

ColumbiaGrid

Policy Statement Regarding Order No. 890 Regional Planning – Coordinated, Open, and Transparent Planning Processes for Single and Multiple Transmission Systems

May 24, 2007

A. ColumbiaGrid Planning Processes

The ColumbiaGrid processes for coordinated planning among multiple transmission systems are designed to help

- (i) inform transmission customers, stakeholders, and other transmission providers of transmission conditions in the sub-region from a broader perspective so they can make more informed service requests of individual transmission providers, including facilitation of clustered study requests that involve one or more transmission systems,
- (ii) ensure that each transmission provider meets its obligations while addressing impacts of upgrades on other transmission systems, and
- (iii) coordinate planning of transmission system upgrades.

ColumbiaGrid’s sub-regional planning responsibilities are set out in the Planning and Expansion Functional Agreement (“PEFA”), which helps coordinate planning activities on a regional basis through a single-system approach to the planning process for both public utility and non-public utility transmission providers. Participation in the PEFA is open to all qualified non-member parties as defined in the PEFA, which includes Northwest transmission providers, transmission customers, and others. In addition to ColumbiaGrid, the current parties to the PEFA include Avista Corporation, Bonneville Power Administration, Chelan County Public Utility District, Grant County Public Utility District, Puget Sound Energy, Inc., the City of Seattle, acting by and through its City Light Department, Snohomish County Public Utility District, and the City of Tacoma, Department of Public Utilities, Light Division (dba Tacoma Power) (“Planning Parties”). The Planning Parties include transmission owners subject to the Commission’s ratemaking jurisdiction (*i.e.*, public utilities with an OATT), as well as those that are not. Representatives of all of the Planning Parties and ColumbiaGrid participated in the development of this Policy Statement.

The ColumbiaGrid planning processes build upon the foundation of previous regional planning coordination efforts. ColumbiaGrid achieves coordinated planning through reliance on study teams, comprised of interested persons, including affected parties. Furthermore, for certain types of projects, the ColumbiaGrid process goes beyond planning. There are ColumbiaGrid procedures that are designed to lead to project agreements¹ or Commission orders that require construction of facilities.²

¹ See PEFA, Appendix A § 4.1.1.

² See PEFA § 6.

B. Purpose of Policy Statement

It is anticipated that each Planning Party that (i) is a transmission provider and (ii) posts an Order No. 890 strawman (“PEFA Transmission Provider”) will use this Policy Statement, with modifications to reflect its individual planning process and OATT requirements, as its strawman. The development and posting of a strawman by each PEFA Transmission Provider is part of its process to develop its Attachment K. It is likely that each PEFA Transmission Provider will receive additional comments on its strawman. Each PEFA Transmission Provider’s Attachment K may reflect further development of its Attachment K planning process, including developments based upon such comments.

C. Overview of PEFA Transmission Provider Order No. 890 Planning Activities

The planning processes described below in this Policy Statement meet the nine planning principles enunciated in Order No. 890, yet preserve the responsibilities of the individual PEFA Transmission Provider under its Open Access Transmission Tariff (“OATT”).

The transmission service provided on an individual PEFA Transmission Provider’s transmission system is governed by its OATT, and its planning activities under the OATT are governed by Attachment K.

- For network service customers, applicable provisions of the network operating agreements would apply in addition to the OATT and Attachment K. This would include, for example, provisions of the network operating agreements or OATT for coordination of analysis of the need for and development of facilities upgrades. However, these procedures would be consistent with and do not supplant the requirements under Attachment K for planning under Attachment K, and the requirements under Attachment K and its planning processes for the provision of information (and the resolution of disputes with respect thereto).
- The Standard Large Generator Interconnection Agreement (“LGIA”) and the Standard Large Generator Interconnection Procedures (“LGIP”) process do not supplant the requirements for planning under Attachment K and the requirements under Attachment K and its planning processes for the provision of information (and the resolution of disputes with respect thereto).
- The information exchange pursuant to Attachment K relates to planning, not to studies performed in response to interconnection or transmission service requests or information provided in connection with such requests. The provision of information in connection with such requests is separate from, and does not constitute submission of information for, the planning process pursuant to Attachment K.
- Since the PEFA Transmission Provider is ultimately responsible for compliance with its obligations under its OATT, customer requests are (and will continue to be) administered under the OATT provisions applicable to such requests rather than under Attachment K.

