

124 FERC ¶ 61,029
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Xcel Energy Services, Inc. -
Southwestern Public Service Company

Docket No. OA08-35-000

ORDER ON COMPLIANCE FILING

(Issued July 11, 2008)

1. On December 7, 2007, pursuant to section 206 of the Federal Power Act (FPA),¹ Xcel Energy Services, Inc. (Xcel) submitted its transmission planning process for two of its operating affiliates, the Public Service Company of Colorado (PSCo) and Southwestern Public Service Company (SPS), as a proposed attachment to its Open Access Transmission Tariff (OATT), as required by Order No. 890.² In this order, we accept Xcel's filing with regard to one of its affiliates, SPS, subject to a further compliance filing, as discussed below. We will address the planning process for Xcel's other affiliate, PSCo, in a separate order.

I. Background

2. In Order No. 890, the Commission reformed the *pro forma* OATT to clarify and expand the obligations of transmission providers to ensure that transmission service is provided on a non-discriminatory basis. One of the Commission's primary reforms was designed to address the lack of specificity regarding how customers and other

¹ 16 U.S.C. § 824e (2000 & Supp. V 2005).

² *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 72 Fed. Reg. 12,266 (Mar. 15, 2007), FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, 73 Fed. Reg. 2984 (Jan. 16, 2008), FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 73 Fed. Reg. 39,092 (July 8, 2008).

stakeholders should be treated in the transmission planning process.³ To remedy the potential for undue discrimination in planning activities, the Commission directed all transmission providers to develop a transmission planning process that satisfies nine principles (discussed below) and to clearly describe those processes in a new attachment (Attachment K) to their OATTs.⁴

3. As discussed more fully below, the nine planning principles each transmission provider was directed by Order No. 890 to address in its Attachment K planning process are: (1) coordination; (2) openness; (3) transparency; (4) information exchange; (5) comparability; (6) dispute resolution; (7) regional participation; (8) economic planning studies; and (9) cost allocation for new projects. The Commission also directed transmission providers to address the recovery of planning-related costs. The Commission explained that it adopted a principles-based reform to allow for flexibility in implementation of and to build on transmission planning efforts and processes already underway in many regions of the country. However, although Order No. 890 allows for flexibility, each transmission provider has a clear obligation to address each of the nine principles in its transmission planning process and all of these principles must be fully addressed in the tariff language filed with the Commission. The Commission emphasized that tariff rules must be specific and clear to facilitate compliance by transmission providers and place customers on notice of their rights and obligations.⁵

³ The Commission, among other things, also amended the *pro forma* OATT to require greater consistency and transparency in the calculation of Available Transfer Capability (ATC) and standardization of charges for generator and energy imbalance services. The Commission also revised various policies governing network resources, rollover rights, and reassignments of transmission capacity. These reforms have been or will be addressed in other orders.

⁴ Xcel labeled its Attachment K transmission planning process for SPS as “Attachment R – SPS.” This was permitted by the Commission in Order No. 890. *See* Order No. 890, FERC Stats. & Regs. ¶ 31,241 n.246.

⁵ As the Commission explained in Order No. 890, not all rules and practices related to transmission service, or planning activities in particular, need to be codified in the transmission provider’s OATT. Rules, standards and practices that relate to, but do not significantly affect, transmission service may be placed on the transmission providers’ website, provided there is a link to those business practices on its Open Access Same-Time Information System (OASIS). *See* Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 1649-55. Transmission providers could therefore use a combination of tariff language in the Attachment K and a reference to planning manuals on their websites, to satisfy their planning obligations under Order No. 890.

II. Compliance Filing

4. While Xcel states that its compliance filing contains the planning processes of PSCo and SPS, two of Xcel's operating company affiliates, this order solely addresses the transmission planning process for SPS. The transmission planning process for PSCo will be addressed in a subsequent order to be issued in this docket.⁶

5. In its filing, Xcel explains that SPS is a transmission-owning member of Southwest Power Pool, Inc. (SPP) in the Eastern Interconnection, and that most wholesale transmission service access to the SPS transmission system is subject to the SPP OATT. As an RTO, Southwest Power Pool, Inc. performs coordinated and transparent regional planning in the SPP footprint through the annual SPP Transmission Expansion Plan (STEP) process.⁷ Xcel adds, however, that SPS retains planning responsibility for lower voltage (below 69 kV), radial and load serving transmission facilities. As such, Xcel, on behalf of SPS, submits proposed Attachment R – SPS to the Xcel OATT, which describes the local planning process on the SPS system and coordination of the SPS process with the STEP regional process.

