



Los Angeles Department of Water and Power

FERC Order 890

Strawman Proposal

May 29, 2007

General Overview on FERC Order 890

On February 16, 2007, the Federal Energy Regulatory Commission (FERC) amended the regulations and pro forma Open Access Transmission Tariff (OATT) originally adopted in Order Nos. 888 and 889 by issuing Order No. 890. The order states that the purpose for OATT reform is to amend regulations and the pro-forma tariff in orders 888 and 889 to ensure transmission services are provided on a basis that is just, reasonable, and not unduly discriminatory or preferential. To ensure comparable transmission service is provided by all public utility transmission providers, FERC is amending the OATT to require coordinated, open, and transparent transmission planning on both a local and regional level. In order to accomplish this, FERC is requiring transmission providers to provide their coordinated, open, and transparent planning process as an attachment to their OATT. Further, FERC states the planning process must satisfy the following nine principles:

1. Coordination
2. Openness
3. Transparency
4. Information exchange
5. Comparability
6. Dispute Resolution
7. Regional Participation
8. Economic Planning Studies, and
9. Cost Allocation

To assist transmission providers in complying with Order 890 and ensure the planning procedures are developed with customer and stakeholder participation, FERC is holding several conferences to discuss implementation and compliance issues. To facilitate these conferences FERC is asking transmission providers to develop and post a “strawman” proposal for compliance with each of the planning principles, including a specification of the broader region in which coordinated planning will be conducted.

The Los Angeles Department of Water and Power (LADWP) is preparing this “strawman” proposal in response to FERC Order 890. The materials presented here demonstrate LADWP’s adherence to the nine principles outlined in FERC Order 890 that provide for a Coordinated, Open, and Transparent Planning Process.

LADWP Transmission Planning Process

The Los Angeles Department of Water and Power (LADWP) transmission system is located within the Western Electric Coordinating Council reliability region. It serves approximately 4 million electric energy customers of the City of Los Angeles, California. There are three levels of planning that require differing coordination efforts.

- Local planning – This includes transmission planning for the transmission providers system in a local area, or between the transmission provider and neighboring system(s)

that are embedded within the transmission providers system that have negligible electrical impacts outside the local area. Examples of local planning areas within LADWP's system include the Los Angeles Basin transmission network encompassed within the LADWP balancing authority, etc.

- Sub-regional planning – This includes transmission planning within a larger geographical area that spans several local areas that have electrical impacts on neighboring system(s). For LADWP this consists of the interconnected electrical network spanning several states in the Southwestern U.S., including California, Nevada, Arizona, and Utah.
- Regional planning – This includes transmission planning that has electrical impacts across multiple sub-regions within the Western Interconnection.

LADWP has a history of promoting and participating in the development of jointly-owned regional transmission and generation projects. Some examples of these are the Hoover Dam, Pacific DC Intertie, Navajo, Mojave, Palo Verde, Intermountain, Mead-Adelanto and Mead-Phoenix projects. Currently LADWP is promoting a jointly-owned regional transmission project, Green Path North Project. These multi-regional transmission and generation projects laid the foundation and form the backbone of the West Interconnect of today. These projects enhance the reliability of the interconnected transmission systems in the West, enabled efficient and economic transportation of huge amount of electric energy over long distance and cross regions to fuel the economic development in the Western United States.

LADWP is a member of Southern California Public Power Authority (SCPPA) which, as a joint powers authority, is a collaborative forum to promote generation and transmission projects to meet the regional needs in California. LADWP is also a founding member of the Western Arizona Transmission System (WATS), a regional group with the expressed mission to ensure the reliability and expansion of the 500-kV transmission system between Arizona, Nevada, and California. In addition, LADWP has a history of being an active participant in many regional and sub-regional groups that promote reliable and efficient planning and operation of the interconnected transmission systems such as Western Electricity Coordinating Council (WECC), Southwest Transmission Expansion Planning (being disbanded), WATS, California Operating Studies Subcommittee, California Coordinating Committee on Power Operations (disbanded), etc.

LADWP relies on its participation in the WECC to ensure its transmission planning process is open and transparent to interested parties. Many of FERC 890 transmission planning process requirements are met through LADWP's membership and participation in WECC which is an organization that promotes and coordinates electric system reliability throughout 14 Western United States, British Columbia and Alberta in Canada, and Baja California in Mexico. WECC is the FERC approved Regional Reliability Organization as mandated by Energy Policy Acts of 2005. WECC planning process complies with all applicable NERC reliability criteria and assures open and non-discriminatory transmission access. WECC also provides a forum for resolving transmission access disputes, and provides an open and transparent environment for coordinated planning and operations of members' transmission systems. All WECC meetings are open to the public any stakeholder could attend any WECC meetings.

On a going-forward basis, LADWP will continue its tradition and be an active member of emerging sub-regional and WECC-wide forums for the expressed purpose of meeting all the requirements of FERC 890. LADWP either owns or jointly own very extensive transmission ties with many utilities in Arizona, Nevada, and Utah.

