



Florida Cost Allocation Methodology & Principles



Conceptual Framework

- Addresses third party impacts for reliability projects
 - Simple 3rd party impact definition
 - “Transmission expansion required for reliability on one transmission owners system due to additions (e.g., generation) on another transmission owners system”
 - A protocol for cost sharing among parties based on cause and benefits which should provide incentives to construct needed transmission projects involving 3rd parties



Conceptual Framework

- FPSC involved in the process by providing oversight, guidance, and may exercise its statutory authority over disputes regarding the building of needed facilities for reliability



8 Key Elements

1. A transmission owner is responsible for upgrading its system to meet NERC and FRCC Reliability Standards, identified under the FRCC Regional Transmission Planning Process
2. If transmission expansion is required on a 3rd party system, this protocol provides the “Affected TO” an incentive to construct by having the right to recover the costs of expansion from those who cause and benefit from the expansion



8 Key Elements

3. Definition of recoverable costs
 - Up-front costs
 - Costs expended in preparation for the construction of a transmission project
 - Costs of construction
 - Costs of financing the construction
4. The Affected TO shall be solely responsible for the execution of all engineering, permitting, rights-of-way and construction of the facilities associated with the Transmission Expansion



8 Key Elements

5. Threshold concepts – criteria that triggers the cost allocation process
 - Transmission expansion must be 230 kV or higher
 - A pre-specified change in flow on the Affected TO's facilities which results in a reliability standards violation
 - Costs associated with the transmission expansion must exceed a pre-specified amount
 - The TO must identify itself as a potentially Affected TO in a timely manner



8 Key Elements

6. Cost allocation methodology -

- Recognizes benefits to other transmission providers due to 3rd party expansion that are identifiable, quantifiable and needed (e.g. deferral of TP transmission projects)
- Costs, net of recognized benefits, will be allocated based on:
 - A portion to the load in the area or zone associated with the transmission expansion
 - A portion to sources or cluster of sources which are causing the need for the 3rd party transmission expansion



8 Key Elements

7. Good faith negotiation among parties (senior representation) not to exceed 90 days
8. Dispute resolution
 - FRCC Board
 - FPSC
 - FERC or courts
 - Parties maintain all rights to pursue issues before any regulatory body having jurisdiction