

DRAFT
Cost Allocation –
Proposed Strawman Language¹

11. Cost Allocation

The ColumbiaGrid PEFA allows parties to reach mutual agreement on cost allocation on a case-by-case basis. All Interested Persons and Planning Parties will have the opportunity to participate in Study Teams, which collaborate on elements of a project, including, where necessary, cost allocation. In the event parties cannot reach mutual agreement on cost allocation, ColumbiaGrid Staff will recommend cost allocations to the ColumbiaGrid Board. ColumbiaGrid Staff will first prepare a recommended cost allocation in draft form, prior to its submittal to the Board, to permit Parties to comment and have an additional opportunity to come to agreement.

11.1 EOPs

11.1.1 An EOP must include an associated cost allocation to be included in a Biennial Plan or Plan Update. Where Affected Persons do not reach agreement on a near-term EOP, as described in 11.1.2 through 11.1.4 below, ColumbiaGrid will recommend equitable allocation taking into account (i) the causation of the Need giving rise to the EOP or (ii) the delay or elimination during the planning horizon of any Need as a result of the EOP.

11.1.2 Where there are two affected TOPPs, and one has a Need and the best way to meet that Need is to upgrade facilities on the other TOPP's system, ColumbiaGrid will allocate costs in an offered form of Facilities Agreement to the TOPP causing the Need.

11.1.3 ColumbiaGrid may also allocate costs in an offered form of Facilities Agreement to a TOPP whose Need does not give rise to the EOP but that has a Need during the planning horizon that is met by the EOP; provided that ColumbiaGrid shall not allocate costs to such TOPP in an amount that exceeds the cost that would have been incurred by such TOPP had it met its Need with a separate Project. The Staff shall not allocate costs based upon other potential future system benefits.

11.1.4 ColumbiaGrid Staff will submit their recommended EOPs to the ColumbiaGrid Board with an analysis that supports any recommended costs allocations based upon the ColumbiaGrid principles and that summarizes minority positions on the cost allocation. The ColumbiaGrid Board shall review and may approve each Staff-recommended EOP, and may also remand a recommended cost allocation for an EOP to Staff, which may, in cooperation with the Study Team, revise the recommendation and resubmit it to the ColumbiaGrid Board. However, the ColumbiaGrid Board may also modify a ColumbiaGrid Staff recommended cost allocation for the EOP to the extent such modification is supported by the record.

¹ This language was prepared by ColumbiaGrid. It has not yet been agreed to by the individual Transmission Providers who have Attachment K filing responsibilities. It is a work in progress and subject to change. If adopted by a Transmission Provider, in whole or in part, it may be included in its transmittal letter rather than its Attachment K.

11.2 Requested Service Projects

11.2.1 A Requested Service Project must include an associated cost allocation to be included in a Biennial Plan or Plan Update. In the event that there is not agreement amongst Affected Persons on elements of a Requested Service Project, ColumbiaGrid Staff shall make a recommendation for the ColumbiaGrid Board's consideration. If there is an accompanying Need which can be delayed or eliminated by the Requested Service Project within the planning horizon, ColumbiaGrid shall make an equitable allocation of costs of such Requested Service Project in an offered form of Facilities Agreement based upon the affected TOPP's OATT requirements and the delay or elimination of the Need; provided the allocation of costs to the TOPP whose Need was delayed or eliminated may not exceed the cost that would have been incurred by such TOPP had it met its Need with a separate Project. The Staff shall not allocate costs based upon other potential future system benefits.

11.2.2 The ColumbiaGrid Board shall review and may approve each Staff-recommended Requested Services Project, and may also remand a recommended cost allocation for a Requested Service Project to Staff, which may, in cooperation with the Study Team, revise the recommendation and resubmit it to the ColumbiaGrid Board. However, the ColumbiaGrid Board may also modify a recommended cost allocation for the Requested Service Project to the extent such modification is supported by the record.

11.3 Capacity Increase Project

ColumbiaGrid Planning Parties may elect to develop the elements of Capacity Increase Projects on their own or through the ColumbiaGrid Study Team. However, ColumbiaGrid must be advised of Capacity Increase Projects that a Planning Party is planning or anticipates participating in on the RIS and all Capacity Increase Projects are required to be identified in the ColumbiaGrid Biennial Plan.

11.3.1. Solicitation of Interest. For any project identified by a Planning Party as a Capacity Increase Project that it will sponsor, the Planning Party may elect to develop the project through a ColumbiaGrid Study Team. If a Planning Party requests a Study Team to develop the Capacity Increase Project, ColumbiaGrid will determine whether there is sufficient interest in convening a Study Team for project development (including potential interest in assuming a portion of financial responsibility for the Project), thus, in effect, facilitating a process similar to an open season. If ColumbiaGrid determines that there is sufficient interest to develop the project through a Study Team, ColumbiaGrid shall convene a Study Team.

- a. ColumbiaGrid shall provide notice of the opportunity to participate in the Study Team to all Interested Persons, Affected Persons, and any Planning Party.
- b. Throughout the Study Team process, ColumbiaGrid shall post on the ColumbiaGrid website the drafts of summaries of the progress of the Study Teams, including developing Plans of Service.

- c. The Study Team process may develop all of the necessary elements of the Capacity Increase Projects, including a plan of service, estimated costs, the expected amounts of transmission capacity for each new or existing path, reasons for the project, the Persons who are responsible for the costs and construction of the project, the owners and operators of the added facilities, schedule including estimated completion date, transmission rights allocation, Material Adverse Impacts, if any, and any mitigation of Material Adverse Impacts.
- d. The scope of any Capacity Increase Project may be expanded if there is sufficient interest. As the expansion would be for purposes of increasing capacity, upon the request of the parties, ColumbiaGrid may recommend a cost allocation for the costs of the expansion.

11.3.2. Planning Party Projects Outside of the Study Team Process. ColumbiaGrid Planning Parties may elect to develop the elements of Capacity Increase Projects on their own outside of the ColumbiaGrid Study Team process, in which case the ColumbiaGrid Planning Party may proceed with the project pursuant to any other rights and obligations it may have. Provided that, if any Affected Person requests a Study Team to evaluate Material Adverse Impacts resulting from a Capacity Increase Project, ColumbiaGrid shall convene such a Study Team.

11.3.3. Allocation of Costs. The Study Team will collaboratively develop a recommended cost responsibility for the Capacity Increase Project. A Planning Party may request a cost allocation recommendation from ColumbiaGrid on a Capacity Increase Project if the related Study Team is unable to come to voluntary agreement on the cost allocation. This recommendation is non-binding but can be used by the Study Teams to facilitate agreement on cost allocation. ColumbiaGrid has indicated that, when preparing such a recommendation, it will propose allocations that take into account benefits to Persons sponsoring the Capacity Increase Project and other transmission systems.