6. Finally, Xcel states that the NSP companies are transmission-owning members of Midwest ISO. Midwest ISO performs coordinated and transparent regional planning in the Midwest ISO footprint through the annual Midwest ISO Transmission Expansion Plan (MTEP) process.⁸ Midwest ISO's Order No. 890 compliance filing was submitted on December 7, 2007, in Docket No. OA08-53-000, and included a description of local and sub-regional planning processes and the interaction between these planning processes

⁶ Xcel adds that the transmission planning process compliance tariff filing for two of its other affiliates: Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation (collectively, NSP), is addressed by the Order No. 890 compliance filing of the Midwest Independent Transmission System Operator, Inc. (Midwest ISO), as discussed further below.

⁷ The regional STEP process develops a 10-year plan for transmission expansion needed for reliability or economic purposes. On December 14, 2007, SPP filed with the Commission a description of its regional STEP process (Attachment O to the SPP OATT), in Docket No. OA08-61-000. The Commission is issuing an order addressing that filing, concurrent with the issuance of this order.

⁸ Among other things, the regional MTEP process develops a 10-year plan for transmission expansion needed for reliability or economic purposes. On December 7, 2007 Midwest ISO filed with the Commission a description of its MTEP process (revised Attachment FF to the Midwest ISO tariff), in Docket No. OA08-53-000.

and the MTEP regional process.⁹ Therefore, Xcel states that it is not submitting a transmission planning compliance tariff applicable to the NSP system.

7. Xcel contends that Attachment R – SPS to the Xcel OATT addresses all information required by Order No. 890. Xcel’s filing contains the transmission planning process of SPS in the context of the Commission’s nine planning principles set forth in Order No. 890.

III. Notice of Filing and Responsive Pleadings

8. Notice of Xcel’s filing was published in the *Federal Register*, 72 Fed. Reg. 71,884 (2007), with interventions and protests due on or before December 28, 2007. The Commission extended this comment period until January 7, 2008.

9. Timely motions to intervene and protests were filed by the American Wind Energy Association, Interwest Energy Alliance and West Wind Wires (collectively, AWEA) and Golden Spread Electric Cooperative, Inc. (Golden Spread). Xcel filed an answer to the protests of AWEA and Golden Spread.

IV. Discussion

A. Procedural Matters

10. Pursuant to Rule 214 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2007), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. We will address issues raised by AWEA with regard to PSCo’s transmission planning process in a subsequent order.

11. Rule 213(a)(2) of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2007), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept Xcel’s answer because it has provided information that assisted us in our decision-making process.

B. Substantive Matters

12. We find that Xcel’s Attachment R - SPS transmission planning process, with certain modifications, complies with each of the nine planning principles and other

⁹ Midwest ISO’s compliance filing was accepted by the Commission subject to further modification on May 15, 2008. *See Midwest Independent Transmission System Operator, Inc.*, 123 FERC ¶ 61,164 (2008).

planning requirements adopted in Order No. 890. Accordingly, we accept Xcel's Attachment R – SPS, to be effective December 7, 2007, subject to further compliance filing as discussed below. Xcel is directed to file the compliance filing within 90 days of the date of issuance of this order. While we accept Xcel's transmission planning process in Attachment R – SPS, we nevertheless encourage further refinements and improvements to Xcel's planning process as Xcel and its customers and other stakeholders gain more experience through actual implementation of this process. Commission staff will also periodically monitor the implementation of the planning process to determine if adjustments are necessary and will inform the transmission provider and the Commission of any such recommendations. Specifically, beginning in 2009, the Commission will convene regional technical conferences similar to those conferences held in 2007 leading up to the filing of the Attachment K compliance filings. The focus of the 2009 regional technical conferences will be to determine the progress and benefits realized by each transmission provider's transmission planning process, obtain customer and other stakeholder input, and discuss any areas that may need improvement.

C. Compliance With Order No. 890's Planning Principles

13. Xcel states in Attachment R – SPS that SPS will satisfy the nine planning principles established in Order No. 890 through full participation in the SPP regional STEP and its related sub-regional planning processes. Xcel adds that Attachment R – SPS describes how SPS participates in the SPP planning process, and how the SPS local planning procedures supplement and coordinate with the STEP process at the local SPS system level.

