

131 FERC ¶ 61,070
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer, Philip D. Moeller,
and John R. Norris.

Southwest Power Pool, Inc.

Docket Nos. ER09-1397-000
ER09-1397-001

ORDER CONDITIONALLY ACCEPTING UNEXECUTED TRANSMISSION
SERVICE AGREEMENT AND NOTICES OF CANCELLATION

(Issued April 26, 2010)

1. On December 10, 2009, Southwest Power Pool, Inc. (SPP) submitted for filing: (1) an unexecuted, revised service agreement for network integration transmission service between SPP as transmission provider and Kansas Power Pool (KPP) as network customer; (2) an executed, revised network operating agreement between SPP as transmission provider, KPP as network customer, and Westar Energy, Inc. (Westar) as host transmission owner; and (3) an executed, revised network operating agreement among SPP as transmission provider, KPP as network customer, and Midwest Energy, Inc. (Midwest) as host transmission owner (collectively, Service Agreement). SPP also submitted notices of cancellation of earlier agreements that it proposes to replace with the Service Agreement. In this order, the Commission conditionally accepts the Service Agreement and the notices of cancellation for filing, effective June 1, 2009, as requested.

I. Background

2. SPP is a Commission-approved regional transmission organization (RTO). As such, SPP administers transmission service pursuant to its open access transmission tariff (SPP Tariff) over portions of Arkansas, Kansas, Louisiana, Missouri, Nebraska, New Mexico, Oklahoma, and Texas. SPP currently has 56 members and serves more than 5 million customers in a 370,000 square mile area. KPP is a municipal energy agency, authorized by Kansas statutes and created by and for its members. KPP has 41 members, and provides power services to 28 municipal utilities in Kansas with a total load of approximately 368 MW.

3. On July 1, 2009, SPP submitted to the Commission an unexecuted service agreement for network integration transmission service between SPP as transmission provider and KPP as network customer (July 1 Agreement), to be effective June 1, 2009. Shortly thereafter, SPP submitted several motions to the Commission, requesting that the Commission defer action in the proceeding to allow the parties to negotiate the issues remaining between them with regard to the July 1 Agreement. The Commission granted such requests.

4. The July 1 Agreement permitted KPP to designate as network load several of KPP's member cities in Kansas, and reflected KPP's decision to pool its network resources to serve network loads on the Westar and Midwest transmission systems. Prior to the July 1 2009, filing, these cities were served through separate agreements for network integration transmission service and firm point-to-point transmission service as well as pursuant to agreements with Westar. After the July 1, 2009 filing, KPP and SPP continued negotiating the terms and conditions of the July 1 Agreement. During those negotiations, however, SPP states that the network upgrades required for the network resources would not allow unlimited use by the non-designated resources to serve the cities' load on a long-term firm basis without compromising the safety and reliability of the transmission system.

5. On December 10, 2009, SPP submitted the Service Agreement (replacing the July 1 Agreement), explaining that it and KPP had failed to resolve their differences and requesting that the Commission accept the Service Agreement effective June 1, 2009 (December 10 Filing). Also on December 10, 2009, SPP withdrew the July 1 Agreement and renewed its request that the Commission accept the notices of cancellation included in the July 1, 2009 filing, effective June 1, 2009.¹

II. Deficiency Letter and Response

6. On February 5, 2010, the Commission notified SPP that the December 10 Filing was deficient and asked SPP to provide a variety of information to the Commission by February 25, 2010 (Deficiency Letter). On February 25, 2010, SPP supplemented the December 10 Filing by submitting a response to the

¹ The Commission assigned a subdocket number to the December 10 Filing, ER09-1397-001. Because we are accepting the notices of cancellation included in the July 1, 2009 filing, in addition to ruling on the December 10 Filing, we dispose of both dockets here.

Deficiency Letter (Response to Deficiency Letter). SPP designated part of its responsive material non-public and Critical Energy Infrastructure Information (CEII).

