

***Open Access Transmission Tariff, Sixth Revised Volume No. 1***

***Southwest Power Pool***

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**ATTACHMENT O**  
**TRANSMISSION PLANNING PROCESS**

## **I. Overview of Planning Process**

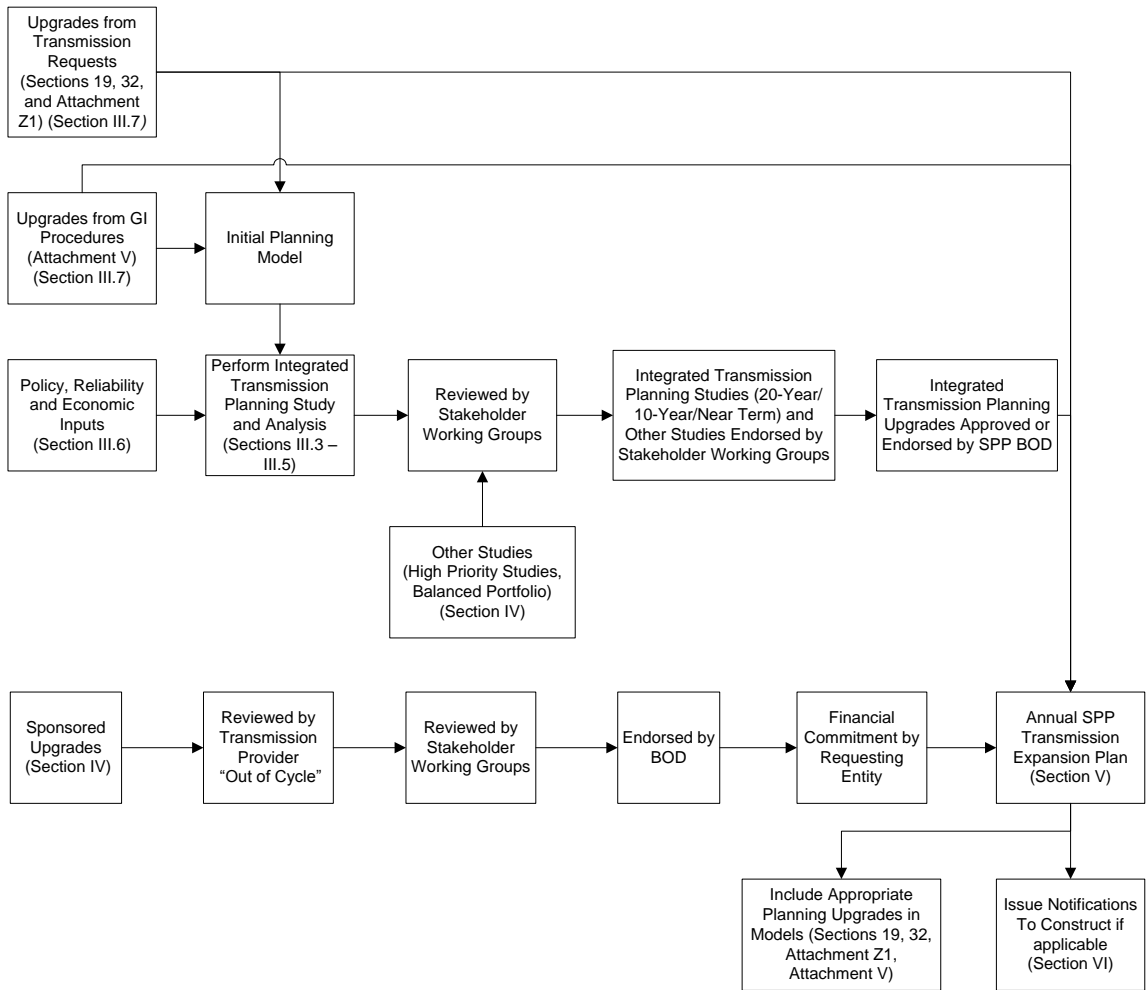
The Transmission Provider's transmission planning process is an open process. New and proposed transmission facilities can come from several different areas of the Tariff. These areas are: 1) transmission service requests; 2) Generation Interconnection Service requests; 3) the integrated transmission planning process (ITP Upgrades); 4) the Balanced Portfolio process; 5) the high priority study process (high priority upgrades); and 6) requests for Sponsored Upgrades. Figure 1 illustrates the planning processes within SPP and how these result in a comprehensive regional plan called the SPP Transmission Expansion Plan (STEP).

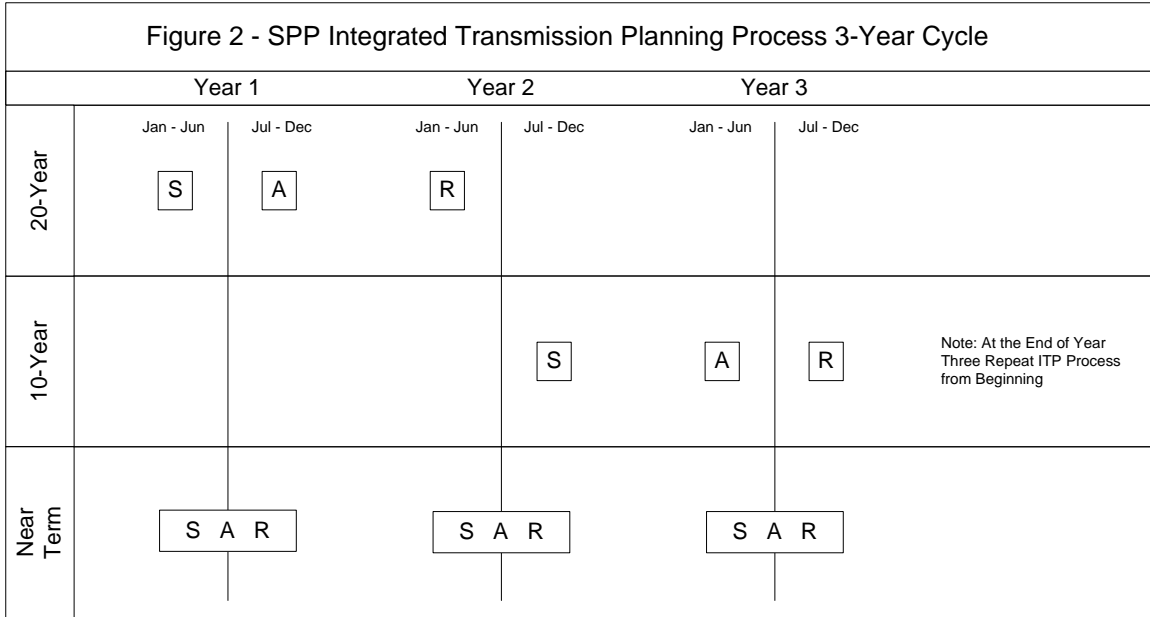
Each of these sources of potential upgrades has its own evaluation and approval process. Transmission Service requests are evaluated in accordance with Attachment Z1. Generator interconnection requests are assessed under the provisions of Attachment V. In addition, the process for adding new delivery points is described in Attachment AQ. The integrated transmission planning process and other study processes for Sponsored Upgrades, Balanced Portfolios and high priority upgrades are described in this Attachment O.

The results from all these sources are collected and reported in the annual SPP Transmission Expansion Plan which gives a twenty (20) year projection of transmission changes in the SPP Region. The SPP Transmission Expansion Plan, as endorsed by the Markets and Operations Policy Committee, is presented to the SPP Board of Directors once a year for their review and approval, as required in accordance with Section V of this Attachment O. The SPP Board of Directors may modify upgrades that are part of approved Balanced Portfolios in accordance with Section IV of Attachment J, ITP Upgrades, or high priority upgrades in the SPP Transmission Expansion Plan throughout the year in accordance with Section V of this Attachment O. Projects associated with transmission service requests and Generation Interconnection Service requests and Sponsored Upgrades may also be added throughout the year as Service Agreements and interconnection agreements are executed.

SPP's long range transmission planning is conducted over a three year planning cycle as shown in Figure 2. A 20-Year Assessment is conducted during the first half of this three year cycle. A 10-Year Assessment is conducted in the second half of the three year cycle. The Near Term Assessment is conducted each year and generally looks over the next five to seven years. Each of these assessments and the approval process is set forth in this Attachment O.

**Figure 1 - SPP Transmission Planning**





S = Scenarios  
A = Analysis  
R = Results

## II. Roles and Responsibilities

References to the “stakeholder working group” is a generic term that references those working group(s) as defined in the SPP Bylaws, Sections 3 through 6 that are charged with the transmission planning process. The current names of all the working groups shall be posted on the SPP website.

### 1. Division of Responsibilities

- a) The rights, powers and obligations for planning are set forth in the SPP Membership Agreement in (i) Article 2.0 for the Transmission Provider and (ii) Article 3.0 for the Members. The division of responsibility between the Transmission Provider and the Members is set forth in the SPP Criteria and in this Attachment O. The SPP Membership Agreement, the SPP Criteria and the Tariff shall be posted on the SPP website.
- b) The Transmission Provider shall be responsible for developing the list of projects in accordance with the stakeholder process set forth in Sections II, III and V of this Attachment O, and including inter-regional coordination set forth in Section VIII of this Attachment O.
- c) The Transmission Provider shall perform transmission planning studies to assess the reliability and economic operation of the Transmission System in accordance with Section III of this Attachment O.
- d) As inputs to the planning process, the Transmission Provider shall include and maintain requirements to serve existing commitments for long-term transmission service and interconnection service in accordance with Section III.7 of this Attachment O and any applicable roll-over rights as set out in Section 2.2 of the Tariff. It shall also take into account all previously approved projects.
- e) The Transmission Provider shall review, and include as appropriate, all local area upgrades to meet local area reliability criteria as proposed by the Transmission Owners including those plans developed by Transmission Owners that have their own FERC approved local planning process to ensure coordination of the projects set forth in such plans with the potential solutions developed in the regional planning process.
- f) The Transmission Provider shall review and include, as appropriate, all reasonable expected demand resource, transmission, or generation options identified by stakeholders.
- g) The Transmission Provider shall describe the details regarding expansion planning methodology, criteria, assumptions and data in the SPP Transmission Expansion Planning Manual which shall be posted on the SPP website.

- h) In accordance with its NERC reporting requirements, the Transmission Provider shall publish an annual reliability report that shall include a list of the following:
  - i) Regional upgrades required to maintain reliability in accordance with the NERC Reliability Standards and SPP Criteria;
  - ii) Zonal upgrades required to maintain reliability in accordance with more stringent individual Transmission Owner planning criteria; and
  - iii) Inter-regional upgrades developed with neighboring Transmission Providers to meet inter-regional needs, including results from the coordinated system plans.
  
- 2) Stakeholder Working Groups
  - a) The purpose of the stakeholder working groups is to provide technical advice, assistance and oversight to the Transmission Provider in all aspects of the regional, sub-regional and local planning process, including but not limited to:
    - i) Review and development of coordinated planning among the Transmission Provider and the Transmission Owners including accepted Network Upgrades developed by those Transmission Owners that have their own FERC approved local planning process to meet local area reliability criteria;
    - ii) Review and development of regional planning criteria;
    - iii) Review and development of Available Transfer Capability related calculation criteria as specified in Attachment C to the Tariff;
    - iv) Review and development of transmission rating criteria;
    - v) Compliance with NERC Reliability Standards concerning transmission assessment, transfer capability and ratings of transmission facilities;and
    - vi) Review and development of the list of transmission needs driven in whole or in part by Public Policy Requirements for which transmission solutions will be evaluated.

