

142 FERC ¶ 61,206
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
Cheryl A. LaFleur, and Tony Clark.

Public Service Company of Colorado	Docket Nos. ER13-75-000
Tucson Electric Power Company	ER13-77-000
UNS Electric, Inc.	ER13-78-000
Public Service Company of New Mexico	ER13-79-000
Arizona Public Service Company	ER13-82-000
El Paso Electric Company	ER13-91-000
Black Hills Power, Inc.	ER13-96-000
Black Hills Colorado Electric Utility Company, LP	ER13-97-000
NV Energy, Inc.	ER13-105-000
Cheyenne Light, Fuel, & Power Company	ER13-120-000

ORDER ON COMPLIANCE FILINGS

(Issued March 22, 2013)

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1. On October 11, 2012, Arizona Public Service Company (Arizona Public Service Co.), Black Hills Power, Inc. (Black Hills Power), Basin Electric Power Cooperative, Powder River Electric Cooperative, Black Hills Colorado Electric Utility Company, LP (Black Hills Colorado), Cheyenne Light, Fuel, & Power Company (Cheyenne LF&P), El Paso Electric Company (El Paso Electric), NV Energy, Inc. (NV Energy), Xcel Energy Services, Inc. (Xcel), on behalf of Public Service Company of Colorado,¹ Public Service Company of New Mexico, Tucson Electric Power Company (Tucson Electric), and UNS Electric, Inc. (UNS Electric) (collectively, Filing Parties)² respectively submitted, pursuant to section 206 of the Federal Power Act (FPA),³ revisions to their transmission planning processes under their respective OATTs to comply with Order No. 1000.⁴ Specifically, Filing Parties propose revisions to their respective local and regional transmission planning processes in which they participate, in order to address the transmission planning and cost allocation requirements of Order No. 1000. In this order,

¹ Xcel also filed in Docket No. ER13-75-000 on behalf of another affiliate, Southwestern Public Service Company (SPS). The SPS-related portion of this filing, which concerns changes to SPS's local transmission planning procedures to comply with Order No. 1000, will be addressed in a subsequent order.

² On October 11, 2012, Terra-Gen Dixie Valley, LLC (Terra-Gen) filed, in Docket No. ER13-76-000, proposed revisions to its open access transmission tariff (OATT) to comply with the requirements of Order No. 1000. In its filing, Terra-Gen indicates its intent to participate on a limited basis in the WestConnect region and seeks Commission approval of a circumscribed set of regional transmission planning procedures in its OATT. The Commission will address Terra-Gen's filing in a subsequent order.

³ 16 U.S.C. § 824e (2006).

⁴ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012).

as detailed below, we find that Filing Parties' respective compliance filings partially comply with the requirements of Order No. 1000. In those areas where Filing Parties' proposals do not comply, the Commission offers guidance to Filing Parties and directs further compliance filings within 120 days of the date of this order.

I. Background

2. In Order No. 1000, the Commission amended the transmission planning and cost allocation requirements of Order No. 890⁵ to ensure that Commission-jurisdictional services are provided at just and reasonable rates and on a basis that is just and reasonable and not unduly discriminatory or preferential. Order No. 1000's transmission planning reforms require that each public utility transmission provider: (1) participate in a regional transmission planning process that produces a regional transmission plan; (2) amend its OATT to describe procedures for the consideration of transmission needs driven by public policy requirements established by local, state, or federal laws or regulations in the local and regional transmission planning processes; (3) remove federal rights of first refusal from Commission-jurisdictional tariffs and agreements for certain new transmission facilities; and (4) improve coordination between neighboring transmission planning regions for new interregional transmission facilities.

3. Order No. 1000's cost allocation reforms require that each public utility transmission provider participate in a regional transmission planning process that has: (1) a regional cost allocation method or methods for the cost of new transmission facilities selected in a regional transmission plan for purposes of cost allocation and (2) an interregional cost allocation method or methods for the cost of new transmission facilities that are located in two neighboring transmission planning regions and are jointly evaluated by the two regions in the interregional transmission coordination procedures required by Order No. 1000. Order No. 1000 also requires that each cost allocation method satisfy six cost allocation principles.

4. The Commission acknowledged in Order No. 1000 that each transmission planning region has unique characteristics, and, therefore, Order No. 1000 accords transmission planning regions significant flexibility to tailor regional transmission planning and cost allocation processes to accommodate regional differences.⁶ Order No.

⁵ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

⁶ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 61.

1000 does not prescribe the exact manner in which public utility transmission providers must fulfill the regional transmission planning requirements.⁷ Similarly, because the Commission did not want to prescribe a uniform method of cost allocation for every transmission planning region, Order No. 1000 adopts the use of cost allocation principles.⁸ The Commission stated that it was acting to identify a minimum set of requirements that must be met to ensure that all transmission planning processes and cost allocation mechanisms subject to its jurisdiction result in Commission-jurisdictional services being provided at rates, terms and conditions that are just and reasonable and not unduly discriminatory or preferential, and it acknowledged that public utility transmission providers in some regions may already meet or exceed some requirements of Order No. 1000.⁹

II. Compliance Filings

5. Filing Parties submitted, in separate dockets, coordinated compliance filings that revise their respective Order No. 890-compliant transmission planning processes.¹⁰ Their

⁷ *Id.* P 157.

⁸ *Id.* P 604.

⁹ *Id.* P 13.

¹⁰ Arizona Public Service Co., FERC Electric Tariff, Volume No. 2, Attachment E (1.0.0) (Arizona Public Service Co. OATT, Attachment E); Public Service Company of Colorado, Transmission Tariffs, R-PSCo (PSCo Transmission Planning Process) (0.1.0) (Public Service Company of Colorado OATT, Attachment R-PSCo); Tucson Electric, Open Access Transmission Tariff, Attachment K (Transmission Planning Process) (1.0.0) (Tucson Electric OATT, Attachment K); Public Service Company of New Mexico, PNM Open Access Transmission Tariff, Elec Tariff Vol No. 6, Open Access Transmission Tariff (S-57), (Attachment K) (1.0.0) (Public Service Company of New Mexico OATT, Attachment K); El Paso Electric, Open Access Transmission Tariff, Attachment K (Transmission Planning Process) (1.0.0) (El Paso Electric OATT, Attachment K); Black Hills Power, Joint Open Access Transmission Tariff, Attachment K (Transmission Planning Process) (0.1.0)(Black Hills Power Joint OATT, Attachment K); Black Hills/Colorado Electric Utility Company, Open Access Transmission Tariff, Attachment K (Transmission Planning Process) (2.2.0) (Black Hills Colorado OATT, Attachment K); NV Energy, NVE Database, Tariff, Volume No. 1, Attachment K (Transmission Planning Process) (0.0.1) (NV Energy OATT, Attachment K); Cheyenne LF&P, Fuel and Power Company, Open Access Transmission Tariff, Attachment K (Transmission Planning Process) (0.1.0) (Cheyenne LF&P OATT, Attachment K). Citations to a Filing Party's existing OATT, instead of its proposed OATT revisions submitted as part of its compliance filing, will provide the full cite, including the current version numbers.

individual filings contain largely uniform transmittal letters and proposed OATT revisions¹¹ that seek to establish new transmission planning responsibilities for WestConnect, the regional entity that, among other duties, currently oversees the development of a ten-year regional transmission plan for the WestConnect footprint. Filing Parties seek an effective date for their compliance filings of December 11, 2012, or the date of Commission approval if the Commission requires more than 60 days for review.

6. Filing Parties explain that WestConnect is an existing transmission planning organization comprised of a group of public and non-public utility transmission providers that work collaboratively to assess stakeholder and market needs and to develop cost-effective enhancements to the Western wholesale electricity market.¹² Filing Parties assert that the WestConnect transmission planning process consists of three subregional transmission planning groups: Colorado Coordinated Planning Group, Sierra Subregional Planning Group, and Southwest Area Transmission Planning Group. Additionally, they state that WestConnect currently produces an annual Transmission Plan Report and has a Commission-approved regional transmission tariff that provides for access to multiple member systems at non-pancaked rates.¹³

7. Filing Parties propose a number of revisions to their respective OATTs to address Order No. 1000's requirements, as discussed more fully herein. In describing the proposed revisions, Filing Parties explain the process that went into developing them. They state that the compliance process was an inclusive, "strike team"-based approach that allowed WestConnect members and interested stakeholders to provide input.¹⁴ Filing Parties assert that WestConnect actively solicited stakeholder involvement early in the implementation process, including holding a number of meetings that were designed to engage stakeholders, provide status reports from various strike teams, and seek input on proposals. Filing Parties state that representatives from state regulators, key interest

¹¹ Given this uniformity, the Commission will cite to the transmittal letter and OATT of a single Filing Party, Arizona Public Service Co., when referencing Filing Parties' proposal. Where differences between or among the filings are addressed, the Commission will cite to individual Filing Party's filings as appropriate.

¹² Filing Parties state that the WestConnect members own more than 33,000 miles of high voltage transmission line and that WestConnect's footprint currently covers all or parts of Colorado, New Mexico, Nevada, Arizona, Nebraska, South Dakota, California, Wyoming, and Texas.

¹³ *E.g.*, Arizona Public Service Co. Transmittal Letter at 3-4.

¹⁴ *E.g.*, *id.* at 4-5.

groups, nonincumbent transmission developers, and WestConnect transmission owner members participated on the strike teams. Finally, Filing Parties state that WestConnect members and interested stakeholders were given opportunities to provide comments and edits on documents including the WestConnect Regional Planning Process Business Practice Manual (Business Practice Manual).¹⁵

8. Filing Parties explain that WestConnect's Order No. 1000 transmission planning and cost allocation processes will be organized and governed by a Planning Management Committee, comprised of representatives from five membership sectors. The Planning Management Committee will be responsible for, among other things, approving a regional transmission plan that includes cost allocation determinations. Filing Parties state that two subcommittees will report to the Planning Management Committee: the Planning Subcommittee, which will be responsible for establishing base cases and producing the regional transmission plan, and the Cost Allocation Subcommittee, which will be responsible for making recommendations to the Planning Management Committee on transmission project benefits and beneficiaries and the associated cost allocation determinations. They also note that other subcommittees may be created as needed.¹⁶ Filing Parties state that the Planning Management Committee is also responsible for determining if, and if so, when, transmission projects are reevaluated during each transmission planning cycle.¹⁷ Filing Parties, citing the open participation opportunities accorded to all interested parties, assert that a stakeholder does not need to join a membership sector in order to participate in the regional transmission planning and cost allocation process.¹⁸

III. Notice of Filing and Responsive Pleadings

9. Notice of Filing Parties' compliance filings was published in the *Federal Register*, 77 Fed. Reg. 64,502 (2012), with interventions and protests due on or before November 9, 2012, subsequently extended to November 26, 2012. Appendix A contains the list of intervenors, commenters, protesters, and entities filing answers in these proceedings.¹⁹

¹⁵ *E.g., id.* at 5.

¹⁶ *E.g., id.* at 6.

¹⁷ *E.g., id.* at 9.

¹⁸ *E.g., id.* at 6-7.

¹⁹ Given that Filing Parties filed a joint regional transmission planning proposal, we address comments and protests filed in dockets for individual Filing Parties (e.g., the Clean Line Protest) as comments and protests filed regarding the joint proposal, except in
(*continued . . .*)

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 (2012), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. We also accept the late-filed comments by AWEA and Public Interest Organizations.

11. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2012), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We accept the answers filed in this proceeding because they have provided information that assisted us in our decision-making process.

12. Public Interest Organizations state that Sierra Club was initially included as an intervenor in their motion to intervene; however, they request that Sierra Club be removed. We grant Public Interest Organizations' unopposed request to remove Sierra Club from the list of intervening entities.

B. Substantive Matters

13. We find that Filing Parties' compliance filings partially comply with the regional transmission planning and cost allocation requirements adopted in Order No. 1000. Accordingly, we accept Filing Parties' compliance filings subject to further compliance filings as discussed below. We direct Filing Parties to submit the compliance filings within 120 days of the date of issuance of this order.

1. Regional Transmission Planning Requirements

14. Order No. 1000 requires each public utility transmission provider to participate in a regional transmission planning process that complies with the identified transmission planning principles of Order No. 890 and that, in consultation with stakeholders, results in the development of a regional transmission plan.²⁰ The regional transmission plan will identify transmission facilities that meet the region's reliability, economic, and public

instances where the comments or protests address specific provisions of an individual Filing Party's OATT. Similarly, Public Interest Organizations and Interstate Renewable Energy Council filed separate comments in multiple dockets. Citations to those parties' comments, in the absence of a specific docket number indicating to the contrary, are to the comments filed in Docket No. ER13-82-000, concerning Arizona Public Service Co.'s Order No. 1000 compliance filing.

²⁰ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 6, 11, 146.

policy requirements-related²¹ needs more efficiently or cost-effectively than transmission solutions identified by individual public utility transmission providers in their local transmission planning processes.²² A primary objective of the reforms in Order No. 1000 is to ensure that transmission planning processes at the regional level consider and evaluate, on a non-discriminatory basis, possible transmission alternatives and produce a transmission plan that can meet a transmission planning region's needs more efficiently and cost-effectively.²³

a. Transmission Planning Region

15. Order No. 1000 specifies that a transmission planning region is one in which public utility transmission providers, in consultation with stakeholders and affected states, have agreed to participate for purposes of regional transmission planning and development of a single regional transmission plan.²⁴ The scope of a transmission planning region should be governed by the integrated nature of the regional power grid and the particular reliability and resource issues affecting individual regions.²⁵ However, an individual public utility transmission provider cannot, by itself, satisfy the regional transmission planning requirements of Order No. 1000.²⁶

16. In addition, Order No. 1000 requires that public utility transmission providers explain in their compliance filings how they will determine which transmission facilities evaluated in their local and regional transmission planning processes will be subject to the requirements of Order No. 1000.²⁷ Order No. 1000's requirements are intended to apply to new transmission facilities, which are those transmission facilities that are subject to evaluation, or reevaluation as the case may be, within a public utility transmission provider's local or regional transmission planning process after the effective date of the public utility transmission provider's compliance filing.²⁸ Each region must

²¹ Public policy requirements are defined and described below.

²² *Id.* PP 11, 148.

²³ *Id.* PP 4, 6.

²⁴ *Id.* P 160.

²⁵ *Id.* (citing Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 527).

²⁶ *Id.*

²⁷ *Id.* PP 65, 162.

²⁸ *Id.*

determine at what point a previously approved transmission project is no longer subject to reevaluation and, as a result, whether it is subject to these requirements.²⁹

17. Order No. 1000-A states that public utility transmission providers in each transmission planning region must have a clear enrollment process that defines how entities, including non-public utility transmission providers, make the choice to become part of the transmission planning region.³⁰ Each public utility transmission provider (or regional transmission planning entity acting for all of the public utility transmission providers in its transmission planning region) must include in its OATT a list of all the public utility and non-public utility transmission providers that have enrolled as transmission providers in its transmission planning region.³¹ A non-public utility transmission provider will not be considered to have made the choice to join a transmission planning region and thus be eligible to be allocated costs under the regional cost allocation method until it has enrolled in the transmission planning region.³²

i. Filing Parties' Compliance Filings

18. Filing Parties state that entities wishing to enroll in the WestConnect Order No. 1000 transmission planning and cost allocation processes will be required to complete an application form, execute the Planning Participation Agreement, and pay membership dues, if applicable.³³ The application will be available on the WestConnect website and will collect basic information such as the entity's legal name, representative contact information, and requested membership sector.³⁴

19. Filing Parties note that the Planning Participation Agreement is in development and will incorporate the following principles: enrollment and withdrawal procedures, member sector definitions, rights and responsibilities of the members and committees, voting procedures and dispute resolution. Filing Parties state that membership dues will be nominal and will not be assessed to state regulatory commissions and certain non-profit members.³⁵ Because transmission owners with load serving obligations will bear

²⁹ *Id.*

³⁰ Order No. 1000-A, 139 FERC ¶ 61,132 at P 275.

³¹ *Id.*

³² *Id.* PP 276-277.

³³ *E.g.*, Arizona Public Service Co. OATT, Attachment § III.A.

³⁴ *E.g.*, Arizona Public Service Co. Transmittal Letter at 6.

³⁵ *E.g.*, *id.* at 6.

the primary cost responsibility for the WestConnect regional transmission planning and cost allocation processes and will fund all budgeted activities in excess of those costs contributed by the dues of other WestConnect members, these members will not be assessed any additional membership dues under the Planning Participation Agreement. Finally, Filing Parties clarify that a stakeholder does not need to join a membership sector to participate in the Order No. 1000 regional transmission planning and cost allocation process.³⁶

20. Filing Parties state that because they are filing their Order No. 1000 compliance filings in the midst of WestConnect's ongoing transmission planning process, the first Order No. 1000 regional transmission plan resulting from the Order No. 1000 WestConnect regional transmission planning process will be produced between two to three calendar years following the Commission's final action on the compliance filings of the public utility transmission providers who enroll in the WestConnect transmission planning region.³⁷ In addition, Filing Parties propose that projects meeting any of the following criteria "to the last effective date of the WestConnect FERC-jurisdictional Transmission Owners' Order No. 1000 compliance filings" will not be subject to "reevaluation" in the regional transmission planning process: (1) projects that have received approval through local or state regulatory authorities or board approval; (2) local or single system transmission projects that have been planned and submitted for inclusion in the WestConnect regional transmission plan or exist in a utility's 10-year corporate capital project budget; and (3) projects undergoing review through the Western Electricity Coordinating Council (WECC) Project Coordination and Rating Review Process as of the last effective date of Filing Parties' Order No. 1000 compliance filings.³⁸

ii. Protests/Comments

21. Public Power Entities state that if the compliance filings are accepted by the Commission without modification, they will likely enroll in the WestConnect regional transmission planning process. They note that they were active participants throughout the development of the WestConnect regional transmission planning process and funded almost half of the WestConnect Order No. 1000 implementation activities. However, they explain that if the Commission orders modifications to the proposed regional

³⁶ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.B.2.

³⁷ *E.g.*, Arizona Public Service Co. Transmittal Letter at 8-9.

³⁸ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.D.7.

transmission planning process, they reserve their right to revisit the terms agreed upon by the region.³⁹

22. LS Power argues that the WestConnect regional planning process should apply to the next planning phase for the ongoing planning cycle after Commission approval of Filing Parties' proposal.⁴⁰ LS Power also contends that the proposal to exempt from reevaluation projects that are included in the 10-year corporate capital budget projects of public utility transmission provider members of WestConnect, or undergoing review through the WECC Project Coordination and Rating Review Process, is improper because such projects have never been selected in a regional plan and therefore have not been evaluated as required by Order Nos. 890 and 1000.⁴¹

iii. Answer

23. Filing Parties argue that they have complied with Order No. 1000's directive that public utility transmission providers explain in their compliance filings how they intend to implement Order No. 1000 by ensuring that projects that began development under existing processes are not affected by the transition to the new process. Filing Parties state that they propose to start the WestConnect regional transmission planning process two calendar years from final Commission action to align that process with the WECC Transmission Expansion Planning Policy Committee (TEPPC) process, upon which WestConnect will draw for identification of regional needs. Filing Parties argue that starting the Order No. 1000 regional process prior to completion of the current WECC TEPPC process would create a one-year delay in evaluating regional and interregional transmission projects and lead to reliance on old data.⁴²

iv. Commission Determination

24. We find that the scope of the transmission planning region, the description of the facilities that will be subject to the requirements of Order No. 1000, and the enrollment process specified in Filing Parties' filings partially comply with the requirements of Order No. 1000. Accordingly, we direct Filing Parties to enroll in a transmission planning region and to file, within 120 days of the date of issuance of this order, further compliance filings to: (1) revise their respective OATTs to indicate such enrollment; (2)

³⁹ Public Power Entities Comments at 17-18; Public Power Entities Answer at 6.

⁴⁰ LS Power Protest at 21.

⁴¹ *Id.* at 18.

⁴² Filing Parties Answer, App. A, No. 10.

revise the effective date of their proposed OATT revisions; and (3) clarify that transmission facilities will be exempt from reevaluation, and thus from the requirements of Order No. 1000, if they meet certain criteria as of the effective date Filing Parties propose rather than as of the last effective date of their compliance filings.

25. We find that the WestConnect footprint would satisfy the geographic requirements set forth in Order No. 1000, which requires the transmission planning region be governed by the integrated nature of the regional power grid. However, Filing Parties have not enrolled as public utility transmission providers in the WestConnect regional transmission planning process. Because Filing Parties have failed to enroll in a transmission planning region, they fail to satisfy the requirement that public utility transmission providers enroll and participate in a regional transmission planning process.⁴³ As explained previously, while Order No. 1000-A clarified that Order No. 1000 does not require any non-public utility transmission provider to enroll or otherwise participate in a regional transmission planning process,⁴⁴ public utility transmission providers are required to do so. Therefore, we require each Filing Party to reflect in its OATT enrollment in the transmission planning region.

26. Order No. 1000-A also requires that each public utility transmission provider (or regional transmission planning entity acting for all of the public utility transmission providers in its transmission planning region) include in its OATT a list of all the public utility and non-public utility transmission providers that have enrolled as transmission providers in its transmission planning region.⁴⁵ Rather than including a list of all public utility and non-public utility transmission providers that have enrolled as transmission providers in the WestConnect transmission planning region in their OATTs, Filing Parties propose to maintain this list of entities enrolled in the WestConnect transmission planning region on the WestConnect website and in the Business Practice Manual.⁴⁶ We direct each of the Filing Parties to comply with Order No. 1000-A by revising their respective OATTs to include a list of all the public utility and non-public utility transmission providers that have enrolled as transmission providers in its transmission planning region.

27. Order No. 1000-A also requires public utility transmission providers in each transmission planning region to have a clear enrollment process that defines how entities,

⁴³ Order No. 1000-A, 139 FERC ¶ 61,132 at PP 275-276.

⁴⁴ *Id.* P 279.

⁴⁵ *Id.* P 275.

⁴⁶ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.A.2.c.

including non-public utility transmission providers, make the choice to become part of the transmission planning region. Filing Parties' proposed OATT revisions provide that a transmission owner that wishes to enroll in the WestConnect transmission planning region may do so by executing the Planning Participation Agreement and paying its share of costs as provided for therein.⁴⁷ We find that Filing Parties' proposal complies with the requirement to have a clear enrollment process for entities seeking to become part of the transmission planning region. We also find that Filing Parties' proposal to align the WestConnect regional transmission planning process with the WECC TEPPC process is reasonable, given that it informs the identification of the regional transmission needs in Filing Parties' proposed regional transmission planning process.

28. However, we reject Filing Parties proposal to delay issuance of the first WestConnect Order No. 1000 Regional Transmission Plan to after "final Commission action on the Order No. 1000 compliance filings of the public utility providers who formally enroll in the WestConnect Order No. 1000 [p]lanning [r]egion."⁴⁸ Although we believe it would be reasonable for the Filing Parties to delay implementation of their proposed regional transmission planning process until the beginning of the next planning cycle, Filing Parties have not justified delaying until the Commission's final action on the compliance filings, i.e., until every issue in this proceeding has been resolved. Therefore, we require Filing Parties, in the compliance filings to be submitted within 120 days of the date of issuance of this order, to clarify when the WestConnect regional transmission planning process will be implemented, without linking such implementation to final Commission action in this proceeding.⁴⁹

29. We also direct Filing Parties on compliance to reconcile the inconsistency between the effective date requested by Filing Parties and their proposed timetable for implementing the regional transmission planning process. Most Filing Parties propose as the effective date for their compliance filings the later of December 11, 2012, or the date

⁴⁷ *E.g., id.* § III.A.2.a.

⁴⁸ *E.g., Arizona Public Service Co. Transmittal Letter* at 8-9.

⁴⁹ The WECC TEPPC Transmission Planning Protocol indicates that the next TEPPC plan will be issued in September 2013, and the draft schedule in the WestConnect Business Practice Manual indicates that WestConnect's regional transmission planning process could commence as early as the winter of 2013-2014. WECC TEPPC Transmission Planning Protocol (May 22, 2012) § 6.5.2, *available at* http://www.wecc.biz/committees/BOD/TEPPC/External/TEPPC_PlanningProtocol.pdf; WestConnect Regional Planning Process Business Practice Manual (Working Draft - Version 11 rev. 10/12/12), p. 11, Figure 3, *available at* http://westconnect.com/planning_order_1000_bpm.php.

of Commission action.⁵⁰ Consistent with our directive above that Filing Parties must explain when they intend WestConnect to begin implementation of its Order No. 1000 regional transmission planning process, we direct Filing Parties to establish, as part of the compliance filings directed in this order, an appropriate effective date for their compliance filings that will align with their implementation of the Order No. 1000 regional transmission planning process. As further addressed in paragraph 31 below, synchronizing the effective date and the planned implementation of the regional transmission planning process will ensure that only new transmission facilities, as defined in Order No. 1000, are included in the Order No. 1000 regional transmission planning process.⁵¹

30. Filing Parties propose certain criteria under which certain transmission facilities that are being planned as of the last effective date of Filing Parties' compliance filings would be exempt from what Filing Parties deem "reevaluation." Order No. 1000 provides that each region must determine at what point a previously approved transmission project is no longer subject to reevaluation and, as a result, whether it is subject to Order No. 1000's requirements.⁵² We find that Filing Parties' proposal to exempt from reevaluation those transmission facilities that meet one or more of certain criteria as of the last effective date of Filing Parties' compliance filings is a reasonable approach to identifying which transmission facilities will not be subject to reevaluation and thus not subject to Order No. 1000's requirements. We therefore dismiss LS Power's argument that the criteria proposed by Filing Parties improperly exempt transmission projects that have not been evaluated through the Order No. 1000 regional transmission planning process because the criteria are intended to address that exact question, i.e., whether a particular transmission project is subject to the requirements of Order No. 1000.

31. However, Filing Parties propose to exempt transmission projects that meet certain criteria "to the last effective date of the WestConnect FERC-jurisdictional Transmission

⁵⁰ NV Energy proposes an effective date of the date of Commission action. NV Energy Transmittal Letter at 16.

⁵¹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 65 (holding that "the requirements of this Final Rule are intended to apply to new transmission facilities, which are those transmission facilities that are subject to evaluation, or reevaluation as the case may be, within a public utility transmission provider's local or regional transmission planning process *after the effective date* of the public utility transmission provider's filing adopting the relevant requirements of this Final Rule" (emphasis added)).

⁵² *Id.* PP 65, 162.

Owners' Order No. 1000 compliance filings. . . ."⁵³ Consistent with the discussion of the effective date in paragraph 29 above, we find that exempting transmission projects from reevaluation as of the last effective date of Filing Parties' compliance filings does not comply with Order No. 1000. Instead, we find that the proposed exemption from reevaluation may apply to only those transmission projects that meet exemption criteria, specified in Filing Parties' OATTs,⁵⁴ as of the date that the first transmission planning cycle using the proposed Order No. 1000 regional transmission planning process begins. We therefore direct Filing Parties, in their compliance filings to be submitted within 120 days of the issuance of this order, to revise the date through which their exemption criteria will be effective to align with the revised effective date proposed on compliance.

b. Order No. 890 and other Regional Transmission Planning Process General Requirements

32. Order No. 1000 requires that each public utility transmission provider participate in a regional transmission planning process that produces a regional transmission plan and that complies with certain transmission planning principles of Order No. 890 identified in Order No. 1000.⁵⁵ The process used to produce the regional transmission plan must satisfy the following Order No. 890 transmission planning principles: (1) coordination; (2) openness; (3) transparency; (4) information exchange; (5) comparability; (6) dispute resolution; and (7) economic planning.⁵⁶ These transmission planning principles, which were adopted with respect to local transmission planning processes pursuant to Order No. 890, must now be applied to the regional transmission planning processes established in Order No. 1000. We assess Filing Parties' compliance with each of these principles individually.

⁵³ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.D.7.

⁵⁴ As noted above, the proposed criteria are: (1) projects that have received approval through local or state regulatory authorities or board approval; (2) local or single system transmission projects that have been planned and submitted for inclusion in the WestConnect regional transmission plan or exist in a utility's 10-year corporate capital project budget; and (3) projects undergoing review through the WECC Project Coordination and Rating Review Process. *E.g.*, *id.*

⁵⁵ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 146, 151.

⁵⁶ *Id.* P 151. These transmission planning principles are explained more fully in Order No. 890.

i. Coordination

33. The coordination principle requires public utility transmission providers to provide customers and other stakeholders with the opportunity to participate fully in the planning process. The purpose of this requirement is to eliminate the potential for undue discrimination in planning by opening appropriate lines of communication between public utility 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.⁵⁷

(a) Filing Parties' Compliance Filings

34. Filing Parties state that the regional transmission planning process is marked by coordination at every stage. They state that there is coordination with WECC and its planning sub-groups with respect to its data that will be used to develop WestConnect's base case for regional planning efforts.⁵⁸ In addition, Filing Parties describe the coordination between and among the different stakeholders to: (1) develop the regional transmission plan; (2) assist with studying new transmission projects and non-transmission alternatives; and (3) select which projects are eligible for cost allocation.⁵⁹

35. Filing Parties state that all interested parties may participate in the regional transmission planning process by: (1) joining one of five membership sectors with voting rights on the Planning Management Committee; (2) attending publicly-posted WestConnect regional transmission planning stakeholder meetings; and/or (3) submitting project proposals to meet reliability, economic, or transmission needs driven by public policy requirements, for consideration and offering comments on proposals under consideration.⁶⁰ Moreover, Filing Parties clarify that a stakeholder does not need to join a membership sector to participate in the Order No. 1000 regional transmission planning and cost allocation process.⁶¹ Filing Parties also state that any stakeholder may propose a

⁵⁷ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at PP 451-454.

⁵⁸ *E.g.*, Arizona Public Service Co. Transmittal Letter at 9.

⁵⁹ *E.g.*, *id.* at 10.

⁶⁰ *E.g.*, *id.* at 6-7; Arizona Public Service Co. OATT, Attachment E §§ III.B.2, III.C, III.D.

⁶¹ *E.g.*, Arizona Public Service Co. Transmittal Letter at 6.

transmission project for possible inclusion in the regional transmission plan for purposes of cost allocation.⁶²

36. Filing Parties state that WestConnect will hold open stakeholder meetings on at least a semi-annual basis in order to update stakeholders about its progress in developing the regional transmission plan and to solicit input regarding material matters of process related to the regional transmission plan. Filing Parties propose that there will be notice of the meetings and posting of meeting agendas that will be sufficiently detailed and circulated in advance to allow stakeholders to decide how to participate in the meetings (e.g., by phone, in person, etc.).⁶³

(b) Protests/Comments

37. No comments or protests were filed regarding this issue. As noted below, protests concerning the proposed WestConnect governance structure, which some protestors assert violates the coordination principle, are discussed below in section IV.B.1.c.iii.

(c) Commission Determination

38. We find that Filing Parties' compliance filings comply with the coordination principle because, as described above, Filing Parties have provided customers and other stakeholders with a variety of opportunities to participate fully in the planning process, including: (1) joining one of the five WestConnect regional transmission planning membership sectors; (2) providing input at open regional transmission planning meetings; (3) submitting transmission and non-transmission alternative project proposals for consideration; and (4) helping evaluate and comment on transmission and non-transmission alternative project proposals. These opportunities are included in the proposed OATT revisions, and we find these avenues for stakeholder participation and lines of communications between relevant entities are consistent with the Order No. 890 coordination principle. We note that specific arguments concerning the proposed WestConnect governance structure are addressed below in section IV.B.1.c.iii.

ii. Openness

39. The openness principle requires that transmission planning meetings be open to all affected parties including, but not limited to, all transmission and interconnection customers, state authorities, and other stakeholders. Although the Commission recognized in Order No. 890 that it may be appropriate in certain circumstances to limit

⁶² *E.g., id.* at 14; Arizona Public Service Co. OATT, Attachment E § III.C.

⁶³ *E.g.,* Arizona Public Service Co. OATT, Attachment E § III.B.4.

participation in a meeting to a subset of parties, such as a particular meeting of a sub-regional group, the Commission emphasized that the overall development of the transmission plan and the planning process must remain open. Public utility transmission providers, in consultation with affected parties, must also develop mechanisms to manage confidentiality and Critical Energy Infrastructure Information (CEII) concerns, such as confidentiality agreements and password protected access to information.⁶⁴

(a) **Filing Parties' Compliance Filings**

40. Filing Parties state that the regional transmission planning process is open to all interested parties. They explain that each stakeholder may choose to vote in the development of the regional transmission plan by becoming a member of the Planning Management Committee. Filing Parties note that becoming a member of the Planning Management Committee comes with specific responsibilities, such as approving a regional transmission plan every two years and defending that plan against any adverse claims that arise, arranging for the purchase of goods and services, and hiring and terminating planning staff. Therefore, Filing Parties explain that stakeholders that want to participate in the regional transmission planning process without sharing in the responsibility of being a member of the Planning Management Committee may participate in the regional transmission planning process by attending and providing input at open transmission planning meetings.⁶⁵ They state that all Planning Management Committee monthly meetings will be open to stakeholder participation with the exception of executive sessions to discuss confidential issues such as contractual or personnel matters.⁶⁶ Filing Parties propose that notice of open stakeholder meetings will be published on the WestConnect website and upon request will be emailed to interested stakeholders.⁶⁷ They further state that some of the ways stakeholders can meaningfully participate include requesting studies of potential upgrades or grid investments, offering alternative transmission solutions to meet identified grid needs, offering public policy input, offering non-transmission alternatives, sponsoring a transmission project for

⁶⁴ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 460.

⁶⁵ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.B.4; Arizona Public Service Co. Transmittal Letter at 10.

⁶⁶ *E.g.*, Arizona Public Service Co. Transmittal Letter at 7.

⁶⁷ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.B.4; Arizona Public Service Co. Transmittal Letter at 10.

evaluation in the regional transmission planning process, and/or commenting on the transmission plan.⁶⁸

41. In addition, Filing Parties explain that membership dues will be a nominal amount and will not be assessed to state regulatory commissions and certain non-profit members as specified in the Planning Participation Agreement. Filing Parties assert that this will promote openness.⁶⁹

42. Filing Parties state that any interested stakeholders may gain access to study data, subject to applicable confidentiality, CEII, and standards of conduct requirements.⁷⁰ They propose that if the regional transmission planning studies or open stakeholder meetings include access to base case data that are WECC proprietary data, information classified as CEII by the Commission, or other similar confidential or proprietary information, access to that information will be limited to those stakeholders that: (1) hold membership in or execute a non-disclosure agreement with WECC; (2) execute a non-disclosure agreement with the applicable WestConnect transmission planning region members; or (3) are parties to the Planning Participation Agreement.⁷¹

(b) Protests/Comments

43. Nevada Commission and Colorado Commission express concern over the possibility of closed door “executive sessions” held by transmission owners.⁷² Colorado Commission states that these executive sessions would exclude all Planning Management Committee member sectors, including state regulatory commissions, other than the transmission owners’ sector.⁷³ Colorado Commission asserts that the compliance filings fail to limit those topics that may be discussed in these executive sessions.⁷⁴ In addition, Colorado Commission states that the filings fail to state if and how these discussions will

⁶⁸ *E.g.*, Arizona Public Service Co. Transmittal Letter at 10.

⁶⁹ *E.g.*, *id.* at 6.

⁷⁰ *E.g.*, *id.* at 10-11.

⁷¹ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.D.8.

⁷² Nevada Commission Comments at 2; Colorado Commission Comments at 9.

⁷³ Colorado Commission Comments at 9.

⁷⁴ *Id.* at 9-10.

be documented. Colorado Commission asserts that no Planning Management Committee member sector should be excluded from these executive sessions.⁷⁵

44. In addition, Colorado Commission states it is concerned that future tariff revisions might exclude input from state regulatory commissions and other stakeholders and be discussed among transmission owners only.⁷⁶ Colorado Commission states that tariff revisions should not be limited to executive sessions that exclude state regulatory commissions and other non-transmission owner stakeholders.⁷⁷

45. Interstate Renewable Energy Council and Public Interest Organizations support the waiver of Planning Management Committee membership fees for certain non-profit organizations in the key interest group sector.⁷⁸ They ask the Commission to encourage Filing Parties to design criteria for waiving membership fees to allow for broad participation as the membership fee could be prohibitive for public interest organizations.⁷⁹ AWEA states that the requirement that Planning Management Committee members pay dues fails Order No. 1000's openness principle.⁸⁰

46. Public Interest Organizations state that it is important to establish a clear process for stakeholders to obtain CEII clearance needed to access WestConnect and WECC data to encourage ongoing stakeholder participation. They state that each transmission owner should establish clearly on its website the process and timeline for obtaining CEII and should ensure that a representative is available to answer stakeholder questions about CEII procedures.⁸¹

⁷⁵ *Id.* at 10.

⁷⁶ *Id.* at 10-11.

⁷⁷ *Id.* at 11.

⁷⁸ Interstate Renewable Energy Council Comments at 13-14; Public Interest Organizations Comments at 19-20.

⁷⁹ Interstate Renewable Energy Council Comments at 14; Public Interest Organizations Comments at 20.

⁸⁰ AWEA Comments at 19.

