



Meeting Summary

Meeting Description: WestConnect Transmission Developer Selection Process Task Force
Meeting Date: August 24, 2016 2:00 p.m. – 4:00 p.m. (MDT)
Summary Prepared By: Tami Anderson

Materials used during this meeting are available [here](#).

1. Introductions

A list of meeting attendees is provided in Attachment 1.

2. Antitrust Statement Reminder

The WestConnect guidelines for complying with antitrust laws are provided in Attachment 2.

3. Small Team Updates and Discussion

- **Team A: Developer selection evaluation/selection team**
- **Team B: Evaluation criteria**
- **Team C: Planning credit**
- **Team D: Opportunity for collaboration, cure deficiencies, and present proposals**

Bob Smith, DSPTF Chair, opened the meeting with the purpose of the meeting and the next steps for moving forward. The goal for Teams A, C, and D is to have recommendations presented at this meeting and then these teams have served their purpose and can disband. The goal then for the larger task force will be to focus on the developer evaluation criteria which is Team B's task. Team B can also disband since the larger task force will be focusing on Team B's task moving forward.

The Chair also discussed the high-level results of McGuire Woods' review of potential antitrust issues relevant to the regional planning process, and those specifically related to the WestConnect Developer Selection process, that were presented at the PMC closed session meeting held on September 22nd. To begin with, it was suggested that the task force consist of a diverse group of members from different sectors and seek to achieve consensus viewpoints as it develops recommendations for the developer selection process. It was further suggested that the developer selection process involve an independent evaluator to avoid any perception of collusion among PMC members or potential developers, and it was pointed out that allowing joint bids involving multiple beneficiaries could be problematic from an antitrust perspective. Finally, it was suggested that any employees of affiliates of

entities submitting bids that are involved in the selection process have adequate firewalls in place between their function and the affiliate bidding to eliminate any conflict of interest. These observations and suggestions will be considered as the task force continues to develop recommendations for the developer selection process.

Each of the 4 teams gave a status update on their progress to date.

Team A, led by Harliv Singh, has met recently and developed their recommendations for the developer selection evaluation and selection team. Team A's recommendations are as follows:

- Recommend to use an independent contractor for the proposal evaluation portion of the process.
- Recommend that the beneficiaries need to be involved in the proposal preparation portion of the process but the role should be restricted to advisory role only.
- Suggest that beneficiaries could be involved in reviewing the proposal that are redacted by the independent contractor, while a conflict of interest is still possible the task force can discuss its appropriateness.
- Suggest that the independent contractors from two or three firms could be consulted to support the process. This may help reduce conflict of interest amongst specific consulting firms and WestConnect members. No further action needs to be taken until there is a regional project identified this year.

It was discussed that the beneficiaries could present the project to the independent contractor. The independent contractor would then develop the RFI and RFP with the beneficiaries serving an advisory role and providing a sanity check of the evaluator's work products and findings. The independent contractor would then be ultimately responsible for developing the recommendation for a selected developer to present to the PMC. No objections were raised to this concept.

Jim Corboy, on behalf of Team B, discussed the evaluation principles and criteria that was developed by the team. The evaluation principles include:

- Cost – overall cost
- Certainty - developer's capacity to perform
- Specificity – in RFP, that identifies priorities and award criteria
- Risk Mitigation – cost containment

The evaluation criteria suggested by Team B include:

- Cost
 - Capital Cost
 - Cost caps
 - CBR – we can adopt CAS work
- Project Plan
 - Design
 - Routing/Siting
 - Permitting
 - Schedule
 - Construction

- Financing
- Diversity
- Compliance
- O&M
 - O&M plan
 - Qualify sub-contractors
- Planning Participation? (per determination from other task team)
- Ability to present (face-to-face) and follow up meetings/conversations

Team B also identified other issues that were discussed with the task force. The other issues included:

- Criteria should allow **flexibility** on a project by project basis to determine what is “most important.”
- Goal is to minimize overlap and duplication between qualification criteria and evaluation criteria – i.e. must be consistent and compatible
- Quantitative scoring (points based) **and** Qualitative scoring – a blend, with specificity on each criteria
- Compatibility, consistency with Cost Allocation Subcommittee (CAS)
- Sponsorship **AND** Competitive model?
 - Needs will be determined & posted, and then
 - Developers will propose their solution
 - “Incentives” for sponsorship (Team C)

