

# **EXHIBIT A**

**ATTACHMENT Y**  
**TRANSMISSION OWNER DESIGNATION PROCESS**

## **I. OVERVIEW OF TRANSMISSION OWNER DESIGNATION PROCESS**

- 1) As determined in accordance with Section I.2 of this Attachment Y, the Transmission Provider shall designate a Transmission Owner in accordance with the process set forth in Section III of this Attachment Y for transmission facilities approved for construction by the Transmission Provider after January 1, 2015 that meet all of the following criteria:
  - a) Transmission facilities that are: ITP Upgrades, high priority upgrades, Generator Retirement Upgrades, or Interregional Projects;
  - b) Transmission facilities with a nominal operating voltage of greater than 100 kV;
  - c) Transmission facilities that are not a Rebuild of an existing facility;
  - d) Transmission facilities that do not alter a Transmission Owner's use and control of its existing right of way under relevant laws or regulations;
  - e) 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;
  - f) Transmission projects that do not require both a Rebuild of existing facilities and new transmission facilities; and
  - g) Transmission facilities that are not a Local Transmission Facility.
- 2) For transmission projects involving both a Rebuild of existing facilities and the construction of new transmission facilities, the Transmission Provider shall designate the Transmission Owner(s) as follows:
  - a. If 80% or more of the total cost of a project consists of the Rebuild of existing facilities, then the Transmission Provider shall designate the Transmission

Owner(s) for the project in accordance with Section IV of this Attachment Y;  
or

- b. Otherwise, the Transmission Provider shall divide the project into two or more segments based upon whether that portion of the project is a Rebuild of existing facilities or new facilities. For those segments that are Rebuilds of existing facilities, the Transmission Provider shall designate the Transmission Owner(s) in accordance with Section IV of this Attachment Y. For those segments that are new facilities, the Transmission Provider shall designate the Transmission Owner(s) in accordance with Section III of this Attachment Y.
- 3) For any upgrade meeting the specifications listed in Section I.1 of this Attachment Y, the Transmission Provider may designate the Transmission Owner(s) in accordance with Section IV of this Attachment Y if such upgrade is required to be in service within 3 years or less to address an identified reliability violation (“Short-Term Reliability Project”). To have a transmission project approved as a Short-Term Reliability Project, the Transmission Provider shall:
- a) Separately identify and post an explanation of the reliability violations and system conditions for which there is a time-sensitive need, in sufficient detail to allow stakeholders to understand the need and why it is time sensitive.
  - b) Provide to stakeholders and post on its website a full and supported written description explaining:
    - i. The decision to designate the Transmission Owner pursuant to Section IV of this Attachment Y, including an explanation of other transmission or non-transmission options that the Transmission Provider considered but concluded would not sufficiently address the immediate reliability need; and

- ii. The circumstances that generated the immediate reliability need and an explanation of why that immediate reliability need was not identified earlier.
  - c) Permit stakeholders thirty (30) days to provide comments in response to the description required under Section I.3.b of this Attachment Y and make such comments publicly available.
  - d) Maintain and post a list of prior year designations of Short-Term Reliability Projects. The list must include the Short-Term Reliability Project's need date and the date that the DTO actually energized the project. Such list must be filed with the Commission as an informational filing in January of each calendar year covering the designations of the prior calendar year.
  - e) Obtain approval by the SPP Board of Directors.
- 4) For any upgrade not defined in Section I.1 or not meeting the requirements of Sections I.2 or I.3 of this Attachment Y, the Transmission Provider shall designate the Transmission Owner(s) in accordance with the process set forth in Section IV of this Attachment Y.
- 5) The designation from the Transmission Provider shall be provided pursuant to Section V of this Attachment Y.
- 6) The Transmission Provider shall track all projects that are approved for construction in accordance with Section VI of this Attachment Y.

## II. DEFINITIONS

The terms used in this Attachment Y shall have the meanings as defined in this Section II or as otherwise defined in this Tariff.

**Applicant:** An entity that has submitted an application to the Transmission Provider to be a Qualified RFP Participant.

**Competitive Upgrades:** Those upgrades defined in Section I.1 of this Attachment Y or an upgrade for which the Transmission Provider must select a replacement Transmission Owner pursuant to Section IV.3 of this Attachment Y.

**Competitive Upgrade Participant (“CU Participant”):** An entity that has signed or will sign the SPP Membership Agreement as a Transmission Owner that proposes to participate in a Competitive Upgrade but that will not be the DTO for the Competitive Upgrade.

**Guaranty:** This term shall have the meaning given in Attachment X of this Tariff.

**Guarantor:** This term shall have the meaning given in Attachment X of this Tariff.

**Industry Expert Panel:** The panel of industry experts designated by the Oversight Committee to review and evaluate proposals submitted in response to any Request for Proposals in the Transmission Owner Selection Process.

**Local Transmission Facility:** A transmission facility that is located solely within a single Zone and has all of its costs allocated to such Zone.

**Not-For-Profit:** This term shall have the meaning given in Attachment X of this Tariff.

**Qualified RFP Participant (“QRP”):** An entity that has been determined by the Transmission Provider to satisfy the qualification criteria set forth in Section III.1 of this Attachment Y.

**Rebuild:** Shall mean, for purposes of this Attachment Y, a transmission facility that is an improvement to, addition to, or replacement of part of, an existing transmission facility.

**Request for Proposals (“RFP”):** For purposes of this Attachment Y, a request issued by the Transmission Provider for proposals from QRPs to construct, own, operate, and maintain a Competitive Upgrade.

**RFP Proposal:** A proposal submitted by one or more QRPs in response to a Request for Proposals issued by the Transmission Provider for a Competitive Upgrade.

**RFP Respondent:** Each QRP involved in the submission of an RFP Proposal that proposes to be the DTO for all or part of a Competitive Upgrade.

**Transmission Owner Selection Process:** The process of determining the Transmission Owner for Competitive Upgrades pursuant to Section III.2 of this Attachment Y.

### **III. TRANSMISSION OWNER SELECTION PROCESS FOR COMPETITIVE UPGRADES**

#### **1) Application and Qualification Process**

##### **a) Application**

Any entity that desires to participate in the Transmission Owner Selection Process outlined in this Section III must submit an application and supporting materials to demonstrate that it satisfies the qualification criteria set forth in this Section III. The Transmission Provider will evaluate the Applicant's application and supporting materials to determine whether the Applicant satisfies the qualification criteria to be a QRP and participate in the Transmission Owner Selection Process in accordance with the timeline set out in Section III.1(c) of this Attachment Y.

- i) Any entity wishing to participate in the Transmission Owner Selection Process, whether a current Transmission Owner or another entity, must submit an application to the Transmission Provider in the form provided on the Transmission Provider's website. The initial application must be received no later than June 30 of the year prior to the calendar year in which the Applicant wishes to begin participation in the Transmission Owner Selection Process. The Applicant shall submit an application fee with its application equal to the amount of the SPP annual membership fee. If the Applicant is a Member of SPP and is current in payment of its annual membership fee, then no application fee shall be required. The amount of the application fee shall be posted on the Transmission Provider's website as part of the application form.
- ii) After the Transmission Provider determines that the entity is qualified to be a QRP, the entity shall remain a QRP for the five calendar years starting January 1 subsequent to that determination,



subject to the annual certification process in Section III.1(d) of this Attachment Y and termination process set forth in Section III.1(e) of this Attachment Y. To be considered for continuation of QRP status for the subsequent five (5) year period, the QRP must submit a full application package in accordance with Section III.1(a)(i) of this Attachment Y by June 30 of the fifth year of the current period. The Transmission Provider shall evaluate the application in accordance with Section III.1(c) of this Attachment Y.

- iii) Any application from an Applicant will be posted on the Transmission Provider's website no later than July 15 of each year, subject to any applicable confidentiality protections.

**b) Qualification Criteria**

An Applicant must demonstrate that it meets the following qualification criteria:

- i) SPP Membership Criterion

An Applicant must be a Transmission Owner or be willing to sign the SPP Membership Agreement as a Transmission Owner if the Applicant is selected as part of the Transmission Owner Selection Process.

