



Southwest Power Pool, Inc.

STRATEGIC PLANNING COMMITTEE TASK FORCE on ORDER 1000 MEETING

Thursday, March 29, 2012 - 9 AM – 3 PM

AEP Office, Dallas, Texas

• A G E N D A •

1. Call to Order Mel Perkins
2. Review of Past Action Items Michael Desselle
3. Builder **(Transmission Developer)** Qualifications and Associated Timeline Paul Suskie
4. Builder **(Transmission Developer)** Selection RFP and Associated Timeline..... Antoine Lucas
5. Draft Report and Recommendation to the SPC..... Paul Suskie
6. Future efforts on Order 1000 Paul Suskie
7. Next Steps..... Mel Perkins



Southwest Power Pool

STRATEGIC PLANNING COMMITTEE TASK FORCE on ORDER 1000 MEETING

AEP Office – Dallas, Texas

Friday, February 10, 2012

Agenda Item 1 – Call to Order

Mel Perkins called the meeting to Order. Guests participated in person or via phone (Attendance – Attachment 1). Mel noted a change in the order of the agenda to recap a brief understanding of each of the compliance options under consideration by the Task Force (Order 1000 Compliance Options – Attachment 2) to then be followed by a discussion of the selection criteria which is needed for either model.

Agenda Item 2 – Review of Part Action Items

Michael Desselle reviewed past action items. It was noted that the decision points flowchart and the selection process whitepaper were both on the agenda for discussion in the meeting.

Agenda Item 3 – Order 1000 Decision Points

Jake Langthorn explained Compliance Option “A” (the “Planning Stage Model” (also known as the “Sponsorship” model) where competition occurs at the planning stage) sponsored by AEP, LS Power and OG&E (Planning Stage Proposal dated February 10, 2012 – Attachment 3). Jake Langthorn noted a difference from the current planning process is that transmission proposals would not be constrained to company territory and the Sponsorship model opens proposals to be anywhere in the SPP footprint. He noted that all proposed projects would be subject to cost/benefit analyses and projects don't work would fall back to Compliance Option “B” (the “Competitive Bid Model” where competition occurs at the construction stage) sponsored by Westar.

Dennis Reed clarified the Westar sponsored proposal.

Paul Suskie then presented an overview on Order 1000 Decision Points (SPPTF on Order 1000 Decision Points Overview Presentation, 2/10/2012 – Attachment 4) that accompanied the Decision Points Whitepaper (SPCTF Order 1000 Decision Points Whitepaper – Attachment 5). Paul noted on Slide 9 that a pending policy decision for the TF is which model (the Planning Stage (Sponsorship) Model or the Competitive Bid Model) to use for non-ROFR Highway projects. Slide 11 noted the 5 other miscellaneous policy matters needing decisions by the TF.

With respect to Decision Point 1 (What type of transmission upgrades should SPP seek to keep the ROFR?), Paul noted some remaining uncertainty (see slide 14) regarding ROFR for Generation Interconnection Upgrades (expressly excluded in the Order), SPP Sponsored Upgrades (appears to be excluded in the Order), and Transmission Service Upgrades (appears to be excluded in the Order). For Generator Interconnection upgrades Mel Perkins asked the Task Force if SPP should seek to keep the ROFR, to which the Task Force voted unanimously to keep the ROFR. Dennis Reed proposed and Terri Gallup seconded a motion to remove the “???” from slide 14 for “SPP” sponsored upgrades, meaning the sponsor keeps the ROFR. Following discussion of the tariff implications Terri removed her second and Dennis withdrew the motion. Mel noted as an action item that the current SPP sponsorship model needed to be clarified and determined how it might fit in either Option A or Option B compliance proposals. For transmission service upgrades Matt Binette noted that this was the most complex of the three to determine and the most open to interpretation because the existing regional funding component. Following discussion the issue was placed on a parking lot for further clarification. Jake Langthorn, Dennis Reed, Noman Williams and Terri Gallup volunteered to work with Paul Suskie to develop a straw-proposal for consideration by the TF at the next meeting

With respect to Decision Point 2 (What model should SPP use to select transmission developers for Projects without a ROFR?), an action item was noted to clarify the options terminology.

Paul discussed possible qualification criteria associated with Decision Point 3 (What transmission developer criteria should SPP have for both incumbent and non-incumbent transmission developers?). An action item was noted to clarify criteria 1 on slide 22. It was noted that the criteria as gathered from current business practice may now need review if it is to be used for selection/evaluation and that perhaps a working group would need to be created to further develop such.

Decision Point 4 was discussed (Assuming SPP elects to use the Sponsorship Model, What project submission requirements, evaluation process and re-evaluation process should SPP propose to FERC). Projects would be evaluated in the ITP Process (see slide 36). An action item was directed to staff to develop detail of how projects would be evaluated using the process and also a flowchart depicting the timing of the current planning ITP Planning process.

Decision Point 5 was discussed (Assuming adoption of the Competitive Solicitation Model, What project submission requirements, evaluation process and re-evaluation process should SPP propose to FERC),

An action item was taken to have the sponsors of the competing proposals meet to see if they could come to convergence of their proposals possibly yielding a consensus proposal.

Agenda Items 4 and 5 were subsumed in the discussions of the Decision Point presentation in this agenda item.

Agenda Item 4 – Supporting Rationale for Byway ROFR Retention

Discussion was subsumed in Agenda Item 3.

Agenda Item 5 – Compliance Option Flowcharts

Discussion was subsumed in Agenda Item 3.

Agenda Item 6 – Next Steps

The TF agreed that the next issue to discuss was the selection process and that additional face-to-face meetings would be scheduled in March.

Action Items include:

1. Staff would clarify current SPP sponsorship and how it would fit into either compliance option.
2. Small group of volunteers would develop straw-proposal clarification on Aggregate Study upgrades
3. Paul to clarify Slide 22 Business practice criteria 1.
4. Staff to create detail for project evaluation/selection.
5. Staff to flowchart current ITP Planning process.
6. Option sponsors to meet to seek convergence.

Respectfully Submitted,

Michael Desselle
Secretary



Southwest Power Pool

STRATEGIC PLANNING COMMITTEE TASK FORCE on ORDER 1000 MEETING

AEP Office – Dallas, Texas

Thursday - Friday, March 8-9, 2012

Agenda Item 1 – Call to Order

Mel Perkins called the meeting to Order. Guests participated in person or via phone (Attendance – Attachment 1). Of particular note, Paul Malone (NPPD) gave his proxy to Dennis Reed (Westar), Brian Thumm (ITC) gave his proxy to Dave Grover (ITC), and Todd Fridley (KCPL) gave his proxy to Terri Gallup (AEP). Mel noted one addition to the agenda (a recap of MISO's draft Order 1000 proposals) would occur at the beginning of the meeting.

Agenda Item 2 – Review of Part Action Items

Michael Desselle reviewed past action items. All the action items were incorporated into the background material for the meeting. It was noted that the sponsors of each option under consideration had not reached convergence, and accordingly a vote on the competing options (Option A: the Sponsorship Model and Option B: the Competitive Bid Model) would be taken.

Added Agenda Item – MISO Draft Order 1000 Proposals

Matt Binette (Wright and Talisman) reviewed MISO's February 29, 2012 presentation to their stakeholders on their Order 1000 ROFR draft proposals (MISO work on Order 1000 – Attachment 2). He noted that MISO is just beginning this effort, but does not currently favor the Sponsorship model. He noted that they wanted the competitive solicitation model but did not want to "pick the winners".

Agenda Item 3 – Convergence Group Outcome

As noted, the option sponsors did not reach convergence with their competing options. Accordingly, Mel asked Dennis Reed to briefly present the Competitive Bid Model option (Option Comparison by ITC, NPPD, Sunflower, Westar and Xcel – Attachment 3) and Terri Gallup to present the Sponsorship Model option (Planning vs. Construction Comparisons – Attachment 4) and (Front End/Back End of ITP Process – Attachment 5). Presentations by each were made without interruption, except for a few clarifying questions.

Agenda Item 4 – Selection Criteria for Builder and Project Models (Competitive Bid and Sponsorship, respectively)

Antoine Lucas presented staff's position of the proposed options for ROFR elimination (Presented on ROFR Elimination Proposal Options Criteria – Attachment 6 and Staff Selection Criteria for Planning and Developer Models Draft – Attachment 7). Antoine noted in summary that both models have advantages and disadvantages and that it was difficult to finalize criteria until a model is chosen. When pressed by task force members for staff's preference (Sponsorship v. Competitive Bid), Lanny Nickell noted a slight preference for the builder option (i.e., Competitive Bid option), but noted that either option could be made to work.

Agenda Item 5 – Model Selection

Mel noted that the task force was finally at the point to debating and voting on Option A (Sponsorship Model) and Option B (Builder Selection Model also known as the Competitive Bid model). Accordingly, Mel moved for the task force to vote on Option A or B and Noman Williams seconded followed by Mel opening the floor to questions/comments. Mel noted that he was "taking off his chair hat" and that while he participated in the convergence group supporting Option A, he was now changing his support to the builder selection model (i.e., the Competitive Bid model). Kelly Harrison (Westar) noted that he could see

both sides of the debate. Ricky Bittle noted that he has always supported postage stamp rates, but was concerned about a process that disrupts the strong planning process in place today and that he was not ready to take that risk. Noman Williams echoed Ricky's concern and noted that the planning approach (i.e., Sponsorship model) does not bring anything more robust to the current planning process and that we would still need a constructor process anyway. Terri Gallup noted that going forward without ROFR degrades the current planning process, thereby inhibiting creative transmission solutions. Bryan Rushing (LS Power) stated a preference for the Sponsorship model and its non-discriminatory attribute, noting that the Competitive bid model has the potential for discrimination. Paul Hassink (AEP) expressed concerns about "copycat" transmission proposals by bidders who would submit lower cost bids in the Competitive Bid model. Dennis Reed expressed concern about developing 2 processes in SPP. Dave Grover (ITC) noted that as a transmission developer the Sponsorship model is an attractive option, but preferred consistency of solutions by SPP and MISO and noted that builder selection at the back-end (i.e., the Competitive bid model) was the right approach. He also noted that choosing the Sponsorship model would move SPP backwards causing SPP to lose its collaborative process already in place today.