- b) All the stakeholder working group representation shall be appointed and chaired in accordance with Article 3.0 of the SPP Bylaws. All meetings of the stakeholder working groups are open to all entities.
  - c) Voting in the various stakeholder working groups shall conform to Article 3.9 of the SPP Bylaws.
  - d) The data, information, and technical support necessary for the Transmission Provider to perform studies as required by the planning process and to develop the regional reliability projects are provided by the Transmission Owners, Transmission Customers and Generation Interconnection Customers and other entities. This process is described in Section VII of this Attachment O.
  - e) Stakeholder working groups that work with the Transmission Provider on transmission planning shall meet at least quarterly and additional meetings, web conferences and teleconferences shall be scheduled as needed. Teleconference capability will be made available for stakeholder working group meetings. Notice of meetings of the stakeholder working groups shall be posted on the SPP website and distributed via email distribution lists. Meeting agendas and minutes shall be posted on the SPP website.
- 3) Participation by State Regulators  
In accordance with the SPP Bylaws, any regulatory agency having utility rates or services jurisdiction over a Member may participate fully in all SPP planning activities.
- 4) Adherence to Regional Planning Criteria
- i) The regional planning criteria are comprised of the NERC Reliability Standards and SPP Criteria.
  - ii) The regional planning criteria may change from time to time based upon the then current process for changing reliability criteria.
  - iii) The individual Transmission Owners shall be obligated under the NERC Reliability Standards and SPP Criteria to resolve reliability violations and compliance needs identified by the Transmission Provider or by the individual Transmission Owners themselves in accordance with these standards and criteria. The SPP Criteria shall be posted on the SPP website.
- 5) Use of Local Planning Criteria



- i) Individual Transmission Owners within the SPP Region may develop company-specific planning criteria that, at a minimum, conform to the NERC Reliability Standards and SPP Criteria.
- ii) For each annual planning cycle, Transmission Owners, including those Transmission Owners that have their own FERC approved local planning process, must provide to the Transmission Provider at least once a year, by April 1st, their company-specific planning criteria in order for the need for Zonal Reliability Upgrades to be assessed and included in the SPP Transmission Expansion Plan.
- iii) Transmission Owner planning criteria and assumptions may be modified at any time provided that, if the planning criteria are made more stringent, the increased requirements will not apply retroactively to studies previously completed or studies already underway by the Transmission Provider. Access to the individual Transmission Owner's planning criteria shall be made available via an electronic link on the SPP website.
- iv) The individual planning criteria of each Transmission Owner, including those Transmission Owners that have their own FERC approved local planning process, shall be the basis for determining whether a reliability violation exists for which a need for a new Zonal Reliability Upgrade should be considered.
- v) The Transmission Owner shall apply its local planning criteria comparably to all load in its service territory.
- vi) Transmission Owners' company-specific planning criteria and local planning processes must provide for: (a) the identification of transmission needs driven in whole or in part by Public Policy Requirements; and (b) the evaluation of potential solutions to meet those needs.

### **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.

#### **1) Commencement of the Process**

At the beginning of each calendar year the Transmission Provider shall notify stakeholders as to which part(s) of the integrated transmission planning cycle will take place during that year and the approximate timing of activities required to develop the SPP Transmission Expansion Plan. Notice of commencement of the process shall be posted on the SPP website and distributed via email distribution lists.

#### **2) Transmission Planning Forums**

The transmission planning forums include planning summits and sub-regional planning meetings and these are conducted as follows:

##### **a) Planning Summits**

- i) The purpose of the planning summits is for the Transmission Provider and the stakeholders to share current SPP transmission network issues, develop the study scopes, provide solution alternatives and review study findings. These summits also provide an open forum where all stakeholders have an opportunity to provide advice and recommendations to the Transmission Provider to aid in the development of the SPP Transmission Expansion Plan.
- ii) The planning summits shall be open to all entities.
- iii) The Transmission Provider shall chair and facilitate the planning summits.
- iv) Planning summits shall be held at least semi-annually, including sub-regional breakout sessions of the SPP Region. Teleconference capability will be made available for planning summits. Planning summit web conferences shall be held as needed.
- v) Notice of the planning summits and web conferences shall be posted on the SPP website and distributed via email distribution lists.

b) Sub-regional Planning Meetings

- i) The Transmission Provider shall define sub-regions from time to time to address local area planning issues.
- ii) The purpose of the sub-regional planning meetings is to identify unresolved local stakeholder issues and transmission solutions at a more granular level. The sub-regional planning meetings shall provide stakeholders with local needs the opportunity to provide advice and recommendations to the Transmission Provider and to the Transmission Owners. The sub-regional planning meetings shall provide a forum to review local planning criteria and needs as specified in Section II of this Attachment O.
- iii) The sub-regional planning meetings shall be open to all entities.
- iv) The Transmission Provider shall facilitate the sub-regional planning meetings.
- v) A planning meeting shall be held at least annually for each individual sub-region.
- vi) The sub-regional planning meetings shall be held in conjunction with the stakeholder working group meetings. Teleconference capability will be made available for sub-regional planning meetings. Sub-regional planning web conferences shall be held as needed.
- vii) Notice of the sub-regional planning meetings, teleconferences and web conferences shall be posted on the SPP website and distributed via email distribution lists.

3) Preparation of the 20-Year Assessment

- a) The Transmission Provider shall perform a 20-Year Assessment once every three years. The timing of this assessment shall generally be in the first half of each three-year cycle.
- b) The 20-Year Assessment shall review the system for a twenty-year planning horizon and address, at a minimum, facilities 300 kV and above needed in year 20. This assessment is not intended to review each consecutive year in the planning horizon. The Transmission Provider shall work with stakeholders to identify the appropriate year(s) to study in developing the assessment study scope.

- c) The 20-Year Assessment shall assess the cost effectiveness of proposed solutions over a forty-year time horizon.
  - d) The Transmission Provider shall develop the assessment study scope with input from the stakeholders. The study scope shall take into consideration the input requirements described in Section III.6.
  - e) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used.
  - f) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope.
  - g) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report. The assessment study scope shall include an explanation of which transmission needs driven by Public Policy Requirements will be evaluated for potential solutions in the local and regional transmission planning process, as well as an explanation of why other suggested transmission needs will not be evaluated.
  - h) In accordance with the assessment study scope, the Transmission Provider shall analyze potential solutions following the process set forth in Section III.8.
- 4) Preparation of the 10-Year Assessment
- a) The Transmission Provider shall perform a 10-Year Assessment once every three years as part of the three year planning cycle. The timing of this assessment shall generally be in the second half of the three-year planning cycle.
  - b) The 10-Year Assessment shall review the system for a ten-year planning horizon and address, at a minimum, facilities 100 kV and above needed in year 10. This assessment is not intended to review each consecutive year in the planning horizon. The Transmission Provider shall work with stakeholders to identify the appropriate year(s) to study in developing the assessment study scope.
  - c) The 10-Year Assessment shall assess the cost effectiveness of proposed solutions over a forty-year time horizon.
  - d) The Transmission Provider shall develop the assessment study scope with input from the stakeholders. The study scope shall take into consideration the input requirements described in Section III.6.

- e) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used.
  - f) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope.
  - g) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report. The assessment study scope shall include an explanation of which transmission needs driven by Public Policy Requirements will be evaluated for potential solutions in the local and regional transmission planning process, as well as an explanation of why other suggested transmission needs will not be evaluated.
  - h) In accordance with the assessment study scope, the Transmission Provider shall analyze potential solutions, including those upgrades approved by the SPP Board of Directors from the most recent 20-Year Assessment, following the process set forth in Section III.8.
- 5) Preparation of the Near Term Assessment
- a) The Transmission Provider shall perform the Near Term Assessment on an annual basis.
  - b) The Near Term Assessment will be performed on a shorter planning horizon than the 10-Year Assessment and shall focus primarily on identifying solutions required to meet the reliability criteria defined in Section III.6.
  - c) The assessment study scope shall specify the methodology, criteria, assumptions, and data to be used to develop the list of proposed near term upgrades.
  - d) The Transmission Provider, in consultation with the stakeholder working groups, shall finalize the assessment study scope. The study scope shall take into consideration the input requirements described in Section III.6.
  - e) The assessment study scope shall be posted on the SPP website and will be included in the published annual SPP Transmission Expansion Plan report. The assessment study scope shall include an explanation of which transmission needs driven by Public Policy Requirements will be evaluated for potential solutions in the local and regional transmission planning process, as well as an explanation of why other suggested transmission needs will not be evaluated.

f) In accordance with the assessment study scope, the Transmission Provider shall analyze potential solutions, including those upgrades approved by the SPP Board of Directors from the most recent 20-Year Assessment and 10-Year Assessment, following the process set forth in Section III.8.

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:

- a) NERC Reliability Standards;
- b) SPP Criteria;
- c) Transmission Owner-specific planning criteria as set forth in Section II;
- d) Previously identified and approved transmission projects;
- e) Zonal Reliability Upgrades developed by Transmission Owners, including those that have their own FERC approved local planning process, to meet local area reliability criteria;
- f) Long-term firm Transmission Service;
- g) Load forecasts, including the impact on load of existing and planned demand management programs, exclusive of demand response resources;
- h) Capacity forecasts, including generation additions and retirements;
- i) Existing and planned demand response resources;
- j) Congestion within SPP and between the SPP Region and other regions and balancing areas;
- k) Renewable energy standards;
- l) Fuel price forecasts;
- m) Energy efficiency requirements;
- n) Other relevant environmental or government mandates;
- o) Transmission needs driven by Public Policy Requirements identified by the Transmission Provider and stakeholders; and
- p) Other input requirements identified during the stakeholder process.

- q) In developing the long term capacity forecasts, the studies will reflect generation and demand response resources capable of providing any of the functions assessed in the SPP planning process, and can be relied upon on a long-term basis. Such demand response resources shall be permitted to participate in the planning process on a comparable basis. These studies will consider operational experience gained from markets operated by the Transmission Provider.
  
- 7) Inclusion of Upgrades Related to Transmission Service and Generator Interconnection in Planning Studies
  - a) Transmission upgrades related to requests for Transmission Service are described in Sections 19 and 32 of the Tariff and Attachment Z1 to the Tariff. These upgrades are included as part of the future expansion of the Transmission System, upon the execution of the various Service Agreements with the Transmission Customers. Transmission upgrades related to an approved request for Transmission Service may be deferred or supplemented by other upgrades based upon the results of subsequent studies. Changes in planned upgrades do not remove the obligation of the Transmission Provider to have adequate transmission facilities available to start or continue the approved Transmission Service.
  - b) Interconnection facilities and other transmission upgrades related to requests for generation interconnection service are described in Attachment V. These upgrades are included as part of the future expansion of the Transmission System upon the execution of the various interconnection agreements with the Generation Interconnection Customers. Transmission upgrades related to an approved interconnection agreement may be deferred or supplemented by other upgrades based upon the results of subsequent studies. Changes in planned upgrades do not remove the obligation of the Transmission Provider to have adequate transmission facilities available to start or continue the approved interconnection service.
  - c) The studies performed under this Section III of Attachment O shall accommodate and model the specific long-term firm Transmission Service of Transmission Customers and specific interconnections of Generation Interconnection Customers no later than when the relevant Service Agreements and interconnection agreements are accepted by the Commission.
  
- 8) Process to Analyze Transmission Alternatives for each Assessment

The following shall be performed, at the appropriate time in the respective planning cycle, for the 20-Year Assessment, 10-Year Assessment and Near Term Assessment studies:

- a) The Transmission Provider shall perform the required studies to analyze the potential alternatives for improvements to the Transmission System, provided by the Transmission Provider and by the stakeholders, in order to address the final assessment study scope agreed to with the stakeholders. This analysis shall consider the current and anticipated future needs of the SPP Region within the parameters of the study scope. The analysis shall also consider the value brought to the SPP Region by incremental changes to the proposed solutions.
- b) After the study scope has been approved, the Transmission Provider shall notify stakeholders of identified transmission needs and provide a transmission planning response window of thirty (30) days during which any stakeholder may propose a detailed project proposal (“DPP”). The Transmission Provider shall track each DPP and retain the information submitted pursuant to Section III.8.b(i). If the project described in a DPP is included in the ITP plan, the submitting stakeholder may qualify for incentive points as described in Section III of Attachment Y of this Tariff. A stakeholder that submits a DPP that is equivalent to a DPP or Transmission Provider identified project submitted in a previous assessment during the current three (3) year planning cycle shall not be eligible for incentive points.
  - i) The information supplied by the stakeholder must be sufficient to allow the Transmission Provider to evaluate the project described in the DPP. At a minimum, the DPP must include the following information:
    - a. description of the project including one-line diagrams, configuration(s), proposed line routing, preliminary transmission line and substation engineering and design data;
    - b. description of the needs identified in the ITP process to be addressed;
    - c. proposed project schedule including, at a minimum timelines for completing regulatory, right-of-way, environmental, engineering, procurement and construction activities;
    - d. description of any known or anticipated risks to the project schedule and any recommended mitigation plans;



- e. description of any known or anticipated environmental impacts;
  - f. engineering and modeling data required by the Transmission Provider;
  - g. identification and justification of any changes in modeling assumptions from those used in the current ITP process;
  - h. results of transmission project economic or reliability analysis, if applicable; and
  - i. any other information available to support the evaluation of the project.
- ii) Any Stakeholder providing a DPP that meets the requirements set forth in Section III.8.b(i) of this Attachment O will be recorded by the Transmission Provider for the ITP planning assessment for the which the DPP was submitted, including the contact information of the stakeholder that submitted the DPP.
  - iii) If the Transmission Provider, in its sole discretion, determines that the information provided in a DPP is incomplete, the Transmission Provider shall provide written notice to the stakeholder that submitted the DPP. The stakeholder shall be permitted to cure the such deficiency by the later of the end of the transmission planning response window or 10 days after the Transmission Provider issues such notice. Failure to cure the deficiency shall result in the submission being disqualified as a DPP.
  - iv) The Transmission Provider shall hold all DPPs in confidence until the thirty (30) day transmission planning response window has closed. Subsequent to the close of the transmission planning response window, information contained in a DPP shall be disclosed to stakeholders only as the Transmission Provider determines is necessary for review and documentation of the reason(s) why the DPP was or was not chosen in the current ITP assessment. The remaining information in the DPP will remain confidential.
  - v) A stakeholder that submits a DPP may remain eligible for incentive points, in accordance with Section III of Attachment Y of this Tariff, for the remainder of the current three (3) year planning cycle of the ITP process. In order for the stakeholder to maintain its eligibility for incentive points in any subsequent ITP assessment within the current three (3) year planning cycle, the stakeholder

must resubmit the information required by Section III.8.b(1) of this Attachment O, including identification of the need(s) in the ITP assessment that the DPP is proposed to solve. If the stakeholder does not provide the updated information, the stakeholder will not be eligible for incentive points for the DPP for that subsequent assessment; however, the stakeholder would be eligible for incentive points in any other ITP assessment during the current three (3) year planning cycle, provided that the stakeholder updates the DPP information for that assessment.

