

Variance Analysis shall commence when the Transmission Provider makes an initial determination that one or more of the grounds for Variance Analysis as described in Section IX.C of this Attachment FF exists. The Transmission Provider will adhere to the following steps, as further detailed in the applicable Business Practices Manuals, in performing a Variance Analysis:

IX.D.1. Initial Inquiry and Confirmation of Grounds for Variance Analysis

Upon making an initial determination that one or more of the grounds for Variance Analysis as described in Section IX.C of this Attachment FF exists, the Transmission Provider shall notify the applicable Selected Developer or Transmission Owner in writing that Variance Analysis has commenced, including the ground(s) for commencing Variance Analysis, and a brief description of the Transmission Provider's concerns. The applicable Selected Developer or incumbent Transmission Owner shall be provided an opportunity to be heard by the Transmission Provider and present to the Transmission Provider its position on whether the identified ground(s) for Variance Analysis exist and what outcome it believes is appropriate along with supporting facts and documentation. If the Transmission Provider determines that the ground(s) for Variance Analysis do not exist after considering the Selected Developer or Transmission Owner's response and any other relevant information, the Transmission Provider shall terminate the Variance Analysis. If the Transmission Provider continues to believe that reasonable grounds for Variance Analysis exist after considering the Selected Developer or Transmission Owner's response and any other relevant information,

the Transmission Provider shall continue to commence Variance Analysis and so notify the Selected Developer or Transmissions Owner.

IX.D.2. Determination of Variance Analysis Outcome

If the Transmission Provider continues to believe that reasonable ground(s) for Variance Analysis exists pursuant to the process described in Section IX.D.1 of this Attachment FF, the Transmission Provider shall further investigate the circumstances or events and the relevant facts surrounding the facilities identified in Section IX.D.1 above. Upon completing its investigation, the Transmission Provider shall make a determination of which Variance Analysis Outcome to apply, as described in Section IX.E of this Attachment FF. In determining which Variance Analysis Outcome to apply, the Transmission Provider shall consider the general factors set forth in Section IX.D.2.1 and the appropriate factors of Sections IX.E of this Attachment FF.

IX.D.2.1. General Factors in Variance Analysis Outcome Determination

Before deciding to impose any Variance Analysis Outcome authorized by the Tariff in Sections IX.E of this Attachment FF, the Transmission provider shall consider the following factors:

- A. The causes of, or reasons for, the circumstances or events triggering Variance Analysis, including the degree of fault of the applicable Selected Developer or incumbent Transmission Owner;
- B. The potential impacts to the Transmission System and the MTEP, including potential reliability, economic, or public policy impacts;

- C. The degree of completion of the Eligible Projects or facilities;
- D. A comparison of the estimated costs of each outcome;
- E. A comparison of the degree to which each outcome will likely result in the successful completion of or increase the ability to complete the facilities and/or Eligible Projects; and
- F. A comparison of the degree to which each outcome will alleviate the ground(s) for Variance Analysis.

IX.D.3. Implementation of Variance Analysis Outcome

Upon completing the procedures detailed in Section IX.D.2 of this Attachment FF, the Transmission Provider shall perform the following as further detailed in the Business Practices Manuals:

- A. Inform the applicable Selected Developer(s) or incumbent Transmission Owner and any other affected parties of the Variance Analysis Outcome in writing;
- B. Post a description of the Variance Analysis Outcome and the reason(s) it was selected on the Transmission Provider's website, redacting any confidential information and or Critical Energy Infrastructure Information (CEII) as necessary. The Transmission Provider shall be authorized to publicly disclose confidential information, limited in scope to the specific information needed to explain the reason(s) Variance Analysis was triggered and why the Transmission Provider selected the Variance Analysis Outcome for

implementation;

- C. Implement the Variance Analysis Outcome in coordination with the applicable Selected Developer(s), incumbent Transmission Owner(s), and any other affected parties;
- D. If implementation of the Variance Analysis Outcome results in a mitigation plan to be placed into effect that alters the schedule, cost, design, or scope of a Competitive Transmission Facility, the Transmission Provider and Selected Developer shall amend the Selected Developer Agreement to include the requirements of the mitigation plan or the Transmission Provider shall file such plan with the Commission unexecuted; and
- E. If implementation of the Variance Analysis Outcome results in Reassignment or Cancellation of Competitive Transmission Facilities, the Transmission Provider shall file a Notice of Termination with the Commission to terminate the Selected Developer Agreement pursuant to the provisions of the Selected Developer Agreement. In the event that the Transmission Provider files a Notice of Termination pursuant to Section IX.E of this Attachment FF or otherwise discusses confidential information in the course of administrative or judicial proceedings, the Transmission Provider may request that the information be treated as confidential and non-public pursuant to 18 C.F.R. §1b.20 and

388.112.

