



Southwest Power Pool, Inc.

STRATEGIC PLANNING COMMITTEE TASK FORCE on ORDER 1000 MEETING

Friday, May 18, 2012 - 8 AM – 3 PM

AEP Offices, 1201 Elm Street, Dallas, TX

• A G E N D A •

1. Call to Order ..... Mel Perkins
2. Review of Past Action Items ..... Michael Desselle
3. FERC’s Rehearing Order on Order 1000 ..... Matt Binette

**Parking Lot Issues from April SPCTF on O1000**

4. ATO Legal Criteria ..... Paul Suskie
5. ATO Managerial Criteria ..... Paul Suskie
6. Builder Selection Model ..... Antoine Lucas
7. Update on Activity of other SPP Committees on Order 1000 ..... Paul Suskie/Matt Binette/Dennis Reed
8. Next Steps..... Mel Perkins

# STRAW PROPOSAL FOR TRANSMISSION OWNER QUALIFICATION CRITERIA

## 3.1 Recommended Transmission Owner Qualification Criteria

These Transmission Owner Qualification Criteria apply to any entity that seeks to participate in SPP's Transmission Owner Selection Process for transmission facilities for which a Transmission Owner does not possess a right of first refusal. The entity must satisfy all Transmission Owner Qualification Criteria prior to being eligible to participate in the Transmission Owner Selection Process.

### (1) **Threshold eligibility criteria:**

Any Application received by SPP from an Applicant Transmission Owner ("ATO") must contain information necessary to allow SPP to determine whether or not the ATO meets the requirements to be a Qualified Transmission Owner ("QTO") in SPP.

#### **Legal Qualification Criteria:**

**Authority Under State Law:** For each state in which an ATO seeks to be qualified to compete to build transmission facilities, the ATO's Application must include a showing that the ATO has the authority under any state law, rule, or regulation to construct, own, and operate electric transmission facilities in that state or can obtain the authority under state law, rule, or regulation to construct, own, and operate electric transmission facilities in that state. The authority to construct includes the power of eminent domain.

A showing of the required state authority can be made with one or more of the following:

(1) An order, letter, opinion, certificate, or other legal document from the state regulatory authority or other relevant state governmental authorities that the ATO has the authority under state law to construct, own, and operate electric transmission facilities in the state; or

(2) If the ATO is not able to acquire an order, letter, opinion, certificate, or other legal document from a state regulatory authority, the ATO should provide an affidavit, with supporting legal authority, stating that the ATO has the authority under state law, rule or regulation to construct, own, and operate electric transmission facilities in a particular state, pursuant to state law, rule or regulation.

If no state approvals are required to construct, own, and operate electric transmission facilities in a particular state, the ATO must demonstrate that no state approvals are required by providing:

(1) Any orders, letters, opinions, or other legal documents from the state regulatory authority or other relevant state governmental authorities stating that the ATO is not required to obtain any state regulatory approvals in order to construct, own, and operate electric transmission facilities in the state; or

(2) If the ATO is not able to acquire an order, letter, opinion, or other legal document from the state regulatory authority or other relevant state governmental authorities, the ATO should provide an affidavit, with supporting legal authority, stating that no state regulatory authorization is required in order to construct, own, and operate electric transmission facilities in a particular state.

In Order for an ATO to become a QTO, the ATO must provide documentation regarding the ATO's satisfaction of the Legal Qualification Criteria to SPP in advance of the initiation of the next Transmission Owner Selection Process. Specifically, the ATO should provide this documentation as a part of the ATO's Application by June 30 of the preceding year. This will provide adequate time for the ATO to correct deficiencies, if any, and become a QTO to participate in SPP's next Transmission Owner Selection Process for transmission projects within any state that the entity is qualified to construct, own, and operate electric transmission facilities.

#### **Membership Qualification Criteria:**

**SPP Membership:** An Application from an ATO must provide a showing that the ATO is a SPP Member or is willing to sign the SPP Membership Agreement if the ATO is selected as part of SPP's Transmission Owner Selection Process.

