

ATTACHMENT N-1

TRANSMISSION PLANNING PROCESS (~~Progress~~DEP Zone and ~~Duke~~DEC Zone)

1. INTRODUCTION

Duke Energy Carolinas, LLC (~~Duke~~DEC) and Duke Energy Progress, LLC (~~Progress~~DEP) (sometimes referred to individually as "Company" and collectively "Companies"), entities with transmission facilities located in the states of North Carolina and South Carolina, ensure that their entire Transmission Systems (i.e., both the portions located in North Carolina and the portions located in South Carolina) are planned in accordance with the local transmission planning requirements imposed by Order Nos. 890 and 1000 through the process developed and implemented by the ~~North Carolina~~Carolinas Transmission Planning Collaborative (NCTPC Process or Local Planning Process). The ~~NCTPC was formed by the following~~Carolinas Transmission Planning Collaborative includes load serving entities (LSEs) in the States of North Carolina: ~~Duke, Progress, Electric~~Cities of North Carolina (~~Electric~~Cities), and ~~the North~~South Carolina ~~Electric Membership Corporation (NCEMC)~~ (collectively, NCTPC Participants or Participants) within the DEC and DEP footprint.

The Companies ensure that their Transmission Systems are planned in accordance with the regional planning requirements imposed by Order No. 1000 through participation in the Southeastern Regional Transmission Planning Process (SERTP or SERTP Process).

In addition to engaging in local transmission planning through the ~~N~~CCTPC Process and regional transmission planning through the SERTP Process, the Companies engage in additional coordination activities with transmission providers located inside and outside their region, as discussed in Section 11. Such activities include participation in SERC Reliability Corporation (SERC), which focuses on reliability assessments. The SERTP engages in interregional coordination as described in Attachment N-1 – FRCC, Attachment N-1 – MISO, Attachment N-1 – PJM, Attachment N-1 – SCRTP, and Attachment N-1 – SPP.

Unless noted otherwise, Section references in this Attachment N-1 refer to Sections within this Attachment N-1.

For purposes of computation of time, all references in this document shall be calendar days. If any of the deadlines set forth in this document should fall on a weekend or holiday recognized by FERC, then the deadline shall fall on the next business day.

PART I -- LOCAL PLANNING PROCESS

2. ~~N~~CCTPC PROCESS OVERVIEW INCLUDING THE PROCESS FOR CONSULTING WITH TAG PARTICIPANTS

The ~~NCTPC will~~CCTPC shall annually develop a single, coordinated local transmission plan (Local Transmission Plan) that appropriately balances costs, benefits, and risks associated with the use of transmission, generation, and demand-side resources to meet the needs of LSEs as well as Transmission Customers under this Tariff.

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- 2.1 The ~~North Carolina~~Carolinas Transmission Planning Collaborative Participation Agreement (Participation Agreement) governs the ~~NCTPC~~participation in the CTPC and the ~~NCTPC~~ Process. The Participation Agreement is located on the ~~NCTPC's~~ Website (<http://www.nctpc.org/nctpc/>).
- 2.2 The ~~NCTPC~~ Process is summarized in a document entitled ~~North Carolina~~Carolinas Transmission Expansion Planning Collaborative Process that is located on the ~~NCTPC~~CTPC's Website.
- 2.3 Participation in the ~~NCTPC~~
- 2.3.1 Pursuant to the *Participation Agreement*, the ~~NCTPC~~ has three components: the Oversight/Steering Committee (OSC), the Planning Working Group (PWG), and the Transmission Advisory Group (TAG).
- 2.3.2 Eligibility for participation in the three ~~NCTPC~~ components is as follows:
- 2.3.2.1 The appointment of OSC members by the ~~NCTPC~~ Participants is governed by the *Participation Agreement*. The qualifications required to serve on the OSC are set forth in a document entitled *Scope - Oversight/Steering Committee* that is located on the ~~NCTPC's~~ Website.
- 2.3.2.2 The appointment of PWG members by the ~~NCTPC~~ Participants is governed by the *Participation Agreement*. The qualifications required to serve on the PWG are set forth in a document entitled *Scope - Planning Working Group* that is located on the ~~NCTPC's~~ Website.
- 2.3.2.3 Anyone may participate in TAG meetings and sign-up to receive TAG communications. The TAG is comprised of TAG participants. An employee or agent of a ~~NCTPC~~ Participant who 1) performs or supervises transmission planning activities or 2) is a member of the OSC or PWG may not be a TAG participant, but employees or agents of ~~NCTPC~~ Participants that perform activities other than transmission planning activities may be TAG participants.

2.4 Responsibilities and Decision-Making of ~~NCTPC~~ Components

The responsibilities of the components within the ~~NCTPC~~ are determined by the *Participation Agreement* and/or the OSC. Decision-making likewise is established in the *Participation Agreement*, or by policies established by the OSC.

2.4.1 Oversight/Steering Committee

- 2.4.1.1 The OSC is responsible for overseeing and directing all the activities associated with this ~~NCTPC~~ Process. A list of the OSC's responsibilities is found in *Scope - Oversight/Steering*

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Committee.

2.4.1.2 OSC decision-making is governed by the *Participation Agreement*.

2.4.1.3 Officers of the OSC are selected in the manner set forth in the *Participation Agreement*.

2.4.1.4 The OSC is responsible for selecting an Administrator in the manner set forth in the *Participation Agreement*. The Administrator shall act as a facilitator for the OSC and TAG and shall assist the chair and vice-chair in the performance of their duties as reasonably requested.

2.4.2 Planning Working Group

2.4.2.1 The PWG is responsible for developing and performing the appropriate simulation studies to evaluate the transmission conditions in the Participants' service territories and recommend a coordinated solution for the various transmission limitations identified in the studies. A list of the PWG's responsibilities is found in *Scope - Planning Working Group*.

2.4.2.2 PWG decision-making is governed by the *Participation Agreement*.

2.4.2.3 Officers of the PWG are selected in the manner set forth in the *Participation Agreement*.

2.4.3 Transmission Advisory Group

2.4.3.1 The purpose of the TAG is to provide advice and recommendations to the ~~NCTPC Participants to aid in the development of an annual Local Transmission Plan. The TAG participants may propose economic studies for evaluation as described in Section 4.2.2 hereof. The TAG participants select which of those projects should be evaluated through the TAG Sector Voting Process. The TAG participants also provide input on the annual study scope elements of the Local Transmission Plan Development, including input on the following: Study Assumptions; Study Criteria; Study Methodology; Technical Analysis and Study Results; Assessment and Problem Identification; Assessment and Development of Solutions (including proposing alternative solutions for evaluation); Comparison and Selection of the Preferred Transmission Plan; and the Local Transmission Plan Report.~~CTPC Participants to aid in the development of an annual Local Transmission Plan. Opportunities for input from TAG participants are detailed in Sections 4 and 5 hereof. A full list of the TAG's responsibilities is found in *Scope - Transmission Advisory Group*, which is located on the

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~~N~~CTPC's Website.

2.4.3.2 The OSC chair will chair the TAG meetings ~~and~~. The Administrator will serve as ~~the~~ facilitator for the ~~group~~TAG meetings. TAG decision-making is by consensus among the TAG participants. However, in the event consensus cannot be reached, voting will be conducted through the TAG Sector Voting Process. The ~~OSC chair~~Administrator will provide notice to the TAG participants in advance of the TAG meeting that specific votes will be taken during the TAG meeting.

2.4.3.3 Only TAG participants attending the meeting (in person or by telephone, electronic or other communication facilities that permit all participants to communicate with each other during the meeting) will be allowed to participate in the TAG Sector Voting Process. No voting by proxy is permitted.

2.4.4 TAG Sector Voting Process.

2.4.4.1 In order for a TAG participant to participate in the TAG Sector Voting Process, the TAG participant must have registered with the Companies at least two weeks prior to the first meeting at which the TAG participant intends to vote. Such web-based registration will require the TAG participant to provide the following information to the Companies: name, home or business address, place of employment (if any), email address (if any), and telephone number. The registration form will require the TAG participant to indicate whether the TAG participant is registering as an "Individual" or as an agent or employee of a "TAG Sector Entity." If the TAG participant registers as an agent, member, or employee of a TAG Sector Entity, s/he must identify such TAG Sector Entity. An individual TAG participant may register as an agent, member, or employee of more than one TAG Sector Entity.

2.4.4.2 A TAG Sector Entity may be any organized group (e.g., corporation, partnership, association, trust, agency, government body, etc.) but cannot be an individual person. A TAG Sector Entity may be a member of only one TAG Sector. A TAG Sector Entity and its affiliates or member organizations all may register as separate TAG Sector Entities, as long as such affiliates or member organizations meet the definition of a TAG Sector Entity.

