



# **SPP Draft Straw Proposal for Transmission Owner Selection Criteria**

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## Overview

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Transmission projects (300kV and above) in which a Right of First Refusal (ROFR) does not exist that are selected in the ITP 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 Owners (QTO) selected as a result of a transparent and not unduly discriminatory Request for Proposal (RFP) process.<sup>1</sup>

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## Request for Proposals (RFP)

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An RFP will be issued to allow interested QTOs to submit proposals as part of SPP's Competitive Solicitation process established to select Transmission Owners to construct, own, and operate SPP BOD approved transmission projects that were selected in the ITP process for purposes of cost allocation. At a minimum, the RFP will contain the following information;

**(1) General:** The RFP will include an overview of the purpose for the RFP including: the need for the transmission project, regulatory context and authority, confidentiality statement, and other necessary information.

**(2) Proposal Submission Content Requirements and Procedures:** The RFP will include a deadline for all proposal submissions. The RFP will also identify all minimum bid submission requirements. Each RFP respondent will be required to include all bid conditions in its proposal.

**(3) Cost and Financial Requirements:** The RFP will require each respondent to provide financial information specific to each transmission project for which it submits a proposal. This information will include, but not be limited to: demonstration of financing and itemized revenue requirement calculations.

**(4) Engineering:** The RFP will require each respondent to provide engineering information specific to each transmission project for which it submits a proposal. This information may include, but not be limited to engineering design of the project and technical requirements.

**(5) Construction:** The RFP will require each respondent to provide construction information specific to each transmission project for which it submits a proposal. This information may include, but not be limited to anticipated project timeline, demonstration of past transmission construction experience, equipment acquisition processes, description of applicable ROW / real estate acquisition process, description of routing process, description of permitting, description of

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<sup>1</sup> The RFP Process will not apply to transmission facilities that are upgrades to a current SPP Transmission Owner's existing facilities or are to be constructed on a current SPP Transmission Owner's existing right-of-way.

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construction clearance processes, and identification of responsible party for construction inspection.

**(6) Operations and Maintenance:** The RFP will require each respondent to provide operations and maintenance information specific to each transmission project for which it submits a proposal. This information may include, but not be limited to: demonstration of operations, statement of which entity will be operating and maintaining the transmission facility, storm / outage response plan, maintenance plan, staffing, equipment, crew training, and record of past maintenance and outage performance.

**(7) Information Exchange:** The RFP will include information exchange requirements such as identification of data required to be provided to the SPP in accordance with NERC reliability standards, data of design of the facilities for the Transmission Provider, and CEII requirements.

**(8) Safety program/Current/past statistics:** The RFP will require each respondent to provide safety information such as identification of the internal safety program, contractor safety program, and safety performance record.

**(9) Evaluation Procedure:** The RFP will include a description of the proposal evaluation procedure, including the statement of proposal evaluation methodology, criteria for acceptable proposals, and identification of applicable proposal evaluation fees.

**(10) Attachments:** The RFP will be a standard form that the respondent must fill out and may supplement with attachments demonstrating the information outlined above.

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## **RFP Administration**

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Upon BOD approval of a transmission expansion plan, SPP staff shall solicit QTOs to respond to an RFP to build, own, operate, and maintain the approved projects pursuant to the following process:

(1) SPP 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 four Industry Expert Panels (IEPs) to evaluate proposals resulting from the RFP. The four IEPs shall consist of an Engineering Design Panel, a Construction Development Panel, an Operations Panel, and Rate Analysis Panel. The IEPs shall be the primary source from which the BOD shall obtain a recommendation of which QTOs are selected for BOD approved transmission projects. SPP staff shall facilitate the IEP's efforts to develop recommendations to the BOD. The four IEPs shall consist of no less than two Industry Experts from each of the aforementioned electric utility industry areas.

(3) To qualify for the IEP, an Industry Expert must not be: (1) employed by an SPP stakeholder, (2) a consultant for an SPP stakeholder, or (3) 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,

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the Industry Expert becomes: (1) employed by an SPP stakeholder; (2) a consultant to an SPP stakeholder, or (3) 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.

(4) Each IEP member will evaluate all aspects of each proposal pertaining to the member's specific area of expertise. This evaluation will be done independent of the other members of the IEP. At no point during the RFP process shall IEP members from different areas of expertise communicate about proposal evaluations.

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## **RFP Process & Timeline**

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(1) Issuance of RFP: Within 30 days of BOD approval of a transmission expansion plan, SPP staff will develop and issue an RFP. The RFP will only be issued to those entities that have met the Transmission Owner Qualification Criteria.

(2) Response Window to RFP: Each responding QTO shall respond to the RFP within 60 days from the date the RFP is sent to the QTO ("Response Window"). A QTO 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 QTO. SPP staff may grant such an extension of time based on good cause provided by the QTO. 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 QTO, holidays, delay of information from SPP, and/or a delay in information from third parties required for the QTO to complete its response to the RFP.

(3) Initial Review of Proposal Submissions: SPP staff will immediately review each response to the RFP it receives for completeness. SPP staff will promptly return any response to the QTO that is incomplete; however, the QTO may resubmit a corrected or modified response if the re-submittal is made within the Response Window. Any QTO that fails to respond to the RFP within the Response Window will be deemed to have waived its right to respond to the RFP.

(4) No Responses to RFP: If no response to the RFP is received, then SPP staff will inform the BOD that SPP received not responses to the RFP. Upon such a report, the BOD shall issue a NTC to the incumbent transmission owner as the Transmission Owner of last resort as specified under SPP's OATT.