⁸¹ Public Interest Organizations Comments at 19.

(c) **Answer**

47. Filing Parties argue that although a voting role on the Planning Management Committee will be contingent upon payment of dues, the openness principle is satisfied because stakeholders will be permitted to attend meetings, raise concerns, and propose projects without paying dues. Filing Parties also note that the Business Practice Manual provides that Planning Management Committee members from state commissions and non-profit organizations with limited financial resources will not be assessed dues.⁸²

48. Filing Parties state that they are committed to stakeholder participation by public interest organizations and will work to establish membership fees at an appropriate level to provide for their participation. They also note that the current draft Business Practice Manual excludes certain non-profit organizations from annual dues.⁸³

49. Regarding executive sessions, Filing Parties clarify that the Order No. 1000 regional transmission planning function will be performed by the Planning Management Committee, and that any non-public executive sessions will be convened by, and include all members of, that committee.⁸⁴

50. With respect to CEII concerns raised by Public Interest Organizations, Filing Parties state their commitment to stakeholder participation and assert that they will work with stakeholders to make CEII available. They state that the tariff revisions include procedures for accessing CEII in the regional and local transmission planning processes, respectively.⁸⁵

(d) **Commission Determination**

51. We find that Filing Parties' compliance filings partially comply with the openness principle. Accordingly, we direct Filing Parties to file, within 120 days of the date of issuance of this order, further compliance filings that revise their OATTs to: (1) clarify that, to the extent that closed executive sessions of the Planning Management Committee are necessary, they only will address matters outside the overall development of the regional transmission planning process, such as contractual or personnel matters; and (2)

⁸² Filing Parties Answer, App. A, No. 15.

⁸³ *Id.*, App. A, No. 28.

⁸⁴ *Id.* at 13, 16.

⁸⁵ *Id.*, App. A, No. 27 (citing Public Service Company of Colorado OATT, Attachment R-PSCo §§ II.A, III.K).

provide the process for stakeholders to access the standard non-disclosure agreements that stakeholders may execute with the WestConnect planning members.

52. With the modifications directed below, we find that WestConnect transmission planning meetings are open to all affected parties as required by the openness principle. Specifically, WestConnect will hold at least two open public meetings a year, which all stakeholders may attend. Stakeholders may also attend Planning Management Committee meetings.⁸⁶ In addition, the OATTs specifically provide that “[a]ttendance at meetings is voluntary and open to all interested stakeholders.”⁸⁷ Even if they choose not to become WestConnect or Planning Management Committee members, interested parties will be able to understand the elements of the regional transmission plan, voice their concerns, propose solutions for consideration, and provide other meaningful input throughout the regional transmission planning process.

53. We disagree with AWEA’s assertion that Filing Parties’ proposal violates the openness principle because membership in the Planning Management Committee is contingent upon payment of dues. Similarly, we disagree with AWEA that Filing Parties’ proposed regional transmission planning process violates the openness principle because the groups that can recommend or approve the production cost model are restricted to members of the Planning Management Committee. The openness principle only requires that transmission planning meetings be open to all affected parties. It does not preclude a transmission planning region from charging reasonable fees as a condition for committee membership. Furthermore, as noted above, the WestConnect transmission planning process allows for any interested stakeholder to join the Planning Management Committee. Alternatively, if it chooses not to become a member of the Planning Management Committee, AWEA may offer input as a general stakeholder at WestConnect transmission planning meetings. Accordingly, we find that Filing Parties’ proposal to charge dues to members of the Planning Management Committee does not violate the openness principle.

54. Filing Parties commit to exempt from fees regulatory commissions and non-profit organizations. We accept Filing Parties’ commitment, which we conclude will encourage a more participatory process.

55. Filing Parties refer to “occasional executive sessions [of the Planning Management Committee] to discuss confidential issues such as contractual or personnel matters.”⁸⁸

⁸⁶ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.B.4.

⁸⁷ *E.g.*, *id.* § III.B.2.

⁸⁸ *E.g.*, Arizona Public Service Co. Transmittal Letter at 7.

Order No. 890 recognized that it might be appropriate in certain circumstances to limit participation in a meeting to a subset of parties so long as the overall development of the regional transmission plan and the regional transmission planning process remains open.⁸⁹ While we note that, as explained by Filing Parties, any non-public executive sessions will include all members of the Planning Management Committee, we agree with the Nevada and Colorado Commissions that a clarification reflected in Filing Parties' OATTs is necessary to limit those closed sessions to matters that are outside the overall development of the regional transmission plan, such as contractual or personnel matters. Accordingly, we direct Filing Parties to include this clarification in their respective OATTs on compliance.

56. In response to Colorado Commission's concern regarding exclusion of state regulatory commission input on OATT revisions, we find that the proposed regional transmission planning process, which provides avenues for stakeholder input, including membership on the Planning Management Committee, alleviates the concern that Filing Parties might use executive sessions of the Planning Management Committee to discuss OATT revisions. In any event, we note that stakeholders have the opportunity to protest all OATT revisions filed with the Commission if they believe proposed revisions are unjust or unreasonable or result in unduly discriminatory or preferential treatment.

57. Another aspect of the openness principle concerns the development of mechanisms for managing confidentiality and CEII. As discussed above, Filing Parties' proposed OATTs contain a provision allowing stakeholders to gain access to proprietary information and CEII by executing a non-disclosure statement with WECC (if they are not WECC members) or by executing a non-disclosure agreement with applicable WestConnect transmission planning region members.⁹⁰ We find that these provisions are consistent with the detail the Commission approved in the past for the local transmission planning processes.⁹¹ However, we note that Filing Parties have not provided the process for stakeholders to access and submit the standard non-disclosure agreements that stakeholders may execute with the WestConnect planning members. To comply with Order No. 1000, Filing Parties must include in further compliance filings of their respective OATTs, made within 120 days of the date of issuance of this order, this process, as well as either a standard non-disclosure agreement, or alternatively a hyperlink to where the non-disclosure agreement can be found on the WestConnect website.

⁸⁹ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 460.

⁹⁰ A third option applies to parties to the yet-to-be-drafted-and-executed Planning Participation Agreement.

⁹¹ *E.g., El Paso Electric Co.*, 124 FERC ¶ 61,051, at P 19 (2008).

iii. Transparency

58. The transparency principle requires public utility 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 public utility 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. The transparency principle requires that sufficient information 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.⁹²

(a) Filing Parties' Compliance Filings

59. Filing Parties state that transparency is achieved in their regional transmission planning process. First, the transparency of the decision-making process is ensured because any person or company desiring membership on the Planning Management Committee may become a member and must identify itself openly.⁹³ Second, transparency of the regional transmission planning process is ensured through public posting of the individual steps in the study process and the deadlines for action required at each step.⁹⁴ Filing Parties will post on the WestConnect website information such as meeting notices, meeting agendas, meeting minutes, reports, presentations and other pertinent information.⁹⁵ Also, information regarding base cases, plans, and projects will be available to interested stakeholders, and open stakeholder meetings will include discussion of models, study criteria, assumptions, and progress updates.⁹⁶ Finally, the Filing Parties describe the criteria that will be used to select the preferred solution or

⁹² Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 471.

⁹³ *E.g.*, Arizona Public Service Co. Transmittal Letter at 10; Arizona Public Service Co. OATT, Attachment E § III.B.5.a.

⁹⁴ *E.g.*, Arizona Public Service Co. Transmittal Letter at 10-11; Arizona Public Service Co. OATT, Attachment E § III.A.3.d.

⁹⁵ *E.g.*, Arizona Public Service Co. OATT, Attachment E §§ III.A.3.d., III.A.3.e.

⁹⁶ *E.g.*, *id.* §§ III.B.1, III.B.2.

combination of solutions and explain that the regional transmission plan will document why projects were either included or not included in the regional transmission plan.⁹⁷

(b) **Protests/Comments**

60. No comments or protests were filed regarding this issue. Protests concerning the proposed WestConnect governance structure, which some protestors assert violates the transparency principle, are discussed below in section IV.B.1.c.iii.

(c) **Commission Determination**

61. We find that Filing Parties' filings comply with the transparency principle. In developing a regional transmission plan, Filing Parties, through WestConnect, will provide an open forum in which interested stakeholders can participate and obtain information regarding base cases, plans, and projects.⁹⁸ Filing Parties have reduced to writing and made available the basic methodology, criteria, and processes used to develop the regional transmission plan. For example, Filing Parties established similar criteria to evaluate and select solutions in the regional transmission plan as they established in their previously approved local planning processes.⁹⁹ Filing Parties' proposed OATT revisions also describe the method(s) they will use to disclose the criteria, assumptions, and data that underlie the regional transmission plan. Additionally, both regional and local planning processes include input from stakeholders and discussion of models, study criteria, assumptions, and progress updates.¹⁰⁰ Finally, after completion of studies and stakeholder input, the Planning Management Committee will vote and approve the regional transmission plan which will include documentation explaining why the projects were either included or not included in the regional transmission plan.¹⁰¹

62. We note that, while we find here that Filing Parties proposed OATT revisions satisfy the transparency principle, Filing Parties' OATT revisions made to comply with this order, including those made to satisfy the affirmative obligation to plan discussed below in section IV.B.1.c.i, must also comply with the transparency principle. Accordingly, Filing Parties should evaluate, as they develop these further OATT

⁹⁷ *E.g., id.* §§ III.D.1, III.D.7.

⁹⁸ *E.g., id.* § III.B.1.

⁹⁹ *Compare id.* § III.D.1 with *id.* § II.A.1.

¹⁰⁰ *E.g., id.* § II.B.2.

¹⁰¹ *E.g., id.* § III.D.6.

revisions, whether additional changes to their OATTs will be required to satisfy the transparency principle and propose such changes, if any, as are needed to remain in compliance.

iv. Information Exchange

63. 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 public utility transmission providers in planning for their native load. Point-to-point customers are required to submit their projections for need of service over the planning horizon and at what receipt and delivery points. To the extent applicable, transmission customers should also provide information on existing and planned demand resources and their impact on demand and peak demand. Public utility transmission providers, in consultation with their customers and other stakeholders, are to develop guidelines and a schedule for the submittal of such customer information.¹⁰²

(a) Filing Parties' Compliance Filings

64. Filing Parties propose that information exchange will occur throughout the regional transmission planning process, including: (1) information provided by WECC and its Planning Coordination Committee and TEPPC sub-groups to assess transmission over the 10-year planning horizon; (2) information provided by transmission owners and providers within the region with respect to their local transmission plans, as well as any updates or supplements to base case data; (3) information provided by nonincumbent transmission companies with respect to transmission needs they seek to serve through new transmission projects, so that the potential reliability and operational impacts of their project on the region may be assessed; (4) information provided by state commissions on public policy and other considerations of importance to them, so that enacted public policy can be considered in the region's base case assumptions, and non-enacted public policy can be evaluated in the scenario planning analysis; and (5) information provided by entities seeking greater reliance on non-transmission alternatives that offer an alternative to planning, permitting, and construction of additional transmission facilities that would otherwise be necessary.¹⁰³

65. Filing Parties' proposal generally describes the types of data to be submitted by customers, transmission developers, and transmission owners in the regional transmission planning process. These data include, among other things, load forecasts and project

¹⁰² Order No. 890, FERC Stats. & Regs. ¶ 31,241 at PP 486-487.

¹⁰³ *E.g.*, Arizona Public Service Co. Transmittal Letter at 11; Arizona Public Service Co. OATT, Attachment E §§ III.B.2, III.C.

information that will be used to develop the regional transmission plan. Filing Parties' proposal also describes the criteria that must be satisfied in order for a project submittal to be evaluated for purposes of cost allocation.¹⁰⁴

(b) **Protests/Comments**

66. No comments or protests were filed regarding this issue.

(c) **Commission Determination**

67. We find that Filing Parties' proposal partially complies with the information exchange principle. While the proposal details the procedures governing the submission and exchange of planning information and data in the regional transmission planning process, it only generally describes the timing of such submissions and the notice that will be provided to stakeholders and other entities responsible for submission of such data. For example, the proposal states that transmission customers will be given "adequate" notice of any needed data, but fails to define this length of time. By comparison, the proposal is more specific about the window in which developers may submit proposed transmission projects for purposes of cost allocation (i.e., a period of no less than 30 days).¹⁰⁵ Thus, Filing Parties' proposal does not fully comply with the information exchange principle because it does not provide sufficient detail regarding the schedule for submission of information during the WestConnect transmission planning cycle. Accordingly, we direct Filing Parties to file, within 120 days of the date of issuance of this order, further compliance filings that revise their respective OATTs to include such details and address the concerns raised above.

v. **Comparability**

68. The comparability principle requires public utility 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.¹⁰⁶ In addition, public utility transmission providers must identify, as part of their transmission planning processes, how they will treat resources on a comparable basis, and therefore, how they

¹⁰⁴ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.C.

¹⁰⁵ *E.g.*, *id.*

¹⁰⁶ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 494.

will determine comparability for purposes of transmission planning.¹⁰⁷ Furthermore, public utility transmission providers are required to identify how they will evaluate and select from competing solutions and resources such that all types of resources are considered on a comparable basis.¹⁰⁸

(a) **Filing Parties' Compliance Filings**

69. Filing Parties state that stakeholders are given an opportunity to participate in identifying and evaluating potential solutions to regional needs on a comparable basis. In addition, stakeholders have an opportunity to help select projects for the regional plan through membership in the Planning Management Committee.¹⁰⁹ Filing Parties state that all eligible projects are evaluated on a comparable basis and in a manner that is not unduly discriminatory or preferential.¹¹⁰

70. Filing Parties assert that non-transmission projects will be considered in assessing the need for transmission additions and/or upgrades to maintain the reliability of the system, meet public policy requirements, or provide economic benefits. They state that technologies that defer or possibly eliminate the need for new and/or upgraded

¹⁰⁷ Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 216.

¹⁰⁸ *See, e.g., NorthWestern Corp.*, 128 FERC ¶ 61,040, at P 38 (2009) (*NorthWestern*) (requiring the transmission provider's OATT to permit sponsors of transmission, generation, and demand resources to propose alternative solutions to identified needs and identify how the transmission provider will evaluate competing solutions when determining what facilities will be included in its transmission plan); *El Paso Elec. Co.*, 128 FERC ¶ 61,063, at P 15 (2009) (same); *N.Y. Indep. Sys. Operator, Inc.*, 129 FERC ¶ 61,044, at P 35 (2009) (*NYISO*) (same). In each of these cases, the Commission stated that tariff language could, for example, state that solutions will be evaluated against each other based on a comparison of their relative economics and effectiveness of performance. Although the particular standard a public utility transmission provider uses to perform this evaluation can vary, the Commission explained that it should be clear from the tariff language how one type of investment would be considered against another and how the public utility transmission provider would choose one resource over another or a competing proposal. *NorthWestern*, 128 FERC ¶ 61,040 at P 38 n.31; *El Paso Elec. Co.*, 128 FERC ¶ 61,063 at P 15 n.25; *NYISO*, 129 FERC ¶ 61,044 at P 35 n.26.

¹⁰⁹ *E.g., Arizona Public Service Co. Transmittal Letter* at 11; *Arizona Public Service Co. OATT, Attachment E § III.A.2.a.*

¹¹⁰ *E.g., Arizona Public Service Co. Transmittal Letter* at 16; *Arizona Public Service Co. OATT, Attachment E § III.D.1.*

transmission lines, such as distributed generation, demand-side management, energy efficiency, and demand response, will be evaluated to determine if they provide a more efficient or cost-effective solution to an identified regional transmission need.¹¹¹

However, Filing Parties explain that solutions involving non-transmission alternatives will not be eligible for cost allocation because such cost recovery exceeds the scope of the transmission cost allocation in Order No. 1000.¹¹²

71. Filing Parties state that stakeholders submitting a non-transmission alternative solution for evaluation under the regional transmission planning process for inclusion in the regional plan must provide the information necessary for the alternative to be modeled in the regional planning study. Filing Parties state that to the extent possible, stakeholders submitting non-transmission alternative solutions should satisfy the criteria outlined in the Business Practice Manual, including providing the same or equivalent information as transmission alternatives and submitting a flat submittal fee of \$25,000.¹¹³

72. Filing Parties state that evaluation of potential solutions to the identified transmission needs will occur in the same manner as the evaluation of any other project proposed in the local or regional transmission planning process regardless of whether the solutions are submitted for purposes of regional cost allocation.¹¹⁴ Filing Parties also state that the regional transmission planning process provides a comparable opportunity for incumbent and nonincumbent transmission project developers to recover the cost of transmission facilities by allowing any stakeholder the opportunity to submit such projects for purposes of regional cost allocation.¹¹⁵ In addition, Filing Parties state that specific rules, such as confidentiality measures, are applied uniformly to all stakeholders.¹¹⁶

¹¹¹ *E.g.*, Arizona Public Service Co. Transmittal Letter at 8; Arizona Public Service Co. OATT, Attachment E § III.D.5.

¹¹² *E.g.*, Arizona Public Service Co. Transmittal Letter at 14 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 779); Arizona Public Service Co. OATT, Attachment E § III.D.5.

¹¹³ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.C.6.

¹¹⁴ *E.g.*, *id.* § III.D.1.

¹¹⁵ *E.g.*, Arizona Public Service Co. Transmittal Letter at 11; Arizona Public Service Co. OATT, Attachment E § III.C.5.

¹¹⁶ *E.g.*, Arizona Public Service Co. Transmittal Letter at 11; Arizona Public Service Co. OATT, Attachment E § III.D.8.

(b) Protests/Comments

73. Public Interest Organizations and Interstate Renewable Energy Council support Filing Parties' use of WECC-provided data as the baseline for its regional transmission planning process. They assert that the use of WECC data will help ensure consistency and coordination necessary to promote efficient and cost-effective outcomes and effective interregional coordination.¹¹⁷ Public Interest Organizations also support the inclusion of Comparison Risk Scores from the WECC Environmental Data Task Force as a criterion for the submission of transmission projects seeking regional cost allocation, which will assist in the comparison of potential solutions.¹¹⁸ Interstate Renewable Energy Council argues that the use of WECC-provided data by itself fails to ensure that non-transmission alternatives will receive fair hearing through the process of selecting transmission solutions.¹¹⁹

74. Public Interest Organizations and Interstate Renewable Energy Council also state that they are concerned that the compliance filings fail to satisfy the comparable treatment requirement because the criteria for non-transmission alternatives might be unduly discriminatory.¹²⁰ They state that Filing Parties require non-transmission alternatives to "adhere to and provide the same or equivalent information and submittal fees as transmission alternatives."¹²¹ Public Interest Organizations and Interstate Renewable Energy Council assert that: (1) it might not be possible or appropriate for sponsors of non-transmission alternatives to submit the same or equivalent information as the sponsors of transmission proposals; (2) a project should not be rejected for failure to provide the same or equivalent information if such information does not apply to the non-transmission alternative or if such information is unnecessary to evaluate and compare the proposed non-transmission alternative;¹²² and (3) Filing Parties should provide flexibility

¹¹⁷ Public Interest Organizations Comments at 11; Interstate Renewable Energy Council Comments at 10.

¹¹⁸ Public Interest Organizations Comments at 11-12.

¹¹⁹ Interstate Renewable Energy Council Comments at 10.

¹²⁰ Public Interest Organizations Comments at 12; Interstate Renewable Energy Council Comments at 11.

¹²¹ Public Interest Organizations Comments at 12 (citing Arizona Public Service Co. OATT, Attachment E § III.C.6); Interstate Renewable Energy Council Comments at 11.

¹²² Public Interest Organizations Comments at 12; Interstate Renewable Energy Council Comments at 11.

in instances where it is not possible or unnecessary for non-transmission alternatives to provide the same or equivalent information.¹²³

75. Public Interest Organizations and Interstate Renewable Energy Council contend that the \$25,000 submittal fee for a non-transmission alternative might be discriminatory as such a fee could prove prohibitive to potential sponsors of non-transmission alternatives compared to a well-financed transmission company proposing a transmission project.¹²⁴ Public Interest Organizations assert that many non-transmission alternative developers plan to finance projects through securing debt or project equity from banks or other financial providers, and that these providers often require certainty as to the success of a project's completion before committing their financial support. Therefore, according to Public Interest Organizations, it could be difficult for non-transmission alternative sponsors to acquire the necessary \$25,000 and, consequently, the fee will likely prove unduly discriminatory against certain non-transmission alternative providers.¹²⁵ Public Interest Organizations request that the Commission direct Filing Parties to provide for an exception or a reduction to the upfront submittal fees for non-transmission alternatives where the sponsor can demonstrate that they will be able to pay the fee at a later time if their project is chosen.¹²⁶ Interstate Renewable Energy Council similarly states that Filing Parties should be required to eliminate the fee for non-government organizations and non-transmission alternative service companies that propose non-transmission alternative solutions to identified transmission issues, and clarify that fees for non-transmission alternative solution proposals will not be applied at the regional level.¹²⁷ Public Interest Organizations and Interstate Renewable Energy Council argue that Filing Parties should clarify any additional fees beyond the \$25,000 fee that might be required.¹²⁸ Public Interest Organizations request that the Commission direct Filing

¹²³ Public Interest Organizations Comments at 12-13; Interstate Renewable Energy Council Comments at 11, 13.

¹²⁴ Public Interest Organizations Comments at 13; Interstate Renewable Energy Council Comments at 12.

¹²⁵ Public Interest Organizations Comments at 13.

¹²⁶ *Id.* at 13-14.

¹²⁷ Interstate Renewable Energy Council Comments at 13.

¹²⁸ Public Interest Organizations Comments at 14; Interstate Renewable Energy Council Comments at 13.

Parties to clarify any additional fees that are not established in the tariff in order to help determine whether these additional fees and its application are unduly discriminatory.¹²⁹

76. Nevada Commission states that NV Energy removed a section of its existing tariff provisions that addressed comparability in the local transmission planning process. Nevada Commission states that the provision is not found elsewhere in the document and that this section would advance the comparable consideration of transmission and non-transmission alternatives. Nevada Commission acknowledges that Order No. 1000 did not specifically require comparable evaluation of non-transmission alternatives at the local level but finds that such evaluation might be necessary given the bottom up approach favored by WestConnect transmission providers.¹³⁰

77. Interstate Renewable Energy Council asserts that comparable treatment requires that transmission owners work with stakeholders to evaluate alternative solutions and must consider proposed non-transmission alternatives on a comparable basis. It asserts that transmission owners must establish a clear process of how and when stakeholder proposals will be evaluated for the regional transmission plan and that this will occur on a comparable basis. Therefore, Interstate Renewable Council states that transmission owners must (1) provide access to modeling inputs and assumptions such as expected load growth, impact of demand response and energy efficiency, and (2) establish clear parameters of how transmission and non-transmission alternatives are compared and how one option is chosen over another.¹³¹

78. Interstate Renewable Energy Council, arguing that many utilities use outdated information regarding the costs and benefits of renewable generation, questions whether the choice of transmission solutions will fully reflect actual cost and benefit data because the proposed procedures are vague, and states that it is unclear how renewable generation will be evaluated under the cost and benefit metrics. It states that transmission owners must collect cost and benefit data on non-transmission alternatives in a manner equally comprehensive to the method by which data are collected for fossil generation. It requests that the Commission direct Filing Parties to describe their methods for assessing the cost and benefit of non-transmission alternatives and regularly updating the current cost and benefits of renewable generation. Interstate Renewable Energy Council contends that the proposal fails to address how combinations of renewable generation, demand response, and energy efficiency would be proposed, evaluated, and modeled as potential solutions to the needs of the transmission system, and it asserts that this is a

¹²⁹ Public Interest Organizations Comments at 14.

¹³⁰ Nevada Commission Comments at 6.

¹³¹ Interstate Renewable Energy Council Comments at 9-10.

serious flaw because many transmission needs can be resolved effectively and at a low cost through targeted combinations of non-transmission alternatives.¹³²

79. Interstate Renewable Energy Council states that the proposal should, but fails to, require transmission owners to proactively identify and assess non-transmission alternatives and merely permits stakeholders to come forward with non-transmission alternatives. It argues that this responsibility should be shared with transmission owners and stakeholders, as the Commission requires transmission owners to identify transmission and non-transmission alternatives available and give comparable treatment in evaluating solutions.¹³³ Interstate Renewable Energy Council contends that transmission owners need to have a more active role and if no renewable generation alternatives exist, then transmission owners need to develop some means of paying for some renewable generation options. Interstate Renewable Energy Council thus argues that a transmission owner's tariff should include a provision for establishing cost allocation for such alternatives.¹³⁴

80. Interstate Renewable Energy Council also states that the opportunity for stakeholders to propose non-transmission alternatives occurs under restrictions that discourage proposals and limit the likelihood of being selected as solutions.¹³⁵ It points out that the proposal conditions Filing Parties' commitment to comparable evaluation of non-transmission alternatives with qualifying phrases such as "where feasible."¹³⁶

81. Nevada Commission states that non-transmission alternatives are ineligible for cost allocation under NV Energy's local transmission planning process.¹³⁷ Nevada Commission argues that the elimination of non-transmission alternatives' eligibility for cost allocation seems to defeat Order No. 1000's goal that non-transmission alternatives are treated comparably.¹³⁸

¹³² *Id.* at 11.

¹³³ *Id.* at 12.

¹³⁴ *Id.* at 10.

¹³⁵ *Id.* at 12.

¹³⁶ *Id.* at 11 (citing Arizona Public Service Co. OATT, Attachment E § II.A.4.a.2).

¹³⁷ Nevada Commission Comments at 10 (citing NV Energy OATT, Attachment K § III.D.6).

¹³⁸ Nevada Commission Comments at 10.

82. With respect to issues raised in individual compliance filings, Interstate Renewable Energy Council states that the El Paso Electric and Arizona Public Service Co.'s filings cross-reference a document entitled "Transmission Planning Process Guideline" that briefly refers to renewable generation but states that it will be evaluated on a "case specific basis" rather than as an integral part of the transmission planning process. Interstate Renewable Energy Council argues that this document is geared towards large generation and transmission infrastructure as a solution to electric demands growth and fails to explain how renewable generation, energy efficiency, or demand response resources are accounted for in load forecasts.¹³⁹

(c) **Answer**

83. Filing Parties argue that the requirement to submit the same supporting information for transmission and non-transmission alternatives is essential to comparability and to ensure that the regional transmission planning process is not unduly preferential or discriminatory in favor of non-transmission alternatives. They assert, however, that the proposal allows project proponents, of both transmission and non-transmission alternatives, to omit information and explain why it is unnecessary.¹⁴⁰ Filing Parties and Public Power Entities support the required \$25,000 submittal fee, stating that failure to uniformly require this fee could be unduly preferential or discriminatory in favor of non-transmission alternatives.¹⁴¹ Filing Parties state, however, that no additional fees in addition to the \$25,000 fee are expected to be required for project submission required for non-transmission alternatives.¹⁴²

84. Public Power Entities argue that Filing Parties' proposal provides for comparable treatment of transmission projects and non-transmission alternatives. They argue that Order No. 1000 did not establish minimum requirements governing which non-transmission alternatives should, or must, be considered, instead leaving those decisions to each region. Public Power Entities assert that the proposal provides procedures for submission of non-transmission alternatives that are comparable to those for transmission

¹³⁹ Interstate Renewable Energy Council Comments at 11-12.

¹⁴⁰ Filing Parties Answer, App. A, No. 23 (citing Public Service Company of Colorado OATT, Attachment R-PSCo § III.C.5).

¹⁴¹ *Id.*, App. A, No. 24; Public Power Entities Answer at 15-16.

¹⁴² Filing Parties Answer, App. A, No. 25.

projects and flexibility for non-transmission alternatives to deviate from these standard requirements, as needed.¹⁴³

85. Public Service Company of Colorado argues that the use of “verified” demand response is appropriate as the Commission expressly rejected establishing metrics for the comparison of transmission proposals and non-transmission alternatives. It states that it chose to require the verification of demand response in order to ensure that the demand response capability provides an equivalent level of certainty to the transmission proposal it would replace. In addition, Public Service Company of Colorado states that the Commission previously accepted the reference to “verified demand response” in its currently-effective Attachment R. Therefore, Public Service Company of Colorado states that the use of “verified” demand response does not fail the comparability requirements of Order No. 890.¹⁴⁴

(d) Commission Determination

86. We find that Filing Parties’ filings partially comply with the comparability principle.

87. Specifically, we find that the proposal provides sufficient detail regarding how non-transmission alternatives will be evaluated in the regional transmission planning process. As addressed below in section IV.B.2.d, all proposals, including both transmission and non-transmission alternatives, will be evaluated using seven criteria, set forth in the OATTs, that determine, among other things, which proposed alternative will reliably, feasibly, and practically fulfill the identified regional transmission need.¹⁴⁵ We therefore decline Interstate Renewable Energy Council’s requests that Filing Parties provide additional detail in their respective OATTs regarding how non-transmission alternatives will be accounted for in the regional transmission planning process and identify non-transmission alternatives in the regional transmission planning process. Order No. 1000 requires only that such alternatives be considered as compared to potential transmission solutions, consistent with what was required under Order No. 890, and Filing Parties’ proposal satisfies this requirement.¹⁴⁶ We note, however, that Filing Parties’ OATTs fail to require that WestConnect, after considering the data and comments supplied by customers and other stakeholders, will develop a transmission

¹⁴³ Public Power Entities Answer at 13-15.

¹⁴⁴ Public Service Company of Colorado Answer at 9.

¹⁴⁵ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.D.1.

¹⁴⁶ *See* Order No. 1000-A, 139 FERC ¶ 61,132 at P 193.

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.¹⁴⁷ Accordingly, on compliance, Filing Parties must revise their respective OATTs to address this requirement.

88. We reject Interstate Renewable Energy Council's requests that we order changes to Filing Parties' local transmission planning processes previously accepted by the Commission in compliance with Order No. 890¹⁴⁸ because it has not demonstrated that the existing provisions are unjust and unreasonable. We also deny, as beyond the scope of Order No. 1000 compliance, Interstate Renewable Energy Council's request that we investigate the "Transmission Planning Process Guideline" contained in El Paso Electric and Arizona Public Service Co.'s local transmission planning processes. We reject NV Energy's proposal to eliminate from its local transmission planning process a provision requiring comparable treatment of all solutions that are presented on a timely basis. NV Energy has failed to justify that deletion, and removal of such provision is beyond the scope of Order No. 1000, which did not direct public utility transmission providers to remove existing OATT language regarding non-transmission alternatives.¹⁴⁹

89. We find that the proposed treatment of non-transmission alternatives in the regional transmission planning process might not be comparable to the proposed treatment of transmission solutions and requires further clarification by Filing Parties. Filing Parties' proposal expressly provides that non-transmission alternatives will be subject to the same or equivalent information and fee requirements as transmission proposals. In addition, Filing Parties state in their answer that non-transmission alternatives, like transmission proposals, will have the opportunity to demonstrate that information required for a project submittal in the WestConnect regional transmission planning process should not be required for a specific non-transmission alternative. We note, however, that, contrary to Filing Parties' OATT provisions for transmission proposals, the opportunity to make this demonstration for non-transmission alternatives is not explicitly stated in Filing Parties' OATTs.¹⁵⁰ Accordingly, we direct Filing Parties on

¹⁴⁷ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 494.

¹⁴⁸ *E.g.*, Interstate Renewable Energy Council Comments at 12 (requesting that the Commission require Arizona Public Service Co. to revise its local economic planning study processes).

¹⁴⁹ In section IV.B.4, we address other changes proposed by Filing Parties to their respective local transmission planning processes.

¹⁵⁰ *Compare, e.g.*, Arizona Public Service Co. OATT, Attachment E § III.C.5 ("Should the submitting stakeholder [of a transmission project proposal] believe certain information is not necessary, it shall identify the information it believes is not necessary
(*continued . . .*)

compliance to amend their respective OATTs to expressly provide transmission and non-transmission alternatives the opportunity to omit unnecessary information, with an explanation, consistent with Filing Parties' answer concerning this issue.

90. Filing Parties' proposal also appears to apply a \$25,000 filing fee on a non-comparable basis, and its application to non-transmission alternatives might be unjust, unreasonable, and unduly discriminatory. The \$25,000 fee appears to apply to transmission proposals for which regional cost allocation is being sought and to non-transmission alternatives, which Filing Parties state will not be eligible for regional cost allocation.¹⁵¹ Assessing a \$25,000 fee for proposing non-transmission alternatives that are ineligible for regional cost allocation appears unjust and unreasonable. As such, Filing Parties may not assess this fee for proposing projects that do not seek cost allocation, including non-transmission alternatives. Filing Parties on compliance should revise their OATTs accordingly.

91. Finally, Nevada Commission's concern that non-transmission alternatives are not eligible for cost allocation defeats Order No. 1000's goal that non-transmission alternatives are treated comparably is beyond the scope of Order No. 1000's cost allocation reforms.¹⁵²

vi. Dispute Resolution

92. The dispute resolution principle requires public utility transmission providers to identify a process to manage disputes that arise from the regional transmission planning process. In order to facilitate resolution of all disputes related to planning activities, a

and shall provide a justification for its conclusion that the information is not necessary.”) *with, e.g., id.* § III.C.6 (containing no similar provision for non-transmission alternatives).

¹⁵¹ *Compare id.* § III.C.5 (requiring that transmission proposals submit a \$25,000 fee to support regional studies of the project only “[i]f seeking cost allocation through WestConnect”) *with, e.g., id.* § III.C.6 (requiring that “those who submit a non-transmission alternative under the regional planning process must adhere to and provide the same or equivalent information *and submittal fees* as transmission alternatives” (emphasis added)); *see also* Arizona Public Service Co. Transmittal Letter at 15 (“In addition, stakeholders that desire to submit a project involving a non-transmission alternative solution shall also pay a \$25,000 submittal fee.”).

¹⁵² Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 779.

public utility transmission provider's dispute resolution process must be available to address both procedural and substantive planning issues.¹⁵³

(a) **Filing Parties' Compliance Filings**

93. Filing Parties propose to have two sets of dispute resolution procedures: one, contained in their respective OATTs, for resolving disputes between WestConnect stakeholders and individual Filing Parties, and the second, to be included in the Planning Participation Agreement that is under development, governing disputes related to the regional transmission planning process among members of the Planning Management Committee (i.e., voting members of WestConnect).¹⁵⁴ The OATT proposal provides that disputes within the scope of the WECC dispute resolution procedures will be resolved pursuant to the procedures contained in the WECC Business and Governance Guidelines and Policies.¹⁵⁵ For disputes that are not within the scope of the WECC dispute resolution procedures, the proposal provides that the procedures set forth in Filing Parties' respective OATTs will govern, with the added provision that upon agreement of the parties, any dispute that is not resolved by direct negotiation within a reasonable period of time may be referred to mediation (before or during arbitration), and all applicable timelines will be suspended until such time as the mediation process terminates (unless otherwise agreed to by the parties).¹⁵⁶

(b) **Protests/Comments**

94. No protests or comments were received regarding this issue.

(c) **Commission Determination**

95. We find that Filing Parties' filings partially comply with the dispute resolution principle. As applied to disputes within the scope of WECC's dispute resolution procedures and each Filing Party's existing OATT dispute resolution procedures, we find that the proposed provisions are consistent with the procedures previously accepted by the Commission under Order No. 890.¹⁵⁷ However, we note that the procedures do not

¹⁵³ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 501.

¹⁵⁴ *E.g.*, Arizona Public Service Co. Transmittal Letter at 12.

¹⁵⁵ *E.g.*, Arizona Public Service Co. OATT, Attachment E § V.A.

¹⁵⁶ *E.g.*, *id.* § V.B.

¹⁵⁷ *See, e.g.*, *El Paso Elec. Co.*, 128 FERC ¶ 61,063, at PP 40-42 (2009). The Commission notes that some (e.g., El Paso Electric), but not all (e.g., UNS Electric), of Filing Parties' existing dispute resolution procedures provide that disputes within the

(continued . . .)

apply to disputes that might arise between or among members of the Planning Management Committee. Filing Parties state in their transmittal letters, and certain Filing Parties also state in their proposed OATT revisions,¹⁵⁸ that additional dispute resolution procedures will be included in the Planning Participation Agreement to be executed by members of the Planning Management Committee, and that such procedures will govern disputes between or among members of that committee. Such procedures must be reflected in Filing Parties' respective OATTs and accepted by the Commission. Accordingly, we direct Filing Parties to file, within 120 days of the date of issuance of this order, further compliance filings that revise Filing Parties' respective OATTs to include all procedures to address disputes that arise from the regional transmission planning process.

vii. Economic Planning Studies

96. The economic planning studies principle requires a public utility transmission provider to account for economic, as well as reliability, considerations of its OATT customers in the transmission planning process. The principle requires that the scope of economic studies should not 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.¹⁵⁹

(a) Filing Parties' Compliance Filings

97. Filing Parties propose that WestConnect analyze projects that have the potential to reduce the total delivered cost of energy by alleviating congestion or providing other economic benefits to the transmission systems within the WestConnect footprint.¹⁶⁰

WECC dispute resolution procedures will be governed by those procedures. *Compare* Arizona Public Service Co., FERC Electric Tariff, Volume No. 2, Attachment E, § 6 (Dispute Resolution) (0.0.0) *with* UNS Electric, Open Access Transmission Tariff, Attachment K (Transmission Planning Process) (0.1.0) § VI. Because the Commission previously concluded that the WECC/non-WECC approach complies with the Order No. 890 dispute resolution requirements, the Commission similarly accepts Filing Parties' proposal to uniformly adopt this approach in their respective OATTs.

