

OMS Regional Planning Work Group Feedback on MISO's Project Status Update Process

The OMS RPWG supports MISO's initiative to enhance the project status update process with BPM enhancements. The OMS RPWG understands MISO's initiative in this regard to be aimed at improving the implementation of the project status update process as it is currently provided for in Attachment FF of MISO's Tariff. The OMS RPWG acknowledges that MISO has filed revisions to its Attachment FF project status update process and related project re-evaluation process in its Order 1000 compliance filing (FERC Docket No. ER13-187) and that the proposed revisions are still pending at FERC. The OMS RPWG comments below are intended to assist MISO Staff as they provide clarity in the BPM language for the project status update reporting process as it currently stands in Attachment FF. These comments are separate from and independent of the Order 1000 compliance filing comments made by some OMS States in response to MISO's Order 1000 compliance filing. If and when FERC approves MISO's Order 1000 compliance filing, the OMS RPWG would expect MISO to revisit the BPM provisions for project status updates and to invite the stakeholders to offer additional feedback at that time.

Under MISO's proposal, as we understand it, quarterly status updates will continue to be requested by MISO Staff for all projects as they have been. However, if a project meets certain criteria and passes specific milestones, then MISO will require a more detailed status update for the project in the quarterly report immediately following the project milestone. At the latest PSC and PAC meetings there was discussion about the need to strengthen the BPM language to clarify the link between MISO's requirement for a detailed project status update, its corresponding due date, and the time information should be made available to interested parties. This would allow parties, such as the MISO Board, access to updated information at times when those parties can make meaningful decisions on transmission projects.

The OMS RPWG suggests the proposed BPM Language state more clearly the due date for updated milestone project status reports. Having a clear due date with current and presumably more accurate information (e.g., cost estimates) would provide for better informed decisions and potentially improved outcomes for ratepayers.

Below are the OMS RPWG's general suggestions, followed by redline edits to the draft BPM language. The suggested redline edits to the BPM language are taken from a perspective that all of the proposed milestones determine **the point in time the enhanced update should be due**, not when MISO should require that the transmission developer for a project begin gathering that information.

- a. The OMS RPWG supports the need for project re-evaluation in the normal MTEP planning cycle and the importance of having timely, accurate updated information provided at key intervals in the planning cycle to support necessary re-evaluation of projects. It is important that BPM language not hinder necessary project re-evaluations, by establishing the timing of updates in a way that would be out of sync with the re-evaluation timeline.

Projects, after re-evaluation occurs, require mandatory quarterly cost estimates in order to determine whether the project continues to be eligible for construction or other reevaluation outcomes.

- b. On the issue of confidentiality of information provided in the updates, the RPWG recognizes that some provisions for confidentiality need to be factored into the process. However, not all

of the data and information submitted by transmission developers in response to MISO's project status update requirements will need to be kept confidential. Submitted data and information would merit confidential treatment if its release would undermine competitive market efficiency or otherwise harm ratepayers.

In addition, the OMS RPWG recommends provision of a publicly posted project cost estimate for the entire project even if there is a confidentiality concern about publicly posting project costs broken down into its individual components. Stakeholders need to know how and by how much project costs will have changed and need accurate and timely information which will inform questions and enable concerns to be voiced.

- c. Enhanced project status updates should be applicable to Out of Cycle (OOC) projects that meet the proposed criteria for the enhanced project update. It is important that OOC projects not be exempt from the same reporting update requirements as other projects, both before and after BOD approval. The expedited nature of the OOC process will not always conform to the quarterly update schedule, especially before an OOC is up for MISO BOD review and approval. This detailed information, including cost estimates, should be provided when the TO makes the initial OOC request, as well as on a monthly basis prior to MISO BOD approval. If an OOC review period does not meet a monthly update requirement schedule, then detailed, category specific information, including a cost estimate should be reported before the final MISO BOD approval ensuring that the Board has the most current and accurate information when making its decision. This would be especially important if any OOC project is cost shared.

In light of the proposal for implicit BOD review versus actual BOD review depending on the PAC level of support for OOC projects, it is imperative that there be at least one additional status and cost update available prior to the PAC's final review of the project.

- d. For the portion of interregional projects to be physically located in a neighboring region, MISO proposes to rely on the project cost reporting processes of the neighboring region. The OMS RPWG recommends instead that MISO require, under MISO's procedures, scheduled project cost reporting for all portions of an interregional project meeting the eligibility requirements. This includes projects physically located in whole or in part in the neighboring region, to the extent that MISO load will be required to share in the project's costs.
- e. OMS RPWG supports including an additional "backstop" milestone that would require all eligible projects that do not reach an identified milestone within a calendar year, to provide an enhanced status report at the end of the fourth quarter of that given year.
- f. The OMS RPWG has concern with a possible time gap between milestone 2 and MISO's originally proposed milestone 3. The OMS RPWG supports the inclusion of an additional milestone to close the gap and require an enhanced update for cost and status estimates that may have changed since the developer has been chosen, but before any long lead materials are ordered. Staff also supports the inclusion of a final milestone 6 (below).
- g. OMS RPWG suggests that MISO clearly define within the BPM language the following terms: "transmission project", "facility", "construction", and "long lead time".