2.4.4.1 A TAG Sector Entity should elect to be a member of one of the following TAG Sectors: Cooperative LSEs ~~(that serve load in the NCTPC footprint);~~₂ Municipal LSEs ~~(that serve load in the NCTPC footprint);~~₂ Investor-Owned LSEs ~~(that serve load in the NCTPC footprint);~~₂ Transmission Providers/Transmission Owners ~~(that are not LSEs in the NCTPC footprint);~~₂

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Transmission Customers (a customer taking Transmission Service from at least one Company in the ~~NCTPC~~); Generator Interconnection Customers (a customer taking FERC- or state-jurisdictional generator interconnection service from at least one of the Companies in the ~~NCTPC~~); Eligible Customers and Ancillary Service Providers (includes developers²; ancillary service providers²; power marketers not currently taking transmission service²; and demand response providers); and General Public. An Individual is only eligible to join the General Public Sector.

2.4.4.2 Only one individual TAG participant that has registered as an agent or employee of a TAG Sector Entity may vote on behalf of a particular TAG Sector Entity with regard to any particular vote. An individual TAG participant may vote on behalf of more than one TAG Sector Entity, if authorized to do so. Questions to be voted on will be answerable with a Yes or No.

2.4.4.3 If a vote is to be taken, each TAG Sector that has at least one TAG Sector Entity representative, or at least one Individual or TAG Sector Entity representative in the case of the General Public Sector, present will receive a Sector Vote with a worth of 1.00. A Sector Vote is divisible. The vote of each TAG participant eligible to vote in a Sector Vote is not divisible. The vote of each TAG participant in a TAG Sector will be multiplied by 1.00 divided by the total number ~~of~~ TAG participants voting in such Sector to determine how the Sector Vote with a total worth of 1.00 will be allocated between "Sector Yes Votes" and "Sector No Votes." That is, each Sector Vote will be allocated such that the Sector Yes Vote(s) and Sector No Vote(s) totals 1.00. The Sector Yes Vote and Sector No Vote for each TAG Sector will then each be weighted by multiplying each of them by 1.00 divided by the number of TAG Sectors participating in the relevant vote. The results will be called "Weighted Sector Yes Vote" and "Weighted Sector No Vote." The winning position will be the larger of the Weighted Sector Yes Vote and Weighted Sector No Vote. Appendix 3 contains an example of the voting process.

2.5 Participation of State Regulators

State regulators, including state-sanctioned entities representing the public, like other members of the public, may choose to be TAG participants. If they choose to be a TAG participant, state public utility regulatory commissions would be TAG Sector Entities in the General Public Sector. State public utility regulatory commissions also may seek to receive periodic status updates and the progress reports on the ~~NCTPC~~ Process. ~~State public utility regulatory commissions may be TAG Sector Entities in the General Public Sector.~~

3. NOTICE PROCEDURES, MEETINGS, AND PLANNING-RELATED

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COMMUNICATIONS

All information regarding local transmission planning meetings and communications are located on the ~~NCTPC~~ Website.

3.1 Notice

3.1.1 Notice of all meetings of a component (TAG, PWG, OSC) will be by email to such component. All TAG meeting notices and agendas will be posted on the ~~NCTPC Website~~CTPC website.

3.1.2 Information about signing up to be a TAG participant and to receive email communications ~~is~~will be posted on the ~~NCTPC~~ Website.

3.1.3 The OSC will publish highlights of its meetings on the ~~NCTPC Website~~CTPC website.

3.2 Location

3.2.1 The location of an OSC or PWG meeting will be determined by the component.

3.2.2 The location of a TAG meeting will be determined by the OSC.

3.2.3 Conference call dial-in or other web-based technology will be available for meetings upon request.

3.3 Meeting Protocols

3.3.1 OSC

3.3.1.1 The OSC chair schedules meetings, provides notice, ensures that meeting minutes are taken, develops the agenda, and chairs the meetings.

3.3.1.2 The OSC generally will meet at least monthly, and more frequently as necessary.

3.3.1.3 OSC meetings are open to the OSC members, their alternates, PWG members, and, if approved, guests. Guests will be approved in accordance with the Scope of the OSC document as posted to the CTPC website.

3.3.2 PWG

3.3.2.1 The PWG chair schedules meetings, provides notice, ensures that meeting minutes are taken, develops the agenda, and chairs the meetings.

3.3.2.2 The PWG generally meets at least monthly, and more frequently as necessary.

3.3.2.3 PWG meetings are open to the PWG members, the OSC and their alternatives, and, if approved, guests. -Guests will be

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approved in accordance with the Scope of the PWG document as posted to the CTPC website.

3.3.3 TAG

3.3.3.1 TAG meetings are chaired by the OSC chair and facilitated by the ~~OSC chair~~Administrator.

3.3.3.2 The TAG ~~generally meets four times a year~~ meets in accordance with the procedures set forth in Section 5.

3.3.3.3 Meetings of the TAG generally are open to the public, i.e., TAG participants. When necessary, TAG meetings may be restricted to TAG participants that are qualified to receive Confidential Information. TAG Participants are free to use information from the TAG meeting discussion, but are not permitted to attribute any particular discussion comment(s) to a specific CTPC or TAG Participant.

3.3.3.4 A yearly meeting and activity schedule is proposed, discussed with, and provided to TAG participants annually. Additional TAG meetings may be scheduled on an as needed basis, in conformity with Section 5.

3.3.3.5 Any submissions by TAG participants to the PWG, OSC, or CTPC Participants pursuant to the procedures in Section 5 will be deemed public and will be posted on the CTPC Website for other TAG participants. However, TAG participants may designate all or part of its submission as confidential information, pursuant to Section 9.2. Additionally, for all public postings of submissions by TAG participants, the identity of the TAG participant who made the submission will be treated as confidential information and will be posted publicly only by consent of the TAG participant upon submission.

4. DESCRIPTION OF THE LOCAL PLANNING PROCESS

The ~~N~~CTPC Process is a coordinated local transmission planning process. The entire, iterative process ultimately results in a single Local Transmission Plan that appropriately balances the costs, benefits and risks associated with the use of transmission, generation, and demand-side resources. The Local Transmission Plan will identify local transmission projects (Local Projects). A Local Project is defined as a transmission facility that ~~is~~ (1) is located solely within the ~~combined Duke-Progress transmission system~~ footprint of the DEC and/or (2) DEP Transmission Systems, (2) is not selected in the regional transmission plan for purposes of regional cost allocation; (3) is either an expansion or enhancement to the DEC or DEP Transmission System; (4) is estimated to cost greater than \$5 million; and (5) is not a project to maintain, repair, or replace existing transmission facilities in order to maintain a safe, reliable, and compliant grid, even if such project results in an incidental increase in transmission capacity that is not reasonably severable from work to maintain, repair, or replace

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the existing transmission facility.

~~In order to ensure comparability, customers taking Network Transmission Service are expected to accurately reflect their demand response resources appropriately in their annual load forecast projections. Customers taking Point to Point Transmission Service are expected to accurately reflect their demand response resources in submitting their requests for Transmission Service and in submitting information about potential needs for Point to Point Transmission Service.~~

~~Eligible Customers providing information about potential needs for Point to Point Transmission Service are expected to accurately reflect their demand response resources in submitting information. To the extent a TAG participant has a demand response resource or a generation resource that the TAG participant desires the NCTPC to specifically consider as an alternative to transmission expansion, or otherwise in conjunction with the NCTPC Process, such TAG participant sponsoring such demand response resource or generation resource shall provide the necessary information (cost, performance, lead time to install, etc.) in order for the NCTPC to consider such demand response resource or generation resource alternatives comparably with other alternatives.~~

4.1 Overview of Local Planning Process

~~The~~As described in Sections 4.2 through 4.5, the Local Planning Process ~~addresses transmission upgrades needed~~performs studies to maintain~~identify:~~

- ~~(i)~~ Local Projects that are necessary to preserve reliability and to comply with applicable reliability standards (“Local Reliability Projects”);
- ~~(ii)~~ Local Projects that will increase transmission access to potential supply resources inside and outside the Control Areas of the Companies based on Participant or TAG participant requested economic studies (“Local Economic Projects”);
- ~~(iii)~~ Local Projects to satisfy Public Policy Requirements (“Public Policy Projects”); and/or
- ~~(iv)~~ Local Projects that will integrate new generation resources and/or loads. The Local Planning Process includes and provide other benefits in a base-reliability study (base case) that evaluates each least-cost manner (“Multi-Value Strategic Transmission System's ability to meet projected load with a defined set of resources as well as the Projects”).

~~needs of firm point-to-point customers, whose needs are reflected in their transmission contracts and reservations. A resource supply analysis also is conducted to evaluate transmission system impacts for other potential resource supply options to meet future load requirements. The final results of the Local Planning Process include summaries of the estimated costs and schedules to provide any transmission upgrades and/or additions needed to maintain a sufficient level of reliability necessary to serve customers. Throughout the Local Planning Process, TAG participants (including TAG participants representing transmission solutions, generation solutions, and solutions utilizing demand resources) may participate.~~

The following are the general steps in the Local Planning Processes

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- 4.1.1 Each year, the OSC will initiate the process to develop the annual Local Transmission Plan through the study processes defined herein.

~~The OSC will provide notice of the commencement of the process to develop the annual Local Transmission Plan via e-mail to the TAG and posts a notice on the NCTPC Website~~CTPC website.