- c) For all potential alternatives provided by the stakeholders, including reliability upgrades that Transmission Owners (which includes those Transmission Owners that have their own FERC approved local planning process), propose to address violations of company-specific planning criteria pursuant to Section II.5 of this Attachment O, and upgrades to address transmission needs driven in whole or in part by identified Public Policy Requirements, the Transmission Provider shall determine if there is a more comprehensive regional solution to address the reliability needs, economic needs, and needs driven by Public Policy Requirements identified in the assessment.
- d) In addition to recommended upgrades, the Transmission Provider will consider, on a comparable basis, any alternative proposals which could include, but would not be limited to, generation options, demand response programs, “smart grid” technologies, and energy efficiency programs. Solutions will be evaluated against each other based on a comparison of their relative effectiveness of performance and economics.
- e) The Transmission Provider shall assess the cost effectiveness of proposed solutions. Such assessments shall be performed in accordance with the Integrated Transmission Planning Manual, which shall be developed by the Transmission Provider, in consultation with stakeholders, and approved by the Markets and Operations Policy Committee. SPP shall post this manual on its website.
- f) The analysis described above shall take into consideration the following:
  - i) The financial modeling time frame for the analysis shall be 40 years (with the last 20 years provided by a terminal value).
  - ii) The analysis shall include quantifying the benefits resulting from dispatch savings, loss reductions, avoided projects, applicable environmental impacts, reduction in required operating reserves, interconnection improvements, congestion reduction, and other benefit metrics as appropriate.

- iii) The analysis shall identify and quantify, if possible, the benefits related to any proposed transmission upgrade that is required to meet any regional reliability criteria.
- iv) The analysis scope shall include different scenarios to analyze sensitivities to load forecasts, wind generation levels, fuel prices, environmental costs, and other relevant factors. The Transmission Provider shall consult the stakeholders to guide the development of these scenarios.
- v) The results of the analysis shall be reported on a regional, zonal, and state-specific basis.
- vi) The analysis shall assess the net impact of the transmission plan, developed in accordance with this Attachment O, on a typical residential customer within the SPP Region and on a \$/kWh basis.
- g) The Transmission Provider shall make a comprehensive presentation of the preferred potential solutions, including the results of the analysis above, to the stakeholder working groups and at a planning summit meeting or web conference. The presentation shall include a discussion of all the Transmission Provider and stakeholder alternatives considered and reasons for choosing the particular preferred solutions.
- h) The Transmission Provider shall solicit feedback on the solutions from the stakeholder working groups and through the stakeholders attending the various planning summits. The Transmission Provider will also include feedback from stakeholders through other meetings, teleconferences, web conferences, and via email or secure web-based workspace. Stakeholders may propose any combination of demand resources, transmission, or generation as alternate solutions to identified reliability and economic needs.
- i) Upon consideration of the results of the cost effectiveness analysis and feedback received in the subsequent review process, the Transmission Provider shall prepare a draft list of projects for review and approval in accordance with Section V.

#### **IV. Other Planning Studies**

##### **1) Sponsored Upgrade Studies**

Any entity may request that a Sponsored Upgrade be built. SPP will evaluate the impact of any Sponsored Upgrade on Transmission System reliability and identify any necessary mitigation of these impacts. Such entity must be willing to assume the cost of such Sponsored Upgrade, study costs, and any cost associated with such necessary mitigation. The proposed Sponsored Upgrade will be submitted to the proper stakeholder working group for their review as a part of the transmission planning process.

##### **2) High Priority Studies**

- a) The Transmission Provider shall perform high priority studies in accordance with this Attachment O and the Transmission Network Economic Modeling & Methods manual which shall be maintained on the SPP website.
- b) Potential Balanced Portfolios, as developed through the process specified in Section IV.3, shall be considered to be high priority studies.
- c) The stakeholders may request high priority studies, including a request for the Transmission Provider to study potential upgrades or other investments necessary to integrate any combination of resources, whether demand resources, transmission, or generation, identified by the stakeholders. Annually, the costs of up to three high priority studies requested by the stakeholders and performed by the Transmission Provider shall be recovered pursuant to Schedule 1-A of this Tariff. A high priority study of a potential Balanced Portfolio initiated by the Transmission Provider will not be considered a stakeholder request pursuant to this Section IV.2.c.
- d) The Transmission Provider, in consultation with the stakeholders, shall develop the scope for each high priority study and post the scope(s) on the SPP website.
- e) Each study shall include:
  - i) Quantification of benefits and costs in accordance with this Attachment O and the Transmission Network Economic Modeling and Methods manual; and
  - ii) An analysis of the sensitivity of the economics of the upgrades included in the high priority study to changes in assumptions.

- f) The Transmission Provider shall solicit input from the stakeholders and the Regional State Committee regarding the appropriate sensitivity analyses to be performed.
  - g) For each high priority study the Transmission Provider shall publish a report, including but not limited to, the study input assumptions, the estimated cost of the upgrades, any third party impacts, the expected economic benefits of the upgrades, and identify reliability impacts, if any, of the upgrades. The report and related studies and the criteria, assumptions and data underlying the report shall be posted on the SPP website, with password protected access if required to preserve the confidentiality of information in accordance with the provisions of the Tariff and the SPP Membership Agreement and to address Critical Energy Infrastructure Information (CEII) requirements. The CEII compliant redacted version of the report shall be posted on the SPP website. The redacted version shall include instructions for acquiring the complete version of the report.
  - h) The Transmission Provider may recommend, based on the results of a high priority study, a high priority upgrade for inclusion in the SPP Transmission Expansion Plan in accordance with the approval process set forth in Section V.
- 3) Evaluation of Potential Balanced Portfolios
- a) The Transmission Provider shall solicit input from stakeholders on combinations of potential economic upgrades to be evaluated as potential Balanced Portfolios.
  - b) Each economic upgrade to be included in a potential Balanced Portfolio:
    - i) Must include a 345 kV or higher voltage facility;
    - ii) May include lower voltage transmission facilities needed to integrate the 345 kV or higher facilities and achieve the benefits; however, the cost of the lower voltage transmission facilities cannot exceed the cost of the 345 kV or higher facilities included in the economic upgrade; and
    - iii) An economic upgrade that includes lower voltage transmission facilities for which the cost of such facilities exceeds the cost of the 345 kV or higher facilities constituting the economic upgrade may be included in the evaluation of a potential Balanced Portfolio, if a Project Sponsor agrees to bear the portion of the cost of the lower voltage facilities that is in excess of the cost of the 345 kV or higher facilities.

- iv) Will include an evaluation of the costs of the upgrades, including any cost impacts potentially allocable to the Transmission Provider or a Zone(s) from third party upgrade(s) required to relieve congestion on a neighboring system due to the construction of the potential Balanced Portfolio.
- c) The Transmission Provider shall determine for each Zone the net present value of the revenue requirements of each potential Balanced Portfolio as follows:
- i) The revenue requirements for each potential Balanced Portfolio shall be calculated as if all of the upgrades associated with the potential Balanced Portfolio are simultaneously available to the power system. This requirement is for evaluation purposes only and shall not restrict the timing of the construction of individual upgrades within a Balanced Portfolio approved by the SPP Board of Directors.
  - ii) Based on input from the Transmission Owners and other pertinent information, the Transmission Provider shall estimate the construction costs of each upgrade in the potential Balanced Portfolio.
  - iii) For each upgrade in the potential Balanced Portfolio, the Transmission Provider shall use the transmission fixed charge rate(s) for the appropriate Transmission Owner(s) to estimate the revenue requirements. In each annual planning cycle, the Transmission Owner shall supply its fixed charge rate to the Transmission Provider.
  - iv) The fixed charge rate(s) shall take account of all costs necessary to support the upgrade in the potential Balanced Portfolio, including but not limited to, operation and maintenance expenses, depreciation, property and payroll taxes, income taxes, if applicable, return on investment and any other factors affecting the revenue requirement associated with the upgrade.
  - v) The revenue requirements also shall include any specific costs that are projected to be incurred by the Transmission Provider or a Zone(s) as a result of third-party impacts due to one or more upgrades within a proposed Balanced Portfolio.
  - vi) The revenue requirements for the potential Balanced Portfolio shall equal the sum of the revenue requirements of the upgrades that comprise the potential Balanced Portfolio.

- vii) The Transmission Provider shall estimate the cost for each Zone by allocating the revenue requirements for the potential Balanced Portfolio to each Zone based on its Region-wide Load Ratio Share forecasted over the ten year period analyzed.
  - viii) If any costs of an upgrade in the potential Balanced Portfolio will be borne by other funding mechanisms, such costs shall not be included in the determination of the net present value of the revenue requirements for the potential Balanced Portfolio.
- d) The Transmission Provider shall determine for each Zone the net present value of the benefits of each potential Balanced Portfolio as follows:
- i) The benefits from each potential Balanced Portfolio shall be calculated as if all of the upgrades associated with the potential Balanced Portfolio are simultaneously available to the power system.
  - ii) The Transmission Provider shall use an adjusted production cost metric to analyze the benefits of the potential Balanced Portfolio, where adjusted production cost is the production cost minus revenues from sales plus cost of purchases. As described in Section IV.5 of this Attachment O, the Transmission Provider shall continue to evaluate and explore with the stakeholders any additional metrics and criteria which have quantifiable economic effects.
  - iii) The adjusted production cost benefit for each Zone shall equal the difference between the adjusted production cost with the potential Balanced Portfolio modeled and without the potential Balanced Portfolio modeled.
  - iv) The Transmission Provider shall estimate the annual benefits for each Zone over the same ten-year period as used to determine the costs by calculating the annual benefits for at least three specific years in the ten-year time period and interpolating the annual benefits for the remaining years.
- e) A potential Balanced Portfolio shall meet the following conditions:
- i) Cost Beneficial: The sum of the benefits of the potential Balanced Portfolio determined in Section IV.3.d must equal or exceed the sum of the costs determined in Section IV.3.c; and

- ii) **Balanced:** For each Zone, the sum of the benefits of the potential Balanced Portfolio determined in Section IV.3.d must equal or exceed the sum of the costs determined in Section IV.3.c. Additionally, the balance may be achieved through the provisions set forth in Section IV.4.
  - f) In developing a potential Balanced Portfolio, the Transmission Provider shall timely publish a report, including but not limited to, the study input assumptions, the estimated costs included in the potential Balanced Portfolio, and the expected economic benefits of the potential Balanced Portfolio. With regard to such report, the Transmission Provider shall comply with the information sharing and reporting requirements in Part VII (Information Exchange) and Section IV.2 (High Priority Studies) of this Attachment O, including the requirements for treatment of confidential information.
- 4) **Options for Achieving a Balanced Portfolio**
- a) Section IV.3 of this Attachment O sets forth provisions to achieve a Balanced Portfolio when there are deficient Zones. A deficient Zone is a Zone where the costs allocated to the Zone in Section IV.3.c exceed the benefits allocated to the Zone in Section IV.3.d, including any additional costs or benefits derived from the application of the provisions in this Section IV.4.
  - b) In order to achieve a Balanced Portfolio, the Transmission Provider may include transmission upgrades that do not adhere to the voltage requirements of Sections IV.3.b.i and ii of this Attachment O.
  - c) If including the lower voltage transmission facilities does not achieve a Balanced Portfolio, the Transmission Provider may balance the portfolio by transferring a portion of the Base Plan Zonal Annual Transmission Revenue Requirement and/or the Zonal Annual Transmission Revenue Requirement from the deficient Zone(s) to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement. Transmission Provider shall include the following constraints in this assessment:
    - i) Limit the amount to be transferred from the Base Plan Zonal Annual Transmission Revenue Requirement and/or the Zonal Annual Transmission Revenue Requirement to the Balanced Portfolio Region-wide Annual Transmission Revenue Requirement to the minimum amount that will balance the portfolio over the ten-year period analyzed;



- ii) Transfer from the Base Plan Zonal Annual Transmission Revenue Requirement first, then, if necessary, transfer from the Zonal Annual Transmission Revenue Requirement; and
  - iii) For each Zone, meet the conditions specified in Section IV.3.e.ii of this Attachment O.
- 5) Development of Additional Benefit Metrics
  - a) The Transmission Provider shall continue to evaluate and explore with the stakeholders via the transmission planning process any additional metrics and criteria which have quantifiable economic effects, such as:
    - i) Reduction in system losses;
    - ii) Differing environmental impacts;
    - iii) Improvement to capacity margin and operating reserve requirements;
    - iv) Energy, capacity and ancillary service market facilitation;
    - v) Increased competition in wholesale markets;
    - vi) Reliability enhancement, including storm hardening and black start capability; and
    - vii) Critical infrastructure and homeland security.
  - b) Any subsequent adjustment to the metrics and criteria for evaluating potential Balanced Portfolios developed by the Transmission Provider, with input from the stakeholders, shall be proposed through Tariff amendments.

