

# FERC Order 1000: SPP Regional Overview

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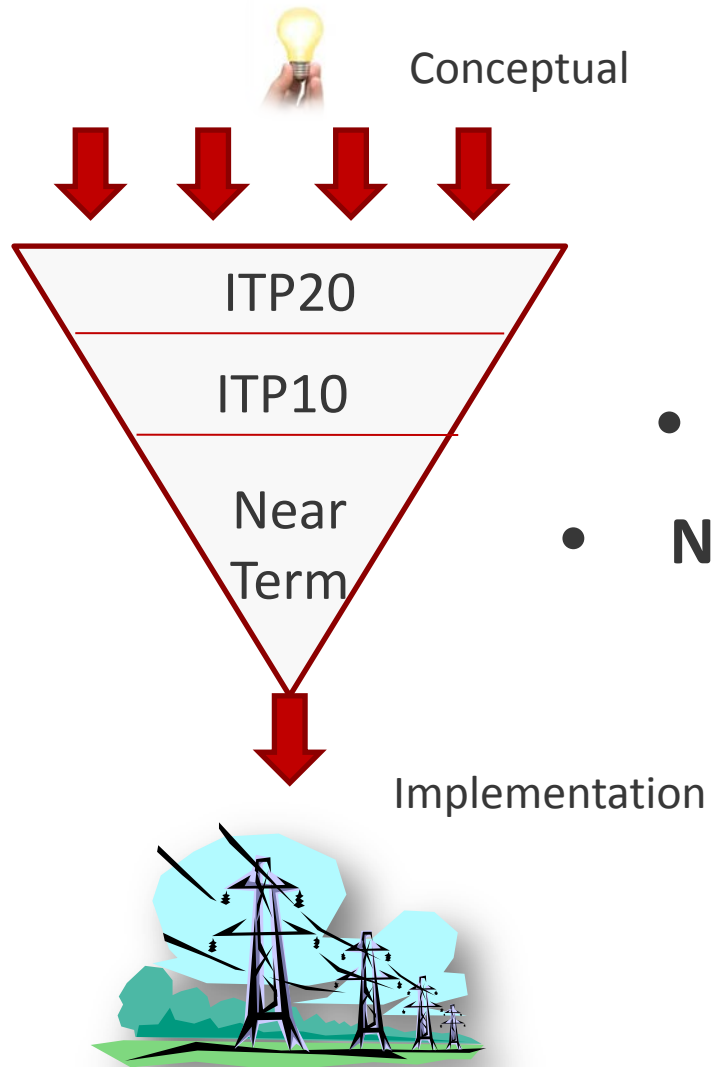
# Overview

- **Integrated Transmission Planning (ITP)**
- **Transmission Owner Selection Process (TOSP)**
- **Order 1000 Compliance - Current Status**
- **Lessons Learned**



# **INTEGRATED TRANSMISSION PLANNING (ITP)**

# Integrated Transmission Planning (ITP)



- Reducing Uncertainty
- Increasing Refinement
- Narrowing Focus

# ITP20

- **300+ kV Solutions**
- **Encompass Scenarios**
  - Renewable Portfolio Standards
  - Fuel Prices
  - EPA Regulation
  - Others
- **Flexible to Evolve with Changing Landscape**
- **DC Analysis only**
- **No Notifications to Construct (NTCs) issued**



# ITP10

- 10-year horizon
- NTCs issued
- Solutions for 100 kV and above
- Determines staging for upgrades
- Economic and reliability analyses utilized
  - Maintain compliance with NERC reliability standards and mitigate congestion
  - Improve access to markets and interconnections
- More narrow focus than ITP20
- Increased focus on underlying transmission system



# ITP Near-Term (ITPNT)

- Analyzes the region's immediate transmission needs
- ITPNT Goals
  - Preserve grid reliability
  - Maintain compliance
  - Bridge the gap between current and longer term system needs





