

7070 Assignment and Novation

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(NOTE: The following is information that is requested to be provided by the DTO when Assignment or Novation is pursued by the DTO that has been issued an NTC. This information is not intended to be SPP OATT definitions.)

Business Practice

1. Assignment

An “assignment” is the transfer of a DTO’s legal right to build a project pursuant to a NTC issued by SPP. Although the DTO has transferred its legal right to build a project pursuant to an assignment, the original DTO is still under a legal obligation to ensure that the project is built.

2. Novation

A “novation” is the release of the original DTO’s obligation to ensure that a project is built. After the DTO’s assignment of the right to build and the approval and execution of a novation, the new TO will have both the right and obligation to build the project. If the party receiving both an assignment and a novation fails to complete the project, the original DTO is not obligated to complete the project.

3. SPP Board Approval

3.1. Assignments

3.1.1. Criteria

The SPP Board shall approve Assignments conditioned only on the four specific criteria already identified in the SPP Tariff. Those criteria are:

- a. The Entity’s having 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’s meeting the creditworthiness requirements of the Transmission Provider;
- c. The Entity’s having signed, or capability and willingness to sign, the SPP Membership Agreement as a Transmission Owner upon the selection of its proposal to construct and own the project; and,
- d. The Entity’s meeting such other technical, financial and managerial qualifications as are specified in the Transmission Provider’s business practices.

3.1.2. Additional Information for Transparency Purposes

For transparency purposes SPP shall provide information regarding proposed assignments and supporting analysis to the RSC, MOPC, and Members Committee for review to increase transparency. This information will include:

- a. The identification of the project proposed to be assigned;
- b. The identification of the Transmission Owner making the assignment;
- c. The identification of the entity receiving the assignment;
- d. The identification and status of pertinent matters before FERC or state commissions related to the project including the assignment (this shall include the status of any certification proceeding, approvals, etc.);
- e. A comparison of the DTO and proposed recipient of Assignment relating to each (assuming that party constructs the project) as applicable:
 - i. Actual or Projected debt/equity ratios;

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- ii. Actual or Projected cost of capital;
- iii. Actual or Projected return on equity or applicable measure;
- iv. Actual or Proposed type and amount of construction financing costs, i.e. Interest rate, AFUDC or CWIP;
- v. S&P and Moody's credit ratings;
- vi. Estimated Net Plant Carrying Charge (NPCC) or Annual Transmission Revenue Requirement (ATRR) for the life of the project after it is placed in-service; and
- vii. An explanation describing the difference in the ATRR;
- f. A comparative analysis as to whether assignment changes the ROE, weighted cost of capital, and overall costs for the project, whether any performance guarantees between the parties exists and whether any consideration between the parties is included in the ATRR;
- g. Whether the Assigning Party will own, operate and maintain the facility; and Detail on what process was used in selecting the potential DTO.

Assignments between affiliates are subject to the same criteria noted in Section 3.1.1; however, once an affiliate has provided the information to SPP it shall not be required to be resubmitted with each project thereafter provided there are no substantive information changes from the previous submission.

3.2. Novations

The SPP Board shall approve novations conditioned upon the information required in Section 3.1.1 above. If not already provided, the information provided in Section 3.1.2 above, as well as the following information:

- The identification and status of pertinent matters before FERC related to the novation of the project(s).

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Approval

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