## **V. The SPP Transmission Expansion Plan**

The SPP Transmission Expansion Plan shall be a comprehensive listing of all transmission projects in the SPP for the twenty-year planning horizon. Projects included in the SPP Transmission Expansion Plan are: 1) upgrades required to satisfy requests for Transmission Service; 2) upgrades required to satisfy requests for generation interconnection; 3) approved projects from the 20-Year Assessment, 10-Year Assessment and Near Term Assessment (ITP Upgrades); 4) upgrades within approved Balanced Portfolios; 5) approved high priority upgrades; and 6) endorsed Sponsored Upgrades. A specific endorsed Sponsored Upgrade will be included in the Transmission System planning model upon execution of a contract that financially commits a Project Sponsor to such upgrade or when such upgrade is otherwise funded pursuant to the Tariff. To be included in the SPP Transmission Expansion Plan, each project must have been endorsed or approved through its proper process. This Section V describes the process used to approve or endorse the specific upgrades identified in 20-Year, 10-Year and Near Term Assessments, high priority upgrades, and Balanced Portfolios.

- 1) Development of the Recommended Set of Upgrades from Planning Studies
  - a) Upon completion of the analysis, studies and stakeholder review and comment on the results in accordance with Sections III and IV of this Attachment O, the Transmission Provider shall prepare a draft list of all projects for review by the stakeholders. The Transmission Provider shall post the draft project list on the SPP website and shall identify the assessment process with which they are associated.
  - b) Upon posting of the draft project list, the Transmission Provider shall invite written comments to be submitted to the Transmission Provider.
  - c) The Transmission Provider shall review the draft project list with the stakeholder working groups and the Regional State Committee.
  - d) Considering the input from the stakeholders through this review process, the Transmission Provider shall prepare a recommended list of proposed ITP Upgrades based upon the analysis as described in Section III, upgrades within proposed Balanced Portfolios, and proposed high priority upgrades for review and approval.
- 2) Disclosure of the Recommended Set of Upgrades and Supporting Information from Planning Studies
  - a) The Transmission Provider shall disclose planning information, which includes the recommended list of proposed upgrades and the underlying studies, by providing:

- i) All stakeholders equal access, notice and opportunity to participate in planning summits, the stakeholder working group meetings and the sub-regional planning meetings as well as any associated web conferences or teleconferences as set forth in Section II of this Attachment O; and
  - ii) For the contemporaneous availability of such meeting handouts on the SPP website.
- b) The related study results, criteria, assumptions, analysis results, and data underlying the studies used to develop the proposed ITP Upgrades, the list of upgrades within proposed Balanced Portfolios, and proposed high priority upgrades shall be posted on the SPP website, with password protected access if required to preserve the confidentiality of information in accordance with the provisions of the Tariff and the SPP Membership Agreement and to address CEII requirements. Additionally, Transmission Owner specific local plans and criteria shall be accessible via an electronic link on the SPP website in accordance with Section VII of this Attachment O. The CEII compliant redacted version of the SPP Transmission Expansion Plan and individual Transmission Owner specific local plans shall be posted on the SPP website. Redacted versions shall include instructions for acquiring the complete version of the SPP Transmission Expansion Plan and individual Transmission Owner specific local plans. An electronic link shall be provided on the SPP website by which stakeholders may send written comments on the SPP Transmission Expansion Plan and Transmission Owner specific local plans and criteria.

3) Approval and Endorsement Process

- a) The Markets and Operations Policy Committee shall make a recommendation regarding the approval of ITP Upgrades. Approval by the SPP Board of Directors is required for the inclusion of ITP Upgrades in the SPP Transmission Expansion Plan.
- b) The Markets and Operations Policy Committee shall make a recommendation regarding the inclusion of a proposed Balanced Portfolio in the SPP Transmission Expansion Plan. Approval by the SPP Board of Directors is required for inclusion of a Balanced Portfolio in the SPP Transmission Expansion Plan. SPP is not required to have a Balanced Portfolio each year.
- c) If the SPP Board of Directors approves a list of ITP Upgrades, upgrades within Balanced Portfolios, or high priority upgrades

other than those recommended by the Markets and Operations Policy Committee, the explanation for the deviation shall be included in the SPP Transmission Expansion Plan.

- d) The Markets and Operations Policy Committee shall make a recommendation regarding the approval of a high priority upgrade recommended by the Transmission Provider. Approval by the SPP Board of Directors is required for the inclusion of a high priority upgrade in the SPP Transmission Expansion Plan.
- e) The Markets and Operations Policy Committee shall make a recommendation regarding endorsement of a proposed Sponsored Upgrade. Endorsement by the SPP Board of Directors is required for the inclusion of a Sponsored Upgrade in the SPP Transmission Expansion Plan.
- f) The list of projects shall be posted on the SPP website by the Transmission Provider. The Transmission Provider shall, in addition to the posting, e-mail notice of such posting to the stakeholders at least ten days prior to a meeting at which the SPP Board of Directors is expected to take action on accepting or modifying the list.
- g) The list of approved ITP Upgrades, upgrades within approved Balanced Portfolios, approved high priority upgrades, and endorsed Sponsored Upgrades may be modified throughout the year by the SPP Board of Directors provided that such action shall be posted and noticed pursuant to this section.
- h) The list of upgrades for Transmission Service are approved in accordance with the provisions of Attachment Z1 and included in the STEP accordingly.
- i) The list of interconnection facilities and other transmission upgrades related to requests for generation interconnection service are approved in accordance with the provisions of Attachment V and included in the STEP accordingly.
- j) The SPP Transmission Expansion Plan shall be presented to the SPP Board of Directors at least once a year. Approval of the ITP Upgrades, Balanced Portfolios, and high priority upgrades, and the endorsement of the other projects contained in the SPP Transmission Expansion Plan by the SPP Board of Directors shall certify a regional plan for meeting the transmission needs of the SPP Region.

4) Updates to the SPP Transmission Expansion Plan

- a) Modifications to the SPP Transmission Expansion Plan may be made between the annual approvals as required to maintain system reliability and to meet new business opportunities as they are identified.
  - b) The Transmission Provider shall work with the stakeholders on an on-going basis throughout the year analyzing any newly identified issues and incorporating any necessary adjustments to the SPP Transmission Expansion Plan on an out of cycle basis.
  - c) On a quarterly basis, the Transmission Provider shall post any modifications to the SPP Transmission Expansion Plan on the SPP website.
  - d) The modifications shall be reviewed by the stakeholders and the Regional State Committee, endorsed by the stakeholder working groups, and approved or endorsed by the SPP Board of Directors, in accordance with Section V of this Attachment O.
- 5) Removal of an Upgrade from the SPP Transmission Expansion Plan.

The Transmission Provider, in consultation with the stakeholders in accordance with Section V of this Attachment O, may remove an upgrade from an approved SPP Transmission Expansion Plan. A Transmission Owner that has incurred costs related to the removed upgrade shall be reimbursed for any expenditure pursuant to Section VIII of Attachment J to the Tariff.

- 6) Status of Upgrades Identified in the SPP Transmission Expansion Plan
- a) The Transmission Provider shall track the status of planned system upgrades to ensure that the projects are built in time or that acceptable mitigation plans are in place to meet customer and system needs.
  - b) On a quarterly basis, at a minimum, the Transmission Provider shall:
    - i) Report to the Markets and Operations Policy Committee, the Regional State Committee and the SPP Board of Directors on the status of the upgrades identified in the SPP Transmission Expansion Plan; and
    - ii) Post the status of the upgrades on the SPP website.

## **VI. Construction of Transmission Facilities**

- 1) The Transmission Provider shall not build or own transmission facilities. In accordance with Section VI of this Attachment O and Attachment Y of this Tariff, the Transmission Provider, shall designate one or more entities to assume the responsibilities of a Transmission Owner for all Network Upgrades approved for construction under this Tariff.
- 2) Any owner of Transmission Facilities, as defined in Attachment AI of this Tariff, which are or are capable of being used by the Transmission Provider to provide transmission service pursuant to Part II and Part III of this Tariff, shall have the right to sign the SPP Membership Agreement as a Transmission Owner and thereby acquire all of the rights and obligations of a Transmission Owner described therein, including all of the rights and obligations of a Transmission Owner described in this Tariff and specifically this Section VI.
- 3) Each Transmission Owner and DTO shall use due diligence to construct transmission facilities as directed by the SPP Board of Directors subject to such siting, permitting, and environmental constraints as may be imposed by state, local and federal laws and regulations, and subject to the receipt of any necessary federal or state regulatory approvals. Such construction shall be performed in accordance with Good Utility Practice, applicable SPP Criteria, industry standards, the applicable Transmission Owner's specific reliability requirements and operating guidelines (to the extent these are not inconsistent with other requirements), and in accordance with all applicable requirements of federal or state regulatory authorities. Each Transmission Owner shall be fully compensated to the greatest extent permitted by the Commission for the costs of construction undertaken by such Transmission Owner in accordance with this Tariff.
- 4) A specific endorsed Sponsored Upgrade in the SPP Transmission Expansion Plan will be deemed approved for construction upon execution of a contract that financially commits a Project Sponsor to such upgrade. The Transmission Owner responsible for the Sponsored Upgrade shall be determined as follows:
  - a) If the Sponsored Upgrade is a rebuild of an existing facility or utilizes rights-of-way where facilities exist, the Sponsored Upgrade will be assigned to the Transmission Owner of the existing facility;
  - b) If the Sponsored Upgrade is a new transmission facility, the entity sponsoring the Sponsored Upgrade may become the Transmission Owner of the facility if it meets the qualifications to become a Transmission Owner set forth in Section III.1(b) of Attachment Y, including executing an SPP Membership Agreement as a Transmission Owner; or
  - c) If the Transmission Owner is not determined under subsections (a) and (b) above, the Transmission Provider will follow the process contained in Section IV of Attachment Y.

- 5) Network Upgrade(s) and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a generation interconnection agreement will be constructed pursuant to the generation interconnection agreement or pursuant to Attachment Y of this Tariff. Network Upgrades and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a generation interconnection agreement required to be constructed by the Transmission Owner who is a party to the generation interconnection agreement shall be constructed pursuant to the generation interconnection agreement. All other Network Upgrades and Distribution Upgrades (as defined in Attachment V to the Tariff) identified in a generation interconnection agreement to be constructed by Transmission Owners not a party to the generation interconnection agreement shall be constructed pursuant to Section IV of Attachment Y of this Tariff.

