

# **Building Consensus Among Diverse Parties: SPP Case Study**

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# SPP Cost Allocation

- ▶ *Transmission planning and cost allocation are among the top issues facing the electricity sector*

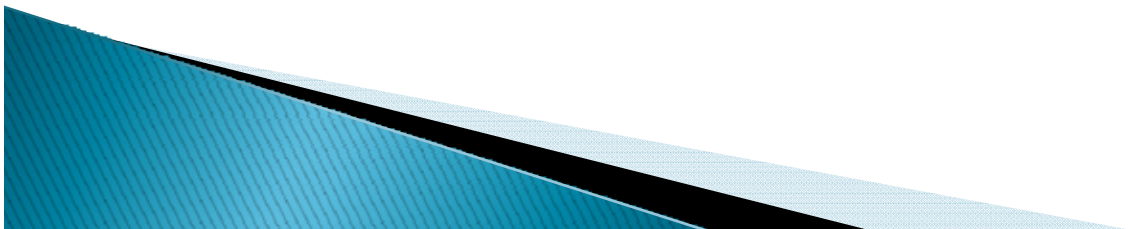
*As Congress continues debating whether the federal government needs more authority in this area, the States and regions are working closely to implement sound transmission pricing and planning decisions.*

- ▶ *A case in point: The Southwest Power Pool*

*SPP's work on transmission cost allocation and planning has won kudos from the Federal Energy Regulatory Commission and the sector as a whole.*

- ▶ *Consensus*

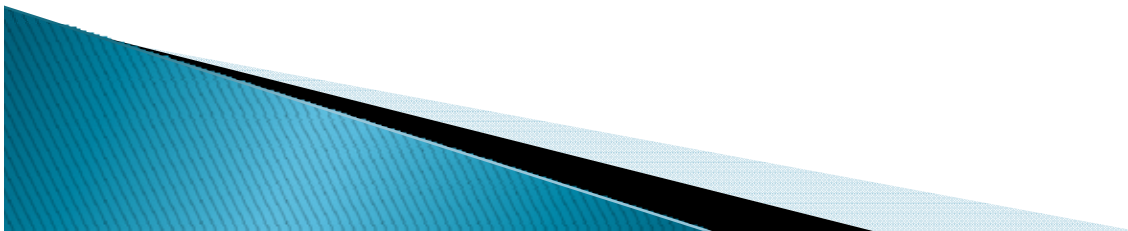
*This panel will explore how the SPP reached **consensus** between diverse parties on these controversial topics. Attendees will learn from those who made the tough decisions and compromises that made this work.*



# Definition of *CONSENSUS*

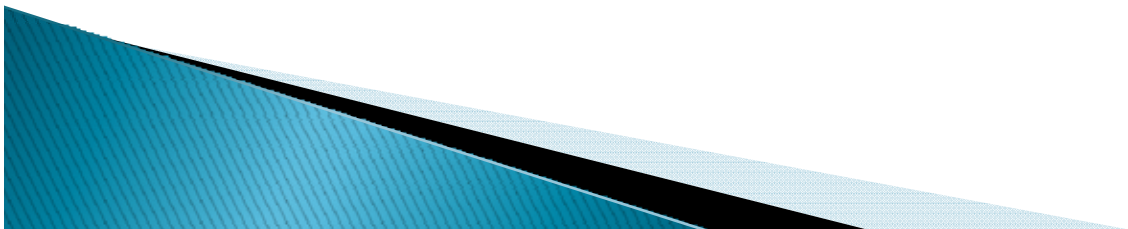
con· sen· sus [kuhn-sen-suhs] – noun

1. majority of opinion: *The consensus of the group was that they should meet twice a month.*
2. general agreement or concord; *harmony.*



# What Did SPP Accomplish?

1. Regional Cost Allocation for Transmission
  - a) >300 kV: 100% to the Region by Load Ratio Share
  - b) 100kV > Voltage >300kV: 1/3 Regional, 2/3 Zonal
  - c) <100kV: 100% Zonal
  
2. Integrated Transmission Planning process for 5, 10 and 20 years in the future
  - a) Address reliability, economic, and public policy needs
  - b) Consolidate EHV Studies, support East-West transfers, develop robust system



# Why Did SPP Do It?

- ▶ SPP Transmission system is fully subscribed
  - Transmission Service studies were taking 2 years
  - Generation Interconnection was at a stand-still
- ▶ SPP Consumers could not secure new access to Generation
  - Small transfers required \$10 M in upgrades

Transmission was an impediment to progress,  
rather than an enabler

Cost Allocation was an impediment to building  
Transmission!

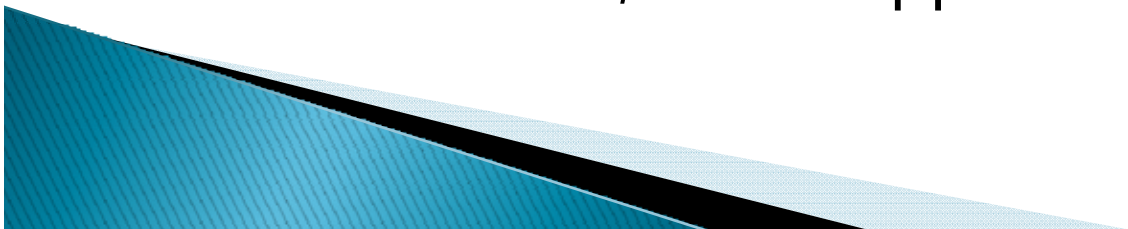


# How Did SPP Do It?

## Leadership!

Leadership from many groups and multiple directions:

- ▶ SPP Board of Directors and Senior Staff
- ▶ SPP Regional State Committee
  - Support from a majority of Commissioners
  - Cost Allocation Working Group
- ▶ SPP Members
- ▶ The *Synergistic Planning Project Team*
- ▶ And the FERC, which approved SPP tariff revisions



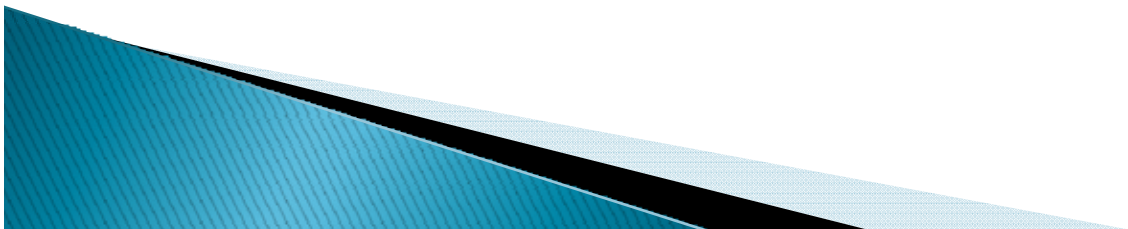
# What Was Contentious?

## ▶ Concerns

- Some would pay for Regional upgrades without equivalent, quantifiable benefits
- Study assumptions, Benefit-to-Cost ratios, etc

## ▶ Recognize:

- All Transmission contributes to a more reliable system
- The previous system wasn't working
  - Something had to be done to clear Study queues
  - Regional Allocation of costs were being made via 'Waivers'
- Current users of the transmission system are benefiting from systems that they aren't paying for



# Thank You

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