- 4.1.2 The process will allow for flexibility to make modifications to the ~~development of the~~ Local Transmission Plan throughout the year as needs change, new needs arise, or new solutions to problems are identified.
- 4.1.3 The schedule for all of the activities will be set by the PWG and OSC, but will vary from year to year. The basic order of events is as set forth in Section 5, although the planning process for each type of Local Project is an iterative one. A list of relevant dates established for the planning cycle will be posted on the ~~NCTPC~~ website.

- 4.1.4 At the approximate mid-point of the annual Local Transmission Planning process, but no later than August 15 of each year, the Companies will provide a written report on the status of the Local Projects presented in the previous Local Transmission Plan (the “Mid-Year Update Report”). The Mid-Year Update Report will be posted on the CTPC website and will include the following information: the name of the project, the detailed issue it resolves, the name of the relevant Company(s), the original planned in-service date and the current expected in-service date, an explanation of the reasons for any change, the scope of the project, and updated cost estimates for the Local Projects. Prior to OSC approval, the Mid-Year Update Report will be reviewed at a TAG meeting scheduled at the approximate mid-point of the annual planning process. The Mid-Year Update Report may include new Local Projects added since the previous annual Local Transmission Plan to address an emergent need, as long as the emergent need has been presented to TAG Stakeholders for review and comment prior to the OSC’s approval of the Mid-Year Update Report.

4.2 Overview of Study Process for Local Reliability Projects

- 4.2.1 The Local Planning Process starts with a base reliability study (Base Case) that evaluates each Transmission System’s ability to meet projected load with a defined set of resources for network transmission customers as well as the needs of firm point-to-point customers, whose needs are reflected in their transmission contracts and reservations.

- 4.2.2 In order to ensure comparability and consistency with the Data Collection requirements in Section 5:

4.2.2.1 Customers taking Network Transmission Service are expected to accurately reflect in their annual load forecast projections: (i) demand response resources, including but not limited, to any activities by load-serving entities to reduce, interrupt, or

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otherwise manage end-use customer load through the use of centralized control and/or by supplying load signal information, real-time pricing signals, or specific instruction; (ii) energy efficiency; and (iii) distributed energy resources, which is a kW/MW resource that nets with customer demand if behind the meter and must be specified separately.

4.2.2.2 Eligible Customers and Transmission Customers (a) providing information about current and potential needs for Point-to-Point Transmission Service and (b) when submitting their request for Point-to-Point Transmission Service are expected to accurately reflect: (i) demand response resources, including but not limited, to any activities by load-serving entities to reduce, interrupt, or otherwise manage end-use customer load through the use of centralized control and/or by supplying load signal information, real-time pricing signals, or specific instruction; (ii) energy efficiency; and (iii) distributed energy resources, which is a kW/MW resource that nets with customer demand if behind the meter and must be specified separately.

4.2.2.3 To the extent a TAG participant has a demand response resource or a generation resource that the TAG participant desires the CTPC to specifically consider as an alternative to transmission expansion, or otherwise in conjunction with the CTPC Process, such TAG participant sponsoring such demand response resource or generation resource shall provide within 14 calendar days of the Needs Meeting the necessary information (cost, performance, lead time to install, etc.) in order for the CTPC to consider such demand response resource or generation resource alternatives comparably with other alternatives.

4.24.3 Overview of Study Process for Local Economic Study Process Projects

4.2.14.3.1 The Local Economic Study Process is the process that allows the TAG participants to propose economic upgrades to be studied as part of the Local Planning Process. The Local Economic Study Process evaluates the means to increase transmission access to potential supply resources inside and outside the Control Areas of the Companies. This economic analysis provides the opportunity to study what transmission upgrades would be required to reliably integrate new resources.

4.2.24.3.2 The Local Economic Study Process begins with the TAG participants proposing scenarios and interfaces to be studied: at least 30 calendar days prior to the Assumptions Meeting described in Section 5.1.3. The information required and the form necessary to submit a request as well as the submittal deadline is reviewed and discussed with the TAG participants early in the annual planning cycle. The form is posted on the NCTPC Website. The PWG will determine if it would be efficient to combine and/or cluster any of the proposed scenarios and will also determine if any of the proposed scenarios are of a Rregional nature. The OSC will direct the TAG participants to submit

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~~the Regional~~ any regional study requests to the SERTP. Throughout the Local Economic Study Process, TAG participants (including TAG participants representing transmission solutions, generation solutions, and solutions utilizing demand resources) may participate.

~~4.2.2.14.3.2.1~~ 4.2.2.14.3.2.1 The OSC will review the PWG analysis, approve the compiled study list, and provide the study list, including study criteria, assumptions, and methodology to the TAG ~~in accordance with the procedures set forth in Section 5.1.3 for the Assumptions Meeting(s) applicable to the Local Economic Project Study Process.~~ For the study scenarios that impact the ~~N~~CNPC footprint, but are not ~~R~~Regional in nature, the TAG participants will select within 14 calendar days of the Assumptions Meeting a maximum of three scenarios that will be studied within ~~the current CNPC~~ a single CNPC planning cycle. If consensus cannot be reached as to which of the maximum of the three scenarios to study within 14 calendar days of the Assumptions Meeting, the choice will be resolved through the TAG Sector Voting Process. The TAG participants may request that the maximum of the three scenarios be combined or clustered.

~~4.2.2.24.3.2.2~~ 4.2.2.24.3.2.2 There will be no charge to the TAG participants for the three studies selected by the TAG participants. However, if a particular TAG participant wants the ~~N~~CNPC to evaluate a scenario that was not chosen by the TAG participants, then the TAG participant can request to have the ~~N~~CNPC conduct the study. The ~~N~~CNPC CTPC Participants will evaluate this request and will conduct the study if the study can be reasonably accommodated, however the cost of conducting this additional study will be allocated to that specific TAG participant.

~~4.2.2.34.3.2.3~~ 4.2.2.34.3.2.3 The final results of the Local Economic Study Process include the estimated costs and schedules to provide the increased transmission capabilities. The Local Economic Study Process results are reviewed and discussed with the TAG participants in accordance with the procedures set forth in Section 5.4.2 for the Solutions Meeting(s) applicable to the Local Economic Project Study Process.

4.3.2.4 Only Local Economic Projects approved pursuant to Section 5.6 are included in the Local Transmission Plan.

~~4.3.4.4 Overview of Study Process to Identify If Anyfor Public Policies Exist that Drive Local Transmission NeedsPolicy Projects.~~

~~4.3.14.4.1~~ 4.3.14.4.1 Each year, the OSC will determine if there are any public policies driving the need for local transmission.

~~4.3.1.1~~ 4.3.1.1 ~~The OSC will seek input (e.g. written comments) prior to the~~

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~~first TAG meeting of the Local Planning Process cycle (TAG Meeting 1) from TAG participants, asking that they identify any public policies that are driving the need for local transmission, pursuant to the criteria below.~~

~~The OSC may itself identify public policies that are driving the need for Local Projects.~~

~~4.3.1.2 There will be a discussion at the TAG Meeting 1 as to whether there are public policies that are driving the need for Local Projects.~~

~~4.3.2 Criteria for determining if public policy drives local transmission need.~~

~~4.3.4.4.2 Public policy must be reflected in state, federal, or local law or regulation (including order of a state, federal, or local agency).~~

~~4.4.2.1 At least 30 calendar days prior to the Assumptions Meeting described in Section 5.1.3 the OSC will seek input (e.g. written comments) from TAG participants, asking that they (i) identify any public policies that are driving the need for local transmission, pursuant to the criteria below, and (ii) propose study criteria, assumptions, and methodology to evaluate the need for local transmission driven by the identified public policy (“Public Policy Study Proposal”).~~

~~4.4.2.2 The OSC may itself identify a Public Policy Study Proposal.~~

~~4.4.2.3 Public Policy Study Proposals will be reviewed in accordance with Section 5.1.~~

~~4.3.4.4.3 Within two weeks of TAG following the Assumptions Meeting 1, the OSC will post on the NCTPC website an explanation of (1) those local transmission needs driven by Public Policy Requirements that have been identified for evaluation for potential transmission projects in the then-current planning cycle; and (2) the reason(s) why other suggested, possible transmission needs driven by Public Policy Requirements proposed by the TAG participants or the OSC were not selected for further evaluation. If one or more public policies are identified as driving local transmission needs, the NCTPC will consider solutions to those needs. Companies shall follow the procedures set forth in Section 5.3, and TAG participants may suggest projects to meet those needs in accordance with the planning process procedures set forth in Section 5.4. If no public policies are identified for the planning year, public policy projects cannot stakeholders will be proposed as unable to propose Public Policy Project solutions.~~

~~4.4.4 Only Public Policy Projects approved pursuant to Section 5.6 are included in the Local Transmission Plan.~~