## **VII. Information Exchange**

- 1) Data Requirements
  - a) Any entity that is subject to the NERC Reliability Standards is required to provide data to the Transmission Provider in accordance the NERC Reliability Standards for Modeling, Data and Analysis (the “NERC MOD Standards”).
  - b) When an entity has developed a preliminary engineering concept for new facilities that impact the interconnected operation of the Transmission System, it shall contact the Transmission Provider so that the optimal integration of any new facilities and potentially benefiting parties can be identified.
  - c) In preparation for the annual update of transmission planning models for each annual planning cycle, Members, Transmission Customers, Transmission Owners, Generation Interconnection Customers and all other stakeholders must provide to the Transmission Provider the data specified in this Section VII.
  - d) During the course of the annual planning cycle, if material changes to the data occur, the data owners must provide timely written notice to the Transmission Provider.
  - e) The format required to submit modeling data shall be posted on the SPP website.
  - f) The modeling data shall be posted on the SPP website with password protected access.
- 2) Owners of transmission facilities shall provide to the Transmission Provider:
  - a) Modeling data for power flow, short-circuit and stability analysis;
  - b) Detailed power system models of their transmission systems and provide updates to their models via a password protected web based application;
  - c) Data regarding the design and operation of their transmission facilities;
  - d) Their FERC Form 715;
  - e) Their individual company-specific planning criteria;



- f) Planning grade cost estimates and schedules for upgrades in the SPP Transmission Expansion Plan in a timely manner;
  - g) Their five-year transmission construction plans; and
  - h) Their transmission fixed charge rate.
- 3) Generator owners shall provide to the Transmission Provider:
- a) Modeling data for power flow, short-circuit and stability analysis;
  - b) Data for planned additions or upgrades, including status and expected in-service dates, planned retirements and environmental restrictions; and
  - c) Modeling data to perform economic planning studies in accordance with Sections III and IV of this Attachment O. Data required to model generating units for the economic planning studies is documented in the Transmission Network Economic Modeling and Methods manual which shall be posted on the SPP website.
- 4) Transmission Customers
- a) Network Customers shall provide the Transmission Provider an update of the information on its Network Integration Transmission Service application with a ten year forecast of summer and winter load at each delivery point and ten year projection of network resources and with any other information that has changed from the original application.
  - b) Point-to-point Transmission Customers shall provide to the Transmission Provider their good faith projections on their need for service including transmission capacity, duration and points of delivery and receipt over the ten year planning horizon.
  - c) Transmission Customers with existing and planned demand response resources, including demand response resources, shall provide information on such resources.
- 5) Neighboring Transmission Providers and RTOs

In accordance with applicable agreements and Section VIII of this Attachment O, the Transmission Provider shall exchange with neighboring Transmission Providers and RTOs the data required for the development of power flow cases, short-circuit cases and stability cases over the ten year planning horizon.

6) Stakeholder Access to Transmission Planning Information

- a) The planning information, data, and models provided pursuant to this Section VII shall be sufficient to allow parties to replicate results of the planning studies.
- b) The Transmission Provider shall provide a secure web-based workspace for hosting and sharing planning information, data, and models.
- c) The secure web-based workspace shall be password protected and require CEII clearance in accordance with Section VII.8 of this Attachment O.
- d) Instructions to obtain access to the Transmission Provider's power flow models shall be posted on the SPP website.
- e) Instructions to obtain copies of the Transmission Provider's transmission planning maps shall be posted on the SPP website.

7) Confidentiality Requirements

- a) The Transmission Provider shall make all reasonable efforts to preserve the confidentiality of information in accordance with the provisions of the Tariff and the SPP Membership Agreement.
- b) For those entities that have executed a confidentiality agreement, the Transmission Provider shall provide password protected access to confidential information related to the SPP Transmission Expansion Plan and the underlying studies and models via the SPP website.
- c) The form of confidentiality agreement shall be posted on the SPP website.
- d) The confidentiality agreement shall allow access to applicable system design software results needed to participate in the SPP Transmission Expansion Plan process, replicate the results of specified transmission planning studies, or to confirm assumptions used in creating adjusted production cost-benefit metrics used to analyze a specified Balanced Portfolio; provided however, if the results include resource-specific data (including input data), access will be limited to individuals that are not Competitive Duty Personnel. For the purposes of this section:
  - i) "Competitive Duty Personnel" are any individuals directly engaged in Competitive Duties.

- ii) “Competitive Duties” include: (1) the marketing, purchase, or sale of electric power at wholesale, or (2) the direct supervision of any employee with responsibilities for the marketing, purchase, or sale of electric power at wholesale.
  - e) Other transmission planning information shall be posted on the SPP website and may be password protected, as appropriate.
  - f) Confidentiality agreements shall be required for Members and Market Participants to receive data where the owner of the data has given permission to the Transmission Provider to release the data.
- 8) Critical Energy Infrastructure Information (CEII) Requirements
  - a) The Transmission Provider shall take appropriate steps to protect CEII information.
  - b) The Transmission Provider shall screen Members and Market Participants prior to providing access to CEII information. Individuals that do not belong to a confirmed pre-screened Member or Market Participant shall make application for approval to obtain CEII used in the transmission planning process in accordance with the procedures posted on the SPP website.
  - c) For those entities that have met the CEII requirements in Section VII.8.b of this Attachment O, the Transmission Provider shall provide password protected access to CEII information related to the SPP Transmission Expansion Plan and the underlying studies and models via the SPP website.
  - d) The Transmission Provider shall follow the guidelines set forth by the Commission to flag data which shall be treated as CEII sensitive.

### **VIII. Inter-regional Coordination**

- 1) The Transmission Provider shall undertake to coordinate any studies required to assure the reliable, efficient, and effective operation of the Transmission System with, at a minimum, first-tier adjacent interconnected systems. Such coordination shall include:
  - a) Sharing system plans to ensure that such plans are simultaneously feasible and otherwise use consistent assumptions and data; and
  - b) Identifying system enhancements that could relieve inter-regional congestion or integrate new resources on an aggregate basis.
- 2) The Transmission Provider shall undertake to coordinate any studies with other transmission providers primarily through participation in the agreements listed in Addendum 1 to this Attachment O.
- 3) On an annual basis, the Transmission Provider shall review the ongoing planning activities under the agreements specified in Addendum 1 to this Attachment O to determine the need for any additional inter-regional studies. The Transmission Provider shall share this review with the stakeholders at a planning summit and solicit input regarding additional inter-regional studies that should be initiated by the Transmission Provider.

**IX. Recovering Costs Associated with the Planning Process**

- 1) The Transmission Provider's costs associated with the planning process and associated studies set forth in this Attachment O shall be recovered pursuant to Schedule 1-A of the Tariff.
- 2) The Transmission Provider's costs associated with studies for potential Sponsored Upgrades, shall be the responsibility of the entities requesting such studies.
- 3) The Transmission Provider's costs for studies associated with requests for long-term firm transmission service shall be recovered pursuant to Sections 19 and 32 of the Tariff.
- 4) The Transmission Provider's costs for studies associated with requests for interconnection service shall be recovered pursuant to Attachment V of the Tariff.

**X. Cost Allocation**

The costs associated with new or upgraded transmission facilities shall be allocated in accordance with Attachment J to the Tariff.

## **XI. Dispute Resolution**

Any dispute regarding the planning process shall be resolved utilizing the procedures identical to those set forth in Section 12 of the Tariff.

## **ADDENDUM 1 TO ATTACHMENT O**

### **INTER-REGIONAL COORDINATION AGREEMENTS**

In accordance with Section VIII of Attachment O, the Transmission Provider shall undertake to coordinate any studies with other transmission providers primarily through participation in the agreements listed below:

- 1) The Joint Operating Agreement between the Midwest Independent Transmission System Operator, Inc. (MISO) and Southwest Power Pool, Inc. (SPP);
- 2) The Transmission Coordination Agreement between the Associated Electric Cooperative, Inc. (AECI) and the Southwest Power Pool, Inc. (SPP);
- 3) The United States Department of Energy Southwestern Power Administration Agreement Between United States of America and Southwest Power Pool, Inc. (the “SPA Agreement”);
- 4) The Eastern Interconnection Reliability Assessment Group; and
- 5) Bilateral agreements between the Transmission Provider and transmission systems to which the SPP Region is interconnected.

SPP shall continue its efforts to formalize and improve seams agreements with its neighbors and affected systems to facilitate inter-regional and interconnection wide transmission planning and expansion.



## **ADDENDUM 2 TO ATTACHMENT O**

### **ENROLLMENT IN THE SPP TRANSMISSION PLANNING REGION**

The following entities have elected to become part of the SPP transmission planning region:

AEP Oklahoma Transmission Company, Inc.  
City of Coffeyville  
City Utilities of Springfield, Missouri  
East Texas Electric Cooperative, Inc.  
Empire District Electric Company  
Grand River Dam Authority  
ITC Great Plains, LLC  
Kansas City Power & Light Company  
Kansas Gas and Electric Company  
Kansas Power Pool  
KCP&L Greater Missouri Operations Company  
Lincoln Electric System  
Mid-Kansas Electric Company, LLC  
Midwest Energy, Inc.  
Nebraska Public Power District  
Oklahoma Gas and Electric Company  
Oklahoma Municipal Power Authority  
Omaha Public Power District  
Public Service Company of Oklahoma  
Southwestern Electric Power Company  
Southwestern Power Administration\*  
Southwestern Public Service Company  
Sunflower Electric Power Corporation  
Tex-La Cooperative of Texas, Inc.  
Tri-County Electric Cooperative  
Westar Energy, Inc.  
Western Farmers Electric Cooperative

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\* Participates in SPP regional planning through Attachment AD of this Tariff.

**ATTACHMENT Y**  
**TRANSMISSION OWNER DESIGNATION PROCESS**

## **I. OVERVIEW OF TRANSMISSION OWNER DESIGNATION PROCESS**

- 1) The Transmission Provider shall designate a Transmission Owner in accordance with the process set forth in Section III of this Attachment Y for transmission facilities approved for construction by the SPP Board of Directors that meet all of the following criteria:
  - a) Transmission facilities that are ITP Upgrades or high priority upgrades;
  - b) Transmission facilities with a nominal operating voltage of 300 kV or greater;
  - c) Transmission facilities that are not a rebuild of an existing facility and do not use rights-of-way where facilities exist; and
  - d) Transmission facilities located where the selection of a Transmission Owner pursuant to Section III of this Attachment Y does not violate relevant law where the transmission facility is to be built.
- 2) For any upgrade meeting the specifications listed in Section I.1 of this Attachment Y, the Transmission Provider may, subject to approval by the SPP Board of Directors, designate the Transmission Owner(s) in accordance with Section IV of this Attachment Y if the following conditions are met: (i) the transmission facility is needed for the reliability of the grid; (ii) the transmission facility has a need date that cannot be met if the Transmission Owner Selection Process in Section III of this Attachment Y is followed; and (iii) no other transmission or non-transmission mitigation options are available to relieve the reliability issue to allow sufficient time for the Transmission Owner Selection Process to proceed.
- 3) For any upgrade not defined in Section I.1 of this Attachment Y, the Transmission Provider shall designate the Transmission Owner(s) in accordance with the process set forth in Section IV of this Attachment Y.
- 4) The designation from the Transmission Provider shall be provided pursuant to Section V of this Attachment Y.
- 5) The Transmission Provider shall track all projects that are approved for construction in accordance with Section VI of this Attachment Y.

## II. DEFINITIONS

The terms used in this Attachment Y shall have the meanings as defined in this Section II or as otherwise defined in this Tariff.

**Applicant:** An entity that has submitted an application to the Transmission Provider to be a Qualified RFP Participant.

**Competitive Upgrades:** Those upgrades defined in Section I.1 of this Attachment Y or an upgrade for which the Transmission Provider must select a replacement Transmission Owner pursuant to Section IV.3 of this Attachment Y.

**Guaranty:** This term shall have the meaning given in Attachment X of this Tariff.

**Guarantor:** This term shall have the meaning given in Attachment X of this Tariff.

**Industry Expert Panel:** The panel of industry experts designated by the Oversight Committee to review and evaluate proposals submitted in response to any Request for Proposals in the Transmission Owner Selection Process.

**Not-For-Profit:** This term shall have the meaning given in Attachment X of this Tariff.

**Qualified RFP Participant (“QRP”):** An entity that has been determined by the Transmission Provider to satisfy the qualification criteria set forth in Section III.1 of this Attachment Y.

**Transmission Owner Selection Process:** The process of determining the Transmission Owner for Competitive Upgrades pursuant to Section III.2 of this Attachment Y.

### **III. TRANSMISSION OWNER SELECTION PROCESS FOR COMPETITIVE UPGRADES**

#### **1) Application and Qualification Process**

##### **a) Application**

Any entity that desires to participate in the Transmission Owner Selection Process outlined in this Section III must submit an application and supporting materials to demonstrate that it satisfies the qualification criteria set forth in this Section III. The Transmission Provider will evaluate the Applicant's application and supporting materials to determine whether the Applicant satisfies the qualification criteria to be a QRP and participate in the Transmission Owner Selection Process in accordance with the timeline set out in Section III.1(c) of this Attachment Y.

