Southwest Power Pool

ECONOMIC STUDIES WORKING GROUP

March 16th, 2017

8th Floor AEP Offices – Dallas, TX

• SUMMARY OF ACTIONS TAKEN •

1. Approved RR208.
2. Approved the Seams Project Policy Paper.
3. Accepted SPP staff's recommendation to utilize a terminal value (escalated at the rate of inflation) beginning no later than 5 years after the final data point for 40-year financial analysis in the new ITP process.
4. Accepted SPP staff's recommendation to utilize the year 2 study assessment model to validate economic modeling parameters by comparison to SPP operational data and previous study models in the new ITP process.
5. Accepted SPP staff's recommendation for defining economic needs in the new ITP process.

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ECONOMIC STUDIES WORKING GROUP

March 16th, 2017

8th Floor AEP Offices – Dallas, TX

• MINUTES •

Agenda Item 1 – Administrative Items

Agenda Item 1a - Call to Order, Introductions

Chair Alan Myers (ITC Great Plains) called the meeting of the Economic Studies Working Group (ESWG) to order at 8:00a.m., welcomed those in attendance, and asked for introductions.

There were 14 in-person participants and 50 web conference participants, representing 16 of 17 ESWG members. (Attachment 1 – March 16th, 2017 Attendance List)

Agenda Item 1b – Receipt of Proxies

Alan Myers (ITC Great Plains) asked for any proxy statements; five proxies were identified. Gayle Nansel (WAPA) named Chris Colson (WAPA) as her proxy, Jody Holland (SCMCN) named Eric Burkey (SCMCN) as his proxy, Leon Howell (OGE) named Zac Hager (OGE) as his proxy, Natasha Henderson (GSEC) named Evan Racine-Johnson (GSEC) as her proxy, and Pat McCool (KCPL) named Bethany King (EDE) as his proxy. (Attachment 2 – Proxy Statements)

Agenda Item 1c – Review of Agenda

Chair Alan Myers (ITC Great Plains) presented the agenda for review and asked for any additions or corrections. (Attachment 3 – March 16th, 2017 ESWG Agenda).

Kurt Stradley (LES) made a motion; seconded by Zac Hager (OGE) to adopt the agenda. The motion was approved unanimously.

Agenda Item 2 – Review of Past Action Items

Kelsey Allen (SPP Staff) reviewed the list of past action items and asked for any comments or questions. (Attachment 4 – Past Action Items)

Agenda Item 3 – Consent Agenda

The consent agenda included the following items:

Meeting Minutes – February 15th, 2017

Alan Myers (ITC Great Plains) asked if any items should be removed from the consent agenda. The February 15th, 2017 minutes were removed for review of comments on the Renewable Pricing vote. (Attachment 5 – February 15th, 2017 ESWG Minutes)

Jon Iverson (OPPD) made a motion; seconded by Tim Owens (NPPD) to approve the February 15th, 2017 meeting minutes as modified. The motion was approved unanimously.

Agenda Item 4 – 2017 ITP10 Potter-Tolk 345 kV Additional Analysis

Agenda Item 4a – Scope

Chris Jamieson (SPP Staff) reviewed the proposed analysis to further evaluate the proposed Potter to Tolk 345 kV line. SPP staff received minor comments on the scope of work since it was reviewed on March 8th and has proceeded with analysis as proposed. Bennie Weeks (Xcel Energy/SPS) expressed concern with the wind sensitivities and stated that SPS would not support any changes/additions to the 2017 ITP10 approved wind assumptions unless backed by a signed PPA or bilateral contract. Jon Iverson (OPPD) expressed concern with including additional metrics in the analysis that were not applied uniformly across the entire study process. The group requested additional clarification of new analysis versus refined analysis and the specifics of each of the sensitivities as SPP staff moves forward with the analysis. Jon Iverson (OPPD) also requested that the original 115 kV rebuild alternative project be referenced as a part of future presentations. The group requested additional time to review the proposed scope. (Attachment 6 – 2017 ITP10 Potter-Tolk 345 kV Additional Analysis)

Agenda Item 4b – Preliminary Results

No preliminary results were reviewed.

Agenda Item 5 – RR208-TPITF Tariff Changes

Marisa Choate (SPP Staff) reviewed the proposed SPP Tariff changes to reflect the new ITP process. (Attachment 7 – RR 208 Overview) (Attachment 8 – RR 208 Recommendation Report)

> **Kurt Stradley (LES) made a motion; seconded by Evan Racine-Johnson (GSEC) to approve revision request 208. The motion was approved unanimously.**

Agenda Item 6 – Seams Project Policy Paper

Clint Savoy (SPP Staff) reviewed the Seams Project Policy Paper with the group. This paper was previously approved and is being updated to include the recently approved seams project cost allocation methodology. (Attachment 9 – Seams Policy Paper _APPROVED by SSC 20170104)

> **Kurt Stradley (LES) made a motion; seconded by Zac Hager (OGE) to approve the updates to the Seams Project Policy Paper. The motion was approved with two abstentions, Alan Myers (ITC) and Bennie Weeks (SPS).**
>
> > **Alan Myers abstained for the following reasons: "ITC has concerns that the Seams Policy Paper undermines incentives for neighboring regions to participate in Order 1000 processes and therefore abstained from the vote on this issue."**
> >
> > **Bennie Weeks abstained for the following reasons: "My abstention was due to the cost allocation methodology, in particular the automatic regionalization of costs with some exceptions."**

Agenda Item 7 – ITP Scope Standardization

Agenda Item 7a – 40-Year Financial Analysis

Amber Greb (SPP Staff) reviewed the current 40-year financial analysis methodology, some options for improvement of the methodology and example comparisons. The main cause for concern is the impact that the slope created by using two data points extrapolated out to a 20-year value has on the overall estimated 40-year benefits. SPP staff is proposing to minimize this impact by extrapolating for a shorter time frame or introducing and additional data point to the calculation. (Attachment 10 – 40-Year Financial Analysis)

> **Zac Hager (OGE) made a motion; seconded by Bethany King (EDE) to accept SPP staff's recommendation to utilize a terminal value (escalated at the rate of inflation) beginning no later than 5 years after the final data point for 40-year financial analysis in the new ITP process. The motion was approved unanimously.**

Agenda Item 7b – Benchmarking

Nikki Roberts (SPP Staff) reviewed different approaches to benchmarking the economic model and some considerations for the benchmarking methodology moving forward into the new ITP process. SPP staff is recommending to leverage models that will be built for use in the study process and to compare certain key data items to historical and previous study data. Zac Hager (OGE) pointed out the differences that OGE has seen in the actual and simulated values and stated that some of those differences cannot be reconciled. He suggested that SPP staff and members begin to document those differences and the causes, namely the modeling and software limitations. (Attachment 11 – Benchmarking)

Kurt Stradley (LES) made a motion; seconded Tim Owens (NPPD) to accept SPP staff's recommendation to utilize the year 2 study assessment model to validate economic modeling parameters by comparison to SPP operational data and previous study models in the new ITP process. The motion was approved unanimously.

Agenda Item 7c – Policy Survey Standard Percentages

Liz Gephardt (SPP Staff) reviewed the standard percentages proposed for use in the renewable policy requirement calculations. Steve Gaw (Wind Coalition) and Walt Cecil (MoPSC) questioned the removal of the North Dakota requirement and the treatment of the Missouri solar requirement, respectively. The group was not ready to vote for approval. (Attachment 12 – Policy Survey)

Agenda Item 7d – Economic Needs Assessment

Kelsey Allen (SPP Staff) reviewed the proposed economic needs definition and assessment methodology. SPP staff is proposing to incorporate both the defined criteria and lessons learned from the additional analysis performed in the 2017 ITP10 to create a more comprehensive approach for the assessment. In addition to defining the top congested flowgates by traditional criteria, this approach would include additional categorization of needs, relation to other needs and focus areas, information of potential equipment limits, grouping of needs to indicate a potential for comprehensive analysis, as well as identification of those needs or groups of needs that will receive the most investigation by SPP staff. (Attachment 13 – Economic Needs Assessment)

Kurt Stradley (LES) made a motion; seconded by Tim Owens (NPPD) to accept SPP staff's recommendation for defining economic needs in the new ITP process. The motion was approved unanimously.

Agenda Item 7e – Economic Project Selection

[This item was not covered]

Agenda Item 8 – TPITF Staff/Stakeholder Accountability

English Cook (SPP Staff) reviewed the approach to SPP Staff and Stakeholder accountability outlined by the TPITF whitepaper. The new process will require enhanced adherence to the defined schedule, a single point of contact for interaction between SPP staff and stakeholders, a waiver process for late data submissions of material impact to the study schedule, and a periodic report to MOPC on progress and issues requiring mitigation. (Attachment 14 – TPITF Staff_Stakeholder Accountability) (Attachment 15 – SPP Staff and Stakeholder Accountability_02162017_ECRev1)

Closing Items

Chair Alan Myers (ITC Great Plains) requested other items meriting discussion.

The meeting was adjourned at 3:00 PM.

Respectfully Submitted,

Kelsey Allen

ESWG Secretary

Southwest Power Pool

Southwest Power Pool, Inc.

ECONOMIC STUDIES WORKING GROUP MEETING

March 16, 2017

AEP Office – Dallas, TX

• ATTENDANCE LIST •

Name	Company
Kurt Stradley	LES
Ryan Yokley	Sunflower
Aaron Pupa	LS Power
Don Le	NEET
Alan Myers	ITC
Zac Hager	OGE
Jason Davis	SPP
Walt Cecil	MoPSC
Eric Burkey	South Central MCN
Bennie Weeks	Xcel Energy / SPS
Natf Davis	Wind Coalition
Amber Greb	SPP
Juliano Freitas	SPP
Kelsey Allen	SPP

Name	Email	Company
A Barber - SPP	abarber@spp.org	
Aaron Pupa		LS Power
Alan Myers		ITC
Amber Greb		SPP
Ben Abing	babing@itctransco.com	
Bennie Weeks		Xcel Energy/SPS
Bethany King	bking@empiredistrict.com	
Bill Leung (NPRB)	bleung@bjleung.com	
Brad Schwarz (Hunt Transmission)	bschwarz@huntpower.com	
Brian Rounds (AESL)	brian.rounds@aeslconsulting.com	
Chris Colson (WAPA-UGPR)	colson@wapa.gov	
Chris Giles	cgiles@tcec.coop	
Chris Haley	chaley@spp.org	
Chris Jamieson - SPP	cjamieson@spp.org	
Chris Lyons - Customized Energy Solutions	clyons@ces-ltd.com	
Chris Matthes	camatthes@aep.com	
Chris Matthes (AEP)	camatthes@aep.com	
Clayton Mayfield	cmayfield@spp.org	
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David Binkley	dbinkley@itctransco.com	
Don Le		NEET
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Eric Burkey		South Central MCN
Evan Racine-Johnson	eracine-johnson@gsec.coop	
Gimod Olapurayil	golapurayil@itctransco.com	
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Jeremy Harris (Westar)	jeremy.harris@westarenergy.com	
Jeremy Severson	jseverson@bepc.com	
Jim Krajecki (CES)	jkrajecki@ces-ltd.com	
Joe Staszowski	jstaszowski@iso-ne.com	
Joe Williams	joe.williams@wfec.com	
John Boshears	john.boshears@cityutilities.net	
John Fulton	john.fulton@xcelenergy.com	
Jon Iverson	jiverson@oppd.com	
Jon Shipman	jeshipman@oppd.com	
Josie Daggett	daggett@wapa.gov	
Juliano Freitas		SPP
Kelsey Allen	kallen@spp.org	SPP
Kirk Hall	khall@spp.org	
Kurt Stradley		LES
Liz Gephardt	lgephardt@spp.org	
Marisa Choate	mchoate@spp.org	
Matt McGee	mcmcgee@aep.com	
matthew stoltz	mstoltz@bepc.com	

Meena Thomas	meena.thomas@puc.texas.gov	
Michael Watt (OMPA)	mwatt@ompa.com	
Nathan McNeil	nathan.mcneil@westarenergy.com	
Nikki Roberts	nroberts@spp.org	
Raj Pudhota	rpudhota@quanta-technology.com	
Randy Collier (CUS)	randy.collier@cityutilities.net	
Richard Dahl (MRES)	richard.dahl@mrenergy.com	
Ross Hohlt	dhohlt@ameren.com	
Ryan Yokley		Sunflower
Shaun Golden (WFEC)	shaun.golden@wfec.com	
Steve Gaw		Wind Coalition
Tamika Barker (SPP)	tbarker@spp.org	
Tim Hall	timhall@southernco.com	
Tim Owens (NPPD)	tjowens@nppd.com	
Todd Tadych (DATC)	ttadych@atcllc.com	
Walt Cecil		MoPSC
Yohan Sutjandra (TEA)	ysutjandra@teainc.org	
Zac Hager		OGE

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1. Gayle Nansel proxy to Chris Colson

From: Nansel, Gayle
Sent: Friday, March 10, 2017 9:41 AM
To: Kelsey Allen
Cc: Chris Colson WAPA
Subject: **External Email** FW: [EXTERNAL] ESWG 3/16/17 Agenda & Background Materials posted

Kelsey:

I have a conflict with this meeting. Chris Colson will be calling in and has my proxy.

Gayle R. Nansel | Transmission Planning Manager
Western Area Power Administration | Upper Great Plains Region
(O) 406.255.2830 | (M) 406.698.6714 | nansel@wapa.gov
Western Area Power Administration

2. Jody Holland proxy to Eric Burkey

From: Holland, Jody
Sent: Monday, March 13, 2017 10:25 PM
To: Myers, Alan; Kelsey Allen
Cc: Eric Burkey
Subject: **External Email** Proxy

Eric Burkey has my proxy for the 3/16 ESWG meeting. Thx.

Jody Holland
Vice President, Planning
South Central MCN, LLC
Midcontinent MCN, LLC
Mid-Atlantic MCN, LLC
Gridliance West Transco, LLC
Cell: 501-681-5950
jholland@gridliance.com

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A Blackstone Company

3. Leon Howell proxy to Zac Hager

From: Howell, Leon
Sent: Wednesday, March 15, 2017 11:18 AM
To: Kelsey Allen; Myers, Alan
Cc: Hager, Zac
Subject: **External Email** ESWG

Alan and Kelsey,
Zac Hager has my proxy for the upcoming ESWG.
Leon

4. Natasha Henderson proxy to Evan Racine-Johnson

From: Henderson, Natasha
Sent: Tuesday, March 14, 2017 1:33 PM
To: Kelsey Allen; Myers, Alan
Cc: Evan Racine-Johnson; Shane McMinn
Subject: **External Email** GSEC proxy for ESWG

Alan/Kelsey:

I would like to give my proxy to Evan Racine-Johnson for this Thursday's ESWG call.

Natasha Henderson
Manager of Strategic Planning
Golden Spread Electric Cooperative
nhenderson@gsec.coop
(806)316-9581

5. Pat McCool proxy to Bethany King

From: McCool Patrick [mailto:Patrick.McCool@kcpl.com]
Sent: Tuesday, March 07, 2017 3:34 PM
To: Myers, Alan K. <amyers@ltctransco.com>
Cc: King. Bethany (bking@empiredistrict.com) <bking@empiredistrict.com>
Subject: [EXT] March 16th - Proxy

Hi Alan,

I will be on vacation next Thursday, so I'm having Bethany King be my proxy for that meeting.

Thanks!

SPP Southwest Power Pool

ECONOMIC STUDIES WORKING GROUP

March 16th, 2017

8th Floor AEP Offices – Dallas, TX

• A G E N D A •

8:00am – 3:00pm

1. Administrative Items
   a. Call to Order, Introductions.....Alan Myers (5 minutes)
   b. Receipt of Proxies .....Kelsey Allen (1 minute)
   c. Review of Agenda[1] .....Alan Myers (1 minute)
2. Review of Past Action Items[1] .....Kelsey Allen (5 minutes)
3. Consent Agenda[1] (Approval Item).....Alan Myers (1 minutes)
   a. Approval of Meeting Minutes – February 15th, 2017 (ESWG)
4. 2017 ITP10 Potter-Tolk 345 kV Additional Analysis.....Chris Jamieson (60 minutes)
   a. Scope[1] (Approval Item)
   b. Preliminary Results
5. RR208 – TPITF Tariff Changes[1] (Approval Item)..... Marisa Choate (30 minutes)
6. Seams Project Policy Paper[1] (Approval Item).....Clint Savoy (30 minutes)
7. ITP Scope Standardization..... SPP Staff (180 minutes)
   a. 40-Year Financial Analysis[1] (Approval Item) (Amber Greb)
   b. Benchmarking[1] (Approval Item) (Nikki Roberts)
   c. Policy Survey Standard Percentages[1] (Approval Item) (Liz Gephardt)
   d. Economic Needs Assessment[1] (Approval Item) (Chris Jamieson)
   e. Economic Project Selection (Chris Jamieson)
8. TPITF Staff/Stakeholder Accountability[1] .....English Cook (15 minutes)
9. Closing Items.....All (5 minutes)
   a. Summary of Action Items (Kelsey Allen)
   b. Future Meetings

1 Background Material Included

i. April 20th, 2017: 8th Floor AEP Offices, Dallas, TX
ii. May 17th, 2017: Hilton at the Ballpark, St. Louis, MO
iii. June 15th, 2017: 8th Floor AEP Offices, Dallas, TX
iv. July 20th, 2017: 8th Floor AEP Offices, Dallas, TX
v. August 16th, 2017: Grand Hyatt, Denver, CO
vi. September 14th, 2017: 8th Floor AEP Offices, Dallas, TX
vii. October 12th, 2017: 8th Floor AEP Offices, Dallas, TX
viii. November 15th-16th, 2017: SPP Corporate Offices, Little Rock, AR
ix. December 14th, 2017: 8th Floor AEP Offices, Dallas, TX

Southwest Power Pool, Inc.

ECONOMIC STUDIES WORKING GROUP

Pending Action Items Status Report

March 16th, 2016

	Action Item	Date Originated	Status	Comments
057	SPP staff will write a straw-man procedure or portion of the ITP manual that deals with conventional and wind generation planning and siting within the ITP process. The process should be in place by the Spring of 2015.	August 23rd, 2012	In Progress Staff	A draft resource siting whitepaper will be developed for review mid-2016.
151	Staff to look into optional software tools for use in ITP studies.	May 20th, 2015	In Progress Staff	Staff is meeting with software vendors and users and expects to have a recommendation on any potential resource planning software changes by 4th quarter 2016. February, 2017: Presentation on EGEAS. Hold on investigation of alternatives until EGEAS and ABB's new Capacity Expansion tool are able to be fully tested and compared.
160	SPP Staff and the ESWG are to formalize standard procedures for data requests and member review of information related to ITP studies.	January 21st, 2016	In Progress Staff/ESWG	Combined item representative of AI148 and AI149.
163	SPP Staff and members to prepare for discussion on scope standardization and prioritization of discussion items.	April 21st, 2016	In Progress Staff/Members	Ongoing.
165	ESWG to review the assumed benefit of mandated reliability projects	May 13th, 2016 RARTF	In Progress ESWG	
166	ESWG to review the impacts of using the system reconfiguration hybrid approach for the Assumed Benefit of Mandated Reliability Projects	May 13th, 2016 RARTF	In Progress ESWG	

167	ESWG to review the classification of projects in the ITP process	May 13th, 2016 RARTF	In Progress ESWG	
168	Staff and the ESWG to evaluate the issues seen in the DC to AC model conversion process.	May 18th-19th, 2016	In Progress Staff/ESWG	February, 2017: Provided an update on issues and potential solutions.
172	Staff to develop examples and language for tackling synergies of powerflow and economic generation data.	June 16th, 2016	In Progress Staff	October 20th: ESWG approved a methodology for the ITP standard scope. Discussions should continue with SAWG for coordination of methodology, as appropriate.
173	Staff to develop a process for annual update of the economic model with vendor data.	June 16th, 2016	In Progress Staff	
183	SPP Staff to perform the outage analysis to determine the appropriate APC benefit % to utilize in the mitigation of transmission outages benefit metric in the first part of 2017.	September 15th, 2016	In Progress Staff	

Southwest Power Pool

ECONOMIC STUDIES WORKING GROUP

February 15th, 2017

Embassy Suites Riverwalk – Austin, TX

• SUMMARY OF ACTIONS TAKEN •

1. Approved the criteria for defining chronic [persistent] operational issues.
2. Approved SPP staff's amended recommendation for renewable variable O&M pricing.

Southwest Power Pool

ECONOMIC STUDIES WORKING GROUP

February 15th, 2017

Embassy Suites Riverwalk – Austin, TX

• MINUTES •

Agenda Item 1 – Administrative Items

Agenda Item 1a - Call to Order, Introductions

Chair Alan Myers (ITC Great Plains) called the meeting of the Economic Studies Working Group (ESWG) to order at 8:30a.m., welcomed those in attendance, and asked for introductions.

There were 21 in-person participants and 45 web conference participants, representing 15 of 17 ESWG members. (Attachment 1 – February 15th, 2017 Attendance List)

Agenda Item 1b – Receipt of Proxies

Alan Myers (ITC Great Plains) asked for any proxy statements; one proxy was identified. Kurt Stradley (LES) named Scott Benson (LES) as his proxy beginning 3:00pm. (Attachment 2 – Proxy Statements)

Agenda Item 1c – Review of Agenda

Chair Alan Myers (ITC Great Plains) presented the agenda for review and asked for any additions or corrections. (Attachment 3 – February 15th, 2017 ESWG Agenda).

Kurt Stradley (LES) made a motion; seconded by Pat McCool (KCPL) to adopt the agenda. The motion was approved unanimously.

Agenda Item 2 – Review of Past Action Items

Kelsey Allen (SPP Staff) reviewed the list of past action items and asked for any comments or questions. Action item 174 was removed due to the group's decision to move forward with the use of resource expansion planning software in the new ITP process. (Attachment 4 – Past Action Items)

Agenda Item 3 – Consent Agenda

The consent agenda included the following items:

Meeting Minutes – November 16th-17th, 2016 (Attachment 5 – November 16th-17th, 2016 ESWG Minutes)

Meeting Minutes – December 8th, 2016 (Attachment 6 – December 8th, 2016 ESWG Minutes)

Meeting Minutes – December 14th, 2016 (Attachment 7 – December 14th, 2016 ESWG.TWG Minutes)

Meeting Minutes – January 5th, 2017 (Attachment 8 – January 5th, 2017 ESWG.TWG Minutes)

Meeting Minutes – January 12th, 2017 (Attachment 9 – January 12th, 2017 ESWG Minutes)

Alan Myers (ITC Great Plains) asked if any items should be removed from the consent agenda. The January 30th, 2017 minutes were removed to be considered separately.

The consent agenda was approved unanimously.

The January 30th, 2017 minutes were edited to reflect comments provided by Scott Benson (LES).

Kurt Stradley (LES) made a motion; seconded by Tim Owens (NPPD) to approve the January 30th, 2017 meeting minutes as modified. The motion was approved unanimously.

(Attachment 10 – January 30th, 2017 ESWG Minutes)

Agenda Item 4 – SPP-MISO CSP Study Update

Adam Bell (SPP Staff) gave an update to the ESWG on 2016 MISO CSP Study and reviewed the 7 needs being evaluated. Currently, SPP staff is finishing the preliminary project screening analysis and next will begin a robustness testing and the 20-year APC calculation. The study is expected to be completed by April 2017. The next IPSAC meeting is March 9th in Metairie, LA, where results of the 2016 CSP are expected to be presented. (Attachment 11 – ESWG Update SPP-MISO CSP)

Agenda Item 5 – Electric Generation Expansion Analysis System (EGEAS)

Juliano Freitas (SPP Staff) gave an overview of a modular production costing and generation expansion software package called EGEAS. EGEAS is primarily being used by MISO. Juliano gave a history of the company and the evolution of the software. The cost of the software is a one-time $30,000 fee, plus $9,000 per year for support services, including unlimited licenses per company. Currently, the software is not funded or maintained by its original developer, EPRI, but rather user funded, primarily by MISO.

Two of the main issues identified by SPP staff and stakeholders in SPP's resource expansion planning process were the amount of time and effort put into developing a model suitable for simulation and the lack of renewable generation resulting from the simulations compared to company expectations. In SPP's discussions with MISO, they have agreed to share automation to help with conversion of data from ABB's PROMOD database for use in the EGEAS software tool that could alleviate model building efforts. In terms of simulation results, EGEAS has many of the same drawbacks as ABB's Strategist, being a tool focused on minimizing costs of generation expansion.

Stakeholders reiterated the comments and concerns of SPP staff of switching to EGEAS; concerns that without user funding, the software will not be updated and the tool does not address the main issue regarding simulation results. Staff recommends waiting until ABB's Capacity Expansion tool is ready for testing, and then re-evaluating other options again. There was no opposition in the room. (Attachment 12 – EGEAS)

Agenda Item 5 – ITP Scope Standardization

Agenda Item 5a – Policy Survey

Liz Gephardt (SPP Staff) recapped the previous approvals for the policy survey and brought up some concerns raised by the CAWG to be discussed; consideration of deliverability, inclusion of Nebraska absent a state mandate or goal, consideration of renewable energy credits and addressing potential changes to current legislation. These items were discussed with no major changes to the current proposal and standard percentages. Some of the CAWG and ESWG members requested additional time to investigate internally and provide feedback on specific percentages that would be appropriate. SPP staff will develop language for consideration by the ITP Manual TF while the state percentages are being solidified. (Attachment 13 – Policy Survey)

Agenda Item 5b – Operational Issues Criteria

Will Tootle (SPP Staff) reviewed the changes to the Operational Issues Criteria document since it was last presented. The N-1-1 category was removed and a sub-bullet was added to the manual commitments section stating manual commitments that do not exceed 25% of the year, but cost over $1M over 24 months will be added to the ITP needs list. There was discussion regarding how SPP staff will evaluate solutions against these criteria and select the best of competing projects. Stakeholders requested that solutions developed from these criteria be designated as such.

> **Jeremy Severson (BEPC) made a motion; seconded by Natasha Henderson (GSEC) to approve the criteria for defining chronic [persistent] operational issues. The motion was approved with one abstention, Jon Iverson (OPPD).**
>
> > **Jon Iverson abstained for the following reasons: Referring to chronic operational needs on flowgates in either the binding or breached state 20% of time or with congestion costs totaling more than $10 million (both over 24 months) and manual commitment events 25% of the year or over $1 million over 24 months. I felt an additional attribute to the document would be to provide some economic basis for why these thresholds were chosen. For example, $10 million is x percent of the SPP market $ volume and is considered**

significant, or manual commitments above 25% of the year adds a step $ increase to SPP's operating area's expenses related to time and hardware. These are just examples of what these attributes may look like.

(Attachment 14 – Chronic Operational Issues Criteria_Clean)

<u>Agenda Item 5c – Renewable Pricing</u>

Josh Ross (SPP Staff) continued discussion on renewable pricing from the last meeting. He discussed the benefits of both adding renewable resources and having a transmission system that enables those renewables. Josh gave the group example results of the impact of changing the two input variables independently, utilizing the Regional Cost Allocation Review 2 (RCAR 2) models. Adjustment of the curtailment price resulted in approximately a 3% change in adjusted production cost (APC) savings between the largest versus smallest curtailment prices tested. Josh stated that the presence of renewables in the model provides a benefit to the market because its low curtailment price (offer price) reduces LMPs. Transmission that relieves curtailment also provides a benefit to the market by levelizing LMPs. An assessment of VOM showed that the VOM has no impact on system LMPs or system dispatch, only backend APC calculations. Transmission that relieves wind curtailment typically provides APC benefit to zones with designated wind, through reduced production costs. This reduction is the difference between the cost of the previous marginal unit and the VOM price. Thus, the lower the VOM for renewables, the greater the differential between the cost of renewables and the marginal unit, and the greater the APC benefit. Much of the renewable energy in SPP is contracted under a power purchase agreement (PPA) between the generator owner and a load serving entity. Utilizing an approximate cost for these agreements as the VOM (defined as transaction energy cost in the model) more accurately reflects the price paid by the load for delivered energy.

SPP staff recommended that the SPP annual data request process for generation shall include reporting of the wind and solar units which have PPAs. Staff will request documentation of units reported as having PPAs; if documentation is provided, the variable O&M of the unit shall be based on approximate wind and solar PPA pricing, derived from publicly available data. A weighted average of the most recent 5 – 10 year period shall be used. For all wind and solar units in which documentation of a PPA is not provided, the variable O&M of the unit shall be $8/MWh, reflective of a low operating cost. For proxy wind and solar units identified through the resource expansion plan, the variable O&M of the new unit shall be equal to the variable O&M of the majority of existing wind or solar units in the model.

The group had a robust discussion regarding the use of a higher VOM price for those load serving companies that have contract agreements with generator owners. Those against the recommendation argued that when considering all generation technologies, the increased VOM price discriminates against renewable generation by mixing operating and capital costs for one technology type. Those for the recommendation argued that the VOM for renewables is different than conventional in that it is defined as a transaction energy cost and should be reflective of what utilities are actually paying.

Scott Benson (LES) made a motion; seconded by Pat McCool (KCPL) to approve SPP staff's recommendation for renewable variable O&M pricing. Natasha Henderson (GSEC) offered a friendly amendment to remove the specific reference to PPAs in the recommendation and replace with "fixed contract price". The motion was approved with one no vote, Alan Myers (ITC), and one abstention, Natasha Henderson (GSEC).

Alan opposed for the following reasons: The use of PPA price for the variable O&M value for wind and solar resources in APC calculations represents a deviation from common industry practice for renewable resources and introduces the potential for skewing APC calculations. This may result in sending poor long-term planning signals. This also potentially represents a practice that could be construed as discriminatory towards renewable resources given that other resources also operate under PPA arrangements without similar treatment in APC calculations. ITC recognizes that there are likely areas of improvement related to calculation of zonal APC values but believe that further thought and development would be more appropriate.

(Attachment 15 – Renewable Pricing)

Agenda Item 5d – 40-Year Financial Analysis

[This item was not covered in the allotted time] (Attachment 16 – 40-Year Financial Analysis)

Agenda Item 5e – Benchmarking

[This item was not covered in the allotted time] (Attachment 17 – Benchmarking)

Closing Items

Chair Alan Myers (ITC Great Plains) requested other items meriting discussion.

The meeting was adjourned at 3:00 PM.

Respectfully Submitted,

Kelsey Allen

ESWG Secretary


SPP
Southwest Power Pool
HELPING OUR MEMBERS WORK TOGETHER
TO KEEP THE LIGHTS ON... TODAY AND IN THE FUTURE.

2017 ITP10 Potter to Tolk 345 kV Additional Analysis Scope

March 16th, 2017

Purpose and Direction

- Perform additional analysis of the Potter – Tolk 345 kV solution in response to stakeholder concerns and action taken by Board of Directors
- Hold discussions with directly impacted stakeholders to acquire analysis input
- Vet scoping and results with ESWG and TWG prior to April MOPC and BOD meeting

Background

2017 ITP10 Analysis Conclusions

- Texas Panhandle (SPS North South)
  - The Potter to Tolk 345 kV was recommended because:
    - Resolves congestion
    - Provides economic benefit to SPP region
    - Provides strategic EHV transmission to manage risks and uncertainties in area
    - Improves thermal and voltage stability reliability margins in area
    - Facilitates transmission service and generation interconnection queues

SPP

Summary of Discussion with Directly Impacted Stakeholder

- Future resource expansion and siting expectations
  - Generally more imports are expected by GSEC and WFEC
  - SPS expects wind and conventional additions in SPS South
  - 2017 ITP10 solar amounts are higher than expected
- Gas price variability and future expectations
  - Lower gas prices should be examined due to current gas forecasts
- Load growth variability and future expectations
  - 2017 Series MDWG load forecasts should be examined to account for more current load forecasts
- Other discussion items
  - Risks of delaying or not taking action
  - Additional costs associated with project
  - Concerns surrounding potential avoided reliability projects

SPP

Scope

Scope Overview

- Review of third party study estimate
- Economic model input assumption sensitivities
  - Load and gas price forecasts
  - Renewable additions
  - Conventional resource assignment and siting sensitivities
  - Constraint file adjustments
- Assess impact of line on Frequently Constrained Area (FCA) designation of Texas Panhandle
- 40-year benefit calculations
- (Optional) Substantiating future avoided reliability projects
  - SPS vetting
  - FCITC analysis
  - SPS load pocket trends

Third Party Study Estimate Review

- Currently working with third party to develop scope of work to get a range of potential project cost
  - Review feasibility of estimated line mileage
  - Evaluate other possible line routes and associated costs
  - Compare third party substation estimates and SPS substation estimates

Economic Sensitivities Focus

- Sensitivities specific to the Texas Panhandle
- Use 2017 ITP10 Future 3 economic model with model corrections and approved portion of portfolio included as baseline
- Determine range of projected benefits
  - Identify bookends and combine sensitivities
- Identify additional costs in the form of increased congestion

SPP

Load and Gas Price Forecast Sensitivities

- High/Low Demand using 2017 ITP10 forecasts without resource plan adjustments
  - 1 standard deviation
  - 67% confidence level
- Model SPS zonal load forecasts from the MDWG 2017 series with resource plan and siting adjustments
- High/Low Natural Gas Price using 2017 ITP10 forecasts
  - 2 standard deviation
  - 95% confidence level
  - Measured against latest ABB simulation ready reference case gas forecasts

SPP

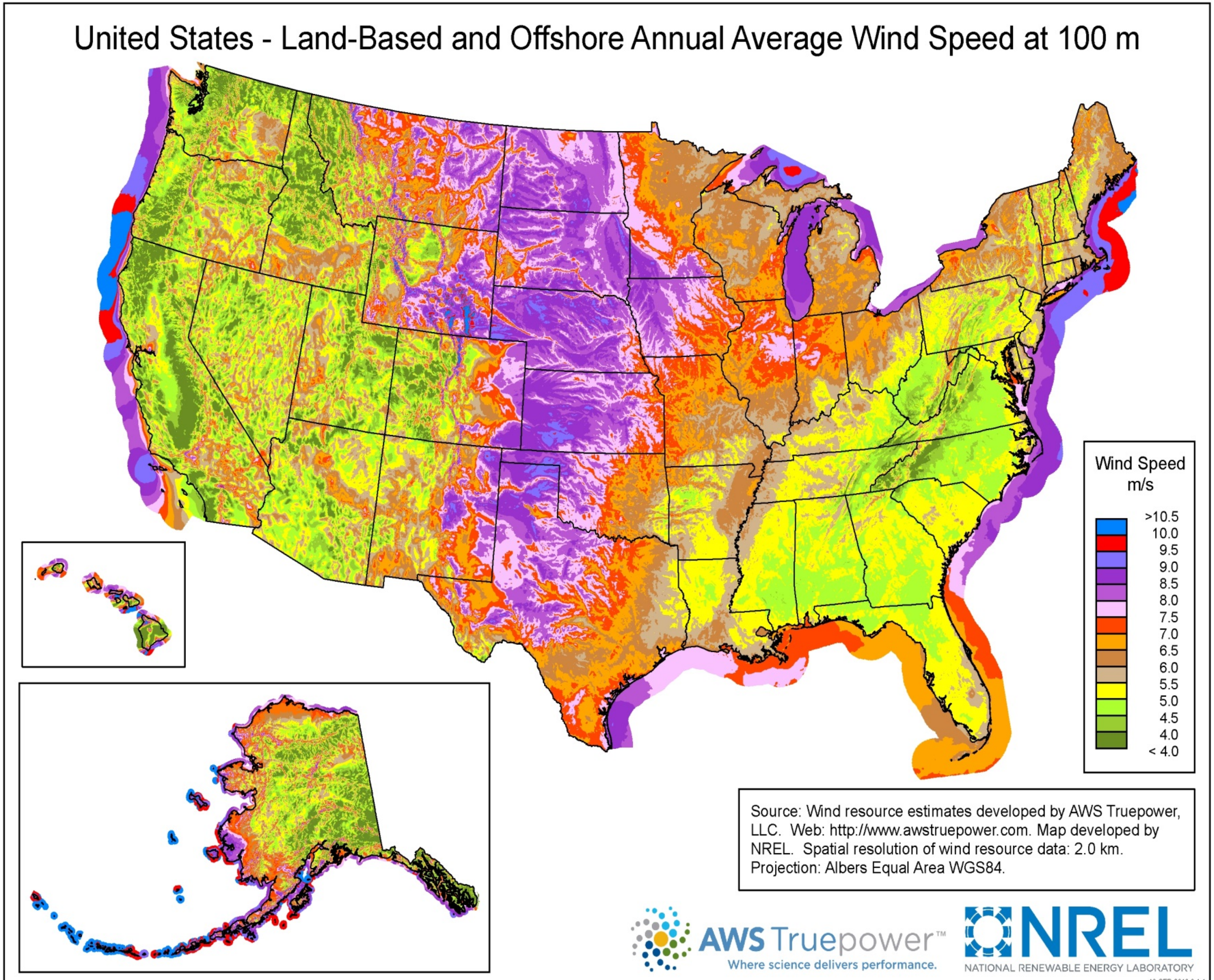
Renewable Generation Sensitivities Overview

- Wind Siting Sensitivity – Reprioritize 2017 ITP10 available wind sites to show incremental impact of wind sites not used more north of interface to be more in line with siting white paper recommendation
- Economic wind forecast sensitivity – Additional wind consistent with SPS expectations
  - (Optional) Re-trend wind levels and add additional wind amounts for the footprint for a more holistic look at the incremental impact of wind additions
- (Optional) Facilitating generation interconnection queue sensitivity - Measure the incremental APC benefit to the SPP footprint of additional renewable interconnections that is afforded by the line
- Assess impact of removing and reducing uncommitted solar generation in SPP region

Wind Siting Sensitivity

- Reprioritize 2017 ITP10 available wind sites using original potential list
- Instead of status quo
  - First, sites ranked by generation interconnection queue status
    - IA on-schedule
    - IA on-suspension
    - **IA commercial operation not fully on-line**
    - IA Pending
    - Facility Study
  - Second, sites ranked by highest capacity factor
- Alternatively
  - First, sites ranked by generation interconnection queue status
    - **IA commercial operation not fully on-line**
    - IA on-schedule
    - IA on-suspension
    - IA Pending
    - Facility Study
  - Second, sites ranked by highest capacity factor
- Use same wind siting exceptions approved by ESWG
- (Optional) Increase proxy wind farms with higher than average capacity factors on a pro rata basis to achieve 25% capacity to load

