



Southwest Power Pool, Inc.

STRATEGIC PLANNING COMMITTEE TASK FORCE on ORDER 1000 MEETING

Wednesday, January 18, 2012

3:30 AM – 6:30 PM

Intercontinental-Stephen F. Austin, Austin, Texas

• A G E N D A •

1. Call to Order Mel Perkins
2. Review of Past Action Items Paul Suskie/Michael Desselle
3. Development of Consensus Compliance Proposal Mel Perkins
 - Selection Process Framework
 - Selection Process Applicability
- Next Steps..... Mel Perkins



Southwest Power Pool

STRATEGIC PLANNING COMMITTEE TASK FORCE on ORDER 1000 MEETING

AEP Office – Dallas, Texas

Thursday, November 10, 2011

Agenda Item 1 – Call to Order

Mel Perkins called the meeting to Order. Guests participated in person or via phone (Attendance – Attachment 1).

Agenda Item 2 – Task Force Deliverable and Timeline

Staff noted that the October 11, 2011 is the compliance filing deadline. A goal was set for the TF to seek Board approval of policy proposals by the April 2012 Board meeting and to seek Board approval of tariff language by the July Board meeting. It was also noted that there would be parallel Membership Agreement modifications that the CGC would need to resolve and seek Board approval by the July Board meeting.

Agenda Item 3 – Background Discussions

Staff recapped presentations summarizing the Staff-developed whitepapers regarding Order 1000 (Order 1000 presentation and additional background material – Attachment 2). In response to inquiries regarding what other ISO/RTOs were doing, staff noted that they are following SPP's lead and that ERCOT's process had not yet been reviewed by staff. Mel recapped that 3 options are to be considered: 1. The Sponsorship model; 2. Competitive solicitation; and 3. Hybrid.

Agenda Item 4 – Compliance Options

Dennis Reed offered that Westar had developed a hybrid approach. The approach would be for projects that did not have a ROFR anymore. In such cases SPP would default to the Transmission Owner and open a 90-day window and if an entity proposed a project during that 90 day window, SPP would then proceed to a vendor selection process. Details were to be furnished later.

Jake Langthorn offered that OGE had also developed a hybrid approach with two parts. The first part consists of a 4 step process in which SPP planning process would identify "needs". SPP would then issue RFPs, to which sponsors would respond and SPP would evaluate and determine the best solution. The second part deals with cost allocation: SPP would raise the threshold for regional allocation to projects 200KV or greater (or in other words, zonal allocation would be for facilities 0-200 kV. Details were to be furnished later.

Agenda Item 5 – Next Steps

The TF agreed on the proposed timeline as noted above (Seek BOD Approval of SPC Policy in April set of meetings for Criteria and Evaluation and seek BOD Approval of RTWG's language in July set of Meetings).

Regarding the Order 1000 Selection Criteria and Process:

1. OG&E will write up and provide details for its proposal.
2. Westar will write up and provide details for its proposal.
3. SPP Staff will research and provide details for ERCOT & CAL-ISO's selection process of projects.
4. SPP staff will research and provide details for how other RTOs are handling the Selection Criteria.
5. SPP staff to assess risk of "Do Nothing" (argue for ROFR with existing allocation)

Strategic Planning Committee
January 13, 2011

Regarding the Order 1000 Research of Impact on Changes to the H/B:

1. SPP Staff look at scenarios of changes in the H/B.
2. SPP Staff look at Impacts in ATRR if the Highway is 200Kv and above.
3. SPP Staff look at Impacts in ATRR if the H/B remains the same but zonal allocation move up to 200Kv.

Finally:

1. SPP Staff will Complete State Siting White Paper
2. SPP Staff to draft criteria to be a transmission builder under Order 1000
3. SPP Staff to draft evaluation and reevaluation criteria

Respectfully Submitted,

Michael Desselle
Secretary



Southwest Power Pool

STRATEGIC PLANNING COMMITTEE TASK FORCE on ORDER 1000 MEETING

AEP Office – Dallas, Texas

Friday, December 16, 2011

Agenda Item 1 – Call to Order

Mel Perkins called the meeting to Order. Guests participated in person or via phone (Attendance – Attachment 1).

