



Southwest Power Pool
TRANSMISSION WORKING GROUP MEETING
March 23, 2010
Net Conference

• M I N U T E S •

Agenda Item 1 – Administrative Items

TWG Chair Noman Williams called the meeting to order at 8:31 a.m. The following people were in attendance:

TWG Members

Noman Williams, Sunflower Electric Power Corp
Jason Atwood, Dogwood Energy
John Chamberlin, City Utilities of Springfield
Jason Fortik, Lincoln Electric System
Ronnie Frizzell, Arkansas Electric Cooperative Co
John Fulton, Southwestern Public Service
Joe Fultz, Grand River Dam Authority
Travis Hyde, Oklahoma Gas and Electric
Dan Lenihan, Omaha Public Power District
Randy Lindstrom, Nebraska Public Power District
Matt McGee, American Electric Power
Nathan McNeil, Midwest Energy
John Payne, Kansas Electric Power Coop
Jason Shook, GDS Associates for ETEC
Mitch Williams, Western Farmers Electric Cooperative
Harold Wyble, Kansas City Power & Light

Other Stakeholders and Staff

Marisa Brantley, SPP Staff
Tim Flanagan
Tony Gott, Associated Electric Cooperative
Rachel Hulett, SPP Staff
Jim McAvoy, Oklahoma Municipal Power Authority
Alan Myers, ITC Great Plains
Katy Onnen, SPP Staff
Mark Rossi, consultant for SPP Staff
Paul Simoneaux, Entergy
Richard Smith, Electric Power Engineers
Al Tamimi, Sunflower Electric Power Corp
Bob Vosburg, Wind Capital

Agenda Item 2 – Attachment O Review

Katy Onnen, SPP Staff, led the group through the Attachment O revisions beginning in Section IV.

Because one purpose of the Integrated Transmission Plan (ITP) was to combine the Balanced Portfolio, EHV Overlay, and other reliability studies into a central ITP process, the group was concerned the



Balanced Portfolio language was kept in Attachment O. Mitch Williams volunteered to bring this concern to the RTWG.

TWG finished its initial review of Attachment O. Katy informed the TWG that RTWG had a meeting later in the week to continue working on Attachment O revisions and potentially finalize the language. Staff will try to have a version this Friday out to TWG for review.

Agenda Item 3 – Transmission Owner Selection Process

Katy Onnen explained the purpose of the Transmission Owner Selection process was to address how SPP would select another transmission owner to build a project if a Designated Transmission Owner refused a Notification to Construct (NTC) (Attachment 1 – Transmission Owner Selection Process). Katy led the group through the process, capturing TWG's comments along the way. During discussion of the Stakeholder Expert concept, there was a question of how to qualify a Stakeholder Expert as not having a conflict of interest in the project. Also several members thought that the Designated Transmission Owner should be involved in the selection process, as they are experts on the area's transmission and geography, etc.

Under the Request for Information (RFI) section, several commented on the phrase "all state regulatory authority to implement the NTC," asking if it was supposed to limit the number of entities that could apply for the project. Due to different state processes, a utility may not be able to become a TO in a state unless they had an NTC for the project, therefore becoming ineligible to move forward to the RFP phase of the process. Upon reviewing the Request for Proposal (RFP) section, the TWG thought the RFI phase was unnecessary and time-consuming. Also TWG suggested changing the 30 day window to 90 days in which an entity provides an RFP to SPP.

In Appendix 4, TWG discussed whether the operating and reliability portions of the criteria were necessary for an RFP, as this information can change throughout the process or be superfluous. Also they asked that project expertise take into account the entity's history of projects. The TWG finished its review of the process. The TO Selection Task Force is meeting Monday when Katy will relay these comments to the task force.

Send any additional comments on the process to Katy Onnen by Friday, March 26.

Agenda Item 4 – Next Meeting and Adjournment

The TWG set its next meeting to continue discussion on Attachment O revisions for April 1 at 2 p.m. The goal is to take revised Attachment O to the April MOPC and BOD meetings.

With no further business, Travis Hyde adjourned the meeting at 10:23 a.m.