SPP


United States - Land-Based and Offshore Annual Average Wind Speed at 100 m
Wind Speed m/s
>10.5
10.0
9.5
9.0
8.5
8.0
7.5
7.0
6.5
6.0
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5.0
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< 4.0
Source: Wind resource estimates developed by AWS Truepower, LLC. Web: http://www.awstruepower.com. Map developed by NREL. Spatial resolution of wind resource data: 2.0 km. Projection: Albers Equal Area WGS84.
AWS Truepower™
Where science delivers performance.
NREL
NATIONAL RENEWABLE ENERGY LABORATORY
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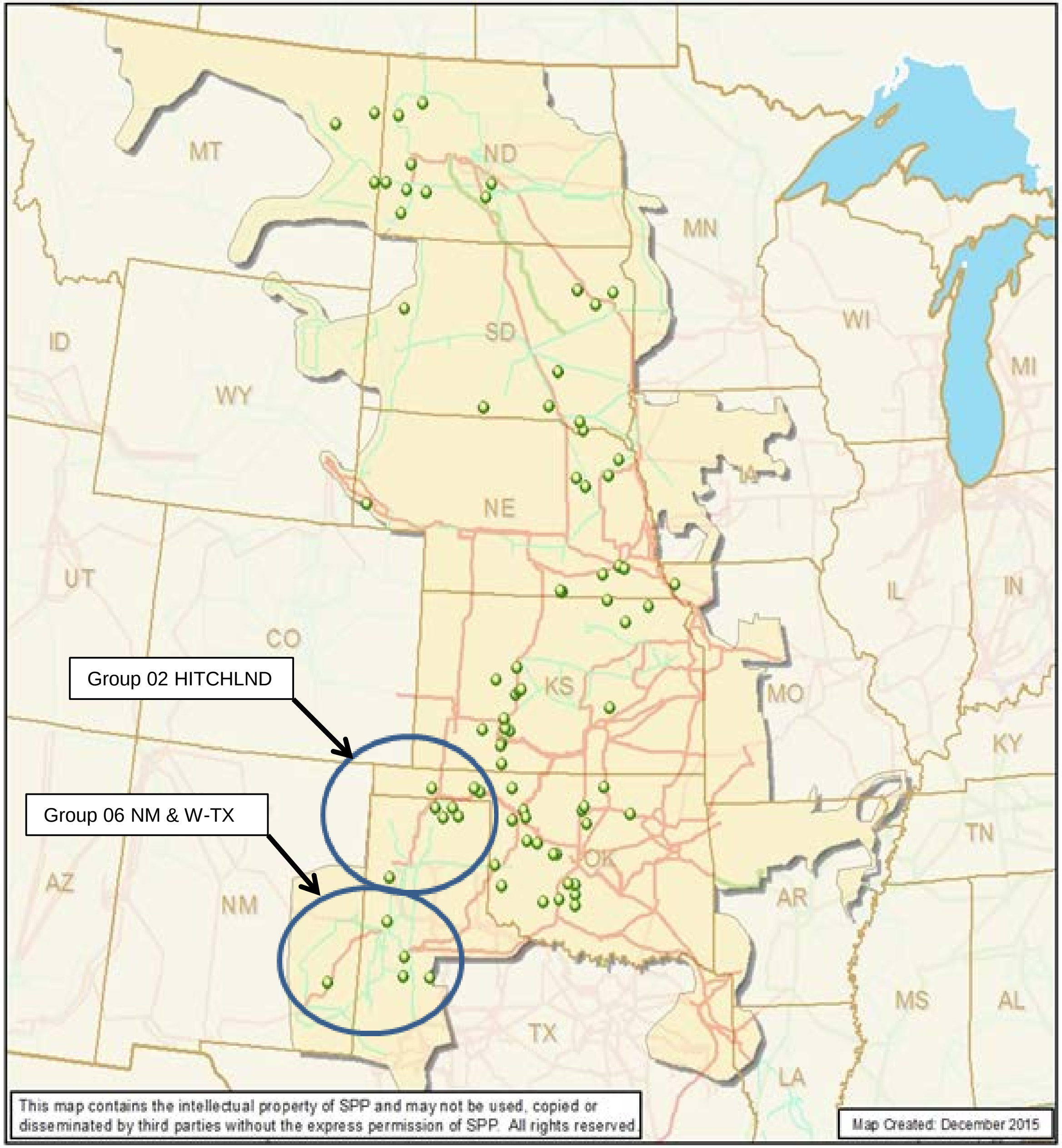


Southwest Power Pool

2017 ITP10 Potential Wind Sites

Potential Wind Site

Voltage

230 kV
345 kV
500 kV

0 50 100 200 300
Miles

Economic Wind Forecast Sensitivity

From the ITP Manual draft

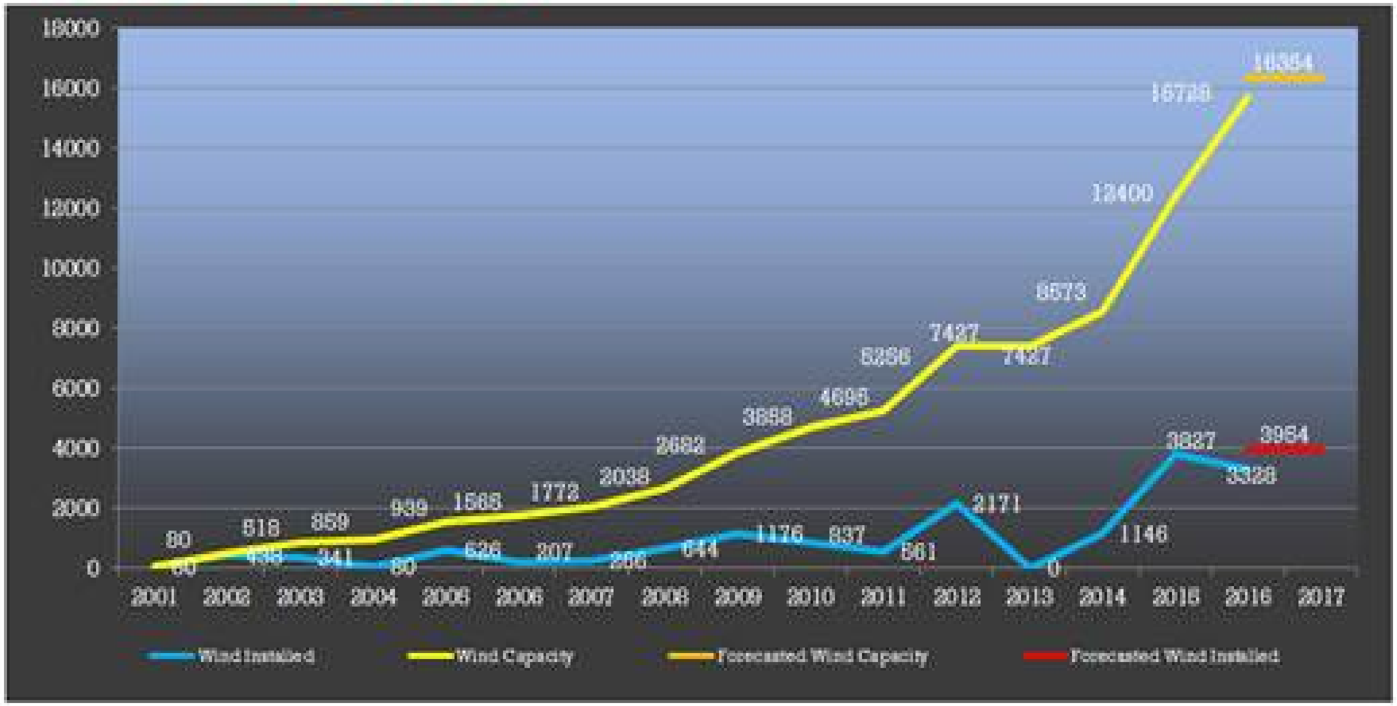
Renewable Resource Plan – SPP

Existing load and generation submitted through the MDWG model development process will be analyzed in the development of the renewable resource plan. Wind and solar unit additions will be computed using criteria that can be applied uniformly across zones (for example, each zone shall have renewable capacity of at least X% of their peak load responsibility). In order to have modeling consistency across the region and to maintain some simplicity, renewable additions will not be determined through surveying different members for each's expected additions.

The criteria for renewable additions shall be developed by Staff and ESWG in each study with consideration of factors such as government regulations, historical trends, NG prices, installation trends, and IRP projections.

- Step 1 add SPS expected wind amounts
- (Optional) Step 2 add SPP expected wind amounts (without zonal ownership assignments) based on historical installation trends

SPP Wind Capacity and Yearly Installed Wind Capacity



- In 2001 SPP installed 80 MWs of wind generation and has experienced significant wind growth as wind turbine technology has advanced.
- SPP is one of the leading footprints for wind development in North America
- SPP at the beginning of the VIS had 15728 MWs of installed capacity, and was projecting to increase the total capacity to 16345 MWs by the end of 2016.
- SPP currently has 16,124 MW of wind generation.

SPP

(Optional) Renewable Interconnection Sensitivity

- Establish ranges of renewable generation amounts that are facilitated by the line addition
- Add project and additional renewable generation amounts to the change case only to assess the adjusted production cost benefit to the SPP region

Conventional Siting Sensitivities Background

ITP manual conventional generation siting philosophy - Site proxy generation by region: Site expansion of conventional model generation in zone with highest capacity needs.

SPP staff working on siting white paper recommendation that would include allowable exceptions for problematic load pockets

- **SPP Planning Criteria 4.4 Generation Planning 4.4.1 Design Futures** a) In order to maintain a balanced design of the electric system, excessive concentration of generating capacity in one unit, at one location, or in one area shall be avoided.

- **Trend SPS zonal firm imports**
- **Existing firm imports for SPS**
  - **210 MW from Lamar HVDC Tie**
  - **400 MW from IPP in AEPW expires 2019 with renewal rights***
  - **448 MW from Wind in OKGE**
  - **15 MW from BLKW HVDC Tie***
- **Existing firm imports for New Mexico Cooperatives**
  - **130 MW from WFEC zone**
  - **New Mexico cooperative load transitioning to WFEC**
- **Existing firm imports for GSEC**
  - **201 MW from wind in OKGE**
- **Existing firm import for Lubbock Power and Light**
  - **~101 MW from wind in AEPW**

***Not included in 2017 ITP10 resource plan calculations**

Conventional Generation Siting Sensitivities

- Remove all uncommitted generation from SPS pricing zone as a bookend
- Add back proxy generation for Lubbock Power Light based on exit study being in progress
- Add back proxy generation for GSEC, SPS, and WFEC based on trends and conventional resource plan expectations
- Remove GOFs as necessary

Texas Panhandle Reliability Sensitivity Results Recap

- FCITC sensitivity for SPS South Imports from SPP
  - What is the cost of incremental least cost upgrades to address thermal overloads that could be addressed by Potter to Tolk 345kV for increased import levels?
    - Using a modified powerflow that includes the same Move 1 CC at Deaf Smith to a 2035 RCAR II site in SPS North
- Before Potter-Tolk 345 kV
  - F3 25 Light Load:
    - 1.5 GW of 2.5 GW Transfer Tested (Sum of Pgen 1.7 GW)
  - F3 25 Summer Peak:
    - 2.2 GW of 6.5 GW Transfer Tested (Sum of Pgen 5.8 GW)
- After Potter-Tolk 345 kV without additional Network Upgrades
  - F3 25 Light Load: At least 1.5 GW
  - F3 25 Summer Peak: At least 2.2 GW
- Incremental upgrades represent the potential avoided reliability upgrades

Substantiating Reliability Sensitivity Results

- Determine reasonability of import levels as a proxy to identify bottom/up incremental upgrades that might be identified in future studies due to changes in load forecasts, imports, resource additions and retirements
  - Sink subsystem does not include exclusions of any resource types
  - FCITC limitations in SPS relieved by Potter to Tolk 345 kV were not reported as avoided reliability upgrades for high transfer amounts that resulted in FCITC limitations in SPS that were not relieved by Potter to Tolk 345 kV
  - The Hereford-DS #6 115 kV FLO Potter to Tolk 345 kV flowgate occurs at the final reported transfer amounts.
- Correlate FCITC results to gen to load ratios in unconstrained economic sensitivities and in historic base reliability models
- Identify the high and low gen to load ratios from models and relate to FCITC results and resulting gen to load ratios
- Use High/Low Demand economic sensitivities and unconstrained 2035 model to help with timing
- Add uncertainty factors that might be representative of unexpected changes in assumptions

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Other Items

- Economic sensitivities constraint review as needed with the intention not overstate or understate benefit of project
  - For example, if an SPS upstream, downstream, or relieved constraint is based on wavetrap limit then consider removing
- Calculate 40-year benefit
  - Baseline and reasonable sensitivities
  - Leverage RCAR 2035 model
  - Tolk retirement consideration
- Actions and reporting required for each economic sensitivity
  - Summary of model changes compared to base line
  - Any adjustments in constraints
  - Congestion reports
  - Cursory impact assessment on Frequently Constrained Area designation
  - Adjusted production cost
  - Marginal energy losses
  - Gen to load ratio of SPS south to correlate to FCITC analysis

SPP

Recommendation

- SPP Staff recommends that the ESWG and TWG approve the 2017 ITP10 Potter to Tolk 345 kV Additional Analysis Scope

SPP Next Steps

- ESWG/TWG Meetings in late March/early April TBD
  - Present results and seek feedback, and endorsement
- MOPC April 11
- BOD April 28

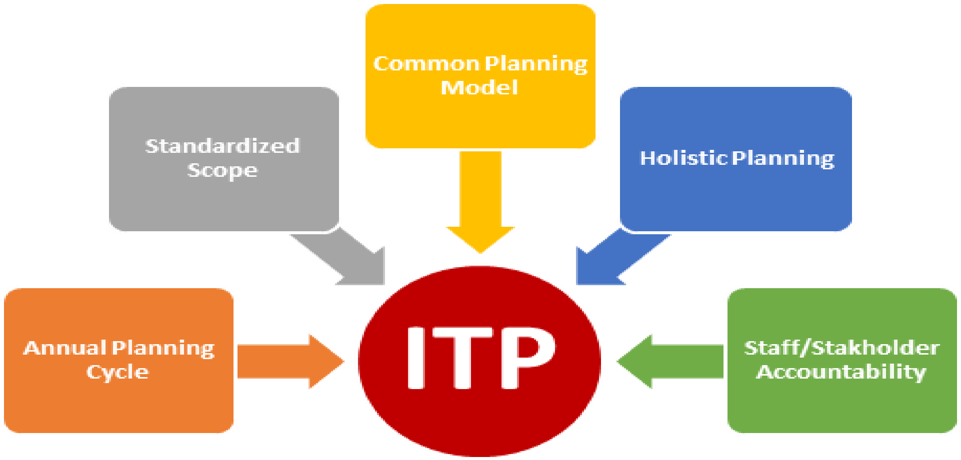
SPP

RR 208

TPITF Tariff Changes

TPITF Recommendations

- Implement ITP 10-year planning assessment process
- Standardized study scope
- Establish a common reliability planning model
- Utilize a holistic approach to planning
- Create a Staff/Stakeholder accountability program



TPITF Recommendations

- Reduction of the three-year Integrated Transmission Plan assessment cycle to an annual planning cycle that will produce a 10-year transmission expansion plan each year
- Remove the ITP20 Assessment from the three-year ITP cycle and place the performance of the 20-year study under the guidance of the SPC to be performed no less than once every five years unless as directed by the SPP Board
- Combine the Near Term and 10-year Assessments into a single planning study

RR 208—TPITF Tariff Changes

- Tariff
  - Definitions F, G, I
  - Attachment J (Recovery of Costs Associated With New Facilities)
  - Attachment O (Transmission Planning Process)
  - Attachment Y (Transmission Owner Designation Process)
  - Attachment AU (Procedures for Allocation of Revenues Resulting from the Settlement Agreement in Commission Docket Nos. EL11-34-002, et al.)
- Business Practices
  - 7060 (Notification to Construct and Project Cost Estimating Processes)
  - 7160 (Notice to Construct Re-evaluation Review)
  - 7650 (Order 1000: Detailed Project Proposal)

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Definitions Changes

- Added the following definitions:
  - Integrated Transmission Planning Assessment
  - Integrated Transmission Planning Manual
- Cleanup of language and terms for the following definitions:
  - Facilities Study
  - Feasibility Study
  - Generation Interconnection Customer
  - Generator Interconnection Agreement
  - Generator Interconnection Request
  - Generator Interconnection Service
  - ITP Upgrades

SPP

Attachment J Changes

- Attachment J Section III.D.2
  - Updated incorrect reference to Attachment O
  - For each review conducted in accordance with Section III.D.1, the Transmission Provider shall determine the cost allocation impacts of the Base Plan Upgrades approved for construction after June 19, 2010 to each pricing Zone within the SPP Region. The Transmission Provider in collaboration with the Regional State Committee shall determine the cost allocation impacts utilizing the analysis specified in Section III.~~e~~**7.d** of Attachment O and the results produced by the analytical methods defined pursuant to Section III.D.4(i) of this Attachment J.
- Attachment J Section III.D.4.i
  - Removed reference to three year planning cycle
  - One year prior to **the cost allocation impact analysis** ~~each three-year planning cycle (starting in 2013)~~ the Markets and Operations Policy Committee and Regional State Committee will define the analytical methods to be used to report under this Section III.D and suggest adjustments to the Regional State Committee and Board of Directors on any imbalanced zonal cost allocation in the SPP footprint; and

SPP

Attachment O Changes

- I. Overview of Planning Process
  - Removed language referencing three-year planning cycle
  - Updated figure illustrating planning process
  - General cleanup of language and terms
- II. Roles and Responsibilities
  - Relocated language regarding planning summits
  - General cleanup of language and terms
- III. The Integrated Transmission Planning Assessment
  - Removed language referencing three-year planning cycle
  - Removed 20-Year Assessment
  - Combined the Near Term and 10-year Assessments into the Integrated Transmission Planning Assessment
  - Edited and relocated, as necessary, language to better align with the process

SPP

Attachment O Changes

- IV. Other Planning Studies
  - 20-Year Assessment as a standalone study
  - General cleanup of references and formatting
- V. The SPP Transmission Expansion Plan Report
  - Included references to 20-Year Assessment
  - General cleanup of language and terms
- VI, VII, VIII: Minor cleanup changes
- IX, X, XI, Addendum 1, Addendum 2: No changes
- Addendum 3, Addendum 4: Reference changes

Attachment Y Changes

- Attachment Y Section III.2.f.iv
  - Updated references to Attachment O and process name
  - Incentive Points: Each RFP Respondent or CU Participant that submitted a detailed project proposal ("DPP") in accordance with Attachment O Section III.~~8(b)~~**6** 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 Proposal that it or one of the CU Participants participating in a Multi-Owner RFP Proposal submitted a DPP for that Competitive Upgrade. The eligibility for the incentive points may only be awarded to the RFP Proposal if the DPP was submitted during the I**ntegrated** T**ransmission** P**lanning** ~~a~~**A**ssessment from which the Competitive Upgrade was approved. The Transmission Provider shall confirm such eligibility in accordance with Attachment O Section III.~~8(b)~~**6** of this Tariff and inform the IEP. An RFP Proposal will be entitled to no more than one hundred (100) incentive points regardless of how many entities involved in the submission of the RFP Proposal may individually be eligible for incentive points.

Attachment AU Changes

- Attachment AU Section III.D.11
  - Updated model reference
  - For the period identified in Section II.A.1 of this Attachment AU and continuing until the initial MW-mile analysis described in Section III.A.2 of this Attachment AU, the Transmission Provider shall conduct appropriate MW-mile analyses, based on Transmission System topology and facility ownership for each Transmission Owner during the period using the 2014 and 2015 summer peak models from the ITP ~~Near Term~~**reliability** ~~A~~**a**ssessment model series approved by the Transmission Provider during the period.

- Attachment AU Section III.D.12
  - Updated model reference
  - At least once each calendar year, the Transmission Provider shall conduct a MW-mile analysis to determine flow impacts across the Transmission Provider's system. The results of the MW-mile analysis shall be posted to the Transmission Provider's website. For purposes of conducting the MW-mile analysis, Transmission System topology and facility ownership for each Transmission Owner will be determined using the current calendar year summer peak model from the latest ITP ~~Near Term~~**reliability** ~~A~~**a**ssessment model series approved by the Transmission Provider. A commercially available power systems analysis software package will be used to perform the necessary network flow calculations. The resulting analysis shall be used for the following 12-month period.

Business Practices Changes

- 7060 (Notification to Construct and Project Cost Estimating Processes)
- 7160 (Notice to Construct Re-evaluation Review)
- 7650 (Order 1000: Detailed Project Proposal)
- Changes include:
  - Deleted references to three-year planning cycle
  - Deleted references to the ITPNT and ITP10
  - Corrected references to the ITP Assessment

SPP

Review & Approval Timeline

- **RTWG—2/22/2017: Approved (2 abstentions)**
- **PCWG—3/1/2017: Approved**
- **CAWG—3/7/2017: No objections**
- TWG—3/15/2017
- ESWG—3/16/2017
- RCWG—3/17/2017
- BPWG—3/22/2017
- CTPTF—3/27/2017
- MOPC—4/11-12/2017
- RSC—4/17/2017
- BOD—4/25/2017

SPP

Revision Request Recommendation Report

RR #: 208	**Date: 1/23/2017**
RR Title: TPITF Tariff Changes	
SUBMITTER INFORMATION	
Submitter Name: Marisa Choate	**Company:** Southwest Power Pool
Email: mchoate@spp.org	**Phone:** 501.688.1707
EXECUTIVE SUMMARY AND RECOMMENDATION FOR MOPC AND BOD ACTION	
OBJECTIVE OF REVISION	

Objectives of Revision Request:

Describe the problem/issue this revision request will resolve.

Describe the benefits that will be realized from this revision.

Implements the MOPC and BOD approved Transmission Planning Improvement Task Force (TPITF) white paper improving the regional planning processes by:

1. Replacing the current ITP schedules with an annual transmission expansion plan
2. Creating a standardized scope
3. Establishing a common planning model for use across the various SPP planning processes
4. Utilizing a holistic approach to planning
5. Creating a staff/stakeholder accountability program

SPP STAFF ASSESSMENT

IMPACT

Will the revision result in system changes ☐ **No** ☐ **Yes**

Summarize changes:

Will the revision result in process changes? ☐ **No** ☐ **Yes**

Summarize changes:

Is an Impact Assessment required? ☐ **No** ☐ **Yes** **If no, explain:**		
Estimated Cost: $	**Estimated Duration:** months	
Primary Working Group Score/Priority:		
SPP DOCUMENTS IMPACTED		
☐ **Market Protocols**	**Protocol Section(s):**	**Protocol Version:**
☐ **Operating Criteria**	**Criteria Section(s):**	**Criteria Date:**
☐ **Planning Criteria**	**Criteria Section(s):**	**Criteria Date:**
☒ **Tariff**	**Tariff Section(s):** Definitions F, Definitions G, Definitions I, Attachment J, Attachment O, Attachment Y, Attachment AU	
☒ **Business Practice**	**Business Practice Number:** 7060, 7160, 7650	
WORKING GROUP REVIEWS AND RECOMMENDATIONS List Primary and any Secondary/Impacted WG Recommendations as appropriate		
Primary Working Group: **RTWG**	**Date:** 2/22/2017 **Action Taken:** Approved as modified **Abstained:** AEP, NextEra **Opposed:** None	
Reason for Opposition: N/A		
Secondary Working Group: **PCWG**	**Date:** 3/1/2017 **Action Taken:** Approved contingent upon staff returning with answers to three action items **Abstained:** None **Opposed:** None	
Reasons for Opposition: N/A		
Secondary Working Group: **CAWG**	**Date:** 3/7/2017 **Action Taken:** No objections to RR 208 **Abstained:** None **Opposed:** None	
Reasons for Opposition: N/A		
Secondary Working Group: **TWG**	**Date:** 3/15/2017 **Action Taken:** **Abstained:** **Opposed:**	

Reasons for Opposition:	
Secondary Working Group: **ESWG**	**Date:** 3/16/2017 **Action Taken:** **Abstained:** **Opposed:**
Reasons for Opposition:	
Secondary Working Group: **RCWG**	**Date:** 3/17/2017 **Action Taken:** **Abstained:** **Opposed:**
Reasons for Opposition:	
Secondary Working Group: **BPWG**	**Date:** 3/22/2017 **Action Taken:** **Abstained:** **Opposed:**
Reasons for Opposition:	
Secondary Working Group: **CTPTF**	**Date:** 3/27/2017 **Action Taken:** **Abstained:** **Opposed:**
Reasons for Opposition:	
MOPC	**Date:** 4/11/2017 **Action Taken:** **Abstained:** **Opposed:**
Reasons for Opposition:	

RSC	**Date:** 4/17/2017 **Action Taken:** **Abstained:** **Opposed:**
Reasons for Opposition:	
BOD	**Date:** 4/25/2017 **Action Taken:** **Abstained:** **Opposed:**
Reasons for Opposition:	

COMMENTS
Comment Author: David Binkley (ITC)
Date Comments Submitted: 2/1/2017
Description of Comments: ITC proposes the following edits (highlighted in yellow) which seek to ensure transparency and clarity in the process. https://www.spp.org/spp-documents-filings/?id=21069
Status: Comments were reviewed by the RTWG

COMMENTS
Comment Author: Tom Hestermann (Sunflower Electric Power Corporation)
Date Comments Submitted: 2/7/2017

Description of Comments: See attached redline –

Definitions –

Change in Generation Interconnection Customer to be consistent with Generator Interconnection Request definition.

Change Generation Interconnection Request definition to same format as "Generation Interconnection Agreement"

Change to Generation Interconnection Service – Replace "in" with "under"

Attachment O –

See changes to introductory paragraph in Section I – Overview of Planning Process

Section III.5.a – "Generation" Interconnection Customer

Section III.5.c – "Generation" Interconnection Customer"

Section III.6 – Spelling "Transmission Planning Manual"

Section IV.1 – Change "generation" to generator

20 Year Assessment – Sections IV and V

TIPTF Whitepaper Recommendation states that the 20-year study is to be placed under the guidance of the SPC. Where is this reflected in the tariff?

The proposed tariff changes anticipate/allow for approval of proposed upgrades in the 20-year assessment. Discussion of the current 20-year study in the TIPTF Whitepaper states "The ITP20 is primarily a strategic economic study designed to identify a transmission expansion portfolio containing Extra High Voltage (EHV) projects that would provide the flexibility to address reliability needs, support policy initiatives, and enable economic opportunities in the SPP transmission system under a wide range of future system scenarios within the studied 20-year horizon. The ITP20 portfolio is not likely to result in the issuance of Notifications to Construct (NTCs) for specific projects, but rather is a longer-term strategic vision expected to better inform planning decisions in the 5-10 year horizon including the "right-sizing" of projects in support of potential system needs observed in the 20-year horizon. (emphasis added). Should the tariff reflect that the 20-year assessment should be more of a planning tool for making 5-10 year decisions and should not result in proposed projects.

https://www.spp.org/spp-documents-filings/?id=21069

Status: Comments were reviewed by the RTWG

COMMENTS
Comment Author: Steve Gaw (The Wind Coalition)
Date Comments Submitted: 2/7/2017

Description of Comments: The Wind Coalition makes the following comments to the current draft of RR 208. We are continuing our analysis and reserve the right to make further comments and take positions as a result of that analysis and as the draft of the revision request changes. In addition to the comments contained in the body of the draft RR attached we note the following:

1. There should be clarification greater clarity as to regarding how, when and where requests for the study of public policy needs would can be proposed by stakeholders. We suggest that it these details either be stated in the tariff or that the tariff state that the details will be placed can be found in the ITP Manual as to how and where to send the requests for study of Public Policy needs. The While specific dates are not appropriate to include in the tariff, a general sense of when in the planning cycle submissions will be accepted can be included in the tariff. The specific timing for submission of these requests could be placed in the scope and posted in the Schedule study schedule SPP posts on their website and emails to distribution lists as stated in section III. 1).

2. Clarification is needed as to which of the different stakeholder processes mentioned are relied upon appropriate venues for stakeholder requests and input for transmission needs to be studied, including public policy needs. (We suggest adding the language below into section II on Roles and Responsibilities.)

) Stakeholder Input

a) Utilities, transmission providers, regulators, stakeholders and other interested parties have opportunities to provide input into the SPP transmission planning process including but not limited to transmission planning summits, stakeholder working groups, and an annual survey of Public Policy Requirements.

b) The Transmission Provider will provide complete information for stakeholders about the transmission planning process and opportunities to participate via the SPP Website, email exploders, and the Transmission Planning Manual and ITP scope. , which is also available on the SPP Website.

3. We would suggest that the tariff include a more detailed explanation of the new process (from beginning to end of the cycle) and a diagram that illustrates how the annual assessment and the two two-year study process work. The current tariff provides this for the ITP process but it is generally lacking in the proposed language.

4. Various edits and comments are included in the SPP draft of RR 208, which is included in this RMS filing and incorporated by reference herein.

https://www.spp.org/spp-documents-filings/?id=21069

Status: Comments were reviewed by the RTWG

PROPOSED REVISION(S) TO SPP DOCUMENTS

Market Protocols

None

Tariff (OATT)

F - Definitions

Facilities Study: An engineering study conducted by the Transmission Provider in collaboration with the affected Transmission Owner(s) to determine the required modifications to the Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service or Generator~~ion~~ Interconnection Service. The

Transmission Provider shall have the ultimate responsibility for any such studies. However, the Transmission Provider's final decision must be consistent with Good Utility Practice. Facilities studies for any facilities not under the operational control of the Transmission Provider shall be performed by the Transmission Owner or any entity it designates to perform the studies.

Feasibility Study: A coordinated preliminary determination by the Transmission Provider and the affected Transmission Owner(s) of the Attachment Facilities, other Direct Assignment Facilities, and system upgrades that are needed to accept power into the grid at the interconnection receipt point, that will be necessary to accommodate a Generator~~ion~~ Interconnection Request made under Attachment V.

Federal Power-Southwestern: All power and energy generated at reservoir projects under the control of the Department of the Army in the marketing area of the Southwestern Power Administration (Southwestern) plus power and energy delivered to Southwestern from other sources for the purpose of fulfilling Southwestern's contractual obligations for the sale of power and energy pursuant to Southwestern's Federal power allocations.

Federal Power–Western-UGP: All power and energy generated at reservoir projects under the control of the Department of the Army or the Bureau of Reclamation in the marketing area of the Western-UGP for the purpose of fulfilling Western-UGP's Statutory Load Obligations for the sale of power and energy. This shall also include any power and energy delivered to or from Western-UGP under the grandfathered bi-directional agreement with Southwestern Power Administration through Associated Electric Cooperative, Inc. ("AECI") for delivery and receipt at AECI's Maryville Substation. Western-UGP's deliveries to Southwestern shall be considered part of Western-UGP's Statutory Load Obligations, and receipts from Southwestern to Western-UGP will be considered as coming from Federal resources. Federal Power-Western-UGP resources shall be eligible to be considered as Designated Resources.

Federal Power Marketing Agency: This term shall include the term "Federal Power Marketing Administration" and have the same definition that is set forth in the Federal Power Act at 16 U.S.C. § 796(19), which defines "Federal power marketing agency" as "any agency or instrumentality of the United States (other than the Tennessee Valley Authority) which sells electric energy[.]"

Federal Service Exemption: Western-UGP's exemption from certain charges described in Section 39.3(e) of this Tariff.

Firm Point-To-Point Transmission Service: Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.

G – Definitions

Generation Interconnection Customer: An entity that submits a Generator~~ion~~ Interconnection Request under Attachment V.

Generator Interconnection Agreement: Shall be as defined in Attachment V.

Generator~~ion~~ Interconnection Request: ~~A request made under Attachment V to connect a generating unit to the Transmission System or to increase the capacity of a generating unit that is connected to the Transmission System~~Shall be defined as "Interconnection Request" in Attachment V.

Generator Interconnection Service: Shall be as defined as "Interconnection Service" in Attachment V.

Good Utility Practice: Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act section 215(a)(4).

Grandfathered Agreements or Transactions: Grandfathered Agreements or Transactions include (1) agreements providing long term firm transmission service executed prior to April 1, 1999 and Network Integration Transmission Service executed prior to February 1, 2000; (2) bundled wholesale contracts (that reserve transmission as part of the contract); (3) short-term firm and non-firm point-to-point transmission transactions which were accepted and confirmed prior to the Effective Date; (4) existing or new contracts entered into by the Southwestern Power Administration on behalf of the United States for the use of transmission facilities of the Southwestern Power Administration that are constructed or acquired by purchase or other agreement, as authorized under Section 5 of the Flood Control Act of 1944, for the transmission of Federal Power-Southwestern; (5) contracts executed before the Effective Date, regardless of term, entered into by the Southwestern Power Administration on behalf of the United States for the transmission of power or energy across transmission facilities owned and operated by the Southwestern Power Administration; (6) contracts entered into by a Nebraska or South Dakota public-power entity prior to the transfer of functional control of its transmission facilities to the Transmission Provider; (7) existing contracts entered into by a Member which is a Nebraska or South Dakota public-power entity with any retail or wholesale electric utility customer that has a right under state law to obtain electric transmission service or energy service from such Member; (8) new contracts entered into by a Member which is a Nebraska or South Dakota public-power entity with any retail or wholesale electric utility customer that has a right under state law to obtain electric transmission service or energy service from such Member to the extent that provision of service under the Tariff would not satisfy such Member's obligation under state law; (9) agreements entered into by Southwestern Public Service Company (SPS) and Public Service Company of Colorado (PSCo) for transmission service across the Lamar HVDC Tie Line to integrate generation resources and loads pursuant to the Xcel Energy Operating Companies Joint Operating Agreement and other service under the Xcel Energy Operating Companies Open Access Transmission Tariff pursuant to FERC orders on the merger of the Xcel Energy Operating Companies, Public Service Company of Colorado, et al., 75 FERC ¶ 61,325 (1996), Order Conditionally Approving Settlement and Conditionally Authorizing Merger, 78 FERC ¶ 61,267 (1997); Cheyenne Light, Fuel and Power Co., et al., 78 FERC ¶ 61,268 (1997); and Northern States Power Company, et. al., 90 FERC ¶ 61,020 (2000), and the FERC approved Offers of Settlement in Docket Nos. ER04-1174-000 et al. and ER08-

313-000 et al.; and (10) contracts executed by Western-UGP prior to the transfer of functional control of Western-UGP transmission facilities to the Transmission Provider, regardless of term, for the transmission of power or energy. These agreements are set forth on the list which is Attachment W to this Tariff. Umbrella service agreements are specifically not Grandfathered.

I - Definitions

Incremental Long-Term Congestion Right ("ILTCR"): An instrument that entitles an Upgrade Sponsor to a Transmission Congestion Right that results from the incremental ATC created from the portion of an upgrade for which there is a Directly Assigned Upgrade Cost, which is awarded during the Transmission Provider's annual LTCR allocation process.

Integrated Transmission Planning Assessment: Shall be as defined in Section III of Attachment O.

Integrated Transmission Planning Manual: Shall be as defined in Section II of Attachment O.

Interregional Planning Process: The process whereby an Interregional Project is evaluated and approved for construction by the participating Interregional Planning Regions in accordance with the procedures identified in Attachment O.

Interregional Planning Region(s): A Commission approved planning region as identified in Section VIII of Attachment O.

Interregional Project: A Network Upgrade that has been approved through the Interregional Planning Process in accordance with Attachment O.

Interruption: A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.

ITP Upgrades: Those upgrades identified and analyzed through the ~~i~~Integrated ~~t~~Transmission ~~p~~Planning ~~process~~ Assessment described in Section III of Attachment O.

Attachment J

III. Base Plan Upgrades

A single Base Plan Upgrade is comprised of any upgrade or group of upgrades required to be made to a single transmission circuit, where a transmission circuit is comprised of all load carrying elements between circuit breakers or the comparable switching devices. A load carrying element within a Base Plan Upgrade that is connected at two different voltage levels (e.g. a 345kV/138kV transformer) shall, for the purposes of this Attachment J, be considered to have a nominal operating voltage of its lower voltage level (excluding any tertiary windings) and its costs shall be allocated in accordance with the rules governing the lower voltage level in this Attachment J. A waiver may be requested to use a transformer's higher voltage level instead of the lower voltage level for the purposes of cost allocation under this Attachment J based on the anticipated utilization of the transformer. Such request must be made in writing with supporting analysis and submitted to the Transmission Provider not later than one hundred eighty (180) days following the inclusion of the transformer in an approved SPP Transmission Expansion Plan. Any waiver request submitted shall be evaluated based upon the following general factors, including but not limited to: (i) whether the power flows through the transformer predominately are from the lower voltage to the higher voltage; (ii) whether the transformer is not necessary for the support of, or does not substantially benefit, the lower voltage system in the host zone to which it is connected. The Transmission Provider shall make a recommendation to accept or deny the waiver, on a non-discriminatory basis, to the Markets and Operations Policy Committee. The Markets and Operations Policy Committee will consider the waiver request and the Transmission Provider's recommendation, and will provide its own recommendation (along with the Transmission Provider's recommendation) regarding such waiver to the SPP Board of Directors. Barring unusual circumstances, the recommendation to approve or reject such waiver request will be submitted to the SPP Board of Directors within one hundred twenty (120) days following the receipt of the waiver request.

A. Allocation of Base Plan Upgrade Costs Eligible for Cost Allocation

1. If the cost of a Base Plan Upgrade is less than or equal to $100,000, the annual transmission revenue requirement associated with such Base Plan Upgrade shall be allocated to the Base Plan

Zonal Annual Transmission Revenue Requirement of the Zone in which the Base Plan Upgrade is located.

2. Other than Base Plan Upgrades allocable under Section III.A.1, if a) the Base Plan Upgrade is included in and constructed pursuant to the SPP Transmission Expansion Plan in order to ensure the reliability of the Transmission System; b) is included in Schedule 2 of this Attachment J; c) is an approved high priority upgrade; or d) is a Base Plan Upgrade cost eligible for cost allocation under Section III.B.1 and is not associated with a new or changed Designated Resource for a wind generation plant, then:

    i. X% of the annual transmission revenue requirement associated with such Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Region-wide Annual Transmission Revenue Requirement and recovered through the Region-wide Charge, where X shall be set as follows:

        a. For all Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010 or whose nominal operating voltage level is less than 300 kV but greater than 100 kV, X shall be 33%.

        b. For all other Base Plan Upgrades whose nominal operating voltage level is greater than or equal to 300 kV, X shall be 100%.

        c. For all other Base Plan Upgrades whose nominal operating voltage level is less than or equal to 100 kV, X shall be 0%.

    ii. (100-X)% of the annual transmission revenue requirement associated with such Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement and recovered through the Base Plan Zonal Charge as follows:

a. For Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010, this portion of the annual transmission revenue requirement for Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement of specific Zones based on the Zones' share of the incremental positive MW-mile benefits as computed in Section 4 of Attachment S to this Tariff. Each Zone with a benefit of at least 10 MW-miles from a given Base Plan Upgrade shall be allocated a portion of the Base Plan Zonal Annual Transmission Revenue Requirement for such upgrade based on its incremental positive MW-mile benefit divided by the sum of the incremental positive MW-mile benefits for all of those Zones with a benefit of at least 10 MW-miles from the upgrade, provided that such allocation represents an engineering and construction cost of at least $100,000.

b. For all other Base Plan Upgrades, this portion of the annual transmission revenue requirement for Base Plan Upgrade costs eligible for cost allocation shall be allocated solely to the Base Plan Zonal Annual Transmission Revenue Requirement of the Zone in which the Base Plan Upgrade is located.

