000, any entity may join any membership sector for which it qualifies, but may only participate in one membership sector at a time. If a non-public utility is qualified to join the Transmission Owners with Load

Serving Obligations sector as well as one or more other sectors, and the non-public utility elects to join a sector other than the Transmission Owners with Load Serving Obligations sector, the PMC will not perform the function of regional transmission planning for that entity. Additionally, if a member of the Transmission Owner with Load Serving Obligations sector owns transmission facilities located in another planning region, the PMC will not perform the function of regional planning for such facilities located in another planning region.

b. Planning Management Committee.

The PMC will be empowered to, without limitation, create and dissolve subcommittees as necessary to ensure timely fulfillment of its responsibilities; to assess fees for membership status on the PMC; and to assess fees for projects submitted for evaluation as part of the Regional Planning Process. The PMC is to manage the Regional Planning Process, including approval of the Regional Plan that includes application of regional cost allocation methodologies.

The PMC is to coordinate and have the decision-making authority over whether to accept recommendations from the Planning Subcommittee (“PS”) and Cost Allocation Subcommittee (“CAS”). The PMC, among other things, is to develop and approve the Regional Plan based on recommendations from the PS and CAS; and develop and approve a scope of work, work plan, and periodic reporting for WestConnect planning functions, including holding a minimum of two (2) stakeholder informational meetings per year. The PMC is to appoint the chair of the PS and CAS. The chair for each subcommittee must be a representative of the Transmission Owners with Load Serving Obligations member sector.

The PS responsibilities include, but are not limited to, reviewing and making recommendations to the PMC for development of study plans, establishing base cases, evaluating potential solutions to regional transmission needs, producing and recommending the Regional Plan for PMC approval and coordinating with the CAS. The PS is to provide public notice of committee meetings and provide opportunities for stakeholders to provide comments on the process and proposed plan.

The CAS responsibilities include, but are not limited to, performing and/or overseeing the performance of the cost allocation methodology. The CAS also is to review and make recommendations to the PMC for modifying definitions of benefits and cost allocation methodology as necessary to meet WestConnect planning principles on identification of beneficiaries and cost allocation. The CAS is to review and recommend projects to the

PMC for purposes of cost allocation identified in the Regional Planning Process. The CAS is to provide public notice of committee meetings and provide opportunities for stakeholders to provide comments on the process and proposed cost allocation.

All actions of the PMC (including approval of the Regional Plan) will be made possible by satisfying either of the following requirements:

- 75% of the members voting within at least three sectors approve a motion, where one of the three (3) sectors approving is the Transmission Owners with Load Serving Obligations sector; or
- 75% of the members voting within the four member sectors other than the Transmission Owners with Load Serving Obligations sector approve a motion, and where two-thirds (2/3) of the members voting within the Transmission Owners with Load Serving Obligations sector also approve the same motion

Each entity within a membership sector is entitled to one vote on items presented for decision.

Any closed executive sessions of the PMC will be to address matters outside of the development of the Regional Planning Process, including matters involving contracts, personnel, financial matters, or legal matters such as, but not limited to, litigation (whether active or threatened).

### **C. Submission of Data by Customers, Transmission Developers, and Transmission Owners**

When stakeholder feedback on modeling assumptions is requested, the data submittal period for such feedback will be established by the PMC. In all cases, requests for submittal of data from WestConnect members and stakeholders will be followed by a data submittal window lasting no less than thirty (30) days from the date of such requests. In addition, consistent with the Regional Planning Process, any interested stakeholder may submit project ideas for consideration in the Regional Plan without a need for that stakeholder's project to qualify for a project submittal for purposes of cost allocation. Specific project submittals are treated differently than generalized project ideas. For any project submittal seeking study by the PMC in the Regional Planning Process to address a regional need identified by the PMC (without regard to whether the project seeks cost allocation), a project submittal deposit will be collected and made subject to later true-up based upon the actual cost of the study (ies) performed. Project submittals are to be accepted through the fifth (5<sup>th</sup>) quarter of the planning cycle (or first (1<sup>st</sup>) quarter of the second (2<sup>nd</sup>) year, and are addressed in Section III.C.5 of this Attachment K. A timeline detailing the timing and notice for submission of information and input can be found in Attachment K-2 of this Attachment K.



1. Transmission Customers.

Transmission customers shall generally submit their load forecast and other relevant data through the WestConnect Planning Region member's (e.g., TEP and/or UNSE's) local transmission planning process. However, from time to time, there may be a need for transmission customers participating in the Regional Planning Process to submit data directly to WestConnect. This data may include, but is not limited to, load forecasts, generation resource plans, demand side management resources, proposed transmission upgrade recommendations, and feedback regarding certain assumptions in the planning process.

No less than thirty (30) days' advance notice will be given for customers to submit any required data and data submissions will generally be able to be made via email or by posting information to a designated website.

2. Independent Transmission Developers and Owners.

Transmission developers are entities with project ideas they wish to submit into the Regional Planning Process. These may include project submittals that the developer wishes to be considered to address an identified regional need (whether or not the project is eligible for regional cost allocation).

Each regional transmission planning cycle will include a submission period for projects, as described in Section III.C.5, below. Notice of the submission period will be posted on the WestConnect website and will also be made via email to WestConnect stakeholders. The submission period will last for no less than thirty (30) days and during this time, any entity that wishes to submit a transmission project for consideration in the Regional Planning Process to address an identified regional need may do so.

Projects proposed by Independent Transmission Developers and Owners are subject to the same reliability standards as projects submitted by Transmission Owners with Load Serving Obligations. The project developer shall register with NERC and WECC in accordance with the applicable registration rules in the NERC Rules of Procedure. In addition, project developers shall observe and comply with regional requirements as established by the applicable regional reliability organizations, and all local, state, regional, and federal requirements.

3. Merchant Transmission Developers.

Merchant Transmission Developers are entities pursuing completion of projects that do not wish to have their projects considered for regional cost allocation. Nonetheless, coordination between merchant projects and the Regional Planning Process is necessary to effect a coordinated Regional Plan that considers all system needs.

Each regional transmission planning cycle will include a submission period for project submittals to address an identified regional need, as described in Section III.C.5, below. Notice of the submission period will be posted on the WestConnect website and will also be made via email to WestConnect stakeholders. In addition, it is necessary for Merchant Transmission Developers to provide adequate information and data to allow the PMC to assess the potential reliability and operational impacts of the Merchant Transmission Developer's proposed transmission facilities on other systems in the region. The submission period will last for no less than thirty (30) days and during this time sponsors of merchant transmission projects that are believed to impact the WestConnect Planning Region will be asked to provide certain project information.

Projects proposed by Merchant Transmission Developers are subject to the same reliability standards as projects submitted by Transmission Owners with Load Serving Obligations. The project developer is responsible for properly registering with NERC and WECC in accordance with the applicable registration rules in the NERC Rules of Procedure. In addition, project developers shall observe and comply with regional requirements as established by the applicable regional reliability organization and all local, state, regional, and federal requirements.

4. Transmission Owners with Load Serving Obligations.

Transmission owners that are members of the WestConnect Planning Region are responsible for providing all necessary system information through the Regional Planning Process.

At the beginning of each regional transmission planning cycle, transmission owners that are participating in the WestConnect Regional Planning Process will be responsible for verifying the accuracy of any data (including, but not limited to system topology and project proposal information) they have previously submitted. Transmission owners will also be required to submit all relevant data for any new projects being proposed for inclusion in the Regional Plan to address an identified regional need in accordance with Section III.C.5, below. Transmission owners will also be responsible for submitting any project plans developed through their local transmission planning processes for inclusion in the Regional Plan models.

5. Transmission Project Submittals.

All submittals of transmission projects to address an identified regional need, without regard to whether or not the project seeks regional cost allocation, are to contain the information set forth below, together with the identified deposit for study costs, and be submitted timely within the posted submittal period in order for the project submittal to be eligible for evaluation in the Regional Planning

Process. A single project submittal may not seek multiple study requests. To the extent a project proponent seeks to have its project studied under a variety of alternative project assumptions, the individual alternatives must be submitted as individual project submittals. To be eligible to propose a project for selection in the Regional Plan, a project proponent must also be an active member in good standing within one of the five (5) PMC membership sectors described above in Section III.B.5.a.

- Submitting entity contact information
- Explanation of how the project is a more efficient or cost-effective solution compared to regional transmission needs\*
- A detailed project description including, but not limited to, the following:
  - Scope
  - Points of interconnection to existing (or planned) system
  - Operating Voltage and Alternating Current or Direct Current status
  - Circuit Configuration (Single, Double, Double-Circuit capable, etc.)
  - Impedance Information
  - Approximate circuit mileage
- Description of any special facilities (series capacitors, phase shifting transformers, etc.) required for the project
- Diagram showing geographical location and preferred route; general description of permitting challenges
- Estimated Project Cost and description of basis for that cost\*
- Any independent study work of or relevant to the project
- Any WECC study work of or relevant to the project
- Status within the WECC path rating process
- The project in-service date
- Change files to add the project to a standard system power flow model
- Description of plan for post-construction maintenance and operation of the proposed line
- A \$25,000 deposit to support the cost of relevant study work, subject to true-up (up or down) based upon the actual cost of the study (ies).\* The true-up will include interest on the difference between the deposit and the actual cost, with such interest calculated in accordance with Section 35.19a(a)(2) of FERC's regulations. A description of the costs to which the deposit was applied, how the costs were calculated, and an accounting of the costs will be provided to each project sponsor within thirty (30) calendar days of the completion of the study. Dispute resolution is addressed pursuant to Section V.

- Comparison Risk Score from WECC Environmental Data Task Force, if available
- Impacts to other regions. The applicant must provide transmission system impacts studies showing system reliability impacts to neighboring transmission systems or another transmission planning region. The information should identify all costs associated with any required upgrades to mitigate adverse impacts on other transmission systems.\*

If impact studies and costs are not available at the time of submittal, the project proponent may request that impact studies be performed, at the project proponent's expense, as part of the analysis to determine whether the project is the more efficient or cost-effective solution. Requests for transmission system impact studies are approved through the PMC depending on whether the project proponent provides funding for the analysis. The PMC will provide, subject to appropriate confidentiality and CEII restrictions, the information in the possession of the PMC that an applicant needs to perform the transmission system impact study and to identify the costs associated with any upgrades required to mitigate adverse impacts.

\*Merchant transmission developers are exempt from these requirements.

There is to be an open submission period for project proposals to address identified regional needs. Notice of the submission period will be posted on the WestConnect website and will also be made via email to WestConnect stakeholders. The submission period will last for no less than thirty (30) days and will end by the fifth (5<sup>th</sup>) quarter of the WestConnect planning cycle (or first (1<sup>st</sup>) quarter of the second (2<sup>nd</sup>) year of the planning cycle). Proposals submitted outside that window will not be considered. The PMC will have the authority to determine the completeness of a project submittal. Project submittals deemed incomplete will be granted a reasonable opportunity to cure any deficiencies identified in writing by the PMC.

Any stakeholder wishing to present a project submittal to address an identified regional need shall be required to submit the data listed above to be considered in the Regional Planning Process. Should the submitting stakeholder believe certain information is not necessary, it shall identify such information it believes is not necessary and shall provide a justification for its conclusion that the information is not necessary. The PMC retains the sole authority for determining completeness of the information submittal. After the completion of the project submittal period, the PMC will post a document on the WestConnect website detailing why any projects were rejected as incomplete. Upon posting of the

document, any project submittal rejected as incomplete will be given a reasonable opportunity to cure the reason(s) it was rejected to the satisfaction of the PMC in its sole discretion.

6. Submission of Non-transmission Alternative Projects.

Any stakeholder may submit projects proposing non-transmission alternatives to address an identified regional need for evaluation under the Regional Planning Process, as those projects are described in Section III.D.5 of Attachment K. The submission period will last for no less than thirty (30) days. The submission window will end by the fifth (5<sup>th</sup>) quarter of the WestConnect planning cycle (or first (1<sup>st</sup>) quarter of the second (2<sup>nd</sup>) year of the planning cycle). The following criteria must be satisfied in order for a non-transmission alternative project submittal to be evaluated under the Regional Planning Process:

- Basic description of the project (fuel, size, location, point of contact)
- Operational benefits
- Load offset, if applicable
- Description of the issue sought to be resolved by the generating facility or other non-transmission alternative, including reference to any results of prior technical studies
- Network model of the project flow study
- Short-circuit data
- Protection data
- Other technical data that might be needed for resources
- Project construction and operating costs
- Additional miscellaneous data (e.g., change files if available)

As with entities submitting a transmission project under Section III.C.5, those who submit under Section III.C.6 a non-transmission alternative under the Regional Planning Process must adhere to and provide the same or equivalent information (and deposit for study costs) as transmission alternatives. Should the submitting stakeholder believe certain information is not necessary, it shall identify the information it believes is not necessary and shall provide a justification for its conclusion that the information is not necessary. Although non-transmission alternative projects will be considered in the Regional Planning Process, they are not eligible for regional cost allocation.

7. The WestConnect Regional Planning Cycle.

The WestConnect regional transmission planning cycle is biennial. The PMC will develop and publish a Regional Plan every other year.

## D. Transmission Developer Qualification Criteria

### 1. In General

A transmission developer that seeks to be eligible to use the regional cost allocation methodology for a transmission project selected in the Regional Plan for purposes of cost allocation must identify its technical and financial capabilities to develop, construct, own, and operate a proposed transmission project. To be clear, satisfaction of the criteria set forth below does not confer upon the transmission developer any right to:

- (i) construct, own, and/or operate a transmission project;
- (ii) collect the costs associated with the construction, ownership and/or operation of a transmission project; or
- (iii) provide transmission services on the transmission facilities constructed, owned and/or operated.

The applicable governing governmental authorities are the only entities empowered to confer any such rights to a transmission developer. The PMC is not a governmental authority.

### 2. Information Submittal

A transmission developer seeking eligibility for potential designation as the entity eligible to use the regional cost allocation for a transmission project selected in the Regional Plan for purposes of cost allocation must submit to the PMC the following information during the first quarter of the WestConnect planning cycle, except that during the first WestConnect planning cycle the PMC shall have the discretion to extend the period for the submission of this information:

#### a. Overview

A brief history and overview of the applicant demonstrating that the applicant has the capabilities to finance, own, construct, operate and maintain a regional transmission project consistent with Good Utility Practice within the state(s) within the WestConnect Planning Region. The applicant should identify all transmission projects it has constructed, owned, operated and/or maintained, and the states in which such projects are located.

#### b. Business Practices

A description of the applicant's experience in processes, procedures, and any historical performance related to engineering, constructing, operating and maintaining electric transmission facilities, and managing teams

performing such activities. A discussion of the types of resources, including relevant capability and experience (in-house labor, contractors, other transmission providers, etc.) contemplated for the licensing, design, engineering, material and equipment procurement, siting and routing, Right-of-Way (“ROW”) and land acquisition, construction and project management related to the construction of transmission projects. The applicant should provide information related to any current or previous experience financing, owning, constructing, operating and maintaining and scheduling access to regional transmission facilities.

c. Compliance History

The applicant should provide an explanation of any violation(s) of NERC and/or Regional Entity Reliability Standards and/or other regulatory requirements pertaining to the development, construction, ownership, operation, and/or maintenance of electric transmission facilities by the applicant or any parent, owner, affiliate, or member of the applicant that is an Alternate Qualifying Entity (ies) under Section III.D.2.1. Notwithstanding the foregoing, if at the time the applicant submits the information required by this Section III.D.2, the applicant has not developed, constructed, owned, operated or maintained electric transmission facilities, the applicant shall instead submit such information for any electric distribution or generating facilities it develops, constructs owns, operates and/or maintains, as applicable, to demonstrate its compliance history.

d. Participation in the Regional Planning Process

A discussion of the applicant’s participation within the Regional Planning Process or any other planning forums for the identification, analysis, and communication of transmission projects.

e. Project Execution

A discussion of the capability and experience that would enable the applicant to comply with all on-going scheduling, operating, and maintenance activities associated with project development and execution.

f. Right-of-Way Acquisition Ability

The applicant’s preexisting procedures and historical practices for siting, permitting, landowner relations, and routing transmission projects including, acquiring ROW and land, and managing ROW and land acquisition for transmission facilities. Any process or procedures that address siting or routing transmission facilities through environmentally

sensitive areas and mitigation thereof. If the entity does not have such preexisting procedures, it shall provide a detailed description of its plan for acquiring ROW and land and managing ROW and land acquisition.

g. Financial Health

The applicant must demonstrate creditworthiness and adequate capital resources to finance transmission projects. The applicant shall either have an investment grade credit rating from both S&P and Moody's or provide corporate financial statements for the most recent five years for which they are available. Entities that do not have a credit rating, or entities less than five years old, shall provide corporate financial statements for each year that is available. Alternatively, the applicant may provide a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the PMC.

The following ratios must be provided with any explanations regarding the ratios:

- Funds from operations-to-interest coverage.
- Funds from operation-to-total debt.
- Total debt-to-total capital.
- The applicant must indicate the levels of the above ratios the company will maintain during and following construction of the transmission element.

The PMC may request additional information or clarification as necessary.

h. Safety Program

The applicant must demonstrate that they have an adequate internal safety program, contractor safety program, safety performance record and program execution.

i. Transmission Operations

The applicant must: demonstrate that it has the ability to undertake control center operations capabilities, including reservations, scheduling, and outage coordination; demonstrate that it has the ability to obtain required path ratings; provide evidence of its NERC compliance process and compliance history, as applicable; demonstration of any existing required NERC certifications or the ability to obtain any applicable NERC certifications; establish required Total Transfer Capability; provide evidence of storm/outage response and restoration plans; provide evidence of its record of past reliability performance, as applicable; and provide a statement of which entity will be operating completed transmission



facilities and will be responsible for staffing, equipment, and crew training. A potential transmission developer will not be required to have an operations entity under contract at the time it seeks to be eligible to use the regional cost allocation method for a transmission project selected in the Regional Plan for purposes of cost allocation.

j. Transmission Maintenance

The applicant must demonstrate that they have, or have plans to develop, an adequate transmission maintenance program, including staffing and crew training, transmission facility and equipment maintenance, record of past maintenance performance, NERC compliance process and any past history of NERC compliance or plans to develop a NERC compliance program, statement of which entity will be performing maintenance on completed transmission facilities. A potential transmission developer will not be required to have a maintenance entity under contract at the time it seeks to be eligible to use the regional cost allocation method for a transmission project selected in the Regional Plan for purposes of cost allocation.

k. Regulatory Compliance

The applicant must demonstrate the ability, or plans to develop the ability, to comply with Good Utility Practice, WECC criteria and regional reliability standards, NERC Reliability Standards, construction standards, industry standards, and environmental standards.

l. Affiliation Agreements

A transmission developer can demonstrate that it meets these criteria either on its own or by relying on an entity or entities with whom it has a corporate affiliation or other third-parties with relevant experience (“Alternate Qualifying Entity (ies)”). In lieu of a contractual or affiliate relationship with one or more Alternate Qualifying Entity (ies) and to the extent a transmission developer intends to rely upon third-parties for meeting these criteria, the transmission developer must provide in attestation form an identification of its preferred third-party contractor(s) and indicate when it plans to enter into a definitive agreement with its third-party contractor(s). If the transmission developer seeks to satisfy the criteria in whole or in part by relying on one or more Alternate Qualifying Entity (ies), the transmission developer must submit: (1) materials demonstrating to the PMC’s satisfaction that the Alternate Qualifying Entity (ies) meet(s) the criteria for which the transmission developer is relying upon the alternate qualifying entity (ies) to satisfy; and (2) a commitment to provide in any project cost allocation application an

executed agreement that contractually obligates the Alternate Qualifying Entity (ies) to perform the function(s) for which the transmission developer is relying upon the Alternate Qualifying Entity (ies) to satisfy.

m. WestConnect Membership

A transmission developer must be a member of either the WestConnect Transmission Owners with Load Serving Obligations or Independent Transmission Developers and Owners sector, or must agree to join the WestConnect Transmission Owners with Load Serving Obligations or Independent Transmission Developers and Owners sector and agree to sign the Planning Participation Agreement if the transmission developer seeks to be an entity eligible to use the regional cost allocation method for a transmission project selected in the Regional Plan for purposes of cost allocation.

n. Other

Any other relevant project development experience that the transmission developer believes may demonstrate its expertise in the above areas.

2. Identification of Transmission Developers Satisfying the Criteria

a. Notification to Transmission Developer

No later than September 30 each year, the PMC is to notify each transmission developer whether it has satisfied the stated criteria. A transmission developer failing to satisfy one or more of the qualification criteria is to be informed of the failure(s) and accorded an additional opportunity to cure any deficiency (ies) within thirty (30) calendar days of notice from the PMC by providing any additional information.

The PMC is to inform the transmission developer whether the additional information satisfies the qualification criteria within forty-five (45) calendar days of receipt of the additional information.

The PMC is to identify the transmission developers that have satisfied the qualification criteria (the "Eligible Transmission Developers") by posting on the WestConnect website, on or before December 31 of each year.

b. Annual Recertification Process and Reporting Requirements

By June 30 of each year, each Eligible Transmission Developer must submit to WestConnect a notarized letter signed by an authorized officer of the Eligible Transmission Developer certifying that the Eligible

Transmission Developer continues to meet the current qualification criteria.

The Eligible Transmission Developer shall submit to the PMC an annual certification fee equal to the amount of the WestConnect annual membership fee. If the Eligible Transmission Developer is a member of WestConnect and is current in payment of its annual membership fee, then no certification fee will be required.

If at any time there is a change to the information provided in its application, an Eligible Transmission Developer shall be required to inform the PMC chair within thirty (30) calendar days of such change so that the PMC may determine whether the Eligible Transmission Developer continues to satisfy the qualification criteria. Upon notification of any such change, the PMC shall have the option to: (1) determine that the change does not affect the status of the transmission developer as an Eligible Transmission Developer; (2) suspend the transmission developer's eligibility status until any deficiency in the transmission developer's qualifications is cured; (3) allow the transmission developer to maintain its eligibility status for a limited time period, as specified by the PMC, while the transmission developer cures the deficiency; or (4) terminate the transmission developer's eligibility status.

c. Termination of Eligibility Status

The PMC may terminate an Eligible Transmission Developer's status if the Eligible Transmission Developer: (1) fails to submit its annual certification letter; (2) fails to pay the applicable WestConnect membership fees; (3) experiences a change in its qualifications and the PMC determines that it may no longer qualify as an Eligible Transmission Developer; (4) informs the PMC that it no longer desires to be an Eligible Transmission Developer; (5) fails to notify the PMC of a change to the information provided in its application within thirty (30) days of such change; or (6) fails to execute the Planning Participation Agreement as agreed to in the qualification criteria within a reasonable time defined by the PMC, after seeking to be an entity eligible to use the regional cost allocation method for a transmission project selected in the Regional Plan for purposes of cost allocation.

## **E. Regional Planning Methodology and Protocols; Evaluation and Selection of Solution Alternatives**

### **1. Overview of Regional Planning Methodology and Evaluation Process.**

The Regional Planning Process is intended to identify regional needs and the more efficient or cost-effective solutions to satisfy those needs. Consistent with Order No. 890, qualified projects timely submitted through the Regional Planning Process will be evaluated and selected from competing solutions and resources such that all types of resources, as described below, are considered on a comparable basis. The same criteria and evaluation process will be applied to competing solutions and/or projects, regardless of type or class of stakeholder proposing them. Where a regional transmission need is identified, the PMC is to perform studies that seek to meet that need through regional projects, even in the absence of project proposals advanced by stakeholders or projects identified through the WECC process. When the PMC performs a study to meet an identified regional need in circumstances where no stakeholder has submitted a project proposal to meet that regional need, the PMC is to pursue such studies in a not unduly discriminatory fashion. The study methods employed for PMC-initiated studies will be the same types of study methods employed for stakeholder-initiated studies (see, *e.g.*, Section III.E.2 addressing the use of NERC Transmission Planning (“TPL”) Reliability Standards for regional reliability projects, Section III.E.3 addressing the use of production cost modeling for regional economic projects, and Section III.E.4 addressing the identification of Public Policy Requirements for regional public policy driven projects).

The solution alternatives will be evaluated against one another on the basis of the following criteria to select the preferred solution or combination of solutions: (1) ability to practically fulfill the identified need; (2) ability to meet applicable reliability criteria or NERC Transmission Planning Standards issues; (3) technical, operational and financial feasibility; (4) operational benefits/constraints or issues; (5) cost-effectiveness over the time frame of the study or the life of the facilities, as appropriate (including adjustments, as necessary, for operational benefits/constraints or issues, including dependability); (6) where applicable, consistency with Public Policy Requirements, or regulatory requirements, including cost recovery through regulated rates; and (7) a project must be determined by the PMC to be a more efficient or cost-effective solution to one or more regional transmission needs to be eligible for regional cost allocation, as more particularly described below in Part VII.

The Regional Planning Process provides for an assessment of regional solutions falling in one or more of the following categories:

- Regional reliability solutions.
- Regional economic solutions

- Regional transmission needs driven by Public Policy Requirements.
- Non-transmission alternatives

TEP and UNSE encourage all interested stakeholders to consult the Business Practice Manual for additional details regarding the planning process, timing, and implementation mechanics. A flow chart depicting the Regional Planning Process is attached hereto as Attachment K-1.

All WestConnect Transmission Owners with Load Serving Obligations shall be responsible for submitting their local transmission plans for inclusion in the Regional Plan in accordance with the timeline stated in the Business Practice Manual. Those individual plans will be included in the Regional Plan base case system models.

## 2. WestConnect Reliability Planning Process.

Once the base case is established and verified, the PMC is to perform a regional reliability assessment in which the base case system models will then be checked for adherence to the relevant NERC or WECC Transmission Planning Standards and WECC criteria, through appropriate studies, including, but not limited to, steady-state power flow, voltage, stability, short circuit, and transient studies, as more specifically outlined in the Business Practice Manual. If a reliability violation is identified in this power flow process, the violation will be referred back the appropriate transmission owner.

The PMC will identify projects to resolve any regional violations that impact more than one transmission owner of the relevant NERC or WECC Transmission Planning Standards or WECC criteria. In addition, as part of the Regional Planning Process, an opportunity will be afforded to any interested party to propose regional reliability projects that are more efficient or cost-effective than other proposed solutions. The PMC will then identify the more efficient or cost-effective regional transmission project that meets the identified regional transmission need, taking into account factors such as how long the project will take to complete and the timing of the need. Because local transmission owners are ultimately responsible for compliance with NERC Reliability Standards and for meeting local needs, the local transmission plans will not be modified; however, the PMC may identify more efficient or cost-effective regional transmission projects. As seen in Attachment K-2 of this Attachment K, the PMC will perform the regional reliability assessment and, if necessary, identify a regional need for transmission projects to resolve any violations that impact more than one transmission owner in the fourth quarter of the planning cycle.

3. WestConnect Economic Planning Process.

As part of the Regional Planning Process, the PMC is to analyze whether there are projects that have the potential to reduce the total delivered cost of energy by alleviating congestion or providing other economic benefits to the transmission system located within the WestConnect Planning Region through production cost modeling. This analysis also shall utilize WECC Board-approved recommendations to further investigate congestion within the WestConnect Planning Region for congestion relief or economic benefits that has subsequently been validated by WestConnect. Additional projects may also be proposed by stakeholders or developed through the stakeholder input process for evaluation of economic benefits. Under the Regional Planning Process, the PMC will identify more efficient or cost-effective regional transmission projects, but will not modify local transmission plans.

The WestConnect economic planning process will analyze benefits via detailed production cost simulations. The models employed in the production cost simulations will appropriately consider the impact of transmission projects on production cost and system congestion. The WestConnect economic planning process will also consider the value of decreased reserve sharing requirements in the development of a Regional Plan that is more efficient or cost-effective. As seen in Attachment K-2 of this Attachment K, the PMC will develop the production cost modeling analysis in the second (2<sup>nd</sup>) and third (3<sup>rd</sup>) quarters of the planning cycle and identify economic transmission projects in the sixth (6<sup>th</sup>) quarter and parts of the fifth (5<sup>th</sup>) and seventh (7<sup>th</sup>) quarters of the planning cycle.

4. WestConnect Public Policy Planning Process.

a. Procedures for Identifying Regional Transmission Needs Driven by Public Policy Requirements.

It is anticipated that any regional transmission need that is driven by Public Policy Requirements will be addressed initially within the local planning cycles of the individual transmission owners in the WestConnect Planning Region (through the consideration of local transmission needs driven by a Public Policy Requirement, since a Public Policy Requirement is a requirement that is imposed upon individual transmission owners (as opposed to a requirement that is imposed on a geographic region). For those Public Policy Requirements that affect more than one transmission owner in the WestConnect Planning Region, a solution identified at the local level to satisfy the local needs of the affected transmission owner(s), may also satisfy a regional transmission need identified by the PMC for the WestConnect Planning Region.

WestConnect transmission owner members that are planning consistent with Order No. 890 will continue to conduct local transmission planning processes (Section II.C of this Attachment K), which provide a forum for discussions on local transmission needs driven by Public Policy Requirements. These local processes provide the basis for the individual transmission owners' local transmission plans, which are then incorporated into the regional base case at the start of the Regional Planning Process under Order No. 1000.

The PMC is to provide notice on the WestConnect website of both regional transmission planning meetings convened by the PMC for the WestConnect region, and local transmission planning meetings of the individual transmission owners in the WestConnect region.

The PMC will begin the evaluation of regional transmission needs driven by Public Policy Requirements by identifying any Public Policy Requirements that are driving local transmission needs of the transmission owners in the WestConnect Planning Region, and including them in the transmission system models (the regional base case) underlying the development of the Regional Plan. Then, the PMC will seek the input of stakeholders in the WestConnect region on those Public Policy Requirements in an effort to engage stakeholders in the process of identifying regional transmission needs driven by Public Policy Requirements. The PMC will communicate with stakeholders through public postings on the WestConnect website of meeting announcements and discussion forums. In addition, the PMC is to establish an email distribution list for those stakeholders who indicate a desire to receive information via electronic list serves.

After allowing for stakeholder input on regional transmission needs driven by Public Policy Requirements and regional solutions to those needs, as part of the Regional Planning Process, the PMC is to identify in the Regional Plan those regional transmission needs driven by Public Policy Requirements that were selected by the PMC for evaluation of regional solutions.

In selecting those regional transmission needs driven by Public Policy Requirements that will be evaluated for regional solutions in the current planning cycle, the PMC is to consider, on a non-discriminatory basis, factors, including but not limited to, the following:

- (i) whether the Public Policy Requirement is driving a regional transmission need that can be reasonably identified in the current planning cycle;

- (ii) the feasibility of addressing the regional transmission need driven by the Public Policy Requirement in the current planning cycle;
- (iii) the factual basis supporting the regional transmission need driven by the Public Policy Requirement; and
- (iv) whether a Public Policy Requirement has been identified for which a regional transmission need has not yet materialized, or for which there may exist a regional transmission need but the development of a solution to that need is premature.

No single factor shall necessarily be determinative in selecting among the potential regional transmission needs driven by Public Policy Requirements.

The process by which PMC is to identify those regional transmission needs for which a regional transmission solution(s) will be evaluated, out of what may be a larger set of regional transmission needs, is to utilize the communication channels it has in place with stakeholders, identified above (open meetings and discussion forums convened by the PMC), through which regional transmission needs driven by Public Policy Requirements are to be part of the open dialogue.

b. Procedures for Identifying Solutions to Regional Transmission Needs Driven by Public Policy Requirements.

Stakeholders are to have opportunities to participate in discussions during the Regional Planning Process with respect to the development of solutions to regional transmission needs driven by Public Policy Requirements. Such participation may take the form of attending planning meetings, offering comments for consideration by the PMC on solutions to regional needs driven by Public Policy Requirements, and offering comments on proposals made by other stakeholders or by the PMC. Stakeholders that are members of the WestConnect PMC are performing the function of regional transmission planning and developing regional solutions to identified regional transmission needs driven by Public Policy Requirements through membership on subcommittees of the PMC.

