



**SOUTHWEST POWER POOL, INC.
COST CONTROL & ALLOCATION REVIEW & EVALUATION TEAM**

February 4, 2026

8:00 AM – 5:00 PM CT

Virtual

SUMMARY OF MOTIONS AND ACTION ITEMS

ACTION ITEMS

1. Reimagine the transmission planning process using a highway-system model.
2. Provide updates on the Order 1000 Strategic Review Task Force Recommendations revision request.
3. Staff to develop a rubric of principles/goals and an incentive structure to assist in narrowing potential methodologies for discussion at the March meeting.
4. Share Department of Energy Advance Notice of Proposed Rulemaking related to large loads and the NARUC response resolution.
5. Add the GRID-L presentation to the March meeting agenda.
6. Staff to draft principles on large load cost allocation for discussion in March.



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MINUTES

1. WELCOME

Co-Chair Steve Wright (SPP Board) called the meeting to order at 8:04 AM CT and welcomed everyone.

2. ADMINISTRATIVE ITEMS

a. Approval of Minutes

A name correction was made on item 05a, and motion was presented to approve the January 16, 2026, meeting minutes. Kathleen Jackson (PUCT) motioned/ Kevin Gunn (Evergy) seconded. *The motion passed unanimously.*

b. Recap of January Meeting

Kayla Hahn (MOPSC) provided highlights from the January meeting.

3. REFINED CARE OVERVIEW

a. CARE Scope

Casey Cathey (SPP) reviewed and discussed the edits to the CARE scope from the previous meeting, noting that while the 765 kV overlay is a primary concern, it is not the only driver of costs. Mr. Cathey explained that the preliminary overlay presented to stakeholders is based on engineering analysis using the most recent load forecasts. While conceptual visuals have referenced 765 kV facilities, no final determination has been made regarding specific voltage levels. Depending on system needs and geographic considerations, solutions could include 765 kV, 500 kV, or double-circuit 345 kV configurations in certain areas. Stacey Burbure (AEP) expressed concern that the focus on 765 kV facilities for cost allocation could be viewed as potentially discriminatory. Chair Hahn emphasized that focusing on a specific issue does not signal an intent to exclude broader cost allocation considerations and that the team should focus on fair allocation of costs under current and future methodologies with a focus on 300 kV and above instead of 765 kV exclusively.

In response to an action item established at the January meeting, Tyler Huebner (Google) and Andrew French (KCC) suggested adding the word "fair" to the second bullet on page 2 to ensure both cost and benefits are considered, maintaining the theme while emphasizing equity. Concern was expressed the word "unduly," and after consideration, the group members ultimately agreed on the use of "bear unreasonable" instead of "unduly subsidize." The bullet now reads:



How to achieve fair allocation of transmission costs, recognizing projected costs and benefits to all customer classes, while mitigating the potential for existing load to bear unreasonable transmission costs needed to serve projected large load additions.

Kayla Hahn proposed shifting the assessment of generation retirement to the Cost Allocation Working Group (CAWG), and no objections were raised, indicating agreement. As a result, the CAWG will now take responsibility for the following areas of focus:

Assessing whether generation retirements, replacements, or additions increase or reduce transmission expansion costs and, if so, how these costs should be recovered.

b. CARE Questions to Answer

These questions were discussed in the relevant sections of the agenda.

c. Workplan

Due to time constraints, this item was not covered.

4. COST CONTAINMENT

Adam Bell (SPP Staff) provided a recap of the January meeting discussion on cost containment and outlined framework focus areas for discussion, including cost estimation, reporting, accountability, technology, and accelerating transmission. The discussion emphasized improving transparency and adopting best practices in cost estimation. The group discussed the importance of developing a strategic, long-term planning process for infrastructure investments rather than relying solely on annual constraints, and stressed collaboration with neighboring entities to optimize planning and resource allocation. An action item was established for Staff to provide updates on the Order 1000 Strategic Review Task Force Recommendations revision request, beginning at the March meeting.

5. COST ALLOCATION

a. Cost Allocation Methodologies Overview

Cicily McGee (SPP Staff) presented an overview of various cost allocation methodologies for transmission projects, noting that commonly used approaches include load ratio share, zonal, highway-by-way, granular, power flow, and public policy supplement methods. The discussion highlighted that each methodology has distinct advantages and disadvantages, particularly with respect to transparency, level of complexity, and how well costs align with the actual benefits received. Mike Wise (Golden Spread) recommended inclusion of the recently FERC approved HITT C1 subregions for discussion. Antoine Lucas (SPP) emphasized the need for evaluation of incentive structures that are created by the list of cost allocation options.

Stacey Burbure (AEP) highlighted the importance of the timing element in cost allocation, noting that many transmission assets have long lifespans. They explained that cost allocation can be approached in two ways: allocating costs at the time a project is needed



or allocating costs continuously based on how the asset is used and who benefits over time.