14. According to Xcel, SPS relies on SPP and its open STEP plan to satisfy the openness principle on the 115 kV and above transmission systems, while SPS actively and directly communicates with any affected transmission owner, its transmission agent, or the requesting transmission customer, as needed, when SPP plans for the lower voltage 69 kV system.

15. In fulfillment of the dispute resolution principle, Xcel refers to the dispute resolution procedures in section 12 of the Xcel OATT for transmission customers taking or requesting service under the OATT or disputing the results of an SPS planning process or study. Regarding the regional participation principle, Xcel states that SPS shares its modeling data through the SPP modeling processes, provides review and comments on SPP studies, both regional and sub-regional, and shares its internally developed transmission plans through the SPP STEP and model development processes.

16. We find that Xcel's Attachment R – SPS transmission planning process complies with the openness, dispute resolution,¹⁰ and regional participation principles adopted in Order No. 890. As discussed more fully below, we will, however, require Xcel to modify in a further compliance filing the provisions in Attachment R – SPS addressing the coordination, transparency, information exchange, cost allocation, comparability, and economic planning studies principles, as well as the recovery of planning costs. Finally, we will accept Xcel's Attachment R – SPS as regards compliance with the regional participation principle, subject to the outcome of SPP's compliance filing being ordered today in Docket No. OA08-61-000.¹¹

1. Coordination

17. In order to satisfy the coordination principle, transmission providers must provide customers and other stakeholders the opportunity to participate fully in the planning process. The purpose of the coordination requirement, as stated in Order No. 890, is to eliminate the potential for undue discrimination in planning by opening appropriate lines of communication between transmission providers, their transmission-providing neighbors, affected state authorities, customers, and other stakeholders. The planning process must provide for the timely and meaningful input and participation of customers and other stakeholders regarding the development of transmission plans, allowing customers and other stakeholders to participate in the early stages of development. In its planning process, each transmission provider must clearly identify the details of how its planning process will be coordinated with interested parties.¹²

Xcel's Proposal

18. Xcel states that section 1 (Coordination) of Attachment R – SPS provides that SPS will participate in SPP's coordinated regional and sub-regional planning processes, and

¹⁰ We note that Xcel's dispute resolution procedure omits the second step, mediation, of a three step dispute resolution process consisting of negotiation, mediation and arbitration. While we are not directing Xcel to include mediation, we strongly encourage it to consider including a mediation step in its dispute resolution process. We have found that a high percentage of disputes sent to the Commission's Dispute Resolution Service or another mediator or an Administrative Law Judge serving as a Settlement Judge settle without adjudication. If Xcel desires to include the mediation step, it should do so in the compliance filing required at the end of this order.

¹¹ *Southwest Power Pool, Inc.*, 123 FERC ¶ 61,028, at P 49 (2008) (Docket No. OA08-61-000).

¹² Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 451-54.

will communicate with SPP in response to specific requests. Xcel further contends that SPS communicates with other utilities as requested on any other joint planning issues. According to Xcel, SPS holds periodic meetings with its wholesale transmission customers, whether they take service under the SPP OATT or the Xcel OATT, to discuss pertinent system issues.¹³ Specific study coordination is done either through SPP or directly by SPS as needed. Section 1 of Attachment R – SPS also provides that SPS shall hold, at a minimum, one meeting annually where network customers, merchant generation plant developers and other interested parties can participate in local planning discussions. With respect to planned system upgrades, Xcel states that SPS' planned system upgrades are provided to SPP in two ways. First, according to Attachment R – SPS, planned system upgrades are provided through the SPP model development process every fall. Second, project schedule information is provided according to SPP's process for project updates.

Comments

19. Golden Spread argues, with respect to the scheduling of meetings, that it is unclear whether SPS intends to hold its planning meetings in conjunction with the sub-regional breakout sessions of SPP's semi-annual meeting, or if SPS intends to hold an entirely separate meeting. Golden Spread contends that if SPS plans on holding an entirely separate planning meeting, coordination with plans growing out of SPP's semi-annual meetings may be problematic. Golden Spread states that it believes the SPS/customer meetings should take place prior to the SPP meetings, adding that this will assist in achieving a common agreement by SPS and its transmission customers on what constitutes the optimal transmission expansion plan for the SPS control area. In addition, Golden Spread contends that scheduling the SPS/customer meetings prior to the SPP semi-annual meetings will enhance the ability of SPS and its transmission customers to participate effectively in the SPP planning process.

