



## Southwest Power Pool

### STRATEGIC PLANNING COMMITTEE TASK FORCE on ORDER 1000 MEETING

AEP Office – Dallas, Texas

Tuesday-Wednesday, September 10-11, 2013

#### **Agenda Item 1 and 2 – Call to Order and Roll Call**

Michael Desselle called the meeting to Order. Members present included: Brian Thumm (ITC); Paul Malone (NPPD); Todd Fridley (KCPL); Jake Langthorn (OGE) and David Kays as proxy for Jake Langthorn for a portion of the meeting; Terri Gallup (AEP); Dennis Reed (Westar); and, Tom Hesterman as proxy for Noman Williams (Sunflower). Other guests participated in person or via phone (Attendance – Attachment 1).

#### **Agenda Item 3 – Staff Research: Impact of FERC's July 18<sup>th</sup> Ruling on Byway Projects**

Paul Suskie introduced the topic and Brett Hooten discussed the results of historical analyses indicated the potential impacts on Byway projects (ROFR Impact Analysis – Attachment 2). Both Paul and Brett that analysis represented an indication of what might happen. Paul Suskie polled the Task Force's appetite to change the Highway/Byway cost allocation component. The consensus of Task Force members was that it was premature to consider such changes at this time pending other administrative remedies. A brief discussion was had on the administrative burden would have on SPP's cost. Paul noted an item that needed to be addressed concerns the issue of who will prepare cost estimates associated with DPPs. The timing associated with the ITP process (including the DPP process) as well as all the other attendant processes were discussed and staff took an action item to prepare a timeline.

#### **Agenda Item 4 – Staff's Straw Proposals for Compliance**

Paul Suskie provided background for the upcoming discussions. He recapped the discussions held in a previous conference call of the Task Force and noted the discussions to be held over the next two days would lead to decisions by the task force on policy questions and that there would be some "hand-offs" to the RTWG. He referenced the Staff's straw-proposals, including:

- The background material (Background Material for SPCTF on Order 1000 – Attachment 3);
- Redlined compliance revisions to Attachment Y (Attachment Y Draft Revisions – Attachment 4); and,
- Redlined compliance revisions to Attachment O (Attachment O Draft Revisions – Attachment 5).

He noted that the compliance elements have been grouped into 13 distinct categories.

#### **I. ROFR Related Issues – 4 sub-topics**

ROFR-related sub-topic #1 (Non-incumbents [Byway projects]) - Matt Binette (Wright and Talisman) summarized that draft language was sent to the RTWG to revise the definition of Competitive Upgrades (Attachment 3, Page 3).

ROFR-related sub-topic #2A (Non-incumbents [Right of Way]) - Matt Binette summarized that draft language was sent to the RTWG in TRR 104 to remove OATT language related to rights-of-way in Attachment Y of the OATT (Attachment 3, Page 4).

ROFR-related sub-topic #2B (Non-incumbents [Right of Way]) - Matt Binette explained staff's proposed revisions to its evaluation provisions which includes minor revisions to two aspects of the Transmission Owner Selection Process (TOSP) Project Management and Rate impact assessments. Following Discussion Dennis Bethel moved and Bill Grant seconded a motion to adopt Staff's recommendation modified by the inclusion of the term "acquisition" in Attachment Y, Section III (2)(f)(iii)(4)(g) to parallel construction of language in Attachment Y, Section III (2)(f)(iii)(4)(b). See Attachment 3, Page 5. The motion passed with 1 opposed (ITC).

ROFR-related sub-topic #3A (Non-incumbents [Applicable Law]) - Matt Binette summarized that draft language was sent to the RTWG in TRR 104 to remove OATT language related to relevant laws in Attachment Y of the OATT. See Attachment 3, Page 6.

ROFR-related sub-topic #3B (Non-incumbents [Applicable Law]) - Matt Binette summarized that staff recommended adding language to the Project Management and Rate Impact aspects of the TOSP to address FERC's concern. He noted the additions of new section (h) and (i) to draft language of Attachment Y, Section III (2)(f)(iii)(4)(g). Following a robust discussion about the relevancy of the proposed new section (h) and (i) in the Rate Analysis portion of the TOSP, a motion was made by Dennis Reed and seconded by Terri Gallup to move the proposed section (h) and (i) to the Project Management portion of the TOSP. The motion passed with one opposed (NPPD) and two abstentions (ITC and Xcel). See Attachment 3, Page 7. The adopted motion also resolves another compliance requirement (Managerial Qualification Issues sub-topic #11).

ROFR-related sub-topic #8 (Non-incumbents [Local Projects]) - Matt Binette summarized that staff recommended language to Attachment Y, Section I(e) that provides a definition of Competitive Upgrade that reflects the definition of a local transmission project. Matt described the rationale for the difference in the date the Order cites in paragraph 32 (January 1, 2015) and the proposed language (January 27, 2015). Bill Grant moved and Dennis Reed seconded a motion that the RTWG revise the definition as noted in Staff's recommendation. See Attachment 3, Page 8. The motion passed unanimously.

## **II. Defining What Constitutes a Rebuild – 2 sub-topics**

Defining What Constitutes a Rebuild sub-topic #4 (Non-incumbents [Rebuild]) – Brett Hooten described the staff's proposed recommendation to revise the definition of "rebuild" consistent with the clarification SPP provided FERC in its answer. Task Force members expressed concerns with the proposed language. There was a suggestion to redefine "rebuild" and have the RTWG determine the appropriate language consistent with Ordering paragraph 184, footnote 385. Others suggested a tighter definition of rebuild. Terri Gallup moved and Bill Grant seconded a motion that the RTWG define "rebuild" as "... an improvement to, addition to, or replacement of a part of an existing transmission facility. The motion passed with one opposed (ITC). See Attachment 3, Page 10.

Defining What Constitutes a Rebuild sub-topic #5 (Non-incumbents [Rebuild]) - Brett Hooten described the staff's proposed clarification to how SPP classifies projects that contain both upgrades to existing facilities and new transmission facilities. Dennis Reed moved and Terri Gallup moved adoption of staff recommendation which passed without opposition. See Attachment 3, Page 11.

As a sidebar to this discussion topic, Paul Suskie noted that the Detailed Project Proposal (DPP) Process doesn't in its current state require cost estimates. He noted that if the DPP parties don't provide cost estimates then the staff will need to develop those estimates in order to be able to assess the proposal's cost/benefit. He asked the question of the Task Force if DPP's should be required to provide a cost estimate. In a straw poll of participants, no consensus was yielded as to whether staff or DPP participants should provide the estimates.

## **III. Defining Reliability Projects for ROFR Purposes – 1 sub-topic**

Defining Reliability Projects for ROFR Purpose sub-topic #6 (Non-incumbents [Reliability Exception]) – Matt Binette and Brett Hooten described the FERC's ruling. Matt noted that SPP had initially proposed three criteria and that FERC provide additional criteria that must be used. Brett described staff's proposal is to replace the initially proposed criteria with FERC's new criteria. Several participants noted that FERC said that SPP's criteria partially complied and that the Order did not say that those criteria needed to be removed. Dennis Reed moved and Tom Hesterman seconded a motion to replace SPP's proposed criteria with FERC's five criteria and that the RTWG would add some appropriate time recommendations. In response to counsel's question Dennis noted that the appropriate time recommendations was to add a window for comments. The motion passed with AEP and ITC abstaining.

#### **IV. Aggregate Study Issues – 1 sub-topic**

Aggregate Study Issues sub-topic #7 (Non-incumbents [Reliability Exception] – Paul Suskie provided a status report noting that SPP will request an extension of time to respond to this matter.

#### **V. Managerial Qualification Issues – 3 sub-topics**

Managerial Qualification Issues sub-topic #9 (Non-incumbents [Managerial Qualification Criteria] – Matt Binette described rejection of the requirement for a prospective transmission developer to enter into executed contracts to meet the managerial qualification criteria in order to be eligible to bid. He described staff's recommended option of two that were considered remedies. The option involves keeping the executed contract as an option and adding an option to demonstrate that an entity has the ability to hire contractors to satisfy the managerial requirements. See Attachment 3, Page 18. Brian Thumm expressed a dislike for the option to demonstrate and instead moved a 3<sup>rd</sup> option for consideration. That option would remove all references to contractual arrangements upon which managerial qualifications may be relied upon and instead proposes that an executed contract will satisfy or a holding company affiliation will satisfy. Paul Malone seconded. The motion failed with only ITC supporting and 1 abstention.

Dennis Reed then moved and Tom Hesterman seconded a motion to adopt staff's Option 2. The motion failed with only two votes for and four opposed. Paul Malone then adopted and Terri Gallup seconded a motion to amend the proposed tariff language of Option 2. The motion passed with all in favor.

The modified language approved now reads:

##### **Attachment Y, Section III(1)(b)(iii):**

An Applicant can demonstrate that it meets the managerial criteria either on its own or by relying on a **corporate affiliation or other** entity or entities ~~with whom it has a corporate affiliation or contractual relationship~~ (“Alternate Qualifying Entity(ies)”). If the Applicant seeks to satisfy the managerial criteria in whole or in part by relying on one or more Alternate Qualifying Entity(ies), the Applicant must submit: (1) materials demonstrating to the Transmission Provider's satisfaction that the Alternate Qualifying Entity(ies) meet(s) the managerial criteria for which the Applicant is relying upon the Alternate Qualifying Entity(ies) to satisfy **the managerial criteria**; and (2) either (i) ~~an executed agreement that contractually obligates the Alternate Qualifying Entity(ies) to perform the function(s) for which the Applicant is relying upon the Alternate Qualifying Entity(ies) to satisfy~~, or (ii) materials demonstrating to the Transmission Provider's satisfaction that the Applicant has the ability to hire the Alternate Qualifying Entity(ies) to satisfy the managerial requirements for which the Applicant is relying on the Alternate Qualifying Entity(ies) to satisfy.

Managerial Qualification Issues sub-topic #10 (Non-incumbents [Managerial Qualification Criteria] – Matt Binette described that language had been proposed and sent to the RTWG in TRR 104. See Attachment 3, Page 19.

Managerial Qualification Issues sub-topic #11 (Non-incumbents [Managerial Qualification Criteria] – The motion adopted for ROFR-related sub-topic #3B, which amended staff's proposed resolution also resolve and amends staff's proposed resolution for this sub-topic. See Attachment 3, Page 19.

#### **VI. Fee and Deposit Issues – 4 sub-topics**

Fee and Deposit Issues sub-topic #12 (Non-incumbents [Qualification Criteria – Application Fee] – Matt Binette described that in an earlier conference call of the Task Force the decision was made to keep the \$6000 application fee and to explain in the compliance filing why the fee is not unduly discriminatory. At the suggestion of Dennis Reed an additional thought (#7) will be added to the justification. See Attachment 3, Page 23.

Fee and Deposit Issues sub-topic #13 and #14 (Non-incumbents [Proposal Submission] – Paul Suskie described staff's recommendation to change the reference to the “*initial fee*” to “*bid deposit*” and staff's suggestion that the bid deposit equal \$100,000. See Attachment 3, Page 24. The Task force discussed

the proposed bid deposit and their sense that \$100k was too high. Bill Grant moved and Paul Malone seconded a motion to lower the proposed initial bid deposit to \$50k. The motion passed with 4 in favor and 1 opposed.

Paul Suskie then asked about which processes the bid deposit should cover. Matt Binette noted that there are costs associated with administering the QRP, ITP (including the DPP) and IEP. Following discussion Dennis Reed moved and David Kays seconded that only the IEP cost is recovered through the initial bid deposit (which passed unanimously) and then Dennis moved and David Kays seconded that the \$6000 application fee recovers the costs associated with the QRP costs (which also passed unanimously).

Fee and Deposit Issues sub-topic #15 (Non-incumbents [Proposal Submission] – Paul Suskie described staff's recommendation to allow interest earned on the deposit accounts to accrue to the individual bidders. Staff proposed tariff language for the RTWG's consideration. See Attachment 3, Page 25. Further modifications will be needed to be consistent with the motions passed on the previous sub-topic.

#### **VII. Incumbent/Non-Incumbent Financial Strength Issue – 1 sub-topic**

Incumbent/Non-Incumbent Financial Strength Issue sub-topic #16 (Non-incumbents [Proposal Submission] – Paul Suskie reported that staff provided draft language to the RTWG in TRR 104. See Attachment 3, Page 28.

#### **VIII. TOSP Scoring Issues – 2 sub-topics**

TOSP Scoring Issue sub-topic #17 (Non-incumbents [Evaluation and Selection] – Paul Suskie described FERC's direction that SPP either revise its evaluation process to reflect greater weighting of costs or to further explain and justify its proposed weighting of costs. He noted that staff provided weighting alternatives in the event that the Task Force decided to change the weighting. See Attachment 3, Page 30. Terri Gallup and Brian Thumm moved and seconded a motion that SPP provide justification for the scoring that was initially filed. Following a lengthy discussion, Richard Ross (AEP) summed up the sense of the Task Force members that the initial scoring does focus on cost, but that the "rate component" was only a small part of the overall cost of transmission which includes service and restoration. He suggested that the justification is a recognition that all the elements in SPP's scoring system impact cost and that SPP is looking beyond just the easy factor of the lowest rate. The motion passed unanimously and participants were asked to provide written justifications to counsel.

TOSP Scoring Issue sub-topic #18A (Non-incumbents [Evaluation and Selection] – Paul Suskie described FERC's direction. He further explained staff's proposed justification it would file. Tom Hesterman moved and Dennis Reed seconded a motion to adopt the proposed justification. See Attachment 3, Page 31.

TOSP Scoring Issue sub-topic #18B (Non-incumbents [Evaluation and Selection] – Paul Suskie described FERC's direction. He further explained staff's proposed clarification it would file. See Attachment 3, Page 32. Following some questions, Dennis Reed moved and Todd Fridley seconded a motion to adopt a modified clarification and direction to the RTWG to modify the tariff language accordingly. The modified clarification reads:

First, SPP will clarify in the transmittal letter that it is the Board of Directors, and not the IEP, that has the final decision in ~~bid selection~~ **TOSP**. Even if the IEP rejects one or more bids due to a low score in one category, the Board of Directors will have the same information that the IEP had and will be able to make an independent decision to accept the IEP's recommendation or to select one of the bidders.

Second, for ~~economic~~ **all** projects, if the Board of Directors does not select any of the bids **due to a low score in the evaluation criteria, the project will be reevaluated. If after the evaluation the BOD reissues the RFP and the second round of bids does not produce a builder then the project will be assigned to the incumbent.**, ~~the project will be rebid unless all bids were outside the allowable cost bandwidth compared to the study cost estimate. If all of the bids were outside the~~

~~allowable cost bandwidth, the Board will reconsider the project for approval. If the second round of bids does not produce a builder then the project will be assigned to the incumbent.~~  
If the project is a reliability project, it will be rebid, unless the need date for the project is within three years at the time to rebid and the other criteria for the reliability exemption are met. If the reliability exemption criteria are met, the Board will assign the project to the incumbent without rebid.

**IX. Finance Committee Issue – 1 sub-topic**

Finance Committee Issue sub-topic #19 (Non-incumbents [Evaluation and Selection] – Paul Suskie described FERC’s direction and noted that staff reviewed the Finance Committee’s policy decision and supporting rationale and has incorporated that guidance into the tariff for filing. See Attachment 3, Page 35.

**X. Post-TOSP Issues [Delays and Project Costs] – 2 sub-topics**

Post-TSOP Delay and Project Costs Issue sub-topic #20 (Non-incumbents [Reevaluation] – Paul Suskie reported that staff provided draft language to the RTWG in TRR 104. See Attachment 3, Page 37.

Post-TSOP Delay and Project Costs Issue sub-topic #21 (Non-incumbents [Reevaluation] – Paul Suskie reported that staff provided draft language to the RTWG in TRR 104. See Attachment 3, Page 38.

**XI. RSC Issue: Cost Allocation for Impacts on Other Regions – 1 sub-topic**

RSC Issue: Cost Allocation for Impacts on Other Regions Issue sub-topic #22 (Neighboring Systems [Impact] – Paul Suskie reported that on September 4 the CAWG voted to support retention of the SPP policy to not bear costs associated with neighboring system impacts resulting from the regional planning process. See Attachment 3, Page 42. Following that update Terri Gallup moved and Bill Grant seconded a motion to support the CAWG recommendation to leave the policy “as is” which passed unanimously.

Paul also discussed the staff’s proposed clarifying tariff language in Attachment O to ensure that the STEP identifies the consequences of each competitive upgrade on other regions. See Attachment 3, Page 40. Following a discussion on this topic Dennis Reed moved that the staff proposed clarification be modified to “competitive Upgrades not approved in the STEP” and that the RTWG accordingly modify the tariff.

**XII. Public Policy Related Issues – 2 sub-topics**

Public Policy Issue #23: Procedures for Stakeholders to Identify Transmission Needs Driven by Public Policy Requirements – Paul Suskie and Brett Hooten described that FERC faulted the filing because the OATT does not explicitly state at which point in the process stakeholders can offer proposals. They noted that staff’s recommendation would propose additional clarifying language to Attachment O describing the two existing opportunities that stakeholders can offer solutions. See Attachment 3, Page 44. Discussions centered on “publishing the timeline items on the Website for things such as when parameters are required; what the timeframes are, etc. The comment was made that the current process is murky and not robust enough to meet compliance. A motion for staff to modify/clarify its current existing processes (and documentation) and provide clarifying revisions to Attachment O was moved by Todd Fridley and seconded by Tom Hesterman passed unopposed.

Public Policy Issue #24: Selection of Public Policy Requirements for Further Evaluation – Matt Binette described FERC’s direction. Brett Hooten described staff’s proposal to incorporate language in Attachment O to explicitly acknowledge the public policy requirement input assumptions as part of the ITP10, ITP20 and planning studies. See Attachment 3, Pages 45-46. Todd Fridley moved and Terri Gallup seconded approval of staff’s recommendation. The motion passed.

**XIII. Merchant Transmission Developer Issue – 1 sub-topic**

Merchant Transmission Developer Issue #25: Regional Planning – Paul Suskie reported that staff provided draft language to the RTWG in TRR 104. See Attachment 3, Page 48.

As a follow-up to discussions on Day 1 of the meeting, Ben Bright reviewed the timeline. Questions were raised regarding whether reconsideration of timing on some of the steps was in order. Counsel advised that such changes were not compliance elements and therefore could not be included in the filing. There was a suggestion regarding the expanding the time involved in the ITP planning process. Staff noted that the TWG was considering such changes. And again, DPP process questions were raised: especially with regard to who should develop the cost estimates. Confidentiality concerns were raised regarding the DPP estimates in relationship to Order 890 and Order 1000. It was also noted by counsel that the tariff does not dictate that DPP costs estimates bandwidth ranges (i.e. +/- 30%). Finally, suggestions were made that staff should conduct education sessions prior to March 30, 2014 effective date.

**Agenda Item 5 – Next Steps**

The TF did not plan additional meetings. It was noted that further discussions would likely be needed to make policy recommendations related to the non-compliance related matters arising during the course of the 2 day meeting.

Action Items include:

1. Staff to refine the timeline that incorporates the ITP/DPP/QRP/RFP and then post.
2. Staff to provide clarity for existing “Transmission Needs Driven by Public Policy” process & provide clarifying revision to Attachment O to RTWG.
3. SPCTF members to provide to staff and counsel proposed justifications for retention of DTO Scoring criteria.
4. Staff to conduct DPP Education sessions.
5. Staff to schedule additional discussions with Task Force to discuss non-compliance related matters surrounding the DPP process:
  - a. Who should develop cost estimates.
  - b. Legal to review Orders 890 & 1000 for what is required for transparency and what SPP could propose to “protect” bidder information and for how long.
  - c. +/- 30% bandwidth estimates in DPP not included in the tariff.