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- 4.5.1 On a triennial basis beginning in January 2024, the study process for Multi-Value Strategic Transmission Projects allows the OSC and TAG participants to propose different scenarios for evaluation of new resource supply options, changing load dynamics, transmission solutions requiring longer lead times and/or economic development opportunities (“Strategic Planning Scenarios”). Strategic Planning Scenarios may consider, but are not limited to considering, (1) federal and state laws and regulations that affect the future resource mix and demand; (2) federal and state laws and regulations that affect decarbonization and electrification; (3) utility integrated resource plans approved pursuant to either N.C. G.S. § 62-110.1 or S.C. Code Ann. § 58-37-40 and long-term expected supply obligations for load serving entities; (4) trends in technology and fuel costs within and outside of the electricity supply industry, including shifts toward electrification of buildings and transportation; (5) resource retirements or expiration of power purchase agreements; (6) generator interconnection requests and withdrawals, and/or (7) the need for transmission during high-impact, low frequency events.
- 4.5.2 At least 30 calendar days prior to the Assumptions Meeting described in Section 5.1.3, the OSC will seek input from TAG participants on Strategic Planning Scenarios to evaluate. The form to propose a Strategic Planning Scenario is posted on the CTPC Website. Proposed Strategic Planning Scenarios must specifically identify models, assumptions, and data proposed to be used in the study process. Proposed Strategic Planning Scenarios must also identify an appropriate planning horizon for the proposed scenario(s) to be studied.
- 4.5.3 The OSC may itself also identify Strategic Planning Scenarios to be presented at an Assumptions Meeting described in Section 5.1.3.
- 4.5.4 The PWG will determine if it would be efficient to combine and/or cluster any of the proposed Strategic Planning Scenarios and will also determine if any of the proposed Strategic Planning Scenarios are of a ¶Regional nature. If the proposed Strategic Planning Scenario is regional in nature, the OSC will direct the TAG participants to submit the regional study requests to the SERTP.
- 4.5.5 The OSC will review the PWG analysis of the proposed Strategic Planning Scenarios to be studied, approve the compiled study list, and provide the study list, including study criteria, assumptions, and methodology to the TAG in accordance with the procedures set forth in Section 5.1.3 for the Assumptions Meeting(s) applicable to the Multi-Value Strategic Transmission Project Study Process. If there are more than three proposed Strategic Planning Scenarios that impact the CTPC footprint, but are not ¶Regional in nature presented at the Assumptions Meeting, the TAG participants will select within 14 calendar days of the Assumptions Meeting a maximum of three proposed Strategic

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Planning Scenarios that will be studied within a single CTPC planning cycle. If consensus cannot be reached as to which scenarios to study within 14 calendar days of the Assumptions Meeting, the choice will be resolved through the TAG Sector Voting Process. The TAG participants may request that the three scenarios be combined or clustered.

4.5.5.1 There will be no charge to the TAG participants for the three proposed Strategic Planning Scenarios studies selected by the TAG participants. However, if a particular TAG participant wants the CTPC to evaluate a scenario that was not chosen by the TAG participants, then the TAG participant can request to have the CTPC conduct the study. The CTPC Participants will evaluate this request and will conduct the study if the study can be reasonably accommodated, however the cost of conducting this additional study will be allocated to that specific TAG participant.

4.5.6 The final results of the Multi-Value Strategic Transmission Project Study Process will include the estimated costs and schedules to provide the increased transmission capabilities. The Multi-Value Strategic Transmission Project Study results are reviewed and discussed with the TAG participants in accordance with the procedures set forth in Section 5.4 for the Solutions Meeting(s) applicable to the Local Economic Project Study Process.

4.5.7 Only Multi-Value Strategic Transmission Projects approved pursuant to Section 5.6 are included in the Local Transmission Plan.

5. CRITERIA, ASSUMPTIONS, AND DATA UNDERLYING THE LOCAL TRANSMISSION PLAN AND METHOD OF DISCLOSURE OF LOCAL TRANSMISSION PLANS AND STUDIES

~~5.1 Study Assumptions~~

5.1 Identification of Study Criteria, Assumptions, and Methodology

~~5.1.1 The PWG will select the study assumptions for the analysis based on direction provided by the OSC.~~

~~5.1.2 Once the PWG identifies the study assumptions, they will be reviewed with the TAG participants before the set of final assumptions are approved by the OSC. The process for this dialogue is in person meetings, written submissions, and/or other forms of communication selected by TAG participants. Input should be provided in the timeframes agreed upon.~~

~~5.1.3 The study assumptions shall be set forth in an annual *Study Scope Document*.~~

~~5.1.4 The Companies will prepare the base case models. These models will~~

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~~be reviewed with the PWG to ensure that they represent the study assumptions approved by the OSC. TAG participants also may, upon request, review the base case models and provide input to the PWG with regard to whether the models represent the study assumptions approved by the OSC.~~

~~5.1.5 The Companies will also develop the necessary change case models as required to evaluate different resource supply scenarios and local economic project scenarios as directed by the OSC. Such change case models will also be reviewed with the PWG to ensure that they represent the study assumptions approved by the OSC. TAG participants also may request to review the change case models and provide input to the PWG with regard to whether the models represent the study assumptions approved by the OSC.~~

~~5.2 Study Criteria~~

~~5.2.15.1.1 The PWG establishes the reliability planning criteria by which the study results will be measured to identify Local Reliability Projects for inclusion in the Local Transmission Plan, in accordance with North American Electric Reliability Corporation (NERC) and SERC Reliability Standards and individual Company criteria. ~~TAG participants may review and comment on the planning criteria.~~~~

~~5.1.2 Study criteria, assumptions, and methodology for Local Economic Projects, Public Policy Projects, and Multi-Value Strategic Transmission Projects will be identified in accordance with the Sections 4.3, 4.4, and 4.5, respectively. Inclusion of Local Economic Projects, Public Policy Projects, and Multi-Value Strategic Transmission Projects in the Local Transmission Plan is subject to the procedures and OSC approval required by Section 5.6.~~

~~5.1.3 The Companies shall schedule and facilitate a minimum of one TAG meeting to review the criteria, assumptions, and methodology the PWG plans to use to identify needs and transmission solutions to include in the Local Transmission Plan (“Assumptions Meeting”). The Assumptions Meeting shall take place prior to the OSC’s approval of the final set of study assumptions. The Companies shall provide the criteria, assumptions, and methodology to the Administrator for posting on the CTPC website at least 20 calendar days in advance of the Assumptions Meeting to provide TAG participants sufficient time to review this information. Stakeholders may provide comments on the criteria, assumptions, and methodology to the PWG for consideration either prior to or following the Assumptions Meeting. The Companies shall review and consider comments that are received within 14 calendar days of the Assumptions Meeting and may respond or provide feedback as appropriate.~~

~~5.1.4 The final criteria, assumptions, and methodology, including but not limited to the applicable planning horizon, for studying Local Economic Projects, Public Policy Projects, and Multi-Value~~

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Strategic Transmission Projects shall be set forth in a *Study Scope Document* to be reviewed by the TAG and approved by the OSC and posted to the CTPC website.

5.2.25.1.5 Transmission System planning documents of ~~Duke~~DEC and ~~Progress~~DEP will be posted on their respective OASIS sites. Some planning documents may not be posted due to CEII and confidentiality concerns, but will be identified such that they can be requested via the methodology posted on the relevant OASIS.

5.3.5.2 Data Collection and Case Development

5.3.15.2.1 The Companies will prepare the Base Case models. The most current Multi-Regional Modeling Working Group (MMWG) or SERC Long-Term Study Group model will be used for the systems external to ~~Duke~~DEC and ~~Progress~~DEP as a starting point for the ~~base-case~~Base Case to be used by both ~~Progress~~DEP and ~~Duke~~DEC. The ~~base-case~~Base Case will include the detailed internal models for ~~Progress~~DEP and ~~Duke~~DEC and will include current transmission additions planned to be in-service for given years.

5.2.2 The Companies will also develop the necessary Change Case models as required to evaluate scenarios directed by the *Study Scope Document* for Local Reliability Projects, Local Economic Projects, Public Policy Projects, and Multi-Value Strategic Transmission Projects. Such Change Case models will also be reviewed with the PWG to ensure that they represent the study criteria, assumptions, and methodology approved by the OSC in the *Study Scope Document*. Upon request, TAG participants will be provided the Change Case models, subject to CEII and confidentiality requirements. For Local Economic Projects, Public Policy Projects, and Multi-Value Strategic Transmission Projects, TAG participants may provide input to the PWG with regard to whether the models accurately represent the *Study Scope Document* approved by the OSC in accordance with the procedures set forth in Section 5.3.3 and during the Needs Meeting defined therein.

5.3.25.2.3 The following data are relevant to the development of internal models for ~~Progress and Duke~~the Companies:

Load and resource projections provided by network customers (including the native load of the ~~N~~CTPC Participants);

Confirmed, firm point-to-point transmission service reservations (including rollover rights);

Generation real and reactive capacity data;

Generation dispatch priority data;

Dispatch assumptions for variable energy resources and energy storage;

Transmission facility impedance and rating data; ~~and~~

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Interchange data adjusted to correctly model transfers associated with designated network resources from outside the Companies' Control Areas;

Generation retirement;

Resource supply additions with locational information;

Import and export assumptions; and

TRM and CRSG requirements; and

DER Aggregation modeling assumptions.