20. Golden Spread also states that Attachment R – SPS is silent with respect to whether groups or committees would play a role in transmission planning activities. Golden Spread states that it is not clear whether Xcel's omission of this point reflects a conscious determination that no committees or groups will participate in the planning process, or whether the issue remains open.

¹³ SPP serves as transmission provider for SPS for most transmission-related functions, with service administered under the SPP OATT. Exceptions for which the Xcel OATT is applicable include certain transmission service related to "Tie Line" facilities where SPS interconnects with PSCo at the Kansas/Colorado border. Point-to-point and network integration transmission service are available over the Tie Line pursuant to the Xcel OATT. SPS is also subject to the non-rate terms and conditions of Xcel's OATT for network services used to serve its native load customers.

Xcel's Answer

21. In response to Golden Spread's argument regarding the scheduling of SPS' planning meetings, Xcel states that SPS generally intends to hold such meetings before SPP's semi-annual meetings. Xcel adds, however, that SPS anticipates that in some instances additional meetings may be needed after the SPP meetings. Xcel states that SPS needs to coordinate with SPP's annual STEP process and sub-regional meetings, as well as with customers both before and after SPP meetings, and develop information needed to facilitate the STEP and model-building processes. Xcel adds that Attachment R – SPS was drafted to afford SPS some degree of flexibility in scheduling these meetings.

22. Regarding Golden Spread's argument that Attachment R – SPS does not describe whether groups or committees would play a role in planning activities, Xcel states that SPS agrees with Golden Spread that the issue of whether to develop a committee or group structure and what role they will play remains an open issue. Xcel adds that there may be such a role, perhaps through network operating committee meetings and participation by this group in the planning process. Xcel states that since Golden Spread is already a party to a network operating agreement with SPS under Xcel's OATT, no new agreement or structure would be needed to use the network operating committee structure for this role.

Commission Determination

23. We find that Attachment R – SPS does not clearly identify the details of how SPS' planning process will be coordinated with interested parties. We anticipated that transmission providers would include more detail describing planning activities such as: (1) whether any committees or specific meeting structures will be used to conduct planning activities; (2) what role groups or committees would play in planning, including how they will be formed, their responsibilities, and how decisions will be made; (3) the role the transmission provider will play in coordinating the activities of the meetings or committees; (4) existing processes and any changes thereto that will satisfy the requirements of Order No. 890; and (5) the procedures for noticing meetings or other planning-related communications. Xcel has admitted that there are still open issues related to planning. Therefore, Xcel's filing fails to comply with Order No. 890. We direct Xcel to file, within 90 days of issuance of this order, a further compliance filing that revises its Attachment R – SPS to provide additional details of its coordination processes to address the above requirements.

24. We further note that in our order addressing SPP's Attachment R transmission planning process in Docket No. OA08-61-000, which is being issued concurrently with

this order,¹⁴ we find that, except for general provisions, it is unclear how the specific plans and projects submitted by SPP transmission owners that choose to have separate local planning processes, such as Xcel, will be evaluated as part of the SPP planning process for potential inclusion in the STEP, and to what extent local plans developed by these transmission owners will be subject to further review and approval by stakeholders and SPP. Accordingly, it will be necessary for Xcel and SPP to ensure that the respective planning processes are consistent with regard to how projects submitted by a transmission owner with a separate local planning process will be evaluated as part of the SPP planning process.

2. Transparency

25. The transparency principle requires transmission providers to reduce to writing and make available the basic methodology, criteria and processes used to develop transmission plans, including how they treat retail native loads, in order to ensure that standards are consistently applied. To that end, each transmission provider must describe in its planning process the method(s) it will use to disclose the criteria, assumptions and data that underlie its transmission system plans.¹⁵ The Commission specifically found that simple reliance on Form Nos. 714 and 715 failed to provide sufficient information to provide transparency in planning because those forms were designed for different purposes. Transmission providers were also directed to provide information regarding the status of upgrades identified in the transmission plan.