¹⁵⁸ *E.g.*, Cheyenne LF&P OATT, Attachment K § V.2 (specifically providing that disputes between members of the Planning Management Committee will be subject to separate dispute resolution provisions set forth in the Planning Participation Agreement).

¹⁵⁹ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at PP 542-543.

¹⁶⁰ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.D.3.

Filing Parties propose to use WECC's TEPPC economic study process, which conducts Western Interconnection-wide economic planning studies, to address economic study requests.¹⁶¹ The process to conduct economic studies is as follows: as provided in the local transmission planning processes of Filing Parties, stakeholders may submit a study request for an economic planning study directly to the local transmission provider, WestConnect, or TEPPC. All requests for economic planning studies submitted to the local transmission provider, that are determined to encompass the WestConnect planning region or the Western Interconnection, and all submitted to WestConnect will be forwarded to TEPPC.¹⁶² These study requests will then be processed and prioritized in accordance with the existing TEPPC Transmission Planning Protocol. Specifically, Filing Parties' OATTs indicate that when an economic planning study is transferred to TEPPC, TEPPC will review the economic planning study requests received from transmission providers, sub-regional transmission planning groups, and stakeholders during its open stakeholder meeting, pursuant to the meeting schedules on the TEPPC website, and, together with its stakeholders, prioritize requests for economic planning studies. Both the transmission provider and the requesting stakeholder will have an opportunity to participate in the TEPPC prioritization process and provide input as to why the study should be included in the TEPPC study plan. Additionally, WestConnect will provide advice, on an as-needed basis, to TEPPC regarding prioritizing regional economic planning study requests and potential clustering of requested regional economic planning studies, if those studies involve facilities in the WestConnect footprint.¹⁶³

(b) Protests/Comments

98. Interstate Renewable Energy Council asserts that the El Paso Electric and Arizona Public Service Co. OATTs state that they have no obligation to conduct and pay for more than three priority local economic planning studies each year. Interstate Renewable Energy Council argues that the Commission should eliminate this limitation of three studies and direct the transmission owners to conduct a study of at least one non-transmission alternative that targets packages of distributed renewable generation,

¹⁶¹ *E.g., id.* §§ III.D.3 and VI.A.

¹⁶² *E.g., id.* § II.A.5.

¹⁶³ *E.g., id.* § II.A.5.c. Filing Parties' OATTs provide a link where more details regarding the TEPPC economic planning study process and study request window, such as the TEPPC Transmission Planning Protocol, can be found.

demand response, and energy efficiency as an alternative to a transmission improvement case.¹⁶⁴

(c) **Commission Determination**

99. We find that Filing Parties' compliance filings comply with the economic planning studies principle. As explained above, through the TEPPC Transmission Planning Protocol, the transmission planning process will account for economic considerations as required by the economic planning studies principle. Filing Parties' compliance filings also describe the process through which regional economic studies may be requested by stakeholders and explain that the studies will be prioritized in accordance with the TEPPC Transmission Planning Protocol.¹⁶⁵ Accordingly, consistent with the Commission's finding for the local transmission planning process, we find that Filing Parties have met the economic planning studies principle.¹⁶⁶

100. We deny Interstate Renewable Energy Council's request that Filing Parties eliminate the existing limitation of three local studies. Order No. 890 requires transmission providers to identify a certain number of high priority local economic planning studies they will conduct annually. As a result, the Commission previously approved the provisions raised by Interstate Renewable Energy Council explaining that three high priority economic planning studies will be conducted. In response to Interstate Renewable Energy Council's request to conduct a specific number of non-transmission alternatives studies, we find that this goes beyond what the Commission required in Order Nos. 890 and 1000. Accordingly, we deny Interstate Renewable Energy Council's request.

c. **Requirement to Plan on a Regional Basis to Identify More Efficient or Cost-Effective Transmission Solutions**

101. Through the regional transmission planning process, public utility transmission providers must evaluate, in consultation with stakeholders, alternative transmission solutions that might meet the needs of the transmission planning region more efficiently or cost-effectively than solutions identified by individual public utility transmission providers in their local transmission planning process.¹⁶⁷ Public utility transmission

¹⁶⁴ Interstate Renewable Energy Council Comments at 12.

¹⁶⁵ AWEA's comment that economic studies do not form an integral part of the proposed regional transmission planning process is addressed below in section IV.B.1.c.i.

¹⁶⁶ *See, e.g., El Paso Elec. Co.*, 128 FERC ¶ 61,063, at P 29 (2009).

¹⁶⁷ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 148.

providers have the flexibility to develop, in consultation with stakeholders, procedures by which the public utility transmission providers in the region identify and evaluate the set of potential solutions that may meet the region's needs more efficiently or cost-effectively.¹⁶⁸ In addition, whether or not public utility transmission providers within a transmission planning region select a transmission facility in the regional transmission plan for purposes of cost allocation will depend in part on their combined view of whether the transmission facility is a more efficient or cost-effective solution to their needs.¹⁶⁹

102. Public utility transmission providers in each transmission planning region, in consultation with stakeholders, must propose what information and data a merchant transmission developer¹⁷⁰ must provide to the regional transmission planning process to allow the public utility transmission providers in the transmission planning region to assess the potential reliability and operational impacts of the merchant transmission developer's proposed transmission facilities on other systems in the region.¹⁷¹

103. Finally, the regional transmission planning process developed by public utility transmission providers, in consultation with stakeholders, must result in a regional transmission plan that reflects the determination of the set of transmission facilities that more efficiently or cost-effectively meet the region's needs.¹⁷² Order No. 1000 does not require that the resulting regional transmission plan be filed with the Commission.

i. Affirmative Obligation to Plan

(a) Filing Parties' Compliance Filings

104. Filing Parties state that the purpose of the proposed WestConnect transmission planning process is to identify regional needs and to determine the more efficient or cost-

¹⁶⁸ *Id.* P 149.

¹⁶⁹ *Id.* P 331.

¹⁷⁰ Order No. 1000 defines merchant transmission projects as projects "for which the costs of constructing the proposed transmission facilities will be recovered through negotiated rates instead of cost-based rates." *Id.* P 119. The Commission noted in Order No. 1000 that "a merchant transmission developer assumes all financial risk for developing its transmission project and constructing the proposed transmission facilities. . ." *Id.* P 163.

¹⁷¹ *Id.* P 164; Order No. 1000-A, 139 FERC ¶ 61,132 at PP 297-298.

¹⁷² Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 147.

effective solutions for those regional needs.¹⁷³ They explain that WestConnect will use WECC-approved regional system base cases as a reference point to begin the regional power flow and economic analyses. According to Filing Parties, a number of base cases will then be run using power flow, production cost modeling, and other modeling qualifiers such as seasons and hours. They explain that the model will be validated once the base cases are established, and that they expect that this will be done through the performance of a regional reliability assessment for the WestConnect Order No. 1000 transmission planning region to ensure that loads, resources, existing transmission topology, enacted public policies, and transmission owner local plans are incorporated into the base cases, and that local transmission owner plans are simultaneously feasible under a consistent set of data assumptions. Filing Parties explain that various studies will be performed at this stage, including, but not limited to, steady-state power flow, voltage, stability, short circuit, and transient studies. If a reliability violation is identified, it will be referred back to the applicable transmission owner for resolution.¹⁷⁴

105. Filing Parties note that production cost modeling also plays a role in the analysis if there is a WECC Board-approved recommendation to evaluate a regional area of concern, or if a regional scenario is approved for study by the Planning Management Committee.¹⁷⁵ Filing Parties state that highly used and congested paths will be subject to investigation in the planning process through a production cost model analysis. Regarding the process to identify more efficient or cost-effective economic solutions, the regional process provides that upon a WECC Board-approved recommendation to further investigate congestion within the WestConnect planning region that WestConnect has subsequently validated, WestConnect will analyze economic projects and conduct a review for potential economic transmission solutions.¹⁷⁶ The process further allows that additional projects may be proposed by stakeholders or developed through the stakeholder input process for evaluation of economic benefits.¹⁷⁷

106. Filing Parties also explain that non-transmission projects will also be considered in assessing the need for transmission additions and/or upgrades to maintain the reliability of the system, meet public policy requirements, or provided economic benefits. Filing

¹⁷³ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.D.1.

¹⁷⁴ *E.g.*, Arizona Public Service Co. Transmittal Letter at 8.

¹⁷⁵ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.D.3.

¹⁷⁶ *E.g.*, *id.* §§ III.D.3, VI.A.3.c.

¹⁷⁷ *E.g.*, *id.* § III.D.3. There is no additional detail in the OATT regarding how a project may be developed through the stakeholder input process.

Parties state that non-transmission alternatives include, but are not limited to, technologies that defer or possibly eliminate the need for new and/or upgraded transmission lines such as distributed generation, demand-side management, energy efficiency, and demand response. Non-transmission alternatives will be evaluated to determine if they provide a more efficient or cost-effective solution to an identified regional transmission need.¹⁷⁸

107. Filing Parties also state that upon completion of the studies and stakeholder input, the Planning Management Committee will vote to approve the regional transmission plan, which will explain why projects were either included or not included in the plan.¹⁷⁹ According to Filing Parties, WestConnect will develop and publish a regional transmission plan every other year since the WestConnect Order No. 1000 regional transmission planning cycle is biennial.¹⁸⁰

108. According to Filing Parties, the OATT, among other things, explains procedures for cost allocation, voting, and evaluation and selection of projects. The Business Practice Manual will contain additional planning process details, such as a timeline and implementation mechanics, and outline how WestConnect will check base case models for adherence to relevant NERC Transmission Planning Standards.¹⁸¹

(b) Protests/Comments

109. Colorado Commission contends that the proposed transmission planning approach fails to identify transmission planning needs at the regional level and, instead, relies on incumbent transmission providers to provide information on projects to WestConnect based on assessment of their individual plans. Colorado Commission explains that Filing Parties' decision to start with a "bottom-up" approach will result in merely rolling up preexisting local plans to identify transmission needs and determine the most cost-effective solution. Further, Colorado Commission expresses concern that the "top-down" reliability assessment will similarly not help to identify the most cost effective solution because it remains focused at the local level.¹⁸²

¹⁷⁸ *E.g., id.* § III.D.5.

¹⁷⁹ *E.g., id.* § III.D.6.

¹⁸⁰ *E.g., Arizona Public Service Co. Transmittal Letter at 8; see also Arizona Public Service Co. OATT, Attachment E § III.C.7.*

¹⁸¹ *E.g., Arizona Public Service Co. OATT, Attachment E § III.D.1-2.*

¹⁸² Colorado Commission Comments at 11-13.

110. In addition, Colorado Commission argues that since Filing Parties' approach is inherently focused at the local level and relies on the plans of local incumbent transmission providers, the analysis is biased toward their local plans and proposed projects. Moreover, Colorado Commission asserts that this local level-focused approach will result in narrowing the possible project options from the initial stages of the process. Similarly, Colorado Commission believes that this approach, which it believes embodies a narrow scope and view, is not the most effective way to consider non-transmission alternatives.¹⁸³ For these reasons, Colorado Commission argues that Filing Parties' approach is not compliant with Order No. 1000.

111. According to AWEA, by establishing separate planning processes for different categories of transmission, the proposal fails to meet the integrated planning goals of Order No. 1000 because it ignores the fact that most cost-effective transmission projects are typically those that serve multiple purposes simultaneously.¹⁸⁴ Moreover, AWEA points out that, under Filing Parties' proposal, production cost model analysis is only allowed if there is a WECC Board-approved recommendation from TEPPC to evaluate an area or if a regional scenario is approved by the Planning Management Committee. AWEA argues that because economic studies are only conducted under these limited circumstances and do not form an integral part of the transmission planning process, the economic planning studies principle is not met. As a result, AWEA requests the Commission to require Filing Parties to make economic planning studies an integral part of the transmission planning process.¹⁸⁵

(c) **Answers**

112. Filing Parties respond to the Colorado Commission's argument that a hybrid, rather than a local project-based, approach to planning should be used by arguing that Order No. 1000 does not mandate a particular approach to transmission planning.¹⁸⁶ Regarding AWEA's comments that economic studies do not form an integral part of the transmission planning process, Filing Parties respond that reliance on stakeholder-based WECC recommendations, together with recommendations from the Planning Management Committee, provides the requisite criteria to identify areas of concern for economic projects. Additionally, Filing Parties assert that this process will enable the

¹⁸³ *Id.*

¹⁸⁴ AWEA Comments at 19.

¹⁸⁵ *Id.* at 20-21.

¹⁸⁶ Filing Parties Answer, App. A, No. 1.

Planning Management Committee to leverage the existing, robust WECC stakeholder process to avoid duplicating existing WECC efforts.¹⁸⁷

113. Filing Parties dispute AWEA's concern that the proposal does not meet the Order No. 1000 planning goals by establishing separate planning processes for different types of transmission. Rather, according to Filing Parties, the regional cost allocation process can consider projects fulfilling more than one type of purpose, with this evaluation authority vested in the Planning Management Committee.¹⁸⁸

(d) Commission Determination

114. We find that the regional transmission planning process specified in Filing Parties' compliance filings partially comply with Order No. 1000 because Filing Parties' proposed OATT revisions suggest that WestConnect will rely solely on stakeholders and other interested parties to propose more efficient or cost-effective solutions, with no indication that WestConnect will conduct its own regional analysis to identify such solutions. For example, WestConnect will identify projects to resolve any potential reliability violations, but will rely on interested parties to propose regional reliability projects that replace components of the local transmission plans of multiple transmission owners. In addition, WestConnect will analyze economic projects and projects to address transmission needs driven by public policy requirements, but there is no indication as to whether such projects will be identified by WestConnect or by stakeholders, prospective transmission developers, and other interested parties.

115. Order No. 1000 requires public utility transmission providers to participate in a transmission planning region that conducts a regional analysis to identify whether there are more efficient or cost-effective solutions to regional needs. It is not sufficient for a transmission planning region to merely "roll-up" local transmission plans without analyzing whether the regional needs, when taken together, can be met more efficiently or cost-effectively by a regional solution.

116. One of the stated purposes of the requirements adopted in Order No. 1000 is "to remedy deficiencies in the requirements of Order No. 890. . . ."¹⁸⁹ The Commission explained the deficiencies as follows:

Order No. 890 required public utility transmission providers to coordinate at the regional level for the purpose of sharing

¹⁸⁷ *Id.*, App. A, No. 17.

¹⁸⁸ *Id.*, App. A, No. 14.

¹⁸⁹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 12.

system plans and identifying system enhancements that could relieve congestion or integrate new resources. The Commission did not specify, however, whether such coordination with regard to identifying system enhancements included an obligation for public utility transmission providers to take affirmative steps to identify potential solutions at the regional level that could better meet the needs of the region. As a result, the existing requirements of Order No. 890 permit regional transmission planning processes to be used as a forum merely to confirm the simultaneous feasibility of transmission facilities contained in their local transmission plans. Consistent with the economic planning requirements of Order No. 890, regional transmission planning processes also must respond to requests by stakeholders to perform studies that evaluate potential upgrades or other investments that could reduce congestion or integrate new resources or loads on an aggregated or regional basis. Again, no affirmative obligation was placed on public utility transmission providers within a region to undertake such analyses in the absence of requests by stakeholders. There is also no obligation for public utility transmission providers within the region to develop a single transmission plan for the region that reflects their determination of the set of transmission facilities that more efficiently or cost-effectively meet the region's needs.¹⁹⁰

Order No. 1000 addresses these deficiencies by, among other requirements, placing an affirmative obligation on public utility transmission providers to participate in a regional transmission planning process that produces a regional transmission plan.¹⁹¹

117. While Filing Parties' transmittal letters and the Business Practice Manual state that WestConnect will conduct its own analysis to identify the more efficient or cost-effective solutions, the procedures implementing this proposal are not explicit in the OATTs. To satisfy the requirements of Order No. 1000, we require Filing Parties to submit OATT revisions that describe the process WestConnect will use to identify more efficient or cost-effective solutions and explain how the region will conduct that regional analysis through power flow studies, production cost analyses, and/or other methods.

¹⁹⁰ *Id.* P 147 (footnotes omitted).

¹⁹¹ *Id.* P 148.

118. This affirmative obligation to identify more efficient or cost-effective transmission solutions applies to transmission needs driven by economic considerations just as it applies to transmission needs driven by public policy requirements or reliability considerations. Filing Parties state that the regional process provides that upon a WECC Board-approved recommendation to further investigate congestion within the WestConnect planning region that WestConnect has subsequently validated, WestConnect will analyze economic projects and conduct a review for potential economic transmission solutions.¹⁹² We agree with AWEA that, as proposed, economic planning is not an integral part of the proposed regional transmission planning process. We are not persuaded by Filing Parties' assertion that the proposed process, which leverages the existing WECC and TEPPC processes, is justified because it will avoid duplicating existing WECC efforts; as explained above, simply relying on stakeholder requests for economic studies is insufficient to meet the requirements of Order No 1000.

119. Accordingly, as discussed above, we direct Filing Parties, within 120 days of the date of issuance of this order, to revise their respective OATTs to set forth the affirmative obligation that WestConnect has to identify solutions that more efficiently or cost-effectively meet transmission needs driven by reliability and/or economic considerations or by public policy requirements.¹⁹³ We recognize that WestConnect might not be able to identify any such solutions in a given transmission planning cycle. However, to comply with Order No. 1000, the transmission planning region must undertake this regional analysis.

ii. Planning Horizon

(a) Filing Parties' Compliance Filings

120. Filing Parties propose that the WestConnect regional transmission plan will have a ten-year planning horizon.¹⁹⁴

(b) Protests/Comments

121. AWEA argues that the proposed ten-year planning horizon is too short and will likely prevent the region from evaluating transmission plans that would meet regional

¹⁹² *E.g.*, Arizona Public Service Co. OATT, Attachment E §§ III.D.3, VI.A.3.c.

¹⁹³ We also note that any additional OATT procedures proposed to implement the affirmative obligation discussed above must also comply with the Order No. 890 principles.

¹⁹⁴ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.A.

needs more efficiently or cost effectively than plans assessing a longer planning horizon. First, AWEA claims that transmission plans crafted for a narrow planning horizon will often prove to be sub-optimal due to a disadvantage in economies of scale. Next, it claims that a ten-year planning horizon will result in transmission investments that fall short of the efficient level because, while the costs of transmission assets are front-loaded, the benefits are realized over the life of the asset. AWEA stresses that longer planning horizons allow greater quantities of load growth and generation resource development to be considered in the planning process and allow for a more cost-effective solution to the long-term needs of the region. Moreover, it is concerned that the ten-year planning horizon could result in undue discrimination because shorter planning horizons tend to bias the selection of transmission plans towards smaller, local transmission plans, such as those proposed by incumbent transmission providers. Accordingly, AWEA encourages the Commission to require a longer planning horizon.¹⁹⁵

(c) **Answers**

122. Filing Parties reject AWEA's argument that the proposed ten-year planning horizon is too short. They argue that Order No. 1000 imposes no obligation to consider a longer timeframe, and that the ten-year horizon is consistent with both the NERC Transmission Planning Standards planning horizon for identifying reliability projects and the planning horizons of neighboring regions with which WestConnect will establish interregional planning procedures.¹⁹⁶

(d) **Commission Determination**

123. We disagree with AWEA that the proposed ten-year planning horizon is too short and will prevent the region from evaluating transmission plans that would meet regional needs more efficiently or cost-effectively than plans assessing a longer planning horizon. Order No. 1000 did not establish a minimum long-term planning horizon for regional transmission planning,¹⁹⁷ and we are satisfied by Filing Parties' explanation that the proposed planning timeframe is consistent with planning horizons used to comply with the NERC Transmission Planning Standards. Therefore, we find that a ten-year planning horizon is a reasonable timeframe for use in the regional transmission planning process.

¹⁹⁵ AWEA Comments at 17-18.

¹⁹⁶ Filing Parties Answer, App. A, No. 13.

¹⁹⁷ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 157.

iii. Proposed Governance Structure**(a) Filing Parties' Compliance Filings**

124. Filing Parties state that following the effective date of the Order No. 1000 compliance filings, the WestConnect members will terminate or supersede the existing WestConnect Project Agreement for Subregional Transmission Planning (Project Agreement) and establish the Planning Management Committee, which will be responsible for administering the regional transmission planning process. They state that in conjunction with the creation of the Planning Management Committee, WestConnect members will establish, in consultation with interested stakeholders, the Planning Participation Agreement to permit interested stakeholders to participate in the regional transmission planning process. Filing Parties explain that for interested stakeholders to have voting rights on the Planning Management Committee, and decisions related to the regional transmission planning process, stakeholders will be required to execute the Planning Participation Agreement and any necessary confidentiality agreements.¹⁹⁸

125. Filing Parties propose that the Planning Management Committee will be comprised of representatives from five stakeholder sectors: (1) transmission owners with load serving obligations; (2) transmission customers; (3) independent transmission developers and owners; (4) state regulatory commissions; and (5) key interest groups. Except for members qualified to join the “transmission owners with load serving obligations” sector, who must join that sector, any entity may join any membership sector for which it qualifies. Members may only participate in one membership sector.¹⁹⁹ Filing Parties state that the responsibilities of the Planning Management Committee will be established in the Planning Participation Agreement. Under the proposed voting structure of the Planning Management Committee, an affirmative vote of at least 75 percent of the members in a given sector is necessary for that sector’s approval. For Planning Management Committee approval, a proposal must be approved by: (1) a simple majority of sectors, provided that one of the approving sectors is the “transmission owners with load serving obligations” sector, or (2) the four sectors besides the “transmission owners with load serving obligations” sector and at least two-thirds of the members of the “transmission owners with load serving obligations” sector.²⁰⁰

¹⁹⁸ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.A.

¹⁹⁹ *E.g.*, *id.* § III.B.5.a.

²⁰⁰ *E.g.*, Arizona Public Service Co. Transmittal Letter at 7; Arizona Public Service Co. OATT, Attachment E § III.B.5.b.

126. Filing Parties propose that to qualify as an active member of the Planning Management Committee, a member must actively participate by attending at least three Planning Management Committee meetings each year (in person or by phone) and must be current with annual dues.²⁰¹ Failure to satisfy these requirements, Filing Parties explain, will result in the Planning Management Committee deeming the member inactive, until the member resolves the deficiencies. Filing Parties state that inactive members' votes will not be counted.²⁰²

(b) Protests/Comments

127. Nevada Commission is concerned that the combination of WestConnect's bottom-up approach and voting structure will effectively provide transmission owners with a veto power over all Planning Management Committee decisions. As a result, Nevada Commission asserts that the regional planning process might comply with the minimum required by Order No. 1000 without actually considering whether the resulting regional plan will identify more efficient or cost-effective transmission solutions.²⁰³ LS Power and Clean Line are also concerned that the voting structure of the Planning Management Committee gives transmission owners with load serving obligations disproportionate control – effectively a veto – over the regional transmission plan.²⁰⁴

128. New Mexico Commission, Colorado Commission, and Nevada Commission state that the relationship between the Planning Management Committee and the existing Steering Committee has been reserved for resolution in the yet-to-be-drafted Planning Participation Agreement.²⁰⁵ New Mexico Commission and Colorado Commission also state that the Planning Participation Agreement contains a number of uncertainties including: (1) the exact legal relationship between members of the Planning Management Committee; (2) the entities that will actually sign the Planning Participation Agreement; (3) the subjects that may be addressed through transmission owner-only “executive sessions;” (4) the notice requirements for exiting the Planning Management

²⁰¹ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.B.2.

²⁰² *E.g.*, Arizona Public Service Co. Transmittal Letter at 7.

²⁰³ Nevada Commission Comments at 2-3.

²⁰⁴ Clean Line Protest at 6; LS Power Protest at 12-15.

²⁰⁵ New Mexico Commission Comments at 4-5; Colorado Commission Comments at 8-9; Nevada Commission Comments at 4-6.

Committee; and (5) when the Planning Management Committee would take effect.²⁰⁶ Colorado Commission states that it is concerned with the lack of clarification provided by Filing Parties and states that this reflects the general lack of transparency, openness, and coordination with the Order No. 1000 compliance process.²⁰⁷

129. Interstate Renewable Energy Council and Public Interest Organizations argue that WestConnect's governance structure risks undue discrimination and incomplete duplicative organizational structures.²⁰⁸ Public Interest Organizations state that while stakeholders are working with WestConnect transmission owners, it is unclear what the design of the new Planning Participation Agreement will be and therefore it is unclear whether there will be an ongoing meaningful stakeholder role in the planning process governance necessary to ensure just and reasonable rates and avoid undue discrimination. Public Interest Organizations state that they are concerned that the Planning Participation Agreement will fail to provide an ongoing meaningful stakeholder role in planning process governance, reduce the transparency necessary for effective stakeholder participation, and inhibit stakeholder consultations required to ensure the planning decisions result in just and reasonable rates and avoid undue discrimination.²⁰⁹ Further, Public Interest Organizations state that the compliance filings fail to clearly explain how the WestConnect governance will transition from its pre- to its post-Order No. 1000 structures.²¹⁰ Public Interest Organizations assert that it is unclear whether the planning responsibilities will be divided between the two Planning Management subcommittees or if they will be combined into one committee, and they state that they support maintaining one Planning Management Committee. They state that they are concerned with the potential of duplicative organization structures that might discriminate against stakeholders with limited resources.²¹¹ Interstate Renewable Energy Council and Public Interest Organizations request that the Commission direct Filing Parties to finalize the

²⁰⁶ New Mexico Commission Comments at 4-5; Colorado Commission Comments at 8-9.

²⁰⁷ Colorado Commission Comments at 8.

²⁰⁸ Interstate Renewable Energy Council Comments at 14; Public Interest Organizations Comments at 20.

²⁰⁹ Public Interest Organizations Comments at 21.

²¹⁰ *Id.* at 20.

²¹¹ *Id.* at 20-22.

details of the new governance structure and participation as part of their Order No. 1000 compliance process rather than waiting until after the fact.²¹²

130. AWEA states that Filing Parties failed to provide sufficient detail about how the membership of the Planning Management Committee would function in order to determine if the practice is inclusive enough and ensures participation by all interested stakeholders.²¹³

131. Public Power Entities state that the development of WestConnect Order No. 1000 compliance filings resulted from robust stakeholder participation and adequately took into consideration the interest of all involved stakeholders without giving control over regional planning and cost allocation to any group or entity.²¹⁴ Public Power Entities, Interstate Renewable Energy Council, and Public Interest Organizations support the Planning Management Committee being composed of five member sectors and assert that the Planning Management Committee allows for a significant role for all stakeholder groups in developing WestConnect's regional transmission planning and cost allocation decisions.²¹⁵ Interstate Renewable Energy Council and Public Interest Organizations state that the structure provides for transparency and maintains the framework for strong stakeholder participation over time.²¹⁶

132. Nevada Commission states that the tariff should specify which actions by the Planning Management Committee require what it views as a cumbersome approval process.²¹⁷ It asserts that Filing Parties might not have intended for items that do not impact the regional planning process to undergo this high threshold for approval and that Filing Parties should specify which items are required to be approved by this process.²¹⁸

²¹² Interstate Renewable Energy Council Comments at 14; Public Interest Organizations Comments at 22.

²¹³ AWEA Comments at 11-12.

²¹⁴ Public Power Entities Comments at 20.

²¹⁵ *Id.*; Interstate Renewable Energy Council Comments at 13; Public Interest Organizations Comments at 19.

²¹⁶ Interstate Renewable Energy Council Comments at 13; Public Interest Organizations Comments at 19.

²¹⁷ Nevada Commission Comments at 9.

²¹⁸ *Id.* at 10.

(c) Answers

133. In response to concerns about the relationship between and among the Planning Management Committee, the Planning Participation Agreement, and other functions within WestConnect governance, Filing Parties clarify that: (1) the Order No. 1000 regional transmission planning function will be performed by the Planning Management Committee, and that any non-public executive sessions will include all members of that committee, not solely transmission-owning members; (2) the existing Steering Committee will be a parallel committee with no authority to override or modify decisions made by the Planning Management Committee, which Filing Parties indicate will be autonomous in its regional transmission planning role; (3) the Planning Participation Agreement will be executed by all entities, in all sectors, that elect to serve on the Planning Management Committee; and (4) WestConnect will continue to have functions beyond regional transmission planning, and that those functions are not addressed in the compliance filings.²¹⁹ Filing Parties explain that the Planning Participation Agreement will not establish a separate governance and stakeholder process, but instead will simply replace the existing planning agreement and reflect the governance structure included in the compliance filings.²²⁰ As a result, Filing Parties argue that no additional compliance filings are required to describe the details of the governance structure and Planning Participation Agreement.²²¹ Public Power Entities agree.²²²

134. Filing Parties reiterate, in response to AWEA's concern regarding the makeup of the Planning Management Committee, that any stakeholder interested in voting on the Planning Management Committee may sign the Planning Participation Agreement, pay the appropriate dues, and join the committee.²²³ Filing Parties state that each stakeholder member will be entitled to a full vote on all issues governed by that committee, including the regional planning process, approval of the regional plan, reevaluation of transmission projects, and determination of projects eligible for regional cost allocation.²²⁴ Public Power Entities also encourage the Commission to reject requests to modify the voting structure of WestConnect. They argue that transmission owners with load serving

²¹⁹ Filing Parties Answer at 13-16.

²²⁰ *Id.* at 16.

²²¹ *Id.* at 17-18.

²²² Public Power Entities Answer at 11-13.

²²³ Filing Parties Answer at 35.

²²⁴ *Id.* at 35-36.

obligations are required to serve the interests and needs of their ratepayers and customers, and therefore in effect stand in their shoes for determining which facilities are planned or built; in the case of Public Power Entities, they assert that they are directly synonymous with the interests of their customers because they are either directly owned by, or are the direct representatives of, their customers.²²⁵

135. In response to concerns regarding the voting power granted to the “transmission owner with load serving obligations” sector, Filing Parties explain that, as structured, more than one-third of this sector would have to vote against a measure to stop it. They explain that Order No. 1000 did not mandate any specific voting measures, let alone that regions provide any voting rights to stakeholders, and therefore that the current Filing Parties’ proposal puts stakeholders in a position superior to that required by Order No. 1000. Filing Parties also argue that this sector cannot unilaterally make decisions without the support of other sectors in the Planning Management Committee.²²⁶ Public Power Entities similarly support the voting rights granted to the “transmission owner with load serving obligations” sector, arguing that the Commission did not mandate specific voting requirements in Order No. 1000 and instead left governance to the discretion of each region.²²⁷ They also argue that the voting provisions are appropriate because it is transmission owners, and not other stakeholder groups, that are ultimately responsible for the construction and operation of transmission facilities needed to maintain reliability.²²⁸ Public Power Entities also oppose modification of the WestConnect voting structure to give state commissions a veto on the Planning Management Committee, arguing that Order No. 1000 required no specific rights for stakeholders and noting that state commissions and siting agencies already have significant power to decide whether a project will be built.²²⁹

(d) Commission Determination

136. We find that Filing Parties’ proposed governance structure for the regional transmission planning process, including the selection of transmission projects in the regional transmission plan for purposes of cost allocation, partially complies with Order

²²⁵ Public Power Entities Answer at 9.

²²⁶ Filing Parties Answer, App. A, No. 3.

²²⁷ Public Power Entities Answer at 9-10.

²²⁸ *Id.* at 10.

²²⁹ *Id.* at 10-11.

No. 1000. We direct Filing Parties to make OATT revisions on compliance, as discussed below.

137. The Planning Management Committee, which will implement the stakeholder-developed regional transmission planning process, includes representatives from five different stakeholder sectors. All stakeholders have an opportunity to join the Planning Management Committee by executing the Planning Participation Agreement and paying dues. In addition, the proposal encourages participation of stakeholders by waiving Planning Management Committee membership fees for certain non-profit organizations in the key interest group sector. Contrary to AWEA's assertions, we find that Filing Parties have provided sufficient detail about how Planning Management Committee membership will function and that this practice is inclusive to all interested stakeholders.

138. We disagree with commenters that the proposed voting structure is improper because it gives transmission owners with load serving obligations a greater amount of control within the Planning Management Committee. Order No. 1000 does not mandate either a particular voting structure or that voting rights are guaranteed for all interested stakeholders. In particular, we find it reasonable that the transmission owners sector cannot unilaterally make decisions without the support of other sectors in the Planning Management Committee. We also disagree that the OATTs should specify which actions by the Planning Management Committee should require three sectors, including the transmission owners, to approve a motion. The governance structure in Filing Parties' proposed OATT revisions specifies that all actions of the Planning Management Committee, including approval of the regional transmission plan, must satisfy the Planning Management voting requirement. Therefore, no further clarification is necessary.

139. However, we agree with protestors that clarification in the OATTs is necessary with regard to the relationship between the newly-established Planning Management Committee and the existing Steering Committee.²³⁰ Filing Parties clarified in their answer that the Steering Committee will be a parallel committee and have no authority to override or modify the decisions made by the Planning Management Committee, and the Planning Management Committee will be autonomous in its regional transmission planning role. We conclude that these clarifications should be included in Filing Parties' respective OATTs to ensure transparency. Accordingly, we require Filing Parties to clarify in their respective OATTs that the Planning Management Committee will have sole authority over the regional transmission planning process and that the Steering

²³⁰ According to Filing Parties, the Steering Committee currently has, and will continue to have, governance responsibilities over other, non-transmission planning WestConnect functions, such as WestConnect's regional pricing experiment. Filing Parties Answer at 17.

Committee will run parallel without the authority to override or modify the Planning Management Committee's decisions. Clarification of the relationship between the two committees in the OATTs also resolves concerns that the relationship between the Planning Management Committee and Steering Committee will be revised later in the Planning Participation Agreement, which is not before the Commission.

140. We do not share commenters' concerns that the Planning Management Committee is not effective until the Commission approves the compliance filings. The Planning Management Committee is ultimately responsible for implementing the WestConnect regional transmission planning process as reflected in Filing Parties' respective OATT filings. Although interested stakeholders did not have a formal voting role on the Implementation Management Committee that was formed to help develop the compliance filings, that committee will ultimately be superseded by the Planning Management Committee before the initial Order No. 1000 regional transmission planning process commences. In the meantime, stakeholders will continue to have opportunities to engage in development of regional transmission planning documents. Therefore, we disagree that the creation of the Planning Management Committee is essential for stakeholders to have an opportunity to participate in development of the Business Practice Manual.

141. We disagree with Public Interest Organizations' concerns that the compliance filings fail to clearly explain how the WestConnect governance structure will transition from its pre- to post-Order No. 1000 structure. We find that Filing Parties have provided sufficient information regarding the creation of the Planning Management Committee and the termination of the existing Project Agreement.²³¹ We also disagree with Public Interest Organizations that it is unclear how the planning responsibilities will be divided between the current structure and the new Planning Management Committee. The compliance filings clearly state that the Planning Management Committee, including representatives from all five sectors, will execute the regional transmission planning process and have authority to approve the regional transmission plan.²³²

iv. Merchant Developers

(a) Filing Parties' Compliance Filings

142. Filing Parties' OATTs define merchant transmission developers as entities that are pursuing transmission projects that they do not wish to have considered for regional cost allocation. The OATTs state the Business Practice Manual will list the project data

²³¹ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.A.

²³² *E.g.*, *id.* §§ III.B.5, III.D.6.

required of merchant transmission developers.²³³ The Business Project Manual, in turn, requires merchant transmission developers to provide “adequate information and data” to allow Filing Parties to assess the potential reliability and operational impacts of the developers’ proposed transmission facilities on other systems in the region, and to submit the same project information as projects submitted through the process, excluding the project submittal fee.²³⁴ The Business Practice Manual and transmittals also provide that, to be eligible to submit a project under the regional process, a merchant must be properly registered with NERC and WECC and must comply with all applicable NERC, WECC, local, state, regional, and federal requirements.²³⁵

(b) **Protests/Comments**

143. No protests or comments were filed on this topic.

(c) **Commission Determination**

144. We find that the Filing Parties’ proposed OATT provisions regarding merchant transmission developers partially comply with the requirements of Order No. 1000. However, while the Business Practice Manual and transmittal letters provide that merchant transmission developers must submit the same project information as transmission projects submitted through the process, be properly registered with NERC and WECC, and comply with all applicable NERC and WECC requirements, these information criteria are not made clear in Filing Parties’ OATTs. Such information is required to allow the public utility transmission providers in the transmission planning region to assess the potential reliability and operational impacts of the merchant transmission developer’s proposed transmission facilities on other systems in the region. Accordingly, we direct Filing Parties on compliance to clarify in their respective OATTs the proposed information requirements for merchant transmission developers.

v. **Other Issues**

(a) **Filing Parties’ Compliance Filings**

145. Filing Parties explain that they worked constructively with non-public utility transmission providers and an active group of stakeholders to negotiate the Order No.

²³³ *E.g., id.* § III.C.3.