3. If the Base Plan Upgrade cost eligible for cost allocation under Section III.B.1 of Attachment J is a) associated with a new or changed Designated Resource that is a wind generation plant and b) the Base Plan Upgrade is located within the same zone as the Transmission Customer's Point of Delivery, then:

i. X% of the annual transmission revenue requirement associated with the portion of the Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Region-wide Annual Transmission Revenue Requirement and recovered through the Base Plan Region-wide Charge, where X shall be set as follows:

   a. For Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010 or whose nominal operating voltage level is less than 300 kV and greater than 100 kV, X shall be 33%.

   b. For all other Base Plan Upgrades whose nominal operating voltage level is greater than or equal to 300 kV, X shall be 100%.

   c. For all other Base Plan Upgrades whose nominal operating voltage level is less than or equal to 100 kV, X shall be 0%.

ii. (100-X)% of the annual transmission revenue requirement associated with the portion of the Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement and recovered through the Base Plan Zonal Charge as follows:

   a. For Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010, this portion of the annual transmission revenue requirement for Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement of specific Zones based on the Zones' share of the incremental positive MW-mile benefits as computed in Section 4 of Attachment S to this Tariff. Each Zone with a benefit of at least 10 MW-miles from a given Base Plan Upgrade shall be allocated a portion of the Base Plan Zonal Annual Transmission Revenue Requirement for such upgrade based on its incremental positive MW-mile benefit divided by the sum of the incremental positive MW-mile benefits for all of those Zones with a benefit of at least 10 MW-miles from the upgrade, provided that such allocation represents an engineering and construction cost of at least $100,000.

b. For all other Base Plan Upgrades, this portion of the annual transmission revenue requirement for Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Zonal Annual Transmission Revenue Requirement of the Zone in which the Base Plan Upgrade is located.

4. If the Base Plan Upgrade cost eligible for cost allocation under Section III.B.1 of Attachment J is a) associated with a new or changed Designated Resource that is a wind generation plant and b) the Base Plan Upgrade is located within a zone(s) other than the Transmission Customer's Point of Delivery, then:

i. Y% of the annual transmission revenue requirement associated with the Base Plan Upgrade costs eligible for cost allocation shall be allocated to the Base Plan Region-wide Annual Transmission Revenue Requirement and recovered through the Base Plan Region-wide Charge, where Y shall be set as follows:

a. For Base Plan Upgrades issued a Notification to Construct prior to June 19, 2010 or whose nominal operating voltage level is less than 300 kV, Y shall be 67%.

b. For all other Base Plan Upgrades Y shall be 100%.

ii. (100-Y)% of the annual transmission revenue requirement associated with the Base Plan Upgrade costs eligible for cost allocation shall be directly assigned to the Transmission Customer.

B. Conditions for Classifying Service Upgrade Costs Associated with Designated Resources As Base Plan Upgrade Costs Eligible for Cost Allocation

1. Except as provided in Section III.A.1 and subject to the limits and rules set forth in Subsections d and f below, the costs of Service Upgrades associated with new or changed Designated Resources shall be classified as Base Plan Upgrade costs eligible for cost allocation if the conditions in the following Subsections a and b are met, and if the condition in Subsection c is met as applicable.

a. The Transmission Customer's commitment to the Designated Resource has a duration of at least five years

b. In the first year the Designated Resource is planned to be used by the Transmission Customer, the accredited capacity of the Transmission Customer's existing Designated Resources plus the lesser of: (a) the planned maximum net dependable capacity applicable to the Transmission Customer or (b) the requested capacity; shall not exceed 125% of the Transmission Customer's projected system peak responsibility determined pursuant to SPP Criteria.

c. If the Designated Resource is a wind generation plant, then the sum of: (1) the requested capacity and (2) the transmission capacity reserved for the Transmission Customer's existing Designated Resources that are wind generation plants shall not exceed 20% of the Transmission Customer's projected system peak responsibility as determined pursuant to SPP Criteria in the first year the

Designated Resource is planned to be used by the Transmission Customer.

d. Safe Harbor Cost Limit for Eligibility of the Costs of Base Plan Upgrade for Cost Allocation

   i. For Base Plan Upgrades that cost over $100,000, the aggregate cost of such upgrades assigned to each individual transmission service request that is less than or equal to the Safe Harbor Cost Limit of $180,000 / MW times the requested capacity is eligible for cost allocation in accordance with:

      1) Section III.A.2 for a new or changed Designated Resource other than a wind generation plant; or

      2) Sections III.A.3 and 4 for a new or changed Designated Resource that is a wind generation plant.

   ii. Unless a waiver of the Safe Harbor Cost Limit is granted pursuant to Section III.C, any costs that exceed the Safe Harbor Cost Limit for a transmission service request shall be directly assigned to the Transmission Customer and allocated among the upgrades affected by the transmission service request in accordance with Section V.c of Attachment Z1 of this Tariff.

e. Base Plan Upgrade costs eligible for allocation as a result of the granting of a waiver shall be allocated in accordance with Sections III.A.2, III.A.3, or III.A.4, as applicable.

f. For each transmission service request, the amount of Base Plan Upgrade costs eligible for cost allocation shall be allocated among all Upgrades required to grant the transmission service request based upon the remaining cost after allocation of any Directly Assigned Upgrade Costs in accordance with Section III.B.1(d)(ii) of this Attachment J.

2. The Transmission Customer must provide the Transmission Provider the information that the Transmission Provider deems necessary to verify that the new or changed Designated Resource meets conditions in Section III.B.1.a, b and c above.

3. If an upgrade for a new or changed Designated Resource meets the requirements set forth in Section III.B.1.a, b, and c above, the costs up to the $180,000/MW Safe Harbor Cost Limit will be classified as Base Plan Upgrade costs eligible for cost allocation.

4. If the conditions set forth in Section III.B.1.a, b, and c above are not met, and the Transmission Customer does not secure a waiver of the relevant condition(s), the costs of the upgrades will be directly assigned to the Transmission Customer. If the costs of upgrades associated with a new or changed Designated Resource exceeds the Safe Harbor Cost Limit and the Transmission Customer does not secure a waiver of that limit, the costs of the upgrades in excess of the limit will be directly assigned to the Transmission Customer. The Transmission Customer shall receive compensation in accordance with Attachment Z2 to this Tariff for any such directly assigned costs.

C. Waiver of Conditions for Classifying Service Upgrade Costs Associated with Designated Resources As Base Plan Upgrade Costs Eligible for Cost Allocation

1. Waiver Process

If one or more of the conditions in Section III.B.1.a, b, c are not met or if the Base Plan Upgrade cost exceeds the Safe Harbor Cost Limit, the Transmission Customer may seek a waiver from the Transmission Provider in order that the costs of any Service Upgrade(s) that otherwise would be directly assigned to the Transmission Customer may be classified in whole or in part as Base Plan Upgrade costs eligible for cost allocation.

To obtain a waiver for the conditions set forth in Section III.B.1.a, b, c, the Transmission Customer must submit a request for a waiver to the Transmission Provider simultaneous with its request for long-term transmission service for the new or changed Designated Resource. The request for such waiver must be submitted sufficiently in advance of a regularly-scheduled meeting of the SPP Board of Directors that occurs prior to the close of the open season for the Aggregate Facilities Study to allow for review by the Transmission Provider. Timing for the submittal of a waiver shall be specified in the Transmission Provider’s business practices.

Aggregate Facilities Studies performed by the Transmission Provider as part of the Aggregate Transmission Service Study procedure, which is described in Attachment Z1, will determine whether the costs for Service Upgrades associated with a new or changed Designated Resource might exceed the Safe Harbor Cost Limit. If the Transmission Provider determines that the costs for Service Upgrades associated with a new or changed Designated Resource might exceed the Safe Harbor Cost Limit, the Transmission Provider shall notify the affected Transmission Customer when the Transmission Provider posts the first iteration of the associated Facilities Study. The affected Transmission Customer may request a waiver regarding the costs in excess of the Safe Harbor Cost Limit in accordance with Section III.C.2 of Attachment Z1 of this Tariff.

Following the receipt of a request for a waiver, the Transmission Provider will review the request and make a determination on a non-discriminatory basis of whether a waiver should be granted based upon consideration of the factors described in Section III.C.2. of this Attachment. The Transmission Customer requesting the waiver shall be responsible for the reasonable costs of any studies that the Transmission Provider performs in making its determination. The Transmission

Provider will provide a report and recommendation to the Markets and Operations Policy Committee for each requested waiver. The Markets and Operations Policy Committee will consider the waiver request and the Transmission Provider's report and recommendation, and will provide its own recommendation (along with the Transmission Provider's report and recommendation) regarding each requested waiver to the SPP Board of Directors.

2. Factors to be Considered in Evaluating Waiver Requests

Any waiver request submitted by a Transmission Customer pursuant to Section III.C.1. of this Attachment shall be evaluated based upon the following general factors, including but not limited to:

i. There are insufficient competitive resource alternatives for one or more Transmission Customers.

ii. In the event that the aggregate costs of a Service Upgrade associated with a new or changed Designated Resource exceed the Safe Harbor Cost Limit, (i) those costs up to the level of the Safe Harbor Cost Limit shall be classified as Base Plan Upgrade costs eligible for cost allocation, and (ii) those costs that exceed the Safe Harbor Cost Limit may be classified in whole or in part as Base Plan Upgrade costs eligible for cost allocation taking into account the extent to which the duration of the Transmission Customer's commitment to the new or changed Designated Resource exceeds the five-year commitment period set forth in paragraph III.B.1. above.

iii. The five-year commitment period for the new or changed Designated Resource may be waived if: (i) the associated Service Upgrade costs are significantly less than the Safe Harbor Cost Limit; or (ii) the associated Service Upgrades provide benefits to other Transmission Customers that would offset in less than five years any costs allocated to them as a result of the upgrade being classified as a Base Plan Upgrade.

iv. If a request for a waiver is received by the Transmission Provider based upon other circumstances, such waiver request shall also be considered pursuant to the waiver process described in Section III.C.1. of this Attachment.

If the costs of the Service Upgrade(s) required for a new or changed Designated Resource are not eligible for classification as Base Plan Upgrade costs, the Transmission Customer may nevertheless request the construction of such upgrades. In such event, the costs of such upgrades shall be allocated in accordance with Attachment Z1 to this Tariff.

D. Review of Base Plan Allocation Methodology

1. The Transmission Provider shall review the reasonableness of the regional allocation methodology and factors (X% and Y%) and the zonal allocation methodology at least once every three years in accordance with this Section III.D. The Transmission Provider and/or the Regional State Committee may initiate such review at any time. Any change in the regional allocation methodology and factors or the zonal allocation methodology shall be filed with the Commission.

2. For each review conducted in accordance with Section III.D.1, the Transmission Provider shall determine the cost allocation impacts of the Base Plan Upgrades approved for construction after June 19, 2010 to each pricing Zone within the SPP Region. The Transmission Provider in collaboration with the Regional State Committee shall determine the cost allocation impacts utilizing the analysis specified in Section III.e7.d of Attachment O and the results produced by the analytical methods defined pursuant to Section III.D.4(i) of this Attachment J.

3. The Transmission Provider shall review the results of the cost allocation analysis with SPP's Regional Tariff Working Group, Markets and Operations Policy Committee, and the Regional State

Committee. The Transmission Provider shall publish the results of the cost allocation impact analysis and any corresponding presentations on the SPP website.

4. The Transmission Provider shall request the Regional State Committee provide its recommendations, if any, to adjust or change the costs allocated under this Attachment J if the results of the analysis show an imbalanced cost allocation in one or more Zones.

   i) One year prior to the cost allocation impact analysis~~each three-year planning cycle (starting in 2013)~~ the Markets and Operations Policy Committee and Regional State Committee will define the analytical methods to be used to report under this Section III.D and suggest adjustments to the Regional State Committee and Board of Directors on any imbalanced zonal cost allocation in the SPP footprint; and

   ii) Starting in 2015 and at any time thereafter, any member company that feels that it has an imbalanced cost allocation may request relief through the Markets and Operations Policy Committee. The Markets and Operations Policy Committee recommendation, if any, will be forwarded with the request for relief to the Regional State Committee and Board of Directors for review.

5. In accordance with the SPP Bylaws, the SPP Board of Directors will initiate the appropriate actions, including any necessary filings with the Commission, consistent with the Regional State Committee recommendations.

ATTACHMENT O
TRANSMISSION PLANNING PROCESS

I. Overview of Planning Process

The Transmission Provider's transmission planning process is an open process. New and proposed transmission facilities can come from the following processes ~~several different areas of~~in this~~e~~ Tariff~~. These areas are~~: 1) transmission service requests; 2) Generator~~ion~~ Interconnection ~~Service~~ ~~r~~Requests; 3) the I~~i~~ntegrated ~~t~~Transmission ~~p~~Planning Assessment~~process (ITP Upgrades)~~; 4) the Balanced Portfolio process; 5) the high priority study process ~~(high priority upgrades)~~; 6) requests for Sponsored Upgrades; 7) the 20-Year Assessment; and ~~7~~8) the evaluation of proposed Interregional Projects. Figure 1 illustrates the planning processes within SPP and how these processes result in a comprehensive regional plan called the SPP Transmission Expansion Plan (STEP).

Each of these sources of potential upgrades has its own evaluation and approval process. Transmission ~~S~~service requests are evaluated in accordance with Attachment Z1 of this Tariff. Generator I~~i~~nterconnection ~~r~~Requests are assessed under the provisions of Attachment V of this Tariff. In addition, the process for adding new delivery points is described in Attachment AQ. The study processes for the I~~i~~ntegrated ~~t~~Transmission ~~p~~Planning Assessment~~process, and other study processes for~~ Sponsored Upgrades, Balanced Portfolios, high priority upgrades, 20-Year Assessment, and proposed Interregional Projects are described in this Attachment O.

The results from all these sources are collected and reported in the annual SPP Transmission Expansion Plan which gives a ~~twenty (20) year~~ projection of transmission changes in the SPP Region in accordance with this Attachment O. ~~The SPP Transmission Expansion Plan, as endorsed by the Markets and Operations Policy Committee, is presented to the SPP Board of Directors once a year for their review and approval, as required in accordance with Section V of this Attachment O. The SPP Board of Directors may modify upgrades that are part of approved Balanced Portfolios in accordance with Section IV of Attachment J, ITP Upgrades, or high priority upgrades in the SPP Transmission Expansion Plan throughout the year in accordance with Section V of this Attachment O. Projects associated with transmission service requests, Generation Interconnection Service requests, Sponsored Upgrades and Interregional Projects may also be added throughout the year as described in this Attachment O.~~

~~SPP's long range transmission planning is conducted over a three year planning cycle as shown in Figure 2. A 20-Year Assessment is conducted during the first half of this three year cycle. A 10-Year Assessment is conducted in the second half of the three year cycle. The Near Term Assessment is conducted each year and generally looks over the next five to seven years. Each of these assessments and the approval process is set forth in this Attachment O.~~

Figure 1- SPP Transmission Planning

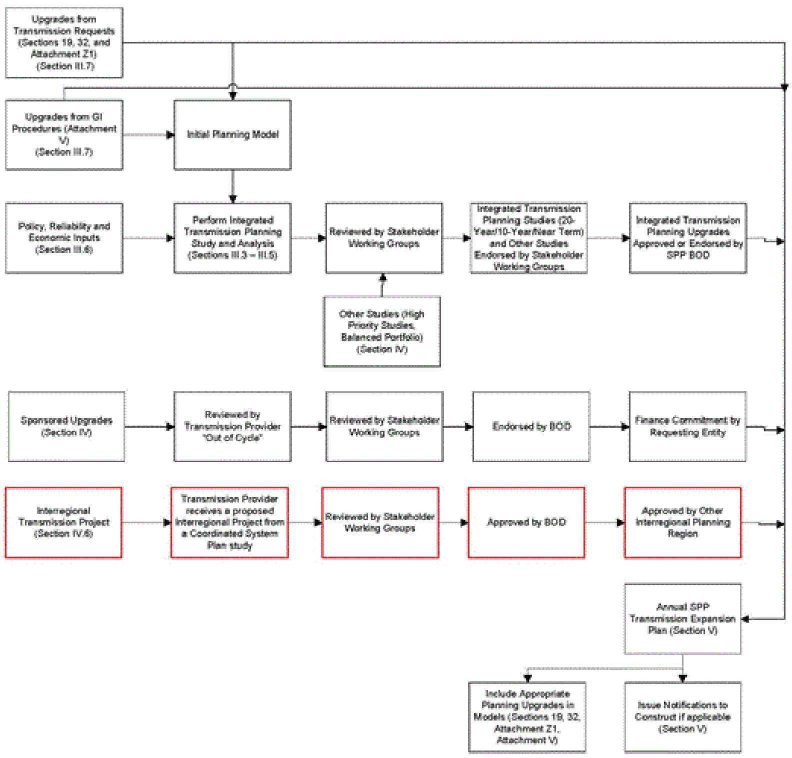
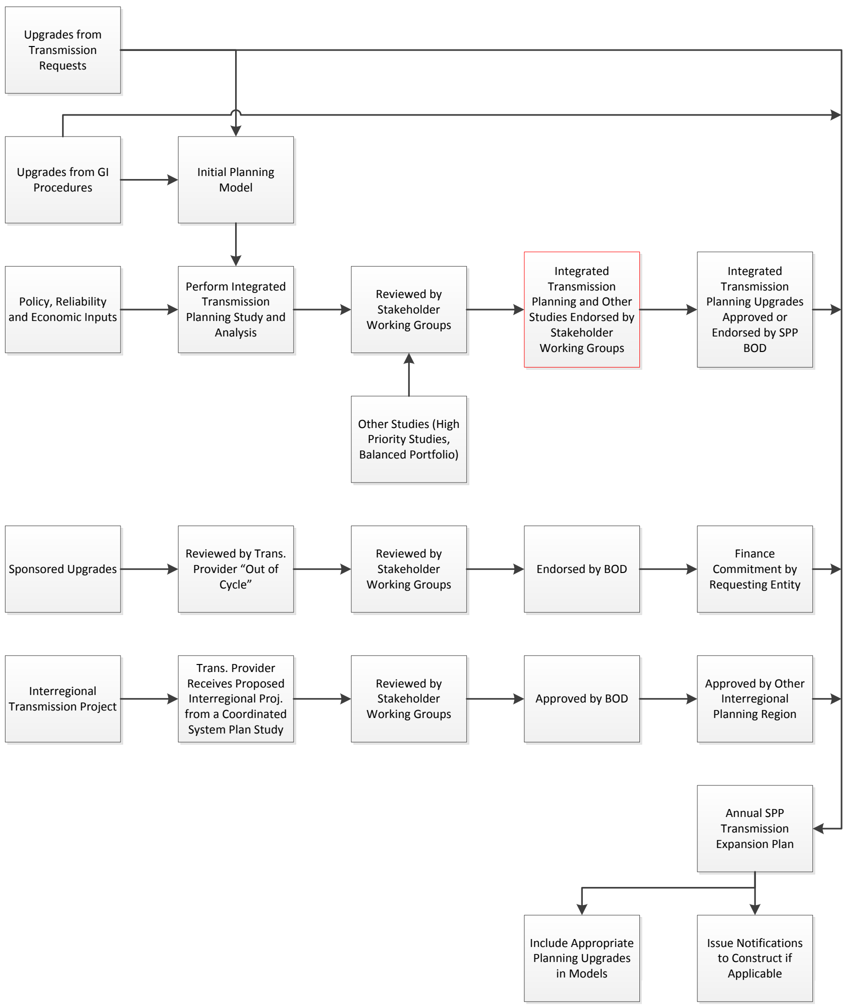
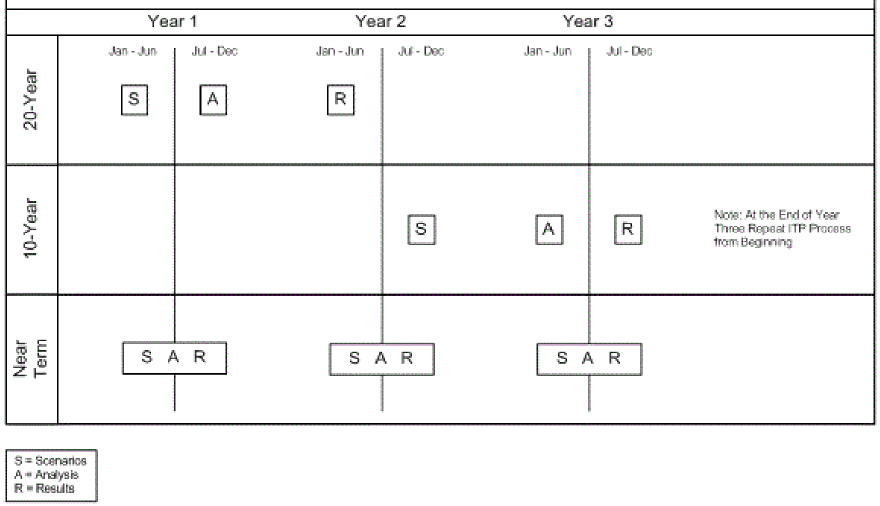


Figure 1 – SPP Transmission Planning Process



Field Code Changed

Figure 2 - SPP Integrated Transmission Planning Process 3-Year Cycle



II. Roles and Responsibilities

References to the "stakeholder working group" is a generic term that references those working group(s) as defined in the SPP Bylaws, Sections 3 through 6 that are charged with the transmission planning process. The current names of all the working groups shall be posted on the SPP website.

1)~~.~~ Division of Responsibilities

a) The rights, powers and obligations for planning are set forth in the SPP Membership Agreement in (i) Article 2.0 for the Transmission Provider and (ii) Article 3.0 for the Members. The division of responsibility between the Transmission Provider and the Members is set forth in the SPP Criteria and in this Attachment O~~ of this Tariff~~. The SPP Membership Agreement, the SPP Criteria and the Tariff shall be posted on the SPP website.

b) The Transmission Provider shall be responsible for developing the list of projects in accordance with the stakeholder process set forth in Sections II, III and V of this Attachment O, and including inter~~-~~regional coordination set forth in Section VIII of this Attachment O.

c) The Transmission Provider shall perform transmission planning studies to assess the reliability and economic operation of the Transmission System in accordance with Section III of this Attachment O.

d) As inputs to the planning process, the Transmission Provider shall include and maintain requirements to serve existing commitments for long-term transmission service and Generator ~~i~~Interconnection ~~s~~Service in accordance with Section III.5~~7~~ of this Attachment O and any applicable roll-over rights as set out in Section 2.2 of this Tariff. The Transmission Provider ~~It~~ shall also take into account all previously approved projects in accordance with Section III of this Attachment O.

e) In accordance with Section II.5 of this Attachment O, ~~T~~the Transmission Provider shall review, and include as appropriate, all local area upgrades to meet local area reliability criteria as proposed by the Transmission Owners, including those plans developed by Transmission Owners that have their own FERC approved local planning process, to ensure coordination of the projects set forth in such plans with the potential solutions developed in the regional planning process.

f) The Transmission Provider shall review and include, as appropriate, all reasonabl~~e~~y expected demand resource, transmission, or generation options identified by stakeholders in accordance with Section III of this Attachment O.

g) The Transmission Provider shall describe the details regarding expansion planning methodology, criteria, assumptions and data in the Integrated

Transmission Planning Manual~~ which shall be posted on the SPP website.~~, which shall be developed by the Transmission Provider, in consultation with stakeholders, and approved by the Markets and Operations Policy Committee. The Transmission Provider shall post the Integrated Transmission Planning Manual on its website.

h) The Transmission Provider shall conduct an annual survey of stakeholders to identify Public Policy Requirements in accordance with Section III of this Attachment O.

i~~h~~) In accordance with its NERC reporting requirements, the Transmission Provider shall publish an annual reliability report that shall include a list of the following:

i) Regional upgrades required to maintain reliability in accordance with the NERC Reliability Standards and SPP Criteria;

ii) Zonal upgrades required to maintain reliability in accordance with more stringent individual Transmission Owner planning criteria; and

iii) Upgrades developed with neighboring Transmission Providers, including results from the coordinated system plans.

j) Using the data provided in Section VII of this Attachment O, the Transmission Provider shall develop the planning model(s) in accordance with the Integrated Transmission Planning Manual to be used for the transmission planning processes in this Attachment O. The schedule for the model development will be posted on the SPP website.

2) Stakeholder Working Groups

a) The purpose of the stakeholder working groups is to provide technical advice, assistance and oversight to the Transmission Provider in all aspects of the regional~~, sub-regional~~ and local planning process, including but not limited to:

i) Review and development of coordinated planning among the Transmission Provider and the Transmission Owners including accepted Network Upgrades developed by those Transmission Owners that have their own FERC approved local planning process to meet local area reliability criteria;

ii) Review and development of regional planning criteria;

iii) Review and development of Available Transfer Capability related calculation criteria as specified in Attachment C of this Tariff;

iv) Review and development of transmission rating criteria;

v) Compliance with NERC Reliability Standards concerning transmission assessment, transfer capability and ratings of transmission facilities;

vi) Review and development of the list of transmission needs driven in whole or in part by Public Policy Requirements for which transmission solutions will be evaluated; and

vii) Review of Interregional Projects in accordance with Section IV.~~6 (e)~~7 of this Attachment O.

b) All the stakeholder working group representation shall be appointed and chaired in accordance with Article 3.0 of the SPP Bylaws. All meetings of the stakeholder working groups are open to all entities.

c) Voting in the various stakeholder working groups shall conform to Article 3.9 of the SPP Bylaws.

d) The data, information, and technical support necessary for the Transmission Provider to perform studies as required by the planning process and to develop the regional reliability projects are provided by the Transmission Owners, Transmission Customers and Generator~~ion~~ Interconnection Customers and other entities~~. This process is described~~ in accordance with Section VII of this Attachment O.

e) Stakeholder working groups that work with the Transmission Provider on transmission planning shall meet at least quarterly and additional meetings, web conferences and teleconferences shall be scheduled as needed. Teleconference capability will be made available for stakeholder working group meetings. Notice of meetings of the stakeholder working groups shall be posted on the SPP website and distributed via email distribution lists. Meeting agendas and minutes shall be posted on the SPP website.

3) Participation by State Regulators

In accordance with the SPP Bylaws, any regulatory agency having utility rates or services jurisdiction over a Member may participate fully in all SPP planning activities.

4) Adherence to Regional Planning Criteria

i) The regional planning criteria are comprised of the NERC Reliability Standards and SPP Criteria.

ii) The regional planning criteria may change from time to time based upon the then current process for changing reliability criteria.

iii) The individual Transmission Owners shall be obligated under the NERC Reliability Standards and SPP Criteria to resolve reliability violations and compliance needs identified by the Transmission Provider or by the individual Transmission Owners themselves in accordance with these standards and criteria. ~~The SPP Criteria shall be posted on the SPP website.~~

5) Use of Local Planning Criteria

i) Individual Transmission Owners within the SPP Region may develop company-specific planning criteria that, at a minimum, conform to the NERC Reliability Standards and SPP Criteria.

ii) For each annual planning cycle, Transmission Owners, including those Transmission Owners that have their own FERC approved local planning process, must provide to the Transmission Provider at least once a year, by April 1st, their company-specific planning criteria in order for the need for Zonal Reliability Upgrades to be assessed and included in the SPP Transmission Expansion Plan.

iii) Transmission Owner planning criteria and assumptions may be modified at any time provided that, if the planning criteria are made more stringent, the increased requirements will not apply retroactively to studies previously completed or studies already underway by the Transmission Provider. Access to the individual Transmission Owner's planning criteria shall be made available via an electronic link on the SPP website.

iv) The individual planning criteria of each Transmission Owner, including those Transmission Owners that have their own FERC approved local planning process, shall be the basis for determining whether a reliability violation exists for which a need for a new Zonal Reliability Upgrade should be considered.

v) The Transmission Owner shall apply its local planning criteria comparably to all load in its service territory.

vi) Transmission Owners' company-specific planning criteria and local planning processes must provide for: (a) the identification of transmission needs driven in whole or in part by Public Policy Requirements; and (b) the evaluation of potential solutions to meet those needs.

6) Planning Summits

i) The Transmission Provider shall conduct, at a minimum, a planning summit once a year.

ii) The purpose of a planning summit is for the Transmission Provider and the stakeholders to share current SPP transmission network issues, provide solution alternatives and review study findings. 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.

iii) Each planning summit shall be open to all entities.

iv) The Transmission Provider shall chair and facilitate the planning summits.

v) Teleconference capability will be made available for planning summits. Planning summit web conferences shall be held as needed.

vi) Notice of an upcoming planning summit and web conferences shall be posted on the SPP website and distributed via email distribution lists.

III. The Integrated Transmission Planning ~~Process~~Assessment

The Integrated Transmission Planning Assessment ~~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~~evaluates the system upgrades, at all applicable voltage levels, ~~required~~ identified in the ~~near term~~ten-year planning horizon.

1) Commencement of the Process

Upon the commencement of the process, the Transmission Provider shall: (i) post the study schedule ~~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~~ and information relating to the study process on the SPP website; and (ii) provide notice ~~and distributed v~~of the posting via email distribution lists. The schedule ~~Such notice~~ shall include a timeline and process for stakeholder submission of~~indicating when stakeholders are able to submit~~ transmission needs, including transmission needs driven by Public Policy Requirements, and solutions to such needs as described in this Section III of this Attachment O.

~~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 of this Attachment O.~~

~~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 the identification of those transmission needs that will be studied, such as transmission needs driven by Public Policy Requirements, as further described in the Integrated Transmission Planning Manual.~~

~~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 of this Attachment O.~~

~~4~~2) Preparation of the ~~10-Year~~Integrated Transmission Planning Assessment

a) ~~The Transmission Provider shall perform a 10- 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~~on an annual basis~~.~~

~~b)~~ The ~~10-Year~~Integrated Transmission Planning 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.~~

b) ~~c)~~ The ~~10-Year~~Integrated Transmission Planning Assessment shall identify solutions required to meet the criteria defined in Section III.3 of this Attachment O and assess the cost effectiveness of proposed solutions over a forty-year time horizon.

~~d~~~~b~~c) The Transmission Provider shall develop the Integrated Transmission Planning ~~a~~Assessment study scope with input from the stakeholders, in accordance with the parameters in the Integrated Transmission Planning

Manual. The study scope and the Integrated Transmission Planning Manual shall specify the methodology, criteria, assumptions, and data to be used, including how transmission needs will be identified,~~The study scope shall take into consideration~~ and how the input requirements described in Section III.3~~6~~ of this Attachment O will be incorporated. The study scope shall include an explanation of which Public Policy Requirements will be evaluated for potential solutions in the Integrated Transmission Planning Assessment. The final Integrated Transmission Planning Assessment study scope shall be posted on the SPP website.

~~e~~d) ~~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 the identification of those transmission needs that will be studied, such as transmission needs driven by Public Policy Requirements, as further described in the Integrated Transmission Planning Manual.~~

~~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)~~ Notice of the transmission needs being evaluated in the Integrated Transmission Planning Assessment will be provided pursuant to Section III.6 of this Attachment O. In accordance with the ~~assessment~~ study scope and the Integrated Transmission Planning Manual, the Transmission Provider shall analyze potential solutions~~, including those upgrades approved by the SPP Board of Directors from the most recent 20-Year Assessment,~~ pursuant to ~~following the process set forth in~~ Section III.7~~8~~ of this Attachment O.

~~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 of this Attachment O.~~

~~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, including the identification of those transmission needs that will be studied, such as transmission needs driven by Public Policy Requirements, as further described in the Integrated Transmission Planning Manual. The study scope shall take into consideration the input requirements described in Section III.6 of this Attachment O.~~

~~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 of this Attachment O.~~

~~6~~3) Policy, Reliability, and Economic Input Requirements to the Integrated Transmission Planning Assessment~~Studies~~

In accordance with the Integrated Transmission Planning Manual, ~~T~~the Transmission Provider shall incorporate, as appropriate~~ for the assessment being performed~~, the following as part of~~into~~ its planning studies:

a) NERC Reliability Standards;

b) SPP Criteria;

c) Local planning criteria~~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 ~~T~~transmission ~~S~~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 through ~~a~~ the annual survey of stakeholders ~~to identify Public Policy Requirements~~ and additional Public Policy Requirements as determined by the Transmission Provider and stakeholders ~~during study scope development~~; ~~and~~

p) ~~These studies will consider o~~Operational experience gained from markets operated by the Transmission Provider~~.~~;

q) Other input requirements identified during the stakeholder process and included in the Integrated Transmission Planning Assessment scope; and

r) Identified persistent operational issues.

4) Inclusion of Generation and Demand Response Resources in the Integrated Transmission Planning Assessment

In developing the long term capacity forecasts, the Integrated Transmission Planning Assessment~~studies~~ will include ~~reflect~~ generation and demand response resources capable of providing any of the functions assessed in the SPP planning process, and that can be relied upon on a long-term basis. Such generation and demand response resources shall be permitted to participate in the planning process on a comparable basis. Stakeholders may also propose any combination of demand resources, transmission, or generation as alternate solutions to identified needs.

~~7~~5) ~~Inclusion of Upgrades Related to Transmission Service and Generator Interconnection in Planning Studies~~Additional Information to be Included in the Integrated Transmission Planning Assessment

a) The studies performed under this Section III of Attachment O shall accommodate and model in accordance with the Integrated Transmission Planning Manual, the specific long-term firm ~~T~~transmission ~~S~~service of Transmission Customers and specific interconnections of Generation Interconnection Customers when such Service Agreements and Generator ~~i~~Interconnection ~~a~~Agreements have been executed or filed un-executed with ~~accepted by~~ the Commission.

b) Transmission upgrades related to requests for ~~T~~transmission ~~S~~service are described in Sections 19 and 32 of the Tariff and Attachment Z1 of the Tariff. Upgrades associated with the modeled long-term firm ~~T~~transmission ~~S~~service are included ~~as part of the future expansion of~~in the Transmission System planning model, upon the execution of the various Service Agreements with the Transmission Customers. Transmission upgrades related to an approved request for ~~T~~transmission ~~S~~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 ~~T~~transmission ~~S~~service.

c) Interconnection facilities and other transmission upgrades related to requests for ~~ge~~Generator~~ion~~ ~~i~~Interconnection ~~s~~Service are described in Attachment V of this ~~Attachment O~~Tariff. Upgrades associated with the modeled G~~g~~enerator~~ion~~ I~~i~~nterconnection ~~s~~Service are included ~~as part of the future expansion of~~in the Transmission System planning model upon the execution of ~~the~~ a Generator ~~various i~~Interconnection ~~a~~Agreement~~s~~ with the Generator Interconnection Customers or filing of an un-executed Generator Interconnection Agreement with the Commission. 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.

d) A Sponsored Upgrade will be included in the Transmission System planning model upon execution of the Agreement for Sponsored Upgrade in Schedule 1 to Attachment J of this Tariff.

e) Projects approved in accordance with Section IV of this Attachment O will be included in the Transmission System planning model upon approval for construction.

6) Identification of Needs and Detailed Project Proposals

~~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 finalized~~approved~~, the Transmission Provider shall identify potential transmission needs, including any needs driven by Public Policy Requirements, in accordance with the Integrated Transmission Planning Assessment scope and the Integrated Transmission Planning Manual. 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~~6(~~i~~a) of this Attachment O. If the project described in a DPP is ~~included in the ITP plan~~approved by the SPP Board of Directors as an ITP upgrade, 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~~a) 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:

i. ~~a.~~ description of the project including one-line diagrams, configuration(s), proposed line routing, preliminary transmission line and substation engineering and design data;

ii. ~~b.~~ description of the need(s) identified in the Integrated Transmission Planning Assessment~~ITP process~~ to be addressed;

iii. ~~c.~~ proposed project schedule including, at a minimum timelines for completing regulatory, right-of-way, environmental, engineering, procurement and construction activities;

iv. ~~d.~~ description of any known or anticipated risks to the project schedule and any recommended mitigation plans;

~~iv.~~v. ~~e.~~ description of any known or anticipated environmental impacts;

~~v.~~vi. ~~f.~~ engineering and modeling data required by the Transmission Provider;

~~vi.~~vii. ~~g.~~ identification and justification of any changes in modeling assumptions from those used in the current Integrated Transmission Planning Assessment~~ITP process~~;

~~vii.~~viii. ~~h.~~ results of transmission project economic or reliability analysis, if applicable; and

~~viii.~~ix. ~~i.~~ any other information available to support the evaluation of the project.

~~ii~~b) Any ~~S~~stakeholder providing a DPP that meets the requirements set forth in Section III.~~8.b~~6(~~i~~a) of this Attachment O will be recorded by the Transmission Provider for the Integrated Transmission Planning Assessment ~~ITP planning assessment~~ for ~~the~~ which the DPP was submitted, including the contact information of the stakeholder that submitted the DPP.

~~iii~~c) 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~~d) 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 Integrated Transmission Planning Assessment~~ITP assessment~~. The remaining information in the DPP will remain confidential.

~~v~~e) A stakeholder that submits a DPP is~~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~~Integrated Transmission Planning Assessment.

~~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.~~

7) Process to Analyze Transmission Solutions and Alternatives for the Integrated Transmission Planning Assessment

a) The Transmission Provider shall perform the required studies to analyze the potential solutions for improvements to the Transmission System, provided by the Transmission Provider and by the stakeholders, in order to address the final Integrated Transmission Planning Assessment study scope which shall consider the current and anticipated future needs of the SPP Region within the parameters of the Integrated Transmission Planning Manual. The analysis shall also consider the value brought to the SPP Region by incremental changes to the proposed solutions.

b~~e~~) For all potential ~~alternatives~~ solutions 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.

c~~d~~) ~~In addition to recommended upgrades, t~~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.

~~d~~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)~~ Th~~is~~e 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, in accordance with this Attachment O and the Integrated Transmission Planning Manual.

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~~e) 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.

f~~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.~~

g~~i~~) Upon consideration of the results of the cost effectiveness analysis and feedback received in the subsequent review process, the Transmission Provider shall prepare the annual Integrated Transmission Planning Assessment report, which shall include a draft list of projects for review and approval in accordance with Section V of this Attachment O. The report shall also include an explanation of which transmission needs driven by Public Policy Requirements were evaluated for potential solutions in the Integrated Transmission Planning Assessment, as well as an explanation of why other transmission needs driven by Public Policy Requirements were not evaluated.