Attachment Y of the SPP Tariff

# TRANSMISSION OWNER SELECTION PROCESS (TOSP)



# SPP Process - Highlights

- All entities desiring to participate in the SPP TOSP must apply to become Qualified RFP Participants (QRP)
- Detailed Project Proposals (DPP) received for solutions in the planning process
- Competitive Upgrade projects approved for construction require Requests for Proposals (RFP) prior to NTCs
- A panel of Industry Experts will review, rank and score all RFP responses and make recommendation to SPP Board
- SPP Board will select Designated Transmission Owner (DTO) and issue NTC



# QUALIFIED RFP PARTICIPANT (QRP)

# Qualified RFP Participant

- **Qualified RFP Participant (QRP)**: An entity that has been determined by SPP to satisfy the qualification criteria set forth in Order 1000
- Any Entity can qualify to be a QRP and participate in the TOSP
- Only approved QRPs can participate in the TOSP
- All interested entities must apply
- Application fee applies to all applicants

## Annual Timetable

- Annual Open Enrollment period for QRPs: April 1<sup>st</sup> - June 30<sup>th</sup>
- SPP will notify Applicants by September 30<sup>th</sup> of any QRP deficiencies
- SPP will post all QRPs for following year by December 31<sup>st</sup>

# Qualifying for QRP Status

- Each Applicant must demonstrate that they meet qualification criteria in order to be approved as a QRP
- The qualification is based on categories detailed in Attachment Y of the SPP Tariff:
  - Membership Criteria
  - Financial Criteria
  - Managerial Criteria
- Applications for QRP will be evaluated by SPP to assess if the Applicant meets the qualification criteria and make the final determination

## SPP Experience

- **2015 - 43 Qualified Entities**
- **2016 - 9 additional = 52 Qualified Entities**