~~5.3.35.2.4~~ The Companies collect the necessary planning data and information that are not already in their possession. One element of this data collection process will be the annual collection of data from Network Customers, Eligible Customers, and Transmission Customers required by this Tariff. Any guidelines, data formats, and schedules for any data and information exchanges will be established by the PWG. Aside from the annual submission of data by Network Customers, the timing of this data collection process is established as part of the development of the annual study work plan that is prepared by the PWG, reviewed with the TAG participants, ~~and approved by the OSC at the Assumptions Meeting, approved by the OSC, and documented in the Study Scope Document. To the extent data is required from TAG participants to conduct the study processes for Local Economic Projects, Public Policy Projects, and/or Multi-Value Strategic Transmission Projects, TAG participants are obligated to provide such data to the Companies in accordance with the timelines documented in the Study Scope Document. Timelines for submission of data by TAG participants in the Study Scope Document may be amended if approved by the PWG. If required data is not provided in accordance with the timelines approved in the Study Scope Document, the CTPC Participants shall have no obligation to continue with the study.~~

~~5.3.4~~ TAG participants may provide additional input into the data collection process (i.e., the provision of data not required to be submitted under this Tariff), such as providing information on future point-to-point transmission service scenarios. Such non-required information may be used in the appropriate study process.

~~5.3.55.2.5~~ Transmission Customers should provide the Companies with timely written notice of material changes in any information previously provided relating to load, resources, or other aspects of their facilities or operations affecting the Company's ability to provide service. that affect the Base Case models. Network customers may provide revised versions of previously submitted annual data reporting forms.

~~5.3.5.1~~ Additional cases will be developed as required for different scenarios to evaluate other options to meet load demand

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~~forecasts in the study, including where fictitious or as yet undesignated network resources are deemed to be designated. Other cases may be developed and approved by the OSC to evaluate local economic projects, such as predicted future point-to-point transmission uses, as submitted by the TAG participants.~~

~~5.3.6— The Case Development details will be identified in the annual *Study Scope Document*.~~

~~5.3.7— Sufficient information will be made available, subject to CEII and confidentiality restrictions, to enable TAG participants to replicate the results of planning studies. A TAG participant seeking data and information that would allow it to replicate the NCTPC planning studies should provide such request to the OSC Vice Chair, who will verify that confidentiality requirements described in Section 9 have been met before providing such information.~~

~~5.3.8— Status Reports~~

~~The Companies will provide a written report on the status of the Local Projects presented in the previous Local Transmission Plans. A composite update will be posted on the NCTPC Website and will include the following information: the name of the project, the issue it resolves, the name of the relevant Company(s), the original planned in-service date and the current expected in-service date and an explanation of the reasons for any change. This report will be reviewed at the second TAG meeting of the planning cycle (TAG Meeting 2). Cost estimates for Local Projects will also be updated at this time.~~

~~5.4— Methodology~~

~~5.4.1— The PWG determines the methodologies that will be used to carry out the technical analysis required for the approved studies. The PWG also determines the specific software and models that will be utilized to perform the technical analysis. The study methodology will be identified in the annual *Study Scope Document*. TAG participants may review and comment on the study methodology.~~

~~5.5.3~~ Technical Analysis and Study Results Identification of Transmission Needs

~~5.5.15.3.1~~ 5.5.25.3.1 The PWG performs the technical analysis in accordance with the OSC approved study criteria, assumptions, and methodology in the *Study Scope Document* and produces the study results.

~~5.5.25.3.2~~ 5.5.25.3.2 Results from the technical analysis are reported to identify transmission elements approaching their limits such that all NCTPC Participants are made aware of potential issues and appropriate steps can be identified to correct these issues, including the potential of identifying previously undetected problems.

~~5.3.3~~ 5.3.3 The Companies shall schedule and facilitate a minimum of one TAG meeting per planning cycle to review the identified criteria violations,

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~~transmission elements approaching their limits, and resulting system needs, if any, that may drive the need for a Local Project (Needs Meeting). The Needs Meeting may be scheduled no fewer than 25 calendar days after the Assumptions Meeting. At the Needs Meeting, the Companies will review the identified system needs and the drivers of those needs, based on the application of its criteria, assumptions, and methodology in the *Study Scope Document*. The Companies shall share with the Administrator for posting to the CTPC website the identified criteria violations and drivers no fewer than 14 calendar days in advance of the Needs Meeting. Stakeholders may provide comments on the criteria violations and drivers to the PWG for consideration prior to, at, or following the Needs Meeting. The Companies shall review and consider comments that are received within 14 calendar days of the Needs Meeting and may respond or provide feedback as appropriate.~~

~~5.5.3 — Sufficient information will be made available, subject to CEII and confidentiality restrictions, to enable TAG participants to replicate the results of planning studies. Study results are made available to the TAG participants for review and comment.~~

~~5.6 — Assessment and Problem Identification~~

~~5.3.4 reviewed at the Needs Meeting. A TAG participant seeking data and information that would allow it to replicate the CTPC planning studies should provide such request to the Companies, who will verify that confidentiality requirements described in Section 9 have been met before providing such information.~~

~~5.6.1 — The Companies provide the summary data identifying the reliability problems and causes resulting from their assessments and comprehensively review the information with the PWG. The PWG evaluates the technical results provided by the Companies to identify problems and issues and reports to the OSC.~~

~~5.6.2 — TAG participants are provided information relating to technical assessments and problem identification.~~

~~5.7.5.4 Local Solution Development~~

~~5.7.15.4.1 The PWG identifies potential solutions to the transmission problems/needs identified (including public policy transmission needs) during the Needs Meeting and will test the effectiveness of the potential solutions through additional analysis as required and ensure that the solutions meet the study criteria previously developed.~~

~~5.7.2 — TAG participants will have the opportunity to propose alternative transmission, generation and/or demand response solutions. The alternate transmission solutions may include potential solutions that could address reliability, economic and/or public policy transmission needs. TAG participants shall provide the necessary information (cost, performance, lead time to install, etc.) for proposed generation and/or demand response alternative solutions so that they may be compared~~

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~~with other alternatives.~~

5.4.2 ~~No fewer than 25 calendar days after the Needs Meeting, the Companies shall schedule and facilitate a minimum of one TAG meeting per planning cycle to review potential solutions identified by the PWG pursuant to Section 5.4.1 (“Solutions Meeting”).~~
~~The Companies shall share with the Administrator and post their potential solutions, as well as any alternatives, including non-wire alternatives, identified by the PWG or stakeholders, no fewer than 14 calendar days in advance of the Solutions Meeting. Stakeholders may provide comments on the potential solutions to the PWG for consideration either prior to or following the Solutions Meeting, including but not limited to proposals for alternative transmission or non-wire alternative solutions to address the identified need, as well as other reliability, economic and/or public policy transmission needs. To the extent TAG participants propose alternative solutions, they shall provide to the PWG the necessary information (cost, performance, lead time to install, etc.) for the alternative solutions to be compared with other alternatives. The PWG shall review and consider comments and alternative solutions that are received within 14 calendar days of the Solutions Meeting and may respond or provide feedback as appropriate. To the extent a stakeholder proposes an alternative solution that is not selected by the PWG for the preferred Local Transmission Plan pursuant to Section 5.5, the draft “Local Transmission Plan Report” required by Section 5.6 will explain why the alternative was not selected.~~

~~5.7.35.4.3~~ 5.7.45.4.3 All solution options that satisfactorily resolve an identified transmission ~~problem~~need would be given consideration on a comparable basis.

~~5.7.45.4.4~~ 5.7.45.4.4 A solution that is seeking regional cost allocation must be submitted in accordance with the procedures set forth in Part II and will be evaluated through the SERTP Process.

~~5.7.55.4.5~~ 5.7.55.4.5 The Companies will estimate the costs for each of the proposed ~~local solutions~~Local Project (e.g., cost, cash flow, present value) and develop a rough schedule estimate to implement the solution. This information is reviewed and discussed by the PWG and during Solutions Meeting.

~~5.8.5~~ 5.8.5 Selection of Preferred Local Transmission Plan

~~5.8.15.5.1~~ 5.8.15.5.1 The PWG compares all of the alternatives and selects the preferred solution by balancing the solutions' costs, benefits, and associated risks. Competing solutions will be evaluated against each other based on a comparison of their relative economics, timing, feasibility, and effectiveness of performance.

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~~5.8.25.5.2~~ The PWG selects a preferred set of solutions that provides the most reliable and cost effective solution while prudently managing the associated risks.

~~5.8.35.5.3~~ The PWG provides the OSC and the TAG participants with their recommendations based on this selection process in order to obtain their input.

~~5.95.6~~ Local Transmission Plan Report

~~5.9.15.6.1~~ ~~The~~After the Solutions Meeting, the PWG prepares a draft "Local Transmission Plan Report" based on the study results and the recommended solutions and provides the draft to the OSC for review. The draft Report describes the plan in a manner that is understandable to the TAG participants (e.g., describing any needs, the underlying assumptions, applicable planning criteria, and methodology used to determine the need), rather than simply reporting engineering results. The report includes a comprehensive summary of all the study activities as well as the recommended solutions including estimates of costs and construction schedules.