The FERC certified sub-regional group, WestConnect encompasses many of the areas in which LADWP joint-owned transmission projects are located. In fact, over 70% of LADWP's high voltage transmission system is inside the footprint of the WestConnect sub-regional group. With this synergy, LADWP, therefore, is in the process of obtaining the approval of its governing authority to join the WestConnect Planning Initiative. As stated on its website (www.westconnect.com): "WestConnect is composed of utility companies providing transmission of electricity in the southwestern United States, working collaboratively to assess stakeholder and market needs and develop cost-effective enhancements to the western wholesale electricity market". LADWP intends to participate in the planning process as outlined in the WestConnect Strawman proposal. A copy of the WestConnect Strawman can be downloaded from <http://www.westconnect.com/filestorage/052107Order890ProposedSubregionalStrawmanDraft.doc>. The WestConnect Strawman describes how its planning process meets the nine principles of FERC 890.

LADWP is also actively in discussions with other interested parties in California to form a California Sub-regional Planning (CSP) group to assess stakeholder and market needs of the State of California. The discussions are at initial formative stage and at this time, CSP does not exist and does not have a Strawman proposal though when it is ready, it would address the nine principles of FERC 890. When the CSP group is formed, it is LADWP's intent to also participate in the CSP's planning process to promote a more efficient and reliable electric system in California.

On a regional level, LADWP will be participating in the WECC Transmission Expansion Planning Policy Committee (TEPPC) planning process. As stated in its strawman proposal, TEPPC's role in the Western Interconnection's transmission planning process is to provide region-wide services in the following three areas:

- (1) Overseeing development and management of a common database for economic analysis of transmission needs,
- (2) Providing policy and management of the regional planning process across the region and
- (3) Guiding analyses and modeling for Western Interconnection economic transmission expansion planning.

LADWP intends to participate in the regional planning process as outlined in the TEPPC's Strawman proposal. A copy of the TEPPC Strawman can be downloaded from [http://www.wecc.biz/documents/library/FERC/Order-No-890_Proposed-Strawman_V1-3-Clean\(21May2007\).doc](http://www.wecc.biz/documents/library/FERC/Order-No-890_Proposed-Strawman_V1-3-Clean(21May2007).doc). The TEPPC Strawman describes how its planning process meets the nine principles of FERC 890.

Coordinated, Open, and Transparent Planning Process

- **Regional:**

To support a coordinated, open, and transparent planning process on a regional basis, LADWP will continue to meet reporting requirements and participation in planning and review committees in WECC. This includes but is not limited to the following:

 - 1) Submission of the latest computer simulation modeling data to WECC for inclusion in WECC powerflow base cases.
 - 2) Annual submission of Annual Progress Report to WECC.
 - 3) Annual submission of Significant Additions Report to WECC.
 - 4) Submission of Form 715 Filings to FERC.
 - 5) Active participation in WECC planning committees and technical subcommittees as appropriate.
 - 6) Active participation in project review committees for projects going through the WECC three phase rating process that impact the LADWP system. LADWP intends to also provide support through WestConnect when WestConnect is a participant in a project review.
 - 7) Active participation in WECC TEPPC expansion planning activities.

- **Sub-Regional:**

To support a coordinated, open, and transparent planning process on a sub-regional basis, LADWP intends to act through WestConnect for coordination and participation in the planning process for projects with neighboring systems that are members of WestConnect.

 - 1) LADWP intends to submit its portion of computer simulation modeling data used in the WestConnect system screening studies as required by WestConnect.
 - 2) LADWP's plans for system expansion will be shared with WestConnect for inclusion in their biennial transmission plans. These include single system projects or projects that may include only non-WestConnect members, that are either reliability/load service projects or that originate from transmission service or interconnection requests.
 - 3) LADWP plans for system expansion on a sub-regional basis that impact other utilities that are members of WestConnect will be planned using WestConnect study teams.

- **Local:**
 - 1) For local area planning, if a planned project only impacts LADWP and LADWP's customers, LADWP will conduct its own internal planning process. If a planned project impacts neighboring system(s) that include member(s) of WestConnect, LADWP intends to act through WestConnect for coordination and participation in the planning process. If a planned project impacts LADWP and neighboring system(s) that are not WestConnect members, LADWP will either act through WestConnect or continue to coordinate directly with the interconnected utilities through its own planning process, depending on what is agreed to among the affected parties.
 - 2) LADWP's planning studies are performed in accordance with published reliability criteria/standards, WECC, NERC, LADWP. LADWP's planning studies will also be

- performed in accordance with applicable regional and sub-regional guidelines as they are developed.
- 3) Technical data used in LADWP's planning studies and process are available, subject to appropriate non-disclosure, including LADWP's planning basecases.
 - 4) LADWP, a municipal utility of the City of Los Angeles, as mandated by its laws, regularly brings its transmission plans and budget to an open public process through its neighborhood councils, board of commissioners meetings, and city council meetings to ensure openness and transparency with customers, constituents, and stakeholders.
 - 5) Customers may submit OASIS requests for interconnection service, transmission service, or economic studies as specified in the LADWP OATT, and Interconnection Procedure.
- Attachment 1 provides an overview of LADWP's Strawman Planning Process depicting LADWP' coordinated, open and transparent planning process.