²³⁴ WestConnect Regional Planning Process Business Practice Manual (Working Draft - Version 11 rev. 10/12/12), § 4.1.2, *available at* http://westconnect.com/planning_order_1000_bpm.php.

²³⁵ *E.g., Arizona Public Service Co. Transmittal Letter at 15.*

1000 regional transmission planning and cost allocation processes. Filing Parties state that the compliance process was an inclusive, “strike team”-based approach that allowed WestConnect members and interested stakeholders to provide input. Filing Parties assert that WestConnect actively solicited stakeholder involvement early in the implementation process, including holding a number of meetings that were designed to engage stakeholders, provide status reports from various strike teams, and seek input on proposals. Filing Parties state that representatives from state regulators, key interest groups, independent transmission developers, and WestConnect transmission owner members participated on the strike teams. Filing Parties also state that WestConnect members and interested stakeholders were given opportunities to provide comments and edits on documents including the Business Practice Manual.²³⁶

(b) Protests/Comments

146. Colorado Commission, Nevada Commission, and New Mexico Commission express concern about what they see as a lack of coordination, openness, and transparency in the stakeholder process used to develop the compliance filings. Colorado Commission and Nevada Commission explain that WestConnect created an Implementation Management Committee to assist with the creation of an Order No. 1000 compliant process on behalf of the WestConnect member utilities, but that state regulators had only a limited role.²³⁷ New Mexico Commission and Colorado Commission explain that a proposal to provide state regulators with a stronger role was abruptly changed, without input from stakeholders, in July 2012 following discussions among the WestConnect transmission owners.²³⁸

147. Nevada Commission also notes that the Implementation Management Committee will approve the Business Practice Manual and Planning Participation Agreement, and asserts that the Implementation Management Committee might be permitted to veto actions by the Planning Management Committee.²³⁹ In addition, Colorado Commission and Nevada Commission state that the Planning Management Committee will not even become active until the proposed transmission planning and cost allocation processes are approved by the Commission.²⁴⁰ Nevada Commission states that this timing is important

²³⁶ *E.g., id.* at 4-5.

²³⁷ Colorado Commission Comments at 5; Nevada Commission Comments at 3.

²³⁸ New Mexico Commission Comments at 4; Colorado Commission Comments at 7.

²³⁹ Nevada Commission Comments at 4.

²⁴⁰ Colorado Commission Comments at 9; Nevada Commission Comments at 4.

because as the Business Practice Manual is currently drafted, stakeholders only have limited opportunity to make changes to the regional planning process through formal proposals to modify the Business Practice Manual that require significant notice.²⁴¹

148. Colorado Commission states that the delay in the Planning Management Committee taking effect results in a split governance structure for the Order No. 1000 compliance process. It asserts that for purposes of interregional coordination, WestConnect will operate under its new Planning Management Committee structure described in the compliance tariffs and Business Practice Manual but for purposes of ongoing regional planning discussion, WestConnect will continue to operate under the Implementation Management Committee.²⁴²

(c) Answers

149. Filing Parties note that Order No. 1000 required that public utilities develop regional planning processes consistent with Order No. 1000's transmission planning principles "in consultation with stakeholders," to ensure that the resulting processes are "coordinated, open, and transparent."²⁴³ Filing Parties argue that the stakeholder process provided ample consultation with stakeholders, and that consideration of stakeholders' views resulted in many of the features of the proposed WestConnect regional planning process, including, for example, the grant of voting rights to stakeholder sectors. They describe the "strike team" approach used to develop various aspects of the proposal, and note that each of the "strike teams" was staffed by volunteers from both jurisdictional and non-jurisdictional public utilities, as well as stakeholders and representatives from state utility commissions. They also state that each "strike team" held numerous public meetings, and that WestConnect held a series of comprehensive Order No. 1000 stakeholder meetings, at which stakeholders were given the additional opportunity to state their views and participate in the development of the regional planning proposal. In addition, Filing Parties state that stakeholders were given multiple opportunities to comment on key documents, including the Business Practice Manual. Filing Parties also argue that certain transmission-owner only meetings were appropriate because the transmission-owning public utilities in WestConnect are required to partner with one

²⁴¹ Nevada Commission Comments at 4.

²⁴² Colorado Commission Comments at 9.

²⁴³ Filing Parties Answer at 9 (citing and quoting Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 151).

another to develop Order No. 1000-compliant regional transmission planning and cost allocation procedures.²⁴⁴

150. Public Power Entities agree with Filing Parties, arguing that there is no merit to the assertions by various state commissions that the Order No. 1000 stakeholder process denied state commissions a “meaningful role,” i.e., a vote, on the Implementation Management Committee. They provide explanation on how this issue was raised and addressed during the development of the compliance filings. Public Power Entities argue that the state commissions are improperly trying to re-argue an issue resolved during the stakeholder proceeding, and assert that in Order No. 1000 the Commission declined to require the type of veto rights requested by the state commissions.²⁴⁵

(d) Commission Determination

151. We find that Filing Parties have complied with the requirement to engage stakeholders in the development of their Order No. 1000 compliance filings by providing for active participation from public and non-public utility transmission providers and interested stakeholders. Each of the “strike teams” included representatives from state regulators, key interest groups, nonincumbent transmission developers, and transmission providers. In addition, Filing Parties held multiple open stakeholder meetings to encourage stakeholder participation. In addition, stakeholders were offered the opportunity to provide input at open meetings and participated on the strike teams. We also note that stakeholders had multiple opportunities to comment on planning documents that resulted in many of the features of the proposed WestConnect regional transmission planning process. Accordingly, we disagree with protestors’ assertions that stakeholders lacked a meaningful role in the development of the Order No. 1000 compliance filings.

d. Consideration of Transmission Needs Driven by Public Policy Requirements

152. Order No. 1000 requires public utility transmission providers to amend their OATTs to describe procedures that provide for the consideration of transmission needs driven by Public Policy Requirements in the local and regional transmission planning processes.²⁴⁶ The Commission clarified in Order No. 1000-A that Order No. 1000 requires that transmission needs driven by Public Policy Requirements be considered just

²⁴⁴ *Id.* at 9-13.

²⁴⁵ Public Power Entities Answer at 7-8.

²⁴⁶ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 203.

as transmission needs driven by reliability or economic concerns are also considered.²⁴⁷ Public Policy Requirements are requirements established by local, state or federal laws or regulations (i.e., enacted statutes passed by the legislature and signed by the executive and regulations promulgated by a relevant jurisdiction, whether within a state or at the federal level).²⁴⁸ As explained further below, Order No. 1000 specifies that the consideration of transmission needs driven by Public Policy Requirements means: (1) the identification of transmission needs driven by Public Policy Requirements and (2) the evaluation of potential solutions to meet those identified needs.²⁴⁹

153. To comply with the requirement to identify transmission needs driven by Public Policy Requirements, public utility transmission providers, in consultation with their stakeholders, must establish procedures in their OATTs to identify at the local and regional level those transmission needs driven by Public Policy Requirements for which potential transmission solutions will be evaluated.²⁵⁰ The process for identifying transmission needs driven by Public Policy Requirements must allow stakeholders, including, but not limited to, those responsible for complying with the Public Policy Requirements at issue and the developers of potential transmission facilities that are needed to comply with one or more Public Policy Requirements, an opportunity to provide input and to offer proposals regarding the transmission needs they believe are driven by Public Policy Requirements.²⁵¹ Public utility transmission providers must explain in their compliance filings how the procedures adopted give all stakeholders a meaningful opportunity to submit what the stakeholders believe are transmission needs driven by Public Policy Requirements.²⁵²

154. In addition, public utility transmission providers, in consultation with stakeholders, must establish a just and reasonable and not unduly discriminatory process through which public utility transmission providers will identify, out of this larger set of

²⁴⁷ Order No. 1000-A, 139 FERC ¶ 61,132 at PP 204, 206, 208-211, 317-319.

²⁴⁸ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 2. Order No. 1000-A clarified that Public Policy Requirements included local laws and regulations passed by a local governmental entity, such as a municipal or county government. Order No. 1000-A, 139 FERC ¶ 61,132 at P 319.

²⁴⁹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 205.

²⁵⁰ *Id.* PP 206-207.

²⁵¹ *Id.* PP 207-208.

²⁵² Order No. 1000-A, 139 FERC ¶ 61,132 at P 335.

needs, those needs for which transmission solutions will be evaluated.²⁵³ Public utility transmission providers must explain in their compliance filings how their open and transparent transmission planning process determines whether to move forward regarding transmission needs driven by Public Policy Requirements.²⁵⁴ In addition, each public utility transmission provider must post on its website an explanation of: (1) those transmission needs driven by Public Policy Requirements that have been identified for evaluation for potential solutions in the local and regional transmission planning processes and (2) how other transmission needs driven by Public Policy Requirements introduced by stakeholders were considered during the identification stage and why they were not selected for further evaluation.²⁵⁵

155. To comply with the requirement to evaluate potential solutions to meet the identified transmission needs driven by Public Policy Requirements, public utility transmission providers, in consultation with stakeholders, must also establish procedures in their OATTs to evaluate at the local and regional level potential solutions to identified transmission needs driven by Public Policy Requirements.²⁵⁶ These procedures must include the evaluation of transmission facilities stakeholders propose to satisfy an identified transmission need driven by Public Policy Requirements.²⁵⁷ Stakeholders must be provided an opportunity to provide input during the evaluation of potential solutions to identified needs.²⁵⁸ In addition, the Commission and stakeholders must be able to review the record that is created by the process to help ensure that the identification and evaluation decisions are open and fair, and not unduly discriminatory or preferential.²⁵⁹ The Commission will review the proposed evaluation procedures to ensure they comply

²⁵³ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 209.

²⁵⁴ Order No. 1000-A, 139 FERC ¶ 61,132 at P 335.

²⁵⁵ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 209; *see also* Order No. 1000-A, 139 FERC ¶ 61,132 at P 325.

²⁵⁶ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 211.

²⁵⁷ *Id.* P 211; *see also id.* P 211 n.191 (“This requirement is consistent with the existing requirements of Order Nos. 890 and 890-A which permit sponsors of transmission and non-transmission solutions to propose alternatives to identified needs.”).

²⁵⁸ *Id.* P 220.

²⁵⁹ Order No. 1000-A, 139 FERC ¶ 61,132 at P 321.

with the objective of meeting the identified transmission needs more efficiently or cost-effectively.²⁶⁰

156. Public utility transmission providers must amend their OATTs to describe procedures that provide for the consideration of transmission needs driven by Public Policy Requirements in the local and regional transmission planning processes.²⁶¹ There are no restrictions on the type or number of Public Policy Requirements to be considered as long as any such requirements arise from local, state, or federal laws or regulations that drive transmission needs and as long as the requirements of the procedures required in Order No. 1000 are met.²⁶² In addition, Order No. 1000 does not preclude any public utility transmission provider from considering in its transmission planning process transmission needs driven by additional public policy objectives not specifically required by local, state or federal laws or regulations. However, Order No. 1000 creates no obligation for any public utility transmission provider or its transmission planning processes to consider transmission needs driven by a public policy objective that is not specifically required by local, state or federal laws or regulations.²⁶³ In addition, public utility transmission providers are not required to consider Public Policy Requirements themselves as part of the transmission planning process.²⁶⁴

i. Consideration of Transmission Needs Driven by Public Policy Requirements in the Regional Transmission Planning Process

157. First, we analyze in this section Filing Parties' compliance filings for compliance with Order No. 1000's requirements with respect to consideration of transmission needs driven by public policy requirements in the *regional* transmission planning process. In the next section, we analyze Filing Parties' respective compliance filings for compliance with respect to consideration of transmission needs driven by public policy requirements in the *local* transmission planning process.

²⁶⁰ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 211.

²⁶¹ *Id.* P 203.

²⁶² *Id.* P 214; Order No. 1000-A, 139 FERC ¶ 61,132 at P 319.

²⁶³ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 216.

²⁶⁴ Order No. 1000-A, 139 FERC ¶ 61,132 at P 204.

(a) **Regional Transmission Planning Process – Filing Parties’ Compliance Filings**

158. Filing Parties explain that public policy requirements are those requirements enacted by state or federal laws or regulations, including those laws enacted by local governmental entities, such as a municipality or county. With regard to consideration of public policy requirements in the regional transmission planning process, Filing Parties state that during the initial stages of each regional transmission planning cycle, the Planning Management Committee and stakeholders will review enacted public policy requirements and determine which transmission needs will be included in the modeling for that cycle.²⁶⁵ In addition, if time and resources permit, proposed public policy requirements may be evaluated in the scenario planning analysis stage of the regional planning process.²⁶⁶ Stakeholders will have the opportunity to participate in the evaluation of transmission needs driven by public policy requirements and the evaluation of the projects proposed to satisfy those needs.²⁶⁷

159. Filing Parties state that WestConnect will post on its website an explanation of which transmission needs driven by public policy requirements will be evaluated for potential solutions in the WestConnect regional planning process, as well as an explanation of why other suggested needs will not be evaluated.²⁶⁸

160. Filing Parties state that projects that have the potential to assist in meeting transmission needs driven by public policy requirements will be analyzed during each

²⁶⁵ The transmittal letter and OATT provisions are not consistent as to who will conduct this review. *Compare* Arizona Public Service Co. Transmittal Letter at 13 (stating that the Planning Management Committee “will review enacted public policy requirements and determine which transmission needs will be included in the modeling for that cycle”) *with* Arizona Public Service Co. OATT, Attachment E § III.D.4.a (stating that “WestConnect stakeholders will review enacted public policy requirements and determine which regional transmission needs will be included in the modeling”).

²⁶⁶ *E.g.*, Arizona Public Service Co. Transmittal Letter at 13; Arizona Public Service Co. OATT, Attachment E § III.D.4.a.

²⁶⁷ Stakeholders may also submit study requests in the local and regional transmission planning processes and may submit project proposals under the WestConnect process. *E.g.*, Arizona Public Service Co. Transmittal Letter at 13.

²⁶⁸ *E.g.*, *id.*; Arizona Public Service Co. OATT, Attachment E § III.D.4.c.

biennial regional planning process.²⁶⁹ Filing Parties assert that the evaluation of potential solutions will be performed on a comparable basis to the evaluation of any other project proposed in the regional transmission planning process, whether or not such solutions are submitted for purposes of regional cost allocation.²⁷⁰

(b) **Regional Transmission Planning Process –
Protests/Comments**

161. AWEA supports Filing Parties' proposed definition of public policy requirements. However, AWEA is concerned that the definition of public policy requirements does not appear in Filing Parties' respective OATTs. Thus, AWEA requests that Filing Parties be directed to revise their OATTs to incorporate "Public Policy Requirements" as a defined term.²⁷¹

162. Nevada Commission is concerned that the term "proposed public policy requirements" is undefined in the respective OATTs. The Nevada Commission is concerned that this term is overly broad and, if left undefined, could include almost any goal of any entity, and could be used to distort the role of public policy in the regional planning process.²⁷² Also, with respect to proposed public policy requirements, AWEA also supports the inclusion of potential future public policy requirements that may affect infrastructure needs, which they assert should be considered in the transmission planning process.²⁷³

163. Interstate Renewable Energy Council, Public Interest Organizations, and AWEA assert that the proposed procedures and processes for identifying and determining transmission needs driven by public policy requirements lack specificity and fail to ensure meaningful stakeholder input.²⁷⁴ Specifically, they argue that the proposal does not include a process by which regional transmission needs driven by public policy requirements are identified, and no explicit procedures to determine which of these needs

²⁶⁹ *E.g.*, Arizona Public Service Co. Transmittal Letter at 13; Arizona Public Service Co. OATT, Attachment E § III.D.4.a.

²⁷⁰ *E.g.*, Arizona Public Service Co. Transmittal Letter at 13.

²⁷¹ AWEA Comments at 8-9.

²⁷² Nevada Commission Comments at 10.

²⁷³ AWEA Comments at 9-10.

²⁷⁴ Interstate Renewable Energy Council Comments at 9; AWEA Comments at 10; Public Interest Organizations Comments at 7-8.

should be included in the planning models.²⁷⁵ AWEA contends that it is unclear whether stakeholders will have input into the process by which the Planning Management Committee reviews enacted public policy requirements and determines which transmission needs driven by public policy requirements will be included in the modeling for a given transmission planning cycle.²⁷⁶ In addition, Interstate Renewable Energy Council, Public Interest Organizations, and AWEA assert that the proposed regional transmission planning process lacks a process by which the WestConnect members, in consultation with stakeholders, will evaluate solutions to all identified transmission needs driven by public policy requirements.²⁷⁷ Finally, AWEA states that much of the proposed process for considering regional transmission needs driven by public policy requirements, which it argues should be included in Filing Parties' OATTs given its impact on rates, terms, and conditions of service, is in the Business Practice Manual.²⁷⁸

(c) **Regional Transmission Planning Process – Answer**

164. In response to AWEA's request that Filing Parties' tariffs incorporate "Public Policy Requirements" as a defined term, Filing Parties state that amendments are unnecessary because their proposed tariff revisions satisfy Order No. 1000's requirement to specify the procedures for considering transmission needs driven by public policy requirements in each OATT.²⁷⁹ Filing Parties also state that while their proposals allow for consideration of potential future public policy requirements, Order No. 1000 does not obligate them to consider such requirements.²⁸⁰

165. In response to protesters' assertions that the proposed WestConnect process does not identify transmission needs driven by public policy requirements on a regional basis and lacks a clear process for identifying and determining which needs will be evaluated, Filing Parties state that the regional planning process requires the Planning Management Committee to consider transmission needs driven by public policy requirements as

²⁷⁵ Interstate Renewable Energy Council Comments at 9; AWEA Comments at 13-14; Public Interest Organizations Comments at 7-8.

²⁷⁶ AWEA Comments at 9-10.

²⁷⁷ Interstate Renewable Energy Council Comments at 9; AWEA Comments at 14-15; Public Interest Organizations Comments at 8-9.

²⁷⁸ AWEA Comments at 14.

²⁷⁹ Filing Parties Answer at 27-28.

²⁸⁰ *Id.*, App. A, No. 11.

defined in the respective OATTs, but also permits stakeholders the option of proposing additional needs or public policy requirements.²⁸¹ Filing Parties describe their proposed process, noting that “any transmission needs driven by enacted state or federal public policy requirements will be included in the transmission system models underlying the development of the Regional Plan.”²⁸² They also note that stakeholders may raise issues regarding transmission needs driven by public policy requirements at stakeholder meetings and by participating in stakeholder processes related to the identification and evaluation of those needs.²⁸³ In addition, they state that the Planning Management Committee will post online, a list of all transmission needs driven by public policy requirements included in its studies, as well as an explanation for any needs not selected and evaluated.²⁸⁴

166. In responding to assertions that procedures for evaluating needs driven by public policy requirements are included in the Business Practice Manual, rather than Filing Parties’ respective OATTs, Filing Parties assert that the proposed revisions to each Filing Party’s OATT reflect a process that ensures meaningful stakeholder input in considering transmission needs driven by public policy requirements.²⁸⁵ Filing Parties state that under the WestConnect regional planning process, stakeholders will “review enacted public policy requirements and determine which transmission needs will be included in the modeling for that cycle,” and that the process requires consideration of “any transmission needs driven by enacted state or federal public policy requirements” in the models used for regional planning.²⁸⁶ Filing Parties also argue that the regional transmission planning process will enable stakeholder input into which public policy requirements are considered and allows stakeholders to propose any transmission needs driven by public policy requirements they deem appropriate.²⁸⁷ Filing Parties argue that the Business Practice Manual simply provides administrative detail regarding the

²⁸¹ *Id.*, App. A, No. 12.

²⁸² *Id.* at 28 (quoting Public Service Co. of Colorado OATT, Attachment R-PSCo § III.G.1).

²⁸³ *Id.* at 29.

²⁸⁴ *Id.*, App. A, No. 12.

²⁸⁵ *Id.* at 25.

²⁸⁶ *Id.* at 25 (quoting Public Service Co. of Colorado OATT, Attachment R-PSCo § III.G.1).

²⁸⁷ *Id.* at 25-26.

Planning Management Committee's implementation of the regional transmission planning process, as reflected in Filing Parties' respective OATTs.²⁸⁸

(d) **Regional Transmission Planning Process – Commission Determination**

167. We find that Filing Parties' compliance filings partially comply with the provisions of Order No. 1000 addressing transmission needs driven by public policy requirements in the regional transmission planning process. We find that with respect to the regional transmission planning process, Filing Parties' respective OATTs do not: (1) define the term "public policy requirements" consistent with Order No. 1000; (2) include clear procedures for stakeholder input with respect to the identification of transmission needs driven by public policy requirements; (3) establish a clear and transparent process through which public utility transmission providers will identify those transmission needs driven by public policy requirements for which transmission solutions will be evaluated; and (4) include clear procedures for stakeholder input with respect to the evaluation of potential solutions to identified transmission needs. Accordingly, we direct Filing Parties to file, within 120 days of the date of issuance of this order, further compliance filings, as discussed below.

168. First, we agree with protesters that the term "public policy requirements" should be a defined term in Filing Parties' respective OATTs with respect to the regional transmission planning process. Filing Parties state in their transmittal letters that public policy requirements are those requirements enacted by state or federal laws or regulations, including those laws enacted by local governmental entities, such as a municipality or county. This definition of public policy requirements is consistent with the definition set forth in Order No. 1000; however, our review indicates this definition is not included in Filing Parties' respective OATTs. Including a specific definition of public policy requirements in each OATT provides clarity for participants in the transmission planning processes. Therefore, we direct Filing Parties to revise their respective OATTs to include a definition of public policy requirements that is consistent with Order No. 1000 for use in the regional transmission planning process.

169. Similarly, we require Filing Parties to submit, within 120 days of the issuance of this order, further compliance filings revising their OATTs to define the term "proposed public policy requirements." Including this definition in their OATTs will make transparent the range of proposed public policy requirements that could drive transmission needs that may be considered in the WestConnect regional transmission planning process. However, in response to AWEA's assertion that potential future public policy requirements should be considered in the regional transmission planning process,

²⁸⁸ *Id.* at 31.

we note that Order No. 1000 creates no obligation for any public utility transmission provider or its transmission planning processes to consider transmission needs driven by a public policy objective that is not specifically required by local, state or federal laws or regulations.²⁸⁹

170. With respect to identification of transmission needs driven by public policy requirements, Filing Parties propose that, during the initial stages of each regional transmission planning cycle, stakeholders will review enacted public policy requirements and determine which transmission needs should be included in WestConnect's planning models for that planning cycle.²⁹⁰ However, we agree with AWEA, Interstate Renewable Energy Council, and Public Interest Organizations that Filing Parties do not describe in sufficient detail in their respective OATTs how stakeholders can provide input and offer proposals regarding transmission needs they believe are driven by public policy requirements in the regional transmission planning process such that the process for doing so is transparent to all interested stakeholders. Therefore, we require Filing Parties to revise their OATTs to describe how stakeholders can submit what the stakeholders believe are transmission needs driven by public policy requirements.²⁹¹

171. In addition, we agree with AWEA, Interstate Renewable Energy Council, and Public Interest Organizations' argument that Filing Parties' proposed OATT revisions have not clearly described the process through which public utility transmission providers will identify those transmission needs driven by public policy requirements for which transmission solutions will be evaluated. Filing Parties' proposed OATT revisions provide that "WestConnect stakeholders will review enacted public policy requirements and determine which regional transmission needs will be included in the modeling for" a given transmission planning cycle.²⁹² In their transmittal letters, Filing Parties state that the Planning Management Committee will review enacted public policy requirements and determine which transmission needs will be included in the modeling for a given planning cycle.²⁹³ Yet, Filing Parties' proposed OATT revisions also state that "[a]t a

²⁸⁹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 216.

²⁹⁰ At a minimum, transmission needs driven by enacted or federal public policy requirements will be included in the transmission planning models underlying the development of the regional transmission plan. Transmission needs driven by proposed public policy requirements may be evaluated in the scenario planning if time and resources permit. *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.D.4.

²⁹¹ Order No. 1000-A, 139 FERC ¶ 61,132 at P 335.

²⁹² *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.D.4.a.

²⁹³ *E.g.*, Arizona Public Service Co. Transmittal Letter at 13.

minimum, any transmission needs driven by enacted state or federal public policy requirements will be included in the transmission system models underlying the development of the [r]egional [p]lan,”²⁹⁴ which suggests that transmission solutions will be evaluated in the regional transmission planning process for all transmission needs driven by enacted state or federal public policy requirements. Similarly, Filing Parties contend in their answer that all transmission needs driven by enacted public policy requirements will be identified for transmission solutions in the regional transmission planning process.²⁹⁵

172. Given this inconsistency, we require Filing Parties to clarify their proposal. In further compliance filings, Filing Parties must explain whether solutions will be evaluated in the regional transmission planning process for all transmission needs driven by public policy requirements proposed by stakeholders, and if so, how the identification will take place of transmission needs driven by public policy requirements for which solutions will be evaluated. If solutions will not be evaluated for all transmission needs driven by public policy requirements proposed by stakeholders, and the Planning Management Committee will instead determine which transmission needs driven by public policy requirements will be included in WestConnect’s planning models and evaluated for solutions, Filing Parties must revise their respective OATTs to describe a just and reasonable and not unduly discriminatory process for identifying the transmission needs driven by enacted public policy requirements for which solutions will be evaluated in the regional transmission planning process. Filing Parties must also explain in their further compliance filings how their open and transparent transmission planning process determines whether to move forward regarding transmission needs driven by public policy requirements.²⁹⁶ We find that this directive addresses AWEA’s concern that too much detail is included in the Business Practice Manual.

173. We find that Filing Parties’ proposal to maintain on the WestConnect website (1) a list of all regional transmission needs identified that are driven by public policy requirements and that are included in the studies for the current regional transmission planning cycle and (2) an explanation of why other suggested regional transmission needs driven by public policy requirements will not be evaluated complies with Order No. 1000 and is acceptable.

174. With respect to the evaluation of potential solutions to identified transmission needs in the regional transmission planning process, we disagree with AWEA’s

²⁹⁴ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.D.4.a.

²⁹⁵ Filing Parties Answer at 29.

²⁹⁶ Order No. 1000-A, 139 FERC ¶ 61,132 at P 335.

contention that Filing Parties do not make clear the process and procedures for this process. Filing Parties' proposed OATT revisions explicitly state that "[t]he procedures for evaluating potential solutions to the identified regional transmission needs driven by public policy requirements are the same as those procedures used to evaluate any other project proposed in the local transmission planning process and/or Regional Planning Process, whether or not submitted for purposes of cost allocation."²⁹⁷ Accordingly, we find that Filing Parties' proposal satisfies Order No. 1000's requirement that public utility transmission providers establish procedures in their OATTs to evaluate at the regional level potential solutions to identified transmission needs driven by public policy requirements.

175. Moreover, Filing Parties satisfy Order No. 1000's requirement that the procedures for evaluating identified transmission needs driven by public policy requirements for solutions in the regional transmission planning process include the evaluation of transmission facilities stakeholders propose to satisfy an identified transmission need driven by public policy requirements.²⁹⁸ Specifically, Filing Parties propose OATT revisions stating that stakeholders may submit project proposals for consideration and evaluation in the regional transmission planning process²⁹⁹ and that the data that must be included in a project proposal will be listed in the Business Practice Manual.³⁰⁰

176. However, as noted above, Order No. 1000 also requires that the procedures for evaluating identified transmission needs driven by public policy requirements for solutions provide an opportunity for stakeholders to provide input during the evaluation in the regional transmission planning process of potential solutions to identified needs.³⁰¹ Filing Parties state in their transmittal letters that all stakeholders have the opportunity to participate in the evaluation of the projects proposed to satisfy transmission needs driven by public policy requirements in the regional transmission planning process through participation at both local and regional transmission planning open meetings, through study requests submitted in the local and regional transmission planning processes, and/or by submitting project proposals under the regional transmission planning process.³⁰²

²⁹⁷ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.D.4.b.

²⁹⁸ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 211.

²⁹⁹ *E.g.*, Arizona Public Service Co. OATT, Attachment E §§ III.B.2, III.C.

³⁰⁰ *E.g.*, *id.* § III.C.

³⁰¹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 220.

³⁰² *E.g.*, Arizona Public Service Co. Transmittal Letter at 13.

However, there is no description in Filing Parties' OATTs of such stakeholder meetings, the process for submitting study requests in the regional transmission planning process, or the opportunities in the regional transmission planning process for stakeholders to provide input specifically with regard to proposed solutions to satisfy transmission needs driven by public policy requirements.³⁰³ Therefore, we direct Filing Parties to file further compliance filings that: (1) describe how the proposed process for evaluating solutions to transmission needs in the regional transmission planning process provides an opportunity for stakeholders to provide input during the evaluation of potential solutions to identified needs, and (2) include any additional OATT revisions necessary to demonstrate their compliance.

ii. **Consideration of Transmission Needs Driven by Public Policy Requirements in the Local Transmission Planning Processes**

177. We now turn to Filing Parties' respective compliance filings with respect to consideration of transmission needs driven by public policy requirements in their respective local transmission planning processes.

(a) **Local Transmission Planning Process – Filing Parties' Compliance Filings**

178. Arizona Public Service Co.; Black Hills Colorado; Black Hills Power, Basin Electric Power Cooperative, and Powder River Electric Cooperative; Cheyenne LF&P; El Paso Electric; Public Service Company of New Mexico; Tucson Electric; and UNS Electric propose to consider in their respective local transmission planning processes enacted federal, state, and local public policy requirements.³⁰⁴ NV Energy proposes to

³⁰³ See, e.g., Arizona Public Service Co. OATT, Attachment E § III.B.2 (providing that stakeholders “may participate in the [r]egional [p]lanning [p]rocess in any one or more of the following ways: (a) by joining one of the five WestConnect regional transmission planning membership sectors . . . ; (b) by attending publicly-posted WestConnect regional transmission planning stakeholder meetings; and/or (c) by submitting project proposals for consideration and evaluation in the [r]egional [p]lanning [p]rocess”).

³⁰⁴ Arizona Public Service Co. OATT, Attachment E § II.A.3.c; Black Hills Colorado OATT, Attachment K § II.B.3; Black Hills Power Joint OATT, Attachment K § II.B.3; Cheyenne LF&P OATT, Attachment K § II.B.3; El Paso Electric OATT, Attachment K § I.A.4.c; Public Service Company of New Mexico OATT, Attachment K § II.A.3.c; Tucson Electric OATT, Attachment K § II.A.2.c; UNS Electric OATT, Attachment K § II.A.2.c.

consider transmission needs driven by public policy requirements mandated by federal or state legislation or regulation.³⁰⁵ Public Service Company of Colorado proposes to consider enacted local and state public policy in accordance with the Colorado renewable energy standard and resource adequacy plans that are consistent with the Colorado State Electric Resource Plan.³⁰⁶

179. With respect to incorporating public policy requirements into their local transmission planning processes, Filing Parties indicate that transmission needs driven by public policy requirements will be identified by the individual transmission owners within the WestConnect transmission planning region through their respective local transmission planning processes, and any projects necessary to satisfy them, will be submitted to WestConnect in accordance with the regional planning process for selection in the regional transmission plan. Filing Parties state that stakeholders will have the opportunity to participate in the evaluation of transmission needs driven by public policy requirements and the evaluation of the projects proposed to satisfy those needs.³⁰⁷ In addition, Filing Parties assert that the evaluation of potential solutions will be performed on a comparable basis to the evaluation of any other project proposed in the local transmission planning process.³⁰⁸

180. With respect to consideration of transmission needs driven by public policy requirements in the local transmission planning processes of individual Filing Parties, Arizona Public Service Co.; Black Hills Colorado; Black Hills Power, Basin Electric Power Cooperative, and Powder River Electric Cooperative; Cheyenne LF&P; El Paso Electric; Public Service Company of New Mexico; Tucson Electric; and UNS Electric propose to revise their OATTs so that enacted federal, state, and local public policy requirements are incorporated into load forecasts and/or modeled in local transmission planning studies. They also propose that if time and resources permit, proposed public policy requirements may be studied through scenario planning analysis.³⁰⁹ In addition,

³⁰⁵ NV Energy OATT, Attachment K § II.A.3a.i.

³⁰⁶ Public Service Company of Colorado OATT, Attachment R-PSCo § II.C.1.

³⁰⁷ Stakeholders may also submit study requests in the local transmission planning process. *E.g.*, Arizona Public Service Co. Transmittal Letter at 13.

³⁰⁸ *E.g., id.*

³⁰⁹ Arizona Public Service Co. OATT, Attachment E § II.A.3.c; Black Hills Colorado OATT, Attachment K § II.B.3; Black Hills Power Joint OATT, Attachment K § II.B.3; Cheyenne LF&P OATT, Attachment K § II.B.3; El Paso Electric OATT, Attachment K § I.A.4.c; Public Service Company of New Mexico OATT, Attachment K
(*continued . . .*)

Arizona Public Service Co., Public Service Company of New Mexico, Tucson Electric, and UNS Electric propose to add transmission needs and/or impacts driven by public policy requirements as needs that will be assessed in their local transmission planning processes.³¹⁰

181. NV Energy proposes to add the provision of adequate transmission to access sufficient resources to satisfy public policy requirements mandated by federal or state legislation or regulation as a need that will be assessed in its local transmission planning process.³¹¹

182. Public Service Company of Colorado proposes to revise its local transmission planning process to state that it will consider enacted local and state public policy in accordance with the Colorado renewable energy standard and resource adequacy plans that are consistent with the Colorado State Electric Resource Plan.³¹² Public Service Company of Colorado also proposes to revise its planning procedures to recognize its customers' need to address transmission system requirements to meet local and state public policies. Public Service Company of Colorado will post on its OASIS an explanation of why transmission needs driven by public policy requirements were not selected for further evaluation.³¹³

183. Arizona Public Service Co., NV Energy, Public Service Company of Colorado, Tucson Electric, and UNS Electric will also consider whether a local economic transmission planning study request raises public policy issues of national, regional, or state interest when determining whether it qualifies as a priority study request.³¹⁴

§ II.A.3.c; Tucson Electric OATT, Attachment K § II.A.2.c; UNS Electric OATT, Attachment K § II.A.2.c.

³¹⁰ Arizona Public Service Co. OATT, Attachment E § II.A.4.a; Public Service Company of New Mexico OATT, Attachment K § II.A.4.a; Tucson Electric OATT, Attachment K § II.A.3.a; UNS Electric OATT, Attachment K § II.A.3.a.

³¹¹ NV Energy OATT, Attachment K § II.A.3.

³¹² Public Service Company of Colorado OATT, Attachment R-PSCo § II.C.1.

³¹³ *Id.* § II.C.8.

³¹⁴ Arizona Public Service Co. OATT, Attachment E § II.A.5.b.4; NV Energy OATT, Attachment K § II.A.4.a.i; Public Service Company of Colorado OATT, Attachment R-PSCo § II.D.2.c; Tucson Electric OATT, Attachment K § II.A.4.b.iv; UNS Electric OATT, Attachment K § II.A.4.b.iv.

184. When selecting the preferred solution or combination of solutions in their local transmission planning processes, Arizona Public Service Co., El Paso Electric, Public Service Company of New Mexico, Tucson Electric, and UNS Electric respectively, will evaluate alternative solutions based on a set of criteria that includes consistency with state or local integrated resource planning requirements, or regulatory requirements.³¹⁵

**(b) Local Transmission Planning Process –
Protests/Comments**

185. With regard to Filing Parties' revisions to their local transmission planning processes, Public Interest Organizations state: (1) NV Energy has not included in its OATT a definition of public policy requirements with respect to its local transmission planning process;³¹⁶ (2) the definition of public policy requirements proposed by Public Service Company of Colorado does not include federal laws and regulations; and (3) Public Service Company of Colorado does not describe the term "public policy requirements" consistently, making it difficult to determine which state and local laws and regulations are included.³¹⁷

186. Interstate Renewable Energy Council argues that El Paso Electric's proposed local transmission planning process does not describe how El Paso Electric and its stakeholders will determine which public policy requirements should be included in the load forecasting and modeling. Interstate Renewable Energy Council also argues that El Paso Electric's proposed tariff revisions do not include a process for El Paso Electric to determine, in consultation with stakeholders, the identified transmission needs driven by public policy requirements for which solutions will be evaluated.³¹⁸

187. Public Interest Organizations contend that the local transmission planning processes filed by Public Service Company of Colorado, Tucson Electric, UNS Electric, Public Service Company of New Mexico, Arizona Public Service Co., El Paso Electric, Black Hills Power, Black Hills Colorado, and NV Energy do not include a process for

³¹⁵ Arizona Public Service Co. OATT, Attachment E § II.A.1; El Paso Electric OATT, Attachment K § I.A.9.b; Public Service Company of New Mexico OATT, Attachment K § II.A.4.h; Tucson Electric OATT, Attachment K § II.A.3.h; UNS Electric OATT, Attachment K § II.A.3.h.

³¹⁶ Public Interest Organizations Comments (Docket No. ER13-105-000) at 6-8.

³¹⁷ Public Interest Organizations Comments (Docket No. ER13-75-000) at 6-7.