IX.E. Variance Analysis Outcomes

In determining which Variance Analysis outcome to apply, the Transmission Provider shall apply the procedures specified in Section IX.D of this Attachment FF.

IX.E.1. No Action

The Transmission Provider may determine to take no action when Variance Analysis is triggered. In determining whether to take no action in Variance Analysis, the Transmission Provider will consider, but is not limited to, the following:

- A. The causes of, or reasons for, the circumstances or events triggering Variance Analysis, including the degree of fault of the applicable Selected Developer or incumbent Transmission Owner;
- B. The potential impacts to the Transmission System and the MTEP, including any potential reliability, economic, or public policy impacts;
- C. The degree of completion of the Eligible Projects or facilities; and
- D. The cost and impacts of implementing another Variance Analysis Outcome pursuant to Sections IX.E.2 through IX.E.4 of this Attachment FF as compared to taking no action.

IX.E.2. Mitigation Plan(s)

The Transmission Provider may allow a Selected Developer or incumbent Transmission Owner to alleviate the ground(s) for the Variance Analysis through a mitigation plan. If the Transmission Provider determines that a delay in the applicable facilities and/or Eligible Project's in-service date may cause the Transmission Provider or one or more Transmission Owners, Selected Developers, or non-Members to violate any Applicable Reliability Standards, the Transmission Provider shall identify the potential violation(s) and direct the impacted entities to develop a mitigation plan in coordination with the Transmission Provider. The Transmission Provider, the impacted Transmission Owners(s) and/or Selected Developers, as applicable, shall take any and all reasonable actions necessary to meet the requirements of the mitigation plan and Applicable Reliability Standards.

Mitigation plans may also be utilized to address ground(s) for Variance Analysis arising under Sections IX.C.1 through IX.C.5 that do not involve a delay of the in-service date that potentially causes violations of Applicable Reliability Standards, should the Transmission Provider determine it is appropriate. In determining whether to require a mitigation plan, the Transmission Provider will consider the factors set forth in Sections IX.D.2.1 and IX.E.1 of this Attachment FF as well as, but not limited to:

- A. The extent to which the ground(s) for Variance Analysis can be remedied through a mitigation plan, if successfully implemented, including the extent to which cost can be restored to baseline and

the required in-service date realized;

- B. The willingness of the Selected Developer(s) or incumbent Transmission Owner(s) to implement the mitigation plan, including their willingness to bear the costs thereof;
- C. The resources and ability of the Selected Developer(s) or incumbent Transmission Owner(s) to successfully implement the mitigation plan; and
- D. Whether the Transmission Owner(s) that would receive the reassigned facilities would be better able to alleviate the ground(s) for Variance Analysis than the Selected Developer.

The mitigation measures may include, without limitation, any one or combination of the following components: (i) an updated implementation plan; (ii) an operating procedure; or (iii) alternative facilities and or projects to mitigate reliability violations. If a mitigation plan is used, the Transmission Provider and Selected Developer shall work together to amend the Selected Developer Agreement to reflect the mitigation plan. In the event that the Selected Developer or incumbent Transmission Owner refuses to execute the Transmission Provider's proposed mitigation plan or offer a substitute plan reasonably acceptable to the Transmission Provider, the Transmission Provider may elect either to file its proposed mitigation plan with the Commission unexecuted, select an alternate Variance Analysis Outcome or, in if the Selected Developer is a signatory to the

ISO Agreement, proceed thereunder.

IX.E.3. Reassignment

The Transmission Provider may determine to reassign Competitive Transmission Facilities in accordance with Section IX.E.3.1 of this Attachment FF. Reassignment shall also be proper if a Selected Developer fails to maintain its Qualified Transmission Developer status after the expiration of any applicable cure period. If a Selected Developer is the incumbent Transmission Owner whose service area is the service area for which the facilities triggering Variance Analysis are located, the Transmission Provider shall seek recourse through the ISO Agreement or FERC, as appropriate. In all other cases, the Transmission Provider will consider the factors set forth in Sections IX.D.2.1, IX.E.1, and IX.E.2 of this Attachment FF as well as the following, in determining whether Reassignment is applied including but not limited to:

- A. Whether a mitigation plan would be sufficient to alleviate the ground(s) for Variance Analysis;
- B. The actions that the incumbent Transmission Owner(s), to whom the facilities would be reassigned to if the Transmission Provider selects the Reassignment Variance Analysis Outcome, would reasonably be required to take to successfully complete the facilities;
- C. The incremental costs of the Reassignment Variance Analysis Outcome; and
- D. The extent of any potential delay that the Reassignment Variance Analysis Outcome may cause and any potential impacts on reliability.

If the Transmission Provider selects the Reassignment Variance Analysis Outcome, the Selected Developer(s) shall be obligated to work cooperatively and in good faith with the Transmission Provider, the incumbent Transmission Owner(s), and the affected Transmission Owner(s) and/or non-MISO transmission owners, to implement the transition.