- ii) Financial Criteria

An Applicant must demonstrate that it meets one of the following financial criteria:

- (1) A senior unsecured investment grade rating or an issuer rating of BBB- or equivalent from a "nationally recognized

statistical rating organization” as defined in Attachment X of this Tariff. If an Applicant maintains a rating from all three approved nationally recognized statistical rating organizations, it must maintain at least two ratings in the investment grade range. If an Applicant maintains a rating from two of the approved nationally recognized statistical rating organizations, it must maintain at least one of those ratings in the investment grade range.

- (2) If the Applicant does not satisfy the requirement set forth in (1) above, the Applicant may submit to the Transmission Provider a Guaranty from its parent or affiliated organization that possesses an investment grade rating or an issuer rating of BBB- or equivalent from a “nationally recognized statistical rating organization” as defined in Attachment X of this Tariff. A Guaranty obligates the Guarantor to satisfy the obligations of the guarantee entity. Parent Guaranties are acceptable where the Applicant is a subsidiary, joint venture, or affiliate of the parent Guarantor. The Guaranty may be cancelled at any time that the Applicant establishes an investment grade rating as discussed in Section III.1(b)(ii)(1) of this Attachment Y. The Guaranty will be in a form consistent with Appendix D of Attachment X of this Tariff and must satisfy the following requirements:

- (a) Be duly authorized by the Guarantor and signed by an officer of the Guarantor;
- (b) State a minimum effective period of five (5) years, or provide for automatic renewal

subject to cancellation with no less than sixty (60) days notice, provided that in all events the Guaranty is effective for all obligations of the Applicant undertaken prior to cancellation;

- (c) Include a certification by the corporate secretary of the Guarantor that the execution, delivery, and performance of the Guaranty have been duly authorized;
- (d) Certify that the Guaranty does not violate other undertakings or requirements applicable to the Guarantor and is enforceable against the Guarantor in accordance with its terms;
- (e) Obligate the guarantor to submit a representation letter annually indicating any material changes from the information provided in the Applicant's application related to the Guarantor and Guaranty, and representing that the Guarantor continues to satisfy the financial criteria;
- (f) Secure all obligations of the Applicant under or in connection with this Tariff and other agreements with the Transmission Provider;
- (g) Be supported by adequate consideration and be otherwise binding as a matter of law; and

- (h) Include as an attachment a resolution of the board of directors or other governing body of the Guarantor authorizing the Guaranty.
  
- (3) If the Applicant does not satisfy the requirements set forth in (1) or (2) above, the Applicant may submit to the Transmission Provider a formal letter of reference from a commercial bank evidencing an existing line of credit from commercial banks (or access to an existing line of credit through Inter-company agreements with a Parent or Affiliate), or bonding indication letter from an insurance or surety company either of which indicate a willingness to extend credit to the Applicant in an amount of at least \$25,000,000 (for bank) or willingness to provide a surety bond in the amount of at least \$25,000,000 (for an insurance or surety company). Commercial bank reference letters acceptable to the Transmission Provider must be issued by a financial institution organized under the laws of the United States or any state of the United States or the District of Columbia or a branch or agency of a foreign commercial bank located in the United States, with a minimum corporate debt rating of A- or equivalent from a “nationally recognized statistical rating organization” as defined in Attachment X of this Tariff and total assets of at least \$10 billion. Bonding indication letters acceptable to the Transmission Provider must be issued by an insurance or surety company with a minimum financial strength rating of A- and a minimum financial size category of X from the A.M. Best Company.

- (4) If the Applicant is a municipality, a cooperative, or other Not-For-Profit entity, the Applicant may satisfy the financial criteria requirement by providing evidence of direct rate-setting authority or taxing authority. The Applicant must possess this authority and cannot rely on an affiliation with another entity that possesses rate-setting or taxing authority.

iii) Managerial Criteria

An application must show that the Applicant has requisite expertise by describing its capability, experience, and process to address the following areas:

- (1) Transmission Project Development
  - (a) engineering, permitting, environmental, equipment and material procurement, project management (including cost control, scope, and schedule management), construction, commissioning of new facilities, new or emerging technologies; and
  - (b) routing, surveying, rights-of-way, eminent domain, and real estate acquisition, including process for obtaining easements.
- (2) Internal safety program, contractor safety program, safety performance record and program execution.
- (3) Transmission Operations: control center operations, NERC compliance process and compliance history, registration or

the ability to register for compliance with applicable NERC Reliability Standards, storm/outage response and restoration plan, record of past reliability performance, statement of which entity will be operating completed transmission facilities, staffing, equipment, and crew training.

- (4) Transmission Maintenance: staffing and crew training, transmission facility and equipment maintenance, record of past maintenance performance, NERC compliance process and history, statement of which entity will be performing maintenance on completed transmission facilities.
- (5) Ability to comply with Good Utility Practice, SPP Criteria, and industry standards.
- (6) Ability to comply with or demonstration of how the Applicant plans to be able to comply with NERC Reliability Standards.
- (7) Any other relevant project development experience that the Applicant believes may demonstrate its expertise in the above areas.

An Applicant can demonstrate that it meets the managerial criteria either on its own or by relying on one or more entities to satisfy any of the managerial criteria (“Alternate Qualifying Entity (ies)”). If the Applicant seeks to satisfy the managerial criteria in whole or in part by relying on one or more Alternate Qualifying Entity(ies), the Applicant must submit: materials demonstrating to the Transmission Provider’s satisfaction that the Alternate Qualifying

Entity(ies) meet(s) the managerial criteria for which the Applicant is relying upon the Alternate Qualifying Entity(ies) to satisfy.

**c) Determination of Qualifications**

- i) Upon receiving an application, the Transmission Provider shall review the application to determine whether the Applicant satisfies the qualification criteria set forth in Section III.1(b) of this Attachment Y. The Transmission Provider shall notify each Applicant of its determination no later than September 30 of the year in which the application was submitted.
- ii) If the Transmission Provider determines that the Applicant fails to satisfy one or more of the qualification criteria, the Transmission Provider shall inform the Applicant of such deficiency(ies), and the Applicant shall be allowed to cure any deficiency(ies) within thirty (30) calendar days of notice from the Transmission Provider by providing any additional information that the Applicant believes cures the deficiency(ies). The Transmission Provider shall review the information provided by the Applicant and render a final determination of whether the Applicant satisfies the qualification criteria within forty-five (45) calendar days of the Transmission Provider's receipt of the additional information. If, after attempting to cure the deficiency(ies), the Applicant still has not satisfied the qualification criteria, the Applicant shall be disqualified from the Transmission Owner Selection Process for the following year.
- iii) Upon the Transmission Provider's determination that an Applicant satisfies the qualification criteria, the Transmission Provider shall notify the Applicant that it has been determined to be a QRP and

can participate in the Transmission Owner Selection Process effective January 1 of the following calendar year. By December 31 of each year, the Transmission Provider shall post on its website a list of all QRPs that are eligible to participate in the following calendar year for any Competitive Upgrade.

**d) Annual Recertification Process and Reporting Requirements**

- i) By June 30 of each year, each QRP must submit to the Transmission Provider a notarized letter signed by an authorized officer of the QRP certifying that the QRP continues to meet the current qualification criteria or indicating any material changes to the information provided in its application. The QRP shall pay an annual certification fee equal to the amount of the SPP annual membership fee. If the QRP is a Member of SPP and is current in payment of its annual membership fee, then no certification fee will be required.
- ii) If at any time there is a change to the information provided in its application, a QRP shall be required to inform the Transmission Provider within seven (7) calendar days of such change so that the Transmission Provider may determine whether the QRP continues to satisfy the qualification criteria. Upon notification of any such change, the Transmission Provider shall have the option to: (a) determine that the change does not affect the QRP's status; (b) suspend the QRP's eligibility to participate in the Transmission Owner Selection Process until the QRP has cured any deficiency in its qualifications to the Transmission Provider's satisfaction; (c) allow the QRP to continue to participate in the Transmission Owner Selection Process for a limited time period, as specified by



the Transmission Provider, while the QRP cures the deficiency to the Transmission Provider's satisfaction; or (d) terminate the QRP status in accordance with Section III.1(e) of this Attachment Y.

**e) Termination of QRP Status**

The Transmission Provider may terminate a QRP's status if the QRP: (1) fails to submit its annual certification letter; (2) fails to pay the applicable fee as required by Section III.1(d) of this Attachment Y; (3) experiences a change in its qualifications and the Transmission Provider determines that it may no longer be a QRP; or (4) informs the Transmission Provider that it no longer desires to be a QRP; or (5) fails to notify the Transmission Provider of a change to the information provided in its application in accordance with Section III.1(d) of this Attachment Y.

