



TOSP PROCESS IMPROVEMENT

STAKEHOLDER MEETING – DECEMBER 18, 2020



AGENDA

- Objective
- Background
- Stakeholder Suggested Items
- Next Steps

OBJECTIVE OF MEETING

- Meeting objectives:
 - Present list of suggested improvements
 - Gain better understanding/clarity
 - Document any additional suggestions
 - Develop next steps
 - Prioritization of suggested improvements
 - Update to MOPC and SPC

BACKGROUND

BACKGROUND

- After the initial TOSP in 2016 the Competitive Transmission Process Task Force (CTPTF) engaged stakeholders in a process improvement exercise.
 - SPC reviewed and approved policy updates
 - MOPC processes used for implementation
- CTPTF was disbanded in 2018 by MOPC.
 - Currently no formal stakeholder group

BACKGROUND

- **June 2016 – SPC education session on Order 1000 and CTPTF draft recommendations**
- The SPC agreed to following six items:
 - Over-arching directive: Improvements should be based on providing end customer value (not developed to make the process easier on the bidders or staff).
 1. Analysis of current competitive bid model vs. moving to a sponsorship model
 2. Need for Minimum Project Threshold – based on size of project or cost of project
 3. Analysis of rates comparison – should we be evaluating incremental rate or average rate impacts
 4. Value of a Regional Template for Competitive Upgrades (i.e., a standard template that provides for consistent evaluation of the revenue requirement)
 5. Creating the IEP early vs. Additional specifics in RFP – how to ensure we get the information needed to evaluate the proposals
 6. Project studies – allow for re-study request prior to NTC

BACKGROUND

- **October 2016 – CTPTF Updates to the SPC and recommended to the BOD**
- Analysis of current competitive bid model vs. moving to a sponsorship model
 - Discussed by the CTPTF and did not move forward
- Need for Minimum Project Threshold – based on size of project or cost of project
 - Proposal developed by the CTPTF for a \$3 million threshold that was approved by the SPC the BOD and ultimately denied by FERC as being inconsistent with Order 1000 (ER17-2523; Rejected on 11/17/2017)
- Analysis of rates comparison – should we be evaluating incremental rate or average rate impacts
 - As part of the newly developed ATRR Template it was decided to use an incremental approach. This was solved with the new template. This approach was approved by the SPC and BOD and implemented with the Sooner project in 2019.

BACKGROUND

- Value of a Regional Template for Competitive Upgrades (i.e., a standard template that provides for consistent evaluation of the revenue requirement)
 - The CTPTF agreed not to pursue this item
- Creating the IEP early vs. Additional specifics in RFP – how to ensure we get the information needed to evaluate the proposals
 - CTPTF proposed seating the IEP as soon possible after the approval of the project and be required to publish their scoring criteria.
 - SPC supported publishing what they will grade on but not the points or how they will grade
 - This process was approved by the SPC and BOD and implemented for the Sooner project in 2019.

BACKGROUND

- Project Restudy Requests
 - CTPTF proposed a modification to allow for re-studies to be requested prior to the NTC being issued.
 - This process was approved by the SPC and BOD
 - This tariff change was filed at FERC on 10/30/2018 (ER19-224) and approved on 3/6/2019 with an Effective Date of 12/29/2019.

BACKGROUND

- Sooner – Wekiwa 345kV Competitive Upgrade
 - Approved for construction by the BOD on 10/29/2019
 - RFP issued on 12/6/2019
 - Updated RFP Response Form and ATRR/PVRR Template
 - Version 2 of the Minimal Design Standards
 - Detailed Interconnection requirements
 - Expert Panel created on 12/09/2019
 - Bidders Guidance Document published on 03/02/2020
 - RFP Bid Proposals Due on 06/03/2020
 - IEP Evaluation on 06/15/2020 – 09/13/2020
 - IEP Recommendation report published on 10/13/2020
 - BOD awarded project on 10/27/2020

2020 TOSP PROCESS IMPROVEMENTS

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- On Friday November 13, 2020 SPP requested stakeholders to provide process improvement suggestions by December 1, 2020.
- Staff scheduled a web meeting on December 18 to review the suggested improvements and include those developed by staff.
- 18 suggestions received from 5 stakeholder entities
 - Liberty Utilities
 - LS Power – Southwest Transmission
 - Xcel Energy Southwest Transmission
 - Transource Energy
 - City Utilities of Springfield
- Staff provided 13 suggestions

2020 TOSP PROCESS IMPROVEMENTS

	Scoring/ Metrics	RFP Docs	IEP	SPP Gov Docs	Incentive Points	Design Standards	Post Bid	Costs	Grand Total
City Utilities of Springfield			1						1
Liberty Utilities	3								3
LS Power	4		1		1				6
Transource Energy		1			1	1	1		4
Xcel	2	1	1						4
Staff	1	4		5	1	1		1	13
Total	10	6	3	5	3	2	1	1	31