This Policy Statement anticipates that the PEFA Transmission Provider’s OATT planning process for its system will mesh with the planning processes of ColumbiaGrid for multi-system projects and with other local and sub-regional planning activities and the west-wide regional planning coordination services provided by WECC. Each TOPP³ will provide ColumbiaGrid with information regarding its single-system planning activities and, if the systems of other transmission providers are involved, then the planning of such activities would be coordinated through the ColumbiaGrid planning processes.

The local and sub-regional planning processes and the regional planning coordination processes described in Attachment K should inform transmission customers, stakeholders, and other transmission providers of transmission conditions in the sub-region from a broader perspective.

D. Commission’s Nine Planning Principles.

A description of how the ColumbiaGrid and the PEFA Transmission Provider’s planning processes relate to the Commission’s nine planning principles follows. For a comprehensive description of what is in the PEFA, the reader should refer to the PEFA itself. This document is posted on the ColumbiaGrid website (www.columbiagrid.org), as are other documents that govern ColumbiaGrid's activities, such as its Bylaws.

1. ***Coordination.*** *Transmission providers must meet with all of their transmission customers and interconnected neighbors to develop a transmission plan on a nondiscriminatory basis.*

An underlying goal of the PEFA is a coordinated, open, transparent, and participatory planning process that enables meaningful participation by and coordination of all interested persons.⁴

Coordination begins at the outset of the ColumbiaGrid planning process, and continues throughout the development of the ColumbiaGrid Biennial Plan.⁵ As a critical component of the Biennial Plan, ColumbiaGrid annually performs a system assessment of the TOPPs’ transmission systems. The system assessment will determine the ability of each TOPP to serve, consistent with the planning criteria, its network and native load obligations and other existing long-term firm transmission obligations anticipated to occur during the ten-year planning horizon. ColumbiaGrid will coordinate with all interested persons, including transmission customers and interconnected neighbors, in performing the system assessment⁶ and preparing the draft system assessment report.⁷

³ A Planning Party that is a transmission owner or operator is a “Transmission Owner or Operator Planning Party” or “TOPP.” See PEFA § 1.57. Currently, TOPPs represent a broader set of transmission owners and operators than PEFA Transmission Providers (TOPPs who are posting strawmen).

⁴ See PEFA § 4.2.

⁵ A “Biennial Plan” is each biennial transmission plan adopted by the Board. See PEFA § 1.4.

⁶ PEFA, Appendix A § 3(i).

A projected inability of a TOPP to meet its existing network, native load, and other existing firm transmission obligations is defined as a need under the PEFA.⁸ The ColumbiaGrid planning process places a special emphasis on planning to address needs that impact more than one transmission system. Where the draft system assessment report identifies a need that impacts more than one TOPP's transmission system, the PEFA encourages participation by affected and other interested persons on a study team,⁹ which will coordinate study efforts and develop a plan to address the need ("Existing Obligation Project" or "EOP").¹⁰

ColumbiaGrid may also form study teams to study and plan on a coordinated basis for Requested Service Projects¹¹ and Capacity Increase Projects,¹² which study teams are intended to coordinate among all Planning Parties, affected parties, and interested persons.¹³ Provision is also made in the PEFA, if there is sufficient interest, for the expansion of EOPs, Requested Service Projects, Capacity Increase Projects, and Single System Projects¹⁴ ("Expanded Scope Projects"),¹⁵ for which ColumbiaGrid will form study teams that are open to participation by and coordination with all interested persons, including affected parties. By way of example, ColumbiaGrid is in the process of launching study teams for two major transmission developments.

State agencies and Tribes are encouraged to participate in ColumbiaGrid's planning processes. In order to facilitate their participation and meet their needs, pursuant to the

⁷ PEFA, Appendix A § 3(ii).

⁸ See PEFA § 1.27.

⁹ See PEFA § 4.4.

¹⁰ An "EOP" is any modification to be made to the Regional Interconnected Systems that is (i) for the purpose of meeting a need on a TOPP's system; (ii) not a Single System Project; and (iii) approved by the Board and included as an EOP in a Biennial Plan. See PEFA § 1.16.

