

# **RTO West Planning and Expansion Proposal**

## **A. RTO West Planning and Expansion Authority and Responsibilities.**

RTO West will have ultimate planning and expansion authority over RTO West Controlled Transmission Facilities<sup>1</sup> as provided below.

With respect to Certain Distribution Facilities, any RTO West planning process that involves Total Transmission Capability improvements on such facilities will include the owner of such facilities to determine the best one-system solution. The owner of such facilities will retain ultimate planning authority for local distribution planning.

A Participating Transmission Owner (“PTO”), in consultation with its customers and appropriate state entities, has planning authority for its non-RTO West Controlled Transmission Facilities, including those needed to serve wholesale transactions. If, however, the PTO or the Transmission Customer are not satisfied with the results of the PTO and state planning processes relating to such facilities that are used to provide wholesale service, they can access the RTO West dispute resolution process as provided in the Transmission Operating Agreement before taking their concerns to the Federal Energy Regulatory Commission (“FERC”).

RTO West will implement a proactive, inclusive, least-cost, public planning process. RTO West will make every effort to encourage and support market-based expansion decisions. RTO West will provide a forum for an open subscription process to facilitate construction of market-sponsored projects to relieve congestion. In addition, RTO West will have backstop authority to require expansion in three situations in which a PTO has not satisfied its obligations under the Transmission Operating Agreement. First, RTO West will have authority to ensure compliance with Transmission Adequacy Standards (which standards relate to the ability of the RTO West Controlled Transmission Facilities to deliver required power without regard to the cost of the power being delivered or the congestion costs incurred). Second, RTO West will have the authority, should a PTO fail to provide sufficient congestion management assets, to expand the system to ensure sufficiency. Third, RTO West will have the authority to expand the system in order to restore appropriate levels of Total Transmission Capability. Further, if the RTO West Board of Trustees, in consultation with the Market Monitoring Unit, demonstrates that specific instances of market failure have precluded cost-effective mitigation of chronic, significant, commercial congestion, RTO West will have the authority to implement whatever cost-effective transmission solutions (consistent with each individual PTO’s Transmission Operating Agreement) it feels are appropriate to mitigate the congestion. Each PTO is subject to

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<sup>1</sup> Terms that are capitalized are defined terms in the Transmission Operating Agreement.



C.1. RTO West Planning Responsibilities.

At a minimum, RTO West will have the following responsibilities:

- a. Designing, with input from the PTOs and other stakeholders, a public planning process that is compatible with the other elements of the RTO West design;
- b. Establishing advisory committees relating to planning, reliability, and operational planning, to be chaired by RTO West and to include members from the PTOs and other stakeholders (at a minimum, a Planning Issues Committee should be established to provide input to the RTO West planning staff and, in certain instances, the RTO West Board of Trustees);
- c. Coordinating the overall planning process and the efforts of the various participating entities, including interfaces between RTO West planners and non-PTO transmission owners;
- d. Developing, in an open stakeholder process, applicable reliability criteria, planning guidelines (for example, optimization of limited transmission corridors), and Transmission Adequacy Standards (RTO West will use applicable WECC, NERC, and regional criteria, guidelines, and standards until such time as RTO West chooses to supplement or develop such criteria, guidelines, or standards as are provided for in the Transmission Operating Agreement);
- e. Modifying (if appropriate) and enforcing interconnection standards;
- f. Managing system data, including maintaining system planning databases, creating future power flow and stability base cases, and maintaining system models for system studies with the input of PTOs and other users of the RTO West Controlled Transmission Facilities;
- g. Coordinating compliance studies;
- h. Determining the transmission capability and projected flows on all paths, including their interaction with other paths (Total Transmission Capability and Operational Transmission Capability), on an ongoing basis and a five-year projected basis, including identifying paths that are experiencing or expected to experience congestion (price, duration, etc.);
- i. Assessing the ability of the RTO West Controlled Transmission Facilities to deliver required power without regard to the cost of the power being delivered (transmission adequacy) by:

- (i) Modeling all transmission system facilities that affect the RTO West Controlled Transmission Facilities whether or not they are under RTO West control, including facilities located in other RTOs;
  - (ii) Gathering available generator forecasts, load forecasts from all relevant entities, and system topology information (published at least annually);
  - (iii) Analyzing and further developing such information as appropriate (including supplemental load forecasting) to provide a foundation for testing the transmission adequacy of the system as a whole; and
  - (iv) Performing system screening to identify system limitations and identifying PTOs whose facilities are involved in the limitations; provided that this RTO West responsibility does not preclude a PTO from concurrently doing its own screening or other planning;
- j. Identifying opportunities for improvement to RTO West Controlled Transmission Facilities (RTO West will conceptually define projects, may engage in conceptual planning work, and will provide preliminary cost estimates but will not engage in detailed design of proposed solutions);
- k. Encouraging market-driven expansion by market sponsors to step forward to implement improvements through an open solicitation of interest;
- l. Encouraging other parties to propose other-than-transmission solutions and considering these alternatives as part of its planning process;
- m. Developing mechanisms for the ongoing public release of the nonsensitive information developed in items f through l above;
- n. To the extent that RTO West is involved in interconnection requests, determine who should perform the interconnection study;
- o. Developing an annual transmission expansion plan that covers the subsequent five years (or more if additional time is required to implement the alternatives) and includes the information developed in items f through l above, as well as the following information from all PTOs and market participants:
- (i) Discussion of limited corridor issues in light of applicable RTO West planning guidelines; and
  - (ii) List of projects:
    - (A) Proposals (with identification of who is proposing them):

(1) Transmission adequacy;

(2) Market-proposed congestion relief; and

(3) Potential congestion-clearing projects that are identified in item j above;

(B) Committed projects (with identification of the project sponsor or project participants):

- (1) PTO-sponsored transmission adequacy;
- (2) RTO West-arranged projects;
- (3) Market-sponsored congestion relief; and

p. Coordinating with other agencies (Western Governors Association, regional transmission associations, power pools, WSCC, other independent system operators, regional transmission organizations, independent transmission companies, non-PTO transmission owners, and other affected entities), including submission of data for joint studies and preparation of associated reports.

#### C.2. Role of FERC, States, and Tribes.

RTO West will actively work with FERC, other federal regulatory agencies, states, and tribes to determine how they might participate in the RTO West planning process in order to make review and approval of a project and its cost recovery as efficient as possible.

#### C.3. Role of PTOs.

RTO West will provide an opportunity for PTOs to participate actively in the RTO West planning process, including providing needed data, performing studies as appropriate, proposing plans to meet Transmission Adequacy Standards, providing detailed project proposals as required, and implementing solutions. The owners of Certain Distribution Facilities will be involved in any RTO West planning process that involves Total Transmission Capability improvements on such facilities to determine the best one-system solution and will meet the requirements of wholesale customers relating to such facilities, subject to the allocation of cost responsibility as provided in Section F below; provided that the owners of such Certain Distribution Facilities retain ultimate responsibility for the local distribution load service planning for all load service.



market failure. As RTO West cannot own transmission facilities, when it “causes” expansion, it will arrange for the construction of the facilities it determines are necessary (when exercising its transmission adequacy backstop, RTO West may also arrange, as appropriate, the implementation of non-wires solutions). The Transmission Operating Agreement requires a PTO to assist RTO West in arranging for the construction of the needed upgrade or expansion (e.g., interconnection, siting and permitting, including exercising its eminent-domain authority, or taking necessary actions to condemn rights-of-way for such upgrades and expansions). RTO West will recover the costs of the upgrade, expansion, or, in the case of transmission adequacy “expansion,” the non-wires solution, as provided in Section F below.

Given that the RTO West rate-recovery mechanism is primarily a load-based access fee, RTO West should cause only cost-effective expansion that primarily benefits RTO West’s load.

All RTO West decisions regarding system expansion will be subject to RTO West dispute resolution.

a. Transmission Adequacy.

Transmission adequacy is the physical ability of the RTO West Controlled Transmission Facilities, irrespective of the cost of energy, to serve load. PTOs have primary responsibility for complying with RTO West’s Transmission Adequacy Standards.

