

## COST ALLOCATION WORKING GROUP MEETING

May 15, 2026

9:00 a.m. – 4:00 pm CT

Virtual

## SUMMARY OF MOTIONS AND ACTION ITEMS

### Motions

**MOTION:** To approve the Consent Agenda. Cindy Ireland (APSC) motioned/Chris Hanson (NDPSC) seconded. *The motion passed unanimously.*

### Action Items

1. Staff to follow up with the CARE Team to clarify expectations regarding the requested report back on generator retirement impacts, including desired format and scope.
2. Staff to coordinate with CARE to clarify their request regarding evaluation of the economic benefit-cost threshold, specifically whether the focus is on how projects are screened or how they are ultimately approved.
3. Staff to evaluate whether information can be developed comparing the requested cost-benefit analysis concepts to MISO MVP project approaches.
4. Discuss 20-year versus 40-year evaluation periods for the benefit calculation period.
5. Staff to coordinate with relevant entities on scheduling and participation for an education session regarding cost allocation subregions configuration.

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## MINUTES

### Agenda Item 1 – CALL TO ORDER AND ADMINISTRATIVE ITEMS

John Krajewski (NPRB) called the meeting to order at 9:30 a.m. CT and a quorum was established. The following members were in attendance or represented by proxy:

John Krajewski, Chair – Nebraska Power Review Board (NPRB)  
Adam McKinnie – Missouri Public Service Commission (MOPSC)  
Agata Malek – New Mexico Public Regulation Commission, *proxy Angelah Magofna*  
Cindy Ireland – Arkansas Public Service Commission (APSC)  
Gerald Deaver – Colorado Public Utilities Commission (COPUC)  
Greg Rislov – South Dakota Public Utilities Commission (SDPUC)  
Jason Chaplin – Oklahoma Corporation Commission (OCC)  
Justin Grady – Kansas Corporation Commission (KCC)  
Kara Kolkman – Wyoming Public Service Commission (WYPSC)  
Lane Sisung – Louisiana Public Service Commission (LPSC)  
Lise Trudeau – Minnesota Public Utilities Commission (MNPUC), *proxy Ben Kodres O'Brien*  
Matt Alvarado – Iowa Utilities Commission (IUC)  
Shawnee Claiborn-Pinto – Public Utilities Commission of Texas (PUCT)  
Steve Olea – Arizona Corporation Commission (AZCC)  
Victor Schock - North Dakota Public Service Commission (NDPSC), *proxy Chris Hanson*

## Agenda Item 2 – CONSENT AGENDA

The consent agenda included the agenda for the current meeting, the meeting minutes from April 2, 2026 and April 23, 2026, and the CAWG workplan. Cindy Ireland (APSC) requested correction of her affiliation from Public Utility Commission of Texas to Arkansas Public Service Commission in the April 23 minutes. The agenda was updated to remove the “MoMENT Update” item.

**MOTION:** To approve the Consent Agenda. Cindy Ireland (APSC) motioned/Chris Hanson (NDPSC) seconded. *The motion passed unanimously.*

## Agenda Item 3 – BENEFIT COST RATIO DISCUSSION WITH ESG

Staff presented CARE’s directive to evaluate increasing the benefit-cost ratio (BCR) threshold for economic projects from 1.0 to 1.25 and facilitated discussion on how the ratio is applied within SPP’s planning processes. The discussion focused on the use of the 40-year BCR as a screening tool during portfolio development, the conservative assumptions embedded in SPP’s modeling approach, and whether stakeholders supported further consideration of the proposed change. Participants discussed the historical context for the review, noting growing concerns regarding the scale and cost of recent transmission investments and the need to ensure projects provide sufficient regional value. Staff reviewed the BCR calculation methodology, including the use of base and change cases, 40-year benefit projections, and discounting future benefits to present value using an 8% discount rate. Comparisons to other RTO practices and FERC guidance were also discussed.

Several stakeholders expressed concerns that increasing the threshold at the screening stage could limit consideration of exploratory or innovative projects and reduce planner flexibility during portfolio development. Additional discussion addressed modeling assumptions, including contingency scenarios, hedging assumptions, and the treatment of extreme weather conditions. Participants also discussed the distinction between economic-only and dual-purpose economic/reliability projects, with staff noting that most recent projects have included both economic and reliability benefits due to ongoing load growth.

An action item was established to coordinate with CARE to clarify their request regarding evaluation of the economic benefit-cost threshold, specifically whether the focus is on how projects are screened or how they are ultimately approved.

## Agenda Item 4 – CARE DIRECTED ISSUES

Collin Cain (Bates-White Consulting) provided an analytical assessment of cost allocation methodologies and benefit-cost ratio (BCR) calculations within regional transmission planning processes. The presentation focused on the use of adjusted production cost (APC) benefits in SPP’s planning framework, comparisons to practices used in other RTOs, and the broader

challenges associated with evaluating long-term economic transmission benefits amid significant load growth uncertainty. Discussion emphasized the importance of aligning cost allocation methodologies with realized economic benefits while managing the risk of stranded costs associated with large transmission investments.