(5) IEP Evaluation: Upon the closing of the Response Window, SPP staff shall provide the RFP responses to the IEP. The IEP shall review, score, and rank all RFP responses pertaining to the specific IEP's area of expertise and submit its recommendation to the BOD based upon selection criteria outlined below. The IEP's recommendations shall be submitted to the BOD within 30 days of the initiation of the IEP's review. The identity of RFP respondents shall not be disclosed to the BOD as part of the IEP's recommendation.

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(6) IEP Communications, Extensions, & Recommendations: During its review, 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 an IEP to take up to an additional 30 days to complete its review if either the number of responding QTOs or the complexity of the analysis requires additional time. SPP staff must notify the BOD of the extension and the reason for the extension prior to the end of the original 30 day review period. The recommendation shall score and rank each QTO in a non-discriminatory manner based upon the information supplied, or obtained through the review period.

(7) IEP Reports: The four IEP wills will compile an internal report detailing the process, participants, data and results of their deliberations. 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 QTOs and SPP stakeholders prior to the final selection of the BOD. Within 15 days of receiving the IEP's recommendations from SPP staff, the SPP BOD shall select a QTO for the project (Selected Transmission Owner or "STO") and a backup QTO.

(8) STO & Issuance of NTC: Upon the selection of the STO by the BOD, SPP staff shall notify the STO that it has been selected to become the Designated Transmission Owner (DTO) for the project with the issuance of a NTC. 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) Failure of STO to Accept NTC: If the STO does not respond within 10 days of receiving an NTC notifies SPP that the STO is no longer willing to become the DTO for the project or is unwilling to sign the necessary agreement(s), the STO shall be deemed to have waived its right to become the DTO for the project. Upon such circumstances, SPP shall notify the BOD and SPP staff of the results. SPP shall then contact the backup QTO and offer the project to it on the same terms the project was offered to the first STO.

(10) Failure of Backup QTO to Accept NTC: If the backup QTO also fails to sign the necessary agreement(s) to become the DTO within 10 days of notification, SPP shall notify the BOD of the results. The IEP shall review the remaining applications and submit another recommendation to the BOD. If no other QTO can be found to construct the project, then the incumbent Transmission Owner shall be deemed the transmission owner of last resort.

(11) RFP Acceleration: The BOD shall have the authority to accelerate the RFP timeline to accommodate urgent issues such as upgrades necessary to mitigate near term system reliability needs.

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## **Transmission Owner Selection Criteria & Scoring**

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(1) The four IEPs will use "Reasonable Professional" standard in evaluation of proposals from the various respondents. Minimum requirements, as described in the Transmission Owner

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Qualification criteria must be met in order to be included in this process. Each IEP will score respondent's proposals on the items described below. The proposal with the highest total score may not always be selected. The four IEPs may recommend respondents be eliminated from consideration due to low scores in any individual category.

(2) In order to make its recommendation to the BOD, each IEP will score each respondent's proposal in their category of expertise from zero to the allowed number of points for that category. SPP staff shall total the points for all respondents and submit the results to the BOD as the IEP recommendation. There are 1000 possible base points for each respondent RFP. An additional 100 points is available to incent stakeholders to share their ideas and expertise to promote innovation and creativity in the planning process.

### **Base Categories and Points:**

**Engineering Design (Reliability/Quality/General Design):** – 225 points: Measures the quality of the design, material, technology, and life expectancy of a transmission project. Criteria considered in this proposal evaluation category are as follows;

- Type of construction (wood, steel, design loading, etc.)
- Losses (design efficiency)
- Estimated life of construction
- Reliability/Quality Metrics

**Construction (Project Management):** – 225 points: Measures a QTO's expertise in constructing projects similar in scope to the project that is subject of the RFP.

- Engineering
- Environmental
- ROW Acquisition
- Procurement
- Project Management (including scope, schedule management)
- Construction
- Commissioning
- Timeframe to construct
- Experience/Track Record

**Operations (Operations/Maintenance/Safety):** – 300 points: Measures how well and safely a QTO will be able to operate, maintain, and restore the transmission project once it is placed in service.

- Control center operations (staffing etc.)
- NERC compliance – process/history
- Storm/Outage response plan
- Reliability metrics
- Restoration Experience/Performance
- Maintenance Staffing/Training
- Maintenance plans
- Equipment

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- Maintenance performance/expertise
- NERC compliance-process/history
- Internal safety program
- Contractor safety program
- Safety performance record (program execution)

**Rate Analysis (Cost to Customer):** – 250 points: Measures over a 40 year period a QTO's cost to construct, own, and operate the transmission project that is the subject of the RFP.

- Estimated total cost of project
- Financing costs
- FERC Incentives
- Revenue Requirements
- Lifetime cost of the project to customers
- ROE
- Material on Hand, ROW approval, Assets on hand
- Cost certainty guarantee

**Incentive Category and Points:**

**Incentives (Project Proposal Submission):** – 100 points: Awards bonus points to QTOs that proposed the transmission project that are selected and the subject of the RFP.

A QTO that has submitted a proposal during SPP's regional planning process that is selected and approved by the BOD, shall receive 100 points as a part of the Competitive Solicitation Process if the QTO responds to a RFP for a project the QTO submitted during the regional planning process.

In order to be eligible to receive incentive points, a QTO submitting proposals for transmission projects to SPP during the SPP regional planning process must provide sufficient information to facilitate SPP's evaluation of such proposed transmission projects. This information should confirm that the proposed transmission project(s), at a minimum, mitigates an issue that was observed in the ITP process. SPP will provide models used in ITP assessments to support this information submission requirement. Information requirements shall include: a description of the issue(s) identified in the ITP Process to be addressed by the proposed project, notification of any changes in modeling assumptions from those used in the current ITP Process, full description of project, required current ampacity (capacity) of project, any known environmental impacts caused by the addition of the project transmission project, analysis Power System Simulator for Engineering (PSSE) cases, and results of transmission project economic analysis if applicable.