26. The Commission explained that sufficient information should be made available to 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. The Commission explained in Order No. 890 that simultaneous disclosure of transmission planning information should alleviate Standards of Conduct concerns regarding disclosure of information. The Commission also specifically addressed consideration of demand response resources in transmission planning. Where demand resources are capable of providing the functions assessed in a transmission planning process, and can

¹⁴ See *supra* note 11.

¹⁵ In Order No. 890-A, the Commission made clear that this includes disclosure of transmission base case and change case data used by the transmission provider, as these are basic assumptions necessary to adequately understand the results reached in a transmission plan. See Order No. 890-A, FERC Stats & Regs. ¶ 31,261 at P 199.

be relied upon on a long-term basis, they should be permitted to participate in that process on a comparable basis.¹⁶

Xcel's Proposal

27. Section 3 (Transparency) of Attachment R – SPS states that SPS has posted a summary of its currently effective internal planning criteria and general study methodology at the SPS page on the SPP OASIS. Attachment R – SPS also provides guidelines for load, generation and transmission-to-transmission interconnections. Xcel states that study documentation is attached to studies when they are posted on OASIS.

28. Xcel contends that any criteria, assumptions or other underlying data is provided in the associated study report for that plan or study when it is released, but adds that requests for transmission service or new load interconnections are sometimes confidential, and information related to such projects cannot be shared with other entities until those projects are in the construction phase.

Comments

29. Regarding availability of information, Golden Spread contends that under the transparency principle, Commission staff recommended that sufficient information be made available to enable customers, stakeholders and independent third parties to replicate the results of planning studies. Golden Spread argues, however, that Attachment R – SPS merely provides links to SPS' currently effective internal planning criteria and general study methodology, as well as guidelines for load interconnections, generation interconnections and transmission-to-transmission interconnections. Golden Spread asks that the Commission direct SPS to include a commitment that the planning information, data and models made available will be sufficient to permit parties to replicate the results of the SPS planning studies.

30. Golden Spread states that the Commission should “direct SPS to correct other omissions” in its Attachment R filing. Specifically, Golden Spread argues that SPS should describe the transmission planning cycle as well as important milestones in the cycle (i.e., timelines or dates for data exchange, studies, presentation of studies to transmission customers, etc.). In addition, Golden Spread states that SPS should describe the development of, and make available to stakeholders, all assumptions used in transmission studies, including assumptions regarding transmission, generation and demand response.

¹⁶ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 471-79.

31. Golden Spread further states that SPS should identify the process to be used by an interested party to obtain access to underlying data used for transmission planning, such as base case load flow models and associated files. Golden Spread adds that SPS should commit to providing stakeholders with an opportunity to question and discuss SPS' initial assumptions. Finally, Golden Spread contends that SPS should identify the process SPS will use to notify interested parties of changes to its databases, as well as identify steps SPS will take to ensure that its planning process involves a two-way exchange of relevant information. Golden Spread states that compliance with these requests would merely require SPS to adopt the processes contained in SPP's Attachment O filing.

Xcel's Answer

32. In its answer, Xcel states that Attachment R – SPS is intended to supplement the SPP transmission regional planning process. Therefore, Xcel asserts, the information Golden Spread claims is not set forth in Attachment R – SPS is fully detailed in the SPP Attachment O. Xcel adds that SPS will fully participate in the SPP planning process and that SPS will provide all of its models and criteria to SPP. Xcel further states that all of this information will be available on the SPP website, and explains that the procedures for obtaining SPS planning information are described in the SPP Attachment O. Xcel contends that it would be burdensome and of little value to duplicate the SPP process in the Attachment R - SPS provisions, and states that this is not what is required by Order No. 890. Finally, Xcel adds that Attachment R – SPS should not be considered as a stand-alone transmission planning process, but rather as a process that “fills in the gaps” of the SPP transmission planning process with respect to local planning issues.

Commission Determination

33. We find that Xcel's Attachment R – SPS generally makes available the basic methodology, criteria, and processes used to develop transmission plans by providing links to SPS' page on SPP's OASIS (containing the currently effective internal planning criteria and general study methodology) and to Xcel's website (containing guidelines for Load Interconnections, Generation Interconnections, and Transmission-to-Transmission Interconnections). In addition, Attachment R – SPS states that study documentation is attached to the studies posted on the SPP OASIS, and that any criteria, assumptions, or other underlying data are provided in the associated study report for each plan or study when it is released. Therefore, we find that the links adequately point to the transmission planning procedures used by SPS as part of SPP's transmission planning, and all the necessary information will be readily available to Golden Spread and other interested parties.