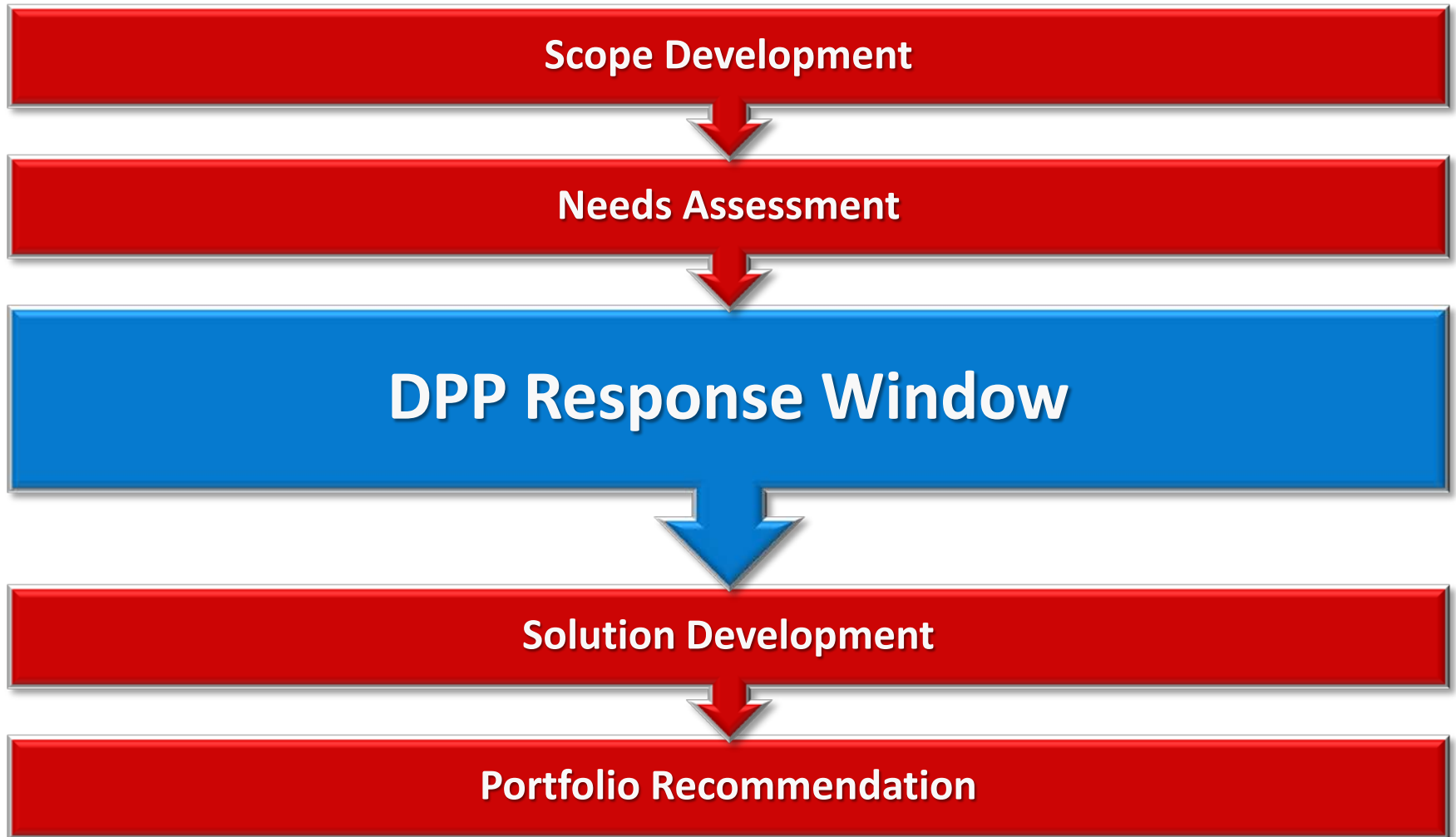


# DETAILED PROJECT PROPOSAL (DPP)

# What is a DPP?

- **Information about a proposed transmission project in the ITP process**
  - **Sufficient info to allow SPP to evaluate the proposed project**
  - **Encourage innovative ideas**
- **Required to qualify for 100 incentive points in the competitive bidding process**
- **Current avenues remain available to propose a transmission project**

# DPP in the ITP



# DPP Submission

- Any entity may submit a DPP
- Specific data requirements
  - SPP Tariff Att. O Section III.8.b(i)
  - Business Practice 7650

## SPP Experience

**2015 ITP10 – 1,179 DPPs submitted**

**27 different submitters**

**2015 ITPNT – 493 DPPs submitted**

**24 different submitters**





# Determining Competitive Projects

## The basic criteria are:

- Transmission facilities that are: ITP Upgrades, high priority upgrades, or Interregional Projects;
- Transmission facilities with a nominal operating voltage of greater than 100 kV;
- Transmission facilities that are not a Rebuild of an existing facility;
- Transmission facilities that do not alter a Transmission Owner's use and control of its existing right of way under relevant laws or regulations;
- 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;
- Transmission projects that do not require both a Rebuild of existing facilities and new transmission facilities; and
- Transmission facilities that are not a Local Transmission Facility.
- Also, transmission facilities that are not short-term reliability projects.



# REQUEST FOR PROPOSAL (RFP)

# RFP Process

- RFP will be issued for each Competitive Upgrade after study reports have been published and the list of recommended upgrades has been approved by the SPP Board of Directors
- Each competitive upgrade will have 180 days from the issue date for the QRPs to complete their RFP response
- Each completed RFP response will be analyzed and scored by the IEP
  - If the QRP had a selected DPP for this upgrade, the 100 point bonus would apply at this time

## SPP Experience

**Currently have 1 project out for competitive bid. Expect results in April 2016**



## **INDUSTRY EXPERT PANEL (IEP)**

# Industry Expert Pool Process

- Industry Expert applicants must complete an application and submit it to SPP
- The Industry Expert candidate shall have documented expertise on file with SPP 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
  5. Electric transmission finance

## Annual Timetable

- The proposed application period for Industry Expert candidates each year is June 1 – September 1
- The Oversight Committee will recommend the 2016 IEP pool to the SPP Board in November 2015