Agenda Item 2 – Review of Part Action Items

Michael Desselle reviewed past action items. Paul Suskie noted the finished products included in the background material for the meeting. A list of these items includes: the completed SPP State Siting Whitepaper; the CAL-ISO Selection Process; the ERCOT Selection Process; the SPP Whitepaper on TO Qualifications; the Staff Transmission Developer Selection Process; the Staff Proposal of Information Submission Requirements and Project Reevaluation Criteria; and finally, the Wright and Talisman memo on ROFR in SPP Governing Documents (SPCTF on Order 1000 Additional Background Material 12/16/2011 – Attachment 2).

Paul Suskie also presented the staff's analysis performed to show the Cost Allocation differences between the current Highway/Byway methodology and 2 different change case scenarios (Order 1000 Informational Posting – Updated: December 15, 2011 with an additional change case – Attachment 3). Discussion regarding the presentation centered around the question of "if the Task Force makes a recommendation to change the allocation; then it would need to stand on its own merit". Some agreement was expressed that there is merit to regionalization up to 200kv and that from a planning perspective lower voltages will become more "distribution in nature". While there was some agreement, it was also noted that there are some 138 kV Westar facilities that support regional transfers, and some 155 kV Sunflower facilities support GI. It was also noted that little doubt exists that lower voltages provide some regional benefit, however the benefits are primarily zonal.

It was reported that the FERC staff had indicated in conversations with SPP Staff that if there is any "regional funding that there is little to no hope that ROFR would remain in place".

Regarding the change case proposals, Mel Perkins asked the question of whether the changes stand on their own merit and noted that he was hearing a consensus against changing the allocation and that there was some support for Change case 2. He then called the question as to whether there was support of the Task Force to make such changes and received a general agreement to leave the allocation as is.

Agenda Item 3 – Compliance Options

Four Compliance Proposals were proffered for consideration (OGE, Westar, AEP, and LS Power). Each proposal was presented and discussed.

OGE explained their proposal (Compliance Options – OGE – Attachment 4). Jake Langthorn described the process as a 2 part proposal. The first part consists of a 4 step process in which the SPP planning process would identify "needs". SPP would then issue RFPs, to which sponsors would respond and SPP would evaluate and determine the best solution. The second part deals with cost allocation: SPP would raise the threshold for regional allocation to projects 200KV or greater (or in other words, zonal allocation would be for facilities 0-200 kV). Matt Binette clarified that Order 1000 specifically notes that nothing in the Order was intended to change the way Generator Interconnects (GI) are to be treated. It was noted that previous consensus had been established to not make cost allocation changes essentially mooted Part 2 of the proposal. In response to inquiry regarding the ATRR, OGE indicated that constraining the selection to the lowest ATRR is addressed in step 4 of the process.

Westar explained their proposal (Compliance Options – Westar – Attachment 5). Dennis Reed noted that the proposal was written from the perspective of no change to the current SPP Planning Process and that Order 1000 goes to the issue of “who builds”. Using existing processes, for projects where ROFR would not apply (Greenfield) a NTC would be issued to the default provider who would have 90 days to accept. During this period, other parties could apply to build project. In such an occurrence, SPP would use it’s TO selection process. Again the issue of applicability to GI and Aggregate (AGG) study was raised and staff has an action item to “nail down what is applicable to GI, AGG, Transmission Service (TS) and ITP.

It was also noted that commonalities of the proposals included: Competition at some level; Minimization of Planning process changes, and: that the distinguishing feature is the point in the process where competition occurs.

During this discussion Mel Perkins noted that a key question seems to be forming: “...As a task force are we going to push for maintaining some ROFR for some elements of high voltage projects”.

AEP explained their proposal (Compliance Options – AEP – Attachment 6). Terri Gallup noted that their proposal keeps the current planning process intact and supports the CAL-ISO approach. For projects 300 kV and above, project sponsors could propose solutions to alleviate the identified needs and SPP would determine the most cost effective project and award the project. However, more stringent selection criteria would be needed to be developed.

It was noted that the proposal was parallel to Westar. The distinguishing difference was that the right to construct is different.

LSPower explained their proposal (Compliance Options – LS Power – Attachment 7). Bryan Rushing described the proposal as a Hybrid 2 step approach having a sponsorship avenue and an ITP defined RFP avenue. ROFR would be entirely removed.

