



## Southwest Power Pool

### STRATEGIC PLANNING COMMITTEE TASK FORCE on ORDER 1000 MEETING

#### Teleconference

Thursday, July 3, 2014

#### **Agenda Item 1 – Call to Order**

Ricky Bittle (AECC) called the meeting to Order. Other SPCTF members on the teleconference included: Chuck Marshall (ITC); Paul Malone (NPPD); Jake Langthorn (OGE); Terri Gallup (AEP); Tom Hestermann as proxy Noman Williams (Sunflower), Dennis Reed (Westar); Todd Fridley (KCPL); and, Bill Grant (Xcel). SPP Staff included Michael Desselle, Paul Suskie, Aaron Shipley, Sherri Maxey, and Ben Bright. Other guests and staff participated in person or via phone (Attendance – Attachment 1).

Mr. Bittle referenced the minutes of February 19, 2014 and May 9, 2014 asking for additions or corrections (Minutes 2/19/14 and 5/9/14 – Attachment 2). The February 19, 2014 minutes were approved by acclamation and changes were suggested by Terri Gallup for the May 9, 2014 minutes which were accepted and will be reposted.

#### **Agenda Item 2 – Policy Discussion on “Joint” RFP Responses**

Paul Suskie noted in his presentation (Policy Questions raised by SPP Stakeholders – Attachment 3) that SPP staff have been repeatedly asked two questions by stakeholders about RFP submissions from joint ventures and affiliates. The first question was, “Can 2 or more QRPs submit joint responses to a SPP RFP for competitive upgrades?”. Issues discussed included: legal responsibilities; business relationships; multiple QRPs submitting joint responses; and, combinations of 2 entities becoming a single legal entity. A broad consensus was formed that more than 1 QRP can submit joint bids and that task force members should work on the nuances as they see them and submit to SPP staff their comments. Staff and Counsel will consider the comments and propose a strawman for further consideration.

#### **Agenda Item 3 – Policy Discussion on Assignment of Winning Bids**

Paul Suskie noted that the second question was, “Can a selected TO assign their NTC to an affiliate for regulatory purposes?”. Concerns were expressed that such a practice would bypass the QRP process. It was noted an “after-the-fact” vetting process similar to the Novation process could be considered. Task force members were asked to work on the nuances as they see them and submit to SPP staff their comments. Staff and Counsel will consider the comments and propose a strawman for further consideration.

#### **Agenda Item 4 – Clarification to MDSTF Inquiry Regarding Minimum Design Standards Applicability**

Terri Gallup provided a clarification and explanation of the PCWG recommendation for minimum design standards to apply to all upgrades, competitive or otherwise. Ricky Bittle asked staff for a legal opinion on the comparability of requiring minimum design standards for competitive projects versus non-competitive projects.

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**Agenda Item 5 – QRP Process Status**

Ben Bright provided a status report. A question arose regarding deposits and staff clarified that the tariff did not require SPP members to pay the deposit, though FERC required SPP to justify in its compliance filing why incumbent members should not pay the deposit. Staff also noted that FERC has yet to rule on the compliance filing.

**Agenda Item 6 – DPP Process Status**

Tony Green provided a status report.

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**Agenda Item 7 – Action Items**

Action Items include:

1. Schedule follow-up meeting to consider strawman proposals.

Respectfully Submitted,

Michael Desselle  
Secretary



**Southwest Power Pool, Inc.**

**STRATEGIC PLANNING COMMITTEE TASK FORCE on ORDER 1000 MEETING**

**Thursday, July 3, 2014**

**1:30 PM – 3:30 PM**

**Teleconference**

**866-905-4020 Participant Code 9896988**

**• A G E N D A •**

1. Call to Order and Administrative Items..... Ricky Bittle
2. Policy Discussion on “Joint” RFP Responses.....SPP Staff
3. Policy Discussion on Assignment of Winning Bids.....SPP Staff
4. Clarification to MDSTF Inquiry Regarding Minimum Design Standards Applicability ..... Terri Gallup
5. QRP Process Status..... Ben Bright
6. DPP Process Status .....SPP Staff
7. Action Items .....Michael Desselle