- i) Any entity wishing to participate in the Transmission Owner Selection Process, whether a current Transmission Owner or another entity, must submit an application to the Transmission Provider in the form provided on the Transmission Provider's website. The initial application must be received no later than June 30 of the year prior to the calendar year in which the Applicant wishes to begin participation in the Transmission Owner Selection Process. The Applicant shall submit an application fee with its application equal to the amount of the SPP annual membership fee. If the Applicant is a Member of SPP and is current in payment of its annual membership fee, then no application fee shall be required. The amount of the application fee shall be posted on the Transmission Provider's website as part of the application form.
- ii) After the Transmission Provider determines that the entity is qualified to be a QRP, the entity shall remain a QRP for the five calendar years starting January 1 subsequent to that determination, subject to the annual certification process in Section III.1(d) of this Attachment Y and termination process set forth in Section III.1(e) of this Attachment Y. To be considered for continuation of QRP status for the subsequent five (5) year period, the QRP must submit a full application package in accordance with Section III.1(a)(i) of this Attachment Y by June 30 of the fifth year of the current period. The Transmission Provider shall evaluate the application in accordance with Section III.1(c) of this Attachment Y.
- iii) Any application from an Applicant will be posted on the Transmission Provider's website no later than July 15 of each year, subject to any applicable confidentiality protections.

**b) Qualification Criteria**

An Applicant must demonstrate that it meets the following qualification criteria:

i) SPP Membership Criterion

An Applicant must be a Transmission Owner or be willing to sign the SPP Membership Agreement as a Transmission Owner if the Applicant is selected as part of the Transmission Owner Selection Process.

ii) Financial Criteria

An Applicant must demonstrate that it meets one of the following financial criteria:

- (1) A senior unsecured investment grade rating or an issuer rating of BBB- or equivalent from a “nationally recognized statistical rating organization” as defined in Attachment X of this Tariff. If an Applicant maintains a rating from all three approved nationally recognized statistical rating organizations, it must maintain at least two ratings in the investment grade range. If an Applicant maintains a rating from two of the approved nationally recognized statistical rating organizations, it must maintain at least one of those ratings in the investment grade range.
- (2) If the Applicant does not satisfy the requirement set forth in (1) above, the Applicant may submit to the Transmission Provider a Guaranty from its parent or affiliated organization that possesses an investment grade rating or an issuer rating of BBB- or equivalent from a “nationally recognized statistical rating organization” as defined in Attachment X of this Tariff. A Guaranty obligates the Guarantor to satisfy the obligations of the guarantee entity. Parent Guaranties are acceptable where the Applicant is a subsidiary, joint venture, or affiliate of the parent Guarantor. The Guaranty may be cancelled at any time that the Applicant establishes an investment grade rating as discussed in Section III.1(b)(ii)(1) of this Attachment Y. The Guaranty will be in a form consistent with Appendix D of Attachment X of this Tariff and must satisfy the following requirements:

- (a) Be duly authorized by the Guarantor and signed by an officer of the Guarantor;
  - (b) State a minimum effective period of five (5) years, or provide for automatic renewal subject to cancellation with no less than sixty (60) days notice, provided that in all events the Guaranty is effective for all obligations of the Applicant undertaken prior to cancellation;
  - (c) Include a certification by the corporate secretary of the Guarantor that the execution, delivery, and performance of the Guaranty have been duly authorized;
  - (d) Certify that the Guaranty does not violate other undertakings or requirements applicable to the Guarantor and is enforceable against the Guarantor in accordance with its terms;
  - (e) Obligate the guarantor to submit a representation letter annually indicating any material changes from the information provided in the Applicant's application related to the Guarantor and Guaranty, and representing that the Guarantor continues to satisfy the financial criteria;
  - (f) Secure all obligations of the Applicant under or in connection with this Tariff and other agreements with the Transmission Provider;
  - (g) Be supported by adequate consideration and be otherwise binding as a matter of law; and
  - (h) Include as an attachment a resolution of the board of directors or other governing body of the Guarantor authorizing the Guaranty.
- (3) If the Applicant does not satisfy the requirements set forth in (1) or (2) above, the Applicant may submit to the Transmission Provider a formal letter of reference from a commercial bank evidencing an existing line of credit from commercial banks (or access to an existing line of credit

through Inter-company agreements with a Parent or Affiliate), or bonding indication letter from an insurance or surety company either of which indicate a willingness to extend credit to the Applicant in an amount of at least \$25,000,000 (for bank) or willingness to provide a surety bond in the amount of at least \$25,000,000 (for an insurance or surety company). Commercial bank reference letters acceptable to the Transmission Provider must be issued by a financial institution organized under the laws of the United States or any state of the United States or the District of Columbia or a branch or agency of a foreign commercial bank located in the United States, with a minimum corporate debt rating of A- or equivalent from a “nationally recognized statistical rating organization” as defined in Attachment X of this Tariff and total assets of at least \$10 billion. Bonding indication letters acceptable to the Transmission Provider must be issued by an insurance or surety company with a minimum financial strength rating of A- and a minimum financial size category of X from the A.M. Best Company.

- (4) If the Applicant is a municipality, a cooperative, or other Not-For-Profit entity, the Applicant may satisfy the financial criteria requirement by providing evidence of direct rate-setting authority or taxing authority. The Applicant must possess this authority and cannot rely on an affiliation with another entity that possesses rate-setting or taxing authority.

iii) Managerial Criteria

An application must show that the Applicant has requisite expertise by describing its capability, experience, and process to address the following areas:

- (1) Transmission Project Development
  - (a) engineering, permitting, environmental, equipment and material procurement, project management (including cost control, scope, and schedule management), construction, commissioning of new facilities, new or emerging technologies; and
  - (b) routing, surveying, rights-of-way, eminent domain, and real estate acquisition, including process for obtaining easements.



- (2) Internal safety program, contractor safety program, safety performance record and program execution.
- (3) Transmission Operations: control center operations, NERC compliance process and compliance history, registration or the ability to register for compliance with applicable NERC Reliability Standards, storm/outage response and restoration plan, record of past reliability performance, statement of which entity will be operating completed transmission facilities, staffing, equipment, and crew training.
- (4) Transmission Maintenance: staffing and crew training, transmission facility and equipment maintenance, record of past maintenance performance, NERC compliance process and history, statement of which entity will be performing maintenance on completed transmission facilities.
- (5) Ability to comply with Good Utility Practice, SPP Criteria, NERC Reliability Standards, industry standards, and applicable local, state, and federal requirements.
- (6) Any other relevant project development experience that the Applicant believes may demonstrate its expertise in the above areas.

An Applicant can demonstrate that it meets the managerial criteria either on its own or by relying on an entity or entities with whom it has a corporate affiliation or contractual relationship (“Alternate Qualifying Entity (ies)”). If the Applicant seeks to satisfy the managerial criteria in whole or in part by relying on one or more Alternate Qualifying Entity(ies), the Applicant must submit: (1) materials demonstrating to the Transmission Provider’s satisfaction that the Alternate Qualifying Entity(ies) meet(s) the managerial criteria for which the Applicant is relying upon the Alternate Qualifying Entity(ies) to satisfy; and (2) an executed agreement that contractually obligates the Alternate Qualifying Entity(ies) to perform the function(s) for which the Applicant is relying upon the Alternate Qualifying Entity(ies) to satisfy.

**c) Determination of Qualifications**

- i) Upon receiving an application, the Transmission Provider shall review the application to determine whether the Applicant satisfies the qualification criteria set forth in Section III 1(b) of this

Attachment Y. The Transmission Provider shall notify each Applicant of its determination no later than September 30 of the year in which the application was submitted.

- ii) If the Transmission Provider determines that the Applicant fails to satisfy one or more of the qualification criteria, the Transmission Provider shall inform the Applicant of such deficiency(ies), and the Applicant shall be allowed to cure any deficiency(ies) within thirty (30) calendar days of notice from the Transmission Provider by providing any additional information that the Applicant believes cures the deficiency(ies). The Transmission Provider shall review the information provided by the Applicant and render a final determination of whether the Applicant satisfies the qualification criteria within forty-five (45) calendar days of the Transmission Provider's receipt of the additional information. If, after attempting to cure the deficiency(ies), the Applicant still has not satisfied the qualification criteria, the Applicant shall be disqualified from the Transmission Owner Selection Process for the following year.
- iii) Upon the Transmission Provider's determination that an Applicant satisfies the qualification criteria, the Transmission Provider shall notify the Applicant that it has been determined to be a QRP and can participate in the Transmission Owner Selection Process effective January 1 of the following calendar year. By December 31 of each year, the Transmission Provider shall post on its website a list of all QRPs that are eligible to participate in the following calendar year for any Competitive Upgrade.

**d) Annual Recertification Process and Reporting Requirements**

- i) By June 30 of each year, each QRP must submit to the Transmission Provider a notarized letter signed by an authorized officer of the QRP certifying that the QRP continues to meet the current qualification criteria or indicating any material changes to the information provided in its application. The QRP shall pay an annual certification fee equal to the amount of the SPP annual membership fee. If the QRP is a Member of SPP and is current in payment of its annual membership fee, then no certification fee will be required.
- ii) If at any time there is a change to the information provided in its application, a QRP shall be required to inform the Transmission Provider within seven (7) calendar days of such change so that the Transmission Provider may determine whether the QRP continues

to satisfy the qualification criteria. Upon notification of any such change, the Transmission Provider shall have the option to: (a) determine that the change does not affect the QRP's status; (b) suspend the QRP's eligibility to participate in the Transmission Owner Selection Process until the QRP has cured any deficiency in its qualifications to the Transmission Provider's satisfaction; (c) allow the QRP to continue to participate in the Transmission Owner Selection Process for a limited time period, as specified by the Transmission Provider, while the QRP cures the deficiency to the Transmission Provider's satisfaction; or (d) terminate the QRP status in accordance with Section III.1(e) of this Attachment Y.

**e) Termination of QRP Status**

The Transmission Provider may terminate a QRP's status if the QRP: (1) fails to submit its annual certification letter; (2) fails to pay the applicable fee as required by Section III.1(d) of this Attachment Y; (3) experiences a change in its qualifications and the Transmission Provider determines that it may no longer be a QRP; or (4) informs the Transmission Provider that it no longer desires to be a QRP; or (5) fails to notify the Transmission Provider of a change to the information provided in its application in accordance with Section III.1(d) of this Attachment Y.

**f) Dispute Resolution**

If the Applicant or QRP ("Affected Party") disagrees with the Transmission Provider's determination regarding its qualifications under Section III.1 of this Attachment Y, the Affected Party may initiate dispute resolution procedures. Any such dispute shall first be referred to a designated senior representative of the Transmission Provider and a senior representative of the Affected Party for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) calendar days (or such other period upon which the Transmission Provider and the Affected Party may agree) by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth in Sections 12.2 through 12.5 of this Tariff.

**2) Transmission Owner Selection Process**

**a) Overview**

Once a Competitive Upgrade has been approved by the SPP Board of Directors, the Transmission Provider shall issue a Request for Proposals

(“RFP”) for the Competitive Upgrade as specified in this Section III of Attachment Y.

**b) Industry Expert Panel**

- i) On an annual basis, the Oversight Committee or its successor shall identify a pool of candidates to serve as industry experts on one or more Industry Expert Panel(s) (“IEP”) to evaluate proposals that are submitted in response to any RFP issued by the Transmission Provider pursuant to this Section III of Attachment Y. IEP candidates shall have documented expertise on file with the Transmission Provider in one or more of the following areas: (1) electric transmission engineering design; (2) electric transmission project management and construction; (3) electric transmission operations; (4) electric transmission rate design and analysis; and (5) electric transmission finance.
- ii) Each industry expert must disclose to the Oversight Committee any affiliation with any SPP stakeholder or any QRP. In the event an affiliation exists, the Oversight Committee will evaluate whether the affiliation may adversely impact an industry expert’s ability to independently evaluate RFP proposals, and the Oversight Committee may disqualify that industry expert.
- iii) The Oversight Committee shall present its recommended pool of IEP candidates to the SPP Board of Directors for approval. The name and qualifications of each recommended candidate shall be posted on the Transmission Provider’s website prior to SPP Board of Directors approval. Approval of the IEP candidate pool shall be made prior to the meeting in which a Competitive Upgrade is to be approved.
- iv) The Oversight Committee shall create an IEP from the IEP candidate pool to evaluate proposals resulting from the RFPs. The IEP shall consist of three (3) to five (5) industry experts such that the IEP will have expertise in all five (5) areas listed in Section III.2 (b) (i) of this Attachment Y. Upon SPP Board of Directors approval, the Oversight Committee may create additional IEPs. Each IEP member must sign a confidentiality agreement prior to participating in the Transmission Owner Selection Process.
- v) If a member of a designated IEP becomes affiliated with a stakeholder or QRP, the IEP member shall immediately notify the Transmission Provider and the Oversight Committee. The Oversight Committee shall evaluate whether any affiliation between a member of a designated IEP and a stakeholder or QRP

may adversely impact the IEP member's ability to independently evaluate RFP proposals reviewed by that IEP. In such event, the Oversight Committee may remove the IEP member from that IEP. If necessary, the Oversight Committee may designate a replacement IEP member from the IEP candidate pool.