~~5.9.25.6.2~~ ~~After review and approval by the OSC, the Administrator~~OSC forwards the draft Local Transmission Plan Report to the TAG participants and posts the draft Local Transmission Plan Report on the CTPC website for their review and discussion. TAG participants and stakeholders may provide comments to the PWG on the draft Local Transmission Plan Report. TAG participants and stakeholders shall have at least 14 calendar days after it is posted on the CTPC website to comment on the draft Local Transmission Plan Report. The PWG members are the technical points of contact that can respond to questions regarding modeling criteria, assumptions, and data underlying the Report.~~The TAG participants may discuss, question, or propose alternatives for any upgrades identified by the draft Report~~ The PWG shall review and consider comments that are received on or before the 14th calendar day after the draft Local Transmission Plan Report is posted on the CTPC website.

~~5.9.35.6.3~~ The OSC evaluates the ~~results and~~draft Local Transmission Plan Report, the PWG recommendations, and the TAG participants' input. ~~The~~No fewer than 14 calendar days after the draft Local Transmission Plan Report is posted on the CTPC website, the OSC approves the final Local Transmission Plan for posting on the ~~N~~CTPC Website. The Plan also is posted on the Companies' OASIS and distributed to the TAG participants.

~~5.9.45.6.4~~ The Local Transmission Plan allows the ~~N~~CTPC Participants to identify alternative, least-cost resources to include with their respective Integrated Resource Plans. Others can similarly use this information for their own resource planning purposes.

~~5.9.55.6.5~~ The Local Transmission Plan, and the associated models, serve as

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the basis for the models that the Companies provide as input to the development of the SERC-wide model as described in Section 11.

~~5.9.65.6.6~~ The Local Transmission Plan, which reflects the coordination described in Section 11, will be an input into the SERTP Process. Local Projects identified in a Local Transmission Plan may later be removed from a Local Transmission Plan due to, for example, the iterative nature of transmission planning in subsequent planning cycles, additional transmission planning coordination provided through the SERTP Process, or if a project seeking regional cost allocation has been selected in the regional transmission expansion plan to replace a Local Project.

~~5.7~~ NCTPC No Limitation on Additional Meetings and Communications

~~5.7.1~~ Nothing in this Attachment N-1 precludes the Companies from agreeing with individual stakeholders or groups of stakeholders to additional meetings or other communications regarding assumptions, needs, proposed solutions, or Local Projects.

6. CTPC DISPUTE RESOLUTION MECHANISM

~~6.1~~ NCTPC Process Disputes

~~6.1.1~~ A Company has the right to reject an OSC decision if it believes that it would harm reliability. The Company rejecting the OSC decision on reliability grounds must provide data, studies, or other evidence to the OSC to support its rejection.

~~6.1.2~~ Any NCTPC Participant or TAG participant has the right to seek assistance from the North Carolina Utilities Commission (NCUC) Public Staff to mediate an issue and render a non-binding opinion on any disputed decision.

~~6.1.3~~ If the Participants cannot resolve a disputed decision by NCUC Public Staff facilitation, they may seek review from a judicial or regulatory body that has jurisdiction.

~~6.2~~ Transmission Siting Disputes

~~6.2.1~~ The South Carolina Code of Laws Section 58, Chapter 33 addresses disputes involving utilities' transmission projects that require South Carolina authorization through the certificates of public convenience and necessity process.

~~6.2.2~~ NCUC Rule R8-62 addresses disputes involving utilities' transmission projects that require North Carolina authorization through the certificates of public convenience and necessity process.

~~6.3~~ Integrated Resource Planning Disputes

~~6.3.1~~ The NCUC allows public participation in and may hold hearings regarding matters related to integrated resource planning.

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~~6.3.2 The South Carolina Public Service Commission allows public participation in and may hold hearings regarding matters related to integrated resource planning.~~

~~6.4 Other Local Planning Process Disputes~~

~~6.4.16.1.2~~ The dispute resolution process provisions included in this Tariff apply to disputes involving compliance with the Commission's local transmission planning obligations set forth in Order No. 890. Any TAG participant, not just a TAG participant that is a Transmission Customer, may avail itself of the dispute resolution provision of the Tariff, as that process is modified below.

~~6.4.26.1.3~~ If a TAG participant has completed the negotiation step set forth in Section 12.1 of this Tariff, a TAG participant may ask to have the issue mediated on a non-binding basis before the next step (i.e., arbitration) commences. A request for mediation must be made within ~~thirty~~30 calendar days of the agreed-upon conclusion of the negotiation step. If the mediation step is concluded without resolution, the disputing party has ~~thirty~~30 calendar days to inform the Company(ies) that it seeks to commence the arbitration step set forth in Tariff Section 12.2. If this mediation option is selected, the parties to the dispute will use the Commission's Dispute Resolution Service as the forum for mediation.

~~6.4.36.1.4~~ Matters over which the Commission does not have jurisdiction, including planning to meet retail native load of the Companies, shall not be within the scope of the dispute resolution process of this Tariff.

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6.2.1 The South Carolina Code of Laws Section 58, Chapter 33 addresses disputes involving utilities' transmission projects that require South Carolina Public Service Commission authorization through the certificates of public convenience and necessity process.

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7. TRANSMISSION COST ALLOCATION FOR JOINT LOCAL PROJECTS

7.1 OATT Cost Allocation

With the exception of "Joint Local Reliability Projects" and "Joint Local Economic Projects" nothing in this Attachment is intended to alter the cost allocation policies of the Tariff.

7.2 Joint Local Reliability Project Cost Allocation

7.2.1 A Joint Local Reliability Project is defined as any reliability project that requires an upgrade to a Company's system that would not have otherwise been made based upon the reliability needs of the Company.

7.2.2 An "avoided cost" cost allocation methodology will apply to reliability projects where there is a demonstration that a Local Project meets the criteria for a Joint Local Reliability Project.

7.2.3 The ~~NCTPC~~ Planning ~~CTPC~~ Process results in a set of projects that satisfy the reliability criteria of the Companies who are parties to the Participation Agreement (i.e., Local Reliability Projects). Through this process, a project may be identified that meets a reliability need in a more cost-effective manner than if each Company were only considering projects on its system to meet its reliability criteria. A Joint Local Reliability Project must have a cost of at least \$1 million to be subject to the avoided-cost cost allocation methodology. The costs of a Joint Local Reliability Project with a cost of less than \$1 million would be borne by each Company based on the costs incurred on its system.

7.2.4 Unless a Joint Local Reliability Project is determined by the ~~NCTPC~~ CTPC Participants to be the most cost-effective solution to a reliability need, it will not be selected to be included in the Local Transmission Plan. But, if a Joint Local Reliability Project is determined by the ~~NCTPC~~ CTPC Participants to be the most cost effective solution, it will have its costs allocated based on an avoided cost approach, whereby each Company looks at the stand-alone approach to maintaining reliable service and shares the savings of not implementing the stand-alone approach on a pro-rata basis. The avoided cost approach formula can be expressed as follow:

$$\text{(Company } \underline{x} \text{'s Avoided Cost/Total Avoided Cost) *}$$
$$\text{cost of Joint Local Reliability Project = Company } \underline{x} \text{'s}$$
$$\text{Cost Allocation}$$

$$\text{(Company } \underline{y} \text{'s Avoided Cost/Total Avoided Cost) *}$$
$$\text{cost of Joint Local Reliability Project = Company } \underline{y} \text{'s}$$
$$\text{Cost Allocation}$$

These cost responsibility determinations will then be reflected in transmission rates. The avoided cost approach also will take into

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account in determining avoided costs, the acceleration or delay of Joint Local Reliability Projects. Examples of the application of the avoided-cost approach may be found in *NCTPC Transmission Cost Allocation*.

7.3 Joint Local Economic Project Cost Allocation

- 7.3.1 A Joint Local Economic Project is a project that permits energy to be transferred on a Point-to Point basis from an interface or a Point of Receipt on a Company's system to an interface or a Point of Delivery on another Company's system for a specified time period.
- 7.3.2 The costs of Joint Local Economic Projects are allocated on a "requestor pays" basis.
- 7.3.3 Transmission Customer(s) that are requesting a Joint Local Economic Project would provide the up-front funding of any transmission construction that was required to ensure that the transmission path capability that was created by the Joint Local Economic Project was available for the relevant time period. On the ~~Duke~~DEC and/or ~~Progress~~DEP systems, the Transmission Customer would receive a levelized repayment of this initial funding amount from ~~Duke~~DEC and/or ~~Progress~~DEP in the form of monthly transmission credits over a maximum 20-year period. The Companies will be permitted to work with the Transmission Customers to provide shorter or different crediting. As credits are paid, ~~Duke~~DEC and ~~Progress~~DEP would have the opportunity to include the costs of upgrades that were needed for the Joint Local Economic Project(s) in transmission rates, similar to the Generator Interconnection pricing/rate approach.
- 7.3.4 As part of the Joint Local Economic Project process, a network customer may ensure that power can be delivered from an interface on, or utilizing transmission capability created by, a Joint Local Economic Project to network load. Such network transmission service would not be subject to the requestor pays approach. This transmission cost allocation would be in accordance with OATT provisions for network service.
- 7.3.5 No additional compensation is provided to the "requestors" of the Joint Local Economic Project for any "head-room" or excess transmission capability that would be created on the Transmission Systems. The total project cost for the transmission expansion required due to a Joint Local Economic Project will be reduced to provide compensation for the
- 7.3.6 positive transmission impacts that the Joint Local Economic Project would provide, compared to the existing Local Transmission Plan.
- 7.3.7 This Joint Local Economic Project concept and cost allocation methodology applies to the ~~N~~CCTPC footprint, which consists of the ~~Duke~~DEC and ~~Progress~~DEP Control Areas.