Following discussion a roll call vote was taken. OGE, Sunflower, ITC, Westar, AECC, NPPD and SPS Xcel voted for Option B, the Builder Selection Model, aka Competitive Bid model). AEP and KCPL were thus not supportive of Option B: voting instead as a second preference Option A, the Sponsorship Model. Terri Gallup expressed AEP/KCPL's preference for their Option "C": Planning competition only (see Attachment 4, pages 5-7).

Agenda Item 6 – Aggregate Study and SPP Sponsored Projects Clarification Straw-Proposal

Paul Suskie presented the sub-group recommendation regarding SPP Sponsored Upgrades and SPP Transmission Service Upgrades/Ag study (Summary of Parking Lot Issues Subgroup Recommendation – Attachment 8). Paul noted that the sub-group recommends establishment of 3 categories of "Sponsored Upgrades" and to keep ROFR. With respect to Transmission Service Upgrades/Ag Study Upgrades, the subgroup recommends seeking to retain the ROFR for these type upgrades also. Following discussion of some "clean-up" in the supporting recommendation document Dennis Reed moved acceptance of the TF subgroup recommendation and Terri Gallup seconded. The TF unanimously approved the motion.

Agenda Item 7 – Other Policy and Parking Lot Issues

Regarding the *timing of when Order 1000 is applicable to facilities in the current ITP plans* Dennis Reed moved and Noman Williams seconded a recommendation that Order 1000 applicability would begin at the start of the next ITP Planning cycle after FERC approves Order 1000 modifications. The motion was unanimously accepted and direction was given that staff should begin to modify and "sync-up" the ITP Planning manual.

Regarding *the incorporation of Order 1000 "Public Policy" requirement*, the TF indicated a belief that we already comply and that nothing further needed to be added. Matt Binette noted that we may need to "tweak" the tariff language.

Regarding *Information requirements for non-participating Merchant transmission developers*, Paul noted that the TWG was working on interconnection criteria and that PJM may already have language that would serve as a model for SPP. Staff will come back to TF with a proposal.

New Agenda Item 8 – Builder Qualification Criteria and Builder Selection Criteria

Having finished early on the first day and having selected Option B (the Builder Selection Model also known as the Competitive Bid Model) staff prepared presentations overnight to discuss and propose Selection criteria and Qualification Criteria.

Antoine Lucas presented a high level overview of the existing SPP Business practice 7150 (SPP Draft Builder Model Criteria Options – Attachment 9). Questions were raised about the Oversight Committee makeup and expertise and selection of evaluators and how to remove subjectivity of evaluation criteria. It was noted that some of the criteria in BP 7150 could be done up front in pre-qualification. There was some discussion that if the SPC adopts the BP as policy, that some group would need to convene a session to fully develop the criteria. Staff was tasked to bring a straw-proposal to the meeting on the 29th

Strategic Planning Committee
March 8-9, 2012

for the 6 weighted selection categories in BP7150. Staff was tasked to develop straw-proposal options for the selection committee in BP7150 to include the existing OC, staff, or a completely new committee.

Paul Suskie presented an overview of builder qualification criteria and a staff recommendation to consider adopting existing OATT and Business Practices that govern qualification of alternate entities seeking to build transmission that a designated TO is unable or unwilling to build (Order 1000 Builder Qualification Criteria – Attachment 10). It was noted that there may be a disconnect with the recommendation contained on Slide 9 (#1 threshold eligibility requirement) and that was assigned to Staff and counsel to sort out. The TF seemed content with the 3 qualification criteria noted in the presentation and staff is tasked to bring details to the meeting on the 29th.

2 items were added to a parking lot list of concerns: 1. TO credit requirements; and, 2. Tracking process.

Agenda Item 6 – Next Steps

The TF plans to meet again on March 29 to consider straw-proposals on the criteria to be used to select the builder, criteria to be used to qualify builders in advance of RFPs, and the draft report and recommendation to the SPC.

Action Items include:

1. Staff to finalize other policy parking lot issues.
2. Staff to propose Builder selection criteria details.
3. Staff to propose Builder qualification criteria and timeline details.
4. Staff to present draft report and recommendation to SP and timeline forward.

Respectfully Submitted,

Michael Desselle
Secretary



SPP Draft Transmission Developer Selection Process Business Practice

March 29, 2012
SPCTF Meeting
Dallas, TX

Table of Contents

Overview3

Business Practice.....3

Appendix 1 – TO Selection Process Flowchart6

Appendix 2 – SPP Confidentiality Agreement7

Appendix 3 –RFP Procedure7

Appendix 4 – Selection Criteria.....8

DRAFT

Overview

Transmission projects (300kV and above) selected in a regional planning process and approved for construction by the SPP Board of Directors (BOD) pursuant to Attachment O of the SPP Tariff will be awarded to qualified transmission developers selected as a result of a transparent and not unduly discriminatory RFP process. The purpose of this business practice is to define the selection process. The overall selection process is depicted in the diagram found in Appendix 1

Business Practice

Upon SPP Board of Directors (BOD) approval of a transmission expansion plan, SPP staff shall solicit Qualified Transmission Developers to build, own, operate and maintain the approved projects pursuant to the following process:

- (1) Staff will notify the Chairman of the BOD and the Chairman of the Oversight Committee (OC) of projects eligible for bid.
- (2) The OC shall designate an Industry Expert Panel (IEP). SPP staff shall facilitate the IEP's efforts to analyze and select transmission owners for projects.

To qualify for the IEP, an Industry Expert must not be an SPP stakeholder, consultant for an SPP stakeholder, or an employee or consultant for any of the entities or their affiliates vying to construct the project. If, after an Industry Expert is selected to serve on the panel, the company that the Industry Expert represents becomes an SPP stakeholder or a consultant to an SPP stakeholder or an employee or consultant for any of the entities or their affiliates vying to construct the project, the Industry Expert shall immediately notify SPP staff and shall be removed from the IEP. Each Industry 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.

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The IEP shall be the primary source from which the OC shall obtain a recommendation of transmission owners for projects.

(3) Within 30 days of BOD approval of a transmission expansion plan, SPP staff will develop and issue an RFP containing the information detailed in Appendix 3. The RFP will only be issued to those entities that have met the Transmission Developer Qualification Criteria.

(4) Each entity that meets the Transmission Developer Qualification Criteria will be deemed a Qualified Entity (QE). Each 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. SPP staff 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.

(5) SPP staff will immediately review each response to the RFP it receives for completeness. SPP staff will promptly return any response to the QE that is incomplete; however, the QE may resubmit a corrected or modified response if the re-submittal 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.

(6) If no response to the RFP is received, then SPP staff will inform the OC and the BOD of the lack of interest; and the incumbent transmission owner shall be deemed the transmission developer of last resort.

(7) Upon the receipt of the last QE response, or upon the closing of the Response Window, whichever is first to occur, SPP staff shall provide the responses to the IEP for its review of the information supplied by each QE responding to the RFP. The IEP 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. The identity of RFP respondents shall not be disclosed to the IEP at any time during the review period. The IEP may communicate only with SPP staff to obtain answers to any additional questions about proposals that may be necessary to complete the selection process. SPP staff may allow the IEP to 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. SPP staff must notify the OC of the extension and the reason for the extension prior to the end of the original 30 day review period. The recommendation shall rank each QE in a non-discriminatory manner based upon the information supplied, or obtained, through the review period. The IEP will compile an internal report detailing the process, participants, data and results of its deliberation. This report will be provided to SPP staff. A public report will also be published by SPP staff; however, the public report shall not contain any confidential information obtained by SPP staff during the selection process. The public report shall be made available to all QEs and SPP stakeholders prior to the final selection of the BOD. The OC shall review the IEP recommendation, results and explanations and submit those results, along with its recommendations to the SPP BOD within 15 days. The SPP BOD shall select a QE for the project

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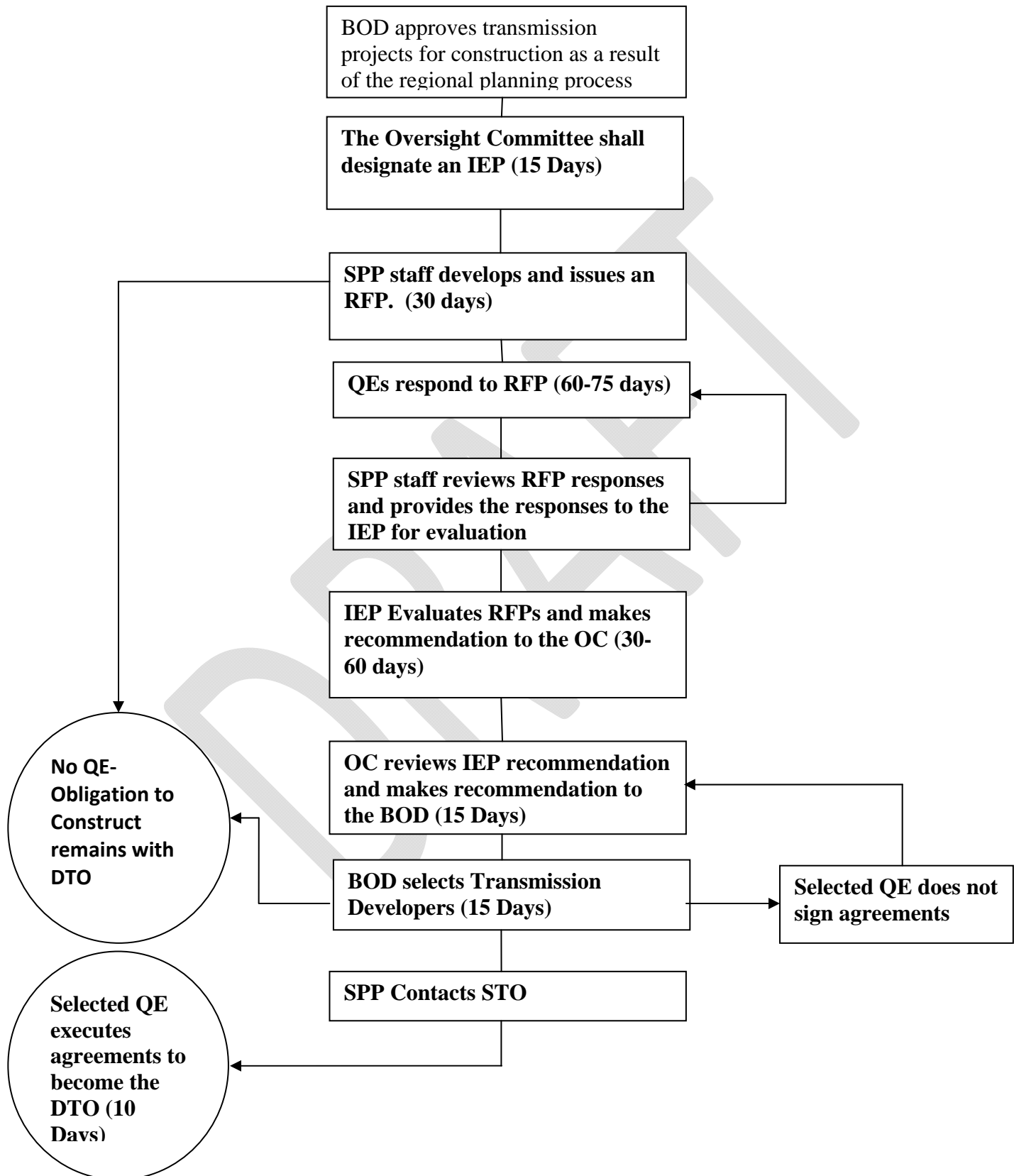
(Selected Transmission Owner or “STO”) and a backup QE based upon the input it receives from the OC.