The task force discussed that each project will have unique characteristics with potential evaluation priorities that need to be considered. Also discussed was the difference between a sponsorship model and a competitive model. A Sponsorship model is used in a bottom-up planning process where needs are determined and published by the planning entity and qualified sponsors propose a project, and if the project is selected, the sponsor is granted the right to develop the project. A Competitive model is when a specific solution to a need is defined by the planning entity and a RFP is created to solicit competitive bids to identify the developer who will be granted the right to develop the solution (project). WestConnect fits neither of these models cleanly but is in fact a hybrid model where the planning entity (WestConnect) determines the need, third parties submit solutions, WestConnect selects the best solution, and then a competitive solicitation is held to determine the developer of that solution.

The taskforce likes the idea of using a combination of both qualitative and quantitative criteria for the developer selection process. The taskforce did discuss that both MISO and SPP’s point system criteria is being challenged and is under D.C. Circuit Court review right now and it was suggested that the task force watch for the results of that process and the resulting FERC Order that is issued before any determinations regarding criteria scoring are made. Team B is to review this meeting’s discussion with Blane Taylor, Team B lead, and meet again to prepare final, draft proposal comments. Then, the full taskforce will discuss the proposed comments further at the September in-person meeting in Tucson.

Team C, led by Gerald Deaver, is recommending a 5% planning credit be given to a developer for participating in the planning process. The application of a planning credit was further

discussed by the task force and it was decided that the recommendation is that a 5% planning credit should be granted to any developer who submits a project to satisfy any regional need (reliability, economic, or public policy) as long as the project they submit is deemed, in fact, to meet the regional need. The developer's project need not be selected as the more efficient or cost effective solution to the need in order to be granted the planning credit, however.

Team D, led by Sharon Segner, was to consider opportunities for collaboration, cure deficiencies, and to present proposals. There was discussion on a clarification on when collaboration can occur during the bid process. The determination was opportunities for collaboration should occur before the bids are submitted. There was also discussion on whether non-qualified entities could participate with qualified entities in a collaborative proposal. It was discussed that if the qualified entity assumes the liability for the entire proposal team, then a qualified entity could collaborate with non-qualified entities on a bid. Team D supports providing an opportunity to cure deficiencies in proposals to the extent it involves providing clarifying information, etc. For presentation of the proposals, the taskforce determined that this should occur close to the time that the bid is submitted and that the presentation of the bid should be to the appropriate parties, which at this time are undetermined given that the task force is still forming its recommendation regarding who should be involved in the various steps of the evaluation process.

A summary of the volunteers and team leads is provided below.

Team A

- LEAD - Harliv Singh, Xcel Energy (harliv.singh@xcelenergy.com)
- Tom Wrenbeck, ITC (twrenbeck@itctransco.com)
- David Getts, Southwestern Power Group (dgetts@southwesternpower.com)
- Roberto Favela, El Paso Electric (Roberto.favela@epelectric.com)

Team B

- LEAD – Blane Taylor, Tri-State G&T (btaylor@tristategt.org)
- Devin McMackin, ITC (dmcmackin@itctransco.com)
- Katie Kaplan, Exelon (katie@iesolutionsllc.net)
- Jim Corboy, Abengoa (jim@calvertadvisors.com)
- Sharon Segner, LS Power (ssegner@lspower.com)
- Mark Milburn, LS Power (mmilburn@lspower.com)
- Roberto Favela, El Paso Electric (Roberto.favela@epelectric.com)

Team C

- LEAD – Gerald Deaver, Xcel Western Transmission Company (Gerald.R.Deaver@xcelenergy.com)
- Bob Smith, TransCanyon (robert.smith@transcanyon.com)
- Jim Corboy, Abengoa (jim@calvertadvisors.com)

Team D

- LEAD – Sharon Segner, LS Power (ssegner@lspower.com)
- Mark Milburn, LS Power (mmilburn@lspower.com)

- Gerald Deaver, Xcel Western Transmission Company (Gerald.R.Deaver@xcelenergy.com)
- Harliv Singh, Xcel Energy (harliv.singh@xcelenergy.com)
- Ron Belval, Tucson Electric (RBelval@tep.com)

4. Action Items

- Bob Smith, Heidi Pacini, and Tami Anderson will prepare a set of materials for discussion at the September PMC meeting, and then the plan will be to create a set of final recommendations during the task force's September in-person meeting for the October PMC meeting.

