



STRAWMAN – Order 890 Compliance – Planning Principles

DRAFT – 5/29/07

Introduction:

Order 890 requires that Transmission Providers submit a proposal for a regional planning process that complies with the nine planning principles (described in detail below) and other requirements of the Final Rule. In the alternative, a Transmission Provider may make a compliance filing describing its existing coordinated and regional planning process, including the appropriate language in its tariff, and show that this existing process is consistent with or superior to the requirements in the Final Rule.

This document describes the nine planning principles and how Big Rivers Electric Corporation's (Big Rivers') existing planning process complies with the principles.

Principle 1: Coordination

The purpose of the coordination requirement is to eliminate the potential for undue discrimination in planning by opening appropriate lines of communication between transmission providers, their transmission-providing neighbors, affected state authorities, customers, and other stakeholders. The Transmission Provider can meet this requirement by facilitating the formation of a permanent planning committee made up of itself, its neighboring transmission providers, affected state authorities, customers, and other stakeholders.

Transmission Provider is required to craft a process that allows for reasonable and meaningful opportunity to meet or otherwise interact meaningfully. The ultimate responsibility for planning remains with the transmission providers.

While a permanent planning committee does not exist, Big Rivers participates in coordinated generation interconnection studies. Significant transmission projects are coordinated through the preparation of joint studies and/or the sharing of study results and modeling information with appropriate entities. In addition, Big Rivers participates in SERC study groups.

Planning meetings are held with each member cooperative that receives service from Big Rivers. Through these meetings, issues or concerns that may impact the ultimate retail customer can be voiced by the member cooperatives that represent these customers.

Pursuant to Kentucky state law, transmission lines more than 5280 feet in length with a voltage of 138 kV and higher require a Certificate of Public Convenience and Necessity (CPCN). The CPCN process requires public notification through local newspapers. In addition, local public hearings may also be required. The general public is involved in the planning process through this.

Principle 2: Openness

Transmission planning meetings are required to be open to all affected parties including, but not limited to, all transmission and interconnection customers, state commissions, and other stakeholders. Transmission Provider in consultation with affected parties, are to develop mechanisms to manage confidentiality and CEII concerns.

Meetings to discuss transmission planning efforts are held with each member cooperative that receives service from Big Rivers. Through these meetings, issues or concerns that may impact the ultimate retail customer can be voiced by the member cooperatives that represent these customers. Through the state CPCN process the general public can be involved in the planning process.

Principle 3: Transparency

Transmission Providers disclose to all customers and other stakeholders, the basic criteria, assumptions, and data that underlie their transmission system plans.

Transmission Providers are 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 native loads.

Transmission Providers are required to make available information regarding the status of upgrades identified in their transmission plans in addition to the underlying plans and related studies.

Form 715 is an insufficient basis for broad transmission planning purposes and must be supplemented by additional assumptions and data.

Require disclosure of criteria, assumptions, data, and other information that underlie transmission plans.

Big Rivers' complete planning criteria document is submitted with its FERC Form 715 submittal. This document is also available upon request.

Principle 4: Information Exchange

Transmission Providers, in consultation with their customers and other stakeholders, are required to develop guidelines and a schedule for the submittal of information. The information exchange principles are for both network and point-to-point transmission customers.

Transmission Providers, in consultation with their customers and other stakeholders, are required to develop guidelines and a schedule for the submittal of information on their projected loads and resources on a comparable basis as used by the transmission providers in planning for their native load. The information exchange principles are for both network and point-to-point transmission customers. In order for the Final Rule's planning processes to be open and transparent as possible, the information collected by transmission providers to provide transmission service to their native load customers must be transparent and, to that end, equivalent information must be provided by transmission customers to ensure effective planning and comparability.

We clarify that the information must be made available at regular intervals to be identified in advance. The information exchange should be a continual process, the frequency of which should be addressed in the transmission provider's compliance filing required by this Final Rule. However, we expect that the frequency and planning horizon will be consistent with the ERO requirements.