Non-RTO West Controlled Transmission Facilities, including Certain Distribution Facilities, may be planned to different criteria than RTO West’s. A PTO may apply a lower standard to its non-RTO West Controlled Transmission Facilities (including Certain Distribution Facilities) so long as application of the lower standard will not adversely impact the reliability of RTO West Controlled Transmission Facilities.

RTO West has authority to require that PTOs comply with Transmission Adequacy Standards as follows:

(i) Collect and Analyze System Information.

To provide a foundation for testing the transmission adequacy of the RTO West Controlled Transmission Facilities, on an ongoing basis, RTO West will gather available generator and load forecasts and system topology information. These data will be available on the RTO West Web Site on an ongoing basis and organized and published annually in documentary form. RTO West will analyze and further develop that information as appropriate (including supplemental load forecasting). After aggregation of this information, RTO West will determine which PTO’s(s’) system(s) are likely to be used to serve transmission requests and other projected load requirements and will forward such information to the affected PTO(s).

- (ii) Verify that PTO's Proposed Transmission Adequacy Project Solves System's Problems.

PTOs have the primary responsibility for satisfying RTO West's Transmission Adequacy Standards. PTOs will, based upon the foregoing information provided by RTO West and any other information available to them, determine whether they will be in compliance with the Transmission Adequacy Standards during RTO West's planning horizon.

If a PTO concludes that it will be in compliance, it must demonstrate such compliance to RTO West; RTO West will test that conclusion as described below. If a PTO determines that its system will need to be upgraded or expanded in order to comply with the standards during the planning horizon, the PTO has three options: (1) develop a plan to meet the standards in a process that identifies and evaluates both transmission and non-transmission solutions and propose the plan to RTO West; (2) develop a plan to meet the standards and propose the plan to RTO West, which will evaluate it in its least-cost planning process; or (3) request RTO West to develop a plan through the RTO West least-cost planning process.

If multiple PTOs need to be involved in order to meet certain aggregated service requests, RTO West should coordinate the PTOs' determination of a plan of service and their respective obligations within a set time frame. Notwithstanding this coordination role, the PTOs retain primary responsibility for developing a plan to meet the Transmission Adequacy Standards and demonstrating the transmission adequacy of their facilities to RTO West. If the PTOs cannot reach agreement, however, RTO West has the authority to determine what is the preferred least-cost plan that will satisfy Transmission Adequacy Standards during the planning horizon.

All PTOs submit their demonstrations of transmission adequacy or proposed plans to resolve transmission adequacy issues to RTO West, which will double-check the results (using the generator, load, and system topology information discussed above) on a simultaneous system-wide basis by assuming that all reasonable generation is on. In addition, if a PTO developed its proposed plan in its own planning process pursuant to option (1) above, RTO West must confirm that the PTO's process identified and evaluated non-transmission alternatives before approving the plan. If all load is not served, RTO West will determine where transmission insufficiencies exist and publish the results. RTO West will then work with the affected PTOs to solve their system's transmission insufficiencies.

- (iii) Implement Transmission Adequacy Solution in Absence of Voluntary Action by PTO(s).

If a PTO does not voluntarily take action to resolve transmission insufficiencies on its RTO West Controlled Transmission Facilities, RTO West will determine an adequate expansion solution using its least-cost planning process, cause the solution to be implemented, and allocate the costs of such solution to the PTO whose RTO West Controlled Transmission Facilities were found to be inadequate, as provided in Section F below.









and (3) allocate the costs to the beneficiaries proportionately to the benefit received. RTO West may allocate costs to a PTO whose Interconnected Load has benefited from the upgrade or expansion. RTO West can allocate costs relating to the following benefits.

(i) Transmission Adequacy Benefit.

A transmission adequacy benefit is conferred when an upgrade or facility avoids or defers the need of the PTO to implement a transmission adequacy solution within RTO West's planning horizon (as previously determined by RTO West in its planning process). The costs that RTO West can assign to the benefiting PTO(s) will be capped by the avoided costs the benefiting PTO(s) would have paid to implement the least-cost alternative required to satisfy the Transmission Adequacy Standards. The PTO(s) will recover the costs of such facility through its (their) Company Rate(s) during the Company Rate Period and in a manner consistent with the RTO West pricing methodology thereafter.