After allowing for stakeholder input on solutions to regional transmission needs driven by Public Policy Requirements, as part of the Regional Planning Process, the PMC is to identify in the Regional Plan those regional transmission solutions driven by Public Policy Requirements that were selected by the PMC and any regional transmission project(s) that more efficiently or cost-effectively meet those needs.



The procedures for identifying and evaluating potential solutions to the identified regional transmission needs driven by Public Policy Requirements are the same as those procedures used to evaluate any other project proposed in the Regional Planning Process, whether or not submitted for purposes of cost allocation.

The PMC will perform a Public Policy Requirements analysis to help identify if a transmission solution is necessary to meet an enacted public policy. For a transmission need driven by Public Policy Requirements, the PMC will identify if a more efficient or cost-effective regional transmission solution exists based upon several different considerations, including consideration of whether the project is necessary and capable of meeting transmission needs driven by Public Policy Requirements, while also:

- i. Efficiently resolving any criteria violations identified by studies pursuant to any relevant NERC Transmission Planning (“TPL”) Reliability Standards for regional reliability projects or WECC Transmission Planning Reliability Standards or WECC criteria, as applicable, that could impact more than one Transmission Owner as a result of a Public Policy Requirement, or
- ii. Producing economic benefits shown through detailed production cost simulations. The models employed in the production cost simulations will appropriately consider the impact of transmission projects on production cost, system congestion and the value of decreased reserve sharing requirements.

The PMC will develop the public policy analysis in the sixth (6<sup>th</sup>) quarter and parts of the fifth (5<sup>th</sup>) and seventh (7<sup>th</sup>) quarters of the planning cycle.

c. Proposed Public Policy

A public policy that is proposed, but not required (because it is not yet enacted or promulgated by the applicable governmental authority) may be considered through Section III.E.3 (WestConnect Economic Planning Process) of this Attachment K, if time and resources permit.

d. Posting of Regional Transmission Needs Driven by Public Policy Requirements.

WestConnect will maintain on its website (i) a list of all regional transmission needs identified that are driven by Public Policy Requirements and that are included in the studies for the current regional transmission planning cycle; and (ii) an explanation of why other suggested regional transmission needs driven by Public Policy Requirements will not be evaluated.

5. Consideration of Non-transmission Alternatives in the Regional Planning Process.

Non-transmission alternatives submitted for evaluation in the Regional Planning Process will be evaluated to determine if they will provide a more efficient or cost-effective solution to an identified regional transmission need. Non-transmission alternatives include, without limitation, technologies that defer or possibly eliminate the need for new and/or upgraded transmission lines, such as distributed generation resources, demand side management (load management, such as energy efficiency and demand response programs), energy storage facilities and smart grid equipment that can help eliminate or mitigate a grid reliability problem, reduce uneconomic grid congestion, and/or help to meet regional grid needs driven by Public Policy Requirements. Non-transmission alternatives are not eligible for regional cost allocation.

6. Approval of the WestConnect Regional Plan.

The Cost Allocation Subcommittee is to submit, for review and comment, the results of its project benefit/cost analysis and beneficiary determination to the PMC Chair and to the identified beneficiaries of the transmission projects proposed for cost allocation. The PMC shall make available to its Members sufficient information to allow for a reasonable opportunity to comment on the proposed selection. The PMC shall not make a determination on the project benefit/cost analysis and beneficiary determination until it has reviewed all comments. Upon approval of the PMC, the project benefit/cost analysis and beneficiary identifications shall be posted by the PMC on the WestConnect website and shall form the basis of the beneficiary voting described in Section III.E.6.a of this Attachment K.

a. Voting by Project Beneficiaries on Proposed Transmission Facilities.

Beneficiaries who are load-serving entities (“LSE”) in the WestConnect Region as enrolled transmission owners (“ETOs”) or coordinating transmission owners (“CTOs”) shall be eligible to cast a vote under this Section III.

- i. The voting share of each LSE shall be weighted in accordance with its share of the total project benefits, as allocated by Section VII.B.
- ii. The costs of a proposed project shall be allocated under this Attachment K Section VII.B only if eighty percent (80%) or more of the actual votes cast on a beneficiary-weighted basis are cast in favor of implementing the project, subject to the provisions below.
- iii. The PMC will report the results to stakeholders. All LSE beneficiaries of a proposed project that voted against implementing a project must submit to the PMC their rationale within thirty (30) days of the date the vote is taken. Such beneficiaries must provide a detailed written explanation of the substantive reasons underlying the decision, including, where appropriate: (1) which additional benefit metrics, either identified in the tariff or otherwise, were used; (2) the actual quantification of such benefit metrics or factors; (3) a quantification and explanation of the net benefit or net cost of the project to the beneficiary; and (4) data supporting the metrics and other factors used. Such explanations may also include other factors such as uncertainties, and/or alternative scenarios and other qualitative factors considered, including state public policy goals. The PMC will post this information on the WestConnect website. The posting will include: (1) a list of the identified beneficiaries; (2) the results of the benefit/cost analysis; and (3) where a project is not approved, whether any project developer has provided any formal indication to the PMC as to the future development of the project.
- iv. If the proposed project meets or exceeds the required vote under Section III.E.6.a.ii above, then each CTO beneficiary, including those voting “no,” will indicate whether it accepts the cost allocation for the project, as follows:
  1. A CTO Member, in its sole discretion, may elect to accept a cost allocation for each separate transmission facility for which it is identified as a beneficiary, but only if it notifies the Chair of the PMC in writing of its decision to accept any such cost allocation within sixty (60) calendar days after the voting results are posted by the PMC under this Section III.E.6.a.iii; provided, however, that the PMC has the discretion to extend the 60-day period when additional time is necessary for an identified beneficiary to complete its internal review and deliberation process before deciding to accept the cost allocation.

2. A CTO Member giving notice that it elects to accept a cost allocation for a transmission facility may rescind that notice at any time prior to the end of the sixty (60) day period, or such extended period established in this Section III.E.6.a.iv.1.
3. A CTO Member that does not accept a cost allocation for a transmission facility will not be subject to cost allocation for that transmission facility.

The information made available under this Section III.E.6 will be electronically masked and made available pursuant to a process that the PMC reasonably determines is necessary to prevent the disclosure of confidential information or CEII contained in the information.

b. Recalculation of Benefits and Costs for Reliability Projects.

The Cost Allocation Subcommittee will adjust, as necessary, its project benefit/cost analysis and beneficiary identification for any transmission project that continues to meet the region's criteria for regional cost allocation. For any CTO beneficiary that does not accept cost allocation for a project under this Section 6, such CTO's transmission need(s) which was included within the identification of the region's transmission needs under Sections 1-4 (for which the regional project would have avoided an alternative reliability project in such CTO's local transmission plan) will be removed as a regional transmission need for purposes of justifying a project's approval as a project eligible for inclusion in the Regional Plan for purposes of cost allocation.

c. Recalculation of Benefits and Costs for Public Policy Requirements Projects.

The Cost Allocation Subcommittee will adjust, as necessary, its project benefit/cost analysis and beneficiary identification for any transmission project that continues to meet the region's criteria for regional cost allocation. For any CTO beneficiary that does not accept cost allocation for a project under this Section 6, such CTO's transmission need(s) which was included within the identification of the region's transmission needs under Sections 1-4 (for which the regional project would have avoided an alternative Public Policy Requirements project in such CTO's local transmission plan) will be removed as a regional transmission need for purposes of justifying a project's approval as a project eligible for inclusion in the Regional Plan for purposes of cost allocation. This shall include any

such CTO's resource needs necessary to comply with Public Policy Requirements.

d. Recalculation of Benefits and Costs for Economic Projects.

The Cost Allocation Subcommittee will adjust, as necessary, its project benefit/cost analysis and beneficiary identification for any transmission project that continues to meet the region's criteria for regional cost allocation. For any CTO beneficiary that does not accept cost allocation for a project under this Section 6, such CTO's transmission benefits which were included within the identification of the regional project's economic benefits under Sections 1-4 will be removed as a regional transmission benefit for purposes of justifying a project's approval as a project eligible for inclusion in the Regional Plan for purposes of cost allocation. This shall include the value of any economic benefits determined through the regional transmission plan to accrue to such CTO.

e. Resultant Increase in Beneficiary Cost Allocation.

Any regional transmission project that continues to meet the region's benefit/cost and other criteria for regional cost allocation will remain eligible for selection in the Regional Plan for purposes of cost allocation if, after the share of project costs declined by CTOs under Section III is allocated to the remaining beneficiaries, each remaining beneficiary experiences a cost increase equal to or less than 10% of its prior cost allocation.

f. Approval of the WestConnect Regional Transmission Plan.

Upon completion of the process outlined above, the PMC will vote to approve the Regional Plan. The Regional Plan will document why projects were either included or not included in the Regional Plan. In addition, the Regional Plan is to describe the manner in which the applicable regional cost allocation methodology was applied to each project selected in the Regional Plan for purposes of regional cost allocation. Projects that meet system needs are incorporated into the Regional Plan. Participant funded projects and other types of projects may be included in the Regional Plan; however, those projects are not eligible for regional cost allocation.

7. Reevaluation of the WestConnect Regional Transmission Plan.

The PMC is the governing body responsible for deciding whether to reevaluate the Regional Plan to determine if the conditions, facts and/or circumstances relied upon in initially selecting a transmission project for inclusion in the Regional Plan

for purposes of cost allocation have changed and, as a result, require reevaluation. Reevaluation will begin within the second planning cycle following the Effective Date. The Regional Plan and any project selected for cost allocation in the Regional Plan, including any local or single-system transmission projects or planned transmission system upgrades to existing facilities selected for purposes of cost allocation, shall be subject to reevaluation in each subsequent planning cycle according to the criteria below. Upon reevaluation, the Regional Plan and any projects selected for purposes of cost allocation in connection therewith may be subject to modification, including the status as a project selected for cost allocation, with any costs reallocated under Section VII as if it were a new project. Only the PMC has the authority to modify the status of a transmission project selected for cost allocation. Conditions that trigger reevaluation are:

- The underlying project characteristics and/or regional or interregional needs change in the Regional Plan. Examples include, but are not limited to: (a) a project's failure to secure a developer, or a developer's failure to maintain the qualifications necessary to utilize regional cost allocation, or (b) a change (increase or decrease) in the identified beneficiaries of a project (which changes may occur through company acquisitions, dissolutions or otherwise), (c) a change in the status of a large load that contributes to the need for a project, or (d) projects affected by a change in law or regulation;
- Projects that are delayed and fail to meet their submitted in-service date by more than two (2) years. This includes projects delayed by funding, regulatory approval, contractual administration, legal proceedings (including arbitration), construction delays, or other delays;
- Projects with significant project changes, including, but not limited to kilovolt ("kV"), megavolt ampere ("MVA"), or path rating, number of circuits, number of transmission elements, or interconnection locations; and
- Projects with a change in the calculation of benefits or benefit/cost ("B/C") ratio that may affect whether the project selected for inclusion in the Regional Plan for purposes of cost allocation is a more efficient or cost-effective regional solution.
  - Example 1: Where an increase in the selected project's costs, including but not limited to, material, labor, environmental mitigation, land acquisition, operations and maintenance, and mitigation for identified transmission system and region, causes the total project costs to increase above the level upon which the project was initially selected for inclusion in the Regional Plan for purposes of cost allocation, the inclusion of the regional project in the Regional Plan will be reevaluated to determine if the

regional project continues to satisfy the region's B/C ratio and can be found to be a more efficient or cost-effective solution under current cost information.

- Example 2: A selected project's benefits may include identification of a reliability benefit in the form of remedying a violation of a Reliability Standard. If the identified beneficiary implements improvements, such as a Remedial Action Scheme, to achieve reliability in compliance with the Reliability Standard at issue, inclusion of the regional project in the regional plan will be reevaluated to determine if the regional project continues to satisfy the region's B/C ratio and can be found to be a more efficient or cost-effective solution under current benefit information.
- Example 3: Where a project's estimated benefits include benefits in the form of avoided costs (e.g., a regional project's ability to avoid a local project), and the project is not avoided, the inclusion of the regional project in the Regional Plan will be reevaluated to determine if the regional project continues to satisfy the region's B/C ratio and can be found to be a more efficient or cost-effective solution under current facts and circumstances.

Projects selected for purposes of cost allocation will continue to be reevaluated until all the following conditions have been met.

- State and federal approval processes completed and approved (including cost recovery approval under Section 205 of the Federal Power Act as applicable);
- All local, state and federal siting permits have been approved; and
- Major construction contracts have been issued.

When the Regional Plan is reevaluated as a result of any of the conditions triggering reevaluation addressed above, the PMC is to determine if an evaluation of alternative transmission solutions is needed in order to meet an identified regional need. In doing so, the PMC is to use the same processes and procedures it used in the identification of the original transmission solution to the regional need. If an alternative transmission solution is needed, the incumbent transmission owner may propose one or more solutions that it would implement within its retail distribution service territory or footprint, and if such proposed solution is a transmission facility, the transmission owner may submit the project for possible selection in the Regional Plan for purposes of cost allocation.

Projects not subject to reevaluation include, but are not limited to, the following:

- Local or single system transmission projects that have been identified in individual transmission owner's NERC Transmission Planning Standards compliance assessments to mitigate reliability issues and that have not been proposed for (and selected by the PMC for regional cost allocation); and
- Planned transmission system upgrades to existing facilities that have not been proposed for (and selected by the PMC for) regional cost allocation.

Projects meeting any of the following criteria as of the Effective Date will also not be subject to reevaluation under the Regional Planning Process:

- Projects of transmission owners who have signed the Planning Participation Agreement and that have received approval through local or state regulatory authorities or board approval
- Local or single system transmission projects that have been planned and submitted for inclusion in the Regional Plan or exist in the 10-year corporate capital project budgets; or
- Projects that are undergoing review through the WECC Project Coordination and Rating Review Process as of the Effective Date.

The unenrollment of a non-public utility under Section VII.B.11.b removes a project's eligibility for Order No. 1000 cost allocation with respect to those projects both (a) selected for inclusion in the Regional Plan for purposes of Order No. 1000 cost allocation *for the first time* in the planning cycle as to which the non-public utility unenrolls and (b) for which the unenrolling non-public utility receives an Order No. 1000 cost allocation in that Regional Plan. The unenrollment of a non-public utility under Section VII.B.11.b has no effect on the eligibility for Order No. 1000 cost allocation of any project that does not meet criteria (a) and (b) in this paragraph. The unenrollment of a non-public utility under Section VII.B.11.b has no effect on the eligibility for Order No. 1000 cost allocation of any project that was initially selected for inclusion in the Regional Plan for purposes of cost allocation in a prior planning cycle.



#### 8. Confidential or Proprietary Information.

Although the Regional Planning Process is open to all stakeholders, stakeholders will be required to comply at all times with certain applicable confidentiality measures necessary to protect confidential information, proprietary information or CEII. From time to time the regional transmission planning studies and/or open stakeholder meetings may include access to base case data that are WECC proprietary data, information classified as CEII, or other similar confidential or proprietary information. In such cases, access to such confidential or proprietary information shall be limited to only those stakeholders that (i) hold membership in and/or execute a non-disclosure agreement (“NDA”) with WECC (*see TEP Attachment K List of Hyperlinks <[http://www.oatioasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_List\\_of\\_Hyperlinks.pdf](http://www.oatioasis.com/TEPC/TEPCdocs/TEP_Attachment_K_List_of_Hyperlinks.pdf)>*); (ii) execute a non-disclosure agreement with the applicable WestConnect Planning Region members; and/or (iii) are parties to the Planning Participation Agreement, as may be applicable.

Any entity wishing to access confidential information, subject to applicable standards of conduct requirements, discussed in the Regional Planning Process must execute an NDA, and submit it to [NDA@westconnect.com](mailto:NDA@westconnect.com). A link to the NDA has been provided (*see TEPs Attachment K Hyperlinks List posted on the TEP OASIS [http://www.oatioasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_List\\_of\\_Hyperlinks.pdf](http://www.oatioasis.com/TEPC/TEPCdocs/TEP_Attachment_K_List_of_Hyperlinks.pdf)*).

### **IV. Recovery of Planning Costs**

Unless TEP or UNSE allocates planning-related costs to an individual stakeholder as permitted under the Tariff, all costs incurred by the TEP or UNSE related to its annual Ten Year Transmission Planning process, or its participation in the sub-regional or Regional Planning Process (including the interregional activities set forth in Section VIII, below), shall be included in TEP’s or UNSE’s transmission rate base, as applicable.

### **V. Dispute Resolution**

In the event of a dispute concerning either a procedural or substantive matter within the jurisdiction of FERC, the following dispute resolution processes will apply:

- A. WECC. If the dispute is one that is within the scope of the WECC dispute resolution procedures, then such procedures will apply.
- B. Non-WECC Disputes. For disputes not within the scope of the WECC dispute resolution procedures and for disputes not between or among the members of the Planning Management Committee (which disputes shall be subject to separate dispute resolution provisions set forth below), the dispute resolution procedures set forth in Section 12 of each TEP and UNSE’s OATT, as applicable, will apply, with the added

provision that upon agreement of the parties, any dispute that is not resolved by direct negotiation between or among the affected parties within a reasonable period of time, may be referred to mediation (before or during arbitration), and all applicable timelines will be suspended until such time as the mediation process terminates (unless otherwise agreed by the parties). Notwithstanding that the dispute resolution procedures under Section 12 of TEP and UNSE's OATT apply only to TEP and UNSE and their respective Transmission Customers, Section 12 of TEP's and UNSE's OATT will be deemed to be applicable to stakeholders for purposes of this Attachment K, except as otherwise provided herein.

- C. Resolution by FERC. Notwithstanding anything to the contrary in this Part V, any affected party may refer the matter to FERC for resolution, for example, by filing with FERC a complaint, a request for declaratory order or a change in rate.

For disputes between members of the PMC, the following dispute resolution procedures are to apply:

A. The disputing PMC member(s) initiates its dispute by providing written notification to the PMC (or a designated sub-committee of the PMC) in accordance with the provisions of the Planning Participation Agreement, in which event the PMC will seek to resolve the dispute through discussion, negotiation and the development of a recommended course of action. The PMC may act to adopt a resolution recommended by its own committee members or sub-committees, or alternatively the disputing parties may act to refer the dispute to arbitration for resolution.

B. A dispute may be referred to arbitration under the governing provisions of the Planning Participation Agreement.

C. The availability of the dispute resolution avenues identified above does not eliminate a disputing PMC member's(s') right under the Federal Power Act to refer either a procedural or substantive matter within the jurisdiction of FERC to FERC for resolution, for example by filing with FERC a complaint, a request for declaratory order or a change in rate.

## **VI. Coordination at the Western Interconnection Level**

TEP will coordinate the TEP and UNSE plan on a west-wide regional basis through WestConnect. WestConnect will coordinate its Regional Plan with TEPPC.

## A. Procedures for Regional Planning Project Review

1. WECC Coordination of Reliability Planning.
  - a. WECC develops the Western Interconnection-wide base cases for transmission planning analysis such as power flow, stability and dynamic voltage stability studies. The WECC-approved base cases are used for study purposes by transmission planners, subregional transmission planning groups, and other entities that have signed non-disclosure agreements with WECC.
  - b. WECC also maintains a data base for reporting the status of all planned projects throughout the Western Interconnection.
  - c. WECC provides for coordination of planned projects through its Procedures for Regional Planning project review.
  - d. WECC's path rating process ensures that a new project will have no adverse effect on the existing system.
2. WECC-TEPPC Open Stakeholder Meetings. Western Interconnection-wide economic planning studies are conducted by the WECC-TEPPC in an open stakeholder process that holds region-wide stakeholder meetings on a regular basis. The WECC-TEPPC Transmission Planning Protocol, including the TEPPC procedures for prioritizing and completing regional economic studies, is posted on the WECC website (*see TEP Attachment K List of Hyperlinks <[http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf](http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)>*). TEP, on behalf of itself and UNSE, participates in the region-wide planning through the WestConnect Planning Region, as appropriate, to ensure data and assumptions are coordinated.
3. Role of WECC-TEPPC. WECC-TEPPC provides two main functions in relation to the TEP planning process:
  - a. Development and maintenance of the west-wide economic planning study database.
    - i. TEPPC uses publicly available data to compile a database that can be used by a number of economic congestion study tools.
    - ii. TEPPC's database is publicly available for use in running economic congestion studies. For an interested transmission customer or stakeholder to utilize WECC's Pro-Mod planning model, it must comply with WECC confidentiality requirements.

- b. Performance of economic planning studies. TEPPC has biennial study cycle, described in the WECC-TEPPC Transmission Planning Protocol (see *TEP Attachment K List of Hyperlinks* <[http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf](http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)>), during which it will update databases, develop and approve a study plan that includes studying transmission customer high priority economic study requests as determined by the open TEPPC stakeholder process, perform the approved studies and document the results in a report.
  - c. Identification of Congested Paths for WestConnect Economic Review. Through TEPPC's economic study process, congested paths may be reviewed and identified as being candidates for economic transmission studies. Upon WECC Board approval of a designation for such a path, the Regional Planning Process will review the path for potential economic transmission solutions.
4. TEPPC Planning Protocol. For more detail see the TEPPC Transmission Planning Protocol (see *TEP Attachment K List of Hyperlinks* <[http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf](http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)>).

## VII. Cost Allocation and New Projects

### A. Local Transmission Projects

Local Transmission Projects are projects located within a transmission owner's retail distribution service territory or footprint unless such projects are submitted and selected in the Regional Plan for purposes of cost allocation<sup>6</sup>. A transmission owner is not precluded from proposing Local Transmission Projects for inclusion in the Regional Plan for purposes of cost allocation in the Regional Planning Process. A Local Transmission Project that is not submitted or not selected for inclusion in the Regional Plan is not eligible for cost allocation in the Regional Plan, and not subject to the provisions governing regional cost allocation set forth below.

For any transmission project where TEP and/or UNSE, as applicable (hereinafter, "Transmission Provider"), is the sole owner or such project is to be built within or

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<sup>6</sup> The reference to a transmission owner's "footprint" refers to the electrical footprint of the transmission owner (*i.e.*, the location of that transmission owner's electrical assets) and not necessarily the physical/spatial footprint. Where a transmission owner within the WestConnect Planning Region is a transmission-only company with no retail distribution service territory, the term "footprint" refers to the location of the transmission facilities of such transmission-only company.

for the benefit of the existing Transmission Provider system, such as local, small and/or reliability transmission projects, Transmission Provider will proceed with the project pursuant to its rights and obligations as a transmission provider for the local area. Any projects necessary to ensure the reliability or that provide economic benefits to the Transmission Provider's system and which fall outside the requirements for inclusion in the Regional Plan for purposes of cost allocation are eligible to be considered Local Transmission Projects.

Transmission Provider may share ownership and associated costs of any new transmission project, based upon mutual agreement between the parties. Such a joint ownership arrangement may arise because of existing joint ownership of facilities in the area of the new facilities, overlapping service territories, or other relevant considerations.

Transmission Provider will utilize a case-by-case approach to allocate costs for new Local Transmission Projects. This approach will be based on the following principles:

1. Open Season Solicitation of Interest.

For any Local Transmission Project identified in a Transmission Provider's reliability or economic planning study in which Transmission Provider is the project sponsor, Transmission Provider may elect to provide an "open season" solicitation of interest to secure additional project participants. Upon a determination by Transmission Provider to hold an open season solicitation of interest for a Local Transmission Project, Transmission Provider will:

- a. Announce and solicit interest in the project through informational meetings, its website and/or other means of dissemination as appropriate.
- b. Hold meetings with interested parties and meetings with public utility staffs from potentially affected states.
- c. Post information *via* the TEP OASIS website.
- d. Develop the initial transmission project specifications, the initial cost estimates and potential transmission line routes; guide negotiations and assist interested parties to determine cost responsibility for initial studies; guide the project through the applicable line siting processes; develop final project specifications and costs; obtain commitments from participants for final project cost shares; and secure execution of construction and operating agreements.

2. Transmission Provider Coordination within a Solicitation of Interest Process.

Transmission Provider, whether as a project sponsor or a participant, will coordinate as necessary with any other participant or sponsor, as the case may be.

3. Transmission Provider Projects without a Solicitation of Interest.

Transmission Provider may elect to proceed with small and/or reliability Local Transmission Projects without an open season solicitation of interest, in which case Transmission Provider will proceed with the project pursuant to its rights and obligations as a transmission provider.

4. Proportional Allocation of Costs Following an Open Season Solicitation.

For any Local Transmission Project entered into pursuant to an open season solicitation process, project costs and associated transmission rights will generally be allocated proportionally to project participants' respective ownership shares, subject to a negotiated participation agreement. In the event the open season process results in a single participant, the full cost and transmission rights will be allocated to that participant. Nothing in this section precludes project participants from utilizing another cost allocation methodology, provided all project participants agree to the alternative.

5. Process Used to Solicit Interest in a Proposed Local Transmission Project.

a. Solicitation of Interest. Project sponsor announces project and actively or verbally solicits interest in the project through informational meetings, information posted on the project sponsor's website, and industry press releases.

b. Meetings with Interested Parties. Project sponsor holds meetings with interested parties and meetings with public utility staffs from potentially affected states.

c. Posting Information on Proposed Projects. Project sponsor posts information *via* WECC's Planning Project Review reports.

d. Role of Project Sponsor.

i. To develop the initial project specifications, the initial cost estimates and potential transmission line routes.

ii. To guide negotiations in assisting interested parties to determine cost responsibility for initial studies.

iii. To guide the project through the applicable line siting processes.

- iv. To develop final project specifications and costs.
- v. To obtain commitments from participants for final project cost shares and secure execution of construction and operating agreements.

## **B. Regional Transmission Projects**

For any project determined by the PMC to be eligible for regional cost allocation, project costs will be allocated proportionally to those entities determined by the PMC, as shown in the Regional Plan, to be beneficiaries in the WestConnect Planning Region, as identified in this Attachment K subject to the processes set forth in Sections III through VII.

The PMC, with input from the CAS, is to determine whether a project is eligible for regional cost allocation, and assesses the project's costs against its benefits in accordance with the following factors:

- Benefits and beneficiaries will be identified before cost allocation methods are applied.
- Cost assignments shall be commensurate with estimated benefits.
- Those that receive no benefits must not be involuntarily assigned costs.
- A benefit-to-cost threshold of not more than 1.25 shall be used, as applicable, so that projects with significant benefits are not excluded.
- Costs must be allocated solely within the WestConnect Planning Region, unless other regions or entities voluntarily assume the costs.
- Costs for upgrades on neighboring transmission systems or other planning regions that are (i) required to be mitigated by the WECC Path Rating process, FERC tariff requirements, or NERC Reliability Standards, or (ii) negotiated among interconnected parties will be included in the total project costs and used in the calculation of B/C ratios.
- Cost allocation method and data shall be transparent and with adequate documentation.
- Consideration should be given to the free rider issue as appropriate. The methodology shall be fair and equitable.
- Existing OATT customers shall not be made to unduly subsidize the cost of benefits to CTO beneficiaries that do not accept a regional cost allocation under Section III.E.6. The PMC may select for purposes of cost allocation a regional transmission project where CTO beneficiary elections in Section III.E.6 do not result in significant cost shifts onto existing OATT customers of Public Utility beneficiaries.
- Different cost allocation methods may be used for different types of projects.

Specifically, the PMC will consider the following projects eligible for cost allocation consideration as further described below based on specified criteria:

- Reliability projects;
- Economic or congestion relief projects; or
- Public policy projects.

Only projects that fall within one or more of these three categories and satisfy the cost-to-benefit analyses and other requirements, as specified herein, are eligible for cost allocation in the WestConnect Planning Region. TEP and UNSE encourage all interested stakeholders to consult the Business Practice Manual for additional details regarding the eligibility for regional cost allocation. Summary provisions are provided below.<sup>7</sup>

1. Allocation of Costs for Reliability Projects.

In order to allocate costs to transmission owners for system reliability improvements that are necessary for their systems to meet the NERC Transmission Planning Standards, the WestConnect cost allocation procedure will allocate costs for system reliability improvements only when a system improvement is required to comply with the NERC Transmission Planning Standards during the planning horizon.

All components of a transmission owner's local transmission plan will be included in the Regional Plan and will be considered Local Transmission Projects that are not eligible for regional cost allocation. A system performance analysis will be performed on the collective plans to ensure the combined plans adhere to all relevant NERC Transmission Planning Standards, and stakeholders will be afforded an opportunity to propose projects that are more efficient or cost-effective than components of multiple transmission owner local plans as outlined in Section III.E.2 above.

Should a reliability issue be identified in the review of the included local transmission plan, the project necessary to address that reliability issue will be included in the Regional Plan and the cost will be shared by the utilities whose load contributed to the need for the project.

Should multiple utilities have separate reliability issues that are addressed more efficiently or cost-effectively by a single regional project, that regional project will be approved for selection in the Regional Plan and the cost will be shared by those transmission owners in proportion to the cost of alternatives that could be

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<sup>7</sup> References to "transmission owners" in the cost allocation provisions are to transmission owners for whom the WestConnect Planning Management Committee is performing the function of regional transmission planning. At present, those transmission owners are TOLSO members.



pursued by the individual transmission owners to resolve the reliability issue. The ultimate responsibility for maintaining system reliability and compliance with NERC Transmission Planning Standards rests with each transmission owner.

The costs for regional reliability projects will be allocated according to the following equation:

$$(1 \text{ divided by } 2) \text{ times } 3 \text{ equals } 4$$

Where:

- 1 is the cost of local reliability upgrades necessary to avoid construction of the regional reliability project in the relevant transmission owner's retail distribution service territory or footprint
- 2 is the total cost of local reliability upgrades in the combination of all transmission owners' retail distribution service territories or footprints necessary to avoid construction of the regional reliability project
- 3 is the total cost of the regional reliability project
- 4 is the total cost allocated to the relevant transmission owner's retail distribution service territory or footprint

The manner in which the PMC applied this methodology to allocate costs of each regional reliability project shall be described in the Regional Plan.

## 2. Allocation of Costs for Economic Projects.

Cost allocation for economic projects associated with congestion relief that provide for more economic operation of the system will be based on the calculation of economic benefits that each transmission owner system will receive. Cost allocation for economic projects shall include scenario analyses to ensure that benefits will actually be received by beneficiaries with relative certainty. Projects for which benefits and beneficiaries are highly uncertain and vary beyond reasonable parameters based on assumptions about future conditions will not be selected for cost allocation.

In order for a project to be considered economically-justified and receive cost allocation associated with economic projects, the project must have a B/C ratio that is greater than 1.0 under each reasonable scenario evaluated and have an average ratio of at least 1.25 under all reasonable scenarios evaluated. Costs will be allocated on the basis of the average of all scenarios evaluated. The B/C ratio

shall be calculated by the PMC. This B/C ratio shall be determined by calculating the aggregate load-weighted benefit-to-cost ratio for each transmission system in the WestConnect Planning Region. The benefits methodology laid out below ensures that the entities that benefit the most from the completion of an economic project are allocated costs commensurate with those project benefits.

The cost of any project that has an aggregate 1.25 B/C ratio or greater will be divided among the transmission owners that show a benefit based on the amount of benefits calculated to each respective transmission owner. For example, if a \$100 million dollar project is shown to have \$150 million in economic benefit, the entities for which the economic benefit is incurred will be determined. The cost of the project will then be allocated to those entities, based on the extent of each entity's economic benefits relative to the total project benefits. This will ensure that each entity that is allocated cost has a B/C ratio equal to the total project B/C ratio. For example:

- Project with \$150 million in economic benefit and \$100 million in cost
  - Company 1 has \$90 million in benefits; Company 2 has \$60 million in benefits
  - Company 1 allocation:  $90/150 (100) = \$60$  million
  - Company 1 B/C ratio:  $90/60 = 1.5$
  - Company 2 allocation:  $60/150 (100) = \$40$  million
  - Company 2 B/C ratio:  $60/40 = 1.5$

Other than through the reevaluation process described in Section III.E.7 of this Attachment K, the benefits and costs used in the evaluation shall only be calculated during the planning period and shall be compared on a net present value basis.