34. We agree with Xcel that Attachment R – SPS, in conjunction with SPP's Attachment O filing, encompasses most of the necessary information to fully describe the SPS transmission planning process. We also agree that it would be duplicative to direct Xcel to include the SPP procedures in its filing. To ensure that the procedures are clear

to all parties, we direct Xcel to revise its Attachment R – SPS, within 90 days from the date of issuance of this order, to add statements to affected sections where SPP’s processes are invoked which clarify that the procedures contained in SPP’s Attachment O are incorporated by reference.

35. However, Xcel states that any criteria, assumptions or other underlying data is provided in the associated study report for that plan or study when it is released. Thus, it is unclear whether SPS shares its assumptions early enough in the planning process to allow stakeholders to review and question those assumptions before they are utilized to develop the transmission plan.¹⁷ Accordingly, in the compliance filing being directed herein, Xcel is directed to modify its Attachment R – SPS to ensure that participants in the planning process have an opportunity to review and provide input on all of the assumptions to be utilized by Xcel in developing the transmission plan.¹⁸

3 Information Exchange

36. The information exchange principle requires network customers to submit information on their projected loads and resources on a comparable basis (e.g., planning horizon and format) as used by transmission providers in planning for their native load. Point-to-point customers must submit any projections they have of a need for service over the planning horizon and specify the receipt and delivery points. As the Commission made clear in Order No. 890-A, these projections are intended only to give the transmission provider additional data to consider in its planning activities, and should not be treated as a proxy for actual reservations.¹⁹ Transmission providers, in consultation with their customers and other stakeholders, are to develop guidelines and a schedule for the submittal of such customer information.

37. The Commission also provided that, to the extent that applicable, transmission customers should provide information on existing and planned demand resources and their impacts on demand and peak demand. Stakeholders, in turn, should provide proposed demand response resources if they wish to have them considered in the

¹⁷ To the extent any of the assumptions necessary to understand the transmission plan are based on confidential information, such as information related to specific customer service requests, SPS must provide a means of protecting the confidentiality of that information by, for example, masking the data or only making it available subject to a confidentiality agreement.

¹⁸ See *Midwest Independent Transmission System Operator, Inc.*, 123 FERC ¶ 61,164, at P 124 (2008).

¹⁹ Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 207.

development of the transmission plan. The Commission stressed that information collected by transmission providers to provide transmission service to their native load customers must be transparent and equivalent information must be provided by transmission customers to ensure effective planning and comparability. In Order No. 890-A, the Commission made clear that customers should only be required to provide cost information for transmission and generation facilities as necessary for the transmission provider to perform economic planning studies requested by the customer, and that the transmission provider must maintain the confidentiality of this information. To this end, transmission providers must clearly define in their Attachment K the information sharing obligations placed on customers in the context of economic planning.²⁰

38. 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. To that end, the Commission clarified that information exchange relates to planning, not other studies performed in response to interconnection or transmission service requests.²¹

Commission Determination

39. Under the Joint OATT, SPS' Network Integration Transmission Services (NITS) customers are required to provide annual updates to their network transmission service each year with a ten year forecast. SPS then provides summary data on SPS native load uses and Joint OATT NITS uses to SPP through the SPP Model Development activity. SPP OATT NITS and Point-to-Point customers with loads on the SPS system provide their input directly to SPP and SPS may obtain that information if needed for its studies and model building. Order No. 890 "require[d] transmission providers, in consultation with their customers and other stakeholders, to develop guidelines and a schedule for information."²² Xcel's filing does not provide how Attachment R-SPS satisfies this requirement. Xcel is directed to file, within 90 days of the issuance of this order, a compliance filing addressing the necessary demonstration required by Order No. 890.

²⁰ *Id.* P 206.

²¹ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 486-88.

²² Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 486.

4. Cost Allocation

40. The cost allocation principle requires that transmission providers address in their planning process the allocation of costs of new facilities that do not fit within existing rate structures. In Order No. 890, the Commission suggested that such new facilities might include regional projects involving several transmission owners or economic projects that are identified through the study process, rather than individual requests for service. The Commission did not impose a particular allocation method for such projects and, instead, permitted transmission providers and stakeholders to determine the criteria that best fit their own experience and regional needs. Transmission providers therefore were directed to identify the types of new projects that are not covered under existing cost allocation rules and, as a result, would be affected by the cost allocation proposal.