It was noted that the proposal was similar to OGE and AEP with respect to the sponsorship model.

Finally, it was noted that processes would need to be developed for SPP to make decisions.

Following these discussions the question was called of the TF “do we want to retain some level of Regional ROFR?” A straw poll was taken and 13 participants voted to yes with one opposed.

The question was then asked at what level of ROFR is desired and straw polls were taken:

	Objection		No Objection
Sponsored Projects		ROFR Applies	✓
Zonal Upgrades below 100 kV		ROFR Applies	✓
Byway (33% Regional Funding) (any project <33%/34% regional than ROFR; otherwise no ROFR)	LS Power Opposed	ROFR Applies	✓
Highway (anything with regional funding above 33%)		No ROFR (other than FERC carve-outs)	✓

Task Force members stated that we needed to raise this issue in the compliance filing and put the best case forward for retaining ROFR as proposed above.

Strategic Planning Committee Task Force on Order 1000
December 16, 2011

Agenda Item 5 – Next Steps

The TF agreed that the next issue to discuss was the selection process and that an additional face-to-face meeting be scheduled following the MOPC in Austin.

Action Items include:

1. Staff would develop a comparison matrix of the 4 compliance proposals.
2. Staff would define what is impacted by Order 1000 (GI, AGG, TS, ITP).

Respectfully Submitted,

Michael Desselle
Secretary

	<u>OGE</u>	<u>Westar</u>	<u>AEP</u>	<u>LS Power</u>
<u>SPP Planning</u>	SPP identifies need (SPP ITP processes, GI, TS, etc.)	SPP identifies need	SPP identifies need (SPP ITP processes)	SPP identifies need
<u>Contract Upgrades</u>		TO-Local and assigned TO-Within zone GIQ NTC Selection – Base plan Upgrades & Upgrades outside the interconnect zone		
<u>Sponsored upgrades</u>		No regional funding, Sponsor builds or contracts with an SPP TO to build		
<u>Base Plan Upgrades</u>		Default TO + NTC Selection		
<u>New Facilities</u> <ul style="list-style-type: none"> < 100 kV 100-300 kV >300 kV 		Default TO Default TO See Competition	Default TO Default TO See Competition	
<u>Competition</u> <ul style="list-style-type: none"> • <u>RFP</u> <ul style="list-style-type: none"> < 100 kV 100-300 kV >300 kV • <u>90-day window</u> • <u>Sponsorship</u> • <u>ITP-Defined</u> 	<i>SPP issues solutions RFP</i>	No No Yes Default TO has 90-days + Other parties can apply to construct	<i>SPP issues solutions RFP</i> Incumbent TO only Incumbent TO only Open to all Pre-Qualified Project sponsors	<i>SPP issues solutions RFP</i> Yes, open to all Yes, open to all
<u>Evaluation Criteria</u>	SPP evaluates B/C using specified benefit calculation	Projects selected and approved using current SPP Attachment O Planning process	SPP evaluates most cost effective	
<u>Selection</u>	SPP selects	SPP selects using its selection BP 1.16	SPP selects	SPP selects using defined selection criteria

Order 1000 Compliance Option Proposals Comparison Chart (continued)

	<u>OGE</u>	<u>Westar</u>	<u>AEP</u>	<u>LS Power</u>
<u>Cost Allocation</u>	Eliminate regionalization below 200kV		No change to H/B	No change to H/B
<u>Project Sponsor Criteria</u>		The "Default TO" would either be selected using the same criteria for selecting the "Designated TO" in Attachment O or if the project was proposed by an entity that also wants to build the project, it becomes the "Default TO". The Default TO is the entity that SPP works with during the planning process for cost and other project cost information.	Stricter, more robust sponsor qualification criteria	Pre-qualification criteria



SPP

*Southwest
Power Pool*

FERC Order No. 1000

**Transmission Developer Selection
Process**

**White Paper Published by:
SPP Legal/Regulatory**

For the SPP Strategic Planning Committee Task Force on Order No. 1000

DRAFT 11/04/2011

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DRAFT

1. HISTORY AND BACKGROUND

On July 21, 2011, the Federal Energy Regulatory Commission (“FERC”) issued Order No. 1000,¹ which requires all public utility transmission providers to (among other things) facilitate nonincumbent transmission developer participation in regional transmission planning by removing from FERC-approved tariffs and agreements any language creating a federal right of first refusal (“ROFR”) for an incumbent transmission provider to construct transmission facilities selected in a regional transmission plan for cost allocation.² Implicit in the requirement to eliminate federal ROFR for incumbent transmission providers is that the regional planning process develop procedures for selecting which entity will construct each project selected in the regional transmission plan for purposes of cost allocation.