¹¹ A "Requested Service Project" means any modification of the Regional Interconnected Systems that (i) is for the purpose of providing service pursuant to a transmission service or interconnection request made to a TOPP; and (ii) involves more than one transmission system. See PEFA § 1.50.

¹² A "Capacity Increase Project" means a voluntary modification of the Regional Interconnected Systems that is (i) for the purpose of increasing transmission capacity on the Regional Interconnected Systems; (ii) voluntarily undertaken by one or more Planning Parties; and (iii) not an Existing Obligation Project or Requested Service Project. See PEFA § 1.7.

¹³ The distribution of information in study teams may be limited consistent with Critical Energy Infrastructure Information ("CEII") requirements. CEII is information defined in 18 C.F.R § 388.113(c), as may be amended from time to time. See PEFA § 1.12. The scope of participation for a Requested Service Project study team must be consistent with OATT requirements. See PEFA, Appendix A § 4.1.2. Further references in this Policy Statement to participation in study teams are subject to these qualifications.

¹⁴ A "Single System Project" means any modification of a single transmission system that (i) is for the purpose of meeting a Need that impacts only such single transmission system; (ii) does not result in material adverse impacts on any transmission system; and (iii) is included as a Single System Project in a Biennial Plan. See PEFA § 1.51.

¹⁵ An "Expanded Scope Project" means any Project that is expanded pursuant to section 9 of Appendix A of the PEFA. See PEFA § 1.17.

PEFA, ColumbiaGrid is charged with and is currently working to develop a protocol to foster the collaborative involvement of affected States (including agencies responsible for facility siting, utility regulation, and general energy policy) and of Tribal representatives.¹⁶

It is anticipated that transmission customers will engage in a load and resource planning process (such as an integrated resource planning process) and provide such information to the TOPPs. Those results will be included in ColumbiaGrid planning processes as part of the system assessments.

Insofar as practicable, these planning processes and the Attachment K planning processes should be on a synchronized schedule.

For proposed projects that do not impact other transmission systems, each PEFA Transmission Provider coordinates with its local customers or stakeholders on single-system projects (including non-transmission solutions) pursuant to its Attachment K. Single System Projects resulting from the PEFA Transmission Provider's process will be included in the ColumbiaGrid system assessment and Biennial Plan.

2. ***Openness.*** *Transmission planning meetings must be open to all affected parties, including, but not limited to, all transmission and interconnection customers, state commissions, and other stakeholders.*

The process described above to provide coordination inherently promotes openness. Further, the ColumbiaGrid planning process is open to all interested persons, including affected parties, during its different stages, while respecting confidential information and CEII.¹⁷ The process includes an annual system assessment performed by ColumbiaGrid in coordination with Planning Parties and interested persons. ColumbiaGrid notifies all interested persons, including affected parties, regarding the formation of study teams. Interested persons' participation in study teams is central to the ColumbiaGrid planning process. ColumbiaGrid is required to notify affected parties of the development of a potential project, invite them to participate, and—if they so choose—involve them in a study team.¹⁸ ColumbiaGrid develops the draft Biennial Plan based on the study teams' products and other relevant information. All interested persons, including affected parties, will have the opportunity to review and submit comments on the draft Biennial Plan.¹⁹ To facilitate such input, the documents and materials related to the planning process will be posted on the ColumbiaGrid website and directly on (or linked from) each TOPP's OASIS. At various stages in the process, materials are provided to the Board for their input and approval, which provides further opportunities for public input at the Board's open meetings.

¹⁶ See PEFA § 4.3.

¹⁷ See PEFA § 4.2.

¹⁸ See PEFA § 4.3.

¹⁹ PEFA, Appendix A § 10.2.