**f) Dispute Resolution**

If the Applicant or QRP ("Affected Party") disagrees with the Transmission Provider's determination regarding its qualifications under Section III.1 of this Attachment Y, the Affected Party may initiate dispute resolution procedures. Any such dispute shall first be referred to a designated senior representative of the Transmission Provider and a senior representative of the Affected Party for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) calendar days (or such other period upon which the Transmission Provider and the Affected Party may agree) by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth in Sections 12.2 through 12.5 of this Tariff.

## **2) Transmission Owner Selection Process**

Once a Competitive Upgrade has been approved by the SPP Board of Directors, the Transmission Provider shall issue a Request for Proposals (“RFP”) for the Competitive Upgrade as specified in this Section III of Attachment Y. RFP Proposals may be sponsored by one or more entities. If an RFP Proposal involves more than one sponsoring entity, at least one of the sponsoring entities must be a QRP. RFP Proposals with more than one sponsoring entity shall comply with all of the requirements set forth in Section III.2(a) of this Attachment Y that are applicable to such entity (whether an RFP Respondent or a CU Participant); otherwise the RFP Proposal shall be deemed incomplete and the Transmission Provider shall follow the process for incomplete RFP Proposals set forth in Section III.2(d)(iv) of this Attachment Y.

### **a) RFP Proposals Involving More Than One Entity**

#### **i) Joint RFP Proposal**

- (1) An RFP Proposal may be submitted jointly by more than one QRP (“Joint RFP Proposal”) for the purposes of identifying more than one DTO for a Competitive Upgrade.
- (2) Each RFP Respondent for a Joint RFP Proposal must be a QRP at the time that the Joint RFP Proposal is submitted and at all times during the Transmission Owner Selection Process during which the Joint RFP Proposal is pending. If at any time during the Transmission Owner Selection Process set forth in this Section III one or more of the RFP Respondents involved in the submission of a Joint RFP Proposal ceases to be a QRP, the Joint RFP Proposal shall be disqualified from further consideration.

- ii) **Multi-Owner RFP Proposal**
  - (1) An RFP Proposal or a Joint RFP Proposal may include one or more CU Participants (“Multi-Owner RFP Proposal”). A Multi-Owner RFP Proposal must include at least one QRP that will serve as the RFP Respondent and the DTO for the Competitive Upgrade if the Multi-Owner RFP Proposal is selected by the Transmission Provider.
  - (2) Except as provided in Sections III.2(c)(v), (vi), (x), and (xvi) and Sections III.2(f)(iii)(4) and (5) of this Attachment Y, in reviewing a Multi-Owner RFP Proposal, the Transmission Provider shall evaluate only the capabilities of the QRP(s) that will serve as the DTO(s) for the Competitive Upgrade.
  - (3) A Multi-Owner RFP Proposal that identifies more than one proposed DTO shall also be classified as a Joint RFP Proposal and shall satisfy all RFP requirements applicable to Joint RFP Proposals.
- iii) For purposes of this Attachment Y, any reference to an RFP Proposal shall also include a Joint RFP Proposal and a Multi-Owner RFP Proposal, and any reference to an RFP Respondent shall mean the QRPs involved in the submission of a Joint RFP Proposal or a Multi-Owner RFP Proposal both individually and collectively.

**b) Industry Expert Panel**

- i) On an annual basis, the Oversight Committee or its successor shall identify a pool of candidates to serve as industry experts on one or more Industry Expert Panel(s) (“IEP”) to evaluate proposals that are submitted in response to any RFP issued by the Transmission Provider pursuant to this Section III of Attachment Y. IEP

candidates shall have documented expertise on file with the Transmission Provider 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; and (5) electric transmission finance.

- ii) Each industry expert must disclose to the Oversight Committee any affiliation with any SPP stakeholder or any QRP. In the event an affiliation exists, the Oversight Committee will evaluate whether the affiliation may adversely impact an industry expert's ability to independently evaluate RFP Proposals, and the Oversight Committee may disqualify that industry expert.
- iii) The Oversight Committee shall present its recommended pool of IEP candidates to the SPP Board of Directors for approval. The name and qualifications of each recommended candidate shall be posted on the Transmission Provider's website prior to SPP Board of Directors approval. Approval of the IEP candidate pool shall be made prior to the meeting in which a Competitive Upgrade is to be approved.
- iv) The Oversight Committee shall create an IEP from the IEP candidate pool to evaluate proposals resulting from the RFPs. The IEP shall consist of three (3) to five (5) industry experts such that the IEP will have expertise in all five (5) areas listed in Section III.2(b)(i) of this Attachment Y. Upon SPP Board of Directors approval, the Oversight Committee may create additional IEPs. Each IEP member must sign a confidentiality agreement prior to participating in the Transmission Owner Selection Process.

- v) If a member of a designated IEP becomes affiliated with a stakeholder or QRP, the IEP member shall immediately notify the Transmission Provider and the Oversight Committee. The Oversight Committee shall evaluate whether any affiliation between a member of a designated IEP and a stakeholder or QRP may adversely impact the IEP member's ability to independently evaluate RFP Proposals reviewed by that IEP. In such event, the Oversight Committee may remove the IEP member from that IEP. If necessary, the Oversight Committee may designate a replacement IEP member from the IEP candidate pool.
- vi) The Transmission Provider shall facilitate the IEP's efforts to develop recommendations to the SPP Board of Directors. The IEP will evaluate all aspects of each proposal submitted for its review. Once all evaluations are complete, the IEP will develop a single recommendation for the SPP Board of Directors consisting of its recommended RFP Proposal and an alternate RFP Proposal for each Competitive Upgrade.

**c) Request for Proposals**

The Transmission Provider shall issue an RFP for each Competitive Upgrade, which shall contain information including, but not limited to:

- i) An overview of the purpose for the RFP including the need for the Competitive Upgrade, regulatory context and authority, and other necessary information.
- ii) The minimum RFP Proposal submission requirements.
- iii) Minimum design specifications.

- iv) The date regulatory approvals are required to be completed as determined by the Transmission Provider.
  
- v) A requirement that the RFP Proposal provide the following information specific to the Competitive Upgrade:
  - (1) financial information, including but not limited to demonstration of financing (including a reasonable contingency); detailed engineering and construction cost estimate; itemized revenue requirement calculations for each RFP Respondent and CU Participant that proposes to have revenue requirements under this Tariff; and financial and business plans, including the nature of any FERC incentives any RFP Respondent or CU Participant intends to request;
  
  - (2) engineering information, including but not limited to engineering design of the project and technical requirements;
  
  - (3) construction information, including but not limited to anticipated project timeline including timeline for all necessary regulatory approvals, equipment acquisition, description of applicable rights-of-way and real estate acquisition, description of routing, description of permitting, description of outage clearance(s), and identification of the party responsible for construction;
  
  - (4) operations and maintenance information, including but not limited to demonstration of operations, statement of which

entity will be operating and maintaining the transmission facility, storm and outage response plan, maintenance plan, staffing, equipment, crew training, and record of past maintenance and outage restoration performance;

- (5) safety information, including but not limited to identification of the internal safety program, contractor safety program, and safety performance record;
  - (6) for a Multi-Owner RFP Proposal, such information with respect to CU Participants as is required for evaluation of the RFP Proposal under the criteria set forth in Sections III.2(c)(v)(2) - (5) of this Attachment Y given the proposed percentage share of ownership or interest in the Competitive Upgrade by each RFP Respondent and CU Participant; and
  - (7) identification of information in the RFP Proposal that the RFP Respondent considers to be confidential.
- vi) A requirement that the RFP Proposal demonstrate that each RFP Respondent (and, in the case of a Multi-Owner RFP Proposal, the CU Participants as set forth below) possesses the necessary financial strength by providing one of the following:
- (1) demonstration that each RFP Respondent continues to satisfy the financial criteria set forth in Section III.1(b)(ii)(1) or (2) of this Attachment Y and that the Competitive Upgrade does not exceed 30% of the total capitalization of the RFP Respondent or its parent Guarantor;

- (2) demonstration of conclusive evidence of the ability to obtain a performance bond in an amount equal to the total cost of the Competitive Upgrade, including financing costs and a 20% contingency, from an insurance or surety company with an A.M. Best “Financial Strength Rating” of Superior (A++, A+) or Excellent (A, A-) and an adjusted “Policy Holder Surplus” of \$500,000,000 or more; or
- (3) demonstration of conclusive evidence of the ability to obtain a letter of credit in an amount equal to the total cost of the Competitive Upgrade, including financing costs and a 20% contingency, from a financial institution that satisfies the requirements set forth in Attachment X Section 7.1.3.2 of this Tariff.