Att 1

SPCTF (Order 1000)	7/3/2014			
Company	Last Name	First Name	Email	Comments
Sunflower Electric Power Corporation	Emery	Beth ✓	beth.emery@huschblackwell.com	
American Electric Power	Gallup	Terri ✓	tagallup@aep.com	
Ameren Services Company ✓	Hayes	Patrick ✓	phayes@ameren.com	
Missouri Joint Municipal EUC	healy	douglas ✓	Doug@healylawoffices.com	
Sunflower Electric Power Corporation	Moffet	Michael ✓	mcmoffet@yahoo.com	
American Electric Power	Ross	Richard ✓	rross@aep.com	
Hunt Transmission Services, LLC	Schwarz	Brad ✓	bschwarz@huntpower.com	
	Starnes	Heather ✓	hstarnes1969@gmail.com	
The Empire District Electric Company	Warren	Bary	bwarren@empiredistrict.com	

Aaron Shipley

MBB

Ben Bright

Paul Sustre ✓

Liam

Keel

Brad Schwartz

Hunt

Kip Fox

Richard Ross

Matt Binette

Jim McAtoy - OMPA

Sherril Moxey - SPP

Bill Grant - Xcel  
Heather Stunes - aff rep MTMUC  
Patrick Hayer - Ameren  
Michael Desjelle - SPP  
Ben Bright - SPP  
Todd Fridley - Transource  
Terri Gallup - AEP  
Jake Langthorn - OGE  
Beth Emery - aff rep Sunflower  
Liam Noailles - Xcel  
Brad Schwartz - Hunt Transmissions  
Tom Hesterman - Sunflower  
Kip Fox - AEP  
Richard Ross - AEP  
Mike Moffat - rep Sunflower  
Paul Suskie - SPP  
Chuck Marshall - ITC  
Doug Healy - MTMUC  
Matt Binnette - WJT  
Dennis Reed - Westar  
Ricky Bittle - AEP  
Paul Malone - NPPD  
Jim McAvay - OMPA  
Sherry Mares - SPP  
Aaron Shipley - SPP  
Tony Green - SPP



**Southwest Power Pool**

**STRATEGIC PLANNING COMMITTEE TASK FORCE on ORDER 1000 MEETING**

**AEP Office, Dallas, Texas**

**Wednesday, February 19, 2014**

**Agenda Item 1 – Call to Order**

Ricky Bittle called the meeting to Order. This was a joint meeting with the SPCTF, the Business Practices Working Group (BPWG) and Regional Tariff Working Group (RTWG) leadership. SPCTF Members present in-person or on the phone included: Brian Thumm (ITC); Paul Malone (NPPD); Jake Langthorn (OGE); Terri Gallup (AEP); Noman Williams (Sunflower), Dennis Reed (Westar); and, Bruce Cude as proxy for Bill Grant (Xcel). Grant Wilkerson and Dennis Reed were present in person as chair of the BPWG and RTWG, respectively. SPP Staff included Michael Desselle, Lanny Nickell, Paul Suskie, Steve Purdy, Brett Hooton, Brenda Fricano, Tessie Kentner, and Ben Bright. Other guests and staff participated in person or via phone (Attendance – Attachment 1).

**Agenda Item 2 – Compliance Proposal Discussion**

A consensus was formed at the November 18<sup>th</sup>, 2013 SPCTF meeting that projects that are identified through the new Aggregate Study process that are needed in less than three years for reliability purposes should not have to go through the competitive process and that projects needed beyond the three year window would be subject to the Competitive Bidding process. Dennis Reed and Jake Langthorn were tasked to develop a joint proposal for consideration. Dennis Reed presented the Order 1000 compliance proposal to include changes to the Aggregate Transmission Service Study (Proposed Changes to the Aggregate Transmission Service Study – Attachment 2). Recognizing that projects needed beyond the three year window would go through the Competitive Bidding Process, the proposal proffered two options for when to include stakeholder input into the Aggregate Transmission Service Study (ATSS) process. The first option (Attachment 2 – Page 1 & 2) proposed to include such input at the Facilities Study stage as opposed to the second option (Attachment 2 – Page 3 & 4) which would modify the completion process to include stakeholder input.