(8) Upon the selection of the STO by the BOD, SPP shall notify the STO that it has been selected to become the Designated Transmission Owner (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.

(9) If the STO does not respond within 10 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 SPP staff 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.

(10) If the backup QE also fails to sign the necessary agreement(s) to become the DTO within 10 days of notification, SPP shall notify the BOD and the OC of the results. The 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 incumbent Transmission Owner shall be deemed the transmission developer of last resort.

Appendix 1 - TO Selection Process Flowchart



Appendix 2 - SPP Confidentiality Agreement

A confidentiality agreement shall be signed between the Southwest Power Pool, Inc. and the RFP recipient upon request. Please contact SPP Customer Service @ (501) 614-3200 for the current confidentiality (or NDA) agreement.

Appendix 3 -RFP Procedure

Purpose

To identify the minimum Request for Proposal (RFP) requirements for selecting an entity to construct an SPP BOD approved transmission project that was selected in the regional planning process for purposes of cost allocation.

RFP Requirements

1. General

- Introduction/Background
- OATT / Regulatory context
- Purpose of RFP / statement of objective
- 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

- Timetable for RFP bids
- 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

4. Engineering and Construction

5. Operations and Maintenance

6. Information Exchange

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7. Safety program/Current/past statistics

8. Evaluation Procedure (should be listed in RFP)

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

Appendix 4 – Selection Criteria

Purpose

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

General

The IEP will use “Reasonable Professional” standard in evaluation of proposals from the various respondents. Minimum requirements, as described in the Transmission Developer Qualification criteria must be met in order to be included in this process. The IEP will score respondents on the items described below. Highest score may not always be selected because low scores in individual categories may eliminate respondents from consideration.

Process

In order to make its recommendation to the OC, the IEP 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-**30 points**
- Safety program/Current/Past statistics-**5 points**
- Cost to customer- What will the (long term) final impact be on the customer’s bill?-**35 points**
- Reliability/Quality/General Design-**10 points**
- Operations-**10 points**
- Maintenance-**10 points**

**SPP Draft
Transmission Developer
Selection Process
Business Practice**

SPCTF Meeting
March 29, 2012
Dallas, TX

Antoine Lucas
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Overview

- Transmission projects (300kV and above) selected in a regional planning process and approved for construction by the SPP Board of Directors (BOD) pursuant to Attachment O of the SPP Tariff will be awarded to qualified transmission developers selected as a result of a transparent and not unduly discriminatory RFP process.
- The proposed RFP and selection process is summarized herein.

Summary of Acronyms

- **BOD: SPP Board of Directors**
- **DTO: Designated Transmission Owner**
- **IEP: Industry Expert Panel**
- **OC: Oversight Committee**
- **QE: Qualified Entity**
- **RFP: Request for Proposals**
- **STO: Selected Transmission Owner**

Business Practice

- **BOD approves applicable 300kV and above projects for construction.**
- **The OC designates an IEP to select Transmission Developers ;**
 - **IEP members must NOT be an SPP stakeholder, consultant for an SPP stakeholder, or an employee or consultant for any of the entities or their affiliates vying to construct the project.**
 - **If, after an IEP member is selected, the company represented by the Industry Expert becomes an SPP stakeholder or a consultant to an SPP stakeholder or an employee or consultant for any of the entities or their affiliates vying to construct the project, the Industry Expert shall immediately notify SPP staff and shall be removed from the IEP.**
 - **Each Industry Expert must sign the SPP confidentiality agreement prior to participating in the selection process.**

Business Practice

- **SPP staff will develop and issue an RFP within 30 days of BOD approval of applicable transmission projects.**
 - The RFP will only be issued to those entities that have met the Transmission Developer Qualification Criteria. Each of these entities will be considered a QE.
- **Each 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 to the Response Window; not to exceed 75 days from the date the RFP was sent to the QE.
 - SPP staff may grant an extension based on good cause provided by the QE (i.e. documented proof that the RFP was not received in a timely manner, holidays, delay of information from SPP or third parties required for the QE to complete its response to the RFP).

Business Practice

- **SPP staff will immediately review each response to the RFP it receives for completeness.**
 - SPP staff will return any response to the QE that is incomplete; however, the QE may resubmit a corrected or modified response if the re-submittal is made within the Response Window.
- **Any QE that fails to respond to the RFP within the Response Window will be deemed to have waived its right to respond to the RFP.**
- **If no response to the RFP is received, then SPP staff will inform the OC and the BOD of the lack of interest;**
 - In this case, the incumbent transmission owner shall be deemed the transmission developer of last resort.

Business Practice

- Upon the receipt of the last QE response, or upon the closing of the Response Window, whichever is first to occur, SPP staff shall provide the responses to the IEP for its review .
- The IEP shall review all the responses to the RFP and make its recommendation to the OC within 30 days.
 - The identity of RFP respondents shall not be disclosed to the IEP at any time during the review period.
 - The IEP may communicate only with SPP staff to obtain answers to any additional questions about proposals that may be necessary to complete the selection process.

Business Practice

- SPP staff may allow the IEP to 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.
 - SPP staff must notify the OC of the extension and the reason for the extension prior to the end of the original 30 day review period.
- The IEP recommendation shall rank each QE in a non-discriminatory manner based upon the information supplied, or obtained, through the review period.

Business Practice

- The IEP will compile an internal report detailing the process, participants, data and results of its deliberation.
 - This report will be provided to SPP staff.
 - A public report will also be published by SPP staff and shall not contain any confidential information obtained by SPP staff during the selection process.
 - The public report shall be made available to all QEs and SPP stakeholders prior to the final selection of the BOD.
- The OC shall review the IEP recommendation, results and explanations and submit those results, along with its recommendations to the SPP BOD.

Business Practice

- 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.
- Upon the selection of the STO by the BOD, SPP shall notify the STO that it has been selected to become the Designated Transmission Owner (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.

Business Practice

- If the STO does not respond within 10 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 SPP staff 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.

Business Practice

- If the backup QE also fails to sign the necessary agreement(s) to become the DTO within 10 days of notification, SPP shall notify the BOD and the OC of the results.
- The 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 incumbent Transmission Owner shall be deemed the transmission developer of last resort.

Transmission Developer Selection Timeline

Process Task	Timeframe (Days)
OC Designates IEP	15*
SPP Staff Develops and Issues RFP	30*
QE responds to RFP	60 - 75
IEP evaluates RFPs and makes recommendation to the BOD	30 - 60
OC reviews the IEP recommendation and makes recommendation to the BOD	15
BOD selects transmission developer	15 - 35
Total	150 - 215

* Days from date of BOD approval of applicable transmission projects.

RFP Procedure Overview

- **Purpose:** To identify the minimum Request for Proposal (RFP) requirements for selecting an entity to construct an SPP BOD approved transmission project that was selected in the regional planning process for purposes of cost allocation.
- Detailed criteria for the minimum information requirements shall be determined by the appropriate SPP working groups.

RFP Minimum Information Requirements

- RFP Requirements;

1. General

- Introduction/Background
- OATT / Regulatory context
- Purpose of RFP / statement of objective
- 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

RFP Minimum Information Requirements

2. Bid Content Requirements and Submission Procedures

- Timetable for RFP bids
- 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

RFP Minimum Information Requirements

3. Financial
4. Engineering and Construction
5. Operations and Maintenance
6. Information Exchange
7. Safety program/Current/past statistics
8. Evaluation Procedure (should be listed in RFP)
9. Attachments - under the premise that standardized forms from each bidder will aid in the evaluation of each bid by SPP.

Transmission Developer Selection Criteria

- Purpose : To identify the process used in the rating and selection of the Selected Transmission Owner.
- General: The IEP will use “Reasonable Professional” standard in evaluation of proposals from the various respondents.
- The IEP will score respondents in a list of specific categories.
 - Highest score may not always be selected because low scores in individual categories may eliminate respondents from consideration.

Transmission Developer Selection Criteria

- **Process :** In order to make its recommendation to the OC, the IEP will score respondents' proposals by category from zero to the allowed number of points for that category. There are 100 possible points for each respondent RFP.

Transmission Developer Selection Criteria

- Detailed criteria for the scoring categories shall be determined by the appropriate SPP working groups.
- Suggested point allocations for consideration;
 - Project Expertise: 30 points
 - Safety program/Current/Past statistics: 5 points
 - Cost to customer: Weighted 35 points
 - Reliability/Quality/General Design: Weighted 10 points
 - Operations: Weighted 10 points
 - Maintenance: Weighted 10 points

Antoine Lucas: 501-614-3382, alucas@spp.org

QUESTIONS?