For purposes of this requirement, “conclusive evidence” shall mean a letter from a bonding agent or bank indicating approval of or willingness to provide the required performance bond or letter of credit to the RFP Respondent.

In the case of a Joint RFP Proposal, the financial obligations shall be met by each RFP Respondent based upon the portion of the facility to be owned and operated by each RFP Respondent. In the case of a Multi-Owner RFP Proposal, the financial obligations can either be met by the identified RFP Respondents or by a combination of RFP Respondents and CU Participants based upon the proposed share of ownership of or interest in the Competitive Upgrade. In either case, such allocation of ownership or interest and each RFP Respondent’s and/or CU Participant’s share of financial responsibility shall be set forth in detail in the RFP Proposal.



- vii) Information exchange requirements including but not limited to, identification of data required to be provided to the Transmission Provider in accordance with NERC reliability standards and CEII requirements.
- viii) A description of the proposal evaluation procedure, including the statement of proposal evaluation methodology and criteria for acceptable proposals.
- ix) A requirement that the each RFP Respondent agrees to pay, as outlined in Section III.2(e) of this Attachment Y: (1) a deposit for each RFP Proposal submitted for the RFP Proposal's share of the Transmission Provider's costs to administer the Transmission Owner Selection Process; and (2) any additional costs that are assessed after the completion of the Transmission Owner Selection Process.
- x) A requirement that each RFP Respondent, and in the case of a Multi-Owner RFP Proposal, each CU Participant, disclose any credit rating changes, bankruptcies, dissolutions, mergers, or acquisitions within the past five (5) years of the RFP Respondent or CU Participant or its parent, controlling shareholder, or entity providing a Guaranty pursuant to Section III.1(b)(ii)(2) of this Attachment Y.
- xi) A requirement that each RFP Respondent provide its Internal Revenue Service Tax Identification Number.
- xii) A requirement that the RFP Respondent declare whether it may seek to assign the Competitive Upgrade to an Affiliate pursuant to

Section III.2(d)(xi) of this Attachment Y if selected as the DTO for the Competitive Upgrade, along with a description of such Affiliate.

xiii) A requirement that a Joint RFP Proposal:

- (1) Clearly and specifically identify each RFP Respondent's respective roles and responsibilities (as well as each RFP Respondent's respective percentage of responsibility) for finance, construction, ownership, operation, maintenance, and restoration of the Competitive Upgrade in such a manner that one hundred (100) percent of the responsibilities for the Competitive Upgrade are identified;
- (2) Specify each RFP Respondent's qualifications and responsibilities for satisfying the requirements set forth in Sections III.2(c)(v) and III.2(c)(vi) of this Attachment Y; and
- (3) Provide as part of the Joint RFP Proposal submission any agreements between or among the RFP Respondents governing the division of roles and responsibilities.

xiv) A requirement that each RFP Respondent participating in a Joint RFP Proposal acknowledges and agrees that:

- (1) Each RFP Respondent shall be jointly and severally liable for all aspects of finance and construction of the Competitive Upgrade, such that, if the Joint RFP Proposal is selected by the Transmission Provider, the other RFP Respondent(s) shall be liable for the defaulting RFP

Respondent's(s') obligations in the event that one or more RFP Respondent(s) defaults on its obligations; or

- (2) In the event that each RFP Respondent does not agree to be jointly and severally liable as set forth in Section III.2(c)(xiv)(1) of this Attachment Y, if the Joint RFP Proposal is selected by the Transmission Provider, the Transmission Provider shall reevaluate the entire Competitive Upgrade pursuant to Section III.2(g) of this Attachment Y if one or more RFP Respondent(s) defaults on its obligations with respect to the Competitive Upgrade.
- xv) A requirement that a Joint RFP Proposal identify a single point of contact for the Joint RFP Proposal, who will represent all RFP Respondents in any communications with the IEP or the Transmission Provider with respect to the Joint RFP Proposal.
- xvi) A requirement that each Multi-Owner RFP Proposal shall provide sufficient detail to enable a thorough evaluation of the RFP Proposal including information regarding:
- (1) the identity of each RFP Respondent and CU Participant;
  - (2) any division of ownership of or interest in the Competitive Upgrade;
  - (3) any agreements between or among the RFP Respondents and CU Participants regarding the ownership of or interest in the Competitive Upgrade sufficient to establish the ability of the RFP Respondent(s) to perform the obligations of a DTO; and

- (4) the timing of any such transfer of ownership or interest.
- xvii) A requirement that the RFP Respondent acknowledges and agrees that notwithstanding any defaults of any CU Participant on its obligations under any participation agreements, the RFP Respondent is responsible for all aspects of the Competitive Upgrade. Further, if the Multi-Owner RFP Proposal is also a Joint RFP Proposal, the proposal must specify which RFP Respondent will be responsible for any CU Participant default.
- xviii) A requirement that:
- (1) Each RFP Respondent agree to execute the SPP Membership Agreement as a Transmission Owner if the RFP Proposal is selected by the Transmission Provider, if it has not already done so; and
  - (2) Each CU Participant in a Multi-Owner RFP Proposal shall agree in writing to execute the SPP Membership Agreement as a Transmission Owner at such time that the entity is first eligible to execute the Membership Agreement as a Transmission Owner, if it has not already done so.
- xix) Subject to any modifications resulting from Attachment Y, Section VIII.3(b), the deadline for all RFP Proposal submissions shall be one hundred eighty (180) calendar days from the date the RFP is issued (“RFP Response Window”). The Transmission Provider may reduce the RFP Response Window to no less than ninety (90) days based on, but not limited to, the Competitive Upgrade’s need date or scope. If the final day of the RFP Response Window falls

on a weekend or a holiday recognized by the Transmission Provider, the due date for RFP Proposals shall be the next Business Day.

In the event that the Transmission Provider determines the need for a re-evaluation of a Competitive Upgrade in accordance with Section VIII of this Attachment Y, the SPP Board of Directors may suspend the Transmission Owner Selection Process for that RFP as necessary for that Competitive Upgrade pending a final determination by the SPP Board of Directors of the re-evaluation. Notice of a suspension shall be sent to all QRPs within three (3) Business Days.

**d) RFP Process and Timeline**

- i) The Transmission Provider shall issue each RFP by or before the later of: (1) seven (7) calendar days after approval of the Competitive Upgrade by the SPP Board of Directors; or (2) eighteen (18) months prior to the date that anticipated financial expenditure is needed for a Competitive Upgrade. The RFP shall be issued only to QRPs.
- ii) Each RFP Respondent shall submit a complete proposal in response to the RFP within the RFP Response Window as defined in Section III.2(c)(xix) of this Attachment Y.
- iii) The Transmission Provider shall not disclose any information contained in any RFP Proposal, except to the IEP, until the issuance of the IEP reports in accordance with Section III.2(d)(vi)(2) of this Attachment Y.

- iv) Upon receipt of an RFP Proposal, the Transmission Provider shall immediately review the proposal for completeness, and shall promptly notify the RFP Respondent if the RFP Proposal is incomplete. The RFP Respondent(s) may submit information in order to complete the proposal if such submittal is made within the RFP Response Window. Any RFP Respondent that fails to submit a complete RFP Proposal within the RFP Response Window will be deemed to have waived its right to respond to the RFP, the RFP Proposal shall be disqualified from further consideration, and the Transmission Provider shall refund a portion of the Transmission Owner Selection Process deposit in accordance with Section III.2(e) of this Attachment Y.
  