# Designated Transmission Owner Selection

- IEP reviews RFP responses, rank and score solutions
  - Each submitted RFP response is scored according to established criteria
  - Panel provides a recommendation to the SPP Board of Directors
    - Respondent information is redacted
- SPP Board of Directors chooses selected RFP response and an alternate
  - NTC issued to Board-chosen RFP response

# TOSP Scoring Criteria

- 1000 point scale
- Potential for 100 incentive points for eligible DPP
- Industry Experts assign points based on RFP response
- Experts recommend DTO to SPP BOD for final decision

TOSP Scoring Criteria		Maximum Points
Engineering Design	Type of Construction Losses (Design Efficiency) Estimated Life of Construction Reliability/Quality Metrics	200 Points
Project Management (Construction Project Management)	Environmental Rights-of-way ownership, control or acquisition Procurement Project Scope Project Development Schedule (including obtaining regulatory approvals) Construction Commissioning Timeframe to construct Experience/track record	200 Points
Operations (Operations/Maintenance/Safety)	Control center operations (staffing, etc.) Storm/outage response plan Reliability metrics Restoration experience/performance Maintenance staffing/training Maintenance plans Equipment Maintenance performance/expertise NERC compliance-process/history Internal safety program Contractor safety program Safety performance record (program execution)	250 Points
Rate Analysis (Cost to Customer)	Estimated total cost of project Financing costs FERC incentives Revenue requirements Lifetime cost of the project to customers Return on equity Material on hand, assets on hand, or, rights-of-way ownership, control, or acquisition Cost certainty guarantee	225 Points
Finance (Financial Viability and Creditworthiness)	Evidence of financing Material conditions Financial/business plan Pro forma financial statements Expected financial leverage Debt covenants Projected liquidity Dividend policy Cash flow analysis	125 Points