SPC Task Force on Order 1000

DRAFT REPORT

Draft 3/22/2012

INTRODUCTION:

On July 21, 2011, the Federal Energy Regulatory Commission (“FERC”) issued Order 1000. Per the Order, Public utility transmission providers¹ must either amend their open access transmission tariffs (“OATT”) to comply with the requirements of Order No. 1000 or demonstrate how their existing OATT provisions already comply.²

In response to Order 1000, the SPP Board of Directors tasked SPP’s Strategic Planning Committee (“SPC”) to lead SPP’s response to the regional policy requirements contained in Order 1000 for a compliance filing. After initial meetings of the SPC to discuss the requirements of Order 1000, the SPC formed the SPC Task Force (“SPCTF”) on Order 1000. As a result, SPCTF was established to examine SPP’s existing OATT to determine whether SPP’s current transmission planning and cost allocation provisions comply with the requirements and whether additional revisions will be necessary. Further the SPCTF on Order 1000 was tasked to propose how SPP should make its compliance filing with FERC.

The members of the SPCTF on Order 1000 were:

<u>SPCTF Order 1000 Member</u>	<u>Organization</u>
Mel Perkins, Chairman	Oklahoma Gas & Electric, Co.
Noman Williams, Member	Sunflower Electric Power Corporation
Brian Thumm, Member	ITC Holdings
Dennis Reed, Member	Westar Energy, Inc
Ricky Bittle, Member	Arkansas Electric Cooperatives
Todd Fridley, Member	Kansas City Power & Light Company
Paul Malone, Member	Nebraska Public Power District
Terri Gallup, Member	America Electric Power
Mitch Elmore, Member	Xcel Energy
Michael Desselle, Staff Secretary	SPP Staff

¹ SPP is a Public utility transmission provider.

² Order No. 1000 at P 795.

AREAS IN WHICH SPP DOES NOT COMPLY

A review of SPP's existing practices and the regional requirements contained in Order 1000 shows that SPP largely complies with Order 1000's regional requirements. The following Report of the SPCTF on Order 1000 contains the task force's recommendation on how to comply with the areas that SPP either does not comply with or areas in which Order 1000 seeks for public utility transmission providers to review.

COMPLIANCE DEADLINES OF ORDER 1000

FERC Order 1000 has different filing deadline for Order 1000's Regional and Interregional Requirements as stated below:

Regional Compliance Filing: Compliance filings addressing the Order No. 1000 regional transmission planning and cost allocation requirements must be submitted to FERC by October 11, 2012.

Interregional Compliance Filing: Compliance filings addressing the interregional coordination and cost allocation requirements of Order No. 1000 are due by April 11, 2013.

Therefore, if SPP is to maintain its regular planning cycle of quarterly meetings to meet FERC's Order 1000 filing deadlines, SPP must approve the regional compliance filing at the SPP BODs July 2012 meeting and interregional compliance filing at the SPP BODs January 2012 meeting.

EXECUTIVE SUMMARY

SPP staff evaluated Order 1000 to determine SPP's level of compliance with the new Rules. The Staff consulted with the SPCTF in collaborative stakeholder meetings to develop SPCTF policy recommendations on how to comply with the areas that SPP either does not comply with or areas in which Order 1000 seeks for public utility transmission providers to review. The Task Force identified seven specific areas where decisions were needed. These recommendations are intended to be the product of a broader Strategic Planning Committee recommendation to the SPP Board of Directors for their consent and approval.

The first topic for decision by the Task Force relates to the Order's General Requirement to Eliminate Rights of First Refusal from FERC-jurisdictional Tariffs and Agreements. The focus of this requirement is transmission facilities that are evaluated at the regional level and selected in the regional plan for purposes of cost allocation, as opposed to facilities that are planned exclusively in the public utility transmission provider's local planning process and simply "rolled-up" and listed in the regional transmission plan for informational purposes and analysis. SPP reviewed the requirements of Order 1000 relating to a Federal Right of First Refusal ("ROFR") and evaluated its SPP's existing methods of assigning or allocating costs for transmission upgrades under SPP's Open Access Transmission Tariff ("OATT") with the SPCTF on Order 1000. The SPCTF recommends that SPP seek to retain the Federal ROFR for every category of transmission facility upgrades except "Highway Upgrades" (300 kV and above, regionally-funded transmission facilities). The SPCTF support for the ROFR retention as noted was unanimous.

The second topic for decision by the Task Force relates to the Order's: General Requirement to Eliminate Rights of First Refusal from FERC-jurisdictional Tariffs and Agreements. Order 1000 requires that the selection of a builder to construct an upgrades must be comparable and nondiscriminatory treatment to incumbent transmission owners and nonincumbent transmission developers. The SPCTF on Order 1000 has identified essentially three potential options for transmission developer selection: a project sponsorship model; a competitive solicitation model; and a planning only model. After inviting stakeholders to submit potential Builder Selection Models to the SPCTF for consideration, after reviewing each proposal and after several meetings the SPCTF on Order 1000 recommended that SPP use a Competitive Solicitation Model to select builders for projects that does not have a ROFR. The decision by the Task Force was not unanimous: two entities did not support the majority decision and instead supported the "planning-only" option. Opponents believe that the Competitive Solicitation approach is complex and potentially creates unintended drivers; relies on SPP planning staff and incumbent TO for ideas and solutions to problems consequently not incenting stakeholders solutions and providing an unfair advantage for incumbents;

imposes construction bidding expertise on SPP staff and processes contributing to increased SPP staffing and to delays in construction; and is incompatible with current NTC-C process.

The third topic for decision by the Task Force relates to the Order's requirement for Transmission Developer Qualification Criteria. The Order requires each public utility transmission provider to revise its OATT to demonstrate that the regional transmission planning process in which it participates has established appropriate 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. The Task Force unanimously recommends that SPP's compliance filing contain builder qualification requirements that must be met before a potential transmission builder can participate in SPP's "Competitive Solicitation" process. Recommended qualification criteria include:

1. Threshold eligibility criteria requiring state regulatory authority necessary to construct, own, and operate transmission facilities within the state(s) where the project will be located and the commitment to sign the SPP Membership Agreement as a Transmission Owner upon its selection [or have signed a Membership Agreement]; ;
2. Financial criteria indicative of meeting SPP's creditworthiness requirements and the ability to finance new transmission construction in SPP as developed by SPP's Finance Committee; and,
3. Managerial criteria demonstrating ability to site, construct, own and operate transmission projects.

The fourth topic for decision by the Task Force relates to the changes to SPP's Membership Agreement and OATT. The Task Force **unanimously** recommends section 3.3 (b) and (c) of SPP's Membership Agreement be amended to remove the Federal ROFR. Additionally the Task Force unanimously recommends SPP's OATT Attachment O, referencing SPP's Transmission Expansion Plan ("STEP") and Integrated Transmission Plan ("ITP") processes, be amended to remove the Federal ROFR.

The fifth topic for decision by the Task Force relates to the Order's requirement to determine the application of Order 1000 to Future SPP Projects. The requirements of Order 1000 are intended to apply to new transmission facilities. Each public utility transmission provider must explain in its regional *compliance filing how it will determine which facilities in its local and regional planning processes* will be subject to the Order. The Task Force **unanimously** recommends that the effectiveness of Order 1000 would begin on the date that FERC issues an order accepting the compliance filing, with the

first developer qualification process beginning in the summer (June) thereafter. Further, the Task Force **unanimously** recommends that the applicability of Order 1000 is to all transmission facilities subject to ROFR elimination that are approved for construction in the first STEP Report that is issued following the first developer qualification process, and for all facilities approved thereafter for which ROFR has been eliminated.

The sixth topic for decision by the Task Force relates to the Order's requirement to Consider the Transmission Needs Driven by Public Policy. Transmission providers are required to amend their OATTs to describe procedures that provide for the consideration of transmission needs driven by Public Policy Requirements in their local and regional transmission planning processes or to demonstrate how existing OATT provisions already comply. The Task Force **unanimously** recommends that SPP's current OATT implicitly already complies with the requirement through the language in Attachment O that allows for "Other input requirements identified during the stakeholder process" (see Attachment O § III.6.0). Further, the Task Force recommends that the SPC request that the RTWG examine the existing Tariff language to determine if any minor revisions might be required

The seventh and final topic for decision by the Task Force relates to the Order's requirement for Information and Data from non-participating Merchant Transmission Developers. Order 1000 requires that public utility transmission providers include in their compliance filings the type of information and data that merchant transmission developers must provide to the regional planning process when the merchant developer does not intend to participate in the planning process or seek to recover costs through the regional cost allocation mechanism(s). The Task Force **unanimously** recommends that SPP seek FERC's approval to require merchant developers provide certain information and data to SPP pursuant to the SPP's Transmission Working Group ("TWG") recommendation of what information merchant transmission developers should be required to provide SPP.

RECOMMENDATION OF THE SPCTF ON ORDER 1000

- I. Recommendation as to What Transmission Upgrades SPP Should Seek to Retain the ROFR.**
- II. Recommendation as to What Model SPP Should Use to Select Transmission Developers for Projects Without a ROFR.**
- III. Transmission Developer Qualification Criteria.**
- IV. Changes to SPP's Membership Agreement and OATT.**
- V. Application of Order 1000 to Future SPP Projects**
- VI. Consideration of Transmission Needs Driven by Public Policy**
- VII. Information and Data from Merchant Transmission Developers**
- VIII. Timeline for Compliance Filing**

SECTION I:

Recommendation as to What Transmission Upgrades SPP Should Seek to Retain the ROFR.