³¹⁸ Interstate Renewable Energy Council Comments (Docket No. ER13-91-000) at 8-9.

determining which public policy requirements will be incorporated into the local load forecasts and modeling to identify transmission needs driven by public policy requirements,³¹⁹ nor do they include a process for identifying the transmission needs driven by public policy requirements for which solutions will be evaluated.³²⁰

188. Public Interest Organizations also object to proposals that address transmission needs driven by public policy requirements that are incorporated as part of a transmission provider's economic study process. Specifically, they assert: (1) Tucson Electric, UNS Electric, Arizona Public Service Co., and NV Energy's proposals to determine transmission needs driven by public policy requirements for which solutions will be evaluated through their economic study process are deficient because there are no detailed procedures as to how this would occur;³²¹ (2) Public Service Company of Colorado's proposal to consider whether an economic study request raises policy issues of national, regional, or state interest is insufficient because the process is not designed to identify all public policy-driven needs;³²² and (3) NV Energy's proposal to include a public policy criterion in the determination of local priority economic planning study requests is inadequate because transmission needs driven by public policy requirements must be considered in their own right.³²³ Public Interest Organizations argue that it is particularly important that local transmission planning processes be clear given that Filing Parties rely on the local transmission planning processes to capture transmission needs driven by public policy requirements and solutions to those needs in the regional transmission plan.³²⁴ Moreover, Public Interest Organizations contend that if Public Service Company of Colorado, Tucson Electric, UNS Electric, Arizona Public Service Co., and NV Energy intend to use their economic study processes for studying transmission needs driven by public policy requirements, their processes would not provide comparable treatment. They explain that because each Filing Party limits the number of priority local studies to three, studies of transmission needs driven by public

³¹⁹ *E.g.*, Public Interest Organizations Comments at 7.

³²⁰ *E.g.*, *id.* at 8.

³²¹ *E.g.*, *id.* at 10.

³²² Public Interest Organizations Comments (Docket No. ER13-75-000) at 8.

³²³ Public Interest Organizations Comments (Docket No. ER13-105-000) at 8-9.

³²⁴ *E.g.*, Public Interest Organizations Comments at 9.

policy requirements would have to compete with economic study requests to be funded.³²⁵

189. Public Interest Organizations object to any processes and procedures for considering transmission needs driven by public policy requirements that are included in business practice manuals, rather than the respective OATTs.³²⁶ Public Interest Organizations urge the Commission to require Public Service Company of Colorado, Tucson Electric, UNS Electric, Public Service Company of New Mexico, Arizona Public Service Co., NV Energy, Black Hills Power, and Black Hills Colorado to revise their respective OATTs to describe procedures for identifying local transmission needs driven by public policy requirements and the process for selecting the transmission needs driven by public policy requirements for which solutions will be evaluated.³²⁷ Likewise, AWEA requests that the Commission require Filing Parties to describe in more detail the procedures for identifying local transmission needs driven by public policy requirements and the process for determining the transmission needs driven by public policy requirements for which solutions will be evaluated.³²⁸ AWEA asserts that each Filing Party's OATT should include a requirement that the utility post on its website, an explanation of why it will or will not evaluate solutions to each identified transmission need driven by public policy requirements.³²⁹

190. With respect to NV Energy's local transmission planning process, Public Interest Organizations claim that the process does not describe how potential solutions to identified transmission needs, including those driven by public policy requirements, will be evaluated and compared.³³⁰ Similarly, AWEA argues that each local transmission planning process should clearly define opportunities for stakeholders to propose transmission solutions to transmission needs driven by public policy requirements and to comment on proposed solutions.³³¹

³²⁵ *E.g., id.* at 10.

³²⁶ *E.g.,* Public Interest Organizations Comments (Docket No. ER13-75-000) at 11.

³²⁷ Public Interest Organizations Comments at 11.

³²⁸ AWEA Comments at 15.

³²⁹ *Id.* at 14.

³³⁰ Public Interest Organizations Comments (Docket No. ER13-105-000) at 10.

³³¹ AWEA Comments at 14.

(c) **Local Transmission Planning Process – Answer**

191. Public Service Company of Colorado states that it considers federally-enacted public policy in its local transmission planning driven by public policy as required by Order No. 1000 despite the Public Interest Organizations' claim that its filing fails to satisfy this requirement.³³² Public Service Company of Colorado also states that: (1) its local transmission planning process requires the consideration of local and state public policy in accordance with the Colorado renewable energy standard and resource adequacy plans; (2) Colorado transmission planning rules require it to develop its transmission plan in a manner that takes into account all legal and regulatory requirements, including renewable energy portfolio standards and resource adequacy; and (3) the plan must give proper consideration of societal and environmental concerns.³³³

192. Public Service Company of Colorado asserts that federally-enacted public policy will also be addressed through its reliability studies that are performed in accordance with NERC Transmission Planning Standards³³⁴ and its stakeholder process. It adds that stakeholders are free to provide input on any aspect of its current study plan including study inputs. Moreover, any public policy requirement raised by stakeholders will be addressed in the local transmission planning process as it must provide an explanation as to why a need is not selected for further consideration.³³⁵ Therefore, Public Service Company of Colorado states that this process allows stakeholders to raise and have Public Service Company of Colorado address applicable public policy requirements. Public Service Company of Colorado also states that rather than trying to identify all federal, state, and local enacted policies creating transmission needs, its OATT provides examples of those policies and includes a more general reference to the requirements of the Colorado State Electric Resource Plan.³³⁶

193. Public Service Company of Colorado states that public utilities are not required by Order No. 1000 to address transmission needs driven by public policy requirements in a separate process within a public utility's local transmission planning process as long as

³³² Public Service Company of Colorado Answer at 5-6.

³³³ *Id.* at 6.

³³⁴ *Id.* at 6-7 (citing Public Service Co. of Colorado OATT, Attachment R-PSCo § II.B.1).

³³⁵ *Id.* at 6.

³³⁶ *Id.* at 7.

these public policy needs are considered in local transmission planning.³³⁷ Public Service Company of Colorado asserts that since its filing includes procedures in its local transmission planning process to identify transmission needs driven by federal public policy, the Public Interest Organizations' concern that Public Service Company of Colorado's local transmission planning process lacks specificity is without merit.³³⁸

194. In response to AWEA's argument that each local transmission planning process should clearly define opportunities for stakeholders to propose transmission solutions to transmission needs driven by public policy requirements and to comment on proposed solutions, Filing Parties state that stakeholders are free to propose transmission needs driven by public policy requirements in the local transmission planning process of each Filing Party, and such needs may also be submitted as economic study requests in the local process.³³⁹

**(d) Local Transmission Planning Process –
Commission Determination**

195. We find that each of Filing Parties' compliance filings partially complies with the provisions of Order No. 1000 addressing transmission needs driven by public policy requirements in the local transmission planning process. While each Filing Party proposes to incorporate enacted federal, state, and local public policy requirements into its load forecasts, model such requirements in their local transmission planning studies, and/or assess transmission needs or impacts driven by public policy requirements in their local transmission planning processes, none of Filing Parties comply with all of the requirements of Order No. 1000 relating to the consideration of transmission needs driven by public policy requirements. We therefore direct each Filing Party to file, within 120 days of the date of issuance of this order, a further compliance filing, as discussed below.

196. Order No. 1000 defines public policy requirements to include federal or state laws or regulations, which are enacted statutes and regulations promulgated by a relevant jurisdiction, whether within a state or at the federal level.³⁴⁰ Order No. 1000-A further clarifies that this includes local laws and regulations passed by a local governmental

³³⁷ *Id.* at 7-8 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 206).

³³⁸ *Id.* at 8.

³³⁹ Filing Parties Answer, App. A, No. 12.

³⁴⁰ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 2.

entity, such as a municipal or county government.³⁴¹ With the exception of NV Energy and Public Service Company of Colorado, Filing Parties refer to enacted federal, state, and local public policy requirements in their respective OATTs,³⁴² but do not include a definition of the term for use in their respective local transmission planning processes. Moreover, we find that the definitions of public policy requirements proposed by NV Energy and Public Service Company of Colorado for use in their local transmission planning processes do not comply with the definition established in Order No. 1000, as discussed below. Therefore, we direct Filing Parties to revise their respective OATTs to include a definition of public policy requirements that is consistent with Order No. 1000. Similarly, and consistent with our holding in paragraph 169 above, we require Filing Parties to submit, as part of their further compliance filings due within 120 days of the issuance of this order, revisions to their OATTs to define the term “proposed public policy requirements” as used in their local transmission planning processes.

197. We note that NV Energy states that it will identify needs in its local transmission planning process by, among other things, assessing whether there is adequate transmission to access sufficient resources to satisfy public policy requirements mandated by federal or state legislation or regulation.³⁴³ We agree with Public Interest Organizations that public policy requirements, as defined under Order Nos. 1000 and 1000-A, also include local laws and regulations passed by a local governmental entity. We therefore direct NV Energy to revise its OATT to include a definition of public policy requirements for use in its local transmission planning process that is consistent with the Commission’s clarification in Order No. 1000-A that enacted statutes and regulations promulgated by a relevant jurisdiction, whether within a state or at the federal level, include local laws and regulations passed by a local governmental entity, such as a municipal or county government.

198. In addition, in its answer Public Service Company of Colorado states that it considers federally-enacted public policy in its local transmission planning process through (1) consideration of local and state public policy in accordance with resource adequacy plans that are consistent with the Colorado State Electric Resource Plan, which includes consideration of federal public policy requirements, (2) reliability studies that are performed in accordance with NERC Transmission Planning Standards, and (3) the stakeholder process. Order No. 1000 requires that public utility transmission providers’ procedures for identifying transmission needs driven by public policy requirements must

³⁴¹ Order No. 1000-A, 139 FERC ¶ 61,132 at P 319.

³⁴² Compare, *e.g.*, Arizona Public Service Co. OATT, Attachment E § II.A.3 with NV Energy OATT, Attachment K § II.A.2.

³⁴³ NV Energy OATT, Attachment K § II.A.3.a.i.

allow all stakeholders a meaningful opportunity to bring forth any transmission needs they believe are driven by Public Policy Requirements,³⁴⁴ and we are concerned that Public Service Company of Colorado's proposed definition of public policy requirements for use in its local transmission planning process will preclude stakeholders from offering proposals regarding the transmission needs they believe are driven by federal, state, and local public policy requirements, regardless of whether those requirements were considered through a state integrated resource planning process, such as the Colorado State Electric Resource Plan. Thus, we direct Public Service Company of Colorado to revise its OATT to include a definition of public policy requirements for use in its local transmission planning process that is consistent with Order No. 1000 and that does not limit consideration of transmission needs driven by public policy requirements to those transmission needs driven by public policy requirements that have been included in a state integrated resource planning process. With the revised definition, we conclude that no additional changes are necessary to address Public Interest Organizations' concern.

199. However, we reiterate that Order No. 1000 also requires that public utility transmission providers establish a just and reasonable and not unduly discriminatory process for identifying, out of the larger set of transmission needs driven by Public Policy Requirements proposed by stakeholders, the needs driven by Public Policy Requirements for which transmission solutions will be evaluated³⁴⁵ and does not require that public utility transmission providers to identify any particular set of transmission needs driven by Public Policy Requirements.³⁴⁶ To the extent that Public Service Company of Colorado chooses not to identify any transmission needs driven by public policy requirements as transmission needs for which solutions will be evaluated, including those driven by public policy requirements not considered in the state integrated resource planning process, it must post an explanation of why the suggested transmission needs will not be evaluated, consistent with the requirements of Order No. 1000.

200. We agree with protestors' contentions that the filings of Public Service Company of Colorado, Tucson Electric, UNS Electric, Public Service Company of New Mexico, Arizona Public Service Co., El Paso Electric, Black Hills Power, Black Hills Colorado, and NV Energy do not include processes for determining which public policy requirements will be incorporated into the local load forecasts and modeling and for identifying the transmission needs driven by public policy requirements for which solutions will be evaluated in their respective local transmission planning processes. In

³⁴⁴ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 209; Order No. 1000-A, 139 FERC ¶ 61,132 at P 335.

³⁴⁵ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 209.

³⁴⁶ *Id.* P 210.

fact, we find that none of Filing Parties' local transmission planning processes describe (1) procedures to identify transmission needs driven by public policy requirements that allow stakeholders an opportunity to provide input and to offer proposals regarding the transmission needs they believe are driven by public policy requirements, and (2) a just and reasonable and not unduly discriminatory process for identifying, out of this larger set of needs, those needs for which transmission solutions will be evaluated, as required by Order No. 1000.³⁴⁷ Accordingly, we direct Filing Parties to further revise their respective OATTs to incorporate such procedures and process into their local transmission planning processes. Moreover, each compliance filing must explain how the proposed process gives stakeholders a meaningful opportunity to submit what the stakeholders believe are transmission needs driven by public policy requirements and provides for an open and transparent transmission planning process to determine whether to move forward regarding those needs.³⁴⁸ While we agree with Public Service Company of Colorado that public utility transmission providers are not required by Order No. 1000 to address transmission needs driven by public policy requirements in a separate process within their local transmission planning processes, we find that Filing Parties must describe how transmission needs driven by public policy requirements will be incorporated into their existing consideration of other transmission needs in the local transmission planning process such that the opportunities for participation are transparent to interested stakeholders. We believe that this further clarification also addresses Public Interest Organizations' argument that Filing Parties' consideration of public policy study requests along with economic study requests in their respective local transmission planning processes does not provide comparable treatment of the two types of studies.

201. We agree with AWEA's assertion that each of Filing Parties' OATTs should include a requirement that the utility post on its website an explanation of why it will or will not evaluate solutions to each identified transmission need driven by public policy requirements. With the exception of Public Service Company of Colorado (discussed below), Filing Parties have not addressed Order No. 1000's requirement that each public utility transmission provider post on its website an explanation of: (1) those transmission needs driven by public policy requirements that have been identified for evaluation for potential solutions in the local transmission planning process; and (2) why other suggested transmission needs driven by public policy requirements introduced by stakeholders were not selected for further evaluation.³⁴⁹ We thus direct each Filing Party (with the exception of Public Service Company of Colorado) to file, within 120 days of

³⁴⁷ *Id.* PP 206-209.

³⁴⁸ Order No. 1000-A, 139 FERC ¶ 61,132 at P 335.

³⁴⁹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 209; *see also* Order No. 1000-A, 139 FERC ¶ 61,132 at P 325.

the date of issuance of this order, a further compliance filing that revises its respective OATT with respect to the local transmission planning process to provide for the posting of transmission needs driven by public policy requirements consistent with the directives in Order No. 1000.

202. We find that Public Service Company of Colorado has partially complied with the posting requirements in Order No. 1000 with respect to its local transmission planning process. Public Service Company of Colorado's proposed OATT revisions provide that "[i]n the event other transmission needs driven by public policy requirements were not selected for further evaluation, [Public Service Company of Colorado] shall post on its OASIS an explanation of why they were not selected for further evaluation."³⁵⁰ We find this posting of information complies with Order No. 1000. However, Public Service Company of Colorado has not indicated that it will post an explanation of those transmission needs driven by public policy requirements that have been identified for evaluation for potential solutions in the local transmission planning process, as required by Order No. 1000. We therefore require Public Service Company of Colorado to revise its OATT accordingly.

203. With respect to the evaluation of potential solutions to transmission needs driven by public policy requirements in their respective local transmission planning processes, Filing Parties assert in their transmittal letters that the evaluation of potential solutions to address transmission needs driven by public policy requirements will be performed on a comparable basis to the evaluation of any other project proposed in the local transmission planning process.³⁵¹ We agree with AWEA that each Filing Party must include clearly-defined opportunities for stakeholders to propose transmission solutions to transmission needs driven by public policy requirements and to comment on such proposed transmission solutions at the local level. While all of the Filing Parties have Commission-approved processes for evaluating transmission projects in their local transmission planning processes that allow for stakeholder input and provide stakeholders with an opportunity to propose alternative transmission solutions (as was required for compliance with Order No. 890),³⁵² none of them explain how these processes will apply to potential solutions to identified transmission needs driven by public policy requirements, as required by Order No. 1000. Accordingly, we direct each Filing Party to

³⁵⁰ Public Service Company of Colorado OATT, Attachment R-PSCo § II.C.8.

³⁵¹ *E.g.*, Arizona Public Service Co. Transmittal Letter at 13.

³⁵² *E.g.*, *El Paso Electric Co.*, 128 FERC ¶ 61,063, at PP 13, 15 (2009), *order on further compliance*, Docket No. OA08-30-002 (Feb. 23, 2010) (delegated letter order accepting El Paso Electric's process for evaluating and selecting from competing solutions); *see also*, *e.g.*, Arizona Public Service Co. OATT, Attachment E § II.A.4.d.

submit a further compliance filing that: (1) describes how it complies with Order No. 1000's requirement that each public utility transmission provider establish procedures to evaluate at the local level potential solutions to identified transmission needs driven by public policy requirements, including those proposed by stakeholders, that provide stakeholders an opportunity to provide input;³⁵³ and (2) includes additional OATT revisions, if necessary, to demonstrate its compliance.

2. Nonincumbent Transmission Developer Reforms

204. Order No. 1000 institutes a number of reforms that seek to ensure that nonincumbent transmission developers have an opportunity to participate in the transmission development process. These reforms involve the elimination of federal rights of first refusal from Commission-jurisdictional tariffs and agreements, and requirements regarding qualification criteria for transmission developers and processes for evaluating proposals for new transmission facilities.

a. Federal Rights of First Refusal

205. Order No. 1000 requires that each public utility transmission provider eliminate provisions in Commission-jurisdictional tariffs and agreements that establish a federal right of first refusal for an incumbent transmission provider with respect to transmission facilities selected in a regional transmission plan for purposes of cost allocation.³⁵⁴ Order No. 1000 defines a transmission facility selected in a regional transmission plan for purposes of cost allocation as a transmission facility that has been selected pursuant to a transmission planning region's Commission-approved regional transmission planning process for inclusion in a regional transmission plan for purposes of cost allocation because it is a more efficient or cost-effective solution to regional transmission needs.³⁵⁵ If a public utility transmission provider's tariff or other Commission-jurisdictional agreements do not contain a federal right of first refusal provision, a public utility transmission provider should state this in its compliance filing.³⁵⁶

³⁵³ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 211, 220.

³⁵⁴ *Id.* P 313. The phrase "a federal right of first refusal" refers only to rights of first refusal that are created by provisions in Commission-jurisdictional tariffs or agreements. Order No. 1000-A, 139 FERC ¶ 61,132 at P 415.

³⁵⁵ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 5, 63.

³⁵⁶ *Id.* P 314 n.294.

206. The requirement in Order No. 1000 to eliminate a federal right of first refusal does not apply to local transmission facilities,³⁵⁷ which are defined as transmission facilities located solely within a public utility transmission provider's retail distribution service territory or footprint that are not selected in the regional transmission plan for purposes of cost allocation.³⁵⁸ The requirement also does not apply to the right of an incumbent transmission provider to build, own, and recover costs for upgrades to its own transmission facilities, regardless of whether an upgrade has been selected in the regional transmission plan for purposes of cost allocation.³⁵⁹ In addition, the Commission noted that the requirement does not remove, alter or limit an incumbent transmission provider's use and control of its existing rights-of-way under state law.³⁶⁰

207. The Commission clarified in Order No. 1000-A that Order No. 1000 does not require elimination of a federal right of first refusal for a new transmission facility if the regional cost allocation method results in an allocation of 100 percent of the facility's costs to the public utility transmission provider in whose retail distribution service territory or footprint the facility is to be located.³⁶¹ The Commission also clarified in Order No. 1000-A that the term "selected in a regional transmission plan for purposes of

³⁵⁷ *Id.* PP 226, 258, 318.

³⁵⁸ *Id.* P 63. The Commission clarified in Order No. 1000-A that a local transmission facility is one that is located within the geographical boundaries of a public utility transmission provider's retail distribution service territory, if it has one; otherwise the area is defined by the public utility transmission provider's footprint. In the case of an RTO or ISO whose footprint covers the entire region, local transmission facilities are defined by reference to the retail distribution service territories or footprints of its underlying transmission owning members. Order No. 1000-A, 139 FERC ¶ 61,132 at P 429.

³⁵⁹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 226, 319; Order No. 1000-A, 139 FERC ¶ 61,132 at P 426. The Commission stated in Order No. 1000 that upgrades to transmission facilities included such things as tower change outs or reconductoring, regardless of whether or not an upgrade has been selected in the regional transmission plan for purposes of cost allocation. Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 319. The Commission clarified in Order No. 1000-A that the term "upgrade" means an improvement to, addition to, or replacement of a part of, an existing transmission facility. The term does not refer to an entirely new transmission facility. Order No. 1000-A, 139 FERC ¶ 61,132 at P 426.

³⁶⁰ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 319.

³⁶¹ Order No. 1000-A, 139 FERC ¶ 61,132 at P 423.

cost allocation” excludes a new transmission facility if the costs of that facility are borne entirely by the public utility transmission provider in whose retail distribution service territory or footprint that new transmission facility is to be located.³⁶² However, the Commission acknowledged in Order No. 1000-A that there may be a range of examples of multi-transmission provider zones, and it would address whether a cost allocation to a multi-transmission provider zone is regional on a case-by-case basis based on the facts presented on compliance.³⁶³

i. Filing Parties’ Compliance Filings

208. Filing Parties indicate that their respective OATTs do not contain provisions granting a federal right of first refusal to construct transmission facilities selected in the WestConnect regional transmission plan for purposes of cost allocation.³⁶⁴

ii. Protests/Comments

209. No protests or comments were received regarding this issue.

iii. Commission Determination

210. We find that the provisions concerning federal rights of first refusal in Filing Parties’ filings comply with the requirements of Order No. 1000 because Filing Parties’ OATTs do not contain any federal rights of first refusal with respect to transmission projects selected in the WestConnect regional transmission plan for purposes of cost allocation.

b. Qualification Criteria

211. Order No. 1000 requires each public utility transmission provider to revise its OATT to demonstrate that the regional transmission planning process in which it participates has established appropriate qualification criteria for determining an entity’s eligibility to propose a transmission project for selection in the regional transmission plan for purposes of cost allocation, whether that entity is an incumbent transmission provider or a nonincumbent transmission developer.³⁶⁵ Appropriate qualification criteria must be fair and not unreasonably stringent when applied to either the incumbent transmission

³⁶² *Id.*

³⁶³ *Id.* P 424, *order on reh’g*, Order No. 1000-B, 141 FERC ¶ 61,044 at P 40.

³⁶⁴ *E.g.*, Arizona Public Service Co. Transmittal Letter at 17.

³⁶⁵ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 225, 323.

provider or nonincumbent transmission developer.³⁶⁶ These criteria must not be unduly discriminatory or preferential and must provide each potential transmission developer the opportunity to demonstrate that it has the necessary financial resources and technical expertise to develop, construct, own, operate, and maintain transmission facilities.³⁶⁷

212. The qualification criteria should also allow for the possibility that an existing public utility transmission provider already satisfies the criteria.³⁶⁸ There must be procedures in place for timely notifying transmission developers of whether they satisfy the region's qualification criteria and opportunities to remedy any deficiencies.³⁶⁹ In addition, the qualification criteria should not be applied to an entity proposing a transmission project for consideration in the regional transmission planning process if that entity does not intend to develop the proposed transmission project.³⁷⁰

213. The Commission clarified in Order No. 1000-A that it would be an impermissible barrier to entry to require, as part of the qualification criteria, that a transmission developer demonstrate that it has, or can obtain, state approvals necessary to operate in a state, including state public utility status and the right to eminent domain, to be eligible to propose a transmission facility.³⁷¹

i. Filing Parties' Compliance Filings

214. Under Filing Parties' proposal, any stakeholder including incumbent or nonincumbent transmission developers, independent or merchant transmission companies, transmission customers, any state regulator, or any other key interest group may propose a transmission project to be evaluated under the WestConnect regional transmission planning process for purposes of cost allocation.³⁷²

³⁶⁶ *Id.* P 324.

³⁶⁷ *Id.* P 323.

³⁶⁸ *Id.* P 324.

³⁶⁹ *Id.*

³⁷⁰ *Id.* P 324 n.304, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 439 n.520.

³⁷¹ Order No. 1000-A, 139 FERC ¶ 61,132 at P 441.

³⁷² *E.g.*, Arizona Public Service Co. Transmittal Letter at 14. Section 4.3.2.2 of the Business Practice Manual (Working Draft - Version 11 rev. 10/12/12), "Qualification Criteria," addresses the information required for transmission projects submitted for

(*continued . . .*)

ii. Protests/Comments

215. LS Power states that Filing Parties did not include the qualification criteria for determining an entity's eligibility to propose a transmission project in their OATTs as required by Order No. 1000, but instead, included the information in the Business Practice Manual which was not submitted as part of their compliance filings. LS Power requests that Filing Parties be directed to include the qualification criteria in their respective OATTs.³⁷³

iii. Answer

216. In response, Filing Parties state that the criteria for submitting a project to be evaluated are reflected in the respective OATTs, and note that the Business Practice Manual repeats the criteria.³⁷⁴

iv. Commission Determination

217. Order No. 1000 requires the establishment of "appropriate qualification criteria for determining an entity's eligibility to propose a transmission project for selection in the regional transmission plan for purposes of cost allocation, whether that entity is an incumbent transmission provider or a nonincumbent transmission developer."³⁷⁵ These requirements, which are summarized above in paragraphs 211-213, are separate from the information that a prospective transmission developer must submit in support of a proposed transmission project.³⁷⁶ We find that Filing Parties' revised OATTs do not

evaluation for purposes of cost allocation, rather than the criteria Filing Parties will use to determine an entity's eligibility to propose a transmission project for purposes of cost allocation in the regional transmission planning process.

³⁷³ LS Power Protest at 20.

³⁷⁴ Filing Parties Answer at 27 (citing Public Service Company of Colorado OATT, Attachment R-PSCo § III.C.5).

³⁷⁵ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 323.

³⁷⁶ We note that the OATT provisions cited by Filing Parties contain information criteria for a project submission, not criteria to determine an entity's eligibility qualification to submit such a project.

include qualification criteria to establish an entity's eligibility to propose a transmission project.³⁷⁷

218. We therefore direct Filing Parties to further modify their respective OATTs to include qualification criteria for determining an entity's eligibility to propose a transmission project for selection in the regional transmission plan for purposes of cost allocation, consistent with Order No. 1000, and to include procedures for timely notification to transmission developers of whether they satisfy the region's qualification criteria and the procedures to remedy any identified deficiencies.³⁷⁸

c. Information Requirements

219. Order No. 1000 requires that each public utility transmission provider revise its OATT to identify the information that a prospective transmission developer must submit in support of a transmission project the developer proposes in the regional transmission planning process.³⁷⁹ The public utility transmission provider must identify this information in sufficient detail to allow a proposed transmission project to be evaluated in the regional transmission planning process on a basis comparable to other transmission projects that are proposed in this process.³⁸⁰ The information requirements must not be so cumbersome that they effectively prohibit transmission developers from proposing transmission projects, yet not be so relaxed that they allow for relatively unsupported proposals.³⁸¹ They may require, for example, relevant engineering studies and cost analyses and may request other reports or information from the transmission developer that are needed to facilitate evaluation of the transmission project in the regional transmission planning process.³⁸²

³⁷⁷ Order No. 1000 also requires that “[t]he qualification criteria must provide each potential transmission developer the opportunity to demonstrate that it has the necessary financial resources and technical expertise to develop, construct, own, operate and maintain transmission facilities.” *Id.* P 323.

³⁷⁸ The Commission will review on compliance whether any proposed qualification criterion is unreasonably stringent when applied to nonincumbent transmission developers such that the criteria act as an unreasonable barrier to entry. Order No. 1000-A, 139 FERC ¶ 61,132 at P 441.

³⁷⁹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 325.

³⁸⁰ *Id.* P 326.

³⁸¹ *Id.*

³⁸² *Id.*

220. Each public utility transmission provider must also revise its OATT to identify the date by which information in support of a transmission project must be submitted to be considered in a given transmission planning cycle.³⁸³ Each transmission planning region may determine for itself what deadline is appropriate and may use rolling or flexible dates to reflect the iterative nature of their regional transmission planning process.³⁸⁴

i. Filing Parties' Compliance Filings

221. Filing Parties propose to revise their respective OATTs to reflect information that a prospective transmission developer must submit in support of a transmission project to be considered under the WestConnect regional transmission planning process for possible inclusion in the regional plan for purposes of cost allocation. In addition to contact information and a detailed project description,³⁸⁵ the following information must be submitted: estimated project cost, a description of the plan for post-construction maintenance and operation of the proposed line, and a \$25,000 fee to support the cost of the relevant study work (if the entity submitting the project is seeking regional cost allocation).³⁸⁶

222. In addition, Filing Parties propose to revise their respective OATTs to reflect information that stakeholders must submit in support of non-transmission alternative proposals to be evaluated in the regional transmission planning process. The revised OATTs require information such as point of contact, description of the project,³⁸⁷ project construction and operational costs, operational benefits, load off-set (if applicable), short circuit data, protection data, and any other technical data. Filing Parties' proposal also requires stakeholders that submit a non-transmission alternative under the regional

³⁸³ *Id.* P 325.

³⁸⁴ *Id.* P 327.

³⁸⁵ Detailed project information includes points of interconnection, operating voltage, circuit configuration, circuit mileage, diagrams, description of any special facilities, and study work relevant to the project and other relevant analyses. *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.C.5.

³⁸⁶ *E.g., id.* § III.C.5.

³⁸⁷ This information includes fuel type, size of facility, location of facility, and a description of the issue sought to be resolved. *E.g., id.* § III.C.6.

transmission planning process to pay the same or equivalent submittal fees as transmission alternatives.³⁸⁸

223. Under the regional transmission planning process, WestConnect will conduct an open submission period for project proposals to address identified regional needs during the fourth quarter of its regional planning cycle.³⁸⁹ WestConnect will post notice of the submission period on its website and provide notice to its stakeholders by email. The submission period for project proposals will be no less than 30 days. WestConnect will grant project sponsors a reasonable opportunity to cure any deficiencies identified in writing by the Planning Management Committee. Furthermore, if the Planning Management Committee determines a project proposal is incomplete, it will post a document on the WestConnect website detailing why the proposal was rejected and will provide a reasonable opportunity to cure the deficiencies.³⁹⁰

ii. Protests/Comments

224. LS Power claims that Filing Parties have project qualification criteria in the Business Practice Manual rather than in their respective OATTs, as required by Order No. 1000. LS Power requests that Filing Parties be directed to correct this aspect of their compliance filings.³⁹¹

iii. Answer

225. Filing Parties dispute LS Power's claim, noting that the revised OATTs stipulate the criteria for submitting a project to be evaluated for selection in the regional transmission planning process for purposes of cost allocation. Filing Parties state that the Business Practice Manual repeats, but does not alter, the criteria.³⁹²

³⁸⁸ *E.g., id.* § III.C.6. We address Filing Parties' proposal to assess fees for submitting non-transmission alternatives above in section IV.B.1.b.v.

³⁸⁹ The Business Practice Manual specifies that projects can be submitted from November 1 through December 31 during the second year of the biennial transmission planning process. WestConnect Regional Planning Process Business Practice Manual (Working Draft - Version 11 rev. 10/12/12), § 4.3.1, *available at* http://westconnect.com/planning_order_1000_bpm.php.

³⁹⁰ *E.g.,* Arizona Public Service Co. OATT, Attachment E § III.C.5.

³⁹¹ LS Power Protest at 20.

³⁹² Filing Parties Answer at 27 (citing Public Service Company of Colorado OATT, Attachment R-PSCo § III.C.5).

iv. **Commission Determination**

226. We find that the revisions to Filing Parties' respective OATTs addressing information requirements for submitting proposals to be considered in the regional transmission planning process partially comply with the requirements of Order No. 1000. We conclude that the information requirements in Filing Parties' respective OATTs are appropriately detailed. However, Order No. 1000 states that the information that project developers are required to submit to the transmission planning region be identified in the OATTs of its public utility transmission providers.³⁹³ Filing Parties' draft Business Practice Manual includes certain informational requirements that are appropriately placed in their respective OATTs.³⁹⁴ Therefore, if Filing Parties intend to require that transmission project sponsors submitting a transmission project for purposes of cost allocation provide this information, on compliance they should revise their respective OATTs to include the requirements that transmission project sponsors: (1) provide the transmission project in-service date; and (2) state an intention to join WestConnect (if the transmission project is selected in the regional transmission plan for purposes of cost allocation).

d. **Evaluation Process for Transmission Proposals for Selection in the Regional Transmission Plan for Purposes of Cost Allocation**

227. Order No. 1000 requires each public utility transmission provider to amend its OATT to describe a transparent and not unduly discriminatory process for evaluating whether to select a proposed transmission facility in the regional transmission plan for purposes of cost allocation.³⁹⁵ Public utility transmission providers should both explain and justify the nondiscriminatory evaluation process proposed in their compliance filings.³⁹⁶

³⁹³ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 325.

³⁹⁴ WestConnect Regional Planning Process Business Practice Manual (Working Draft - Version 11 rev. 10/12/12), § 4.3.2.2, *available at* http://westconnect.com/planning_order_1000_bpm.php.

³⁹⁵ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 328, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 452.

³⁹⁶ Order No. 1000-A, 139 FERC ¶ 61,132 at P 268.

228. The evaluation process must ensure transparency and provide the opportunity for stakeholder coordination.³⁹⁷ The public utility transmission providers in a transmission planning region must use the same process to evaluate a new transmission facility proposed by a nonincumbent transmission developer as it does for a transmission facility proposed by an incumbent transmission developer.³⁹⁸ When cost estimates are part of the selection criteria, the regional transmission planning process must scrutinize costs in the same manner whether the transmission project is sponsored by an incumbent or nonincumbent transmission developer.³⁹⁹ The evaluation process must culminate in a determination that is sufficiently detailed for stakeholders to understand why a particular transmission project was selected or not selected in the regional transmission plan for purposes of cost allocation.⁴⁰⁰

i. Filing Parties' Compliance Filings

229. With the exception of NV Energy and Public Service Company of Colorado, Filing Parties' respective OATTs indicate that WestConnect will evaluate potential solutions to regional transmission needs based on the following criteria: (1) ability to fulfill the identified need practically; (2) ability to meet applicable reliability criteria or NERC Transmission Planning standards issues; (3) technical, operational and financial feasibility; (4) operational benefits/constraints or issues; (5) cost effectiveness over the time frame of the study or the life of the facilities, as appropriate (including adjustments, as necessary, for operational benefits/constraints or issues, including dependability); (6) where applicable, consistency with public policy or regulatory requirements, including cost recovery through regulated rates; and (7) whether the project is determined by the Planning Management Committee to be more efficient or cost-effective.⁴⁰¹

230. NV Energy and Public Service Company of Colorado do not reflect the same level of detail as the other Filing Parties when describing the evaluation criteria in their OATTs. Rather, their respective proposed OATTs state generally that: (1) projects will be evaluated and selected from competing solutions and resources, such that all types of

³⁹⁷ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 328, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 454.

³⁹⁸ Order No. 1000-A, 139 FERC ¶ 61,132 at P 454.

³⁹⁹ *Id.* P 455.

⁴⁰⁰ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 328, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 267.

⁴⁰¹ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.D.1.

resources are considered on a comparable basis; and (2) the same criteria and evaluation process will be applied to competing solutions and/or projects.⁴⁰²

231. In addition, Filing Parties propose that the WestConnect Planning Subcommittee will be responsible for identifying and evaluating preferred solutions to regional needs, including the identification of beneficiaries and associated allocation of project costs, and for including those preferred solutions in the WestConnect regional transmission plan that it will recommend to the Planning Management Committee. Pursuant to the proposed OATTs, the Planning Management Committee will be responsible for approving the final plan, including the selection of projects for regional cost allocation.⁴⁰³ The regional transmission plan will document why projects were either included or not included in the plan.⁴⁰⁴ However, with respect to review and selection of reliability projects for purposes of cost allocation, the Planning Management Committee must secure the approval of the applicable local transmission owner(s) before modifying their local transmission plan, since transmission owners are ultimately responsible for compliance with NERC Reliability Standards.⁴⁰⁵

ii. Protests/Comments

232. LS Power asserts that Filing Parties' proposed regional transmission planning process lacks an evaluation method and therefore does not comply with Order No. 1000.⁴⁰⁶ Consequently, LS Power requests that the Commission direct Filing Parties to

⁴⁰² NV Energy OATT, Attachment K § III.F; Public Service Company of Colorado OATT, Attachment R-PSCo § III.D.

⁴⁰³ *E.g.*, Arizona Public Service Co. OATT, Attachment E §§ III.B.1, III.B.5, III.D.6. The Planning Management Committee's voting structure is addressed above in section IV.B.1.c.iii.

⁴⁰⁴ *E.g.*, *id.* § III.D.6.

⁴⁰⁵ *E.g.*, *id.* § III.D.2. A similar provision requiring the consent of the affected transmission owner for changes to reliability projects in its local plan is found in the cost allocation section of Filing Parties' proposal. *E.g.*, Arizona Public Service Co. OATT, Attachment E § VII.B.1 ("Should multiple utilities have separate reliability issues that are addressed most efficiently by a single project *and the utilities approve the change to their local plans*, that project will be approved and the cost will be shared by those utilities in proportion to the cost of alternatives that could be pursued by the individual utility to resolve the reliability issue." (emphasis added)).

