

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 ~~that would not otherwise be modeled in the Base Residual Auction per Section 5.10(a)(ii) of Attachment DD~~, the Office of the Interconnection will include a transmission upgrade(s) 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(s) cost is expected to be less than \$5 million; and
- There are no ~~C~~ustomer-~~F~~funded ~~U~~pgrades 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.

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.

