COST CONTROL & ALLOCATION REVIEW & EVALUATION TEAM MEETING
July 23, 2026
8:00 a.m. – 5:00 p.m. CT

Hilton Chicago O'Hare | Chicago, IL

SUMMARY OF MOTIONS AND ACTION ITEMS

Motions

<u>MOTION:</u> The CARE Team approves the meeting minutes from July 2, 026. Tyler Huebner (Google) identified a minor misspelling on the minutes. Kevin Gunn (Evergy) motioned/Stuart Solomon (SPP Board) seconded. *The motion passed unanimously.*

<u>Motion:</u> The CARE Team approves the Cost Containment Work Plan and supports advancing and implementing its recommendations through SPP staff initiatives and the applicable stakeholder processes. Specifically, the CARE Team approves the recommendations, as amended, related to:

- Strengthening Front-End Cost Estimation;
- Enhancing Project Cost Reporting; and
- Strengthening Cost and Schedule Escalation Accountability.

The CARE Team also directs Staff to work with the Project Cost Working Group to evaluate the cost overrun bandwidth.

Commissioner Kathleen Jackson (PUCT) motioned/Mike Wise (GSEC) seconded. *The motion passed unanimously.*

Action Items:

1. SPP staff will develop and present an implementation plan for the Cost Containment Work Plan recommendations.
2. SPP staff will circulate a revised Cost Containment Work Plan incorporating the redlines and revisions discussed during the meeting for CARE Team review.
3. CARE Team members will provide edits to SPP staff on the CPP + Energy "one-pager" by July 31st.

4. CARE Team will determine a response strategy and implementation plan for addressing the FERC Show Cause Order questions related to cost shift risk mitigation.

5. SPP staff will document the proposed cost shift risk mitigation approach, including how the proposed Cost Allocation framework replaces the current approach.

6. SPP staff will provide additional analysis on the minimum bill, including: the contribution of the energy charge to the minimum bill; incremental charges attributable to large loads; deliverability impacts; and partial incremental charge collections.

7. SPP staff will further evaluate and present the reliability and other value propositions associated with transmission projects, including economic benefits, megawatt-mile, and megawatt-shift metrics, to inform discussions on incremental cost responsibility for large loads.

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MINUTES

Agenda Item 1 – CALL TO ORDER

Director Steve Wright (SPP Board) called the meeting to order at 8:01 a.m. CT and welcomed everyone. The following members were present or represented by proxy:

Chair Kayla Hahn, Missouri Public Service Commission (MOPSC)
Steve Wright, SPP Board of Directors (SPP Board)
Stacey Burbure, American Electric Power (AEP), *proxy Kate Daley*
Jason Chaplin, Oklahoma Corporation Commission (OCC)
Randel Christmann, North Dakota Public Service Commission (NDPSC)
Dennis Florom, Lincoln Electric System (LES)
Justin Grady, Kansas Corporation Commission (KCC)
Kevin Gunn, Evergy
Tyler Huebner, Google
Chuck Hutchison, Nebraska Power Review Board (NPRB)
Kathleen Jackson, Public Utility Commission of Texas (PUCT)
Jeremy Severson, Basin Electric Power (BEP), *proxy JP Maddock*
Stuart Soloman, SPP Board of Directors (SPP Board)
Justin Tate, Arkansas Public Service Commission (APSC)
Jon Thurber, South Dakota Public Utilities Commission (SDPUC)
Michael Wise, Golden Spread Electric Cooperative (GSEC)

Agenda Item 2 – ADMINISTRATIVE ITEMS

A. Approval of Minutes

The July 6, 2026 meeting minutes were presented for approval. Tyler Huebner (Google) identified a minor misspelling on the minutes.

MOTION: The CARE Team approves the meeting minutes from July 6, 2026. Kevin Gunn (Evergy) motioned/Stuart Solomon (SPP Board) seconded. *The motion passed unanimously.*

B. Review of Action Items

Kim O'Guinn (SPP) reviewed open action items from previous meetings.

C. Agenda Review

Director Wright (SPP Board) provided a review of the meeting agenda.

Agenda Item 3 – CARE Roadmap

Kim O'Guinn (SPP) presented an updated roadmap outlining the planned timeline and key agenda items for upcoming meetings leading into the final recommendations with votes scheduled for September and October.

Agenda Item 4 – Cost Containment Process Recommendation

Tony Green (SPP) presented the Cost Containment Work Plan which was developed in response to CARE Team direction and stakeholder discussions focused on improving transmission cost certainty, transparency, and accountability. The work plan recommends enhancements to cost estimation, project cost reporting, and accountability to improve the accuracy and oversight of transmission project costs throughout the planning and project development process. Several modifications were made to the language during the meeting. Two action items were established: (1) SPP staff will develop and present an implementation plan, and (2) SPP staff will circulate a draft incorporating the redlines discussed during the meeting for CARE Team review.