3. ***Transparency.*** *Transmission providers must disclose to all customers and other stakeholders the basic criteria, assumptions, and data that underlie their transmission system plans. In addition, transmission providers will be required to reduce to writing and make available the basic methodology, criteria, and processes they use to develop their transmission plans, including how they treat retail load.*

The process described above to provide coordination and openness inherently promotes transparency. ColumbiaGrid, a non-profit corporation that is separate from PEFA Transmission Providers, TOPPs, transmission users, transmission customers, and other stakeholders, will administer a transparent planning process. ColumbiaGrid will provide a non-discriminatory forum where all PEFA Transmission Providers, TOPPs, transmission users, transmission customers, and other stakeholders can receive and bring forward recent and salient information concerning the Regional Interconnected Systems.²⁰

In addition to posting general planning criteria, ColumbiaGrid is charged with providing transparency throughout its planning process. For example, ColumbiaGrid will post the system assessment results.²¹ With respect to needs statements, ColumbiaGrid is required to post the narrative description of the need, underlying assumptions, applicable planning criteria, and methodology used to determine the need.²² ColumbiaGrid will also post drafts of summaries of progress of the study teams,²³ in addition to encouraging interested persons to participate in study teams. ColumbiaGrid will make available the draft Biennial Plan, study reports, and electronic data files.²⁴ Such information will be made available subject to appropriate protection of confidential information, information relating to standards of conduct matters, and CEII. The public will have multiple opportunities to supply information and provide written or oral comments which, in turn, will be made public consistent with OATT requirements.²⁵

4. ***Information Exchange.*** *Transmission providers, in consultation with their customers and other stakeholders, must develop guidelines and schedules for network and point-to-point transmission customers to submit information on their projected loads and resources on a comparable basis to transmission providers' native load planning.*

Provision of Information to ColumbiaGrid

The ColumbiaGrid planning process enables customers and stakeholders to submit information on their projected loads and resources in the planning process. The standard

²⁰ The "Regional Interconnected Systems" means the interconnected transmission systems in the Pacific Northwest. See PEFA §1.47.

²¹ PEFA, Appendix A § 3(i).

²² See PEFA, Appendix A §§ 3(v) and (vi).

²³ PEFA, Appendix A § 4.1.2.

²⁴ PEFA, Appendix A § 10.2.

²⁵ *Id.*

practice envisioned under the ColumbiaGrid planning process is that each TOPP will receive information from its customers on their projected loads, resources, and transmission needs; each such TOPP, in turn, will provide that information to ColumbiaGrid, which will take the information into account in drafting the Biennial Plan and performing the system assessments.

The PEFA Transmission Provider will receive information from its transmission customers for Attachment K planning. This information may include, but is not necessarily limited to, (i) network load and network resource forecasts and the other information contemplated by section 31.6 of the OATT, (ii) equivalent information from point to point customers, such as projections of the need for and usage of point to point transmission service (and at what receipt and delivery points), and (iii) information on existing and planned demand resources and their impacts on demand and peak demand. Such information shall be provided annually in accordance with guidelines and schedules identified in advance for submittal of information developed by the PEFA Transmission Provider in consultation with its customers. However, the exchange of Attachment K planning information should be a continual process, and transmission customers are to provide the PEFA Transmission Provider with timely written notice of material changes in any information previously provided relating to its load, its resources, its transmission system, or other aspects of its facilities or operations affecting the PEFA Transmission Provider's ability to provide reliable service.

Customers and stakeholders will also have the opportunity to bring relevant information into the ColumbiaGrid planning process at other stages of that process. As noted above, the public will have the opportunity to review and submit comments on the draft Biennial Plan.²⁶ ColumbiaGrid will also coordinate with interested persons and Planning Parties in performing the system assessment. In addition, all interested persons, including affected parties, customers, and stakeholders, may participate on study teams.²⁷

The ColumbiaGrid PEFA requires each TOPP to keep ColumbiaGrid informed of its local plans. This would include Single System projects which do not involve the requirements to proceed with planning through ColumbiaGrid PEFA processes.

Provision of Information from ColumbiaGrid

The PEFA contemplates that, as part of its transparent and open processes, ColumbiaGrid will make its data and analysis publicly available subject to appropriate treatment of confidential information, information relating to standards of conduct matters, and CEII.²⁸ This requirement is further bolstered by the ColumbiaGrid Bylaws which requires ColumbiaGrid to endeavor to provide useful, non-confidential information about the

²⁶ *Id.*

²⁷ *See* PEFA § 4.4.