(ii) Area Benefit.

An area benefit is conferred when an other-than-transmission-adequacy project results in a demonstrable, other-than-transmission-adequacy benefit to a portion of the RTO West Transmission System. RTO West will allocate the costs relating to identifiable, specific area benefits to the load located in the area being benefited and recover the allocated costs in the PTO's Company Rate(s) during the Company Rate Period or after the Company Rate Period, in a manner consistent with RTO West's pricing methodology.

(iii) System-wide Benefit.

A system-wide benefit is conferred when an other-than-transmission-adequacy project results in a demonstrable other-than-transmission-adequacy benefit to the entire RTO West Transmission System. RTO West will develop a method to allocate the costs that is consistent with both RTO West's pricing and congestion management policies.

(iv) Congestion Relief.<sup>5</sup>

A congestion relief benefit is conferred when an other-than-transmission-adequacy RTO West project results in an avoidance of congestion costs. To the greatest extent possible, RTO West should directly assign the costs of congestion relief projects to the projects' beneficiaries (RTO West should not default to spreading the costs across the system just because it is difficult

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<sup>5</sup> Transmission rights and financial options will be created as a result of a project with congestion relief benefits, provided that system transmission capability is increased. To the extent that RTO West directly assigns the portion of the costs of such project attributable to congestion relief to specific entities, those entities will also receive the corresponding transmission rights and financial options. If, however, RTO West elects to spread the costs of such facilities, the transmission rights and financial options will be auctioned by RTO West and the proceeds of such auction will offset the costs that are to be spread.





If the project sponsor and the PTO cannot agree on the details of the PTO's participation, RTO West will determine an appropriate level of participation based upon the above-listed factors. RTO West's decision will be subject to dispute resolution.

- b. Facilities that the Executing Transmission Owner Plans To Upgrade or Expand in the Future To Meet Load Service Needs and Other Obligations.

By the second anniversary of the RTO West Transmission Service Commencement Date, PTOs will prepare lists identifying their existing RTO West Controlled Transmission Facilities that they anticipate upgrading or adding to in the foreseeable future in order to meet their load service and other obligations, including load growth ("Pending Project List"). The Pending Project Lists will include general descriptions of the nature of the planned upgrade or expansion and project plans of service (including projected implementation dates). If a PTO does not construct the upgrades or expansions pursuant to the basic plans of service, as adjusted for any regulatory or environmental assessment delays, the upgrade or expansion will be removed from the Pending Project List.

Beginning on the first day after the second anniversary of the RTO West Transmission Service Commencement Date, if a project sponsor proposes an upgrade or expansion that would add capability on an RTO West Controlled Transmission Facility that has been identified in a Pending Project List, the affected PTO(s) will have a right to participate in such upgrade or expansion and receive a portion of the resulting RTO West transmission rights in exchange for an appropriate cost-sharing responsibility. Unless the project sponsor agrees to let a PTO participate and assume cost responsibility at some time in the future, a PTO will be required to participate in the project as it is constructed. This is not a PTO right of first refusal to undertake the upgrade or expansion and obtain all resulting RTO West transmission rights. The process detailed in Section G.2.a above will apply to such situations.

A project sponsor that begins phased construction of upgrades or expansions after the RTO West Transmission Service Commencement Date will, upon the filing of a plan of service with RTO West, be entitled to the options set out above. The project sponsor must meet the basic plans of service in order to retain the above options.

## **H. Transition to RTO West Planning.**

### **H.1. Operational Planning.**

RTO West has responsibility for the operational planning of the RTO West Controlled Transmission Facilities and will assume direct responsibility for operational planning functions beginning on RTO West's Transmission Service Commencement Date.

## H.2. Long-Term Planning.

RTO West will determine how to implement its planning and expansion authority and fulfill necessary planning responsibilities consistently with the Transmission Operating Agreement. RTO West will determine what information it needs from PTOs, what use to make of such input, and whether RTO West or the PTOs (or some combination thereof) will perform studies. The PTOs anticipate that RTO West's approach will evolve over time.

Transitional long-term regional planning is addressed in the filing letter.