⁴⁰⁶ LS Power Protest at 16-17.

detail how they will select among competing projects for selection in the regional transmission plan.⁴⁰⁷ Likewise, Western Independent Transmission Group contends that Filing Parties do not explain in adequate detail the metrics by which a proposed economic project will be evaluated and why it may or may not be selected for inclusion in the regional transmission plan. Specifically, it argues that Filing Parties do not provide specific guidelines or a formula explaining how WestConnect will perform cost-benefit analyses. To address this concern, Western Independent Transmission Group requests that Filing Parties be required to adopt more specific rules for evaluating economic projects.⁴⁰⁸

233. LS Power is concerned that designating incumbent transmission owners as beneficiaries of a regional project would allow those transmission owners to effectively frustrate competing nonincumbent transmission developers' projects.⁴⁰⁹

234. In addition, LS Power states that to ensure that all actions by the Planning Management Committee in developing a regional transmission plan will conform to the requirements of Order No. 1000, Filing Parties' respective OATTs should include specific statements that attest to the actions of the Planning Management Committee. Specifically, LS Power requests that the Filing Parties be directed to document in the regional transmission plan why projects were either included or not included and to affirmatively attest that the review and analysis performed by the WestConnect Planning Management Committee was non-discriminatory and consistent.⁴¹⁰

iii. Answer

235. In response to LS Power's assertion that the proposal lacks an evaluation method for selecting projects, Filing Parties argue that the proposed OATT revisions provide an evaluation process for reliability, economic, and public policy projects, including the criteria for selecting projects in the regional transmission plan for purposes of cost allocation, and vests the Planning Management Committee with the authority to select those projects and approve the plan.⁴¹¹ Filing Parties also note in response to both LS Power and Western Independent Transmission Group that the Commission allowed

⁴⁰⁷ *Id.* at 17.

⁴⁰⁸ Western Independent Transmission Group Comments at 7-10.

⁴⁰⁹ LS Power Protest at 14.

⁴¹⁰ *Id.* at 15-16.

⁴¹¹ Filing Parties Answer, App. A, No. 7.

regions to use “flexible criteria” rather than bright line metrics to determine which projects to include in the regional plan.⁴¹²

236. In addition, Filing Parties state that there is nothing in Order No. 1000 that prohibits transmission owners from participating in the selection of transmission facilities in the regional transmission plan for purposes of cost allocation.⁴¹³ Filing Parties also state that the Planning Management Committee is required to comply with the requirements of Order No. 1000, and that should LS Power encounter discrimination in the WestConnect process, it has the right to file a complaint with the Commission.⁴¹⁴

iv. Commission Determination

237. We find that the provisions in Filing Parties’ compliance filings dealing with the evaluation of proposed transmission projects partially comply with the requirements of Order No. 1000. Under the WestConnect regional transmission planning process, projects that are timely submitted will be evaluated and selected from competing solutions on a comparable basis. Under the process, the same criteria and evaluation process are applied to competing solutions, regardless of the type or class of stakeholder proposing them.

238. We disagree with LS Power and Western Independent Transmission Group that Filing Parties’ proposal fails to describe how WestConnect will select among competing projects for selection in the regional transmission plan. To the contrary, competing solutions will be evaluated against one another based on seven factors to determine the preferred solution or combination of solutions. We find that these criteria, coupled with the description of the regional study process and governance structure proposed in Filing Parties’ OATTs, provide sufficient clarity regarding the transparent and not unduly discriminatory process for selecting transmission projects in the regional transmission plan for purposes of cost allocation. Moreover, Filing Parties’ proposed OATTs state that the regional transmission plan will document why projects were either included or not included in the plan,⁴¹⁵ which will provide additional transparency to ensure that the criteria are applied in a not unduly discriminatory or preferential manner and will allow stakeholders to understand why a particular transmission project was selected or not

⁴¹² *Id.*, App. A, Nos. 2 and 7 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 223).

⁴¹³ *Id.*, App. A, No. 5.

⁴¹⁴ *Id.*, App. A, No. 6.

⁴¹⁵ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.D.6.

selected in the regional transmission plan for purposes of cost allocation. However, what is not clear with respect to the evaluation and selection criteria is the role of the Planning Management Committee and each committee and/or subcommittee in that evaluation process. Filing Parties' respective OATTs do not specify the process by which the criteria are applied, who conducts the evaluation process, and who ultimately selects the preferred solution or combination of solutions. We therefore direct Filing Parties to revise their OATTs to provide additional detail regarding the evaluation and selection process for projects, particularly the role of each WestConnect committee and/or subcommittee in that evaluation process.⁴¹⁶

239. We disagree with LS Power that allowing WestConnect to designate incumbent transmission owners as beneficiaries will allow incumbents to frustrate the development of nonincumbent competitors' projects. Incumbent transmission owners routinely serve dual roles as representatives of load and owners of transmission infrastructure, and, as such, it is reasonable that their load-serving obligations be accounted for in the regional transmission planning process. Furthermore, by expanding the WestConnect governance process for regional transmission planning to include other stakeholder sectors in addition to incumbent transmission providers, the proposal provides additional protection against risk of unduly preferential incumbent preference in the regional transmission planning process.

240. We similarly reject LS Power's request that the respective OATTs be amended to include an attestation that the analysis conducted under the regional transmission plan was non-discriminatory. The obligation to act in a not unduly discriminatory manner arises from the FPA, Order No. 890, and Order No. 1000, and exists irrespective of whether WestConnect attests to it in the regional transmission plan. We also note that an entity may bring a complaint to the Commission if it believes that the WestConnect regional transmission planning process is not being conducted in a transparent and not unduly discriminatory manner.

241. We also find that the provisions in NV Energy and Public Service Company of Colorado's filings addressing the evaluation and selection of proposed transmission solutions do not comply with the requirements of Order No. 1000 because they lack sufficiently detailed evaluation criteria. Accordingly, to ensure transparency and consistency across Filing Parties' OATTs, we direct NV Energy and Public Service

⁴¹⁶ See Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 328 (requiring an evaluation process sufficiently detailed for stakeholders to understand why a particular project was selected or not selected in the regional transmission plan for purposes of cost allocation); Order No. 1000-A, 139 FERC ¶ 61,132 at PP 268 (requiring public utility transmission providers to explain and justify their evaluation process), 452 (affirming the requirement for a transparent and not unduly discriminatory evaluation process).

Company of Colorado to revise their respective OATTs as part of their subsequent compliance filings to incorporate the seven evaluation criteria proposed by the other Filing Parties.

242. As noted above, with respect to the review and selection of reliability transmission projects in the regional transmission plan for purposes of cost allocation, Filing Parties propose to require the Planning Management Committee to secure the approval of a local transmission owner before modifying their local transmission plan. Whether a transmission owner is willing to modify its local transmission plan should not determine whether a regional reliability transmission project may be selected in the regional transmission plan for purposes of cost allocation. To grant an incumbent transmission owner that authority would frustrate WestConnect's ability to identify and select the more efficient or cost-effective regional solutions in the regional transmission plan. We direct Filing Parties, on compliance, to clarify their OATTs accordingly to address this concern.

243. We note, however, that selection of a regional reliability transmission project in the regional transmission plan for purposes of cost allocation does not require the transmission owner to revise its local transmission plan to replace a local transmission project. This result – the selection of a more efficient or cost-effective solution in the regional transmission plan for purposes of cost allocation, coupled with an acknowledgement of the transmission owner's right to maintain its local plan – is consistent with Order No. 1000, which does not prohibit an incumbent transmission provider from planning new transmission facilities that are located solely within its retail distribution service territory or footprint and that are not submitted for selection in the regional transmission plan for purposes of cost allocation to meet its reliability needs.

e. **Reevaluation Process for Transmission Proposals for Selection in the Regional Transmission Plan for Purposes of Cost Allocation**

244. Each public utility transmission provider must amend its OATT to describe the circumstances and procedures under which public utility transmission providers in the regional transmission planning process will reevaluate the regional transmission plan to determine if delays in the development of a transmission facility selected in a regional transmission plan for purposes of cost allocation require evaluation of alternative transmission solutions, including those that the incumbent transmission provider proposes, to ensure the incumbent transmission provider can meet its reliability needs or service obligations.⁴¹⁷ If an evaluation of alternatives is needed, the regional transmission planning process must allow the incumbent transmission provider to

⁴¹⁷ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 263, 329, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 477.

propose solutions that it would implement within its retail distribution service territory or footprint, and if that solution is a transmission facility, then the proposed transmission facility should be evaluated for possible selection in the regional transmission plan for purposes of cost allocation.⁴¹⁸

i. Filing Parties' Compliance Filings

245. Filing Parties propose that the Planning Management Committee will be responsible for determining during each planning cycle if and, if so, which, projects selected in the regional transmission plan for purposes of cost allocation will be reevaluated. Filing Parties' proposal states that any project that is reevaluated may also have its status as a project selected for purposes of cost allocation modified, with any costs reallocated as if it were a new project. Projects that may be reevaluated include, but are not limited to: (1) projects that are delayed and fail to meet their submitted in-service date by more than two years; (2) projects with significant project changes (e.g., kilovolt, megavolt ampere, or path rating changes); (3) projects with any change in participatory or cost allocated entities that result in the project being not fully funded; or (4) projects with a change in the calculation of benefits or benefit to cost ratio. Filing Parties propose that under the WestConnect transmission planning process certain projects will not be reevaluated, including (but not limited to): (1) local or single system transmission projects that have been identified in individual transmission providers' NERC Transmission Planning Standards compliance assessments to mitigate reliability issues; (2) planned transmission system upgrades to existing facilities; and (3) projects that have been approved by WestConnect in previous planning cycles unless agreed upon by the beneficiaries identified in the approved project.⁴¹⁹

246. In addition, under Filing Parties' proposal, once a transmission facility has been selected in the regional transmission plan for purposes of cost allocation, the facility's developer must submit a development schedule that indicates the required steps necessary to develop and construct the facility. Filing Parties propose that the transmission owners and providers in the WestConnect transmission planning region will establish a date by which the steps required to construct the facility must be achieved that is tied to when construction must begin to timely meet the need that the project was selected to address. Filing Parties' proposed OATTs provide that if the required steps have not been achieved by such dates, the transmission owners and providers may remove the transmission

⁴¹⁸ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 329.

⁴¹⁹ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.D.7.

project from the regional transmission plan for purposes of cost allocation and reevaluate the regional transmission plan.⁴²⁰

ii. Protests/Comments

247. LS Power states that the project reevaluation criteria inappropriately exempts certain transmission owner-developed projects from reevaluation.⁴²¹ In particular, LS Power opposes Filing Parties' proposal to exempt local or single system transmission projects because such local projects form the basis for the regional transmission plan and therefore should be subject to reevaluation and exclusion from the regional transmission plan if they fail to meet the milestones for completion that apply to regional projects.⁴²²

248. Moreover, LS Power argues that the proposed reevaluation process is unworkable because it authorizes transmission owners and providers in the WestConnect transmission planning region to remove reevaluated projects from the regional plan and reserves to the Planning Management Committee the responsibility for determining, during each planning cycle, when and if projects are to be reevaluated.⁴²³ Regarding Filing Parties' proposal to allow the transmission owners and providers in the WestConnect transmission planning region to establish a date by which the steps required to construct must be achieved,⁴²⁴ LS Power asserts that project schedules and milestones developed by the project sponsor should be submitted to the Planning Management Committee for monitoring and subject to reevaluation under the same terms and conditions as incumbent transmission owner projects.⁴²⁵

iii. Answer

249. Filing Parties object to LS Power's proposal to apply reevaluation criteria to local projects by stating that Order No. 1000 only requires a reevaluation process for regional projects selected in the regional transmission plan for purposes of cost allocation. Filing Parties argue further that the Planning Management Committee has no authority to

⁴²⁰ *E.g., id.* § VII.B.6.

⁴²¹ LS Power Protest at 17.

⁴²² *Id.* at 17-18.

⁴²³ *Id.* at 18 (referencing Public Service Company of Colorado OATT, Attachment R-PSCo §§ III.J, VI.B.6).

⁴²⁴ *E.g., Arizona Public Service Co. OATT, Attachment E § VII.B.6.*

⁴²⁵ LS Power Protest at 18.

prevent a transmission owner from developing a local project, regardless of whether reevaluation criteria did apply. Filing Parties also state that each transmission owner performs reevaluation of local projects as part of its Order No. 890 process.⁴²⁶

250. Similarly, Filing Parties object to LS Power's argument that projects that were never selected in a regional plan should not be exempt from reevaluation. They argue that Order No. 1000 requires a transmission planning region to have a reevaluation process, but does not include specific reevaluation criteria. Filing Parties state that their proposed exclusions are intended to protect projects that are not selected in the regional transmission plan for purposes of cost allocation, including those projects for which the Commission did not remove a right of first refusal and those projects studied under the current Order No. 890-compliant process.⁴²⁷

251. Filing Parties acknowledge the inconsistency identified by LS Power and clarify that only the Planning Management Committee – and not the transmission owners and operators – will have the authority to remove from the regional plan a project selected for regional cost allocation.⁴²⁸ However, Filing Parties assert that transmission owners and operators are the proper entities to establish project milestone dates because the existing transmission owners and operators have an obligation to ensure their system needs, particularly reliability needs, are met.⁴²⁹

iv. Commission Determination

252. We find that the provisions in Filing Parties' compliance filings addressing the reevaluation of the regional transmission plan partially comply with the requirements of Order No. 1000.⁴³⁰ Accordingly, we direct Filing Parties to file, within 120 days of the date of issuance of this order, further compliance filings that revise their respective OATTs, as discussed below.

⁴²⁶ Filing Parties Answer, App. A, No. 8.

⁴²⁷ *Id.*, App. A, No. 9.

⁴²⁸ *Id.* at 33-34.

⁴²⁹ *Id.* at 33.

⁴³⁰ In section IV.B.1.a above, we separately address Filing Parties' proposal to exclude certain planned transmission projects from the requirements of Order No. 1000 by exempting them from reevaluation.

253. First, we note that Order No. 1000 specifically requires public utility transmission providers to reevaluate the regional transmission *plan*.⁴³¹ While it appears that this is the intent of Filing Parties' proposal, the proposed OATT revisions provide that WestConnect will reevaluate transmission *projects*.⁴³² Accordingly, in the ordered compliance filings, we direct Filing Parties to clarify in their OATTs that WestConnect will undertake a reevaluation of the regional transmission plan, rather than only transmission projects.

254. Second, we understand Filing Parties' proposal to reevaluate or to exempt from reevaluation certain transmission projects to address the requirement in Order No. 1000 to set forth the circumstances under which Filing Parties will reevaluate the regional transmission plan to determine if delays in the development of a transmission facility selected in a regional transmission plan for purposes of cost allocation require evaluation of alternative transmission solutions.⁴³³ Thus, we require Filing Parties to revise their OATTs as needed to conform the provision to the above explanation. Moreover, Filing Parties' revisions must, consistent with the requirements of Order No. 1000:⁴³⁴ (1) allow the incumbent transmission provider to propose solutions that it would implement within its retail distribution service territory or footprint if an evaluation of alternatives is needed; and (2) if the proposed solution is a transmission facility, provide for the facility's evaluation for possible selection in the regional transmission plan for purposes of cost allocation.

255. Third, we are concerned that Filing Parties provide only non-exhaustive lists of the circumstances under which the regional transmission plan will be reevaluated to determine if delays in the development of a transmission facility selected in a regional transmission plan for purposes of cost allocation require evaluation of alternative transmission solutions. While we note Filing Parties' assurance that reevaluation decisions will be made by the Planning Management Committee, and not directly by incumbent transmission owners, Filing Parties' proposed non-exhaustive lists fail to provide sufficient clarity regarding the circumstances that could trigger reevaluation for

⁴³¹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 65, 162.

⁴³² For example, the relevant OATT provision is entitled "Reevaluation of WestConnect Regional Transmission Plan." However, the OATT language in that section is framed in terms of the Planning Management Committee's reevaluation of projects. *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.D.7.

⁴³³ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 263, 329, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 477.

⁴³⁴ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 329.

transmission developers whose proposed transmission projects are selected in the regional transmission plan for purposes of cost allocation. Moreover, Filing Parties do not explain in their OATTs how the Planning Management Committee will determine whether or not to reevaluate the regional transmission plan to determine if delays in the development of a transmission facility selected in a regional transmission plan for purposes of cost allocation require evaluation of alternative transmission solutions or the procedures through which it will perform such a reevaluation. Without transparent procedures for making such determinations and for reevaluating the regional transmission plan clearly described in Filing Parties' OATTs, stakeholders will be unable to determine whether the procedures are not unduly discriminatory and whether they are being applied in a not unduly discriminatory manner.

256. To address the concerns discussed in the paragraph above, we direct Filing Parties on compliance to provide additional detail regarding (1) the circumstances under which the regional transmission plan will be reevaluated to determine whether delays in the development of a transmission facility selected in the regional transmission plan for purposes of cost allocation require evaluation of alternative transmission solutions, including defined triggers for reevaluation, and (2) the procedures under which the Planning Management Committee will do so. We also require Filing Parties to revise their OATTs to clarify that only the Planning Management Committee and not "the transmission owners and providers" will have the authority to remove from the regional transmission plan, a transmission project selected for purposes of cost allocation.

257. Fourth, Filing Parties propose specific criteria for transmission projects selected in the regional transmission plan for purposes of cost allocation to trigger reevaluation of the regional transmission plan. Such reevaluation may modify a transmission project's selection for purposes of cost allocation in the regional transmission plan. We find that Filing Parties' proposal to reevaluate the regional transmission plan to determine if delays in the development of (1) transmission projects that are delayed and fail to meet their submitted in-service date by more than two years, and (2) transmission projects with significant project changes (e.g., kilovolt, megavolt ampere, or path rating changes) require evaluation of alternative transmission solutions complies with Order No. 1000. In contrast, we find that Filing Parties' proposal to reevaluate the regional transmission plan to determine if delays in the development of transmission projects that are not fully funded⁴³⁵ require evaluation of alternative transmission solutions does not comply with Order No. 1000. As explained in section IV.B.3.a.iv below, we find that cost allocation determinations for transmission projects selected in the regional transmission plan for purposes of cost allocation must be binding upon identified beneficiaries. For this reevaluation provision to comply with Order No. 1000, Filing Parties must revise it to

⁴³⁵ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.D.7.

apply only to transmission facilities that are not selected in the regional transmission plan for purposes of cost allocation.

258. Fifth, we require Filing Parties to provide additional information in further compliance filings with respect to their proposal to reevaluate the regional transmission plan to determine if delays in the development of transmission projects with a change in the calculation of benefits or benefit to cost ratio⁴³⁶ require evaluation of alternative transmission solutions. Filing Parties have not explained when the benefit to cost ratio for a transmission project selected in the regional transmission plan for purposes of cost allocation may be recalculated or the process for doing so.

259. Sixth, with regard to Filing Parties' proposed OATT revisions establishing the circumstances under which the regional transmission plan will not be reevaluated due to delays in the development of a proposed transmission facility, we find that Filing Parties' proposal not to reevaluate the regional transmission plan due to delays in the development of local or single system transmission projects that have been identified in transmission providers' NERC Transmission Planning Standards compliance assessments to mitigate reliability issues complies with Order No. 1000. Contrary to LS Power's assertion that this provision is inappropriate, Order No. 1000 requires that each public utility transmission provider amend its OATT to describe the circumstances and procedures under which public utility transmission providers in the regional transmission planning process will reevaluate the regional transmission plan to determine if delays in the development of a transmission facility selected in a regional transmission plan for purposes of cost allocation require evaluation of alternative transmission solutions.⁴³⁷ Order No. 1000 does not require public utility transmission providers to similarly describe the circumstances and procedures under which they will reevaluate the regional transmission plan to determine if delays in the development of a local transmission facility require evaluation of alternative transmission solutions.

260. However, we note that a local or single system transmission project may be selected in the regional transmission plan for purposes of cost allocation. In such cases, Order No. 1000's requirement that the public utility transmission providers describe the circumstances and procedures under which they will reevaluate the regional transmission plan to determine if delays in the development of a transmission facility selected in a regional transmission plan for purposes of cost allocation require evaluation of alternative transmission solutions would apply. Thus, we require Filing Parties to revise their OATTs in further compliance filings to clarify that if a local or single system

⁴³⁶ *E.g., id.*

⁴³⁷ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 263, 329, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 477.

transmission project is selected in the regional transmission plan for purposes of cost allocation, delays in its development will result in reevaluation of the regional transmission plan under the same circumstances as would delays in the development of any other transmission facility selected in the regional transmission plan for purposes of cost allocation.

261. Seventh, we find that Filing Parties' proposal not to reevaluate the regional transmission plan to determine if delays in the development of (1) planned transmission system upgrades to existing facilities and (2) transmission projects that have been approved by WestConnect in previous planning cycles (unless agreed upon by the beneficiaries identified in the approved project)⁴³⁸ require evaluation of alternative transmission solutions does not comply with Order No. 1000. Both of these categories of transmission facilities may be selected in the regional transmission plan for purposes of cost allocation, and, pursuant to Order No. 1000, Filing Parties must therefore describe the circumstances and procedures under which they will reevaluate the regional transmission plan to determine if delays in the development of these facilities require evaluation of alternative transmission solutions.

262. Finally, we agree with LS Power that project schedules and milestones developed by a nonincumbent transmission developer should be monitored and subject to reevaluation under the same terms and conditions as the project schedules and milestones for an incumbent transmission owner's project. However, Filing Parties' proposal to require the transmission developer for a project selected in the regional transmission plan for purposes of cost allocation to submit a development schedule that indicates the required steps necessary to develop and construct the transmission facility and the transmission owners and providers in the WestConnect transmission planning region to establish a date by which the steps required to construct the facility must be achieved does not differentiate between transmission projects proposed by nonincumbent transmission developers and transmission projects proposed by incumbent transmission owners. Thus, we find that Filing Parties' proposal is not unduly discriminatory or preferential and is consistent with Order No. 1000-A, which requires the transmission developer of a facility selected in the regional transmission plan for purposes of cost allocation to submit a development schedule and requires, as part of the monitoring process, the public utility transmission providers in a transmission planning region to establish a date by which state approvals to construct such a facility must have been achieved.⁴³⁹ Accordingly, we find that Filing Parties' proposal complies with Order No. 1000 without revision.

⁴³⁸ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.D.7.

⁴³⁹ Order No. 1000-A, 139 FERC ¶ 61,132 at P 442.

f. **Cost Allocation for Transmission Projects Selected in the Regional Transmission Plan for Purposes of Cost Allocation**

263. Order No. 1000 requires each public utility transmission provider to participate in a regional transmission planning process that provides that a nonincumbent transmission developer has an opportunity comparable to that of an incumbent transmission developer to allocate the cost of a transmission facility through a regional cost allocation method or methods.⁴⁴⁰ A nonincumbent transmission developer must have the same eligibility as an incumbent transmission developer to use a regional cost allocation method or methods for any sponsored transmission facility selected in the regional transmission plan for purposes of cost allocation.⁴⁴¹ If a transmission project is selected in a regional transmission plan for purposes of cost allocation, Order No. 1000 requires that the transmission developer of that transmission facility (whether incumbent or nonincumbent) must be able to rely on the relevant cost allocation method or methods within the region should it move forward with its transmission project.⁴⁴²

264. Order No. 1000 specifies that the regional transmission planning process could use a non-discriminatory competitive bidding process as the mechanism to ensure that all transmission projects are eligible to be considered for selection in the regional transmission plan for purposes of cost allocation.⁴⁴³ A region may use or retain an existing mechanism that relies on a competitive solicitation to identify preferred solutions to regional transmission needs, and such an existing process may require little or no modification to comply with the framework adopted in Order No. 1000.⁴⁴⁴ The regional transmission planning process could allow the sponsor of a transmission project selected in the regional transmission plan for purposes of cost allocation to use the regional cost allocation method associated with the transmission project.⁴⁴⁵ If it uses a sponsorship model, the regional transmission planning process would also need to have a fair and not unduly discriminatory mechanism to grant to an incumbent transmission provider or nonincumbent transmission developer the right to use the regional cost allocation method

⁴⁴⁰ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 332.

⁴⁴¹ *Id.*

⁴⁴² *Id.* P 339.

⁴⁴³ *Id.* P 336.

⁴⁴⁴ *Id.* P 321.

⁴⁴⁵ *Id.* P 336.

for unsponsored transmission facilities selected in the regional transmission plan for purposes of cost allocation.⁴⁴⁶

i. Filing Parties' Compliance Filings

265. Filing Parties' OATTs explain that the Planning Management Committee will not be responsible for choosing the developer of any project selected for inclusion in the regional plan.⁴⁴⁷ Filing Parties' proposal provides no information regarding how the transmission developer will be eligible to use the regional cost allocation method for a project selected in the regional transmission plan for purposes of cost allocation.

ii. Protests/Comments

266. Colorado Commission contends that Filing Parties' proposal does not provide incumbent transmission owners and nonincumbent transmission developers the same eligibility to use the regional cost allocation method for sponsored transmission facilities selected in the regional transmission plan for purposes of cost allocation because, as the transmission planning process is focused first on the plans of local incumbent transmission providers, the process is therefore biased toward incumbent plans and proposed projects.⁴⁴⁸ LS Power argues that Filing Parties' proposal is deficient because it fails to identify the entity that will construct a project selected in the regional transmission plan for purposes of cost allocation.⁴⁴⁹ LS Power contends that the developer selection process is the entire purpose of the qualification and evaluation process required by Order No. 1000. Thus, LS Power requests that Filing Parties confirm that, in the event a qualified entity that proposes a project that is selected in the regional transmission plan for purposes of cost allocation seeks to develop that project, the entity must be selected as the entity to construct and own the project.⁴⁵⁰

iii. Answer

267. Regarding LS Power's objection that their proposal improperly fails to select the developer of a project selected in the regional transmission plan for purposes of cost

⁴⁴⁶ *Id.*

⁴⁴⁷ *E.g.*, Arizona Public Service Co. OATT, Attachment E § VII.B.6.

⁴⁴⁸ Colorado Commission Comments at 11-13.

⁴⁴⁹ LS Power Protest at 19.

⁴⁵⁰ *Id.* at 19-20.

allocation, Filing Parties argue that Order No. 1000 imposes no such requirement.⁴⁵¹ Filing Parties assert that LS Power's objection is tantamount to an out-of-time request for rehearing of Order No. 1000. Filing Parties assert that Order No. 1000 did not address project or construction authorization and therefore does not require the designation of a project developer.⁴⁵² According to Filing Parties, the regional transmission planning process will facilitate negotiations among potentially interested parties, including the transmission developer who proposed the project, but nothing in Order No. 1000 can compel anyone to accept that developer.⁴⁵³

iv. Commission Determination

268. We find that the provisions in Filing Parties' compliance filings addressing cost allocation for nonincumbent transmission projects do not comply with the requirements of Order No. 1000. While nothing in Filing Parties' proposal denies nonincumbent transmission developers an opportunity comparable to that of an incumbent transmission developer to allocate the cost of a transmission facility through a regional cost allocation method, Filing Parties' respective OATTs do not include a process for determining whether a transmission developer is eligible to use the regional cost allocation method for a transmission project selected in the regional transmission plan for purposes of cost allocation. Filing Parties' argument that Order No. 1000 did not, and cannot, require beneficiaries of a transmission project in a transmission planning region to accept a transmission developer for a project is misplaced. Order No. 1000 expressly requires the adoption of qualification criteria to evaluate a transmission project sponsor's technical and financial capabilities to develop, construct, own, and operate a proposed transmission project. The qualification criteria relate directly to the transmission developer's possible designation as the entity eligible to use the regional cost allocation method for a transmission project that is selected in the regional transmission plan for purposes of cost allocation. Accordingly, we direct Filing Parties to file, within 120 days of the date of issuance of this order, further compliance filings that revise their respective OATTs to include a process for determining which transmission developer is eligible to use the regional cost allocation method for a transmission project selected in the regional transmission plan for purposes of cost allocation.

269. However, we reject LS Power's assertion that to the extent a qualified entity that proposed a transmission project selected in the regional transmission plan for purposes of

⁴⁵¹ Filing Parties Answer at 34 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 340).

⁴⁵² *Id.*

⁴⁵³ *Id.* at 35.

cost allocation seeks to develop that project, the entity must be selected as the entity to construct and own the project. The determination of which transmission developer may use the regional cost allocation method for a selected transmission project does not necessarily confer rights to construct the project. In Order No. 1000 the Commission declined to adopt a requirement for public utility transmission providers to revise their OATTs to include a regional transmission planning process that provides a right to construct and own a transmission facility.⁴⁵⁴

3. Cost Allocation

270. Order No. 1000 requires each public utility transmission provider to have in place a method, or set of methods, for allocating the costs of new transmission facilities selected in the regional transmission plan for purposes of cost allocation.⁴⁵⁵ Each public utility transmission provider must show on compliance that its regional cost allocation method or methods are just and reasonable and not unduly discriminatory or preferential by demonstrating that each method satisfies six regional cost allocation principles described in Order No. 1000.⁴⁵⁶ The Commission took a principles-based approach because it recognized that regional differences may warrant distinctions in cost allocation methods among transmission planning regions.⁴⁵⁷ In addition, Order No. 1000 permits participant funding, but not as a regional or interregional cost allocation method.⁴⁵⁸

271. If a public utility transmission provider is in an RTO or ISO, Order No. 1000 requires that the regional cost allocation method or methods be set forth in the RTO or ISO OATT. In a non-RTO/ISO transmission planning region, each public utility transmission provider located within the region must set forth in its OATT the same language regarding the cost allocation method or methods that is used in its transmission planning region.⁴⁵⁹ Each public utility transmission provider must have a regional cost allocation method for any transmission facility selected in a regional transmission plan for purposes of cost allocation.⁴⁶⁰

⁴⁵⁴ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 338.

⁴⁵⁵ *Id.* P 558.

⁴⁵⁶ *Id.* P 603.

⁴⁵⁷ *Id.* P 604.

⁴⁵⁸ *Id.* P 723.

⁴⁵⁹ *Id.* P 558.

⁴⁶⁰ *Id.* P 690.

272. Regional Cost Allocation Principle 1 specifies that the cost of transmission facilities must be allocated to those within the transmission planning region that benefit from those facilities in a manner that is at least roughly commensurate with estimated benefits. Cost allocation methods must clearly and definitively specify the benefits and the class of beneficiaries.⁴⁶¹ In determining the beneficiaries of transmission facilities, a regional transmission planning process may consider benefits including, but not limited to, the extent to which transmission facilities, individually or in the aggregate, provide for maintaining reliability and sharing reserves, production cost savings and congestion relief, and/or meeting Public Policy Requirements.⁴⁶² Regional Cost Allocation Principle 1 precludes an allocation where the benefits received are trivial in relation to the costs to be borne.⁴⁶³

273. Order No. 1000 does not prescribe a particular definition of “benefits” or “beneficiaries.”⁴⁶⁴ The Commission stated in Order No. 1000-A that while Order No. 1000 does not define benefits and beneficiaries, it does require the public utility transmission providers in each transmission planning region to be definite about benefits and beneficiaries for purposes of their cost allocation methods.⁴⁶⁵ In addition, for a cost allocation method or methods to be accepted by the Commission as Order No. 1000-compliant, they will have to specify clearly and definitively the benefits and the class of beneficiaries.⁴⁶⁶ A benefit used by public utility transmission providers in a regional cost allocation method or methods must be an identifiable benefit, and the transmission facility cost allocated must be roughly commensurate with that benefit.⁴⁶⁷ Each regional transmission planning process must provide entities who will receive regional or interregional cost allocation an understanding of the identified benefits on which the cost allocation is based.⁴⁶⁸ The public utility transmission providers in a transmission planning region may propose a cost allocation method that considers the benefits and

⁴⁶¹ Order No. 1000-A, 139 FERC ¶ 61,132 at P 678.

⁴⁶² Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 622.

⁴⁶³ *Id.* P 639.

⁴⁶⁴ *Id.* P 624.

⁴⁶⁵ Order No. 1000-A, 139 FERC ¶ 61,132 at P 679.

⁴⁶⁶ *Id.* P 678.

⁴⁶⁷ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 625.

⁴⁶⁸ Order No. 1000-A, 139 FERC ¶ 61,132 at P 746.

costs of a group of new transmission facilities, although there is no requirement to do so.⁴⁶⁹

274. The regional transmission plan must include a clear cost allocation method or methods that identify beneficiaries for each of the transmission facilities selected in a regional transmission plan for purposes of cost allocation.⁴⁷⁰ Order No. 1000-A stated that public utility transmission providers in each transmission planning region, in consultation with their stakeholders, may consider proposals to allocate costs directly to generators as beneficiaries that could be subject to regional or interregional cost allocation, but any such allocation must not be inconsistent with the generator interconnection process under Order No. 2003.⁴⁷¹

275. Regional Cost Allocation Principle 2 specifies that those that receive no benefit from transmission facilities, either at present or in a likely future scenario, must not be involuntarily allocated any of the costs of those transmission facilities.⁴⁷² All cost allocation methods must provide for allocation of the entire prudently incurred cost of a transmission project to prevent stranded costs.⁴⁷³ To the extent that public utility transmission providers propose a cost allocation method or methods that consider the benefits and costs of a group of new transmission facilities and adequately support their proposal, Regional Cost Allocation Principle 2 would not require a showing that every individual transmission facility in the group of transmission facilities provides benefits to every beneficiary allocated a share of costs of that group of transmission facilities.⁴⁷⁴

276. The Commission clarified in Order No. 1000-A that public utility transmission providers may rely on scenario analyses in the preparation of a regional transmission plan and the selection of new transmission facilities in the regional transmission plan for purposes of cost allocation. Regional Cost Allocation Principle 2 would be satisfied if a transmission project or group of transmission projects is shown to have benefits in one or more of the transmission planning scenarios identified by public utility transmission providers in their Commission-approved Order No. 1000-compliant cost allocation

⁴⁶⁹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 627, 641.

⁴⁷⁰ *Id.* P 11, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 585.

⁴⁷¹ Order No. 1000-A, 139 FERC ¶ 61,132 at P 680.

⁴⁷² Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 637.

⁴⁷³ *Id.* P 640.

⁴⁷⁴ *Id.* P 641.

methods.⁴⁷⁵ The Commission clarified in Order No. 1000-B that it did not intend to remove the “likely future scenarios” concept from transmission planning and that likely future scenarios can be an important factor in public utility transmission providers’ consideration of transmission projects and in the identification of beneficiaries consistent with the cost causation principle.⁴⁷⁶

277. Regional Cost Allocation Principle 3 specifies that if a benefit to cost threshold is used to determine which transmission facilities have sufficient net benefits to be selected in a regional transmission plan for the purpose of cost allocation, the threshold must not be so high that transmission facilities with significant positive net benefits are excluded from cost allocation. Public utility transmission providers may choose to use such a threshold to account for uncertainty in the calculation of benefits and costs. If adopted, such a threshold may not include a ratio of benefits to costs that exceeds 1.25 unless the transmission planning region or public utility transmission provider justifies, and the Commission approves, a higher ratio.⁴⁷⁷

278. Regional Cost Allocation Principle 4 specifies that the allocation method for the cost of a transmission facility selected in a regional transmission plan for purposes of cost allocation must allocate costs solely within that transmission planning region unless another entity outside the region or another transmission planning region voluntarily agrees to assume a portion of those costs. However, the transmission planning process in the original region must identify consequences for other transmission planning regions, such as upgrades that may be required in another region and, if the original region agrees to bear costs associated with such upgrades, then the original region’s cost allocation method or methods must include provisions for allocating the costs of the upgrades among the beneficiaries in the original region.⁴⁷⁸

279. Regional Cost Allocation Principle 5 specifies that the cost allocation method and data requirements for determining benefits and identifying beneficiaries for a transmission facility must be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed transmission facility.⁴⁷⁹

⁴⁷⁵ Order No. 1000-A, 139 FERC ¶ 61,132 at P 690.

⁴⁷⁶ Order No. 1000-B, 141 FERC ¶ 61,044 at P 72.

⁴⁷⁷ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 646.

⁴⁷⁸ *Id.* P 657.

⁴⁷⁹ *Id.* P 668.

280. Regional Cost Allocation Principle 6 specifies that a transmission planning region may choose to use a different cost allocation method for different types of transmission facilities in the regional transmission plan, such as transmission facilities needed for reliability, congestion relief, or to achieve Public Policy Requirements.⁴⁸⁰ If the public utility transmission providers choose to have a different cost allocation method for each type of transmission facility, there can be only one cost allocation method for each type.⁴⁸¹ In addition, if public utility transmission providers choose to propose a different cost allocation method or methods for different types of transmission facilities, each method would have to be determined in advance for each type of facility.⁴⁸² A regional cost allocation method for one type of regional transmission facility or for all regional transmission facilities may include voting requirements for identified beneficiaries to vote on proposed transmission facilities.⁴⁸³ However, the public utility transmission providers in a region may not designate a type of transmission facility that has no regional cost allocation method applied to it.⁴⁸⁴

a. Cost Allocation Principles

i. Filing Parties' Compliance Filings

281. Filing Parties propose that for any project the Planning Management Committee determines is eligible for regional cost allocation, project costs and associated transmission rights will be allocated proportionally to the project's beneficiaries who agree to participate in the project.⁴⁸⁵ Filing Parties' proposal provides that the regional transmission planning process shall not obligate any entity to construct, nor obligate any entity to commit to construct, any facilities, including any transmission facilities, regardless of whether such facilities are included in the regional transmission plan. Further, Filing Parties propose the following language:

Nothing in this Attachment [K], the Business Practice Manual or the Planning Participation Agreement, or any cost allocation shall (1) determine any transmission service to be received by, or any

⁴⁸⁰ *Id.* P 685.