IX.E.3.1. Procedure for Reassignment

Prior to making any determination to reassign facilities or projects, the Transmission Provider shall consult with the entity or entities to which such facilities or projects would be assigned to ascertain: (1) the willingness of such entities to develop, own, operate, and maintain such facilities or project; (2) the estimated costs submitted by such entities and the certainty of such estimates; and (3) the proposed schedule submitted by such entity or entities for developing the reassigned facilities or projects and the degree of certainty of such schedule. Reassigned facilities and or projects will be offered to the applicable Transmission Owner(s), as defined below:

A. Ownership and the responsibility to construct facilities which are connected to a single Transmission Owner's system belong to that Transmission Owner;

B. Ownership and the responsibilities to construct facilities which are connected between two (2) or more Owners' facilities belong equally to each Transmission Owner, unless such Transmission Owners otherwise

agree; and

C. Ownership and the responsibility to construct facilities which are connected between a Transmission Owner(s)' system and a system or systems that are not part of the Transmission Provider belong to such Transmission Owner(s) unless the Transmission Owner(s) and the non-Transmission Provider party or parties otherwise agree.

If the applicable Transmission Owner(s) decline to construct the reassigned facilities and or Eligible Project, the Transmission Provider will reassign, as applicable, the facilities and/or Eligible Projects through the Competitive Transmission Developer Selection Process, as described in Section VIII of Attachment FF of the Tariff.

IX.E.4. Cancellation of Facilities and or Projects

The Transmission Provider may determine to cancel Eligible Projects and/or facilities comprising such projects. In determining whether to cancel Eligible Projects or facilities, the Transmission Provider will consider the factors set forth in Sections IX.D.2.1, IX.E.1, IX.E.2, and X.E.3 of this Attachment FF.

IX.F. Variance Analysis Confidentiality

The Transmission Provider shall not disclose to the public that a Variance Analysis has commenced until such time as it has confirmed its initial determination that a ground for Variance Analysis exists pursuant with Section IX.D.1 of this Attachment FF. Notwithstanding the preceding sentence, the Transmission Provider shall be allowed to disclose that it is commencing a Variance Analysis to third parties, including interconnecting Transmission Owners, Selected Developers, or non-Members from

whom the Transmission Provider requires information to determine whether the ground(s) for Variance Analysis exist. However, no confidential information will be disclosed when the Transmission Provider solicits information from third parties unless and to the extent such disclosure is needed to obtain information necessary to determine any potential NERC reliability standards violations, service obligation issues, and economic or public policy needs that may be jeopardized.

In the event that the Transmission Provider determines pursuant to Section IX.D.1 of this Attachment FF that ground(s) for Variance Analysis do not exist, the Transmission provider shall treat any information collected pursuant to Section IX.D.1 as Project Confidential Information. In the event that the Transmission Provider determines pursuant to IX.D.1 of this Attachment FF that ground(s) for Variance Analysis do exist, the Transmission provider shall be authorized to share Project Confidential Information with such third parties as the Transmission Provider determines are reasonably necessary in order to enable the Transmission Provider to obtain needed input and information to identify any potential system reliability impacts of Variance Analysis Outcomes, including impacts from any potential NERC reliability standards violations, service obligation issues, and economic or public policy needs that may be jeopardized. The Transmission Provider shall consult with the Selected Developer and or the incumbent Transmission Owner prior to sharing any such confidential information for the purposes of discussing reasonable confidentiality safeguards.

IX.G. Variance Analysis Dispute Resolution

All disputes by the affected Selected Developer or Transmission Owner shall be

addressed in accordance with the provisions of Attachment HH, except that disputes involving the termination of a Selected Developer Agreement shall be addressed in accordance with the Dispute Resolution provisions of the Selected Developer Agreement.

IX.H Project Financial Security

The Transmission Provider may utilize Project Financial Security to cover the costs of Variance Analysis resulting from Default under the Selected Developer Agreement. In such event, the Transmission Provider may draw upon such funds after confirming that a Default exists pursuant to Section IX.D.1 of this Attachment FF. The Transmission Provider shall utilize such funds to offset any costs reasonably incurred by the Transmission Provider in performing a Variance Analysis, transitioning the Competitive Transmission Project to a new Selected Developer and/or incumbent Transmission Owner(s), and otherwise distribute such funds as determined by the Commission to cover Variance Analysis and transition costs. Costs for which Project Financial Security funds may be used include reasonable consultant fees, attorneys' fees, costs of litigation and or regulatory proceedings, and staffing costs directly attributable to taking actions under the Variance Analysis provisions of the Tariff. The Transmission Provider shall track its use of Project Financial Security and provide an informational filing to the Commission within six (6) months after the Transmission Provider concludes implementation of the selected outcome.

X. Interregional Coordination and Cost Allocation with the Southeastern Regional Transmission Planning Region

The public utility transmission providers in the Southeastern Regional Transmission Planning