Respectfully Submitted,

Michael Desselle  
Secretary

# STRATEGIC PLANNING COMMITTEE TASK FORCE on ORDER 1000 MEETING

September 10-11, 2013

Dallas, Texas

## • A G E N D A •

1. Call to Order .....Ricky Bittle
2. Role Call .....Michael Desselle
3. SPP Staff Research: Impact of FERC’s July 18<sup>th</sup> Ruling on Byway Projects.....Paul Suskie/Brett Hooten
4. SPP Staff’s Straw Proposals for Compliance
  - I. **ROFR Related Issues - (4 Sub-Topics)**  
  
Sub-Issues 1, 2, 3, & 8
  - II. **Defining What Constitutes a Rebuild - (2 Sub-Topics)**  
  
Sub-Issues 4 & 5
  - III. **Defining Reliability Projects for ROFR Purposes - (1 Sub-Topic)**  
  
Sub-Issue 6
  - IV. **Aggregate Study Issues - (1 Sub-Topic) – [Note Request for an extension.]**  
  
Sub-Issue 7
  - V. **Managerial Qualification Issues - (3 Sub-Topics)**  
  
Sub-Issues 9, 10, & 11
  - VI. **Fees & Deposit Issues - (4 Sub-Topics)**  
  
Sub-Issues 12, 13, 14, & 15
  - VII. **Incumbent/Non-Incumbent Financial Strength - (1 Sub-Topic)**  
  
Sub-Issue 16
  - VIII. **TOSP Scoring Issues - (2 Sub-Topics)**  
  
Sub-Issues 17 & 18

IX. **Finance Committee Issue - (1 Sub-Topic)**

Sub-Issue 19

X. **Post-TOSP Issues [Delays & Project Costs] - (2 Sub-Topics)**

Sub-Issues 20 & 21

XI. **RSC Issue: Cost Allocation for Impacts on Other Regions - (1 Sub-Topic)**

Sub-Issue 22

XII. **Public Policy Related Issues - (2 Sub-Topics)**

Sub-Issues 23 & 24

XIII. **Merchant Transmission Developer Issues - (1 Sub-Topic)**

Sub-Issue 25

6. Action Items.....Michael Desselle

7. Adjournment .....Ricky Bittle



Southwest Power Pool, Inc.

STAKEHOLDER POLICY COMMITTEE MEETING

September 10-11, 2013

AEP Offices – Dallas, TX

• ATTENDANCE LIST •

Name	System
Michael Desselle	SPP
Paul Suship	SPP
Michael Engleman	Patton Baggs for LS Power
Paul Malone	NPPD
TOM HESTERMANN	Sunflower Electric
Ben Bright	SPP Staff
BRIAN THUMM	ITC Holdings
Michael Moffet	Sunflower Elec.
Bill Reid	Climate & Energy Project
TODD FRIDLEY	KCP&L
Randa Stephenson	Nextera Energy Trans.
Katherine Prewitt	SPP
Meena Thomas	Texas PUC Staff
DAVID L. KAYS	OG&E
Matt Binette	W&T
Adam McKinnie	MO PSC
Brett Hooton	SPP
Dennis Reed	Wentar
Terri Gallup	AEP

Southwest Power Pool, Inc.

STAKEHOLDER POLICY COMMITTEE MEETING

September 10-11, 2013

AEP Offices – Dallas, TX

• ATTENDANCE LIST •

*Adrian Smith GWT  
Josh Martin  
Lenny Meeker -*

Name

System

*BILL GRANT*

*XCEL/SPS*

*BRUCE CURT*

*"*

*WANT SHUMATE*

*SHUMATE Assoc.*

*Robert Dick*

*NPP*

*Steve Gorn*

*Wind Coalition*

*Joe Lang*

*LES*

*Day 2 Sarah Cost*

*Wind Coalition*

*Day 2 C Richard Ross*

*AEPSC*

*Tom Littleton*

## Southwest Power Pool CMS

SITE PILOT

## MANAGE AREAS

- » Members
- » Companies
- » Committees
- » Committee Members
- » Documents
- » Document Groups
- » Events
- » Event Categories
- » Event Breakouts
- » Exploder
- » Log Out
- » Service Desk

## SPCTF (Order 1000)

9/10/2013

first name	last name	e-mail	date registered	attend option	cancel
✓ Terri	Gallup	tagallup@aep.com	8/20/2013 11:54:01 AM	In Person	X
✓ Katherine	Prewitt	kprewitt@spp.org	8/20/2013 1:39:53 PM	In Person	X
✓ Dennis	Reed	dennis.l.reed@westarenergy.com	8/20/2013 1:41:29 PM	In Person	X
✓ David	Kays	kaysdl@oge.com	8/20/2013 1:57:48 PM	In Person	X
✓ Matthew	Binette	binette@wrightlaw.com	8/20/2013 2:06:16 PM	In Person	X
✓ Joshua	Martin	jmartin@potteranderson.com	8/20/2013 2:09:58 PM	Teleconferencing	X
✓ Trent	Campbell	t.campbell@occemail.com	8/20/2013 2:18:34 PM	In Person	X
✓ Bill	Reid	wmreid@sbcglobal.net	8/20/2013 3:56:44 PM	In Person	X
✓ Steve	Gaw	RSgaw1@gmail.com	8/20/2013 4:01:40 PM	Teleconferencing	X
✓ Bary	Warren	bwarren@empiredistrict.com	8/20/2013 4:44:32 PM	In Person	X
✓ Tom	DeBaun	t.debaun@kcc.ks.gov	8/21/2013 8:46:05 AM	Teleconferencing	X
✓ Denise	Buffington	Denise.Buffington@kcpl.com	8/21/2013 8:50:42 AM	Teleconferencing	X
✓ Thomas	Hestermann	tkhestermann@sunflower.net	8/21/2013 9:08:11 AM	In Person	X
✓ Robert	Janssen	rob.janssen@kelsonenergy.com	8/21/2013 9:20:07 AM	In Person, Teleconferencing	X
✓ Michael	Moffet	mcmoffet@yahoo.com	8/21/2013 9:41:35 AM	In Person	X
✓ Sam	Loudenslager	sloudenslager@spp.org	8/21/2013 9:49:30 AM	Teleconferencing	X
✓ Charles	Marshall	cmarshall@itctransco.com	8/21/2013 2:19:36 PM	Teleconferencing	X
✓ Alan	Myers	amyers@itcgreatplains.com	8/22/2013 10:49:13 AM	Teleconferencing	X
✓ Paul	Malone	pjmalon@nppd.com	8/23/2013 9:50:13 AM	In Person	X
✓ Michael	Desselle	mdesselle@spp.org	8/23/2013 12:32:54 PM	In Person	X
✓ Robert	Pick	rjpick@nppd.com	8/26/2013 8:59:56 AM	In Person	X
✓ Jim	Foley	JFoley@OPPD.com	8/26/2013 10:11:34 AM	Teleconferencing	X
✓ Robert	Safuto	rsafuto@ces-ltd.com	8/26/2013 10:11:58 AM	Teleconferencing	X
✓ Brian	Thumm	bthumm@itctransco.com	8/26/2013 11:59:10 AM	In Person	X
✓ Joseph	Lang	jlang@les.com	8/26/2013 2:31:07 PM	In Person	X
✓ Walt	Cecil	walter.cecil@psc.mo.gov	8/26/2013 3:00:53 PM	In Person	X
✓ Ricky	Bittle	rbittle@aecc.com	8/27/2013 10:26:42 AM	In Person	X
✓ Randa	Stephenson	randa.stephenson@lonestar-transmission.com	8/27/2013 4:20:54 PM	In Person	X
✓ Shawnee	Claiborn-Pinto	shawnee.claiborn-pinto@puc.state.tx.us	8/28/2013 10:14:00 AM	Teleconferencing	X
✓ Bruce	Cude	bruce.cude@xcelenergy.com	8/28/2013 5:34:54 PM	In Person	X
✓ Marc	Brunet-Watson	marc.brunet-watson@pscconsulting.com	8/28/2013 5:47:54 PM	Teleconferencing	X
✓ Jacob	Langthorn, IV	langthjs@oge.com	8/29/2013 7:31:07 AM	In Person	X
✓ Sherri	Maxey	smaxey@spp.org	8/29/2013 10:40:18 AM	Teleconferencing	X
✓ David	Linton	jdclinton@reagan.com	8/30/2013 1:01:09 PM	Teleconferencing	X
✓ Brett	Hooton	bhooton@spp.org	8/30/2013 3:27:13 PM	In Person	X
✓ William	Grant	william.a.grant@xcelenergy.com	9/3/2013 1:26:25 PM	In Person	X
✓ Mitchell	Williams	m_williams@wfec.com	9/4/2013 11:44:09 AM	In Person	X
✓ James	Lewis	lewisj@noblepower.com	9/5/2013 10:59:21 AM	Teleconferencing	X
✓ Richard	Ross	rross@aep.com	9/5/2013 2:55:23 PM	In Person	X

Keith	Tynes	keith.tynes@gdsassociates.com	9/5/2013 4:54:32 PM	Teleconferencing	X
Noumvi	Ghomsi	noumvi.ghomsi@psc.mo.gov	9/5/2013 5:38:39 PM	Teleconferencing	X
Pat	Mosier	pat_mosier@psc.state.ar.us	9/6/2013 8:23:29 AM	Teleconferencing	X
Meena	Thomas	meena.thomas@puc.texas.gov	9/6/2013 10:53:01 AM	In Person	X
Gerald	Deaver	gerald.r.deaver@xcelenergy.com	9/8/2013 9:30:26 AM	Teleconferencing	X
Walt	Shumate	waltshumate@sbcglobal.net	9/9/2013 9:55:52 AM	In Person	X
Dan	Jones	djones@spp.org	9/9/2013 3:13:54 PM	Teleconferencing	X

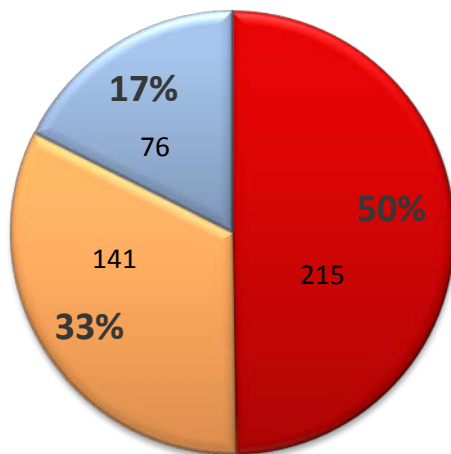
[View Excel File](#)

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# ROFR Impact Post Order 1000

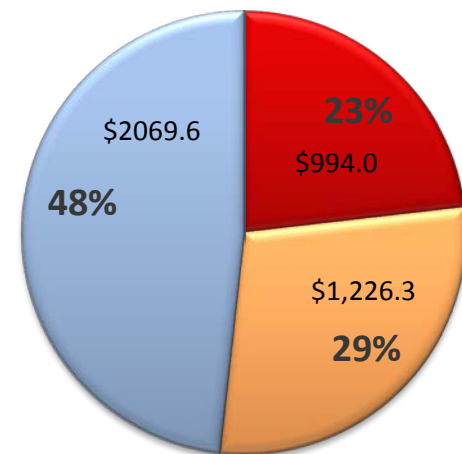
	Number of Upgrades	Percentage	Estimated Capital Investment	Percentage
ROFR based upon Rebuild	215	49.8%	\$994.0	23.2%
ROFR based upon a need within 3 Years	141	32.6%	\$1,226.3	28.6%
No ROFR	76	17.6%	\$2,069.6	48.2%
<b>Total</b>	<b>432</b>	<b>100.0%</b>	<b>\$4,289.8</b>	<b>100.0%</b>

By # of Upgrades



- Rebuilds
- Need Date < 3 years
- No ROFR

By Cost



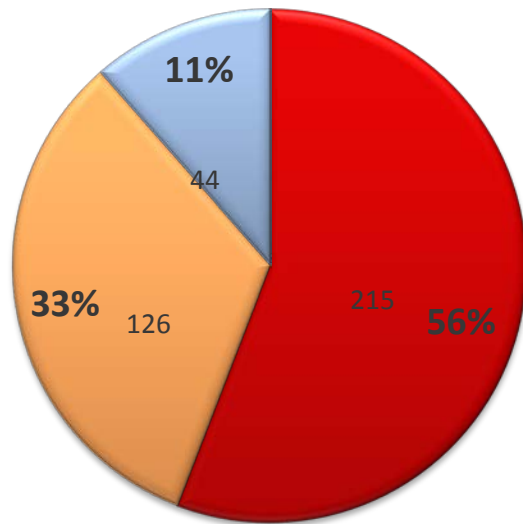
\*Based on projects needed for Reliability, Agg., & DPA from 2008 – Current. Does not include economic projects. SPP



# ROFR Impact on Byway Projects Post # 1000

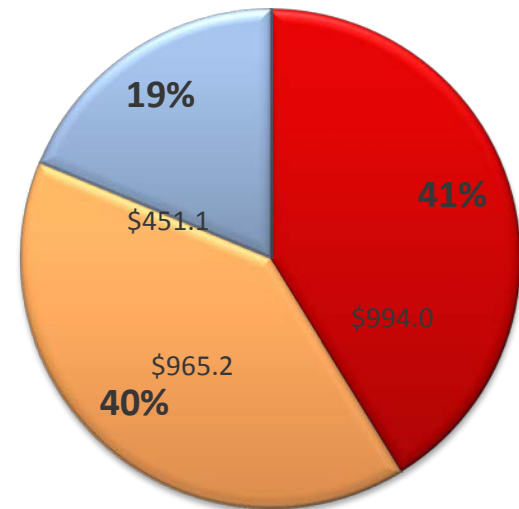
	Number of Upgrades	Percentage	Estimated Capital Investment	Percentage
ROFR based upon Rebuild	215	55.8%	\$994.0	41.2%
ROFR based upon a need within 3 Years	126	32.7%	\$965.2	40.0%
No ROFR	44	11.4%	\$451.1	18.7%
<b>Total</b>	<b>385</b>	<b>100.0%</b>	<b>\$2,410.3</b>	<b>100.0%</b>

By # of Upgrades



By Cost

- Byway Rebuilds
- Byway Projects Need Date < 3 years
- No ROFR



\*Based on projects needed for Reliability, Agg., & DPA from 2008 – Current. Does not include economic SPP projects.

# **Background Material for SPCTF on Order 1000**

# **I. ROFR Related Issues - (4 Sub-Topics)**

Sub-Issues 1, 2, 3, & 8



**Compliance area:** I: ROFR-Related Issues

**Sub. Topic number(s):** 1. Nonincumbents [Byway Projects]

**Summary from SPCTF O1000 Call August 26, 2013:**

“Byway facilities are selected as part of SPP’s regional transmission planning process and a portion of the cost of Byway facilities is allocated regionally. Therefore, in order to comply with Order No. 1000, SPP must eliminate any federal right of first refusal for Byway facilities. . . . Because we find that SPP’s proposal to retain a federal right of first refusal for Byway facilities does not comply with Order No. 1000, **we direct SPP to submit a compliance filing . . . revising the definition of Competitive Upgrades to include Byway facilities.**”

**STAFF RECOMMENDATION:** Draft language sent to RTWG – **NO ACTION BY SPCTF**

**Compliance area:** I: ROFR-Related Issues

**Sub. Topic number(s):** 2. A. Nonincumbents [Right of Way]

**Summary from SPCTF O1000 Call August 26, 2013:**

“We find that SPP’s proposal to allow an incumbent transmission owner to maintain a federal right of first refusal for any new transmission facility built on a right-of-way with existing transmission facilities is not permitted by Order No. 1000, and, as such, we direct SPP to remove the proposed language in the compliance filing directed herein. . . . However, the Commission did not find that a public utility transmission provider, as part of its compliance filing, may add a federal right of first refusal for a new transmission facility built on an existing right-of-way. Accordingly, ***we direct SPP to file . . . a further compliance filing revising its OATT to remove the proposed language related to rights-of-way in section I.1.c of Attachment Y of its OATT.***”

**STAFF RECOMMENDATION:** Draft language sent to RTWG in TRR 104 – **NO ACTION BY SPCTF**

**Sub. Topic number(s): 2. B. Nonincumbents [Right of Way]**

**Summary from SPCTF O1000 Call August 26, 2013:**

“However, we note that while rights-of-way may not be used to automatically exclude proposals to develop more efficient or cost-effective transmission solutions to regional transmission needs, it is not necessarily impermissible to consider rights-of-way at appropriate points in the regional transmission planning process. It would be appropriate for SPP to consider whether an entity has existing rights-of-way as well as whether the entity has experience or ability to acquire rights-of-way as part of the process for evaluating whether to select a proposed transmission facility in the regional transmission plan for purposes of cost allocation.”

**STAFF RECOMMENDATION:** Modify language to the TOSP reflecting existing ROW. Consideration of ROW is currently provided for under two different aspects of the TOSP -- Project Management (ROW acquisition) and Rate Impact (ROW approval). Staff recommends adding minor revisions to these two categories to address “ownership” or “control” of a right of way (see draft Tariff revisions to Attachment Y, Section III (2) (f) (iii) (2)(b) and Section III (2)(f)(iii)(4) (g) below):

**Attachment Y, Section III (2) (f) (iii) (2)(b)**

- (2) Project Management (Construction Project Management), 200 points: Measures an RFP respondent’s expertise in implementing construction projects similar in scope to the Competitive Upgrade that is the subject of the RFP. Criteria considered in this evaluation category shall include, but not be limited to:

\* \* \* \* \*

- (b) Rights-of-way ownership, control, or acquisition;

\* \* \* \* \*

**Attachment Y, Section III (2)(f)(iii)(4) (g)**

- (4) Rate Analysis (Cost to Customer), 225 points: Measures an RFP respondent’s cost to construct, own, operate, and maintain the Competitive Upgrade over a forty (40) year period. Criteria considered in this evaluation category shall include, but not be limited to:

\* \* \* \* \*

- (g) Material on hand, rights-of-way ownership, control, or approval, assets on hand;

**Compliance area:** I: ROFR-Related Issues

**Sub. Topic number(s):** 3. A. Nonincumbents [Applicable Law]

**Summary from SPCTF O1000 Call August 26, 2013:**

“SPP’s proposal goes beyond mere reference to state or local laws or regulations; it references relevant law and then uses that reference to create a federal right of first refusal. Order No. 1000 does not permit a public utility transmission provider to add a federal right of first refusal for a new transmission facility based on state law. Accordingly, **we direct SPP to file . . . a further compliance filing revising its OATT to remove the proposed language referencing relevant laws in section I.1.d of Attachment Y to its OATT.**”

**STAFF RECOMMENDATION:** Draft language sent to RTWG in TRR 104 – **NO ACTION BY SPCTF**

**Sub. Topic number(s):** 3. B. Nonincumbents [Applicable Law]

**Summary from SPCTF O1000 Call August 26, 2013:**

“[I]t may be permissible to consider the effect of the state regulatory process at appropriate points in the regional transmission planning process. . . . [Order 1000] does not preclude public utility transmission providers in regional transmission planning processes from taking into consideration the particular strengths of either an incumbent transmission provider or a nonincumbent transmission developer during its evaluation. . . . An incumbent transmission provider may have unique knowledge of its own transmission systems, familiarity with the communities they serve, economies of scale, experience in building and maintaining transmission facilities, and access to funds needed to maintain reliability, and the Commission does not believe removing the federal right of first refusal diminishes the importance of these factors.”