III. Notice of Filings and Responsive Pleadings

7. Notice of the July 1 Filing was published in the *Federal Register*, 74 Fed. Reg. 34,330 (2009), with interventions and protests due on or before July 22, 2009. On July 17, 2009, KPP filed a motion to intervene. Notice of the December 10 Filing was published in the *Federal Register*, 74 Fed. Reg. 67,867 (2009), with interventions and protests due on or before December 31, 2009. On December 30, 2009, KPP filed a Protest (KPP December 30 Protest). On January 19, 2009, SPP filed an answer to the KPP December 30 Protest (SPP January 19 Answer). On January 29, 2010, KPP filed a Reply (KPP January 29 Reply).

8. Notice of SPP's Response to Deficiency Letter was published in the *Federal Register*, 75 Fed. Reg. 11,155 (2010), with interventions and protests due on or before March 18, 2010. On March 18, 2010, KPP filed a "preliminary" protest with the Commission, stating that it had not yet been given access to the "bulk of the material SPP provided with its [r]esponse" and reserving the right to supplement its protest upon receipt of and reasonable time to review SPP's filing in its entirety (KPP March 18 Protest).² On April 2, 2010 SPP filed an answer to the KPP March 18 Protest (SPP April 2 Answer). The Commission received no further protest from KPP.

IV. Discussion

A. Procedural Matters

9. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2009), KPP's July 17, 2009 motion to intervene serves to make KPP a party to this proceeding. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2009), prohibits answers to protests and answers unless otherwise ordered by the decisional authority. We will accept the KPP January 29 Reply and the SPP January 19 and April 2 Answers because they provided information that assisted us in our decision-making process.

² KPP March 18 Protest at 1.

B. Substantive Matters

10. Based on our review of the record, we find SPP's imposition of maximum firm import limits is necessary to ensure the reliable operation of the transmission system. We also find that SPP has not violated the SPP Tariff in processing KPP's application for network transmission service. Accordingly, we will conditionally accept the Service Agreement, as well as the notices of cancellation, for filing to become effective June 1, 2009, as requested, and as discussed further below.

1. Maximum Firm Import Limits

a. Background

11. In the December 10 Filing SPP states that KPP declines to execute the Service Agreement because KPP and SPP do not agree on the provisions in Attachments B and C³ of the Service Agreement that set forth maximum firm import capability limitations⁴ into several of its member cities (the cities).⁵

12. SPP explains that the maximum firm import capability limitations are necessitated by KPP's desire to pool behind-the-meter resources (i.e., generators located within the cities) and external network resources to serve the cities. The cities have behind-the-meter generators, and several of these behind-the-meter generators are designated as network resources in the Service Agreement. According to SPP, the aggregate transmission service study results indicate that the network upgrades required to provide long-term firm network service to KPP, as requested in its service application, would not allow unlimited use by the non-designated resources to serve the cities without compromising the safety and

³ Attachment B addresses the maximum amount of firm power that can be imported from external resources to the cities *before* the completion of certain network upgrades. Attachment C addresses the maximum amount of firm power that can be imported from external resources to the cities *after* the completion of certain network upgrades.

⁴ SPP's use of the term "import" refers to the ability of a given KPP member (or small group of members collectively) to "import" energy from resources that are external to the city's distribution system.

⁵ The cities consist of 21 KPP member cities located in Kansas (December 10 Filing at 4).

reliability of the transmission system.⁶ Therefore, SPP determined that long-term firm import capability limits on the firm transmission service from external resources are necessary.⁷

13. SPP adds that sixteen of the twenty-one cities have behind-the-meter generation. Prior to June 1, 2009, the total firm transmission service from resources other than the behind-the-meter generation to these cities was approximately 20 percent of their projected summer network load for 2010. SPP notes that the limitations in the Service Agreement are less restrictive than those in the July 1 Agreement and permit KPP to import the energy necessary to meet approximately 89 percent of load requirements based on the total maximum firm import capability allowances to each city, assuming all network upgrades identified in SPP's aggregate transmission service study are constructed by 2014.