Respectfully Submitted,

Rachel Hulett
TWG Secretary

Transmission Owner Selection Process

WRITTEN BY
TRANSMISSION OWNER SELECTION TASK FORCE

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Transmission Owner Selection Process

Overview

Prior to the start of this process, SPP must have identified a specific project to be built and sent a Notification to Construct (NTC) to the Designated Transmission Owner (DTO) pursuant to Attachment O, Section VIII of the SPP Tariff. If the DTO either: 1) informs SPP that it does not want to be a DTO and does not arrange for another entity to assume the NTC in its place, 2) does not respond to the receipt of the NTC within the time ("90 day period") and in the manner required by Attachment O, or 3) cannot reach an agreement on a modified NTC with SPP within the 90 day period, then SPP shall solicit a new Transmission Owner to build, own, operate and maintain the project¹ ("Triggering Events"). The overall selection process is shown in Appendix 1 – Transmission Owner Selection Process Flowchart.

Transmission Owner Selection Committee

Once one of the Triggering Events has taken place, Staff will notify the Chairman of the Board of Directors (BOD) and the Chairman of the Oversight Committee. The Oversight Committee (OC), with recommendations from SPP Staff, will form a Selection Committee (SC), consisting of a group of SPP Staff to oversee the selection process and to make a recommendation to the Oversight Committee in accordance with the process described herein. The Chair of the SC shall be an SPP employee at the Director level or higher. The SPP Staff members of the SC shall include at least one employee from each of the following functions, not to exceed nine members.

- Engineering
- Regulatory
- Operations
- Finance

The SC may designate Stakeholder Experts in order to provide input and expert opinions to the SC. The designated Stakeholder Experts shall be selected for their expertise to supplement the knowledge and expertise of the SC.

Ultimately the selection of the Stakeholder Experts shall be at the discretion of the SC to assist in its final recommendations.

For a Stakeholder Expert to qualify to participate with the SC, the Stakeholder must not be an employee or consultant for any of the entities or their affiliates vying to construct the project. If, after a Stakeholder Expert is selected and agrees to participate, the company that the Stakeholder Expert represents in the SPP does initiate efforts to seek to construct the project, the Stakeholder shall immediately notify the SC and shall be removed as a Stakeholder Expert. Each Stakeholder Expert must sign a confidentiality agreement (attached hereto as Appendix 2 – Confidentiality Agreement) prior to participating in the selection process stating that the Stakeholder will not pass any of the information they may receive as a Stakeholder Expert to anyone who is not a member of the SC, the OC, the BOD or another Stakeholder Expert.

Stakeholders Experts shall be the primary source from which the SC shall obtain expertise which it deems to be beyond its capability. The SC may also utilize such consultants as it determines are

¹ SPP Open Access Transmission Tariff, Attachment O, Section VIII(6), page 300L.



necessary to provide specific expertise. The SC may on occasion query a Committee or Working Group regarding a matter it deems necessary to obtain such Committee's or Working Group's input. In the event the SC determines that it must query a Committee or Working Group, the query shall be narrowly designed in order to maintain the integrity of the evaluation process.

Request for Information (RFI)

The SC's first formal action after its formation shall be to issue a Request for Information ("RFI"). The purpose of the RFI is to generate a list of those entities interested in becoming the DTO for the NTC and which meet the list of minimum requirements given in Attachment O. The RFI will be developed by the SC based upon the original NTC issued by SPP. The RFI shall contain the overall parameters of the project, the original NTC, and any additional information as specified in Appendix 3 – RFI/RFP Procedures. The SC shall develop and post the RFI within 15 days of the formation of the SC. The RFI will be distributed to all Transmission Owners in SPP and posted on the SPP website and OASIS. A general notice to all members of the SPP noting the posting of the RFI will be distributed by SPP. SPP may also pass the notice to anyone who has expressed an interest in becoming a Transmission Owner in the SPP.

Those entities wishing to participate in the selection process must respond back to the SC within 30 days of the posting of the RFI with the required information. The SC will review the responses for completeness and reject any response that is incomplete. The SC shall notify a responding entity if its response is rejected for being incomplete. If time allows, the responding entity may resend its response back to the SC for consideration. The responding entity shall demonstrate that it has obtained all state regulatory authority necessary to implement the NTC² and has signed or is capable of and willing to sign the SPP Membership Agreement as a Transmission Owner upon selection³ before it can qualify to receive the RFP.