~~27) 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.~~

IV. Other Planning Studies

1) Sponsored Upgrade Studies

Any entity may request that a Sponsored Upgrade be built. SPP will evaluate the impact of any proposed Sponsored Upgrade on Transmission System reliability and identify any necessary mitigation of these impacts. The proposed Sponsored Upgrade shall not be approved as a Sponsored Upgrade if it has been previously identified and included in the current SPP Transmission Expansion Plan as either 1) an upgrade required to satisfy requests for ~~T~~transmission ~~S~~service; 2) an upgrade required to satisfy ~~requests for~~ a ~~g~~Generat~~ion~~or ~~i~~Interconnection Request; 3) an approved ITP Upgrade; 4) an upgrade within approved Balanced Portfolios; or 5) an approved high priority upgrade. Such entity must be willing to assume the cost of such Sponsored Upgrade, study costs, and any cost associated with such necessary mitigation. The proposed Sponsored Upgrade will be submitted to the proper stakeholder working group for their review as a part of the transmission planning process.

2) 20-Year Assessments

a) The Transmission Provider shall perform a 20-Year Assessment at least once every five years, or more frequently if approved by the SPP Board of Directors.

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.

c) The Transmission Provider, in consultation with the stakeholders, shall develop the scope for each 20-Year Assessment and post the scope on the SPP website.

d) For each 20-Year Assessment the Transmission Provider shall publish a report summarizing the findings. The report and related studies and the criteria, assumptions and data underlying the report shall be posted on the SPP website.

3) High Priority Studies

a) The Transmission Provider shall perform high priority studies in accordance with Attachment O of this Tariff and the Integrated Transmission Planning Manual which shall be maintained on the SPP website.

b) Potential Balanced Portfolios, as developed through the process specified in Section IV.4~~3~~ of this Attachment O, shall be considered to be high priority studies.

c) The stakeholders may request high priority studies, including a request for the Transmission Provider to study potential upgrades or other investments necessary to integrate any combination of resources, whether demand resources, transmission, or generation, identified by the stakeholders. Annually, the costs of up to three high priority studies requested by the stakeholders and performed by the Transmission Provider shall be recovered pursuant to Schedule 1-A of this Tariff. A high priority study of a potential Balanced Portfolio initiated by the Transmission Provider will not be considered a stakeholder request pursuant to this Section IV.3~~2~~.c of this Attachment O.

d) The Transmission Provider, in consultation with the stakeholders, shall develop the scope for each high priority study and post the scope(s) on the SPP website.

e) Each study shall include:

   i) Quantification of benefits and costs in accordance with this Attachment O and the Integrated Transmission Planning Manual; and

   ii) An analysis of the sensitivity of the economics of the upgrades included in the high priority study to changes in assumptions.

f) The Transmission Provider shall solicit input from the stakeholders and the Regional State Committee regarding the appropriate sensitivity analyses to be performed.

g) For each high priority study the Transmission Provider shall publish a report, including but not limited to, the study input assumptions, the estimated cost of the upgrades, any third party impacts, the expected economic benefits of the upgrades, and identify reliability impacts, if any, of the upgrades. The report and related studies and the criteria, assumptions and data underlying the report 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 Critical Energy Infrastructure Information (CEII) requirements. The CEII compliant redacted version of the report shall be posted on the SPP website. The redacted version shall include instructions for acquiring the complete version of the report.

h) The Transmission Provider may recommend, based on the results of a high priority study, a high priority upgrade for inclusion in the SPP Transmission Expansion Plan in accordance with the approval process set forth in Section V of this Attachment O.

~~3~~4) Evaluation of Potential Balanced Portfolios

a) The Transmission Provider shall solicit input from stakeholders on combinations of potential economic upgrades to be evaluated as potential Balanced Portfolios.

b) Each economic upgrade to be included in a potential Balanced Portfolio:

i) Must include a 345 kV or higher voltage facility;

ii) May include lower voltage transmission facilities needed to integrate the 345 kV or higher facilities and achieve the benefits; however, the cost of the lower voltage transmission facilities cannot exceed the cost of the 345 kV or higher facilities included in the economic upgrade; and

iii) An economic upgrade that includes lower voltage transmission facilities for which the cost of such facilities exceeds the cost of the 345 kV or higher facilities constituting the economic upgrade may be included in the evaluation of a potential Balanced Portfolio, if a Project Sponsor agrees to bear the portion of the cost of the lower voltage facilities that is in excess of the cost of the 345 kV or higher facilities.

iv) Will include an evaluation of the costs of the upgrades, including any cost impacts potentially allocable to the Transmission Provider or a Zone(s) from a third party upgrade(s) required to relieve congestion on a neighboring system due to the construction of the potential Balanced Portfolio.

c) The Transmission Provider shall determine for each Zone the net present value of the revenue requirements of each potential Balanced Portfolio as follows:

i) The revenue requirements for each potential Balanced Portfolio shall be calculated as if all of the upgrades associated with the potential Balanced Portfolio are simultaneously available to the power system. This requirement is for evaluation purposes only and shall not restrict the timing of the construction of individual upgrades within a Balanced Portfolio approved by the SPP Board of Directors.

ii) Based on input from the Transmission Owners and other pertinent information, the Transmission Provider shall estimate the construction costs of each upgrade in the potential Balanced Portfolio.

iii) For each upgrade in the potential Balanced Portfolio, the Transmission Provider shall use the transmission fixed charge rate(s) for the appropriate Transmission Owner(s) to estimate the revenue requirements. In each annual planning cycle, the Transmission Owner shall supply its fixed charge rate to the Transmission Provider.

iv) The fixed charge rate(s) shall take account of all costs necessary to support the upgrade in the potential Balanced Portfolio, including but not limited to, operation and maintenance expenses, depreciation, property and payroll taxes, income taxes, if applicable, return on investment and any other factors affecting the revenue requirement associated with the upgrade.

v) The revenue requirements also shall include any specific costs that are projected to be incurred by the Transmission Provider or a Zone(s) as a result of third-party impacts due to one or more upgrades within a proposed Balanced Portfolio.

vi) The revenue requirements for the potential Balanced Portfolio shall equal the sum of the revenue requirements of the upgrades that comprise the potential Balanced Portfolio.

vii) The Transmission Provider shall estimate the cost for each Zone by allocating the revenue requirements for the potential Balanced Portfolio to each Zone based on its Region-wide Load Ratio Share forecasted over the ten year period analyzed.

viii) If any costs of an upgrade in the potential Balanced Portfolio will be borne by other funding mechanisms, such costs shall not be included in the determination of the net present value of the revenue requirements for the potential Balanced Portfolio.

d) The Transmission Provider shall determine for each Zone the net present value of the benefits of each potential Balanced Portfolio as follows:

i) The benefits from each potential Balanced Portfolio shall be calculated as if all of the upgrades associated with the potential Balanced Portfolio are simultaneously available to the power system.

ii) The Transmission Provider shall use an adjusted production cost metric to analyze the benefits of the potential Balanced Portfolio, where adjusted production cost is the production cost minus revenues from sales plus cost of purchases. As described in Section IV.6~~5~~ of this Attachment O, the Transmission Provider shall continue to evaluate and explore with the stakeholders any additional metrics and criteria which have quantifiable economic effects.

iii) The adjusted production cost benefit for each Zone shall equal the difference between the adjusted production cost with the potential Balanced Portfolio modeled and without the potential Balanced Portfolio modeled.

iv) The Transmission Provider shall estimate the annual benefits for each Zone over the same ten-year period as used to determine the costs by calculating the annual benefits for at least three specific years in the ten-year time period and interpolating the annual benefits for the remaining years.

e) A potential Balanced Portfolio shall meet the following conditions:

i) Cost Beneficial: The sum of the benefits of the potential Balanced Portfolio determined in Section IV.~~3~~4.d of this Attachment O must equal or exceed the sum of the costs determined in Section IV.~~3~~4.c of this Attachment O; and

ii) Balanced: For each Zone, the sum of the benefits of the potential Balanced Portfolio determined in Section IV.~~3~~4.d of this Attachment O must equal or exceed the sum of the costs determined in Section IV.~~3~~4.c of this Attachment O. Additionally, the balance may be achieved through the provisions set forth in Section IV.~~4~~5 of this Attachment O.

f) In developing a potential Balanced Portfolio, the Transmission Provider shall timely publish a report, including but not limited to, the study input assumptions, the estimated costs included in the potential Balanced Portfolio, and the expected economic benefits of the potential Balanced Portfolio. With regard to such report, the Transmission Provider shall comply with the information sharing and reporting requirements in Part VII (Information Exchange) and Section IV.~~2~~ 3 (High Priority Studies) of this Attachment O, including the requirements for treatment of confidential information.

~~4~~5) Options for Achieving a Balanced Portfolio

a) Section IV.~~3~~ 4 of this Attachment O sets forth provisions to achieve a Balanced Portfolio when there are deficient Zones. A deficient Zone is a Zone where the costs allocated to the Zone in Section IV.~~3~~4.c of this Attachment O exceed the benefits allocated to the Zone in Section IV.~~3~~4.d of this Attachment O, including any additional costs or benefits derived from the application of the provisions in this Section IV.~~4~~5 of this Attachment O.

b) In order to achieve a Balanced Portfolio, the Transmission Provider may include transmission upgrades that do not adhere to the voltage requirements of Sections IV.~~3~~4.b.i and ii of this Attachment O.

c) If including the lower voltage transmission facilities does not achieve a Balanced Portfolio, the Transmission Provider may balance the portfolio by transferring a portion of the Base Plan Zonal Annual Transmission Revenue Requirement and/or the Zonal Annual Transmission Revenue Requirement from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement. Transmission Provider shall include the following constraints in this assessment:

i) Limit the amount to be transferred from the Base Plan Zonal Annual Transmission Revenue Requirement and/or the Zonal Annual Transmission Revenue Requirement to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement to the minimum amount that will balance the portfolio over the ten-year period analyzed;

ii) Transfer from the Base Plan Zonal Annual Transmission Revenue Requirement first, then, if necessary, transfer from the Zonal Annual Transmission Revenue Requirement; and

iii) For each Zone, meet the conditions specified in Section IV.~~3~~4.e.ii of this Attachment O.

~~5~~6) Development of Additional Benefit Metrics for Balanced Portfolios

a) The Transmission Provider shall continue to evaluate and explore with the stakeholders via the transmission planning process any additional metrics and criteria which have quantifiable economic effects, such as:

i) Reduction in system losses;

ii) Differing environmental impacts;

iii) Improvement to capacity margin and operating reserve requirements;

iv) Energy, capacity and ancillary service market facilitation;

v) Increased competition in wholesale markets;

vi) Reliability enhancement, including storm hardening and black start capability; and

vii) Critical infrastructure and homeland security.

b) Any subsequent adjustment to the metrics and criteria for evaluating potential Balanced Portfolios developed by the Transmission Provider, with input from the stakeholders, shall be proposed through Tariff amendments.

~~6~~7) Evaluation of Proposed Interregional Projects

a) Proposed Interregional Projects shall be developed through the Transmission Provider's participation in an Interregional Planning Process with one or more Interregional Planning Regions in accordance with the provisions of Section VIII of this Attachment O.

b) The Transmission Provider shall facilitate a regional review of the proposed Interregional Projects identified in the Coordinated System Plan ("CSP") report developed and issued pursuant to the applicable Interregional Planning Process. The regional review will be subject to the timelines identified in the respective Interregional Planning Region procedures in accordance with the applicable Addendum(s) to this Attachment O.

c) The Transmission Provider shall, in consultation with stakeholders, develop the Regional Review Methodology which shall be posted on the Transmission Provider's website. The methodology will contain, at a minimum, the specific procedures to:

i~~.~~) Determine the assumptions and criteria necessary to complete the regional review of proposed Interregional Projects.

ii~~.~~) Determine the regional models to be used in the evaluation of proposed Interregional Projects.

iii~~.~~) Determine the appropriate updates to the regional models to be used in the evaluation of proposed Interregional Projects.

iv~~.~~) Quantify the benefits of each proposed Interregional Project using the Transmission Provider's regional benefit metrics consistent with Section III.~~6~~7 of this Attachment O.

d) For an Interregional Project that is reviewed pursuant to the Regional Review Methodology, the Transmission Provider shall perform the following types of transmission planning studies:

i~~.~~) Projects Addressing Reliability Issues Description of Analyses: The study scope will determine what types of analyses will be performed. These analyses will be based on the issue that is being addressed by the interregional transmission project. At a minimum, a steady state N-1 analysis will be performed. If needed, the scope will also include directives to perform stability and/or dynamic analyses. Additional analyses can be performed if determined to be needed by the Transmission Provider, in consultation with the stakeholder working group assigned to analyze transmission reliability issues.

ii~~.~~) Projects Addressing Economic Issues Description of Analyses: The analyses that will be performed will be based on the benefit metrics that will be used as determined by the Transmission Provider, in consultation with the stakeholder working group assigned to analyze economic issues. At a minimum, a security constrained unit commitment~~-~~/security constrained economic dispatch analysis will be utilized for the calculation of adjusted production cost. Additional analyses will be included in the scope as determined by the Transmission Provider, in consultation with the stakeholder working groups, on what metrics to utilize.

iii~~.~~) Projects Addressing Public Policy Issues Description of Analyses: Public policy projects will be evaluated to determine whether or not the transmission project will aid in meeting the applicable public policy requirement, and if so, is it more efficient or~~-~~ cost effective than regional solutions. The analysis will use a security constrained economic dispatch and unit commitment model to perform a curtailment and dispatch study. Additional analyses performed in the latest ITP~~10~~ may also be utilized as determined by the Transmission Provider, in consultation with the applicable stakeholder working groups.

e) For each regional review of a proposed Interregional Project, the Transmission Provider shall publish a report which includes, but is not limited to, the following:

i~~.~~) The results of the regional review analysis and a comparison to the results contained in the CSP report;

ii.) The study input assumptions and criteria used to assess the proposed Interregional Project;

iii.) The proposed Interregional Project's reliability impacts on the Transmission Provider's system and impacts on third parties not participating in the applicable Interregional Planning Process;

iv.) Any expected benefits of the proposed Interregional Project; and

v.) The Transmission Provider shall make a recommendation whether to approve the proposed Interregional Project and the allocation of proposed Interregional Project costs between the Interregional Planning Regions.

f) The Transmission Provider's report shall be posted on the Transmission Provider's website. If the Transmission Provider's report contains confidential information in accordance with the provisions of the Tariff, the SPP Membership Agreement, or CEII requirements, the report will be password protected to preserve the confidentiality of information and a redacted version of the report shall be posted on the Transmission Provider's website. The redacted version shall include instructions for acquiring the complete version of the report.

g) The Transmission Provider's report shall be reviewed by the appropriate stakeholder group(s) in accordance with the provisions of Section II of this Attachment O. The stakeholder group(s) and the Transmission Provider will each provide a recommendation to the Markets and Operations Policy Committee. The Markets and Operations Policy Committee shall make a recommendation to the SPP Board of Directors regarding the approval of a proposed Interregional Project.

h) The SPP Board of Directors shall review all reports and recommendations related to the regional review of the proposed Interregional Project.

i.) The SPP Board of Directors may approve a proposed Interregional Project only where the benefits equal or exceed the costs for the SPP Region.

ii.) The Transmission Provider shall notify the applicable interregional joint planning committee whether a proposed Interregional Project has been approved by the SPP Board of Directors.

i) To qualify as an approved Interregional Project, the proposed Interregional Project must be approved by the SPP Board of Directors and the corresponding Interregional Planning Region in accordance with the applicable Interregional Planning Process.

j) Upon approval by the corresponding Interregional Planning Region and the SPP Board of Directors, the Transmission Provider's portion of the approved Interregional Project will be constructed in accordance with Section VI of this Attachment O.

V. The SPP Transmission Expansion Plan Report

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 ~~T~~transmission ~~S~~service; 2) upgrades required to satisfy requests for ~~generation~~ generator interconnection; 3) approved projects from the Integrated Transmission Planning Assessment~~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; and 8) approved projects from the 20-Year Assessment. ~~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 the Integrated Transmission Planning Assessment, the 20-Year~~, 10-Year and Near Term~~ Assessment~~s~~, 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, cause~~s~~ reliability violations on an adjacent neighboring transmission system, in Section V.7 of this Attachment O.

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, and proposed 20-Year Assessment 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, and proposed 20-Year Assessment 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 the approval of a 20-Year Assessment upgrade recommended by the Transmission Provider. Approval by the SPP Board of Directors is required for the inclusion of a 20-Year Assessment upgrade in the SPP Transmission Expansion Plan.

f~~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.

g~~f~~) The Transmission Provider shall post ~~T~~the list of projects the SPP Board of Directors is expected to take action on ~~shall be posted~~ to~~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.

h~~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.

i~~h~~) The list of upgrades for ~~T~~transmission ~~S~~service are approved in accordance with the provisions of Attachment Z1 of this Tariff and included in the STEP accordingly.

j~~i~~) The list of interconnection facilities and other transmission upgrades related to requests for ~~g~~Generator~~ion~~ ~~i~~Interconnection ~~s~~Service are approved in accordance with the provisions of Attachment V of this Tariff and included in the STEP accordingly.

~~j~~k) The list of Interregional Projects is approved in accordance with Section IV.~~6~~7 of this Attachment O and included in the STEP accordingly.

l~~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 Adjacent Systems

As part of the evaluation of any Competitive Upgrade, the Transmission Provider will determine, based on its planning model, whether a proposed Competitive Upgrade causes any reliability violations on the transmission system of an adjacent transmission planning region. The Transmission Provider shall identify any such violations as part of the transmission planning process that identified the Competitive Upgrade. Except as otherwise provided in this Tariff or as otherwise provided in an agreement between the Transmission Provider and an adjacent 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 an adjacent transmission system, and listing of such violations in the SPP Transmission Expansion Plan does not constitute any agreement on the part of the Transmission Provider or its stakeholders to pay any such cost.

VI. Construction of Transmission Facilities

1) The Transmission Provider shall not build or own transmission facilities. In accordance with Section VI of this Attachment O and Attachment Y of this Tariff, the Transmission Provider~~,~~ shall designate one or more entities to assume the responsibilities of a Transmission Owner for all Network Upgrades approved for construction under this Tariff.

2) Any owner of Transmission Facilities, as defined in Attachment AI of this Tariff, which are, or are capable of being used by the Transmission Provider to provide transmission service pursuant to Part II and Part III of this Tariff, shall have the right to sign the SPP Membership Agreement as a Transmission Owner and thereby acquire all of the rights and obligations of a Transmission Owner described therein, including all of the rights and obligations of a Transmission Owner described in this Tariff and specifically ~~this~~ Section VI of this Attachment O.

3) Each Transmission Owner and DTO shall use due diligence to construct transmission facilities as directed by the SPP Board of Directors subject to such siting, permitting, and environmental constraints as may be imposed by state, local and federal laws and regulations, and subject to the receipt of any necessary federal or state regulatory approvals. Such construction shall be performed in accordance with Good Utility Practice, applicable SPP Criteria, industry standards, the applicable Transmission Owner's specific reliability requirements and operating guidelines (to the extent these are not inconsistent with other requirements), and in accordance with all applicable requirements of federal or state regulatory authorities. Each Transmission Owner shall be fully compensated to the greatest extent permitted by the Commission for the costs of construction undertaken by such Transmission Owner in accordance with this Tariff.

4) A specific endorsed Sponsored Upgrade in the SPP Transmission Expansion Plan will be deemed approved for construction upon execution of a contract that financially commits a Project Sponsor to such upgrade. The Transmission Owner responsible for the Sponsored Upgrade shall be determined as follows:

    a) If the Sponsored Upgrade is a rebuild of an existing facility or utilizes rights-of-way where facilities exist, the Sponsored Upgrade will be assigned to the Transmission Owner of the existing facility;

    b) If the Sponsored Upgrade is a new transmission facility, the entity sponsoring the Sponsored Upgrade may become the Transmission Owner of the facility if it meets the qualifications to become a Transmission Owner set forth in Section III.1(b) of Attachment Y of this Tariff, including executing an SPP Membership Agreement as a Transmission Owner; or

    c) If the Transmission Owner is not determined under subsections (a) and (b) above, the Transmission Provider will follow the process contained in Section IV of Attachment Y of this Tariff.

5) Network Upgrade(s) and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a G~~g~~enerator~~ion~~ I~~i~~nterconnection ~~a~~Agreement will be constructed pursuant to the ~~g~~Generation I~~i~~nterconnection ~~a~~Agreement or pursuant to Attachment Y of this Tariff. Network Upgrades and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a G~~g~~enerator~~ion~~ ~~i~~Interconnection A~~a~~greement required to be constructed by the Transmission Owner who is a party to the ~~g~~Generator~~ion~~ ~~i~~Interconnection ~~a~~Agreement shall be constructed pursuant to the G~~g~~enerator~~ion~~ ~~i~~Interconnection A~~a~~greement. All other Network Upgrades and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a G~~g~~enerat~~ion~~or I~~i~~nterconnection A~~a~~greement to be constructed by Transmission Owners not a party to the G~~g~~enerator~~ion~~ ~~i~~Interconnection ~~a~~Agreement shall be constructed pursuant to Section IV of Attachment Y of this Tariff.

VII. Information Exchange

1) Data Requirements

a) Any entity that is subject to the NERC Reliability Standards is required to provide data to the Transmission Provider in accordance with the NERC Reliability Standards for Modeling, Data and Analysis (the "NERC MOD Standards").

b) When an entity has developed a preliminary engineering concept for new facilities that impact the interconnected operation of the Transmission System, it shall contact the Transmission Provider so that the optimal integration of any new facilities and potentially benefiting parties can be identified.

c) In preparation for the annual update of transmission planning models for each annual planning cycle, Members, Transmission Customers, Transmission Owners, Generator~~ion~~ Interconnection Customers and all other stakeholders must provide to the Transmission Provider the data specified in this Section VII of this Attachment O in accordance with the study schedule posted on the SPP website.

d) During the course of the annual planning cycle, if material changes to the data occur, the data owners must provide timely written notice to the Transmission Provider.

e) The format required to submit modeling data shall be posted on the SPP website.

f) The modeling data shall be posted on the SPP website with password protected access.

2) Owners of transmission facilities shall provide to the Transmission Provider:

a) Modeling data for power flow, short-circuit and stability analysis;

b) Detailed power system models of their transmission systems and provide updates to their models via a password protected web based application;

c) Data regarding the design and operation of their transmission facilities;

d) Their FERC Form 715;

e) Their individual company-specific planning criteria;

f) Planning grade cost estimates and schedules for upgrades in the SPP Transmission Expansion Plan in a timely manner;

g) Their five-year transmission construction plans; and

h) Their transmission fixed charge rate.

3) Generator owners shall provide to the Transmission Provider:

a) Modeling data for power flow, short-circuit and stability analysis;

b) Data for planned additions or upgrades, including status and expected in-service dates, planned retirements and environmental restrictions; and

c) Modeling data to perform economic planning studies in accordance with Sections III and IV of this Attachment O. Data required to model generating units for the economic planning studies is documented in the Integrated Transmission Planning Manual which shall be posted on the SPP website.

4) Transmission Customers

a) Network Customers shall provide the Transmission Provider an update of the information on its Network Integration Transmission Service application with a ten year forecast of summer and winter load at each delivery point and ten year projection of network resources and with any other information that has changed from the original application.

b) Point-to-point Transmission Customers shall provide to the Transmission Provider their good faith projections on their need for service including transmission capacity, duration and points of delivery and receipt over the ten year planning horizon.

c) Transmission Customers with existing and planned demand response resources~~, including demand response resources~~, shall provide information on such resources.

5) Neighboring Transmission Providers and RTOs

In accordance with applicable agreements and Section VIII of this Attachment O, the Transmission Provider shall exchange with neighboring Transmission Providers and RTOs the data required for the development of power flow cases, short-circuit cases and stability cases over the ten year planning horizon.

6) Stakeholder Access to Transmission Planning Information

a) The planning information, data, and models provided pursuant to this Section VII shall be sufficient to allow parties to replicate results of the planning studies.

b) The Transmission Provider shall provide a secure web-based workspace for hosting and sharing planning information, data, and models.

c) The secure web-based workspace shall be password protected and require CEII clearance in accordance with Section VII.8 of this Attachment O.

d) Instructions to obtain access to the Transmission Provider's power flow models shall be posted on the SPP website.

e) Instructions to obtain copies of the Transmission Provider's transmission planning maps shall be posted on the SPP website.

7) Confidentiality Requirements

a) The Transmission Provider shall make all reasonable efforts to preserve the confidentiality of information in accordance with the provisions of the Tariff and the SPP Membership Agreement.

b) For those entities that have executed a confidentiality agreement, the Transmission Provider shall provide password protected access to confidential information related to the SPP Transmission Expansion Plan and the underlying studies and models via the SPP website.

c) The form of confidentiality agreement shall be posted on the SPP website.

d) The confidentiality agreement shall allow access to applicable system design software results needed to participate in the SPP Transmission Expansion Plan process, to replicate the results of specified transmission planning studies, or to confirm assumptions used in creating adjusted production cost-benefit metrics used to analyze a specified Balanced Portfolio; provided however, if the results include resource-specific data (including input data), access will be limited to individuals that are not Competitive Duty Personnel. For the purposes of this section:

i) “Competitive Duty Personnel” are any individuals directly engaged in Competitive Duties.

ii) “Competitive Duties” include: (1) the marketing, purchase, or sale of electric power at wholesale, or (2) the direct supervision of any employee with responsibilities for the marketing, purchase, or sale of electric power at wholesale.

e) Other transmission planning information shall be posted on the SPP website and may be password protected, as appropriate.

f) Confidentiality agreements shall be required for Members and Market Participants to receive data where the owner of the data has given permission to the Transmission Provider to release the data.

8) Critical Energy Infrastructure Information (CEII) Requirements

a) The Transmission Provider shall take appropriate steps to protect CEII information.

b) The Transmission Provider shall screen Members and Market Participants prior to providing access to CEII information. Individuals that do not belong to a confirmed pre-screened Member or Market Participant shall make application for approval to obtain CEII used in the transmission planning process in accordance with the procedures posted on the SPP website.

c) For those entities that have met the CEII requirements in Section VII.8.b of this Attachment O, the Transmission Provider shall provide password protected access to CEII information related to the SPP Transmission Expansion Plan and the underlying studies and models via the SPP website.

d) The Transmission Provider shall follow the guidelines set forth by the Commission to flag data which shall be treated as CEII sensitive.

VIII. Interregional Planning

1) The Transmission Provider shall participate in interregional planning with the following Interregional Planning Regions listed in the respective Addendums to this Attachment O:

   Addendum 3- The Midwest Independent Transmission System Operator, Inc. (“MISO”)

   Addendum 4- Southeastern Regional Transmission Planning (“SERTP”)

2) The portion of an approved Interregional Project to be constructed by each Interregional Planning Region shall be determined in accordance with the applicable Addendum to this Attachment O.

3) The costs of an approved Interregional Project shall be allocated to each Interregional Planning Region in accordance with the applicable Addendum to this Attachment O.

4) The Transmission Provider’s obligation to construct an approved Interregional Project within the SPP Region shall be determined in accordance with Section IV.~~6~~7 of this Attachment O.

IX. Recovering Costs Associated with the Planning Process

1) The Transmission Provider's costs associated with the planning process and associated studies set forth in this Attachment O shall be recovered pursuant to Schedule 1-A of the Tariff.

2) The Transmission Provider's costs associated with studies for potential Sponsored Upgrades, shall be the responsibility of the entities requesting such studies.

3) The Transmission Provider's costs for studies associated with requests for long-term firm transmission service shall be recovered pursuant to Sections 19 and 32 of the Tariff.

4) The Transmission Provider's costs for studies associated with requests for interconnection service shall be recovered pursuant to Attachment V of the Tariff.

X. Cost Allocation

The costs associated with new or upgraded transmission facilities shall be allocated in accordance with Attachment J to the Tariff.

XI. Dispute Resolution

Any dispute regarding the planning process shall be resolved utilizing the procedures identical to those set forth in Section 12 of the Tariff.

ADDENDUM 1 TO ATTACHMENT O

INTERREGIONAL COORDINATION AGREEMENTS

1) In addition to interregional planning pursuant to Section VIII of Attachment O, the Transmission Provider shall undertake to coordinate any studies with other transmission providers primarily through participation in the agreements listed below:

a) The Transmission Coordination Agreement between the Associated Electric Cooperative, Inc. (AECI) and the Southwest Power Pool, Inc. (SPP);
b) The United States Department of Energy Southwestern Power Administration Agreement Between United States of America and Southwest Power Pool, Inc. (the "SPA Agreement");
c) The Eastern Interconnection Reliability Assessment Group; and
d) All other agreements between the Transmission Provider and transmission systems to which the SPP Region is interconnected and which are not identified in Section VIII of this Attachment O.

2) On an annual basis, the Transmission Provider shall review the ongoing planning activities under the coordination agreements specified in this Addendum 1 to determine any need for additional interregional studies. The Transmission Provider shall share this review with the stakeholders at a planning summit and solicit input regarding any additional interregional studies that should be initiated by the Transmission Provider.

3) Any Network Upgrade approved pursuant to the coordination agreements under this Addendum 1 shall not be considered an approved Interregional Project pursuant to the Interregional Planning Process identified in Section VIII of Attachment O.

ADDENDUM 2 TO ATTACHMENT O

ENROLLMENT IN THE SPP TRANSMISSION PLANNING REGION

The following entities have elected to become part of the SPP transmission planning region:

AEP Oklahoma Transmission Company, Inc.
Arkansas Electric Cooperative Corporation
Basin Electric Power Cooperative
Central Power Electric Cooperative, Inc.
City of Coffeyville
City of Independence, MO
City Utilities of Springfield, Missouri
Corn Belt Power Cooperative
East River Electric Power Cooperative, Inc.
East Texas Electric Cooperative, Inc.
Empire District Electric Company
Grand River Dam Authority
Harlan Municipal Utilities
Heartland Consumers Power District
ITC Great Plains, LLC
Kansas City Power & Light Company
Kansas Gas and Electric Company
Kansas Power Pool
KCP&L Greater Missouri Operations Company
Lincoln Electric System
Mid-Kansas Electric Company, LLC
Midwest Energy, Inc.
Missouri River Energy Services
Nebraska Public Power District
Northwest Iowa Power Cooperative
NorthWestern Corporation (South Dakota)
Oklahoma Gas and Electric Company
Oklahoma Municipal Power Authority
Omaha Public Power District
Public Service Company of Oklahoma
Southwestern Electric Power Company
Southwestern Power Administration*
Southwestern Public Service Company
Sunflower Electric Power Corporation
Tex-La Cooperative of Texas, Inc.
Tri-State Generation and Transmission Association, Inc.
Westar Energy, Inc.
Western Area Power Administration-Upper Great Plains Region
Western Farmers Electric Cooperative

*	Participates in SPP regional planning through Attachment AD of this Tariff.

ADDENDUM 3 TO ATTACHMENT O

COORDINATED INTERREGIONAL TRANSMISSION PLANNING WITH THE MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC.

Pursuant to Section VIII of Attachment O, the Transmission Provider and the Midwest Independent Transmission System Operator, Inc. ("MISO") shall undertake coordinated interregional transmission planning in accordance with the provisions of Article IX of the Joint Operating Agreement between the Midwest Independent Transmission System Operator, Inc. and Southwest Power Pool, Inc. ("JOA"). The agreement can be accessed at the following link: http://www.spp.org/section.asp?group=409&pageID=27.

The objective of coordinated interregional transmission planning with MISO is to identify potential Interregional Projects, calculate the benefits to each region and present that information to the Transmission Provider and MISO. The process for coordinated interregional transmission planning between the Transmission Provider and MISO provides for joint identification and analysis of proposed Interregional Projects which may benefit the regions served by the Transmission Provider and MISO. The process includes, but is not limited to:

A. Establishment of a joint planning committee and stakeholder committee;

B. Voting procedures whereby proposed Interregional Projects may be approved for construction by both parties;

C. Data exchange requirements;

D. Coordinated system planning between the parties to identify and evaluate proposed Interregional Projects;

E. Determination of costs and benefits for each party; and

F. Construction and ownership of approved Interregional Projects.

Any proposed Interregional Projects shall be reviewed by the Transmission Provider in accordance with Section IV.~~6~~7 of Attachment O. The Transmission Provider will construct its part of any approved Interregional Projects in accordance with Section VI of Attachment O. Any cost obligation of the SPP Region related to Interregional Projects shall be allocated in accordance with Section VI of Attachment J.

ADDENDUM 4 TO ATTACHMENT O

INTERREGIONAL TRANSMISSION COORDINATION BETWEEN THE TRANSMISSION PROVIDER AND THE SOUTHEASTERN REGIONAL TRANSMISSION PLANNING PROCESS

Pursuant to Section VIII of Attachment O, the Transmission Provider and the public utility transmission providers in the Southeastern Regional Transmission Planning Process ("SERTP") region shall undertake coordinated interregional transmission planning in accordance with the provisions of this Addendum 4. All terms not otherwise defined herein shall have the definitions assigned in the Tariff.

For purposes of this Addendum 4, the Transmission Provider's regional transmission planning process is the process described in Attachment O of this Tariff; the SERTP is the process described in the respective Attachment Ks (or comparable tariff sections) of the public utility transmission providers in the SERTP. References to the respective regional transmission planning processes in this Addendum 4 are intended to identify the activities described in those tariff provisions. Unless noted otherwise, Section references in this Addendum 4 refer to Sections within this Addendum 4.

INTERREGIONAL TRANSMISSION PLANNING

1. Coordination

1.1 Annual Coordination: Representatives of the Transmission Provider and the SERTP will meet no less than once per year to facilitate the interregional coordination procedures described below (as applicable). Representatives of the Transmission Provider and the SERTP may meet more frequently to coordinate the evaluation of interregional transmission project(s).

1.2. Data Exchange

1.2.1 Annual Data Exchange: At least annually, the Transmission Provider and the public utility transmission providers in the SERTP shall exchange power-flow models and associated data used in the regional transmission planning processes to develop their respective then-current regional transmission plan(s). The Transmission Provider shall designate a representative for its region and the SERTP sponsors shall designate a representative for the SERTP region to facilitate the annual data exchange. The data exchange will occur when such data is available in each of the regional transmission planning processes, typically during the first calendar quarter. Additional transmission-based models and data used in the development of the respective regional transmission plans will be exchanged between the Transmission Provider and the public utility transmission providers in the SERTP if requested. Data exchanged between the Transmission Provider and the public utility transmission providers in the SERTP under this Section 1.2.1 shall be posted on the pertinent regional transmission planning websites consistent with the posting requirements of the respective regional transmission planning processes and is generally considered CEII.

1.2.2 Exchange of Regional Transmission Plans: The Transmission Provider's regional transmission plan(s) will be posted on the SPP website pursuant to the Transmission Provider's regional transmission planning process. The Transmission Provider will also notify the SERTP representative of such posting so they may retrieve the transmission plan(s). The public utility transmission providers in the SERTP will exchange the then-current SERTP regional transmission plan(s) in a similar manner according to its regional transmission planning process.

1.2.3 Confidentiality: Any CEII and Confidential data disclosed by the Transmission Provider pursuant to this Addendum 4 shall be subject to the provisions of Section VII of Attachment O of this Tariff.

1.3. Joint Evaluation

1.3.1 Identification of Interregional Transmission Projects: At least biennially, the Transmission Provider will review the then-current regional transmission plan of the SERTP, and the public utility transmission providers in the SERTP will review the Transmission Provider's then-current regional transmission plan. Such plans include the transmission needs of each region as prescribed by each region's planning process. This review shall occur on a mutually agreeable schedule, taking into account each region's regional transmission planning processes timetable. If through this review, the Transmission Provider and the public utility transmission providers, as applicable, in the SERTP identify a potential interregional transmission project that could be more efficient or cost effective than transmission projects included in the respective regional transmission plans, the Transmission Provider and the public utility transmission providers in the SERTP will jointly evaluate the potential transmission project pursuant to Section 1.3.4.

1.3.2 Identification of Interregional Transmission Projects by Stakeholders: Stakeholders may also propose transmission projects that may be more efficient or cost-effective than transmission projects included in the Transmission Provider's and/or the SERTP's regional transmission plans pursuant to the procedures in each region's regional transmission planning processes. The Transmission Provider and the public utility transmission providers in the SERTP will evaluate interregional transmission projects proposed by stakeholders pursuant to Section 1.3.4.

1.3.3 Interregional transmission projects proposed for potential interregional cost allocation must be submitted in both the SERTP and Transmission Provider's regional transmission planning processes and satisfy the requirements of Section 2.1. The submittal must identify the potential transmission project as interregional in scope and identify that such project will interconnect between the SERTP region and the Transmission Provider. The Transmission Provider will verify whether the submittal for the potential interregional transmission project satisfies all applicable requirements. Upon finding that the proposed interregional transmission project satisfies all such applicable requirements, the Transmission Provider will notify SERTP. Once the potential interregional transmission project has been proposed through the regional transmission planning processes in both regions, and upon both regions so notifying one another that the project is eligible for consideration pursuant to their respective regional transmission planning processes, the Transmission Provider and SERTP will jointly evaluate the proposed interregional transmission projects pursuant to Sections 1.3.4.

1.3.4 Evaluation of Interregional Transmission Projects:

1.3.4.1 Joint Evaluation of Interregional Transmission Projects: The Transmission Provider and the public utility transmission providers in the SERTP shall act through their respective regional transmission planning processes to evaluate potential interregional transmission projects and to determine whether the inclusion of any potential interregional transmission projects in each region's regional transmission plan would be more efficient or cost-effective than transmission projects included in the respective then-current regional transmission plans. Initial coordination activities to facilitate such analysis will typically begin during the third calendar quarter. Such analysis shall be consistent with accepted planning practices of the respective regions and the methods utilized to produce each region's respective regional transmission plan(s). The Transmission Provider will evaluate potential interregional transmission projects in accordance with

Section IV.~~6~~7 of Attachment O of this Tariff. To the extent possible, and as needed, information will be coordinated between the Transmission Provider and the public utility transmission providers in the SERTP, including, but not limited to:

. Planning horizons;

a. Expected timelines/milestones associated with the joint evaluation;

b. Study assumptions and data;

c. Models; and

d. Criteria

The Transmission Provider and the public utility transmission providers in the SERTP will exchange status updates for new interregional transmission project proposals or proposals currently under consideration as needed. These status updates will generally include, if applicable: (i) an update of the region's evaluation of the proposal; (ii) the anticipated timeline for future assessments; and (iii) reevaluations related to the proposal.