- h. Lastly, the OMS RPWG questions if sending notification of project status updates to the Planning Subcommittee exploder list alone is sufficient enough notification for all key transmission developer contacts. The RPWG offers a couple of suggestions. One might be to continue to notify all stakeholders via the PSC exploder list, as well as notify identified key contacts of each transmission developer directly. A second suggestion might be to at least require any new transmission developer to subscribe to the PSC exploder list if MISO would like to send notifications only through the PSC exploder list. This approach would provide general notification to all stakeholders, while making sure that all transmission developers get the announcement.

(Edits to MISO's Proposed BPM Language)

New BPM Subsection on Project Status Updates

Section 4.2.3.1

In accordance with Attachment FF, project status updates are required to track the progress of a proposed and/or planned transmission project until the associated facilities are placed in service. The Transmission Provider will request provide notification of project status updates on a quarterly basis via an e-mail to the Planning Subcommittee exploder list. Updates to project status, including estimated project costs, will be submitted via entries to the Project Database. While Transmission Owners and/or Selected Transmission Developers are encouraged to provide updates as frequently as possible, project status updates are required for any quarter immediately following achievement of one of when the following milestones are reached:

- Milestone 1
- Milestone 2a
- Milestone 2b
- Milestone 3
- Milestone 4
- Milestone 5
- Milestone 6

Milestone 1 corresponds to the third Subregional Planning Meeting held for a specific MTEP cycle (typically in June of the year corresponding to the MTEP calendar year designation). This milestone should be in addition to the request that all transmission projects, which are proposed for MTEP review in that cycle have estimated project costs ready for review by stakeholders at the third SPM. For transmission projects subject to elimination of a right-of-first refusal, the Transmission Provider will provide the milestone 1 project status update. For all other transmission projects, the assigned Transmission Owner(s) will provide the milestone 1 project status updates.

The distinction between Milestone-milestone 2a and milestone 2b depends on whether or not a transmission project is subject to elimination of the right-of-first refusal and therefore applicable to the competitive developer selection process. If a project is subject to the elimination of a right of first refusal, then it is subject to milestone 2a which corresponds to the point in time were-immediately after the Selected Transmission Developer is determinedselected. Milestone 2a would have two parts: (1) the project costs submitted in the bid for which the project developer was selected; and (2) any changes to that cost estimate between the time the bid was submitted and the time immediately after the developer is selected. If a transmission project is not subject to the elimination of a right of first refusal, or it is subject to the elimination and MISO's initial project cost estimate has changed from the time of the third SPM, then it is subject to milestone 2b which corresponds to 30 days prior to the time the Transmission Provider Board is scheduled to meet to consider approval of the project. All requested project status updates, including estimated project costs should be ready for review by the Transmission Provider Board at the scheduled meeting.

Milestone 3 (placeholder): There appears to be a need for an additional milestone to be included in between milestone 2 and MISO's originally proposed milestone 3. This would capture changes in project status and cost estimates that may occur after milestone 2, when the developer has been selected, but before the originally proposed milestone 3, when long lead materials or equipment are ordered.

Milestone 3-4 corresponds to the timeoccurs immediately prior to when the Transmission Owner or Selected Transmission Developer er placeings an order for long-lead-time materials and equipment requiring a long lead time.

Milestone 4-5 corresponds to the next scheduled quarterly report immediately prior point in time just prior to commencement of construction on the facilities associated with the transmission project.

Milestone 6 occurs the quarter after the point in time when the final piece of a project goes in-service.

Project status updates for all transmission projects must contain the following data at a minimum:

- Project facility characteristics
 - List ~~and~~ description of new facilities required
 - Description of upgrades to existing facilities
- Most Recent Milestone Achieved
- In-service Date
- Planning Status (Proposed, Planned, Under Construction, In-Service)
- Total Project Cost Estimate
- Change in Project Cost Estimate since Last Project Stats Update (in percent)
- Change in In-service Date since Last Project Status Update (in months)

Additional information is required in the project status updates for all transmission projects that meet one or more of the following three criteria:

- Estimated Project Cost is \$50 million or greater
- Transmission Project is Regionally Cost Shared within the MISO Footprint
- Transmission Project is Cost Shared with Entities beyond the MISO Footprint

For transmission projects that meet one or more of the criteria listed above, the following additional information or detail will be required in the project status updates:

- Detailed project cost estimates broken down as follows:
 - Engineering per facility (by line and substation)
 - Construction labor per facility
 - Permitting and land acquisition per facility
 - Material procurement per facility
- Project expenditures to date
- Comments describing schedule and/or cost variances today and/or potential risk factors for future schedule and/or cost variance

Quarterly aggregate project status reports posted by the Transmission Provider will include the following information for all projects:

- Original project information
- Updated project status
- Updated in-service date
- Updated total project cost*
- Expenditures to dates (in dollars and percent of total estimated project cost)
- Comments summary

~~*Note: Detailed cost information will not be made public, but will be used only to provide information to internal MISO staff. (Please see OMS RPWG concern over confidentiality (“b”))~~