



# Stakeholder Feedback Request

Planning Advisory Committee

## I. Transmission Developer Qualification and Selection (for FERC Order 1000)

As presented at the Planning Advisory Committee meeting, March 19, 2014, MISO is formulating its process to comply with its filed Tariff language in July, 2013 for Order 1000. Attachment FF, Section VIII of the July filing describes the requirements to comply with the Right of First Refusal elimination provisions of FERC Order 1000. With respect to bid selection, Section VIII.E (Evaluation), MISO is seeking Planning Advisory Committee and other stakeholder input on the following:

- 1) **How should the responses submitted by Qualified Developers to the Transmission Proposal Request be analyzed?**
  - a. What are the primary issues that concern you?
  - b. What criteria should MISO evaluate?
  - c. What is the relative importance of these criteria?
  - d. Do some criteria have greater importance than others?
  - e. What have you identified from other RTO processes that perhaps have merit for MISO?
- 2) **In connection with Right of Way and Siting requirements of an Open Transmission Project:**
  - a. What Right-Of-Way related criteria should MISO evaluate?
  - b. What is the relative importance of these criteria?
  - c. How should we determine whether the Developer has or is able to acquire the necessary right-of-way?
  - d. How should MISO ensure the Developer's proposed route is feasible?
    - i. What environmental factors should be considered and why?
- 3) **It is expected that Developers will use third party vendors (e.g., design firms) for portions of the project**
  - a. How should MISO ensure that third parties are qualified to perform the services proposed?
- 4) **Operations and Maintenance costs are a factor to be evaluated.**
  - a. What are the key O&M criteria to evaluate in a bid?
  - b. What are the industry, state, or other indices, standard practices, etc. that MISO should evaluate in a bid?

\*MISO intends to publicly post all responses to this request

Submit feedback to:	<a href="mailto:TDQS@misoenergy.org">TDQS@misoenergy.org</a> Subject: TDQS – March PAC Feedback
Submit feedback by:	<b>April 30, 2014</b>

Stakeholder feedback:

1. A. Qualifications of the transmission developer: experience with developing prior transmission lines projects in the past; technical qualifications of the core team of professionals working on this project; financial ability to fund or obtain financing for a large capital project; proposed plan to maintain and operate the transmission line being proposed; how a proposal stacks up against competing proposals. Last issue of concern, but equally important is the overall cost of the project. It is important that developers who give best value are chosen, not just those who purposely underestimate their bids or propose inferior projects of lower cost. B. The developers must meet the requirements in the Transmission Developer Application. If anything is incorrect, or insufficient, they have the 30 days after notification of the deficiency to fix the application. After those 30 days, any developer with an incorrect or insufficient application should be rejected. The selection process should evaluate the following criteria; 1. Financial, technical and engineering qualifications of the transmission developer including its parent and affiliate companies. 2. Firm's technical and engineering qualifications, including technical expertise of its team of engineers and other professionals that will be working on the project. 3. Experience in design, construction, operation, and maintenance of transmission facilities within the MISO footprint (or United States and Canada). 4. Experience in adhering to rules, regulations, standards, construction operation and maintenance practices and ability to meet the requirement of state rules, regulations, and standards. 5. Firm's financial strength to undertake such project and ability to bring the proposed project to completion. 6. Company's experience in acquiring right of way (ROW) and its ability to work within the confines of state laws regarding public utility status and the power of eminent domain. 7. Proposed plan to acquire ROW for the project. 8. Cost proposal that would include: engineering design hours, ROW cost, materials, construction, operation and maintenance. 9. Experience in fixing construction problems on a timely, efficient, cost effective basis. 10. Ability to sign a contract and adhere to the contracted work commitment and cost containment in the context of the MISO MTEP process. 11. Present previous work record on transmission facilities in the past ten years. C. Rank of relative importance of criteria listed in part B above, first to last ranking by most important to least important: 1, 4, 10, 3, 6, 11 and then 8.D. In addition to the ranking provided in C, states that have laws defining the public utility status



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of an electric utility or transmission company, and ROFR laws, a project proposed by a non-incumbent developer may not be feasible, unless the local public utility or transmission company declines to submit a proposal of its own, or maybe the local utility chooses to form a partnership with the developer and submit a common proposal.

E. PJM has developed a similar process and adopting some of PJM's criteria may not be a bad idea. The Texas PUC has experience with this process for transmission projects designed for accessing renewable resources. SPP uses a group of industry experts to review and evaluate transmission proposals.

2. A. The legal status and ability of the applicant to secure ROW in the state where the project will be located. State differences need to be fully understood.
  - B. ROW acquisition is critical to any transmission line development. Relevant importance may vary across states and projects. There needs to be commitment to state routing and siting requirements. The developer should have a proposed plan for dealing with land owners and communities in a knowledgeable, sensitive and fair way.
  - C. By reviewing its proposal and determining on a project-specific basis whether the developer has a complete plan in place to acquire all of the needed ROW and where the firm stands in relation to local state laws.
  - D. Developers must be aware of particular state statutes pertaining to transmission line routing. Similar environmental reports as FERC requires for transmission pipeline (natural gas and/or oil) applications, with very detailed reporting requirements could be required. Adverse environmental impacts should be minimized. Protected areas, all parks and wildlife areas should be avoided. Interference with land use, including agriculture should be minimized and proximity to schools should be considered. Land restoration requirements must be enforced.
3. MISO should consider the same criteria as #1. Any financial and scheduling risks should remain with the main developer if the subcontractor does not perform to its obligations.
4. A. Evaluate the proponent's financial proposal for the O&M of the project. All proposals received from competing developers should be ranked in the order of lowest-to-highest cost. Evaluate yearly O&M costs and long-term costs. Consider plans from the developer on whether it proposes to own and operate the line for a long term or if it plans to sell the assets to another entity upon project completion. O & M costs should be reviewed similarly to the other items listed above. O & M costs should have an escalator clause, tied to the rate of inflation forecasted for the planned period. O & M costs should be in parallel with other transmission projects, or cost estimates could be benchmarked against some database file or software program. Review of administrative costs and contingency factor percentages could be compared among peer groups of developers, or be set amounts, based upon past projects in MISO or other RTO. Ease of access and repair should be considered and permit requirements met and land owner issues resolved.
  - B. MISO should evaluate the proposals against any applicable NERC, regional reliability organization, and state standards. Should be consistent with recognized industry engineering standards.

**Additional Comment:**

FERC in its Order 1000 said: "While we acknowledge that incumbent transmission providers may have unique knowledge of their own transmission systems, familiarity with the communities they serve, economies of scale, experience in building and maintaining transmission facilities, and access to funds needed to maintain reliability, we do not believe removing the federal right of first refusal diminishes the importance of these factors." (P. 260) If one is to believe FERC here, some OMS staff believe it is important that the MISO's developer selection process should avoid diminishing the importance of these factors and instead let them have positive weight where warranted.

Legal name of organization submitting feedback:	OMS Regional Planning Work Group
MISO sector membership:	State Regulatory Authorities
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Feedback submitted to MISO on:	04/30/2014



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