



IEP DIRECTION TO RESPONDENTS

RFP# SPP-RFP-000003

WOLF CREEK-BLACKBERRY 345KV

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This document was produced by a team of the Independent Expert Panel for the Wolf Creek – Blackberry 345 kV project.

SPP has empaneled an Independent Expert Panel (IEP) team to work through the Transmission Owner Selection Process for the Wolf Creek - Blackberry 345 kV Transmission Line (the "Project"). The IEP team has met to plan its work effort and evaluated how it plans to score the proposals it receives from Respondents for the Project. This document explains the scoring criteria and areas of emphasis as required by the SPP Strategic Planning Committee and Board of Directors, especially as the scoring criteria and areas of emphasis may differ from those used for the previous two Competitive Upgrade projects.

The evaluation of each Respondent's proposal will be based on the information provided and the extent to which the proposal demonstrates the Respondent's ability to complete and commission the Project within the scope, proposed budget, and schedule, safely and with high quality. The evaluation will judge how well the Respondent fully articulates, in a concise and complete form, its expertise, capabilities, and relevant experience in each area covered by the Request for Proposal (RFP) and associated RFP Response Form.

Given that one terminal of the Project will connect to a substation at the Wolf Creek nuclear plant site, Respondents should discuss in each section of their proposals any additional costs, regulatory requirements, or other considerations that may result from this unique aspect of the Project. The Project Management and Operations sections in this guidance document already identify several specific issues that should be addressed in this regard. To the extent that there are additional impacts in these or any of the other sections, Respondents should identify them as appropriate.

While each section of Respondents' proposals will be evaluated and scored separately, the IEP team will also look at each proposal in its entirety, considering interrelationships between each section that could alter the final overall evaluation. For example, the lowest cost proposal in the Rate Analysis section may be the result of a lower quality design or inferior equipment choice in the Engineering Design section, or less than robust plans in the Project Management and Operations sections.

SECTION 1: ENGINEERING DESIGN (RELIABILITY/QUALITY/GENERAL DESIGN), 200 POINTS

MEASURES THE QUALITY OF THE DESIGN, MATERIAL, TECHNOLOGY, AND LIFE EXPECTANCY OF THE COMPETITIVE UPGRADE.

Overall engineering/design of the Project will play a large role in evaluation of Respondents' proposals. Compliance with the SPP Minimum Transmission Design Standards is required. Respondents should provide their plan for compliance with other requirements such as those of the Wolf Creek Nuclear Operating Company, Nuclear Regulatory Commission (NRC), etc.

Respondents should describe relevant experience designing similar projects and comment on the results of these projects.

Knowledge of and compliance with SPP planning standards, applicable industry codes, and regulatory requirements will have the greatest importance in scoring Respondents' proposals, because they impact the conductor, structure, and foundation designs.

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.

Design staff experience should be addressed by identifying the specific resources in the Organization Chart, by experience, capabilities, and availability that will be applied on the Project's different phases, and include resumes of key personnel.

Scoring for line losses will be based on the line-rating capacity, line geometry, impedance/resistivity and reactance, and conductor type selection. Loss calculation methods are discussed in the RFP in a footnote on page 9. Calculations should be provided in the Response Excel document in 1A.14.

Scoring for the estimated life of the Project will be based on the proposed service-life duration and its impact on the reliability and availability of the transmission line to perform its objective.

In addition to the design itself, Respondents should describe how Engineering will be engaged in Procurement, including approval of materials, as well as in on-site presence during Construction.

SECTION 2: PROJECT MANAGEMENT (CONSTRUCTION PROJECT MANAGEMENT), 200 POINTS

MEASURES AN RFP RESPONDENT'S EXPERTISE IN IMPLEMENTING CONSTRUCTION AND COMMISSIONING OF THE COMPETITIVE UPGRADE.

While all the categories of Project Management as listed in the RFP and RFP Response Form are important and will be scored and evaluated, the categories that pose the most risk to the successful and timely completion of this Project are the Environmental and ROW Acquisition categories, without which the other aspects of the Project cannot proceed.

Environmental

- Respondents should provide a well-defined environmental review and permitting process, and elaborate on their first-hand knowledge of and experience in evaluating all relevant environmental factors, especially those related to this Project as described

in the RFP Response Form. This should include discussion of factors reasonably expected to be encountered on the proposed route (e.g., endangered species, cultural areas, etc.).

- Respondents should give particular attention to the development and execution of specific plans for addressing these factors in the affected states and municipalities and securing the necessary regulatory approvals.

Rights of Way Acquisition

- Equally important is the Respondent's knowledge of and experience with various transmission line siting approval processes. Respondents should provide instances in the last five years in which they have gained the necessary approvals for ROW acquisition, whether through the exercise of eminent domain or other means.
- Respondents should also provide copies of any documents that demonstrate that it has control of any ROW segments related to this Project. If the Respondent does not have eminent domain rights, it should present its plan and experience for gaining the necessary ROW approvals.

Procurement

- Supply chain management has taken on increased importance with respect to equipment ordered to complete a project, especially if some equipment is planned to be purchased from non-domestic sources. To the extent this is an issue regarding the equipment needed for this Project, Respondents should indicate how they plan to address supply chain management issues.
- The evaluation of each Respondent's proposal will consider the quality of the material providers selected, and the Respondent's prior relationships and evidence of warranties on all material.
- Respondents should provide their QA/QC process for material and equipment procurement, including review of each manufacturer's quality processes and anticipated factory inspections.

