



**Federal Energy Regulatory Commission
July 15, 2010
Open Commission Meeting
Staff Presentation
Item E-2**

"Good morning Mr. Chairman and Commissioners,

We present the findings of the draft order in Item E-2 concerning the Southwest Power Pool's proposed Integrated Transmission Planning process—otherwise known as the ITP.

SPP's current planning process includes five major assessment categories: reliability, balanced portfolio, high priority studies, generation interconnection, and the aggregate transmission service study. SPP has also developed a strategic plan that proposes building an extra high voltage backbone of transmission projects to facilitate the economic transfer of power and reduce congestion across SPP's transmission system. Each of these categories is assessed independently, often resulting in transmission solutions that address discrete, localized issues but not overall SPP-wide issues.

The proposed ITP combines aspects of some of SPP's existing processes to provide better coordination of reliability assessments, economic analyses, and long-term transmission evaluations. As part of the ITP process, SPP and its stakeholders will conduct 20-Year, 10-Year, and Near Term Assessments evaluating potential solutions on the basis of their relative cost-effectiveness. Under the ITP proposal, the cost-effectiveness analysis will include quantification of the benefits resulting from dispatch savings, loss reductions, avoided projects, applicable environmental impacts, reduction in required operating reserves, interconnection improvements, congestion reduction, and other benefit metrics developed through the SPP stakeholder process.

The draft order accepts SPP's ITP proposal for filing, finding it just and reasonable and consistent with the transmission planning principles of Order No. 890. The draft order finds that SPP's ITP filing adopts a proactive, comprehensive transmission planning approach that encourages the development of integrated regional solutions to address both reliability and economic needs across the SPP transmission system in a non-discriminatory manner. The draft order concludes that SPP's proposal provides enough flexibility to enable SPP and its stakeholders to address the policy, reliability, and economic needs of the SPP system as such needs change over time.

Thank You."