If no response to the RFI is received, then the SC will inform the OC and the BOD of the lack of interest, and the obligation to construct shall remain with the DTO.

Request for Proposal (RFP)

After the RFI has been posted, the SC will start the development of the RFP. The information required in the RFP is detailed in Appendix 3 (RFI/RFP Procedures). The SC shall complete and send the RFP within 45 days of posting of the RFI. The RFP will only be sent to those entities that have responded to the RFI and have met the qualifications of the RFI. Only such entities shall be considered qualified to continue in the process ("Qualified Entities"). Any entity that has failed to respond to the RFI as specified therein will be deemed to have waived its right to respond to the RFP. Each Qualified Entity ("QE") shall respond to the RFP within 90 days from the date the RFP is sent to the QE ("Response Window"). A QE may request an extension of time to the Response Window; however, the Response Window shall not be longer than 45 days from the date the RFP was sent to the QE. The SC may grant such an extension of time based on good cause provided by the QE. Good cause for an extension to the length of the Response Window may include, but not be limited to: documented proof that the RFP was not received in a timely manner by the QE, holidays, delay of information from SPP, and/or a delay in information from third parties required for the QE to complete its response to the RFP.

² SPP Open Access Transmission Tariff, Attachment O, Section VIII(6)(i), page 300L.

³ SPP Open Access Transmission Tariff, Attachment O, Section VIII(6)(iii), page 300L.

Comment [rah1]: How do you obtain this? Different state processes may or may not allow a TO to become a utility in a state prior to having an NTC, which could limit the number of approved RFIs.

Deleted: 3



The SC will immediately review each response to the RFP it receives for completeness. The SC will promptly return any response to the QE that is incomplete; however, the QE may resubmit its response if the resubmittal is made within the Response Window. Any QE that fails to respond to the RFP within the Response Window will be deemed to have waived its right to respond to the RFP.

If no response to the RFP is received, then the SC will inform the OC and the BOD of the lack of interest; and the obligation to construct shall remain with the DTO.

Selection Process

Upon the receipt of the last QE response, or upon the closing of the Response Window, whichever is first to occur, the SC will begin its review of the information supplied by each QE responding to the RFP. The SC shall review all the responses to the RFP and make its recommendation to the OC based upon the selection process outlined in Appendix 4 – Selection Process within 30 days of the initiation of its review. During the review period the SC may ask additional questions of a responding QE and/or have each responding QE give a face-to-face presentation. The selection process is detailed in Appendix 4. The SC may take up to an additional 30 days to complete its review if either the number of responding QEs or the complexity of the analysis requires additional time. The SC must notify the OC of the extension and the reason for the extension prior to the end of the original 30 day review period. The recommendation shall rank each QE as prescribed by Appendix 4 in a non-discriminatory manner based upon the information supplied, or obtained, through the review period. The SC will compile an internal report detailing the process, participants, data and results of its deliberation. A public report will also be published by the SC, however, the public report shall not contain any confidential information obtained by the SC during the selection process. The public report shall be made available to all SPP stakeholders prior to the final selection of the BOD.

The OC shall review the SC recommendation, results and explanations and submit those results, along with its recommendations to the SPP BOD. The SPP BOD shall select a QE for the project (Selected Transmission Owner or “STO”) and a backup QE based upon the input it receives from the OC.