SCORING/METRICS

2020 TOSP PROCESS IMPROVEMENTS

- Efficient or Cost-effective (LS Power)
 - Alignment with intent of Order 1000 – FERC terminology used in passing the Order 1000 reforms
 - Revise Tariff/corresponding manuals to require IEP justification of how the recommended proposal is the more efficient or cost-effective
 - Board remains responsible for approval of more efficient or cost-effective proposal, even if not recommended

2020 TOSP PROCESS IMPROVEMENTS

- Scoring Rubric/Approach (LS Power & Xcel)
 - LS Power - SPP's Attachment Y and/or corresponding manuals should be updated to formally include a scoring rubric for each of the RFP scoring categories
 - Not appropriate for each IEP to determine new rubric
 - Confusing to bidders – may not meet intent of Tariff
 - Expected scoring to be similar to 2016

2020 TOSP PROCESS IMPROVEMENTS

- Scoring Rubric/Approach (LS Power & Xcel)
 - Xcel - The IEP introduced the concept of Best/Better/Good scoring which is not required by the Tariff or Business Practices, was not identified in the IEP Direction to Bidders and was not consistently used throughout the evaluation of the RFP Responses
 - RFP Respondents should be provided with the details of how the IEP will evaluate and score
 - Expected scoring to be similar to 2016
 - Specific to Rate Analysis - The RFP Respondent should be provided with the details of how the IEP will evaluate and score the Rate Analysis criteria. How the expert decided on the 4 options was confusing and un-clear.

2020 TOSP PROCESS IMPROVEMENTS

- Evaluation and Valuation of Cost Certainty Guarantee (LS Power)
 - Evaluation:
 - IEP should engage independent consultant or IMM to evaluate and measure risk mitigation value
 - Improvement of process by providing expertise in this area – this skill may not have been contemplated when process established
 - Valuation:
 - Cost Certainty Guarantees shall become a separate evaluation category and be awarded up to 10% of the total base points available for RFP scoring. The IEP scoring of the Cost Certainty Guarantee category shall be consistent with the risk mitigation assessment performed by SPP’s IMM or an independent consultant.
 - Allocated 20/1000 points in Sooner – value needs to be elevated
 - Staff- Confidentiality in developing final reports

2020 TOSP PROCESS IMPROVEMENTS

- Project Acceleration – (Liberty Utilities)
 - Incentives for bringing projects online before the identified need date (only payable upon completion). This may offset some of the cost increases for project acceleration as well as gaining the Regional benefits of APC.

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- Pre-defined Metrics – (Liberty Utilities)
 - Develop metrics for higher capacity line designs. E.g. – Developer A has a line rated at 2000 MVA at a cost of ~\$100MM, Developer B has a line design rated at 2500 MVA at a cost of \$125MM. Developer B should be given a positive metric with that ability to wheel 25% more across an identified needed path, especially if we are to achieve a Seams project
 - Resiliency metric; Panel of experts should be able to review designs for strength and storm resiliency; points should be awarded to developers which bring more robust designs as this would increase the reliability of the Region. E.g. – new line out of Wolf Creek allows for power to flow around constraints, but there are also Stability implications if this line were to become unavailable. If a more robust design is presented, it should be weighed accordingly so that these benefits would be realized by the Region. If cost is the main delineator, developers do not benefit from a more robust design (i.e. – higher cost and more resiliency)

RFP DOCUMENTS

2020 TOSP PROCESS IMPROVEMENTS

- RFP and RFP Response Form – (Xcel, SPP Staff)
 - Xcel - The Request for Proposal Response Form (Word Response Document) was difficult to work with and should be modified to make it easier to incorporate the RFP Respondents information
 - In attempting to fill out the Word Response Document, we were unable to fit our proposal information and data into the form and ended up breaking the form up and blending in our information. This caused problems with the table of contents, page numbering etc. and an excessive amount of time and energy was expended
 - Xcel suggests that SPP provide an outline and not a template.

2020 TOSP PROCESS IMPROVEMENTS

- RFP and RFP Response Form – (Xcel, SPP Staff)
 - Staff – RFP Response Documents - would like feedback on format used in Sooner Project? What additional changes are needed?
 - RFP Document – any additional information needed?
 - Confidential Information – potentially need more granularity in what is considered confidential (e.g.; Conductor type vs. Conductor selection methodology)
 - PVRR Template – experience after initial use? Consistent basis year?