Questions were raised about the need for stakeholder input and whether entities would or should be allowed to submit Designated Project Proposals (DPPs). Staff noted that stakeholder input was another way to potentially get good solutions. Staff noted that the question would be whether to award the bonus points. A question also arose regarding whether upgrades for “point-to-point” service still applied. Staff noted that there may be some exceptions and that a legal opinion was probably warranted. Accordingly, the issue of applicability for point-to-point service was deferred as a follow-up action item.

Following Dennis’ presentation, staff reported its legal opinion sought as a follow-up action item from the previous SPCTF meeting, that the FERC Order does not require stakeholder input on the Aggregate Transmission Study process. Consequently, a third option could be that SPP require RFPs for the ATSS with no stakeholder input. In response to questions regarding the impact of various options on the timing of the ATSS, staff responded that Option 3 had the least impact on timing.

Dennis Reed moved and Noman Williams seconded approval of Option 3 (RFPs for ATSS projects needed beyond the three year window with no stakeholder input) which passed with no opposition.

Returning to the question of whether to award the 100 bonus points for projects that had been previously identified (and tagged as DPPs), arguments opposing and supporting awarding the points were made. Opposition (OGE, NPPD, ITC, Sunflower, Xcel, Westar) comments noted: that the transmission issue being solved in the ATSS may not be the same as proposed through the ITP/DPP processes; that modeling differences will complicate planning; that not allowing stakeholder input in the competitive process for the ATSS (just approved unanimously) is inconsistent with awarding points; and, that awarding bonus points complicates the ATSS process. Support (AEP) centered on the question of whether not awarding the points defeated the 3-year DPP logic. Dennis Reed moved and Bruce Cude

seconded that the "100 point" DPP bonus would not be applicable to projects coming out of the ATSS. The vote passed with 5 supporting, 2 voting no (AEP and ITC) and one abstention (AECC).

### **Agenda Item 3 – Continued Discussion on RFP Cost Estimate Bandwidth**

Michael Desselle provided a recap of the discussion from the January 16 SPC meeting on the SPCTF's recommendation to the SPC to adopt staff's motion for a business practice requiring that RFP bid participants in the Competitive Process submit cost estimates at  $\pm 20\%$  and that the NTC-C process would not be applicable to the Competitive Bidding Process (SPCTF recommendation to the SPC – Attachment 3). He noted that the motion passed, though each of the Independent Directors opposed the motion, and that a subsequent motion, passed unanimously, asked the SPCTF to consider:

1. Allowing more than 30 days for RFP respondents to submit bids (following the Board's approval of NTC's to be issued); and,
2. To consider provisions "with teeth" intended to control costs following the awarding of bids.

Ben Bright described the timeline contained in the tariff (RFP timeline – Attachment 4), noting that there was a misperception about the amount of time RFP respondents have to submit complete proposals. He noted that RFP respondents have 90 days, not 30. Brett Hooton described the two components to staff's initial proposal (SPCTF Proposal – Attachment 5). Paul Malone noted that 90 days may be sufficient for some projects but not be enough time for entities to prepare a "large" project cost estimate. Discussions focused on the pros/cons of allowing NTC-Cs and requiring submissions at  $\pm 20\%$ . Dennis Reed moved and Paul Malone seconded adoption of  $\pm 20\%$  RFP submittal cost estimate bandwidth *and* retention of the NTC-C process. The motion failed with 3 in favor and 5 against. Paul Malone then moved and Noman Williams seconded that the PCWG evaluate and recommend to the SPCTF RFP response times based upon scope and scale of transmission projects. The motion passed unanimously.