**(2) Financial Qualification Criteria:** [BEING DEVELOPED BY FINANCE COMMITTEE].

#### **(3) Managerial Qualification Criteria:**

**Managerial Expertise:** An Application from an ATO must include a showing that the ATO has expertise to construct, own, and operate electric transmission facilities. Expertise to construct, own, and operate electric transmission facilities includes:

- Transmission Project Construction Expertise: engineering, permitting, environmental, procurement, project management, construction, commissioning, technology content;; demonstration of past transmission construction experience; equipment acquisition process; description of applicable right-of-way and real estate acquisition process; description of routing

process; description of permitting processes; eminent domain status; process for obtaining easements; surveying responsibility.

- Safety Qualifications and Expertise: internal safety program, contractor safety program, safety performance record (program execution).
- Operations Expertise: demonstration of control center operations (staffing, etc.), demonstration of NERC compliance process and compliance history, demonstration of registration or ability to register for compliance with applicable NERC Reliability Standards, storm/outage response and restoration plan, past reliability performance, statement of which entity will be operating and maintaining completed transmission facilities, staffing, equipment, and crew training.
- Maintenance Qualifications and Expertise: staffing, maintenance plans, equipment, crew training, record of maintenance performance, maintenance expertise, NERC compliance process and history.
- Ability to comply with Good Utility Practice, SPP criteria, industry standards, and applicable local, state, and federal requirements.

In Order for an ATO to become a QTO, the ATO must provide documentation regarding the ATO's satisfaction of the Managerial Qualification Criteria to SPP in advance of the initiation of the next Transmission Owner Selection Process.<sup>1</sup> Specifically, the ATO should provide this documentation as a part of the ATO's Application by June 30 of the preceding year. This will provide adequate time for the ATO to correct deficiencies, if any, and become a QTO to participate in SPP's next Transmission Owner Selection Process.

An ATO can demonstrate that it meets SPP's managerial criteria by demonstrating:

(1) that the ATO as an entity has the necessary managerial expertise to meet SPP's managerial criteria;

(2) that the ATO is affiliated or has a legal relationship with entities that collectively meet SPP's managerial criteria and has made arrangements with such entities to

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<sup>1</sup> **Evaluation of Managerial Expertise:** SPP can evaluate an ATO's managerial criteria internally or by hiring a firm with expertise to evaluate the managerial experience.

perform the functions for which the entity deemed to satisfy the qualification criteria if the ATO is ultimately selected to construct a transmission project; or

(3) that the ATO has contracts with entities that enable to ATO to meet SPP's managerial criteria and that the entities will be contractually obligated to perform the functions for which it was deemed to satisfy the qualification criteria if the ATO is ultimately selected to construct a transmission project.

**(4) Posting of Applications**

**Posting an Application from an ATO and Notice:** Applications from an ATO will be posted on the SPP website upon receipt by SPP, subject to any applicable confidentiality protections. Within two business days of receipt of the Application from an ATO, SPP will notify the relevant state regulatory authorit(y)ies that an Application from an ATO has been received that purports to satisfy the Legal Qualification Criteria for that state.

## **ADDITIONS TO SECTION 3.2 of the SPCTF Report on Order 1000**

### **Add the following:**

**6) Transmission Provider's inquiry into Changes in QTO Circumstances:** Any time that SPP believes that a QTO has a change in circumstance which may affect whether the QTO continues to satisfy the Transmission Owner Qualification Criteria, SPP may request that the QTO provide information to SPP regarding the change in circumstances. Upon receiving such a request, the QTO will have thirty (30) days to respond. Upon receiving the QTO's response, SPP will have the option to:

- (a) Determine that the change does not affect the QTO's qualification to participate in SPP's Transmission Owner Selection Process;
- (b) Determine that the QTO no longer qualifies as a QTO;
- (c) Suspend the QTO's eligibility to participate in SPP's Transmission Owner Selection Process until the transmission developer has cured any deficiency in its qualifications to SPP's satisfaction; or
- (d) Allow the QTO to continue to participate in SPP's Transmission Owner Selection Process for a limited time period while the Transmission Owner cures the deficiency to SPP's satisfaction.