⁴⁸¹ *Id.* P 686; *see also id.* P 560.

⁴⁸² *Id.* P 560.

⁴⁸³ *Id.* P 689.

⁴⁸⁴ *Id.* P 690.

⁴⁸⁵ *E.g.*, Arizona Public Service Co. OATT, Attachment E § VII.B.

transmission usage by, any entity; (2) obligate any entity to purchase or pay for, or obligate any entity to commit to purchase or pay for, any transmission service or usage; (3) obligate any entity to implement or effectuate, or commit to implement or effectuate, any cost allocation; (4) obligate any entity to pay, or commit to pay, costs of any project or proposed project in accordance with any cost allocation; or (5) entitle any entity to recover for any transmission service or usage or to recover from any entity any cost of any transmission facilities, regardless of whether such transmission facilities are included in any plan. Without limiting the generality of the foregoing, nothing in this Attachment [K], the Business Practice Manual or the Planning Participation Agreement with respect to regional cost allocation shall preclude any WestConnect Planning Region member from satisfying its statutory obligations.⁴⁸⁶

282. Similarly, Filing Parties' OATTs also provide that project costs and associated transmission rights will be allocated proportionally to the beneficiaries of the project who agree to participate.⁴⁸⁷ Filing Parties also propose that transmission owners will not assume cost responsibility for a transmission project if the cost of the project is not reasonably expected to be recoverable in its retail or wholesale transmission rates.⁴⁸⁸

283. Filing Parties propose three separate regional cost allocation methods, one for reliability projects, one for economic projects, and one for public policy projects. In addition, Filing Parties state that projects may be found to provide a combination of the aforementioned types of benefits and the costs of those projects will be allocated in accordance with the corresponding type of benefit's cost allocation method. Filing Parties' OATTs provide that only projects that fall within one or more of the three categories and satisfy the cost-benefit analyses (explained below) are eligible for cost allocation. Filing Parties clarify that entities that receive no benefits will not be allocated costs, and that costs for regional projects will be allocated solely within the WestConnect transmission planning region, unless other regions or entities voluntarily assume costs.⁴⁸⁹

284. Under the proposal, in order for a regional reliability project to be eligible for regional cost allocation, the project must meet a NERC Transmission Planning Standards

⁴⁸⁶ *E.g., id.* § VII.B.9.

⁴⁸⁷ *E.g., id.* § VII.B.

⁴⁸⁸ *E.g., id.* § VII.B.8.

⁴⁸⁹ *E.g., id.* § VII.B.

reliability need during the ten-year planning period and replace components of multiple local transmission plans. If a reliability issue is identified in WestConnect's review of the local transmission plans, the project necessary to address that reliability issue will be selected in the regional transmission plan and the cost will be shared by the utilities whose load contributes to the need for the project. Similarly, should multiple utilities have separate reliability issues that are addressed most efficiently by a single project, and the utilities approve the change to their local plans, that project will be approved and the cost will be shared by those utilities whose load contributed to the need for the project,⁴⁹⁰ provided they are found to be more efficient or more cost-effective to other proposed solutions.⁴⁹¹ Under the proposal, costs for reliability projects are allocated based on each beneficiary's proportion of the total costs of all local upgrades necessary to avoid construction, multiplied by the cost of the regional project displacing the local upgrades. Thus, Filing Parties propose to measure reliability benefits as the avoided cost of local transmission facilities required to comply with the NERC Transmission Planning Standards during the planning horizon.⁴⁹²

285. To be selected in the regional transmission plan for purposes of cost allocation, an economic project must have a benefit to cost ratio greater than 1.0 under the various "reasonable scenarios" evaluated, and an average benefit to cost ratio of at least 1.25 across all reasonable scenarios to ensure that beneficiaries will receive benefits with reasonable certainty.⁴⁹³ The benefit to cost ratio will be determined by calculating the aggregate load-weighted benefit to cost ratio for each transmission system in the WestConnect transmission planning region and will consider production cost savings and reductions in reserve sharing requirements as economic benefits. In determining which entities will be allocated costs, WestConnect will compare the economic value of benefits received by an entity to the cost of the project to ensure that each entity receives a benefit to cost ratio equal to the aggregate load-weighted benefit to cost ratio. Additionally, Filing Parties propose that any transmission owner who receives benefits less than or equal to one percent of total project benefits will not be allocated costs. Under the proposal, the costs allocated to each beneficiary will be calculated based on each

⁴⁹⁰ *E.g., id.* § VII.B.1.

⁴⁹¹ Filing Parties note that individual transmission owners have the ultimate responsibility to comply with NERC reliability standards. Therefore, under Filing Parties' proposal, the Planning Management Committee will secure the approval of the applicable local transmission owners before modifying their local transmission plans. *E.g., id.* § III.D.2. We address Filing Parties' proposal above in paragraphs 242-243.

⁴⁹² *E.g., id.* § VII.B.1.

⁴⁹³ *E.g., Arizona Public Service Co. Transmittal Letter at 16.*

beneficiary's proportion of the total projected present value of the benefits of the regional project multiplied by the project's cost.⁴⁹⁴

286. Costs of projects needed to satisfy transmission needs driven by public policy requirements will be allocated to "the entities that will access the resources enabled by the project in order to meet their public policy requirements."⁴⁹⁵ Under the proposal, WestConnect will calculate the proportion of (1) the number of megawatts of public policy resources enabled by the public policy project for a given beneficiary to (2) the total number of megawatts of public policy resources enabled by the project. This resulting proportion will be multiplied by the total cost of the public policy project. If an entity accesses resources enabled by a prior public policy project, that entity will either share its relative portion of the costs of the project or acquire transmission service rights sufficient to move the resources to its load. Filing Parties propose that any projects arising out of a need for transmission infrastructure to satisfy public policy requirements will be considered for public policy benefits. Filing Parties also propose that requests for transmission service necessary to meet public policy requirements will be addressed through the public policy requirements section of the regional planning process.⁴⁹⁶

287. The regional transmission process may consider a combination of benefits for a single project. The determination to consider multiple types of benefits for a particular project will be made through the WestConnect stakeholder process; however, in the case of multiple benefits, the value of economic benefits may only be considered in response to a WECC Board-approved recommendation to study congestion in the WestConnect footprint. To allocate costs for selected regional projects that provide multiple benefits, Filing Parties propose to allocate the costs according to the amount of cost that is justified by each type of benefit.⁴⁹⁷

ii. Comments

288. AWEA and Public Interest Organizations contend that Filing Parties' proposed regional cost allocation methods do not satisfy Regional Cost Allocation Principle 1. Public Interest Organizations state that the proposal fails to comply because: (1) the cost allocation methods are voluntary; (2) the cost allocation methods do not consider all the benefits and beneficiaries of reliability, economic and public-policy driven projects; and

⁴⁹⁴ *E.g.*, Arizona Public Service Co. OATT, Attachment E § VII.B.2.

⁴⁹⁵ *E.g.*, *id.* § VII.B.3.

⁴⁹⁶ *E.g.*, *id.*

⁴⁹⁷ *E.g.*, *id.* § VII.B.4.

(3) it is not clear that all benefits of proposed transmission facilities will be weighed and appropriate costs assigned.⁴⁹⁸

289. LS Power and Western Independent Transmission Group request that the Commission reject Filing Parties' proposal that the regional cost allocation method will not be binding on any entity.⁴⁹⁹ Western Independent Transmission Group asserts that Filing Parties' proposal allows an entity identified as a beneficiary to elect not to pay its share of the costs even if a regional transmission project is constructed.⁵⁰⁰ Similarly, LS Power contends that allowing entities to opt-out of paying the costs of projects selected in the regional transmission plan is directly against, and makes meaningless, the requirements of Order No. 1000.⁵⁰¹ Both LS Power and Western Independent Transmission Group argue that the voluntary nature of WestConnect's cost allocation provides no assurance to nonincumbent transmission developers that if their project is selected as the more efficient or cost effective solution in the regional transmission plan and is actually constructed, they will get paid,⁵⁰² which Western Independent Transmission Group asserts is a strong disincentive for independent transmission developers to bid to construct needed projects.⁵⁰³ Public Interest Organizations argue that the beneficiaries identified for a project that is selected in the regional transmission plan for purposes of cost allocation and is implemented do not stop benefiting if they do not volunteer to be assigned costs of the project.⁵⁰⁴

290. Public Interest Organizations contend that Filing Parties' proposal does not identify all the classes of benefits and beneficiaries of reliability, economic, and public policy-driven regional projects that are likely to exist.⁵⁰⁵ For example, Public Interest Organizations, along with AWEA, argue that Filing Parties' avoided cost approach to allocating the costs of reliability projects does not capture the reasonable range of

⁴⁹⁸ Public Interest Organizations Comments at 15.

⁴⁹⁹ LS Power Protest at 7; Western Independent Transmission Group Comments at 5-7.

⁵⁰⁰ Western Independent Transmission Group Comments at 5-7.

⁵⁰¹ LS Power Protest at 6.

⁵⁰² *Id.*; Western Independent Transmission Group Comments at 7.

⁵⁰³ Western Independent Transmission Group Comments at 7.

⁵⁰⁴ Public Interest Organizations Comments at 15.

⁵⁰⁵ *Id.* at 16.

benefits of proposed facilities.⁵⁰⁶ In particular, AWEA argues that the proposal fails to account for many of the benefits for improving system reliability, which include the ability to reduce the need for reserves where transmission allows great diversity in generation and load, greater reserve sharing, greater capacity in a congested area, reductions in the risk of outages, and the reduction of overloading on existing transmission lines.⁵⁰⁷ AWEA claims that failure to account for these benefits could result in undue discrimination against certain projects and lead to a transmission plan that is not the most efficient or cost-effective.⁵⁰⁸

291. Similarly, AWEA asserts that it is not clear how Filing Parties will calculate the number of megawatts of public policy projects enabled by each transmission facility needed to address transmission needs driven by public policy requirements. AWEA contends that the benefits of such transmission facilities could also include consideration of avoided carbon tax or avoided renewable portfolio standard penalties.⁵⁰⁹ Public Interest Organizations also note that the cost allocation method for projects driven by public policy requirements is deficient because benefits are only measured in terms of the number of megawatts of resources accessed.⁵¹⁰

292. Public Interest Organizations and AWEA argue that it is not clear how the stakeholder process will determine whether to consider multiple types of benefits when approving projects.⁵¹¹ To address these concerns, AWEA requests that Filing Parties be directed to provide additional detail and clarity and to expand the consideration of benefits for reliability and public policy projects.⁵¹²

293. Further, Public Interest Organizations note that the value of economic benefits may only be considered in response to a WECC Board-approved recommendation to study congestion. Public Interest Organizations are concerned that not all benefits and

⁵⁰⁶ AWEA Comments at 25-26; Public Interest Organizations Comments at 16-17.

⁵⁰⁷ AWEA Comments at 21-22, 25-26.

⁵⁰⁸ *Id.* at 21-22.

⁵⁰⁹ *Id.* at 27.

⁵¹⁰ Public Interest Organizations Comments at 17.

⁵¹¹ *Id.*; AWEA Comments at 26.

⁵¹² AWEA Comments at 27-28.

related beneficiaries will be considered, increasing costs for a subset of beneficiaries and exacerbating the free-rider problem.⁵¹³

294. AWEA is concerned that Filing Parties' proposal fails to comply with Regional Cost Allocation Principle 2 because it does not include a scenario analysis for likely future scenarios, which AWEA contends will result in an inaccurate accounting of possible future benefits.⁵¹⁴

295. Moreover, Public Interest Organizations and AWEA request that the Filing Parties be directed to provide more detail to comply with Regional Cost Allocation Principle 5. They state that the proposed method for determining benefits and beneficiaries is not transparent because it does not provide adequate detail as to how benefits and beneficiaries will be identified.⁵¹⁵

296. Similarly, Western Independent Transmission Group contends that Filing Parties' proposal for selecting an economic project lacks the level of detail required by Order No. 1000. It argues that Filing Parties do not provide specific guidelines or a formula explaining the inputs or metrics that will go into the benefit to cost analysis.⁵¹⁶ For example, Western Independent Transmission Group asserts that WestConnect might consider in its calculation of project costs charges that are attributable to local distribution facilities and not directly related to development of regional transmission facilities (i.e., stranded costs), which would disadvantage independent transmission developers.⁵¹⁷ Furthermore, they argue that Filing Parties do not explain how WestConnect will measure economic cost savings, increasing the likelihood that beneficial projects will be rejected.⁵¹⁸ For these reasons, Western Independent Transmission Group requests that Filing Parties be required to adopt more specific rules explaining how WestConnect will determine whether a proposed project is an economic project, clarify that stranded costs may not be included in the benefit to cost analysis, and clarify that economic cost savings must be considered.⁵¹⁹

⁵¹³ Public Interest Organizations Comments at 17.

⁵¹⁴ AWEA Comments at 27.

⁵¹⁵ Public Interest Organizations Comments at 18; AWEA Comments at 26-27.

⁵¹⁶ Western Independent Transmission Group Comments at 7-10.

⁵¹⁷ *Id.* at 8.

⁵¹⁸ *Id.* at 8-9.

⁵¹⁹ *Id.* at 9-10.

297. Nevada Commission contends Filing Parties proposal to allocate the costs of reliability and economic projects to “to the relevant Transmission Owner’s retail distribution service territory or footprint”⁵²⁰ appears to exclude from cost allocation transmission customers not located in the retail footprint of the transmission owner, and this reference could be interpreted to require that all costs allocated to a transmission owner will be paid by the retail ratepayers in the service territory, bypassing the state’s retail ratemaking process. Nevada Commission states that because transmission reliability benefits all users, the cost should be borne by both retail service customers and transmission service customers. Therefore, Nevada Commission states that, if Filing Parties intend to charge all users of the transmission system, they should clarify this provision.⁵²¹

iii. Answer

298. With respect to the protests that the cost allocation methods are not binding on identified beneficiaries, Filing Parties argue that Order No. 1000 requires only that public utility transmission providers include in their OATTs a cost allocation method for transmission facilities selected in the regional transmission plan for purposes of cost allocation, and did not require that cost allocation determinations made pursuant to that method be binding. Filing Parties assert that the regional transmission planning process results in a recommended allocation of costs among sponsors and other beneficiaries, not a financing agreement or rate recovery approval. As a result, according to Filing Parties, the cost allocation process does not mandate what projects must be built, where they must be built, or which entities must pay to finance the project.⁵²² They contend that this view and their proposal are consistent with Order No. 1000 and the Commission’s lack of authority over transmission siting.⁵²³

299. Public Power Entities similarly request that the Commission reject arguments that the proposal fails to comply with Order No. 1000 because it does not obligate any entity to implement the cost allocation for specific projects.⁵²⁴ Indeed, Public Power Entities argue that the proposal complies with Order No. 1000 because the cost allocation process *is* mandatory for transmission owners, and that all proposed projects will be evaluated

⁵²⁰ *E.g.*, Arizona Public Service Co. OATT, Attachment E §§ VII.B.1, VII.B.2.

⁵²¹ Nevada Commission Comments at 12.

⁵²² Filing Parties Answer at 18-19.

⁵²³ *Id.* at 19-20.

⁵²⁴ Public Power Entities Answer at 17.

and deemed eligible for cost allocation if they meet the WestConnect transmission planning region's needs.⁵²⁵ Moreover, they assert that "Order No. 1000 requires only the establishment of a process for allocating costs *if* a project is built as proposed and parties do not voluntarily establish an alternative allocation."⁵²⁶ Like Filing Parties, Public Power Entities argue that the Commission does not require the construction of any project, and that the decision of whether to construct is left to public utility transmission providers, in consultation with stakeholders.⁵²⁷

300. Public Power Entities further argue that the WestConnect cost allocation process will not result in "free rider" concerns because only those entities that agree to participate in a given project will receive benefits that are commensurate with their actual costs, while those transmission owners that elect not to participate will not receive transmission capacity or other benefits such as increased total transfer capability, reserve sharing capability, production cost savings, or the capability of new transmission facilities to transmit energy to meet public policy requirements.⁵²⁸ Thus, Public Power Entities argue that the proposal is consistent with Order No. 1000 because it provides that costs will only be allocated to those who benefit, and urge the Commission to approve the cost allocation provisions without change.⁵²⁹

301. Moreover, Filing Parties dispute AWEA and Public Interest Organizations' claims that the WestConnect process fails to consider as beneficiaries those who cause the need for a project as well as those who benefit from it. Filing Parties state that by using avoided local reliability upgrades as the basis of cost allocation, WestConnect will be able to ensure that costs are roughly commensurate with the estimated benefits of the project. They argue that the Commission did not mandate the "benefits" that must be considered, and did not expressly prohibit identifying beneficiaries based on those making direct use of the facilities. According to Filing Parties, the cost allocation methods for public policy and economic projects identify beneficiaries that include, to the extent appropriate, those who do not make direct use of the facilities.⁵³⁰

⁵²⁵ *Id.* at 16-17.

⁵²⁶ *Id.* at 17 (emphasis in original).

⁵²⁷ *Id.*

⁵²⁸ *Id.* at 18-19.

⁵²⁹ *Id.* at 19-21.

⁵³⁰ Filing Parties Answer, App. A, No. 20.

302. Similarly, Filing Parties reject AWEA's assertion that their proposal fails to account for many of the benefits transmission provides for improving power system reliability, arguing that Order No. 1000 does not require that benefits be defined in the manner AWEA requests. Filing Parties argue that many of the benefits AWEA identifies would be subsumed into the benefits included in the regional cost allocation process, and that the regional cost allocation method uses methods other than avoided cost for transmission projects.⁵³¹ Filing Parties also oppose AWEA's argument that public policy benefits should include metrics other than just the megawatts of public policy resources to which the project enables access, arguing that Order No. 1000 imposes no obligation to calculate public policy benefits in a certain manner.⁵³²

303. Filing Parties also dispute AWEA and the Public Interest Organizations' assertions that the method for considering multiple types of benefits for a regional project is unclear. Given the varied nature of such projects, Filing Parties propose to vest evaluation authority in the Planning Management Committee, through which interested stakeholders will have an opportunity to provide input.⁵³³

304. Filing Parties dispute AWEA's assertion that their proposal fails to account for benefits in likely future scenarios. They assert that the calculation of reliability benefits is based on the application of the NERC Transmission Planning Standards to develop transmission plans, which, according to Filing Parties, consider a variety of contingency scenarios.⁵³⁴

305. In response to Public Interest Organizations' assertion that the proposed cost allocation method fails to provide adequate detail, Filing Parties state that the methods for identifying beneficiaries and calculating benefits are provided for reliability, economic, and public policy projects.⁵³⁵ Filing Parties explain that the economic planning process will use detailed production cost simulations and will also consider the value of decreased reserve sharing requirements.⁵³⁶ Filing Parties also state that economic projects must have a benefit/cost ratio of 1.25 to be considered economically justifiable

⁵³¹ *Id.*, App. A, No. 18.

⁵³² *Id.*, App. A, No. 21.

⁵³³ *Id.*, App. A, No. 19.

⁵³⁴ *Id.*, App. A, No. 22.

⁵³⁵ *Id.*, App. A, No. 26.

⁵³⁶ *Id.*, App. A, No. 2 (citing Public Service Company of Colorado OATT, Attachment R-PSCo § III.F).

for cost allocation, and note that the Commission allowed regions to use “flexible criteria” rather than bright-line metrics to determine which projects may be included in the regional transmission plan.⁵³⁷

iv. Commission Determination

306. We find that Filing Parties’ compliance filings partially comply with the Regional Cost Allocation Principles of Order No. 1000. Generally, Filing Parties meet the Order No. 1000 requirement that each public utility transmission provider have in place a method, or set of methods, for allocating the costs of new transmission facilities selected in the regional transmission plan for purposes of cost allocation.⁵³⁸ However, to fully comply with the cost allocation requirements of Order No. 1000, cost allocation determinations for transmission projects selected in the regional transmission plan for purposes of cost allocation must be binding upon identified beneficiaries and, as discussed below, certain aspects of the proposed cost allocation method must be explained in the OATT in greater detail to provide adequate transparency. Accordingly, we direct Filing Parties to file, within 120 days of the date of issuance of this order, further compliance filings, as discussed below.

307. As a threshold matter, we agree with protestors that Order No. 1000 established a requirement that cost allocation determinations for projects selected in the regional transmission plan for purposes of cost allocation be binding upon identified beneficiaries.⁵³⁹ Filing Parties’ argument, which relies on the fact that Order No. 1000 does not impose an obligation to construct, is misplaced. Notably, Filing Parties’ argument fails to recognize that there is a distinction between a binding cost allocation determination and an obligation to construct.

308. A regional cost allocation method that is not binding on identified beneficiaries does not comply with the principle that costs must be allocated in a manner that is roughly commensurate with estimated benefits. A fundamental driver of Order No. 1000 was the need to reform transmission planning to minimize the problem of free

⁵³⁷ *Id.*, App. A, No. 2 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 223).

⁵³⁸ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 558.

⁵³⁹ In Order No. 1000-A, the Commission found that “[t]he obligation under the FPA to pay costs allocated under a regional or interregional cost allocation method is imposed by a Commission-approved tariff concerning the charges made by a public utility transmission provider for the use of the public utility transmission provider’s facility.” Order No. 1000-A, 139 FERC ¶ 61,132 at P 568.

ridership⁵⁴⁰ and “increase the likelihood that transmission facilities in the transmission plan will move forward to construction.”⁵⁴¹ A cost allocation determination that is not binding on identified beneficiaries is directly inconsistent with these goals of Order No. 1000. Order No. 1000 expressly rejected the notion that an entity may opt out of a Commission-approved cost allocation for a specific transmission project if it merely asserts that it receives no benefits from the project, stating that such an opportunity to opt out would not minimize the regional free rider problem.⁵⁴² Order No. 1000 stated that “[w]hether an entity is identified as a beneficiary that must be allocated costs of a new transmission facility is not determined by the entity itself but rather through the applicable, Commission-approved transmission planning processes and cost allocation methods.”⁵⁴³ A non-binding cost allocation method does not provide the required certainty about who is obligated to pay for transmission facilities selected in the regional transmission plan for purposes of cost allocation and, as a result, would be a disincentive for nonincumbent transmission developers to propose more efficient or cost-effective solutions.

309. Filing Parties appear to infer from the commenters’ objections that “binding” cost allocation determinations would compel construction of the selected projects. However, as stated above, there is a notable distinction between a binding cost allocation determination and an obligation to construct: while Order No. 1000 *does* require binding cost allocation, it expressly does *not* impose an obligation to build. Therefore, we find that Filing Parties’ proposed non-binding cost allocation provisions do not comply with Order No. 1000 and direct Filing Parties to file, within 120 days of the date of issuance of this order, further compliance filings that revise their respective OATTs to provide that Filing Parties’ regional cost allocation methods are binding on identified beneficiaries. We will now discuss the Regional Cost Allocation Principles as they pertain to each cost allocation method proposed by Filing Parties.

310. In Order No. 1000, the Commission adopted a principles-based approach to cost allocation for transmission projects selected in the regional transmission plan for purposes of cost allocation because it recognized that regional differences may warrant distinctions in cost allocation methods among transmission planning regions.⁵⁴⁴ Filing

⁵⁴⁰ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 640.

⁵⁴¹ *Id.* P 42.

⁵⁴² *Id.* P 640.

⁵⁴³ *Id.*

⁵⁴⁴ *Id.* P 604.

Parties propose three separate cost allocation methods for allocating the costs of new transmission facilities selected in the regional transmission plan for purposes of cost allocation, one for reliability transmission projects, one for economic transmission projects, and one for public policy transmission projects.⁵⁴⁵ In addition, Filing Parties' OATTs provide that the regional transmission plan may consider a combination of benefits for a single transmission project and that the determination to do so for a particular transmission project will be made through the WestConnect stakeholder process.⁵⁴⁶ Accordingly, we will analyze separately whether the cost allocation methods for reliability, economic, and public policy transmission projects proposed by Filing Parties meet Cost Allocation Principle 1.⁵⁴⁷

311. First, we find that the cost allocation method for reliability projects selected in the regional transmission plan for purposes of cost allocation complies with Regional Cost Allocation Principle 1. We disagree with AWEA and Public Interest Organizations' assertion that the proposed cost allocation for reliability transmission projects process does not adequately identify the benefits and beneficiaries of reliability transmission projects because regional reliability benefits will be defined as local costs avoided. Order No. 1000 specifies that the cost of transmission facilities must be allocated to those within the transmission planning region that benefit from those facilities in a manner that is at least roughly commensurate with estimated benefits. Order No. 1000 explained that the benefit used by public utility transmission providers in a regional cost allocation method or methods must be an identifiable benefit.⁵⁴⁸ In defining benefits, Order No. 1000-A clarified that the Commission intended to allow flexibility to accommodate a variety of approaches which can advance the goals of Order No. 1000. Notably, the Commission recognized that regional differences might warrant distinctions in cost allocation method or methods.⁵⁴⁹

⁵⁴⁵ *E.g.*, Arizona Public Service Co. OATT, Attachment E § VII.B

⁵⁴⁶ *E.g.*, *id.* § VII.B.4.

⁵⁴⁷ While we generally find that, subject to the directives ordered in this section, Filing Parties' proposed regional cost allocation methods will result in cost allocations that are at least roughly commensurate with estimated benefits and thus comply with Regional Cost Allocation Principle 1, our acceptance here is also subject to the directive above that regional cost allocation determinations must be binding on identified beneficiaries.

⁵⁴⁸ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 625.

⁵⁴⁹ Order No. 1000-A, 139 FERC ¶ 61,132 at P 678.

312. We find that the avoided cost approach to identifying the beneficiaries of reliability transmission projects reasonably captures the benefits of such transmission projects. Because the transmission owners would otherwise have to propose new transmission facilities to meet the reliability need fulfilled by the transmission facilities selected in the regional transmission plan for purposes of cost allocation, the avoided cost approach appropriately reflects the beneficiaries of a reliability transmission project at the regional level (i.e., those who would have otherwise had to pay for a local transmission facility to meet their reliability needs). Similarly, by accounting for the costs of such local transmission facilities as benefits, the avoided cost approach quantifies the benefits that the beneficiaries receive (i.e., the costs that they avoid paying for such facilities because a transmission facility selected in the regional transmission plan for purposes of cost allocation satisfies their reliability needs). Filing Parties propose to allocate costs of reliability transmission projects among beneficiaries based on each beneficiary's proportion of total benefits. Thus, these costs will be allocated in a manner that is at least roughly commensurate with estimated benefits.

313. With respect to how the costs of reliability projects will be allocated, Nevada Commission expresses concern that the language explaining the proposed cost allocation method, which states that costs will be allocated "to the relevant Transmission Owner's retail distribution service territory or footprint,"⁵⁵⁰ excludes from cost allocation transmission customers not located in the relevant retail footprint. It appears that Filing Parties intend to designate transmission owners as the beneficiaries of reliability projects and allocate them costs. We find this to be reasonable given that the transmission owner is the entity subject to the reliability requirement driving the need for the transmission project. However, the Filing Parties' OATTs are not clear on this point. Accordingly, we direct Filing Parties to clarify in their respective OATTs which entities (e.g., transmission owners) may be allocated costs for reliability projects selected in the regional transmission plan for purposes of cost allocation. With respect to Nevada Commission's additional concern about retail rates, we note that how the costs are recovered from the transmission customers is outside the scope of Order No. 1000.⁵⁵¹

314. With respect to economic transmission projects, Filing Parties propose to allocate the costs of such projects to beneficiaries in proportion to the value of the economic benefits that they receive from a transmission project and to consider production cost savings and reductions in reserve sharing requirements as economic benefits.⁵⁵² We find

⁵⁵⁰ *E.g.*, Arizona Public Service Co. OATT, Attachment E § VII.B.1.

⁵⁵¹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 563.

⁵⁵² *E.g.*, Arizona Public Service Co. OATT, Attachment E § VII.B.2. As discussed above in section IV.B.1.c.i, Filing Parties have an affirmative obligation to identify solutions that may more efficiently or cost-effectively meet regional transmission needs

(*continued . . .*)

that the assessment of production cost savings and reductions in reserve sharing requirements reasonably identifies beneficiaries and accounts for economic benefits, and that allocating the costs of an economic transmission project among beneficiaries based on the proportional value of the economic benefits that each beneficiary receives would allocate costs in a manner that is at least roughly commensurate with estimated benefits.

315. However, Filing Parties also propose that any transmission owners' retail distribution service territory or footprint with benefits less than or equal to one percent of total project benefits will be excluded from cost allocation for economic transmission projects.⁵⁵³ We find that excluding from cost allocation beneficiaries that receive *de minimis* benefits from an economic transmission project selected in the regional transmission plan for purposes of cost allocation may allocate costs in a manner that is at least roughly commensurate with estimated benefits. However, Filing Parties do not explain how the costs less than or equal to one percent of total project benefits will be allocated. Without a clear mechanism to allocate the costs less than or equal to one percent of total project benefits, the costs that would have otherwise been allocated to the beneficiaries might not be allocated in a not unduly discriminatory or preferential manner among those who benefit from the transmission project. Therefore, Filing Parties must describe in further compliance filings how the costs that would otherwise have been allocated to beneficiaries that receive benefits less than or equal to one percent of total project benefits for an economic transmission project selected in the regional transmission plan for purposes of cost allocation will be allocated.

316. With respect to how the costs of economic projects will be allocated, Nevada Commission expressed the same concern as explained above for reliability projects. Nevada Commission is concerned that the language explaining the proposed cost allocation method for economic projects, which states that costs will be allocated "to the relevant Transmission Owner's retail distribution service territory or footprint,"⁵⁵⁴ excludes from cost allocation transmission customers not located in the relevant retail footprint. It appears that Filing Parties intend to designate transmission owners as the beneficiaries of economic projects and allocate the costs to them. However, Filing Parties' OATTs are not clear on this point. Accordingly, we direct Filing Parties to clarify in their respective OATTs which entities (e.g., transmission owners) may be allocated costs for economic projects selected in the regional transmission plan for purposes of cost allocation. As above, with respect to Nevada Commission's additional

driven by economic considerations absent a WECC Board-approved recommendation to study congestion.

⁵⁵³ *E.g., id.* § VII.B.2.

⁵⁵⁴ *E.g., id.*

concern about retail rates, we note that how the costs are recovered from the transmission customers is outside the scope of Order No. 1000.⁵⁵⁵

317. With respect to public policy transmission projects, Filing Parties propose to allocate the costs of such projects by calculating the proportion of (1) the number of megawatts of public policy resources enabled by the public policy transmission project for a given beneficiary to (2) the total number of megawatts of public policy resources enabled by the transmission project, and multiplying the resulting proportion by the total cost of the public policy transmission project.⁵⁵⁶ We find that identifying beneficiaries, defining benefits, and allocating costs based on “the number of megawatts of public policy resources enabled,”⁵⁵⁷ allocates costs in a manner that is at least roughly commensurate with estimated benefits because it reflects which entities are expected to rely on particular public policy resources to meet applicable public policy requirements. In response to AWEA and Public Interest Organizations’ contentions that the proposal to quantify the benefits of a public policy transmission project in terms of the number of megawatts of public policy resource to which the transmission project enables access excludes other benefits associated with public policy transmission projects, we note that Order No. 1000 does not prescribe a particular definition of “benefits” or “beneficiaries.”⁵⁵⁸ Order No. 1000 allowed for consideration of a wide range of potential public policy benefits when developing a regional cost allocation method and did not place restrictions on the type or number of public policy requirements to be considered.⁵⁵⁹ While AWEA and Public Interest Organizations’ recommendations may be reasonable, they have not demonstrated that Filing Parties’ proposal is unjust or unreasonable. Thus, we find that this aspect of Filing Parties’ proposed regional cost allocation method for public policy transmission projects complies with Regional Cost Allocation Principle 1.

318. We find that Filing Parties’ proposal to consider multiple benefits for a single transmission project and to allocate the costs for such a transmission project according to the amount of cost that is justified by each type of benefit partially complies with Order No. 1000. The proposal complies with Regional Cost Allocation Principle 1 because it provides for costs to be allocated in a manner that is at least roughly commensurate to all

⁵⁵⁵ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 563.

⁵⁵⁶ *E.g.*, Arizona Public Service Co. OATT, Attachment E § VII.B.3.

⁵⁵⁷ *E.g., id.*

⁵⁵⁸ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 624.

⁵⁵⁹ *Id.* P 214, *order on reh’g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 319.

estimated benefits, whether they are reliability benefits, economic benefits, or public policy benefits. However, while Filing Parties propose that a “stakeholder process” will determine whether to consider multiple benefits for a single transmission project, we share AWEA and Public Interest Organizations’ concern that it is not clear when multiple types of benefits will be considered for a particular project. Filing Parties propose in their answer to vest in the Planning Management Committee authority to determine whether to consider multiple benefits for a single transmission project, providing interested stakeholders with an opportunity to provide input,⁵⁶⁰ however, Filing Parties’ OATTs do not reflect this clarification. We find that this detail is needed in Filing Parties’ OATTs to ensure that the determination of whether to consider multiple types of benefits for a single transmission project is conducted in a transparent and not unduly discriminatory or preferential manner. Therefore, we require Filing Parties to file, in further compliance filings, revisions to their OATTs that explain how the determination of whether multiple types of benefits will be considered for a single transmission project will be conducted in a transparent and not unduly discriminatory or preferential manner.

319. In addition, we share Public Interest Organizations’ concern with Filing Parties’ proposal to, when analyzing whether a single transmission project provides multiple types of benefits, only consider the value of economic benefits if the benefits result from a WECC Board-approved recommendation to study congestion.⁵⁶¹ As discussed above in section IV.B.1.c.i, Filing Parties have an affirmative obligation to identify solutions that may more efficiently or cost-effectively meet regional transmission needs driven by economic considerations absent a WECC Board-approved recommendation to study congestion. Thus, when the WestConnect transmission planning region analyzes whether a single transmission project provides multiple benefits, the WestConnect regional transmission planning process must give stakeholders an opportunity to provide input and consider all economic benefits, as defined pursuant to the proposed regional cost allocation method for economic transmission projects, regardless of whether those benefits are associated with a WECC Board-approved recommendation to study congestion. Otherwise, if a single transmission project was evaluated for multiple benefits and provided economic benefits besides those associated with a WECC Board-approved recommendation to study congestion, the costs of the transmission project might not be allocated in a manner that is at least roughly commensurate with those estimated benefits, which would violate Regional Cost Allocation Principle 1. We will now turn to the remaining Regional Cost Allocation Principles adopted by Order No. 1000.

⁵⁶⁰ Filing Parties Answer, App. A, No. 19.

⁵⁶¹ *E.g.*, Arizona Public Service Co. OATT, Attachment E § VII.B.4.

320. With respect to Regional Cost Allocation Principle 2, we find that Filing Parties' proposed regional cost allocation methods comply. Under Filing Parties' proposed regional cost allocation methods, those that receive no benefit from transmission facilities, either at present or in a likely future scenario, are not involuntarily allocated any of the costs of such transmission facilities.⁵⁶² Regarding AWEA's concern that Filing Parties do not propose to conduct scenario analyses to identify likely future scenarios, Regional Cost Allocation Principle 2 does not require the use of scenario analyses in the regional transmission planning process, and the Commission declined to specify in Order No. 1000 that a particular set of analyses be performed by public utility transmission providers within the regional transmission planning process;⁵⁶³ thus, no changes are necessary.

321. Further, we find that Filing Parties' proposed regional cost allocation methods for reliability transmission projects and public policy transmission projects comply with Regional Cost Allocation Principle 3, which requires that if adopted, a benefit to cost threshold may not include a ratio of benefits to costs that exceeds 1.25, because Filing Parties do not propose to apply a benefit to cost ratio to these categories of projects.

322. With respect to the regional cost allocation method for economic transmission projects, Filing Parties explain in their transmittal letters that to be selected in the regional transmission plan for purposes of cost allocation, an economic transmission project must have a benefit to cost ratio greater than 1.0 under the various reasonable scenarios evaluated and an average benefit to cost ratio of at least 1.25 across all reasonable scenarios.⁵⁶⁴ In contrast, Filing Parties' OATT revisions provide that the benefit to cost ratio for a transmission project to be considered economically-justified and receive cost allocation will be 1.25. Moreover, Filing Parties' proposed OATT revisions state that the benefit to cost ratio will be determined by calculating the aggregate load-weighted benefit to cost ratio for each transmission system in the WestConnect transmission planning region,⁵⁶⁵ but do not describe how the aggregate load-weighted benefit to cost ratio will be calculated or who will do the calculation. While neither benefit to cost ratio exceeds 1.25, as required by Order No. 1000 to comply with Regional Cost Allocation Principle 3, we find that Filing Parties' proposed use of a benefit to cost ratio and the method for calculating it lack transparency and are not adequately described in Filing Parties' revised OATTs such that we can determine

⁵⁶² *E.g., id.* § VII.B.