²⁸ *See* PEFA § 4.7.

regional transmission system to the public and to develop policies regarding the provision of such information.²⁹

5. **Comparability.** *Transmission providers, after consulting data and comments submitted by customers and other stakeholders, must develop a transmission system plan that (a) meets the specific service requests of transmission customers; and (b) otherwise treats similarly-situated customers comparably in transmission system planning.*

The PEFA is designed to promote comparability. Indeed, all of the PEFA's provisions regarding openness and transparency discussed above promote comparability. For example, the draft Biennial Plan is presented to the operationally independent ColumbiaGrid Board in open meetings and developed in a public planning process.³⁰ ColumbiaGrid's system assessment takes into account native, network, and point to point load together for purposes of determining whether facilities are needed. An EOP may be developed when it is anticipated that a Planning Party will not be able to meet its existing obligations related to such loads, but does not elevate any type of customer or prospective customer need above another in a non-comparable manner.

Utilities that engage in resource acquisition should consider demand-side resources and generation on an integrated basis. ColumbiaGrid facilitates the implementation of sponsored non-transmission solutions, whether they are demand-side or generation, by including such solutions in its planning process and ColumbiaGrid will confirm that such solution addresses an identified transmission system need. By considering the energy or peaking value of the resource in the analysis of non-transmission solutions, the viability of these alternatives is increased substantially.

6. **Dispute Resolution.** *Transmission providers must develop a dispute resolution process to manage disputes that arise from the planning process.*

ColumbiaGrid itself constitutes a dispute resolution mechanism. ColumbiaGrid is a separate and operationally independent entity that makes decisions or recommendations regarding multi-system planning issues, and thus provides a neutral forum through which transmission customers, transmission providers, Planning Parties, and other stakeholders can raise and address issues arising out of TOPPs' planning activities. Indeed, the PEFA's division of responsibilities between ColumbiaGrid's Board and staff provides multiple opportunities for ColumbiaGrid staff to, in effect, act as a neutral mediator and make recommendations. Stated generally, the staff acts as facilitators/mediators of the study teams' discussions. If the affected parties participating in the study team cannot reach complete agreement on a plan of service, the staff exercises its independent judgment and recommends solutions to items that have not been resolved. All interested persons have an additional opportunity to present their perspectives when the staff's recommendation is

²⁹ See ColumbiaGrid Bylaws § 10.4.

³⁰ PEFA, Appendix A § 10.2.

presented to the Board. When reviewing the draft Biennial Plan, the Board can remand items back to the staff for further work and public input.

The dispute resolution process applicable to disputes arising in connection with the Attachment K planning process depends upon the issue to be resolved.³¹ Disputes or claims that arise out of or in connection with the access to information (or the terms and conditions upon which access to such information is to be provided) in connection with the Attachment K planning process (“Information Exchange Disputes”) would be resolved in accordance with the dispute resolution processes to be detailed in Attachment K.

Disputes and issues that arise in connection with the ColumbiaGrid planning process but that are not Information Exchange Disputes are first addressed by the processes as described in the PEFA, but nothing in Attachment K shall restrict the rights of any party to file a complaint with the Commission under relevant provisions of the Federal Power Act.

For example, there is a process for reconsideration of a Board decision. Under this process, if reconsideration is sought, ColumbiaGrid will convene a meeting, chaired by the ColumbiaGrid president, to which it invites the chief executive officer or equivalent executive of all affected persons to determine whether they can reach agreement on the disputed decision.³² If agreement is not reached, the Board shall pursue the reconsideration process.³³ The reconsideration process will provide for input from all involved persons (including Planning Parties) and staff, and the Board will make its decision known within 90 days from the date of the request.

Although arbitration is provided in instances where parties disagree over the release of information, the ColumbiaGrid planning process does not provide for binding arbitration for all disputes. Recognizing the diverse makeup of the Planning Parties as well as the desire to attract even broader participation, the Planning Parties agreed not to subject all disputes to binding arbitration because, for example, many entities had restrictions against it in their enabling statutes. The Planning Parties believe that their approach to dispute resolution maintains the balance between the necessary dispute resolution elements without sacrificing the diversity of the Planning Parties and prospective participants.

Disputes that arise in connection with the Attachment K planning processes but that are not addressed and resolved by the foregoing Attachment K dispute resolution processes may be addressed, with the agreement of all parties to the dispute, through non-binding mediation using the FERC Dispute Resolution Service or other non-binding mediation mechanism mutually agreeable to all parties to the dispute.