**STAFF RECOMMENDATION:** Modify language to the TOSP reflecting existing state ROFR law. Consistent with the recommendation and existing language regarding ROW, Staff recommends that adding language to the Project Management and Rate Impact aspects of the TOSP to address rights of first refusal under relevant law (see draft Tariff revisions to Attachment Y, Section III (2)(f)(iii)(4) (g) below):

**Attachment Y, Section III (2)(f)(iii)(4) (g)**

- (4) Rate Analysis (Cost to Customer), 225 points: Measures an RFP respondent’s cost to construct, own, operate, and maintain the Competitive Upgrade over a forty (40) year period. Criteria considered in this evaluation category shall include, but not be limited to:

\* \* \* \* \*

(h) RFP respondent is authorized to construct transmission facilities in the state(s) in which the Competitive Upgrade will be located;

(i) RFP respondent has a right of first refusal granted under relevant law for the Competitive Upgrade; and

**Compliance area:** I: ROFR-Related Issues

**Sub. Topic number(s):** 8. Nonincumbents [Local Projects]

**Summary from SPCTF O1000 Call August 26, 2013:**

“[C]onsistent with our finding in the Byway section ab Consistent with the recommendation and existing language regarding ROW, Staff recommends that adding language to the Project Management and Rate Impact aspects of the TOSP to address rights of first refusal under relevant law (see draft Tariff revisions).ove, we direct SPP to revise its definition of Competitive Upgrades to clarify that for a transmission facility to be classified as a local project: (a) it must be located solely within a public utility transmission provider’s retail distribution service territory or footprint, and (b) it must not be selected in a regional transmission plan for purposes of cost allocation. Accordingly, **we direct SPP to . . . revise its OATT to provide a definition of Competitive Upgrade that reflects the definition of local transmission project in Order No. 1000.**”

**STAFF RECOMMENDATION:** (see draft Tariff revisions to Attachment Y, Section I (1)(e) below):

**Attachment Y, Section I (e):**

\* \* \* \* \*

- 1) The Transmission Provider shall designate a Transmission Owner in accordance with the process set forth in Section III of this Attachment Y for transmission facilities approved for construction or endorsed by the SPP Board of Directors for which the Transmission Provider issues a Notification to Construct after January 27, 2015 that meet all of the following criteria:

\* \* \* \* \*

e) Transmission facilities that: (1) are not located solely within a single Zone; and (2) do not have any costs allocated outside of the Zone where they are located.

## **II. Defining What Constitutes a Rebuild - (2 Sub-Topics)**

Sub-Issues 4 & 5

**Compliance area:** II: Defining What Constitutes a Rebuild

**Sub. Topic number(s):** 4. Nonincumbents [Rebuild]

**Summary from SPCTF O1000 Call August 26, 2013:**

“In its answer, SPP states that the term “rebuild” is used in SPP’s regional transmission planning process to distinguish between a change to an existing facility (a rebuild) and a new facility, and that a rebuild does not refer to entirely new transmission facilities. However, SPP’s OATT does not reflect the clarification SPP provides in its answer. Accordingly, **we direct SPP to submit, within 120 days of the date of this order, a further compliance filing to revise its OATT to provide a definition of “rebuild” that is consistent with the clarification in SPP’s answer.**”

**STAFF RECOMMENDATION:**

Staff recommends that SPP define “rebuild” projects that meet any of the following requirements which would qualify the project as being a “rebuild”:

1. If the project requires replacing or modifying equipment currently owned by an SPP TO;
2. If the project being submitted for bids would cause a TO to lose ownership of an asset other than Right-of-Way (ROW); or
3. If the upgrade would utilize transmission structures currently owned by an SPP TO.

(see draft Tariff revisions to Attachment Y, Section I (1)(c and Section II’s definition of a rebuild below):

**Attachment Y, Section II:**

\* \* \* \* \*

**Rebuild:** For purposes of this Attachment Y, a rebuild facility is a transmission facility selected by the Transmission Provider that: (1) requires replacing or modifying equipment currently owned by a Transmission Owner; (2) if selection of the DTO under Section III of this Attachment Y would cause a Transmission Owner to lose ownership of an asset other than Right-of-Way (ROW); or (3) would utilize transmission structures currently owned by a Transmission Owner.



**Compliance area:** II: Defining What Constitutes a Rebuild

**Sub. Topic number(s):** 5. Nonincumbents [Rebuild]

**Summary from SPCTF O1000 Call August 26, 2013:**

“For example, SPP has not explained how it will classify a transmission project that includes both an entirely new section of transmission line and a rebuild of an existing transmission substation to support the new transmission line. Accordingly, **we direct SPP to clarify . . . how it will classify projects that contain both upgrades to existing facilities and new transmission facilities.**”

**STAFF RECOMMENDATION:**

Staff proposes the following clarification: Projects which are at least 80% rebuilds by cost will be classified as a rebuild. For any projects which are less than 80% rebuilds but are a combination of rebuilds and new facilities, the transmission project will be split into multiple upgrades such that a new facility is isolated from upgrades to existing facilities as described in II.4 above.

For example:

A new transmission line, AB, originates at Substation A owned by TO A and terminates at Substation B owned by TO B. Substation upgrades are required at both substations. TO A will receive an NTC for upgrades to Substation A. TO B will receive an NTC for upgrades to Substation B. Transmission line AB will go through the competitive bidding process.

(see draft Tariff revisions Attachment Y, Section I(2) below:)

**Attachment Y, Section I(2):**

- 2) For transmission projects involving multiple facilities, some of which are rebuild facilities and some of which involve new transmission facilities, the Transmission Provider will identify the DTO as follows:
  - a. If the total cost of the project includes 80% or more rebuild facilities, the Transmission Provider will identify the Designated Transmission Owner(s) for the project in accordance with Section IV of this Attachment Y; or
  - b. If the total cost of the project includes less than 80% rebuild facilities, the Transmission Provider will divide the project into two or more projects, and identify the Designated Transmission Owner(s) for the rebuild facilities in accordance with Section IV of this Attachment Y and will identify the DTO for the new transmission facilities in accordance with Section III of this Attachment Y.

### **III. Defining Reliability Projects for ROFR**

#### **Purposes - (1 Sub-Topic)**

##### **Sub-Issue 6**

**Compliance area:** III: Defining Reliability Projects for ROFR Purposes

**Sub. Topic number(s):** 6. Nonincumbents [Reliability Exception]

**Summary from SPCTF O1000 Call August 26, 2013:**

"If SPP seeks to maintain such a time-limited federal right of first refusal, the following criteria must be part of any such proposal:

- (1) The category of projects must be needed within 3 years or less to solve reliability criteria violations;
- (2) Before SPP can assign a short-term transmission project to an incumbent transmission developer, SPP must separately identify and then post an explanation on the reliability violations and system conditions for which there is a time-sensitive need. The explanation must be in sufficient detail to allow stakeholders to understand the need and why it is time sensitive;
- (3) The process that SPP uses to decide whether a short-term project is assigned to an incumbent transmission owner must be clearly outlined in SPP's OATT and must be open, transparent, and not unduly discriminatory. SPP must provide to stakeholders and post on its website a full and supported written description explaining:
  - (a) the decision to designate an incumbent transmission owner as the entity responsible for construction and ownership of the project, including an explanation of other transmission or non-transmission options that the region considered but concluded would not sufficiently address the immediate reliability need; and
  - (b) the circumstances that generated the immediate reliability need and an explanation of why that immediate reliability need was not identified earlier;
- (4) SPP must permit stakeholders sufficient time to provide comments in response to the description in criterion three and such comments must be made publicly available;
- (5) SPP must maintain and post a list of prior year designations of all projects in the limited category of transmission projects for which the incumbent transmission owner was designated as the entity responsible for construction and ownership of the project. The list must include the project's need-by date and the date the incumbent transmission owner actually energized the project. Such list must be filed with the Commission as an informational filing in January of each calendar year covering the designations of the prior calendar year."

**STAFF RECOMMENDATION:**

Staff will replace SPP proposed criteria with FERC criteria (see draft Tariff revisions to Attachment Y, Section I(3) below).

## Attachment Y, Section I(3)

- 3) For any upgrade meeting the specifications listed in Section I.1 of this Attachment Y, the Transmission Provider may, subject to approval by the SPP Board of Directors, designate the Transmission Owner(s) in accordance with Section IV of this Attachment Y if the upgrade is needed within 3 years or less to solve reliability criteria violations. the following conditions are met: (i) the transmission facility is needed for the reliability of the grid; (ii) the transmission facility has a need date within three years or less that cannot be met if the Transmission Owner Selection Process in Section III of this Attachment Y is followed; and (iii) no other transmission or non transmission mitigation options are available to relieve the reliability issue to allow sufficient time for the Transmission Owner Selection Process to proceed. Prior to utilizing the process in this Section I.3, the Transmission Provider shall:
- a) Separately identify and post an explanation of the reliability violations and system conditions for which there is a time-sensitive need, in sufficient detail to allow stakeholders to understand the need and why it is time sensitive.
  - b) Provide to stakeholders and post on its website a full and supported written description explaining:
    - i. The decision to designate the Transmission Owner pursuant to Section IV of this Attachment Y, including an explanation of other transmission or non-transmission options that the Transmission Provider considered but concluded would not sufficiently address the immediate reliability need; and
    - ii. The circumstances that generated the immediate reliability need and an explanation of why that immediate reliability need was not identified earlier.
  - c) Permit stakeholders sufficient time to provide comments in response to the description I.3.b and make such comments publicly available.
  - d) Maintain and post a list of prior year designations of all transmission facilities for which the Transmission Provider designated the Transmission Owner pursuant to this Section I.3. The list must include the transmission facility's need date and the date that the DTO actually energized the project. Such list must be filed with the Commission as an informational filing in January of each calendar year covering the designations of the prior calendar year.

IV. **Aggregate Study Issues - (1 Sub-Topic) –**  
***[Note Request for an extension.]***

Sub-Issue 7

**Compliance area:** IV: Aggregate Study Issues

**Sub. Topic number(s):** 7. Nonincumbents [Ag Study Projects]

**Staff will seek an extension of time to address this issue.**

## **V. Managerial Qualification Issues - (3 Sub-Topics)**

Sub-Issues 9, 10, & 11

**Compliance area:** V: Managerial Qualification Issues

**Sub. Topic number(s):** 9. Nonincumbents [Managerial Qualification Criteria]

**Summary from SPCTF O1000 Call August 26, 2013:**

“We agree with LS Power, however, that it is premature at the qualification stage to require a potential transmission developer to enter into executed contracts with any entity the transmission developer may rely on to meet the managerial qualification criteria. . . . Requiring executed contracts to qualify to submit a bid creates an impermissible barrier to entry and does not comply with the requirement that qualification criteria be fair and not unreasonably stringent when applied to either the incumbent transmission provider or nonincumbent transmission developers. . . . Accordingly, *we direct SPP to . . . remove[] the requirement for a prospective transmission developer to enter into executed contracts to meet the managerial qualification criteria in order to be eligible to submit a bid.*”

**STAFF RECOMMENDATION:** There are two options for compliance: (1) replace the executed contract requirement with a requirement that the applicant “demonstrate that has the ability to hire contractors” to satisfy the managerial requirements; or (2) keep the executed contract as an option and add an option to “demonstrate that has the ability to hire contractors” to satisfy the managerial requirements. Staff recommends option 2 (see draft Tariff revisions to Attachment Y, Section III(b)(iii) ).

**Attachment Y, Section III(1)(b)(iii):**

An Applicant can demonstrate that it meets the managerial criteria either on its own or by relying on an entity or entities with whom it has a corporate affiliation or contractual relationship (“Alternate Qualifying Entity (ies)”). If the Applicant seeks to satisfy the managerial criteria in whole or in part by relying on one or more Alternate Qualifying Entity(ies), the Applicant must submit: (1) materials demonstrating to the Transmission Provider’s satisfaction that the Alternate Qualifying Entity(ies) meet(s) the managerial criteria for which the Applicant is relying upon the Alternate Qualifying Entity(ies) to satisfy; and (2) either (i) an executed agreement that contractually obligates the Alternate Qualifying Entity(ies) to perform the function(s) for which the Applicant is relying upon the Alternate Qualifying Entity(ies) to satisfy, or (ii) materials demonstrating to the Transmission Provider’s satisfaction that the Applicant has the ability to hire the Alternate Qualifying Entity(ies) to satisfy the managerial requirements for which the Applicant is relying on the Alternate Qualifying Entity(ies) to satisfy.



**Compliance area:** V: Managerial Qualification Issues

**Sub. Topic number(s):** 10. Nonincumbents [Managerial Qualification Criteria]

**Summary from SPCTF O1000 Call August 26, 2013:**

“In response to LS Power’s assertion that the qualification criterion requiring a potential transmission developer to demonstrate the ‘ability to comply with . . . NERC Reliability Standards’ is inconsistent with Order No. 1000-A, SPP clarified that this requirement merely requires an entity to demonstrate ‘how it plans to be able to comply’ with NERC Standards. With this clarification, we find that SPP’s proposal is consistent with the Commission’s finding in Order No. 1000-A. However, SPP has not included this clarification in its OATT. Accordingly, ***we direct SPP to . . . revise[] its OATT to state that the requirement is for a potential transmission developer to demonstrate ‘how it plans to be able to comply’ with NERC requirements.’***”

**STAFF RECOMMENDATION:** Draft language sent to RTWG in TRR 104 – **NO ACTION BY SPCTF**

**Compliance area:** V: Managerial Qualification Issues

**Sub. Topic number(s):** 11. Nonincumbents [Managerial Qualification Criteria]

**Summary from SPCTF O1000 Call August 26, 2013:**

“The Commission clarified in Order No. 1000-A that it would be an impermissible barrier to entry to require, as part of the qualification criteria, that a transmission developer demonstrate that it either has, or can obtain, state approvals necessary to operate in a state, including state public utility status and the right to eminent domain, to be eligible to propose a transmission facility. **Accordingly, we direct SPP to remove[] this requirement from the qualification criteria.**”

**STAFF RECOMMENDATION:** Draft language sent to RTWG in TRR 104 – **NO ACTION BY SPCTF**

*“We note, however, that it would be appropriate for SPP to consider whether an entity has the ability to comply with applicable local, state, and federal requirements as part of its process for evaluating bids.”*

**STAFF RECOMMENDATION:** Modify language to the TOSP reflecting existing state ROFR law. As discussed above, Staff recommends adding state ROFR laws to the consideration of the Project Management and Rate Impact aspects of the TOSP scoring (see draft Tariff revisions Attachment Y, Section III(f) (2) and (4):

**Attachment Y, Section III (f)(2):**

- (2) Project Management (Construction Project Management), 200 points: Measures an RFP respondent’s expertise in implementing construction projects similar in scope to the Competitive Upgrade that is the subject of the RFP. Criteria considered in this evaluation category shall include, but not be limited to:

\* \* \* \* \*

(i) RFP respondent is authorized to construct transmission facilities in the state(s) in which the Competitive Upgrade will be located;

(j) RFP respondent has a right of first refusal granted under relevant law for the Competitive Upgrade; and

**Attachment Y, Section III (f) (4):**

- (4) Rate Analysis (Cost to Customer), 225 points: Measures an RFP respondent’s cost to construct, own, operate, and maintain the Competitive Upgrade over a forty (40) year period. Criteria considered in this evaluation category shall include, but not be limited to:

\* \* \* \* \*

(h) \_\_\_\_\_ RFP respondent is authorized to construct transmission facilities in the state(s) in which the Competitive Upgrade will be located;

(i) \_\_\_\_\_ RFP respondent has a right of first refusal granted under relevant law for the Competitive Upgrade; and

## **VI. Fees & Deposit Issues - (4 Sub-Topics)**

Sub-Issues 12, 13, 14, & 15

**Compliance area:** VI: FEES and DEPOSITS

**Sub. Topic number(s):** 12. Nonincumbents [Qualification Criteria-Application Fee]

**STAFF RECOMMENDATION:**

Explain in compliance filing why this is not unduly discriminatory. Response should cover:

- 1) All SPP members pay an annual membership fee which is established by the SPP Board of Directors.
- 2) For the last several years this fee has been set at \$6,000/member
- 3) To not have non-member transmission developers participate in the process without having at least the same financial commitment to SPP that members have is unduly discriminatory to SPP's members
- 4) Non-member developers can join SPP and not have to pay a non-member fee to participate in the process
- 5) Non-member developers who win the bid and own transmission are required to join SPP to be a transmission owner under the tariff
- 6) This provision attempts to level the playing field between SPP's members and the non-member transmission developers

**Compliance area:** VI: FEES and DEPOSITS

**Sub. Topic number(s):** 13. Nonincumbents [Proposal Submission]

**Sub. Topic number(s):** 14. Nonincumbents [Proposal Submission]

**Summary from SPCTF O1000 Call August 26, 2013:**

“SPP must provide more clarity with regard to how it will calculate the actual costs associated with the Request for Proposals process to determine whether each Request for Proposals respondent must make additional payments or will receive refunds based on the initial fee collected. . . . *[We direct SPP to file, within 120 days of the date of this order, a further compliance filing with OATT revisions that . . . (2) clarify how it will calculate the actual costs associated with the Request for Proposals process for purposes of determining whether each Request for Proposals respondent must make additional payments or will receive refunds . . . ]*”

**STAFF RECOMMENDATION:**

Change any reference to the “*initial fee*” to a “bid deposit”. Bidders will submit a per bid deposit which SPP will hold in a segregated interest bearing account in the name of the bidder tied to the bidder’s tax identification number. The deposit will “secure” the bidder’s share of the costs for SPP to perform the process. Once the process is completed and the bids awarded SPP will calculate the total costs to administer the process and deduct that cost, on a per bid basis, from each bidder’s deposit account. Thereafter, all remaining deposits, and interest earned on those deposit, will be returned to the bidders.

The bid deposit should be set at a large enough level to truly indicate the seriousness and intent of the bidders to participate in the process without being so large as to significantly limit the financial ability of bidders to participate. SPP Staff recommends an initial bid deposit of \$100,000. This is reasonable to ensure that all the deposits collected from bidders will be sufficient to cover a sizable amount of the costs to administer the RFP process while also being commercially reasonable and serve as further evidence of the bidders financial capability to complete projects being bid on. (see draft Tariff revisions Attachment Y, Section III(2) and (4))

**Compliance area:** VI: FEES and DEPOSITS

**Sub. Topic number(s):** 15. Nonincumbents [Proposal Submission]

**Summary from SPCTF O1000 Call August 26, 2013:**

“[C]onsistent with the Commission’s policy to require payment of interest on deposits or study costs that are refunded to a generator interconnection customer, we direct SPP to revise its OATT so that interest will be paid on any refunded portion of the fee that a transmission developer submitted with its bid. . . . ***[W]e direct SPP to file, within 120 days of the date of this order, a further compliance filing with OATT revisions that . . . (3) provide interest on any bid fees that are refunded to a transmission developer.***”

**STAFF RECOMMENDATION:**

Interest earned on the deposit accounts will accrue to the individual bidders and will be returned to the bidders net of SPP’s costs following completion of the annual bid process. Staff has proposed Tariff language to address this requirement. (see draft Tariff revisions Attachment Y, Section III(2)(c)(vi) and Section III(2)(e):

**Attachment Y, Section III (2)(c)(vi):**

- ix) A requirement that the QRP agrees to ~~pay the RFP fees~~submit a Transmission Owner Selection Process deposit or each RFP proposal submitted, as outlined in Section III.2(e) of this Attachment Y, including the initial deposit at the time of submission of the RFP proposal.