14. SPP states that in the Service Agreement, it has committed to build \$52 million in network upgrades, of which \$44 million is allocated to KPP. SPP asserts that the \$44 million will be fully base plan funded so that there will be no cost to KPP in excess of access charges.⁸ Nevertheless, even when these network upgrades are complete, SPP asserts that they will not support long-term firm transmission service beyond the maximum firm import capabilities listed in Attachment C to the Service Agreement.⁹ SPP states that as of June 1, 2009, all network loads for the cities will be served by KPP pursuant to the Service Agreement.

b. KPP's Responsive Pleadings

15. KPP asserts that SPP is improperly imposing long-term firm import capability limits.¹⁰ KPP argues that SPP has failed to justify the proposed limits and that the SPP Tariff does not permit this type of restriction.¹¹ KPP also contends that SPP has failed to demonstrate the existence of particular physical

⁶ *Id.* at 5.

⁷ *Id.*

⁸ *Id.* at 7.

⁹ *Id.* at 8.

¹⁰ KPP December 30 Protest at 6-7.

¹¹ *Id.* at 6-9.

constraints that would support imposition of the proposed import limits. In addition, even if such constraints were assumed to exist, KPP argues that SPP should be obligated to propose upgrades that would fully relieve those constraints.

16. KPP additionally argues that SPP's study model inappropriately nets local loads and resources. KPP states that it appears that in SPP's studies, behind-the-meter designated network resources are not treated as designated network resources at all—instead, they are modeled as reducing the local load. KPP asserts that this modeling is inappropriate because the load, by necessity, must be served from resources other than behind-the-meter resources, as they will not be available at all times. In addition, KPP argues that this netting of load and generation converts the behind-the-meter generators into must-run units depriving KPP of the full flexibility of its designated network resources.¹² KPP adds that an “update” provided by Westar that changed the results of the aggregate transmission service study appears to be a SPP Tariff violation because the new delivery point update was included in KPP's aggregate study process rather than considered in the later aggregate study process that was open when Westar provided its notification. KPP argues that the “update” constitutes “jumping the queue.”

17. In its March 18 Protest, KPP repeats its assertion that SPP has violated the SPP Tariff by not identifying upgrades that could eliminate the need for the firm import limits, citing *Sierra Pacific*.¹³ According to KPP, in that case, Sierra Pacific concluded that it did not have sufficient import capacity to accommodate a customer's transmission service request and therefore proposed a limit on the customer's import capacity. The Commission concluded that because Sierra Pacific had followed some, but not all of its tariff procedures, the proposed limits were unjust and unreasonable. Specifically, while Sierra Pacific conducted a system impact study and informed the network customer that there was inadequate

¹² KPP March 18 Protest at 7-8. KPP also states that the Response to Deficiency Letter demonstrates that the designated network resource shortfall cannot be the reason why firm import limits are required because at pages 30-34 of such response SPP concludes that significant import limits will continue to be imposed, notwithstanding the fact that KPP has identified designated network resources in excess of its network load in its new pending service request. KPP March 18 Protest at 9-10. SPP states that while KPP has sufficient designated network resources to serve projected load in the year 2014, KPP's load is anticipated to grow at a rate such that the load will exceed its designated network resources by the year 2019. SPP April 2 Answer at 6.

¹³ *Sierra Pacific Power Co.*, 81 FERC ¶ 61,136 (1997) (*Sierra Pacific*).

capacity to meet its full service request, Sierra Pacific failed to follow its facility study procedures that required it to identify specific network upgrades necessary to accommodate the customer's full service request.¹⁴ KPP asserts that *Sierra Pacific* requires a similar result here: a finding that SPP has not followed the requirements of the SPP Tariff by not identifying upgrades that could eliminate the need for the firm import limits.

c. SPP's Answers

18. SPP states that through the aggregate transmission service study process, SPP determined the upgrades that would be necessary to provide firm service to deliver energy from KPP's designated resources to its load as specified in its application for network integration transmission service.¹⁵ Because KPP specified insufficient designated resources to serve its load, SPP contends that part of KPP's load may need to be served through secondary service or undesignated behind-the-meter generation. SPP states that the upgrades it identifies to facilitate KPP's request enable KPP to use firm service to serve its load from the designated network resources specified in KPP's network integration transmission service application, but the upgrades do not assure the unfettered delivery of energy on a firm basis to make up for the designated resource shortfall.