- v) If the Transmission Provider does not receive any complete proposals in response to an RFP, the Transmission Provider shall inform the SPP Board of Directors and shall select the DTO in accordance with the process set forth in Section IV of this Attachment Y. If all of the RFP proposals for a Competitive Upgrade include cost estimates that exceed the cost estimate determined by the Transmission Provider at the time the Competitive Upgrade was approved for construction by thirty (30) percent or more, the Transmission Provider shall inform the SPP Board of Directors, and the SPP Board of Directors shall decide whether to proceed with the IEP review of the RFP responses, or whether to withdraw the RFP and reevaluate the Competitive Upgrade. If the SPP Board of Directors withdraws the RFP, each RFP Proposal shall be entitled to a partial refund of its Transmission Owner Selection Process deposit as set forth in Section III.2(e)(iv) of this Attachment Y.

- vi) Upon the closing of the RFP Response Window, the Transmission Provider shall provide the RFP Proposals to the IEP. The IEP shall review, score, and rank all RFP Proposals and submit its recommendation to the SPP Board of Directors based upon selection criteria outlined in Section III.2(f) of this Attachment Y. The identity of RFP Respondents that submitted the RFP Proposals shall not be disclosed to the SPP Board of Directors as part of the IEP's recommendation. The IEP's recommendation shall be submitted to the SPP Board of Directors within sixty (60) calendar days of the initiation of the IEP's review ("Review Period"). Upon IEP request, the Oversight Committee may extend the Review Period an additional thirty (30) calendar days. Notification of such extension shall be provided to the SPP Board of Directors and posted on the Transmission Provider's website.
- (1) During its review, the IEP may initiate communication with RFP Respondents to obtain answers to any additional questions about proposals, and any such communications shall be documented by the IEP. Lobbying of the IEP by, or on behalf of, any RFP Respondent or CU Participant is prohibited, and may result in the Transmission Provider disqualifying the RFP Respondent and the RFP Proposal from the RFP process. The IEP shall score and rank each RFP Proposal in a non-discriminatory manner based upon the information supplied in the RFP Proposal and information, if any, obtained during the Review Period.
- (2) The IEP shall compile an internal report for the Transmission Provider detailing the process, data, results of its deliberations, and its recommended RFP Proposal and an alternate RFP Proposal for each Competitive Upgrade.

The Transmission Provider shall be responsible for producing two redacted versions of the internal report, a Board of Directors report and a public report. The Board of Directors report shall exclude the names of the RFP Respondents. The public report shall exclude the names of RFP Respondents and any confidential information obtained during the Transmission Owner Selection Process. No later than fourteen (14) calendar days prior to the SPP Board of Directors meeting during which the SPP Board of Directors will consider the IEP recommendation, the public report shall be posted on the Transmission Provider's website and the Board of Directors report shall be provided to the SPP Board of Directors.

- vii) Except as provided in Sections III.2(d)(vii)(a) and III.2(d)(vii)(b) of this Attachment Y, the SPP Board of Directors shall select an RFP Proposal ("Selected RFP Proposal") and an alternate RFP Proposal for each Competitive Upgrade based primarily on the information provided by the IEP. The Transmission Provider shall notify each RFP Respondent that was involved in the submission of the Selected RFP Proposal that it has been chosen by the SPP Board of Directors to become the DTO for the Competitive Upgrade ("Selected RFP Respondent(s)") and the Transmission Provider shall issue an NTC(s) for the Competitive Upgrade pursuant to Section V of this Attachment Y. For a Joint RFP Proposal, each NTC shall specify the applicable roles and obligations of each Selected RFP Respondent based on the information provided in the Selected RFP Proposal. To become the DTO(s) for the Competitive Upgrade, each Selected RFP Respondent must, within seven (7) calendar days of receiving such notice: (1) sign any necessary agreement(s) to assume all of the



responsibilities of a Transmission Owner related to the Competitive Upgrade pursuant to the SPP Membership Agreement and this Tariff; (2) submit to the Transmission Provider a deposit in accordance with Section III.2(d)(xii) of this Attachment Y; and (3) provide written notification to the Transmission Provider that it accepts the NTC. For a Joint RFP Proposal, each Selected RFP Respondent must fulfill these requirements within seven (7) calendar days.

a. If the Board of Directors accepts the IEP's recommendation, pursuant to Section III.2(f)(i) of this Attachment Y, resulting in all RFP Proposals being eliminated from consideration due to a low score in any evaluation category, the DTO for the Competitive Upgrade will be identified as follows:

1. If the Competitive Upgrade qualifies under Section I.3 of this Attachment Y, the DTO will be identified as set forth in Section I.3 of this Attachment Y.
2. If the Competitive Upgrade does not meet the conditions set forth in Section III.2(d)(vii)(a)(1) of this Attachment Y, the Transmission Provider shall reevaluate the Competitive Upgrade to determine what action to take, including: (a) resubmission of the Competitive Upgrade for DTO selection under Section III of this Attachment Y; (b) modification of the Competitive Upgrade and resubmission of the Competitive Upgrade for DTO selection under Section III of this Attachment Y; or (c) cancellation of the Competitive Upgrade.

- b. If a Competitive Upgrade was previously resubmitted, pursuant to Section III.2(d)(vii)(a) of this Attachment Y, for selection of a DTO under Section III of this Attachment Y and no DTO was selected, the Transmission Provider will identify the DTO pursuant to Section IV of this Attachment Y.
  
- viii) A Selected RFP Respondent shall be deemed to have waived its right to become the DTO if, within seven (7) calendar days of receiving such notice, the Selected RFP Respondent: (1) does not respond to such notice from the Transmission Provider; (2) notifies the Transmission Provider that it is no longer willing to become the Transmission Owner for the Competitive Upgrade; (3) fails to sign the necessary agreement(s); (4) fails to provide a deposit in accordance with Section III.2(d)(xii) of this Attachment Y; or (5) fails to provide written notification to the Transmission Provider that it accepts the NTC. For Joint RFP Proposals, if one or more of the Selected RFP Respondents fails to fulfill these requirements within seven (7) calendar days, all Selected RFP Respondents for the Joint RFP Proposal shall be deemed to have waived their rights. In the event that one or more Selected RFP Respondents has been deemed to have waived its rights, the Transmission Provider shall notify the SPP Board of Directors.
  
- ix) If a Selected RFP Respondent has waived its rights pursuant to Section III.2(d)(viii) of this Attachment Y, the Transmission Provider shall notify each RFP Respondent involved in the submission of the alternate RFP Proposal that it has been chosen by the SPP Board of Directors to become the DTO for the Competitive Upgrade, and the Transmission Provider shall issue an

NTC(s) for the Competitive Upgrade pursuant to Section V of this Attachment Y. For a Joint RFP Proposal, each NTC shall specify the applicable roles and obligations of each RFP Respondent that submitted the alternate RFP Proposal, based on the information provided in the alternate RFP Proposal. To become the DTO(s) for the Competitive Upgrade, each RFP Respondent that submitted the alternate RFP Proposal must, within seven (7) calendar days of receiving such notice: (1) sign any necessary agreement(s) to assume all of the responsibilities of a Transmission Owner related to the Competitive Upgrade pursuant to the SPP Membership Agreement and this Tariff; (2) submit to the Transmission Provider a deposit in accordance with Section III.2(d)(xii) of this Attachment Y; and (3) provide written notification to the Transmission Provider that it accepts the NTC. For a Joint RFP Proposal, each RFP Respondent that submitted the alternate RFP Proposal must fulfill these requirements within seven (7) calendar days.

- x) An RFP Respondent that submitted the alternate RFP Proposal shall be deemed to have waived its right to become the DTO if, within seven (7) calendar days of receiving such notice, the RFP Respondent that submitted the alternate RFP Proposal: (1) does not respond to such notice from the Transmission Provider; (2) notifies the Transmission Provider that it is no longer willing to become the Transmission Owner for the Competitive Upgrade; (3) fails to sign the necessary agreement(s); (4) fails to provide a deposit in accordance with Section III.2(d)(xii) of this Attachment Y; or (5) fails to provide written notification to the Transmission Provider that it accepts the NTC. For Joint RFP Proposals, if one or more of the RFP Respondents for the alternate Joint RFP Proposal fails to fulfill these requirements within seven (7) calendar days, all RFP

Respondents for the alternate Joint RFP Proposal shall be deemed to have waived their rights to become a DTO. In the event that an RFP Respondent for the alternate RFP Proposal has been deemed to have waived its rights, the Transmission Provider shall notify the SPP Board of Directors, and the Transmission Provider shall determine the DTO in accordance with the process set forth in Section IV of this Attachment Y.