The WestConnect economic planning process shall consider production cost savings and reduction in reserve sharing requirements as economic benefits capable of contributing to the determination that a project is economically justified for cost allocation. Production cost savings are to be determined by the PMC performing a product cost simulation to model the impact of the transmission project on production costs and congestion. Production cost savings will be calculated as the reduction in production costs between a production cost simulation with the project included compared to a simulation without the project. Reductions in reserve sharing requirements are to be determined by the PMC identifying a transmission project's impact on the reserve requirements of individual transmission systems, and not on the basis of the project's collective impact on a reserve sharing group, as a whole. The production cost models are to appropriately consider the hurdle rates between transmission systems. The following production cost principles may be applied:

- The production cost savings from a project must be present in each year from the project in-service date and extending out at least ten (10) years.

- Cost savings must be expressed in present-value dollars and should consider the impact of various fuel cost forecasts.
- The production cost study must account for contracts and agreements related to the use of the transmission system (this refers to paths in systems that might be contractually limited but not reliability limited).
- The production cost study must account for contracts and agreements related to the access and use of generation (this refers to generators that might only use spot purchases for fuel rather than firm purchases, or generation that has been designated as network resources for some entities and thus cannot be accessed at will by non-owners).

Access by stakeholders to the PMC's application of its regional cost allocation method for a specific economic transmission project is available in several ways: First, stakeholders that are members of the PMC will have firsthand knowledge of the way in which the regional method was applied to a particular project because the PMC is responsible for performing the application of the regional cost allocation method. Second, stakeholders that choose not to become members of the PMC may access such information through the WestConnect regional stakeholder process. See Section III.B of this Attachment K. Third, the manner in which the PMC applied this methodology to allocate the costs of each economic project shall be described in the Regional Plan.

In determining which entities will be allocated costs for economic projects, WestConnect will compare the economic value of benefits received by an entity with the cost of the project to ensure that each entity allocated cost receives a benefit/cost ratio equal to the aggregate load-weighted benefit-to-cost ratio. These costs allocated to each company will be calculated based on the following equation:

$$(1 \text{ divided by } 2) \text{ times } 3 \text{ equals } 4$$

Where:

- 1 is the total projected present value of economic benefits for the relevant transmission owner's retail distribution service territory or footprint
- 2 is the total projected present value of economic benefits for the entire project
- 3 is the total cost for the economic project
- 4 is the total cost allocated to the relevant transmission owner's retail distribution service territory or footprint

Any transmission owner with benefits less than or equal to one percent of total project benefits will be excluded from cost allocation. Where a project satisfies the B/C ratio, and is determined to provide benefits less than or equal to one percent of total project benefits to an identified transmission owner, such benefits will be re-allocated to all other identified beneficiaries on a pro rata basis, in relation to each entity's share of total project benefits.

3. Allocation of Costs for Public Policy Projects.

Any transmission system additions that arise from Public Policy Requirements shall be included in the system models used for the WestConnect transmission system studies. Further, any additional system needs that arise from proposed public policy needs shall be reported by each entity for its own service territory. Decisions on the inclusion of those needs shall be made during the consideration and approval of the system models. Regional transmission needs driven by Public Policy Requirements will be included in the evaluation of reliability and economic projects.

Except for projects proposed through a transmission owner's local planning process, arising out of a local need for transmission infrastructure to satisfy Public Policy Requirements that are not submitted as projects proposed for cost allocation (which are addressed in Section II of this Attachment K), any projects arising out of a regional need for transmission infrastructure to satisfy the Public Policy Requirements shall be considered public policy projects eligible for evaluation in the Regional Planning Process.

Stakeholders may participate in identifying regional transmission needs driven by Public Policy Requirements. After seeking the input of stakeholders pursuant to the stakeholder participation provisions of Section III, the PMC is to determine whether to move forward with the identification of a regional solution to a particular regional need driven by Public Policy Requirements. Stakeholders may participate in identifying a regional solution to a regional need driven by Public Policy Requirements pursuant to the stakeholder participation provisions of Section III, or through membership on the PMC itself. After seeking the input of stakeholders, the PMC is to determine whether to select a particular regional solution in the regional transmission plan for purposes of cost allocation. The identification of beneficiaries of these projects shall be the entities that will access the resources enabled by the project in order to meet their Public Policy Requirements.

If an entity accesses resources that were enabled by a prior public policy project, that entity will need to either share in its relative share of the costs of that public policy project or acquire sufficient transmission service rights to move the resources to its load with the determination left up to the entity or entities that were originally allocated the cost for the public policy project.

The costs for public policy projects will be allocated according to the following equation:

$$(1 \text{ divided by } 2) \text{ times } 3 \text{ equals } 4$$

Where:

- 1 is the number of megawatts of public policy resources enabled by the public policy project for the entity in question
- 2 is the total number of megawatts of public policy resources enabled by the public policy project
- 3 is the total project cost
- 4 is the cost for the public policy project allocated to the entity in question

The process to interconnect individual generation resources is provided for under the generator interconnection section of each utility's OATT and not under this process.

Requests for transmission service that originate in a member's system and terminate at the border shall be handled through that member's OATT. Regional transmission needs necessary to meet Public Policy Requirements will be addressed through the Public Policy Requirements section of the Regional Planning Process.

The manner in which WestConnect applied this methodology to each public policy project shall be described in the Regional Transmission Plan.

4. Combination of Benefits.

In developing a more efficient or cost-effective plan, it is possible for the plan to jointly consider multiple types of benefits when approving projects for inclusion in the Regional Plan. The determination to consider multiple types of benefits for a particular project shall be made through the WestConnect stakeholder process, in which interested stakeholders are given an opportunity to provide input as set forth in Section III of this Attachment K. In determining whether a project would provide multiple benefits, the PMC is to categorize the benefits as (a) necessary to meet NERC Transmission Planning Reliability Standards (reliability); (b) achieving production cost savings or a reduction in reserve sharing requirements (economic); or (c) necessary to meet transmission needs driven by Public Policy Requirements, as applicable, using the methods set forth in this Attachment K.

The PMC will identify all three categories of benefits in its regional cost allocation process. If a project cannot pass the cost allocation threshold for any one of the three benefit categories, alone (reliability, economic or public policy), the sum of benefits from each benefit category may be considered.

- With respect to a reliability-driven regional transmission project, the quantified benefits of the project to each identified beneficiary must be greater, by a margin of 1.25 to 1, than the result of the equation identified in Section B.1 above (where the result is shown as item 4 in the formula).
- With respect to an economic-driven regional transmission project, the quantified benefits of the project to each identified beneficiary must be greater than the project's cost to each beneficiary under each reasonable scenario evaluated, and must yield an average ratio of at least 1.25 to 1 under all reasonable scenarios evaluated, as described in Section B.2 above.
- With respect to a public policy requirements-driven regional transmission project, the quantified benefits of the project to each identified beneficiary must be greater, by a margin of 1.25 to 1, than the result of the equation identified in Section B.3 above (where the result is shown as item 4 in the formula).

If a single regional transmission project is determined to provide benefits in more than one category, but does not meet the cost threshold for any single category, the PMC may consider the sum of benefits from each benefit category to determine if the regional transmission project provides, in total, benefits per beneficiary that meet or exceed the region's 1.25 to 1 benefit to cost ratio. To illustrate, consider the following example where a regional project developed to provide public policy requirement benefits might also provide for economic benefits to the same beneficiaries:

A regional project submittal has undergone analysis for its quantifiable benefits and costs and is determined to cost \$100 million and produce benefits to identified beneficiaries in two categories: economic benefits of \$101 million (on average, under all economic scenarios quantified), and public policy requirement benefits of \$70 million. The project is found to fail the cost threshold for each category, individually, but when the total benefits are combined and the project's total regional benefits per beneficiary are weighed against the project's total costs per beneficiary, the project can be found to surpass the region's 1.25 to 1 benefit to cost ratio per beneficiary:

- The benefits to Beneficiary A of pursuing the regional solution (60% of the regional project's total \$171 million in benefits) =

\$102.6 million. When \$102.6 million in project benefits is compared against \$60 million in project costs (60% of project costs), it yields a B/C ratio of 1.71 to 1 for Beneficiary A.

- The benefits to Beneficiary B of pursuing the regional solution (40% of the regional project's total \$171 million in benefits) = \$68.4 million. When \$68.4 million in project benefits is compared against \$40 million in project costs (40% of project costs), it yields a B/C ratio of 1.71 to 1 for Beneficiary B.

Even though the regional project does not pass the cost allocation threshold in any individual benefit category, the PMC may consider the sum of the project's benefits in all categories.

For those regional projects that satisfy the region's cost allocation threshold, the PMC then will continue its evaluation process by considering whether the regional project meets the region's identified reliability, economic and Public Policy Requirements-driven needs more efficiently or cost-effectively than solutions identified by individual transmission providers in their local transmission planning processes.

The costs for projects that rely upon multiple types of benefits to secure inclusion in the Regional Plan for purposes of cost allocation will be shared according to the amount of cost that is justified by each type of benefits.

5. Allocation of Ownership and Capacity Rights.

An Eligible Transmission Developer that is subject to the Commission's jurisdiction under section 205 of the Federal Power Act may not recover project costs from identified beneficiaries in the WestConnect Planning Region without securing approval for project cost recovery from FERC through a separate proceeding brought by the Eligible Transmission Developer under Section 205 of the Federal Power Act. In no event will identified beneficiaries in the WestConnect Planning Region from whom project costs are sought to be recovered under Section 205 be denied either transmission transfer capability or ownership rights proportionate to their allocated costs, as determined by FERC in such proceeding. An Eligible Transmission Developer that is not subject to the Commission's jurisdiction under section 205 of the Federal Power Act may seek cost recovery from identified beneficiaries in the WestConnect Planning Region either: (a) through bilateral agreements that are voluntarily entered into between such Eligible Transmission Developer and the applicable identified beneficiaries; or (b) by obtaining approval from FERC for project cost recovery pursuant to any other applicable section of the Federal Power Act.

If a project beneficiary receives transmission transfer capability on the project in exchange for transmission service payments, such project beneficiary may resell the transfer capability. Alternatively, a project beneficiary could seek to make a direct capital contribution to the project construction cost (in lieu of making transmission service payments) in which case, the project beneficiary would instead receive an ownership percentage in proportion to their capital contribution (“Ownership Proposal”). This Ownership Proposal does not create a right of first refusal for transmission beneficiaries.

An ownership alternative will only be pursued if the Eligible Transmission Developer agrees. The Eligible Transmission Developer and the beneficiaries will enter into contract negotiations to address the many details regarding the capital funding mechanics and timing, as well as other details, such as defining (as between the Eligible Transmission Developer, whether a nonincumbent or incumbent transmission developer, and those receiving ownership interests) responsibility for operations and maintenance, administrative tasks, compliance with governing laws and regulations, etc. These negotiations will take place at arm’s length, without any one party having undue leverage over the other.

A transmission project beneficiary should not be expected to pay for its benefits from the project twice: once through a capital contribution, and again through transmission service payments. The Ownership Proposal permits an ownership share in a project that is in the same proportion to a beneficiary’s allocable costs, which costs will have been allocated roughly commensurate with the benefits to be gained from the project. This will allow the beneficiary to earn a return on its investment. In addition, it allows those beneficiaries that may not necessarily benefit from additional transfer capability on a new transmission project, whether due to lack of contiguity to the new facilities or otherwise, to realize the benefits through an ownership option.

Any transmission project participant that is identified as a beneficiary of the project might be permitted by the Eligible Transmission Developer to contribute capital (in lieu of transmission service payments) and receive a proportionate share of ownership rights in the transmission project. The Ownership Proposal affords an identified beneficiary who contributes toward the project costs the opportunity to obtain an ownership interest in lieu of an allocated share of the project costs through transmission service payments for transfer capability on the project; it does not, however, confer a right to invest capital in a project. The Ownership Proposal merely identifies that, to the extent it is agreed among the parties that capital may be contributed toward a transmission project’s construction, a proportionate share of ownership rights will follow.

Nothing in this Attachment K with respect to Order No. 1000 cost allocation imposes any new service on beneficiaries. Similarly, nothing in this Attachment



K with respect to Order No. 1000 cost allocation imposes on an Eligible Transmission Developer an obligation to become a provider of transmission services to identified beneficiaries simply as a result of a project's having been selected in the Regional Plan for purposes of cost allocation; provided, however, if that Eligible Transmission Developer seeks authorization to provide transmission services to beneficiaries or others, and to charge rates or otherwise recover costs from beneficiaries or others associated with any transmission services it were to propose, it must do so by contract and/or under separate proceedings under the Federal Power Act. The purpose of this Section VII.B.5 is to (a) provide an option to a project developer to negotiate ownership rights in the project with identified beneficiaries, if both the developer and the identified beneficiaries mutually desire to do so; (b) specify that, although Order No. 1000 cost allocation does not impose any new service on beneficiaries, identified beneficiaries have the opportunity to discuss with the project developer the potential for entering into transmission service agreements for transmission capacity rights in the project; and (c) ensure that Order No. 1000 cost allocation does not mean that a project developer may recover project costs from identified beneficiaries without providing transmission transfer capability or ownership rights, and without securing approval for project cost recovery by contract and/or under a separate proceeding under the Federal Power Act.

If an Eligible Transmission Developer is not subject to FERC's jurisdiction under section 205 of the Federal Power Act, the Eligible Transmission Developer would have to seek to recover project costs from identified beneficiaries in the WestConnect Planning Region either: (a) through bilateral agreements that are voluntarily entered into between such Eligible Transmission Developer and the applicable identified beneficiaries; or (b) by obtaining approval from FERC for project cost recovery pursuant to any other applicable section of the Federal Power Act.

6. Project Development Schedule.

The PMC will not be responsible for managing the development of any project selected for inclusion in the Regional Plan. However, after having selected a project in the Regional Plan, the PMC will monitor the status of project's development. If a transmission facility is selected for inclusion in the Regional Plan for purposes of cost allocation, the transmission developer of that transmission facility must submit a development schedule that indicates the required steps, such as the granting of state approvals, necessary to develop and construct the transmission facility such that it meets the regional transmission needs of the WestConnect Planning Region. As part of the ongoing monitoring of the status of the transmission project once it is selected, the transmission owners and providers in the WestConnect Planning Region will establish a date by which the steps required to construct must be achieved that are tied to when construction must be to timely meet the need that the project is selected to address. If such

required steps have not been achieved by that date, then the transmission owners and providers in the WestConnect Planning Region may remove the transmission project from the selected category and proceed with reevaluating the Regional Plan to seek an alternative solution.

7. Economic Benefits or Congestion Relief.

For a transmission project wholly within the Transmission Provider's local transmission system that is undertaken for economic reasons or congestion relief at the request of a Requester, the project costs will be allocated to the Requester.

8. Transmission Provider Rate Recovery.

Notwithstanding the foregoing provisions, Transmission Provider will not assume cost responsibility for any transmission project if the cost of the project is not reasonably expected to be recoverable in its retail and/or wholesale transmission rates.

9. Selection of a Transmission Developer for Sponsored and Un-sponsored Projects.

For any project (sponsored or unsponsored) determined by the PMC to be eligible for regional cost allocation and selected in the Regional Plan for purposes of cost allocation, the PMC shall select a transmission project developer according to the processes set forth in this section, provided that selection according to those processes does not violate applicable law where the transmission facility is to be built that otherwise prescribes the entity that shall develop and build the project. Any entity that, pursuant to applicable law for the location where the facilities are to be built, shall or chooses to develop and build the project must submit a project development schedule as required by Section VII.B.6 of this Attachment K, within the timeframe directed by the Business Practice Manual, not to exceed the time period for request for proposal responses.

For any project determined by the PMC to be eligible for regional cost allocation and selected in the Regional Plan for purposes of cost allocation, either sponsored by a transmission developer or unsponsored, that is not subject to the foregoing paragraph, the PMC shall upon posting the selected projects, issue a request for information to all Eligible Transmission Developers under Section III.D.2 of this Attachment K soliciting their interest in developing the project(s). Each transmission developer shall respond to the request for information indicating its interest in developing the project. The PMC shall post on the WestConnect website the list of all transmission developers who responded with an expression of interest in developing the project(s). The PMC shall provide to each developer indicating interest in developing a project a request for proposals for the identified project(s) with a specified date of return for all proposals.

Each transmission developer, or partnership or joint ventures of transmission developers, shall submit information demonstrating its ability to finance, own and construct the project consistent with the guidelines for doing so set forth in the WestConnect Business Practices Manual. The PMC shall assess the submissions according to the following process and criteria:

The evaluation of the request for proposals will be at the direction of the PMC, and will involve representatives of the beneficiaries of the proposed project(s). The evaluation will include, but not be limited to, an assessment of the following evidence and criteria.

- General qualifications of the bidding entity;
- Evidence of financing/financial creditworthiness, including
  - financing plan (sources debt and equity), including construction financing and long-term financing
  - ability to finance restoration/forced outages
  - credit ratings
  - financial statements;
- Safety program and experience;
- Project description, including
  - detailed proposed project description and route
  - design parameters
  - design life of equipment and facilities
  - description of alternative project variations;
- Development of project, including
  - experience with and current capabilities and plan for obtaining state and local licenses, permits, and approvals
  - experience with and current capabilities and plan for obtaining any federal licenses and permits
  - experience with and expertise and plan for obtaining rights of way
  - development schedule
  - development budget;
- Construction, including
  - experience with and current capabilities and plan for project construction
  - third party contractors
  - procurement plan
  - project management (cost and schedule control)
  - construction schedule
  - construction budget (including all construction and period costs);
- Operations, including
  - experience with and current capabilities and plan for project operation
  - experience with and current capabilities and plan for NERC compliance

- security program and plan
- storm/outage response plan
- reliability of facilities already in operation;
- Maintenance capabilities and plans for project maintenance (including staffing, equipment, crew training, and facilities);
- Project cost to beneficiaries, including
  - total project cost (development, construction, financing, and other non-O&M costs)
  - operation and maintenance costs, including evaluation of electrical losses
  - revenue requirement, including proposed cost of equity, FERC incentives, proposed cost of debt and total revenue requirement calculation
  - present value cost of project to beneficiaries.

The PMC shall notify the developers of its determination as to which developer(s) it selected to develop the project(s) responsive to the request for proposal. The selected developer(s) must submit a project development schedule as required by Section VII.B.6 of this Attachment K.

If the PMC determines that a sponsored or unsponsored project fails to secure a developer through the process outlined in this section, the PMC shall remove the project from the Regional Plan.

10. No Obligation to Construct.

The Regional Planning Process is intended to determine and recommend the more efficient or cost-effective transmission solutions for the WestConnect Planning Region. After the Regional Plan is approved, due to the uncertainty in the Regional Planning Process and the need to address cost recovery issues, the Regional Planning Process shall not obligate any entity to construct, nor obligate any entity to commit to construct any facilities, including any transmission facilities, regardless of whether such facilities are included in any plan. Nothing in this Attachment K, the Business Practice Manual or the Planning Participation Agreement, or any cost allocation under this Attachment K, the Business Practice Manual or the Planning Participation Agreement, as applicable, shall (1) determine any transmission service to be received by, or any transmission usage by, any entity; (2) obligate any entity to purchase or pay for, or obligate any entity to commit to purchase or pay for, any transmission service or usage; or (3) entitle any entity to recover for any transmission service or usage or to recover from any entity any cost of any transmission facilities, regardless of whether such transmission facilities are included in any plan. Without limiting the generality of the foregoing, nothing in this Attachment K, the Business Practice Manual or the Planning Participation Agreement with respect to regional cost allocation shall

preclude any WestConnect Planning Region member from satisfying its statutory requirements.

11. Binding Order No. 1000 Cost Allocation Methods

- a. Order No. 1000 cost allocation methods as set forth in Section VII of this Attachment K are binding on identified beneficiaries in the WestConnect Planning Region, without prejudice to the following rights and obligations: (1) the right of a non-public utility that is enrolled in the Transmission Owners with Load Serving Obligations sector to unenroll with respect to a planning cycle in accordance with subsection B of this Section, and the right of a CTO, at its sole discretion, to decide whether to accept a regional cost allocation in accordance with Section III.E.6; (2) the right and obligation of the PMC to reevaluate a transmission facility previously selected for inclusion in the regional plan for purposes of Order No. 1000 cost allocation under Section III.E.7 of this Attachment K; (3) the right and obligation of a Eligible Transmission Developer to make a filing under Section 205 or other applicable provision of the Federal Power Act in order to seek approval from the Commission to recover the costs of any transmission facility selected for inclusion in the regional plan for purposes of Order No. 1000 cost allocation; (4) the right and obligation of any interested person to intervene and be heard before the Commission in any Section 205 or other applicable provision of proceeding initiated by an Eligible Transmission Developer, including the right of any identified beneficiaries of the transmission facility to support or protest the filing and to present evidence on whether the proposed cost recovery is or is not just and reasonable; and (5) the right and obligation of the Commission to act under Section 205 or other applicable provisions of the Federal Power Act to approve or deny any cost recovery sought by an Eligible Transmission Developer for a transmission facility selected in the regional plan for purposes of Order No. 1000 cost allocation.<sup>8</sup>
- b. An enrolled non-public utility member of the Transmission Owners with Load Serving Obligations sector may elect to unenroll with respect to a planning cycle, but only if it notifies the PMC chair in writing of its unenrollment decision within sixty (60) calendar days after the date the Regional Plan for that planning cycle is approved by the PMC under

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<sup>8</sup> An Eligible Transmission Developer may not be subject to the Commission's Section 205 jurisdiction. See Section VII.5. If an Eligible Transmission Developer is not subject to the Commission's jurisdiction under section 205 of the Federal Power Act, the Eligible Transmission Developer would have to seek to recover project costs from identified beneficiaries in the WestConnect Planning Region either: (a) through bilateral agreements that are voluntarily entered into between such Eligible Transmission Developer and the applicable identified beneficiaries; or (b) by obtaining approval from the Commission for project cost recovery pursuant to any other applicable section of the Federal Power Act.

Section III.E.6. By providing this notice, the unenrolling non-public utility member of the Transmission Owners with Load Serving Obligations sector (the “unenrolling non-public utility”) will not be subject to Order No. 1000 cost allocation for any of the projects for which it receives an Order No. 1000 cost allocation in the Regional Plan for the first time during that planning cycle. Once a non-public utility unenrolls, it may not re-enroll during the same planning cycle as to which it unenrolled, or in the subsequent planning cycle, without the unanimous consent of the PMC.

The unenrolling non-public utility shall automatically become a Coordinating Transmission Owner member of the Transmission Owners with Load Serving Obligations sector and shall remain a Coordinating Transmission Owner for the planning cycle following the one as to which it unenrolled. The unenrolling non-public utility may thereafter transfer to any other sector for which it qualifies. If the non-public utility does transfer to any other sector, the PMC will no longer perform the function of regional transmission planning for the non-public utility.

An unenrolling non-public utility will continue to be subject to Order No. 1000 cost allocation for its share of the previously-identified costs for projects approved by the PMC in prior planning cycles, subject to the provisions for reevaluation of the Regional Plan in Section III.E.7. For such Order No. 1000 cost allocation to continue, the unenrolling non-public utility must have been identified as a beneficiary for cost allocation purposes in a prior planning cycle and must have been and remained enrolled as a Transmission Owner with Load Serving Obligations with respect to that planning cycle.

- c. The right extended in Section VII.B.11.b above (for a transmission owner to elect to unenroll with respect to a planning cycle) is a right available only to non-public utilities. In contrast, the right to exit the WestConnect Planning Region is a right of all transmission owners. Exiting the region is addressed in Section III.A.2.b and is to be governed by the Planning Participation Agreement.

## 12. Impacts of a Regional Project on Neighboring Planning Regions

The PMC is to study the impact(s) of a regional transmission project on neighboring planning regions, including the resulting need, if any, for mitigation measures in such neighboring planning regions. If the PMC finds that a regional transmission project in the WestConnect Planning Region causes impacts on a neighboring planning region that requires mitigation (a) by the WECC Path

Rating Process; (b) under FERC OATT requirements; (c) under NERC Reliability Standards requirements; and/or (d) under any negotiated arrangement between the interconnected entities, the PMC is to include the costs of any such mitigation measures into the regional transmission project's total project costs for purposes of determining the project's eligibility for regional cost allocation under the procedures identified in Section VII.B of this Attachment K, including application of the region's benefits-to-costs analysis.

The WestConnect Planning Region will not be responsible for compensating a neighboring planning region, transmission provider, transmission owner, Balancing Area Authority, or any other entity, for the costs of any required mitigation measures, or other consequences, on their systems associated with a regional transmission project in the WestConnect Planning Region, whether identified by the PMC or the neighboring system(s). The PMC does not direct the construction of transmission facilities, does not operate transmission facilities or provide transmission services, and does not charge or collect revenues for the performance of any transmission or other services. Therefore, in agreeing to study the impacts of a regional transmission facility on neighboring planning regions, the PMC is not agreeing to bear the costs of any mitigation measures it identifies. However, the PMC will request of any developer of a regional transmission project selected in the Regional Plan for purposes of cost allocation that the developer design and build its project to mitigate the project's identified impacts on neighboring planning regions. If the project is identified as impacting a neighboring planning region that accords less favorable mitigation treatment to the WestConnect Planning Region than the WestConnect Planning Region accords to it, the PMC will request that the project developer reciprocate by using the lesser of (i) the neighboring region's mitigation treatment applicable to the mitigation of impacts of its own regional projects on the WestConnect Planning Region; or (ii) the PMC's mitigation treatment set forth above in sub-sections (a) through (d).

13. Exclusions.

The cost for transmission projects undertaken in connection with requests for generation interconnection or transmission service on the Transmission Provider's transmission systems, which are governed by the cost allocation methods within Transmission Provider's Tariff, will continue to be so governed and will not be subject to the principles of this Part VII.

## **VIII. Interregional Coordination, Evaluation and Cost Allocation**

This Section VIII of Attachment K sets forth common provisions, which are to be adopted by or for each Planning Region and which facilitate the implementation of Order 1000 interregional provisions. WestConnect is to conduct the activities and processes set forth in this Section VIII of Attachment K in accordance with the provisions of this Section VIII of Attachment K and the other provisions of this Attachment K.

Nothing in this Section VIII will preclude any transmission owner or transmission provider from taking any action it deems necessary or appropriate with respect to any transmission facilities it needs to comply with any local, state, or federal requirements.

Any Interregional Cost Allocation regarding any ITP is solely for the purpose of developing information to be used in the regional planning process of each Relevant Planning Region, including the regional cost allocation process and methodologies of each such Relevant Planning Region.

References in this Section VIII to any transmission planning processes, including cost allocations, are references to transmission planning processes pursuant to Order 1000.

### **A. Definitions**

The following capitalized terms where used in this Section VIII of Attachment K, are defined as follows:

**Annual Interregional Coordination Meeting:** shall have the meaning set forth in Section VIII.C below.

**Annual Interregional Information:** shall have the meaning set forth in Section VIII.B below.

**Interregional Cost Allocation:** means the assignment of ITP costs between or among Planning Regions as described in Section VIII.E.2 below.

**Interregional Transmission Project (“ITP”):** means a proposed new transmission project that would directly interconnect electrically to existing or planned transmission facilities in two or more Planning Regions and that is submitted into the regional transmission planning processes of all such Planning Regions in accordance with Section VIII.D.1.

**Order 1000 Common Interregional Coordination and Cost Allocation Tariff Language:** means this Section VIII, which relates to Order 1000 interregional provisions.



**Planning Region:** means each of the following Order 1000 transmission planning regions insofar as they are within the Western Interconnection: California Independent System Operator Corporation, ColumbiaGrid, Northern Tier Transmission Group, and WestConnect.

**Relevant Planning Regions:** means, with respect to an ITP, the Planning Regions that would directly interconnect electrically with such ITP, unless and until such time as a Relevant Planning Region determines that such ITP will not meet any of its regional transmission needs in accordance with Section VIII.D.2, at which time it shall no longer be considered a Relevant Planning Region.

## **B. Annual Interregional Information Exchange**

Annually, prior to the Annual Interregional Coordination Meeting, WestConnect is to make available by posting on its website or otherwise provide to each of the other Planning Regions the following information, to the extent such information is available in its regional transmission planning process, relating to regional transmission needs in WestConnect's transmission planning region and potential solutions thereto:

1. study plan or underlying information that would typically be included in a study plan, such as:
  - a. identification of base cases;
  - b. planning study assumptions; and
  - c. study methodologies;
2. initial study reports (or system assessments); and
3. regional transmission plan

(collectively referred to as "Annual Interregional Information").

WestConnect is to post its Annual Interregional Information on its website according to its regional transmission planning process. Each other Planning Region may use in its regional transmission planning process WestConnect's Annual Interregional Information. WestConnect may use in its regional transmission planning process Annual Interregional Information provided by other Planning Regions.

WestConnect is not required to make available or otherwise provide to any other Planning Region (i) any information not developed by WestConnect in the ordinary course of its regional transmission planning process, (ii) any Annual Interregional Information to be provided by any other Planning Region with respect to such other Planning Region, or (iii) any information if WestConnect reasonably determines that making such information available or otherwise providing such information would

constitute a violation of the Commission's Standards of Conduct or any other legal requirement. Annual Interregional Information made available or otherwise provided by WestConnect shall be subject to applicable confidentiality and CEII restrictions and other applicable laws, under WestConnect's regional transmission planning process. Any Annual Interregional Information made available or otherwise provided by WestConnect shall be "AS IS" and any reliance by the receiving Planning Region on such Annual Interregional Information is at its own risk, without warranty and without any liability of WestConnect or any of the members of WestConnect, including any liability for (a) any errors or omissions in such Annual Interregional Information, or (b) any delay or failure to provide such Annual Interregional Information.

### **C. Annual Interregional Coordination Meeting**

WestConnect is to participate in an Annual Interregional Coordination Meeting with the other Planning Regions. WestConnect is to host the Annual Interregional Coordination Meeting in turn with the other Planning Regions, and is to seek to convene such meeting in February, but not later than March 31<sup>st</sup>. The Annual Interregional Coordination Meeting is to be open to stakeholders. WestConnect is to provide notice of the meeting to its stakeholders in accordance with its regional transmission planning process.

At the Annual Interregional Coordination Meeting, topics discussed may include the following:

1. each Planning Region's most recent Annual Interregional Information (to the extent it is not confidential or protected by CEII or other legal restrictions);
2. identification and preliminary discussion of interregional solutions, including conceptual solutions, that may meet regional transmission needs in each of two or more Planning Regions more cost effectively or efficiently; and
3. updates of the status of ITPs being evaluated or previously included in WestConnect's regional transmission plan.

### **D. ITP Joint Evaluation Process**

1. Submission Requirements.

A proponent of an ITP may seek to have its ITP jointly evaluated by the Relevant Planning Regions pursuant to Section VIII.D.2 by submitting the ITP into the regional transmission planning process of each Relevant Planning Region in accordance with such Relevant Planning Region's regional transmission planning process and no later than March 31<sup>st</sup> of any even-numbered calendar year. Such proponent of an ITP seeking to connect to a transmission facility owned by multiple transmission owners in more than one Planning Region must submit the ITP to each such Planning Region in accordance with such Planning Region's

regional transmission planning process. In addition to satisfying each Relevant Planning Region's information requirements, the proponent of an ITP must include with its submittal to each Relevant Planning Region a list of all Planning Regions to which the ITP is being submitted.

2. Joint Evaluation of an ITP

For each ITP that meets the requirements of Section VIII.D.1, WestConnect (if it is a Relevant Planning Region) is to participate in a joint evaluation by the Relevant Planning Regions that is to commence in the calendar year of the ITP's submittal in accordance with Section VIII.D.1 or the immediately following calendar year. With respect to any such ITP, WestConnect (if it is a Relevant Planning Region) is to confer with the other Relevant Planning Region(s) regarding the following:

- (i) ITP data and projected ITP costs; and
- (ii) the study assumptions and methodologies it is to use in evaluating the ITP pursuant to its regional transmission planning process.