Post Selection Activities

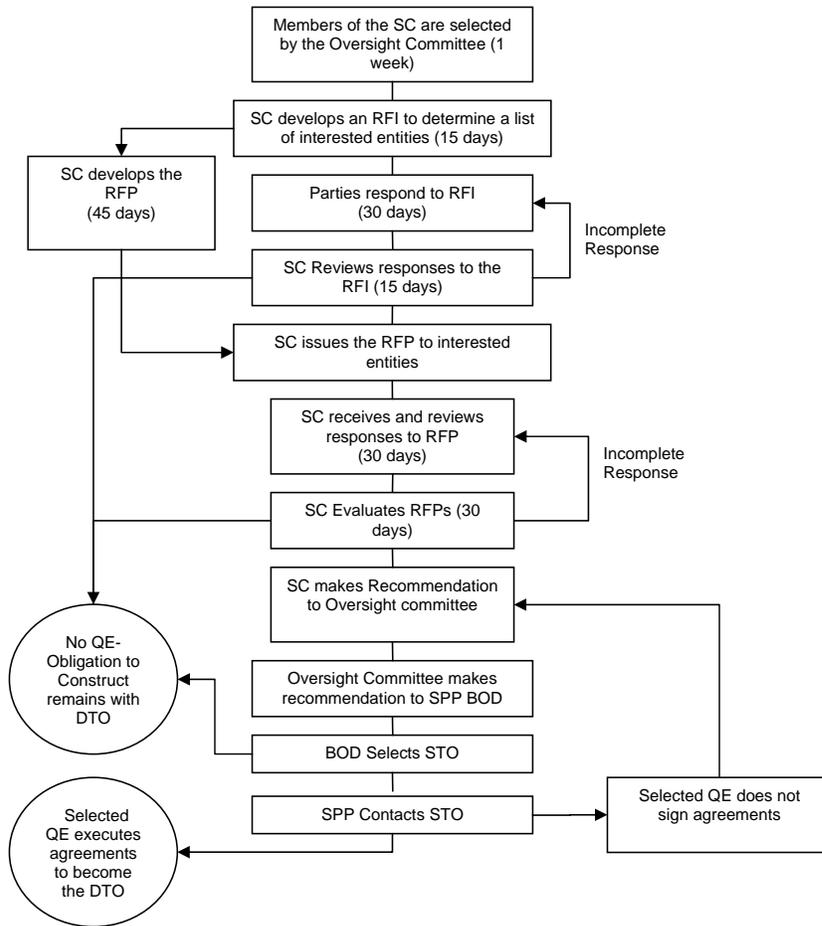
Upon the selection of the STO by the BOD, SPP shall notify the STO that it has been selected to become the new DTO for the project. The STO shall sign any necessary agreement(s) obligating it as the DTO to assume all of the rights and responsibilities related to the project and the NTC pursuant to the SPP Membership Agreement and the SPP OATT. If the STO does not respond within 15 days of notification, is no longer willing to become the DTO, or is unwilling to sign the necessary agreement(s), the STO shall be deemed to have waived its right to become the DTO and SPP shall notify the BOD, OC and the SC of the results. SPP shall then contact the backup QE and offer the project to it on the same terms the project was offered to the STO.

If the backup QE also fails to sign the necessary agreement(s) to become the DTO within 15 days of notification, SPP shall notify the BOD, OC and the SC of the results. The SC and OC shall review the remaining applications and submit another recommendation to the BOD. If no other QE can be found to construct the project, then the original Transmission Owner shall remain the DTO and shall be required to begin following the requirements of the NTC.



Appendix 1 – Transmission Owner Selection Process Flowchart

Transmission Owner Selection Process





Appendix 2 – Confidentiality Agreement

Southwest Power Pool, Inc. ("SPP") has established a Selection Committee ("SC") for the purpose of reviewing and evaluating responses to a Request for Proposal ("RFP") for a certain transmission construction project. The Recipient of this Confidentiality Agreement is an individual of particular knowledge and expertise participating as a stakeholder Member of SPP. SPP has requested the Recipient to provide input to the SC in reviewing and evaluating such responses to the RFP. Therefore, SPP may provide Recipient copies of the responses to the RFP and/or other information pertinent to the RFP.

By executing this Confidentiality Agreement, Recipient is affirming that he, his employer, any entity which he represents and any affiliate thereof, if any, are not now and do not intend to respond to the RFP. Recipient agrees that if at any time he discovers the immediately preceding affirmation becomes untrue, he shall immediately notify SPP. He shall also immediately return all information he has received from SPP pertaining to the RFP and each and every response to the RFP that he has received or destroy same at SPP's request. Recipient's obligation to maintain the confidence of the Confidential Material shall continue thereafter.

By executing this Confidentiality Agreement, Recipient is affirming that the existence and contents of each and every response to the RFP ("Confidential Material") are confidential and will be maintained by Recipient in strictest confidence and will not be disclosed to any other person or entity other than Staff members of SPP and other individuals who have signed this Confidentiality Agreement for the specified RFP. Recipient shall take necessary precautions to prevent disclosure of the Confidential Material to the public or any third party. Recipient shall make no copies or distribute the Confidential Material except as authorized in this Confidentiality Agreement. Recipient shall safeguard the Confidential Material with the same degree of care to avoid disclosure as Recipient uses to protect his own confidential and private information.