**Attachment Y, Section III (2)(e):**

- e) ~~RFP-Transmission Owner Selection Process Fee Deposit~~
  - (1) Each RFP proposal shall ~~be assessed a fee~~include a deposit to be used to compensate the Transmission Provider for all costs incurred to administer the ~~RFP-Transmission Owner Selection Process~~ for each Competitive Upgrade. Initially, each RFP respondent shall submit a deposit with each proposal, which shall be equal to the Transmission Provider's estimate of the ~~fee-RFP respondent's share of the costs of administering for participation in the RFP-Transmission Owner Selection Process~~ for the applicable Competitive Upgrade. The Transmission Provider shall hold each deposit in a segregated interest bearing account in the name of the RFP respondent tied to the RFP respondent's tax identification number.
  - (ii) The Transmission provider shall determine ~~The actual RFP-Transmission Owner Selection Process costs will be determined~~ at the completion of the process, and all RFP respondents will make additional payments or obtain refunds based on the reconciliation of deposits collected and actual ~~RFP~~ costs. The costs shall be allocated to each proposal on a pro-rata share basis, calculated by taking the total ~~RFP-Transmission Owner Selection Process~~ costs for each Competitive Upgrade and dividing by the number of proposals submitted for that Competitive Upgrade. The Transmission Provider shall refund any unused deposit amounts with interest earned on such deposits.



**VII. Incumbent/Non-Incumbent Financial  
Strength - (1 Sub-Topic)**

Sub-Issue 16

**Compliance area:** VII: Incumbent/Non-incumbent Financial Strength

**Sub. Topic number(s):** 16. Nonincumbents [Proposal Submission]

**Summary from SPCTF O1000 Call August 26, 2013:**

“We also find that SPP’s proposal to allow a Qualified Request for Proposals Participant to demonstrate its financial strength in its bid by showing that it is the incumbent transmission owner that would otherwise be obligated to build the Competitive Upgrade pursuant to Attachment Y, section IV of the SPP OATT is unduly discriminatory and thus does not comply with Order No. 1000. . . . Accordingly, we direct SPP to . . . remove the unduly discriminatory financial strength provision that applies only to incumbent transmission developers and allows them to demonstrate their financial strength simply by being the incumbent utility.”

**STAFF RECOMMENDATION:** Draft language sent to RTWG in TRR 104 – **NO ACTION BY SPCTF**

## **VIII. TOSP Scoring Issues - (2 Sub-Topics)**

Sub-Issues 17 & 18

**Compliance area:** VIII: TOSP Scoring Issues

**Sub. Topic number(s):** 17. Nonincumbents [Evaluation and Selection]

**Summary from SPCTF O1000 Call August 26, 2013:**

“We find that SPP has not provided sufficient justification for the point system in its proposed Transmission Owner Selection Process, and has not described how it will result in a regional transmission plan that selects the more efficient or cost-effective transmission solutions to regional transmission needs. Accordingly, we direct SPP to make a further compliance filing, as discussed below, to revise its evaluation process to reflect greater weighting of costs in evaluating transmission developer bids in order to reflect ‘the relative efficiency and cost-effectiveness of [any proposed transmission] solution,’ or to further explain and justify why its proposed weighting of costs in the evaluation process complies with the requirements of Order No. 1000.”

**STAFF RECOMMENDATION:** If the SPCTF determines that the appropriate course is additional justification, the justification is that each of the proposed evaluation categories are designed to ensure efficiency and cost-effectiveness, because each is designed to provide points based on an individual RFP respondent’s abilities in each stage of the lifecycle of the specific project. SPP’s point system is designed to look at the project over its entire useful life, from the conceptual (design) and financing stage (financial), through construction (project management), and into operation (rate analysis and operations). An RFP response that contains the lowest costs estimate is not necessarily the more efficient and cost-effective solution, given that cost estimates are inherently inaccurate. Thus, undue emphasis on the cost category during the RFP phase will not ensure that the more efficient or cost-effective proposal is selected. Other factors, such as the ability of the RFP respondent to operate, maintain, and restore the project in the event of a failure are equally, or in fact, more important to ensuring efficiency and cost-effectiveness as is the cost estimate. Plus, given that SPP is also going to develop cost estimates, and bidders are likely to base their bids on SPP’s cost estimate, other factors are necessary to distinguish among bidders to ensure efficiency and cost-effectiveness

However, if it is the direction of the SPCTF to change the weighting, alternatives to the current proposal are provided below.

	Current	Option 1	Option 2	Option 3
1. Engineering Design:	200	150	150	125
2. Project Management:	200	150	200	125
3. Operations:	250	150	150	125
4. Rate Analysis (Cost):	225	400	400	500
5. Finance:	125	150	100	125
<b>TOTAL</b>	<b>1000</b>	<b>1000</b>	<b>1000</b>	<b>1000</b>

**Compliance area:** VIII: TOSP Scoring Issues

**Sub. Topic number(s):** 18. A. Nonincumbents [Evaluation and Selection]

**Summary from SPCTF O1000 Call August 26, 2013:**

“We also find that SPP has not provided a sufficiently clear and objective description of what basis the industry expert panel would use if it were to not recommend to the Board the bid with the highest score or if it were to eliminate from consideration a bid due to a low score in any individual evaluation category. Accordingly, **we direct SPP . . . to either explain what basis the industry expert panel would use if it were to not to recommend to the Board a bid with the highest score, including how such a decision will be made in a transparent manner, or to remove any OATT language that allows the point system to be disregarded by the industry expert panel when it makes its recommendation.**”

**STAFF RECOMMENDATION:** Staff recommends the following explanation be included in the transmittal letter:

The IEP may recommend that a bid be excluded from consideration due to a low score in one category if, for example, the bid was deficient in one particular evaluation category, and such deficiency caused the IEP seriously to question whether the bidder would be able to achieve the functions for the specific project that the evaluation category is designed to address. While SPP has adopted detailed qualification criteria that each QRP is required to satisfy, that does not mean that every QRP will be qualified and financially and technically capable to design, construct, own, operate, and maintain every Competitive Upgrade that SPP puts out for bid. It is also important to remember that the IEP’s decision is only a recommendation; the Board of Directors has the final decision on each Competitive Upgrade and will have access to all of the information that the IEP had, through the IEP report.

**Sub. Topic number(s): 18. B. Nonincumbents [Evaluation and Selection]**

“Additionally, if SPP allows for the industry expert panel not to recommend the bid with the highest score, **SPP will need to describe which entity will build the project in case all of the bids for a Competitive Upgrade are eliminated from consideration due to a low score in the evaluation criteria.**”

**STAFF RECOMMENDATION:** SPP will provide the following clarifications in both the transmittal letter and Tariff:

First, SPP will clarify in the transmittal letter that it is the Board of Directors, and not the IEP, that has the final decision in bid selection. Even if the IEP rejects one or more bids due to a low score in one category, the Board of Directors will have the same information that the IEP had and will be able to make an independent decision to accept the IEP’s recommendation or to select one of the bidders.

Second, for economic projects, if the Board of Directors does not select any of the bids, the project will be rebid unless all bids were outside the allowable cost bandwidth compared to the study cost estimate. If all of the bids were outside the allowable cost bandwidth, the Board will reconsider the project for approval. If the second round of bids does not produce a builder then the project will be assigned to the incumbent.

If the project is a reliability project, it will be rebid, unless the need date for the project is within three years at the time to rebid and the other criteria for the reliability exemption are met. If the reliability exemption criteria are met, the Board will assign the project to the incumbent without rebid. (See SPP Staff’s proposal for Attachment Y, Section III(d)(vii).

**Attachment Y, Section III(d)(vii).**

- vii) Except as provided in Section III.2(d)(vii)(a) of this Attachment Y, the SPP Board of Directors shall select an RFP proposal (“Selected RFP Proposal”) and an alternate RFP proposal for each Competitive Upgrade based primarily on the information provided by the IEP. The Transmission Provider shall notify the RFP respondent that submitted the Selected RFP Proposal that it has been chosen by the SPP Board of Directors to become the DTO for the Competitive Upgrade (“Selected RFP Respondent”) and the Transmission Provider shall issue an NTC for the Competitive Upgrade pursuant to Section V of this Attachment Y. To become the DTO for the Competitive Upgrade, the Selected RFP Respondent must, within seven (7) calendar days of receiving such notice: (1) sign any necessary agreement(s) to assume all of the responsibilities of a Transmission Owner related to the Competitive Upgrade pursuant to the SPP Membership Agreement and this Tariff; (2) submit to the Transmission Provider a deposit in accordance with Section III.2(d)(xii) of this Attachment Y; and (3) provide written notification to the Transmission Provider that it accepts the NTC.

- a. If the Board of Directors accepts the IEP's recommendation, pursuant to Section III.2(f)(1) of this Attachment Y, that one or more RFP proposal(s) be eliminated from consideration due to a low score in any individual evaluation category, resulting in all RFP proposals being eliminated from consideration, the DTO for the Competitive Upgrade will be identified as follows:
1. If the Competitive Upgrade qualifies under Section I.3 of this Attachment Y, the DTO will be identified as set forth in Section I.3 of this Attachment Y.
  2. If the Competitive Upgrade does not meet the conditions set forth in Section III.2(d)(vii)(a)(1) of this Attachment Y and all RFP proposals were eliminated from consideration due to a low score in the Rate Analysis evaluation category, the Transmission Provider shall reevaluate the Competitive Upgrade. If the cost estimate in each eliminated RFP proposal exceeded the estimated baseline cost by a predetermined bandwidth set forth in the Transmission Provider's business practices, the SPP Board of Directors shall reevaluate the Competitive Upgrade to determine what action to take, including: (a) resubmission of the Competitive Upgrade for DTO selection under Section III of this Attachment Y; (b) modification of the Competitive Upgrade and resubmission of the Competitive Upgrade for DTO selection under Section III of this Attachment Y; or (c) cancellation of the Competitive Upgrade.
  3. For all Competitive Upgrades not meeting the conditions set forth in Sections III.2(d)(vii)(a)(1) or III.2(d)(vii)(a)(2) of this Attachment Y, the Competitive Upgrade will be resubmitted for selection of a DTO under Section III of this Attachment Y.
- b. If a Competitive Upgrade was previously resubmitted, pursuant to Section III.2(d)(viii)(a) of this Attachment Y, for selection of a DTO under Section III of this Attachment Y and no DTO was selected, the Transmission Provider will identify the DTO pursuant to Section IV of this Attachment Y.

IX. **Finance Committee Issue - (1 Sub-Topic)**

Sub-Issue 19



**Compliance area:** IX: Finance Committee Issue

**Sub. Topic number(s):** 19. Nonincumbents [Evaluation and Selection]

**Summary from SPCTF O1000 Call August 26, 2013:**

“[W]e agree with SPP that the firm capital commitment is necessary to ensure that the selected Designated Transmission Owner has the financial capability to finish the project . . . However, contrary to SPP’s position, we find that the details regarding what is sufficient to meet the firm capital commitment requirement are properly included in the OATT, not the business practice manuals. **Accordingly, we direct SPP to clarify in its OATT what is expected, in terms of demonstration of access to capital, when a transmission developer is accepting responsibilities as a Designated Transmission Owner, and to further describe why such requirements are just and reasonable and not unduly discriminatory.**”

**STAFF RECOMMENDATION:** SPP Staff’s review of the Finance Committee’s policy decisions for SPP’s initial Order 1000 compliance filing indicated that the Finance Committee’s guidance was sufficient for SPP’s compliance filing due in November. As a result, SPP Staff has incorporated the Finance Committees prior policy decisions into the draft Tariff language that is going to the RTWG (see draft Tariff language). – **NO ACTION BY SPCTF** (See SPP Staff’s proposal for Attachment Y, Section III(d)(xii) below).

**Attachment Y, Section III(2)(d)(xii).**

- xii) When accepting the responsibilities of being a DTO for a Competitive Upgrade, the Selected RFP respondent shall provide the following to the Transmission Provider:
  - (1) a cash deposit representing 2% of the estimated cost of the Selected RFP Proposal; and
  - (2) a firm capital commitment acceptable to the Transmission Provider that is sufficient to complete the Competitive Upgrade, including one of the following: a binding commitment letter from lenders and/or equity providers (may be a credit facility or access to a credit facility via parent(s) and/or equity providers, provided that the parent has an Investment Grade Rating); cash held in escrow; performance & payment/surety bond; existing balance sheet liquidity; or demonstrated history of ability to obtain adequate capital to support the project.

**X. Post-TOSP Issues [Delays & Project Costs] -  
(2 Sub-Topics)**

Sub-Issues 20 & 21

**Compliance area:** X: Post-TOSP Issues [Delays and Project Costs]

**Sub. Topic number(s):** 20. Nonincumbents [Reevaluation]

**Summary from SPCTF O1000 Call August 26, 2013:**

“[W]e agree with SPP that what constitutes a significant construction delay does not lend itself to a generic threshold. Therefore, we disagree with Duke-American and will not require SPP to specify a time period that would constitute a significant delay. However, SPP lists, in its answer, factors that it will consider in determining what constitutes a significant delay (e.g., need date, construction time, necessity for long-lead equipment, and permitting schedules). We find it reasonable for SPP to include these factors in its OATT to provide transparency. Accordingly, ***we direct SPP to revise its OATT to include this list (and any other factors SPP may consider) so that stakeholders are aware of the factors SPP will consider in determining whether a transmission project selected in the regional transmission plan for purposes of cost allocation is significantly delayed.***”

**STAFF RECOMMENDATION:** Draft language sent to RTWG in TRR 104 – NO ACTION BY SPCTF

**Compliance area:** X: Post-TOSP Issues [Delays and Project Costs]

**Sub. Topic number(s):** 21. Nonincumbents [Reevaluation]

**Summary from SPCTF O1000 Call August 26, 2013:**

“[W]e accept SPP’s proposal to include consideration of cost in its reevaluation criteria, and reject requests by protestors to require SPP to include more detailed provisions relating to the reevaluation process, in the case of cost changes, given that the Commission in Order No. 1000 explicitly declined to require a cost containment component in compliance filings. However, SPP clarifies that it has established a cost bandwidth for projects and that reevaluation will be triggered if the cost of a transmission project exceeds the bandwidth, but SPP’s OATT does not reflect this clarification. Accordingly, **we direct SPP to revise its OATT, as discussed below, to reflect its clarification concerning the bandwidth. We note that SPP does not need to include an exact bandwidth number; it may cite to the current bandwidth in its Business Practice Manuals by reference.**”

**STAFF RECOMMENDATION:** Draft language sent to RTWG in TRR 104 – **NO ACTION BY SPCTF**

XI. **RSC Issue: Cost Allocation for Impacts on  
Other Regions - (1 Sub-Topic)**

Sub-Issue 22

**Compliance area:** XI. Cost Allocation for Impacts on Other Regions

**Sub. Topic number(s):** 22 A. Neighboring System Impacts and Cost Allocation [Impacts]

**Summary from SPCTF O1000 Call August 26, 2013:**

“SPP does not comply with the Regional Cost Allocation Principle 4 requirement that the regional transmission planning process identify the consequences of a transmission facility selected in the regional transmission plan for purposes of cost allocation for other transmission planning regions, such as upgrades that may be required in another region. . . . Accordingly, *we direct SPP to file a further compliance filing . . . revising its OATT to provide for identification of the consequences of a transmission facility selected in the regional transmission plan for purposes of cost allocation for other planning regions.*”

**STAFF RECOMMENDATION:** Staff recommends retention of current policy, and has incorporated clarifying language into Attachment O to ensure that the STEP identifies the consequences of each “Competitive Upgrade” on other regions (see draft Tariff revision). The revisions state that the STEP will identify reliability violations on other systems that are caused by Competitive Upgrades approved in the STEP, but that, absent agreement or absent an “interregional” project, SPP will not pay any costs associated with any upgrade needed on another system to address a reliability issue that arises as a result of an SPP-approved upgrade. (See draft Tariff revision to Attachment O, Section V(7) below.)

7) Impacts on Neighboring Systems

As part of the evaluation of any Competitive Upgrade, the Transmission Provider will determine whether the proposed Competitive Upgrade causes any violations of NERC reliability standards on the transmission system(s) of the adjacent neighboring transmission planning region(s). The Transmission Provider shall identify any such violations as part of the SPP Transmission Expansion Plan. Except as otherwise provided in Addendum 3 or Addendum 4 of this Attachment O or as otherwise provided in an agreement between the Transmission Provider and a neighboring transmission system, the Transmission Provider shall not pay any cost for any upgrade or system modification necessary to mitigate or resolve any such violation on a neighboring transmission system, and listing of such violations in the SPP Transmission Plan does not constitute any agreement on the part of the Transmission Provider or its stakeholders to pay any such cost.

**Compliance area:** XI. Cost Allocation for Impacts on Other Regions

**Sub. Topic number(s):** 22 A. Neighboring System Impacts and Cost Allocation [Impacts]

**Summary from SPCTF O1000 Call August 26, 2013:**

“SPP also does not address whether the SPP region has agreed to bear the costs associated with any required upgrades in another transmission planning region or, if so, how such costs will be allocated within the SPP transmission planning region. ***SPP must also address in the further compliance filing whether the SPP region has agreed to bear the costs associated with any required upgrades in another transmission planning region and, if so, how such costs will be allocated within the SPP transmission planning region.***”

**STAFF RECOMMENDATION:** Staff recommends not bearing costs associated on neighboring systems from projects approved in the regional planning process and has incorporated clarifying language into Attachment O to state that SPP will not assume responsibility for the cost associated with any needed upgrades on a neighboring system (see draft Tariff revision to Attachment O, Section V below)

## **V. The SPP Transmission Expansion Plan**

The SPP Transmission Expansion Plan shall be a comprehensive listing of all transmission projects in the SPP for the twenty-year planning horizon. Projects included in the SPP Transmission Expansion Plan are: 1) upgrades required to satisfy requests for Transmission Service; 2) upgrades required to satisfy requests for generation interconnection; 3) approved projects from the 20-Year Assessment, 10-Year Assessment and Near Term Assessment (ITP Upgrades); 4) upgrades within approved Balanced Portfolios; 5) approved high priority upgrades; 6) endorsed Sponsored Upgrades; and 7) approved Interregional Projects. A specific endorsed Sponsored Upgrade will be included in the Transmission System planning model upon execution of a contract that financially commits a Project Sponsor to such upgrade or when such upgrade is otherwise funded pursuant to the Tariff. An approved Interregional Project will be included in the Transmission System planning model upon approval for construction in accordance with Section IV.6 of this Attachment O. To be included in the SPP Transmission Expansion Plan, each project must have been endorsed or approved through its proper process. This Section V describes the process used to approve or endorse the specific upgrades identified in 20-Year, 10-Year and Near Term Assessments, high priority upgrades, and Balanced Portfolios. ***The SPP Transmission Expansion Plan shall also identify whether any approved Competitive Upgrades, as that term is defined in Attachment Y of***

this Tariff, causes reliability violations on an adjacent neighboring transmission system, as described in more detail in Section V.7 of this Attachment O.