19. SPP states that from the dispatch order provided by KPP, certain designated behind-the-meter network resources were designated as being "on" (i.e., available) to meet the forecasted KPP network load.¹⁶ SPP explains that when there is a designated resource shortfall and the customer includes behind-the-meter generation in its dispatch order, as KPP did, then SPP will model the behind-the-meter generation as serving that load. If KPP had not indicated in its dispatch order that the behind-the-meter generators would be on, then SPP would have modeled the load the same, but the generation inputs would have been different and the results could have been different.¹⁷

20. SPP asserts that it studied the transmission system and KPP's network service request properly and in accordance with the provisions of the SPP Tariff.

¹⁴ *Id.* at 61,638.

¹⁵ SPP January 19 Answer at 3.

¹⁶ *Id.* at 5.

¹⁷ SPP April 2 Answer at 8.

SPP also explains that it identified the network upgrades necessary to enable service to KPP loads on a firm basis based on KPP's designated load, designated network resources, and the dispatch order provided by KPP.¹⁸ As a result, SPP determined that the maximum firm import capability limitations are required to limit the import of energy on a firm basis to certain load under certain conditions, in order to preserve the safety and reliability of the transmission system.¹⁹

21. SPP adds that Westar is not guilty of a queue violation because SPP acted in accordance with the SPP Tariff in accommodating Westar's delivery point update. Pursuant to the SPP Tariff, new delivery points are not studied as part of the aggregate transmission service study process unless new designated network resources are required. SPP states that no new designated resource request was made by Westar. SPP also argues that *Sierra Pacific* is inapposite because SPP has followed all of the SPP Tariff study procedures in evaluating KPP's request for network service.²⁰ SPP explains that in *Sierra Pacific*, the transmission provider failed to follow all of the study procedures in its tariff.

d. Commission Determination

22. The Commission accepts the firm import limits included in Attachments B and C of the Service Agreement. We agree with SPP that the firm import capability limitations are necessary to protect the reliability of the transmission system. After reviewing the data submitted by SPP in its Response to Deficiency Letter, we conclude that KPP's service request could result in overloads and criteria violations absent the proposed import limits for the affected cities.

23. In addition, we disagree with KPP that SPP's failure to identify network upgrades to relieve the constraints constitutes a violation of the SPP Tariff. SPP is obligated to perform network studies and determine necessary network upgrades only in accordance with the data provided by the network customer in its application (e.g., network load, designated network resources, dispatch order). SPP identified the upgrades necessary to enable KPP to use firm service to serve its load based on the designated resources specified in KPP's network integration transmission service application. However, SPP is not obligated to study multiple dispatch and system configurations to determine network upgrades for non-

¹⁸ *Id.* at 3.

¹⁹ SPP January 19 Answer at 4.

²⁰ SPP April 2 Answer at 4.

designated resources when a customer fails to identify sufficient designated network resources to meet its loads in its application for network service.

24. We will reject KPP's argument that SPP studied KPP's behind-the-meter designated network resources inappropriately. We agree with SPP that in those instances in which behind-the-meter resources are designated to serve load, it is appropriate to model them as serving the local load. If KPP wishes to remove its behind-the-meter resources from consideration to serve as designated network resources, it must submit a new application for network service that reflects this. We also agree with SPP that Westar is not guilty of a queue violation because Westar merely provided a delivery point update and did not make a new designated resource request. We agree that SPP updated the KPP aggregate study group properly rather than include the update in a subsequent aggregate study.

25. In addition, we agree with SPP that *Sierra Pacific* is inapposite because, unlike the transmission provider in that case, here, SPP followed the SPP Tariff procedures and identified the required network upgrades consistent with KPP's application for network service. In *Sierra Pacific*, the transmission provider failed to perform the requisite studies and provide upgrade solutions.

2. Clarifications

a. When Maximum Firm Import Capabilities Apply

i. Background

26. According to SPP, maximum firm import capability limitations are the assured amounts of firm service that are available to deliver energy to the cities during peak loading conditions, with respect to certain predictive most limiting criteria violations.²¹ Any service in excess of the maximum firm import capability limitation will be considered secondary service.²² The most limiting criteria violations listed in Attachments B and C of the Service Agreement are physical constraints monitored in the operation of the transmission system that could occur during peak loading conditions.