Mr. Cain reviewed how SPP's methodology compares to approaches used in MISO's Market Efficiency Projects (MEPs). Participants discussed the differences in BCR thresholds, calculation methodologies, benefit definitions, and planning horizons across RTOs, noting that these factors significantly affect BCR outcomes and project eligibility. Stakeholders generally agreed that MISO's Multi-Value Projects (MVP) framework provides a closer comparison to SPP's Integrated Transmission Planning (ITP) process than MISO's MEP framework.

Participants also discussed the difficulty of quantifying long-term and indirect transmission benefits, including future grid flexibility and the ability to support evolving generation and load patterns. Concerns were raised regarding uncertainty in large load growth projections, particularly related to data centers, and the potential for stranded costs if anticipated demand does not materialize. The group discussed potential risk mitigation measures, including load commitments, minimum payment requirements, and sensitivity analyses for varying load growth scenarios.

## **Agenda Item 5 – REVIEW OF ACTION ITEMS**

Angela Sartori (SPP) provided a review of action item list noting that a request for education on the NTC-C process had been raised during the Economic Studies Working Group and Transmission Working Group meetings; however, no volunteers or presenters had yet been identified. Ms. Sartori also noted that the generator retirements impact discussion was included on the current meeting agenda.

John Krajewski (NPRB) reported that Commissioner Justin Tate (APSC) is expected to assist with the voting procedures review process.

## **Agenda Item 6 – FERC UPDATE**

Justin Hinton (SPP) provided an update on pending FERC dockets.

## **Agenda Item 7 – RESOURCE ADEQUACY UPDATE**

- a. **Supply Adequacy Working Group:** Justin Grady (KCC) provided an update from the recent SAWG meeting.
- b. **REAL Team:** Shawnee Claiborn-Pinto highlighted the upcoming REAL Team meeting on June 17, 2026.

## **Agenda Item 8 – QUARTERLY PROJECT TRACKING**

Scott Maple (SPP) reviewed Q2 2026 Quarterly Project Tracking Report, providing an overview of completed, issued, and withdrawn transmission upgrades across the SPP footprint. The report included detailed project information by state and funding category, including highway/byway, zonal, and direct assigned projects.

## **Agenda Item 9 – CARE TEAM UPDATE**

Justin Grady (KCC) provided an overview of recent CARE meeting and polling results, noting the discussions appeared to be narrowing toward potentially viable paths forward on cost allocation concepts.

John Krajewski (NPRB) discussed the generator retirement cost allocation process and reviewed the Attachment AB retirement process. It was noted that no Notifications to Construct (NTC) have been issued through the retirement process within the last five years, as many generators either transitioned into the generation interconnection replacement process or withdrew due to changes in Planning Reserve Margin (PRM) requirements.

Discussion focused on the difficulty of attributing transmission upgrade costs solely to generator retirements, particularly when upgrades are often driven by multiple planning factors and provide broader regional benefits. Participants also noted that retirements are generally incorporated into CPP studies, further reducing the likelihood of identifying retirement-specific upgrades. Stakeholders broadly supported maintaining the existing base plan funding approach for retirement-related upgrades, citing the complexity of alternative methodologies, the relatively low frequency of retirement-driven upgrades, and overall fairness considerations. The group discussed the potential development of a policy paper summarizing the findings, stakeholder perspectives, and recommendations for consideration by CARE.

## **Agenda Item 10 – SUBREGION CONFIGURATION RTO EXPANSION UPDATE**

Charles Locke (SPP) presented a proposal for establishing subregions within the SPP Western Interconnection footprint following the RTO expansion, recommending a two-subregion structure aligned with the two approved deliverability areas: the Montana subregion and the Rocky Mountain subregion. Staff reviewed the relationship between zones, subregions, and deliverability areas and discussed how these structures affect cost allocation and transmission service administration. Supporting analysis included revenue requirement data, load distribution, interconnection counts, and resource-to-load relationships across the Western footprint.

The group also discussed the more complex issue of assigning the Eastern Interconnection portion of the Loveland Area Project zone (LAP East) to an East subregion and deliverability area. Although LAP East is interconnected only with the North deliverability area, it must still be assigned to either

the North or Nebraska subregion for cost allocation purposes. Participants reviewed the operational and ownership complexities associated with intertwined transmission facilities owned by multiple transmission owners. Staff emphasized the urgency of finalizing the Western subregion configuration to support the Consolidated Planning Process (CPP) implementation timeline, including the need for tariff language approval by August to support an October effective date.