ORDER 1000 REQUIREMENT: General Requirement to Eliminate Rights of First Refusal from FERC-jurisdictional Tariffs and Agreements: *Public utility transmission providers must remove from their OATTs or other FERC-jurisdictional tariffs and agreements any provisions that grant a federal right of first refusal to transmission facilities that are selected in a regional transmission plan for purposes of cost allocation.³ [P 313] The focus of this requirement is transmission facilities that are evaluated at the regional level and selected in the regional plan for purposes of cost allocation, as opposed to facilities that are planned exclusively in the public utility transmission provider’s local planning process and simply “rolled-up” and listed in the regional transmission plan for informational purposes and analysis. [P 318 and n.299] This requirement does not apply to the right of an incumbent utility to build, own, and recover costs for upgrades to its existing transmission facilities, and does not alter an incumbent transmission provider’s use and control of existing rights of way, even if such upgrades or facilities on existing rights-of-way are selected in the regional transmission plan for purposes of cost allocation. [P 319]*

SPCTF on Order 1000 Recommendation on ROFR

1.1 Recommendation on What Upgrades SPP Should Seek to Retain the ROFR.

After reviewing the requirements of Order 1000 relating to a Federal Right of First Refusal (“ROFR”) and evaluating SPP’s existing methods of assigning or allocating costs for transmission upgrades under SPP’s Open Access Transmission Tariff (“OATT”), the SPCTF on Order 1000 recommends that SPP seek to retain the Federal ROFR as described below:

Voltage/Type of Facility	Should SPP Seek to Retain ROFR?	Justification of Maintaining ROFR?
Zonal Upgrades:	Yes	Funded by the Zone:

³ Order No. 1000 continues to permit an incumbent transmission provider to meet its reliability needs or service obligations by choosing to build new transmission facilities that are located solely within its retail distribution service territory or footprint and that are not included in the regional transmission plan or subject to the regional cost allocation methodology. [P 262]

100 kV & below		Under SPP’s Highway/Byway Cost Allocation Methodology ITP projects are funded by the zone for upgrades that are 100 kV and below. In this manner, they are akin to “local transmission facilities” as defined in Order 1000 and therefore are not subject to the requirement to eliminate ROFR.
Byway Upgrades: 100 kV – 300 kV	Yes	Multiple Reasons: (1) 2/3 of these upgrades are funded by zone; (2) SPP is the only RTO in which all LSEs are vertically integrated, thus there is a close nexus between load and a duty to serve; and (3) the reliability nature of upgrades.
Highway Upgrades: 300 kV & above	No	N/A
Generation Interconnection Upgrades	Yes	Order 1000 expressly excludes Generation interconnection upgrades: Order No. 1000 indicates that “issues related to the generator interconnection process and to interconnection cost recovery are outside the scope of this rulemaking. . . . This Final Rule does not set forth any new requirements with respect to such procedures for interconnecting large, small, or wind or other generation facilities.” <i>See Order 1000 at P 760.</i>
Sponsored Upgrades	Yes, with modifications as discussed below	Order 1000 appears to exclude SPP’s Sponsored Upgrades: Sponsored Upgrades do not fall within the definition of “transmission facilities selected in a regional transmission plan for purposes of cost allocation” and therefore the requirement to eliminate ROFR does not apply. First, Sponsored Upgrades are not in the STEP for cost allocation, because the costs associated with Sponsored Upgrades are paid by the Project Sponsor. Thus, at the time that a Sponsored Project is included in the STEP, it is not included for purposes of cost allocation. Additionally, Sponsored Upgrades are built at the request of a Project Sponsor; they are not “selected pursuant to a transmission planning region’s Commission-approved regional transmission process for inclusion in a regional transmission plan for purposes of cost allocation because they are more efficient or cost-effective solutions to regional transmission needs.” The Order 1000 federal ROFR mandate, therefore, should not apply. <i>See Order 1000 at P 63.</i>
Transmission Service Upgrades	Yes	Order 1000 appears to exclude Transmission Service Upgrades: Service Upgrades identified through the SPP Aggregate Transmission Service Study process do not appear to be subject to the requirement to eliminate the federal ROFR. While Service Upgrades are included in the STEP, and all or a portion of the costs of some Service Upgrades may be eligible for allocation under SPP’s Base Plan funding (i.e., Service Upgrades associated with a Designated Resource that meet the conditions in Section III.B of Attachment J or have obtained a waiver of the requirements), such upgrades do not appear to fall within the description of

		“transmission facilities selected in a regional transmission plan for purposes of cost allocation” for several reasons. <i>See SPP Tariff at Attachment O § III.7.a. and Attachment J §§ III.B – III.C.</i>
Upgrades to Existing Transmission Facilities (Tower Change outs; Re-conductoring)	Yes	FERC limitation on ROFR Removal Requirement: “This Final Rule does not remove or limit any right an incumbent may have to build, own and recover costs for upgrades to the facilities owned by an incumbent” <i>See Order 1000 at P 319.</i>
Upgrades when state or local laws or regulations limit who can site or be permitted to build transmission facilities	Yes	FERC limitation on ROFR Removal Requirement: “Nothing in this Final Rule is intended to limit, preempt, or otherwise affect state or local laws or regulations with respect to construction of transmission facilities, including but not limited to authority over siting or permitting of transmission facilities.” <i>See Order 1000 at P 227 & Footnote 231.</i>
Upgrades along existing incumbent Transmission Owner Rights-of-Way	Yes	FERC limitation on ROFR Removal Requirement: “Nor does this Final Rule grant or deny transmission developers the ability to use rights-of-way held by other entities, even if transmission facilities associated with such upgrades or uses of existing rights-of-way are selected in the regional transmission plan for purposes of cost allocation.”

1.2 RECOMMENDED ADDITIONS TO SPONSORED UPGRADES⁴

In regards to Sponsored Upgrades, the SPCTF on Order 1000 recommends that SPP should establish in its OATT three categories of “Sponsored Upgrades” in which the a SPP Stakeholder funds an upgrade. These categories are: (1) a Transmission Owner (“TO”) proposes to fund (sponsor) an upgrade on its own system in which the TO sponsor will construct, own, and operate the upgrade; (2) a TO (or other stakeholder) proposes to fund (sponsor) an upgrade on another TO’s system in which the purposing TO sponsor will construct, own, and operate the upgrade fund; and (3) a TO (or other stakeholder) proposes to fund (sponsor) an upgrade on another TO’s system but not construct, own and build the upgrade. The subgroup recommends that these category of upgrades be addressed as follows in SPP’s compliance filing:

⁴ For purpose of clarification, the term “Sponsored Upgrade” in the context herein, is describing SPP’s existing tariff provision that allows a Transmission Owner (“TO”) to build a transmission upgrade that the TO will fund. This type of upgrade is not to be confused with the “Sponsorship Model” that FERC has indicated with comply with FERC rules related to the ROFR aspects of Order 1000.

Category	Summary	Who Builds
(1) a Transmission Owner (“TO”) proposes to fund (sponsor) an upgrade on its own system in which the TO sponsor will construct, own, and operate the upgrade.	This is the same process that is currently in SPP’s tariff. This process has been used by SPP members.	Proposer Builds.
(2) a TO (or other stakeholder) proposes to fund (sponsor) an upgrade on another TO’s system in which the purposing TO sponsor will construct, own, and operate the upgrade fund.	This would be a new process in which a TO proposes to fund (sponsor) and construct, own, and operate an upgrade on another TO’s system.	Proposer Builds.
(3) a TO (or other stakeholder) proposes to fund (sponsor) an upgrade on another TO’s system <u>but not</u> construct, own and build the upgrade.	This would be a new process in which a TO proposes to fund but NOT construct, own, and build an upgrade on another TO’s system.	Use existing SPP processes.

SECTION II:

Recommendation as to What Model SPP Should Use to Select Transmission Developers for Projects Without a ROFR.

ORDER 1000 REQUIREMENT: General Requirement to Eliminate Federal Rights of First Refusal from FERC-jurisdictional Tariffs and Agreements: *Upon the elimination of a federal ROFR, Order 1000 requires that public utility transmission providers provide comparable and nondiscriminatory treatment to incumbent transmission owners and nonincumbent transmission developers in the selection of transmission facilities and identification of developers to build those facilities. Order 1000 suggests at least two options under which this requirement can met – a Sponsorship Model and a Competitive Solicitation Model.*

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. 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. However, while Order No. 1000 did not mandate a sponsorship model, neither did it prohibit such an approach to determining which entity will construct a project in the regional transmission plan for purposes of cost allocation. Order 1000 arguably contemplates that an appropriately designed, nondiscriminatory sponsorship model may satisfy the mandate to eliminate federal ROFR and facilitate nonincumbent transmission developer participation in the regional transmission planning process.*

Competitive Solicitation Model - *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. While Order No. 1000 provided very little guidance on the design of a competitive solicitation process for selecting transmission projects and developers, such a process can be developed to comply with Order 1000.*

2.1 Background Information on Builder Selector Model Options

The SPCTF on Order 1000 has identified three potential options for transmission developer selection, as discussed in more detail below:

- (1) **Project Sponsorship Model**: Projects for which federal ROFR has been eliminated 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 for which federal ROFR has been eliminated 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) Project Sponsorship Model

Throughout Order No. 1000, FERC repeatedly refers to project “sponsors,”⁵ 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. [See Section III below]. 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.”⁶ 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

5 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).

6 *Id.* at PP 323.

combined into a single project, or SPP selects a project that does not have a sponsor in the planning process.

(2) Competitive Solicitation

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 and SPP Business Practice 7150 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.

(3) Other

The two options identified above are not the only potential 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.

SPCTF on Order 1000 Recommendation on Builder Selection Model

2.2 Recommendation on Builder Selector Model

After inviting stakeholders to submit potential Builder Selection Models to the SPCTF for consideration, after reviewing each proposal and after several meetings the SPCTF on Order 1000 recommends that SPP use a Competitive Solicitation Model to select builders for projects that does not have a ROFR.

2.3 Recommended Competitive Solicitation Process to Select Builders

The SPCTF on Order 1000 recommends that SPP propose to the FERC a Competitive Solicitation Model to select builders for projects that does not have a ROFR. The SPCTF on Order 1000 recommends that SPP use a process as outlined in the Draft Transmission Developer Selection **Business Practice** which is attached hereto as "Attachment A." Additionally, a flow chart of the Competitive Solicitation process recommended by the SPCTF on Order 1000 is attached hereto as "Attachment B."

2.4 Recommendation on Development of Detailed Builder Selector Criteria

The SPCTF on Order 1000 recommends that SPP designate **XXXX** to develop in detail the evaluation criteria and associated scoring needed to evaluate/compare transmission developers (QEs) that are competing to build transmission projects within SPP's footprint. The general criteria and general scoring is found in Appendix 4 to Attachment A.