### **Added Agenda Item 4 – HPILS implication for delay to ITP10**

Lanny Nickel and Noman Williams discussed the potential implications associated with projects resulting from the HPILS and how inclusion of those transmission projects in the ITP10 planning models may impact and potentially delay by one quarter implementation of start of the competitive bidding process for the ITPNT and ITP10 underway now. They noted that no action was needed today.

### **Agenda Item 5 – Action Items**

Action Items include:

1. RTWG to adopt tariff modifications to implement Option 3 to comply with inclusion of the competitive process to encompass the ATSS.
2. Staff to provide legal opinion regarding upgrades resulting from point to point service in the ATSS; and,
3. The SPCTF will consider at a future meeting PCWG input (expected in March) on expanding the RFP response time associated with Competitive Bidding Cost Estimation proposals.

Respectfully Submitted,

Michael Desselle  
Secretary





## Southwest Power Pool

### STRATEGIC PLANNING COMMITTEE TASK FORCE on ORDER 1000 MEETING

#### Teleconference

Friday, May 9, 2014

#### **Agenda Item 1 – Call to Order**

Michael Desselle called the meeting to Order. SPCTF Members on the teleconference included: Kristine Schmidt as proxy for Chuck Marshall (ITC); Paul Malone (NPPD); Jake Langthorn (OGE); Terri Gallup (AEP); Noman Williams (Sunflower), Dennis Reed (Westar); Todd Fridley (KCPL); and, Bill Grant (Xcel). SPP Staff included Michael Desselle, Lanny Nickell, Paul Suskie, Cary Frizzell, Brett Hooton, Aaron Shipley, Sherri Maxey, Tessie Kentner, and Ben Bright. Other guests and staff participated in person or via phone (Attendance – Attachment 1).

#### **Agenda Item 2 – PCWG Proposed RFP Response Time**

Terri Gallup, Chair of the PCWG, described the PCWG motion (PCWG Recommendation, RFP Response Time – Attachment 2) to move the RFP response time window associated with Competitive Bidding Cost Estimation proposals from 90 days to 180 days. She noted that the PCWG passed the recommendation unanimously. SPP Staff and Xcel expressed concerns that extending the response time creates the potential for delayed completion of reliability projects needed to start in year 4 and that is beyond the FERC 3-year carve out provision. In response to a question from ITC, Terri noted that the PCWG had considered RFP response times based upon scope and scale of projects, but collectively came to the conclusion that the magnitude of the projects did not matter. Dennis Reed expressed concerns about the potential for delay and noted that even though the NTC-C process had been voted not to be used for the Competitive process, that the NTC-C process allows just the affected entity to do the additional work necessary to refine the estimate instead of all entities being impacted. Dennis proposed a compromise response period of not less than 90 days but no more than 180 days that would provide staff flexibility to designate the response time in the Transmission Owner Selection Process. Matt Binette (Wright & Talisman) noted that MISO has a similar provision. Noting that participants did not seem to be supportive of this alternative, Paul Malone moved adoption of the PCWG recommendation and Jake Langthorn seconded the motion. The motion passed with three opposed (Xcel, Westar, and ITC) and their opposition concerns were noted.

#### **Agenda Item 3 – Proposal for Minimum Design Standards**

Terri Gallup described the PCWG recommendation to implement minimum design standards for transmission projects (PCWG Recommendation, Minimum Design Standards – Attachment 3). Following discussions an amended motion, moved by Terri Gallup and seconded by Kristine Schmidt, that minimum design standards for SPP transmission construction should be implemented was unanimously endorsed. Further, the Study Estimate Design Guide (SEDG) should be the starting point to consider further enhancements for the minimum design standards with input from TWG in addition to the PCWG with the goal to have something for discussion for the October round of MOPC meetings but no later than the January 2015 round of MOPC meetings. Terri indicated that the PCWG would discuss establishing a task force to meet this charge and would work with Noman Williams for the TWG participation. Finally, Terri indicated that the PCWG periodically reviews the SEDG, as required in its charter.