³¹ Disputes that arise under the OATT that do not arise in connection with Attachment K planning process are subject to applicable dispute resolution processes under the OATT, such as section 12 thereof. Disputes that arise under the LGIA that do not arise in connection with Attachment K planning process are subject to applicable dispute resolution processes under the LGIA.

³² PEFA, Appendix A §10.4.4.

³³ *See id.*

It should be noted that dispute resolution mechanisms under the WECC Bylaws are available to resolve *certain* disputes between a Member of WECC and WECC or between one or more Members of WECC. However, those dispute resolution mechanisms by their terms do not appear to be applicable to disputes arising in connection with Attachment K planning processes.

7. ***Regional Participation.*** *In addition to preparing a system plan for its own control area, each transmission provider must coordinate with interconnected systems to (a) share system plans to ensure that they are simultaneously feasible and otherwise use consistent assumptions and data; and (b) identify system enhancements that could relieve congestion or integrate new resources.*

ColumbiaGrid planning processes is the primary mechanism by which Planning Parties coordinate their transmission system plans. In addition, the PEFA requires coordination with entities that are not Planning Parties, to the extent possible. The PEFA requires ColumbiaGrid to interact with other regional entities and provide venues for exchange of information. To that end, ColumbiaGrid may become a member of and participate in appropriate transmission planning forums, committees, and work groups applicable to the geographic areas served by the Planning Parties for purposes of collecting and sharing information, and has become a member of WECC. With the consent of the affected Planning Parties, ColumbiaGrid also may coordinate and submit such Transmission Parties' transmission system data as required by such forums, committees, and work groups.³⁴

Moreover, the PEFA requires that ColumbiaGrid projects not result in material adverse impacts to transmission systems, including the systems of non-Planning Parties. In order to ensure this, ColumbiaGrid identifies parties potentially impacted by a proposed solution or project, notifies them, and invites them to be involved in a study team. Even if an affected party chooses not to be involved, a project must appropriately mitigate adverse material negative impacts identified by the study team before it can be included in the Biennial Plan.

The Planning Parties are committed to regional planning and, in fact, have contractually committed to plan for their multi-system needs at ColumbiaGrid. They are also committed to working with other sub-regional planning groups and other Northwest parties to coordinate in an effort to reconcile multiple planning efforts to avoid conflicts between multiple plans in circumstances in which needs and proposed projects overlap or affect one another. One vehicle for this coordination is joint study teams under the respective organizations' processes.

It should be noted, however, that—because of the overlapping ownership of the Regional Interconnected Systems, which includes jointly-owned segmented and parallel lines—planning groups in the Northwest do not have a geographic basis. As the Northwest is, in effect, a single planning area, the most efficient and effective way to coordinate planning is a single process. ColumbiaGrid has reached out to other Northwest transmission providers

³⁴ See PEFA § 7.

(and will continue to do so) to try to expand the participation in ColumbiaGrid’s planning process. ColumbiaGrid and the Planning Parties are committed to working cooperatively, effectively, and efficiently with other sub-regional and regional groups, while acknowledging that other transmission providers have chosen not to sign the PEFA. The issue of how to address conflicts between sub-regional plans, if cooperative efforts are not successful, will be a difficult one, and is the subject of on-going regional dialogue.

8. ***Economic Planning Studies.*** *Customers and stakeholders are given the right to request a defined number of high priority economic planning studies annually to address congestion and/or the integration of new resources or loads.*

In Order No. 890, the Commission contemplates regional congestion studies as part of the regional transmission planning process required under the Final Rule. There are a variety of studies that can be used to provide such analysis, including (i) production cost modeling that identifies the location and cost of congestion and (ii) other economic studies that are not production cost model studies that identify and develop cost estimates for projects to address the congestion (“Project Development Studies”). Under appropriate windows for submission of requests for economic studies, upon receipt of requests, the PEFA Transmission Provider will work with ColumbiaGrid to determine what analysis is appropriate to evaluate the request. Production cost modeling requires extensive modeling tools and expertise, and will initially be done at WECC. WECC is the repository for economic data needed to perform production cost modeling. Through a public meeting, WECC will develop a synchronized study plan, including study leads, clustering of studies, and relative priority of studies. Other Project Development Studies will be employed by PEFA Transmission Providers in the ColumbiaGrid planning process. ColumbiaGrid will notify WECC of any Project Development Studies being performed in the ColumbiaGrid planning process.