**STAFF NOTE:** On September 4, 2013 the CAWG voted to support retaining the policy of SPP not bearing costs associated with neighboring system for projects approved in the regional planning process. The CAWG's motion stated:

**For Order 1000 regional compliance purposes, the CAWG supports and recommends the RSC support continuing the existing policy of SPP not bearing the costs associated with upgrades in another transmission planning region necessitated by projects approved in SPP's Integrated Transmissions Planning (ITP) process.**



## **XII. Public Policy Related Issues - (2 Sub-Topics)**

Sub-Issues 23 & 24

**Compliance area:** XII. Public Policy Related Issues

**Sub. Topic number(s):** 23. Procedures for Stakeholders to Identify Transmission Needs Driven by Public Policy Requirements

**Summary from SPCTF O1000 Call August 26, 2013:**

“We recognize that SPP’s ITP process, as described in Attachment O of SPP’s OATT, offers opportunities for stakeholders to provide input on the scope of SPP’s planning studies through transmission planning forums. . . . However, we find that SPP’s OATT does not explicitly state at what point(s) in the process stakeholders can offer proposals regarding the transmission needs they believe are driven by public policy requirements. To the extent that SPP plans to use its existing procedures that already allow for stakeholder input, it has to explicitly include or accommodate transmission needs driven by public policy requirements. Accordingly, *we direct SPP to . . . revise its OATT to include clear, transparent procedures for identifying transmission needs driven by public policy requirements in its regional transmission planning process that allow stakeholders an opportunity to provide input and offer proposals regarding the transmission needs driven by public policy requirements.*”

**STAFF RECOMMENDATION:** The ITP process already provides two avenues for stakeholders to identify transmission needs driven by public policy requirements -- the ESWG survey on public policy requirements sent to all SPP TOs; and the scope development for the ITP10 and ITP20, which is driven by stakeholder input through the appropriate stakeholder group (ESWG, TWG, & MOPC). Staff will propose additional clarifying revisions to Attachment O, with references to the ITP manual as applicable. (see proposed changes to Attachment O, Section III(3)(a) & (d); and (f); Section III(4)(a),(d), & (f); and Section III (6)(o) below).

**Compliance area:** XII. Public Policy Related Issues

**Sub. Topic number(s):** 24. Selection of Public Policy Requirements for Further Evaluation

**Summary from SPCTF O1000 Call August 26, 2013:**

“In addition, Order No. 1000 requires that public utility transmission providers, in consultation with their stakeholders, establish a just and reasonable and not unduly discriminatory process through which the public utility transmission provider will identify those transmission needs driven by public policy requirements for which transmission solutions will be evaluated. We understand SPP’s proposal to incorporate its identification of transmission needs driven by public policy requirements into its overall regional transmission planning process. **However, SPP is required to explain in its OATT the process it will use to identify, out of the larger set of transmission needs driven by public policy requirements that stakeholders may propose, those needs for which transmission solutions will be evaluated. Thus, we direct SPP to . . . to include such a process in its OATT and, consistent with the requirements of Order No. 1000, to explain in its compliance filing the just and reasonable and not unduly discriminatory process.**”

**STAFF RECOMMENDATION:** SPP’s current ITP10 and ITP20 processes consider all PPRs that stakeholders include in the study scope. All PPRs in the study scope are evaluated in the study. Other public policies that are not PPRs can be considered and the decision of whether to consider them will be made by the stakeholder groups as part of the ITP process. (see proposed changes to Attachment O, Section III(3) (f); Section III(4)(f); and Section III (6)(o) below):

below).

**Attachment O, Section III(3) (f); Section III(4)(f); and Section III (6)(o):**

**Attachment O, Section III(3) (f):**

### **III. The Integrated Transmission Planning Process**

The ITP process is an iterative three-year process that includes 20-Year, 10-Year and Near Term Assessments. The 20-Year Assessment identifies the transmission projects, generally above 300 kV, and provides a grid flexible enough to provide benefits to the region across multiple scenarios. The 10-Year Assessment focuses on facilities 100 kV and above to meet the system needs over a ten-year horizon. The Near Term Assessment is performed annually and assesses the system upgrades, at all applicable voltage levels, required in the near term planning horizon.

\* \* \* \* \*

#### **3) Preparation of the 20-Year Assessment**

\* \* \* \* \*

- f) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope including input assumptions such as Public Policy Requirements, as described in the Integrated Transmission Planning Manual.

\* \* \* \* \*

**Section III(4) (f):**

- 4) Preparation of the 10-Year Assessment

\* \* \* \* \*

- f) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope, including input assumptions such as Public Policy Requirements, as described in the Integrated Transmission Planning Manual.

\* \* \* \* \*

**Attachment O, Section III(6)(o):**

- 6) Policy, Reliability, and Economic Input Requirements to Planning Studies

The Transmission Provider shall incorporate, as appropriate for the assessment being performed, the following into its planning studies:

\* \* \* \* \*

- o) Transmission needs driven by Public Policy Requirements identified in the SPP survey to identify public policy requirements and additional transmission needs driven by Public Policy Requirements as determined by the Transmission Provider and stakeholders during study scope development ~~by the Transmission Provider and stakeholders~~; and

**XIII. Merchant Transmission Developer Issues -  
(1 Sub-Topic)**

Sub-Issue 25

**Compliance area:** XIII. Merchant Transmission Developer Issues [Regional Planning]

**Sub. Topic number(s):** 25. Merchants and Regional Planning

**Summary from SPCTF O1000 Call August 26, 2013:**

“We also agree with SPP that Appendix 11 of its SPP Criteria enables SPP to assess the potential reliability and operational impacts of the merchant transmission developer’s proposed transmission facilities on other systems in the region. . . . While SPP includes in Appendix 11 the information a merchant transmission developer must submit to enable SPP to assess the potential reliability and operational impacts of the merchant transmission developer’s proposed transmission facilities on other systems in the region, SPP must include the information requirements in its OATT in order to comply with the merchant information requirement of Order No. 1000. **Accordingly, we direct SPP to file, within 120 days of the date of this order, a further compliance filing to include in its OATT the information requirements for merchant transmission developers that are currently listed in Appendix 11 of the SPP Criteria.** . . . Specifically, SPP must include language in its OATT that merchant transmission developers must provide the information in the Transmission Interconnection Review Data Checklist of Appendix 11 of SPP’s Criteria, which includes, but is not limited to, estimated or proposed in-service dates; a detailed description of the proposed interconnection; details of any required mitigation plans; interconnection design information and rating; maps; and one-line diagrams.

**STAFF RECOMMENDATION:** Draft language sent to RTWG in TRR 104 – **NO ACTION BY SPCTF – However, TWG will want to review language.**

## ATTACHMENT Y

### I. OVERVIEW OF TRANSMISSION OWNER DESIGNATION PROCESS

- 1) The Transmission Provider shall designate a Transmission Owner in accordance with the process set forth in Section III of this Attachment Y for transmission facilities approved for construction or endorsed by the SPP Board of Directors for which the Transmission Provider issues a Notification to Construct after January 27, 2015<sup>[A1]</sup> that meet all of the following criteria:
  - a) Transmission facilities that are ITP Upgrades or high priority upgrades;
  - b) Transmission facilities with a nominal operating voltage of 100 kV or greater;
  - c) Transmission facilities that are not a rebuild<sup>[A2]</sup> of an existing facility, as that term is defined in Section II of this Attachment Y; and
  - d) Transmission projects that do not consist of multiple transmission facilities that include both rebuild facilities, as that term is defined in Section II of this Attachment Y, and new transmission facilities<sup>[A3]</sup> and;
  - e) Transmission facilities that: (1) are not located solely within a single Zone; and (2) do not have any costs allocated outside of the Zone where they are located<sup>[A4]</sup>
- 2) For transmission projects involving multiple facilities, some of which are rebuild facilities and some of which involve new transmission facilities, the Transmission Provider will identify the DTO as follows:
  - a. If the total cost of the project includes 80% or more rebuild facilities, the Transmission Provider will identify the Designated Transmission Owner(s) for the project in accordance with Section IV of this Attachment Y; or
  - b. If the total cost of the project includes less than 80% rebuild facilities, the Transmission Provider will divide the project into two or more projects, and identify the Designated Transmission Owner(s) for the rebuild facilities in accordance with Section IV of this Attachment Y and will identify the DTO for the new transmission facilities in accordance with Section III of this Attachment Y<sup>[A5]</sup>
- 23) For any upgrade meeting the specifications listed in Section I.1 of this Attachment Y, the Transmission Provider may, subject to approval by the SPP Board of

Directors, designate the Transmission Owner(s) in accordance with Section IV of this Attachment Y if the upgrade is needed within 3 years or less to solve reliability criteria violations. —the following conditions are met: (i) the transmission facility is needed for the reliability of the grid; (ii) the transmission facility has a need date within three years or less that cannot be met if the Transmission Owner Selection Process in Section III of this Attachment Y is followed; and (iii) no other transmission or non-transmission mitigation options are available to relieve the reliability issue to allow sufficient time for the Transmission Owner Selection Process to proceed.

Prior to utilizing the process in this Section I.3, the Transmission Provider shall:

- a) Separately identify and post an explanation of the reliability violations and system conditions for which there is a time-sensitive need, in sufficient detail to allow stakeholders to understand the need and why it is time sensitive.
- b) Provide to stakeholders and post on its website a full and supported written description explaining:
  - i. The decision to designate the Transmission Owner pursuant to Section IV of this Attachment Y, including an explanation of other transmission or non-transmission options that the Transmission Provider considered but concluded would not sufficiently address the immediate reliability need; and
  - ii. The circumstances that generated the immediate reliability need and an explanation of why that immediate reliability need was not identified earlier.
- c) Permit stakeholders sufficient time to provide comments in response to the description I.3.b and make such comments publicly available.
- d) Maintain and post a list of prior year designations of all transmission facilities for which the Transmission Provider designated the Transmission Owner pursuant to this Section I.3. The list must include the transmission facility's need date and the date that the DTO actually energized the project. Such list must be filed with the Commission as an informational filing in January of each calendar year covering the designations of the prior calendar year.<sup>[A6]</sup>

- 3) For any upgrade not defined in Section I.1 of this Attachment Y, the Transmission Provider shall designate the Transmission Owner(s) in accordance with the process set forth in Section IV of this Attachment Y.
- 4) The designation from the Transmission Provider shall be provided pursuant to



Section V of this Attachment Y.

- 5) The Transmission Provider shall track all projects that are approved for construction in accordance with Section VI of this Attachment Y.

## II. DEFINITIONS

The terms used in this Attachment Y shall have the meanings as defined in this Section II or as otherwise defined in this Tariff.

**Applicant:** An entity that has submitted an application to the Transmission Provider to be a Qualified RFP Participant.

**Competitive Upgrades:** Those upgrades defined in Section I.1 of this Attachment Y or an upgrade for which the Transmission Provider must select a replacement Transmission Owner pursuant to Section IV.3 of this Attachment Y.

**Guaranty:** This term shall have the meaning given in Attachment X of this Tariff.

**Guarantor:** This term shall have the meaning given in Attachment X of this Tariff.

**Industry Expert Panel:** The panel of industry experts designated by the Oversight Committee to review and evaluate proposals submitted in response to any Request for Proposals in the Transmission Owner Selection Process.

**Not-For-Profit:** This term shall have the meaning given in Attachment X of this Tariff.

**Qualified RFP Participant (“QRP”):** An entity that has been determined by the Transmission Provider to satisfy the qualification criteria set forth in Section III.1 of this Attachment Y.

**Rebuild:** For purposes of this Attachment Y, a rebuild facility is a transmission facility selected by the Transmission Provider that: (1) requires replacing or modifying equipment currently owned by a Transmission Owner; (2) if selection of the DTO under Section III of this Attachment Y would cause a Transmission Owner to lose ownership of an asset other than Right-of-Way (ROW); or (3) would utilize transmission structures currently owned by a Transmission Owner. [A7]

**Transmission Owner Selection Process:** The process of determining the Transmission Owner for Competitive Upgrades pursuant to Section III.2 of this Attachment Y.

### **III. TRANSMISSION OWNER SELECTION PROCESS FOR COMPETITIVE UPGRADES**

#### **1) Application and Qualification Process**

##### **a) Application**

Any entity that desires to participate in the Transmission Owner Selection Process outlined in this Section III must submit an application and supporting materials to demonstrate that it satisfies the qualification criteria set forth in this Section III. The Transmission Provider will evaluate the Applicant's application and supporting materials to determine whether the Applicant satisfies the qualification criteria to be a QRP and participate in the Transmission Owner Selection Process in accordance with the timeline set out in Section III.1(c) of this Attachment Y.

- i) Any entity wishing to participate in the Transmission Owner Selection Process, whether a current Transmission Owner or another entity, must submit an application to the Transmission Provider in the form provided on the Transmission Provider's website. The initial application must be received no later than June 30 of the year prior to the calendar year in which the Applicant wishes to begin participation in the Transmission Owner Selection Process. The Applicant shall submit an application fee with its application equal to the amount of the SPP annual membership fee. If the Applicant is a Member of SPP and is current in payment of its annual membership fee, then no application fee shall be required. The amount of the application fee shall be posted on the Transmission Provider's website as part of the application form.
- ii) After the Transmission Provider determines that the entity is qualified to be a QRP, the entity shall remain a QRP for the five calendar years starting January 1 subsequent to that determination, subject to the annual certification process in Section III.1(d) of this Attachment Y and termination process set forth in Section III.1(e) of this Attachment Y. To be considered for continuation of QRP status for the subsequent five (5) year period, the QRP must submit a full application package in accordance with Section III.1(a)(i) of this Attachment Y by June 30 of the fifth year of the current period. The Transmission Provider shall evaluate the application in accordance with Section III.1(c) of this Attachment Y.
- iii) Any application from an Applicant will be posted on the Transmission Provider's website no later than July 15 of each year, subject to any applicable confidentiality protections.

**b) Qualification Criteria**

An Applicant must demonstrate that it meets the following qualification criteria:

**i) SPP Membership Criterion**

An Applicant must be a Transmission Owner or be willing to sign the SPP Membership Agreement as a Transmission Owner if the Applicant is selected as part of the Transmission Owner Selection Process.

**ii) Financial Criteria**

An Applicant must demonstrate that it meets one of the following financial criteria:

- (1) A senior unsecured investment grade rating or an issuer rating of BBB- or equivalent from a “nationally recognized statistical rating organization” as defined in Attachment X of this Tariff. If an Applicant maintains a rating from all three approved nationally recognized statistical rating organizations, it must maintain at least two ratings in the investment grade range. If an Applicant maintains a rating from two of the approved nationally recognized statistical rating organizations, it must maintain at least one of those ratings in the investment grade range.
- (2) If the Applicant does not satisfy the requirement set forth in (1) above, the Applicant may submit to the Transmission Provider a Guaranty from its parent or affiliated organization that possesses an investment grade rating or an issuer rating of BBB- or equivalent from a “nationally recognized statistical rating organization” as defined in Attachment X of this Tariff. A Guaranty obligates the Guarantor to satisfy the obligations of the guarantee entity. Parent Guaranties are acceptable where the Applicant is a subsidiary, joint venture, or affiliate of the parent Guarantor. The Guaranty may be cancelled at any time that the Applicant establishes an investment grade rating as discussed in Section III.1(b)(ii)(1) of this Attachment Y. The Guaranty will be in a form consistent with Appendix D of Attachment X of this Tariff and must satisfy the following requirements:

- (a) Be duly authorized by the Guarantor and

signed by an officer of the Guarantor;

- (b) State a minimum effective period of five (5) years, or provide for automatic renewal subject to cancellation with no less than sixty (60) days notice, provided that in all events the Guaranty is effective for all obligations of the Applicant undertaken prior to cancellation;
  - (c) Include a certification by the corporate secretary of the Guarantor that the execution, delivery, and performance of the Guaranty have been duly authorized;
  - (d) Certify that the Guaranty does not violate other undertakings or requirements applicable to the Guarantor and is enforceable against the Guarantor in accordance with its terms;
  - (e) Obligate the guarantor to submit a representation letter annually indicating any material changes from the information provided in the Applicant's application related to the Guarantor and Guaranty, and representing that the Guarantor continues to satisfy the financial criteria;
  - (f) Secure all obligations of the Applicant under or in connection with this Tariff and other agreements with the Transmission Provider;
  - (g) Be supported by adequate consideration and be otherwise binding as a matter of law; and
  - (h) Include as an attachment a resolution of the board of directors or other governing body of the Guarantor authorizing the Guaranty.
- (3) If the Applicant does not satisfy the requirements set forth in (1) or (2) above, the Applicant may submit to the Transmission Provider a formal letter of reference from a commercial bank evidencing an existing line of credit from commercial banks (or access to an existing line of credit through Inter-company agreements with a Parent or

Affiliate), or bonding indication letter from an insurance or surety company either of which indicate a willingness to extend credit to the Applicant in an amount of at least \$25,000,000 (for bank) or willingness to provide a surety bond in the amount of at least \$25,000,000 (for an insurance or surety company). Commercial bank reference letters acceptable to the Transmission Provider must be issued by a financial institution organized under the laws of the United States or any state of the United States or the District of Columbia or a branch or agency of a foreign commercial bank located in the United States, with a minimum corporate debt rating of A- or equivalent from a “nationally recognized statistical rating organization” as defined in Attachment X of this Tariff and total assets of at least \$10 billion. Bonding indication letters acceptable to the Transmission Provider must be issued by an insurance or surety company with a minimum financial strength rating of A- and a minimum financial size category of X from the A.M. Best Company.

- (4) If the Applicant is a municipality, a cooperative, or other Not-For-Profit entity, the Applicant may satisfy the financial criteria requirement by providing evidence of direct rate-setting authority or taxing authority. The Applicant must possess this authority and cannot rely on an affiliation with another entity that possesses rate-setting or taxing authority.

iii) Managerial Criteria

An application must show that the Applicant has requisite expertise by describing its capability, experience, and process to address the following areas:

- (1) Transmission Project Development
  - (a) engineering, permitting, environmental, equipment and material procurement, project management (including cost control, scope, and schedule management), construction, commissioning of new facilities, new or emerging technologies; and
  - (b) routing, surveying, rights-of-way, eminent domain, and real estate acquisition, including process for obtaining easements.

- (2) Internal safety program, contractor safety program, safety performance record and program execution.
- (3) Transmission Operations: control center operations, NERC compliance process and compliance history, registration or the ability to register for compliance with applicable NERC Reliability Standards, storm/outage response and restoration plan, record of past reliability performance, statement of which entity will be operating completed transmission facilities, staffing, equipment, and crew training.
- (4) Transmission Maintenance: staffing and crew training, transmission facility and equipment maintenance, record of past maintenance performance, NERC compliance process and history, statement of which entity will be performing maintenance on completed transmission facilities.
- (5) Ability to comply with Good Utility Practice, SPP Criteria, and industry standards.
- (6) Ability to comply with or demonstration of how the Applicant plans to be able to comply with NERC Reliability Standards.
- (7) Any other relevant project development experience that the Applicant believes may demonstrate its expertise in the above areas.