This white paper sets forth several options for transmission developer selection processes that SPP staff has identified to comply with the Order No. 1000 requirement to eliminate federal ROFR and allow participation by nonincumbent transmission developers on a nondiscriminatory basis. SPP Staff believes that the options specified below, if implemented on a nondiscriminatory basis and in compliance with the transmission planning requirements of Order Nos. 890³ and 1000, may be acceptable to FERC.

SPP has identified several potential options for transmission developer selection, as discussed in more detail in Section 3 of this white paper:

- (1) Project Sponsorship Model: Projects will be assigned to the entity that proposed or “sponsored” the project in the SPP planning process;
- (2) Competitive Solicitation: Each project selected in the SPP planning process will be subject to competitive bidding by qualified entities, with the winner to be selected by SPP on the basis of criteria set forth in the SPP Tariff and business practices; or
- (3) Other: SPP and its stakeholders develop a different process for selecting which entity will construct each project selected in the SPP planning process.

¹ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, III FERC Stats. & Regs., Regs. Preambles ¶ 31,323 (2011).

² Order No. 1000 indicates that the elimination of federal ROFR from FERC-approved tariffs and agreements does not: (1) apply to transmission facilities not selected in a regional transmission plan for purposes of cost allocation; (2) apply to upgrades to existing transmission facilities, such as tower change outs or reconductoring; (3) affect existing rights-of-way; and (4) affect state or local laws or regulations regarding the construction or siting of transmission facilities.

³ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,241, *order on reh’g*, Order No. 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007), *order on reh’g and clarification*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh’g and clarification*, Order No. 890-C, 126 FERC ¶ 61,228 (2009), *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

2. DEFINITIONS

Order No. 1000 uses the following terminology relevant to this white paper:

Incumbent transmission developer/provider: An entity that develops a transmission project within its own retail distribution service territory or footprint.

Nonincumbent transmission developer: An entity that either: (1) does not have a retail distribution service territory or footprint; or (2) is a public utility transmission provider that proposes a transmission project outside of its existing retail distribution service territory or footprint, where it is not the “incumbent” for purposes of the project.

Transmission facility selected in a regional transmission plan for purposes of cost allocation: A transmission facility that has been selected, pursuant to a Commission-approved regional transmission planning process, as a more efficient or cost-effective solution to regional transmission needs. This term does not include: (1) facilities planned by local planning processes that are “rolled-up” into regional plans; (2) facilities for which the sponsor does not intend to seek cost allocation under the regional cost allocation methodology (i.e., merchant transmission facilities).

Transmission planning region: The region in which a public utility transmission provider, in consultation with stakeholders and affected states, has agreed to participate for purposes of regional transmission planning and development of a single regional transmission plan. For Regional Transmission Organization (“RTO”) members, the transmission planning region is the RTO region.

3. OPTIONS FOR SELECTING AMONG COMPETING TRANSMISSION DEVELOPERS

3.1 Sponsorship Model

In the Notice of Proposed Rulemaking that resulted in Order No. 1000, FERC expressly proposed that an entity that proposes or “sponsors” a project in the regional planning process would be granted the right to build the project if it is selected in the regional transmission plan.⁴ In Order No. 1000, FERC decided not to adopt its proposal that would give a project sponsor the federal right to construct and own a transmission facility it sponsored in the regional planning process.⁵ However, while Order No. 1000 did not mandate a sponsorship model, neither did it

⁴ See, e.g., *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Notice of Proposed Rulemaking, IV FERC Stats. & Regs., Proposed Regs. ¶ 32,660, at P 93 (2010) (“We also propose to require that each public utility transmission provider to amend its OATT to describe how the regional transmission planning process in which it participates provides for the sponsor (whether an incumbent transmission provider or nonincumbent transmission developer) of a facility that is selected through the regional transmission planning process for inclusion in the regional transmission plan to have a right, consistent with state or local laws or regulations, to construct and own that facility.”).

⁵ See, e.g., Order No. 1000 at PP 334, 338.

prohibit such an approach to determining which entity will construct a project in the regional transmission plan for purposes of cost allocation. In fact, throughout Order No. 1000, FERC repeatedly refers to project “sponsors,”⁶ suggesting that a nondiscriminatory sponsorship model may satisfy the requirements of Order No. 1000.

Under a sponsorship model, an entity seeking to construct transmission projects in the SPP planning process would first need to demonstrate its eligibility to participate in the SPP planning process by satisfying a series of qualification criteria set forth in the SPP Tariff. Order No. 1000 requires each regional planning process to develop qualification criteria “for determining an entity’s eligibility to propose a transmission project for selection in the regional transmission plan for purposes of cost allocation, whether that entity is an incumbent transmission provider or a nonincumbent transmission developer.”⁷ SPP can tailor the qualification criteria to ensure that only qualified entities are permitted to propose projects and be designated as the Designated Transmission Owner if the project is selected in the SPP planning process.

If SPP opts for a sponsorship approach, SPP will need to develop a process for what to do if a selected project is modified from its original proposal, two sponsored projects are combined into a single project, or SPP selects a project that does not have a sponsor in the planning process.

3.2 Competitive Solicitation

Throughout Order No. 1000, FERC indicated that transmission planning regions may adopt a competitive solicitation process to identify transmission projects and developers to build those projects.⁸ While Order No. 1000 provided very little guidance on the design of a competitive solicitation process for selecting transmission projects and developers, SPP could use as a basis for this approach its current process set forth in Section VI.6 of Attachment O of the SPP Tariff for selecting an alternate entity to build a transmission facility if the Designated Transmission Owner is unable or unwilling to construct an assigned transmission facility. Any entity seeking to bid on a project in the SPP planning process would be required to satisfy the qualification criteria required by Order No. 1000.⁹

⁶ See, e.g., *id.* at P 267 (“The Commission recognizes that there may be circumstances when an incumbent transmission provider may be called upon to complete a transmission project that it did not *sponsor*. . . . There also may be situations in which an incumbent transmission provider has an obligation to build a project that is selected in the regional transmission plan for purposes of cost allocation but *has not been sponsored by another transmission developer*.”); *id.* at P 332 (“The Commission also requires that a nonincumbent transmission developer must have the same eligibility as an incumbent transmission developer to use a regional cost allocation method or methods for any *sponsored* transmission facility selected in the regional transmission plan for purposes of cost allocation.”) (emphasis added).

⁷ *Id.* at PP 323.

⁸ *Id.* at P 321 (“For example, this Final Rule permits a region to use or retain an existing mechanism that relies on *competitive solicitation* to identify preferred solutions to regional transmission needs.”) (emphasis added); see also *id.* at P 336 (“This mechanism could be, for example, a non-discriminatory *competitive bidding* process.”) (emphasis added).

⁹ See *supra* note 7 and accompanying text.

3.3 Other

SPP Staff does not believe that the two options identified above are the only options to address the issue of transmission construction and ownership assignment in the SPP planning process. It is possible that SPP and its stakeholders could establish a process that combines elements of the sponsorship and competitive solicitation models or some different process altogether. In any event, whichever option SPP selects will need to provide comparable and nondiscriminatory treatment to incumbent transmission owners and nonincumbent transmission developers.

4. CONCLUSION

As part of its filing to comply Order No. 1000, SPP will need to develop a process for determining which entity will construct each project selected in the SPP planning process for cost allocation. SPP staff believes that a properly-structured project sponsorship model or competitive bidding process may satisfy the requirements of Order No. 1000 to facilitate nonincumbent participation in the SPP planning process. However, SPP and its stakeholders could develop an alternative to these approaches, provided it is not unduly discriminatory and complies with the planning requirements of Order Nos. 890 and 1000.

1.16 TO Selection When A DTO Rejects an NTC

[\(return to TOC\)](#)

SPP sends a Notification to Construct (NTC) to the Designated Transmission Owner (DTO) for projects to be built pursuant to Attachment O, Section VI of the SPP Tariff.³⁷ The purpose of this business practice is to define the process to be utilized by SPP in the event that DTO is unable or unwilling to arrange for the construction of a project identified pursuant to the SPP planning procedures. This overall selection process is depicted in the diagram found in Appendix 1.³⁸

Business Practice

If the DTO for a NTC 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 defined 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 project pursuant to the following process:

- (1) Staff will notify the Chairman of the Board of Directors (BOD) and the Chairman of the Oversight Committee.
- (2) Within 15 days, 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
- (3) During the implementation of this Business Practice, the SC may, in its sole discretion, designate and utilize 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.

For a Stakeholder Expert to qualify to participate with the SC, the Stakeholder Expert 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 Expert shall immediately notify the SC and shall be removed as a Stakeholder Expert. Each Stakeholder Expert must sign the SPP confidentiality agreement prior to participating in the selection process. Contact SPP Customer Service @ (501) 614-3200 for the current confidentiality agreement.

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 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.

³⁷ Attachment O, Section VI [SPP OATT](#)

³⁸ [BP 1.16 Appendix 1](#)

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- (4) Within 15 days of its formation, the SC's shall 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.³⁹ The RFI will be developed by the SC based upon the original NTC issued by SPP and shall contain
- a. The overall parameters of the project;
 - b. the original NTC; and
 - c. any additional information as specified in Appendix 3.⁴⁰

The RFI will be distributed to the identified contacts for each Transmission Owner in SPP, each SPP Member, posted on the SPP website and OASIS and distributed 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 contained in Appendix 3. The SC will review the responses for completeness and reject any response that is incomplete or does not meet the qualifications. The SC shall notify a responding entity if its response is rejected for being incomplete. If time allows, the responding entity may resend a corrected or modified response back to the SC for consideration. Entities whose response is determined to be complete will be considered a Qualified Entity ("QE"). Any entity that fails to respond to the RFI or whose response is rejected will not be considered further in this selection process.

- (5) 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.
- (6) Within 45 days after the RFI has been posted, the SC will develop and issue an RFP containing the information detailed in Appendix 3. The RFP will only be issued to those entities that have responded to the RFI and have met the qualifications of the RFI.
- (7) Each Qualified Entity ("QE") shall respond to the RFP within 60 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 75 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.
- (8) 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.
- (9) 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 a corrected or modified 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.
- (10) 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 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 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

³⁹ Attachment O [SPP OATT](#)

⁴⁰ [BP 1.16 Appendix 3](#)

period. The recommendation shall rank each QE as prescribed by Appendix 4⁴¹ 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.