For each ITP that meets the requirements of Section VIII.D.1, WestConnect (if it is a Relevant Planning Region):

- (a) is to seek to resolve any differences it has with the other Relevant Planning Regions relating to the ITP or to information specific to other Relevant Planning Regions insofar as such differences may affect WestConnect's evaluation of the ITP;
- (b) is to provide stakeholders an opportunity to participate in WestConnect's activities under this Section VIII.D.2 in accordance with its regional transmission planning process;
- (c) is to notify the other Relevant Planning Regions if WestConnect determines that the ITP will not meet any of its regional transmission needs; thereafter WestConnect has no obligation under this Section VIII.D.2 to participate in the joint evaluation of the ITP; and
- (d) is to determine under its regional transmission planning process if such ITP is a more cost effective or efficient solution to one or more of WestConnect's regional transmission needs.

## **E. Interregional Cost Allocation Process**

### **1. Submission Requirements**

For any ITP that has been properly submitted in each Relevant Planning Region's regional transmission planning process in accordance with Section VIII.D.1, a proponent of such ITP may also request Interregional Cost Allocation by requesting such cost allocation from WestConnect and each other Relevant Planning Region in accordance with its regional transmission planning process. The proponent of an ITP must include with its submittal to each Relevant Planning Region a list of all Planning Regions in which Interregional Cost Allocation is being requested.

### **2. Interregional Cost Allocation Process**

For each ITP that meets the requirements of Section VIII.E.1, WestConnect (if it is a Relevant Planning Region) is to confer with or notify, as appropriate, any other Relevant Planning Region(s) regarding the following:

- (i) assumptions and inputs to be used by each Relevant Planning Region for purposes of determining benefits in accordance with its regional cost allocation methodology, as applied to ITPs;
- (ii) WestConnect's regional benefits stated in dollars resulting from the ITP, if any; and
- (iii) assignment of projected costs of the ITP (subject to potential reassignment of projected costs pursuant to Section VIII.F.2 below) to each Relevant Planning Region using the methodology described in this Section VIII.E.2.

For each ITP that meets the requirements of Section VIII.E.1, WestConnect (if it is a Relevant Planning Region):

- (a) is to seek to resolve with the other Relevant Planning Regions any differences relating to ITP data or to information specific to other Relevant Planning Regions insofar as such differences may affect WestConnect's analysis;
- (b) is to provide stakeholders an opportunity to participate in WestConnect's activities under this Section VIII.E.2 in accordance with its regional transmission planning process;

- (c) is to determine its regional benefits, stated in dollars, resulting from an ITP; in making such determination of its regional benefits in WestConnect, WestConnect is to use its regional cost allocation methodology, as applied to ITPs;
- (d) is to calculate its assigned *pro rata* share of the projected costs of the ITP, stated in a specific dollar amount, equal to its share of the total benefits identified by the Relevant Planning Regions multiplied by the projected costs of the ITP;
- (e) is to share with the other Relevant Planning Regions information regarding what its regional cost allocation would be if it were to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation; WestConnect may use such information to identify its total share of the projected costs of the ITP to be assigned to WestConnect in order to determine whether the ITP is a more cost effective or efficient solution to a transmission need in WestConnect;
- (f) is to determine whether to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation, based on its regional transmission planning process; and
- (g) is to endeavor to perform its Interregional Cost Allocation activities pursuant to this Section VIII.E.2 in the same general time frame as its joint evaluation activities pursuant to Section VIII.D.2.

## **F. Application of Regional Cost Allocation Methodology to Selected ITP**

### **1. Selection by All Relevant Planning Regions.**

If WestConnect (if it is a Relevant Planning Region) and all of the other Relevant Planning Regions select an ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, WestConnect is to apply its regional cost allocation methodology to the projected costs of the ITP assigned to it under Sections VIII.E.2(d) or VIII.E.2(e) above in accordance with its regional cost allocation methodology, as applied to ITPs.

### **2. Selection by at Least Two but Fewer than All Relevant Regions.**

If WestConnect (if it is a Relevant Planning Region) and at least one, but fewer than all, of the other Relevant Planning Regions select the ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, WestConnect is to evaluate (or reevaluate, as the case may be) pursuant to Sections VIII.E.2(d), VIII.E.2(e), and VIII.E.2(f) above whether, without the participation of the non-selecting Relevant Planning Region(s), the ITP is selected

(or remains selected, as the case may be) in its regional transmission plan for purposes for Interregional Cost Allocation. Such reevaluation(s) are to be repeated as many times as necessary until the number of selecting Relevant Planning Regions does not change with such reevaluation.

If following such evaluation (or reevaluation), the number of selecting Relevant Planning Regions does not change and the ITP remains selected for purposes of Interregional Cost Allocation in the respective regional transmission plans of WestConnect and at least one other Relevant Planning Region, WestConnect is to apply its regional cost allocation methodology to the projected costs of the ITP assigned to it under Sections VIII.E.2(d) or VIII.E.2(e) above in accordance with its regional cost allocation methodology, as applied to ITPs.

UNS Electric, Inc. (“UNSE”) submits  
Revisions to UNSE Open Access Transmission Tariff  
in accordance with  
FERC Order No. 1000  
Marked Tariff

eTariff Information:

FERC Tariff Program Code: (FPA) Traditional Cost of Service and Market Based Rates

Tariff Title: UNS Electric, Inc. Open Access Transmission Tariff

Tariff Record Effective Date: January 1, 2015

Tariff Record Title: Attachment K, Transmission Planning Process

Option Code: A

## **ATTACHMENT K**

### **TRANSMISSION PLANNING PROCESS**

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#### **II. Local Transmission Planning**

- A. TEP and UNSE Planning Process
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  - 3. TEP and UNSE Transmission Planning Study Process
    - a. Overview
    - b. TEP's and UNSE's Local Transmission Planning Cycle
    - c. Transmission Customer's Responsibility for Providing Data
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    - h. TEP and UNSE Point of Contact for Study Requests
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- f. Posting of Study Plans and Planning Results
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  - 2. Procedures for Evaluating Solutions to Identified Transmission Needs
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### **III. Regional Transmission Planning**

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- 1. WestConnect Planning Participation Agreement
  - 2. Members
    - a. Joining the WestConnect Planning Region
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    - c. List of Enrolled Entities
  - 3. WestConnect Objectives and Procedures for Regional Transmission Planning
- B. Roles in the Regional Transmission Planning Process
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**VI. Coordination at the Western Interconnection Level**

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  2. Transmission Provider Coordination within a Solicitation of Interest Process
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- F. Application of Regional Cost Allocation Methodology to Selected ITP
  - 1. Selection by All Relevant Planning Regions
  - 2. Selection by at Least Two but Fewer than All Relevant Regions

## **I. Overview of the Tucson Electric Power Company and UNS Electric, Inc. Transmission Planning Process**

Tucson Electric Power Company (“TEP”) and UNS Electric, Inc. (“UNSE”), wholly owned subsidiaries of UNS Energy Corporation, are vertically integrated public utilities engaged in the business of generating, transmitting and distributing electricity in four of Arizona’s fifteen counties. TEP and UNSE provide electric transmission and related reliability services under both the state and federal arena. TEP’s and UNSE’s transmission planning processes are based on the following three core objectives:

- Maintain reliable electric service.
- Improve the efficiency of electric system operations, including the provision of open and non-discriminatory access to its transmission facilities.
- Identify and promote new investments in transmission infrastructure in a coordinated, open, transparent and participatory manner.

The TEP and UNSE transmission planning processes invite open participation and facilitate active involvement by interested stakeholders from inception to completion, recognizing the integrated nature of their transmission systems with neighboring facilities as the basis for an open and transparent process. Therefore, TEP and UNSE encourage stakeholders to provide guidance, input and comment on the applicable transmission plan through all stages of its development. This is accomplished through TEP and UNSE leadership, facilitation and coordination of plan development with essential support and cooperation by key stakeholders. Stakeholders include, but are not limited to, native and network customers; point-to-point customers; sponsors of transmission solutions, generation solutions and solutions utilizing non-transmission alternatives (*i.e.*, demand side management, distributed generation, energy storage facilities, smart grid equipment, etc.); interconnected transmission providers, load serving entities and generators; independent power producers; regulatory entities, state bodies and local jurisdictions; industry consultants and vendors; local, sub-regional and regional utility entities; and other stakeholders. The work plan for the long-range transmission plan, which includes scope, schedule, study methodology, criteria and standards, scenario and strategy development, technical and economic analysis, and documentation is developed through facilitated open stakeholder meetings and teleconferences.

TEP has been a founding member of regional transmission efforts in the West including developing and supporting the Southwest Area Transmission Study Group (“SWAT”) efforts to develop a west-wide process in the Seams Steering Group - Western Interconnection (“SSG-WI”) process which subsequently rolled into the Transmission Expansion Planning Policy Committee (“TEPPC”), and its Technical Advisory Subcommittee (“TAS”) of Western Electric Coordinating Council (“WECC”) as well as

participation in the Arizona Corporation Commission (“ACC”) Biennial Transmission Assessment (“BTA”) process.

At a more local level, TEP and UNSE coordinate their transmission planning and related processes with other transmission providers and stakeholders in their applicable regions, principally in the southeast Arizona area. This effort has resulted in the formation of the Southeast Arizona Transmission Study (“SATS”) group, which became a formal subregional group under SWAT. Thus, in addition to its local transmission planning process, TEP and UNSE coordinate their transmission planning with other transmission providers and stakeholders in the Desert Southwest area, and the Western Interconnection as a whole, through participation in the SWAT group, membership in WestConnect<sup>1</sup>, and membership in the Western Electricity Coordinating Council (“WECC”) and participation in the WECC Transmission Expansion Planning Policy Committee (“TEPPC”) and its Technical Advisory Subcommittee (“TAS”).

Three subregional planning groups operate within the WestConnect footprint: SWAT, the Colorado Coordinated Planning Group (“CCPG”) and the Sierra Subregional Planning Group (“SSPG”). WestConnect’s planning effort, which includes funding and provision of planning management, analysis, report writing and communication services, supports and manages the coordination of the subregional planning groups and their respective studies. Such responsibilities are detailed in the WestConnect Project Agreement for Subregional Transmission Planning (the “WestConnect STP Project Agreement”), dated May 23, 2007. (see *TEP Attachment K List of Hyperlinks* [http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf](http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)).

TEP is a signatory to the WestConnect STP Project Agreement.

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<sup>1</sup> WestConnect was formed under a memorandum of understanding (the “MOU”) voluntarily entered into by FERC jurisdictional and non-jurisdictional transmission providing electric utilities in the Western Interconnection. The purposes of WestConnect are to investigate the feasibility of wholesale market enhancements, work cooperatively with other Western Interconnection organizations and market stakeholders, and address seams issues in appropriate forums. WestConnect has initiated an effort to facilitate and coordinate regional transmission planning across the WestConnect footprint. Following the effective date of TEP and UNSE’s September 20, 2013 Order No. 1000 compliance filings, the WestConnect Order No. 1000 (as defined below) regional transmission planning management committee (as further described in Part III of this Attachment K) will commence the regional transmission planning process under the principles set forth in FERC’s order *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241 (2007), et al. (collectively, “Order No. 890”), and carried forward in FERC’s order *Transmission Planning and Cost Allocation by Transmission Owning and Operating Utilities*, Order No. 1000, 136 FERC ¶ 61,051 (2011), et al. (collectively, “Order No. 1000”).

The subregional planning groups within the WestConnect footprint, assisted by the WestConnect planning manager, coordinate with other Western Interconnection transmission providers and their subregional planning groups through TEPPC. TEPPC provides for the development and maintenance of an economic transmission study database for the entire Western Interconnection and performs annual congestion studies at the Western Interconnection level.

## II. Local Transmission Planning

### A. TEP and UNSE Planning Process

Participation in each of TEP's and UNSE's local planning process is open to all affected parties, including but not limited to all transmission and interconnection customers, sponsors of transmission solutions, generation solutions, and solutions utilizing non-transmission alternatives, state authorities, and other stakeholders.

#### 1. Confidential or Proprietary Information.

TEP's and UNSE's local transmission planning studies may include base case data that are WECC proprietary data or classified as Critical Energy Infrastructure Information ("CEII") by the Federal Energy Regulatory Commission ("FERC" or "Commission"). A stakeholder must hold membership in or execute a non-disclosure agreement with WECC (*see TEP Attachment K List of Hyperlinks* [http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf](http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)) in order to obtain requested base case data from WECC. A stakeholder may obtain TEP and/or UNSE transmission planning information classified as CEII information from TEP or UNSE upon execution of a non-disclosure agreement with TEP or UNSE, as applicable.

#### 2. Types of Planning Studies; Consideration of Public Policy Requirements.

- a. Transmission Planning Studies. TEP, on behalf of itself and UNSE, will conduct local reliability studies to ensure that all North American Electric Reliability Corporation ("NERC"), WECC, and local reliability standards are met for each year of the ten year planning horizon, including all TEP and UNSE customers' requirements for planned loads and resources, including non-transmission alternatives. These reliability planning studies will be coordinated with the other subregional transmission providers through the SWAT studies.
- b. Economic Planning Studies. Economic planning studies are performed by TEP on behalf of itself and UNSE to identify significant and recurring congestion on the transmission system and/or address the integration of new resources and loads. Such studies may analyze any, or all, of the following: (i) the location and magnitude of the congestion, (ii) possible

remedies for the elimination of the congestion, in whole or in part, including transmission solutions, generation solutions, and solutions utilizing non-transmission alternatives, (iii) the associated costs of congestion, (iv) the costs associated with relieving congestion through system enhancements (or other means), and as appropriate (v) the economic impacts of integrating new resources and loads. TEP will perform, or cause to be performed, economic planning studies at the request of any transmission customer or stakeholder. All economic planning studies performed, either by TEP or TEPPC, will utilize the TEPPC public data base.

- c. Consideration of Public Policy Requirements. For purposes of this Attachment K, “Public Policy Requirements” means those requirements enacted by state or federal laws or regulations, including those enacted by local governmental entities, such as a municipality or county. Public Policy Requirements, as applicable, are incorporated into the load forecasts and/or are modeled in the local planning studies. For example, TEP and UNSE incorporate Arizona’s energy efficiency, demand response and distributed generation programs, as applicable, that are required as a result of state-mandated renewable energy standards and energy efficiency rules in its transmission planning analysis. Proposed public policy requirements (public policy proposed before a governmental authority but not yet enacted) may be studied if time and resources permit.

3. TEP and UNSE Local Transmission Planning Study Process.

- a. Overview: TEP’s and UNSE’s local transmission planning process consists of an assessment of the following needs:
  - i. Provide adequate transmission to access sufficient resources in order to reliably and economically serve retail and network loads
  - ii. Where feasible, identify non-transmission alternatives that could meet or mitigate the need for transmission additions or upgrades.
  - iii. Support TEP’s and UNSE’s local transmission and subregional transmission systems.
  - iv. Provide for interconnection for new generation resources.
  - v. Coordinate new interconnections with other transmission systems.
  - vi. Consider local transmission needs driven by Public Policy Requirements.



- b. TEP's and UNSE's Local Transmission Planning Cycle.
- i. Calendar Year Planning Cycle. TEP, for itself and UNSE, conducts its local transmission planning on a calendar year cycle for a ten year planning horizon.
  - ii. Annually Updated Ten Year Plan. TEP updates its and UNSE's ten year plan annually and publishes an annual Ten Year Transmission Plan document when the Ten Year Plan is filed at the end of January each year with the Arizona Corporation Commission ("ACC")<sup>2</sup> (see *TEP Attachment K List of Hyperlinks* <<http://www.oatioasis.com/TEPC/TEPCdocs/TEP Attachment K - List of Hyperlinks.pdf>>).
- c. Transmission Customer's Responsibility for Providing Data.
- i. Use of Customer Data. TEP uses information provided by TEP and UNSE transmission customers to, among other things, assess network load and resource projections (including non-transmission alternatives), transmission needs, operating dates and retirements for generation resources in TEP's and UNSE's system and regional models used to conduct planning studies.
  - ii. Submission of Data by Transmission Customers. Transmission customers are required, pursuant to each of the TEP and UNSE Open Access Transmission Tariff ("OATT"), to submit their ten year projected network load and network resources (including non-transmission alternatives) to TEP and UNSE, as applicable, on an annual basis. TEP and UNSE require that network transmission customers submit this information electronically to [Transcooord@tep.com](mailto:Transcooord@tep.com) by September 1 each year. All other transmission customers must also submit this information electronically to [Transcooord@tep.com](mailto:Transcooord@tep.com) by September 1 each year in order to be included in the local transmission planning process for the transmission plans that TEP will submit for itself and UNSE to the ACC the following January.

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<sup>2</sup> The ACC's Biennial Transmission Assessment process, in coordination with SWAT evaluates the Arizona transmission providers' filed ten year plans and other study reports on a biennial basis and allows for and encourages stakeholder review, input and comment on the ACC's assessment of the plans as published in the ACC's Biennial Transmission Assessment Report.

- iii. Transmission Customer Data to be Submitted. To the maximum extent practical and consistent with protection of proprietary information, data submitted by network transmission customers and other transmission customers should include for the ten year planning horizon:
- Generators - planned additions or upgrades (including status and expected in-serve date), planned retirements and environmental restrictions.
  - Non-transmission alternatives – alternatives include, without limitation, technologies that defer or possibly eliminate the need for new and/or upgraded transmission lines, such as distributed generation, demand side management (load management, such as energy efficiency and demand response programs), energy storage facilities and smart grid equipment that can help eliminate or mitigate a grid reliability problem, reduce uneconomic grid congestion, and/or help to meet grid needs driven by Public Policy Requirements.
  - Network customers - forecast information for load and resource requirements over the planning horizon and identification of demand response reductions.
  - Point-to-point transmission customers - projections of need for service over the ten year planning horizon, including transmission capacity, duration, and receipt and delivery points.
- iv. Notification of Material Changes to Transmission Customer Data. Each transmission customer is responsible for timely submittal of written notice to TEP or UNSE, as applicable, of material changes in any of the information previously provided by the Customer to TEP or UNSE related to the Customer's load, its resources (including non-transmission alternatives), or other aspects of its facilities or operations affecting TEP's or UNSE's ability to provide service.
- d. Stakeholder Participation in the TEP and UNSE Local Transmission Planning Study Process.
- i. During its 2<sup>nd</sup> Quarter public planning meeting, TEP will, for itself and UNSE, (a) review its current study plan with stakeholders; (b) provide an opportunity for stakeholder input on any aspect of

TEP's current study plan, including but not limited to, methodology, study inputs, Public Policy Requirements, and potential stakeholder-suggested transmission needs driven by Public Policy Requirements, and study results (including non-transmission alternatives); (c) review any stakeholder proposals previously submitted to TEP for study plan alternatives; (d) invite the submittal of additional stakeholder study plan proposals for review and discussion; and (e) provide updates on TEP's and UNSE's planned projects.

After the 2<sup>nd</sup> Quarter meeting but not less than thirty (30) days before the 4<sup>th</sup> Quarter meeting, TEP and UNSE will post on OASIS an explanation of those transmission needs driven by Public Policy Requirements that have been identified for evaluation for potential solutions in the local transmission planning process and an explanation of why any suggested transmission needs driven by Public Policy Requirements will not be evaluated.

- ii. During its 4<sup>th</sup> Quarter public planning meeting, TEP will present a draft of its Ten Year Plan for the following calendar year for stakeholder review and comment.
- e. Coordination of Transmission Study Cycle with SWAT. TEP will coordinate the timing of its local transmission planning study cycle process with the development of the assumptions, coordinated base cases, and power flow cases performed within the SWAT planning group, which is open to participation by all interested parties.
- f. TEP and UNSE Point of Contact for Local Reliability Study Requests. TEP's and UNSE's Point of Contact to respond to customer/stakeholder questions regarding modeling, criteria, assumptions and data underlying system plans studies is TEP's Transmission Coordinator. The Transmission Coordinator can be contacted via TEP's OASIS at [Transcoord@tep.com](mailto:Transcoord@tep.com).
- g. TEP and UNSE Local Study Criteria and Guidelines. Customers should refer to the TEP Transmission Planning Process and Guidelines for (TEP Planning Guidelines) TEP and UNSE local planning criteria, guidelines, assumptions and data. The TEP Transmission Planning and Process Guidelines are posted on the TEP OASIS (*see TEP Attachment [K List of Hyperlinks](#)* [http://www.oatioasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf](http://www.oatioasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)).

- h. TEP, UNSE and Stakeholder Alternative Solutions Evaluation Basis. TEP's and UNSE's local planning process is an objective process performed by TEP, for itself and on behalf of UNSE, that evaluates use of the transmission system on a comparable basis for all customers. All solution alternatives that have been presented on a timely basis (per Section II.A.4 of this Attachment K), including transmission solutions, generation solutions and solutions utilizing non-transmission alternatives, whether presented by TEP, UNSE or another stakeholder, will be evaluated on a comparable basis. The same criteria and evaluation process will be applied to competing solutions and/or projects, regardless of type or class of stakeholder. Solution alternatives will be evaluated against one another on the basis of the following criteria to select the preferred solution or combination of solutions: (1) ability to practically fulfill the identified need; (2) ability to meet applicable reliability criteria or NERC Transmission Planning Standards issues; (3) technical, operational and financial feasibility; (4) operational benefits/constraints or issues; (5) cost-effectiveness over the time frame of the study or the life of the facilities, as appropriate (including adjustments, as necessary, for operational benefits/constraints or issues, including dependability); and (6) where applicable, consistency with State or local integrated resource planning requirements, or regulatory requirements, including cost recovery through regulated rates.

4. TEP and UNSE Economic Planning Study Process.

- a. Requesting Economic Planning Studies. Any TEP or UNSE transmission customer or other interested stakeholder ("Customer"), including sponsors of transmission solutions, generation solutions and solutions utilizing non-transmission alternatives, may submit an economic planning study request, available through TEP's OASIS, for an economic planning study directly to TEP, WestConnect or TEPPC. The Customer must submit its study request(s) no later than October 31 each year if the Customer wants TEP to review such request with stakeholders in its 4<sup>th</sup> Quarter open public planning meeting. All requests must be submitted to TEP electronically (whether related to TEP transmission or UNSE transmission) at [Transcoord@tep.com](mailto:Transcoord@tep.com) using the form posted on TEP's OASIS site (*see TEP Attachment K List of Hyperlinks* [http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf](http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)). TEP will coordinate the timing of its economic planning study cycle with the WestConnect and TEPPC planning processes.
- b. TEP Process for Handling Economic Study Requests. TEP shall manage any economic planning study requests it receives (whether related to TEP

transmission or UNSE transmission) under this Attachment K in the following manner:

- i. TEPPC Master List. TEP shall forward the request to TEPPC for inclusion in the TEPPC Master List of economic planning studies for the Western Interconnection. TEPPC's Master List is publicly available (see TEP Attachment K List of Hyperlinks [http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf](http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)).
- ii. Stakeholder Review of Economic Transmission Study Requests. TEP shall review local requests in a TEP open public planning meeting. Based on stakeholder input, TEP shall determine whether (i) the study request should be classified as a local priority request and performed by TEP; (ii) whether the study request encompasses a region, in which case TEP will transfer the request to WestConnect for consideration as a regional priority request at WestConnect's stakeholder meeting; or (iii) whether the study request encompasses the Western Interconnection, in which case TEP will transfer the request to TEPPC for consideration as a Western Interconnection priority request at TEPPC's stakeholder meeting. The criteria WestConnect utilizes to prioritize requests for regional economic studies is described in Section III.D.3, below. The criteria TEPPC utilize to prioritize requests for Western Interconnection economic studies are posted on the TEPPC page of the WECC website (see TEP Attachment K List of Hyperlinks [http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf](http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)).
- iii. Criteria Used to Determine Whether a Transmission Planning Study Request is a Local Study Request. Based in part on the number and type of local study requests received, local area *i.e.*, TEP's or UNSE's service territory, TEP shall consider the following criteria to determine whether the economic transmission planning study request is a local study request:
  1. Whether the study request does not affect interconnected transmission systems; and
  2. Whether the remedies are confined to the TEP/UNSE transmission system and resolved within the TEP/UNSE transmission system.
- iv. Criteria Used to Determine Whether a Local Study Request Qualifies as a Local Priority Economic Transmission Planning

Study Request. TEP shall consider the following criteria to determine whether a local study request qualifies as a local priority economic transmission planning study request:

1. What portion of the TEP or UNSE system will be considered by the study?
  2. Does the request raise fundamental design issues of interest to multiple parties?
  3. Does the request raise public policy issues of national, regional or state interest, *e.g.*, with respect to access to renewable power, and location of both conventional and renewable resources?
  4. Can the objectives of the study be met by other studies?
  5. Will the study provide information of broad value to customers, regulators, transmission providers and other interested stakeholders?
  6. Can similar requests for studies or scenarios be represented generically if the projects are generally electrically equivalent?
  7. Can requests be aggregated into energy or load aggregation zones with generic transmission expansion between?
  8. Does the study request require the use of production cost simulation or can it be better addressed through technical studies, *i.e.*, power flow and stability analysis?
- v. Economic Planning Study Requests Determined to be a Local Priority. If TEP determines that the study request is a local priority request, TEP will conduct the study (whether related to TEP transmission or UNSE transmission) and coordinate assumptions and results with its or UNSE's customers, stakeholders and interconnected neighbors, as applicable. TEP will have no obligation to conduct more than three priority local economic planning studies per calendar year. If TEP receives more than three requests for local economic studies that are determined to be priority local requests, it may perform one or more additional studies at its sole discretion. If TEP elects not to perform such additional study, the Requester may request, and TEP will provide, its assistance in having a third party perform the economic

planning study at the Requester's expense. The Requester will have use of the TEPPC economic study data base and TEP will support the Requester in ensuring that the study is coordinated as necessary through local, subregional or regional planning groups.

- c. Process for Handling Economic Study Requests Received by TEPPC. TEPPC will review economic planning study requests received either from transmission providers or from Customers directly. TEPPC shall review such study requests during its open stakeholder meeting and, together with its stakeholders, prioritize requests for economic planning studies. TEP shall participate, for itself and UNSE, in the TEPPC prioritization process and provide input as to whether a study request should be included in the TEPPC study plan. The Customer is also encouraged to participate and provide input in the TEPPC prioritization process. Additionally, WestConnect will provide advice, on an as needed basis, to TEPPC regarding prioritizing regional economic planning study requests and potential clustering of requested regional economic planning studies, if those studies involve facilities in the WestConnect footprint. For more detail regarding the TEPPC economic planning study process, see the executive summary overview of the TEPPC Transmission Planning Protocol (see *TEP Attachment K List of Hyperlinks* <[http://www.oatiosis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_List\\_of\\_Hyperlinks.pdf](http://www.oatiosis.com/TEPC/TEPCdocs/TEP_Attachment_K_List_of_Hyperlinks.pdf)>).
- d. Low Priority Economic Study Requests. If TEP, WestConnect and/or TEPPC determine, after reviewing through an open stakeholder process, that the requested economic planning study is not a priority study, the Customer may request TEP's assistance in having a third party perform the economic planning analysis at the Customer's expense (whether related to TEP transmission or UNSE transmission). The Customer will have use of the TEPPC economic study data base (see Section VI.A.3.a.ii) and TEP will support the Customer in ensuring that the study is coordinated as necessary through local, subregional or regional planning groups.
- e. Clustering Local Priority Economic Planning Studies. TEP may determine that any number of Customers' economic planning study requests should be studied together, or a Customer may request that TEP study its request together with other requests. TEP will consider the following criteria to determine whether to cluster requested priority local economic studies, both on its own volition and in response to a Requester's request:

- i. TEP-Proposed Clusters. In the event that TEP proposes to cluster certain priority local economic planning studies on any reasonable grounds, including, without limitation, upon its determination that the proposed cluster studies are sufficiently similar, from an electrical perspective, to be feasibly and meaningfully studied as a group, it shall provide notice to each Requester that it proposes to include in the study. Each Requester shall be provided the opportunity to opt out of the cluster within ten (10) days of notice from TEP.
  - ii. Requester-Proposed Clusters. If a Requester wishes to propose a cluster study, prior to submitting an economic planning study cluster request to TEP, the Requester must contact all of the other Requesters whose requests it proposes to cluster and obtain their written consent that they are willing to have their request clustered with other identified requests. TEP will reasonably determine whether the local economic planning study requests that the Requester proposes to cluster and for which the other affected Requesters have provided consent, are sufficiently similar, from an electrical perspective, to be feasibly and meaningfully studied together. TEP reserves the right to reject a Requester-proposed cluster on any reasonable grounds, including, without limitation, upon its determination that the proposed cluster cannot be feasibly studied as a group or that the proposed clustering impairs administration or timely processing of the economic study process. TEP will make the determination whether to reject a proposed cluster, and provide notice of any decision to reject, within twenty (20) days of receipt of all of the written consents of the Requesters that propose to be clustered.
- f. Cost Responsibility for Economic Studies.
  - i. Priority Local Economic Planning Studies. Priority local economic planning studies selected pursuant to Section II.A.4.b.v including clustered priority local economic planning studies selected pursuant to Section II.A.4.e will be performed or caused to be performed by TEP (whether related to TEP transmission or UNSE transmission) at TEP's or UNSE's expense, as appropriate.
  - ii. Priority Regional Economic Planning Studies. Regional economic studies will be performed by WestConnect as discussed in Part III of this Attachment K.



- iii. Priority Western Interconnection Economic Planning Studies. Western Interconnection-wide economic studies will be performed by TEPPC and funded by WECC.
- iv. Other Local Economic Study Requests. Local economic study requests not selected pursuant to Sections II.A.4.b.v or II.A.4.e will be performed at the transmission customer's expense. At the Customer's request, TEP may perform the study work (whether related to TEP transmission or UNSE transmission) or work with the transmission customer and its third party contractor.
- g. Exchange of Data Unique to Economic Planning Studies.
  - i. Data Used for Economic Planning Studies. TEP obtains all data used for its economic planning studies from the TEPPC data base.
  - ii. Request for Base Case Data. Customer's request for detailed base case data must be submitted to WECC in accordance with the WECC procedures.
  - iii. Posting of Requesters' Requests for Economic Planning Studies. Customer's request for economic planning studies and responses to such requests shall be posted on the TEP's OASIS and the WestConnect website<sup>3</sup> (see *TEP Attachment K List of Hyperlinks* <[http://www.oatioasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf](http://www.oatioasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)>) subject to confidentiality requirements.
- h. TEP and UNSE Point of Contact for Study Requests. TEP's and UNSE's Point of Contact to respond to customer/stakeholder questions regarding modeling, criteria, assumptions, and data underlying economic planning studies is TEP's Transmission Coordinator, who can be reached at [Transcoord@tep.com](mailto:Transcoord@tep.com).

## **B. TEP and UNSE Open Public Meetings - Overview**

Typically in the 2<sup>nd</sup> quarter and the 4<sup>th</sup> quarter, TEP will hold at least two open public local transmission planning meetings each year with respect to TEP's and UNSE's transmission system, in coordination with the SWAT open public transmission planning meetings, to allow and encourage customers, sponsors of transmission

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<sup>3</sup> The WestConnect website is located at <http://www.westconnect.com>.

solutions, generation solutions, and solutions utilizing non-transmission alternatives, interconnected neighbors, regulatory and state bodies and other stakeholders to participate in a coordinated, nondiscriminatory process for development of the TEP and UNSE transmission plan. TEP will rely on the facilitated SATS, or its successor, public transmission planning process to coordinate open participation covering the local Southeast Arizona area.

