

**OMS Regional Planning Work Group Feedback on Project Status Update Proposal  
April 5, 2013**

1. *How should project status reports be requested? Should these continue to be solicited through a request to the Planning Subcommittee?*

Simply relying on the Planning Subcommittee exploder list is insufficient. Before a project is placed in Appendix A, a transmission developer contact with responsibility for submitting the Project Status Updates should be identified and contact information provided to MISO. Then all project status report requests can be sent to the PSC, as well as the key contacts identified for each project.

2. *What threshold should be used to define the third (Long Lead Materials) milestone?  
The current language states:*

“For all projects, Milestone 3 corresponds to the quarter prior to when the Transmission Owner or Selected Transmission Developer expects to place an order for materials and equipment requiring a long lead time (i.e. materials which require at least 6 months between their order and receipt). More specifically, this milestone occurs for each facility when the expenditures to date for the materials category are expected to reach 75% of the total projected cost estimate for the category in the next quarter.”

The first sentence is too uncertain. When the developer “expects” to order materials could be very different from when the order is actually placed. Thus, allowing a long time in between, during which there could be substantial cost changes. The RPWG suggests tightening of the language, such as “...Milestone 3 corresponds to one quarter prior to when the Transmission Owner or Selected Transmission Developer places an order...”

3. *How should milestone 4 (Pre-Construction) be defined?*

The 1<sup>st</sup> sentence is clearly stating a project update is required before physical construction begins. However, the second sentence seems to expand the definition to not just “physical” construction, but prior to expenditure of construction labor funds. This second sentence leads to less clarity in the milestone definition and should be removed.

4. *Should an update be required at the next quarter if project costs or schedule change by a set percentage? If so, what is this percentage?*

If there is a project cost change of 10% or more, from either the initial project cost estimate, or since the last quarterly update, then an update should be required at the next quarter.

Updates should also be required for cost increases of \$5 million or greater for projects costing \$50 million or greater.

5. *What projects should have to submit more detailed cost estimates?*

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 (i.e. has any costs allocated outside of the local pricing zone where the project is geographically located) within the MISO footprint
- Transmission Project is cost shared with entities beyond the MISO footprint

If a project doesn't meet the three criteria above, but there has been a project cost increase of 10% or \$5 million whichever is smaller (per Question 4 above) then future project status updates should include more detailed cost estimates.

6. *What categories should be used for the more detailed cost estimates, and how are these categories defined?*

A category for the cost of reactive power should be included. In SPP, it was discovered that transmission owners were often not providing any reactive support in their transmission project cost estimate. This caused several transmission project cost estimates to increase significantly after the SPP board had already approved the project. Having a separate category for reactive power will allow MISO staff and stakeholders to know whether reactive power cost is being included in any transmission project cost estimate.

7. *What data should be publically posted?*

In addition to the items listed in the current proposed BPM, the update reports should include

- Change in Project Cost Estimate since Last Project Status Update (in percent)
- Change in In-service Date since Last Project Status Update (in months)

Stakeholders should be made aware of these changes and not have to search for prior reports to make this determination.

In addition to these responses to MISO's specific questions, the OMS RPWG would like to reiterate some suggested additions to the Update BPM language:

- It was suggested that establishing an additional status updates requirement if a project's costs or timeline change by a certain %, might suffice to capture this idea of a "backstop" milestone. Also, it was suggested that just reporting on risk factors might suffice. However, the OMS RPWG still 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. If costs or schedule timelines do not change within a given year, then the circumstance could still arise where an entire year could go by with no requirement that there be a project status update report sent to MISO.
- For the portion of interregional projects 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 projects' costs.

- c. There appears to be a need for an additional milestone to be included in between milestone 2 and 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 milestone 3, when long lead materials or equipment are ordered.
- d. OMS RPWG suggests that MISO clearly define within the BPM language the following terms: "transmission project" and "facility".