41. The Commission did not prescribe any specific cost allocation methodology in Order No. 890. The Commission instead suggested that several factors should be weighed in determining whether a cost allocation methodology is appropriate. First, a cost allocation proposal should fairly assign costs among participants, including those who cause them to be incurred and those who otherwise benefit from them. Second, the cost allocation proposal should provide adequate incentives to construct new transmission. Third, the cost allocation proposal should be generally supported by state authorities and participants across a region. The Commission stressed that each region should address cost allocation issues up front, at least in principle, rather than renegotiate them each time a project is proposed.²³ In Order No. 890-A, the Commission also made clear that the details of proposed cost allocation methodologies must be clearly defined, because participants seeking to support new transmission investment need some degree of certainty regarding cost allocation to pursue that investment.²⁴

Commission Determination

42. Consistent with the cost allocation principle, Xcel describes SPS' participation in the SPP development process whereby SPP coordinates and develops regional transmission plans and cost allocation for new transmission facilities. Thus, costs are allocated using Attachment J of the SPP OATT, SPP's Transmission Expansion Cost Allocation Plan process, for regional reliability projects, generation interconnection upgrades, and transmission service upgrades.

²³ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 557-61.

²⁴ Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 251.

43. Xcel also describes a cost allocation policy applied to requests for a “new load serving interconnection” and provides an associated link to its corporate web page.²⁵ However, other provisions of the Xcel OATT also govern the allocation of costs associated with upgrades to interconnect new load.²⁶ Xcel has failed to explain whether the proposed provisions in its Attachment R-SPS are intended to supplement or replace these other tariff provisions. Therefore, Xcel is directed to file, within 90 days of issuance of this order, a further compliance filing removing from Original Sheet No. 493 the last paragraph addressing Xcel’s load interconnection cost allocation policy, as well as the link to Xcel’s corporate website following this paragraph, or justify retention of a cost allocation policy for “new load serving interconnections” notwithstanding the existence of related tariff provisions.

5. Comparability

44. The comparability principle requires transmission providers, after considering the data and comments supplied by customers and other stakeholders, to develop a transmission system plan that meets the specific service requests of their transmission customers and otherwise treats similarly-situated customers (e.g., network and retail native load) comparably in transmission system planning. In Order No. 890, the Commission expressed concern that transmission providers historically have planned their transmission systems to address their own interests without regard to, or ahead of, the interests of their customers. Through the comparability principle, the Commission required that the transmission providers’ similarly-situated customers be treated on a comparable basis during the planning process. The Commission also explained that demand resources should, where appropriate, be considered on a comparable basis to the service provided by generation resources.²⁷ Lastly, in Order No. 890-A, the Commission

²⁵ See Xcel Energy Operating Companies, FERC Electric Tariff, First Revised Volume No. 1, Original Sheet No. 493.

²⁶ The “Xcel Energy Operating Companies Load Interconnection Cost Allocation Policy,” addresses cost allocation for direct assignment facilities and for network upgrades that are necessary to construct the load interconnection. Yet cost allocation for such facilities is currently addressed in Xcel’s OATT under section 13.5 “Transmission Customer Obligations for Facility Additions or Redispatch Costs” and section 27 “Compensation for New Facilities and Redispatch Costs” related to point-to-point transmission service; and under section 31.2 “New Network Loads Connected With the Transmission Provider” and 34 “Rates and Charges” related to network transmission service. Further, individual service agreements specify the nature of the required facilities and address cost responsibility.

²⁷ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 494-95.

clarified that, as part of its Attachment K planning process, each transmission provider is required to identify how it will treat resources on a comparable basis and, therefore, should identify how it will determine comparability for purposes of transmission planning.²⁸

Commission Determination

45. We find that SPS's transmission system planning process is consistent with Order No. 890's comparability planning principle. As SPS indicates, it plans for wholesale network loads and generation dispersed throughout the SPS transmission system in a manner comparable to planning for its native loads. Attachment R - SPS also states that SPP planning procedures recognize that members of SPP need to address transmission system requirements to meet state renewable portfolio standards, state resource adequacy requirements, and other programs that could include treatment of customer demand response resources. Finally, Attachment R - SPS provides that SPS will establish a load and delivery point connection study queue for requests for installation of new load delivery points to provide comparable access to study processes and provide transparency.