The CARE Team discussed project cost overruns and recommended reevaluating the percentage threshold used to identify significant cost overruns. Members expressed interest in directing the appropriate working groups to reevaluate the cost overrun bandwidth metrics. The CARE Team supported incorporating this direction into the recommendation rather than as a separate action item.

> **Motion:** The CARE Team approves the Cost Containment Work Plan and supports advancing and implementing its recommendations through SPP staff initiatives and the applicable stakeholder processes. Specifically, the CARE Team approves the recommendations, as amended, related to:
>
> - Strengthening Front-End Cost Estimation;
> - Enhancing Project Cost Reporting; and
> - Strengthening Cost and Schedule Escalation Accountability.
>
> The CARE Team also directs Staff to work with the Project Cost Working Group to evaluate the cost overrun bandwidth.

Commissioner Kathleen Jackson (PUCT) motioned/Mike Wise (GSEC) seconded. *The motion passed unanimously.*

Agenda Item 5 – Cost Allocation

A. Regional/Deliverability Area Analyses

Sunny Raheem (SPP) presented an overview of the MW-Mile and MW-Shift analyses, explaining that the metrics illustrate how transmission impacts are distributed across the region and within each Deliverability Area to help inform regional and Deliverability Area cost allocation discussions. Staff emphasized that these metrics are technical indicators only and should not be used as stand-alone measures of project benefits or cost responsibility, as the results are highly dependent on study assumptions, system models, dispatch, contingencies, and the selected study snapshot. The analyses suggested localized benefits, with some regional benefits, in the North and South Deliverability Areas and more regionalized benefits in the Central Deliverability Area. Combining the Central Deliverability Area with either the North or South broadened the distribution of benefits. Staff noted that the analyses should be considered alongside economic, reliability, voltage, and policy evaluations.

B. CP + Energy One-Pager Review

Justin Grady (KCC) and Tyler Huebner (Google) provided a summary of their respective edits. An action item was established for the CARE Team to provide any additional edits on the "one-pager" by July 31st for discussion at the August meeting.

Agenda Item 6 – RSC Input into FERC Show Cause Transparency Requirement

John Krajewski (NPRB) provided a recap of the Cost Allocation Working Group (CAWG) conversation regarding the need for a single, centralized location for publicly available large load interconnection information, similar to the existing generator interconnection queue. Mr. Krajewski also noted that the CAWG discussion emphasized increasing transparency by making information publicly available once SPP commits to constructing Base Plan Upgrades for a customer, rather than continuing to rely on nondisclosure agreements after the customer and associated load are known.

Regional State Committee (RSC) President, Chuck Hutchison (NPRB) noted that the RSC is unlikely to act as a body on the issue but expects commissioners to discuss it at the upcoming RSC business meeting.

Agenda Item 7 – FERC Show Cause Cost Shift Risk Mitigation

Charles Locke (SPP Staff) provided an overview of the FERC Show Cause Order on large loads and discussed potential approaches to mitigate cost-shifting risk if anticipated loads do not materialize. SPP plans to request an extension of the compliance deadline to allow for additional time for stakeholder processes. Staff reviewed existing delivery point processes under Attachments AQ, AX, and BA and discussed potential solutions, including financial security requirements, direct assignment of upgrade costs, or a combination of approaches.

Stakeholders discussed the benefits and challenges of each approach, noting that financial security may provide a simpler mechanism to address stranded cost concerns, while direct assignment could create clearer cost responsibility under the minimum contribution requirement of the Order but add additional complexity. Discussion also included potential use of safe harbor concepts, engineering-based methodologies, and minimum contribution requirements to ensure large load customers are accountable for the transmission investments needed to serve them.

Stakeholders noted that FERC's order focuses primarily on transmission service studies under Attachments AQ, AX, and BA, while broader cost-shift risks associated with large load growth identified through ITP and CPP planning processes may require separate consideration. Staff noted that improved load forecast accountability would be part of broader CARE Team recommendations. The CARE Team will continue evaluating the preferred policy approach before addressing implementation details.

Agenda Item 8 – Large Load Policy

a. Large Load Definition/Threshold

Sunny Raheem (SPP) presented the large load policy framework, emphasizing that allocator modifications, load protection, and potential large load charges should be considered as a coordinated package. The framework includes adding an energy component to cost allocation, ensuring large loads remain accountable for planned costs if forecasts do not materialize, and evaluating whether additional charges or direct assignment mechanisms are needed after considering other cost allocation tools, including GRID Contributions and AQ/AX processes. Stakeholders discussed balancing the need to address cost-shifting risks with concerns about capturing traditional commercial and industrial customers. The group also discussed potential gaming concerns, including load splitting or incremental increases, and the need for additional clarification regarding aggregation and applicability of the thresholds.

b. Transmission and Generation Service Charges & Revenue

Charles Locke (SPP) provided an overview of existing SPP tariff charge structures to inform potential large load charge discussions. Staff reviewed current approaches for revenue collection, distribution, and financial security requirements, including transmission upgrades, generator interconnection, project sponsorship, and GRID Contributions. Discussion highlighted the potential for varying impacts on transmission customers and retail rates depending on charge structure, payment duration, and revenue recovery mechanisms. Discussions emphasized the need to consider downstream customer impacts, administrative requirements, and financial security implications when evaluating a large load charge framework.