1.3.4.2 Determination of Regional Benefit(s) for Interregional Cost Allocation Purposes: The Transmission Provider and the SERTP shall evaluate the proposed interregional transmission project that meets the criteria of Section 2 for interregional cost allocation within the respective regions as follows:

A. Each region, acting through its regional transmission planning process, will evaluate proposals to determine whether the proposed interregional transmission project(s) provides Regional Benefits to its respective region. For purposes of this Addendum 4, "Regional Benefit" shall mean the calculation described in Section 1.3.4.2.B.

B. Based upon the evaluation made pursuant to 1.3.4.2.A, each region will quantify a Regional Benefit based upon (i) for the Transmission Provider, the Transmission Provider shall calculate the total avoided costs of regional transmission projects that would be displaced if the proposed interregional transmission project was included; and (ii) for the SERTP, the SERTP sponsors shall calculate the total avoided costs of transmission projects included in the then-current regional transmission plan that would be displaced if the proposed interregional transmission project was included.

C. Updated Regional Benefits calculations will be exchanged in a similar manner to the status updates described in Section 1.3.4.1. In any regional benefit to cost ("BTC") ratio calculation(s) performed pursuant to the respective regional transmission planning processes, the anticipated allocation of costs of the interregional transmission project to each region shall be based upon the ratio of the region's Regional Benefit to the sum of the Regional Benefits identified for both SPP and the SERTP.

2. Cost Allocation

2.1 Interregional Transmission Projects Proposed for Interregional Cost Allocation Purposes: For a transmission project to be considered for purposes of interregional cost allocation between the Transmission Provider and the SERTP, the following criteria must be met:

A. The transmission project must interconnect to transmission facilities in both the Transmission Provider's and SERTP regions, and must meet the qualification criteria for transmission projects potentially eligible to be included in the regional transmission plans for purposes of regional cost allocation in accordance with the respective regional transmission planning processes of both the Transmission Provider and the SERTP. The facilities to which the project is proposed to interconnect may be either existing facilities or transmission projects included in the regional transmission plan that are currently under development.

B. The transmission project must be proposed in the Transmission Provider and the SERTP regional planning processes for purposes of cost allocation, as well as any other regions to which the proposed transmission project would interconnect, in accordance with the procedures of the applicable regional transmission planning processes. If the proposed transmission project is being proposed by a transmission developer, the transmission developer must also satisfy all qualification criteria specified in the respective regional transmission planning processes, as applicable.

2.2 Inclusion in Regional Transmission Plans for Purposes of Cost Allocation: An interregional transmission project proposed for interregional cost allocation purposes in each region will be included in the respective regional transmission plans for purposes of cost allocation after each region has performed all evaluations and the transmission project has obtained all approvals, as prescribed in the respective regional transmission planning processes, necessary for it to be included in each regional transmission plan for purposes of cost allocation.

2.3 Allocation of Costs Between the Transmission Provider and the SERTP: The cost of an interregional transmission project selected for purposes of cost allocation in the regional transmission plans of both the Transmission Provider and the SERTP will be allocated between the regions as follows:

A. Each region will be allocated a portion of the interregional transmission project's costs in proportion to such region's Regional Benefit to the sum of the Regional Benefits identified for both the Transmission Provider and the SERTP.

1. The Regional Benefits used for this determination shall be based upon the last Regional Benefit calculation performed – pursuant to the method described in Section 1.3.4.2 – before each region included the transmission project in its regional transmission plan for purposes of cost allocation and as approved by each region.
2. Should one region be willing to bear more costs of the interregional transmission project than the costs identified pursuant to the methodology described in this Section 2.3.A, the regions may voluntarily agree, subject to applicable regional approvals, to an alternative cost sharing arrangement.

2.4 Milestones of Required Steps Necessary to Maintain Status as Being Selected for Interregional Cost Allocation Purposes: Once selected in the respective regional transmission plans for purposes of cost allocation, the Transmission Provider and the SERTP sponsor(s) that will be allocated costs of the transmission project ("beneficiaries") and the transmission developer must mutually agree upon an acceptable development schedule including milestones by which the necessary steps to develop and construct the transmission project must occur. These milestones may include (to the extent not already accomplished) obtaining all necessary rights-of-way and requisite environmental, state, and other governmental approvals and executing a mutually-agreed upon contract(s) between the transmission developer and the beneficiaries. If the specified milestones are not met, then the Transmission Provider and the SERTP sponsor(s) may remove the transmission project from the selected category in the regional transmission plan for purposes of cost allocation.

2.5 Interregional Project Contractual Arrangements: The contracts referenced in Section 2.4 will address terms and conditions associated with the development of the proposed transmission project included in the regional transmission plans for purposes of cost allocation, including but not limited to:

a) Engineering, procurement, construction, maintenance, and operation of the proposed transmission project, including coordination responsibilities of the parties;

b) Emergency restoration and repair;

c) The specific financial terms/specific total amounts to be charged by the transmission developer of the transmission project to each beneficiary, as agreed to by the parties;

d) Creditworthiness/project security requirements;

e) Milestone reporting, including schedule of projected expenditures;

f) Reevaluation of the transmission project; and

g) Non-performance or abandonment.

2.6 Removal from Regional Transmission Plans for Purposes of Cost Allocation: An interregional transmission project may be removed from the Transmission Provider's or the SERTP's regional transmission plan for purposes of cost allocation (1) if the project is removed from either regions', regional transmission plans pursuant to the requirements of its regional transmission planning process or (2) if the developer fails to meet the developmental milestones established pursuant to Section 2.4.

2.6.1: The Transmission Provider and/or the public utility transmission providers in the SERTP will notify the other party if an interregional transmission project or a portion thereof is likely to be removed from its regional transmission plan.

3. Transparency

3.1 The Transmission Provider and the public utility transmission providers in the SERTP shall host their respective regional websites for communication of information related to coordinated interregional transmission planning procedures. The regions shall coordinate on the documents and information that is posted on their respective websites to ensure consistency of information. Each regional website shall contain, at a minimum, the following information:

i. Link to this Addendum;

ii. Information related to joint meetings, such as links to materials for joint meetings;

iii. Documents relating to joint evaluations; and

iv. Procedures for coordination and joint evaluation

3.2 Access to the data utilized will be made available through the pertinent regional planning websites subject to the requirements in Section 1.2.3. The Transmission Provider will make available, on the SPP website, links to where stakeholders can register (if applicable/available) for SERTP stakeholder committees and distribution lists.

3.3 The Transmission Provider shall report back to its stakeholders on the status of any interregional activities done under this Addendum 4 including:

A. Facilities to be evaluated

B. Analysis performed

C. Determinations/results

3.4 Stakeholders will have an opportunity to provide input and feedback related to interregional facilities identified, analysis performed, and any determination/results within the respective regional transmission planning processes. Stakeholders may participate in either or both regions' regional transmission planning processes to provide their input and feedback regarding the interregional coordination activities described in this Addendum 4.

ADDENDUM 5 TO ATTACHMENT O

MERCHANT TRANSMISSION DEVELOPER INTERCONNECTION

Other than for generation interconnections addressed by Attachment V of this Tariff, this Addendum 5 is applicable to Merchant Transmission Developers that request an interconnection to the Transmission System. For purposes of this Addendum 5, a Merchant Transmission Developer is an entity that assumes all financial responsibility for the development, construction and operation of the transmission facilities it seeks to interconnect to the Transmission System and does not seek regional cost allocation or cost recovery for such facilities under this Tariff. Merchant Transmission Developers must comply with all requirements set forth in the SPP Criteria, including but not limited to providing the following information to the Transmission Provider, as required in the SPP Criteria:

Transmission Interconnection Review Data Checklist

1. Primary contact and all affected parties' contact information.
2. Overview of the proposed interconnection and its need.
3. Estimated or proposed in-service date.
4. List of all studies run by season.
    1. Power flow studies minimum requirements met.
    2. Short circuit studies minimum requirements met.
    3. Dynamics studies minimum requirements met.
5. Affected parties planning criteria, if applicable.
6. A detailed description of the proposed interconnection.
    a. In-service date
    b. Design information
    c. Ratings of the interconnection
    d. A geographic map of the interconnection area
    e. Electrical one-line diagrams of the facilities being connected.
7. Appropriate program files and program automation files to allow SPP staff to reproduce the studies performed.
8. Details of any required mitigation plans including identification of the affected parties responsible for mitigation.

a. In-service date
b. Design information
c. Ratings of the facilities
d. A geographic map of the facility area
e. Electrical one-line diagrams of the facilities being connected.

9. Comments of affected parties covering agreement or points of disagreement of the proposed interconnection, if any.
10. Additional studies may be required for DC interconnections.

Compliance with the data submission requirements specified in this Addendum does not constitute approval of the physical interconnection of the facility by the Transmission Provider.

ATTACHMENT Y
TRANSMISSION OWNER DESIGNATION PROCESS

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 one or more entities to satisfy any of the managerial criteria ("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: 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.

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

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. RFP Proposals may be sponsored by one or more entities. If an RFP Proposal involves more than one sponsoring entity, at least one of the sponsoring entities must be a QRP. RFP Proposals with more than one sponsoring entity shall comply with all of the requirements set forth in Section III.2(a) of this Attachment Y that are applicable to such entity (whether an RFP Respondent or a CU Participant); otherwise the RFP Proposal shall be deemed incomplete and the Transmission Provider shall follow the process for incomplete RFP Proposals set forth in Section III.2(d)(iv) of this Attachment Y.

a) RFP Proposals Involving More Than One Entity

i) Joint RFP Proposal

(1) An RFP Proposal may be submitted jointly by more than one QRP ("Joint RFP Proposal") for the purposes of identifying more than one DTO for a Competitive Upgrade.

(2) Each RFP Respondent for a Joint RFP Proposal must be a QRP at the time that the Joint RFP Proposal is submitted and at all times during the Transmission Owner Selection Process during which the Joint RFP Proposal is pending. If at any time during the Transmission Owner Selection Process set forth in this Section III one or more of the RFP Respondents involved in the submission of a Joint RFP Proposal ceases to be a QRP, the Joint RFP Proposal shall be disqualified from further consideration.

ii) Multi-Owner RFP Proposal

(1) An RFP Proposal or a Joint RFP Proposal may include one or more CU Participants ("Multi-Owner RFP Proposal"). A Multi-Owner RFP Proposal must include at least one QRP that will serve as the RFP Respondent and the DTO for the Competitive Upgrade if the Multi-Owner RFP Proposal is selected by the Transmission Provider.

(2) Except as provided in Sections III.2(c)(v), (vi), (x), and (xvi) and Sections III.2(f)(iii)(4) and (5) of this Attachment Y, in reviewing a Multi-Owner RFP Proposal, the Transmission Provider shall evaluate only the capabilities of the QRP(s) that will serve as the DTO(s) for the Competitive Upgrade.

(3) A Multi-Owner RFP Proposal that identifies more than one proposed DTO shall also be classified as a Joint RFP Proposal and shall satisfy all RFP requirements applicable to Joint RFP Proposals.

iii) For purposes of this Attachment Y, any reference to an RFP Proposal shall also include a Joint RFP Proposal and a Multi-Owner RFP Proposal, and any reference to an RFP Respondent shall mean the QRPs involved in the submission of a Joint RFP Proposal or a Multi-Owner RFP Proposal both individually and collectively.

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) The 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 RFP Proposal provide the following information specific to the Competitive Upgrade:

(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 for each RFP Respondent and CU Participant that proposes to have revenue requirements under this Tariff; and financial and business plans, including the nature of any FERC incentives any RFP Respondent or CU Participant 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;

(6) for a Multi-Owner RFP Proposal, such information with respect to CU Participants as is required for evaluation of the RFP Proposal under the criteria set forth in Sections III.2(c)(v)(2) - (5) of this Attachment Y given the proposed percentage share of ownership or interest in the Competitive Upgrade by each RFP Respondent and CU Participant; and

(7) identification of information in the RFP Proposal that the RFP Respondent considers to be confidential.

vi) A requirement that the RFP Proposal demonstrate that each RFP Respondent (and, in the case of a Multi-Owner RFP Proposal, the CU Participants as set forth below) possesses the necessary financial strength by providing one of the following:

(1) demonstration that each RFP Respondent 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 RFP Respondent or its parent Guarantor;

(2) demonstration of conclusive evidence of the ability to obtain a performance bond in an amount equal to the total cost of the Competitive Upgrade, including financing costs and a 20% contingency, from an insurance or surety company with an A.M. Best “Financial Strength Rating” of Superior (A++,

A+) or Excellent (A, A-) and an adjusted "Policy Holder Surplus" of $500,000,000 or more; or

(3) demonstration of conclusive evidence of the ability to obtain a letter of credit in an amount equal to the total cost of the Competitive Upgrade, including financing costs and a 20% contingency, from a financial institution that satisfies the requirements set forth in Attachment X Section 7.1.3.2 of this Tariff.

For purposes of this requirement, "conclusive evidence" shall mean a letter from a bonding agent or bank indicating approval of or willingness to provide the required performance bond or letter of credit to the RFP Respondent.

In the case of a Joint RFP Proposal, the financial obligations shall be met by each RFP Respondent based upon the portion of the facility to be owned and operated by each RFP Respondent. In the case of a Multi-Owner RFP Proposal, the financial obligations can either be met by the identified RFP Respondents or by a combination of RFP Respondents and CU Participants based upon the proposed share of ownership of or interest in the Competitive Upgrade. In either case, such allocation of ownership or interest and each RFP Respondent's and/or CU Participant's share of financial responsibility shall be set forth in detail in the RFP Proposal.

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 each RFP Respondent agrees to pay, as outlined in Section III.2(e) of this Attachment Y: (1) a deposit for each RFP Proposal submitted for the RFP Proposal's share of the Transmission Provider's costs to administer the Transmission Owner Selection Process; and (2) any additional costs that are assessed after the completion of the Transmission Owner Selection Process.

x) A requirement that each RFP Respondent, and in the case of a Multi-Owner RFP Proposal, each CU Participant, disclose any credit rating changes, bankruptcies, dissolutions, mergers, or acquisitions within the past five (5) years of the RFP Respondent or CU Participant or its parent, controlling shareholder, or entity providing a Guaranty pursuant to Section III.1(b)(ii)(2) of this Attachment Y.

xi) A requirement that each RFP Respondent provide its Internal Revenue Service Tax Identification Number.

xii) A requirement that the RFP Respondent declare whether it may seek to assign the Competitive Upgrade to an Affiliate pursuant to Section III.2(d)(xi) of this Attachment Y if selected as the DTO for the Competitive Upgrade, along with a description of such Affiliate.

xiii) A requirement that a Joint RFP Proposal:

(1) Clearly and specifically identify each RFP Respondent's respective roles and responsibilities (as well as each RFP

Respondent's respective percentage of responsibility) for finance, construction, ownership, operation, maintenance, and restoration of the Competitive Upgrade in such a manner that one hundred (100) percent of the responsibilities for the Competitive Upgrade are identified;

(2) Specify each RFP Respondent's qualifications and responsibilities for satisfying the requirements set forth in Sections III.2(c)(v) and III.2(c)(vi) of this Attachment Y; and

(3) Provide as part of the Joint RFP Proposal submission any agreements between or among the RFP Respondents governing the division of roles and responsibilities.

xiv) A requirement that each RFP Respondent participating in a Joint RFP Proposal acknowledges and agrees that:

(1) Each RFP Respondent shall be jointly and severally liable for all aspects of finance and construction of the Competitive Upgrade, such that, if the Joint RFP Proposal is selected by the Transmission Provider, the other RFP Respondent(s) shall be liable for the defaulting RFP Respondent's(s') obligations in the event that one or more RFP Respondent(s) defaults on its obligations; or

(2) In the event that each RFP Respondent does not agree to be jointly and severally liable as set forth in Section III.2(c)(xiv)(1) of this Attachment Y, if the Joint RFP Proposal is selected by the Transmission Provider, the Transmission Provider shall reevaluate the entire

Competitive Upgrade pursuant to Section III.2(g) of this Attachment Y if one or more RFP Respondent(s) defaults on its obligations with respect to the Competitive Upgrade.

xv) A requirement that a Joint RFP Proposal identify a single point of contact for the Joint RFP Proposal, who will represent all RFP Respondents in any communications with the IEP or the Transmission Provider with respect to the Joint RFP Proposal.

xvi) A requirement that each Multi-Owner RFP Proposal shall provide sufficient detail to enable a thorough evaluation of the RFP Proposal including information regarding:

(1) the identity of each RFP Respondent and CU Participant;

(2) any division of ownership of or interest in the Competitive Upgrade;

(3) any agreements between or among the RFP Respondents and CU Participants regarding the ownership of or interest in the Competitive Upgrade sufficient to establish the ability of the RFP Respondent(s) to perform the obligations of a DTO; and

(4) the timing of any such transfer of ownership or interest.

xvii) A requirement that the RFP Respondent acknowledges and agrees that notwithstanding any defaults of any CU Participant on its obligations under any participation agreements, the RFP Respondent is responsible for all aspects of the Competitive Upgrade. Further, if the Multi-Owner RFP Proposal is also a Joint RFP Proposal, the proposal must specify which RFP Respondent will be responsible for any CU Participant default.

xviii) A requirement that:

(1) Each RFP Respondent agree to execute the SPP Membership Agreement as a Transmission Owner if the RFP Proposal is selected by the Transmission Provider, if it has not already done so; and

(2) Each CU Participant in a Multi-Owner RFP Proposal shall agree in writing to execute the SPP Membership Agreement as a Transmission Owner at such time that the entity is first eligible to execute the Membership Agreement as a Transmission Owner, if it has not already done so.

xix) The deadline for all RFP Proposal submissions. The deadline shall be one hundred eighty (180) calendar days from the date the RFP is issued ("RFP Response Window"). The Transmission Provider may reduce the RFP Response Window to no less than ninety (90) days based on, but not limited to, the Competitive Upgrade's need date or scope. If the final day of the RFP Response Window falls on a weekend or a holiday recognized by the Transmission Provider, the due date for RFP Proposals shall be the next Business Day.

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 the RFP Response Window as defined in Section III.2(c)(xix) of this Attachment Y.

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 the RFP Proposal is incomplete. The RFP Respondent(s) 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 RFP Proposal within the RFP Response Window will be deemed to have waived its right to respond to the RFP, the RFP Proposal shall be disqualified from further consideration, and the Transmission Provider shall refund a portion of the Transmission Owner Selection Process deposit in accordance with Section III.2(e) of this Attachment Y.

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. If all of the RFP proposals for a Competitive Upgrade include cost estimates that exceed the cost estimate determined by the Transmission Provider at the time the Competitive Upgrade was approved for construction by thirty (30) percent or more, the Transmission Provider shall inform the SPP Board of Directors, and the SPP Board of Directors shall decide whether to proceed with the IEP review of the RFP responses, or whether to withdraw the RFP and reevaluate the Competitive Upgrade. If the SPP Board of Directors withdraws the RFP, each RFP Proposal shall be entitled to a partial refund of its Transmission Owner Selection Process deposit as set forth in Section III.2(e)(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 or CU Participant is prohibited, and may result in the Transmission Provider disqualifying the RFP Respondent and the RFP Proposal

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 and information, if any, 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 Sections III.2(d)(vii)(a) and III.2(d)(vii)(b) 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 each RFP Respondent that was involved in the submission of 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(s)") and the Transmission Provider shall issue an NTC(s) for the Competitive Upgrade pursuant to Section V of this Attachment Y. For a Joint RFP Proposal, each NTC shall specify the applicable roles and obligations of each Selected RFP Respondent based on the information provided in the Selected RFP Proposal. To become the DTO(s) for the Competitive Upgrade, each 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. For a Joint RFP Proposal, each Selected RFP Respondent must fulfill these requirements within seven (7) calendar days.

a. If the Board of Directors accepts the IEP's recommendation, pursuant to Section III.2(f)(i) of this Attachment Y, resulting in all RFP Proposals being eliminated from consideration due to a low score in any evaluation category, 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, the Transmission Provider 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.

b. If a Competitive Upgrade was previously resubmitted, pursuant to Section III.2(d)(vii)(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.

viii) A 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. For Joint RFP Proposals, if one or more of the Selected RFP Respondents fails to fulfill these requirements within seven (7) calendar days, all Selected RFP Respondents for the Joint RFP Proposal shall be deemed to have waived their rights. In the event that one or more Selected RFP Respondents has been deemed to have waived its rights, the Transmission Provider shall notify the SPP Board of Directors.

ix) If a Selected RFP Respondent has waived its rights pursuant to Section III.2(d)(viii) of this Attachment Y, the Transmission Provider shall notify each RFP Respondent involved in the submission of 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(s) for the Competitive Upgrade pursuant to Section V of this Attachment Y. For a Joint RFP Proposal, each NTC shall specify the applicable roles and obligations of each RFP Respondent that submitted the alternate RFP Proposal, based on the information provided in the alternate RFP Proposal. To become the DTO(s) for the Competitive Upgrade, each 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. For a Joint RFP Proposal, each RFP Respondent that submitted the alternate RFP Proposal must fulfill these requirements within seven (7) calendar days.

x) An 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. For Joint RFP Proposals, if one or more of the RFP Respondents for the alternate Joint RFP Proposal fails to fulfill these requirements within seven (7) calendar days, all RFP Respondents for the alternate Joint RFP Proposal shall be deemed to have waived their rights to become a DTO. In the event that an RFP Respondent for the alternate RFP Proposal has been deemed to have waived its rights, 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) A DTO for a Competitive Upgrade cannot assign the Competitive Upgrade to another entity, except to an Affiliate of the DTO subject to requirements set forth in Section VII of this Attachment Y. The Transmission Provider's selection of an RFP Proposal that includes a declaration of intent to assign as the Selected RFP Proposal does not constitute Transmission Provider approval of the assignment.

xii) When accepting the responsibilities of being a DTO for a Competitive Upgrade, the Selected RFP Respondent(s) 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. A binding commitment letter from lenders and/or equity providers;

b. Cash held in escrow;

c. A performance and payment bond;

d. Surety bond;

e. Existing balance sheet liquidity; or

f. Demonstrated history of ability to obtain adequate capital to support the project.

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(s). If the DTO(s) fail(s) to reach the 50% completion milestone of the Competitive Upgrade in accordance with Section III.2(g) of this Attachment Y, then the DTO(s) 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(s), then the Transmission Provider shall refund the deposit and accrued interest to the DTO(s).

xiii) A DTO for a Competitive Upgrade that resulted from a Multi-Owner RFP Proposal may convey an interest in the Competitive Upgrade to a CU Participant identified in the Multi-Owner RFP Proposal in a manner consistent with and on no less favorable terms than those specified in the Multi-Owner RFP Proposal; however, such DTO may not assign its responsibilities as the DTO as part of such conveyance.

e) Transmission Owner Selection Process Deposit and Cost Calculation

i. Each RFP Proposal shall pay its share of the Transmission Provider's total cost incurred to administer the Transmission Owner Selection Process for each Competitive Upgrade, as calculated pursuant to this Section III.2(e). At the time of submission of each RFP Proposal, each RFP Respondent (or for a Joint RFP Proposal, the RFP Respondents collectively) shall submit a Transmission Owner Selection Process deposit for each RFP Proposal, which shall be determined as follows (based on the value of the Competitive Upgrade as identified in the SPP Transmission Expansion Plan approved by the SPP Board of Directors):

Small Project (less than $10 million):	$10,000 deposit
Medium Project (between $10 million and $100 million):	$25,000 deposit
Large Project (greater than $100 million):	$50,000 deposit

The Transmission Provider shall hold each RFP Proposal's Transmission Owner Selection Process deposit in a segregated interest-bearing account in the name(s) of the RFP Respondent(s) tied to the RFP Respondent's(s') Internal Revenue Service Tax Identification Number(s).

ii. The Transmission Provider shall determine the actual Transmission Owner Selection Process costs at the completion of the process, and all RFP Respondents will make additional payments or obtain refunds based on the reconciliation of Transmission Owner Selection Process deposits collected and actual Transmission Owner Selection Process costs. The Transmission Owner Selection Process costs shall include the Transmission Provider's staff and administrative costs associated with administering the Transmission Owner Selection Process for the Competitive Upgrade and all costs associated with administering the IEP process for the Competitive Upgrade, including the identification, recruiting, hiring, and retention of industry experts to serve on the IEP(s). The costs shall be allocated to each RFP Proposal on a pro-rata share basis, calculated by taking the total Transmission Owner Selection Process costs for each Competitive Upgrade and dividing by the number of RFP Proposals submitted for that Competitive Upgrade. The Transmission Provider shall refund any unused deposit amounts with interest earned on such deposits.

iii. If an RFP proposal is disqualified from further consideration pursuant to Section III.2(d)(iv) of this Attachment Y, the Transmission Provider shall refund to the RFP Respondent that submitted the disqualified RFP Proposal ninety (90) percent of its Transmission Owner Selection Process deposit and such disqualified RFP Proposal shall not be subject to the true-up adjustment calculated by the Transmission Provider in accordance with Section III.2(e)(ii) of this Attachment Y.

iv. If the SPP Board of Directors withdraws an RFP pursuant to Section III.2(d)(v) of this Attachment Y, the Transmission Provider shall refund to each RFP Proposal submitted in response to the withdrawn RFP ninety (90) percent of its Transmission Owner Selection Process deposit.

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 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) 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 and, if applicable, a CU Participant'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) The quantitative cost impact of material on hand, assets on hand, rights-of-way ownership, control, or acquisition; and

(h) Cost certainty guarantee.

(5) Finance (Financial Viability and Creditworthiness), 125 points: Measures an RFP Respondent's and, if applicable, a CU Participant'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 or CU Participant that submitted a detailed project proposal ("DPP") in accordance with Attachment O Section III.~~8(b)~~6 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 Proposal that it or one of the CU Participants participating in a Multi-Owner RFP Proposal submitted a DPP for that Competitive Upgrade. The eligibility for the incentive points may only be awarded to the RFP Proposal if the DPP was submitted during the Integrated Transmission Planning ~~a~~Assessment from which the Competitive Upgrade was approved. The Transmission Provider shall confirm such eligibility in accordance with Attachment O Section III.~~8(b)~~6 of this Tariff and inform the IEP. An RFP Proposal will be entitled to no more than one hundred (100) incentive points regardless of how many entities involved in the submission of the RFP Proposal may individually be eligible for incentive points.

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

(i) If, after accepting the NTC, a DTO cannot or is unwilling to complete the Competitive Upgrade as directed by the Transmission Provider (the "Defaulting DTO"), 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, except as provided in Section III.2(g)(ii) of this Attachment Y for Joint RFP Proposals. 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.

(ii) If the Competitive Upgrade was the result of a Joint RFP Proposal and the DTOs agreed to be jointly and severally liable for the Competitive Upgrade pursuant to Section III.2(c)(xiv)(1) of this Attachment Y, the Transmission Provider shall issue a modified NTC to each DTO that is not the Defaulting DTO, specifying each DTO's responsibility to fulfill the obligations of the Defaulting DTO. If each of the DTOs involved in the submission of a Joint RFP Proposal did not agree to be jointly and severally liable pursuant to Section III.2(c)(xiv)(1) of this Attachment Y, the Transmission Provider shall follow the process set forth in Section III.2(g)(i) 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 conditions set forth in Section VII 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, Section V.4 of Attachment Y of this Tariff, and Section 3.3(a) of the SPP Membership Agreement.

ATTACHMENT AU
PROCEDURES FOR ALLOCATION OF REVENUES
RESULTING FROM THE SETTLEMENT AGREEMENT IN COMMISSION DOCKET NOs. EL11-34-002, et al.

I. DISTRIBUTION OF REVENUES

This Attachment AU sets forth the procedures by which the Transmission Provider shall distribute revenues received from the Midcontinent Independent System Operator Inc. ("MISO") and NRG Energy, Inc. ("NRG") pursuant to the Settlement Agreement in Docket Nos. EL11-34-002, et al. ("JOA Settlement Agreement") addressing matters related to the MISO-SPP Joint Operating Agreement. Such revenues, hereinafter "JOA Settlement Revenues", shall be allocated to Transmission Owners based on the estimated flow impacts resulting from energy transfers between MISO north and south subregions, as described in this Attachment AU.

II. DISTRIBUTABLE JOA SETTLEMENT REVENUES

G. Components of Distributable JOA Settlement Revenues

The JOA Settlement Revenues subject to distribution and allocation under this Attachment AU shall consist of:

2. For the period of January 29, 2014 through January 31, 2016, Transmission Provider's allocable share of the payments associated with "Compensation Phase I", as described in Section 2.6.1 of the JOA Settlement Agreement;
3. For the period of February 1, 2016 through January 31, 2017, Transmission Provider's allocable share of the payments received from MISO and associated with "Compensation Phase II", as described in Section 2.6.2 of the JOA Settlement Agreement;
4. For all years (with each such year extending from February 1 to January 31) after Compensation Phase II, Transmission Provider's allocable share of payments received from MISO and associated with "Compensation Phase III", as described in Section 2.6.3 of the JOA Settlement Agreement; and
5. All payments received by the Transmission Provider from NRG in accordance with Article IV of the JOA Settlement Agreement.

B. Offsets to Distributable JOA Settlement Revenues

3. The JOA Settlement Revenues subject to distribution and allocation as described in Section II.A.1 through Section II.A.4 of this Attachment AU starting in 2016 shall annually be reduced by an amount of $250,000 to cover the Transmission Provider's annual costs of administering the JOA Settlement Agreement in the first month in which such revenues are received in each calendar year.
4. The JOA Settlement Revenues subject to distribution and allocation as described in Section II.A.1 of this Attachment AU, shall be reduced by a one-time payment of up to $456,000 payable from the initial revenues received, made directly by the Transmission Provider to those SPP Transmission Owners involved in Docket Nos. EL11-34-002, et al. to offset legal expenses incurred by those SPP Transmission Owners in connection with the negotiation of the JOA Settlement Agreement.
   a. The SPP Transmission Owners participating in Docket Nos EL11-34-002, et al. are: Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company; American Electric Power Service Company, on behalf of Public Service Company of Oklahoma and Southwestern Electric Power Company; City Utilities of Springfield, Missouri; Lincoln Electric System; Omaha Public Power District; The Empire District Electric Company; Westar Energy, Inc.; Sunflower Electric Power Corporation; Mid-Kansas Electric Company, LLC; Nebraska Public Power District; and Oklahoma Gas and Electric Company.

III. DETERMINATION OF FLOW IMPACTS

D. Timing of Flow Impact Analyses

11. For the period identified in Section II.A.1 of this Attachment AU and continuing until the initial MW-mile analysis described in Section III.A.2 of this Attachment AU, the Transmission Provider shall conduct appropriate MW-mile analyses, based on Transmission System topology and facility ownership for each Transmission Owner during the period using the 2014 and 2015 summer peak models from the ITP ~~Near Term~~reliability ~~A~~assessment model series approved by the Transmission Provider during the period.
12. At least once each calendar year, the Transmission Provider shall conduct a MW-mile analysis to determine flow impacts across the Transmission Provider's system. The results of the MW-mile analysis shall be posted to the Transmission Provider's website. For purposes of conducting the MW-mile analysis, Transmission System topology and facility ownership for each Transmission Owner will be determined using the current calendar year

summer peak model from the latest ITP ~~Near Term~~reliability ~~A~~assessment model series approved by the Transmission Provider. A commercially available power systems analysis software package will be used to perform the necessary network flow calculations. The resulting analysis shall be used for the following 12-month period.

13. The Transmission Provider shall re-evaluate flow impacts mid-cycle and conduct an updated MW-mile analysis in the event of (i) a new Transmission Owner transferring functional control to Transmission Provider under this Tariff, (ii) a departure of a Transmission Owner from SPP membership, or (iii) as directed by the SPP Board of Directors to account for other events that could significantly alter the allocation of flow impacts. The new analysis shall be conducted during the month following the event precipitating the change and shall apply for each month following the analysis until the next annual analysis is conducted and applied.

E. Calculation of Flow Impacts

4. The MW-mile analysis described in Section III of this Attachment AU shall be performed by modeling a power transfer between the MISO north and south subregions and taking the difference between the pre-transfer and post-transfer MW amounts on each transmission line, and multiplying that by the number of miles of the transmission line. The power transfer shall be modeled by proportionally scaling up all generation modeled online in the MISO north subregion and proportionally scaling down all generation modeled online in the MISO south subregion. The MW-mile values for each line owned by a Transmission Owner are summed to yield a Transmission Owner's MW-mile impact; the sum of all Transmission Owners' MW-mile impacts equals total system MW-mile impacts.

IV. DISTRIBUTION OF JOA SETTLEMENT REVENUES

The distribution of JOA Settlement Revenues will be based on the ratio of each Transmission Owner's MW-mile impact to the total system MW-mile impacts as determined in accordance with Section III of this Attachment AU. This distribution shall be subject to the date each Transmission Owner's facilities were placed under the functional control of the Transmission Provider. Distributions shall be made monthly corresponding to the monthly payments prescribed by the JOA Settlement Agreement. Distributions shall be subject to any true-up or revised payment or refund that may be made pursuant to the JOA Settlement Agreement.

V. TREATMENT OF DISTRIBUTED REVENUES

JOA Settlement Revenues shall result in a reduction of transmission service charges under this Tariff in the same manner as revenues associated with Point-to-Point Transmission Service. After offset of legal expenses in accordance with Section II.B.2 of this Attachment AU, remaining JOA Settlement Revenues distributed to Transmission Owners shall be subject to the provisions of Sections 34.1, 34.2 and 34.3 of this Tariff, as applicable, and shall be subject to the provisions of Section II.A of Schedule 11 of this Tariff. To facilitate the application of Sections 34.1, 34.2 and 34.3 and Section II.A of Schedule 11, the Transmission Provider shall allocate the applicable revenue distributed to each Transmission Owner in proportion to the amount of Schedule 7, 8 and 11 revenues that Transmission Owner received for Point-To-Point Transmission Service in the previous calendar year, with such revenues as determined in January of the current year. For each Transmission Owner utilizing a formula rate, the resulting allocated revenues are to be treated consistently with the treatment of Schedule 7, Schedule 8, and Schedule 11 Point-To-Point Transmission Service revenues under its formula rate.

SPP Operating Criteria

None

SPP Planning Criteria

None

SPP Business Practices

7060 Notification to Construct and Project Cost Estimating Processes Effective January 1, 2012

(return to TOC)

Business Practice

Contents

11. **Projects Reviewed by PCWG**
12. **Project Reporting**
13. **NTC Project Close-out and Validation Process**
14. **Dispute Resolution**

1. Notification to Construct

An SPP Notification to Construct (NTC) letter is a formal document directing the Designated Transmission Owner (DTO) for the commencement of construction of Network Upgrades that have been approved or endorsed by the SPP Board of Directors (BOD) intended to meet the construction needs of the SPP Transmission Expansion Plan (STEP), SPP Open Access Transmission Tariff (OATT), or Regional Transmission Organization (RTO).

2. Notification to Construct with Conditions

An SPP Notification to Construct with Conditions (NTC-C) letter is a formal document directing a DTO to further refine the Study Estimate, as defined in Section 8, for an Applicable Project. An NTC-C does not authorize the DTO to start construction or to order materials for the project.

The NTC-C will direct a DTO to perform detailed engineering and cost studies within a stated timeframe in the NTC-C letter to refine the Study Estimate for further SPP analysis to determine if the project should proceed with an NTC for actual construction. The DTO shall provide SPP an estimate of the engineering and other costs (i.e., such as the costs for engineering to develop the design, perform siting/routing reviews, perform environmental studies, or to take other actions required to refine the Study Estimate) required to develop the NTC-C Project Estimate (CPE).

2.1. __Legacy Project__

A Legacy Project is a construction project for which SPP has issued an NTC prior to January 1, 2012.

2.2. __Applicable Projects__

Applicable Projects are construction projects, including Legacy Projects that SPP has the authority to direct construction of, has a nominal operating voltage of 100 kV or above, and has a Study Estimate in excess of $20 million. A single Applicable Project may consist of multiple upgrades or multiple projects assigned to multiple DTOs. A non-Applicable Project with a nominal operating voltage of 100 kV or above that has been issued an NTC will become an Applicable Project if either its NTC Project Estimate (NPE) or any subsequent cost estimate exceeds $20 million. Applicable Projects will continue to be Applicable Projects even if their subsequent cost estimates fall below $20 million.

2.3. __Competitive Projects__

Competitive Projects are construction projects that are subject to the Transmission Owner Selection Process (TOSP), as defined in Attachment Y of the SPP OATT.

3. Issuance of an NTC or NTC-C

The authority for SPP to issue an NTC is derived from approval by the BOD, a FERC filed Service Agreement under the SPP OATT, an endorsed Economic or Sponsored Upgrade upon the execution of a contract that financially commits a Project Sponsor to fund such upgrade, or when such upgrade is otherwise required pursuant to the tariff. An NTC or NTC-C may be issued for projects originating from study processes described in Attachment O of the OATT.

The issuance of an NTC or NTC-C represents that the Network Upgrade is eligible for cost recovery under the SPP OATT, including if SPP withdraws the NTC or NTC-C as described in Section 7 below.

For non-Competitive Projects, SPP will issue an NTC-C for Applicable Projects. SPP staff will provide the timeframe that the DTO has to provide its CPE to SPP in the NTC-C letter.

SPP will issue an NTC or NTC-C under the conditions and time constraints defined in Sections 3.1 through 3.5.

An NTC-C shall not be issued for a Competitive Project.

3.1. Approved Network Upgrades from ITP/High Priority Studies

Unless previously issued, SPP staff will issue NTC(s) or NTC-C(s) for all Network Upgrades approved by the BOD for which financial commitment is required prior to the approval of the next update of the STEP. Additionally if authorized by the BOD, SPP staff will issue an NTC/NTC-C for each Network Upgrade for which a financial commitment is needed within the next four years or other time period as designated by the BOD. For a non-Competitive Project, such an NTC/NTC-C will be issued within 15 business days from the time the SPP BOD approves the project. For a Competitive Project, an NTC will be issued to the Selected RFP Respondent in accordance with Attachment Y of the OATT.

3.2. Sponsored Upgrades

An NTC will be issued for an endorsed Sponsored Upgrade once a project sponsor has financially committed to pay for the Sponsored Upgrade.

3.3. Network Upgrades related to Transmission Service requests

Unless previously issued, SPP staff will issue NTCs or NTC-Cs for all identified non-Competitive Projects associated with Transmission Service Agreements (TSAs) within 15 business days from the time at which SPP receives from all customers in an Aggregate Study executed TSA(s) or written request(s) from customer(s) requesting a TSA be filed unexecuted.

3.4. Network Upgrades related to Generation Interconnection requests

Unless previously issued, SPP staff may issue NTCs for identified project(s) associated with Generator~~ion~~ Interconnection Agreements (GIA) to an affected Transmission Owner (TO) who is not a party to the GIA within 15 business days from the Effective Date of the GIA.