Information Exchange

- Information is exchanged in regional and sub-regional planning forums including WECC and other sub-regional, project review and joint-project study groups. After membership approval, LADWP intends to utilize the WestConnect sub-regional forum for exchange of information. Both WECC and WestConnect have processes to make planning information available subject to appropriate non-disclosure.
- LADWP will collect and share, subject to appropriate non-disclosure, customer load forecasts, system topology, and generation dispatch used in its planning studies.
- LADWP does an annual FERC 715 filings of technical data to FERC. This data is available from FERC subject to appropriate non-disclosure.
- Technical data used in LADWP's planning studies and process are available subject to appropriate non-disclosure, including LADWP's planning basecases.
- Technical data is required and collected from developers, customers, and other utilities for inclusion in planning studies.
- Further, LADWP posts its OATT and Interconnection Procedure which give details of the LADWP processes. In the future, LADWP intends to posts the availability, subject to appropriate non-disclosure, of studies associated with the large generator interconnection process and requests for transmission service on the LADWP OASIS website. Applicable criteria and standards associated with the planning process will also be posted.
- Presently, LADWP participates in and exchanges information with the following regional and sub-regional transmission planning groups;
 - TEPPC- Transmission Expansion Planning Policy Committee and its subgroups
 - PCC- Planning Coordination Committee
 - TSS- Technical Studies Subcommittee
 - RS- Reliability Subcommittee
 - SRWG- System Review Work Group
 - MVWG- Modeling and Validation Work Group

- TOS-Technical Operations Subcommittee
- WECC Regional Planning Review groups
- WECC Loads and Resources Subcommittee
- WATS: Western Arizona Transmission Studies Task Force
- STEP: Southwest Transmission Expansion Planning
- California Operating Studies Subcommittee

Comparability

- LADWP's planning studies, in addition to LADWP's native loads, consider loads submitted by customers and interconnected utilities. Future loads used in the studies are based upon an appropriate load forecast methodologies. LADWP does not make any distinction in studies between load types or generation based on ownership.
- Comparability is demonstrated by the opportunity for affected parties to review planning activities, either through the WestConnect process or by direct review, of LADWP technical information including LADWP's internal planning basecases, subject to appropriate non-disclosure.
- LADWP acts as an independent reviewer of new facility additions and interconnections within its Control Area and its interconnections with its neighboring systems.
- LADWP evaluates each proposed facility independently based on its own merits without regard to the geographical location, potential ownership, facility type or the complexity of the required studies.
- LADWP intends to practice the same approval process for facilitating access and new transmission investments to serve its own native load and third party service requests.

Dispute Resolution

- LADWP intends to follow the WestConnect dispute resolution process for resolution of disputes between WestConnect members.
- For disputes between LADWP and non-WestConnect member(s), LADWP will use our existing tariff provisions.

Regional Participation

- LADWP will continue to meet reporting requirements and participation in planning and review committees in WECC such as Regional Planning and Project Rating committees as well as the WECC TEPPC.
- LADWP intends to act through WestConnect for coordination and participation in the planning process for projects with neighboring systems that are members of WestConnect.
- LADWP will continue to seek regional consensus on its bulk transmission system expansion plans through a public process including transmission rating and project

review groups. In the future, LADWP intends to utilize WestConnect for such transmission planning processes.

- For joint studies with interconnected systems that are non-WestConnect members, LADWP will either continue to coordinate directly with the interconnected utilities through its own planning process, or LADWP will act through WestConnect depending on what is agreed to among the affected parties.
- If a planned project only impacts LADWP and LADWP's customers, LADWP will conduct its own internal planning process.

Economic Studies

- LADWP transmission planning processes consist of both reliability and economic analyses considerations.
- LADWP studies utilize transmission data and models from WECC and other credible organizations.
- LADWP will participate in Economic Planning studies to reduce congestion or integrate new generation or load. LADWP will develop a process to accept these study requests. To properly coordinate these requests with other transmission providers, sub-regional and regional planning groups, LADWP suggests that these types of requests be submitted during an annual request window.
- LADWP will participate in regional study plan development to process requests for Economic Studies as defined in Order 890. These include studies for significant and recurring congestion or proactive studies to determine congestion impacts of future integration of new resources.
- LADWP will conduct and participate in economic studies through WestConnect. In general, economic studies requested that would only impact the Southwestern U.S. sub-region may be conducted by WestConnect with participation by LADWP. For economic studies that would impact more than one sub-region within the WECC, LADWP would participate in those studies through WestConnect. Economic studies that require production cost simulation will all be conducted by the WECC through the TEPPC.

Cost Allocation

- LADWP intends to use WestConnect's cost allocation principles for cost allocation of projects with WestConnect members.
- LADWP will endeavor to directly negotiate capacity and cost allocations on systems affecting non-WestConnect members.
- For third-party interconnection to LADWP's internal system, LADWP intends to rely on the FERC LGIP principles for determination of cost assessment for integration of new resources.

Attachment 1:

