



**Southwest Power Pool**  
**TRANSMISSION WORKING GROUP MEETING**  
**February 3, 2012**  
**Web Conference**

**Agenda Item 1 – Administrative Items**

TWG Chair Noman Williams called the meeting to order at 9:02 a.m. The following members were in attendance:

Mo Awad, Westar Energy, inc.  
John Fulton, Southwestern Public Service Co.  
Joe Fultz, Grand River Dam Authority  
Travis Hyde, Oklahoma Gas & Electric  
Dan Lenihan, Omaha Public Power District  
Randy Lindstrom, Nebraska Public Power District  
Jim McAvoy, Oklahoma Municipal Power Authority  
Matt McGee, American Electric Power  
Nathan, McNeil, Midwest Energy, Inc.  
Nate Morris, Empire District Electric  
Alan Myers, ITC Great Plains  
Jason Shook, GDS representing East Texas Electric Cooperative  
Mike Swearingen, Tri-County Electric Cooperative  
Noman Williams, Sunflower Electric Power Corp.  
Harold Wyble, Kansas City Power & Light

The following stakeholders and staff were also in attendance:

Syed Ahmad, Federal Energy Regulatory Commission  
Deral Danis, Clean Line Energy  
Patrick DeLassus, SPP Staff  
Jeff Ellis, American Electric Power  
Cary Frizzell, SPP Staff  
Terri Gallup, American Electric Power  
Noumvi Ghoms, Missouri Public Service Commission  
Kirk Hall, SPP Staff  
Tom Hestermann, Sunflower Electric Power Corp  
Jody Holland, SPP Staff  
Rachel Hulett, SPP Staff  
Bob Lux, SPP Staff  
John Mills, SPP Staff  
Steve Purdy, SPP Staff  
Jeff Tullis, Grand River Dam Authority  
Kyle Watson, Entergy

Rachel Hulett noted that a quorum was reached to begin the meeting

**Agenda Item 2 – BPR 027 Review**

Noman Williams stated no approval would be requested today on Business Practice Revision (BPR) 027 but rather discussion of comments and concerns about the document. Terri Gallup, PCWG Chair, gave a



presentation outlining BPR 027, including the need to approve the BPR before SPP staff can issue NTCs and NTC-Cs.

Terri went through the new sections of the business practice soliciting comments from the group. The group made suggestions and provided comments, including for staff to issue new NTCs after conditions were removed and to clarify financial commitment and deadlines for NTC-C estimates (Attachment 1 – BPR 027 TWG Revisions).

**Agenda Item 3 – Closing**

Noman asked members for any suggested agenda topics for the upcoming TWG February 21 – 22, 2012 meeting.

Seeing no further business, Noman Williams adjourned the meeting at 10:37 a.m.

Respectfully Submitted,

Rachel Hulett  
Secretary

## Business Practice Revision

BPR Number	BPR000	BPR Title	Notification To Construct
<b>Business Practice Section(s) Requiring Revision</b> (include Section No., Title, and Protocol Version)		Notification To Construct	
<b>Impact Analysis Required</b> (Yes or No)		No	
<b>MMU Report Required</b> (Yes or No)		No	
<b>Requested Resolution</b> (Normal or Urgent)		Normal	
<b>Revision Description</b>		The addition of a Notification To Construct with Conditions (NTC-C) concept, as approved by the SPP Board of Directors in its July 2011 meeting, and housekeeping changes to the existing Notification to Construct process. Also, the addition of Assignment and Novation requirements as developed by the Strategic Planning Committee and also approved by the SPP BOD in its July 2011 meeting.	
<b>Reason for Revision</b>		The NTC with conditions is a new process approved by the SPP Board of Directors in its July 2011 meeting that requires changes to the existing NTC Business Practice. The additional requirements for Assignments and Novations were developed by the Strategic Planning Committee and approved by the SPP BOD in its July 2011 meeting.	
<b>Tariff Implications or Changes (Yes or No; If yes include a summary of impact and/or specific changes)</b>		<input type="checkbox"/> Yes (Include a summary of impact and/or specific changes) <input checked="" type="checkbox"/> No	
<b>Criteria Implications or Changes (Yes or No; If yes include a summary of impact and/or specific changes)</b>		No	
<b>Credit Implications (Yes or No, and summary of impact)</b>		No	
<b>Working Group/Committee Review and Results</b>		BPWG – ORWG – [[is this really needed]] RTWG – TWG –  MOPC –	

## Business Practice Revision

Sponsor	
Name	Terri Gallup, PCWG Chair
E-mail Address	tagallup@aep.com
Company	American Electric Power Company
Company Address	
Phone Number	
Fax Number	

### Proposed Business Practice Language Revision

## 1.15 NOTIFICATION TO CONSTRUCT

### 1.15.1 Notification to Construct Process (For Use with NTCs issued Prior to July 2011)

A SPP Notification to Construct (NTC) letter is a formal SPP document directing the commencement of construction of Network Upgrades intended to meet SPP Transmission Expansion Plan (STEP)<sup>1</sup>, SPP Open Access Transmission Tariff (OATT)<sup>2</sup>, or Regional Transmission Organization (RTO) Determined Needs.

The authority for SPP to issue an NTC is derived from approval by the SPP Board of Directors, 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.

The issuance of an SPP NTC represents that the Network Upgrade is eligible for cost recovery under the SPP OATT.

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#### ***Business Practice***

An SPP NTC may be issued for Network Upgrades originating from, but not limited to, the following processes: (***NOTE: These are descriptions of when a NTC may be issued and are not SPP OATT definitions.***)

- **ITP Study Process**

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<sup>1</sup> [http://www.spp.org/publications/BOD%20Appendix%20B\\_simplified.xls](http://www.spp.org/publications/BOD%20Appendix%20B_simplified.xls)

<sup>2</sup> [http://www.spp.org/publications/spp\\_tariff.pdf](http://www.spp.org/publications/spp_tariff.pdf)

## Business Practice Revision

Integrated Transmission Planning (ITP) study Network Upgrades as directed for construction by the SPP Board of Directors in accordance with Attachment O of the SPP OATT.

- **Balanced Portfolio**  
Network Upgrades identified in an approved Balanced Portfolio which was developed in accordance with Attachment O of the SPP OATT.
- **Sponsored Upgrades**  
Network Upgrades which have received the endorsement of the SPP Board of Directors and the financial commitment of a Project Sponsor(s).
- **SPP Tariff Studies – Transmission Service studies**  
Network Upgrades identified in Service Agreements entered into pursuant to the SPP OATT to accommodate new Transmission Service.
- **Generation Interconnection Upgrades**  
Network Upgrades required by a generation interconnection agreement to be constructed by a Transmission Owner(s) other than the Transmission Owner that is a party to the generation interconnection agreement.
- **High Priority Upgrades**  
Network Upgrades identified through a high priority study as directed for construction by the SPP Board of Directors in accordance with Attachment O of the SPP OATT.
- **Out of Cycle Reviews**  
Local planning or sub-regional studies may reveal additional economic or reliability Projects beneficial or necessary to the transmission network. These proposed Projects may be submitted to the RTO for consideration for an out of cycle review by the SPP Board of Directors. Out-of-cycle Projects receiving approval from the SPP Board of Directors for inclusion in the STEP may receive an NTC depending on the nature, timing and urgency of the Project.

SPP recognizes that other factors beyond SPP governing documents may result in system Network Upgrades which are reasonable and appropriate. These Network Upgrades may not require an NTC. The NTC process shall not relieve a Transmission Owner of its obligation to construct, own or operate its transmission system as required in any other law or regulation or as required by the SPP OATT and Membership Agreement.

### **SPP will issue a Notification to Construct under the following conditions and Time Constraints:**

- Approved Network Upgrades from ITP/High priority studies:  
  
Unless previously issued, SPP staff will issue NTCs for all Network Upgrades approved by the SPP BOD for which financial

## **Business Practice Revision**

commitment is required prior to the approval of the next update of the SPP Transmission Expansion Plan. Such an NTC will be issued within 15 business days from the time the SPP Board of Directors approves the project.

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- Sponsored Upgrades;
  - an NTC will not be issued for an endorsed Sponsored Upgrade until a project sponsor is financially committed to pay for the Sponsored Upgrade.
- Network Upgrades related to transmission service requests;
  - Unless previously issued, SPP staff will issue NTCs for all identified projects associated with Transmission Service Agreements (TSA) 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.
- Network Upgrades related to generation interconnection requests;
  - Unless previously issued, SPP staff may issue NTCs for identified project(s) associated with Generation Interconnection Agreement(s) (GIA) within 15 business days from the effective date of the GIA(s).

### **1.15.1.1 NTC Modification**

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

#### **Process**

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

- Change in scope
- Change in cost estimates
- 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 Designated Transmission Owner

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But 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.

A stakeholder wishing to have an NTC 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 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 1.15.1.3. For a Project to be deemed reasonable, it must meet or exceed the Network Upgrade Justification of the original Project.

If SPP determines that an NTC Project modification is reasonable, it will inform the TWG, MOPC, and SPP Board of Directors of this fact at their next regularly scheduled quarterly meeting and request Board of Directors approval as necessary to issue an NTC modification.

After the Board of Directors approves the NTC modification, SPP will issue a modified NTC as needed.

### **Scope**

A modification to an NTC 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 Transmission Owner's(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



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- 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 needs to be modified, a new NTC 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 documented Network Upgrade or wishes to propose an alternative transmission solution to an already approved Network Upgrade, the requestor shall coordinate the proposed change with SPP staff.

### **Cost Estimates**

As part of the quarterly Project Tracking effort as specified in Attachment O of the SPP OATT, SPP staff will review the cost estimates provided by the designated Transmission Owner(s) and compile a list of Projects with a cost estimate increase of more than 20% from the previous quarter.

SPP staff will determine the cause of the cost increase for each NTC Project in this list and make a recommendation as to whether the change in cost estimate is sufficient to justify the Project being replaced with an alternate Project.

SPP or TWG may request further analysis of a Project.

After SPP holds a 15 day stakeholder review period, a SPP proposed modification to an NTC will go to the SPP Board of Directors for approval.

### **Timing**

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

Through the processes identified in Section 1.15.1, SPP could change the Need Date, which would result in an NTC modification.

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The following items are not expected to cause a change in an NTC 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

### **Change in Designated Transmission Owner**

A modified NTC shall be required if there is a change in the Designated Transmission Owner of a Project. Once the change in Designated Transmission Owner is approved, SPP shall issue a modified NTC reflecting the change in Designated Transmission Owner. SPP shall inform the TWG of an approved change in Designated Transmission Owner at its next regularly scheduled meeting.

### **1.15.1.2 NTC Withdrawal**

In the event that changes occur which could render an NTC for an approved Project unnecessary, SPP may re-study the need for the Project. Changes that could render an NTC 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.

A stakeholder wishing to have an NTC 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 for an approved Project unnecessary, SPP

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will perform any necessary analysis and will, in consultation with stakeholders, determine if the Project is still required. Consideration of NTC withdrawal will take into account the stage of development of the Project and discussion with the Designated Transmission Owner.

If SPP confirms that an NTC Project is unnecessary, it will inform the TWG, MOPC, and SPP Board of Directors of this fact at their next regularly scheduled meeting and request approval by the Board of Directors, as necessary, to issue an NTC withdrawal.

- After the Board of Directors approves of the NTC withdrawal, SPP will withdraw the NTC Project. If the NTC was due to a Service Agreement, then the NTC withdrawal shall not need TWG, MOPC, or SPP Board of Directors approval but shall be addressed by SPP staff.
- Within six months after receiving an NTC withdrawal, the Designated Transmission Owner shall notify SPP of any costs that it incurred prior to receiving the withdrawal of the NTC for reimbursement pursuant to Section VIII of Attachment J.

### **1.15.1.3 Reporting**

#### **Status of Upgrades Identified in the SPP Transmission Expansion Plan**

- On a quarterly basis the SPP shall post:
  - the status of the upgrades on the SPP website with the appropriate NTC identifiers
  - any NTC(s) issued during the quarter
  - any NTC withdrawal(s) issued during the quarter
  - any NTC(s) modified during the quarter

#### **Format of a Notification to Construct and NTC identifiers**

To ensure proper and consistent documentation of approved Network Upgrades, a SPP NTC letter shall include, at a minimum, the following information:

- **NTC Information**
  - The NTC is assigned a unique NTC Identification Number.
    - NTC ID# convention, SPP-NTC-#
    - *Example:* SPP-NTC-1
- **Project Information**
  - Projects are assigned a unique Project Identification Number (PID).
    - Project ID# convention, SPP-PID-#
    - *Example:* SPP-PID-1

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- 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 minimum the Need Date.
- **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
    - Regional Reliability
    - Sponsored Upgrade
    - Service Upgrade
    - Zonal Reliability Upgrade
    - Other
  - Upgrade Specifications
    - Upgrade Type: Reconductor, 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

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- Direct Assignment
- Project Sponsor
- Zonal
- Regional
- Other
- Documentation of Approvals
  - SPP Board of Directors approval date or reference to approved motion
  - Service Agreement number
- Commitment details of Sponsored Upgrades.
- Documentation of Project History
  - The NTC will list any previously issued NTC ID numbers associated with the approved Network Upgrade or Network Upgrade change.
  - The NTC will include any related past NTC identification numbers to ensure proper documentation of the approval.
  - When the situation warrants issuing a new NTC, the new NTC will include past NTC 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.

Modifications of the approval are outlined in Section 1.15.1.1.

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

### **1.15.1.4 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.

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### 1.15.2 Notification to Construct and Notification to Construct with Conditions (For Use After July 2011)

#### 1.15.2.1 Notification to Construct

A SPP Notification to Construct (NTC) letter is a formal SPP document directing the commencement of construction of Network Upgrades intended to meet SPP Transmission Expansion Plan (STEP)<sup>3</sup>, SPP Open Access Transmission Tariff (OATT)<sup>4</sup>, or Regional Transmission Organization (RTO) Determined Needs.

#### 1.15.2.2 Notification to Construct with Conditions

A SPP Notification to Construct with Conditions (NTC-C) letter is a formal SPP Notification To Construct with Conditions only directing further engineering study by the Designated Transmission Owner (DTO) at the request of SPP for the DTO to further refine its Study Estimate. A NTC-C is for additional planning and does not authorize the DTO to start construction or to order materials for the project.

Comment [rah1]: Refine study estimate only, not additional planning

A NTC-C will be issued for projects 100 kV and above with a Study Estimate greater than \$20 Million (Applicable Projects) that have been approved by the SPP Board of Directors (BOD). The purpose of the NTC-C is to provide the DTO(s) additional time to perform detailed engineering within a stated timeframe to refine its Study Estimate for further SPP analysis to determine if the Applicable Project should proceed with an NTC for actual construction.

The NTC-C is not an authorization for the DTO(s) to order materials or begin construction on the project, but rather is an initiative to the DTO(s) to perform any cost estimate analysis not previously done to improve the accuracy of the study estimate such that the DTO(s) will be within a +/- 20% precision bandwidth. The DTO will provide to SPP an estimate of the costs required to develop the NTC-C Project Estimate (CPE).

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The DTO(s) will be fully compensated (without ROR) pursuant to section 1.15.2.8 below for costs incurred for the purpose of preparing the CPE for projects that SPP subsequently determines will not proceed to construction.

<sup>3</sup> [http://www.spp.org/publications/BOD%20Appendix%20B\\_simplified.xls](http://www.spp.org/publications/BOD%20Appendix%20B_simplified.xls)

<sup>4</sup> [http://www.spp.org/publications/spp\\_tariff.pdf](http://www.spp.org/publications/spp_tariff.pdf)

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### 1.15.2.3 Authority to Issue an NTC or NTC-C

The authority for SPP to issue an NTC or NTC-C is derived from approval by the SPP Board of Directors.

The issuance of an SPP NTC represents that the Network Upgrade is eligible for cost recovery under the SPP OATT. The issuance of an SPP NTC-C represents that the costs incurred to develop a CPE are eligible for cost recovery under the SPP OATT in the event that SPP withdraws the NTC because the Conditions in the NTC are not met or for some other reason. If the Conditions in a NTC-C are satisfied, SPP will notify the DTO in writing that the Conditions have been removed and for the DTO to proceed with the project.

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### **Business Practice**

An SPP NTC or NTC-C may be issued for Network Upgrades originating from, but not limited to, the following processes: **(NOTE: These are descriptions of when a NTC may be issued and are not SPP OATT definitions.)**

Comment [rah2]: Should we add the Tariff Att AQ process?

- **ITP Study Process**  
Integrated Transmission Planning (ITP) study Network Upgrades as directed for construction by the SPP Board of Directors in accordance with Attachment O of the SPP OATT.
- **Balanced Portfolio**  
Network Upgrades identified in an approved Balanced Portfolio which was developed in accordance with Attachment O of the SPP OATT.
- **Sponsored Upgrades**  
Network Upgrades which have received the endorsement of the SPP Board of Directors and the financial commitment of a Project Sponsor(s).
- **SPP Tariff Studies – Transmission Service studies**  
Network Upgrades identified in Service Agreements entered into pursuant to the SPP OATT to accommodate new Transmission Service.
- **Generation Interconnection Upgrades**  
Network Upgrades required by a generation interconnection agreement to be constructed by a Transmission Owner(s) other than the Transmission Owner that is a party to the generation interconnection agreement.
- **High Priority Upgrades**  
Network Upgrades identified through a high priority study as directed for construction by the SPP Board of Directors in accordance with Attachment O of the SPP OATT.
- **Out of Cycle Reviews**

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Local planning or sub-regional studies may reveal additional economic or reliability Projects beneficial or necessary to the transmission network. These proposed Projects may be submitted to the RTO for consideration for an out of cycle review by the SPP Board of Directors. Out-of-cycle Projects receiving approval from the SPP Board of Directors for inclusion in the STEP may receive an NTC depending on the nature, timing and urgency of the Project.

### • AQ Process

SPP recognizes that other factors beyond SPP governing documents may result in Network Upgrades which are reasonable and appropriate. These Network Upgrades may not require an NTC. The NTC process shall not relieve a Transmission Owner of its obligation to construct, own or operate its transmission system as required in any other law or regulation or as required by the SPP OATT and Membership Agreement.

SPP will issue a NTC-C when SPP staff has determined that a project in the Study Estimate stage requires a CPE. SPP staff will provide the timeframe that the DTO has to provide its CPE to SPP in the NTC-C letter.

### **SPP will issue a NTC or NTC-C under the following conditions and time constraints:**

- Approved Network Upgrades from ITP/High priority studies:
  - Unless previously issued, SPP staff will issue NTCs/NTC-Cs for all Network Upgrades approved by the SPP BOD for which financial commitment is required prior to the approval of the next update of the SPP Transmission Expansion Plan. Such an NTC/NTC-C will be issued within 15 business days from the time the SPP Board of Directors approves the project.
- Sponsored Upgrades;
  - a NTC/NTC-C will not be issued for an endorsed Sponsored Upgrade until a project sponsor is financially committed to pay for the Sponsored Upgrade.
- Network Upgrades related to transmission service requests;
  - Unless previously issued, SPP staff will issue NTCs/NTC-Cs for all identified projects associated with Transmission Service Agreements (TSA) within 15 business days from the time at which

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Comment [rah3]: TWG action item: define "financial commitment"



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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.

- Network Upgrades related to generation interconnection requests;
  - Unless previously issued, SPP staff may issue NTCs/NTC-Cs for identified project(s) associated with Generation Interconnection Agreement(s) (GIA) within 15 business days from the effective date of the GIA(s).

### **1.15.2.4 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. These stages are defined as:

- 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 DTO(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.
- The **Study Estimate** is the estimate prepared by the DTO(s) for projects that pass the Conceptual Estimate screening process and require a more refined cost estimate for project approval.
- The **NTC-C Project Estimate (CPE)** is the estimate prepared by the DTO(s) for projects after the receipt of a NTC-C. This estimate will include any cost estimate analysis not previously done in order to improve the accuracy of the Study Estimate prior to any construction investment, including the ordering of materials, being made by the DTO(s).
- The **NTC Project Estimate (NPE)** is provided by the DTO after receipt of an NTC for a non-Applicable Project; it includes any additional cost information that is known at the time that the DTO is required to provide its response to the SPP.
- **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

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known route. This would include but not be limited to any known material and labor costs. This cost estimate will also include any known condemnation costs.

The Cost Estimate Stage Definition table below lists the four stages of the project estimating process. Each of these stages must have more refined requirements for the accuracy of the cost estimates and detail of data. The bandwidth for cost estimate accuracy narrows as the scope definition detail increases.

Estimate Name*	Stage		Level of Project Scope Definition	End Usage	Precision Bandwidth
	Projects > 100 kV & > \$20 Million	All other BOD Approved Projects			
<b>Conceptual</b>	1	1	0% to 10%	Concept screening for ITP20/ITP10	-50% to + 100%
<b>Study</b>	2	2	10% to 20%	Study of feasibility and plan development for ITP10/ITPNT	-30% to +30%
	<i>NTC-C Issued</i>	<i>NTC Issued</i>			
<b>NTC-C Project (CPE)</b>	3	N/A	20% to 40%	Final baseline (NTC-C)**	-20% to +20%
	<i>Conditions Removed</i>				
<b>NTC Project (NPE)</b>	N/A	3	20% to 40%	Final baseline (NTC)**	-20% to +20%
<b>Design &amp; Construction</b>	4	4	40% to 100%	Design after NTC issued and build the project	-20% to +20%***

**Comment [rah4]:** TWG prefers new NTC

\* The Conceptual Estimate will be prepared by SPP. All subsequent estimates will be prepared by the DTO(s).

\*\*BOD approval required to reset the baseline.

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

**Table 1: Cost Estimate Stage Definition**

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 will:

- a. Provide a consistent format among all estimates
- b. Facilitate the Project Tracking process
- c. Ensure the required level of detail is provided

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- d. Facilitate the transition of a completed project into the proper Annual Transmission Revenue Requirement (ATRR) recovery process through SPP's OATT

DTOs will develop consistent cost estimates through the completion of a SCERT and using that information for the cost estimate along with a list of the assumptions used by the DTO to develop the Study Estimate. For the Study Estimate, all DTOs shall develop estimates based on the Study Estimate Design Guide.

The sections below describe each Stage of the Cost Estimation process in more detail:

### **Conceptual Estimate Stage**

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 Transmission Owner(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.

### **Study Estimate Stage**

Stage 2 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 the incumbent DTO 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 the DTOs will be required to submit. For this estimate, DTOs will develop cost estimates based on

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the Study Estimate Design Guide. There are still a large number of unknown design and construction parameters at this point in the planning process and the project scope 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.

### **NTC-C Project Estimate Stage**

For Applicable Projects 100 kV and above, the time allowed for DTOs to submit an updated cost estimate to SPP, referred to as the NTC-C Project Estimate (CPE), will be extended to allow the DTO the opportunity to perform additional cost estimate analyses not previously performed in an effort to improve the accuracy of the Study Estimate.

The CPE should be submitted to SPP by the DTO no later than four months prior to the start of the next applicable ITP process cycle.

**Comment [rah5]:** TWG prefers a hard timeframe in this practice and NTC-C

The final project cost is expected to be within a -20% to + 20% variance from the CPE.

If the CPE variance bandwidth of -20% to +20% does not exceed the Study Estimate variance bandwidth of -30% to +30%, the project's cost variance will be deemed acceptable and the Conditions on the NTC will be immediately removed by SPP staff. SPP staff will notify the DTO in writing when the Conditions are removed 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 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, which should be no later than one quarter prior to the start of the next applicable ITP process cycle. SPP staff's recommendation could be but is not limited to one of the following actions:

- a. Accept the cost variance and approve the project as is and remove the NTC's Conditions
- b. Modify the existing project
- c. Replace the project with an alternative solution
- d. Cancel the project

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**The CPE will be used as a final baseline for reporting all cost estimate changes during the Project Tracking process and will be the basis for determining project variance.**

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### **NTC Project Estimate Stage**

This stage begins after a non-Applicable 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 and provide SPP with a refined study scope and cost estimate. This estimate will be referred to as the NTC Project Estimate (NPE). The NPE will cover the period between acceptance of the NTC and the start of project design.

The final project cost is expected to be within a -20% to + 20% variance from the NPE.

For non-Applicable Projects, the NPE will be used as a final baseline for reporting all cost estimate changes during the Project Tracking process and will be the basis for determining project variance.

### **Design and Construction Estimate Stage**

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 a baseline and these updated cost estimates must be accompanied by a detailed explanation from the DTO.

The final project cost is expected to be within a -20% to + 20% variance from the applicable CPE or NPE.

### **1.15.2.5 PCWG Process**

The Project Cost Working Group (PCWG) process will initially apply only to approved Applicable Projects that are 300 kV and above. Once the process is refined and working well, it will be expanded to include all approved Applicable Projects that are 100 kV and above.

The DTO shall immediately provide all relevant data and information to:

[SPPprojecttracking@spp.org](mailto:SPPprojecttracking@spp.org)

for any Applicable Project that deviates or is expected to deviate +/- 10% from its established baseline cost estimate. SPP staff will then notify the PCWG. The PCWG may require the DTO to provide monthly Project Tracking data.

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If an Applicable Project deviates or is expected to deviate +/-20% from its established baseline cost estimate, the DTO will immediately notify SPP staff detailing the cost estimate variances with an updated SCERT along with comments and explanations regarding the variances. The PCWG will oversee all reports to be submitted to the MOPC, RSC, and BOD prior to their regularly scheduled meetings. 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 is required.

The PCWG will receive the updated scope and SCERT from the DTO along with 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's recommendations to the MOPC and BOD may include any of the following:

- i. Accept the cost estimate deviation as reasonable and acceptable and reset 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. Suspend all future expenditures 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.

If the PCWG recommends a restudy and/or changes or revocation of the NTC, the recommendation to the MOPC would follow SPP's existing processes for obtaining review and approval from the BOD. The BOD will make the final determination on whether to restudy and/or change or revoke the NTC or whether an alternative project should replace the project.

There may be instances when resetting the baseline cost estimate will be prudent, as it would not be reasonable for a project to be flagged automatically for review every month following a cost estimate variance that had been previously reviewed and accepted. The PCWG will recommend to the BOD whether to reset the baseline cost estimate. The BOD will make the final determination on whether to reset the baseline cost estimate. If a baseline cost estimate is reset, the previous estimates will be retained in the monitoring tool.

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### 1.15.2.6 Projects Approved by BOD

**For Applicable Projects that are 100 kV and above that have been approved by the BOD and issued a NTC-C:**

1. If the DTO accepts the NTC-C, it shall provide SPP with a NTC-C Project Estimate (CPE) as described in Section 1.15.2.4.
2. If the CPE variance bandwidth of -20% to +20% does not exceed the study cost estimate variance bandwidth of -30% to +30%, the project's cost variance will be deemed acceptable and SPP staff will immediately remove the conditions in the NTC and SPP staff will notify the DTO in writing that the conditions have been removed. This will be the authorization for the DTO to proceed with the project.
3. If the CPE variance bandwidth exceeds the variance bandwidth 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 regularly scheduled 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 project as is and remove the NTC's conditions
  - b. Modify the existing project
  - c. Replace the project with an alternative solution
  - d. Cancel the project
4. The study estimate of cost received from the DTO for these projects will be used as the initial baseline cost estimate for measuring final project approval.
5. 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.

**For all other projects approved by BOD and issued an NTC:**

1. If the DTO accepts the NTC, it shall respond as prescribed in the NTC letter and provide SPP with a refined study cost estimate. This estimate is referred to as the NTC Project Estimate (NPE).
2. The NPE received from the DTO for these projects will be used as the 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.



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### **For all Applicable Projects with an approved NPE:**

1. SPP's Project Tracking process should be enhanced to require DTOs that have Applicable Projects with an approved NPE to submit Project Tracking updates to SPP staff on a quarterly basis, unless the bandwidth is exceeded as denoted in 1.(a) or 1.(b) below, in which case the DTO will notify SPP immediately 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 immediately 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 immediately 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.
2. At least quarterly, SPP will submit a Project Tracking report to the PCWG detailing all project cost estimate changes that are outside the established project variance bandwidth.

### **1.15.2.7 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.

#### **Process**

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:

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### **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 Designated Transmission Owner

### **NTC**

- Change in cost estimates

But 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.

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 1.15.2.9. For a Project to be deemed reasonable, it must meet or exceed the Network Upgrade Justification of the original Project.

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

After the Board of Directors approves the NTC/NTC-C modification, SPP will issue a modified NTC/NTC-C as needed.

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### **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 Transmission Owner's(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 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 documented Network Upgrade or wishes to propose an alternative transmission solution to an already approved Network Upgrade, the requestor shall coordinate the proposed change with SPP staff.

### **Timing**

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

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Through the processes identified in Section 1.15.2.3, 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

### **Change in Designated Transmission Owner**

A modified NTC/NTC-C shall be required if there is a change in the Designated Transmission Owner of a Project. Once the change in Designated Transmission Owner is approved, SPP shall issue a modified NTC/NTC-C reflecting the change in Designated Transmission Owner. SPP shall inform the TWG of an approved change in Designated Transmission Owner at its next regularly scheduled meeting.

### **1.15.2.8 NTC/NTC-C Withdrawal**

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.

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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 Designated Transmission Owner.

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

- After the Board of Directors approves of the NTC/NTC-C withdrawal, SPP will withdraw the NTC/NTC-C Project. If the NTC/NTC-C was due to a Service Agreement, then the NTC/NTC-C withdrawal shall not need TWG, MOPC, or SPP Board of Directors approval but shall be addressed by SPP staff.
- Within six months after receiving an NTC/NTC-C withdrawal, the Designated Transmission Owner 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 SPP's OATT.

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### 1.15.2.9 Reporting

#### Status of Upgrades Identified in the SPP Transmission Expansion Plan

- On a quarterly basis the SPP shall post:
  - the status of the upgrades on the SPP website with the appropriate NTC identifiers
  - 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

#### Format of a Notification to Construct and NTC/NTC-C identifiers

To ensure proper and consistent documentation of approved Network Upgrades, SPP NTC and NTC-C letters shall include, at a minimum, the following information:

- **NTC/NTC-C Information**

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- The NTC is assigned a unique NTC Identification Number.
  - NTC ID# convention, SPP-NTC-#
  - *Example:* SPP-NTC-1
- The NTC-C is assigned a NTC Identification Number just as NTCs without Conditions.
- **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 minimum the Need Date.
- **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
    - Regional Reliability
    - Sponsored Upgrade
    - Service Upgrade
    - Zonal Reliability Upgrade
    - Other
  - Upgrade Specifications
    - Upgrade Type: Reconductor, 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

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- 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
- Documentation of Approvals
  - SPP Board of Directors approval date or reference to approved motion
  - Service Agreement number
  - Commitment details of Sponsored Upgrades.
- 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.

Modifications of the approval are outlined in Section 1.15.2.7.

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.

### **1.15.2.10 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.

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### **1.15.3 Assignment and Novation**

Comment [rah6]: Should this be a separate BP?

On July 27, 2011, the SPP Board of Directors “[a]pproved the Strategic Planning Committee’s recommendation that the Board of Directors approve the recommended policy decisions contained in the SPC Task Force Memorandum to the SPC dated June 16, 2011 regarding the RSC Motions.<sup>5</sup> The purpose of section 1.15.3 is to incorporate the policies approved by the Board of Directors on July 27, 2011.

#### **1.15.3.1 Assignment**

An “assignment” is the transfer of a DTO’s legal right to build a project pursuant to an NTC issued by SPP. Although the DTO has transferred its legal right to build a project pursuant to an assignment, the original DTO is still under a legal obligation to ensure that the project is built.

#### **1.15.3.2 Novation**

A “novation” is the release of the original DTO’s obligation to ensure that a project is built. After the DTO’s assignment of the right to build and the approval and execution of a novation, the new TO will have both the right and obligation to build the project. If the party receiving both an assignment and a novation fails to complete the project, the original DTO is not obligated to complete the project.

#### **1.15.3.3 SPP Board Approval**

##### **1.15.3.3.1 Assignments**

The SPP Board shall approve Assignments conditioned only on the four specific criteria already identified in the SPP Tariff. Those criteria are:

- a. The Entity’s having obtained all state regulatory authority necessary to construct, own and operate transmission facilities within the state(s) where the project is located;
- b. The Entity’s meeting the creditworthiness requirements of the Transmission Provider;

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<sup>5</sup> <http://www.spp.org/publications/BOD072611.pdf>



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- c. The Entity's having signed, or capability and willingness to sign, the SPP Membership Agreement as a Transmission Owner upon the selection of its proposal to construct and own the project; and,
- d. The Entity's meeting such other technical, financial and managerial qualifications as are specified in the Transmission Provider's business practices.

### 1.15.3.3.1.1 Additional Information for Transparency Purposes

For transparency purposes SPP shall provide information regarding proposed assignments and supporting analysis to the RSC, MOPC, and Members Committee for review to increase transparency. This information will include:

- a. The identification of the project proposed to be assigned
- b. The identification of the Transmission Owner making the assignment
- c. The identification of the entity receiving the assignment
- d. The identification and status of pertinent matters before FERC or state commissions related to the project including the assignment (this shall include the status of any certification proceeding, approvals, etc.)
- e. A comparison of the DTO and proposed recipient of Assignment relating to each (assuming that party constructs the project) as applicable:
  - i. Actual or Projected debt/equity ratios
  - ii. Actual or Projected cost of capital
  - iii. Actual or Projected return on equity or applicable measure
  - iv. Actual or Proposed type and amount of construction financing costs, i.e. Interest rate, AFUDC or CWIP
  - v. S&P and Moody's credit ratings
  - vi. Estimated Net Plant Carrying Charge (NPCC) or Annual Transmission Revenue Requirement (ATRR) for the life of the project after it is placed in-service;
  - vii. An explanation describing the difference in the ATRR
- f. A comparative analysis as to whether assignment changes the ROE, weighted cost of capital, and overall costs for the project, whether any performance guarantees between the parties exists and whether any consideration between the parties is included in the ATRR
- g. Whether the Assigning Party will own, operate and maintain the line.
- h. Detail on what process was used in selecting the potential DTO

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Assignments between affiliates are subject to the same criteria noted in section 1.15.3.3.1; however, once an affiliate has provided the information to SPP it shall not be required to be resubmitted with each project thereafter provided there are no substantive information changes.

### **1.15.3.3.2 Novations**

The SPP Board shall approve novations conditioned upon the information required in section 1.15.3.3.1 above. If not already provided, the information provided in 1.15.3.3.1.1 above, as well as the following information:

- a. The identification and status of pertinent matters before FERC related to the novation of the project(s)

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## APPENDIX A: Sample NTC

### SPP Notification To Construct

415 N. McKinley, 140 Plaza West  
Little Rock, AR 72205-3020  
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 Attachment O, Section VIII, 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

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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 (current 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**

Please provide to SPP a written commitment to construct the Network Upgrade(s) within 90 days of the date of this Notification to Construct, pursuant to Attachment O, Section VIII.6 of the SPP OATT, in addition to providing a construction schedule for the Network Upgrade(s). Failure to provide a written commitment to construct as required by Attachment O 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 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.

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### **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 purposes, SPP requires [\[DESIGNATED TRANSMISSION OWNER\]](#) to submit updates on the status of the Network Upgrade(s) on a quarterly basis in conjunction with the SPP Board of Directors meetings. However, consistent with Sections 20.1 and 32.10 of the SPP OATT, [\[DESIGNATED TRANSMISSION OWNER\]](#) 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](mailto:SPPprojecttracking@spp.org), [\[TWG REPRESENTATIVE\(S\)\]](#).

# Business Practice Revision

## APPENDIX B: Sample NTC-C

### SPP Notification To Construct with Conditions

415 N. McKinley, 140 Plaza West  
Little Rock, AR 72205-3020  
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 Attachment O, Section VIII, 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].

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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 (current 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**

Please 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.

### **Cost estimate**

Also please provide SPP a NTC-C Project Estimate by DATE as described in SPP's Business Practices regarding Notification to Construct with Conditions. **DESIGNATED TRANSMISSION OWNER** shall advise SPP of any inability to provide the NTC-C Project Estimate 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, the following will be applicable:

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### **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 purposes, SPP requires [\[DESIGNATED TRANSMISSION OWNER\]](#) to submit updates on the status of the Network Upgrade(s) on a quarterly basis in conjunction with the SPP Board of Directors meetings. However, consistent with Sections 20.1 and 32.10 of the SPP OATT, [\[DESIGNATED TRANSMISSION OWNER\]](#) 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](mailto:SPPprojecttracking@spp.org), [\[TWG REPRESENTATIVE\(S\)\]](#).