8. COST ALLOCATION FOR PLANNING COSTS

- 8.1 ~~N~~CCTPC-Related Planning Process Costs

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- 8.1.1 Each ~~N~~CTPC Participant bears its own expenses.
- 8.1.2 TAG participants bear their own expenses.
- 8.1.3 The costs of the ~~N~~CTPC base reliability studies are borne by ~~Duke~~DEC and ~~Progress~~DEP.
- 8.1.4 Costs associated with ~~incremental reliability studies~~ the study process for Local Economic Projects, Public Policy Projects, and local economic studies ~~Multi-Value Strategic Transmission Projects~~ are all allocated to ~~N~~CTPC Participants in the manner set forth in the *Participation Agreement*.
- 8.1.5 Pursuant to Section 4, costs associated with ~~local economic studies~~ the Local Economic Project Study Process and Multi-Value Strategic Transmission Project Study Process that are outside the scope of Section 4, will be borne by the study requestor.
- 8.1.6 ~~N~~CTPC Participants may challenge the correctness of ~~NCTPC~~CTPC Process cost allocations.
- 8.1.7 For the Companies, transmission planning costs are a routine cost-of-service item that would be reflected in both wholesale and retail transmission rates. There is no plan to allocate planning costs to customers, other than as described above, or as contemplated by this Tariff when a customer makes a specific request that must be studied.

8.2 Non-~~N~~CTPC-Related Planning Costs

Each Company will bear its own costs of planning-related activities that are not occurring through the rubric of the ~~N~~CTPC Process, which costs may be recovered in rates, pursuant to the then-applicable ratemaking policies.

9. CONFIDENTIALITY

9.1 The Companies will take appropriate steps to protect CEII information, which is one form of Confidential Information.

9.2 Identification of Confidential Information

The confidentiality of information is determined in the first instance by a ~~N~~CTPC Participant or TAG participant providing the information. Examples of

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Confidential Information, other than CEII, include commercially sensitive information and customer-related information that is proprietary to a particular wholesale or retail customer. The ~~N~~CCTPC Participant or TAG participant providing Confidential Information acknowledges that such Confidential Information may be released to the representatives of TAG participants that have abided by the procedures in Section 9.4.3. If the information is Confidential Information only because it is CEII, the ~~N~~CCTPC Participant or TAG participant should indicate that such information may be released to TAG participants eligible to receive CEII.

9.3 Availability of Confidential Information

9.3.1 The ~~N~~CCTPC Participants will mask all Confidential Information in documents that are released to the public.

9.3.2 Confidential Information will be made available, to the extent not prohibited by law or government policy, to the ~~N~~CCTPC Participants, as limited by the *Participation Agreement*. Each ~~N~~CCTPC Participant is restricted from sharing or giving access to Confidential Information with any employee, representative, and/or organization directly involved in the sale and/or resale of electricity in the wholesale electricity market such that they do not receive preferential treatment or a competitive advantage.

9.3.3 TAG participants may be provided Confidential Information, in accordance with Section 9.4.3/9.4.4. In cases where the information is Confidential Information only because it is CEII, the TAG participants may be provided such information in accordance with Section 9.4.4.

9.4 Obtaining Confidential Information

9.4.1 ~~The OSC Vice-Chair~~Each Company is tasked with ensuring that no marketing/brokering organizations receive preferential treatment or achieve competitive advantage through the distribution of any transmission-related information in the TAG.

9.4.2 The OSC Vice-Chair ensures that the confidentiality of information principles reflected in Order No. 890 as well as any Standards of Conduct or Code of Conduct requirements are being adhered to within the TAG process, to the extent applicable and/or necessary.

9.4.3 If a TAG participant seeks non-CEII Confidential Information, s/he must formally request the data from the OSC Vice-Chair and demonstrate that s/he:

9.4.3.1 Is a representative of a TAG Sector Entity that has signed the ~~SERC~~CCTPC Process Confidentiality Agreement or is an Individual that has signed the ~~SERC~~CCTPC Process Confidentiality Agreement.

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9.4.3.2 Is listed on Attachment A to a TAG Sector Entity's TAG Confidentiality Agreement as a representative of a TAG Sector Entity or is an Individual that has signed the ~~TAGCTPC~~ Process Confidentiality Agreement.

9.4.4 If a TAG participant seeks CEII, s/he must formally request the data from the OSC Vice-Chair and demonstrate that s/he:

9.4.4.1 Is a representative of a TAG Sector Entity that has signed the ~~SERCCTPC~~ Process Confidentiality Agreement or is an Individual that has signed the ~~SERCCTPC~~ Process Confidentiality Agreement.

9.4.4.2 Is listed on Attachment A of a TAG Sector Entity's ~~TAGCTPC~~ Process Confidentiality Agreement as a representative of a TAG Sector Entity or is an Individual that has signed the ~~TAGCTPC~~ Process Confidentiality Agreement.

9.4.4.3 The OSC Vice-Chair will process the above requests, approve/deny the request, and if approved, provide the data to a TAG participant.

10. INTEGRATED RESOURCE AND SUB-LOCAL PLANNING

10.1 Integrated Resource Planning

In addition to the ~~NCTPC~~ Process, the Companies must abide by state laws and regulations regarding Integrated Resource Planning (IRP). ~~The information provided below is intended) pursuant to assist persons who may want to participate in state IRP and siting proceedings.~~

~~10.1.1~~ — North Carolina

~~The NCUC analyzes the probable growth in the use of electricity N.C. G.S. § 62-110.1 and the long-range need for future generating capacity in North Carolina. Duke and Progress annually furnish the NCUC a report of their respective resource plans, which contain a 15-year forecast of loads and generating capacity. The report describes all generating facilities and known transmission facilities with operating voltage of 161 kV or more which, in the judgment of the utility, will be required to supply system demands during the 15-year forecast period. Such filings must include a section containing a comprehensive analysis of their Demand Side Management (DSM) plans and activities.~~

~~10.1.2~~ — South Carolina

~~Section S.C. Code Ann. § 58-37-40 of the South Carolina Code of Laws requires that all electrical utilities prepare integrated resource plans and submit them to the State Energy Office. The plans must be submitted every three years and must be updated on an annual basis. For electrical utilities subject to the jurisdiction of the SC PSC, submission of the IRP plans required by the SC PSC (which similarly are~~

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~~submitted triennially and updated at least annually) constitutes compliance with the state law. The SC PSC requires that the plans submitted cover 15 years and evaluate the cost effectiveness of supply-side and demand-side options in an economic and reliable manner that considers relevant costs and benefits.~~

10.2 Sub-Local Planning

The Companies coordinate with their network and native load customers to ensure adequate and reliable electric service to all points of delivery within their control areas. The focus of the ~~NCTPC~~CTPC Process is planning higher-voltage facilities and transfers of bulk power and thus "sub-local planning" focuses on lower-voltage facilities and the delivery of energy to customer locations. Customer meetings may be held, when necessary, to discuss the respective plans of the customer and the provider and how such plans impact local areas. Any sub-local area plans developed by a Company are rolled into ~~NCTPC~~the CTPC transmission Base Case models. The same data and assumptions would be used in sub-local planning as are used in the ~~NCTPC~~ Process.

11. ADDITIONAL COORDINATION

11.1 Coordination Activities Within SERC

~~Duke~~DEC and ~~Progress~~DEP are members of the SERC Reliability Corporation (SERC) and coordinate with other SERC members registered as Transmission Planners. SERC is the entity responsible for promoting and improving the reliability, adequacy, and critical infrastructure of the bulk power supply systems in the area served by its member systems. SERC membership is open to any entity that is a user, owner, or operator of the Bulk-Power System and is subject to the jurisdiction of FERC for the purpose of complying with Reliability Standards. SERC membership is comprised of investor-owned, municipal, cooperative, state and federal systems, RTOs/ISOs, merchant electricity generators, and power marketers. SERC has in place various committees and subcommittees that perform the identified SERC functions, including the promotion of the reliability and adequacy of the bulk power system as related to the planning and engineering of the electric systems. The SERC committees are identified on SERC's website. The particular activities that are coordinated among the Transmission Planners include the creation of a SERC-wide model and the preparation of a simultaneous feasibility assessment, which are discussed in further detail below.

- 11.1.1 Reliability Planning by Transmission Planners Located in SERC: A Transmission Planner's 10-year transmission expansion plan is the basis for models used for its own reliability planning process(es), such as the ~~NCTPC~~CTPC Process, as well as serving as a Transmission Planner's input into the development of the SERC-wide model.

