

# MEMORANDUM

**To:** SPP Qualified RFP Participants

**From:** SPP Regulatory Processes Department

**Date:** November 7, 2023

**Re:** Competitive Upgrades Status

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On October 31, 2023, the SPP Board of Directors approved the 2023 Integrated Transmission Planning (“ITP”) Assessment, which included the Matthewson-Red Bud 345 kV Project. This project includes upgrades that will meet the requirements to be a Competitive Upgrade in accordance with Attachment Y of the Tariff, and upgrades that do not meet the requirements to be a Competitive Upgrade (“Non-Competitive Upgrades”) due to interconnecting upgrades to existing facilities being non-competitive. The study cost estimate for both interconnecting Non-Competitive Upgrades are in excess of \$20 million. As a result, the Non-Competitive Upgrades will receive a Notification to Construct with Conditions in accordance with Business Practice 7060.

Both the SPP Tariff and Business Practices specify that a NTC-C only authorizes the DTO to provide a refined cost estimate and does not authorize the DTO to proceed with construction of the specified upgrades. If the refined cost estimates are within the specified bandwidth, SPP will deem the conditions to be removed and will issue a NTC to the DTO authorizing the DTO to proceed with construction of the upgrades. If however, the refined cost estimates are outside the specified bandwidth, SPP’s Tariff and Business Practice specify that SPP will 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. SPP’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.<sup>1</sup>

While the upgrades within the Matthewson-Red Bud 345 kV Project that will meet the requirements to be a Competitive Upgrade are not subject to NTC-C requirements pursuant to SPP Business Practice 7060, the need for a refined cost estimate for the Non-Competitive Upgrades impacts the overall status of the project because the entire Matthewson-Red Bud 345 kV project would be subject to re-evaluation if the refined cost estimate for the Non-Competitive Upgrades is out of bandwidth. Accordingly, SPP does not consider the Matthewson-Red Bud 345 kV Project fully approved for construction at this time. Therefore, the timing requirements for issuance of an RFP for the Competitive Upgrade portions of the project are not yet applicable.<sup>2</sup>

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<sup>1</sup> See SPP Tariff, Attachment Y, Section V and SPP Business Practices 7060.

<sup>2</sup> The language in Attachment Y, Section I.1 for the determination of whether a project meets the requirements to be a competitive upgrade, triggering the issuance of a RFP, is made after a project is approved for construction.

SPP expects to receive the refined cost estimates for the Non-Competitive Upgrades no later than 180 calendar days from issuance of NTC-C. If the conditions in the NTC-C are removed and the Non-Competitive Upgrades within the project are authorized for construction, SPP will finalize its determination regarding the Competitive Upgrades portion of the project and issue the RFP for the Competitive Upgrade portions of the project.

Please submit any questions through RMS under the 'Transmission Owner Selection Process' quick pick, 'General Inquiry' subtype 1.

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While SPP has preliminarily determined that upgrades within the Matthewson-Red Bud 345 kV Project will meet the requirements to be a Competitive Upgrade, SPP is unable to make the official determination under the Tariff until the Matthewson-Red Bud 345 kV Project is deemed approved for construction.