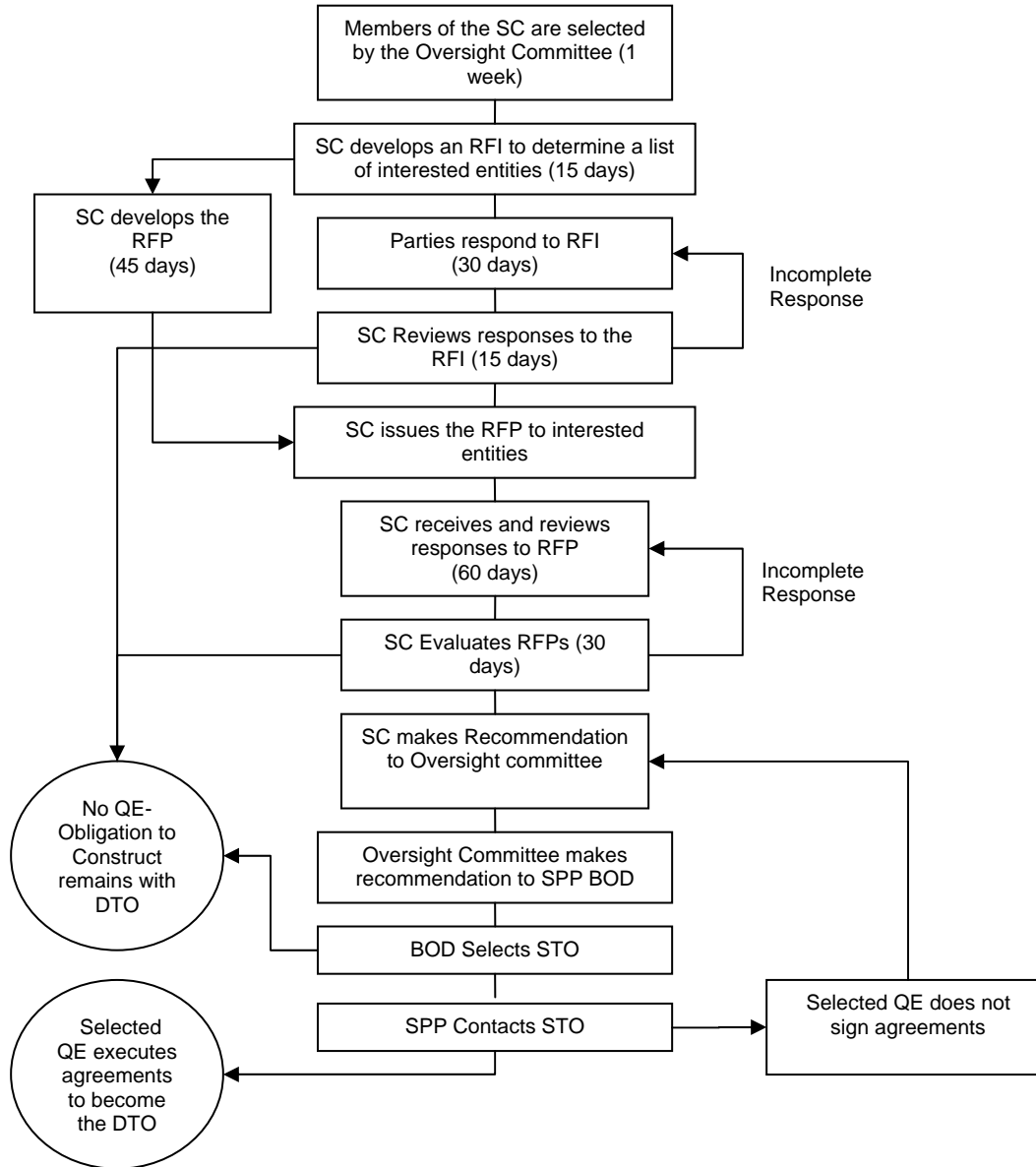
- (11) The OC shall review the SC recommendation, results and explanations and submit those results, along with its recommendations to the SPP BOD. The SPP BOD shall select a QE for the project (Selected Transmission Owner or "STO") and a backup QE based upon the input it receives from the OC.
- (12) 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.
- (13) 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.
- (14) 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 NTC⁴².

⁴¹ [BP 1.16 Appendix 4](#)

⁴² SPP Open Access Transmission Tariff, Attachment O, Section VI (6), page 300L. [SPP OATT](#)

Business Practice 1.16 Appendix 1 – Transmission Owner Selection Process Flowchart

Transmission Owner Selection Process



Business Practice1.16 Appendix 2

*Selection Committee Confidentiality Agreement
Between
The Southwest Power Pool, Inc.
and
(Recipient)*

Please contact SPP Customer Service @ (501) 614-3200 for the current confidentiality (or NDA) agreement.

Business Practice 1.16 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 VI, paragraph 6, the RFI must 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

Business Practice 1.16 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.

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
- **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

Dept	Doc ID	Document Title	Current Version	Current Rev Date
Tariff Administration	0810PCSBP1.16	Transmission Operator (TO) Selection when a Designated Transmission Owner (DTO) Rejects a Notice to Construct (NTC)	1.1	

Revision History

Ver No:	Rev. Date:	Eff. Date:	By	Summary of Changes
1.0	1/14/2009	1/14/2009	spp	New Business Practice
1.1	1/12/2011	1/19/2011	bpw g	New BP replacing former BP 1.16, to incorporate the Selection Process in the event a DTO is unable or unwilling to arrange for construction

Approval

Primary Owner: Jimmy Womack



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 Date: 2011.01.13 16:17:12 -0500

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