

Comments on the Inter Regional Participation White Paper (September 6, 2007)

By Calvin Daniels, Chairman, RPSG

October 8, 2007

The following are comments concerning the Inter-Regional Participation White Paper (*September 6, 2007*). These comments are from Calvin Daniels in his capacity as Chairman of the Southeast SERC sub-region Regional Planning Stakeholders Group (RPSG). Comments were solicited by the participating transmission providers at the October 1, 2007 FERC Technical Conference. It was requested that comments be submitted to [Tmadden@scottmadden.com](mailto:Tmadden@scottmadden.com) by October 8, 2007.

The inter-regional planning process described in the Inter-Regional Participation White Paper (*September 6, 2007*) appears to be the current SERC reliability assessment process with a few added studies. As such, much work is left to be done to it **“to satisfy the regional participation principle established in FERC Order 890”**. As FERC has stated “Although Order No. 890 allows for flexibility, each transmission provider has a clear obligation to address each of these principles in the development of its transmission planning process.”

The data collection process appears to be the current SERC data collection process. If it is not intended to be just a description of what is currently done to combine SERC member plans together, it should be. This would save time and effort to have one process to collect the data and build the transmission planning models needed.

Also, as is currently done at the SERC level, a group of planners from the transmission providers (now to be called the “study coordination team”) will review the simultaneous feasibility of the SERC member system plans. The only additions to the current process will be the inclusion of some of the economic planning studies suggested by stakeholders and three meetings with stakeholders to review results, spread out over two years.

This process of running some of the stakeholder Economic Planning Studies and reporting the results misses many of the important points of the 9 Principles. Not the least of those Principles missed are inclusiveness (of stakeholders) and requirements for the “study coordination team” to consider SERC-wide planning other than just the stakeholder requested economic planning studies.

Below is a run through of the 9 Principles for transmission planning with suggestions on how the SERC-wide (‘inter-regional’) planning process can be changed to comply with the FERC White Paper. Quoted material [with emphasis added] is from the FERC White Paper.

1. Coordination (P 451-454)

Stakeholders from all the SERC sub-regions must be included in stakeholder committees to allow participation in the SERC-wide planning efforts. Each committee should have two representatives from each stakeholder group in each SERC sub-region. Voting should be by 'simple majority' and committee meetings open to all stakeholders.

The committees need to be organized around the following tasks;

1. The transmission planning process
2. Cost allocation
3. Information exchange
4. Others as needed

Stakeholder committee participation in the reliability planning process will lead to stakeholders understanding the base cases used for performing economic studies. This will allow them to request more rational economic studies in conjunction with the reliability planning and shrink the planning cycle down to one year for both reliability and economic studies. This will be a step toward Comparability for stakeholders.

2. Openness (P 460)

The inclusion of SERC-wide committees of stakeholders and transmission owners will result in openness in the planning process. And, of course, all of the items in the FERC White Paper on Openness need to be complied with.

3. Transparency (P 471-479)

The committees of stakeholders will work with the transmission owners to "reduce to writing and make available the basic methodology, criteria, and processes used to develop transmission plans." The committees will also "enable customers, other stakeholders, and independent third parties to **replicate the results of planning studies** and thereby reduce the incidence of after-the-fact disputes regarding whether planning has been conducted in an unduly discriminatory fashion."

4. Information Exchange (P 486-488)

The 'Information Exchange' committee will see that FERC's requirements and White Paper clarifications are met. "The Commission emphasized that transmission planning is not intended to be limited to the mere exchange of information and after the fact review of transmission provider plans. The planning process is instead intended to provide a

**meaningful opportunity for customers and stakeholders to engage in planning along with their transmission providers.”**

5. Comparability (P 494-495)

Planning efforts of transmission providers are continuous (not discrete meetings) and continual processes that the proposed ‘inter-regional’ planning process isn’t Comparable to. Rather than a few discrete meetings the committee approach proposed will allow the stakeholders to maintain contact with the planning process as it proceeds. This contact will insure Comparability.