27. SPP states that the violations were identified as events that could affect the transmission system based on the results of the studies conducted by SPP. If these

²¹ SPP January 19 Answer at 8-9.

²² *Id.*

monitored events are limiting, the transmission owner would call for curtailment of any service above the maximum firm import capability limitation. For example, in a scenario in which a monitored event is limiting, KPP would be able to import 17 MW into the city of Wellington on a firm basis, and any amount in excess of 17 MW would be considered secondary service. Should the transmission owner determine that a most limiting criteria violation is probable, the transmission owner first would curtail as necessary the secondary service in excess of 17 MW in accordance with good utility practice, thus giving priority to the 17 MW.²³

ii. KPP's Responsive Pleadings

28. KPP states that SPP has not made clear under what circumstances the proposed import limits would apply.²⁴ KPP argues that section 8.7 of the Service Agreement specifications is vague in stating that the restrictions will apply “during peak loading conditions as identified by Midwest Energy and Westar Energy.” KPP adds that given the lack of specificity about the “peak loading conditions” that would trigger the limitations on service to KPP, it is inappropriate for SPP to propose to delegate to the transmission owners the determination of when service to KPP can be interrupted or curtailed. The delegation of responsibility to transmission owners is especially a concern to KPP, as it appears here, SPP asserts that the curtailments can occur based on a transmission owner's expectations that a violation may occur, rather than on an actual violation. If judgment calls must be made, SPP as the independent RTO should make them.²⁵

29. KPP states that the tables in Attachments B and C include references to certain operating conditions, but that the Service Agreement does not make clear whether the import limits apply only when these operating conditions apply, and if so, whether it is SPP or the transmission owners who determine when the conditions have been triggered.²⁶ KPP specifically expresses concern about when

²³ *Id.* at 9-10.

²⁴ KPP December 30 Protest at 10.

²⁵ KPP also questions SPP's independence, citing the fact that Westar, a transmission owner in SPP, was responsible for initially providing the maximum firm import capability limitations for each KPP city. KPP March 18 Protest at 9.

²⁶ KPP December 30 Protest at 10.

the firm import limitations will apply to the city of Clay Center.²⁷ KPP also expresses concern as to when the most limiting criterion violations will affect the city of Winfield.²⁸

30. Similarly, KPP states that SPP is inconsistent with respect to its determination regarding whether the import limits apply before or after any such limiting criteria violation actually occurs.²⁹ KPP asserts that at various places in the Service Agreement, SPP indicates that import limits would be initiated when a transmission owner concludes that a violation is “probable,” or when its “system is at risk for a most limiting criteria violation,” when a violation “is anticipated to take place,” or when a violation is “likely to occur.” However, SPP also states that the import limit may be applied when “the Transmission Owner determines that the most limiting criteria violation has occurred.”³⁰

31. KPP adds that there is no mention of specific criteria that transmission owners must apply in making these determinations, whether SPP must approve such criteria, whether the customer will receive notice of the criteria, or at least notice from the transmission owner when they are about to be reached. KPP states that it is unable to plan its operations without an understanding of when the import limitations will apply.³¹

iii. SPP’s Answers

32. SPP responds that the maximum firm import capability limitations are clear and only apply during peak loading conditions as identified by Midwest and

²⁷ *Id.* at 3.

²⁸ *Id.* at 4.

²⁹ KPP January 29 Reply at 10.

³⁰ *Id.* citing SPP January 19 Answer at 10-13.

³¹ KPP states that it bears noting that KPP has access only to its own load data, not total system load. While it may know when its own load is approaching its peak, that peak may or may not coincide with system peak conditions. In short, KPP has no means of economically managing the proposed import restrictions KPP January 29 Reply at 9.

Westar.³² SPP defines peak loading conditions as the hours during the day in specific months when the transmission system is at peak usage. The months in which peak loading conditions occur are set forth as the “Applicable Period” in the charts in Attachments B and C. SPP states that the maximum firm import capability limitations apply only during peak loading conditions, not for the entire “Applicable Period.”