- xi) A DTO for a Competitive Upgrade cannot assign the Competitive Upgrade to another entity, except to an Affiliate of the DTO subject to requirements set forth in Section VII of this Attachment Y. The Transmission Provider's selection of an RFP Proposal that includes a declaration of intent to assign as the Selected RFP Proposal does not constitute Transmission Provider approval of the assignment.
  
- xii) When accepting the responsibilities of being a DTO for a Competitive Upgrade, the Selected RFP Respondent(s) shall provide the following to the Transmission Provider:
  - (1) a cash deposit representing 2% of the estimated cost of the Selected RFP Proposal; and
  
  - (2) a firm capital commitment acceptable to the Transmission Provider that is sufficient to complete the Competitive Upgrade, including one of the following:
    - a. A binding commitment letter from lenders and/or equity providers;

- b. Cash held in escrow;
- c. A performance and payment bond;
- d. Surety bond;
- e. Existing balance sheet liquidity; or
- f. Demonstrated history of ability to obtain adequate capital to support the project.

The cash deposit shall be held in escrow by the Transmission Provider. Upon reaching the 50% completion milestone of the Competitive Upgrade, as determined by the Transmission Provider, the Transmission Provider shall refund the deposit, plus any interest the deposit accrued while in escrow, to the DTO(s). If the DTO(s) fail(s) to reach the 50% completion milestone of the Competitive Upgrade in accordance with Section III.2(g) of this Attachment Y, then the DTO(s) shall forfeit the deposit and any accrued interest. The Transmission Provider shall then select a new DTO in accordance with Section III.2(g) and apply the deposit and accrued interest to reduce the final cost of the Competitive Upgrade. If the Transmission Provider cancels the Competitive Upgrade through no fault of the DTO(s), then the Transmission Provider shall refund the deposit and accrued interest to the DTO(s).

- xiii) A DTO for a Competitive Upgrade that resulted from a Multi-Owner RFP Proposal may convey an interest in the Competitive Upgrade to a CU Participant identified in the Multi-Owner RFP

Proposal in a manner consistent with and on no less favorable terms than those specified in the Multi-Owner RFP Proposal; however, such DTO may not assign its responsibilities as the DTO as part of such conveyance.

**e) Transmission Owner Selection Process Deposit and Cost Calculation**

- i. Each RFP Proposal shall pay its share of the Transmission Provider's total cost incurred to administer the Transmission Owner Selection Process for each Competitive Upgrade, as calculated pursuant to this Section III.2(e). At the time of submission of each RFP Proposal, each RFP Respondent (or for a Joint RFP Proposal, the RFP Respondents collectively) shall submit a Transmission Owner Selection Process deposit for each RFP Proposal, which shall be determined as follows (based on the value of the Competitive Upgrade as identified in the SPP Transmission Expansion Plan approved by the SPP Board of Directors):

Small Project (less than \$10 million): \$10,000 deposit

Medium Project

(between \$10 million and \$100 million): \$25,000 deposit

Large Project (greater than \$100 million): \$50,000 deposit

The Transmission Provider shall hold each RFP Proposal's Transmission Owner Selection Process deposit in a segregated interest-bearing account in the name(s) of the RFP Respondent(s) tied to the RFP Respondent's(s') Internal Revenue Service Tax Identification Number(s).

- ii. The Transmission Provider shall determine the actual Transmission Owner Selection Process costs at the completion of the process, and all RFP Respondents will make additional payments or obtain refunds based on the reconciliation of Transmission Owner Selection Process deposits collected and actual Transmission Owner Selection Process costs. The Transmission Owner Selection Process costs shall include the Transmission Provider's staff and administrative costs associated with administering the Transmission Owner Selection Process for the Competitive Upgrade and all costs associated with administering the IEP process for the Competitive Upgrade, including the identification, recruiting, hiring, and retention of industry experts to serve on the IEP(s). The costs shall be allocated to each RFP Proposal on a pro-rata share basis, calculated by taking the total Transmission Owner Selection Process costs for each Competitive Upgrade and dividing by the number of RFP Proposals submitted for that Competitive Upgrade. The Transmission Provider shall refund any unused deposit amounts with interest earned on such deposits.
  
- iii. If an RFP proposal is disqualified from further consideration pursuant to Section III.2(d)(iv) of this Attachment Y, the Transmission Provider shall refund to the RFP Respondent that submitted the disqualified RFP Proposal ninety (90) percent of its Transmission Owner Selection Process deposit and such disqualified RFP Proposal shall not be subject to the true-up adjustment calculated by the Transmission Provider in accordance with Section III.2(e)(ii) of this Attachment Y.

- iv. If the SPP Board of Directors withdraws an RFP pursuant to Section III.2(d)(v) of this Attachment Y, the Transmission Provider shall refund to each RFP Proposal submitted in response to the withdrawn RFP ninety (90) percent of its Transmission Owner Selection Process deposit.

**f) Transmission Owner Selection Criteria and Scoring**

- i) The IEP will develop a final score for each RFP Proposal and provide its recommended RFP Proposal and an alternate RFP Proposal to the SPP Board of Directors for each Competitive Upgrade. The IEP evaluation and recommendation shall not be administered in an unduly discriminatory manner. The RFP Proposal with the highest total score may not always be recommended. The IEP may recommend that any RFP Proposal be eliminated from consideration due to a low score in any individual evaluation category.
- ii) The IEP may award up to one thousand (1000) base points for each RFP Proposal. Additional details on each evaluation category are provided in the Transmission Provider's business practices. An additional one hundred (100) points shall be available to provide an incentive for stakeholders to share their ideas and expertise to promote innovation and creativity in the transmission planning process.
- iii) **Base Points:** The evaluation categories and maximum base points for each category are listed below.
  - (1) Engineering Design (Reliability/Quality/General Design), 200 points: Measures the quality of the design, material,



technology, and life expectancy of the Competitive Upgrade. Criteria considered in this evaluation category shall include, but not be limited to:

- (a) Type of construction (wood, steel, design loading, etc.);
  - (b) Losses (design efficiency);
  - (c) Estimated life of construction; and
  - (d) Reliability/quality metrics.
- (2) Project Management (Construction Project Management), 200 points: Measures an RFP Respondent's expertise in implementing construction projects similar in scope to the Competitive Upgrade that is the subject of the RFP. Criteria considered in this evaluation category shall include, but not be limited to:
- (a) Environmental;
  - (b) Rights-of-way acquisition;
  - (c) Procurement;
  - (d) Project scope;
  - (e) Project development schedule (including obtaining necessary regulatory approvals);
  - (f) Construction;
  - (g) Commissioning;
  - (h) Timeframe to construct; and
  - (i) Experience/track record.
- (3) Operations (Operations/Maintenance/Safety), 250 points: Measures safety and capability of an RFP Respondent to operate, maintain, and restore a transmission facility.

Criteria considered in this evaluation category shall include, but not be limited to:

- (a) Control center operations (staffing, etc.);
  - (b) Storm/outage response plan;
  - (c) Reliability metrics;
  - (d) Restoration experience/performance;
  - (e) Maintenance staffing/training;
  - (f) Maintenance plans;
  - (g) Equipment;
  - (h) Maintenance performance/expertise;
  - (i) NERC compliance-process/history;
  - (j) Internal safety program;
  - (k) Contractor safety program; and
  - (l) Safety performance record (program execution).
- (4) Rate Analysis (Cost to Customer), 225 points: Measures an RFP Respondent's and, if applicable, a CU Participant's cost to construct, own, operate, and maintain the Competitive Upgrade over a forty (40) year period. Criteria considered in this evaluation category shall include, but not be limited to:
- (a) Estimated total cost of project;
  - (b) Financing costs;
  - (c) FERC incentives;
  - (d) Revenue requirements;
  - (e) Lifetime cost of the project to customers;
  - (f) Return on equity;