3.5. Network Upgrades related to Attachment AQ requests

Unless previously issued, SPP staff will issue NTCs or NTC-Cs for all identified projects associated with the request within 15 business days from the time at which SPP receives the updated and executed Network Integrated Transmission Service Agreement.

4. Format of NTC/NTC-C Letters and Identification Numbers

To ensure proper and consistent documentation of approved Network Upgrades, SPP NTC and NTC-C letters shall include, at a minimum, the information in Sections 4.1 through 4.5.

A Sample NTC for a Network Upgrade is provided as Appendix A in this document. A Sample NTC-C for a Network Upgrade is provided as Appendix B in this document.

4.1. NTC/NTC-C Information

- The NTC is assigned a unique NTC Identification Number.
    - NTC ID# convention, SPP-NTC-#
    - *Example*: SPP-NTC-1
- The NTC-C is assigned an NTC Identification Number just as an NTC.

4.2. Project Information

- Projects are assigned a unique Project Identification Number (PID).
    - Project ID# convention, SPP-PID-#
    - *Example*: SPP-PID-1
- Projects consist of one or more Network Upgrades.
- The Project name will generally describe the Network Upgrades associated with the Project.
- Project Information will include an Estimated Cost and a Project Schedule, which will include, at a minimum, the Need Date.

4.3. Network Upgrade Information

- Network Upgrades are assigned a unique Upgrade Identification Number (UID)
    - Network Upgrade ID# convention, SPP-UID-#
    - *Example*: SPP-UID-1

- The Network Upgrade Description will provide a brief scope of the Network Upgrade

- Documentation of Network Upgrade Owner
    - SPP Member/facility owner(s) and Contact Information
    - Markets and Operations Policy Committee (MOPC) Representative
    - TWG Representative, if applicable

- Categorization
    - Economic as a part of a Balanced Portfolio
    - Integrated Transmission Planning Process
    - Sponsored Upgrade
    - Service Upgrade
    - Zonal Reliability Upgrade
    - Other

- Upgrade Specifications
    - Upgrade Type: Reconductor, Rebuild, New Construction, etc.
    - Voltage levels
    - Estimated Line Length and minimum required summer and winter rating
    - Transformer, minimum required summer and winter rating
    - Associated terminal equipment, minimum required summer and winter rating
    - Any other static equipment

- Network Upgrade Justification
    - NERC Reliability Compliance
    - Regional Study reliability
    - Zonal criteria
    - Transmission service request – List Aggregate study number with reference to posted facility log
    - Economic
    - Other

- Need Date

- Network Upgrade cost estimate in present day dollars, date of cost estimate, and origination of cost estimate.

- Cost recovery for Network Upgrade
    - Base Plan Allocated
    - Direct Assignment
    - Project Sponsor
    - Zonal
    - Regional
    - Other

4.4. Documentation of Approvals

- BOD approval or endorsement date or reference to approved motion
- Service Agreement number
- Commitment details of Sponsored Upgrades

4.5. Documentation of Project History

- The NTC/NTC-C will list any previously issued NTC ID or NTC-C ID numbers associated with the approved Network Upgrade or Network Upgrade change
- The NTC/NTC-C will include any related past NTC/NTC-C identification numbers to ensure proper documentation of the approval
- When the situation warrants issuing a new NTC/NTC-C, the new NTC/NTC-C will include past NTC/NTC-C numbers and information documenting the Network Upgrade change and party requesting the formally approved Network Upgrade change, rationale for the change and approvals for the scope adjustments

5. Acceptance of an NTC-C or NTC

5.1. *For all Applicable Projects that have been issued an NTC-C*

The DTO shall provide to SPP, within 90 days of the date of the NTC-C letter, a written commitment that it has accepted to construct the Network Upgrade(s) and that it shall provide SPP with an NTC-C Project Estimate (CPE), as described in Section 8.4, on or before the due date requested by SPP in the NTC-C letter. The DTO shall advise SPP of any inability to provide the CPE by the SPP requested date as soon as the inability becomes apparent to the DTO.

If the CPE variance bandwidth of -20% to +20% does not exceed the Study Estimate variance bandwidth of -30% to +30%, as discussed in Section 8, the Applicable Project's cost variance will be deemed acceptable and SPP staff will remove the conditions in the NTC-C and SPP staff will notify the DTO in writing within 5 business days that the conditions have been removed and issue a new NTC to the DTO, pursuant to Section 5.2.1 below. This will be the authorization for the DTO to proceed with the construction of the Applicable Project. In other words, if the CPE is not greater than 1.0833 times the Study Estimate and is not less than 0.875 times the Study Estimate, an NTC will be issued with no further review.

If the CPE variance bandwidth exceeds the variance bandwidth of -30% to +30% of the Study Estimate, SPP staff will re-evaluate this Applicable Project using the new cost estimate data provided by the DTO, and will make a recommendation to the BOD at its next regularly scheduled meeting. In other words, if the CPE is greater than 1.0833 times the Study Estimate or is less than 0.875 times the Study Estimate SPP staff will re-evaluate the project.

The CPE received from the DTO will be used as the established baseline cost estimate for reporting all future cost estimate changes during the Project Tracking process for the project and will be the basis for determining project cost variances.

5.2. *For all projects that have been issued an NTC*

5.2.1. Non-Competitive Projects

If the DTO accepts the NTC for a non-Competitive Project, it shall respond as prescribed in the NTC letter and provide SPP with a refined Study Estimate. This estimate is referred to as the NTC Project Estimate (NPE), as described in Section 8.4.

The NPE received from the DTO for these projects will be used as the established baseline cost estimate for reporting all future cost estimate changes during the Project Tracking process and will be the basis for determining project cost variances.

The baseline cost estimate for a Legacy Project shall be established as the value submitted in Project Tracking as of January 31, 2014, listed on the 2014 Quarter 2 SPP Project Tracking Report and approved by the BOD.

5.2.2. Competitive Projects

If the Selected RFP Respondent accepts the NTC for a Competitive Project, it shall respond within seven (7) calendar days of receiving the notice as described in Attachment Y of the SPP OATT. Once the conditions listed in Attachment Y are met, the Selected RFP Respondent will become the DTO.

The cost estimate provided in the response to the RFP by the DTO for a Competitive Project will be used as the established baseline cost estimate for reporting all future cost estimate changes during the Project Tracking process and will be the basis for determining project cost variances. This estimate is referred to as the RFP Response Estimate (RRE), as described in Section 8.5.

Where a Competitive Project is required to interconnect with an existing facility, the DTO for the Competitive Project and the incumbent TO of the existing facility shall negotiate in good faith the parameters of that interconnection consistent with the obligations of the Membership Agreement.

6. NTC/NTC-C Modification

It is recognized that from time to time modifications may be necessary to NTCs/NTC-Cs. The following sections outline the process to be used and the conditions under which an NTC/NTC-C may be modified.

6.1. Changes That Could Require a Modification

In the event that changes occur that could cause an NTC/NTC-C for a Project to be modified, SPP may re-study the need for the Project. Changes that could cause an NTC/NTC-C for a Project to be modified include but are not limited to:

NTC/NTC-C

- Change in scope
- Change in the In-Service Date or Need Date
- Changes in load
- Changes in generation
- Annulment of Transmission Service Requests (TSR)
- Change in local planning criteria
- Modeling error
- Change in DTO

NTC

- Change in cost estimates

6.2. Restrictions to Modifications to an NTC/NTC-C

Modifications must not:

- Cause adverse impact to Service Agreements or other contractually committed service under the SPP OATT
- Render firm transmission service under the OATT undeliverable

6.3. Stakeholder Request for Project Re-Study

A stakeholder wishing to have an NTC/NTC-C Project restudied must provide SPP with the necessary model changes needed to study the modification of the Project in the appropriate models. If SPP determines that a change has occurred that could cause an NTC/NTC-C for a Project to be modified, SPP will perform the necessary analysis to determine if the Project modification meets the Network Upgrade Justification of the original Project as described in Section 4.3. For a Project modification to be deemed reasonable, it must meet or exceed the Network Upgrade Justification of the original Project.

6.4. Notifications if NTC/NTC-C is Modified

If SPP determines that an NTC/NTC-C Project modification is reasonable, it will inform the TWG, MOPC, and BOD of this fact at their next regularly scheduled quarterly meeting and request the BOD approval or endorsement, as necessary, to issue an NTC/NTC-C modification**.**

After the BOD approves or endorses the NTC/NTC-C modification, SPP will issue a modified NTC/NTC-C, as needed.

6.5. *Modifications to NTCs for Applicable Projects*

After an NTC has been issued for an Applicable Project, and a modification is required, an NTC-C shall not be issued.

6.6. *Change in Scope*

A modification to an NTC/NTC-C shall be required if a change to the scope of the Project requires a modification in the designated Project. A change to the scope shall mean those new objectives that have a material impact on the required operating characteristics of the Transmission System pursuant to all applicable requirements of the SPP Tariff, SPP Criteria, NERC Reliability Standards, and the Transmission Provider's and TO's Transmission Planning Reliability Criteria in effect to maintain the reliable operation of the Transmission System in accordance with Good Utility Practice. Such changes may include but are not limited to:

- Topology
    - Routing changes
    - Interconnection point changes
- Operating Characteristics
- Changes in load
- Changes in generation
- Changes in local planning criteria
- Modeling errors
- Unavoidable need for modifications in distribution

And must:

- Provide comparable or improved level of electrical performance
- Not cause adverse impact to Service Agreements or other contractually committed service sold under the SPP OATT
- Not render sold firm transmission service undeliverable

In the event that the scope of an NTC/NTC-C needs to be modified, a new NTC/NTC-C letter shall be issued to clarify the change and to reflect any modifications to Project scope. SPP staff will complete the appropriate review for a modification.

If a stakeholder wishes to propose a change in the scope of an NTC/NTC-C or wishes to propose an alternative transmission solution to an already approved Network Upgrade, the requestor shall coordinate the proposed change with SPP staff.

6.7. *Change in the In-Service Date or Need Date*

It is recognized that a change in an NTC/NTC-C may be necessary due to required changes to the Project schedule.

Through the processes identified in Section 3, SPP could change the Need Date, which would result in an NTC/NTC-C modification.

The following items are not expected to cause a change in an NTC/NTC-C due to the fact that time delays associated with these causes are handled through a mitigation plan or a re-dispatch option, as appropriate:

- Not enough time to complete Project based on SPP's Need Date
- Unforeseen delays, such as:
    - Regulatory
    - Siting
    - Construction
    - Equipment delivery

6.8. *Change in Designated Transmission Owner*

A modified NTC/NTC-C shall be required if there is a change in the DTO of a Project. Once the change in DTO is approved, SPP shall issue a modified NTC/NTC-C reflecting the change in DTO. SPP shall inform the TWG and the PCWG of an approved change in DTO at their respective next regularly scheduled meeting.

7. NTC/NTC-C Withdrawal or Suspension

In the event that changes occur which could render an NTC/NTC-C for an approved Project unnecessary, SPP may re-study the need for the Project. Changes that could render an NTC/NTC-C for an approved Project unnecessary include but are not limited to:

- Changes in load
- Changes in generation
- Annulment of TSR's
- Change in local planning criteria
- Modeling error

But must not:

- Cause adverse impact to Service Agreements or other contractually committed service under the SPP OATT
- Render firm transmission service undeliverable

7.1. *Stakeholder Request for Project Re-studied for Withdrawal*

A stakeholder wishing to have an NTC/NTC-C Project re-studied for withdrawal must provide SPP with the necessary information needed to study the removal of the Project from the appropriate models. If SPP determines that changes have occurred that could render an NTC/NTC-C for an approved Project unnecessary, SPP will perform any necessary analysis and will, in consultation with stakeholders, determine if the Project is still required. Consideration of NTC/NTC-C withdrawal will take into account the stage of development of the Project and discussion with the DTO.

If SPP confirms that an NTC/NTC-C Project is unnecessary, it will inform the TWG, PCWG, MOPC, and BOD of this fact at their next regularly scheduled meeting and request approval by the BOD, as necessary, to withdraw the NTC/NTC-C.

After the BOD approves the withdrawal of an NTC/NTC-C, SPP will notify the DTO that the NTC/NTC-C has been withdrawn. If the NTC/NTC-C was due to a Service Agreement, then the

NTC/NTC-C withdrawal shall not need TWG, MOPC, or BOD approval but shall be addressed by SPP staff. SPP staff will work in coordination with the DTO to properly and safely stop all activities on the Project.

7.2. Notify SPP of Costs Related to an NTC Withdrawal

Within six months after receiving an NTC/NTC-C withdrawal, the DTO shall notify SPP of any costs that it incurred prior to receiving the withdrawal of the NTC/NTC-C for reimbursement pursuant to Section VIII of Attachment J to the SPP OATT.

7.3 NTC Suspension

An NTC Suspension is a directive from the BOD to suspend all activities and future expenditures for the suspended Project for a time period specified by the BOD and until the BOD takes further action on the NTC. The BOD may suspend an NTC for any Project being restudied by SPP. If the BOD suspends an NTC, SPP will issue a notice of the suspension to the DTO within 15 business days of the BOD approval to suspend the NTC. The notice will provide the timeframe of the restudy for the Project. SPP will work in coordination with the DTO to properly and safely suspend all activities on the Project.

8. Project Specification and Cost Estimation Process

A tiered approach for project cost estimates is based upon the level of project definition that is known while also considering an appropriate level of risk valuation. Each Stage of the Cost Estimation process is described in more detail below.

A process flow illustration of the cost estimation process is provided as Appendix C.

8.1. Conceptual Estimate Stage

The **Conceptual Estimate** is the estimate prepared by SPP staff based on historical cost information in an SPP database and updated information provided by the TO(s). It is to be used as a screening tool to determine if a project is cost-effective and whether it should be pursued in meeting a determined system need. This estimate would not attempt to address detailed environmental, geography, terrain or other issues.

In this first stage, SPP staff will develop the initial project scope and Conceptual Estimate using a cost estimate tool (database platform) that will be developed in conjunction with the TO(s). The cost estimating tool will include historical SPP cost data such as construction costs per mile for specific voltage levels, substation construction cost estimates, and construction cost modifiers for other relevant factors such as differences in region, terrain, urban/rural, etc. This will allow cost estimates to be developed to more readily accommodate the screening of large numbers of potential projects and selecting suitable candidates for further study.

The output of the cost estimate tool will be a table providing the total cost estimate for each project under consideration, as well as all of the supporting information for each cost estimate. This will provide an easy-to-use reference for the Conceptual Estimates and the ability to determine variations between them. SPP staff, in conjunction with the Transmission Owners, will update the cost data used in the cost estimate tool on an annual basis. To support these updates, SPP staff will provide an aggregate summary of final cost data collected in the Project Tracking process. This will ensure the cost estimate tool is kept up-to-date for Conceptual Estimates and will help refine the tool to reflect a better estimate of actual costs.

8.2. *Study Estimate Stage*

The **Study Estimate** is the estimate prepared for projects that pass the Conceptual Estimate screening process and require a more refined cost estimate for project approval.

The Study Estimate Stage begins after the initial project screening is completed and the list of potential projects has been narrowed to those most likely to be selected. SPP and/or the estimate provider for each project must review and refine the project scope as necessary to provide study-level cost estimates for each alternative project.

The Study Estimate is the first detailed cost estimate that is required, and will be developed based on the Study Estimate Design Guide. Due to the large number of unknown design and construction parameters at this point in the planning process and the project scope, the estimate provider should identify those unknowns and the risks associated with them.

The final project cost is expected to be within a -30% to + 30% variance from the Study Estimate.

8.3. NTC-C Project Estimate Stage

The **NTC-C Project Estimate (CPE)** is the estimate prepared by a DTO for an Applicable Project after the receipt of an NTC-C. This estimate will include any cost estimate analysis, as described in Section 2. The CPE will be used as the established baseline for reporting all cost estimate changes during the Project Tracking process and will be the basis for determining project variance. The NTC-C Project Cost Estimate (CPE) provided is expected to be within a +/- 20% precision bandwidth of the final project cost.

The CPE shall be submitted to SPP by the DTO on or before the date stated in the NTC-C letter.

For Applicable Projects originating from an ITP process, the CPE shall be due four months prior to the start of the next ~~applicable~~ ITP ~~process~~ Assessment (note: ITP ~~processes are~~Assessment is described in Attachment O of the SPP OATT).

~~For example, NTC-Cs issued for the 2015 ITP10 will have a CPE return deadline of four months prior to the start of the next ITP10 process. The 2015 ITP10 review was started July 1, 2013 and will complete its 18 month cycle December 31, 2014. The CPE response will be due no later than February 28, 2016.~~

~~**Applicable Process**~~	~~**Start Date of Next Process**~~	~~**CPE Due**~~

~~ITP10~~ ~~(e.g. 2015 ITP10)~~	~~Every 3rd July 1st~~ ~~(e.g. July 1, 2016)~~	~~Every 3rd Feb 28th~~ ~~(e.g. Feb 28, 2016)~~
~~ITP Near-Term~~ ~~(e.g. 2015 ITPNT)~~	~~Every January 1st~~ ~~(e.g. Jan. 1, 2016)~~	~~Every August 31st~~ ~~(e.g. Aug. 31, 2015)~~

For Applicable Projects originating from ~~a non-~~outside the ITP ~~process~~Assessment, the CPE shall be due 6 months after the date in which the NTC-C is issued.

If the CPE variance bandwidth of -20% to +20% does not exceed the Study Estimate variance bandwidth of -30% to +30%, as described in Section 5.1, the project's cost variance will be deemed acceptable and the conditions, as described in Section 2, on the NTC will be removed by SPP staff. SPP staff will issue a revised NTC letter to the DTO removing the conditions from the NTC. This will be the authorization for the DTO to proceed with the project.

If the CPE variance bandwidth exceeds the variance bandwidth of -30% to +30%, as described in Section 5.1, of the Study Estimate, SPP staff will re-evaluate this project using the new cost estimate data, and will make a recommendation to the BOD at its next scheduled quarterly meeting.

SPP staff's recommendation could be, but is not limited to, one of the following actions:

a. Accept the cost estimate variance and approve the Applicable Project as described in the NTC-C letter and remove the NTC's conditions;
b. Modify the existing Applicable Project with input from TWG;
c. Replace the Applicable Project with an alternative solution with input from TWG; or
d. Cancel the Applicable Project.

If the cost estimate variation of the CPE is accepted by the BOD, the CPE will be used as a final baseline cost estimate for reporting all future cost estimate changes during the Project Tracking process and will be the basis for determining project cost variances.

8.4. *NTC Project Estimate Stage*

The **NTC Project Estimate (NPE)** is provided by the DTO after receipt of an NTC for a non-Applicable, non-Competitive Project. It includes any additional cost or project information that is known at the time that the DTO is required to provide its response to the SPP. The NPE will be used as the established baseline for reporting all cost estimate changes during the Project Tracking process and will be the basis for determining project variance. The final project cost is expected to be within a -20% to + 20% variance from the NPE.

This stage begins after a non-Applicable, non-Competitive Project has been issued an NTC. The DTO has 90 days to respond to the NTC by committing to a project as required by the NTC or proposing a different project schedule or project specifications to be considered by SPP. If the DTO accepts the NTC, it shall respond as prescribed in the SPP NTC letter with a written commitment to construct letter and a NPE both submitted to SPP within the 90-day response period.

8.5. *RFP Response Estimate Stage*

The **RFP Response Estimate (RRE)** is the cost estimate provided by the DTO included in its response to an RFP for a Competitive Project. The RRE will be used as the established baseline for reporting all cost estimate changes during the Project Tracking process and will be the basis for determining project variance. The final project cost is expected to be within a -20% to + 20% variance from the RRE.

8.6. Baseline Cost Escalation

The established baseline is the version of a cost estimate that can only be changed through formal change control procedures and is used as a basis for comparison.

All cost estimates established as baselines will be escalated annually. SPP will escalate any cost estimate for an Upgrade that is considered a baseline estimate at the escalation rate assumed in the source study that originated the need for the Upgrade. The new escalated baseline cost estimate will be used for comparison with any updated cost estimate submitted in the same calendar year to measure cost estimate variance.

8.7. *Design and Construction Estimate Stage*

Design and Construction Estimates are provided by the DTO to SPP while the DTO engineering and construction are being completed, including any environmental, routing or siting requirements, and that has a known route. This would include but not be limited to any known material and labor costs and condemnation costs. The final project cost is expected to be within a -20% to + 20% variance from the applicable CPE, NPE, or RRE.

This stage covers the period between the start of design engineering to the final project closeout and the subsequent submittal of actual project costs to SPP through the Project Tracking process. All line-item cost differences between the cost estimate being used as an established baseline and these updated cost estimates must be accompanied by a detailed explanation from the DTO.

Table 1: Cost Estimate Stage Definition Overview

Estimate Name	Stage			End Usage	Precision Bandwidth
	Non-Competitive Projects		**Competitive Projects**		
	Projects > 100 kV & > $20 Million	**All other BOD Approved Projects**			
Conceptual (SPP Prepared)	1	1	1	Concept screening for ~~ITP20/ITP10~~ITP Assessment	-50% to + 100%
Study	2	2	2	Study of feasibility and plan development for ~~ITP10/ITPNT~~ITP Assessment	-30% to +30%
	NTC-C Issued	***NTC Issued***	***RFP Issued***		
NTC-C Project (CPE)	3	N/A	N/A	Established baseline (NTC-C)*	-20% to +20%
	New NTC Issued				
NTC Project (NPE)	N/A	3	N/A	Established baseline (NTC)*	-20% to +20%
RFP Response (RRE)	N/A	N/A	3	Established baseline (RFP Response)*	-20% to +20%
			NTC Issued		
Design & Construction	4	4	4	Design after NTC issued to build the project	-20% to +20%**

**BOD approval required to reset the baseline.*

***Actual cost is expected to be within +/-20% of established baseline estimate.*

9. Standardized Cost Estimate Reporting Template (SCERT)

SPP will request the completion of a Standardized Cost Estimate Reporting Template (SCERT) for all project cost estimates and applicable monthly/quarterly updates. The SCERT template is located on the SPP website on the Project Cost Working Group webpage. The SCERT will:

a. Provide a consistent format among all estimates
b. Facilitate the Project Tracking process
c. Ensure the required level of detail is provided
d. Facilitate the transition of a completed project into the proper Annual Transmission Revenue Requirement (ATRR) recovery process through SPP's OATT

For each Legacy Project, the DTO authorized to construct the Legacy Project will populate a SCERT if the cost estimate of the project increases 10% or greater than the established baseline cost estimate.

For a Competitive Project, the RRE shall be submitted through the RFP response form. After a commitment to construct is accepted by SPP for a Competitive Project, the DTO shall submit all subsequent cost estimates through the completion of a SCERT.

All information requested to be sent to SPP in this section shall be submitted to SPPprojecttracking@spp.org.

9.1. *Study Estimate Design Guide*

For the Study Estimate, all estimate providers shall develop estimates based on the Study Estimate Design Guide. The SCERT information provides a transparent process on what is provided in the cost estimate, including the assumptions made on unknowns at the time the cost estimate was prepared.

10. PCWG Review Process for Applicable Projects

The Project Cost Working Group (PCWG) process applies to approved Applicable Projects once a DTO has received an NTC from SPP and the project exceeds the stated bandwidths as described in Section 5.1.

All information requested to be sent to SPP in this section shall be submitted to SPPprojecttracking@spp.org.

If an Applicable Project deviates or is expected to deviate +/- 10% from its established baseline cost estimate, the DTO shall provide all relevant data and information to SPP with an updated SCERT within 45 calendar days when the DTO became aware of the deviation. SPP staff will then notify the PCWG. The PCWG *may* require the DTO to provide monthly Project Tracking data after this notice from the DTO.

If an Applicable Project deviates or is expected to deviate +/-20% from its established baseline cost estimate the DTO, within 45 calendar days when the DTO became aware of the deviation, notify SPP staff detailing the cost estimate variances with an updated SCERT along with comments and explanations regarding the variances.

The PCWG will receive the updated scope and SCERT provided to SPP by the DTO including any Project Tracking data updates, any comments from the DTO related to cost estimate variances, and any applicable input from SPP staff. The DTO's comments should include relevant information regarding any sunk costs, an explanation for the cost estimate variances, and comments regarding whether construction of the project should continue. The PCWG will oversee all reports to be submitted to the MOPC, RSC, and BOD prior to their regularly scheduled meetings.

11. Projects Reviewed by PCWG

The PCWG will provide recommendations to the MOPC and BOD regarding any Applicable Project whose cost estimate exceeded the +/-20% bandwidth of the established baseline cost estimate. Recommended action(s) may include any of the following:

i. Accept the cost estimate deviation as reasonable and acceptable and reestablish the baseline used to evaluate future cost estimate deviations.
ii. Identify all or a portion of the costs related to the variances and recommend any changes to the NTC that would reduce the cost or avoid the issues that may be causing the increase.
iii. Issue an NTC Suspension on the project while SPP restudies the project to determine appropriate changes to the NTC, possible withdrawal of the NTC or whether an alternative project should replace the project.

The BOD will make the final determination on whether to accept the PCWG recommendation(s) or to choose an alternative action.

If the BOD determines to reestablish the baseline cost estimate, the previous baseline cost estimate will be retained in the monitoring tool.

The PCWG will notify MOPC if a trend appears to be developing whereby the information provided in the SCERTs is deviating from the Study Estimate Design Guide. The MOPC will then determine if a review of the SCERT indicates changes in the Study Estimate Design Guide are required.

12. Project Reporting

12.1. SPP Staff

On a quarterly basis the SPP staff shall post:

- the status of the upgrades identified in the STEP on the SPP website
- any NTC/NTC-C(s) issued during the quarter
- any NTC/NTC-C withdrawal(s) issued during the quarter
- any NTC(s) modifications issued during the quarter

At least quarterly, SPP staff will submit a Project Tracking report to the PCWG detailing all project cost estimate changes that are outside the established project variance bandwidth.

12.2. DTOs with Projects with an Approved RRE, NPE, or CPE

DTOs building a Project(s) with an approved RRE, NPE, or CPE shall submit Project Tracking updates to SPP staff on a quarterly basis, unless the bandwidth is exceeded as denoted in (a) or (b) below, in which case the DTO will notify SPP within 45 calendar days with the information as follows:

a. If an Applicable Project cost estimate deviates or is expected to deviate +/-10% from its established baseline cost estimate, the DTO will notify SPP staff detailing the cost estimate variances with an updated SCERT along with comments and explanations regarding the variances. SPP staff will provide notification to the PCWG with no corrective action expected. SPP staff will monitor these projects and take appropriate action if necessary.

b. If an Applicable Project cost estimate deviates or is expected to deviate +/-20% from its established baseline cost estimate, the DTO will notify SPP staff detailing the cost estimate variances with an updated SCERT along with comments and explanations regarding the variances. SPP staff will provide the updated information to the PCWG. The PCWG will review and provide recommendations to the MOPC and BOD. The PCWG will also provide an update to the RSC. The DTO will be required to provide monthly updates regarding project cost estimates and other relevant information to SPP staff until BOD action is taken.

13. NTC Project Close-out and Validation Process

For SPP to validate a Network Upgrade has been constructed and placed into service pursuant to the NTC, the DTO shall provide the following to SPP in addition to the reporting requirements described in Section 12.2:

- Letter of Commercial Operation with company letterhead submitted to SPPprojecttracking@spp.org;
- All pertinent modeling information to the SPP Engineering Department through the Models On Demand (MOD) system;
- Actual cost amount to-date of Network Upgrade as reflected through one or both of the following methods:
  - Base Plan Funded Network Upgrades – submitted through formula rate updates
  - Non-Base Plan Funded Network Upgrades – submitted through the Project Tracking update process;
- Final SCERT that includes as-built equipment specifications; and
- All pertinent Geographical Information Systems (GIS) data to the SPP Engineering Department through the TruShare system (only applicable to Network Upgrades that include greenfield transmission lines).

Once all the required information has been provided to, and validated by SPP staff, the status of the Network Upgrade will be marked as "Closed-out" on the next quarterly Project Tracking report, and will not appear on subsequent quarterly reports.

If a DTO does not provide one or more of the requirements listed above for a Network Upgrade within two calendar years after the in-service date reported in Project Tracking, SPP staff will provide a report to the following organizational groups, in escalation based on the length of time the information is delinquent:

i. Level 1 – Report provided to PCWG after 2-year delinquency is identified;
ii. Level 2 – Report provided to MOPC and RSC at their next regularly scheduled meetings if delinquent three months after Level 1 report; and
iii. Level 3 – Report provided to BOD at its next regularly scheduled meeting if delinquent three months after Level 2 report. Subsequently, reports provided to BOD each regularly scheduled meeting until delinquency is resolved.

SPP staff will report to the MOPC, RSC, and BOD if an actual cost reveals a deviation of +/-20% of the established baseline cost.

Actual costs will continue to be tracked for all Network Upgrades after they are closed-out, as there could be additional costs identified by the DTO and submitted to SPP. SPP staff will report the updated actual costs of a closed-out project to the MOPC, RSC, and BOD if the updated actual cost of the project deviates +/-20% from the established baseline cost.

14. Dispute Resolution

Dispute resolutions should be handled as specified in Section 12 of the SPP OATT. If a dispute is filed the Customer that has service contingent upon the upgrade being completed shall be notified by SPP staff.

SPP
Notification To Construct

201 Worthen Drive
Little Rock, AR 72223-4936
501-614-3220 • Fax: (501) 666-0376
[SPP CONTACT]
[SPP CONTACT TITLE]

SPP-NTC-#

[DATE]

[DESIGNATED TRANSMISSION OWNER]
[ADDRESS]

RE: Notification to Construct ***[Approved Reliability Network Upgrades/Network Upgrades Pursuant to Transmission Service Request]***

Dear **[DESIGNATED TRANSMISSION OWNER]**,

Pursuant to Section 3.3 of the Southwest Power Pool, Inc. ("SPP") Membership Agreement and Attachments O and Y of the SPP Open Access Transmission Tariff ("OATT"), SPP provides this Notification to Construct ("NTC") directing **[DESIGNATED TRANSMISSION OWNER]**, as the Designated Transmission Owner, to construct the Network Upgrade**[s]**.

On **[DATE]**, the Southwest Power Pool ("SPP") **[Board of Directors approved the Network Upgrade(s) listed below to be constructed]** OR **[concluded that the Project is required on the [DESIGNATED TRANSMISSION OWNER] system to fulfill Transmission Service Requests as detailed in Aggregate Facility Study SPP-200#-AG#-AFS-##] OR [Insert the appropriate reason to construct the Project if different than listed above]**.

Project ID: ***PID #***
Project Name: ***Project Name***
Need Date for Project: ***DATE***
Estimated In-Service Date for Project: ***IN-SERVICE DATE PROVIDED BY NETWORK UPGRADE OWNER DURING AGGREGATE STUDY***
Estimated Cost for Project: ***$###,###***

> **Network Upgrade ID:** ***UID #***
> **Network Upgrade Description:** ***Network Upgrade Description***
> **Network Upgrade Owner:** ***Owner Information***
> **MOPC Representative:** ***Representative Information***
> **TWG Representative:** ***Representative Information***
> **Categorization:** ***Regional Reliability / Zonal Reliability / Economic / Service***
> **Network Upgrade Specifications:** ***Network Upgrade Specifications***

Network Upgrade Justification: ***Network Upgrade Justifications***
Need Date for Network Upgrade: ***Network Upgrade Need Date***
Estimated In-Service Date for Network Upgrade: ***IN-SERVICE DATE PROVIDED BY NETWORK UPGRADE OWNER DURING AGGREGATE STUDY***
Estimated Cost for Network Upgrade (currrent day dollars): ***$###,###***
Cost Allocation of the Network Upgrade: ***Base Plan Funded / Direct Assigned to Customer / Sponsored Network Upgrade / Other***
Estimated Cost Source: ***Network Upgrade Owner / Network Upgrade Sponsor/ SPP***
Date of Cost Estimate: ***MM/DD/YYYY***

[In the event the NTC is a modification to or withdrawal of an existing NTC, the following will be listed in addition to or instead of the above: Previous NTC number, Previous NTC Issue Date, and Reason for Change.]

Commitment to Construct
The DTO must provide to SPP a written commitment to construct the Network Upgrade(s) within 90 days of the date of this Notification to Construct, in addition to providing a construction schedule for the Network Upgrade(s). Failure to provide a written commitment to construct as required by the SPP OATT could result in the Network Upgrade(s) being assigned to another entity.

Mitigation Plan
The Need Date OR Estimated In-Service Date represents the timing required for the Network Upgrade(s) to address the identified need. Your prompt attention is required for formulation and approval of any necessary mitigation plans for the Network Upgrade(s) if the Need Date OR Estimated In-Service Date is not feasible. Additionally, if it is anticipated that the completion of any Network Upgrade will be delayed past the Need Date OR Estimated In-Service Date, SPP requires a mitigation plan be filed within 60 calendar days of the determination of expected delays.

Notification of Commercial Operation
A notification of commercial operation for each listed Network Upgrade must be provided to SPP within 60 calendar days after the Network Upgrade is complete and in-service. The DTO must provide SPP with the actual costs of these Network Upgrades as soon as possible after completion of construction. Timely cost notification will facilitate the timely billing by SPP based on actual costs.

Notification of Progress
On an ongoing basis, please keep SPP advised of any inability on **[DESIGNATED TRANSMISSION OWNER]**'s part to complete the approved Network Upgrade(s). For project tracking, SPP requires **[DESIGNATED TRANSMISSION OWNER]** to submit status updates of the Network Upgrade(s) quarterly in conjunction with the SPP Board of Directors meetings. However, **[DESIGNATED TRANSMISSION OWNER]** shall also advise SPP of any inability to comply with the Project Schedule as soon as the inability becomes apparent.

All terms and conditions of the SPP OATT and the SPP Membership Agreement shall apply to this Project, and nothing in this NTC shall vary such terms and conditions.

Don't hesitate to contact me if you have questions or comments regarding these instructions. Thank you for the important role that you play in maintaining the reliability of our electric grid.

Sincerely,

[SPP CONTACT SIGNATURE]
[SPP CONTACT TITLE]

cc: SPP COO, SPP Sr. VP Engineering & Regulatory Policy, SPP Director Transmission Policy, SPP Vice President of Engineering, SPP Director of Transmission Development, **[MOPC REPRESENTATIVE(S)]**, SPPprojecttracking@spp.org, **[TWG REPRESENTATIVE(S)].**

APPENDIX B: Sample NTC-C

SPP
Notification To Construct with Conditions

201 Worthen Drive
Little Rock, AR 72223-4936
501-614-3220 • Fax: (501) 666-0376
[SPP CONTACT]
[SPP CONTACT TITLE]

SPP-NTC-#

[DATE]

[DESIGNATED TRANSMISSION OWNER]
[ADDRESS]

RE: Notification to Construct ***[Approved Reliability Network Upgrades/Network Upgrades Pursuant to Transmission Service Request]***

Dear **[DESIGNATED TRANSMISSION OWNER]**,

Pursuant to Section 3.3 of the Southwest Power Pool, Inc. ("SPP") Membership Agreement and Attachments O and Y of the SPP Open Access Transmission Tariff ("OATT"), SPP provides this Notification to Construct ("NTC") directing **[DESIGNATED TRANSMISSION OWNER]**, as the Designated Transmission Owner, to construct the Network Upgrade**[s]**. This NTC is Conditioned upon the **[DESIGNATED TRANSMISSION OWNER]** not ordering materials or beginning construction until:

(1) the DTO submits a refined project cost estimate (CPE) to SPP staff that has a variance bandwidth of -20% to +20% that does not exceed the Study Estimate variance bandwidth of -30% to +30% as provided for in SPP's Business Practices; **or**

(2) the SPP Board of Directors considers SPP Staff's re-evaluation of a project that has a refined project cost estimate (CPE) from the DTO that exceeds the Study Estimate variance bandwidth of -30% to +30% as provided for in SPP's Business Practices.

On **[DATE]**, the Southwest Power Pool ("SPP") **[Board of Directors approved the Network Upgrade(s) listed below to be constructed]** OR **[concluded that the Project is required on the [DESIGNATED TRANSMISSION OWNER] system to fulfill Transmission Service Requests as detailed in Aggregate Facility Study SPP-200#-AG#-AFS-##] OR [Insert the appropriate reason to construct the Project if different than listed above]**.

Project ID: ***PID #***
Project Name: ***Project Name***
Need Date for Project: ***DATE***

Estimated In-Service Date for Project: ***IN-SERVICE DATE PROVIDED BY NETWORK UPGRADE OWNER DURING AGGREGATE STUDY***
Estimated Cost for Project: ***$###,###***

Network Upgrade ID: ***UID #***
Network Upgrade Description: ***Network Upgrade Description***
Network Upgrade Owner: ***Owner Information***
MOPC Representative: ***Representative Information***
TWG Representative: ***Representative Information***
Categorization: ***Regional Reliability / Zonal Reliability / Economic / Service***
Network Upgrade Specifications: ***Network Upgrade Specifications***
Network Upgrade Justification: ***Network Upgrade Justifications***
Need Date for Network Upgrade: ***Network Upgrade Need Date***
Estimated In-Service Date for Network Upgrade: ***IN-SERVICE DATE PROVIDED BY NETWORK UPGRADE OWNER DURING AGGREGATE STUDY***
Estimated Cost for Network Upgrade (currrent day dollars): ***$###,###***
Cost Allocation of the Network Upgrade: ***Base Plan Funded / Direct Assigned to Customer / Sponsored Network Upgrade / Other***
Estimated Cost Source: ***Network Upgrade Owner / Network Upgrade Sponsor/ SPP***
Date of Cost Estimate: ***MM/DD/YYYY***

[In the event the NTC-C is a modification to or withdrawal of an existing NTC-C, the following will be listed in addition to or instead of the above: Previous NTC–C number, Previous NTC-C Issue Date, and Reason for Change.]

Commitment to Construct
The DTO shall provide to SPP a written commitment to construct the Network Upgrade(s) within 90 days of the date of this Notification to Construct. Failure to provide a written commitment to construct could result in the Network Upgrade(s) being assigned to another entity.

NTC-C Project Estimate (CPE)
Also, the DTO shall provide SPP a CPE by [***DATE]*** as described in SPP's Business Practice No. 7060 regarding Notification to Construct with Conditions. **[DESIGNATED TRANSMISSION OWNER]** shall advise SPP of any inability to provide the CPE by [***DATE]*** as soon as the inability becomes apparent.