#### **Agenda Item 4 – RTWG Proposed Tariff Language for Competitive Ag Study Process**

Dennis Reed described the RTWG's proposed tariff modifications (RTWG Recommendation, Order 1000 Ag Study ATRR – Attachment 4) to comply with the ATSS process inclusion in Order 1000 Competitive Bidding. Recognizing that tariff language is approved at the MOPC, Dennis Reed, seconded by Noman Williams, moved endorsement of the proposed language as consistent with the SPC recommendation to

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comply with FERC's Order to include the ATSS in competitive bidding. The SPC will need to make a separate recommendation to the Board for their approval.

**Agenda Item 5 – Action Items**

Action Items include:

1. Schedule additional meeting to consider other Order 1000 issues.

Respectfully Submitted,

Michael Desselle  
Secretary

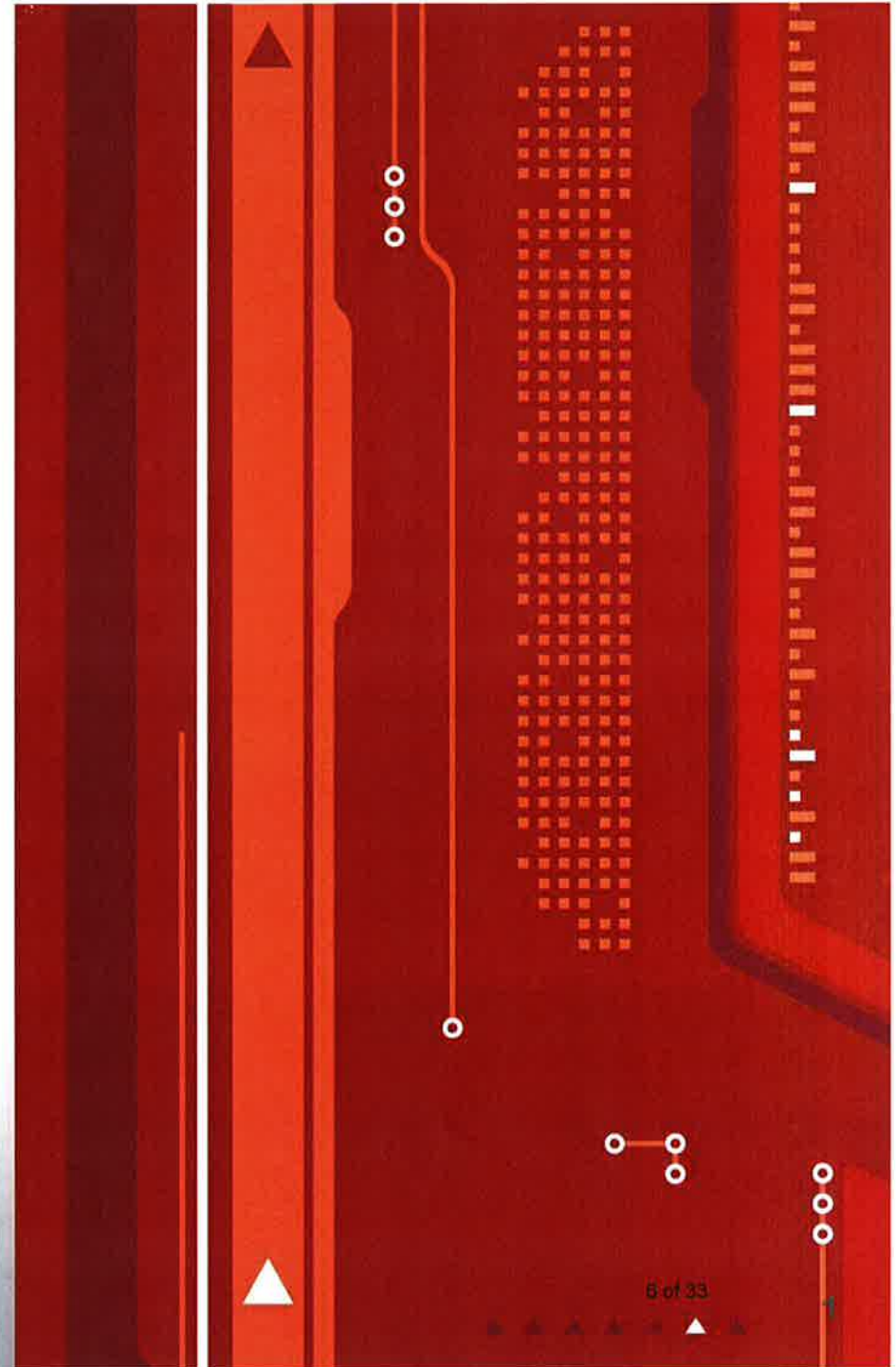
# SPCTF on Order 1000

## June 3, 2014

Paul Suskie  
[psuskie@spp.org](mailto:psuskie@spp.org)

Ben Bright  
[bbright@spp.org](mailto:bbright@spp.org)

Policy Questions raised by SPP  
stakeholders



## Two Issues Needing Policy Direction/Clarification

- SPP staff has been repeatedly asked two questions by SPP stakeholders related to RFP submissions and related certain regulatory items related to how affiliates might construct and build facilities for affiliate companies.
- These two questions are:
  - (1) Can 2 or more QRPs submit joint responses to a SPP RFP for competitive upgrades?
  - (2) Can a selected TO assign their NTC to an affiliate for regulatory purposes? (Example: QPR X is awarded a project after a competitive solicitation process. QPR X wishes/needs to assign it to a subsidiary of X for financial and regulatory purposes.)



## **Policy Decisions for SPCTF on *FERC Order 1000***

- **SPP Staff would like for the SPCTF to provide policy direction on these two questions.**
- **Clarifications and policy directions are needed on these subjects before SPP launches the first RFP process in 2015.**
