

ATTACHMENT DD

Reliability Pricing Model

15. COORDINATION WITH ECONOMIC PLANNING PROCESS

Prior to the posting of the planning parameters for each Base Residual Auction, if the Office of the Interconnection determines that the Capacity Emergency Transfer Limit is less than 1.15 times the Capacity Emergency Transfer Objective for any LDA, the Office of the Interconnection will include a transmission upgrade in the RTEP as soon as practicable, if all of the following criteria is satisfied:

- The transmission upgrade(s) will result in a Capacity Emergency Transfer Limit that exceeds 1.15 times the Capacity Emergency Transfer Objective for the LDA; and
- The transmission upgrade(s) is/are expected to be in-service prior to June 1 of the Delivery Year for which the Base Residual Auction is being conducted; and
- The transmission upgrade cost is expected to be less than \$5 million; and
- There are no Merchant Network Upgrades that have or are expected to have an executed Facilities Study Agreement by 45 days prior to the Base Residual Auction that are designed to resolve the same constraint for which the RTEP upgrade is designed to resolve.

The annual costs of such upgrade shall be allocated as specified in Schedule 12 of the Tariff.

The Office of the Interconnection shall include in its planning period parameters report, posted on its website in February of each year, the following information for the transmission upgrades it identifies to address easily resolvable constraints under this Section 15, if any: (1) a description of each easily resolvable constraint; (2) the limiting transmission elements responsible for each such easily resolvable constraint; (3) an explanation of why the transmission elements responsible for each such easily resolvable constraint identified are limiting; (4) a list of the easily resolvable constraint transmission upgrades undertaken as well as the cost, location, and the entity(ies) undertaking each such upgrade; and (5) the impact of these projects on that Delivery Year's planning parameters.

Following each Base Residual Auction, the Office of the Interconnection shall review each LDA that has a Locational Price Adder to determine if Planned Generation Capacity Resources, Planned Demand Resources, or Qualifying Transmission Upgrades submitted Sell Offers that cleared in such auction. If a Locational Price Adder results from the clearing of an LDA for two consecutive Base Residual Auctions, and no such planned resources or upgrades clear in such auctions for such LDA, then the Office of the Interconnection shall evaluate in the RTEP process the costs and benefits of a transmission upgrade that would reduce to zero the Locational Price Adder for such LDA. ~~Such evaluation will compare the cost of the upgrade over ten years against the value of elimination of the Locational Price Adder over such period. If such upgrade is found to be feasible and beneficial, it shall be included in the RTEP as soon as practicable. The annual costs of such upgrade shall be allocated as specified in Schedule 6 of the Operating Agreement.~~