Project Development Schedule, Scope, Time to Construct, and Commissioning

- Respondents should provide their detailed processes and plans for managing all aspects of Project development and scheduling, including key milestones for the time to construct and commission the Project.
- Respondents should cite their experience and track record in developing and following a critical path schedule for this Project, including how they have addressed unforeseen obstacles encountered in the past on projects of similar scope and magnitude.
- Respondents should reflect in their Project development schedule a clear understanding of the requirements for access to and performance of work on the Wolf Creek property and within the Wolf Creek substation to connect the new 345 kV line and associated fiber optic communications circuits at the designated dead-end structure.

- Respondents should describe their plan for coordination with the Wolf Creek substation owner, the Wolf Creek Nuclear Operating Company, and the NRC, as necessary, to evaluate any crossing(s) the new 345 kV line will make over or under existing lines out of the Wolf Creek substation. In addition, Respondents should describe any special system studies required to evaluate the impacts of such crossings, including the impact of potential multi-line outages. Respondents should also document any potential restrictions to construction during certain times of the year or during scheduled nuclear plant outages.

Construction

- Respondents should provide specific evidence of significant prior experience in managing the construction of projects similar in scope and magnitude. Respondents should explain how they plan to deploy the necessary support staff, field crews, and material handling resources. Respondents should also describe the safety protocols that will be followed during the construction process. In order to demonstrate its past safety performance, Respondents should provide their Experience Modification Rate (EMR) for previous projects.
- Respondents should provide a Construction Project Organization Chart. Respondents should provide resumes of those expected to be in key leadership roles in managing all aspects of construction, including QA/QC process, record keeping, reporting, and their approach to addressing issues that may be encountered.

SECTION 3: OPERATIONS (OPERATIONS/MAINTENANCE/SAFETY), 250 POINTS

MEASURES SAFETY AND CAPABILITY OF A RFP RESPONDENT TO OPERATE, MAINTAIN, AND RESTORE THE COMPETITIVE UPGRADE.

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

- Operations - control center operations, proposed plan to incorporate this Project into a control center, real time monitoring and control, reliability metrics and NERC reliability compliance-process history;
- Maintenance - storm/outage response plan, specialized maintenance equipment and spares, maintenance plans, maintenance staffing/training, maintenance experience and historical performance, and restoration experience and historical performance. Financial strategy for the Project replacement/rebuilds following catastrophic failures will be evaluated as part of the storm/outage response plan; and
- Safety - internal safety programs, contractor safety programs, and safety plans and historical records, including their most recent Experience Modification Rate (EMR).

Points for Section 3: Operations Evaluation Criteria will be allocated to these three categories described above and further subdivided to their subcategories. A slightly higher allocation of available points will be made to the maintenance criterion, followed by operations and safety criteria.

This point allocation is intended to emphasize that successful operation: i) requires lifetime commitment to the Project, ii) recognizes that timing, financial strategy, and expertise are relevant for repairs and storm recovery including replacement/rebuilds following catastrophic failures, iii) recognizes that there is a difference between what should be done in advance to improve reliability and resiliency as compared to what should be done in response to external events, and iv) recognizes that the Project must be operated in a safe manner throughout its life cycle.

Because part of the line will be located within the plant property requiring security clearance for access, Respondents should describe their plans for gaining access to the Wolf Creek nuclear power plant property to perform routine line maintenance or emergency repairs. If such maintenance or emergency repairs are to be performed by others, Respondents should describe their plans to arrange for such activities.

SECTION 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.

The scoring in the Rate Analysis section will use the criteria in Attachment Y grouped within three primary evaluation categories: Total Cost of The Project - RFP Response Estimate (RRE); Present Value Revenue Requirement (PVRR); and Other Attachment Y factors which could reduce the cost and risk of the Project.

Points for the first two evaluation categories (RRE and PVRR) will be awarded based on the lowest cost numbers (i.e., the lower the cost numbers for RRE and PVRR, the higher the points awarded in each of these categories). The scoring in each of these categories could also be conditioned on the cost proposal meeting the requirements of the other IEP evaluation sections.

The PVRR calculation includes the following Attachment Y criteria:

- RFP Response Estimate (RRE) total (Tab 2B cell C36 of the Excel Workbook)
- Financing costs (Response Form 4A.2)

- FERC incentives (Response Form 4A.3)
- Revenue Requirements (Response Form 4A.4) – Provide an estimated present value revenue requirement (PVRR) for this RFP Proposal by completing Tabs 3–3G of the RFP Response Form Excel Workbook
- Lifetime cost of the Project to customers (Response Form 4A.5)
- Return on Equity (Response Form 4A.6)

The third and final evaluation category will have a lesser number of points assigned to it than the other two categories. Points will be awarded based on a detailed, quantitative response that demonstrates a reduction in the cost risk of the Project, including the following Attachment Y criteria:

- The quantitative cost impact of material on hand, assets on hand, rights-of-way ownership, control, or acquisition (Response Form 4A.7)
- Cost certainty guarantee (Response Form 4A.8)
- Other Comments (Response Form 4A.9)

SECTION 5: FINANCE (FINANCIAL VIABILITY AND CREDITWORTHINESS), 125 POINTS

MEASURES AN RFP RESPONDENT'S ABILITY TO OBTAIN FINANCING FOR THE COMPETITIVE UPGRADE.

Financial viability and creditworthiness are ultimately assessed in the market, based on projections of future circumstances. Proposals presented to SPP must provide projections and assumptions for inputs and responses to the criteria described in Attachment Y. All of the criteria listed in Attachment Y under this section will be evaluated and scored, with recognition that assumptions used in the Respondents' analyses can alter the results of those analyses.

To establish the viability and creditworthiness of the proposals, and the analyses requested, attention will be given to the assumptions made for inputs the Respondent has used. The bid that can support the assumptions for external factors and expectations for other inputs to this section will be scored higher.