SECTION III:

Transmission Developer Qualification Criteria.

ORDER 1000 REQUIREMENT: Transmission Developer Qualification Criteria: Order No. 1000 requires each public utility transmission provider to revise its OATT to demonstrate that the regional transmission planning process in which it participates has established appropriate 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 provider⁷ or a nonincumbent transmission developer. These criteria must not be unduly discriminatory or preferential.⁸ [P 323] The qualification criteria must provide each potential transmission developer the opportunity to demonstrate that it has the necessary financial resources and technical expertise to develop, construct, own, operate and maintain transmission facilities.⁹ [P 323] Within these general parameters, FERC leaves it to each region to develop qualification criteria that are workable for the region, including procedures for timely notifying transmission developers of whether they satisfy the region's qualification criteria and opportunities to mitigate any deficiencies. [P 324] Additionally, Order No. 1000 requires for a process for a potential transmission builder to submit the information necessary for SPP to evaluate whether they satisfy the qualification criteria with an opportunity to cure any deficiencies.

SPCTF on Order 1000 Recommendation on Builder Qualifications

3.1 Recommended Transmission Developer Qualification Criteria

The SPCTF on Order 1000 recommends that as a part of SPP's compliance filing for Order 1000 contain builder qualification requirements that must be met before a potential transmission builder can participate in SPP's "Competitive Solicitation" process as described in 2.2 and 2.3 above. The qualification criteria would apply only to those

⁷ The qualification criteria should allow for the possibility that an existing public utility transmission provider already satisfies the criteria and should allow any transmission developer the opportunity to remedy any deficiency. [P 324]

⁸ The criteria are intended to apply only to entities that propose transmission projects and intend to develop the proposed transmission project if selected. Stakeholders that do not intend to develop transmission projects may continue to propose transmission projects for consideration in the regional transmission plan without being required to demonstrate compliance with the criteria. [n.304]

⁹ Nothing in the qualifications requirements of Order No. 1000 is intended to change any existing RTO procedure or practice regarding the operation of existing transmission facilities. [n.303]

entities seeking to construct transmission projects that are subject to the SPP Competitive Solicitation process. The recommended qualification criteria are below:

(1) Threshold eligibility criteria

- Legal Authorizations: The developer must have obtained all state regulatory authority necessary to construct, own, and operate transmission facilities within the state(s) in which it seeks to build projects that are subject to the Competitive Solicitation process. This criterion is currently reflected in Attachment O for entities seeking to construct facilities that a Designated Transmission Owner is unable or unwilling to construct. See Attachment O § VI.6.
- SPP Membership Requirement: **SPP STAFF** has identified two options for the SPCTF on Order 1000 to consider when addressing a developer's membership in SPP.

Current Tariff Option: The developer must sign or be capable and willing to sign the SPP Membership Agreement as a Transmission Owner upon selection of its proposal to construct and own the project. This criterion is currently reflected in Attachment O for entities seeking to construct facilities that a Designated Transmission Owner is unable or unwilling to construct. See Attachment O § VI.6.

Mandatory Membership: The developer must execute the Membership Agreement and undertake all obligations thereunder in order to satisfy the qualification criteria (i.e., before it is considered "approved" by SPP to participate in the Competitive Solicitation process). Order 1000 indicates that "[w]e neither prohibit non-RTO/ISO members that are geographically adjacent to and/or contiguous with an RTO/ISO from participating in the RTO/ISO's regional transmission planning process **nor do we require an RTO/ISO to admit nonmembers to its regional transmission planning process.**" [P 797 (emphasis added)]

(2) Financial criteria

- The developer must meet creditworthiness requirements to be established by SPP's Finance Committee..
- The developer must demonstrate the ability to finance new transmission construction in SPP. The SPCTF on Order 1000 recommends that SPP's Finance Committee develop the criteria under which developer meets these criteria.

(3) Managerial criteria

- The developer must demonstrate the ability to site the project. This requires:
 - Expertise in permitting, environmental compliance, and right-of-way; and
 - Description of applicable right-of-way and real estate acquisition processes, routing process, permitting processes, eminent domain status, process for obtaining easements; and surveying responsibility.
- The developer must demonstrate the ability to construct the project. This requires:
 - Demonstration of applicable qualifications and certifications to construct in the state(s) in which construction is required;
 - Expertise in engineering, procurement and equipment acquisition process, project management, construction; and
 - If the developer plans to engage a contractor to construct the project, the developer must demonstrate how the contractor satisfies the above criteria.
- The developer must demonstrate the ability to operate and maintain the project. This requires:
 - Demonstration of the ability to manage the operation and maintenance of electric transmission facilities including, if applicable, experience in managing the operation and maintenance of existing transmission facilities.
 - Demonstration of the ability to operate and maintain the project safely, including a description of the developer's internal safety program, contractor safety program, and safety performance record and program execution.
 - Expertise in operations, which includes demonstration of control center operations, a description of control center staffing, and facilities, communications and SCADA expertise, demonstration of NERC compliance process and description of NERC compliance history, demonstration of registration or ability to

register for compliance with applicable NERC Reliability Standards, demonstration of a storm/outage response plan, description of past reliability performance, a statement specifying which entity will be operating and maintaining completed transmission facilities, equipment, including plans for maintaining spare parts, and crew training.

3.2 Recommended Process for Incumbent/Nonincumbent Transmission Developers to Submit the Information Necessary for SPP to Evaluate Whether they Satisfy the Qualification Criteria.

The SPCTF on Order 1000 recommends the following process under which incumbent/nonincumbent transmission developers must submit the information necessary for SPP to evaluate whether they satisfy the qualification criteria contained in Section 3.1 above.

1) Application to become a Potential Transmission Developer: Prior to being eligible to participate in SPP's "Competitive Solicitation" Process stated in Sections 2.2 and 2.3 above, a potential transmission developer must submit an *Application to become a SPP Transmission Developer* to SPP demonstrating satisfaction of the qualification criteria.

The Application can be submitted at any time, but must be submitted by at least June 30th of the year prior to the year in which the developer plans to participate in SPP's "Competitive Solicitation" process for one or more projects.

2) Application Review by SPP: Upon receiving an *Application to become a Transmission Developer*, SPP will review the Application to determine whether it satisfies the qualification criteria and inform the applicant of its determination. SPP will have the goal of notifying applicants within 90 day of receiving an application of its determination. SPP must notify all applications no later than September 30th of the year prior to the year in which applicant plans to participate in SPP's "Competitive Solicitation" process.

3) Notification of Qualification Deficiency(ies): If SPP determines that the transmission developer fails to meet one or more of the qualification criteria, SPP will inform the transmission developer of such deficiency(ies) and the transmission developer will have 30 days to cure the deficiency(ies). Once SPP receives information from the transmission developer that the transmission developer believes cures each deficiency, SPP will inform the developer within 45 days whether the deficiency(ies) have been cured. SPP will post the list of qualified developers by December 31 of each year for the Competitive Solicitation process that will occur the following spring after approval of the STEP.

4) Notification of Qualification: Once SPP determines that a transmission developer satisfies the qualification criteria, the transmission developer will be deemed a qualified entity (“QE”) to participate in SPP’s “Competitive Solicitation” process as described in 2.2 and 2.3 above. Additionally, once qualified, a transmission developer will not be required to demonstrate its qualifications in any subsequent SPP planning process cycles or with respect to any subsequent SPP Competitive Solicitations.

5) Changes in Transmission Developer Application: All transmission developers that have been deemed qualified (QEs) will be required to inform SPP if, at any time, there is any change to the information provided in their application, so that SPP may determine whether the developer continues to satisfy the qualification criteria. Upon notification of any such change, SPP will have the option to:

- (a) Determine that the change does not affect the transmission developer’s qualification to propose and construct projects;
- (b) Determine that the transmission developer no longer qualifies to propose and construct projects;
- (c) Suspend the transmission developer’s eligibility to propose and construct projects until the transmission developer has cured any deficiency in its qualifications to SPP’s satisfaction; or
- (d) Allow the transmission developer to continue to participate in SPP Competitive Solicitation and construction process for a limited time period while the transmission developer cures the deficiency to SPP’s satisfaction.

SECTION IV: Changes to SPP's Membership Agreement and OATT.

Recommended Changes to SPP's Membership Agreement and OATT to Remove the Federal ROFR?

ORDER 1000 REQUIREMENT: General Requirement to Eliminate Rights of First Refusal from FERC-jurisdictional Tariffs and Agreements: Public utility transmission providers must remove from their OATTs or other FERC-jurisdictional tariffs and agreements any provisions that grant a federal right of first refusal to transmission facilities that are selected in a regional transmission plan for purposes of cost allocation.¹⁰ [P 313]

SPCTF on Order 1000 Recommendation on Changes to SPP's Membership Agreement and OATT

4.1 Recommended Change to SPP's Membership Agreement

The SPCTF on Order 1000 recommends that the following sections of SPP's Membership Agreement be amended to remove the Federal ROFR as stated below.

Section 3.3 of the SPP Membership Agreement, which governs construction of transmission facilities in SPP, contains federal ROFR language that will need to be modified to comply with Order No. 1000. Specifically, Section 3.3(b) of the SPP Membership Agreement indicates:

After a new transmission project has received the required approvals and been approved by SPP, SPP will direct the appropriate Transmission Owner(s) to begin implementation of the project. If the project forms a connection between the facilities of a single Transmission Owner, that Transmission Owner will be designated to provide the new facilities. If the project forms a connection between facilities owned by multiple parties, all parties will be designated to provide the respective new facilities. The parties will agree among themselves as to how much of the project will be provided by each entity. If agreement cannot be reached, SPP will facilitate the ownership determination process.

Thus, under the language of Section 3.3(b), SPP is obligated to designate a Transmission Owner to construct new transmission facilities.

¹⁰ Order No. 1000 continues to permit an incumbent transmission provider to meet its reliability needs or service obligations by choosing to build new transmission facilities that are located solely within its retail distribution service territory or footprint and that are not included in the regional transmission plan or subject to the regional cost allocation methodology. [P 262]

Furthermore, Section 3.3(c) of the SPP Membership Agreement states:

A designated provider for a project can elect to arrange for a new entity or another Transmission Owner to build and/or own the project in its place. If the designated provider(s) does not or cannot agree to implement the project in a timely manner, SPP will solicit and evaluate proposals for the project from other entities and select a replacement.

