

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

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Competitive Transmission Development)	Docket No. AD16-18-000
Technical Conference)	
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**PREPARED STATEMENT OF CARL MONROE, EXECUTIVE VICE PRESIDENT AND CHIEF
OPERATING OFFICER, SOUTHWEST POWER POOL, INC.**

I. Introduction

Good morning/afternoon. My name is Carl Monroe, and I am Executive Vice President and Chief Operating Officer for Southwest Power Pool, Inc. (“SPP”). I’m very appreciative of the opportunity to speak to you about the challenges and opportunities surrounding interregional transmission planning and development.

II. SPP Panel 4 Statement

SPP is uniquely situated with extensive interconnections in the Eastern Interconnection as well as most to the Western Interconnection, all to the Electric Reliability Council of Texas, and one to a Canadian utility. Our seam with the Midcontinent Independent System Operator, Inc. now extends approximately 1200 miles from the Canadian border into eastern Texas and includes over 200 interconnections, the vast majority at voltage levels less than 345 kV.

In addition to SPP’s unique geographic location, we also have some of the best on shore wind resource locations anywhere in the world. SPP currently has nearly 13,000 MW of installed nameplate wind capacity and 8000-10,000 MW of additional nameplate wind capacity that could be in service by 2018. Earlier this year, SPP set a North American record for wind penetration levels when 49.17% of all load in the SPP Balancing Authority was served by wind. With minimum loads of 20,000 MW and a peak load demand of approximately 50,000 MW, SPP’s ability to use much more additional wind will be very limited. This is where interregional transmission expansion is both an opportunity and necessity.

To date, interregional planning efforts have had little success in terms of project development. In fact, SPP is not aware of any interregional projects that have been developed under approved Order No. 1000 processes. There are three areas we believe the Commission should endeavor to explore for improvement: project eligibility criteria,

benefit quantification, and cost allocation. These areas are key to effective interregional planning rules and procedures, and without effective rules, undermine interregional transmission development.

For example, some regional planning rules exclude a host of projects from regional cost allocation, which makes those same types of projects ineligible for interregional cost allocation. This effectively precludes such projects from even consideration, despite the incremental operational and/or economic benefits they could provide. Other rules do not allow a comprehensive set of benefit to be calculated or considered. Minimizing the types of projects and/or benefits reduces the likelihood that project costs can be overcome and an equitable cost allocation can be obtained. SPP knows that only agreeable and equitable cost allocation will get projects built. Projects considered should be driven by a full range of operational and economic benefits, not other criteria, such as the physical or cost characteristics of projects – e.g. voltage, mileage, or project cost. While the objective nature of these criteria are attractive from an administration perspective, they may not be meaningful to the comprehensive benefits of a project, or can create artificial barriers to beneficial projects, but fall outside of these criteria.

SPP fully supports the Commission's efforts to ensure the most efficient or cost effective transmission projects are planned and constructed. We are hopeful and encouraged by the Commission's interest in further improving interregional planning as demonstrated by this technical conference today. Thank you for the opportunity to share our thoughts.