# ORDER 1000 COMPLIANCE / CURRENT STATUS

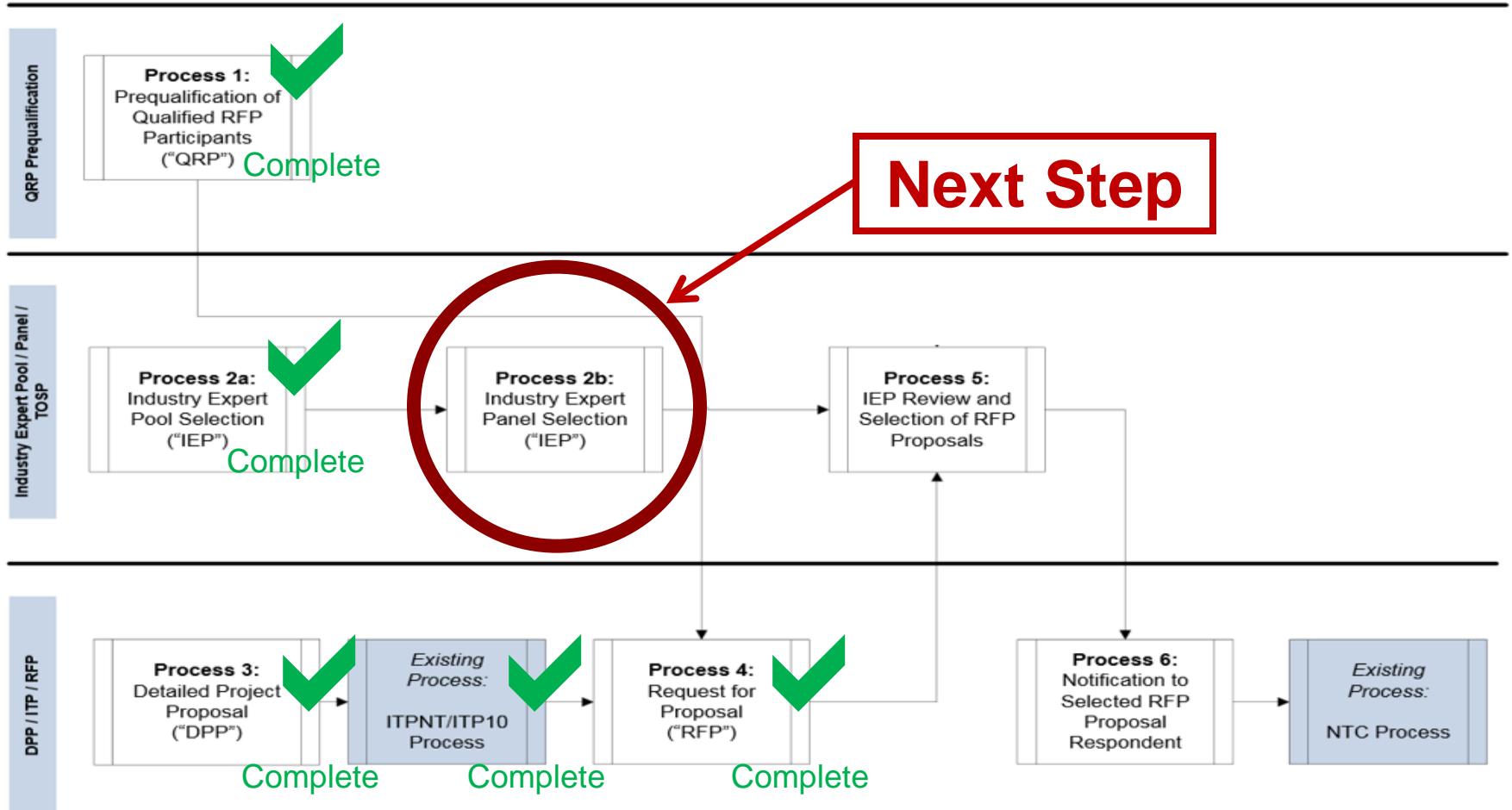


# Order 1000 Compliance

- **FERC Docket ER13-366**
  - **First Compliance filing – November 2012**
  - **Fourth Compliance Filing – May 18, 2015**
  - **Latest Compliance Order August 3, 2015**
    - **All Compliance items have been accepted**

# FERC Order 1000 High Level Processes

## FERC Order 1000 High Level Processes



# Expected RFP Timeline

- ✓ **May 5 - RFP Issued for Walkemeyer Project**
- ✓ **Sep 30 – IEP Training Session**
- **Nov 2 – RFP Responses Due**
- **Nov 30 - IEP Evaluation Begins**
- **Jan 29 – IEP Evaluation Ends**
  - **Assumes 60-day Review Window**
  - **Feb 28 with 90-day Review Window**
- **Apr 12 – BOD Materials Posted**
- **Apr 26 – BOD Meeting – NTC Awarded**

# LESSONS LEARNED

# Competitive Transmission Process Task Force (CTPTF)

- Formed to address Competitive Upgrades in the ITP planning processes
- Responsible for assisting SPP members and staff with supporting and responding to FERC Order 1000 issues
- Coordinates developing solutions and guidance to the issues presented from staff and stakeholders
- Supports the TOSP

# Challenges to address

- **Open communication between SPP and stakeholders in a competitive environment**
- **Uncertain number of solution submittals for each study**
- **Lack of availability for consulting services**
- **Ongoing additional costs to stakeholders to develop multiple solution submittals and SPP staff to evaluate**
- **Increased solution analysis in static study timeframes**
- **Lack of scope information on solution submittals**

# Upcoming Lessons Learned Schedule

Date	Description
October 6, 2015	SPP staff will email and post TOSP Lessons Learned Suggestion form
November 3-17, 2015	SPP Stakeholder Comment/Suggestion Period
November 17-24, 2015	SPP staff will prepare straw proposal for CTPTF review
December 1-3, 2015	Proposed dates for CTPTF conference call to review suggestions and comments
December 14, 2015	SPP staff to develop final proposal for CTPTF
January 4-6, 2016	Proposed dates for CTPTF conference call to review suggestions and comments
January 12-13, 2016	Update to the Markets and Operations Policy Committee (MOPC)

# Our Mission

Helping our members work together to keep the lights on ... today and in the future.