Removal of Conditions
Upon notice by SPP staff of removal of the conditions contained in this NTC, SPP staff will issue the DTO a new NTC and the following will be applicable:

Mitigation Plan
The Need Date OR Estimated In-Service Date represents the timing required for the Network Upgrade(s) to address the identified need. Your prompt attention is required for formulation and approval of any necessary mitigation plans for the Network Upgrade(s) if the Need Date OR Estimated In-Service Date is not feasible. Additionally, if it is anticipated that the completion of any Network Upgrade will be delayed past the Need Date OR Estimated In-Service Date, SPP requires a mitigation plan be filed within 60 days of the determination of expected delays.

Notification of Commercial Operation
Please submit a notification of commercial operation for each listed Network Upgrade to SPP as soon as the Network Upgrade is complete and in-service. Please provide SPP with the actual costs of these Network Upgrades as soon as possible after completion of construction. This will facilitate the timely billing by SPP based on actual costs.

Notification of Progress
On an ongoing basis, please keep SPP advised of any inability on **[DESIGNATED TRANSMISSION OWNER]**'s part to complete the approved Network Upgrade(s). For project tracking, SPP requires **[DESIGNATED TRANSMISSION OWNER]** to submit status updates of the Network Upgrade(s) quarterly in conjunction with the SPP Board of Directors meetings. However, **[DESIGNATED TRANSMISSION OWNER]** shall also advise SPP of any inability to comply with the Project Schedule as soon as the inability becomes apparent.

All terms and conditions of the SPP OATT and the SPP Membership Agreement shall apply to this Project, and nothing in this NTC shall vary such terms and conditions.

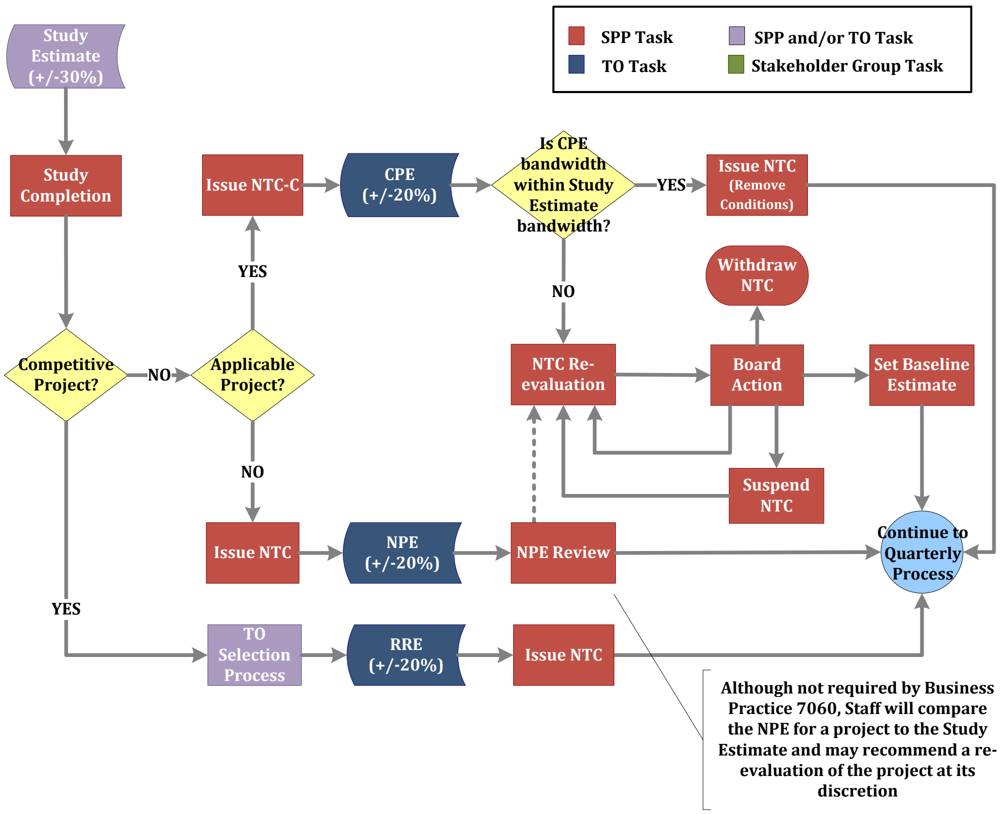
Don't hesitate to contact me if you have questions or comments regarding these instructions. Thank you for the important role that you play in maintaining the reliability of our electric grid.

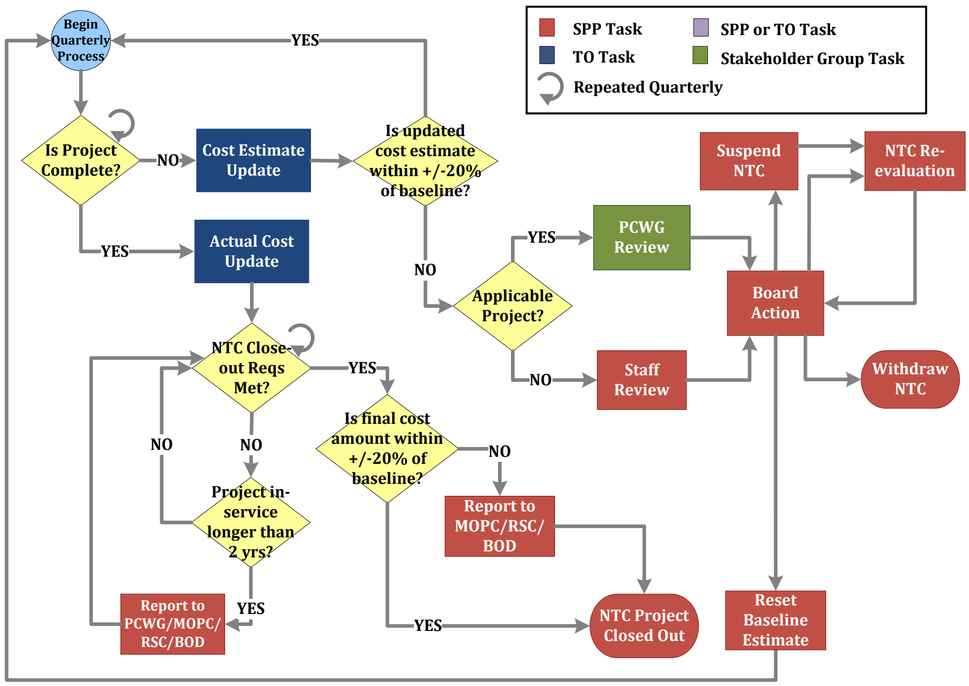
Sincerely,

[SPP CONTACT SIGNATURE]
[SPP CONTACT TITLE]

cc: SPP COO, SPP Sr. VP Engineering & Regulatory Policy, SPP Director Transmission Policy, SPP Vice President of Engineering, SPP Director of Transmission Development, **[MOPC REPRESENTATIVE(S)]**, SPPprojecttracking@spp.org, **[TWG REPRESENTATIVE(S)].**

APPENDIX C: Cost Estimation Process





SPP Task
SPP or TO Task
TO Task
Stakeholder Group Task
Repeated Quarterly
Begin Quarterly Process
YES
Is Project Complete?
NO
Cost Estimate Update
Is updated cost estimate within +/-20% of baseline?
YES
Actual Cost Update
NO
YES
PCWG Review
Applicable Project?
NO
Staff Review
Suspend NTC
NTC Re-evaluation
Board Action
Withdraw NTC
NTC Close-out Reqs Met?
YES
Is final cost amount within +/-20% of baseline?
NO
Report to MOPC/RSC/BOD
NO
NO
Project in-service longer than 2 yrs?
YES
Report to PCWG/MOPC/RSC/BOD
YES
NTC Project Closed Out
Reset Baseline Estimate

Dept	Doc ID	Document Title	Current Version	Current Rev Date
Tariff Administration 6/29/2015	0810PCS7060	Notification to Construct and Project Cost Estimating Requests submitted during Simultaneous Submission Window	1.7	1/12/2016

Revision History

Ver No.	Rev. Date	Eff. Date	By	Summary of Changes
1.0.		1/15/2014	C. Frizzell	New Business Practice governing NTC/s issued after 1/1/2012
1.1	10/15/2013	10/15/2013	C. Frizzell	Modifications per TWG
1.2	1/15/2014	1/15/2014	C. Frizzell	Modifications per TWG
1.3	4/15/2014	4/15/2014	C. Frizzell	Modifications per PCWG
1.4	7/15/2014	7/15/2014	C/ Frizzell	Reformatting of existing BP
1.5	10/30/2014	10/30/2014	C. Frizzell	Modification to accommodate FERC Order 1000 process. Removed specific references to DTO, where appropriate, added references to Att Y of the OATT, modified Study Estimate to be more generic
1.6	1/14/2015	1/14/2015	C. Frizzell	Definition of formal NTC close-out process
1.7	1/12/2016	1/12/2016	C. Frizzell	Further FERC Order 1000 modifications. Definition of NTC suspension

Approval

Primary Owner: **Shari Brown**

Shari Brown

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Signature date supersedes prior approval dates

7160 Notice to Construct Re-evaluation Review

(return to TOC)

The process for issuing Notifications to Construct (NTCs) is fully described in Business Practice 7060 as well as in Attachment O, Section VI of the Tariff. Projects assigned an NTC under the ~~ITPNT or ITP10 processes~~ITP Assessment will be reviewed to determine if the projects will be re-evaluated. The intent of NTC project re-evaluation is to assess the continued need for the project(s) and the project's required in-service date. This business practice is intended to clarify the criteria used to determine transmission projects assigned NTCs that will be re-evaluated.

Business Practice

- ~~**ITP Study Process**~~
  - ~~10 Year Assessment – ITP10~~
  - ~~Near Term Assessment - ITPNT~~

This Business Practice clarifies the conditions under which an NTC will be re-evaluated during the ITP ~~study process~~Assessment. The need for a re-evaluation of an NTC may arise from the availability of new information such as material changes to modeling assumptions, public policy, and project costs. These changes may result in a need to modify or replace NTCs to construct a more cost effective project. This business practice is applicable to NTCs resulting from the ITP ~~Study Process~~Assessment that are issued after 1/1/2012.

Re-evaluation of an NTC will be initiated based on the following criteria:

- Any of the requirements for re-evaluation in Business Practice 7060 is met;
- There has been a change in Public Policy directly related to a project designated in the ITP study process as a Policy Project;
- An event has occurred causing significant change to an area and re-evaluation has been approved by TWG;
- Upon DTO request to re-evaluate its assigned NTC **or;**
- Total estimated project cost exceeds $20 Million **and**;
  - The NTC has been issued for at least one year **and**;
  - The NTC has a Need Date greater than 48 months from the NTC issuance date **and**;
  - The DTO has not held public meetings to discuss proposed routes for a Project **and**;
  - Committed expenditures as of the date of end of re-evaluation should not exceed 10% of the baseline NTC cost estimate.

Applicable ITP ~~Study Process~~Assessment for NTC Re-evaluation:

- ~~Reliability projects meeting the NTC re-evaluation criteria with Need Dates within the current ITPNT planning horizon will be re-evaluated during the current ITPNT.~~

- ~~Reliability projects meeting the NTC re-evaluation criteria with Need Dates beyond the current ITPNT planning horizon will be re-evaluated during the subsequent ITPNT with a horizon including the project's need date.~~
- ~~Economic and Public Policy projects meeting the~~ Any NTC meeting the re-evaluation criteria will be reviewed during the next ~~ITP10~~ITP Assessment.
- A DTO request to re-evaluate their assigned NTC outside of the ITP ~~Study Process~~Assessment will require BOD approval.
- Determinations for re-evaluations in addition to the initial re-evaluation will be based on project lead times necessary to allow the Need Dates of the projects to be met.

When an NTC has been chosen for re-evaluation, the DTO will be contacted by SPP and informed of the project's re-evaluation status.

NTC Review Closing Dates[1]:

- ~~**ITPNT:**~~ The closing date will be July 1st of the current cycle of the ~~ITPNT~~ ITP Assessment for the performance of the NTC review and the receipt of DTO re-evaluation requests.

~~2. **ITP10:** The closing date will be four (4) months following the start of the current ITP10 cycle for NTC review for the performance of the NTC review and the receipt DTO re-evaluation requests.~~

The withdrawal or modification of an NTC Project must not:

- **Cause adverse impact to existing Service Agreements or other contractually committed service under the Tariff.**
- **Result in the inability to meet reliability standards.**
- Render sold firm transmission service undeliverable.
- Render interregional studies or agreements invalid.

Upon approval of the BOD to withdraw an NTC, the DTO which received the NTC will be notified of the change in status of the Project. The NTC Project will also be removed from all planning models including TS and GI models.

[1] Consideration for re-evaluation will be given to an NTC based on the occurrence of unforeseen circumstances adversely affecting the project after the specified closing date.

Dept	Doc ID	Document Title	Current Version	Current Rev Date
Tariff Administration	0810PCSBP7160	Notice to Construct Re-evaluation Review	1.0	4/18/2013

Revision History

Ver No	Rev Date	Eff Date	By	Summary of Changes
1.0	4/18/2013	4/18/2013	kjq	New Business Practice

Approval

Primary Owner: Shari Brown

Shari Brown

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7650 Order 1000: Detailed Project Proposal
(return to TOC)

Business Practice

The purpose of this Business Practice is to describe the process for submission and treatment of a Detailed Project Proposal ("DPP") during the Integrated Transmission Planning ("ITP") ~~study process~~Assessment as outlined in Attachment O of the SPP Tariff. After the applicable ITP study scope has been ~~approved~~finalized, and the needs assessment has been performed, SPP staff shall notify stakeholders of the identified transmission needs and provide a transmission planning response window of thirty (30) days during which any stakeholder may submit a DPP. The information supplied by the stakeholder in the DPP must be sufficient to allow SPP staff to evaluate the project described by the DPP pursuant to Section III.~~8.b~~6(a) of Attachment O of the Tariff.
If the project described in a DPP is selected and approved for construction as a Competitive Upgrade, the submitting stakeholder may be eligible to receive incentive points pursuant to the eligibility requirements described in Section III.2.f.iv of Attachment Y of the Tariff.

Notification of Open Window for DPP Submittal

SPP will provide notification via the SPP website and email exploder when transmission needs have been posted for a specific ITP ~~study~~ Assessment and post the 30-day response window when a stakeholder may submit a DPP. Requirements for the submission of a DPP are contained in Section III.6~~8.b~~ of Attachment O of the Tariff.

DPP Submittal

To propose a DPP, stakeholder(s), hereinafter referred to as "Submitter," shall submit the necessary information to SPP via the Request Management System (RMS). The necessary information must be submitted within the prescribed 30-day transmission planning response window in order to qualify as a DPP. The information required for a DPP submittal is included in the DPP Submittal Form that is found in Exhibit A. The DPP Submittal Form must be used when submitting the DPP to SPP staff.

DPP Receipt and Response

Upon receipt of the DPP submittal, SPP will verify that the DPP was received within the 30-day DPP transmission planning response window, based on the time and date stamp in the RMS of such submittal, and verify that the submittal is complete. If a DPP submittal is received outside of the 30-day transmission planning response window, SPP staff will notify the Submitter via email that its submittal does not qualify for incentive points.

Notification to Submitter of an Incomplete DPP

If SPP staff determines a DPP Submittal Form is incomplete, SPP staff will notify the Submitter via email. The notification will be sent to the Submitter no later than 10 business days after the close of the transmission planning response window.
The Submitter is permitted to remedy the deficiencies by the latest date of the following (cure period):

- The end of the transmission planning response window; or

- 10 business days after SPP issues the notification using the date stamp of the issued email.

If the missing information is not received within the required timeframe, or if the DPP is still incomplete at the end of the cure period, the proposed project will not qualify as a DPP and will not be eligible to receive incentive points if the project is ultimately approved for construction during that ITP Assessment. SPP will notify the Submitter that DPP submittal is disqualified from consideration for incentive points.

Notification to Submitter of Accepted or Disqualified DPP

SPP will notify the Submitter via email of the acceptance or the disqualification of its DPP.
A stakeholder that submits a DPP Submittal Form that is equivalent to a DPP or a Transmission Provider identified project in a previous ITP ~~a~~Assessment ~~during the current three-year ITP planning cycle~~ shall not be eligible for incentive points unless the stakeholder is the original Submitter.
SPP retains the right to use the suggested project in its planning process even if the submitter of the project does not qualify for incentive points.

Cost Estimates for DPP Projects

It is not a requirement that a DPP include a transmission cost estimate. Cost estimates will be developed throughout the study process. The development of the cost estimate will be the responsibility of SPP. The cost estimate included at the time of project approval by the SPP Board of Directors will be at a +/- 30% level of confidence.

DPP Selection

SPP staff will use the following criteria to determine when a project submitted via a DPP is equivalent to a transmission project in the recommended portfolio:

- The project submitted via a DPP must solve at least the same needs as the selected transmission project;
- The project submitted via a DPP must have the same transmission line voltage as the selected transmission project;
- The project submitted via a DPP must have the same or similar termination points including transformers as the selected transmission project;[2]
- The project submitted via a DPP must have an equipment rating in MVA within =50% of lines and transformers as the selected transmission project;
- The project submitted via a DPP must have an impedance within +/-25% of the selected transmission project; and
- The project submitted via DPP does not create additional reliability issues not already addressed.

Selection Notification

After the SPP Board of Directors approves an ITP Assessment portfolio of projects, SPP staff will notify each of the Submitters in writing whether or not it's DPP was approved for construction by the SPP

[22] Similar termination points determined if they are located no more than 1 station (sub-station, switching station, or other station as identified in the SPP Model) away or within 15 linear miles from the Board approved project.

Board of Directors where the Transmission Owner will be selected utilizing the Transmission Owner Selection Process as described in Attachment Y of the Tariff. Concurrent with written notification to each of the Submitters, SPP Staff will post on the SPP website the names of the approved ITP Assessment ~~P~~portfolio of projects that has associated DPPs pursuant to the Transmission Owner Selection Process as described in Attachment Y of the Tariff.

Exhibit A (Draft)

Detailed Project Proposal (DPP) DPP # ______________

Submittal Form ~~Study: ☐ ITPNT ☐ ITP10 ☐ ITP20~~

This form must be completed for each project that is submitted to SPP in accordance with Section III.6~~8.b.~~ of Attachment O of the SPP Tariff and SPP Business Practice _____. This form must be received within the 30-day DPP open window during the ITP ~~process~~ Assessment in order to be eligible for the Transmission Owner Selection Process ("TOSP") incentive points. If previously submitted, the proposed project would have to be resubmitted during the DPP open window to remain eligible for TOSP Incentive Points.

Submitter Company:____

Contact Name:____

Contact Phone/Email:_______________________________________

DPP Information

The information supplied by the Submitter must be sufficient to allow SPP to evaluate the project described in the DPP. At a minimum, the DPP must include the information below.

General Project Information	
Description of the Project:	
Supporting Documentation provided:	One-line diagram(s): ☐ Yes ☐ No Configuration(s): ☐ Yes ☐ No PSS/E version ## IDEV: ☐ Yes ☐ No
Proposed line routing:	
Preliminary transmission line engineering and design data:	
Preliminary substation engineering and design data:	
ITP Assessment Need(s) Addressed	

Describe the need(s) including need by date(s), applicable ITP future identified in the ITP ~~process~~ Assessment that this upgrade will address:	
Proposed Project Schedule	
Proposed project schedule including, at a minimum timelines for completing regulatory, right-of-way, environmental, engineering, procurement, construction activities, and expected in-service date:	
Risk(s) Identification	
Describe any known or anticipated risk(s) to the project schedule:	☐ None
For any risk listed, please provide the recommended mitigation plan:	☐ None

Environmental Impact(s)	
Describe any known or anticipated environmental impact(s):	☐ None
Engineering and Modeling Data Required	
Engineering and modeling data required by SPP: (termination points, bus numbers, voltage levels, MVA and MW rating, transformers)	
Changes to Modeling Assumptions	
Were any modeling assumptions modified from those used in the current ITP ~~process~~Assessment?	☐ Yes ☐ No
For any modifications to modeling assumptions made, please provide the identification and justification for the change(s):	
Transmission Economic or Reliability Analysis	

Provide the results of any transmission economic or reliability analysis, if applicable:	☐ N/A ☐ Results provided (*i.e.*, PSSE IDEV or PROMOD analysis provided with accompanying narrative)
Other Information	
Other information provided (please list):	

Received by:____

Date/Time Received: ____

Dept	Doc ID	Document Title	Current Version	Current Rev Date
Tariff Administration	0810PCSBP7650	Order 1000 Detailed Project Proposal	1.2	4/12/2016

Revision History

Ver No.	Rev. Date	Eff. Date	By	Summary of Changes
1.0.		1/15/2014	B. Hooten	Order 1000 New Business Practice for Detailed Project Proposal
1.1	4/15/2014	4/15/2014	B. Hooten	Modifications per April 2014 MOPC meeting
1.2	4/12/2016	4/12/2016	T. Green	DPP clarification RR 156

Approval

Primary Owner: **Shari Brown**

Shari Brown

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Seams Projects Policy Paper

~~September 9, 2014~~January 4, 2017

Seams Steering Committee

Revision History

Date or Version Number	Author	Change Description	Comments
5/16/2014	Sam Loudenslager	1st Draft	
5/23/2014	Sam Loudenslager	2nd Draft	
6/13/2014	Sam Loudenslager	3rd Draft	
6/23/2014	Sam Loudenslager	4th Draft	
6/30/2014	Sam Loudenslager	5th Draft	
7/17/14	Sam Loudenslager	6th draft	
8/19/14	Sam Loudenslager	7th Draft	
8/22/14	Sam Loudenslager	8th Draft	
9/3/2014			Approved by SPP Cost Allocation Working Group
9/9/14	Sam Loudenslager	9th Draft	Approved by Seams Steering Committee
10/14/2014			Approved by MOPC
10/27/2014			Approved by RSC
10/28/2014			Approved by Board of Directors

01/04/2017	Clint Savoy	Revision to Cost Allocation portion of Section 7 to document the cost allocation policy decisions approved by the RSC and Board of Directors in December 2014, subsequent to the initial approval of this policy paper.	Approved by SSC

Commented [CS1]: Update with correct date upon approval of SSC.

Table of Contents

Section 1: Introduction

Purpose

In 2012, the Federal Energy Regulatory Commission (FERC) issued Order No. 1000 (Order 1000). Order 1000 included requirements to evaluate potential interregional projects and to develop interregional cost allocation methodologies. However, Order 1000 only requires coordination with neighboring planning regions, some neighboring planning regions only agreed to cost allocation for a specific class of projects (e.g. 345kV), and some neighboring planning regions are not subject to FERC jurisdictional authority. Therefore, there is a gap that needs to be addressed in order to evaluate and approve Seams Projects that are identified outside of an Order 1000 process or that do not meet Order 1000 criteria; and for assigning costs to parties engaged in a shared cost seams project. This white paper is intended to address this gap.

Definitions

Benefits: Benefits are calculated based on the metrics agreed to by SPP and its Seams Partner. The Benefits as referenced in this policy paper are the benefit values included in the Seams Project report.

Cost Sharing: The percentages of a Seams Project cost that will be assessed to SPP and a Seams Partner.

Regional Review Process: The regional review process is the analysis performed by SPP as described in Section 5.

Seams Partner: One or more non SPP transmission owner or another transmission provider with which SPP is considering a Seams Project.

Seams Project: A transmission project ~~which~~meeting the criteria as defined in Section 4 of this paper and that is not an Interregional Project under the Tariff ~~that meets the criteria as defined Section 4 in this paper~~.

SPP: Southwest Power Pool, Inc., the planning authority for the SPP region.

Section 2: Sources of Seams Projects

A Seams Project may be identified through any one of the following processes:

1. The Tariff Processes;
2. Seams Projects from a Non-Order 1000 Seams Planning Process; or
3. Joint Special Study.

In any process above, for a transmission project to qualify as a Seams Project there should be an agreement between SPP and the Seams Partner on Cost Sharing. If there is not agreement between SPP and the Seams Partner on Cost Sharing, the project may be approved in any study process above. However, a Cost Sharing agreement specifying the percentages of costs shared between the parties to each Seams Project must be in place prior to any related stakeholder recommendation developed by the Markets and Operations Policy Committee ("MOPC") or approved by the SPP Board of Directors ("Board").

Seams Projects from Tariff Processes

The Integrated Transmission Plan ("ITP") Near Term ("ITPNT"), ITP10, or other Tariff planning processes may identify a Seams Project. Because these processes are part of SPP's regional planning process, these Seams Projects will not be required to go through a separate SPP stakeholder approval process.

Seams Projects from a Non-Order 1000 Seams Planning Process

A Seams Project may also be identified through a study performed pursuant to one of SPP's non-Order 1000 seams planning processes.[1] These studies are not performed under the direction of SPP's regional working groups. Since the SPP working groups are not involved in the seams planning process study, a Seams Project resulting from the seams planning process study will need to be evaluated by the applicable SPP stakeholder working groups.

After a Seams Project(s) has been identified in a seams planning process, the Seams Project(s) must be evaluated in the Regional Review Process as described in Section 5.

Joint Special Study

Since SPP does not have a preexisting seams planning process with all neighboring utilities, specifically those who are members of a neighboring RTO, it may be necessary to develop a joint study process to evaluate a Seams Project with a Seams Partner where there is no preexisting seams planning process. This joint study will be performed by SPP and the Seams Partner with coordination and input from the affected SPP stakeholders and the Seams Steering Committee ("SSC"). This is consistent with the Interregional Planning Stakeholder Advisory Committee ("IPSAC") utilized in the existing SPP Joint Operating Agreements ("JOA").

The assumptions, data inputs, models, analyses, etc. will be negotiated between SPP and the Seams Partner. The guidelines for how this joint study will be performed are discussed in Section 3.

After a Seams Project(s) has been identified in a joint study with a Seams Partner, the Seams Project(s) must be evaluated in the Regional Review Process as outlined in Section 5.

[1] The SPP-MISO JOA is an Order 1000 compliant process. The SPP-AECI JOA is not.

If a Seams Project is the result of an Order 1000 interregional planning process but is not approved for Cost Sharing by the Seams Partner, the Seams Project may be further evaluated with the applicable Transmission Owner pursuant to this section.

Section 3: Joint Study Process

The purpose of the joint study is to evaluate the effectiveness of a proposed Seams Project and to identify the costs and benefits of the Seams Project. If SPP and a Seams Partner have a predefined joint study process then that process shall be used to evaluate any proposed Seams Projects. If such a joint study process does not exist the following shall be used.

Scope Development

At the beginning of a Seams Project study SPP and the Seams Partner will develop a scope specific for that seams project study. SPP will review the draft scope for the seams project study with the SSC. The scope will include a description of the types of seams project studies that will be performed. The seams project studies will be used to evaluate the proposed issue(s) being analyzed, to test potential solutions, to identify the preferred solution, and to determine the Benefits of the solution(s). The types of issues identified and the metrics used to measure the Benefits of solutions will help guide the types of seams project studies that should be included in the scope.

As different seams project studies require different types of assumptions, the scope will guide what assumptions need to be developed. The following list provides examples of the types of assumptions that will need to be agreed to by SPP and the Seams Partner. This list is not meant to be all-inclusive and additional assumptions not included in the list below may be used depending on the type of analysis being performed.

- Environmental and public policy criteria
- Emissions
- System topology
- Generation parameters
- Fuel prices
- Hurdle rates
- Load forecasts
- Market structure
- System dispatch
- Footprint and voltage levels in study
- Voltage, Thermal, and Stability Thresholds (criteria such as SPP Criteria 3)
- NERC Standards
- Future generation
- Study horizon

Seams Partners must agree to the models used in the joint study. The model(s) will be available for stakeholder review, subject to appropriate confidentiality requirements.

Benefit Metrics

Benefit metrics and the calculation methodologies used for evaluating the Benefits of a Seams Project, for purposes of Cost Sharing, must be agreed upon by SPP and the Seams Partner. The Benefit value used in the analysis will be the Net Present Value of the annual Benefits over a period of time as defined in the scope of the seams project study. SPP may use all or a subset of metrics from the list of current metrics used in SPP's regional planning process. The current list of Benefit metrics are:

i. adjusted production costs,
ii. emission rates and values;
iii. ancillary service needs and production costs;
iv. avoided or delayed reliability projects,
v. capacity cost savings due to reduced on-peak transmission losses;
vi. benefits of mandated reliability projects;
vii. benefits from meeting public policy goals;
viii. mitigation of transmission outage costs;
ix. increased wheeling through and out revenues; and
x. marginal energy losses benefits.

Timeline

The scope will include a timeline for the seams project study, including the due date for all deliverables and when the results will be published. The timeline will be developed to be commensurate with the scope, however the timeline for the Seams Project evaluation shall not exceed 18 months from the date of scope approval by both SPP and the Seams Partner.

Deliverable

The deliverable for the seams planning process will be a seams project study report. The report will include the recommended solution(s) and supporting detail. The SPP stakeholders will be presented with the results of the seams project study report and provided the opportunity to offer feedback on the report. The seams project study report should contain sufficient information that stakeholders are able to make an informed decision regarding the merits of the seams project study and the results. After review by the stakeholders, a recommendation for project approval will be submitted to the Board.

Section 4: Seams Project Criteria

To be considered a Seams Project, projects will meet the following criteria:

- 100KV and above solutions that are beneficial to SPP and one or more Seams Partners. Solutions may include tie-line/interconnections between SPP and the Seams Partners or transmission projects wholly contained within the service area of SPP or a Seams Partner;
- Minimum total project cost of $5 million;
- Need date within 10 years;
- SPP regional B/C ratio of 1.0, however the RCAR process may continue to consider a Seams Project which does not meet this criteria;
- Based on the agreed upon metrics, a Seams Project should provide a minimum of 5% Benefits to SPP and each Seams Partner; and
- SPP and the Seams Partners must agree to the Cost Sharing.

Section 5: SPP Regional Review Process

The Regional Review ~~Process~~ Methodology as reviewed by the ESWG and TWG and approved by the MOPC will also apply to Seams Projects. The Regional Review ~~Process~~ Methodology is found on the SPP website.[2]

Section 6: Allocation of Transmission Capacity

SPP and a Seams Partner will be allocated the additional transmission capacity based on the allocation of the cost assumed by each entity for the entire Seams Project. Capacity of a Seams Project includes both the capacity of the project and also the change in capacity of any existing flowgates affected by the Seams Project. SPP or a Seams Partner's capacity is its allocated usage share of the project and any additional capacity on existing flow gates affected by the project. Unused capacity will be allocated based on the CMP process.

Either SPP or the Seams Partner will have the right to interconnect to the Seams Project. The parties requesting such interconnection will negotiate the terms and conditions with SPP and the Seams Partner.

[2] https://www.spp.org/engineering/interregional-relations/~~http://www.spp.org/publications/SPP%20Regional%20Review%20Methodology.pdf~~

Section 7: Cost Sharing and Cost Allocation

SPP has adopted a set of principles to be used to negotiate Cost Sharing of Interregional Projects with neighboring Planning Regions. Similar principles should be used for sharing the costs of Seams Projects between SPP and Seams Partners.

Cost Sharing of Proposed Seams Projects

The principles to be used in arriving at an equitable cost sharing methodology for Seams Projects between SPP and Seams Partners include:

- Shared costs should be at least roughly commensurate with total Benefits to SPP and each Seams Partner;
- Neither SPP nor a Seams Partner shall share costs without receiving Benefits;
- Cost sharing methodologies used and the identification of Benefits must be transparent ;
- Different cost sharing methodologies may be applied to different types or different portions of transmission facilities. This principal recognizes that transmission may be needed for different reasons;
- SPP and its Seams Partners will quantify and, if possible, monetize Benefits. However, non-monetized and non-quantified Benefits may also be recognized in assessing overall reasonableness of proposed Seams Project cost sharing; and
- The share of Benefits to SPP and its Seams Partners should be sufficient to support the Seams Projects' approval through each party's internal planning process

SPP and a Seams Partner could negotiate any advancement of the in-service date for a Seams Project. SPP and the Seams Partner would determine how the cost of advancing the in-service date would be allocated.

Cost Allocation

~~SPP Seams Project costs for Seams Projects greater than 300kV will be recovered according to the approved highway/byway cost allocation methodology. Subject to approval of the RSC, the costs of all Seams Projects less than 300kV will be recovered regionally through "highway" funding.~~

Seams Projects within the Seams Partner Area or Portion of Tie Line within Seams Partner Area:

All Seams Projects within a Seams Partner area shall require a FERC filing to ~~cost~~ allocate costs assigned to SPP in accordance with sections 1 or 2 below.

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1. For an approved Seams Project with a nominal operating voltage of 100 kV or higher, a filing shall be made with FERC to request cost allocation as described in accordance with Section III.A.2.i.b of Attachment J of the Tariff, or

2. Based on the results of the Seams Project Study Report, as described in Section 3, the MOPC and/or the Regional State Committee ("RSC") may make a recommendation to the Board to approve cost allocation for the Seams Project under the principles of the SPP's highway/byway cost allocation methodology as set forth in Section III.A.2 of Attachment J of the Tariff, assigning the byway costs to the Zone referenced in (b), below. The Board may approve such cost allocation as part of its approval of the proposed Seams Project if all of the following criteria are met:
    a. The proposed Seams Project has a nominal operating voltage rating of between 100 kV and 300 kV;
    b. A single Zone is expected to receive 60% or more of the proposed Seams Project's calculated benefits to the SPP's Region; and
    c. A benefit to cost ratio greater than or equal to 1.0 for the Zone referenced in (b) above, with the costs calculated in accordance with Section III.A.2 of Attachment J of the Tariff with X equaling 33%.

   If the Board approves such cost allocation, a filing will be made with the FERC to request it on a project by project basis.

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Seams Projects within SPP Area or Portion of Tie Line within SPP Area:

For an approved Seams Project with a nominal operating voltage of 100 kV or higher, the costs assigned to SPP will be allocated as described in accordance with Section III.A.2.i.b of Attachment J of the Tariff. If the Tariff does not already allow such cost allocation, a filing will be made with the FERC to request it on a project by project basis.

Based on the results of the Seams Project Study Report, as described in Section 3, the MOPC and/or the Regional State Committee ("RSC") may make a recommendation to the Board to approve cost allocation for the Seams Project under the principles of the SPP's highway/byway cost allocation methodology as set forth in Section III.A.2 of Attachment J of the Tariff. The Board may approve such cost allocation as part of its approval of the proposed Seams Project if all of the following criteria are met:

d. The proposed Seams Project has a nominal operating voltage rating of between 100 kV and 300 kV;
e. A single Zone is expected to receive 60% or more of the proposed Seams Project's calculated benefits to the SPP's Region; and
f. A benefit to cost ratio greater than or equal to 1.0 for the Zone where the Seams Project will be constructed, with the costs calculated in accordance with Section III.A.2 of Attachment J of the Tariff with X equaling 33%.

If the Board approves such cost allocation, the conditions of the tariff have been met thus no additional FERC filing shall be required.

Seams Project Inclusion in RCAR

Contingent on approval of cost allocation at FERC, approved Seams Projects will be evaluated as part of the SPP's Regional Cost Allocation Review (a/k/a RCAR) process in accordance with the provisions of the Tariff.

~~Approved Seams Projects will be considered in the SPP Regional Cost Allocation Review (RCAR) process.~~

Section 8: Builder Selection and Construction

Either SPP or a Seams Partner will have the right to interconnect to the seams facility. The non-constructing entity would have to meet the interconnection criteria of the constructing entity.

SPP and a Seams Partner could negotiate any advancement of the in-service date for Seams Projects. SPP and a Seams Partner would determine how the advancement costs would be allocated.

Projects wholly within SPP or Seams Partner

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The entity responsible for constructing the Seams Project is the entity in which the Seams Project resides. The other entity will pay the constructing entity on an annual basis for its portion of the annual revenue requirement. SPP and the Seams Partner may agree to an alternative payment method. Physical ownership and maintenance of the Seams Project will be the constructing entity unless otherwise agreed. The project will be under the ~~OATT~~ open access transmission tariff of the constructing entity.

Tie Lines

SPP and its Seams Partner will be responsible for the construction of the Seams Project in direct relation to the portion of cost for which they are responsible. Physical ownership of the line will correlate to the portion to which each entity builds. Each entity's owned portion will be subject to that entity's ~~OATT~~open access transmission tariff. Each entity will maintain the portion of the facility that corresponds to the portion each entity constructed. SPP and the Seams Partner will negotiate operational authority for the Seams Project.

Tie line with Jurisdictional Issues

This section covers construction if there are state jurisdictional issues that limit one entity's ability to construct a project which would otherwise build a share of the project based on the cost sharing. The entity that is limited by the jurisdictional issue will build and own what it can; the rest will be built by the other entity.

The entity which is building more than it would be allotted based on cost sharing due to jurisdictional issues is called the excess building region. The other entity will pay the constructing entity on an annual basis for its portion of the annual revenue requirement. SPP and the Seams Partner may agree to an alternative payment method.

Cost Increases

For lines wholly within SPP or a Seams Partner, cost increases above the cost estimate at the time of approval will be shared in proportion to the benefits.

For Tie Lines, cost increases above the cost estimate at the time of approval on each entity's portion of the cost are covered by the responsible entity, either SPP or the Seams Partner.

For Tie Lines with jurisdictional issues, cost increases for those portions of the project which are assigned based upon benefits and the ability to construct will be covered by the entity or the Seams Partner. For those portions of the project where the ability to construct is limited by jurisdictional issues cost increases above the cost estimate at the time of approval will be shared in proportion to the benefits.

The portion of a Seams Project for which SPP has construction responsibility will be subject to SPP's project tracking process.

Project Termination & Regulatory Review

Neither SPP nor a Seams Partner may terminate its participation in the Seams Project unless either regulatory denial of a project, or if the total project cost exceeds 20% of the project's agreed upon project cost when the project was approved by both parties. SPP and the Seams Partner will make a good faith effort to secure all necessary regulatory approvals required for the completion of the Seams Project.

