

Alcoa Power Generating, Inc. (APGI) Transmission Planning Strawman

This document is the straw man proposal describing the transmission planning process to be used by APGI in compliance with Order No. 890. APGI has three divisions that are subject to Order No. 890 compliance requirements: Yadkin, Tapoco and Long Sault. This document applies to all three divisions.

APGI intends to execute transmission planning in accordance with the nine principles which the Federal Energy Commission (FERC) has expressed are needed to strengthen the pro forma Open Access Transmission Tariff (OATT) against the possibility of undue discrimination, make discrimination easier to detect and facilitate the Commission in its enforcement efforts. The nine principles are: coordination, openness, transparency, information exchange, comparability, dispute resolution, regional coordination, economic planning studies, and cost allocation. Each principle is addressed below.

Coordination and Openness

APGI will provide a public forum for stakeholders with a utility obligation, customers receiving tariff service to serve load (LSE), transmission and interconnection customers, and neighboring utility systems to meet whenever APGI expansion planning is proposed in the regions where each of our transmission divisions is located. Energy or marketing affiliates of APGI may not attend the APGI public forum unless there is an additional or potential customer present at the meeting. Critical energy infrastructure information (CEII) will be safeguarded to protect the integrity of the Bulk Electric System and will be made available only to those individuals that petition with reason and purpose as to the intent of use. Parties seeking to access data deemed to be CEII will need to execute a non-disclosure agreement and possibly obtain a password (for data that is made available electronically). Access to CEII will be limited to transmission personnel and non-marketing personnel of LSEs participating in the public forum. In the event that CEII material is used in the public forum, parties will be required to execute a non-disclosure agreement before the material is distributed and the information must return to APGI at the end of the forum. It is expected that non-public utility recipients of the transmission planning information will abide by the Standards of Conduct reciprocity condition. APGI provides further coordination and openness with respect to its transmission planning data by participating at the Regional Reliability Organization (RRO) planning level for the various regions in which it is located.

Transparency

Planning criteria, data assumptions, study methodology and processes is available to the public forum through written documentation. APGI will use a regional case

model as a starting point for the accurate modeling of the generation resources and transmission system, updated with operating conditions, load, and necessary data to model the expected period. Contingency analysis will occur after the model has been updated with the relevant participants' specific data. All of the transmission, generation and load data used by APGI will be provided by regional transmission and generation representatives, as well as those additional entities referenced in the Coordination and Openness section of this document.

Information Exchange

Information will be exchanged with interested parties through the open forum meeting and the public portion of the OASIS website, which will provide the interested parties the ability to submit data to APGI in the proper case study format. All customer service requests will be treated on a comparable basis to other customers in a similar situation. The criteria and assumptions to run the planning case study will mimic the RRO processes in place for near-term and long-term power flow studies. A case study list will be posted on the Open Access Same-time Information System (OASIS) public page with instruction on the process to obtain a study case(s).¹

The information exchanged on the public portion of the OASIS for forecasted customer data will be used between APGI and its OATT Network and Point-to-Point transmission customers. A submittal form will be developed and posted with instructions for data type, guidelines and timing requirements for the expected horizon of the study in accordance with the Electric Reliability Organization (ERO) requirements. Any good faith projections of service needs submitted by a Point-to-Point customer, even though a transmission reservation has not yet occurred, should be submitted for the study process. Transmission customers may provide proposed demand response resources and peak demand impacts if desired for study.

Comparability

All OATT service customers, their service requests, both transmission and generation, will be treated comparably with other similar customers in a similar situation in the APGI transmission planning process.

¹ APGI has requested waiver of the requirement to maintain an OASIS site with respect to certain of its facilities. However, APGI will continue to maintain an OASIS site for its Yadkin division. To the extent necessary and as appropriate APGI will post information relating to other divisions on its corporate website.

Dispute Resolution

APGI will provide a dispute resolution process as part of its transmission planning process to be used whenever a retail native load customer and a similarly-situated transmission customer dispute the procedural or comparability of the planning issues. Negotiation, mediation and arbitration with the affected parties will be included in the dispute resolution which APGI will post on the public portion of the OASIS.

Regional Coordination

APGI will comply with the Regional Coordination principle through APGI's representation and continued participation in the RRO and the sub-regional planning groups. APGI shares data with the interconnected systems in the region to ensure they are simultaneously feasible, follows the guidelines in the regional study process to provide consistent assumptions and data, and assists in addressing the issues as a resultant of the RRO study process.

Economic Planning Studies and Cost Allocation

Recognizing that planning involves the reliability of the APGI system and taking into account the economic considerations, for Alcoa, APGI's parent company, as well as any future customers, APGI will consider proposed upgrades or other investments that can reduce the overall cost of serving Alcoa or a possible future customer's need. Currently, APGI does not serve native load customers on its transmission system and any upgrades or future enhancements have been solely used to support the Alcoa aluminum process. In the future, should APGI have internal load growth external to our parent company, APGI will seek to modify its OATTs to explain the economic evaluations that would be used to provide comparable service and cost allocation methodologies.