The obligation to handle and use Confidential Material set forth in this Confidentiality Agreement shall not apply to information which is in the public domain at the time of its disclosure to Recipient or thereafter enters the public domain through no breach of this Agreement by Recipient or is authorized for release by the author of the response to the RFP.

The Confidential Material shall be deemed the property of SPP or the author of the response to the RFP. Recipient shall, within ten (10) days of a written request by SPP or the author of the response to the RFP, return the requested Confidential Material to SPP. In the alternative, the Recipient shall destroy such Confidential Material at SPP's or the author's request. Recipient shall also certify in writing that he has satisfied the obligations of such request.

Recipient agrees that an impending or existing violation of any provision of this Agreement would cause SPP and/or the authors of responses to the RFP to be irreparable harmed for which there would be no adequate remedy at law and that SPP and/or such authors will be entitled to seek immediate injunctive relief prohibiting such violation without the posting of bond or other security, in addition to any other rights and remedies available.

No patent, copyright, trademark or other proprietary right is licensed, granted or otherwise transferred by this Agreement or any disclosure hereunder, except for the right to use such information in accordance with this Agreement. No warranties of any kind are given for the Confidential Material disclosed under this Agreement.



This Agreement may not be assigned by Recipient without the prior written consent of SPP. Any assignment in violation of this provision will be void.

If any provision of this Agreement is held invalid or unenforceable, such provision will be deemed deleted from this Agreement and replaced by a valid and enforceable provision which so far as possible achieves the intent of SPP and Recipient in agreeing to this original provision. The remaining provisions of this Agreement will continue in full force and affect.

ACKNOWLEDGED AND AGREED:

By: _____

Date: _____

Name: _____

Employer: _____

Email: _____

RFP: _____



Appendix 3 – RFI/RFP Procedures

Purpose

To identify the minimum Request for Proposal (RFP) requirements for selecting an entity to construct a transmission project in which the Designated Transmission Owner (DTO) has refused.

To facilitate the RFP process, it would be beneficial to first issue a Request for Information (RFI) for the specific project.

RFI Requirements

General

- Introduction/Background
- OATT / Regulatory context
- Purpose of RFI / statement of objective (tied to NTC and refusal of DTO to construct)
- Confidentiality statement (as applicable)
- RFI Timeline
- Notice of Intent to Bid (a standardized form) issued with the RFI

Consistent with Attachment O Section VIII, paragraph 6, the RFI should state that the entity responding to the RFP must demonstrate the following to be considered a viable bidder:

- That the entity has obtained all state and regulatory authority to construct, own and operate transmission facilities within the state(s) where the project is located
- That the entity meets the creditworthiness requirements of the Transmission provider (SPP)
- That the entity has signed or is capable and willing to sign the SPP Membership Agreement as a Transmission Owner upon the selection of its proposal to construct and own the project

RFP Requirements

1. General

- Introduction/Background
- OATT / Regulatory context
- Purpose of RFP / statement of objective (tied to NTC and refusal of DTO to construct)
- Confidentiality statement (as applicable, covering the confidentiality of the bids and what those evaluating the bids have agreed to in terms of a confidentiality statement)
- Dispute resolution process

2. Bid Content Requirements and Submission Procedures

- Demonstration that the entity has signed or is capable and willing to sign the SPP Membership Agreement as a Transmission Owner upon the selection of its proposal to construct and own the project
- Demonstration that the entity has obtained all state and regulatory authority to construct, own and operate transmission facilities within the state(s) where the project is located
- Timetable for RFP bids
 - RFI issued
 - Notice of intent to bid