- vi) The Transmission Provider shall facilitate the IEP's efforts to develop recommendations to the SPP Board of Directors. The IEP will evaluate all aspects of each proposal submitted for its review. Once all evaluations are complete, the IEP will develop a single recommendation for the SPP Board of Directors consisting of its recommended RFP proposal and an alternate RFP proposal for each Competitive Upgrade.

c) **Request for Proposals**

The Transmission Provider shall issue an RFP for each Competitive Upgrade, which shall contain information including, but not limited to:

- i) An overview of the purpose for the RFP including the need for the Competitive Upgrade, regulatory context and authority, and other necessary information.
- ii) A deadline for all RFP proposal submissions and minimum RFP proposal submission requirements.
- iii) Minimum design specifications.
- iv) The date regulatory approvals are required to be completed as determined by the Transmission Provider.
- v) A requirement that the QRP provide the following information specific to the Competitive Upgrade for which it submits a proposal:
  - (1) financial information, including but not limited to demonstration of financing (including a reasonable contingency), detailed engineering and construction cost estimate, itemized revenue requirement calculations, and financial and business plans, including the nature of any FERC incentives the QRP intends to request;
  - (2) engineering information, including but not limited to engineering design of the project and technical requirements;

- (3) construction information, including but not limited to anticipated project timeline including timeline for all necessary regulatory approvals, equipment acquisition, description of applicable rights-of-way and real estate acquisition, description of routing, description of permitting, description of outage clearance(s), and identification of the party responsible for construction;
  - (4) operations and maintenance information, including but not limited to demonstration of operations, statement of which entity will be operating and maintaining the transmission facility, storm and outage response plan, maintenance plan, staffing, equipment, crew training, and record of past maintenance and outage restoration performance;
  - (5) safety information, including but not limited to identification of the internal safety program, contractor safety program, and safety performance record; and
  - (6) identification of information in the RFP proposal that the RFP respondent considers to be confidential.
- vi) A requirement that the QRP demonstrate its financial strength by providing one of the following:
- (1) demonstration that the QRP continues to satisfy the financial criteria set forth in Section III.1(b)(ii)(1) or (2) of this Attachment Y and that the Competitive Upgrade does not exceed 30% of the total capitalization of the QRP or its parent Guarantor;
  - (2) a performance bond from an insurance/surety company acceptable to the Transmission Provider in an amount equal to the total cost of the Competitive Upgrade, including financing costs, and a 30% contingency;
  - (3) a letter of credit from a financial institution acceptable to the Transmission Provider in an amount equal to the total cost of the Competitive Upgrade, including financing costs, and a 30% contingency; or
  - (4) a demonstration that the QRP would otherwise be designated by the Transmission Provider as a DTO for the Competitive Upgrade pursuant to Section IV of this Attachment Y.

- vii) Information exchange requirements including but not limited to, identification of data required to be provided to the Transmission Provider in accordance with NERC reliability standards and CEII requirements.
- viii) A description of the proposal evaluation procedure, including the statement of proposal evaluation methodology and criteria for acceptable proposals.
- ix) A requirement that the QRP agrees to pay the RFP fee for each RFP proposal submitted, as outlined in Section III.2(e) of this Attachment Y, including the initial deposit at the time of submission of the RFP proposal.
- x) A requirement that the QRP disclose any credit rating changes, bankruptcies, dissolutions, mergers, or acquisitions within the past five (5) years of the QTO or its parent, controlling shareholder, or entity providing a Guaranty pursuant to Section III.1(b)(ii)(2) of this Attachment Y.

**d) RFP Process and Timeline**

- i) The Transmission Provider shall issue each RFP by or before the later of: (1) seven (7) calendar days after approval of the Competitive Upgrade by the SPP Board of Directors; or (2) eighteen (18) months prior to the date that anticipated financial expenditure is needed for a Competitive Upgrade. The RFP shall be issued only to QRPs.
- ii) Each RFP respondent shall submit a complete proposal in response to the RFP within ninety (90) calendar days from the date the RFP is issued (“RFP Response Window”).
- iii) The Transmission Provider shall not disclose any information contained in any RFP proposal, except to the IEP, until the issuance of the IEP reports in accordance with Section III.2(d)(vi)(2) of this Attachment Y.
- iv) Upon receipt of an RFP proposal, the Transmission Provider shall immediately review the proposal for completeness, and shall promptly notify the RFP respondent if its proposal is incomplete. The RFP respondent may submit information in order to complete the proposal if such submittal is made within the RFP Response Window. Any RFP respondent that fails to submit a complete proposal within the RFP Response Window will be deemed to have waived its right to respond to the RFP.

- v) If the Transmission Provider does not receive any complete proposals in response to an RFP, the Transmission Provider shall inform the SPP Board of Directors and shall select the DTO in accordance with the process set forth in Section IV of this Attachment Y.
  
- vi) Upon the closing of the RFP Response Window, the Transmission Provider shall provide the RFP proposals to the IEP. The IEP shall review, score, and rank all RFP proposals and submit its recommendation to the SPP Board of Directors based upon selection criteria outlined in Section III.2(f) of this Attachment Y. The identity of RFP respondents that submitted the RFP proposals shall not be disclosed to the SPP Board of Directors as part of the IEP's recommendation. The IEP's recommendation shall be submitted to the SPP Board of Directors within sixty (60) calendar days of the initiation of the IEP's review ("Review Period"). Upon IEP request, the Oversight Committee may extend the Review Period an additional thirty (30) calendar days. Notification of such extension shall be provided to the SPP Board of Directors and posted on the Transmission Provider's website.
  - (1) During its review, the IEP may initiate communication with RFP respondents to obtain answers to any additional questions about proposals, and any such communications shall be documented by the IEP. Lobbying of the IEP by, or on behalf of, any RFP respondent is prohibited, and may result in disqualification of the RFP respondent by the Transmission Provider from the RFP process. The IEP shall score and rank each RFP proposal in a non-discriminatory manner based upon the information supplied in the RFP proposal or obtained during the Review Period.
  
  - (2) The IEP shall compile an internal report for the Transmission Provider detailing the process, data, results of its deliberations, and its recommended RFP proposal and an alternate RFP proposal for each Competitive Upgrade. The Transmission Provider shall be responsible for producing two redacted versions of the internal report, a Board of Directors report and a public report. The Board of Directors report shall exclude the names of the RFP respondents. The public report shall exclude the names of RFP respondents and any confidential information obtained during the Transmission Owner Selection Process. No later than fourteen (14) calendar days prior to the SPP Board of Directors meeting during which the SPP Board of Directors



will consider the IEP recommendation, the public report shall be posted on the Transmission Provider's website and the Board of Directors report shall be provided to the SPP Board of Directors.

- vii) The SPP Board of Directors shall select an RFP proposal ("Selected RFP Proposal") and an alternate RFP proposal for each Competitive Upgrade based primarily on the information provided by the IEP. The Transmission Provider shall notify the RFP respondent that submitted the Selected RFP Proposal that it has been chosen by the SPP Board of Directors to become the DTO for the Competitive Upgrade ("Selected RFP Respondent") and the Transmission Provider shall issue an NTC for the Competitive Upgrade pursuant to Section V of this Attachment Y. To become the DTO for the Competitive Upgrade, the Selected RFP Respondent must, within seven (7) calendar days of receiving such notice: (1) sign any necessary agreement(s) to assume all of the responsibilities of a Transmission Owner related to the Competitive Upgrade pursuant to the SPP Membership Agreement and this Tariff; (2) submit to the Transmission Provider a deposit in accordance with Section III.2(d)(xii) of this Attachment Y; and (3) provide written notification to the Transmission Provider that it accepts the NTC.
- viii) The Selected RFP Respondent shall be deemed to have waived its right to become the DTO if, within seven (7) calendar days of receiving such notice, the Selected RFP Respondent: (1) does not respond to such notice from the Transmission Provider; (2) notifies the Transmission Provider that it is no longer willing to become the Transmission Owner for the Competitive Upgrade; (3) fails to sign the necessary agreement(s); (4) fails to provide a deposit in accordance with Section III.2(d)(xii) of this Attachment Y; or (5) fails to provide written notification to the Transmission Provider that it accepts the NTC. In such circumstances, the Transmission Provider shall notify the SPP Board of Directors.
- ix) If the Selected RFP Respondent has waived its right to become the DTO pursuant to Section III.2(d)(viii) of this Attachment Y, the Transmission Provider shall notify the RFP respondent that submitted the alternate RFP proposal that it has been chosen by the SPP Board of Directors to become the DTO for the Competitive Upgrade, and the Transmission Provider shall issue an NTC for the Competitive Upgrade pursuant to Section V of this Attachment Y. To become the DTO for the Competitive Upgrade, the RFP respondent that submitted the alternate RFP proposal must, within seven (7) calendar days of receiving such notice: (1) sign any

necessary agreement(s) to assume all of the responsibilities of a Transmission Owner related to the Competitive Upgrade pursuant to the SPP Membership Agreement and this Tariff; (2) submit to the Transmission Provider a deposit in accordance with Section III.2(d)(xii) of this Attachment Y; and (3) provide written notification to the Transmission Provider that it accepts the NTC.

- x) The RFP respondent that submitted the alternate RFP proposal shall be deemed to have waived its right to become the DTO if, within seven (7) calendar days of receiving such notice, the RFP respondent that submitted the alternate RFP proposal: (1) does not respond to such notice from the Transmission Provider; (2) notifies the Transmission Provider that it is no longer willing to become the Transmission Owner for the Competitive Upgrade; (3) fails to sign the necessary agreement(s); (4) fails to provide a deposit in accordance with Section III.2(d)(xii) of this Attachment Y; or (5) fails to provide written notification to the Transmission Provider that it accepts the NTC. In such circumstances, the Transmission Provider shall notify the SPP Board of Directors, and the Transmission Provider shall determine the DTO in accordance with the process set forth in Section IV of this Attachment Y.
  
- xi) The DTO for a Competitive Upgrade cannot assign the Competitive Upgrade to another entity.
  
- xii) When accepting the responsibilities of being a DTO for a Competitive Upgrade, the Selected RFP respondent shall provide the following to the Transmission Provider:
  - (1) a cash deposit representing 2% of the estimated cost of the Selected RFP Proposal; and
  - (2) a firm capital commitment acceptable to the Transmission Provider that is sufficient to complete the Competitive Upgrade.

The cash deposit shall be held in escrow by the Transmission Provider. Upon reaching the 50% completion milestone of the Competitive Upgrade, as determined by the Transmission Provider, the Transmission Provider shall refund the deposit, plus any interest the deposit accrued while in escrow, to the DTO. If the DTO fails to reach the 50% completion milestone of the Competitive Upgrade in accordance with Section III.2(g) of this Attachment Y, then the DTO shall forfeit the deposit and any accrued interest. The Transmission Provider shall then select a

new DTO in accordance with Section III.2(g) and apply the deposit and accrued interest to reduce the final cost of the Competitive Upgrade. If the Transmission Provider cancels the Competitive Upgrade through no fault of the DTO, then the Transmission Provider shall refund the deposit and accrued interest to the DTO.

**e) RFP Fee**

Each RFP proposal shall be assessed a fee to compensate the Transmission Provider for all costs incurred to administer the RFP process for each Competitive Upgrade. Initially, each RFP respondent shall submit a deposit with each proposal, which shall be equal to the Transmission Provider's estimate of the fee for participation in the RFP process. The actual RFP costs will be determined at the completion of the process, and all RFP respondents will make additional payments or obtain refunds based on the reconciliation of deposits collected and actual RFP costs. The costs shall be allocated to each proposal on a pro-rata share basis, calculated by taking the total RFP process costs for each Competitive Upgrade and dividing by the number of proposals submitted for that Competitive Upgrade.