Steve Gaw (APA) emphasized that cost allocation should align with transmission planning, which considers reliability, economic factors, and congestion. Mr. Gaw suggested a hybrid approach combining peak-based and usage-based metrics to provide flexibility, accommodate changing grid usage, and maintain adequate transmission capacity for both reliability and policy goals.

b. Neighboring RTO Transmission Cost Allocation Methodology

Jeremiah Doner (MISO) and Augustine Caven and Grace Niu (PJM) provided a review of their respective cost allocation methodologies.

c. Cost Allocation Methodologies Considered

John Krajewski (NPRB) reviewed previously considered cost allocation methodologies, and common reasons for failure as related to FERC Order 1920, HITT C1 Cost Allocation, Safe Harbor Reviews, and Seams Cost Allocation.

d. Alternative Cost Allocation Methodologies

Sunny Raheem and Charles Locke (SPP Staff) discussed load-based, impact-based, and benefit-cost allocation methodologies and sought feedback from the group in terms of cost alignment, practicality, long-term fit, and defensibility.

Kate Daly (AEP) emphasized the importance of simplicity in cost allocation approaches to ensure a shared understanding of roles and responsibilities and how proposals are evaluated. She also highlighted the need for defensibility, noting that processes and methodologies should be clearly defined and structured in a way that can be defended by SPP before FERC.

Chuck Hutchison (NPRB) recommended looking to prior CAWG work from the Order 1920 review process, noting conceptual alignment with the current evaluation criteria. He emphasized that cost-to-benefit alignment should be prioritized over simplicity and agreed that defensibility is critical. Mr. Hutchison also raised concerns about potential behavioral and planning impacts of cost allocation methodologies, identifying cost-to-benefit alignment and defensibility as his top priorities.

Justin Grady (KCC) noted that current cost allocation methods prioritize simplicity and predictability but may not accurately reflect true transmission benefits or beneficiaries. He supported moving toward more rigorous, defensible benefit- or flow-based approaches and favored a long-term "beneficiary pays" framework over strict cost causation to better align with future grid evolution.

Kathleen Jackson (PUCT) stressed that cost allocation should be aligned with long-term, system-wide planning for the grid of the future, rather than short-term benefits, to support growth and major infrastructure investments. She also emphasized the importance of



regulatory certainty and understandable cost allocation approaches to build confidence among regulators and economic development stakeholders.

Steve Wright (SPP Board) emphasized the importance of certainty in cost allocation, noting that it is a key consideration across nearly all mechanisms reviewed. He highlighted the need to provide clarity and predictability regarding ultimate costs for those responsible for paying. Mr. Wright also raised a question regarding the relationship between simplicity and defensibility in cost allocation, noting that more complex formulas may be harder to defend and could lead to increased litigation, potentially conflicting with the goal of providing cost certainty.

Tyler Huebener (Google) emphasized the importance of forward-looking planning to support long-term regional growth, noting that future transmission availability is a key factor in data center siting decisions. He also stressed that cost allocation should remain simple yet flexible to account for changing grid usage over time, ensuring that long-term beneficiaries of transmission investments bear the associated costs.

Stuart Solomon (SPP Board) emphasized that the highway/byway framework has supported SPP's growth and should be evaluated first to determine whether it can continue to meet future needs with adjustments before pursuing more significant changes. Mr. Solomon highlighted the need to balance cost alignment and simplicity, ensure adaptability to future system conditions, and provide certainty and fairness for planning and investment decisions.

Kevin Gunn (Eversource) expressed concern about relying on theoretical or speculative future benefits to justify broad cost allocation. While acknowledging that snapshot analyses may not capture all long-term benefits, he emphasized that cost allocation must be based on benefits that can be reasonably demonstrated, rather than assumptions about how the system might evolve in the future. He noted that equity is a critical component in cost allocation.

Kayla Hahn (MOPSC) noted concerns with the highway/byway framework and indicated a preference for cost allocation approaches that prioritize beneficiaries and cost causers.

Staff took an action item to develop a rubric of principles/goals and an incentive structure to assist in narrowing potential methodologies for discussion at the March meeting. Staff will also draft principles on large load cost allocation for discussion in March.

6. ACTION ITEM REVIEW

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2. Provide updates on the Order 1000 Strategic Review Task Force Recommendations revision request.
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5. Add the GRID-L presentation to the March meeting agenda.
6. Staff to draft principles on large load cost allocation for discussion in March.

7. NEXT STEPS

With the exception of the July meeting, all the CARE Team meeting locations have been posted to the SPP website, and registration is available.

8. ADJOURNMENT

The meeting was adjourned at 4:10 pm.