Appendix A – Process Flowchart

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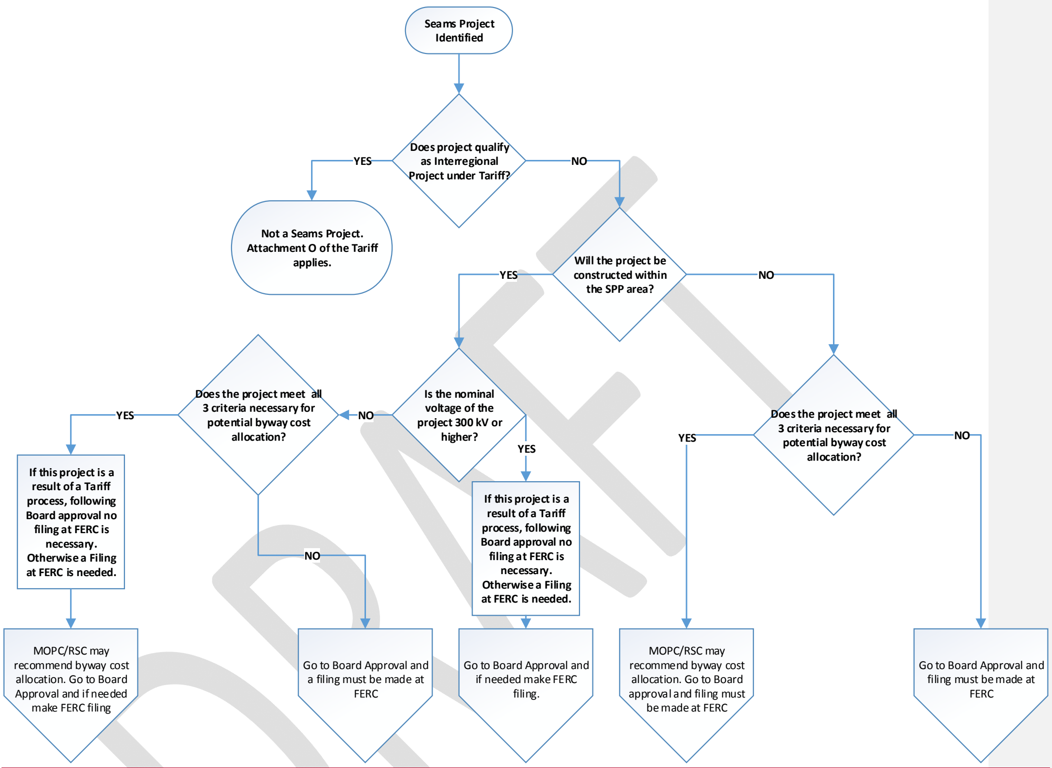


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ITP Scope Standardization – 40- Year Financial Analysis

Amber Greb

ITP 40-Year Financial Analysis

Current Process

- Calculate 2 data points
- Interpolate between 2 points
- Use slope of 2 data points to extrapolate out to year 20
- Use terminal value (rate of inflation) for years 21-40
- Take NPV of 40 years of data

Issues with Current Methodology

	2020	2025	40-year Ben
Zone A	-$1.4M	$0.4M	$25.3
Zone B	$0.5M	$0.5M	$6.2
Zone C	$1.4M	$0.5M	-$3.9M
Zone D	-$0.9M	-$0.3M	$3.0

Does zone A or B have higher benefit in 2020?

Zone C is showing positive benefit in both years.

Does zone A or B have higher benefit in 2025?

Zone D is showing negative benefit in both years.

Which zone has higher 40-year benefit?

40-Year NPV is of opposite polarity.

Is 40-year benefit driven more by 1-year benefit data, or slope?

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Options for Improvement

- Use a third data point
  - Year 15
    - Same transmission, retirements, etc.
    - Includes only increased load
    - Optional: additional resources, Allocation and Siting of resources
  - Year 2
    - Model Available – No additional work
    - Assumes entire portfolio in year 2
    - Introduces uncertainty to trend line due to step changes
- Cap extrapolated benefit at zero if data points are all positive or all negative
- Terminal Value after final data point or five years after (Year 15)

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Methodology Comparison

Current	2020	2025	40-year Ben
Zone A	-$1.4M	$0.4M	$25.3M
Zone B	$0.5M	$0.5M	$6.2M
Zone C	$1.4M	$0.5M	-$3.9M
Zone D	-$0.9M	-$0.3M	$3.0M

What if we used a terminal value 5 years after the final data point (Year 15)

Year 15	40-year Ben
Zone A	$17.7M
Zone B	$6.7M
Zone C	$2.1M
Zone D	-$0.9M

What if we used a terminal value after the final data point (Year 10)

Year 10	40-year Ben
Zone A	$1.2M
Zone B	$7.2M
Zone C	$9.5M
Zone D	-$5.8M

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Methodology Comparison

Current

	2020	2025	40-year Ben
Zone A	$1.4M	$0.5M	-$3.9M
Zone B	-$0.9M	-$0.3M	$3.0M

Capping at Zero

	2020	2025	40-year Ben
Zone A	$1.4M	$0.5M	$4.0M
Zone B	-$0.9M	-$0.3M	-$3.0M

Recommendation

- SPP Staff recommends utilizing a terminal value (escalated at the rate of inflation) beginning no later than 5 years after the final data point

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ITP Scope Standardization – Benchmarking

ESWG

March 16th, 2017

SPP Staff

Why Benchmark?

- Assess reasonability of PROMOD simulations
- Catch errors and fine tune the results of PROMOD runs
- Build confidence in the model through comparisons to historical data

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Approaches to Benchmarking

- Build a current year economic model, and validate outputs against historical data.
  - Requires building an additional economic model.
  - Closer comparison of historical data to simulated data.

- Compare current study year economic model to previous study year economic model and historical data.
  - Additional economic model build not required.
  - Study year model not easily compared to historical data.

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Benchmarking Considerations

- Follow a process from a previous ITP10 study.
- May not be necessary to fully benchmark the model with every study.
  - Benchmarking process could take place outside of the ITP process.
  - Possibly work with a consultant to develop an extensive process later on.
- Incorporate reasonableness checks to take place during model build milestone.
  - SPP Staff periodically provide reports from economic model(s) to Stakeholders for review and feedback.

Recommendation

- SPP Staff recommends utilizing the year 2 study assessment model to validate modeling parameters to determine if operation is reflective of the SPP system.
  - Data validation may include the following:
    - Capacity Factor by Unit Type
    - Maintenance Outages
    - Operating and Spinning Reserves
    - Average Cost per MWH
    - System LMPs
    - Interchange (Import/Export)
    - APC comparison
    - Renewable Generation Profiles

  - This data will be compared to the most recent SPP operational data and previous study models as needed.

ITP Scope Standardization – Policy Survey

Liz Gephardt

Methodology Approval

- SPP staff recommended to standardize percentages of load and/or generation for each utility by state to calculate Mandates and Goals, where applicable. These percentages would be based on historical values used and member feedback, and would be used as a standard proxy for future renewable energy standards.
    - ESWG approved January 2017
    - CAWG approved February 2017
- Standard values discussed between ESWG and CAWG in February 2017
    - CAWG reviewing for finalization (to be complete 3/15)
    - Request ESWG approval today

Proposed Standard Values

- SPP Staff recommends the standard values in the table below be approved for use in the ITP renewable policy review.
- States not included in the table would have no standard percentage
  - North Dakota recently removed

State	RPS Type	Generation Type	Capacity- or Energy- Based	Year 2 %	Year 5 %	Year 10 %
Kansas	Goal	Both	Capacity	20	20	20
Minnesota	Mandate	Both	Energy	20	20	25
Missouri	Mandate	Both	Energy	15	15	15
Montana	Mandate	Both	Energy	15	15	15
New Mexico	Mandate	Wind	Energy	15	15	15
New Mexico	Mandate	Solar	Energy	4	4	4
South Dakota	Goal	Both	Energy	10	10	10
Texas	Mandate	Both	Capacity	5	5	5


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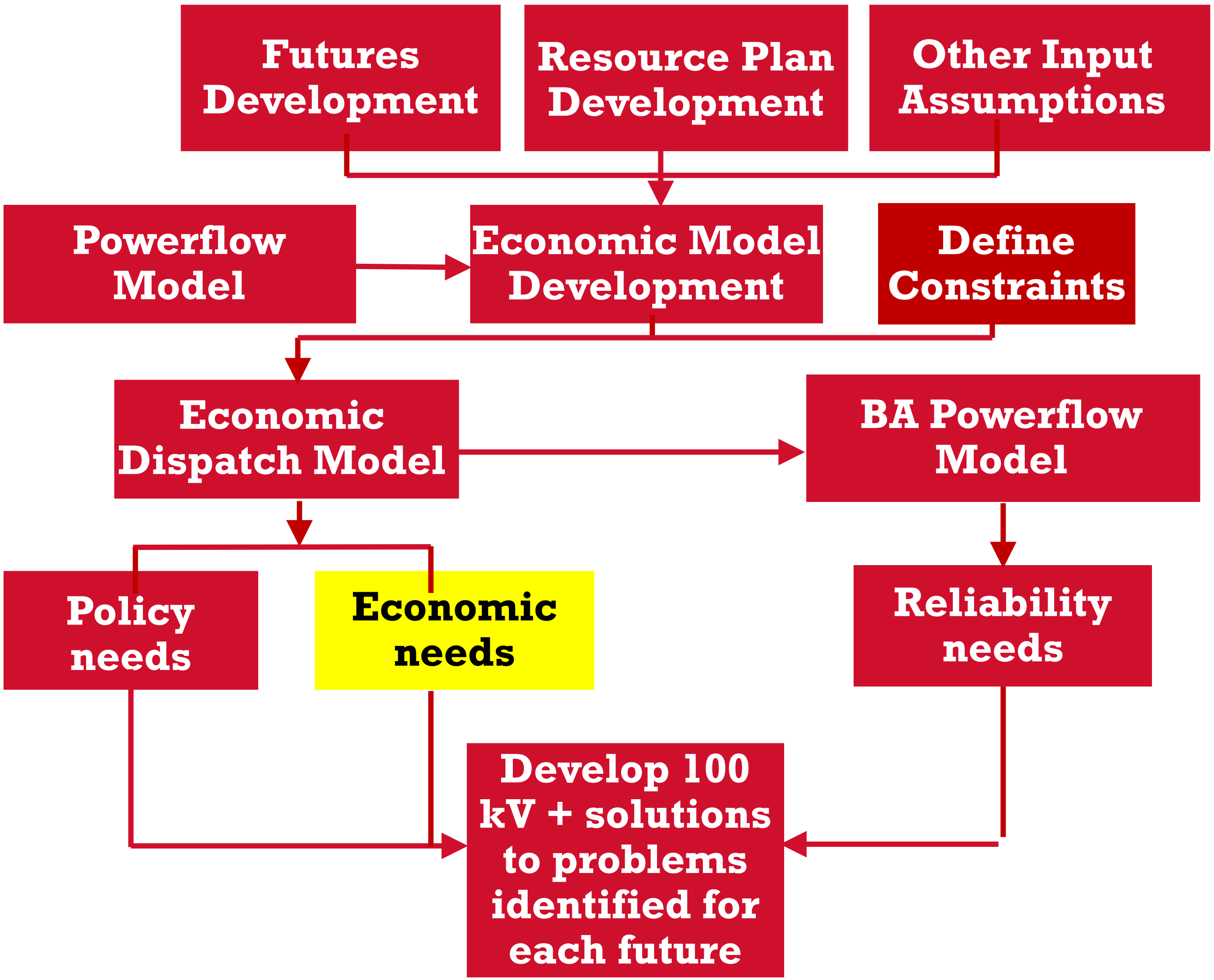
Scope Standardization – Needs Assessments

February 15,2017

Economic Needs Assessment

ITP10 Process



Background

- Hourly system congestion will be identified in each economic model
  - Year 2 – 1 economic model
  - Year 5 – 1 economic model for each future
  - Year 10 – 1 economic model for each future
- A list of binding constraints will be identified for each model and ranked from highest to lowest congestion score and used as the basis for determining economic needs
  - Where congestion score is the product of the constraint's average shadow price and the number of hours the constraint is binding
- Reliability and policy needs will be identified in separate assessments

Assessment Objective

- Identify the top areas of known or forecasted congestion
- Top binding constraints grouped and defined as Economic Needs based on the following categories and attributes
  - Operational issue
  - RCAR issue
  - Seams issue
  - Related to operations, reliability, and/or policy needs
  - Related to transmission corridors with lower than average voltage stability limit margins
  - Related to generation interconnection and transmission study queue limitations
  - Related to area with compliance risks
  - Facility limited by terminal equipment
- More efficiently focus the combined efforts of SPP staff and stakeholders to provide the most valuable solutions

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Assessment Overview

- Relate binding constraints to historic congestion in the SPP Integrated Marketplace and external markets
  - Permanent or temp flowgate
  - Top congested flowgates in quarterly and annual market monitor reports
  - Market-to-Market flowgates
- Relate binding constraints to transmission corridors with limited capacity leveraging prior transmission assessments
  - Attachment O transmission planning studies
  - Generation interconnection and transmission service studies
  - Seams and external studies
  - Angular and voltage stability studies
  - Frequently Constrained Area (FCA) studies
  - Interconnection Reliability Operating Limit (IROL) studies
- Relate binding constraints to each other and to operational needs, reliability needs, and policy needs

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Assessment Details

- Determine if the limiting element of a binding constraint is terminal equipment or line conductor
  - Requires transmission owner facility rating databases or reports
- Analyze congestion on PTDF type flowgates/interfaces that represent thermal, voltage, stability, and/or contractual limitations to determine if supportive studies and deliverables shall be required for any DPP submittal that proposes a change to a PTDF type flowgate/interface limit
- Analyze congestion differences due to differences in study assumption drivers by year and by future
  - Identify likely need to accelerate approved transmission solution
  - Identify likely need to evaluate transmission build out versus generation build out
- Analyze potential APC benefit to SPP and external areas by relaxing the rating of the monitored element of a binding constraint
- Analyze constraints to determine interdependencies between constraints
- Group, categorize, assign attributes, and prioritize binding constraints

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Defining Economic Needs Recommendation

- Start with top 25 of all congested flowgates with greater than $50,000 in annual congestion score (=annual average shadow price x number of binding hours) by year by future
  - Unless related to focus or target area or limited by terminal equipment
  - Where the most congested unique monitored element only counts once toward the top 25
  - For flowgates with monitored elements not interconnected to the SPP transmission system: the flowgate must provide greater than $1,000,000 in one-year potential benefit to SPP (potential benefit is determined by relaxing the rating of the monitored element of a flowgate) unless related to focus or target area or specifically related to a historically congested Market to Market flowgate
  - Use engineering judgement to limit number of needs by year by future depending on
    - Number of groupings of binding constraints by focus or target areas with similar attributes
    - Limit number of flowgates limited by terminal equipment based on need dates
    - Schedule impact
  - Recommend 1 to 2 focus or target areas for additional analysis

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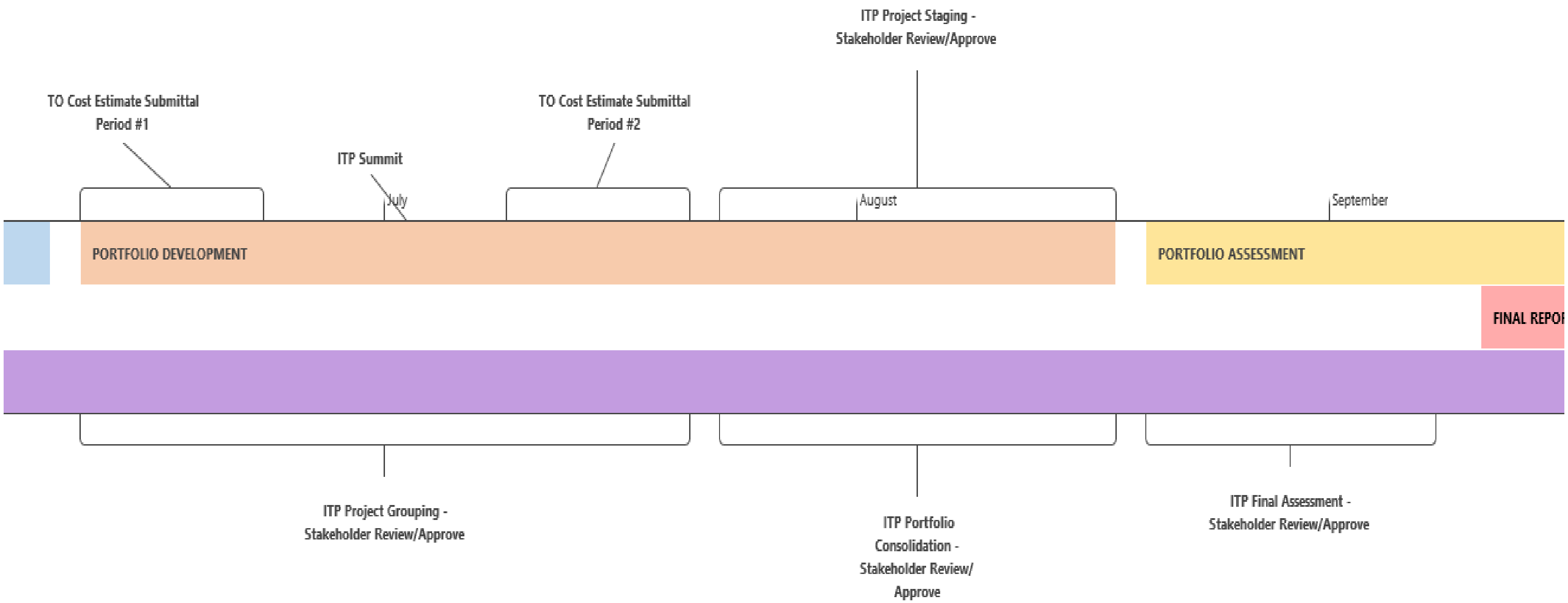
Staff/Stakeholder Accountability

English Cook – SPP Engineering Support Services

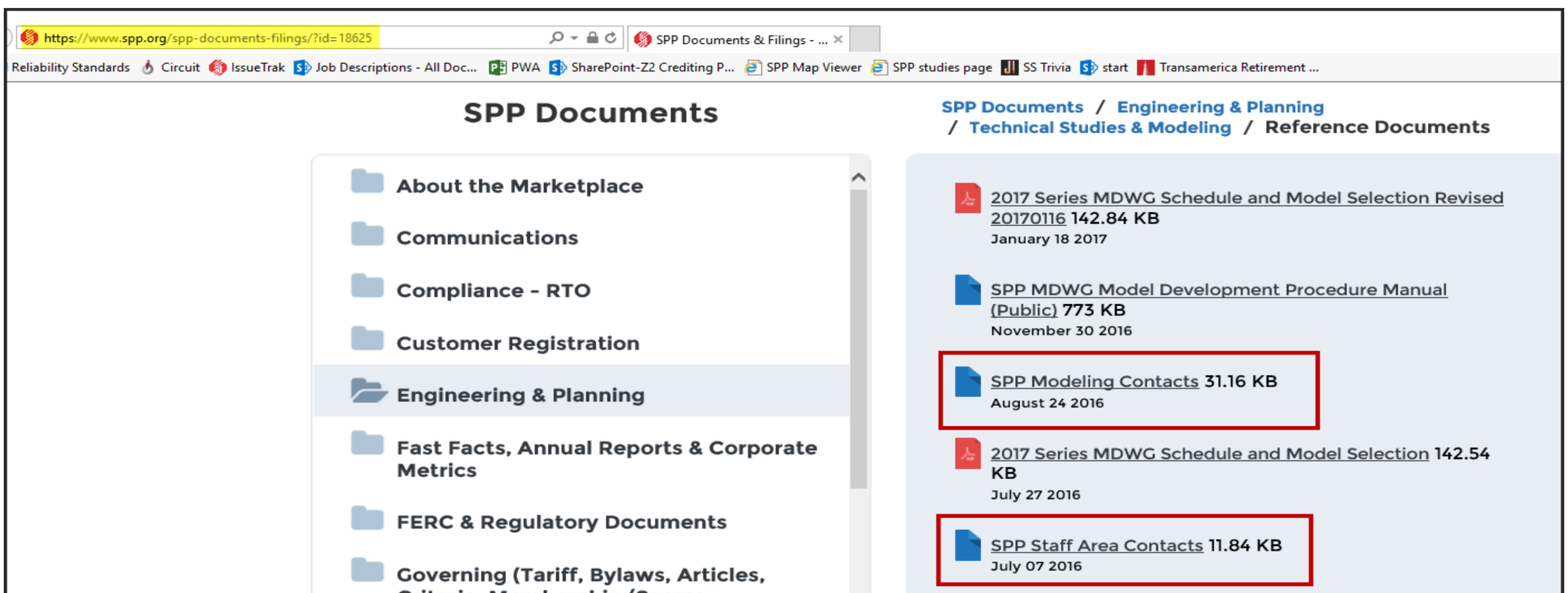
Project Schedule

- Vetted and approved study schedule
- Regular review with stakeholders
- Break out milestones requiring stakeholder review and approval



Single Point of Contact

- SPP Staff contacts per group/project
- Stakeholder
  - o Coordination and timely delivery of required information
  - o Liaison for company



Waiver Process

- Stakeholder-vetted approach on proxy data
- Waiver request to MOPC
  - Post deadline for data/information submission
- SPP Staff
  - Project schedule impacts
  - Schedule mitigation plans
  - Estimate of any costs associated with accommodating the waiver

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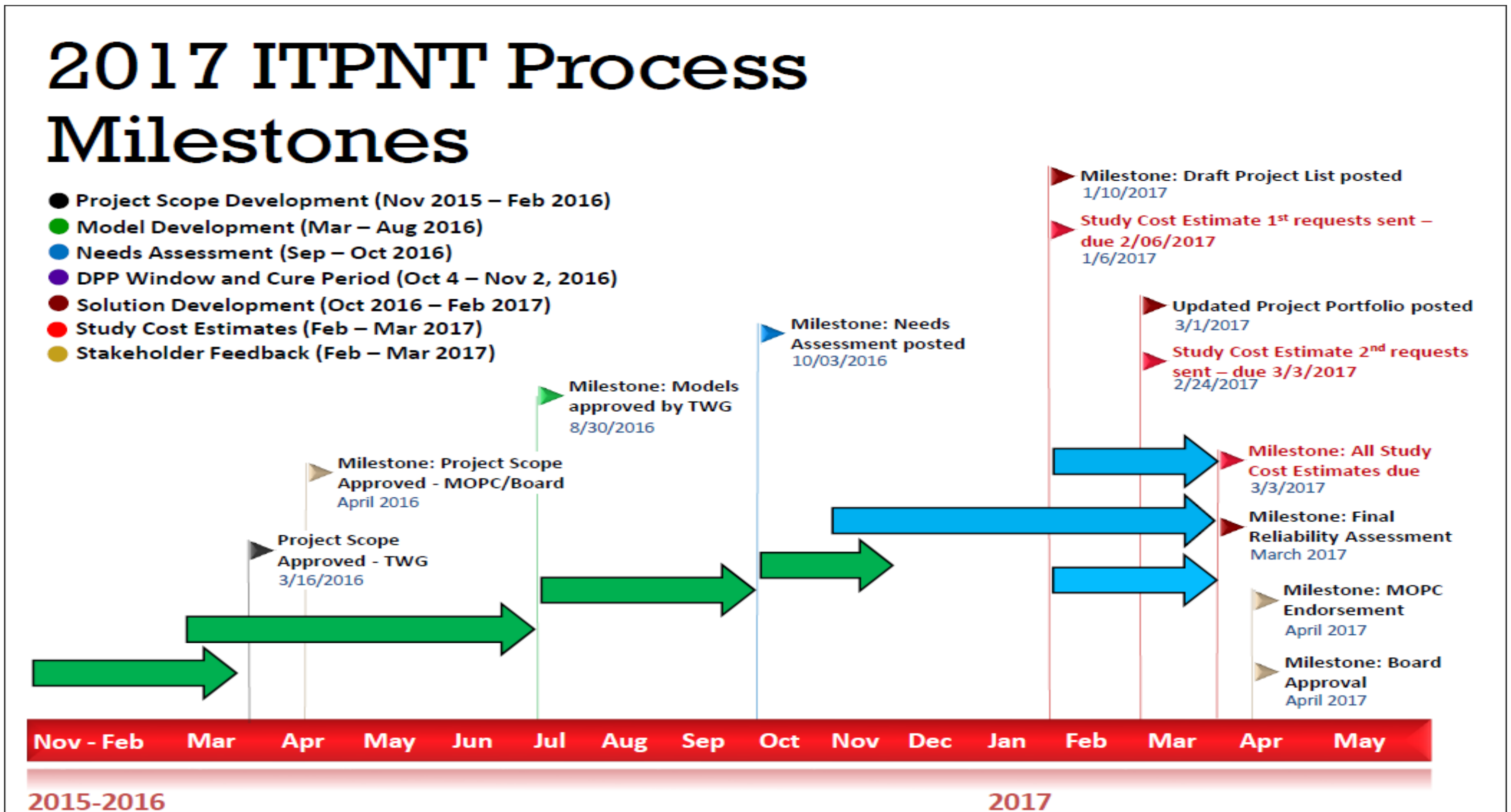
MOPC Report

- Included in MOPC update presentation
  - o Adherence to milestone timelines
  - o Issues requiring mitigation



Staff/Stakeholder Accountability

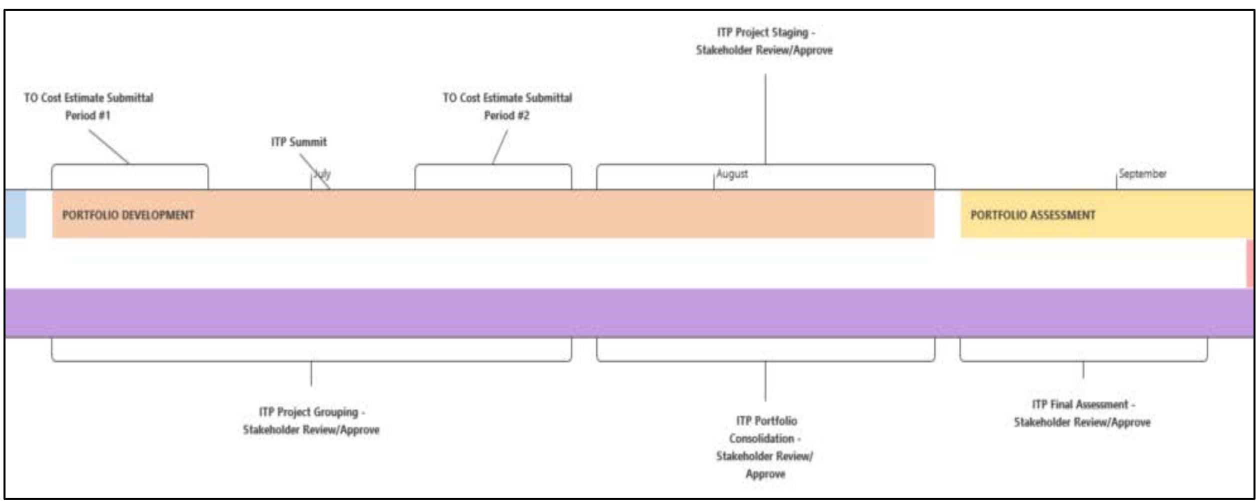
SPP Stakeholders and Staff will introduce steps to focus on accountability for timelines and milestones that consist of mechanisms designed to promote the timely exchanges of data, reviews, and approvals within the transmission planning process.

Project Schedule

SPP Staff will develop a project schedule in parallel with the development of the scope of each successive study. This schedule will identify the timing, duration, and responsible parties for all data exchanges, reviews, and approvals required to complete the ITP study process. Staff will coordinate with Stakeholders in the development of this schedule and formally vet the final schedule with Stakeholders ~~within one month~~upon ~~of~~ the completion of the study scope~~ and assumptions document~~.

This schedule will be maintained by SPP Staff and regularly reviewed at appropriate stakeholder meetings to keep affected parties informed of upcoming milestones to assist with the timely completion of the planning process.

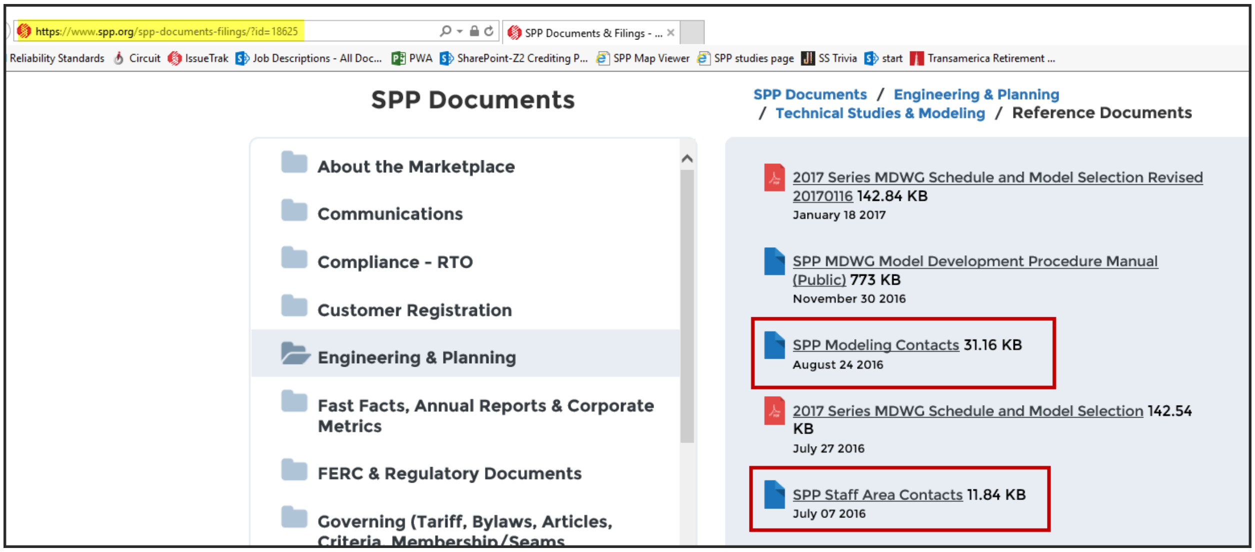
PORTFOLIO DEVELOPMENT	**50 days**	**Mon 6/11/18**	**Fri 8/17/18**
ITP Project Cost Estimates	30 days	Mon 6/11/18	Fri 7/20/18
ITP Project Grouping - Stakeholder Review/Approve	30 days	Mon 6/11/18	Fri 7/20/18
ITP Portfolio Consolidation - Stakeholder Review/Approve	20 days	Mon 7/23/18	Fri 8/17/18
ITP Project Staging - Stakeholder Review/Approve	20 days	Mon 7/23/18	Fri 8/17/18



Point of Contact

Each member company will identify a central point of contact (CPOC) for their company who will be responsible for coordinating the submission of all data required to support the modeling and planning processes. TPITF discussions centered on the use of a CPOC to help increase the coordination and timely delivery of required information necessary to meet scheduled milestones.

The SPP Modeling department currently lists Modeling and Staff Area contacts on SPP's corporate website (below). SPP Staff CPOCs for the ITP study process will be determined during the development of the study scope and published on the *Transmission Planning* page of the website. The list of Stakeholder CPOCs will be maintained internally by Staff.



Data Submission, Reviews/Approvals, and Mitigation

Applicable SPP working groups and Staff will agree upon proxy data to be used in the absence of newly submitted data to meet schedule deadlines and avoid process delays. Along with the timely submittal of data, it is a process expectation that data reviews and required approvals will be conducted by the associated schedule deadlines. The ~~negligence~~ failure of a Stakeholder to properly and timely perform the required review should not cause a delay in the corresponding process. ~~For those entities that do not execute these duties~~In the event that review deadlines are missed, the items requiring review or approval will be assumed to be appropriate and the process will move forward without delay.

Any entity that does not meet the prescribed data exchange, review, or approval deadlines and/or wants to add or change data used in the study process may make a request for a waiver of the deadline to the MOPC. SPP Staff will provide the MOPC with the project schedule impacts, schedule mitigation plans, and an estimate of any costs associated with accommodating the waiver to support the MOPC decision making process. The approval of the MOPC will be required to make any adjustments to the process schedule or incur additional financial costs associated with process mitigation.

There has been discussion about Staff performing their own impact assessment to determine if the lack of data or action would be material to the process. Using engineering judgement, Staff would make this determine and share it with the stakeholder and/or appropriate working group. For data, Staff may look to set parameters around what might be considered material. For instance +/- 1.5% on load growth. If a stakeholder has a late load growth submission of 1%, it would automatically be disqualified and passed into the next model build. If the load growth comes in at 2% (outside of bandwidth), staff would use judgement to determine the impact. For example, if it's in northwest North Dakota, there may not be an impact like it would be if it was the OK city area.

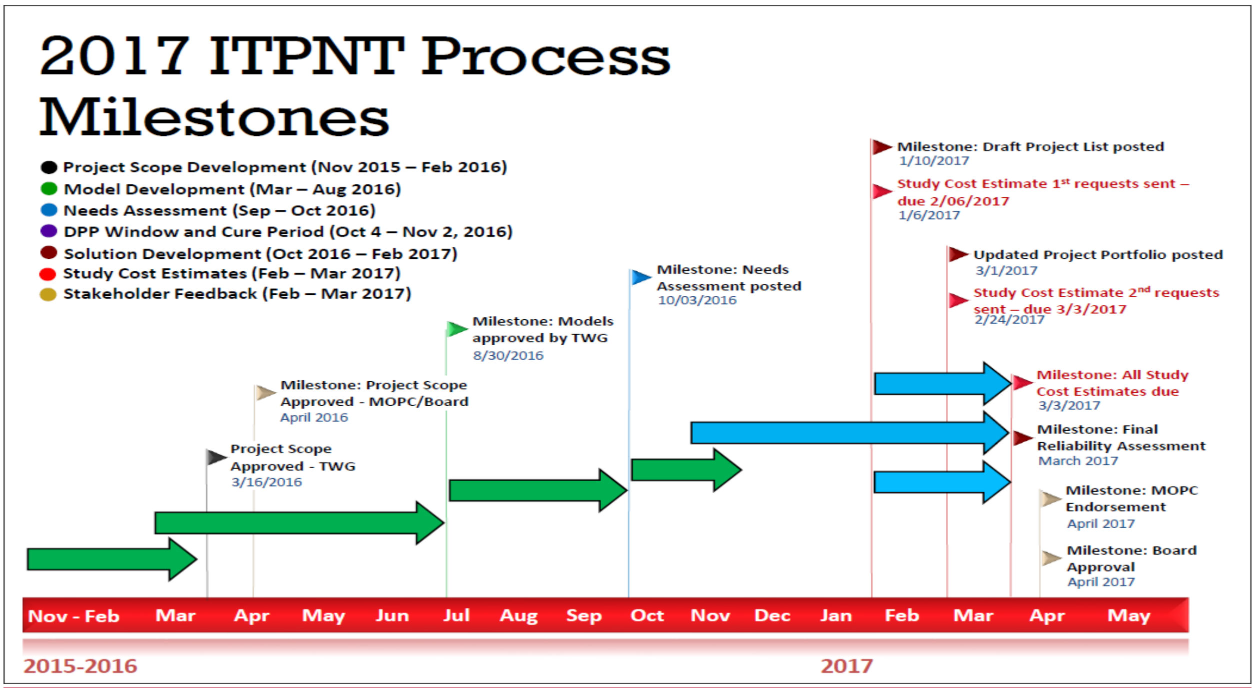
This level of detail would not be included in the document, rather under the corresponding item in the Standardized Scope.

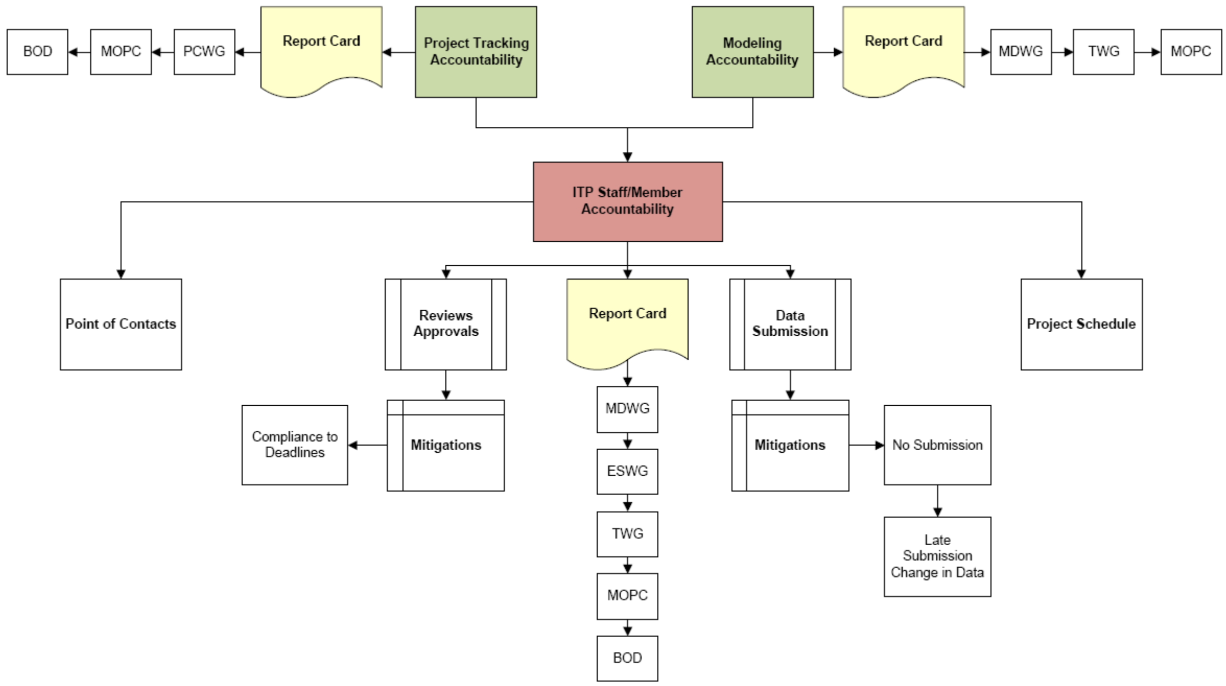
<insert sample of impact assessment>

MOPC Report ~~Card~~

SPP Staff will provide a quarterly report ~~card~~ to the MOPC highlighting the process milestones from the preceding quarter. Updates will be given on adherence to milestone timelines in regards to data review and submittal, scheduled reviews and approvals, and on issues that may have required mitigation for the process to remain on schedule.

~~listing deadlines breached~~ missed ~~by SPP Stakeholders or Staff. This report will include the number of incidences along with the corresponding companies and responsible SPP Staff.~~A summary of the participation of Stakeholders and Staff will inform MOPC of the attention and importance placed on the successful completion of milestones and adherence to deadlines critical to producing a complete, high-quality, and timely report and portfolio. Issues requiring mitigation, as mentioned above, whether through the actions of Staff or Stakeholders will be presented in sufficient detail to give the MOPC a clear picture of the issue and remedies put in place to avoid potential impacts to the process schedule. ~~Incidences will include the non-submission of required data and the lack of participation with the review and/or approval of required items.~~





BOD
MOPC
PCWG
Report Card
Project Tracking Accountability
Modeling Accountability
Report Card
MDWG
TWG
MOPC
ITP Staff/Member Accountability
Point of Contacts
Reviews Approvals
Report Card
Data Submission
Project Schedule
Compliance to Deadlines
Mitigations
MDWG
ESWG
TWG
MOPC
BOD
Mitigations
No Submission
Late Submission Change in Data