An Applicant can demonstrate that it meets the managerial criteria either on its own or by relying on an entity or entities with whom it has a corporate affiliation or contractual relationship (“Alternate Qualifying Entity (ies)”). If the Applicant seeks to satisfy the managerial criteria in whole or in part by relying on one or more Alternate Qualifying Entity(ies), the Applicant must submit: (1) materials demonstrating to the Transmission Provider’s satisfaction that the Alternate Qualifying Entity(ies) meet(s) the managerial criteria for which the Applicant is relying upon the Alternate Qualifying Entity(ies) to satisfy; and (2) either (i) an executed agreement that contractually obligates the Alternate Qualifying Entity(ies) to perform the function(s) for which the Applicant is relying upon the Alternate Qualifying Entity(ies) to satisfy, or (ii) materials demonstrating to the Transmission Provider’s satisfaction that the Applicant has the ability to hire the Alternate Qualifying Entity(ies) to satisfy the managerial requirements for which the Applicant is relying on the Alternate Qualifying Entity(ies) to

[satisfy](#)<sup>18</sup>.

**c) Determination of Qualifications**

- i) Upon receiving an application, the Transmission Provider shall review the application to determine whether the Applicant satisfies the qualification criteria set forth in Section III 1(b) of this Attachment Y. The Transmission Provider shall notify each Applicant of its determination no later than September 30 of the year in which the application was submitted.
- ii) If the Transmission Provider determines that the Applicant fails to satisfy one or more of the qualification criteria, the Transmission Provider shall inform the Applicant of such deficiency(ies), and the Applicant shall be allowed to cure any deficiency(ies) within thirty (30) calendar days of notice from the Transmission Provider by providing any additional information that the Applicant believes cures the deficiency(ies). The Transmission Provider shall review the information provided by the Applicant and render a final determination of whether the Applicant satisfies the qualification criteria within forty-five (45) calendar days of the Transmission Provider's receipt of the additional information. If, after attempting to cure the deficiency(ies), the Applicant still has not satisfied the qualification criteria, the Applicant shall be disqualified from the Transmission Owner Selection Process for the following year.
- iii) Upon the Transmission Provider's determination that an Applicant satisfies the qualification criteria, the Transmission Provider shall notify the Applicant that it has been determined to be a QRP and can participate in the Transmission Owner Selection Process effective January 1 of the following calendar year. By December 31 of each year, the Transmission Provider shall post on its website a list of all QRPs that are eligible to participate in the following calendar year for any Competitive Upgrade.

**d) Annual Recertification Process and Reporting Requirements**

- i) By June 30 of each year, each QRP must submit to the Transmission Provider a notarized letter signed by an authorized officer of the QRP certifying that the QRP continues to meet the current qualification criteria or indicating any material changes to the information provided in its application. The QRP shall pay an annual certification fee equal to the amount of the SPP annual membership fee. If the QRP is a Member of SPP and is current in



payment of its annual membership fee, then no certification fee will be required.

- ii) If at any time there is a change to the information provided in its application, a QRP shall be required to inform the Transmission Provider within seven (7) calendar days of such change so that the Transmission Provider may determine whether the QRP continues to satisfy the qualification criteria. Upon notification of any such change, the Transmission Provider shall have the option to: (a) determine that the change does not affect the QRP's status; (b) suspend the QRP's eligibility to participate in the Transmission Owner Selection Process until the QRP has cured any deficiency in its qualifications to the Transmission Provider's satisfaction; (c) allow the QRP to continue to participate in the Transmission Owner Selection Process for a limited time period, as specified by the Transmission Provider, while the QRP cures the deficiency to the Transmission Provider's satisfaction; or (d) terminate the QRP status in accordance with Section III.1(e) of this Attachment Y.

**e) Termination of QRP Status**

The Transmission Provider may terminate a QRP's status if the QRP: (1) fails to submit its annual certification letter; (2) fails to pay the applicable fee as required by Section III.1(d) of this Attachment Y; (3) experiences a change in its qualifications and the Transmission Provider determines that it may no longer be a QRP; or (4) informs the Transmission Provider that it no longer desires to be a QRP; or (5) fails to notify the Transmission Provider of a change to the information provided in its application in accordance with Section III.1(d) of this Attachment Y.

**f) Dispute Resolution**

If the Applicant or QRP ("Affected Party") disagrees with the Transmission Provider's determination regarding its qualifications under Section III.1 of this Attachment Y, the Affected Party may initiate dispute resolution procedures. Any such dispute shall first be referred to a designated senior representative of the Transmission Provider and a senior representative of the Affected Party for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) calendar days (or such other period upon which the Transmission Provider and the Affected Party may agree) by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth in Sections 12.2 through 12.5 of this Tariff.

## **2) Transmission Owner Selection Process**

### **a) Overview**

Once a Competitive Upgrade has been approved by the SPP Board of Directors, the Transmission Provider shall issue a Request for Proposals (“RFP”) for the Competitive Upgrade as specified in this Section III of Attachment Y.

### **b) Industry Expert Panel**

- i) On an annual basis, the Oversight Committee or its successor shall identify a pool of candidates to serve as industry experts on one or more Industry Expert Panel(s) (“IEP”) to evaluate proposals that are submitted in response to any RFP issued by the Transmission Provider pursuant to this Section III of Attachment Y. IEP candidates shall have documented expertise on file with the Transmission Provider in one or more of the following areas: (1) electric transmission engineering design; (2) electric transmission project management and construction; (3) electric transmission operations; (4) electric transmission rate design and analysis; and (5) electric transmission finance.
- ii) Each industry expert must disclose to the Oversight Committee any affiliation with any SPP stakeholder or any QRP. In the event an affiliation exists, the Oversight Committee will evaluate whether the affiliation may adversely impact an industry expert’s ability to independently evaluate RFP proposals, and the Oversight Committee may disqualify that industry expert.
- iii) The Oversight Committee shall present its recommended pool of IEP candidates to the SPP Board of Directors for approval. The name and qualifications of each recommended candidate shall be posted on the Transmission Provider’s website prior to SPP Board of Directors approval. Approval of the IEP candidate pool shall be made prior to the meeting in which a Competitive Upgrade is to be approved.
- iv) The Oversight Committee shall create an IEP from the IEP candidate pool to evaluate proposals resulting from the RFPs. The IEP shall consist of three (3) to five (5) industry experts such that the IEP will have expertise in all five (5) areas listed in Section III.2 (b) (i) of this Attachment Y. Upon SPP Board of Directors approval, the Oversight Committee may create additional IEPs. Each IEP member must sign a confidentiality agreement prior to participating in the Transmission Owner Selection Process.

- v) If a member of a designated IEP becomes affiliated with a stakeholder or QRP, the IEP member shall immediately notify the Transmission Provider and the Oversight Committee. The Oversight Committee shall evaluate whether any affiliation between a member of a designated IEP and a stakeholder or QRP may adversely impact the IEP member's ability to independently evaluate RFP proposals reviewed by that IEP. In such event, the Oversight Committee may remove the IEP member from that IEP. If necessary, the Oversight Committee may designate a replacement IEP member from the IEP candidate pool.
- vi) The Transmission Provider shall facilitate the IEP's efforts to develop recommendations to the SPP Board of Directors. The IEP will evaluate all aspects of each proposal submitted for its review. Once all evaluations are complete, the IEP will develop a single recommendation for the SPP Board of Directors consisting of its recommended RFP proposal and an alternate RFP proposal for each Competitive Upgrade.

c) **Request for Proposals**

The Transmission Provider shall issue an RFP for each Competitive Upgrade, which shall contain information including, but not limited to:

- i) An overview of the purpose for the RFP including the need for the Competitive Upgrade, regulatory context and authority, and other necessary information.
- ii) A deadline for all RFP proposal submissions and minimum RFP proposal submission requirements.
- iii) Minimum design specifications.
- iv) The date regulatory approvals are required to be completed as determined by the Transmission Provider.
- v) A requirement that the QRP provide the following information specific to the Competitive Upgrade for which it submits a proposal:
  - (1) financial information, including but not limited to demonstration of financing (including a reasonable contingency), detailed engineering and construction cost estimate, itemized revenue requirement calculations, and financial and business plans, including the nature of any

FERC incentives the QRP intends to request;

- (2) engineering information, including but not limited to engineering design of the project and technical requirements;
  - (3) construction information, including but not limited to anticipated project timeline including timeline for all necessary regulatory approvals, equipment acquisition, description of applicable rights-of-way and real estate acquisition, description of routing, description of permitting, description of outage clearance(s), and identification of the party responsible for construction;
  - (4) operations and maintenance information, including but not limited to demonstration of operations, statement of which entity will be operating and maintaining the transmission facility, storm and outage response plan, maintenance plan, staffing, equipment, crew training, and record of past maintenance and outage restoration performance;
  - (5) safety information, including but not limited to identification of the internal safety program, contractor safety program, and safety performance record; and
  - (6) identification of information in the RFP proposal that the RFP respondent considers to be confidential.
- vi) A requirement that the QRP demonstrate its financial strength by providing one of the following:
- (1) demonstration that the QRP continues to satisfy the financial criteria set forth in Section III.1(b)(ii)(1) or (2) of this Attachment Y and that the Competitive Upgrade does not exceed 30% of the total capitalization of the QRP or its parent Guarantor;
  - (2) a performance bond from an insurance/surety company acceptable to the Transmission Provider in an amount equal to the total cost of the Competitive Upgrade, including financing costs, and a 30% contingency; or
  - (3) a letter of credit from a financial institution acceptable to the Transmission Provider in an amount equal to the total cost of the Competitive Upgrade, including financing costs, and a 30% contingency.

- vii) Information exchange requirements including but not limited to, identification of data required to be provided to the Transmission Provider in accordance with NERC reliability standards and CEII requirements.
- viii) A description of the proposal evaluation procedure, including the statement of proposal evaluation methodology and criteria for acceptable proposals.
- ix) A requirement that the QRP agrees to ~~pay the RFP fees~~ submit a Transmission Owner Selection Process deposit <sup>[A9]</sup> for each RFP proposal submitted, as outlined in Section III.2(e) of this Attachment Y, including the initial deposit at the time of submission of the RFP proposal.
- x) A requirement that the QRP disclose any credit rating changes, bankruptcies, dissolutions, mergers, or acquisitions within the past five (5) years of the QTO or its parent, controlling shareholder, or entity providing a Guaranty pursuant to Section III.1(b)(ii)(2) of this Attachment Y.

**d) RFP Process and Timeline**

- i) The Transmission Provider shall issue each RFP by or before the later of: (1) seven (7) calendar days after approval of the Competitive Upgrade by the SPP Board of Directors; or (2) eighteen (18) months prior to the date that anticipated financial expenditure is needed for a Competitive Upgrade. The RFP shall be issued only to QRPs.
- ii) Each RFP respondent shall submit a complete proposal in response to the RFP within ninety (90) calendar days from the date the RFP is issued (“RFP Response Window”).
- iii) The Transmission Provider shall not disclose any information contained in any RFP proposal, except to the IEP, until the issuance of the IEP reports in accordance with Section III.2(d)(vi)(2) of this Attachment Y.
- iv) Upon receipt of an RFP proposal, the Transmission Provider shall immediately review the proposal for completeness, and shall promptly notify the RFP respondent if its proposal is incomplete. The RFP respondent may submit information in order to complete the proposal if such submittal is made within the RFP Response Window. Any RFP respondent that fails to submit a complete

proposal within the RFP Response Window will be deemed to have waived its right to respond to the RFP.

- v) If the Transmission Provider does not receive any complete proposals in response to an RFP, the Transmission Provider shall inform the SPP Board of Directors and shall select the DTO in accordance with the process set forth in Section IV of this Attachment Y.
- vi) Upon the closing of the RFP Response Window, the Transmission Provider shall provide the RFP proposals to the IEP. The IEP shall review, score, and rank all RFP proposals and submit its recommendation to the SPP Board of Directors based upon selection criteria outlined in Section III.2(f) of this Attachment Y. The identity of RFP respondents that submitted the RFP proposals shall not be disclosed to the SPP Board of Directors as part of the IEP's recommendation. The IEP's recommendation shall be submitted to the SPP Board of Directors within sixty (60) calendar days of the initiation of the IEP's review ("Review Period"). Upon IEP request, the Oversight Committee may extend the Review Period an additional thirty (30) calendar days. Notification of such extension shall be provided to the SPP Board of Directors and posted on the Transmission Provider's website.
  - (1) During its review, the IEP may initiate communication with RFP respondents to obtain answers to any additional questions about proposals, and any such communications shall be documented by the IEP. Lobbying of the IEP by, or on behalf of, any RFP respondent is prohibited, and may result in disqualification of the RFP respondent by the Transmission Provider from the RFP process. The IEP shall score and rank each RFP proposal in a non-discriminatory manner based upon the information supplied in the RFP proposal or obtained during the Review Period.
  - (2) The IEP shall compile an internal report for the Transmission Provider detailing the process, data, results of its deliberations, and its recommended RFP proposal and an alternate RFP proposal for each Competitive Upgrade. The Transmission Provider shall be responsible for producing two redacted versions of the internal report, a Board of Directors report and a public report. The Board of Directors report shall exclude the names of the RFP respondents. The public report shall exclude the names of RFP respondents and any confidential information obtained during the Transmission Owner Selection Process. No later

than fourteen (14) calendar days prior to the SPP Board of Directors meeting during which the SPP Board of Directors will consider the IEP recommendation, the public report shall be posted on the Transmission Provider's website and the Board of Directors report shall be provided to the SPP Board of Directors.

- vii) Except as provided in Section III.2(d)(vii)(a) of this Attachment Y, the SPP Board of Directors shall select an RFP proposal ("Selected RFP Proposal") and an alternate RFP proposal for each Competitive Upgrade based primarily on the information provided by the IEP. The Transmission Provider shall notify the RFP respondent that submitted the Selected RFP Proposal that it has been chosen by the SPP Board of Directors to become the DTO for the Competitive Upgrade ("Selected RFP Respondent") and the Transmission Provider shall issue an NTC for the Competitive Upgrade pursuant to Section V of this Attachment Y. To become the DTO for the Competitive Upgrade, the Selected RFP Respondent must, within seven (7) calendar days of receiving such notice: (1) sign any necessary agreement(s) to assume all of the responsibilities of a Transmission Owner related to the Competitive Upgrade pursuant to the SPP Membership Agreement and this Tariff; (2) submit to the Transmission Provider a deposit in accordance with Section III.2(d)(xii) of this Attachment Y; and (3) provide written notification to the Transmission Provider that it accepts the NTC.

a. If the Board of Directors accepts the IEP's recommendation, pursuant to Section III.2(f)(1) of this Attachment Y, that one or more RFP proposal(s) be eliminated from consideration due to a low score in any individual evaluation category, resulting in all RFP proposals being eliminated from consideration, the DTO for the Competitive Upgrade will be identified as follows:

1. If the Competitive Upgrade qualifies under Section I.3 of this Attachment Y, the DTO will be identified as set forth in Section I.3 of this Attachment Y.

2. If the Competitive Upgrade does not meet the conditions set forth in Section III.2(d)(vii)(a)(1) of this Attachment Y and all RFP proposals were eliminated from consideration due to a low score in the Rate Analysis evaluation category, the Transmission Provider shall reevaluate the Competitive Upgrade. If the cost estimate in each

eliminated RFP proposal exceeded the estimated baseline cost by a predetermined bandwidth set forth in the Transmission Provider's business practices, the SPP Board of Directors shall reevaluate the Competitive Upgrade to determine what action to take, including: (a) resubmission of the Competitive Upgrade for DTO selection under Section III of this Attachment Y; (b) modification of the Competitive Upgrade and resubmission of the Competitive Upgrade for DTO selection under Section III of this Attachment Y; or (c) cancellation of the Competitive Upgrade.

3. For all Competitive Upgrades not meeting the conditions set forth in Sections III.2(d)(vii)(a)(1) or III.2(d)(vii)(a)(2) of this Attachment Y, the Competitive Upgrade will be resubmitted for selection of a DTO under Section III of this Attachment Y.

b. If a Competitive Upgrade was previously resubmitted, pursuant to Section III.2(d)(viii)(a) of this Attachment Y, for selection of a DTO under Section III of this Attachment Y and no DTO was selected, the Transmission Provider will identify the DTO pursuant to Section IV of this Attachment Y.

[A10]-

- viii) The Selected RFP Respondent shall be deemed to have waived its right to become the DTO if, within seven (7) calendar days of receiving such notice, the Selected RFP Respondent: (1) does not respond to such notice from the Transmission Provider; (2) notifies the Transmission Provider that it is no longer willing to become the Transmission Owner for the Competitive Upgrade; (3) fails to sign the necessary agreement(s); (4) fails to provide a deposit in accordance with Section III.2(d)(xii) of this Attachment Y; or (5) fails to provide written notification to the Transmission Provider that it accepts the NTC. In such circumstances, the Transmission Provider shall notify the SPP Board of Directors.
- ix) If the Selected RFP Respondent has waived its right to become the DTO pursuant to Section III.2(d)(viii) of this Attachment Y, the Transmission Provider shall notify the RFP respondent that submitted the alternate RFP proposal that it has been chosen by the SPP Board of Directors to become the DTO for the Competitive Upgrade, and the Transmission Provider shall issue an NTC for the



Competitive Upgrade pursuant to Section V of this Attachment Y. To become the DTO for the Competitive Upgrade, the RFP respondent that submitted the alternate RFP proposal must, within seven (7) calendar days of receiving such notice: (1) sign any necessary agreement(s) to assume all of the responsibilities of a Transmission Owner related to the Competitive Upgrade pursuant to the SPP Membership Agreement and this Tariff; (2) submit to the Transmission Provider a deposit in accordance with Section III.2(d)(xii) of this Attachment Y; and (3) provide written notification to the Transmission Provider that it accepts the NTC.

- x) The RFP respondent that submitted the alternate RFP proposal shall be deemed to have waived its right to become the DTO if, within seven (7) calendar days of receiving such notice, the RFP respondent that submitted the alternate RFP proposal: (1) does not respond to such notice from the Transmission Provider; (2) notifies the Transmission Provider that it is no longer willing to become the Transmission Owner for the Competitive Upgrade; (3) fails to sign the necessary agreement(s); (4) fails to provide a deposit in accordance with Section III.2(d)(xii) of this Attachment Y; or (5) fails to provide written notification to the Transmission Provider that it accepts the NTC. In such circumstances, the Transmission Provider shall notify the SPP Board of Directors, and the Transmission Provider shall determine the DTO in accordance with the process set forth in Section IV of this Attachment Y.
- xi) The DTO for a Competitive Upgrade cannot assign the Competitive Upgrade to another entity.
- xii) When accepting the responsibilities of being a DTO for a Competitive Upgrade, the Selected RFP respondent shall provide the following to the Transmission Provider:
  - (1) a cash deposit representing 2% of the estimated cost of the Selected RFP Proposal; and
  - (2) a firm capital commitment acceptable to the Transmission Provider that is sufficient to complete the Competitive Upgrade, including one of the following: a binding commitment letter from lenders and/or equity providers (may be a credit facility or access to a credit facility via parent(s) and/or equity providers, provided that the parent has an Investment Grade Rating); cash held in escrow; performance & payment/surety bond; existing

balance sheet liquidity; or demonstrated history of ability to obtain adequate capital to support the project.[A11]

The cash deposit shall be held in escrow by the Transmission Provider. Upon reaching the 50% completion milestone of the Competitive Upgrade, as determined by the Transmission Provider, the Transmission Provider shall refund the deposit, plus any interest the deposit accrued while in escrow, to the DTO. If the DTO fails to reach the 50% completion milestone of the Competitive Upgrade in accordance with Section III.2(g) of this Attachment Y, then the DTO shall forfeit the deposit and any accrued interest. The Transmission Provider shall then select a new DTO in accordance with Section III.2(g) and apply the deposit and accrued interest to reduce the final cost of the Competitive Upgrade. If the Transmission Provider cancels the Competitive Upgrade through no fault of the DTO, then the Transmission Provider shall refund the deposit and accrued interest to the DTO.

