

**Order No. 1920 State Agreement Process (SAP)
Southern Regulators¹ Proposal for MISO South Subregion**

Order Nos. 1920 and 1920 Engagement Period

Order No. 1920 “decline[s] to define **what constitutes agreement among Relevant State Entities, how such agreement is reached, and which Relevant State Entities must reach such agreement during the Engagement Period. Instead, [it] leave[s] such matters . . . to the Relevant State Entities participating in the Engagement Period to determine.**” (Order No. 1920 at P 1360)

In Order No. 1920-B, the Commission affirmed its authority under FPA Section 206 to require transmission providers to include Relevant State Entities’ (RSE) agreed-upon Long-Term Regional Transmission Cost Allocation Method(s) and/or SAP resulting from the Engagement Period in the transmission providers’ transmittal or as an attachment to their Order No. 1920 regional transmission planning and cost allocation compliance filing. (Order No. 1920-B at PP 45, 47-48, 59; Order No. 1920-A at PP 651, 654-655; Order No. 1920 at P 1291). **A State Agreement Process is NOT a formula. It is a procedure through which states may in the future reach agreement on a formula or cost allocation for a facility or set of facilities.**

In Order No. 1920, the Commission declined to expand participation in the Engagement Period beyond RSEs but stated that other participants beyond RSEs may participate in the SAP, if agreed to by the RSEs. (Order No. 1920 at PP 1364 & n.2914, 1402, 1416, 1421).

A SAP is “a process by which one or more Relevant State Entities may voluntarily agree to a cost allocation method.” (Order No. 1920 at P 1402) An Order 1920 tariff can provide that a cost allocation formula agreed to through a SAP overrides the default *ex ante* cost allocation formula. (Order No. 1920 at P 1296)

Southern Regulators’ Proposal

In accordance with the requirements of and questions presented in Order 1920, the Southern Regulators propose the following SAP for the MISO South subregion to be included in MISO’s Order 1920 compliance filing.

1. Whether to have a SAP?

The Southern Regulators expect CapCom to recognize that the MISO South RSEs may develop and run their own SAP and develop their own State Agreement Method (SAM) to establish subregional cost allocation for projects that are evaluated and approved through

¹ The Southern Regulators include the Arkansas Public Service Commission, the Council of the City of New Orleans, the Louisiana Public Service Commission, and the Mississippi Public Service Commission.

MISO's LRTP (or equivalent Long-Term Regional Transmission Planning) study process and are located solely in the MISO South subregion.

The Southern Regulators do not take a position on whether CapCom should develop and run a SAP or develop a SAM for projects identified in MISO's LRTP (or equivalent) study process located solely in the MISO North/Central subregion or for specific states. The Southern Regulators also do not take a position on whether CapCom should develop and run a separate SAP or develop a separate SAM for projects identified in MISO's LRTP (or equivalent) study process that would span the MISO South/North interface.

As a general matter, the Southern Regulators expect that a SAP/SAM for projects identified in MISO's LRTP (or equivalent) study process and located solely in the MISO South subregion will not allocate costs to the MISO North/Central subregion. Likewise, the Southern Regulators expect that a SAP/SAM for projects identified in MISO's LRTP study process and located solely in the North/Central subregion will not allocate costs to the MISO South subregion.

2. What facilities apply to the SAP (e.g., whether the SAP will be used for *all facilities or only a subset* (and if so, what subset))?

The Southern Regulators propose that the MISO South SAP will apply to all facilities evaluated through MISO's LRTP (or equivalent) study process for projects that are located solely in the MISO South subregion.

3. What is the triggering event for beginning a SAP?

The Southern Regulators propose that the SAP is triggered when MISO formally begins an LRTP (or equivalent) study process to evaluate projects located solely in the MISO South subregion.

4. The duration of the SAP?

In accordance with Order 1920, the Southern Regulators propose that the duration of the MISO South SAP shall not exceed six months after the date the MISO Board approves projects selected through MISO's LRTP (or equivalent) study process that are located solely in the MISO South subregion.

5. Which entities can participate in the SAP?

Under Order 1920, RSEs have the option to include the participation of other entities in the SAP. The Southern Regulators propose that only RSEs within the MISO South subregion will participate in the MISO South SAP. However, before each MISO South SAP starts, MISO South RSEs may unanimously agree to designate additional entities to participate and/or establish opportunities for public input.

6. Who is eligible to vote?

The Southern Regulators propose that only RSEs within the MISO South subregion are eligible to vote on any SAM developed as part of the MISO South SAP. Each RSE will have one equally weighted vote.

7. How is “*agreement*” defined or what constitutes “*agreement*”?

The Southern Regulators propose that, as part of the MISO South SAP, agreement on a SAM requires unanimous approval from the RSEs within the MISO South subregion.

8. How is “*agreement*” *communicated*?

The Southern Regulators propose that when a SAM is approved as part of the MISO South SAP, that methodology will be communicated to stakeholders at a designated MISO Planning Advisory Committee meeting and directly to MISO management.

9. The circumstances under which or the information necessary for MISO to file the SAM developed through the SAP.

In accordance with Order 1920, the MISO South SAP will recognize that the RSEs within the MISO South subregion will be responsible for providing MISO the relevant information and arguments to demonstrate that any SAM that results from a MISO South SAP allocates costs in a manner that is at least roughly commensurate with estimated benefits and meets the Entergy Regional State Committee’s criteria for viable benefit metrics (i.e., accurate, objective, measurable, quantifiable, non-duplicative, forward-looking, replicable, and supported by data).

10. How does MISO’s filing work?

In accordance with Order 1920, MISO does not have to agree with a SAP developed during the Engagement Period. However, if RSEs request it, MISO is obligated to include the SAP in its Order 1920 compliance filing.

MISO’s Order 1920 compliance filing should include a commitment to file the SAM approved through the MISO South SAP, even if MISO does not agree.