This language provides an option for the designated Transmission Owner to assign the project to another entity or to decline to “implement the project” (i.e., “refuse” to build the project).

When read together, Sections 3.3(b) and 3.3(c) provide incumbent Transmission Owners a federal ROFR over transmission projects approved for construction by SPP. SPP is required to assign the construction obligations for new transmission facilities to incumbent Transmission Owners that own the existing facilities to which a new transmission facility will interconnect. Once a new transmission facility is assigned, the designated Transmission Owner(s) have the option either to construct the project, assign the project to another entity, or decline to construct the project. As a result, the SPCTF on Order 1000 recommends that SPP to modify these sections to comply with Order No. 1000 in a manner that is consistent with the remainder of this Report.

4.2 Recommended Change to SPP’s OATT

The SPCTF on Order 1000 recommends that the following sections of SPP’s OATT Agreement be amended to remove the Federal ROFR as stated below.

A. Attachment O

SPP’s Transmission Expansion Plan (“STEP”) and Integrated Transmission Plan (“ITP”) processes set forth in Attachment O contain similar provisions to the Membership Agreement related to assignment of construction obligations and ROFR. Specifically, Section VI of Attachment O, which governs the construction of transmission facilities, contains several provisions that address the manner in which SPP assigns the responsibility to construct transmission facilities in the STEP:

Section VI(1): The Transmission Provider, with input from the Transmission Owners and other stakeholders, *shall designate* in a timely manner within the SPP Transmission Expansion Plan (“STEP”) *one or more Transmission Owners* to construct, own, and/or finance each project in the plan.

Section VI(4): After a new transmission project is (i) approved under the SPP Transmission Expansion Plan or (ii) required pursuant to a Service Agreement or (iii) 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, the Transmission Provider shall direct the appropriate Transmission Owner(s) to begin implementation of the project for which financial commitment is required prior to the approval of the next update of the SPP Transmission Expansion Plan. . . . If the project forms a connection with facilities of a single Transmission Owner, that Transmission Owner shall be designated to construct the project. If the project forms a connection with facilities owned by multiple Transmission Owners, the applicable Transmission Owners will be designated to provide their respective new facilities. If there is more than one Transmission Owner designated to construct a project, the Designated Transmission Owners will agree among themselves which part of the project will be provided by each entity. If the Designated Transmission Owners cannot come to a mutual agreement regarding the assignment and ownership of the project the Transmission Provider will facilitate their discussion. . .

Like Section 3.3(b) of the SPP Membership Agreement, Section VI of Attachment O requires SPP to assign construction and ownership responsibilities for transmission facilities to the incumbent Transmission Owner(s) to whose existing facilities a new transmission facility will interconnect.

Section VI of Attachment O also contains language permitting the designated Transmission Owner to assign its construction responsibilities to another entity or to decline to construct a transmission facility. Specifically, Section VI(6) indicates:

In order to maintain its right to construct the project, the Designated Transmission Owner shall respond within ninety (90) days after the receipt of the Notification to Construct with a written commitment to construct the project as specified in the Notification to Construct or a proposal for a different project schedule and/or alternative specifications in its written commitment to construct (“Designated Transmission Owner’s proposal”). . . . If a Designated Transmission Owner does not provide an acceptable written commitment to construct within the ninety (90) day period, the Transmission Provider shall solicit and evaluate proposals for the project from other entities and select a replacement designated provider.

Therefore, by not providing “an acceptable written commitment to construct,” a designated Transmission Owner (i.e., the incumbent Transmission Owner(s) that own(s)

facilities to which the new transmission facility will connect) has the option of declining to construct a facility. Read together, these provisions of Section VI of Attachment O create a federal ROFR for incumbent Transmission Owners. As a result, the SPCTF on Order 1000 recommends that SPP to modify these sections to comply with Order No. 1000 in a manner that is consist with the remainder of this Report.

SECTION V: Application of Order 1000 to Future SPP Projects

ORDER 1000 REQUIREMENT: Determination as to which facilities will be subject to Order 1000 requirements: The requirements of Order 1000 are intended to apply to new transmission facilities, which are facilities that are no longer subject to evaluation or reevaluation in the transmission planning process after the effective date of the public utility transmission provider's regional compliance filing. [PP 65, 162] Each public utility transmission provider must explain in its regional compliance filing how it will determine which facilities in its local and regional planning processes will be subject to the Order No. 1000 requirements. [P 65, 162]

SPCTF on Order 1000 Recommendation as to the applicability of Order 1000.

5.1 Recommendation as to which facilities will be subject to Order 1000 Requirements

The SPCTF on Order 1000 recommends that SPP propose that the effective date of its Order 1000 compliance filing be the date that FERC issues an order accepting the compliance filing, with the first developer qualification process beginning in the summer (June) thereafter. The SPCTF on Order 1000 therefore recommends that the requirements of Order 1000 will apply to all transmission facilities subject to ROFR elimination that are approved for construction in the first STEP Report that is issued following the first developer qualification process, and for all facilities approved thereafter for which ROFR has been eliminated.

SECTION VI: Consideration of Transmission Needs Driven by Public Policy

ORDER 1000 REQUIREMENT: Consideration of Transmission Needs Driven by Public Policy: Under Order 1000, Public utility transmission providers are required to amend their OATTs to describe procedures that provide for the consideration of transmission needs driven by Public Policy Requirements in their local¹¹ and regional transmission planning processes or to demonstrate how existing OATT provisions already comply. [P 203, 222] Public Policy Requirements include, at a minimum, needs driven by state or federal laws or regulations;¹² however, the public utility transmission providers in a region can agree to consider needs driven by additional public policy objectives not specifically required by state or federal laws or regulations.¹³ [P 214-216]

SPCTF on Order 1000 Recommendation on Consideration of Public Policy

6.1 Background Information on Order 1000 “Public Policy” Requirements

FERC’s requirement that public utility transmission providers consider transmission needs driven by Public Policy Requirements means:

- (1) *The identification of transmission needs driven by Public Policy Requirements:* Public utility transmission providers must establish, in consultation with stakeholders, procedures under which public utility transmission providers and stakeholders¹⁴ will identify those transmission needs driven by Public Policy Requirements for which potential transmission solutions will be evaluated. [PP 205-206]; and
- (2) *The evaluation of potential solutions to meet those needs:* Public utility transmission providers are required to amend their OATTs to describe the procedures by which transmission needs driven by Public Policy Requirements will be identified in the local and regional transmission

¹¹ To the extent public utility transmission providers within a region do not engage in local transmission planning, such as in some RTO regions, the Public Policy requirements of Order No. 1000 apply only to the regional transmission planning process. [n.185]

¹² “State or federal laws or regulations” mean enacted statutes (i.e., passed by the legislature and signed by the executive) and regulations promulgated by a relevant jurisdiction, whether within a state or at the federal level. [P 2]

¹³ For example, a public utility transmission provider and its stakeholders are not precluded from choosing to plan for state public policy goals that have not yet been codified into state law, which they nonetheless consider to be important long-term planning considerations. [n.193]

¹⁴ All stakeholders must have an opportunity to provide input and offer proposals regarding the transmission needs they believe should be identified. [P 209]

planning processes and how potential solutions to the identified transmission needs will be evaluated in the local and regional transmission planning processes.¹⁵ [PP 205, 211]

Public utility transmission providers are required to post on their websites an explanation of which transmission needs driven by Public Policy Requirements will be evaluated for potential solutions in the local or regional transmission planning process, as well as an explanation of why other suggested transmission needs will not be evaluated. [P 209]

Order No. 1000 also clarifies that allocation of costs associated with transmission facilities associated with Public Policy Requirements must be at least roughly commensurate with estimated benefits, meaning that those that receive no benefit, either at present or in a likely future scenario, must not be involuntarily allocated costs of the facility. [P 219] Additionally, Order No. 1000 permits, but does not require, the creation of a separate class of Public Policy transmission facilities and separate cost allocation for such facilities. [P 220]

6.2 Current SPP Tariff Relating to Public Policies

Currently, SPP's Tariff contains requirements relating to the consideration of public policy in SPP's planning process. These requirements are contained in Attachment O to the SPP OATT as cited below:

Section III.6.k, n & o to Attachment O to SPP's OATT states:

III. The Integrated Transmission Planning Process

The ITP process is an iterative three-year process that includes 20-Year, 10-Year and Near Term Assessments. The 20-Year Assessment identifies the transmission projects, generally above 300 kV, and provides a grid flexible enough to provide benefits to the region across multiple scenarios. The 10-Year Assessment focuses on facilities 100 kV and above to meet the system needs over a ten-year horizon. The Near Term Assessment is performed annually and assesses the system upgrades, at all applicable voltage levels, required in the near term planning horizon.

* * * * *

¹⁵ Order No. 1000 leaves it to public utility transmission providers and their stakeholders to determine the procedures for evaluating potential transmission solutions to address identified Public Policy needs. The evaluation must include, at a minimum, proposals by stakeholders for transmission facilities proposed to satisfy an identified transmission need driven by Public Policy Requirements. [P 211]

6) Policy, Reliability, and Economic Input Requirements to Planning Studies

The Transmission Provider shall incorporate, as appropriate for the assessment being performed, the following into its planning studies:

* * * * *

k) Renewable energy standards;

* * * * *

n) Other relevant environmental or government mandates; and

o) Other input requirements identified during the stakeholder process.

6.3 Recommendation as to how SPP should handle “Public Policy” under Order 1000.

The SPCTF on Order 1000 recommends that SPP rely primarily on its existing Tariff language regarding transmission needs driven by public policy *requirements* as discussed above. Rather than revising the Tariff to provide explicitly for the consideration of transmission needs driven by public policy *goals*, the SPCTF on Order 1000 recommends that SPP remain open to considering public policy *goals* through the language in Attachment O that allows for “Other input requirements identified during the stakeholder process” (see Attachment O § III.6.0).

