

## IEP Direction to Bidders

**RFP# SPP-RFP-000002 Sooner-Wekiwa Request for Proposal, published March 2, 2020**

The first competitive solicitation process for the Southwest Power Pool (“SPP”) was completed in April 2016. The SPP’s Strategic Planning Committee (“SPC”) was tasked by the Board of Directors to analyze the results of this first completed process and to develop and recommend improvements to the SPP Transmission Owner Selection Process (“TOSP”). The SPC conducted a workshop on July 7, 2016 for that purpose and identified five policy questions for further evaluation. Subsequently, the SPC added an additional policy question for consideration and tasked the Competitive Transmission Process Task Force (“CTPTF”) to develop recommendations for the SPC’s consideration at its October 2016 meeting.

On July 7, 2016, the CTPTF noted that variances in how future Industry Expert Panels (“IEP”) might establish their scoring methodologies and evaluate proposals could create inefficiencies because respondents might make numerous assumptions about what scoring methodologies would be used based upon past experience, which could have the effect of increasing bid prices. Accordingly, at the October 2016 SPC meeting, the CTPTF recommended that future IEPs be seated in sufficient time to allow them to develop and publish their scoring matrix and methodologies before bidders submit their final proposals. Following discussions in the SPC over concern of the appropriateness and impact of the IEP’s sharing any scoring matrices during the response window, an amended recommendation was approved by the SPC and Board of Directors in October 2016 stating, “The IEP should be seated early in the RFP process and required to publish their scoring criteria as far in advance of the RFP Response Window deadline as possible.” The CTPTF recommendation noted the benefits included evaluation efficiency; bids that are more responsive; added transparency; and, no additional work.

SPP has empaneled an IEP to work through the TOSP for the Sooner-Wekiwa 345 kV Transmission Line (the “Project”). The IEP has met to plan its work effort and evaluated how it plans to score proposals it receives. The IEP provides this explanation of its scoring criteria as required by the SPP SPC and Board of Directors, especially as the planning scoring methodologies may differ from that used by the initial IEP in 2016.

### **Engineering Design**

Compared to the 2016 IEP scoring, the scoring for the 2019 ITP project has a greater emphasis on the Reliability and Quality aspects of the project than in 2016. The 2016 Discretionary category has been eliminated from the scoring. Type of Construction, Losses, and Staff Experience have similar valuation compared to 2016, while Estimated Life has slightly less.

Knowledge of and compliance with SPP planning, code, and regulatory requirements will have the greatest importance in scoring because they impact the conductor system, structure and

foundation designs. However, performance over the service life of the assets also will have significant impact on the scoring because they address the safety, reliability, availability, and quality of the transmission line. Staff experience should be addressed by identifying the specific resources by experience, capabilities, and availability that will be applied on the Project's different phases. Scoring for line losses will be based on line-rating capacity, line geometry, impedance and reactance, and conductor selection. Scoring for the estimated life of the Project will be based upon the proposed service-life duration and its impact on the reliability and availability of the transmission line to perform its objective.

The explanation and basis for the different alternatives and decisions reached in developing the project design solution will be evaluated in detail.

## **Project Management**

The scoring methodology used for the 2016 IEP for this section is adequate to use for this Project with slight modification. The modification reincorporated criteria 10<sup>1</sup> (Ability to handle multiple projects under construction), 11 (Ability to meet the latest in-service date such as adequate floats in the schedule), and 12 (Existing right-of-way that can be used for this project) back into the original criteria identified in Attachment Y. These criteria were deemed as adequately accounted for in the original criteria.

Although all criteria in Attachment Y under this section will be evaluated, focus will be on those items that have the greatest possibility of impact to the schedule or cost of the Project. This would include such items as, environmental and regulatory approval processes, construction process, identification and mitigation of risk/critical path items, experience and qualification of personnel in all areas, and the overall history of the candidate to complete a project on time and within budget. Most of this evaluation will be subjective. The outcome will hinge on each candidate's ability to articulate through its proposal its expertise in all areas.

## **Operations**

The success of the Project within Operations will be reflected in its operation, maintenance, and safety. Therefore, scoring will use the criteria in Attachment Y grouped within the categories of operation, maintenance, and safety:

- Operations - control center operations, reliability metrics and NERC compliance-process history;

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<sup>1</sup> Criteria 10, 11, and 12 reference the 2016 IEP Recommendation Report, Public Report April 12, 2016 for RFP000001. This report is posted on spp.org under Order 1000 Documents: [https://spp.org/documents/37708/iep%20recommendation%20report%20with%20process%20and%20appendix%20public%20redacted%20041216\\_redacted.pdf](https://spp.org/documents/37708/iep%20recommendation%20report%20with%20process%20and%20appendix%20public%20redacted%20041216_redacted.pdf)

- Maintenance - storm/outage response plan, specialize maintenance equipment and spares, maintenance plans, maintenance staffing/training, and maintenance experience and historical performance; and
- Safety - internal safety programs, contractor safety programs, and safety plans and historical records. internal safety program, contractor safety performance records.

The maximum 250 points for Operations will be allocated to these three categories and further allocated to their underlying criteria. A slightly higher allocation of available points will be made to maintenance criteria and an equal amount to operations and safety criteria. This point allocation is intended to emphasize that successful operation requires a lifetime commitment to the facility, to recognize that timing is relevant for repairs and storm recovery and that there is a difference between what should be done in advance as compared to what should be done in response to external events, and to recognize that the facility must be operated in a safe manner throughout the life cycle of the facility.

### **Rate Analysis**

Consistent with the 2016 IEP, the net revenue requirement for the project will be the primary criterion used for scoring in the Rate Analysis category. A lesser amount of points will be set aside to apply as positive points awarded to proposal terms that reduce project risk or have advantages not captured in other criteria, for example, proposals that would reduce project risk through cost guarantees. In addition, negative points may be allocated where the proposal contains elements that increase uncertainty in the net revenue requirement calculation and that are not fully accounted for in the scoring for other criteria, such as operations and maintenance costs are viewed by that scoring team as being unreasonably low and therefore produce an unrealistic net present value result.

### **Finance**

The basic scoring methodology used in the 2016 IEP report for Finance is suitable for use in the scoring for the Project. The evaluation process is focused on respondents meeting the basic financial qualifications required by Attachment Y that should demonstrate the financial strength to construct the Project. While respondents might be capable of paying cash for a smaller project, they must conclusively show how the Project will be financed. Point allocation will be weighted toward the demonstrated financial strength of the respondent – both short term and long term.

Finally, a respondent's proposal will be cross referenced for consistency with information provided in other sections of its proposal. Allocated points will be weighted toward consistency of cross-referenced information that impacts respondent's financial strength to construct the project. For example, information provided in the respondent's Financial/Business Plan will be cross referenced for consistency with information provided in the Rates Analysis section.