46. In addition, we note that Order No. 890-A was issued on December 27, 2007 subsequent to Xcel submitting its Order No. 890 Attachment R compliance filing. In Order No. 890-A, the Commission provided additional guidance, among other things, as to how the transmission provider can achieve compliance with the comparability principle. Specifically, the Commission stated that the transmission provider needed to identify as part of its Attachment K planning process "how it will treat resources on a comparable basis and, therefore, should identify how it will determine comparability for purposes of transmission planning."²⁹ Here, Xcel has submitted tariff language for SPS providing that, as a general matter, demand response resources will be treated comparably. However, since Order No. 890-A was issued subsequent to the filing before us, Xcel did not have an opportunity to demonstrate that SPS complies with this requirement of Order No. 890-A. Therefore, Xcel is directed to file within 90 days of issuance of this order, a compliance filing providing the necessary demonstration required by Order No. 890-A.³⁰

²⁸ Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 216.

²⁹ *Id.*; *see also* Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 479, 487, 494 and 549.

³⁰ For example, tariff language should provide for participation throughout the transmission planning process by sponsors of transmission solutions, generation solutions, and solutions utilizing demand resources.

6. Economic Planning Studies

47. 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. The economic planning principle is designed to ensure that economic considerations are adequately addressed when planning for OATT customers as well. The Commission emphasized that the scope of economic studies should not just be limited to individual requests for transmission service. Customers must be given the opportunity to obtain studies that evaluate potential upgrades or other investments that could reduce congestion or integrate new resources and loads on an aggregated or regional basis.

48. All transmission providers, including RTOs and ISOs, were directed to develop procedures to allow stakeholders to identify a certain number of high priority studies annually and a means to cluster or batch requests to streamline processing. The Commission determined that the cost of the high priority studies would be recovered as part of the transmission provider's overall OATT cost of service, while the cost of additional studies would be borne by the stakeholder(s) requesting the study.³¹

49. In Order No. 890-A, the Commission made clear that the transmission provider's planning process must clearly describe the process by which economic planning studies can be requested and how they will be prioritized.³² In Order No. 890-A, the Commission also made clear that a transmission provider's affiliates should be treated like any other stakeholder and, therefore, their requests for studies should be considered comparably, pursuant to the process outlined in the transmission provider's planning process.³³ Additionally, in Order No. 890-A, the Commission clarified that to the extent that an RTO or ISO delegates any of its responsibilities in the context of economic planning, it will be the obligation of the RTO or ISO, as the transmission provider, to ensure ultimate compliance with the requirements of Order No. 890.³⁴

³¹ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 542-51.

³² Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 236.

³³ *Id.*

³⁴ *Id.*

Commission Determination

50. We find that Attachment R – SPS does not comply with the economic planning studies principles. While Xcel indicates that it will primarily utilize SPP’s economic planning process to comply with the economic planning study requirements of Order No. 890, it is unclear whether and how the SPP process will consider an SPS-specific request for an economic planning study. Moreover, the fact that SPS may have conducted specific special studies upon request by certain NITS customers does not address whether other customer and stakeholders have similar opportunities to request economic planning studies and SPS’ responsibility to conduct such studies. Accordingly, in a compliance filing to be made within 90 days of issuance of this order, Xcel is directed to address these concerns.

7. Recovery of Planning Costs

51. In Order No. 890, the Commission recognized the importance of cost recovery for planning activities, specifically addressing that issue after discussing the nine principles that govern the planning process. The Commission directed transmission providers to work with other participants in the planning process to develop cost recovery proposals in order to determine whether all relevant parties, including state agencies, have the ability to recover the costs of participating in the planning process. The Commission also suggested that transmission providers consider whether mechanisms for regional cost recovery may be appropriate, such as through agreements (formal or informal) to incur and allocate costs jointly.³⁵

52. We find that Xcel has not addressed how SPS will recover its planning costs. Therefore, we direct Xcel to file, within 90 days of issuance of this order, a further compliance filing detailing its plan to recover planning costs for SPS.

The Commission orders:

(A) Xcel’s Attachment R – SPS is hereby accepted, as modified, effective December 7, 2007, subject to a further compliance filing, as discussed in the body of this order.

³⁵ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 586.

(B) Xcel is hereby directed to submit a compliance filing, within 90 days of the date of this order, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.