6. Dispute Resolution (P 501-503)

The ‘inter-regional’ white paper has no Dispute Resolution consideration. It needs to have a period of negotiation of thirty days and then a mediation process using FERC’s Dispute Resolution Service. After that point the parties can proceed as they jointly decide.

7. Regional Participation (P 523-528)

It is clear that stakeholders believe that SERC-wide planning should be compliant with the other eight of the 9 Principles. Please refer to the stakeholder presentations given at the October 1, 2007 FERC Technical Conference for more details on this. Planning on a SERC-wide basis will be better for all utility customers and stockholders. The benefits of collaborative planning efforts, multiple new minds on problems and expansiveness of solutions all far outweigh whatever reasons there might be to not plan together.

The SERC control areas are interconnected and are “required to **coordinate with interconnected systems** to (i) **share system plans** to ensure that they are **simultaneously feasible** and otherwise **use consistent assumptions and data** and (ii) **identify system enhancements that could relieve congestion or integrate new resources.**”

FERC has stated, “The transmittal letter accompanying the transmission provider’s Attachment K should **describe how both the local and the regional planning process satisfy the other eight principles.**”

Lastly, and most importantly to SERC’s future as a well planned system, FERC has called for “The **process by which the proposed sub-regional or regional planning processes can evolve over time.**” The committee structure can provide such a process.

8. Economic Planning Studies (P 542-551)

“The economic planning studies principle **requires transmission providers to account for economic, as well as reliability, considerations in the transmission planning process.** The Commission explained in Order No. 890 that good utility practice requires vertically integrated transmission providers to plan not only to maintain reliability, but also to **consider whether transmission upgrades can reduce the overall cost of serving native load.**”

This important principle hasn't been brought up as much as some of the others and could involve a minor quandary. On the one hand, if a transmission provider hasn't been considering economics in its planning then it has been providing its customers with less than optimal service. On the other hand, if a transmission provider has been considering economics (and described same as required in the FERC White Paper) in its planning for customers (e.g. native load, affiliates) it may appear to have been unduly discriminatory. This becomes less of a problem when the 'economic planning' to be done before considering stakeholder economic planning studies is directed by the appropriate committee in the proposed structure.

The stakeholder requests for Economic Planning Studies need to be combined and prioritized by stakeholders, after considering the input of transmission providers. The committee structure, once again, would allow stakeholders to decide what is most important for them as a group to have studied.

9. Cost Allocation (P 557-561)

Cost allocation is done differently in the different SERC sub-regions and approached with various levels of skepticism by state PSCs. There needs to be a central forum for stakeholders, transmission providers and PSC staff to work this out. The SERC-wide 'Cost Allocation' committee would provide such a forum.

The SERC-wide 'Cost Allocation' committee's main efforts should be centered on the following concepts;

1. “fairly assign costs among participants, including **those who cause them to be incurred and those who otherwise benefit from them**”
2. “provide **adequate incentives to construct new transmission**”
3. “**generally supported by state authorities and participants across the region**”
4. “**ex ante certainty through definite cost allocation rules and clear rules for identifying who benefits from specific projects**”

5. **“how identified beneficiaries may address alternatives or deferrals of transmission line costs, such as through the installation of distributed resources”**
6. **“how project costs will be allocated for "lumpy additions" in which the upgrade is far larger than needed by the requester”**

### **In Closing**

There has been a lot of work done already to comply with Order No. 890 and much more to go. For all parties, there is little to lose in meeting the intent of the 9 Principles and much to gain.

Every last component (e.g. Cost Allocation) of SERC-wide planning won't be ironed out by the December 7 filing date but all parties could still be in agreement. That agreement could take the form of committees, discussed above, structured and tasked to complete the compliance effort. With all parties in agreement on this structure and tasking we can make the compliance filing a collaborative rather than adversarial event.