1. Purpose and Scope. TEP's and UNSE's open public meetings will provide an open transparent forum whereby electric transmission stakeholders can comment and provide advice to TEP during all stages, including the early stages, of its local transmission planning. These public transmission planning meetings will serve to:
  - a. Provide a forum for open and transparent communications among Arizona transmission providers, state regulatory authorities, customers, sponsors of transmission solutions, generation solutions and solutions utilizing non-transmission alternatives, and other interested stakeholders.
  - b. Promote discussion of all aspects of the TEP or UNSE local transmission planning activities, including, but not limited to, methodology, study inputs and study results.
  - c. Provide a forum for TEP or UNSE to understand better the specific electric transmission interests of key stakeholders.
2. TEP and UNSE Public Local Planning Meeting Process.
  - a. Open Stakeholder Meetings. All public local transmission planning meetings will be open to all stakeholders.
  - b. TEP and UNSE Local Planning Meeting Schedule. TEP will establish the TEP and UNSE public local planning meeting schedule as needed (and post the same on their OASIS), but will hold meetings no less than twice annually.
  - c. Meeting Purpose. Meetings will be conducted to (i) allow TEP and UNSE to maximize their understanding of customers' forecast needs for the TEP or UNSE transmission system; (ii) offer customers, sponsors of transmission solutions, generation solutions and solutions utilizing non-transmission alternatives, and other stakeholders an opportunity to be informed about, offer input and advice into, the TEP or UNSE transmission system and local planning process, as well as to propose alternatives for any upgrades identified by TEP or UNSE; (iii) review study results; and (iv) review local transmission plans.

- d. Coordination with SWAT and WestConnect Meetings. TEP's and UNSE's local transmission planning process will be coordinated with SWAT and WestConnect through quarterly planning meetings.
- e. Posting of Meeting Notices. All meeting notices, including date, time, place and draft meeting agenda, will be posted on the TEP OASIS and WestConnect websites (see TEP Attachment K List of Hyperlinks <[http://www.oatioasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf](http://www.oatioasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)>) and circulated to the TEP distribution list at least thirty (30) days prior to the TEP public local planning meeting.
- f. Posting of Study Plans and Planning Results. Local study plans and planning results will be posted on the TEP OASIS and WestConnect websites (see TEP Attachment K List of Hyperlinks <[http://www.oatioasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf](http://www.oatioasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)>) and circulated to the TEP distribution list at least two (2) weeks prior to the TEP public local planning meeting.
- g. Meeting Process. At the TEP public local planning meetings, TEP shall (i) review the TEP and UNSE local transmission planning process and current local study plan with stakeholders; (ii) request stakeholder review of the current local study plan; (iii) provide an opportunity for comment on any aspect of its local transmission planning process; (iv) invite the submittal of local transmission study requests from stakeholders for review and discussion; (v) review local economic planning study requests; and (vi) provide updates on its planned projects. During the meeting, and for fifteen (15) calendar days following the meeting, all stakeholders and interested parties will be encouraged to submit comments to TEP on study results presented in the TEP meeting. The final local study results and study plan will be posted on TEP's OASIS and the WestConnect websites (see TEP Attachment K List of Hyperlinks <[http://www.oatioasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf](http://www.oatioasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)>).
- h. Electronic Input and Comments. Stakeholders may provide input, comments, advice and questions on TEP's local transmission planning process at any time electronically by sending emails to TEP's Transmission Coordinator at [Transcoord@tep.com](mailto:Transcoord@tep.com).
- i. TEP Public Local Planning Meeting Schedule. At the 2<sup>nd</sup> Quarter meetings, TEP will review information on loads, resources (including non-transmission alternatives) and other needs from TEP's and UNSE's transmission customers, together with specific requests submitted either prior to or during the TEP 2<sup>nd</sup> Quarter meeting (see Section II.A.3.d.i) for inclusion in TEP's draft local transmission study plan. At the 4<sup>th</sup> Quarter

meeting, TEP will review economic study requests received by October 31 (see Section II.A.4.a) and present a draft of the Ten Year Plan for stakeholder review and comment. This schedule may be modified to coordinate with the subregional, regional and Western Interconnection-wide transmission planning processes, subject to updated postings on the TEP OASIS and WestConnect websites (see *TEP Attachment K List of Hyperlinks* <[http://www.oatioasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf](http://www.oatioasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)>).

- j. TEP and UNSE Distribution List. All existing TEP and UNSE customers, network and point-to-point, will be included on TEP's distribution list and actively notified *via* e-mail of all upcoming TEP and UNSE open, public, local planning meetings. Any other stakeholder, including but not limited to sponsors of transmission solutions, generation solutions and solutions utilizing non-transmission alternatives, wanting to be included on TEP's e-mail distribution list should submit its information to the TEP Transmission Coordinator at [Transcoord@tep.com](mailto:Transcoord@tep.com).
- k. Posting of Meeting Documents. TEP will post all meeting-related notes, documents and drafts or final reports on its OASIS and WestConnect websites (see *TEP Attachment K List of Hyperlinks* <[http://www.oatioasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf](http://www.oatioasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)>).
- l. Posting of Public Documents. In order to permit all stakeholders access to the information posted on the TEP OASIS, UNSE OASIS and WestConnect website, only public information will be shared, and public business conducted, in the TEP and UNSE open public planning meetings.

### C. Planning for Public Policy Requirements in the Local Planning Process

- 1. Procedures for Identifying Transmission Needs Driven by Public Policy Requirements.

Stakeholders may participate in identifying local transmission needs driven by Public Policy Requirements for TEP and/or UNSE by contacting TEP's point of contact at [Transcoord@tep.com](mailto:Transcoord@tep.com). In addition, stakeholders have the opportunity to offer input or make proposals at TEP's and UNSE's open meetings held pursuant to this Attachment K.

The process by which TEP, on behalf of itself and UNSE, is to identify those local transmission needs driven by Public Policy Requirements for which a local transmission solution(s) will be evaluated, out of what may be a larger set of

local transmission needs, is to utilize the two communication channels it has in place with stakeholders, identified above, through which local transmission needs driven by Public Policy Requirements are to be part of the open dialogue: (a) direct electronic communication to the email address dedicated for TEP and UNSE, through which a stakeholder desiring to communicate directly with TEP transmission planners may offer its views on which local transmission needs are ripe for evaluation for solutions, and (b) through participation in TEP's and UNSE's open meetings held pursuant to this Attachment K.

In selecting those local transmission needs driven by Public Policy Requirements that will be evaluated for solutions in the current planning cycle, TEP, on behalf of itself and UNSE, is to consider, on a non-discriminatory basis, factors, including but not limited to, the following:

- a. whether the Public Policy Requirement is driving a local transmission need that can be reasonably identified in the current planning cycle;
- b. the feasibility of addressing the local transmission need driven by the Public Policy Requirement in the current planning cycle;
- c. the factual basis supporting the local transmission need driven by the Public Policy Requirement; and
- d. whether a Public Policy Requirement has been identified for which a local transmission need has not yet materialized, or for which there may exist a local transmission need but the development of a solution to that need is premature. One example is a renewables portfolio increase that is enacted for implementation in a future year, and for which the process by which the renewable resource is to be identified, selected, and sited under the governing state-regulated resource adequacy process has not yet begun (making it premature to identify the location and scope of the local transmission need and/or the appropriate solution for the need).

No single factor shall necessarily be determinative in selecting among the potential transmission needs driven by Public Policy Requirements.

TEP, on behalf of itself and UNSE, is not required to identify any particular set of local transmission needs driven by Public Policy Requirements, but if TEP chooses not to identify any stakeholder-suggested local transmission need driven by a Public Policy Requirement as a transmission need for which solutions will be evaluated in the local transmission planning process, TEP will post on OASIS an explanation of why the suggested transmission need will not be evaluated. TEP and UNSE's OASIS posting will include both an explanation of those local transmission needs driven by Public Policy Requirements that have been identified for evaluation for potential solutions in the local transmission planning process, and an explanation why other stakeholder-suggested transmission needs driven by Public Policy Requirements were not identified for further evaluation. After considering the input of stakeholders, TEP, on behalf of itself and UNSE, is

to determine whether to move forward with the identification of a local solution to a particular local need driven by Public Policy Requirements.

2. Procedures for Evaluating Solutions to Identified Transmission Needs.

Stakeholders may use the two communication avenues identified above (direct electronic communication via email and/or participation in TEP's and UNSE's open meetings) to participate in the evaluation of solutions to identified local transmission needs driven by Public Policy Requirements that are selected by TEP, on behalf of itself and UNSE, for further evaluation. Stakeholders may provide comments on proposed solutions or may submit other proposed solutions to such local transmission needs.

After seeking the input of stakeholders, TEP, on behalf of itself and UNSE, is to determine whether to select a particular local solution in its local transmission plan. TEP will post TEP's and UNSE's local transmission plan, which will include any such solutions selected.

The procedures for evaluating potential solutions to the identified local transmission needs driven by Public Policy Requirements are the same as those procedures used to evaluate any other project proposed in the local planning process.

3. Posting of Public Policy Needs.

TEP and UNSE will maintain on OASIS (i) a list of all local transmission needs identified that are driven by Public Policy Requirements and that are included in the studies for the current local planning cycle; and (ii) an explanation of why other suggested transmission needs driven by Public Policy Requirements will not be evaluated.

**D. Ten Year Transmission System Plan**

Each year TEP uses the planning process described in Section II.A.3 above to update the TEP and UNSE Ten Year Transmission System Plans (*see TEP Attachment K List of Hyperlinks*  [<http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf>](http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)). Each of the TEP and UNSE Ten Year Transmission System Plans identifies all new transmission facilities, 115 kV and above, and all facility replacements and/or upgrades required over the next ten years to reliably and cost effectively meet customers' needs.

### **III. Regional Transmission Planning**

In accordance with the Commission's regulations, this Attachment K to the TEP and UNSE OATT implements the requirements for regional planning in accordance with Order No. 1000 and Order No. 890. TEP and UNSE engage in regional planning and coordination with the WestConnect regional process ("Regional Planning Process").

The purpose of the Regional Planning Process is to produce a regional transmission plan (the "Regional Plan") and provide a process for evaluating projects submitted for cost allocation in accordance with the provisions of this Attachment K and those business practices adopted by WestConnect in the WestConnect Regional Planning Process Business Practice Manual, as may be amended from time to time, available on the WestConnect website (the "Business Practice Manual").

#### **A. Overview**

The WestConnect Planning Region is defined by the transmission owners and transmission provider members (referred to generally as "transmission owners") participating in the Regional Planning Process and for whom WestConnect is conducting regional planning. The service areas of the transmission providers consist of all or portions of nine states: Arizona, California, Colorado, New Mexico, Nebraska, Nevada, South Dakota, Texas and Wyoming. Non-public utilities are invited to participate in the Regional Planning Process.

Following the effective date of TEP and UNSE's September 20, 2013 Order No. 1000 compliance filings ("Effective Date"), the WestConnect Order No. 1000 regional transmission planning management committee ("PMC") will commence the Regional Planning Process. This committee will be responsible for administering the Regional Planning Process. In order to align its regional process with the western interregional coordination process, it is WestConnect's intent to begin its biennial process in even-numbered years. Should FERC's acceptance of WestConnect's compliance filing result in an effective date in an odd-numbered year, WestConnect will conduct an abbreviated planning process in its first year and begin its biennial process the next year. To effectuate such an abbreviated process, the PMC will develop a study scope for the first year, including project submission deadlines, and post it to the WestConnect website within the first thirty (30) days of the year.

In conjunction with creating the new PMC, the WestConnect members, in consultation with interested stakeholders, will establish a separate project agreement (the "Planning Participation Agreement") to permit interested stakeholders to participate in the Regional Planning Process. Although, the Regional Planning Process is open to the public, stakeholders interested in having a voting right in decisions related to the Regional Planning Process will be required to execute the Planning Participation Agreement and any necessary confidentiality agreements (as further described below). The PMC will

implement the stakeholder developed Regional Planning Process, which results in a Regional Plan for the ten-year transmission planning horizon.

TEP has been a party to the WestConnect STP Project Agreement (*see TEP Attachment K List of Hyperlinks [http://www.oatioasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_List\\_of\\_Hyperlinks.pdf](http://www.oatioasis.com/TEPC/TEPCdocs/TEP_Attachment_K_List_of_Hyperlinks.pdf)*). The committees formed under the WestConnect STP Project Agreement and the WestConnect Steering Committee have no authority over the PMC and the PMC's decision-making in implementing the Regional Planning Process.

1. WestConnect Planning Participation Agreement.

Each WestConnect member will be a signatory to the Planning Participation Agreement, which formalizes the members' relationships and establishes obligations, including transmission owner coordination of regional transmission planning among the WestConnect participants and the local transmission planning processes and to produce a Regional Plan.

2. Members.

WestConnect has two general types of members: (i) transmission owners that enroll in WestConnect to comply with the Order No. 1000 planning and cost allocation requirements, as well as transmission owners that elect to participate in the WestConnect Regional Planning Process without enrolling for Order No. 1000 cost allocation purposes; and (ii) stakeholders who wish to have voting input on the methodologies, studies and decisions made in the execution of the Order No. 1000 requirements.

a. Joining the WestConnect Planning Region.

A transmission owner that wishes to enroll or participate in the WestConnect Planning Region may do so by executing the Planning Participation Agreement and paying its share of costs as provided for in the Planning Participation Agreement.

A stakeholder that wishes to have voting input may join the WestConnect Planning Region by executing the Planning Participation Agreement, paying annual dues, and complying with applicable provisions as outlined in such agreement. [For further information regarding membership dues, please see WestConnect's Planning Participation Agreement, located on the WestConnect website<sup>4</sup> and on file with FERC.](#)

<sup>4</sup> [The Planning Participation Agreement is located at http://www.westconnect.com/planning\\_agreement.php.](http://www.westconnect.com/planning_agreement.php)



b. Exiting the WestConnect Planning Region.

Should a transmission owner wish to exit the WestConnect Planning Region, it must submit notice in accordance with the Planning Participation Agreement and pay its share of any WestConnect Planning Region expenditures approved prior to providing its formal notice of withdrawal from the WestConnect Planning Region.

Should a stakeholder wish to exit the WestConnect Planning Region, it may do so by providing notice in accordance with the Planning Participation Agreement. Withdrawing stakeholders will forfeit any monies or dues paid to the PMC and agree to remit to the PMC any outstanding monies owed to the committee on or prior to the effective date of such withdrawal.

c. List of Enrolled Entities.

Transmission owners enrolled in the WestConnect Planning Region for purposes of Order No. 1000:

- Arizona Public Service Company
- Black Hills Colorado Electric Utility Company, LP
- Black Hills Power, Inc.
- Cheyenne Light, Fuel, & Power Company
- El Paso Electric Company
- NV Energy, Inc. Operating Companies
- Public Service Company of Colorado
- Public Service Company of New Mexico
- Tucson Electric Power Company
- UNS Electric, Inc.

3. WestConnect Objectives and Procedures for Regional Transmission Planning.

The Regional Planning Process will produce a Regional Plan that complies with existing Order No. 890 principles and carried forward in Order No. 1000:

- Coordination
- Openness
- Transparency
- Information exchange
- Comparability
- Dispute Resolution

TEP and UNSE, along with the other Planning Participation Agreement participant signatories, will work through the regional planning group processes, as applicable, to integrate their transmission plans into a single, ten year Regional Plan for the WestConnect Planning Region by:

- a. Actively coordinating development of the Regional Plan, including incorporating information, as appropriate, from all stakeholders;
- b. Coordinating, developing and updating common base cases to be used for all study efforts within the Regional Planning Process and ensuring that each plan adheres to the methodology and format developed for the Regional Plan;
- c. Providing funding for the Planning Participation Agreement planning management functions pursuant to the Planning Participation Agreement;
- d. Maintaining a regional planning section on the WestConnect website,<sup>5</sup> where all WestConnect planning information, including meeting notices, meeting minutes, reports, presentations, and other pertinent information is posted;
- e. Posting detailed notices of all regional and local planning meeting agendas on the WestConnect website; and
- f. Establishing a cost allocation process for regional transmission projects selected in the Regional Planning Process for cost allocation.

## **B. Roles in the Regional Transmission Planning Process**

### **1. PMC Role.**

The PMC is responsible for bringing transmission planning information together and sharing updates on active projects. The PMC provides an open forum where any stakeholder interested in the planning of the regional transmission system in the WestConnect footprint can participate and obtain information regarding base cases, plans, and projects and provide input or express its needs as they relate to the transmission system. On a biennial basis and in coordination with its members, transmission owners and other interested stakeholders, the PMC will develop the Regional Plan. The PMC, after considering the data and comments supplied by customers and other stakeholders, is to develop a regional

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<sup>5</sup> The WestConnect website is located at <http://www.westconnect.com>.

transmission plan that treats similarly-situated customers (*e.g.*, network, retail network, and native load) comparably in transmission system planning.

The PMC is charged with development and approval of the Regional Plan. The PMC will be comprised of representatives from each stakeholder sector. The PMC will be empowered to create and dissolve subcommittees as necessary to facilitate fulfillment of its responsibilities in developing the Regional Plan.

2. Stakeholder Participation and Assistance.

Stakeholders may participate in the Regional Planning Process by any one or more of the following ways: (a) by joining one of five WestConnect regional transmission planning membership sectors described below; (b) by attending publicly-posted WestConnect regional transmission planning stakeholder meetings; and/or (c) by submitting project proposals for consideration and evaluation in the Regional Planning Process.

Attendance at meetings is open to all interested stakeholders. These meetings will include discussion of models, study criteria and assumptions, and progress updates. Formal participation, including voting as allowed by the process, can be achieved through payment of applicable fees and annual dues in accordance with the Planning Participation Agreement. Transmission Owners with Load Serving Obligations shall be the default funding source to support WestConnect transmission planning activities beyond dues paid by other organizations. As such, Transmission Owners with Load Serving Obligations shall not be responsible for annual dues.

WestConnect Planning Region members will assist stakeholders interested in becoming involved in the Regional Planning Process by directing them to appropriate contact persons and websites (*see TEP Attachment K List of Hyperlinks*  [<http://www.oatioasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf>](http://www.oatioasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)). All stakeholders are encouraged to bring their plans for future generators, loads or transmission services to the WestConnect regional transmission planning meetings. Each transmission planning cycle will contain a period during which project ideas are accepted for potential inclusion in that cycle's Regional Plan.

3. Forum for Evaluation.

The WestConnect Regional Planning Process provides a forum for transmission project sponsors to introduce their specific projects to interested stakeholders and potential partners and allows for joint study of these projects by interested parties, coordination with other projects, and project participation, including ownership from other interested parties. This may include evaluation of transmission alternatives or non-transmission alternatives in coordination with the Regional Planning Process.

4. Stakeholder Meetings.

WestConnect will hold open stakeholder meetings on at least a semi-annual basis, or as needed and noticed by the PMC with thirty (30) days advance notice to update stakeholders about its progress in developing the Regional Plan and to solicit input regarding material matters of process related to the Regional Plan. Notice for such meetings will be posted on the WestConnect website and via email to the Regional Planning Process email distribution list.

The meeting agendas for all WestConnect regional transmission planning meetings will be sufficiently detailed, posted on the WestConnect website, and circulated in advance of the meetings in order to allow stakeholders the ability to choose their meeting attendance most efficiently.

5. WestConnect Planning Governance Process.a. Membership Sectors.

The Regional Planning Process will be governed by the PMC, which will be tasked with executing the Regional Planning Process and have authority to approve the Regional Plan. For those entities desiring to be a part of the management of the Regional Planning Process, one of five PMC membership sectors is available:

- Transmission Owners with Load Serving Obligations
- Transmission Customers
- Independent Transmission Developers and Owners
- State Regulatory Commissions
- Key Interest Groups

~~Except for members qualified to join the Transmission Owners with Load Serving Obligations sector, any entity may join any membership sector for which it qualifies, but may only participate in one membership sector.~~ Only transmission owners ~~with that have~~ load serving obligations ~~individually or through their members~~ may join the Transmission Owners with Load Serving Obligations membership sector. The Transmission Owners with Load Serving Obligations sector will be comprised of (a) those transmission owners that enroll in the WestConnect Planning Region for purposes of ~~compliance with~~ Order No. 1000; and (b) those transmission owners that elect to participate in the WestConnect Regional Planning Process as ~~coordinating transmission owners~~ Coordinating Transmission Owners.

Except for Public Utilities that are required to comply with Order No. 1000, any entity may join any membership sector for which it qualifies, but may only participate in one membership sector at a time. If a non-public utility is qualified to join the Transmission Owners with Load Serving Obligations sector as well as one or more other sectors, and the non-public utility elects to join a sector other than the Transmission Owners with Load Serving Obligations sector, the PMC will not perform the function of regional transmission planning for that entity. Additionally, if a member of the Transmission Owner with Load Serving Obligations sector owns transmission facilities located in another planning region, the PMC will not perform the function of regional planning for such facilities located in another planning region.

b. Planning Management Committee.

The PMC will be empowered to, without limitation, create and dissolve subcommittees as necessary to ensure timely fulfillment of its responsibilities; to assess fees for membership status on the PMC; and to assess fees for projects submitted for evaluation as part of the Regional Planning Process. The PMC is to manage the Regional Planning Process, including approval of the Regional Plan that includes application of regional cost allocation methodologies.

The PMC is to coordinate and have the decision-making authority over whether to accept recommendations from the Planning Subcommittee (“PS”) and Cost Allocation Subcommittee (“CAS”). The PMC, among other things, is to develop and approve the Regional Plan based on recommendations from the PS and CAS; and develop and approve a scope of work, work plan, and periodic reporting for WestConnect planning functions, including holding a minimum of two (2) stakeholder informational meetings per year. The PMC is to appoint the chair of the PS and CAS. The chair for each subcommittee must be a representative of the Transmission Owners with Load Serving Obligations member sector.

The PS responsibilities include, but are not limited to, reviewing and making recommendations to the PMC for development of study plans, establishing base cases, evaluating potential solutions to regional transmission needs, producing and recommending the Regional Plan for PMC approval and coordinating with the CAS. The PS is to provide public notice of committee meetings and provide opportunities for stakeholders to provide comments on the process and proposed plan.

The CAS responsibilities include, but are not limited to, performing and/or overseeing the performance of the cost allocation methodology. The CAS

also is to review and make recommendations to the PMC for modifying definitions of benefits and cost allocation methodology as necessary to meet WestConnect planning principles on identification of beneficiaries and cost allocation. The CAS is to review and recommend projects to the PMC for purposes of cost allocation identified in the Regional Planning Process. The CAS is to provide public notice of committee meetings and provide opportunities for stakeholders to provide comments on the process and proposed cost allocation.

All actions of the PMC (including approval of the Regional Plan) will be made possible by satisfying either of the following requirements:

- 75% of the members voting within at least three sectors approve a motion, where one of the three (3) sectors approving is the Transmission Owners with Load Serving Obligations sector; or
- 75% of the members voting within the four member sectors other than the Transmission Owners with Load Serving Obligations sector approve a motion, and where two-thirds (2/3) of the members voting within the Transmission Owners with Load Serving Obligations sector also approve the same motion

Each entity within a membership sector is entitled to one vote on items presented for decision, ~~except that transmission owners in the Transmission Owners with Load Serving Obligations sector that are not enrolled in the WestConnect Planning Region are not eligible to vote on the regional cost allocation decisions of the PMC.~~

Any closed executive sessions of the PMC will be to address matters outside of the development of the Regional Planning Process, including matters involving contracts, personnel, financial matters, or legal matters such as, but not limited to, litigation (whether active or threatened).

### **C. Submission of Data by Customers, Transmission Developers, and Transmission Owners**

When stakeholder feedback on modeling assumptions is requested, the data submittal period for such feedback will be established by the PMC. In all cases, requests for submittal of data from WestConnect members and stakeholders will be followed by a data submittal window lasting no less than thirty (30) days from the date of such requests. In addition, consistent with the Regional Planning Process, any interested stakeholder may submit project ideas for consideration in the Regional Plan without a need for that stakeholder's project to qualify for a project submittal for purposes of cost allocation. Specific project submittals are treated differently than generalized project ideas. For any project submittal seeking study by the PMC in the Regional Planning Process to address a regional need identified by the PMC (without regard to whether the project seeks cost

allocation), a project submittal deposit will be collected and made subject to later true-up based upon the actual cost of the study (ies) performed. Project submittals are to be accepted through the fifth (5<sup>th</sup>) quarter of the planning cycle (or first (1<sup>st</sup>) quarter of the second (2<sup>nd</sup>) year, and are addressed in Section III.C.5 of this Attachment K. [A timeline detailing the timing and notice for submission of information and input can be found in Attachment K-2 of this Attachment K.](#)

1. Transmission Customers.

Transmission customers shall generally submit their load forecast and other relevant data through the WestConnect Planning Region member's (e.g., TEP and/or UNSE's) local transmission planning process. However, from time to time, there may be a need for transmission customers participating in the Regional Planning Process to submit data directly to WestConnect. This data may include, but is not limited to, load forecasts, generation resource plans, demand side management resources, proposed transmission upgrade recommendations, and feedback regarding certain assumptions in the planning process.

No less than thirty (30) days' advance notice will be given for customers to submit any required data and data submissions will generally be able to be made via email or by posting information to a designated website.

2. Independent Transmission Developers and Owners.

Transmission developers are entities with project ideas they wish to submit into the Regional Planning Process. These may include project submittals that the developer wishes to be considered to address an identified regional need (whether or not the project is eligible for regional cost allocation).

Each regional transmission planning cycle will include a submission period for projects, as described in Section III.C.5, below. Notice of the submission period will be posted on the WestConnect website and will also be made via email to WestConnect stakeholders. The submission period will last for no less than thirty (30) days and during this time, any entity that wishes to submit a transmission project for consideration in the Regional Planning Process to address an identified regional need may do so.

Projects proposed by Independent Transmission Developers and Owners are subject to the same reliability standards as projects submitted by Transmission Owners with Load Serving Obligations. The project developer shall register with NERC and WECC in accordance with the applicable registration rules in the NERC Rules of Procedure. In addition, project developers shall observe and comply with regional requirements as established by the applicable regional reliability organizations, and all local, state, regional, and federal requirements.

3. Merchant Transmission Developers.

Merchant Transmission Developers are entities pursuing completion of projects that do not wish to have their projects considered for regional cost allocation. Nonetheless, coordination between merchant projects and the Regional Planning Process is necessary to effect a coordinated Regional Plan that considers all system needs.

Each regional transmission planning cycle will include a submission period for project submittals to address an identified regional need, as described in Section III.C.5, below. Notice of the submission period will be posted on the WestConnect website and will also be made via email to WestConnect stakeholders. In addition, it is necessary for Merchant Transmission Developers to provide adequate information and data to allow the PMC to assess the potential reliability and operational impacts of the Merchant Transmission Developer's proposed transmission facilities on other systems in the region. The submission period will last for no less than thirty (30) days and during this time sponsors of merchant transmission projects that are believed to impact the WestConnect Planning Region will be asked to provide certain project information.

Projects proposed by Merchant Transmission Developers are subject to the same reliability standards as projects submitted by Transmission Owners with Load Serving Obligations. The project developer is responsible for properly registering with NERC and WECC in accordance with the applicable registration rules in the NERC Rules of Procedure. In addition, project developers shall observe and comply with regional requirements as established by the applicable regional reliability organization and all local, state, regional, and federal requirements.

4. Transmission Owners with Load Serving Obligations.

Transmission owners that are members of the WestConnect Planning Region are responsible for providing all necessary system information through the Regional Planning Process.

At the beginning of each regional transmission planning cycle, transmission owners that are participating in the WestConnect Regional Planning Process will be responsible for verifying the accuracy of any data (including, but not limited to system topology and project proposal information) they have previously submitted. Transmission owners will also be required to submit all relevant data for any new projects being proposed for inclusion in the Regional Plan to address an identified regional need in accordance with Section III.C.5, below. Transmission owners will also be responsible for submitting any project plans developed through their local transmission planning processes for inclusion in the Regional Plan models.



5. Transmission Project Submittals.

All submittals of transmission projects to address an identified regional need, without regard to whether or not the project seeks regional cost allocation, are to contain the information set forth below, together with the identified deposit for study costs, and be submitted timely within the posted submittal period in order for the project submittal to be eligible for evaluation in the Regional Planning Process. A single project submittal may not seek multiple study requests. To the extent a project proponent seeks to have its project studied under a variety of alternative project assumptions, the individual alternatives must be submitted as individual project submittals. To be eligible to propose a project for selection in the Regional Plan, a project proponent must also be an active member in good standing within one of the five (5) PMC membership sectors described above in Section III.B.5.a.

- Submitting entity contact information
- Explanation of how the project is a more efficient or cost-effective solution compared to regional transmission needs\*
- A detailed project description including, but not limited to, the following:
  - Scope
  - Points of interconnection to existing (or planned) system
  - Operating Voltage and Alternating Current or Direct Current status
  - Circuit Configuration (Single, Double, Double-Circuit capable, etc.)
  - Impedance Information
  - Approximate circuit mileage
- Description of any special facilities (series capacitors, phase shifting transformers, etc.) required for the project
- Diagram showing geographical location and preferred route; general description of permitting challenges
- Estimated Project Cost and description of basis for that cost\*
- Any independent study work of or relevant to the project
- Any WECC study work of or relevant to the project
- Status within the WECC path rating process
- The project in-service date
- Change files to add the project to a standard system power flow model
- Description of plan for post-construction maintenance and operation of the proposed line
- A \$25,000 deposit to support the cost of relevant study work, subject to true-up (up or down) based upon the actual cost of the study~~(ies)~~ (ies).\* The true-up will include interest on the

difference between the deposit and the actual cost, with such interest calculated in accordance with Section 35.19a(a)(2) of FERC's regulations. A description of the costs to which the deposit was applied, how the costs were calculated, and an accounting of the costs will be provided to each project sponsor within thirty (30) calendar days of the completion of the study. Dispute resolution is addressed pursuant to Section V.

- Comparison Risk Score from WECC Environmental Data Task Force, if available
- Impacts to other regions. The applicant must provide transmission system impacts studies showing system reliability impacts to neighboring transmission systems or another transmission planning region. The information should identify all costs associated with any required upgrades to mitigate adverse impacts on other transmission systems.\*

If impact studies and costs are not available at the time of submittal, the project proponent may request that impact studies be performed, at the project proponent's expense, as part of the analysis to determine whether the project is the more efficient or cost-effective solution. Requests for transmission system impact studies are approved through the PMC depending on whether the project proponent provides funding for the analysis. ~~and if the request can be performed within the planning cycle timeframe~~ The PMC will provide, subject to appropriate confidentiality and CEII restrictions, the information in the possession of the PMC that an applicant needs to perform the transmission system impact study and to identify the costs associated with any upgrades required to mitigate adverse impacts.

\*Merchant transmission developers are exempt from these requirements.

There is to be an open submission period for project proposals to address identified regional needs. Notice of the submission period will be posted on the WestConnect website and will also be made via email to WestConnect stakeholders. The submission period will last for no less than thirty (30) days and will end by the fifth (5<sup>th</sup>) quarter of the WestConnect planning cycle (or first (1<sup>st</sup>) quarter of the second (2<sup>nd</sup>) year of the planning cycle). Proposals submitted outside that window will not be considered. The PMC will have the authority to determine the completeness of a project submittal. Project submittals deemed incomplete will be granted a reasonable opportunity to cure any deficiencies identified in writing by the PMC.

Any stakeholder wishing to present a project submittal to address an identified regional need shall be required to submit the data listed above to be considered in the Regional Planning Process. Should the submitting stakeholder believe certain information is not necessary, it shall identify such information it believes is not necessary and shall provide a justification for its conclusion that the information is not necessary. The PMC retains the sole authority for determining completeness of the information submittal. After the completion of the project submittal period, the PMC will post a document on the WestConnect website detailing why any projects were rejected as incomplete. Upon posting of the document, any project submittal rejected as incomplete will be given a reasonable opportunity to cure the reason(s) it was rejected to the satisfaction of the PMC in its sole discretion.