The SPCTF on Order 1000 also recommends that the SPC request that the RTWG examine the existing Tariff language to determine if any minor revisions are required to ensure that SPP complies with the requirements in paragraphs 205-211 of Order 1000 to establish procedures to: (1) identify transmission needs driven by public policy; (2) identify potential solutions to meet those needs; and (3) post information on the SPP website relating to public policy transmission planning.

SECTION VII: Information and Data from Merchant Transmission Developers

ORDER 1000 REQUIREMENT: *Information and Data from Merchant Transmission Developers:* *Order 1000 requires that public utility transmission providers include in their compliance filings the type of information and data that merchant transmission developers must provide to the regional planning process when the merchant developer does not intend to participate in the planning process or seek to recover costs through the regional cost allocation mechanism(s). [P 164] The purpose of this requirement is to provide transmission providers in the regional planning process with adequate information and data to assess the potential reliability and operational impacts of the merchant transmission developer's proposed transmission facilities on other systems in the region.*

SPCTF on Order 1000 Recommendation on Merchant Developer Information and Data

7.1 Recommended information and data merchant transmission developers that do not participate in SPP planning and cost allocation should be required to provide to SPP.

The SPCTF on Order 1000 recommends that SPP seek FERC's approval to require merchant developers provide certain information and data to SPP. Additionally, the SPCTF on Order 1000 recommends that SPP's Transmission Working Group ("TWG") be tasked with reviewing existing SPP practices and policies in order to recommend what information SPP should seek to require merchant transmission developers to provide to SPP as a part of SPP's October 2012 compliance filing.

SECTION VIII: Timeline for Compliance Filing

ORDER 1000 REQUIREMENT: Deadline to file Regional Compliance Filing: Compliance filings addressing the Order No. 1000 regional transmission planning and cost allocation requirements must be submitted to FERC by October 11, 2012.

SPCTF on Order 1000 Recommendation on Compliance Filing Timeline

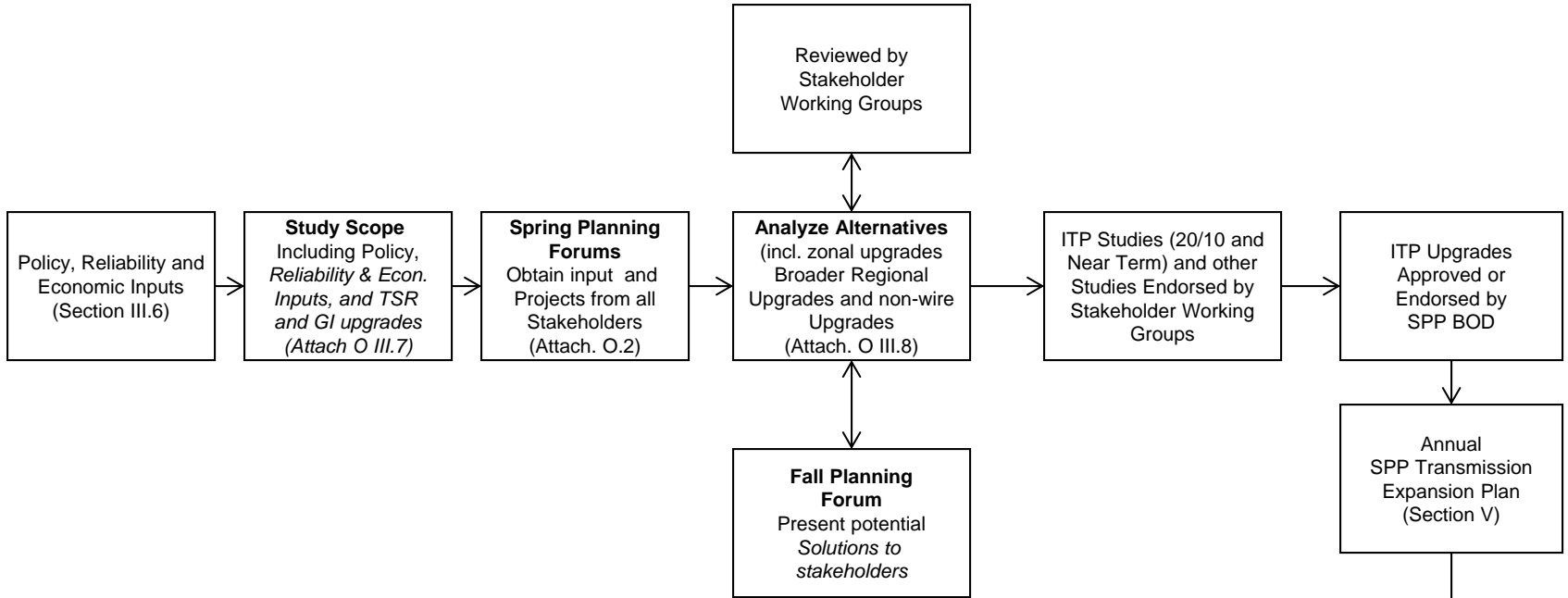
8.1 Recommended Compliance Filing Timeline for SPP.

The SPCTF on Order 1000 Recommends that the following timeline be used by SPP stakeholders in order to meet FERC compliance filing deadline for the regional requirement of Order 1000:

Requirement	Responsible Stakeholder Group(s)	Deadline
Endorsement of SPCTF on Order 1000 Report	SPC & SPP BOD	April 2012
Drafting and Endorsement/Approval of Tariff Language	RTWG, MOPC, & SPP BOD	July 2012
Drafting and Endorsement/Approval of Changes to Membership Agreement	CGC, MOPC, & SPP BOD	July 2012
Draft and Endorsement/Approval of Builder Selection Criteria	TBD	July 2012
Draft and Endorsement/Approval of Builder Creditworthy Criteria	Finance Committee	July 2012
Draft and Endorsement/Approval of Criteria a developer must demonstrate the ability to finance new transmission construction in SPP	Finance Committee	July 2012
Review and Draft Information and Data SPP needs from Merchant Transmission Developers	TWG	July 2012
Develop Detailed Criteria for Transmission Developer Evaluations and Scoring	????	July 2012
Drafting of SPP's Order 1000 Compliance	SPP Staff	October 2012

Filing for Regional Requirements		
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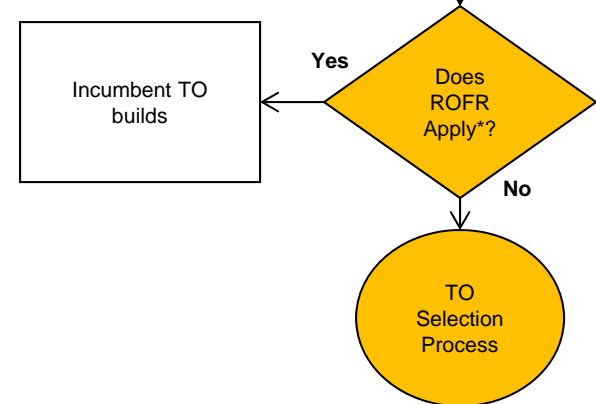
Competitive Solicitation Process



Integrated Transmission Planning Process

(does not include upgrades related to TSRs, GI, or Sponsored Upgrades)

Note: * ROFR applies to any project that is either
 (1) < 300 kV,
 (2) is an upgrade to an existing facility
 (3) Or an addition or expansion of an existing facility which is on existing right-of-way





Southwest Power Pool, Inc.

STRATEGIC PLANNING COMMITTEE TASK FORCE ON ORDER 1000

Recommendation to the Strategic Planning Committee

March 29, 2012

Order 1000 Compliance Filing Policy Recommendations

Organizational Roster

The following persons are members of the Strategic Planning Committee Task Force on Order 1000:

Mel Perkins, OGE
Ricky Bittle, AECC
Dennis Reed, Westar
Todd Fridley, KCPL
Brian Thumm, ITC

Paul Malone, NPPD
Noman William, Sunflower
Mitch Elmore, Xcel Energy
Terri Gallup, AEP

Background

On July 21, 2011, the Federal Energy Regulatory Commission ("FERC") issued Order 1000. Per the Order, Public utility transmission providers must either amend their open access transmission tariffs ("OATT") to comply with the requirements of Order No. 1000 or demonstrate how their existing OATT provisions already comply.

In response to Order 1000, the SPP Board of Directors tasked SPP's Strategic Planning Committee ("SPC") to lead SPP's response to the regional policy requirements contained in Order 1000 for a compliance filing. After initial meetings of the SPC to discuss the requirements of Order 1000, the SPC formed the SPC Task Force ("SPCTF") on Order 1000. As a result, SPCTF was established to examine SPP's existing OATT to determine whether SPP's current transmission planning and cost allocation provisions comply with the requirements and whether additional revisions will be necessary. Further the SPCTF on Order 1000 was tasked to propose how SPP should make its compliance filing with FERC.

Analysis

A review of SPP's existing practices and the regional requirements contained in Order 1000 shows that SPP largely complies with Order 1000's regional requirements. The accompanying attached Report of the SPCTF on Order 1000 contains the task force's recommendation on how to comply with the areas that SPP either does not comply with or areas in which Order 1000 seeks for public utility transmission providers to review.

Recommendation

The Strategic Planning Committee Task Force on Order 1000 recommends that the SPC approve the recommended policy decisions contained in the SPC Task Force on Order 1000 Report dated March 29, 2012.

Approved: Strategic Planning Committee Task Force on March 29, 2012
Order 1000

Motion Passed with opposed (AEP, KCPL)

Rationale of Opposed Task Force members

Opponents of the Motion *objected to the recommendation contained in Section II of the Report* which addresses the Model SPP should use to select transmission developers for projects without a ROFR. After inviting stakeholders to submit potential Builder Selection Models to the SPCTF for consideration, after reviewing each proposal and after



several meetings the SPCTF on Order 1000 recommends that SPP use a Competitive Solicitation Model to select builders for projects that does not have a ROFR. Opponents believe that approach is complex and potentially creates unintended drivers; relies on SPP planning staff and incumbent TO for ideas and solutions to problems consequently not incenting stakeholders solutions and providing an unfair advantage for incumbents; imposes construction bidding expertise on SPP staff and processes contributing to increased SPP staffing and to delays in construction; and is incompatible with current NTC-C process.

Action Requested: Approve SPCTF recommendation.

DRAFT