Substantive transmission planning occurs as Transmission Planners develop reliability transmission expansions plans through their planning process(es), such as the ~~NCTPC~~CTPC Process. In this regard, the reliability plan for each planning process is generally developed by determining the

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required 10-year transmission expansion plan to satisfy load, resources, and transmission service commitments throughout the 10-year reliability planning horizon. The development of each reliability plan is facilitated through the creation of transmission models (base cases) that incorporate the current 10-year transmission expansion plan, load projections, resource assumptions (generation, demand response, and imports), and transmission service commitments. The transmission models also incorporate external models (at a minimum the current SERC models) that are developed using similar assumptions.

The transmission models created for use in developing the reliability 10-year transmission expansion plan are analyzed to determine if any planning criteria concerns are projected. In the event one or more planning criteria concerns are identified, the relevant Transmission Planners will develop solutions for these projected limitations in accordance with the planning process to which they belong. As a part of this study process, the Transmission Planners, in accordance with the process to which they belong, will reexamine the current reliability 10-year transmission expansion plan (determined through the previous year's reliability planning process) to determine if the current plan can be optimized based on the updated assumptions and any new planning criteria concerns identified in the analysis. The optimization process may include the deletion and/or modification of any of the existing reliability transmission enhancements identified in the previous year's reliability planning process.

- 11.1.2 Coordination by Transmission Planners with Affected Systems: Once a planning criteria concern is identified and the optimization process identifies the potential solution, the Transmission Planner(s), here ~~Duke~~DEC and ~~Progress~~DEP, determine if any other Transmission Planner is potentially impacted by the projected solution. Potentially impacted Transmission Planners are then contacted to determine if there is a need for an *ad hoc* coordinated study. In the event one or more neighboring Transmission Planners agrees that they would be impacted by the projected limitation or identifies the potential for a superior reliability solution, based on transmission enhancements in their current reliability plan, an *ad hoc* coordinated study is initiated. In the event that no impacts are identified, or if once contacted the potentially impacted Transmission Planner(s) determine that they will not actually be impacted, the initiating Transmission Planner will move forward to conduct a reliability study to determine the solution for the projected planning criteria concern. In either case, once the study has been completed, the identified reliability transmission enhancements will then be incorporated into the 10-year transmission expansion plan as a reliability project.
- 11.1.3 SERC-Wide Reliability Assessment by Transmission Planners: After the transmission models are developed through the planning processes, the Transmission Planners within SERC create a SERC-wide transmission model and conduct a long-term reliability assessment. The intent of the SERC-wide reliability assessment is to determine if the different

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reliability transmission expansion plans are simultaneously feasible and to otherwise ensure that these processes are using consistent models and data. Additionally, the reliability assessment measures and reports the transfer capabilities within SERC. The SERC-wide assessment serves as a valuable tool for each of the Transmission Planners to reassess the need for additional reliability joint studies.

11.1.4 Other Coordination Activities Within SERC

11.1.4.1 Transmission Model Development: SERC transmission models are developed by the Transmission Planners in SERC through an annual model development process. Each Transmission Planner in SERC, incorporating input from their planning process(es), develops and submits their 10-year transmission models to a model development databank. The databank then joins the models to create SERC-wide models for use in reliability assessment. Additionally, the SERC-wide models are then used in each planning process as an update (if needed) to the current transmission models and as a foundation (along with the MMWG models) for the development of next year's transmission models.

11.1.4.2 Additional Reliability Joint Studies: As mentioned above, the SERC-wide reliability assessment serves as a valuable tool for the Transmission Planners, in accordance with their planning process(es), to reassess the need for additional reliability joint studies. If the SERC-wide reliability model projects additional planning criteria concerns that were not identified in the reliability studies, then the impacted Transmission Planners may initiate one or more *ad hoc* coordinated study(ies) (in accordance with existing Reliability Coordination Agreements) to better identify the planning criteria concerns and determine the optimal reliability transmission enhancements to resolve the limitations. Once the study(ies) is completed, required reliability transmission enhancements will be incorporated into the 10-year expansion plan as a reliability project. Accordingly, planning criteria concerns identified at the SERC-wide level are "pushed down" to the Local Planning Process for detailed resolution.

11.1.5 Stakeholder Participation in Planning and Coordination Activities:

Since the bulk of the reliability transmission planning occurs at the local planning level as a "bottom up" process in the development of the various 10-year transmission expansion plans, stakeholders in the ~~N~~CTPC footprint may

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provide input into the coordination activities by participating in the ~~NCTPC process~~ CTPC Process and any other planning processes that they choose to participate in. Specifically, the 10-year Local Transmission Plan developed in the ~~NCTPC process~~ CTPC Process described in this Attachment is the basis for ~~Duke's~~ DEC's and ~~Progress'~~ DEP's input into the SERC model development. As discussed in Sections 4 and 5, the TAG participants are provided a number of opportunities to review and comment on and allowed to propose alternatives concerning the development of this transmission expansion plan. The results of coordination activities will be shared and discussed with TAG participants. ~~If the results of coordination activities are to be shared at a TAG participant meeting, the meeting notice will indicate that such results will be shared and discussed and will either provide the results or indicate how the results can be obtained if the results include Confidential Information.~~

11.2 ERAG & SERC-RFC East Coordination Activities

- 11.2.1 SERC is a Member of the Eastern Interconnection Reliability Assessment Group (ERAG) along with the Florida Reliability Coordinating Council, Inc., the Midwest Reliability Organization, the Northeast Power Coordinating Council, Inc., ReliabilityFirst Corporation, and the Southwest Power Pool. ERAG augments the reliability of the bulk-power system through periodic reviews of generation and transmission expansion programs and forecasted system conditions within the areas served by ERAG members.
- 11.2.2 The Eastern Interconnection Reliability Assessment Group (ERAG) Multi-Regional Modeling Working Group (MMWG) administers the development of a library of power-flow base case models for the benefit of members.
- 11.2.3 The SERC-RFC East study group was established in 2006 and is a sub-group within the ERAG structure. Through the SERC-RFC East study group, coordination of plans, data and assumptions is achieved between Tennessee Valley Authority, VACAR, and the transmission systems of the eastern portion of PJM.

11.3 VACAR Coordination Activities

- 11.3.1 ~~Duke~~ DEC and ~~Progress~~ DEP both participate with Cube Hydro Carolinas, LLC ~~Aleoa Power Generating, Inc.~~, City of Fayetteville Public Works Commission, Dominion Energy South Carolina ~~Electric & Gas Company~~, South Carolina Public Service Authority, and Dominion Virginia Power, in the VACAR Planning Task Force.
- 11.3.2 A VACAR contract agreement provides for coordination between the

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various entities within VACAR.

11.3.3

11.3.4 ~~Duke~~DEC and ~~Progress~~DEP will engage in studies of the bulk power supply system. VACAR typically analyzes the performance of their proposed future transmission systems based on five- or ten-year projections. VACAR studies are similar to those conducted for SERC, but are focused on VACAR, although VACAR coordinates with Southern and TVA under existing agreements.

11.4 Bilateral Coordination Activities

Through bilateral agreements with neighboring transmission systems ~~of, Duke,~~ DEC and ~~Progress~~DEP will perform coordinated studies with such transmission systems on an as-needed basis.

Appendix 3

Sector Voting Example

The example below illustrates the TAG Sector Voting Process. For purposes of explaining the example, we assume that the General Public (GP) Sector has 10 Individuals present. In addition to the 10 Individuals, there are 17 other TAG Sector Entities present, spread across four TAG Sectors (Cooperative LSEs (Coop LSE); Municipal LSEs (Muni LSE); Investor-Owned LSEs (IOU LSE); and Transmission Customers (TC)). These 17 TAG Sector Entities may each have several TAG participants present but only one may vote in one sector. Each Individual and TAG Sector Entity casts their vote, which vote is then weighted based on the number of persons/entities voting in the TAG Sector of which they are a member. E.g., since there are six Coop LSEs is LSE voters present, each Coop LSE's vote is worth $1.00/6$ or $.166$ (see Columns 4 and 5 for weighted vote). As the final step, the votes are weighted again, based on the number of TAG Sectors present. With five TAG Sectors present, each Sector Yes Vote and Sector No Vote is multiplied by $1.00/5 = .20$. The weighted total is reported in columns 6 and 7. In the example, the No votes have won $.53$ to $.47$.

Column	1	2	3	4	5	6	7
Sector	No. of Voters	Yes Votes	No Votes	Sector Yes Vote	Sector No Vote	Weighted Sector Yes	Weighted Sector No Vote
Coop LSE	6	6	0	1.00	0	.20	0
Muni LSE	8	2	6	.25	.75	.05	.15
IOU LSE	2	1	1	.50	.50	.10	.10
TP/TO	0	0	0	0	0	0	0
TCs	1	0	1	0	1.00	0	.20
GICs	0	0	0	0	0	0	0
ECs	0	0	0	0	0	0	0
GP	10	6	4	.60	.40	.12	.08
Total Vote						0.47	0.53