

SeTrans -- Transmission Expansion Funding Protocol

- Transmission Expansion projects will be classified as either Base Plan investments or Participant Funded investments.
 - Base Plan investments: those investments required to maintain transfer capability and those investments required to serve forecasted load reliably from existing resources
 - Participant Funded investments: those projects that are not included in the Base Plan, including, for example:
 - ✓ investments to add, integrate or interconnect new generation resources;
 - ✓ investment required for point-to-point service;
 - ✓ investments to allow changes in designation of Network Resources;
 - ✓ investments to reduce congestion within the SeTrans RTO; or
 - ✓ investments to increase throughput across, out of or into the SeTrans system

SeTrans --Transmission Expansion Funding Protocol (Cont'd)

- Base Plan investments will be included in the applicable Zonal Rate, unless the ISA determines that the investment should be shared among multiple zones.
- Participant Funded investments will be funded by the party requesting the expansion in return for which the funding party will receive the net incremental financial transmission rights (“FTRs”) created by the expansion. In general, the FTRs will have a term of 30 years.
- The funding party will be responsible for O&M and taxes (other than income taxes) during the term of the FTRs, as well as the capital replacement costs
- The cost of Participant Funded investments cannot be collected through a Zonal Rate and the funding party will not receive credits against the RTO’s transmission rates.