Agenda Item 9 – Planning Load Protection

Natasha Henderson (SPP) reviewed the proposed forecast protection (planning load protection) concept, which is intended to address the risk of transmission being built for forecasted load that does not materialize. Staff clarified that the discussion focused on load materialization risk, not broader cost-shifting concerns. Staff reviewed the differences between the ITP/CPP planning process and the AQ/AX/BA load interconnection processes, noting that any changes to risk allocation could influence customer behavior.

Staff discussed a potential approach of allocating costs based on the higher of forecasted load or actual load, while noting that implementation would require process alignment and consideration of forecast uncertainty, delivery point changes, and the potential for under-forecasting incentives. Other options discussed included ratchets or minimum commitments, reevaluation mechanisms, delivery point-specific protections, and look-back provisions.

Stakeholders discussed how a protection mechanism could flow through the transmission customer structure and ATRR process, with impacts occurring when a customer's forecast differs materially from actual load relative to other customers. Discussion focused on balancing accountability for large load forecasts with maintaining accurate planning incentives and avoiding unintended cost shifts.

Stakeholders considered whether protections should apply specifically to High Impact Large Loads (HILLs) or broader forecasts. Several stakeholders supported a HILL-focused approach or incremental-load ratchet to address significant load materialization risk while avoiding penalties on normal load growth. The group also discussed alignment with retail tariff concepts, treatment of delayed versus cancelled load, and the need to recognize broader system benefits of transmission. Staff noted additional work is needed to define applicability, forecasting assumptions, allocation methodology, and implementation timing.

Agenda Item 10 – ITP 2026 Preview

This agenda item was skipped due to time constraints.

Agenda Item 11 – Large Load Considerations

Director Wright (SPP Board) facilitated a discussion to organize large load policy considerations into three categories: what outcome is desired, how to achieve it, and who the policy should apply to. The group discussed that the issues extend beyond the FERC Section 206 Show Cause Order and may require separate consideration for broader large load policy and cost allocation. The group discussed potential policy outcomes, including maintaining average pricing, moving toward partial incremental pricing, or approaches closer to full incremental pricing. Potential implementation tools discussed included improved load forecasting, financial security requirements, minimum bill concepts, and Energy Deliverability Area approaches. The group also discussed defining applicable large loads, including whether to use the existing High Impact Large Load (HILL) definition, a MW threshold, or load characteristics. Stakeholders generally supported maintaining the existing 50 MW HILL definition for FERC Show Cause Order purposes, with potential clarification regarding new versus existing load, incremental increases, and aggregation. The group noted that alignment with the FERC-supported definition would reduce uncertainty while recognizing that broader policy discussions may consider alternative thresholds or load characteristics.

The group discussed mitigation approaches, including financial security, minimum contribution requirements, direct assignment, and alternative cost allocation methods. Stakeholders expressed concerns that full direct assignment could impact economic development competitiveness and generally supported evaluating a balanced approach that may include long-term commitments, minimum bill or take-or-pay provisions, collateral requirements, and energy-based cost allocation components. Staff will evaluate contribution and security mechanisms, including minimum bill structures and potential ratchet concepts, to determine how large loads can contribute toward incremental costs while recognizing broader system benefits.

For the FERC response, the group generally supported a financial security approach but noted that additional details are needed regarding the level and duration of requirements. Participants recognized that financial security alone may not address all cost responsibility concerns and that a combination of credit support and contribution obligations may be needed.

Staff will further evaluate approaches to address cost-shifting risks, including energy components, deliverability area weighting, and partial incremental charge methodologies. Analysis is expected to be presented at the August CARE meeting, with additional review potentially continuing in September.

Agenda Item 12 – Action Items Review

1. SPP staff will develop and present an implementation plan for the Cost Containment Work Plan recommendations.

2. SPP staff will circulate a revised Cost Containment Work Plan incorporating the redlines and revisions discussed during the meeting for CARE Team review.

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Agenda Item 13 – Next Steps

The August 24th meeting will be held at the Hilton O'Hare Airport in Chicago, IL.

Agenda Item 14 – Adjournment

Director Wright adjourned the meeting at 5:00 pm CT.