**f) Transmission Owner Selection Criteria and Scoring**

- i) The IEP will develop a final score for each RFP proposal and provide its recommended RFP proposal and an alternate RFP proposal to the SPP Board of Directors for each Competitive Upgrade. The IEP evaluation and recommendation shall not be administered in an unduly discriminatory manner. The RFP proposal with the highest total score may not always be recommended. The IEP may recommend that any RFP proposal be eliminated from consideration due to a low score in any individual evaluation category.
- ii) The IEP may award up to one thousand (1000) base points for each RFP proposal. Additional details on each evaluation category are provided in the Transmission Provider's business practices. An additional one hundred (100) points shall be available to provide an incentive for stakeholders to share their ideas and expertise to promote innovation and creativity in the transmission planning process.
- iii) **Base Points:** The evaluation categories and maximum base points for each category are listed below.

- (1) Engineering Design (Reliability/Quality/General Design), 200 points: Measures the quality of the design, material, technology, and life expectancy of the Competitive Upgrade. Criteria considered in this evaluation category shall include, but not be limited to:
  - (a) Type of construction (wood, steel, design loading, etc.);
  - (b) Losses (design efficiency);
  - (c) Estimated life of construction; and
  - (d) Reliability/quality metrics.
  
- (2) Project Management (Construction Project Management), 200 points: Measures an RFP respondent's expertise in implementing construction projects similar in scope to the Competitive Upgrade that is the subject of the RFP. Criteria considered in this evaluation category shall include, but not be limited to:
  - (a) Environmental;
  - (b) Rights-of-way acquisition;
  - (c) Procurement;
  - (d) Project scope;
  - (e) Project development schedule (including obtaining necessary regulatory approvals);
  - (f) Construction;
  - (g) Commissioning;
  - (h) Timeframe to construct; and
  - (i) Experience/track record.
  
- (3) Operations (Operations/Maintenance/Safety), 250 points: Measures safety and capability of an RFP respondent to operate, maintain, and restore a transmission facility. Criteria considered in this evaluation category shall include, but not be limited to:
  - (a) Control center operations (staffing, etc.);
  - (b) Storm/outage response plan;
  - (c) Reliability metrics;
  - (d) Restoration experience/performance;
  - (e) Maintenance staffing/training;
  - (f) Maintenance plans;
  - (g) Equipment;
  - (h) Maintenance performance/expertise;
  - (i) NERC compliance-process/history;
  - (j) Internal safety program;

- (k) Contractor safety program; and
  - (l) Safety performance record (program execution).
- (4) Rate Analysis (Cost to Customer), 225 points: Measures an RFP respondent's cost to construct, own, operate, and maintain the Competitive Upgrade over a forty (40) year period. Criteria considered in this evaluation category shall include, but not be limited to:
- (a) Estimated total cost of project;
  - (b) Financing costs;
  - (c) FERC incentives;
  - (d) Revenue requirements;
  - (e) Lifetime cost of the project to customers;
  - (f) Return on equity;
  - (g) Material on hand, rights-of-way approval, assets on hand; and
  - (h) Cost certainty guarantee.
- (5) Finance (Financial Viability and Creditworthiness), 125 points: Measures an RFP respondent's ability to obtain financing for the Competitive Upgrade. Criteria considered in this evaluation category shall include, but not be limited to:
- (a) Evidence of financing;
  - (b) Material conditions;
  - (c) Financial/business plan;
  - (d) Pro forma financial statements;
  - (e) Expected financial leverage;
  - (f) Debt covenants;
  - (g) Projected liquidity;
  - (h) Dividend policy; and
  - (i) Cash flow analysis
- iv) **Incentive Points**: Each RFP respondent that submitted a detailed project proposal ("DPP") in accordance with Attachment O Section III. 8(b) of this Tariff that was selected and approved for construction as a Competitive Upgrade shall receive one hundred (100) incentive points in the Transmission Owner Selection Process for that Competitive Upgrade, which shall be added to the total base points awarded by the IEP. To demonstrate eligibility for the incentive points, the RFP respondent must document in its RFP response that it submitted a DPP for that Competitive Upgrade. The eligibility for the incentive points may only be awarded to the RFP respondent if the DPP was submitted

during the ITP assessment from which the Competitive Upgrade was approved. The Transmission Provider shall confirm such eligibility in accordance with Attachment O Section III.8(b) of this Tariff and inform the IEP.

**g) Failure of a Transmission Owner to Complete the Competitive Upgrade**

If, after accepting the NTC, the DTO cannot or is unwilling to complete the Competitive Upgrade as directed by the Transmission Provider, the Transmission Provider shall evaluate the status of the Competitive Upgrade and may designate a new DTO for the Competitive Upgrade in accordance with Section V.4 of this Attachment Y. If the Transmission Provider has determined that there is sufficient time for the Transmission Owner Selection Process to be completed and the Competitive Upgrade placed in service prior to the required need date as determined by the Transmission Provider, the process described in Section III of this Attachment Y shall be used to designate another entity to become the DTO for the Competitive Upgrade. If sufficient time is not available, the Transmission Provider shall designate a new DTO for the Competitive Upgrade in accordance with Section IV of this Attachment Y.

#### **IV. INCUMBENT TRANSMISSION OWNER DESIGNATION PROCESS**

- 1) If a project forms a connection with facilities of a single Transmission Owner, that Transmission Owner shall be selected to be the DTO. If a project forms a connection with facilities owned by multiple Transmission Owners, the applicable Transmission Owners shall be selected to be the DTOs. If there is more than one Transmission Owner selected to construct a project, the DTOs will agree among themselves which part of the project will be provided by each entity. If the DTOs cannot come to a mutual agreement regarding the assignment and ownership of the project, the Transmission Provider will facilitate their discussion. Each DTO will receive an NTC, in accordance with Section V of this Attachment Y, for each project or segment of a project that the DTO is responsible to construct.
- 2) In order to maintain its right to construct a project, the DTO shall respond within ninety (90) days after the receipt of the NTC with a written commitment to construct the project as specified in the NTC or a proposal for a different project schedule and/or alternative specifications in its written commitment to construct (“DTO’s proposal”). The Transmission Provider shall respond to the DTO’s proposal within ten (10) days of its receipt of the proposal. If the Transmission Provider accepts the DTO’s proposal, the NTC will be modified according to the accepted proposal, and the DTO shall construct the project in accordance with the modified NTC. If the Transmission Provider rejects the DTO’s proposal, the DTO’s proposal shall not be deemed an acceptable written commitment to construct the project. However, the Transmission Provider’s rejection of such proposal shall not preclude a DTO from providing a written commitment to construct the project after such rejection, provided the subsequent written commitment to construct the project is made within the ninety (90) day time period after the issuance of the NTC.
- 3) If a DTO does not provide an acceptable written commitment to construct within the ninety (90) day period, the Transmission Provider shall select a replacement Transmission Owner in accordance with Section III of this Attachment Y.
- 4) At any time after accepting an NTC, a DTO that was designated under this Section IV of Attachment Y may assign a project by arranging for another entity to build and own all or part of the project in its place subject to the following conditions:
  - a) Prior to starting its construction activity, the entity must have obtained all state regulatory authority necessary to construct, own and operate transmission facilities within the state(s) where the project is located;
  - b) The entity meets the financial requirements of the Transmission Provider as specified in Section III.1(b)(ii) of this Attachment Y;

- c) The entity has signed or is capable and willing to sign the SPP Membership Agreement as a Transmission Owner; and
  - d) The entity must meet such other qualifications as specified in Section III.1(b) of this Attachment Y.
- 5) Nothing in this Section IV shall relieve a Transmission Owner of its obligations specified in Section VI.3 of Attachment O of this Tariff and Section 3.3(a) of the SPP Membership Agreement.



## V. NOTIFICATION TO CONSTRUCT PROCESS

- 1) Once a Transmission Owner is selected to construct a project through Section III or Section IV of this Attachment Y, the Transmission Provider shall issue an NTC for project(s) for which financial commitment is required prior to the approval of the next annual SPP Transmission Expansion Plan report. At the discretion of the SPP Board of Directors, the Transmission Provider may issue an NTC to the appropriate Transmission Owner to begin implementation of other such approved or required transmission project(s) for which financial commitment is not required prior to approval of the next annual SPP Transmission Expansion Plan report.
- 2) The Transmission Provider shall issue an NTC to each entity selected to become the DTO for each transmission project. The NTC shall include, but not be limited to: (1) the specifications of the project required by the Transmission Provider, and (2) a reasonable project schedule, including a project need date.
- 3) Request for refined cost estimate
  - a) The Transmission Provider may issue an NTC that requires a refined cost estimate within a stated timeframe defined in the NTC. Such NTC shall direct the entity selected to become the DTO only to perform detailed engineering and cost studies. In complying with this NTC, the DTO shall be authorized to expend only those funds necessary to perform such studies. The entity selected to become the DTO shall provide to the Transmission Provider a written commitment that it: (1) accepts the obligation to construct the transmission facility subject to issuance of an NTC authorizing construction in accordance with Section III or Section IV of this Attachment Y; and (2) will provide the Transmission Provider a refined cost estimate within the Transmission Provider's stated timeframe or state its inability to provide the refined cost estimate in the stated timeframe.
  - b) The Transmission Provider shall compare the refined cost estimate to the project cost estimate approved by the SPP Board of Directors. If the refined cost estimate falls within bandwidth of the approved project cost estimate, the Transmission Provider shall issue an NTC authorizing construction and setting the refined cost estimate as the baseline cost for cost tracking purposes pursuant to Section VI of this Attachment Y. The bandwidth shall be defined by the Transmission Provider and stated in the Transmission Provider's business practices.
  - c) If the refined cost estimate falls outside of the bandwidth defined by the Transmission Provider, the Transmission Provider shall re-evaluate the project using the refined cost estimate and provide a recommendation to the SPP Board of Directors at its next scheduled quarterly meeting. The

Transmission Provider's recommendation could be, but is not limited to, one of the following actions:

- (i) Accept the refined cost estimate;
- (ii) Modify the project;
- (iii) Replace the project with an alternative solution; or
- (iv) Cancel the project.

The SPP Board of Directors shall determine the action to be taken regarding the transmission project. If the SPP Board of Directors determines to proceed with the project, the Transmission Provider shall issue an NTC authorizing construction and setting the refined cost estimate of the project as the baseline cost. If the SPP Board of Directors determines not to proceed with the project, the DTO shall be notified that the project has been cancelled and the DTO is eligible to pursue recovery of its study costs in accordance with Section VIII of Attachment J of this Tariff.

- 4) Any Transmission Owner that has accepted an NTC in accordance with this Tariff shall use due diligence to meet the terms contained in the NTC. If at any time the Transmission Owner cannot meet one or more of the terms agreed to in the NTC or cannot meet the regulatory approval need date set forth in the RFP for a Competitive Upgrade if applicable, it shall notify the Transmission Provider in a timely manner. The Transmission Owner may suggest changes to the NTC and present the reasons why the changes should be approved. The Transmission Provider shall review the proposed changes and determine a course of action to propose to the SPP Board of Directors, including, but not limited to:

- a) Accept changes negotiated with the Transmission Owner;
- b) Withdraw the NTC and issue an NTC for the same project to another entity that shall be determined in accordance with this Attachment Y;
- c) Withdraw the NTC and replace the project with an alternative solution; or
- d) Withdraw the NTC and cancel the project.

The SPP Board of Directors shall determine the action to be taken regarding the project.

## **VI. PROJECT TRACKING PROCESS**

Costs and schedules related to all projects approved for construction under the Tariff shall be tracked by the Transmission Provider

- 1) Upon the acceptance of an NTC by a DTO, other than an NTC issued for refined cost estimation, the baseline cost of the project will be set. The baseline cost shall be the estimated cost of the project as agreed to between the DTO and the Transmission Provider at the time such NTC was accepted.
- 2) The DTO shall submit updates of the estimated costs and schedules to the Transmission Provider on at least a quarterly basis in a standard format and method defined by the Transmission Provider.
- 3) If at any time the cost projection significantly exceeds the estimated baseline cost, the Transmission Provider shall investigate the reason for the change in cost and report to the SPP Board of Directors the reason for the change in cost and its recommendation on whether to accept the change in cost and reset the baseline cost. The SPP Board of Directors shall make the final determination as to the action that will be taken up to and including the cancellation of the project and withdrawal of the NTC.
- 4) If at any time the project schedule significantly changes, the Transmission Provider shall investigate the reason for the change and may take action in accordance with Section V.4 of this Attachment Y.