While members generally supported the proposed two subregion structure for the West, additional discussion was requested regarding the placement of LAP East. Concerns were raised regarding the limited opportunity for affected utilities to review and discuss the recommendation prior to a vote. The group discussed holding an additional technical/education session in early June to allow further stakeholder engagement before advancing a final recommendation to the RSC.

## **Agenda Item 11 – CONSOLIDATED PLANNING PROCESS GOVERNING LANGUAGE CLARIFICATIONS**

Susanna Padilla (SPP) presented an overview of an RR related to implementation of the Consolidated Planning Process (CPP) for the Western Interconnection. The RR is intended to incorporate tariff and manual language that was not included in the initial CPP filing. The presentation reviewed the impacted documents, including Attachment AY (Consolidated Planning Process), Attachment L (Treatment of Revenues), tariff definitions, Attachment H (Annual Transmission Revenue Requirement), and the CPP Manual. Due to ongoing discussions regarding subregion approvals, the RR posting timeline has shifted from late May to early June. Final approvals from the CAWG, MOPC, and RSC will be required to support an anticipated October effective date and a FERC filing targeted for early August.

## **Agenda Item 12 – INTERMEDIATE PLANNING EDUCATION**

Brooke Keene (SPP) introduced the concept of intermediate planning as a new framework intended to address midterm reliability and capital timing needs within a one- to three-year planning horizon. The initiative is designed to bridge the gap between near-term operational reliability activities and long-term regional transmission planning by proactively identifying smaller-scale transmission solutions, optimizing existing assets, and improving coordination of system upgrades amid rapid load growth and changing system conditions.

CAWG members discussed the importance of establishing clear guardrails to distinguish intermediate planning from long-term transmission planning and existing interconnection processes. Questions focused on whether intermediate planning upgrades would be temporary or permanent, how projects would integrate into future regional plans, and how the framework would avoid duplicative transmission development.

Members also raised concerns regarding the potential scope and cost exposure associated with the new framework. Staff acknowledged these concerns and indicated openness to incorporating limitations such as voltage or cost thresholds as policy discussions continue. The group emphasized the importance of clearly defining eligibility criteria, project scope, and coordination with existing AQ and AX interconnection processes to ensure the framework remains focused on shorter-term reliability and speed-to-power needs rather than large-scale long-term transmission expansion.

The group also discussed the anticipated policy development timeline, with staff targeting additional stakeholder review during the summer and potential RSC consideration later in the year.

### **Agenda Item 13 – WORKING GROUP UPDATES**

Adam McKinnie (MOPSC) provided a brief update regarding ongoing regional study efforts. He reported that the models for the MISO South–SPP region were released during the current week. Mr. McKinnie also stated that, in late June or early July, additional discussions are expected regarding the full range of study benefits, including deferred reliability project benefits, public policy benefits, and adjusted production cost (APC) impacts. He noted that the study effort is expected to conclude following those discussions.

### **Agenda Item 6 – UPCOMING ITEMS FOR RSC**

| <b>ITEM</b>  | <b>CAWG APPROVAL</b> | <b>AUG-26</b> | <b>NOV-26</b> |
|--|----------------------|---------------|---------------|
| Cost Allocation Subregions for RTO Expansion       |                      | TBD           |               |
| RTO Expansion CPP Governing Language Clarification |                      | V             |               |
| Planning Reserve Margin RR                         |                      | V             |               |
| MoMENT Project Cost Allocation                     |                      |               |               |
| Intermediate Planning Cost Allocation              |                      |               | V             |
| RR688 – ERAS Expansion                             |                      |               |               |
| RR743 – CONE Process                               |                      |               | V             |
| RRXXX – Price Adaptive Load Service                |                      |               | V             |

## Agenda Item 7 – ACTION ITEMS

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## Agenda Item 8 – UPCOMING MEETINGS

| MONTH     | DATE                        | START TIME    | FORMAT                         |
|-----------|-----------------------------|---------------|--------------------------------|
| June      | Thursday, June 11, 2026     | 8:30 am local | <b>in-person (Madison, WI)</b> |
| July      | Wednesday, July 8, 2026     | 9:00 am CT    | virtual                        |
| August    | Monday, August 10, 2026     | 9:00 am CT    | virtual                        |
| September | Thursday, September 3, 2026 | 8:30 am MT    | <b>in-person (Denver, CO)</b>  |
| October   | Thursday, October 1, 2026   | 9:00 am CT    | virtual                        |
| November  | Thursday, November 12, 2026 | 9:00 am CT    | virtual                        |
| December  | Thursday, December 10, 2026 | 8:30 am MT    | <b>in-person (Denver, CO)</b>  |

## Agenda Item 9 – ADJOURNMENT

Chair Krajewski adjourned the meeting at 3:37 p.m. CT

Respectfully Submitted,

Angela Sartori  
CAWG Staff Secretary