- (g) The quantitative cost impact of material on hand, assets on hand, rights-of-way ownership, control, or acquisition; and
    - (h) Cost certainty guarantee.
- (5) Finance (Financial Viability and Creditworthiness), 125 points: Measures an RFP Respondent's and, if applicable, a CU Participant's ability to obtain financing for the Competitive Upgrade. Criteria considered in this evaluation category shall include, but not be limited to:
  - (a) Evidence of financing;
  - (b) Material conditions;
  - (c) Financial/business plan;
  - (d) Pro forma financial statements;
  - (e) Expected financial leverage;
  - (f) Debt covenants;
  - (g) Projected liquidity;
  - (h) Dividend policy; and
  - (i) Cash flow analysis
- iv) **Incentive Points:** Each RFP Respondent or CU Participant that submitted a detailed project proposal ("DPP") in accordance with Attachment O Section III.6 of this Tariff that was selected and approved for construction as a Competitive Upgrade shall receive one hundred (100) incentive points in the Transmission Owner Selection Process for that Competitive Upgrade, which shall be added to the total base points awarded by the IEP. To demonstrate eligibility for the incentive points, the RFP Respondent must document in its RFP Proposal that it or one of the CU Participants participating in a Multi-Owner RFP Proposal submitted a DPP for

that Competitive Upgrade. The eligibility for the incentive points may only be awarded to the RFP Proposal if the DPP was submitted during the Integrated Transmission Planning Assessment from which the Competitive Upgrade was approved. The Transmission Provider shall confirm such eligibility in accordance with Attachment O Section III.6 of this Tariff and inform the IEP. An RFP Proposal will be entitled to no more than one hundred (100) incentive points regardless of how many entities involved in the submission of the RFP Proposal may individually be eligible for incentive points.

**g) Failure of a Transmission Owner to Complete the Competitive Upgrade**

- (i) If, after accepting the NTC, a DTO cannot or is unwilling to complete the Competitive Upgrade as directed by the Transmission Provider (the “Defaulting DTO”), the Transmission Provider shall evaluate the status of the Competitive Upgrade and may designate a new DTO for the Competitive Upgrade in accordance with Section V.4 of this Attachment Y, except as provided in Section III.2(g)(ii) of this Attachment Y for Joint RFP Proposals. If the Transmission Provider has determined that there is sufficient time for the Transmission Owner Selection Process to be completed and the Competitive Upgrade placed in service prior to the required need date as determined by the Transmission Provider, the process described in Section III of this Attachment Y shall be used to designate another entity to become the DTO for the Competitive Upgrade. If sufficient time is not available, the Transmission Provider shall designate a new DTO for the Competitive Upgrade in accordance with Section IV of this Attachment Y.

- (ii) If the Competitive Upgrade was the result of a Joint RFP Proposal and the DTOs agreed to be jointly and severally liable for the Competitive Upgrade pursuant to Section III.2(c)(xiv)(1) of this Attachment Y, the Transmission Provider shall issue a modified NTC to each DTO that is not the Defaulting DTO, specifying each DTO's responsibility to fulfill the obligations of the Defaulting DTO. If each of the DTOs involved in the submission of a Joint RFP Proposal did not agree to be jointly and severally liable pursuant to Section III.2(c)(xiv)(1) of this Attachment Y, the Transmission Provider shall follow the process set forth in Section III.2(g)(i) of this Attachment Y.

#### **IV. INCUMBENT TRANSMISSION OWNER DESIGNATION PROCESS**

- 1) If a project forms a connection with facilities of a single Transmission Owner, that Transmission Owner shall be selected to be the DTO. If a project forms a connection with facilities owned by multiple Transmission Owners, the applicable Transmission Owners shall be selected to be the DTOs. If there is more than one Transmission Owner selected to construct a project, the DTOs will agree among themselves which part of the project will be provided by each entity. If the DTOs cannot come to a mutual agreement regarding the assignment and ownership of the project, the Transmission Provider will facilitate their discussion. Each DTO will receive an NTC, in accordance with Section V of this Attachment Y, for each project or segment of a project that the DTO is responsible to construct.
  
- 2) In order to maintain its right to construct a project, the DTO shall respond within ninety (90) days after the receipt of the NTC with a written commitment to construct the project as specified in the NTC or a proposal for a different project schedule and/or alternative specifications in its written commitment to construct (“DTO’s proposal”). The Transmission Provider shall respond to the DTO’s proposal within ten (10) days of its receipt of the proposal. If the Transmission Provider accepts the DTO’s proposal, the NTC will be modified according to the accepted proposal, and the DTO shall construct the project in accordance with the modified NTC. If the Transmission Provider rejects the DTO’s proposal, the DTO’s proposal shall not be deemed an acceptable written commitment to construct the project. However, the Transmission Provider’s rejection of such proposal shall not preclude a DTO from providing a written commitment to construct the project after such rejection, provided the subsequent written commitment to construct the project is made within the ninety (90) day time period after the issuance of the NTC.

- 3) If a DTO does not provide an acceptable written commitment to construct within the ninety (90) day period, the Transmission Provider shall select a replacement Transmission Owner in accordance with Section III of this Attachment Y.
- 4) At any time after accepting an NTC, a DTO that was designated under this Section IV of Attachment Y may assign a project by arranging for another entity to build and own all or part of the project in its place subject to the conditions set forth in Section VII of this Attachment Y.
- 5) Nothing in this Section IV shall relieve a Transmission Owner of its obligations specified in Section VI.3 of Attachment O of this Tariff, Section V.4 of Attachment Y of this Tariff, and Section 3.3(a) of the SPP Membership Agreement.

## V. NOTIFICATION TO CONSTRUCT PROCESS

- 1) Once a Transmission Owner is selected to construct a project through Section III or Section IV of this Attachment Y, the Transmission Provider shall issue an NTC for project(s) for which financial commitment is required prior to the approval of the next annual SPP Transmission Expansion Plan report. At the discretion of the SPP Board of Directors, the Transmission Provider may issue an NTC to the appropriate Transmission Owner to begin implementation of other such approved or required transmission project(s) for which financial commitment is not required prior to approval of the next annual SPP Transmission Expansion Plan report.
- 2) The Transmission Provider shall issue an NTC to each entity selected to become the DTO for each transmission project. The NTC shall include, but not be limited to: (1) the specifications of the project required by the Transmission Provider, and (2) a reasonable project schedule, including a project need date.
- 3) Request for refined cost estimate
  - a) The Transmission Provider may issue an NTC that requires a refined cost estimate within a stated timeframe defined in the NTC. Such NTC shall direct the entity selected to become the DTO only to perform detailed engineering and cost studies. In complying with this NTC, the DTO shall be authorized to expend only those funds necessary to perform such studies. The entity selected to become the DTO shall provide to the Transmission Provider a written commitment that it: (1) accepts the obligation to construct the transmission facility subject to issuance of an NTC authorizing construction in accordance with Section III or Section IV of this Attachment Y; and (2) will provide the Transmission Provider a refined cost estimate within the Transmission Provider's stated timeframe or state its inability to provide the refined cost estimate in the stated timeframe.
  - b) The Transmission Provider shall compare the refined cost estimate to the project cost estimate approved by the SPP Board of Directors. If the refined cost estimate falls within bandwidth of the approved project cost estimate, the Transmission Provider shall issue an NTC authorizing construction and setting the refined cost estimate as the baseline cost for cost tracking purposes pursuant to Section VI of this Attachment Y. The bandwidth shall be defined by the Transmission Provider and stated in the Transmission Provider's business practices.
  - c) If the refined cost estimate falls outside of the bandwidth defined by the Transmission Provider, the Transmission Provider shall 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. The



Transmission Provider'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.

The SPP Board of Directors shall determine the action to be taken regarding the transmission project. If the SPP Board of Directors determines to proceed with the project, the Transmission Provider shall issue an NTC authorizing construction and setting the refined cost estimate of the project as the baseline cost. If the SPP Board of Directors determines not to proceed with the project, the DTO shall be notified that the project has been cancelled and the DTO is eligible to pursue recovery of its study costs in accordance with Section VIII of Attachment J of this Tariff.

- 4) Any Transmission Owner that has accepted an NTC in accordance with this Tariff shall use due diligence to meet the terms contained in the NTC. If at any time the Transmission Owner cannot meet one or more of the terms agreed to in the NTC or cannot meet the regulatory approval need date set forth in the RFP for a Competitive Upgrade if applicable, it shall notify the Transmission Provider in a timely manner. The Transmission Owner may suggest changes to the NTC and present the reasons why the changes should be approved. The Transmission Provider shall review the proposed changes and determine a course of action to propose to the SPP Board of Directors, including, but not limited to:

- a) Accept changes negotiated with the Transmission Owner;
- b) Withdraw the NTC and issue an NTC for the same project to another entity that shall be determined in accordance with this Attachment Y;
- c) Withdraw the NTC and replace the project with an alternative solution; or
- d) Withdraw the NTC and cancel the project.