6. Submission of Non-transmission Alternative Projects.

Any stakeholder may submit projects proposing non-transmission alternatives to address an identified regional need for evaluation under the Regional Planning Process, as those projects are described in Section III.D.5 of Attachment K. The submission period will last for no less than thirty (30) days. The submission window will end by the fifth (5<sup>th</sup>) quarter of the WestConnect planning cycle (or first (1<sup>st</sup>) quarter of the second (2<sup>nd</sup>) year of the planning cycle). The following criteria must be satisfied in order for a non-transmission alternative project submittal to be evaluated under the Regional Planning Process:

- Basic description of the project (fuel, size, location, point of contact)
- Operational benefits
- Load offset, if applicable
- Description of the issue sought to be resolved by the generating facility or other non-transmission alternative, including reference to any results of prior technical studies
- Network model of the project flow study
- Short-circuit data
- Protection data
- Other technical data that might be needed for resources
- Project construction and operating costs
- Additional miscellaneous data (e.g., change files if available)

As with entities submitting a transmission project under Section III.C.5, those who submit under Section III.C.6 a non-transmission alternative under the Regional Planning Process must adhere to and provide the same or equivalent information (and deposit for study costs) as transmission alternatives. Should the submitting stakeholder believe certain information is not necessary, it shall identify the information it believes is not necessary and shall provide a justification for its conclusion that the information is not necessary. Although

non-transmission alternative projects will be considered in the Regional Planning Process, they are not eligible for regional cost allocation.

7. The WestConnect Regional Planning Cycle.

The WestConnect regional transmission planning cycle is biennial. The PMC will develop and publish a Regional Plan every other year.

**D. Transmission Developer Qualification Criteria**

1. In General

A transmission developer that seeks to be eligible to use the regional cost allocation methodology for a transmission project selected in the Regional Plan for purposes of cost allocation must identify its technical and financial capabilities to develop, construct, own, and operate a proposed transmission project. To be clear, satisfaction of the criteria set forth below does not confer upon the transmission developer any right to:

- (i) construct, own, and/or operate a transmission project;
- (ii) collect the costs associated with the construction, ownership and/or operation of a transmission project; or
- (iii) provide transmission services on the transmission facilities constructed, owned and/or operated.

The applicable governing governmental authorities are the only entities empowered to confer any such rights to a transmission developer. The PMC is not a governmental authority.

2. Information Submittal

A transmission developer seeking eligibility for potential designation as the entity eligible to use the regional cost allocation for a transmission project selected in the Regional Plan for purposes of cost allocation must submit to the PMC the following information during the first quarter of the WestConnect planning cycle, except that during the first WestConnect planning cycle the PMC shall have the discretion to extend the period for the submission of this information:

a. Overview

A brief history and overview of the applicant demonstrating that the applicant has the capabilities to finance, own, construct, operate and maintain a regional transmission project consistent with Good Utility Practice within the state(s) within the WestConnect Planning Region. The applicant should identify all transmission projects it has constructed,

owned, operated and/or maintained, and the states in which such projects are located.

b. Business Practices

A description of the applicant's experience in processes, procedures, and any historical performance related to engineering, constructing, operating and maintaining electric transmission facilities, and managing teams performing such activities. A discussion of the types of resources, including relevant capability and experience (in-house labor, contractors, other transmission providers, etc.) contemplated for the licensing, design, engineering, material and equipment procurement, siting and routing, Right-of-Way ("ROW") and land acquisition, construction and project management related to the construction of transmission projects. The applicant should provide information related to any current or previous experience financing, owning, constructing, operating and maintaining and scheduling access to regional transmission facilities.

c. Compliance History

The applicant should provide an explanation of any violation(s) of NERC and/or Regional Entity Reliability Standards and/or other regulatory requirements pertaining to the development, construction, ownership, operation, and/or maintenance of electric transmission facilities by the applicant or any parent, owner, affiliate, or member of the applicant that is an Alternate Qualifying Entity (ies) under Section III.D.2.1. Notwithstanding the foregoing, if at the time the applicant submits the information required by this Section III.D.2, the applicant has not developed, constructed, owned, operated or maintained electric transmission facilities, the applicant shall instead submit such information for any electric distribution or generating facilities it develops, constructs owns, operates and/or maintains, as applicable, to demonstrate its compliance history.

d. Participation in the Regional Planning Process

A discussion of the applicant's participation within the Regional Planning Process or any other planning forums for the identification, analysis, and communication of transmission projects.

e. Project Execution

A discussion of the capability and experience that would enable the applicant to comply with all on-going scheduling, operating, and maintenance activities associated with project development and execution.

f. Right-of-Way Acquisition Ability

The applicant's preexisting procedures and historical practices for siting, permitting, landowner relations, and routing transmission projects including, acquiring ROW and land, and managing ROW and land acquisition for transmission facilities. Any process or procedures that address siting or routing transmission facilities through environmentally sensitive areas and mitigation thereof. If the entity does not have such preexisting procedures, it shall provide a detailed description of its plan for acquiring ROW and land and managing ROW and land acquisition.

g. Financial Health

The applicant must demonstrate creditworthiness and adequate capital resources to finance transmission projects. The applicant shall either have an investment grade credit rating from both S&P and Moody's or provide corporate financial statements for the most recent five years for which they are available. Entities that do not have a credit rating, or entities less than five years old, shall provide corporate financial statements for each year that is available. Alternatively, the applicant may provide a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the PMC.

The following ratios must be provided with any explanations regarding the ratios:

- Funds from operations-to-interest coverage.
- Funds from operation-to-total debt.
- Total debt-to-total capital.
- The applicant must indicate the levels of the above ratios the company will maintain during and following construction of the transmission element.

The PMC may request additional information or clarification as necessary.

h. Safety Program

The applicant must demonstrate that they have an adequate internal safety program, contractor safety program, safety performance record and program execution.

i. Transmission Operations

The applicant must: demonstrate that it has the ability to undertake control center operations capabilities, including reservations, scheduling, and

outage coordination; demonstrate that it has the ability to obtain required path ratings; provide evidence of its NERC compliance process and compliance history, as applicable; demonstration of any existing required NERC certifications or the ability to obtain any applicable NERC certifications; establish required Total Transfer Capability; provide evidence of storm/outage response and restoration plans; provide evidence of its record of past reliability performance, as applicable; and provide a statement of which entity will be operating completed transmission facilities and will be responsible for staffing, equipment, and crew training. A potential transmission developer will not be required to have an operations entity under contract at the time it seeks to be eligible to use the regional cost allocation method for a transmission project selected in the Regional Plan for purposes of cost allocation.

j. Transmission Maintenance

The applicant must demonstrate that they have, or have plans to develop, an adequate transmission maintenance program, including staffing and crew training, transmission facility and equipment maintenance, record of past maintenance performance, NERC compliance process and any past history of NERC compliance or plans to develop a NERC compliance program, statement of which entity will be performing maintenance on completed transmission facilities. A potential transmission developer will not be required to have a maintenance entity under contract at the time it seeks to be eligible to use the regional cost allocation method for a transmission project selected in the Regional Plan for purposes of cost allocation.

k. Regulatory Compliance

The applicant must demonstrate the ability, or plans to develop the ability, to comply with Good Utility Practice, WECC criteria and regional reliability standards, NERC Reliability Standards, construction standards, industry standards, and environmental standards, and applicable local, state, and federal permitting requirements.

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l. Affiliation Agreements

A transmission developer can demonstrate that it meets these criteria either on its own or by relying on an entity or entities with whom it has a corporate affiliation or other third-parties with relevant experience (“Alternate Qualifying Entity (ies)”). In lieu of a contractual or affiliate relationship with one or more Alternate Qualifying Entity (ies) and to the extent a transmission developer intends to rely upon third-parties for meeting these criteria, the transmission developer must submit an affidavit

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~~from the third parties stating their willingness to perform the tasks identified by the transmission developer. Such affidavits shall not be viewed as binding statements of intent by third parties.~~ provide in attestation form an identification of its preferred third-party contractor(s) and indicate when it plans to enter into a definitive agreement with its third-party contractor(s). If the transmission developer seeks to satisfy the criteria in whole or in part by relying on one or more Alternate Qualifying Entity (ies), the transmission developer must submit: (1) materials demonstrating to the PMC's satisfaction that the Alternate Qualifying Entity (ies) meet(s) the criteria for which the transmission developer is relying upon the alternate qualifying entity (ies) to satisfy; and (2) a commitment to provide in any project cost allocation application an executed agreement that contractually obligates the Alternate Qualifying Entity (ies) to perform the function(s) for which the transmission developer is relying upon the Alternate Qualifying Entity (ies) to satisfy.

m. WestConnect Membership

A transmission developer must be a member of either the WestConnect Transmission Owners with Load Serving Obligations or Independent Transmission Developers and Owners sector, or must agree to join the WestConnect Transmission Owners with Load Serving Obligations or Independent Transmission Developers and Owners sector and agree to sign the Planning Participation Agreement if the transmission developer seeks to be an entity eligible to use the regional cost allocation method for a transmission project selected in the Regional Plan for purposes of cost allocation.

n. Other

Any other relevant project development experience that the transmission developer believes may demonstrate its expertise in the above areas.

2. Identification of Transmission Developers Satisfying the Criteria

a. Notification to Transmission Developer

No later than September 30 each year, the PMC is to notify each transmission developer whether it has satisfied the stated criteria. A transmission developer failing to satisfy one or more of the qualification criteria is to be informed of the failure(s) and accorded an additional opportunity to cure any deficiency (ies) within thirty (30) calendar days of notice from the PMC by providing any additional information.



The PMC is to inform the transmission developer whether the additional information satisfies the qualification criteria within forty-five (45) calendar days of receipt of the additional information.

The PMC is to identify the transmission developers that have satisfied the qualification criteria (the “Eligible Transmission Developers”) by posting on the WestConnect website, on or before December 31 of each year.

b. Annual Recertification Process and Reporting Requirements

By June 30 of each year, each Eligible Transmission Developer must submit to WestConnect a notarized letter signed by an authorized officer of the Eligible Transmission Developer certifying that the Eligible Transmission Developer continues to meet the current qualification criteria.

The Eligible Transmission Developer shall submit to the PMC an annual certification fee equal to the amount of the WestConnect annual membership fee. If the Eligible Transmission Developer is a member of WestConnect and is current in payment of its annual membership fee, then no certification fee will be required.

If at any time there is a change to the information provided in its application, an Eligible Transmission Developer shall be required to inform the PMC chair within thirty (30) calendar days of such change so that the PMC may determine whether the Eligible Transmission Developer continues to satisfy the qualification criteria. Upon notification of any such change, the PMC shall have the option to: (1) determine that the change does not affect the status of the transmission developer as an Eligible Transmission Developer; (2) suspend the transmission developer’s eligibility status until any deficiency in the transmission developer’s qualifications is cured; (3) allow the transmission developer to maintain its eligibility status for a limited time period, as specified by the PMC, while the transmission developer cures the deficiency; or (4) terminate the transmission developer’s eligibility status.

c. Termination of Eligibility Status

The PMC may terminate an Eligible Transmission Developer's status if the Eligible Transmission Developer: (1) fails to submit its annual certification letter; (2) fails to pay the applicable WestConnect membership fees; (3) experiences a change in its qualifications and the PMC determines that it may no longer qualify as an Eligible Transmission Developer; (4) informs the PMC that it no longer desires to be an Eligible Transmission Developer; (5) fails to notify the PMC of a change to the information provided in its application within thirty (30) days of such change; or (6) fails to execute the Planning Participation Agreement as agreed to in the qualification criteria within a reasonable time defined by the PMC, after seeking to be an entity eligible to use the regional cost allocation method for a transmission project selected in the Regional Plan for purposes of cost allocation.

## **E. Regional Planning Methodology and Protocols; Evaluation and Selection of Solution Alternatives**

### **1. Overview of Regional Planning Methodology and Evaluation Process.**

The Regional Planning Process is intended to identify regional needs and the more efficient or cost-effective solutions to satisfy those needs. Consistent with Order No. 890, qualified projects timely submitted through the Regional Planning Process will be evaluated and selected from competing solutions and resources such that all types of resources, as described below, are considered on a comparable basis. The same criteria and evaluation process will be applied to competing solutions and/or projects, regardless of type or class of stakeholder proposing them. Where a regional transmission need is identified, the PMC is to perform studies that seek to meet that need through regional projects, even in the absence of project proposals advanced by stakeholders or projects identified through the WECC process. When the PMC performs a study to meet an identified regional need in circumstances where no stakeholder has submitted a project proposal to meet that regional need, the PMC is to pursue such studies in a not unduly discriminatory fashion ~~and within the means permitted by PMC funds.~~ The study methods employed for PMC-initiated studies will be the same types of study methods employed for stakeholder-initiated studies (see, e.g., Section III.E.2 addressing the use of NERC Transmission Planning ("TPL") Reliability Standards for regional reliability projects, Section III.E.3 addressing the use of production cost modeling for regional economic projects, and Section III.E.4 addressing the identification of Public Policy Requirements for regional public policy driven projects).

The solution alternatives will be evaluated against one another on the basis of the following criteria to select the preferred solution or combination of solutions: (1) ability to practically fulfill the identified need; (2) ability to meet applicable reliability criteria or NERC Transmission Planning Standards issues; (3) technical, operational and financial feasibility; (4) operational benefits/constraints or issues; (5) cost-effectiveness over the time frame of the study or the life of the facilities, as appropriate (including adjustments, as necessary, for operational benefits/constraints or issues, including dependability); (6) where applicable, consistency with Public Policy Requirements, or regulatory requirements, including cost recovery through regulated rates; and (7) a project must be determined by the PMC to be a more efficient or cost-effective solution to one or more regional transmission needs to be eligible for regional cost allocation, as more particularly described below in Part VII.

The Regional Planning Process provides for an assessment of regional solutions falling in one or more of the following categories:

- Regional reliability solutions.
- Regional economic solutions
- Regional transmission needs driven by Public Policy Requirements.
- Non-transmission alternatives

TEP and UNSE encourage all interested stakeholders to consult the Business Practice Manual for additional details regarding the planning process, timing, and implementation mechanics. A flow chart depicting the Regional Planning Process is attached hereto as Attachment K-1.

All WestConnect Transmission Owners with Load Serving Obligations shall be responsible for submitting their local transmission plans for inclusion in the Regional Plan in accordance with the timeline stated in the Business Practice Manual. Those individual plans will be included in the Regional Plan base case system models.

2. WestConnect Reliability Planning Process.

Once the base case is established and verified, the PMC is to perform a regional reliability assessment in which the base case system models will then be checked for adherence to the relevant NERC or WECC Transmission Planning Standards and WECC criteria, through appropriate studies, including, but not limited to, steady-state power flow, voltage, stability, short circuit, and transient studies, as more specifically outlined in the Business Practice Manual. If a reliability violation is identified in this power flow process, the violation will be referred back the appropriate transmission owner.

The PMC will identify projects to resolve any regional violations that impact more than one transmission owner of the relevant NERC or WECC Transmission Planning Standards or WECC criteria. In addition, as part of the Regional Planning Process, an opportunity will be afforded to any interested party to propose regional reliability projects that are more efficient or cost-effective than other proposed solutions. The PMC will then identify the more efficient or cost-effective regional transmission project that meets the identified regional transmission need, taking into account factors such as how long the project will take to complete and the timing of the need. Because local transmission owners are ultimately responsible for compliance with NERC Reliability Standards and for meeting local needs, the local transmission plans will not be modified; however, the PMC may identify more efficient or cost-effective regional ~~transmission projects.~~effective regional transmission projects. As seen in Attachment K-2 of this Attachment K, the PMC will perform the regional reliability assessment and, if necessary, identify a regional need for transmission projects to resolve any violations that impact more than one transmission owner in the fourth quarter of the planning cycle.

3. WestConnect Economic Planning Process.

As part of the Regional Planning Process, the PMC is to analyze whether there are projects that have the potential to reduce the total delivered cost of energy by alleviating congestion or providing other economic benefits to the transmission system located within the WestConnect Planning Region through production cost modeling. This analysis also shall utilize WECC Board-approved recommendations to further investigate congestion within the WestConnect Planning Region for congestion relief or economic benefits that has subsequently been validated by WestConnect. Additional projects may also be proposed by stakeholders or developed through the stakeholder input process for evaluation of economic benefits. Under the Regional Planning Process, the PMC will identify more efficient or cost-effective regional transmission projects, but will not modify local transmission plans.

The WestConnect economic planning process will analyze benefits via detailed production cost simulations. The models employed in the production cost simulations will appropriately consider the impact of transmission projects on production cost and system congestion. The WestConnect economic planning process will also consider the value of decreased reserve sharing requirements in the development of a Regional Plan that is more efficient or cost-effective. As seen in Attachment K-2 of this Attachment K, the PMC will develop the production cost modeling analysis in the second (2<sup>nd</sup>) and third (3<sup>rd</sup>) quarters of the planning cycle and identify economic transmission projects in the sixth (6<sup>th</sup>) quarter and parts of the fifth (5<sup>th</sup>) and seventh (7<sup>th</sup>) quarters of the planning cycle.

4. WestConnect Public Policy Planning Process.

a. Procedures for Identifying Regional Transmission Needs Driven by Public Policy Requirements.

It is anticipated that any regional transmission need that is driven by Public Policy Requirements will be addressed initially within the local planning cycles of the individual transmission owners in the WestConnect Planning Region (through the consideration of local transmission needs driven by a Public Policy Requirement, since a Public Policy Requirement is a requirement that is imposed upon individual transmission owners (as opposed to a requirement that is imposed on a geographic region). For those Public Policy Requirements that affect more than one transmission owner in the WestConnect Planning Region, a solution identified at the local level to satisfy the local needs of the affected transmission owner(s), may also satisfy a regional transmission need identified by the PMC for the WestConnect Planning Region.

WestConnect transmission owner members that are planning consistent with Order No. 890 will continue to conduct local transmission planning processes (Section II.C of this Attachment K), which provide a forum for discussions on local transmission needs driven by Public Policy Requirements. These local processes provide the basis for the individual transmission owners' local transmission plans, which are then incorporated into the regional base case at the start of the Regional Planning Process under Order No. 1000.

The PMC is to provide notice on the WestConnect website of both regional transmission planning meetings convened by the PMC for the WestConnect region, and local transmission planning meetings of the individual transmission owners in the WestConnect region.

The PMC will begin the evaluation of regional transmission needs driven by Public Policy Requirements by identifying any Public Policy Requirements that are driving local transmission needs of the transmission owners in the WestConnect Planning Region, and including them in the transmission system models (the regional base case) underlying the development of the Regional Plan. Then, the PMC will seek the input of stakeholders in the WestConnect region on those Public Policy Requirements in an effort to engage stakeholders in the process of identifying regional transmission needs driven by Public Policy Requirements. The PMC will communicate with stakeholders through public postings on the WestConnect website of meeting announcements and discussion forums. In addition, the PMC is to establish an email distribution list for those stakeholders who indicate a desire to receive information via electronic list serves.

After allowing for stakeholder input on regional transmission needs driven by Public Policy Requirements and regional solutions to those needs, as part of the Regional Planning Process, the PMC is to identify in the Regional Plan those regional transmission needs driven by Public Policy Requirements that were selected by the PMC for evaluation of regional solutions.

In selecting those regional transmission needs driven by Public Policy Requirements that will be evaluated for regional solutions in the current planning cycle, the PMC is to consider, on a non-discriminatory basis, factors, including but not limited to, the following:

- (i) whether the Public Policy Requirement is driving a regional transmission need that can be reasonably identified in the current planning cycle;

- (ii) the feasibility of addressing the regional transmission need driven by the Public Policy Requirement in the current planning cycle;
- (iii) the factual basis supporting the regional transmission need driven by the Public Policy Requirement; and
- (iv) whether a Public Policy Requirement has been identified for which a regional transmission need has not yet materialized, or for which there may exist a regional transmission need but the development of a solution to that need is premature.

No single factor shall necessarily be determinative in selecting among the potential regional transmission needs driven by Public Policy Requirements.

The process by which PMC is to identify those regional transmission needs for which a regional transmission solution(s) will be evaluated, out of what may be a larger set of regional transmission needs, is to utilize the communication channels it has in place with stakeholders, identified above (open meetings and discussion forums convened by the PMC), through which regional transmission needs driven by Public Policy Requirements are to be part of the open dialogue.

b. Procedures for Identifying Solutions to Regional Transmission Needs Driven by Public Policy Requirements.

Stakeholders are to have opportunities to participate in discussions during the Regional Planning Process with respect to the development of solutions to regional transmission needs driven by Public Policy Requirements. Such participation may take the form of attending planning meetings, offering comments for consideration by the PMC on solutions to regional needs driven by Public Policy Requirements, and offering comments on proposals made by other stakeholders or by the PMC. Stakeholders that are members of the WestConnect PMC are performing the function of regional transmission planning and developing regional solutions to identified regional transmission needs driven by Public Policy Requirements through membership on subcommittees of the PMC.

After allowing for stakeholder input on solutions to regional transmission needs driven by Public Policy Requirements, as part of the Regional Planning Process, the PMC is to identify in the Regional Plan those regional transmission solutions driven by Public Policy Requirements that were selected by the PMC and any regional transmission project(s) that more efficiently or cost-effectively meet those needs.

The procedures for identifying and evaluating potential solutions to the identified regional transmission needs driven by Public Policy Requirements are the same as those procedures used to evaluate any other project proposed in the Regional Planning Process, whether or not submitted for purposes of cost allocation.

The PMC will perform a Public Policy Requirements analysis to help identify if a transmission solution is necessary to meet an enacted public policy. For a transmission need driven by Public Policy Requirements, the PMC will identify if a more efficient or cost-effective regional transmission solution exists based upon several different considerations, including consideration of whether the project is necessary and capable of meeting transmission needs driven by Public Policy Requirements, while also:

- i. Efficiently resolving any criteria violations identified by studies pursuant to any relevant NERC Transmission Planning (“TPL”) Reliability Standards for regional reliability projects or WECC Transmission Planning Reliability Standards or WECC criteria, as applicable, that could impact more than one Transmission Owner as a result of a Public Policy Requirement, or
- ii. Producing economic benefits shown through detailed production cost simulations. The models employed in the production cost simulations will appropriately consider the impact of transmission projects on production cost, system congestion and the value of decreased reserve sharing requirements.

The PMC will develop the public policy analysis in the sixth (6<sup>th</sup>) quarter and parts of the fifth (5<sup>th</sup>) and seventh (7<sup>th</sup>) quarters of the planning cycle.

c. Proposed Public Policy

A public policy that is proposed, but not required (because it is not yet enacted or promulgated by the applicable governmental authority) may be considered through Section III.E.3 (WestConnect Economic Planning Process) of this Attachment K, if time and resources permit.



d. Posting of Regional Transmission Needs Driven by Public Policy Requirements.

WestConnect will maintain on its website (i) a list of all regional transmission needs identified that are driven by Public Policy Requirements and that are included in the studies for the current regional transmission planning cycle; and (ii) an explanation of why other suggested regional transmission needs driven by Public Policy Requirements will not be evaluated.

5. Consideration of Non-transmission Alternatives in the Regional Planning Process.

Non-transmission alternatives submitted for evaluation in the Regional Planning Process will be evaluated to determine if they will provide a more efficient or cost-effective solution to an identified regional transmission need. Non-transmission alternatives include, without limitation, technologies that defer or possibly eliminate the need for new and/or upgraded transmission lines, such as distributed generation resources, demand side management (load management, such as energy efficiency and demand response programs), energy storage facilities and smart grid equipment that can help eliminate or mitigate a grid reliability problem, reduce uneconomic grid congestion, and/or help to meet regional grid needs driven by Public Policy Requirements. Non-transmission alternatives are not eligible for regional cost allocation.

6. Approval of the WestConnect Regional Plan.

The Cost Allocation Subcommittee is to submit, for review and comment, the results of its project benefit/cost analysis and beneficiary determination to the PMC Chair and to the identified beneficiaries of the transmission projects proposed for cost allocation. The PMC shall make available to its Members sufficient information to allow for a reasonable opportunity to comment on the proposed selection. The PMC shall not make a determination on the project benefit/cost analysis and beneficiary determination until it has reviewed all comments. Upon approval of the PMC, the project benefit/cost analysis and beneficiary identifications shall be posted by the PMC on the WestConnect website and shall form the basis of the beneficiary voting described in Section III.E.6.a of this Attachment K.

a. Voting by Project Beneficiaries on Proposed Transmission Facilities.

Beneficiaries who are load-serving entities (“LSE”) in the WestConnect Region as enrolled transmission owners (“ETOs”) or coordinating transmission owners (“CTOs”) shall be eligible to cast a vote under this Section III.

- i. The voting share of each LSE shall be weighted in accordance with its share of the total project benefits, as allocated by Section VII.B.
- ii. The costs of a proposed project shall be allocated under this Attachment K Section VII.B only if eighty percent (80%) or more of the actual votes cast on a beneficiary-weighted basis are cast in favor of implementing the project, subject to the provisions below.
- iii. The PMC will report the results to stakeholders. All LSE beneficiaries of a proposed project that voted against implementing a project must submit to the PMC their rationale within thirty (30) days of the date the vote is taken. Such beneficiaries must provide a detailed written explanation of the substantive reasons underlying the decision, including, where appropriate: (1) which additional benefit metrics, either identified in the tariff or otherwise, were used; (2) the actual quantification of such benefit metrics or factors; (3) a quantification and explanation of the net benefit or net cost of the project to the beneficiary; and (4) data supporting the metrics and other factors used. Such explanations may also include other factors such as uncertainties, and/or alternative scenarios and other qualitative factors considered, including state public policy goals. The PMC will post this information on the WestConnect website. The posting will include: (1) a list of the identified beneficiaries; (2) the results of the benefit/cost analysis; and (3) where a project is not approved, whether any project developer has provided any formal indication to the PMC as to the future development of the project.
- iv. If the proposed project meets or exceeds the required vote under Section III.E.6.a.ii above, then each CTO beneficiary, including those voting “no,” will indicate whether it accepts the cost allocation for the project, as follows:
  1. A CTO Member, in its sole discretion, may elect to accept a cost allocation for each separate transmission facility for which it is identified as a beneficiary, but only if it notifies the Chair of the PMC in writing of its decision to accept any such cost allocation within sixty (60) calendar days after the voting results are posted by the PMC under this Section III.E.6.a.iii; provided, however, that the PMC has the discretion to extend the 60-day period when additional time is necessary for an identified beneficiary to complete its internal review and deliberation process before deciding to accept the cost allocation.

2. A CTO Member giving notice that it elects to accept a cost allocation for a transmission facility may rescind that notice at any time prior to the end of the sixty (60) day period, or such extended period established in this Section III.E.6.a.iv.1.
3. A CTO Member that does not accept a cost allocation for a transmission facility will not be subject to cost allocation for that transmission facility.

The information made available under this Section III.E.6 will be electronically masked and made available pursuant to a process that the PMC reasonably determines is necessary to prevent the disclosure of confidential information or CEII contained in the information.

b. Recalculation of Benefits and Costs for Reliability Projects.

The Cost Allocation Subcommittee will adjust, as necessary, its project benefit/cost analysis and beneficiary identification for any transmission project that continues to meet the region's criteria for regional cost allocation. For any CTO beneficiary that does not accept cost allocation for a project under this Section 6, such CTO's transmission need(s) which was included within the identification of the region's transmission needs under Sections 1-4 (for which the regional project would have avoided an alternative reliability project in such CTO's local transmission plan) will be removed as a regional transmission need for purposes of justifying a project's approval as a project eligible for inclusion in the Regional Plan for purposes of cost allocation.

c. Recalculation of Benefits and Costs for Public Policy Requirements Projects.

The Cost Allocation Subcommittee will adjust, as necessary, its project benefit/cost analysis and beneficiary identification for any transmission project that continues to meet the region's criteria for regional cost allocation. For any CTO beneficiary that does not accept cost allocation for a project under this Section 6, such CTO's transmission need(s) which was included within the identification of the region's transmission needs under Sections 1-4 (for which the regional project would have avoided an alternative Public Policy Requirements project in such CTO's local transmission plan) will be removed as a regional transmission need for purposes of justifying a project's approval as a project eligible for inclusion in the Regional Plan for purposes of cost allocation. This shall include any

such CTO's resource needs necessary to comply with Public Policy Requirements.

d. Recalculation of Benefits and Costs for Economic Projects.

The Cost Allocation Subcommittee will adjust, as necessary, its project benefit/cost analysis and beneficiary identification for any transmission project that continues to meet the region's criteria for regional cost allocation. For any CTO beneficiary that does not accept cost allocation for a project under this Section 6, such CTO's transmission benefits which were included within the identification of the regional project's economic benefits under Sections 1-4 will be removed as a regional transmission benefit for purposes of justifying a project's approval as a project eligible for inclusion in the Regional Plan for purposes of cost allocation. This shall include the value of any economic benefits determined through the regional transmission plan to accrue to such CTO.

e. Resultant Increase in Beneficiary Cost Allocation.

Any regional transmission project that continues to meet the region's benefit/cost and other criteria for regional cost allocation will remain eligible for selection in the Regional Plan for purposes of cost allocation if, after the share of project costs declined by CTOs under Section III is allocated to the remaining beneficiaries, each remaining beneficiary experiences a cost increase equal to or less than 10% of its prior cost allocation.

f. Approval of the WestConnect Regional Transmission Plan.

Upon completion of the ~~studies and stakeholder input~~ process outlined above, the PMC will vote to approve the Regional Plan. The Regional Plan will document why projects were either included or not included in the Regional Plan. In addition, the Regional Plan is to describe the manner in which the applicable regional cost allocation methodology was applied to each project selected in the Regional Plan for purposes of regional cost allocation. Projects that meet system needs are incorporated into the Regional Plan. Participant funded projects and other types of projects may be included in the Regional Plan; however, those projects are not eligible for regional cost allocation.

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7. Reevaluation of the WestConnect Regional Transmission Plan.

The PMC is the governing body responsible for deciding whether to reevaluate the Regional Plan to determine if the conditions, facts and/or circumstances relied upon in initially selecting a transmission project for inclusion in the Regional Plan

for purposes of cost allocation have changed and, as a result, require reevaluation. Reevaluation will begin within the second planning cycle following the Effective Date. The Regional Plan and any project selected for cost allocation in the Regional Plan, including any local or single-system transmission projects or planned transmission system upgrades to existing facilities selected for purposes of cost allocation, shall be subject to reevaluation in each subsequent planning cycle according to the criteria below. Upon reevaluation, the Regional Plan and any projects selected for purposes of cost allocation in connection therewith may be subject to modification, including the status as a project selected for cost allocation, with any costs reallocated under Section VII as if it were a new project. Only the PMC has the authority to modify the status of a transmission project selected for cost allocation. Conditions that trigger reevaluation are:

- The underlying project characteristics and/or regional or interregional needs change in the Regional Plan. Examples include, but are not limited to: (a) a project's failure to secure a developer, or a developer's failure to maintain the qualifications necessary to utilize regional cost allocation, or (b) a change (increase or decrease) in the identified beneficiaries of a project (which changes may occur through company acquisitions, dissolutions or otherwise), (c) a change in the status of a large load that contributes to the need for a project, or (d) projects affected by a change in law or regulation;
- Projects that are delayed and fail to meet their submitted in-service date by more than two (2) years. This includes projects delayed by funding, regulatory approval, contractual administration, legal proceedings (including arbitration), construction delays, or other delays;
- Projects with significant project changes, including, but not limited to kilovolt ("kV"), megavolt ampere ("MVA"), or path rating, number of circuits, number of transmission elements, or interconnection locations; and
- Projects with a change in the calculation of benefits or benefit/cost ("B/C") ratio that may affect whether the project selected for inclusion in the Regional Plan for purposes of cost allocation is a more efficient or cost-effective regional solution.
  - Example 1: Where an increase in the selected project's costs, including but not limited to, material, labor, environmental mitigation, land acquisition, operations and maintenance, and mitigation for identified transmission system and region, causes the total project costs to increase above the level upon which the project was initially selected for inclusion in the Regional Plan for purposes of cost allocation, the inclusion of the regional project in the Regional Plan will be reevaluated to determine if the

regional project continues to satisfy the region's B/C ratio and can be found to be a more efficient ~~and/or~~ cost-effective solution under current cost information.