**e) RFP-Transmission Owner Selection Process Fee/Deposit**

(i) Each RFP proposal shall ~~be assessed a fee~~ include a deposit to be used to compensate the Transmission Provider for all costs incurred to administer the RFP-Transmission Owner Selection Process for each Competitive Upgrade. Initially, each RFP respondent shall submit a deposit with each proposal, which shall be equal to the Transmission Provider's estimate of the fee-RFP respondent's share of the costs of administering for participation in the RFP-Transmission Owner Selection Process for the applicable Competitive Upgrade. The Transmission Provider shall hold each deposit in a segregated interest bearing account in the name of the RFP respondent tied to the RFP respondent's tax identification number.[A12]

~~(i)~~(ii) The Transmission provider shall determine the actual RFP Transmission Owner Selection Process costs ~~will be determined~~ at the completion of the process, and all RFP respondents will make additional payments or obtain refunds based on the reconciliation of deposits collected and actual RFP-costs. The costs shall be allocated to each proposal on a pro-rata share basis, calculated by taking the total RFP-Transmission Owner Selection Process costs for each Competitive Upgrade and dividing by the number of proposals submitted for that Competitive Upgrade. The Transmission Provider shall refund any unused deposit amounts

**f) Transmission Owner Selection Criteria and Scoring**

- i) The IEP will develop a final score for each RFP proposal and provide its recommended RFP proposal and an alternate RFP proposal to the SPP Board of Directors for each Competitive Upgrade. The IEP evaluation and recommendation shall not be administered in an unduly discriminatory manner. The RFP proposal with the highest total score may not always be recommended. The IEP may recommend that any RFP proposal be eliminated from consideration due to a low score in any individual evaluation category.
- ii) The IEP may award up to one thousand (1000) base points for each RFP proposal. Additional details on each evaluation category are provided in the Transmission Provider's business practices. An additional one hundred (100) points shall be available to provide an incentive for stakeholders to share their ideas and expertise to promote innovation and creativity in the transmission planning process.
- iii) **Base Points:** The evaluation categories and maximum base points for each category are listed below.
  - (1) Engineering Design (Reliability/Quality/General Design), 200 points: Measures the quality of the design, material, technology, and life expectancy of the Competitive Upgrade. Criteria considered in this evaluation category shall include, but not be limited to:
    - (a) Type of construction (wood, steel, design loading, etc.);
    - (b) Losses (design efficiency);
    - (c) Estimated life of construction; and
    - (d) Reliability/quality metrics.
  - (2) Project Management (Construction Project Management), 200 points: Measures an RFP respondent's expertise in implementing construction projects similar in scope to the Competitive Upgrade that is the subject of the RFP. Criteria considered in this evaluation category shall include, but not be limited to:
    - (a) Environmental;
    - (b) Rights-of-way ownership, control, or

[A14] acquisition;

- (c) Procurement;
- (d) Project scope;
- (e) Project development schedule (including obtaining necessary regulatory approvals);
- (f) Construction;
- (g) Commissioning;
- (h) Timeframe to construct; ~~and~~

(i) RFP respondent is authorized to construct transmission facilities in the state(s) in which the Competitive Upgrade will be located;

(j) RFP respondent has a right of first refusal granted under relevant law for the Competitive Upgrade; and

~~(i)~~ [A15] Experience/track record.

- (3) Operations (Operations/Maintenance/Safety), 250 points: Measures safety and capability of an RFP respondent to operate, maintain, and restore a transmission facility. Criteria considered in this evaluation category shall include, but not be limited to:

- (a) Control center operations (staffing, etc.);
- (b) Storm/outage response plan;
- (c) Reliability metrics;
- (d) Restoration experience/performance;
- (e) Maintenance staffing/training;
- (f) Maintenance plans;
- (g) Equipment;
- (h) Maintenance performance/expertise;
- (i) NERC compliance-process/history;
- (j) Internal safety program;
- (k) Contractor safety program; and
- (l) Safety performance record (program execution).

- (4) Rate Analysis (Cost to Customer), 225 points: Measures an RFP respondent's cost to construct, own, operate, and maintain the Competitive Upgrade over a forty (40) year period. Criteria considered in this evaluation category shall include, but not be limited to:

- (a) Estimated total cost of project;
- (b) Financing costs;
- (c) FERC incentives;
- (d) Revenue requirements;
- (e) Lifetime cost of the project to customers;
- (f) Return on equity;

(g) Material on hand, rights-of-way ownership, control, or [A16]approval, assets on hand;

(h) RFP respondent is authorized to construct transmission facilities in the state(s) in which the Competitive Upgrade will be located;

(i) RFP respondent has a right of first refusal granted under relevant law for the Competitive Upgrade; and

(h)[A17] Cost certainty guarantee.

(5) Finance (Financial Viability and Creditworthiness), 125 points: Measures an RFP respondent's ability to obtain financing for the Competitive Upgrade. Criteria considered in this evaluation category shall include, but not be limited to:

- (a) Evidence of financing;
- (b) Material conditions;
- (c) Financial/business plan;
- (d) Pro forma financial statements;
- (e) Expected financial leverage;
- (f) Debt covenants;
- (g) Projected liquidity;
- (h) Dividend policy; and
- (i) Cash flow analysis

iv) **Incentive Points:** Each RFP respondent that submitted a detailed project proposal ("DPP") in accordance with Attachment O Section III. 8(b) of this Tariff that was selected and approved for construction as a Competitive Upgrade shall receive one hundred (100) incentive points in the Transmission Owner Selection Process for that Competitive Upgrade, which shall be added to the total base points awarded by the IEP. To demonstrate eligibility for the incentive points, the RFP respondent must document in its RFP response that it submitted a DPP for that Competitive Upgrade. The eligibility for the incentive points may only be awarded to the RFP respondent if the DPP was submitted during the ITP assessment from which the Competitive Upgrade was approved. The Transmission Provider shall confirm such eligibility in accordance with Attachment O Section III.8(b) of this Tariff and inform the IEP.

**g) Failure of a Transmission Owner to Complete the Competitive Upgrade**

If, after accepting the NTC, the DTO cannot or is unwilling to complete

the Competitive Upgrade as directed by the Transmission Provider, the Transmission Provider shall evaluate the status of the Competitive Upgrade and may designate a new DTO for the Competitive Upgrade in accordance with Section V.4 of this Attachment Y. If the Transmission Provider has determined that there is sufficient time for the Transmission Owner Selection Process to be completed and the Competitive Upgrade placed in service prior to the required need date as determined by the Transmission Provider, the process described in Section III of this Attachment Y shall be used to designate another entity to become the DTO for the Competitive Upgrade. If sufficient time is not available, the Transmission Provider shall designate a new DTO for the Competitive Upgrade in accordance with Section IV of this Attachment Y.

#### **IV. INCUMBENT TRANSMISSION OWNER DESIGNATION PROCESS**

- 1) If a project forms a connection with facilities of a single Transmission Owner, that Transmission Owner shall be selected to be the DTO. If a project forms a connection with facilities owned by multiple Transmission Owners, the applicable Transmission Owners shall be selected to be the DTOs. If there is more than one Transmission Owner selected to construct a project, the DTOs will agree among themselves which part of the project will be provided by each entity. If the DTOs cannot come to a mutual agreement regarding the assignment and ownership of the project, the Transmission Provider will facilitate their discussion. Each DTO will receive an NTC, in accordance with Section V of this Attachment Y, for each project or segment of a project that the DTO is responsible to construct.
- 2) In order to maintain its right to construct a project, the DTO shall respond within ninety (90) days after the receipt of the NTC with a written commitment to construct the project as specified in the NTC or a proposal for a different project schedule and/or alternative specifications in its written commitment to construct (“DTO’s proposal”). The Transmission Provider shall respond to the DTO’s proposal within ten (10) days of its receipt of the proposal. If the Transmission Provider accepts the DTO’s proposal, the NTC will be modified according to the accepted proposal, and the DTO shall construct the project in accordance with the modified NTC. If the Transmission Provider rejects the DTO’s proposal, the DTO’s proposal shall not be deemed an acceptable written commitment to construct the project. However, the Transmission Provider’s rejection of such proposal shall not preclude a DTO from providing a written commitment to construct the project after such rejection, provided the subsequent written commitment to construct the project is made within the ninety (90) day time period after the issuance of the NTC.
- 3) If a DTO does not provide an acceptable written commitment to construct within the ninety (90) day period, the Transmission Provider shall select a replacement Transmission Owner in accordance with Section III of this Attachment Y.
- 4) At any time after accepting an NTC, a DTO that was designated under this Section IV of Attachment Y may assign a project by arranging for another entity to build and own all or part of the project in its place subject to the following conditions:
  - a) Prior to starting its construction activity, the entity must have obtained all state regulatory authority necessary to construct, own and operate transmission facilities within the state(s) where the project is located;
  - b) The entity meets the financial requirements of the Transmission Provider as specified in Section III.1(b)(ii) of this Attachment Y;
  - c) The entity has signed or is capable and willing to sign the SPP

Membership Agreement as a Transmission Owner; and

- d) The entity must meet such other qualifications as specified in Section III.1(b) of this Attachment Y.
- 5) Nothing in this Section IV shall relieve a Transmission Owner of its obligations specified in Section VI.3 of Attachment O of this Tariff and Section 3.3(a) of the SPP Membership Agreement.



## **V. NOTIFICATION TO CONSTRUCT PROCESS**

- 1) Once a Transmission Owner is selected to construct a project through Section III or Section IV of this Attachment Y, the Transmission Provider shall issue an NTC for project(s) for which financial commitment is required prior to the approval of the next annual SPP Transmission Expansion Plan report. At the discretion of the SPP Board of Directors, the Transmission Provider may issue an NTC to the appropriate Transmission Owner to begin implementation of other such approved or required transmission project(s) for which financial commitment is not required prior to approval of the next annual SPP Transmission Expansion Plan report.
- 2) The Transmission Provider shall issue an NTC to each entity selected to become the DTO for each transmission project. The NTC shall include, but not be limited to: (1) the specifications of the project required by the Transmission Provider, and (2) a reasonable project schedule, including a project need date.
- 3) Request for refined cost estimate
  - a) The Transmission Provider may issue an NTC that requires a refined cost estimate within a stated timeframe defined in the NTC. Such NTC shall direct the entity selected to become the DTO only to perform detailed engineering and cost studies. In complying with this NTC, the DTO shall be authorized to expend only those funds necessary to perform such studies. The entity selected to become the DTO shall provide to the Transmission Provider a written commitment that it: (1) accepts the obligation to construct the transmission facility subject to issuance of an NTC authorizing construction in accordance with Section III or Section IV of this Attachment Y; and (2) will provide the Transmission Provider a refined cost estimate within the Transmission Provider's stated timeframe or state its inability to provide the refined cost estimate in the stated timeframe.
  - b) The Transmission Provider shall compare the refined cost estimate to the project cost estimate approved by the SPP Board of Directors. If the refined cost estimate falls within bandwidth of the approved project cost estimate, the Transmission Provider shall issue an NTC authorizing construction and setting the refined cost estimate as the baseline cost for cost tracking purposes pursuant to Section VI of this Attachment Y. The bandwidth shall be defined by the Transmission Provider and stated in the Transmission Provider's business practices.
  - c) If the refined cost estimate falls outside of the bandwidth defined by the Transmission Provider, the Transmission Provider shall re-evaluate the project using the refined cost estimate and provide a recommendation to the SPP Board of Directors at its next scheduled quarterly meeting. The Transmission Provider's recommendation could be, but is not limited to,

one of the following actions:

- (i) Accept the refined cost estimate;
- (ii) Modify the project;
- (iii) Replace the project with an alternative solution; or
- (iv) Cancel the project.

The SPP Board of Directors shall determine the action to be taken regarding the transmission project. If the SPP Board of Directors determines to proceed with the project, the Transmission Provider shall issue an NTC authorizing construction and setting the refined cost estimate of the project as the baseline cost. If the SPP Board of Directors determines not to proceed with the project, the DTO shall be notified that the project has been cancelled and the DTO is eligible to pursue recovery of its study costs in accordance with Section VIII of Attachment J of this Tariff.

- 4) Any Transmission Owner that has accepted an NTC in accordance with this Tariff shall use due diligence to meet the terms contained in the NTC. If at any time the Transmission Owner cannot meet one or more of the terms agreed to in the NTC or cannot meet the regulatory approval need date set forth in the RFP for a Competitive Upgrade if applicable, it shall notify the Transmission Provider in a timely manner. The Transmission Owner may suggest changes to the NTC and present the reasons why the changes should be approved. The Transmission Provider shall review the proposed changes and determine a course of action to propose to the SPP Board of Directors, including, but not limited to:

- a) Accept changes negotiated with the Transmission Owner;
- b) Withdraw the NTC and issue an NTC for the same project to another entity that shall be determined in accordance with this Attachment Y;
- c) Withdraw the NTC and replace the project with an alternative solution; or
- d) Withdraw the NTC and cancel the project.

The SPP Board of Directors shall determine the action to be taken regarding the project.

## **VI. PROJECT TRACKING PROCESS**

Costs and schedules related to all projects approved for construction under the Tariff shall be tracked by the Transmission Provider

- 1) Upon the acceptance of an NTC by a DTO, other than an NTC issued for refined cost estimation, the baseline cost of the project will be set. The baseline cost shall be the estimated cost of the project as agreed to between the DTO and the Transmission Provider at the time such NTC was accepted.
- 2) The DTO shall submit updates of the estimated costs and schedules to the Transmission Provider on at least a quarterly basis in a standard format and method defined by the Transmission Provider.
- 3) If at any time the cost projection exceeds the estimated baseline cost by a predetermined bandwidth set forth in the Transmission Provider's business practices, the Transmission Provider shall investigate the reason for the change in cost and report to the SPP Board of Directors the reason for the change in cost and its recommendation on whether to accept the change in cost and reset the baseline cost. The SPP Board of Directors shall make the final determination as to the action that will be taken up to and including the cancellation of the project and withdrawal of the NTC.
- 4) If at any time the project schedule significantly changes, the Transmission Provider shall investigate the reason for the change and may take action in accordance with Section V.4 of this Attachment Y. Factors that the Transmission Provider shall consider in determining whether a project schedule delay is significant shall include, but not be limited to, the need date, construction time, necessity for long-lead equipment, and permitting schedules.

**ATTACHMENT O**  
**TRANSMISSION PLANNING PROCESS**

### **III. The Integrated Transmission Planning Process**

The ITP process is an iterative three-year process that includes 20-Year, 10-Year and Near Term Assessments. The 20-Year Assessment identifies the transmission projects, generally above 300 kV, and provides a grid flexible enough to provide benefits to the region across multiple scenarios. The 10-Year Assessment focuses on facilities 100 kV and above to meet the system needs over a ten-year horizon. The Near Term Assessment is performed annually and assesses the system upgrades, at all applicable voltage levels, required in the near term planning horizon.

#### **1) Commencement of the Process**

At the beginning of each calendar year the Transmission Provider shall notify stakeholders as to which part(s) of the integrated transmission planning cycle will take place during that year and the approximate timing of activities required to develop the SPP Transmission Expansion Plan. Notice of commencement of the process shall be posted on the SPP website and distributed via email distribution lists.

#### **2) Transmission Planning Forums**

The transmission planning forums include planning summits and sub-regional planning meetings and these are conducted as follows:

##### **a) Planning Summits**

- i) The purpose of the planning summits is for the Transmission Provider and the stakeholders to share current SPP transmission network issues, develop the study scopes, provide solution alternatives and review study findings. These summits also provide an open forum where all stakeholders have an opportunity to provide advice and recommendations to the Transmission Provider to aid in the development of the SPP Transmission Expansion Plan.
- ii) The planning summits shall be open to all entities.
- iii) The Transmission Provider shall chair and facilitate the planning summits.
- iv) Planning summits shall be held at least semi-annually, including sub-regional breakout sessions of the SPP Region. Teleconference capability will be made available for planning summits. Planning summit web conferences shall be held as needed.
- v) Notice of the planning summits and web conferences shall be posted on the SPP website and distributed via email distribution lists.

b) Sub-regional Planning Meetings

- i) The Transmission Provider shall define sub-regions from time to time to address local area planning issues.
- ii) The purpose of the sub-regional planning meetings is to identify unresolved local stakeholder issues and transmission solutions at a more granular level. The sub-regional planning meetings shall provide stakeholders with local needs the opportunity to provide advice and recommendations to the Transmission Provider and to the Transmission Owners. The sub-regional planning meetings shall provide a forum to review local planning criteria and needs as specified in Section II of this Attachment O.
- iii) The sub-regional planning meetings shall be open to all entities.
- iv) The Transmission Provider shall facilitate the sub-regional planning meetings.
- v) A planning meeting shall be held at least annually for each individual sub-region.
- vi) The sub-regional planning meetings shall be held in conjunction with the stakeholder working group meetings. Teleconference capability will be made available for sub-regional planning meetings. Sub-regional planning web conferences shall be held as needed.
- vii) Notice of the sub-regional planning meetings, teleconferences and web conferences shall be posted on the SPP website and distributed via email distribution lists.

3) Preparation of the 20-Year Assessment

- a) The Transmission Provider shall perform a 20-Year Assessment once every three years. The timing of this assessment shall generally be in the first half of each three-year cycle.
- b) The 20-Year Assessment shall review the system for a twenty-year planning horizon and address, at a minimum, facilities 300 kV and above needed in year 20. This assessment is not intended to review each consecutive year in the planning horizon. The Transmission Provider shall work with stakeholders to identify the appropriate year(s) to study in developing the assessment study scope.

- c) The 20-Year Assessment shall assess the cost effectiveness of proposed solutions over a forty-year time horizon.
  - d) The Transmission Provider shall develop the assessment study scope with input from the stakeholders. The study scope shall take into consideration the input requirements described in Section III.6.
  - e) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used.
  - f) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope including input assumptions such as Public Policy Requirements, as described in the Integrated Transmission Planning Manual.<sup>[A1]</sup>
  - g) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report. The assessment study scope shall include an explanation of which transmission needs driven by Public Policy Requirements will be evaluated for potential solutions in the local and regional transmission planning process, as well as an explanation of why other suggested transmission needs will not be evaluated.
  - h) In accordance with the assessment study scope, the Transmission Provider shall analyze potential solutions following the process set forth in Section III.8.
- 4) Preparation of the 10-Year Assessment
- a) The Transmission Provider shall perform a 10-Year Assessment once every three years as part of the three year planning cycle. The timing of this assessment shall generally be in the second half of the three-year planning cycle.
  - b) The 10-Year Assessment shall review the system for a ten-year planning horizon and address, at a minimum, facilities 100 kV and above needed in year 10. This assessment is not intended to review each consecutive year in the planning horizon. The Transmission Provider shall work with stakeholders to identify the appropriate year(s) to study in developing the assessment study scope.
  - c) The 10-Year Assessment shall assess the cost effectiveness of proposed solutions over a forty-year time horizon.
  - d) The Transmission Provider shall develop the assessment study scope with input from the stakeholders. The study scope shall take into consideration

the input requirements described in Section III.6.