⁵⁶³ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 149.

⁵⁶⁴ *E.g.,* Arizona Public Service Co. Transmittal Letter at 16.

⁵⁶⁵ *E.g.,* Arizona Public Service Co. OATT, Attachment E § VII.B.2.

whether they are just and reasonable and not unduly discriminatory or preferential. We therefore require Filing Parties to submit in further compliance filings OATT revisions specifying (1) which benefit to cost ratio will apply, (2) how the aggregate load-weighted benefit to cost ratio will be calculated, and (3) to the extent that Filing Parties intend to use scenario analyses to calculate the benefit to cost ratio, how such analyses will be used in that calculation.

323. Filing Parties' proposed OATT revisions state that costs must be allocated solely within the WestConnect transmission planning region unless other transmission planning regions or entities voluntarily assume costs,⁵⁶⁶ consistent with Regional Cost Allocation Principle 4. However, Filing Parties' proposed OATT revisions do not comply with the Regional Cost Allocation Principle 4 requirement that the regional transmission planning process identify the consequences of a transmission facility selected in the regional transmission plan for purposes of cost allocation for other transmission planning regions, such as upgrades that might be required in another region. Filing Parties also do not address whether the WestConnect transmission planning region has agreed to bear the costs associated with any required upgrades in another transmission planning region or, if so, how such costs will be allocated within the WestConnect transmission planning region. We therefore direct Filing Parties to file a further compliance filing, within 120 days of the date of issuance of this order, revising its OATT to provide for identification of the consequences of a transmission facility selected in the regional transmission plan for purposes of cost allocation. Filing Parties must also address in the further compliance filings whether the WestConnect transmission planning region has agreed to bear the costs associated with any required upgrades in another transmission planning region and, if so, how such costs will be allocated within the WestConnect transmission planning region.

324. Regional Cost Allocation Principle 5 requires that the cost allocation method and data requirements for determining benefits and identifying beneficiaries for a transmission facility must be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed transmission facility.⁵⁶⁷ We find that Filing Parties' proposed regional cost allocation methods for reliability, economic, and public policy transmission projects partially comply with this principle. We disagree with AWEA and Public Interest Organizations that Filing Parties' proposed regional cost allocation methods for reliability transmission projects and public policy transmission projects are not transparent because they do not provide adequate detail as to how benefits and beneficiaries will be identified. Specifically, Filing Parties propose that the beneficiaries of reliability transmission projects will be the utilities that have

⁵⁶⁶ *E.g., id.* § VII.B.

⁵⁶⁷ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 668.

separate reliability needs associated with compliance with the NERC Transmission Planning Standards during the transmission planning horizon that are addressed most efficiently by a single transmission project, and that the benefits for each beneficiary will be measured as the cost of local reliability upgrades necessary to avoid construction of the regional reliability transmission project in the relevant transmission owner's retail distribution service territory or footprint.⁵⁶⁸ For public policy transmission projects, Filing Parties propose to identify as beneficiaries the entities that will access the resources enabled by a public policy transmission project to meet their public policy requirements, and as benefits the number of megawatts of public policy resources enabled by the public policy transmission project for each beneficiary.⁵⁶⁹ We find that the description provided in Filing Parties' OATTs will result in a transparent identification of beneficiaries and determination of benefits for reliability and public policy transmission projects.

325. However, Filing Parties' proposed regional cost allocation methods for reliability and public policy transmission projects only partially comply with Regional Cost Allocation Principle 5 because the proposed OATT revisions do not provide for adequate documentation to allow a stakeholder to determine how the regional cost allocation methods for reliability and public policy transmission projects were applied to a proposed transmission facility. Therefore, on compliance, Filing Parties are directed to file revisions to their regional cost allocation methods for reliability and public policy transmission projects, to provide for adequate documentation to allow a stakeholder to determine how these methods were applied to a proposed transmission facility.⁵⁷⁰

326. With respect to Filing Parties' proposed regional cost allocation for economic transmission projects, we agree with Western Independent Transmission Group, AWEA, and Public Interest Organizations that greater detail concerning how economic benefits will be measured is necessary for the proposal to comply with Regional Cost Allocation Principle 5. We find that while Filing Parties propose a transparent method for identifying beneficiaries by establishing a benefit to cost ratio, they do not clearly describe how they will determine production cost savings or reductions in reserve sharing requirements. Filing Parties' proposed OATT revisions also do not provide for adequate documentation to allow a stakeholder to determine how the regional cost allocation method for economic transmission projects was applied to a proposed transmission

⁵⁶⁸ *E.g.*, Arizona Public Service Co. OATT, Attachment E § VII.B.1.

⁵⁶⁹ *E.g.*, *id.* § VII.B.3.

⁵⁷⁰ For example, Filing Parties' proposal provides that the Planning Management Committee will document why projects were either included or not included in the regional transmission plan. *E.g.*, *id.* § III.D.6.

facility. Accordingly, we require Filing Parties to submit in further compliance filings revisions to their respective OATTs (1) that describe how production cost savings and reductions in reserve sharing requirements will be quantified, and (2) to provide for adequate documentation to allow a stakeholder to determine how the regional cost allocation method for economic transmission projects was applied to a proposed transmission facility.

327. Finally, we find that Filing Parties' proposed regional cost allocation methods comply with Regional Cost Allocation Principle 6. Consistent with Regional Cost Allocation Principle 6, Filing Parties propose to use a different cost allocation method for different types of transmission facilities in the regional transmission plan – reliability transmission projects, economic transmission projects, and public policy transmission projects.⁵⁷¹ Also, consistent with this principle, Filing Parties propose only one cost allocation method for each type of project⁵⁷² and each method is determined in advance.⁵⁷³ In addition, Filing Parties have not proposed to designate a type of transmission facility that has no regional cost allocation method applied to it.⁵⁷⁴

b. Local Transmission Projects and Participant Funding

i. Filing Parties' Compliance Filings

328. Filing Parties explain that local transmission projects are projects located within a transmission owner's retail distribution territory or footprint unless such projects are submitted and selected in the regional transmission plan for purposes of cost allocation.⁵⁷⁵ Similarly, Filing Parties explain that transmission projects that span multiple service territories or footprints will be considered "single system transmission projects" if they are electrically connected to only a single utility system, they provide service solely to that utility's electrical distribution service territory or footprint, and their costs are allocated to that utility regardless of the physical location of the facility.⁵⁷⁶ Moreover, Filing Parties explain that for any transmission project where the transmission owner is the sole owner or such project is to be built for the sole benefit of the

⁵⁷¹ See Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 685.

⁵⁷² See *id.* PP 560, 686.

⁵⁷³ See *id.* P 560.

⁵⁷⁴ See *id.* P 690.

⁵⁷⁵ *E.g.*, Arizona Public Service Co. OATT, Attachment E § VII.A.

⁵⁷⁶ *E.g.*, Arizona Public Service Co. Transmittal Letter at 17.

transmission owner, the transmission owner will “proceed with the project pursuant to its rights and obligations as the [t]ransmission [p]rovider for the local area.”⁵⁷⁷

329. Under the proposed WestConnect transmission planning process, entities may choose to participant fund their own projects. Transmission owners may elect to provide an open season solicitation of interest to secure additional project participants for projects identified in the local transmission owner’s reliability and economic studies. Further, Filing Parties propose that a “[transmission owner] may share ownership, and associated costs, of any new transmission project, based upon mutual agreement between the parties. Such a joint ownership arrangement may arise because of existing joint ownership of facilities in the area of the new facilities, overlapping service territories, or other relevant considerations.”⁵⁷⁸ Filing Parties propose that participant funded projects will be included in base cases alongside projects submitted for purposes of cost allocation;⁵⁷⁹ however, participant funded projects will not receive regional cost allocation.⁵⁸⁰

ii. Protests/Comments

330. Public Interest Organizations assert that Filing Parties’ cost allocation method does not comply with Order No. 1000 because it allows for participant funding of projects.⁵⁸¹ Similarly, Startrans, LS Power, and Western Independent Transmission Group are concerned that projects are allowed to bypass the regional transmission planning and cost allocation processes if the project sponsors mutually agree to construct a project and allocate the costs of the project among themselves.⁵⁸² According to Startrans and Western Independent Transmission Group, Order No. 1000 requires that participation in the regional transmission planning and cost allocation processes be mandatory for entities choosing to construct transmission facilities that fulfill regional needs and qualify for regional cost allocation.⁵⁸³ In addition, Startrans asserts that Filing

⁵⁷⁷ *E.g.*, Arizona Public Service Co. OATT, Attachment E § VII.A.

⁵⁷⁸ *E.g.*, *id.*

⁵⁷⁹ *E.g.*, *id.* § III.D.1.

⁵⁸⁰ *E.g.*, *id.* § VII.A.

⁵⁸¹ Public Interest Organizations Comments at 15-16.

⁵⁸² Startrans Comments at 4; Western Independent Transmission Group Comments at 4-5; LS Power Protest at 9-12.

⁵⁸³ Startrans Comments at 4; Western Independent Transmission Group Comments at 5.

Parties' proposal could preclude independent transmission developers from recommending more prudent solutions for those projects that bypass the regional transmission planning process.⁵⁸⁴ Consequently, Startrans and Western Independent Transmission Group seek clarification that if a project is a regional project intended to satisfy regional needs, it must be considered in the applicable regional transmission planning and cost allocation processes.⁵⁸⁵

331. LS Power argues that Filing Parties circumvent the restrictive definition of local projects by including "carve outs" for local projects that goes beyond the local project exclusions established in Order No. 1000. Specifically, LS Power objects to a provision under the cost allocation section for local transmission projects which allows entities the opportunity to voluntarily agree to the cost allocation and to jointly own a new transmission project. LS Power argues that by definition these projects are not local projects and must be treated in the planning process as regional proposals. Moreover, LS Power expresses concern over a proposal to permit an open season to secure additional participants for local transmission projects. LS Power argues that this language could be interpreted to apply to a project that the public utility transmission provider submits in the plan for purposes of cost allocation and, as a result, could allow a project in multiple service territories to circumvent the planning process. In addition, LS Power contends that, to the extent Filing Parties' compliance filings require that a project must connect with more than one transmission provider to be considered a regional project, the compliance filings are not consistent with Order No. 1000. Similarly, they assert that projects within one service territory that are shared with another utility and also single system projects that cross more than one service retail distribution territory should not be considered local projects. Accordingly, LS Power requests that the Commission make it clear that participant funding cannot apply to WestConnect public utility transmission providers.⁵⁸⁶

iii. Answer

332. In response to arguments that the Commission should reject the voluntary development of transmission projects outside of the regional transmission planning and cost allocation process, Filing Parties and Public Power Entities argue that Order No. 1000 does not prohibit such bilateral development⁵⁸⁷ and expressly permits such

⁵⁸⁴ Startrans Comments at 4.

⁵⁸⁵ *Id.* at 5; Western Independent Transmission Group Comments at 5.

⁵⁸⁶ LS Power Protest at 9-12.

⁵⁸⁷ Filing Parties Answer at 23; Public Power Entities Answer at 18.

arrangements, including participant funding.⁵⁸⁸ Filing Parties argue that concerns about allowing transmission owners to bypass the regional transmission planning process through bilateral agreements are misplaced, because all such projects will be included in the regional transmission plan through their incorporation into local transmission plans. Furthermore, Filing Parties contend that the purpose of the Order No. 1000 cost allocation process is to “facilitate negotiations among potentially interested parties,” and not to require that a project included in a regional transmission plan be financed solely in accordance with the regional cost allocation process.⁵⁸⁹

333. Public Power Entities request that the Commission reject requests that the provisions governing the construction of local projects be modified. They note that in large parts of the WestConnect footprint, transmission owners do not have contiguous service territories and therefore have a practical need to jointly build local projects, and are not required to submit all projects to the regional cost allocation process.⁵⁹⁰ Public Power Entities argue that the definition of local projects advocated by certain commenters is too narrow and misconstrues the requirements of Order No. 1000, which distinguished between (1) local transmission projects and planning related to retail distribution service territories and (2) regional transmission projects and planning related to more widespread needs. Public Power Entities also argue that Order No. 1000 recognized that the existence of a regional cost allocation process does not preclude parties from negotiating alternative cost-sharing arrangements.⁵⁹¹

iv. Commission Determination

334. We find that Filing Parties’ proposal to allow for participant funding of transmission facilities not selected in the regional transmission plan for purposes of cost allocation is reasonable. Contrary to the protestors’ arguments, Order No. 1000

⁵⁸⁸ Filing Parties Answer at 23-24 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 561, 723-726).

⁵⁸⁹ *Id.* at 24 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 561).

⁵⁹⁰ Public Power Entities Answer at 20. Public Power Entities also note that, for purposes of determining what constitutes a local transmission project, the footprints of the Western Area Power Administration, Tri-State Generation and Transmission Association, Inc., (Tri-State) and the Transmission Agency of Northern California include all of their respective transmission facilities in the WestConnect region and the service territories of Tri-State’s distribution cooperatives. *Id.* at 22.

⁵⁹¹ *Id.* at 21 (quoting Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 561, 724).

permitted participant funding of transmission facilities, but not as a regional or interregional cost allocation method.⁵⁹² In fact, the Commission found in Order No. 1000 that the cost allocation requirements adopted do not undermine the ability of market participants to negotiate alternative cost sharing arrangements voluntarily and separately from the regional cost allocation method or methods.⁵⁹³ Instead, the Commission recognized in Order No. 1000 that “market participants may be in a better position to undertake such negotiations as a result of the public utility transmission providers in the region having evaluated a transmission project.”⁵⁹⁴

335. We disagree with protestors’ claims that allowing participant funding as an alternative cost sharing arrangement will allow transmission owners to bypass the regional transmission planning process. As Filing Parties explain⁵⁹⁵ and the proposed OATTs require, all participant-funded projects will be included in the regional transmission plan through their incorporation into local transmission plans; those projects simply are not submitted for purposes of regional cost allocation.⁵⁹⁶ Further, we are not persuaded by Startrans’ assertion that nonincumbent transmission providers could be precluded from recommending more prudent solutions for those projects.⁵⁹⁷ First, nothing in the WestConnect regional transmission planning process prohibits nonincumbent transmission providers, or other entities, from proposing alternative solutions to those projects, even if they are not selected in the regional transmission plan for purposes of cost allocation. In fact, the proposed regional transmission planning process provides that nonincumbent transmission developers and owners “may include projects that the developer wishes to be considered for regional cost allocation” without

⁵⁹² Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 723.

⁵⁹³ *Id.* P 561.

⁵⁹⁴ *Id.*

⁵⁹⁵ Filing Parties Answer at 24.

⁵⁹⁶ *E.g.*, Arizona Public Service Co., Attachment E § III.C.4 (requiring all transmission owners to submit *any* project plans developed through their local transmission planning processes for inclusion in the regional transmission plan models); § III.D.1 (providing that qualified projects submitted through the regional transmission planning process will be evaluated and selected from competing solutions and resources). Local transmission projects are projects located in transmission owner’s service territory or footprint, unless such projects are selected in the regional transmission plan for the purposes of cost allocation. *Id.* § VII.A.

⁵⁹⁷ Startrans Comments at 4.

limiting the type of project that may be proposed.⁵⁹⁸ Further, the regional transmission planning process also provides that all projects submitted in the regional transmission plan will be evaluated on a comparable basis, regardless of type or class of stakeholder proposing them.⁵⁹⁹ Accordingly, we find that the proposed provisions allowing for participant funding of transmission facilities not selected in the regional transmission plan for purposes of cost allocation as an alternative cost sharing agreement comply with Order No. 1000.

336. Moreover, regarding Filing Parties' definition of local transmission projects, we find that the proposed definition of local transmission projects does not undermine consideration of projects in the regional transmission planning process. Order No. 1000 recognizes that entities are free to develop transmission projects (whether local, regional, or interregional) without seeking cost allocation in the Order No. 1000 regional transmission planning process.⁶⁰⁰ Indeed, in Filing Parties' proposal, such projects are considered and included in the regional transmission planning process.⁶⁰¹ Moreover, as directed in section IV.B.1.c.i above, Filing Parties have an affirmative obligation to identify within the regional transmission planning process transmission solutions that may more efficiently or cost-effectively meet regional transmission needs. Order No. 1000 does not require that the transmission facilities in a public utility transmission provider's local transmission plan (whether developed individually or jointly) be subject to approval at the regional or interregional level, unless that public utility transmission

⁵⁹⁸ *E.g.*, Arizona Public Service Co. OATT, Attachment E § III.C.2.

⁵⁹⁹ *E.g.*, *id.* § III.D.1.

⁶⁰⁰ *See* Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 318 n.299 (recognizing that a region may include in its regional transmission plan for informational or other purposes, facilities for which a developer is not seeking cost allocation).

⁶⁰¹ Filing Parties Answer at 24 (noting that projects developed through bilateral agreements “will be included within the [r]egional [p]lan through their incorporation in the local transmission plans of participating transmission owners”); *see also* Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 6 (requiring public utility transmission providers to “participate in a regional transmission planning process that evaluates transmission alternatives at the regional level that may resolve the transmission planning region’s needs more efficiently and cost effectively than alternatives *identified by individual public utility transmission providers in their local transmission planning processes*” (emphasis added)).

provider seeks to have any of those facilities selected in the regional transmission plan for purposes of cost allocation.⁶⁰²

c. Transmission Service and Ownership Rights

i. Filing Parties' Filings

337. Filing Parties propose that to the extent a project beneficiary elects to participate in a project selected in the regional transmission plan for purposes of cost allocation, the beneficiary will receive transmission transfer capability on the project in exchange for transmission service payments. Filing Parties propose that the project beneficiary will then have the option to resell its transfer capability. Further, they propose that “[i]f the beneficiary makes [a] direct capital contribution to the project construction cost, it shall receive an ownership percentage in proportion to [its] capital contribution.”⁶⁰³

ii. Protests/Comments

338. No comments or protests were filed regarding this issue.

iii. Commission Determination

339. We find that Filing Parties’ proposal to provide beneficiaries with transmission transfer capability on a transmission project selected in the regional transmission plan for purposes of cost allocation in exchange for transmission service payments is just and reasonable and not unduly discriminatory and complies with Order No. 1000. In Order No. 1000-A, the Commission stated that, in the first instance, the appropriate forum to consider the issue of access to new transmission facilities for which an entity has been allocated costs pursuant to a regional cost allocation method is in the regional transmission planning process for each transmission planning region.⁶⁰⁴ Filing Parties have considered such access and have proposed to address it in their compliance filings. We find that their proposal is just and reasonable and not unduly discriminatory in that it assigns transmission transfer capability on a transmission facility selected in the regional transmission plan for purposes of cost allocation to those who pay for the facility as beneficiaries. We note that once allocated among beneficiaries, the use of such transmission transfer capability is governed by the Commission’s long-standing open access policies as adopted in Order Nos. 888 and 890.

⁶⁰² Order No. 1000-A, 139 FERC ¶ 61,132 at P 190.

⁶⁰³ *E.g.*, Arizona Public Service Co. OATT, Attachment E § VII.B.5.

⁶⁰⁴ Order No. 1000-A, 139 FERC ¶ 61,132 at P 624.

340. However, regarding Filing Parties' proposal to allow a beneficiary who makes a direct capital contribution to a transmission project's construction cost to receive an ownership percentage in proportion to their capital contribution, Filing Parties have not shown that this proposal is just and reasonable and not unduly discriminatory or preferential and we therefore reject it. It is unclear whether the proposal grants the beneficiary the right to ownership in the transmission project or if the proposal provides a nonincumbent transmission developer with the option of allowing a beneficiary to share in the ownership of a transmission project selected in the regional transmission plan for purposes of cost allocation. While it appears that the proposal could allow a transmission developer to agree to terms of ownership with a beneficiary, neither the transmittal letters nor the proposed OATT revisions provide additional information regarding how this proposed agreement is effectuated (e.g., when an agreement must be reached) or what consequences result if the transmission developer and beneficiary are unable to reach agreement on terms of an ownership arrangement between them. Thus, we reject the proposal because Filing Parties have not shown that it is just and reasonable and not unduly discriminatory or preferential. Filing Parties may make a showing in a future filing that the proposal is just and reasonable and not unduly discriminatory or preferential.

d. Cost Recovery

i. Protests/Comments

341. Colorado Commission disagrees with the Commission's decision not to clarify in Order No. 1000 the relationship between cost allocation and cost recovery. According to Colorado Commission, the Order No. 1000 cost allocation requirements directly impact its authority to regulate cost recovery through retail rates.⁶⁰⁵ Similarly, New Mexico Commission stresses that state commissions will not have the authority to review costs being passed on to ratepayers for a regional project selected in the regional transmission plan for purposes of cost allocation.⁶⁰⁶ Both Colorado Commission and New Mexico Commission explain that as more projects are built over time through the regional cost allocation process, an increasing portion of costs are likely to be passed on to the ratepayers beyond the direct control of state commissions through traditional cost recovery proceedings.⁶⁰⁷

⁶⁰⁵ Colorado Commission Comments at 3-4.

⁶⁰⁶ New Mexico Commission Comments at 2.

⁶⁰⁷ Colorado Commission Comments at 4-5; New Mexico Commission Comments at 2.

342. LS Power expresses concern that the WestConnect process provides no certainty that both incumbent transmission owners and nonincumbent transmission developers are eligible to receive cost recovery for projects selected in the regional transmission plan.⁶⁰⁸

ii. Answer

343. According to Filing Parties, Order No. 1000 does not guarantee that transmission developers can collect costs for development of transmission projects selected in a regional transmission plan for purposes of cost allocation; rather, such cost recovery arrangements would be subject to subsequent agreements between the developer, beneficiaries, and other interested parties.⁶⁰⁹

iii. Commission Determination

344. We find that the comments concerning cost recovery are outside the scope of the instant proceeding. Order No. 1000 did not specify how costs can be recovered for transmission projects that are selected in the regional transmission plan for purposes of cost allocation, a conclusion affirmed in Order No. 1000-A.⁶¹⁰ Further, while the Commission stated that, to the extent that cost recovery provisions are considered in connection with a cost allocation method or methods for a regional or interregional transmission facility, public utility transmission providers may include cost recovery provisions in their compliance filings,⁶¹¹ Filing Parties did not include cost recovery provisions in their compliance filings. Therefore, we dismiss the comments concerning cost recovery because they are outside the scope of the instant proceeding.

e. Cost Allocation for Local Transmission Projects

i. Protests/Comments

345. Nevada Commission expresses concern about the provisions in NV Energy's Attachment K that provide for NV Energy to use a case-by-case approach for the allocation of costs for new local transmission projects based on a solicitation of interest to

⁶⁰⁸ LS Power Protest at 21.

⁶⁰⁹ Filing Parties Answer at 20-22.

⁶¹⁰ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 563; Order No. 1000-A, 139 FERC ¶ 61,132 at P 616.

⁶¹¹ Order No. 1000-A, 139 FERC ¶ 61,132 at P 616.

determine if other entities would like to participate in a project's development.⁶¹² Nevada Commission claims that this provision establishes a FERC-jurisdictional process that could be used to place plant into rate base for which Nevada ratepayers would pay, but from which they would not benefit.⁶¹³ Further, Nevada Commission believes that this provision could broaden the scope of resource planning policy as set by the Nevada Legislature in statute and preempt Nevada Commission's ability to establish retail rates. Accordingly, as the provision pertains to local transmission planning and is not required by Order No. 1000, Nevada Commission urges the Commission to direct NV Energy to remove it.⁶¹⁴

ii. Commission Determination

346. The provision with which Nevada Commission takes issue, which concerns the allocation of costs for local transmission projects, was previously accepted by the Commission.⁶¹⁵ We are not persuaded by Nevada Commission's assertion that the provision advances NV Energy's interest inconsistent with the state of Nevada's resource planning policy. Similarly, the provision in no way grants NV Energy the right to place plant into rate base or preempt Nevada Commission's ability to establish rates.

f. Interregional Cost Allocation

i. Protests/Comments

347. Clean Line takes issue with a provision in Order No. 1000 which states that "an interregional transmission facility must be selected in both of the relevant regional transmission plans for the purposes of cost allocation in order to be eligible for interregional cost allocation pursuant to an interregional cost allocation method required under this Final Rule."⁶¹⁶ Clean Line claims that comparing projects based on their

⁶¹² Nevada Commission Comments at 7 (referencing NV Energy OATT, Attachment K § II.E).

⁶¹³ *Id.* at 7.

⁶¹⁴ *Id.* at 9.

⁶¹⁵ These previously-approved provisions appeared in section VII.B of NV Energy's local transmission planning process. NV Energy, Inc., NVE Database, Tariff, Volume No. 1, Attachment K (Transmission Planning Process) (0.0.0) § VII.B. NV Energy moved the provisions, with minor modifications, to section II.E in its compliance filing. NV Energy, OATT Attachment K § II.E.

⁶¹⁶ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 400.

benefits at the regional level unduly discriminates against projects designed primarily to address interregional needs. For example, Clean Line asserts that this requirement is problematic in the WestConnect region for an interregional project in which the benefits overwhelmingly flow into one region in that the aforementioned project could be excluded from the WestConnect regional cost allocation procedures because it will be considered a “single system project”⁶¹⁷ and from the interregional cost allocation process because neighboring regions that receive little or no benefits would have little or no incentive to select that facility for purposes of cost allocation in their own region, even if the method allocates costs commensurate with benefits. To resolve this problem, Clean Line suggests that the Commission should require Filing Parties to develop a new category of projects that are included in the regional plan, but explicitly identified as candidates for interregional cost allocation.⁶¹⁸

ii. Answer

348. Filing Parties respond that Clean Line’s concerns are more appropriately directed at interregional cost allocation than at regional cost allocation, and that interregional procedures are currently being developed in anticipation of the interregional compliance filing. Nonetheless, Filing Parties argue that Clean Line’s request should be rejected because a project developer proposing a project that crosses multiple regions but only benefits a single region may seek regional cost allocation in that region even if interregional cost allocation is not available. Filing Parties also state that if a single WestConnect utility would benefit from an interregional project that provides significant benefits to a different transmission planning region, the developer may negotiate with that WestConnect utility while seeking regional cost allocation elsewhere.⁶¹⁹ Finally, Filing Parties argue that the proposed WestConnect planning process permits developers to pursue cost allocation for any project.⁶²⁰

iii. Commission Determination

349. With respect to Clean Line’s concerns, we note that Order No. 1000 defines a regional transmission facility as one that is “located solely within a single transmission

⁶¹⁷ Filing Parties state that a single system transmission project may be electrically connected to, and only impact, one utility system and therefore its costs will be allocated to only a single entity. *E.g.*, Arizona Public Service Co. Transmittal Letter at 17.

⁶¹⁸ Clean Line Comments at 7-8.

⁶¹⁹ Filing Parties Answer at 32.

⁶²⁰ *Id.* at 33.

planning region.”⁶²¹ Accordingly, Clean Line’s concerns are directed at Order No. 1000 and interregional cost allocation, rather than the regional cost allocation methods proposed here, and are outside the scope of this proceeding. Such concerns should be raised when Filing Parties submit their compliance filings to comply with Order No. 1000’s interregional requirements. Similarly, Clean Line’s request to add an additional category of projects goes beyond the requirements of Order No. 1000.

g. Partial Cost Allocation

i. Protests/Comments

350. Clean Line urges the Commission to require Public Service Company of New Mexico to modify its compliance filing to allow for partial cost allocation of projects instead of treating all projects as either “cost allocated” or “not cost allocated.” Clean Line explains that “[i]f a transmission project is proposed as a merchant line with plans to sell capacity directly to customers, but it is also found by a region to satisfy some public policy, reliability or economic need, some of its cost should be considered for allocation commensurate with the regional benefit it provides.”⁶²² Clean Line claims that partial cost allocation can meet identified transmission needs at a lower cost to ratepayers and accurately allocates costs commensurate with benefits. Thus, Clean Line recommends that if a project is submitted for inclusion in the WestConnect regional transmission plan, the project should be assessed for its potential to meet public policy requirements or other transmission needs even if the project developer plans to pay for the project partially through negotiated rates or other means.⁶²³

ii. Answer

351. Filing Parties state that Order No. 1000 imposes no obligation to provide for partial cost allocation.⁶²⁴

iii. Commission Determination

352. While Order No. 1000 requires each public utility transmission provider to have in place a method, or set of methods, for allocating the costs of new transmission facilities

⁶²¹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 63.

⁶²² Clean Line Comments at 8-9.

⁶²³ *Id.*

⁶²⁴ Filing Parties Answer, App. A, No. 4.

selected in the regional transmission plan for purposes of cost allocation,⁶²⁵ it does not require a public utility transmission provider to establish a cost allocation method that would apply to any portion of the costs of a merchant transmission project not recovered through negotiated rates. Therefore, we deny Clean Line's request that the Commission require Filing Parties to allow for partial allocation of the costs of a merchant transmission facility through the regional transmission cost allocation method as beyond the scope of Order No. 1000.

4. Proposed Changes to Local Transmission Planning Processes

353. While we address in this order proposed revisions to Filing Parties' local transmission planning processes that incorporate planning for transmission needs driven by public policy requirements, we note that Filing Parties propose numerous changes to their respective local transmission planning processes that Filing Parties fail to support or explain why they believe the changes are appropriately included in their Order No. 1000 compliance filings.⁶²⁶ We therefore direct Filing Parties, as part of the compliance filings required by this order, to identify and justify those changes that they believe are properly within the scope of Order No. 1000's compliance requirements, and we conditionally accept those changes subject to those compliance filings. However, we reject, as unsupported and beyond the scope of these proceedings, Filing Parties' proposed revisions to their local transmission planning processes that are outside the scope of the revisions required by Order No. 1000 and that Filing Parties do not specifically identify and justify in those compliance filings.⁶²⁷

The Commission orders:

(A) Filing Parties' compliance filings are hereby accepted, as modified, subject to further compliance filings, as discussed in the body of this order.

⁶²⁵ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 558.

⁶²⁶ See, for example, paragraph 88 above, in which we reject proposed revisions to NV Energy's local transmission planning process that were challenged by the Nevada Commission.

⁶²⁷ Filing Parties may, of course, separately file changes to their respective local transmission planning processes under section 205 of the FPA.

(B) Filing Parties are each hereby directed to submit a further compliance filing, within 120 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.

Appendix A: Abbreviated Names of Interveners and Commenters

The following tables contain the abbreviated names of interveners, including commenters and protestors, and answers in each docket.

Public Service Company of Colorado

Docket No. ER13-75-000

Interveners

American Wind Energy Association (AWEA)

Abengoa Transmission & Distribution Inc. (Abengoa Transmission & Distribution)

E.On Climate & Renewables North America, LLC (E.On Climate & Renewables North America)

LS Power Transmission, LLC and LSP Transmission Holdings, LLC (LS Power)

Interwest Energy Alliance, Natural Resources Defense Council, Nevada Wilderness Project, Sierra Club, Sonoran Institute, Sustainable FERC Project, Vote Solar, Western Resource Advocates (Public Interest Organizations)

Basin Electric Power Cooperative, Colorado Springs Utilities, Imperial Irrigation District, Los Angeles Department of Water and Power, Platte River Power Authority, Sacramento Municipal Utility District, Salt River Project Agricultural Improvement and Power District, Southwest Transmission Cooperative, Inc., Transmission Agency of Northern California, Tri-State Generation and Transmission Association, Inc., Western Area Power Administration (Public Power Entities)

Startrans IO, LLC (Startrans)

Western Grid Group

Western Independent Transmission Group

Commenters/Protestors

AWEA and Interwest

Colorado Public Utilities Commission (Colorado Commission)

LS Power

Public Interest Organizations

Public Power Entities

Startrans

Western Independent Transmission Group

Answers

Public Power Entities

Public Service Company of Colorado, Tucson Electric Power Company, UNS Electric, Inc., Public Service Company of New Mexico, Arizona Public Service Company, El Paso Electric Company, Black Hills Power, Inc., Black Hills Colorado Electric Utility Company, LP, Sierra Pacific Power Company, NV Energy and Nevada Power Company, and Cheyenne Light, Fuel and Power Company (Filing Parties)

Xcel Energy Services Inc., on behalf of Public Service Company of Colorado (Public Service Company of Colorado)

Tucson Electric Power Company

Docket No. ER13-77-000

Interveners

AWEA

Abengoa Transmission & Distribution

E.On Climate & Renewables North America

LS Power

Public Interest Organizations

Public Power Entities

Startrans

Western Independent Transmission Group

Commenters/Protestors

AWEA and Interwest

LS Power

Public Interest Organizations

Public Power Entities

Startrans

Western Independent Transmission Group

Answers

Public Power Entities

Filing Parties

UNS Electric, Inc.

Docket No. ER13-78-000

Intervener(s)

AWEA

E.On Climate & Renewables North America

LS Power

Public Interest Organizations

Public Power Entities

Startrans

Western Independent Transmission Group

Commenters/Protestors

AWEA and Interwest

LS Power

Public Interest Organizations

Public Power Entities

Startrans

Western Independent Transmission Group

Answers

Public Power Entities

Filing Parties

Public Service Company of New Mexico

Docket No. ER13-79-000

Intervenors

Abengoa Transmission & Distribution

AWEA

Clean Line Energy Partners LLC (Clean Line Energy Partners)

E.On Climate & Renewables North America

LS Power

Navopache Electric Cooperative, Inc. (Navopache Electric Cooperative)

Public Interest Organizations

Public Power Entities

Startrans

Western Grid Group

Western Independent Transmission Group

Commenters/Protestors

AWEA and Interwest

Clean Line Energy Partners

LS Power

New Mexico Public Regulation Commission (New Mexico Commission)

Public Interest Organizations

Public Power Entities

Startrans

Western Independent Transmission Group

Answers

Public Power Entities

Filing Parties

Arizona Public Service Company

Docket No. ER13-82-000

Interveners

Abengoa Transmission & Distribution

AWEA

E.On Climate & Renewables North America

Iberdrola Renewables, LLC (Iberdrola Renewables)

Interstate Renewable Energy Council Inc. (Interstate Renewable Energy Council)

LS Power

Public Interest Organizations

Public Power Entities

Startrans

Western Grid Group

Western Independent Transmission Group

Commenters/Protestors

AWEA and Interwest

Interstate Renewable Energy Council

LS Power

Public Interest Organizations

Public Power Entities

Startrans

Western Independent Transmission Group

Answers

Public Power Entities

Filing Parties

El Paso Electric Company

Docket No. ER13-91-000

Interveners

AWEA

E.On Climate & Renewables North America

Interstate Renewable Energy Council

LS Power

Public Interest Organizations

Public Power Entities

Renewable Northwest Project

Startrans

Western Grid Group

Western Independent Transmission Group

Commenters/Protestors

AWEA and Interwest

Interstate Renewable Energy Council

LS Power

New Mexico Commission

Public Interest Organizations

Public Power Entities

Startrans

Western Independent Transmission Group

Answers

Public Power Entities

Filing Parties

Black Hills Power, Inc.

Docket No. ER13-96-000

Interveners

Abengoa Transmission & Distribution

AWEA

E.On Climate & Renewables North America

LS Power

Public Interest Organizations

Public Power Entities

Startrans

Western Independent Transmission Group

Commenters/Protestors

AWEA and Interwest

LS Power

Public Interest Organizations

Public Power Entities

Startrans

Western Independent Transmission Group

Answers

Public Power Entities

Filing Parties

Black Hills Colorado Electric Utility Company

Docket No. ER13-97-000

Interveners

Abengoa Transmission & Distribution

AWEA

E.On Climate & Renewables North America

Colorado Commission

LS Power

Public Interest Organizations

Public Power Entities

Startrans

Western Independent Transmission Group

Commenters/Protestors

AWEA and Interwest

Colorado Commission

LS Power

Public Interest Organizations

Public Power Entities

Startrans

Western Independent Transmission Group

Answers

Public Power Entities

Filing Parties

NV Energy, Inc.

Docket No. ER13-105-000

Intervenors

Abengoa Transmission & Distribution

AWEA

Office of the Attorney General for the State of Nevada, by and through its Bureau of Consumer Protection

E.On Climate & Renewables North America

Exelon Corporation

LS Power

Public Utilities Commission of Nevada (Nevada Commission)

Public Interest Organizations

Public Power Entities

Startrans

Western Grid Group

Western Independent Transmission Group

Commenters/Protestors

AWEA and Interwest

LS Power

Nevada Commission

Public Interest Organizations

Public Power Entities

Startrans

Western Independent Transmission Group

Answers

Public Power Entities

Filing Parties

Cheyenne Light, Fuel, & Power Company

Docket No. ER13-120-000

Interveners

AWEA

E.On Climate & Renewables North America

Public Power Entities

Startrans

Western Independent Transmission Group

Commenters/Protestors

Public Power Entities

Startrans

Western Independent Transmission Group

Answers

Public Power Entities

Filing Parties