- Example 2: A selected project's benefits may include identification of a reliability benefit in the form of remedying a violation of a Reliability Standard. If the identified beneficiary implements improvements, such as a Remedial Action Scheme, to achieve reliability in compliance with the Reliability Standard at issue, inclusion of the regional project in the regional plan will be reevaluated to determine if the regional project continues to satisfy the region's B/C ratio and can be found to be a more efficient ~~and/or~~ cost-effective solution under current benefit information.
- Example 3: Where a project's estimated benefits include benefits in the form of avoided costs (e.g., a regional project's ability to avoid a local project), and the project is not avoided, the inclusion of the regional project in the Regional Plan will be reevaluated to determine if the regional project continues to satisfy the region's B/C ratio and can be found to be a more efficient ~~and/or~~ cost-effective solution under current facts and circumstances.

Projects selected for purposes of cost allocation will continue to be reevaluated until all the following conditions have been met.

- State and federal approval processes completed and approved (including cost recovery approval under Section 205 of the Federal Power Act as applicable);
- All local, state and federal siting permits have been approved; and
- Major construction contracts have been issued.

When the Regional Plan is reevaluated as a result of any of the conditions triggering reevaluation addressed above, the PMC is to determine if an evaluation of alternative transmission solutions is needed in order to meet an identified regional need. In doing so, the PMC is to use the same processes and procedures it used in the identification of the original transmission solution to the regional need. If an alternative transmission solution is needed, the incumbent transmission owner may propose one or more solutions that it would implement within its retail distribution service territory or footprint, and if such proposed solution is a transmission facility, the transmission owner may submit the project for possible selection in the Regional Plan for purposes of cost allocation.

Projects not subject to reevaluation include, but are not limited to, the following:

- Local or single system transmission projects that have been identified in individual transmission owner's NERC Transmission Planning Standards compliance assessments to mitigate reliability issues and that have not been proposed for (and selected by the PMC for regional cost allocation); and
- Planned transmission system upgrades to existing facilities that have not been proposed for (and selected by the PMC for) regional cost allocation.

Projects meeting any of the following criteria as of the Effective Date will also not be subject to reevaluation under the Regional Planning Process:

- Projects of transmission owners who have signed the Planning Participation Agreement and that have received approval through local or state regulatory authorities or board approval
- Local or single system transmission projects that have been planned and submitted for inclusion in the Regional Plan or exist in the 10-year corporate capital project budgets; or
- Projects that are undergoing review through the WECC Project Coordination and Rating Review Process as of the Effective Date.

The unenrollment of a non-public utility under Section VII.B.11.b removes a project's eligibility for Order No. 1000 cost allocation with respect to those projects both (a) selected for inclusion in the Regional Plan for purposes of Order No. 1000 cost allocation for the first time in the planning cycle as to which the non-public utility unenrolls and (b) for which the unenrolling non-public utility receives an Order No. 1000 cost allocation in that Regional Plan. The unenrollment of a non-public utility under Section VII.B.11.b has no effect on the eligibility for Order No. 1000 cost allocation of any project that does not meet criteria (a) and (b) in this paragraph. The unenrollment of a non-public utility under Section VII.B.11.b has no effect on the eligibility for Order No. 1000 cost allocation of any project that was initially selected for inclusion in the Regional Plan for purposes of cost allocation in a prior planning cycle.

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8. Confidential or Proprietary Information.

Although the Regional Planning Process is open to all stakeholders, stakeholders will be required to comply at all times with certain applicable confidentiality measures necessary to protect confidential information, proprietary information or CEII. From time to time the regional transmission planning studies and/or open stakeholder meetings may include access to base case data that are WECC proprietary data, information classified as CEII, or other similar confidential or proprietary information. In such cases, access to such confidential or proprietary information shall be limited to only those stakeholders that (i) hold membership in and/or execute a non-disclosure agreement (“NDA”) with WECC (*see TEP Attachment K List of Hyperlinks <[http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_List\\_of\\_Hyperlinks.pdf](http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP_Attachment_K_List_of_Hyperlinks.pdf)>*); (ii) execute a non-disclosure agreement with the applicable WestConnect Planning Region members; and/or (iii) are parties to the Planning Participation Agreement, as may be applicable.

Any entity wishing to access confidential information, subject to applicable standards of conduct requirements, discussed in the Regional Planning Process must execute an NDA, and submit it to [NDA@westconnect.com](mailto:NDA@westconnect.com). ~~The NDA can be accessed on the WestConnect website.~~ A link to the NDA has been provided (see TEPs Attachment K Hyperlinks List posted on the TEP OASIS [http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_List\\_of\\_Hyperlinks.pdf](http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP_Attachment_K_List_of_Hyperlinks.pdf)).

#### IV. Recovery of Planning Costs

Unless TEP or UNSE allocates planning-related costs to an individual stakeholder as permitted under the Tariff, all costs incurred by the TEP or UNSE related to its annual Ten Year Transmission Planning process, or its participation in the sub-regional or Regional Planning Process (including the interregional activities set forth in Section VIII, below), shall be included in TEP’s or UNSE’s transmission rate base, as applicable.

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#### V. Dispute Resolution

In the event of a dispute concerning either a procedural or substantive matter within the jurisdiction of FERC, the following dispute resolution processes will apply:

- A. WECC. If the dispute is one that is within the scope of the WECC dispute resolution procedures, then such procedures will apply.
- B. Non-WECC Disputes. For disputes not within the scope of the WECC dispute resolution procedures and for disputes not between or among the members of the Planning Management Committee (which disputes shall be subject to separate dispute resolution provisions set forth below), the dispute resolution procedures set forth in

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Section 12 of each TEP and UNSE's OATT, as applicable, will apply, with the added provision that upon agreement of the parties, any dispute that is not resolved by direct negotiation between or among the affected parties within a reasonable period of time, may be referred to mediation (before or during arbitration), and all applicable timelines will be suspended until such time as the mediation process terminates (unless otherwise agreed by the parties). Notwithstanding that the dispute resolution procedures under Section 12 of TEP and UNSE's OATT apply only to TEP and UNSE and their respective Transmission Customers, Section 12 of TEP's and UNSE's OATT will be deemed to be applicable to stakeholders for purposes of this Attachment K, except as otherwise provided herein.

- C. Resolution by FERC. Notwithstanding anything to the contrary in this Part V, any affected party may refer the matter to FERC for resolution, for example, by filing with FERC a complaint, a request for declaratory order or a change in rate.

For disputes between members of the PMC, the following dispute resolution procedures are to apply:

A. The disputing PMC member(s) ~~must initiate~~initiates its dispute by providing written notification to the PMC (or a designated sub-committee of the PMC) in accordance with the provisions of the Planning Participation Agreement, in which event the PMC will seek to resolve the dispute through discussion, negotiation and the development of a recommended course of action. The PMC may act to adopt a resolution recommended by its own committee members or sub-committees, or alternatively the disputing parties may act to refer the dispute to arbitration for resolution.

B. A dispute may be referred to arbitration under the governing provisions of the Planning Participation Agreement.

C. The availability of the dispute resolution avenues identified above does not eliminate a disputing PMC member's(s') right under the Federal Power Act to refer either a procedural or substantive matter within the jurisdiction of FERC to FERC for resolution, for example by filing with FERC a complaint, a request for declaratory order or a change in rate. ~~A disputing PMC member first must pursue resolution under the provisions of the Planning Participation Agreement before referring a procedural or substantive matter within the jurisdiction of FERC to FERC for resolution.~~

~~All disputes, whether they arise under this Attachment K or between members of the PMC, must be initiated no later than thirty (30) calendar days from the date on which the conduct that gives rise to the dispute occurs.~~

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| **VI. Coordination at the Western Interconnection Level**

TEP will coordinate the TEP and UNSE plan on a west-wide regional basis through WestConnect. WestConnect will coordinate its Regional Plan with TEPPC.

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## A. Procedures for Regional Planning Project Review

1. WECC Coordination of Reliability Planning.
  - a. WECC develops the Western Interconnection-wide base cases for transmission planning analysis such as power flow, stability and dynamic voltage stability studies. The WECC-approved base cases are used for study purposes by transmission planners, subregional transmission planning groups, and other entities that have signed non-disclosure agreements with WECC.
  - b. WECC also maintains a data base for reporting the status of all planned projects throughout the Western Interconnection.
  - c. WECC provides for coordination of planned projects through its Procedures for Regional Planning project review.
  - d. WECC's path rating process ensures that a new project will have no adverse effect on the existing system.
2. WECC-TEPPC Open Stakeholder Meetings. Western Interconnection-wide economic planning studies are conducted by the WECC-TEPPC in an open stakeholder process that holds region-wide stakeholder meetings on a regular basis. The WECC-TEPPC Transmission Planning Protocol, including the TEPPC procedures for prioritizing and completing regional economic studies, is posted on the WECC website (*see TEP Attachment K List of Hyperlinks* [http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP\\_Attachment\\_K\\_-\\_List\\_of\\_Hyperlinks.pdf](http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP_Attachment_K_-_List_of_Hyperlinks.pdf)). TEP, on behalf of itself and UNSE, participates in the region-wide planning through the WestConnect Planning Region, as appropriate, to ensure data and assumptions are coordinated.
3. Role of WECC-TEPPC. WECC-TEPPC provides two main functions in relation to the TEP planning process:
  - a. Development and maintenance of the west-wide economic planning study database.
    - i. TEPPC uses publicly available data to compile a database that can be used by a number of economic congestion study tools.
    - ii. TEPPC's database is publicly available for use in running economic congestion studies. For an interested transmission customer or stakeholder to utilize WECC's Pro-Mod planning model, it must comply with WECC confidentiality requirements.

- b. Performance of economic planning studies. TEPPC has biennial study cycle, described in the WECC-TEPPC Transmission Planning Protocol (see *TEP Attachment K List of Hyperlinks* <http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP Attachment K - List of Hyperlinks.pdf>), during which it will update databases, develop and approve a study plan that includes studying transmission customer high priority economic study requests as determined by the open TEPPC stakeholder process, perform the approved studies and document the results in a report.
- c. Identification of Congested Paths for WestConnect Economic Review. Through TEPPC's economic study process, congested paths may be reviewed and identified as being candidates for economic transmission studies. Upon WECC Board approval of a designation for such a path, the Regional Planning Process will review the path for potential economic transmission solutions.
4. TEPPC Planning Protocol. For more detail see the TEPPC Transmission Planning Protocol (see *TEP Attachment K List of Hyperlinks* <http://www.oatiaoasis.com/TEPC/TEPCdocs/TEP Attachment K - List of Hyperlinks.pdf>).

## VII. Cost Allocation and New Projects

### A. Local Transmission Projects

Local Transmission Projects are projects located within a transmission owner's retail distribution service territory or footprint unless such projects are submitted and selected in the Regional Plan for purposes of cost allocation<sup>6</sup>. A transmission owner is not precluded from proposing Local Transmission Projects for inclusion in the Regional Plan for purposes of cost allocation in the Regional Planning Process. A Local Transmission Project that is not submitted or not selected for inclusion in the Regional Plan is not eligible for cost allocation in the Regional Plan, and not subject to the provisions governing regional cost allocation set forth below.

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<sup>6</sup> The reference to a transmission owner's "footprint" refers to the electrical footprint of the transmission owner (*i.e.*, the location of that transmission owner's electrical assets) and not necessarily the physical/spatial footprint. Where a transmission owner within the WestConnect Planning Region is a transmission-only company with no retail distribution service territory, the term "footprint" refers to the location of the transmission facilities of such transmission-only company.

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For any transmission project where TEP and/or UNSE, as applicable (hereinafter, "Transmission Provider"), is the sole owner or such project is to be built within or for the benefit of the existing Transmission Provider system, such as local, small and/or reliability transmission projects, Transmission Provider will proceed with the project pursuant to its rights and obligations as a transmission provider for the local area. Any projects necessary to ensure the reliability or that provide economic benefits to the Transmission Provider's system and which fall outside the requirements for inclusion in the Regional Plan for purposes of cost allocation are eligible to be considered Local Transmission Projects.

Transmission Provider may share ownership and associated costs of any new transmission project, based upon mutual agreement between the parties. Such a joint ownership arrangement may arise because of existing joint ownership of facilities in the area of the new facilities, overlapping service territories, or other relevant considerations.

Transmission Provider will utilize a case-by-case approach to allocate costs for new Local Transmission Projects. This approach will be based on the following principles:

1. Open Season Solicitation of Interest.

For any Local Transmission Project identified in a Transmission Provider's reliability or economic planning study in which Transmission Provider is the project sponsor, Transmission Provider may elect to provide an "open season" solicitation of interest to secure additional project participants. Upon a determination by Transmission Provider to hold an open season solicitation of interest for a Local Transmission Project, Transmission Provider will:

- a. Announce and solicit interest in the project through informational meetings, its website and/or other means of dissemination as appropriate.
- b. Hold meetings with interested parties and meetings with public utility staffs from potentially affected states.
- c. Post information *via* the TEP OASIS website.
- d. Develop the initial transmission project specifications, the initial cost estimates and potential transmission line routes; guide negotiations and assist interested parties to determine cost responsibility for initial studies; guide the project through the applicable line siting processes; develop final project specifications and costs; obtain commitments from participants for final project cost shares; and secure execution of construction and operating agreements.

2. Transmission Provider Coordination within a Solicitation of Interest Process.

Transmission Provider, whether as a project sponsor or a participant, will coordinate as necessary with any other participant or sponsor, as the case may be.

3. Transmission Provider Projects without a Solicitation of Interest.

Transmission Provider may elect to proceed with small and/or reliability Local Transmission Projects without an open season solicitation of interest, in which case Transmission Provider will proceed with the project pursuant to its rights and obligations as a transmission provider.

4. Proportional Allocation of Costs Following an Open Season Solicitation.

For any Local Transmission Project entered into pursuant to an open season solicitation process, project costs and associated transmission rights will generally be allocated proportionally to project participants' respective ownership shares, subject to a negotiated participation agreement. In the event the open season process results in a single participant, the full cost and transmission rights will be allocated to that participant. Nothing in this section precludes project participants from utilizing another cost allocation methodology, provided all project participants agree to the alternative.

5. Process Used to Solicit Interest in a Proposed Local Transmission Project.

a. Solicitation of Interest. Project sponsor announces project and actively or verbally solicits interest in the project through informational meetings, information posted on the project sponsor's website, and industry press releases.

b. Meetings with Interested Parties. Project sponsor holds meetings with interested parties and meetings with public utility staffs from potentially affected states.

c. Posting Information on Proposed Projects. Project sponsor posts information *via* WECC's Planning Project Review reports.

d. Role of Project Sponsor.

i. To develop the initial project specifications, the initial cost estimates and potential transmission line routes.

ii. To guide negotiations in assisting interested parties to determine cost responsibility for initial studies.

iii. To guide the project through the applicable line siting processes.

- iv. To develop final project specifications and costs.
- v. To obtain commitments from participants for final project cost shares and secure execution of construction and operating agreements.

## B. Regional Transmission Projects

For any project determined by the PMC to be eligible for regional cost allocation, project costs will be allocated proportionally to those entities determined by the PMC, as shown in the Regional Plan, to be beneficiaries ~~enrolled in the WestConnect Planning Region, as identified in this Attachment K. A project that electrically interconnects with, or that is demonstrated to provide quantifiable benefits (as such benefits are defined in this Attachment K) to a transmission owner located within the WestConnect Planning Region, but not enrolled in the WestConnect Planning Region is not eligible for regional cost allocation. Similarly, a project that electrically interconnects with, or that is demonstrated to provide quantifiable benefits (as such benefits are defined in this Attachment K) to a transmission owner not enrolled in any planning region is not eligible for regional cost allocation in the WestConnect Planning Region, as identified in this Attachment K subject to the processes set forth in Sections III through VII.~~

The PMC, with input from the CAS, is to determine whether a project is eligible for regional cost allocation, and assesses the project's costs against its benefits in accordance with the following factors:

- Benefits and beneficiaries will be identified before cost allocation methods are applied. ~~If an entity other than a transmission owner enrolled in the region (see III.A.2.c) is an identified beneficiary, the project is not eligible for regional cost allocation.~~
- Cost assignments shall be commensurate with estimated benefits.
- Those that receive no benefits must not be involuntarily assigned costs.
- A benefit-to-cost threshold of not more than 1.25 shall be used, as applicable, so that projects with significant benefits are not excluded.
- Costs must be allocated solely within the WestConnect Planning Region, unless other regions or entities voluntarily assume the costs.
- Costs for upgrades on neighboring transmission systems or other planning regions that are (i) required to be mitigated by the WECC Path Rating process, FERC tariff requirements, or NERC Reliability Standards, or (ii) negotiated among interconnected parties will be included in the total project costs and used in the calculation of B/C ratios.
- Cost allocation method and data shall be transparent and with adequate documentation.
- Consideration should be given to the free rider issue as appropriate. The methodology shall be fair and equitable.
- Existing OATT customers shall not be made to unduly subsidize the cost of benefits to CTO beneficiaries that do not accept a regional cost

allocation under Section III.E.6. The PMC may select for purposes of cost allocation a regional transmission project where CTO beneficiary elections in Section III.E.6 do not result in significant cost shifts onto existing OATT customers of Public Utility beneficiaries.

- Different cost allocation methods may be used for different types of projects.



Specifically, the PMC will consider the following projects eligible for cost allocation consideration as further described below based on specified criteria:

- Reliability projects;
- Economic or congestion relief projects; or
- Public policy projects.

Only projects that fall within one or more of these three categories and satisfy the cost-to-benefit analyses and other requirements, as specified herein, are eligible for cost allocation in the WestConnect Planning Region. TEP and UNSE encourage all interested stakeholders to consult the Business Practice Manual for additional details regarding the eligibility for regional cost allocation. Summary provisions are provided below:<sup>7</sup>

1. Allocation of Costs for Reliability Projects.

In order to allocate costs to ~~enrolled~~ transmission owners for system reliability improvements that are necessary for their systems to meet the NERC Transmission Planning Standards, the WestConnect cost allocation procedure will allocate costs for system reliability improvements only when a system improvement is required to comply with the NERC Transmission Planning Standards during the planning horizon.

All components of a transmission owner's local transmission plan will be included in the Regional Plan and will be considered Local Transmission Projects that are not eligible for regional cost allocation. A system performance analysis will be performed on the collective plans to ensure the combined plans adhere to all relevant NERC Transmission Planning Standards, and stakeholders will be afforded an opportunity to propose projects that are more efficient or ~~cost-~~effective than components of multiple transmission owner local plans as outlined in Section III.E.2 above.

Should a reliability issue be identified in the review of the included local transmission plan, the project necessary to address that reliability issue will be included in the Regional Plan and the cost will be shared by the utilities whose load contributed to the need for the project.

Should multiple utilities have separate reliability issues that are addressed more efficiently or ~~cost-~~effectively by a single regional project, that regional project will be approved for selection in the Regional Plan and the cost will be shared by

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<sup>7</sup> References to "transmission owners" in the cost allocation provisions are to transmission owners for whom the WestConnect Planning Management Committee is performing the function of regional transmission planning. At present, those transmission owners are TOLSO members.

those ~~enrolled~~ transmission owners in proportion to the cost of alternatives that could be pursued by the individual transmission owners to resolve the reliability issue. The ultimate responsibility for maintaining system reliability and compliance with NERC Transmission Planning Standards rests with each transmission owner.

The costs for regional reliability projects will be allocated according to the following equation:

$$(1 \text{ divided by } 2) \text{ times } 3 \text{ equals } 4$$

Where:

- 1 is the cost of local reliability upgrades necessary to avoid construction of the regional reliability project in the relevant ~~enrolled~~ transmission owner's retail distribution service territory or footprint
- 2 is the total cost of local reliability upgrades in the combination of all ~~enrolled~~ transmission owners' retail distribution service territories or footprints necessary to avoid construction of the regional reliability project
- 3 is the total cost of the regional reliability project
- 4 is the total cost allocated to the relevant ~~enrolled~~ transmission owner's retail distribution service territory or footprint

The manner in which the PMC applied this methodology to allocate costs of each regional reliability project shall be described in the Regional Plan.

## 2. Allocation of Costs for Economic Projects.

Cost allocation for economic projects associated with congestion relief that provide for more economic operation of the system will be based on the calculation of economic benefits that each ~~enrolled~~ transmission owner system will receive. Cost allocation for economic projects shall include scenario analyses to ensure that benefits will actually be received by beneficiaries with relative certainty. Projects for which benefits and beneficiaries are highly uncertain and vary beyond reasonable parameters based on assumptions about future conditions will not be selected for cost allocation.

In order for a project to be considered economically-justified and receive cost allocation associated with economic projects, the project must have a B/C ratio that is greater than 1.0 under each reasonable scenario evaluated and have an

average ratio of at least 1.25 under all reasonable scenarios evaluated. Costs will be allocated on the basis of the average of all scenarios evaluated. The B/C ratio shall be calculated by the PMC. This B/C ratio shall be determined by calculating the aggregate load-weighted benefit-to-cost ratio for each transmission system in the WestConnect Planning Region. The benefits methodology laid out below ensures that the entities that benefit the most from the completion of an economic project are allocated costs commensurate with those project benefits.

The cost of any project that has an aggregate 1.25 B/C ratio or greater will be divided among the ~~enrolled~~ transmission owners that show a benefit based on the amount of benefits calculated to each respective transmission owner. For example, if a \$100 million dollar project is shown to have \$150 million in economic benefit, the entities for which the economic benefit is incurred will be determined. The cost of the project will then be allocated to those entities, based on the extent of each entity's economic benefits relative to the total project benefits. This will ensure that each entity that is allocated cost has a B/C ratio equal to the total project B/C ratio. For example:

- Project with \$150 million in economic benefit and \$100 million in cost
  - Company 1 has \$90 million in benefits; Company 2 has \$60 million in benefits
  - Company 1 allocation:  $90/150 (100) = \$60$  million
  - Company 1 B/C ratio:  $90/60 = 1.5$
  - Company 2 allocation:  $60/150 (100) = \$40$  million
  - Company 2 B/C ratio:  $60/40 = 1.5$

Other than through the reevaluation process described in Section III.E.7 of this Attachment K, the benefits and costs used in the evaluation shall only be calculated during the planning period and shall be compared on a net present value basis.

The WestConnect economic planning process shall consider production cost savings and reduction in reserve sharing requirements as economic benefits capable of contributing to the determination that a project is economically justified for cost allocation. Production cost savings are to be determined by the PMC performing a product cost simulation to model the impact of the transmission project on production costs and congestion. Production cost savings will be calculated as the reduction in production costs between a production cost simulation with the project included compared to a simulation without the project. Reductions in reserve sharing requirements are to be determined by the PMC identifying a transmission project's impact on the reserve requirements of individual transmission systems, and not on the basis of the project's collective impact on a reserve sharing group, as a whole. The production cost models are to appropriately consider the hurdle rates between transmission systems. The following production cost principles may be applied:

- The production cost savings from a project must be present in each year from the project in-service date and extending out at least ten (10) years.
- Cost savings must be expressed in present-value dollars and should consider the impact of various fuel cost forecasts.
- The production cost study must account for contracts and agreements related to the use of the transmission system (this refers to paths in systems that might be contractually limited but not reliability limited).
- The production cost study must account for contracts and agreements related to the access and use of generation (this refers to generators that might only use spot purchases for fuel rather than firm purchases, or generation that has been designated as network resources for some entities and thus cannot be accessed at will by non-owners).

Access by stakeholders to the PMC's application of its regional cost allocation method for a specific economic transmission project is available in several ways: First, stakeholders that are members of the PMC will have firsthand knowledge of the way in which the regional method was applied to a particular project because the PMC is responsible for performing the application of the regional cost allocation method. Second, stakeholders that choose not to become members of the PMC may access such information through the WestConnect regional stakeholder process. See Section III.B of this Attachment K. Third, the manner in which the PMC applied this methodology to allocate the costs of each economic project shall be described in the Regional Plan.

In determining which entities will be allocated costs for economic projects, WestConnect will compare the economic value of benefits received by an entity with the cost of the project to ensure that each entity allocated cost receives a benefit/cost ratio equal to the aggregate load-weighted benefit-to-cost ratio. These costs allocated to each company will be calculated based on the following equation:

$$(1 \text{ divided by } 2) \text{ times } 3 \text{ equals } 4$$

Where:

- 1 is the total projected present value of economic benefits for the relevant ~~enrolled~~ transmission owner's retail distribution service territory or footprint
- 2 is the total projected present value of economic benefits for the entire project
- 3 is the total cost for the economic project

- 4 is the total cost allocated to the relevant ~~enrolled~~ transmission owner's retail distribution service territory of footprint

Any ~~enrolled~~ transmission owner with benefits less than or equal to one percent of total project benefits will be excluded from cost allocation. Where a project satisfies the B/C ratio, and is determined to provide benefits less than or equal to one percent of total project benefits to an identified ~~enrolled~~ transmission owner, such benefits will be re-allocated to all other identified ~~enrolled~~ beneficiaries on a pro rata basis, in relation to each entity's share of total project benefits.

3. Allocation of Costs for Public Policy Projects.

Any transmission system additions that arise from Public Policy Requirements shall be included in the system models used for the WestConnect transmission system studies. Further, any additional system needs that arise from proposed public policy needs shall be reported by each entity for its own service territory. Decisions on the inclusion of those needs shall be made during the consideration and approval of the system models. Regional transmission needs driven by Public Policy Requirements will be included in the evaluation of reliability and economic projects.

Except for projects proposed through a transmission owner's local planning process, arising out of a local need for transmission infrastructure to satisfy Public Policy Requirements that are not submitted as projects proposed for cost allocation (which are addressed in Section II of this Attachment K), any projects arising out of a regional need for transmission infrastructure to satisfy the Public Policy Requirements shall be considered public policy projects eligible for evaluation in the Regional Planning Process.

Stakeholders may participate in identifying regional transmission needs driven by Public Policy Requirements. After seeking the input of stakeholders pursuant to the stakeholder participation provisions of Section III, the PMC is to determine whether to move forward with the identification of a regional solution to a particular regional need driven by Public Policy Requirements. Stakeholders may participate in identifying a regional solution to a regional need driven by Public Policy Requirements pursuant to the stakeholder participation provisions of Section III, or through membership on the PMC itself. After seeking the input of stakeholders, the PMC is to determine whether to select a particular regional solution in the regional transmission plan for purposes of cost allocation. The identification of beneficiaries of these projects shall be the entities that will access the resources enabled by the project in order to meet their Public Policy Requirements.

If an entity accesses resources that were enabled by a prior public policy project, that entity will need to either share in its relative share of the costs of that public

policy project or acquire sufficient transmission service rights to move the resources to its load with the determination left up to the entity or entities that were originally allocated the cost for the public policy project.

The costs for public policy projects will be allocated according to the following equation:

$$(1 \text{ divided by } 2) \text{ times } 3 \text{ equals } 4$$

Where:

- 1 is the number of megawatts of public policy resources enabled by the public policy project for the entity in question
- 2 is the total number of megawatts of public policy resources enabled by the public policy project
- 3 is the total project cost
- 4 is the cost for the public policy project allocated to the entity in question

The process to interconnect individual generation resources is provided for under the generator interconnection section of each utility's OATT and not under this process.

Requests for transmission service that originate in a member's system and terminate at the border shall be handled through that member's OATT. Regional transmission needs necessary to meet Public Policy Requirements will be addressed through the Public Policy Requirements section of the Regional Planning Process.

The manner in which WestConnect applied this methodology to each public policy project shall be described in the Regional Transmission Plan.

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4. Combination of Benefits.

In developing a more efficient or cost-effective plan, it is possible for the plan to jointly consider multiple types of benefits when approving projects for inclusion in the Regional Plan. The determination to consider multiple types of benefits for a particular project shall be made through the WestConnect stakeholder process, in which interested stakeholders are given an opportunity to provide input as set forth in Section III of this Attachment K. In determining whether a project would provide multiple benefits, the PMC is to categorize the benefits as (a) necessary to meet NERC Transmission Planning Reliability Standards (reliability); (b)

achieving production cost savings or a reduction in reserve sharing requirements (economic); or (c) necessary to meet transmission needs driven by Public Policy Requirements, as applicable, using the methods set forth in this Attachment K. The PMC will identify all three categories of benefits in its regional cost allocation process. If a project cannot pass the cost allocation threshold for any one of the three benefit categories, alone (reliability, economic or public policy), the sum of benefits from each benefit category may be considered.

- With respect to a reliability-driven regional transmission project, the quantified benefits of the project to each identified beneficiary must be greater, by a margin of 1.25 to 1, than the result of the equation identified in Section B.1 above (where the result is shown as item 4 in the formula).
- With respect to an economic-driven regional transmission project, the quantified benefits of the project to each identified beneficiary must be greater than the project's cost to each beneficiary under each reasonable scenario evaluated, and must yield an average ratio of at least 1.25 to 1 under all reasonable scenarios evaluated, as described in Section B.2 above.
- With respect to a public policy requirements-driven regional transmission project, the quantified benefits of the project to each identified beneficiary must be greater, by a margin of 1.25 to 1, than the result of the equation identified in Section B.3 above (where the result is shown as item 4 in the formula).

If a single regional transmission project is determined to provide benefits in more than one category, but does not meet the cost threshold for any single category, the PMC may consider the sum of benefits from each benefit category to determine if the regional transmission project provides, in total, benefits per beneficiary that meet or exceed the region's 1.25 to 1 benefit to cost ratio. To illustrate, consider the following example where a regional project developed to provide public policy requirement benefits might also provide for economic benefits to the same beneficiaries:

A regional project submittal has undergone analysis for its quantifiable benefits and costs and is determined to cost \$100 million and produce benefits to identified beneficiaries in two categories: economic benefits of \$101 million (on average, under all economic scenarios quantified), and public policy requirement benefits of \$70 million. The project is found to fail the cost threshold for each category, individually, but when the total benefits are combined and the project's total regional benefits per beneficiary are weighed against the project's total costs per beneficiary, the project can be found to surpass the region's 1.25 to 1 benefit to cost ratio per beneficiary:

- The benefits to Beneficiary A of pursuing the regional solution (60% of the regional project's total \$171 million in benefits) = \$102.6 million. When \$102.6 million in project benefits is compared against \$60 million in project costs (60% of project costs), it yields a B/C ratio of 1.71 to 1 for Beneficiary A.
- The benefits to Beneficiary B of pursuing the regional solution (40% of the regional project's total \$171 million in benefits) = \$68.4 million. When \$68.4 million in project benefits is compared against \$40 million in project costs (40% of project costs), it yields a B/C ratio of 1.71 to 1 for Beneficiary B.

Even though the regional project does not pass the cost allocation threshold in any individual benefit category, the PMC may consider the sum of the project's benefits in all categories.

For those regional projects that satisfy the region's cost allocation threshold, the PMC then will continue its evaluation process by considering whether the regional project meets the region's identified reliability, economic and Public Policy Requirements-driven needs more efficiently or cost-effectively than solutions identified by individual transmission providers in their local transmission planning processes.

The costs for projects that rely upon multiple types of benefits to secure inclusion in the Regional Plan for purposes of cost allocation will be shared according to the amount of cost that is justified by each type of benefits.

5. Allocation of Ownership and Capacity Rights.

An Eligible Transmission Developer that is subject to the Commission's jurisdiction under section 205 of the Federal Power Act may not recover project costs from identified beneficiaries ~~enrolled~~ in the WestConnect Planning Region without securing approval for project cost recovery from FERC through a separate proceeding brought by the Eligible Transmission Developer under Section 205 of the Federal Power Act. In no event will identified beneficiaries ~~enrolled~~ in the WestConnect Planning Region from whom project costs are sought to be recovered under Section 205 be denied either transmission transfer capability or ownership rights proportionate to their allocated costs, as determined by FERC in such proceeding. An Eligible Transmission Developer that is not subject to the Commission's jurisdiction under section 205 of the Federal Power Act may seek cost recovery from identified beneficiaries ~~enrolled~~ in the WestConnect Planning Region either: (a) through bilateral agreements that are voluntarily entered into between such Eligible Transmission Developer and the applicable identified beneficiaries; or (b) by obtaining approval from FERC for project cost recovery pursuant to any other applicable section of the Federal

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Power Act.