We also believe that it is appropriate to require point-to-point customers to submit any projections that have of a need for service over the planning horizon and at what receipt and delivery points. To the extent applicable, transmission customers also should provide information on existing and planned demand resources and their impacts on demand and peak demand. In addition, stakeholders should provide proposed demand response resources if they wish to have them considered in the development of the transmission plan.

Network transmission customers are required to submit information on their projected loads and resources on comparable bases as used by transmission providers in planning their native load. Point-to-point customers are required to provide point-of-receipt and point-of-delivery information.

Principle 5: Comparability

Transmission Providers, after considering that data and comments supplied by customers and other stakeholders, are to develop a transmission system plan that meets the specific service requests of its transmission customers and otherwise treats similarly-situated customers comparably in transmission system planning.

Customer demand resources should be considered on a comparable basis to the service provided by comparable generation resources where appropriate.

Big Rivers develops transmission plans that meet the specific service requests of its transmission customers and otherwise treats similarly-situated customers comparably in transmission system planning.

Principle 6: Dispute Resolution

Transmission Providers are required to develop a dispute resolution process to manage disputes that arise from the Final Rule's planning process.

If an existing dispute resolution process is relied upon, the Transmission Provider must specifically address how its procedures will be used to address planning disputes.

The dispute process shall address both substantive and procedural planning issues.

The dispute resolution process should be a three step process consisting of negotiation, mediation, and arbitration.

Dispute resolution is through informal, non-binding meetings progressive to senior management.

Principle 7: Regional Participation

In addition to preparing a system plan for its own control area on an open and nondiscriminatory basis, each Transmission Provider is required to coordinate with interconnected systems. This is to share system plans to ensure that they are simultaneously feasible and otherwise use consistent assumptions and data and to identify system enhancements that could relieve congestion or integrate new resources.

The regional planning processes must be open and inclusive, and address both reliability and economic considerations.

Big Rivers participates in SERC regional transmission studies. Plans for future facilities are shared as part of the study process.

Principle 8: Economic Planning Studies

The planning process retains a congestion study principle for the transmission planning process and must consider both reliability and economic considerations.

Transmission Providers, in consultation with their stakeholders during the development of the Attachment K compliance filings, are directed to develop a means to allow the Transmission Provider and stakeholders to cluster or batch requests for economic planning studies. This is so that the Transmission Provider may perform the studies in the most efficient manner.

Stakeholders shall have the right to request a defined number of high priority studies to address congestion and/or integration of new resources and loads. The costs of this defined number of high priority studies would be recovered as part of the overall pro forma OATT cost of service. Once requested, the transmission provider would conduct the studies, including the appropriate sensitivity analyses, in a manner that is open and coordinated with the affected stakeholders.

The study process should encompass the study of upgrades to integrate new generation resources or loads on an aggregated or regional basis.

Requests for economic planning studies and the responses to the requests shall be posted on the Transmission Provider's OASIS or website.

The Transmission Provider should be obligated to study the cost of congestion only to the extent it has the information to do so. If stakeholders request that a particular congested area be studied, they must supply relevant data within their possession to enable the transmission provider to calculate the level of congestion costs that is occurring or is likely to occur in the near future, providing for confidential treatment and application of the Standards of Conduct. Transmission Provider must clearly define the information sharing obligations placed on customers in the planning attachments in the pro forma OATT.

Flowgates for the regional planning area are identified and available. TLR data is publicly available through the NERC website.

Principle 9: Cost Allocation for New Projects

Planning process must address the allocation of costs of new facilities (stakeholders and Transmission Providers are permitted to determine their own specific criteria).

Guidance for cost allocation method: (1) whether it fairly assigns costs among participants, (2) whether it provides adequate incentives to construct new transmission, (3) whether it is generally supported by state authorities and participants across the region.

Each region should address these issues up front, at least in principle, rather than having them relitigated each time a project is proposed.

Costs are allocated to those entities that benefit through point-to-point and network transmission rates.