33. SPP adds that the most limiting criteria violations listed in Attachments B and C are physical constraints monitored in the operation of the transmission system that could occur during peak loading conditions. SPP explains that it studied the local area to determine the criteria violations that would occur when power was imported into such local areas and then determined the maximum amount of power that could be imported before the criteria violations occurred.³³ In doing so, SPP states that it built numerous transfer cases to include simultaneous transfers from KPP generation to determine the transfers into the local areas that would result in criteria violations. From these, SPP determined worst case import limits and used these to determine the maximum import capability limitations.³⁴

34. SPP asserts that with respect to the city of Clay Center,³⁵ Attachment C of the Service Agreement lists the maximum firm import capability limitations for the city of Clay Center that are applicable during peak loading conditions after the completion of certain listed network upgrades required to provide KPP’s requested network service. According to SPP, during peak loading conditions in the months of June through September, the city of Clay Center will be assured the ability to import 15 MW of firm service to serve its load, when the identified most limiting criteria violation is anticipated to occur. In other words, SPP argues Clay Center has a “maximum firm import capability” of 15 MW. SPP explains that any power in excess of 15 MW will be considered secondary service.

³² SPP January 19 Answer at 9.

³³ Response to Deficiency Letter at 9.

³⁴ *Id.* at 8-9.

³⁵ SPP states that because KPP has specific concerns regarding how the tables apply to the cities of Clay Center and Winfield, SPP will explain how the tables apply to those cities. However, SPP explains that the concepts described with regard to applying the tables to those cities apply universally to all of the cities (SPP January 19 Answer at 11).

35. According to SPP, if the transmission owner (not SPP as the transmission provider) determines that the most limiting criteria violation has occurred in peak loading conditions, the secondary service would be curtailed as necessary to relieve the excessive transmission loading prior to the 15 MW of assured maximum firm import capability.³⁶ These same curtailment priorities apply to all of the maximum firm import capability limitations for all cities set forth in Attachments B and C.

36. With respect to the city of Winfield, SPP explains that there are three values of maximum firm import capability that apply because of the possible occurrence of three different most limiting criteria violations before the upgrades set forth in the Service Agreement are complete. The maximum firm import capability limitations will be applied so that the city of Winfield will be assured of the ability to import firm service of 47, 52, or 53 MW depending on the specific monitored most limiting criteria violation that is anticipated to take place. According to SPP, the three most limiting criteria violations are dependent on different system configurations, and these system configurations will be analyzed in real-time by the transmission owner.³⁷

37. With regard to KPP's concerns about SPP's independence, SPP states that it appropriately initially obtained maximum firm import capability limitations for the cities from Westar because each of these cities is interconnected to three different local 34.5 kV transmission systems.³⁸ SPP evaluates the transmission system modeled at 69 kV and above. Thus, SPP was not in a position to evaluate the limitations of the 34.5 kV system.

³⁶ *Id.* at 12.

³⁷ SPP further clarifies that because the cities of Winfield, Oxford, and Wellington contain common constraints limiting simultaneous maximum firm import capability for these cities as a group, they are subject to simultaneous import capability limitations as well as individual limitations. Individually, the cities are assured a certain amount of firm network service as outlined in the table. SPP notes that should certain listed most limiting criteria violations be likely to occur, however, the three cities only will have a combined total maximum firm import capability ranging from 47 or 65 MW, depending on the particular violation. *Id.* at 13.

³⁸ SPP April 2 Answer at 9.

iv. **Commission Determination**

38. We are satisfied that Attachments B and C state the application of the maximum firm import limits appropriately. SPP has clarified that the “Applicable Period” refers to specific months when peak loading conditions can occur and that the most limiting criteria violations could occur during peak loading conditions. Further, the tables in Attachments B and C list the specific most limiting criteria violation applicable to each KPP city.³⁹ As to whether the criteria violation is “likely to occur,” is “probable” or “has occurred,” the transmission operator constantly monitors the system for criteria violations and takes action in advance to prevent a violation from occurring, consistent with NERC reliability standards.⁴⁰ Thus, the import limits apply whether the violation is probable or has actually occurred. Accordingly, while SPP cannot pinpoint when peak loading conditions will be present, it has identified the criteria violations that necessitate the import limits. Regarding KPP’s request for notice of specific criteria violations and when they may be reached we note that section 3.7 of the network operating agreement states that the host transmission owner will provide reasonable notice and an opportunity to alleviate the condition by the network customer to the extent practicable. We expect SPP and or the transmission owner to provide as much notice as practicable consistent with Good Utility Practice and the System Operating Principles in its network operating agreement.