If a project beneficiary receives transmission transfer capability on the project in exchange for transmission service payments, such project beneficiary may resell the transfer capability. Alternatively, a project beneficiary could seek to make a direct capital contribution to the project construction cost (in lieu of making transmission service payments) in which case, the project beneficiary would instead receive an ownership percentage in proportion to their capital contribution (“Ownership Proposal”). This Ownership Proposal does not create a right of first refusal for transmission beneficiaries.

An ownership alternative will only be pursued if the Eligible Transmission Developer agrees. The Eligible Transmission Developer and the beneficiaries will enter into contract negotiations to address the many details regarding the capital funding mechanics and timing, as well as other details, such as defining (as between the Eligible Transmission Developer, whether a nonincumbent or incumbent transmission developer, and those receiving ownership interests) responsibility for operations and maintenance, administrative tasks, compliance with governing laws and regulations, etc. These negotiations will take place at arm’s length, without any one party having undue leverage over the other.

A transmission project beneficiary should not be expected to pay for its benefits from the project twice: once through a capital contribution, and again through transmission service payments. The Ownership Proposal permits an ownership share in a project that is in the same proportion to a beneficiary’s allocable costs, which costs will have been allocated roughly commensurate with the benefits to be gained from the project. This will allow the beneficiary to earn a return on its investment. In addition, it allows those beneficiaries that may not necessarily benefit from additional transfer capability on a new transmission project, whether due to lack of contiguity to the new facilities or otherwise, to realize the benefits through an ownership option.

Any transmission project participant that is identified as a beneficiary of the project might be permitted by the Eligible Transmission Developer to contribute capital (in lieu of transmission service payments) and receive a proportionate share of ownership rights in the transmission project. The Ownership Proposal affords an identified beneficiary who contributes toward the project costs the opportunity to obtain an ownership interest in lieu of an allocated share of the project costs through transmission service payments for transfer capability on the project; it does not, however, confer a right to invest capital in a project. The Ownership Proposal merely identifies that, to the extent it is agreed among the parties that capital may be contributed toward a transmission project’s construction, a proportionate share of ownership rights will follow.

Nothing in this Attachment K with respect to Order No. 1000 cost allocation imposes any new service on beneficiaries. Similarly, nothing in this Attachment K with respect to Order No. 1000 cost allocation imposes on an Eligible Transmission Developer an obligation to become a provider of transmission services to identified beneficiaries simply as a result of a project's having been selected in the Regional Plan for purposes of cost allocation; provided, however, if that Eligible Transmission Developer seeks authorization to provide transmission services to beneficiaries or others, and to charge rates or otherwise recover costs from beneficiaries or others associated with any transmission services it were to propose, it must do so by contract and/or under separate proceedings under the Federal Power Act. The purpose of this Section VII.B.5 is to (a) provide an option to a project developer to negotiate ownership rights in the project with identified beneficiaries, if both the developer and the identified beneficiaries mutually desire to do so; (b) specify that, although Order No. 1000 cost allocation does not impose any new service on beneficiaries, identified beneficiaries have the opportunity to discuss with the project developer the potential for entering into transmission service agreements for transmission capacity rights in the project; and (c) ensure that Order No. 1000 cost allocation does not mean that a project developer may recover project costs from identified beneficiaries without providing transmission transfer capability or ownership rights, and without securing approval for project cost recovery by contract and/or under a separate proceeding under the Federal Power Act.

If an Eligible Transmission Developer is not subject to FERC's jurisdiction under section 205 of the Federal Power Act, the Eligible Transmission Developer would have to seek to recover project costs from identified beneficiaries ~~enrolled~~ in the WestConnect Planning Region either: (a) through bilateral agreements that are voluntarily entered into between such Eligible Transmission Developer and the applicable identified beneficiaries; or (b) by obtaining approval from FERC for project cost recovery pursuant to any other applicable section of the Federal Power Act.

6. Project Development Schedule.

The PMC will not be responsible for ~~choosing a developer for, or~~ managing the development of any project selected for inclusion in the Regional Plan. However, after having selected a project in the Regional Plan, the PMC will monitor the status of project's development. If a transmission facility is selected for inclusion in the Regional Plan for purposes of cost allocation, the transmission developer of that transmission facility must submit a development schedule that indicates the required steps, such as the granting of state approvals, necessary to develop and construct the transmission facility such that it meets the regional transmission needs of the WestConnect Planning Region. As part of the ongoing monitoring of the status of the transmission project once it is selected, the transmission owners and providers in the WestConnect Planning Region will establish a date by which

the steps required to construct must be achieved that are tied to when construction must be to timely meet the need that the project is selected to address. If such required steps have not been achieved by that date, then the transmission owners and providers in the WestConnect Planning Region may remove the transmission project from the selected category and proceed with reevaluating the Regional Plan to seek an alternative solution.

7. Economic Benefits or Congestion Relief.

For a transmission project wholly within the Transmission Provider's local transmission system that is undertaken for economic reasons or congestion relief at the request of a Requester, the project costs will be allocated to the Requester.

8. Transmission Provider Rate Recovery.

Notwithstanding the foregoing provisions, Transmission Provider will not assume cost responsibility for any transmission project if the cost of the project is not reasonably expected to be recoverable in its retail and/or wholesale transmission rates.

9. Selection of a Transmission Developer for Sponsored and Un-sponsored Projects.

For any project (sponsored or un-sponsored) determined by the PMC to be eligible for regional cost allocation and selected in the Regional Plan for purposes of cost allocation, the PMC shall select a transmission project developer according to the processes set forth in this section, provided that selection according to those processes does not violate applicable law where the transmission facility is to be built that otherwise prescribes the entity that shall develop and build the project. Any entity that, pursuant to applicable law for the location where the facilities are to be built, shall or chooses to develop and build the project must submit a project development schedule as required by Section VII.B.6 of this Attachment K, within the timeframe directed by the Business Practice Manual, not to exceed the time period for request for proposal responses.

For any project determined by the PMC to be eligible for regional cost allocation and selected in the Regional Plan for purposes of cost allocation, either sponsored by a transmission developer or un-sponsored, that is not subject to the foregoing paragraph, the PMC shall upon posting the selected projects, issue a request for information to all Eligible Transmission Developers under Section III.D.2 of this Attachment K soliciting their interest in developing the project(s). Each transmission developer shall respond to the request for information indicating its interest in developing the project. The PMC shall post on the WestConnect website the list of all transmission developers who responded with an expression of interest in developing the project(s). The PMC shall provide to each developer

indicating interest in developing a project a request for proposals for the identified project(s) with a specified date of return for all proposals.

Each transmission developer, or partnership or joint ventures of transmission developers, shall submit information demonstrating its ability to finance, own and construct the project consistent with the guidelines for doing so set forth in the WestConnect Business Practices Manual. The PMC shall assess the submissions according to the following process and criteria:

The evaluation of the request for proposals will be at the direction of the PMC, and will involve representatives of the beneficiaries of the proposed project(s). The evaluation will include, but not be limited to, an assessment of the following evidence and criteria.

- General qualifications of the bidding entity;
- Evidence of financing/financial creditworthiness, including
  - financing plan (sources debt and equity), including construction financing and long-term financing
  - ability to finance restoration/forced outages
  - credit ratings
  - financial statements;
- Safety program and experience;
- Project description, including
  - detailed proposed project description and route
  - design parameters
  - design life of equipment and facilities
  - description of alternative project variations;
- Development of project, including
  - experience with and current capabilities and plan for obtaining state and local licenses, permits, and approvals
  - experience with and current capabilities and plan for obtaining any federal licenses and permits
  - experience with and expertise and plan for obtaining rights of way
  - development schedule
  - development budget;
- Construction, including
  - experience with and current capabilities and plan for project construction
  - third party contractors
  - procurement plan
  - project management (cost and schedule control)
  - construction schedule
  - construction budget (including all construction and period costs);
- Operations, including

- experience with and current capabilities and plan for project operation
- experience with and current capabilities and plan for NERC compliance
- security program and plan
- storm/outage response plan
- reliability of facilities already in operation;
- Maintenance capabilities and plans for project maintenance (including staffing, equipment, crew training, and facilities);
- Project cost to beneficiaries, including
  - total project cost (development, construction, financing, and other non-O&M costs)
  - operation and maintenance costs, including evaluation of electrical losses
  - revenue requirement, including proposed cost of equity, FERC incentives, proposed cost of debt and total revenue requirement calculation
  - present value cost of project to beneficiaries.

The PMC shall notify the developers of its determination as to which developer(s) it selected to develop the project(s) responsive to the request for proposal. The selected developer(s) must submit a project development schedule as required by Section VII.B.6 of this Attachment K.

If the PMC determines that a sponsored or unsponsored project fails to secure a developer through the process outlined in this section, the PMC shall remove the project from the Regional Plan.

#### 9.10. No Obligation to Construct.

The Regional Planning Process is intended to determine and recommend the more efficient or cost-effective transmission solutions for the WestConnect Planning Region. After the Regional Plan is approved, due to the uncertainty in the Regional Planning Process and the need to address cost recovery issues, the Regional Planning Process shall not obligate any entity to construct, nor obligate any entity to commit to construct any facilities, including any transmission facilities, regardless of whether such facilities are included in any plan. Nothing in this Attachment K, the Business Practice Manual or the Planning Participation Agreement, or any cost allocation under this Attachment K, the Business Practice Manual or the Planning Participation Agreement, as applicable, shall (1) determine any transmission service to be received by, or any transmission usage by, any entity; (2) obligate any entity to purchase or pay for, or obligate any entity to commit to purchase or pay for, any transmission service or usage; ~~(3) obligate any entity to implement or effectuate, or commit to implement or effectuate, any cost allocation;~~ (4) ~~obligate any entity to pay, or commit to pay, costs of any~~

~~project or proposed project in accordance with any cost allocation; or (5) or (3)~~ entitle any entity to recover for any transmission service or usage or to recover from any entity any cost of any transmission facilities, regardless of whether such transmission facilities are included in any plan. Without limiting the generality of the foregoing, nothing in this Attachment K, the Business Practice Manual or the Planning Participation Agreement with respect to regional cost allocation shall preclude any WestConnect Planning Region member from satisfying its statutory requirements.

#### ~~10~~.11. Binding Order No. 1000 Cost Allocation Methods

- a. Order No. 1000 cost allocation methods as set forth in Section VII of this Attachment K are binding on identified beneficiaries ~~enrolled~~ in the WestConnect Planning Region, without prejudice to the following rights and obligations: (1) the right of a non-public utility that is enrolled in the Transmission Owners with Load Serving Obligations sector to unenroll with respect to a planning cycle in accordance with subsection B of this Section, and the right of a CTO, at its sole discretion, to decide whether to accept a regional cost allocation in accordance with Section III.E.6; (2) the right and obligation of the PMC to reevaluate a transmission facility previously selected for inclusion in the regional plan for purposes of Order No. 1000 cost allocation under Section III.E.7 of this Attachment K; ~~(23)~~ the right and obligation of a Eligible Transmission Developer to make a filing under Section 205 or other applicable provision of the Federal Power Act in order to seek approval from the Commission to recover the costs of any transmission facility selected for inclusion in the regional plan for purposes of Order No. 1000 cost allocation; ~~(34)~~ the right and obligation of any interested person to intervene and be heard before the Commission in any Section 205 or other applicable provision of proceeding initiated by an Eligible Transmission Developer, including the right of any identified beneficiaries of the transmission facility to support or protest the filing and to present evidence on whether the proposed cost recovery is or is not just and reasonable; and ~~(45)~~ the right and obligation of the Commission to act under Section 205 or other applicable provisions of the Federal Power Act to approve or deny any cost recovery sought by an Eligible Transmission Developer for a transmission facility selected in the regional plan for purposes of Order No. 1000 cost allocation.<sup>8</sup>

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<sup>8</sup> An Eligible Transmission Developer may not be subject to the Commission's Section 205 jurisdiction. See Section VII.5. If an Eligible Transmission Developer is not subject to the Commission's jurisdiction under section 205 of the Federal Power Act, the Eligible Transmission Developer would have to seek to recover project costs from identified beneficiaries ~~enrolled~~ in the WestConnect Planning Region either: (a) through bilateral agreements that are voluntarily entered into between such Eligible Transmission Developer and the applicable identified

b. An enrolled non-public utility member of the Transmission Owners with Load Serving Obligations sector may elect to unenroll with respect to a planning cycle, but only if it notifies the PMC chair in writing of its unenrollment decision within sixty (60) calendar days after the date the Regional Plan for that planning cycle is approved by the PMC under Section III.E.6. By providing this notice, the unenrolling non-public utility member of the Transmission Owners with Load Serving Obligations sector (the “unenrolling non-public utility”) will not be subject to Order No. 1000 cost allocation for any of the projects for which it receives an Order No. 1000 cost allocation in the Regional Plan for the first time during that planning cycle. Once a non-public utility unenrolls, it may not re-enroll during the same planning cycle as to which it unenrolled, or in the subsequent planning cycle, without the unanimous consent of the PMC.

The unenrolling non-public utility shall automatically become a Coordinating Transmission Owner member of the Transmission Owners with Load Serving Obligations sector and shall remain a Coordinating Transmission Owner for the planning cycle following the one as to which it unenrolled. The unenrolling non-public utility may thereafter transfer to any other sector for which it qualifies. If the non-public utility does transfer to any other sector, the PMC will no longer perform the function of regional transmission planning for the non-public utility.

An unenrolling non-public utility will continue to be subject to Order No. 1000 cost allocation for its share of the previously-identified costs for projects approved by the PMC in prior planning cycles, subject to the provisions for reevaluation of the Regional Plan in Section III.E.7. For such Order No. 1000 cost allocation to continue, the unenrolling non-public utility must have been identified as a beneficiary for cost allocation purposes in a prior planning cycle and must have been and remained enrolled as a Transmission Owner with Load Serving Obligations with respect to that planning cycle.

c. The right extended in Section VII.B.11.b above (for a transmission owner to elect to unenroll with respect to a planning cycle) is a right available only to non-public utilities. In contrast, the right to exit the WestConnect Planning Region is a right of all transmission owners. Exiting the region

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beneficiaries; or (b) by obtaining approval from the Commission for project cost recovery pursuant to any other applicable section of the Federal Power Act.

is addressed in Section III.A.2.b and is to be governed by the Planning Participation Agreement.

#### 11.12. Impacts of a Regional Project on Neighboring Planning Regions

The PMC is to study the impact(s) of a regional transmission project on neighboring planning regions, including the resulting need, if any, for mitigation measures in such neighboring planning regions. If the PMC finds that a regional transmission project in the WestConnect Planning Region causes impacts on a neighboring planning region that requires mitigation (a) by the WECC Path Rating Process; (b) under FERC OATT requirements; (c) under NERC Reliability Standards requirements; and/or (d) under any negotiated arrangement between the interconnected entities, the PMC is to include the costs of any such mitigation measures into the regional transmission project's total project costs for purposes of determining the project's eligibility for regional cost allocation under the procedures identified in Section VII.B of this Attachment K, including application of the region's benefits-to-costs analysis.

The WestConnect Planning Region will not be responsible for compensating a neighboring planning region, transmission provider, transmission owner, Balancing Area Authority, or any other entity, for the costs of any required mitigation measures, or other consequences, on their systems associated with a regional transmission project in the WestConnect Planning Region, whether identified by the PMC or the neighboring system(s). The PMC does not direct the construction of transmission facilities, does not operate transmission facilities or provide transmission services, and does not charge or collect revenues for the performance of any transmission or other services. Therefore, in agreeing to study the impacts of a regional transmission facility on neighboring planning regions, the PMC is not agreeing to bear the costs of any mitigation measures it identifies. However, the PMC will request of any developer of a regional transmission project selected in the Regional Plan for purposes of cost allocation that the developer design and build its project to mitigate the project's identified impacts on neighboring planning regions. If the project is identified as impacting a neighboring planning region that accords less favorable mitigation treatment to the WestConnect Planning Region than the WestConnect Planning Region accords to it, the PMC will request that the project developer reciprocate by using the lesser of (i) the neighboring region's mitigation treatment applicable to the mitigation of impacts of its own regional projects on the WestConnect Planning Region; or (ii) the PMC's mitigation treatment set forth above in sub-sections (a) through (d).

#### 12.13. Exclusions.



The cost for transmission projects undertaken in connection with requests for generation interconnection or transmission service on the Transmission Provider's transmission systems, which are governed by the cost allocation methods within Transmission Provider's Tariff, will continue to be so governed and will not be subject to the principles of this Part VII.

## **VIII. Interregional Coordination, Evaluation and Cost Allocation**

This Section VIII of Attachment K sets forth common provisions, which are to be adopted by or for each Planning Region and which facilitate the implementation of Order 1000 interregional provisions. WestConnect is to conduct the activities and processes set forth in this Section VIII of Attachment K in accordance with the provisions of this Section VIII of Attachment K and the other provisions of this Attachment K.

Nothing in this Section VIII will preclude any transmission owner or transmission provider from taking any action it deems necessary or appropriate with respect to any transmission facilities it needs to comply with any local, state, or federal requirements.

Any Interregional Cost Allocation regarding any ITP is solely for the purpose of developing information to be used in the regional planning process of each Relevant Planning Region, including the regional cost allocation process and methodologies of each such Relevant Planning Region.

References in this Section VIII to any transmission planning processes, including cost allocations, are references to transmission planning processes pursuant to Order 1000.

### **A. Definitions**

The following capitalized terms where used in this Section VIII of Attachment K, are defined as follows:

**Annual Interregional Coordination Meeting:** shall have the meaning set forth in Section VIII.C below.

**Annual Interregional Information:** shall have the meaning set forth in Section VIII.B below.

**Interregional Cost Allocation:** means the assignment of ITP costs between or among Planning Regions as described in Section VIII.E.2 below.

**Interregional Transmission Project (“ITP”):** means a proposed new transmission project that would directly interconnect electrically to existing or planned transmission facilities in two or more Planning Regions and that is submitted into the regional transmission planning processes of all such Planning Regions in accordance with Section VIII.D.1.

**Order 1000 Common Interregional Coordination and Cost Allocation Tariff Language:** means this Section VIII, which relates to Order 1000 interregional provisions.

**Planning Region:** means each of the following Order 1000 transmission planning regions insofar as they are within the Western Interconnection: California Independent System Operator Corporation, ColumbiaGrid, Northern Tier Transmission Group, and WestConnect.

**Relevant Planning Regions:** means, with respect to an ITP, the Planning Regions that would directly interconnect electrically with such ITP, unless and until such time as a Relevant Planning Region determines that such ITP will not meet any of its regional transmission needs in accordance with Section VIII.D.2, at which time it shall no longer be considered a Relevant Planning Region.

**B. Annual Interregional Information Exchange**

Annually, prior to the Annual Interregional Coordination Meeting, WestConnect is to make available by posting on its website or otherwise provide to each of the other Planning Regions the following information, to the extent such information is available in its regional transmission planning process, relating to regional transmission needs in WestConnect's transmission planning region and potential solutions thereto:

1. study plan or underlying information that would typically be included in a study plan, such as:
  - a. identification of base cases;
  - b. planning study assumptions; and
  - c. study methodologies;
2. initial study reports (or system assessments); and
3. regional transmission plan

(collectively referred to as "Annual Interregional Information").

WestConnect is to post its Annual Interregional Information on its website according to its regional transmission planning process. Each other Planning Region may use in its regional transmission planning process WestConnect's Annual Interregional Information. WestConnect may use in its regional transmission planning process Annual Interregional Information provided by other Planning Regions.

WestConnect is not required to make available or otherwise provide to any other Planning Region (i) any information not developed by WestConnect in the ordinary course of its regional transmission planning process, (ii) any Annual Interregional Information to be provided by any other Planning Region with respect to such other Planning Region, or (iii) any information if WestConnect reasonably determines that making such information available or otherwise providing such information would

constitute a violation of the Commission's Standards of Conduct or any other legal requirement. Annual Interregional Information made available or otherwise provided by WestConnect shall be subject to applicable confidentiality and CEII restrictions and other applicable laws, under WestConnect's regional transmission planning process. Any Annual Interregional Information made available or otherwise provided by WestConnect shall be "AS IS" and any reliance by the receiving Planning Region on such Annual Interregional Information is at its own risk, without warranty and without any liability of WestConnect or any of the members of WestConnect, including any liability for (a) any errors or omissions in such Annual Interregional Information, or (b) any delay or failure to provide such Annual Interregional Information.

### **C. Annual Interregional Coordination Meeting**

WestConnect is to participate in an Annual Interregional Coordination Meeting with the other Planning Regions. WestConnect is to host the Annual Interregional Coordination Meeting in turn with the other Planning Regions, and is to seek to convene such meeting in February, but not later than March 31<sup>st</sup>. The Annual Interregional Coordination Meeting is to be open to stakeholders. WestConnect is to provide notice of the meeting to its stakeholders in accordance with its regional transmission planning process.

At the Annual Interregional Coordination Meeting, topics discussed may include the following:

1. each Planning Region's most recent Annual Interregional Information (to the extent it is not confidential or protected by CEII or other legal restrictions);
2. identification and preliminary discussion of interregional solutions, including conceptual solutions, that may meet regional transmission needs in each of two or more Planning Regions more cost effectively or efficiently; and
3. updates of the status of ITPs being evaluated or previously included in WestConnect's regional transmission plan.

### **D. ITP Joint Evaluation Process**

1. Submission Requirements.

A proponent of an ITP may seek to have its ITP jointly evaluated by the Relevant Planning Regions pursuant to Section VIII.D.2 by submitting the ITP into the regional transmission planning process of each Relevant Planning Region in accordance with such Relevant Planning Region's regional transmission planning process and no later than March 31<sup>st</sup> of any even-numbered calendar year. Such proponent of an ITP seeking to connect to a transmission facility owned by multiple transmission owners in more than one Planning Region must submit the ITP to each such Planning Region in accordance with such Planning Region's

regional transmission planning process. In addition to satisfying each Relevant Planning Region's information requirements, the proponent of an ITP must include with its submittal to each Relevant Planning Region a list of all Planning Regions to which the ITP is being submitted.

2. Joint Evaluation of an ITP

For each ITP that meets the requirements of Section VIII.D.1, WestConnect (if it is a Relevant Planning Region) is to participate in a joint evaluation by the Relevant Planning Regions that is to commence in the calendar year of the ITP's submittal in accordance with Section VIII.D.1 or the immediately following calendar year. With respect to any such ITP, WestConnect (if it is a Relevant Planning Region) is to confer with the other Relevant Planning Region(s) regarding the following:

- (i) ITP data and projected ITP costs; and
- (ii) the study assumptions and methodologies it is to use in evaluating the ITP pursuant to its regional transmission planning process.

For each ITP that meets the requirements of Section VIII.D.1, WestConnect (if it is a Relevant Planning Region):

- (a) is to seek to resolve any differences it has with the other Relevant Planning Regions relating to the ITP or to information specific to other Relevant Planning Regions insofar as such differences may affect WestConnect's evaluation of the ITP;
- (b) is to provide stakeholders an opportunity to participate in WestConnect's activities under this Section VIII.D.2 in accordance with its regional transmission planning process;
- (c) is to notify the other Relevant Planning Regions if WestConnect determines that the ITP will not meet any of its regional transmission needs; thereafter WestConnect has no obligation under this Section VIII.D.2 to participate in the joint evaluation of the ITP; and
- (d) is to determine under its regional transmission planning process if such ITP is a more cost effective or efficient solution to one or more of WestConnect's regional transmission needs.

## **E. Interregional Cost Allocation Process**

### **1. Submission Requirements**

For any ITP that has been properly submitted in each Relevant Planning Region's regional transmission planning process in accordance with Section VIII.D.1, a proponent of such ITP may also request Interregional Cost Allocation by requesting such cost allocation from WestConnect and each other Relevant Planning Region in accordance with its regional transmission planning process. The proponent of an ITP must include with its submittal to each Relevant Planning Region a list of all Planning Regions in which Interregional Cost Allocation is being requested.

### **2. Interregional Cost Allocation Process**

For each ITP that meets the requirements of Section VIII.E.1, WestConnect (if it is a Relevant Planning Region) is to confer with or notify, as appropriate, any other Relevant Planning Region(s) regarding the following:

- (i) assumptions and inputs to be used by each Relevant Planning Region for purposes of determining benefits in accordance with its regional cost allocation methodology, as applied to ITPs;
- (ii) WestConnect's regional benefits stated in dollars resulting from the ITP, if any; and
- (iii) assignment of projected costs of the ITP (subject to potential reassignment of projected costs pursuant to Section VIII.F.2 below) to each Relevant Planning Region using the methodology described in this Section VIII.E.2.

For each ITP that meets the requirements of Section VIII.E.1, WestConnect (if it is a Relevant Planning Region):

- (a) is to seek to resolve with the other Relevant Planning Regions any differences relating to ITP data or to information specific to other Relevant Planning Regions insofar as such differences may affect WestConnect's analysis;
- (b) is to provide stakeholders an opportunity to participate in WestConnect's activities under this Section VIII.E.2 in accordance with its regional transmission planning process;

- (c) is to determine its regional benefits, stated in dollars, resulting from an ITP; in making such determination of its regional benefits in WestConnect, WestConnect is to use its regional cost allocation methodology, as applied to ITPs;
- (d) is to calculate its assigned *pro rata* share of the projected costs of the ITP, stated in a specific dollar amount, equal to its share of the total benefits identified by the Relevant Planning Regions multiplied by the projected costs of the ITP;
- (e) is to share with the other Relevant Planning Regions information regarding what its regional cost allocation would be if it were to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation; WestConnect may use such information to identify its total share of the projected costs of the ITP to be assigned to WestConnect in order to determine whether the ITP is a more cost effective or efficient solution to a transmission need in WestConnect;
- (f) is to determine whether to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation, based on its regional transmission planning process; and
- (g) is to endeavor to perform its Interregional Cost Allocation activities pursuant to this Section VIII.E.2 in the same general time frame as its joint evaluation activities pursuant to Section VIII.D.2.

**F. Application of Regional Cost Allocation Methodology to Selected ITP**

1. Selection by All Relevant Planning Regions.

If WestConnect (if it is a Relevant Planning Region) and all of the other Relevant Planning Regions select an ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, WestConnect is to apply its regional cost allocation methodology to the projected costs of the ITP assigned to it under Sections VIII.E.2(d) or VIII.E.2(e) above in accordance with its regional cost allocation methodology, as applied to ITPs.

2. Selection by at Least Two but Fewer than All Relevant Regions.

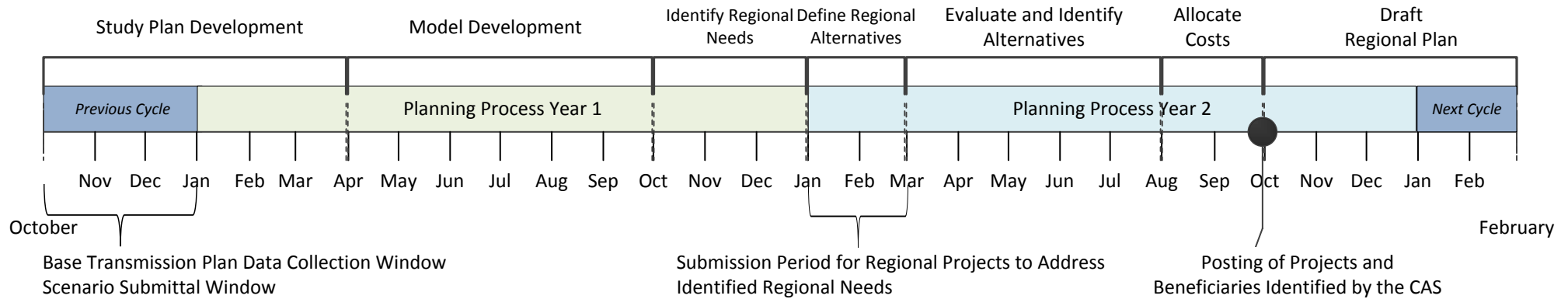
If WestConnect (if it is a Relevant Planning Region) and at least one, but fewer than all, of the other Relevant Planning Regions select the ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, WestConnect is to evaluate (or reevaluate, as the case may be) pursuant to Sections VIII.E.2(d), VIII.E.2(e), and VIII.E.2(f) above whether, without the participation of the non-selecting Relevant Planning Region(s), the ITP is selected

(or remains selected, as the case may be) in its regional transmission plan for purposes for Interregional Cost Allocation. Such reevaluation(s) are to be repeated as many times as necessary until the number of selecting Relevant Planning Regions does not change with such reevaluation.

If following such evaluation (or reevaluation), the number of selecting Relevant Planning Regions does not change and the ITP remains selected for purposes of Interregional Cost Allocation in the respective regional transmission plans of WestConnect and at least one other Relevant Planning Region, WestConnect is to apply its regional cost allocation methodology to the projected costs of the ITP assigned to it under Sections VIII.E.2(d) or VIII.E.2(e) above in accordance with its regional cost allocation methodology, as applied to ITPs.



# ATTACHMENT K-2



Regional Planning Process Activity	Activity Timeframe
<b>Stakeholder meetings</b>	WestConnect will hold open stakeholder meetings on at least a semi-annual basis, or as needed and noticed by the PMC with 30 days advance notice, to update stakeholders about its progress in developing the Regional Plan and to solicit input regarding material matters of process related to the regional transmission plan.
<b>Base transmission plan data collection window</b>	The PS will initiate development of the base transmission plan no later than Quarter 8 of the previous biennial planning cycle and in conjunction with initiating the development of the Regional Study Plan. The submittal window for projects to be considered as part of the base transmission plan will be noticed a minimum of 15 days before the window opens, and the submittal window will stay open for a minimum of 45 days.
<b>Scenario submittal window</b>	A scenario submittal window will open when the development of the Regional Study Plan commences and no later than Quarter 8 of the previous biennial planning cycle. The scenario submittal window will be noticed a minimum of 15 days before the window opens, and the submittal window will stay open for a minimum of 45 days.
<b>Identification of regional needs</b>	Identified regional needs will be posted to the WestConnect website no later than close of Quarter 4 of the first year of the biennial cycle.
<b>Submission period for regional projects to address identified regional needs</b>	For consideration in the current planning cycle, projects must be submitted following the posting of identified regional needs to the WestConnect website, and must occur before the end of Quarter 5 of the biennial planning cycle. Any project submitted after this date will be considered in the next subsequent planning cycle.

FERC rendition of the electronically filed tariff records in Docket No. ER13-00078-005

Filing Data:

CID: C001187

Filing Title: OATT Order No. 1000 Compliance Filing (November 2014)

Company Filing Identifier: 128

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Tariff Title: Open Access Transmission Tariff

Tariff ID: 16

Payment Confirmation:

Suspension Motion:

Tariff Record Data:

Record Content Description, Tariff Record Title, Record Version Number, Option Code:

Attachment K, Transmission Planning Process, 4.0.0, A

Record Narrative Name: Attachment K - Transmission Planning Process

Tariff Record ID: 76

Tariff Record Collation Value: 2078910530 Tariff Record Parent Identifier: 73

Proposed Date: 2015-01-01

Priority Order: 900

Record Change Type: CHANGE

Record Content Type: 2

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Record Content Description, Tariff Record Title, Record Version Number, Option Code:

Attachment K-2, Transmission Planning Process Timeline, 0.0.0, A

Record Narrative Name: Attachment K-2, Transmission Planning Process Timeline

Tariff Record ID: 85

Tariff Record Collation Value: 2105183155 Tariff Record Parent Identifier: 76

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Document Content(s)

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