5. Next Meetings

- **Thursday, September 22nd** - in-person meeting from 8am-12pm PDT (local), in Tucson, AZ. This meeting will fall one day after the September 21st PMC meeting, which will also be held in Tucson, AZ. The task force meeting location details are as follows: **TEP Offices, 88 E. Broadway Blvd., Tucson, AZ 85701, Conference Room-HQ-241-A (same room as PMC meeting).**

Attachment 1: Attendees

First	Last	Affiliation
Tami	Anderson	Burns & McDonnell
Ron	Belval	Tucson Electric
Jim	Corboy	Abengoa
Gerald	Deaver	Xcel Energy
Roberto	Favela	El Paso Electric
Scott	Fredrich	Black Hills Energy
David	Getts	SWPG
Bill	Hosie	DATC
Katie	Kaplan	Exelon
Devin	McMackin	ITC
Mark	Milburn	LS Power
Heidi	Pacini	WestConnect
Julia	Prochnik	NRDC
Joseph	Richardson	Xcel Energy
Charles	Reinhold	WestConnect
Sharon	Segner	LS Power
Harliv	Singh	Xcel Energy
Bob	Smith	TransCanyon
David	Tovar	El Paso Electric
Tom	Wrenbeck	ITC

Attachment 2: Antitrust Guidelines

Draft for Consideration (3/17/15) - WestConnect Guidelines for Complying with Antitrust Laws

I. GENERAL

It should be the policy and practice (Policy) of the parties participating in the WestConnect Regional Transmission Planning Process (WestConnect Planning Process or, Planning Process) to obey the antitrust laws and avoid all conduct that unreasonably restrains competition. Under this Policy, participants should avoid any conduct or behavior that violates, or that might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition.

Antitrust laws are complex and subject to court interpretation that can vary over time and from one jurisdiction to another. The purpose of these guidelines is to alert WestConnect participants to potential antitrust problems that could arise and to set forth policies to be followed with respect to activities that may involve antitrust considerations. Any WestConnect participant who is uncertain about the legal ramifications of a particular course of conduct or who has doubts or concerns about whether antitrust laws or compliance therewith may be implicated in any situation within the WestConnect Planning Process should consult with their organization's legal counsel immediately.

II. ACTIVITIES THAT COULD BE IN VIOLATION OF ANTITRUST LAWS

Participants in the activities of the WestConnect Planning Process (including those activities of its committees and subgroups) should refrain from the following when acting in their capacity as participants in the Planning Process, (for example, at WestConnect meetings, conference calls and in informal discussions):

- Discussions involving pricing information, especially margin (profit) and internal cost information and participants' expectations as to their future prices or internal costs.
- Discussions regarding a participant's marketing strategies.
- Discussions regarding how customers and geographical areas are to be divided among competitors.
- Discussions concerning the exclusion of competitors from markets.
- Discussions concerning boycotting or group refusals to deal with competitors, vendors or suppliers.
- No decisions should be made nor any actions taken during Planning Process activities for the purpose of giving a WestConnect participant or group of participants a competitive advantage over other participants.
- In particular, decisions with respect to setting, revising, or assessing compliance with reliability standards should not be influenced by anti-competitive motivations.

III. ACTIVITIES THAT SHOULD NOT CONFLICT WITH ANTITRUST LAWS

Subject to the foregoing restrictions, participants in WestConnect Planning Process activities should feel free to discuss:

- Planning Process activities relating to the bulk power system in the WestConnect planning region in compliance with relevant orders of the Federal Energy Regulatory Commission.
- Matters relating to the potential effects of Planning Process activities on the development of bulk electricity markets in the Western Interconnection, and the impact of electricity market operations on the reliability of the bulk power system.
- Proposed filings or other communications with state or federal regulatory authorities or other governmental entities.
- Matters relating to the internal governance, management and operation of WestConnect, such as nominations for vacant committee positions, budgeting and assessments, employment matters or the engagement of consultants or contractors; and procedural matters such as planning and scheduling meetings.