The SPP Board of Directors shall determine the action to be taken regarding the project.

## **VI. PROJECT TRACKING PROCESS**

Costs and schedules related to all projects approved for construction under the Tariff shall be tracked by the Transmission Provider

- 1) Upon the acceptance of an NTC by a DTO, other than an NTC issued for refined cost estimation, the baseline cost of the project will be set. The baseline cost shall be the estimated cost of the project as agreed to between the DTO and the Transmission Provider at the time such NTC was accepted.
- 2) The DTO shall submit updates of the estimated costs and schedules to the Transmission Provider on at least a quarterly basis in a standard format and method defined by the Transmission Provider.
- 3) If at any time the cost projection varies from the estimated baseline cost by more than the bandwidth defined by the Transmission Provider in its business practices, the Transmission Provider shall investigate the reason for the change in cost and report to the SPP Board of Directors the reason for the change in cost and its recommendation on whether to accept the change in cost and reset the baseline cost. The SPP Board of Directors shall make the final determination as to the action that will be taken up to and including the cancellation of the project and withdrawal of the NTC.
- 4) If at any time the project schedule significantly changes, the Transmission Provider shall investigate the reason for the change and may take action in accordance with Section V.4 of this Attachment Y. Factors that the Transmission Provider shall consider in determining whether a project schedule delay is significant shall include, but not be limited to, the need date, construction time, necessity for long-lead equipment, and permitting schedules.

## **VII. ASSIGNMENT OF NOTIFICATION TO CONSTRUCT**

- 1) At any time after accepting an NTC, a DTO that was designated under Section IV of this Attachment Y may assign the NTC for a project by arranging for another entity to build and own all or part of the project in its place subject to the following conditions:
  - a) Prior to starting its construction activity, the entity must have obtained all state regulatory authority necessary to construct, own, and operate transmission facilities within the state(s) where the project is located;
  - b) The entity meets the financial requirements of the Transmission Provider as specified in Section III.1(b)(ii) of this Attachment Y;
  - c) The entity has signed or is capable and willing to sign the SPP Membership Agreement as a Transmission Owner; and
  - d) The entity meets such other qualifications as specified in Section III.1(b) of this Attachment Y.
  
- 2) Subject to the limitations set forth in Section III.2(d)(xi) of this Attachment Y, at any time after accepting an NTC, a DTO that was designated to construct a Competitive Upgrade pursuant to Section III of this Attachment Y may be permitted to assign the NTC for the Competitive Upgrade to an Affiliate, provided that the following conditions are met (no other assignments by a DTO designated under Section III of this Attachment Y shall be permitted):
  - a) The DTO declared in its RFP Proposal its intent to seek to assign the Competitive Upgrade to an Affiliate in accordance with Section III.2(c)(xii) of this Attachment Y;
  - b) The Affiliate shall be formed prior to approval of any such assignment;

- c) The Affiliate has provided express written agreement that it will be bound by all aspects of the RFP Proposal and the NTC, including but not limited to being bound by the annual transmission revenue requirement set forth in the RFP proposal or a lesser annual transmission revenue requirement;
- d) The Affiliate meets all of the qualification criteria and follows the process specified in Section III.1 of this Attachment Y;
- e) The Affiliate has signed or is capable and willing to sign the SPP Membership Agreement as a Transmission Owner; and
- f) Prior to starting its construction activity, the Affiliate must have obtained all state regulatory authority necessary to construct, own, and operate transmission facilities within the state(s) where the project is located.

To the extent applicable, the DTO may request that the Transmission Provider rely on information provided pursuant to Section III.2 of this Attachment Y in evaluating the proposed assignment. If at any time, any of these conditions ceases to be satisfied, the Transmission Provider may withdraw the NTC and reevaluate the Competitive Upgrade pursuant to Section V.4 of this Attachment Y. The Affiliate will immediately become eligible to accept the NTC and become the DTO for the Competitive Upgrade upon: (1) the Transmission Provider's determination that the Affiliate satisfies the criteria set forth in Section III.1 of this Attachment Y and the conditions set forth in this Section VII; (2) approval of the assignment by the SPP Board of Directors; and (3) the Affiliate's execution of the SPP Membership Agreement as a Transmission Owner. The Affiliate will become a QRP eligible to participate in the Transmission Owner Selection Process in accordance with the timeline set forth Section III.1.

- 3) Any assignment pursuant to this Section VII of this Attachment Y shall be subject to the approval of the SPP Board of Directors, which consent shall not be unreasonably withheld, conditioned, or delayed.
  
- 4) Nothing in this Section VII shall relieve a Transmission Owner of its obligations specified in Section VI.3 of Attachment O of this Tariff, Section V.4 of Attachment Y of this Tariff, and Section 3.3(a) of the SPP Membership Agreement.

### **VIII. COMPETITIVE UPGRADE RE-EVALUATION PROCESS**

- 1) In the event that material changes occur that may cause a Competitive Upgrade to be re-evaluated, in accordance with this Section VIII of this Attachment Y, the Transmission Provider may re-evaluate the need for the Competitive Upgrade at any time prior to the close of RFP Response Window.

A request for a Competitive Upgrade re-evaluation may be submitted by any stakeholder via the SPP Request Management System and must present the basis for the request including, at a minimum, the initial parameters, the revised values for those parameters, and the substance, reasoning, and the sources of such revised values in addition to all analysis supporting the request. The request must be complete enough for the Transmission Provider to determine whether the request is valid and whether a re-evaluation is necessary. Material changes that could cause a Competitive Upgrade to be re-evaluated include but are not limited to:

- a. Changes in load;
  - b. Changes in generation; or
  - c. Modeling error
- 2) Within three (3) Business Days of receiving a request for re-evaluation of a Competitive Upgrade, the Transmission Provider will post notice of the request on its website. The publicly posted notice shall serve as the basis for the re-evaluation request and shall include all non-confidential information submitted by the requesting entity. Information deemed confidential by the requesting entity will be made available, subject to the execution of the applicable confidentiality agreement, using the secure, password protected web-based workspace used for sharing confidential planning information as required by Section VII of Attachment O of this Tariff.

The Transmission Provider will then notify the SPP Board of Directors of the request and provide a recommendation as to whether a re-evaluation should be performed. If the Transmission Provider recommends that the Competitive Upgrade be re-evaluated:

- a. the Transmission Provider will also include the recommended parameters for the re-evaluation, schedule for completion, and planning models to be used.

- b. the Transmission Provider may also provide a recommendation on whether it is necessary to suspend the Transmission Owner Selection Process consistent with Section III.2.(c)(xix) of this Attachment Y. If the SPP Board of Directors approves a suspension of the Transmission Owner Selection Process, the length of such suspension shall be specified by the SPP Board of Directors.
- 3) If the SPP Board of Directors approves a recommendation to re-evaluate a Competitive Upgrade, the Transmission Provider will perform the re-evaluation analysis to determine if material changes have occurred that necessitate the withdrawal of the Competitive Upgrade. The Transmission Provider will inform the SPP Board of Directors of the results of the re-evaluation analysis and provide a recommendation as to whether the Competitive Upgrade should be withdrawn.
  - a. If the SPP Board of Directors determines that the Competitive Upgrade should be withdrawn, the Transmission Provider will withdraw any applicable RFP and the Transmission Owner Selection Process for that withdrawn Competitive Upgrade will be terminated. Notice of the withdrawn Competitive Upgrade shall be sent to all QRPs.
  - b. If the SPP Board of Directors determines that the Competitive Upgrade should not be withdrawn, then the Transmission Owner Selection Process shall continue or be re-instated if it was suspended. The RFP Response Window shall close on the later of the original close date or sixty (60) days from the date the Transmission Owner Selection Process is reinstated by the SPP Board of Directors.
- 4) If the Transmission Provider withdraws the RFP pursuant to Section VIII.3(a) of this Attachment Y, the Transmission Provider shall refund to each RFP Proposal submitted in response to the withdrawn RFP its Transmission Owner Selection Process deposit provided in accordance with Section III.2(e)(i) of this Attachment Y.