2020 TOSP PROCESS IMPROVEMENTS

- Q&A Timeline – (Transource)
 - SPP should close out submittal of new RFIs during open TOSP windows earlier so that all developers have a solid opportunity to react to any new information that surfaces from the SPP response. Currently SPP's RFP calendar allows new questions up to just 2.5 weeks before submittals are due, thus developers could easily receive answers with two weeks or less remaining in the RFP window.
 - MISO window is 3 weeks prior to submittal
 - Transource supports a 4 week minimum window between end of new RFIs submitted and the end of the proposal submittal deadline

INDUSTRY EXPERT PANEL

2020 TOSP PROCESS IMPROVEMENTS

- IEP Direction to Bidders (LS Power, Xcel, CUS)
 - LS Power - SPP's Attachment Y Section III and/or corresponding manuals shall be updated to formally require the IEP to provide a direction to Bidders not later than 30 calendar days after the issuance of the RFP. The IEP Direction to Bidders document shall include at a minimum the key selection factors to be considered by the IEP for the RFP.
 - Needs to be formally recognized in documentation
 - Focused on parameters valued the most

2020 TOSP PROCESS IMPROVEMENTS

- IEP Direction to Bidders (LS Power, Xcel, CUS)
 - Xcel- SPP should take steps to reduce the costs of the IEP's evaluation by focusing the scoring of the RFP Respondent's proposals on information relevant to the project
 - Focusing on what is relevant reduces costs/time
 - Provides some examples of places to create a "check the box" requirement versus providing voluminous detail
 - CUS- Prior to RFP window have the IEP develop design parameters for material and engineering practices to be included in the RFP
 - Should include minimum design and project recommended conductor properties, ROW width, structure configuration, structure material, and other applicable criteria.

SPP GOVERNING DOCUMENTS

2020 TOSP PROCESS IMPROVEMENTS

- Governing Documents Updates – (SPP Staff)
 - Business Practices – updates and clean-up
 - IEP Process and Bidders Guidance
 - Allow staff to make non-substantive changes to RFP with potential bidders approval; remove BOD requirement
 - Example: Regulatory Need Date
 - Tariff – Attachment Y
 - RFP Issue Date – current requirement is 7 days; Staff needs additional time; would suggest 30-45 day window
 - Still maintain overall BOD recommendation schedule
 - Remove requirement of BOD approval for multiple panels
 - Allow Oversight Committee to determine need and create panels
 - Some general clean-up

INCENTIVE POINTS

2020 TOSP PROCESS IMPROVEMENTS

- Incentive Points (LS Power, Transource Energy, SPP Staff)
 - LS Power - SPP's Tariff shall be modified to state explicitly that incentive points are included in the IEP scoring evaluation and the Board selection of the DTO or the incentive points shall be eliminated from the SPP Tariff.
 - Perverse Incentive - input more DPPs to improve likelihood of incentive points
 - Labor intensive to process
 - Need to somehow modify or eliminate incentive points

2020 TOSP PROCESS IMPROVEMENTS

- Incentive Points (LS Power, Transource Energy, SPP Staff)
 - Transource - SPP should direct the IEP to add the DPP Incentive points to the scores before making the final recommendation for bid award and alternate proposal selection. While the tariff allows SPP to award to a proposal other than the highest-scoring, the IEP should provide rationale for doing so after the incentive points are added to evaluated scores. This is the only way to protect the value of project ideation participation, and would be consistent with how MISO uses the incentive points in selection of the winning bid.

2020 TOSP PROCESS IMPROVEMENTS

- Incentive Points (LS Power, Transource Energy, SPP Staff)
 - Transource
 - QRPs invest a lot of time and energy in developing efficient solutions to stated needs
 - Rate payers save money by these high-benefit projects
 - SPP can continue to run a lean organization, relying on highly-engaged stakeholders to help identify the most effective projects to address long-term system solutions.
 - Staff
 - Staff recommends the removal of the incentive points
 - Based on cost impacts vs. historic value to points

DESIGN STANDARDS

2020 TOSP PROCESS IMPROVEMENTS

- Minimum Transmission Design Standards – (Transource, CUS, SPP Staff)
 - Transource - SPP should define a specific conductor temperature for use in calculating conductor line losses, so that QRPs can calculate this consistently with how the IEP will assess, and so that proposals will be speaking in common terms and language regarding this aspect of conductor performance.
 - Staff- Staff has an additional MTDS item related to system protection standards (fiber) that needs to be reviewed
 - Suggest that PCWG (MTDSTF) help in reviewing

POST-BID ACTIVITIES

2020 TOSP PROCESS IMPROVEMENTS

- Post Bid Meeting – (Transource)
 - SPP Staff should offer RFP Response submitters an opportunity to meet with Staff 1-1 following the award of a competitive project to ask questions about how their particular bid packages were viewed – strengths/weaknesses in relation to the field of bids received, and what SPP looks for in any particular question.
 - It would also be an opportunity to clarify the items that were deemed unacceptable by the IEP, if any.
 - Include a deadline and questions submitted prior to the meeting.

COSTS/COST ESTIMATES

2020 TOSP PROCESS IMPROVEMENTS

- Better Correlation of Costs/Estimates – (SPP Staff)
 - Multiple project estimates/costs used in the RFP process
 - Study Cost Estimate, RRE, PVRR, etc.
 - How to best compare these values?
 - Validate what costs/estimates need to be evaluated and scored?
 - Tariff focus is on 40 year cost to customer (PVRR)

NEXT STEPS

- Staff will provide updates on these items to the MOPC and SPC during the January meetings
 - Please provide additional written comments to staff by December 29, 2020
- Additional discussions will be scheduled to discuss/debate suggestions

Q&A