- **It is preferable that any tariff changes be submitted quickly and request an effective date of January 2015 not to impact the Competitive Bidding process for 2015.**

## Two Issues

- These two questions are:
  - (1) Can 2 or more QRPs submit joint responses to a SPP RFP for competitive upgrades?
  - (2) Can a “winning” bidder assign their NTC to an affiliate/subsidiary for regulatory purposes? (Example: QRP X is awarded a project after a competitive solicitation process. QPR X wishes/needs to assign it to an affiliate/subsidiary of X for financing and regulatory purposes.)

# First Issue: 1 sub issue

(1) Can 2 or more QRPs submit joint responses to a SPP RFP for competitive upgrades?

- A review on the tariff shows that SPP's currently approved (and submitted) language is silent on the issue of joint submission by 2 or more QRPs
- SPP Staff recommends that the safest route would be to clarify the SPP tariff on the topic of whether joint submissions by QRPs are authorized. This could head off potential litigation.
- See pages 7-11 of the attached proposed revisions to Attachment Y.



## First Issue: 1 sub issue

(Sub Issue) How to handle the 100 incentive points for a joint submission?

- See Section III (2)(f)(iv) (pages 19-20).



## Second Issue:

- (1) Can a “winning” TO assign their NTC to an affiliate/subsidiary for regulatory purposes? (Example: QRP X is awarded a project after a competitive solicitation process. QRP X wishes/needs to assign it to an affiliate of X for financing and regulatory purposes.)
- Current Language state:
    - “The DTO for a Competitive Upgrade cannot assign the Competitive Upgrade to another entity.” See Section III (2)(d)(xi) (pages 15).
  - Based upon inquires from stakeholders SPP Staff believes that the SPCTF needs to offer guidance on the intent of Section III(2)(d)(xi).
  - Define what another entity means?
  - See possible clarification drafted on page 15.



# QUESTIONS