9. ***Cost Allocation for New Projects.*** *Transmission providers’ planning processes must address cost allocation of costs of new facilities. The Commission is not imposing a particular allocation method, but does remind transmission providers of the three factors it will consider in any dispute over cost allocation: (i) whether the cost allocation proposal fairly assigns costs among participants; (ii) whether the proposal provides adequate incentives to construct new transmission; and (iii) whether the proposal is generally supported by state authorities and participants across the region.*

The PEFA allows interested persons, including affected parties, to reach mutual agreement on cost allocation on a case-by-case basis.

In the event the affected parties cannot reach agreement, ColumbiaGrid staff will recommend cost allocations as follows:

- (i) EOPs:
 - a. Equitable allocation taking into account (i) the causation of the need giving rise to the EOP or (ii) the delay or elimination during the planning horizon of any need as a result of the EOP.
 - b. Where there are two affected TOPPs, and one has a need and the best way to meet that need is to upgrade facilities on the other TOPP's system, ColumbiaGrid shall allocate costs to the TOPP causing the need.
 - c. ColumbiaGrid may also allocate costs to a TOPP whose need does not give rise to the EOP but that has a need during the planning horizon that is met by the EOP; provided that ColumbiaGrid shall not allocate costs to such TOPP in an amount that exceeds the cost that would have been incurred by such TOPP had it met its need with a separate project.
 - d. The staff shall not allocate costs based upon other potential future system benefits.³⁵
- (ii) Requested Service Projects: Cost allocation for Requested Service Projects is determined by the OATT of the TOPP that receives the request. If there is an accompanying need which can be delayed or eliminated by the Requested Service Project within the planning horizon, ColumbiaGrid shall make an equitable allocation of the costs of such Requested Service Project based upon the affected TOPP's OATT requirements and the delay or elimination of the need; provided the allocation of costs to the TOPP whose need was delayed or eliminated may not exceed the cost that would have been incurred by such TOPP had it met its need with a separate project. The staff shall not allocate costs based upon other potential future system benefits.³⁶
- (iii) Capacity Increase Project: Cost allocations for these voluntary projects are developed by mutual agreement of the participating parties. At the request of the parties, ColumbiaGrid staff will recommend a cost allocation for Capacity Increase Projects. Further, the scope of any project may be expanded if there is sufficient interest.³⁷ As the expansion would be for purposes of increasing capacity, upon the request of the parties, ColumbiaGrid may recommend a cost allocation for the costs of the expansion.

³⁵ See PEFA, Appendix A §5.4.

³⁶ See PEFA, Appendix A §6.4.

³⁷ See PEFA, Appendix A § 9.

The Board approves cost allocations for EOPs³⁸ and Requested Service Projects,³⁹ and may modify a recommended cost allocation to the extent such modification is supported by the record.⁴⁰

ColumbiaGrid in making its recommendations will, subject to the PEFA, consider: (i) whether a cost allocation proposal fairly assigns costs among participants, including those who cause them to be incurred and those who otherwise benefit from them; (ii) whether a cost allocation proposal provides adequate incentives to construct new transmission; and (iii) whether the proposal is generally supported by State authorities and participants across the region.

As currently written, the PEFA requires EOP parties to enter into a Facilities Agreement, which will be filed with the Commission if one of the parties is a public utility under the Federal Power Act. This will enable the Commission to review certain EOP cost allocation determinations.

E. Conclusion

The planning processes described above meet the nine planning principles enunciated in Order No. 890, yet preserve the responsibilities of the individual PEFA Transmission Provider under its OATT. ColumbiaGrid and the Planning Parties look forward to further dialogue with the Commission and other regional parties about Order No. 890 planning requirements.

³⁸ See PEFA, Appendix A § 10.4.1.1.2.

³⁹ See PEFA, Appendix A § 10.4.1.2.2.

⁴⁰ See *id* and PEFA, Appendix A § 10.4.1.1.2.