- RFP issued
 - Pre-bid Q and A deadline
 - Pre-bid conference (if appropriate)
 - Bid due dates
 - Information policy
 - Clarification of proposals
 - Bid selection date
 - RFP primary contact
 - Identification of major partners, contractors, and associated contracts
 - Requirements to comply with Good Utility Practice, SPP criteria, industry standards, applicable Transmission Owner construction /technical criteria, and applicable local, state, federal requirements
 - Duration of Offer
 - Conditions of Bid
 - Managerial qualifications
- 3. Financial**
- Demonstration of financing
 - Demonstration of meeting SPP creditworthiness requirements
 - Demonstration of articles of incorporation
 - Cost estimates
 - Statement of cost recovery?
 - Demonstration of Revenue Requirement calculations
- 4. Engineering and Construction**
- Statement of whom will engineer/design the project?
 - Minimum technical requirements / specifications
 - Technical requirements for conductors, terminations, structures, etc (as applicable and tied to the NTC)
 - Demonstration of applicable qualifications and certifications to construct in the state in which construction is required
 - Anticipated timeline of project
 - Schedule estimates
 - Progress milestones
 - Progress reports
 - Demonstration of past transmission construction experience
 - Equipment acquisition process
 - Construction equipment
 - Transmission line material
 - Description of applicable ROW / real estate acquisition process
 - Description of routing process
 - Description of permitting processes
 - Eminent domain status
 - Process for obtaining easements
 - Surveying responsibility
 - Description of construction clearance processes. (Permission from the local operations group to cross other lines, turn off reclosers; have nearby lines reenergized while working on or near them, etc.
 - Who will have the responsibility to inspect the construction?



5. Operations and Maintenance

- Demonstration of operations
 - Statement of which entity will be operating and maintaining the line?
- Demonstration of compliance with SPP ERO, NERC requirements
- Description of relevant control center operations
- Storm / outage response plan
- Maintenance Plan
 - Staffing
 - Equipment
 - Crew training
- Record of past maintenance performance

6. Information Exchange

- Identification of data required to be provided to the SPP in accordance with NERC reliability standards (for power flow, short-circuit, stability analysis etc.)
- Data of design of the facilities for the Transmission Provider
- CEII requirements

7. Safety program/Current/past statistics

- Internal safety program
- Contractor safety program
- Safety performance record

8. Evaluation Procedure (should be listed in RFP)

- Statement of bid evaluation methodology
 - For acceptable bids
 - For bid selection
 - Use of an independent evaluator (if applicable)
- Bid Evaluation fees (if applicable)

9. Attachments - under the premise that standardized forms from each bidder will aid in the evaluation of each bid by SPP.

Possible Standardized Forms

- Notice of Intent to Bid (part of the RFI)
- Bid certification
- Bid Cover Sheet
- Pricing
- Regulatory Milestones
- Construction Milestones
- Representation Authorization
- Bid exceptions



Appendix 4 – Selection Criteria

Purpose

To identify the process used in the rating and selection of the Selected Transmission Owner.

General

The Selection Committee will use "Reasonable Professional" standard in evaluation of proposals from the various respondents.

Comment [rah2]: Please define

Minimum requirements (regulatory authority, credit worthiness, and TO membership) must be met in order to included in this process.

The Selection Committee will score respondents on the items described below. Highest score may not always be selected. Low scores in individual categories may eliminate respondents from consideration

Process

Each Selection Committee member will score respondents' proposals by category from zero to the allowed number of points for that category. Points are totaled for all respondents and the results are used in guiding the committee to the ultimate selection. There are 100 possible points for each respondent RFP.

Categories

- **Project Expertise-20 points**
 - Engineering
 - Permitting
 - Environmental
 - ROW Acquisition
 - Procurement
 - Project Management (including scope, schedule management)
 - Construction
 - Commissioning
 - Technology content
- **Safety program/Current/Past statistics-15 points**
 - Internal safety program
 - Contractor safety program
 - Safety performance record (program execution)
 - RFP conformance
- **Cost to customer- What will the (long term) final impact be on the customer's bill?-20 points**
 - Estimated total cost of Project
 - Financing costs
 - FERC Incentives
 - Revenue Requirements
 - Lifetime cost of the project to customers

Comment [rah3]: How do you include an entity's history of project expertise?

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Comment [rah4]: Please define

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- **Reliability/Quality/General Design-15 points**
 - Type of Construction (wood, steel, design loading, etc.)
 - Estimated total owning costs
 - Losses (design efficiency)
 - Estimated life of construction
- **Operations-15 points**
 - Control Center operations (staffing etc.)
 - NERC compliance –process/history
 - Storm/Outage response plan
 - Past reliability performance
- **Maintenance-15 points**
 - Staffing
 - Maintenance plans
 - Equipment
 - Crew training
 - Maintenance performance/expertise
 - NERC compliance-process/history