- e) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used.
- f) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope, including input assumptions such as Public Policy Requirements, as described in the Integrated Transmission Planning Manual.<sup>[A2]</sup>
- g) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report. The assessment study scope shall include an explanation of which transmission needs driven by Public Policy Requirements will be evaluated for potential solutions in the local and regional transmission planning process, as well as an explanation of why other suggested transmission needs will not be evaluated.
- h) In accordance with the assessment study scope, the Transmission Provider shall analyze potential solutions, including those upgrades approved by the SPP Board of Directors from the most recent 20-Year Assessment, following the process set forth in Section III.8.

5) Preparation of the Near Term Assessment

- a) The Transmission Provider shall perform the Near Term Assessment on an annual basis.
- b) The Near Term Assessment will be performed on a shorter planning horizon than the 10-Year Assessment and shall focus primarily on identifying solutions required to meet the reliability criteria defined in Section III.6.
- c) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used to develop the list of proposed near term upgrades.
- d) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope. The study scope shall take into consideration the input requirements described in Section III.6.
- e) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report. The assessment study scope shall include an explanation of which transmission needs driven by Public Policy Requirements will be evaluated for potential solutions in the local and regional transmission planning



process, as well as an explanation of why other suggested transmission needs will not be evaluated.

- f) In accordance with the assessment study scope, the Transmission Provider shall analyze potential solutions, including those upgrades approved by the SPP Board of Directors from the most recent 20-Year Assessment and 10-Year Assessment, following the process set forth in Section III.8.

6) Policy, Reliability, and Economic Input Requirements to Planning Studies

The Transmission Provider shall incorporate, as appropriate for the assessment being performed, the following into its planning studies:

- a) NERC Reliability Standards;
- b) SPP Criteria;
- c) Transmission Owner-specific planning criteria as set forth in Section II;
- d) Previously identified and approved transmission projects;
- e) Zonal Reliability Upgrades developed by Transmission Owners, including those that have their own FERC approved local planning process, to meet local area reliability criteria;
- f) Long-term firm Transmission Service;
- g) Load forecasts, including the impact on load of existing and planned demand management programs, exclusive of demand response resources;
- h) Capacity forecasts, including generation additions and retirements;
- i) Existing and planned demand response resources;
- j) Congestion within SPP and between the SPP Region and other regions and balancing areas;
- k) Renewable energy standards;
- l) Fuel price forecasts;
- m) Energy efficiency requirements;
- n) Other relevant environmental or government mandates;

- o) Transmission needs driven by Public Policy Requirements identified in the SPP survey to identify public policy requirements and additional transmission needs driven by Public Policy Requirements as determined by the Transmission Provider and stakeholders during study scope development by the Transmission Provider and stakeholders;<sup>[A3]</sup> and
  - p) Other input requirements identified during the stakeholder process.
  - q) In developing the long term capacity forecasts, the studies will reflect generation and demand response resources capable of providing any of the functions assessed in the SPP planning process, and can be relied upon on a long-term basis. Such demand response resources shall be permitted to participate in the planning process on a comparable basis. These studies will consider operational experience gained from markets operated by the Transmission Provider.
- 7) Inclusion of Upgrades Related to Transmission Service and Generator Interconnection in Planning Studies
  - a) Transmission upgrades related to requests for Transmission Service are described in Sections 19 and 32 of the Tariff and Attachment Z1 to the Tariff. These upgrades are included as part of the future expansion of the Transmission System, upon the execution of the various Service Agreements with the Transmission Customers. Transmission upgrades related to an approved request for Transmission Service may be deferred or supplemented by other upgrades based upon the results of subsequent studies. Changes in planned upgrades do not remove the obligation of the Transmission Provider to have adequate transmission facilities available to start or continue the approved Transmission Service.
  - b) Interconnection facilities and other transmission upgrades related to requests for generation interconnection service are described in Attachment V. These upgrades are included as part of the future expansion of the Transmission System upon the execution of the various interconnection agreements with the Generation Interconnection Customers. Transmission upgrades related to an approved interconnection agreement may be deferred or supplemented by other upgrades based upon the results of subsequent studies. Changes in planned upgrades do not remove the obligation of the Transmission Provider to have adequate transmission facilities available to start or continue the approved interconnection service.
  - c) The studies performed under this Section III of Attachment O shall accommodate and model the specific long-term firm Transmission Service of Transmission Customers and specific interconnections of Generation Interconnection Customers no later than when the relevant Service Agreements and interconnection agreements are accepted by the

Commission.

8) Process to Analyze Transmission Alternatives for each Assessment

The following shall be performed, at the appropriate time in the respective planning cycle, for the 20-Year Assessment, 10-Year Assessment and Near Term Assessment studies:

- a) The Transmission Provider shall perform the required studies to analyze the potential alternatives for improvements to the Transmission System, provided by the Transmission Provider and by the stakeholders, in order to address the final assessment study scope agreed to with the stakeholders. This analysis shall consider the current and anticipated future needs of the SPP Region within the parameters of the study scope. The analysis shall also consider the value brought to the SPP Region by incremental changes to the proposed solutions.
- b) After the study scope has been approved, the Transmission Provider shall notify stakeholders of identified transmission needs and provide a transmission planning response window of thirty (30) days during which any stakeholder may propose a detailed project proposal (“DPP”). The Transmission Provider shall track each DPP and retain the information submitted pursuant to Section III.8.b(i). If the project described in a DPP is included in the ITP plan, the submitting stakeholder may qualify for incentive points as described in Section III of Attachment Y of this Tariff. A stakeholder that submits a DPP that is equivalent to a DPP or Transmission Provider identified project submitted in a previous assessment during the current three (3) year planning cycle shall not be eligible for incentive points.
  - i) The information supplied by the stakeholder must be sufficient to allow the Transmission Provider to evaluate the project described in the DPP. At a minimum, the DPP must include the following information:
    - a. description of the project including one-line diagrams, configuration(s), proposed line routing, preliminary transmission line and substation engineering and design data;
    - b. description of the needs identified in the ITP process to be addressed;
    - c. proposed project schedule including, at a minimum timelines for completing regulatory, right-of-way, environmental, engineering, procurement and construction

- activities;
  - d. description of any known or anticipated risks to the project schedule and any recommended mitigation plans;
  - e. description of any known or anticipated environmental impacts;
  - f. engineering and modeling data required by the Transmission Provider;
  - g. identification and justification of any changes in modeling assumptions from those used in the current ITP process;
  - h. results of transmission project economic or reliability analysis, if applicable; and
  - i. any other information available to support the evaluation of the project.
- ii) Any Stakeholder providing a DPP that meets the requirements set forth in Section III.8.b(i) of this Attachment O will be recorded by the Transmission Provider for the ITP planning assessment for the which the DPP was submitted, including the contact information of the stakeholder that submitted the DPP.
  - iii) If the Transmission Provider, in its sole discretion, determines that the information provided in a DPP is incomplete, the Transmission Provider shall provide written notice to the stakeholder that submitted the DPP. The stakeholder shall be permitted to cure the such deficiency by the later of the end of the transmission planning response window or 10 days after the Transmission Provider issues such notice. Failure to cure the deficiency shall result in the submission being disqualified as a DPP.
  - iv) The Transmission Provider shall hold all DPPs in confidence until the thirty (30) day transmission planning response window has closed. Subsequent to the close of the transmission planning response window, information contained in a DPP shall be disclosed to stakeholders only as the Transmission Provider determines is necessary for review and documentation of the reason(s) why the DPP was or was not chosen in the current ITP assessment. The remaining information in the DPP will remain confidential.
  - v) A stakeholder that submits a DPP may remain eligible for incentive points, in accordance with Section III of Attachment Y of this Tariff, for the remainder of the current three (3) year planning cycle

of the ITP process. In order for the stakeholder to maintain its eligibility for incentive points in any subsequent ITP assessment within the current three (3) year planning cycle, the stakeholder must resubmit the information required by Section III.8.b(1) of this Attachment O, including identification of the need(s) in the ITP assessment that the DPP is proposed to solve. If the stakeholder does not provide the updated information, the stakeholder will not be eligible for incentive points for the DPP for that subsequent assessment; however, the stakeholder would be eligible for incentive points in any other ITP assessment during the current three (3) year planning cycle, provided that the stakeholder updates the DPP information for that assessment.

- c) For all potential alternatives provided by the stakeholders, including reliability upgrades that Transmission Owners (which includes those Transmission Owners that have their own FERC approved local planning process), propose to address violations of company-specific planning criteria pursuant to Section II.5 of this Attachment O, and upgrades to address transmission needs driven in whole or in part by identified Public Policy Requirements, the Transmission Provider shall determine if there is a more comprehensive regional solution to address the reliability needs, economic needs, and needs driven by Public Policy Requirements identified in the assessment.
- d) In addition to recommended upgrades, the Transmission Provider will consider, on a comparable basis, any alternative proposals which could include, but would not be limited to, generation options, demand response programs, “smart grid” technologies, and energy efficiency programs. Solutions will be evaluated against each other based on a comparison of their relative effectiveness of performance and economics.
- e) The Transmission Provider shall assess the cost effectiveness of proposed solutions. Such assessments shall be performed in accordance with the Integrated Transmission Planning Manual, which shall be developed by the Transmission Provider, in consultation with stakeholders, and approved by the Markets and Operations Policy Committee. SPP shall post this manual on its website.
- f) The analysis described above shall take into consideration the following:
  - i) The financial modeling time frame for the analysis shall be 40 years (with the last 20 years provided by a terminal value).
  - ii) The analysis shall include quantifying the benefits resulting from dispatch savings, loss reductions, avoided projects, applicable

environmental impacts, reduction in required operating reserves, interconnection improvements, congestion reduction, and other benefit metrics as appropriate.

- iii) The analysis shall identify and quantify, if possible, the benefits related to any proposed transmission upgrade that is required to meet any regional reliability criteria.
  - iv) The analysis scope shall include different scenarios to analyze sensitivities to load forecasts, wind generation levels, fuel prices, environmental costs, and other relevant factors. The Transmission Provider shall consult the stakeholders to guide the development of these scenarios.
  - v) The results of the analysis shall be reported on a regional, zonal, and state-specific basis.
  - vi) The analysis shall assess the net impact of the transmission plan, developed in accordance with this Attachment O, on a typical residential customer within the SPP Region and on a \$/kWh basis.
- g) The Transmission Provider shall make a comprehensive presentation of the preferred potential solutions, including the results of the analysis above, to the stakeholder working groups and at a planning summit meeting or web conference. The presentation shall include a discussion of all the Transmission Provider and stakeholder alternatives considered and reasons for choosing the particular preferred solutions.
- h) The Transmission Provider shall solicit feedback on the solutions from the stakeholder working groups and through the stakeholders attending the various planning summits. The Transmission Provider will also include feedback from stakeholders through other meetings, teleconferences, web conferences, and via email or secure web-based workspace. Stakeholders may propose any combination of demand resources, transmission, or generation as alternate solutions to identified reliability and economic needs.
- i) Upon consideration of the results of the cost effectiveness analysis and feedback received in the subsequent review process, the Transmission Provider shall prepare a draft list of projects for review and approval in accordance with Section V.

## V. The SPP Transmission Expansion Plan

The SPP Transmission Expansion Plan shall be a comprehensive listing of all transmission projects in the SPP for the twenty-year planning horizon. Projects included in the SPP Transmission Expansion Plan are: 1) upgrades required to satisfy requests for Transmission Service; 2) upgrades required to satisfy requests for generation interconnection; 3) approved projects from the 20-Year Assessment, 10-Year Assessment and Near Term Assessment (ITP Upgrades); 4) upgrades within approved Balanced Portfolios; 5) approved high priority upgrades; 6) endorsed Sponsored Upgrades; and 7) approved Interregional Projects. A specific endorsed Sponsored Upgrade will be included in the Transmission System planning model upon execution of a contract that financially commits a Project Sponsor to such upgrade or when such upgrade is otherwise funded pursuant to the Tariff. An approved Interregional Project will be included in the Transmission System planning model upon approval for construction in accordance with Section IV.6 of this Attachment O. To be included in the SPP Transmission Expansion Plan, each project must have been endorsed or approved through its proper process. This Section V describes the process used to approve or endorse the specific upgrades identified in 20-Year, 10-Year and Near Term Assessments, high priority upgrades, and Balanced Portfolios. The SPP Transmission Expansion Plan shall also identify whether any approved Competitive Upgrades, as that term is defined in Attachment Y of this Tariff, causes reliability violations on an adjacent neighboring transmission system, as described in more detail in Section V.7 of this Attachment O.<sup>[A4]</sup>

- 1) Development of the Recommended Set of Upgrades from Planning Studies
  - a) Upon completion of the analysis, studies and stakeholder review and comment on the results in accordance with Sections III and IV of this Attachment O, the Transmission Provider shall prepare a draft list of all projects for review by the stakeholders. The Transmission Provider shall post the draft project list on the SPP website and shall identify the assessment process with which they are associated.
  - b) Upon posting of the draft project list, the Transmission Provider shall invite written comments to be submitted to the Transmission Provider.
  - c) The Transmission Provider shall review the draft project list with the stakeholder working groups and the Regional State Committee.
  - d) Considering the input from the stakeholders through this review process, the Transmission Provider shall prepare a recommended list of proposed ITP Upgrades based upon the analysis as described in Section III, upgrades within proposed Balanced Portfolios, and proposed high priority upgrades for review and approval.
- 2) Disclosure of the Recommended Set of Upgrades and Supporting Information from Planning Studies
  - a) The Transmission Provider shall disclose planning information, which includes the recommended list of proposed upgrades and the underlying

studies, by providing:

- i) All stakeholders equal access, notice and opportunity to participate in planning summits, the stakeholder working group meetings and the sub-regional planning meetings as well as any associated web conferences or teleconferences as set forth in Section II of this Attachment O; and
  - ii) For the contemporaneous availability of such meeting handouts on the SPP website.
- b) The related study results, criteria, assumptions, analysis results, and data underlying the studies used to develop the proposed ITP Upgrades, the list of upgrades within proposed Balanced Portfolios, and proposed high priority upgrades shall be posted on the SPP website, with password protected access if required to preserve the confidentiality of information in accordance with the provisions of the Tariff and the SPP Membership Agreement and to address CEII requirements. Additionally, Transmission Owner specific local plans and criteria shall be accessible via an electronic link on the SPP website in accordance with Section VII of this Attachment O. The CEII compliant redacted version of the SPP Transmission Expansion Plan and individual Transmission Owner specific local plans shall be posted on the SPP website. Redacted versions shall include instructions for acquiring the complete version of the SPP Transmission Expansion Plan and individual Transmission Owner specific local plans. An electronic link shall be provided on the SPP website by which stakeholders may send written comments on the SPP Transmission Expansion Plan and Transmission Owner specific local plans and criteria.

3) Approval and Endorsement Process

- a) The Markets and Operations Policy Committee shall make a recommendation regarding the approval of ITP Upgrades. Approval by the SPP Board of Directors is required for the inclusion of ITP Upgrades in the SPP Transmission Expansion Plan.
- b) The Markets and Operations Policy Committee shall make a recommendation regarding the inclusion of a proposed Balanced Portfolio in the SPP Transmission Expansion Plan. Approval by the SPP Board of Directors is required for inclusion of a Balanced Portfolio in the SPP Transmission Expansion Plan. SPP is not required to have a Balanced Portfolio each year.
- c) If the SPP Board of Directors approves a list of ITP Upgrades, upgrades within Balanced Portfolios, or high priority upgrades other than those recommended by the Markets and Operations Policy Committee, the



explanation for the deviation shall be included in the SPP Transmission Expansion Plan.

- d) The Markets and Operations Policy Committee shall make a recommendation regarding the approval of a high priority upgrade recommended by the Transmission Provider. Approval by the SPP Board of Directors is required for the inclusion of a high priority upgrade in the SPP Transmission Expansion Plan.
- e) The Markets and Operations Policy Committee shall make a recommendation regarding endorsement of a proposed Sponsored Upgrade. Endorsement by the SPP Board of Directors is required for the inclusion of a Sponsored Upgrade in the SPP Transmission Expansion Plan.
- f) The list of projects shall be posted on the SPP website by the Transmission Provider. The Transmission Provider shall, in addition to the posting, e-mail notice of such posting to the stakeholders at least ten days prior to a meeting at which the SPP Board of Directors is expected to take action on accepting or modifying the list.
- g) The list of approved ITP Upgrades, upgrades within approved Balanced Portfolios, approved high priority upgrades, and endorsed Sponsored Upgrades may be modified throughout the year by the SPP Board of Directors provided that such action shall be posted and noticed pursuant to this section.
- h) The list of upgrades for Transmission Service are approved in accordance with the provisions of Attachment Z1 and included in the STEP accordingly.
- i) The list of interconnection facilities and other transmission upgrades related to requests for generation interconnection service are approved in accordance with the provisions of Attachment V and included in the STEP accordingly.
- j) The list of Interregional Projects is approved in accordance with Section IV.6 of this Attachment O and included in the STEP accordingly.
- k) The SPP Transmission Expansion Plan shall be presented to the SPP Board of Directors at least once a year. Approval of the ITP Upgrades, Balanced Portfolios, and high priority upgrades, and the endorsement of the other projects contained in the SPP Transmission Expansion Plan by the SPP Board of Directors shall certify a regional plan for meeting the transmission needs of the SPP Region.

4) Updates to the SPP Transmission Expansion Plan

- a) Modifications to the SPP Transmission Expansion Plan may be made between the annual approvals as required to maintain system reliability and to meet new business opportunities as they are identified.
  - b) The Transmission Provider shall work with the stakeholders on an on-going basis throughout the year analyzing any newly identified issues and incorporating any necessary adjustments to the SPP Transmission Expansion Plan on an out of cycle basis.
  - c) On a quarterly basis, the Transmission Provider shall post any modifications to the SPP Transmission Expansion Plan on the SPP website.
  - d) The modifications shall be reviewed by the stakeholders and the Regional State Committee, endorsed by the stakeholder working groups, and approved or endorsed by the SPP Board of Directors, in accordance with Section V of this Attachment O.
- 5) Removal of an Upgrade from the SPP Transmission Expansion Plan.
- The Transmission Provider, in consultation with the stakeholders in accordance with Section V of this Attachment O, may remove an upgrade from an approved SPP Transmission Expansion Plan. A Transmission Owner that has incurred costs related to the removed upgrade shall be reimbursed for any expenditure pursuant to Section VIII of Attachment J to the Tariff.
- 6) Status of Upgrades Identified in the SPP Transmission Expansion Plan
- a) The Transmission Provider shall track the status of planned system upgrades to ensure that the projects are built in time or that acceptable mitigation plans are in place to meet customer and system needs.
  - b) On a quarterly basis, at a minimum, the Transmission Provider shall:
    - i) Report to the Markets and Operations Policy Committee, the Regional State Committee and the SPP Board of Directors on the status of the upgrades identified in the SPP Transmission Expansion Plan; and
    - ii) Post the status of the upgrades on the SPP website.

#### 7) Impacts on Neighboring Systems

As part of the evaluation of any Competitive Upgrade, the Transmission Provider will determine whether the proposed Competitive Upgrade causes any violations of NERC reliability standards on the transmission system(s) of the adjacent

neighboring transmission planning region(s). The Transmission Provider shall identify any such violations as part of the SPP Transmission Expansion Plan. Except as otherwise provided in Addendum 3 or Addendum 4 of this Attachment O or as otherwise provided in an agreement between the Transmission Provider and a neighboring transmission system, the Transmission Provider shall not pay any cost for any upgrade or system modification necessary to mitigate or resolve any such violation on a neighboring transmission system, and listing of such violations in the SPP Transmission Plan does not constitute any agreement on the part of the Transmission Provider or its stakeholders to pay any such cost.[A5]