39. We also find that SPP’s use of data provided by transmission owners in the aggregate transmission service study process does not violate SPP’s independence. On the contrary, we agree with SPP that transmission owners are the ones most familiar with their own systems and thus can provide the best data for SPP to use in its studies. Indeed, SPP’s membership agreement requires transmission owners to provide SPP with the information it needs to perform its obligations under the SPP Tariff and for planning and operational purposes.⁴¹

³⁹ For example, in Attachment B, for the city of Wellington, its maximum import limit is 17 MW, June-September (during peak loading conditions), for an outage to the Gill-Peck 69 kV line causing a criteria violation on the Creswell-Sumner County No. 4 Rome 69 kV circuit 1.

⁴⁰ Each Transmission Operator shall operate to prevent the likelihood that a disturbance, action, or inaction will result in an interconnection reliability operating limit or system operating limit violation in its area or another area of the Interconnection. NERC Standard TOP-008-1.

⁴¹ SPP Membership Agreement, Original Volume 3, Original Sheet No. 18.

b. Current Projected Load

i. KPP Responsive Pleadings

40. KPP states that in some of the tables in Attachments B and C, SPP improperly proposes to limit firm service to individual cities to amounts equal to their projected loads. Absent physical constraints on service to a delivery point, KPP asserts that the transmission provider must plan for and serve the customer's full load, whether or not it exceeds a load forecast. It does not appear that SPP even asserts the existence of any physical constraints that would limit service to these individual cities to amounts reflected in KPP's load projections. Thus, if the import limits are accepted at all, KPP argues that the references to "Current Projected Load" as the basis for certain import limits must be deleted and the tables must make clear that no city-specific limits will apply.

41. KPP states that if there is no import limit, as SPP appears to assert in its January 19 Answer, then Attachments B and C should clearly say so.⁴² But instead, those attachments state that KPP's firm service to affected cities would be capped at the level of their projected loads that were provided years before service even began. KPP argues that if during the ten-year term of the Service Agreement, a city's load grows faster than KPP had projected in the load data provided in its application, SPP would apparently deem the "excess" load growth to be servable only by non-firm secondary network service.⁴³ KPP states that there is no justification for any such limit. If network service were to be limited in this fashion, there would be no need for network customers to provide updated ten-year load projections annually.⁴⁴

⁴² KPP January 29 Reply at 7.

⁴³ *Id.* at 8.

⁴⁴ KPP adds that if projections were to be converted to binding limitations on network service in the manner proposed by SPP, customers would have a strong incentive to scale up their load projections to a worst-case-scenario of load growth, rather than providing the transmission provider with the load levels they reasonably expect. According to KPP, this would serve no legitimate purpose, and would likely have the effect of skewing the study process and arbitrarily tying up excessive transmission capacity. *Id.*

ii. SPP Answers

42. SPP clarifies that the use of the term “Current Projected Load” in the tables in Attachments B and C indicates that the maximum amount the city can import is the amount of its forecasted load indicated in its network integration transmission service application (i.e., there is no maximum firm import capability limitation).

iii. Commission Determination

43. We are concerned that the “Current Projected Load” language could be interpreted to mean that any amount above the projected load forecast in the 2007 network integration transmission service application would be served only by secondary service. Because SPP states there are no maximum firm import capability limitations for these cities based on the existing load projections, we direct SPP to submit a compliance filing within 30 days of the date of this order removing them from Attachments B and C.

The Commission orders:

(A) The Notices of Cancellation are accepted effective June 1, 2009.

(B) SPP’s Service Agreement is accepted for filing effective June 1, 2009.

(C) SPP is directed to submit a compliance filing within 30 days of the date of this order as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.