



WestConnect Developer Selection Process Task Force

Webinar

October 26, 2016



Welcome & Introductions

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Antitrust Statement Reminder

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Process Steps and Timeline Review



Developer Selection Process Steps - Draft

Process Step	Responsible Parties	Est. Timeline:
Beneficiaries present project(s) selected into the Plan for cost allocation to independent evaluator	Beneficiaries	Within 30 days of posting the <i>draft</i> Regional Transmission Plan
Issue RFI	Independent evaluator drafts RFI PMC issues RFI	Within 30 days of posting the <i>final</i> Regional Transmission Plan
RFI responses due	Eligible developers	30 days following issuance of RFI
Post list of interested developers	PMC	7 days following RFI deadline
Issue RFP	Independent evaluator drafts RFP PMC issues RFP	30 days following RFI deadline
RFP responses due	Interested developers	90 days
Bids reviewed for completeness	Independent evaluator	Within 30 days following bid deadline
Opportunity to cure deficiencies	Developers	14 days following notification of missing information
Bid presentations to independent evaluator	Developers	Within 30 days following bid deadline

Revised 9/23/16



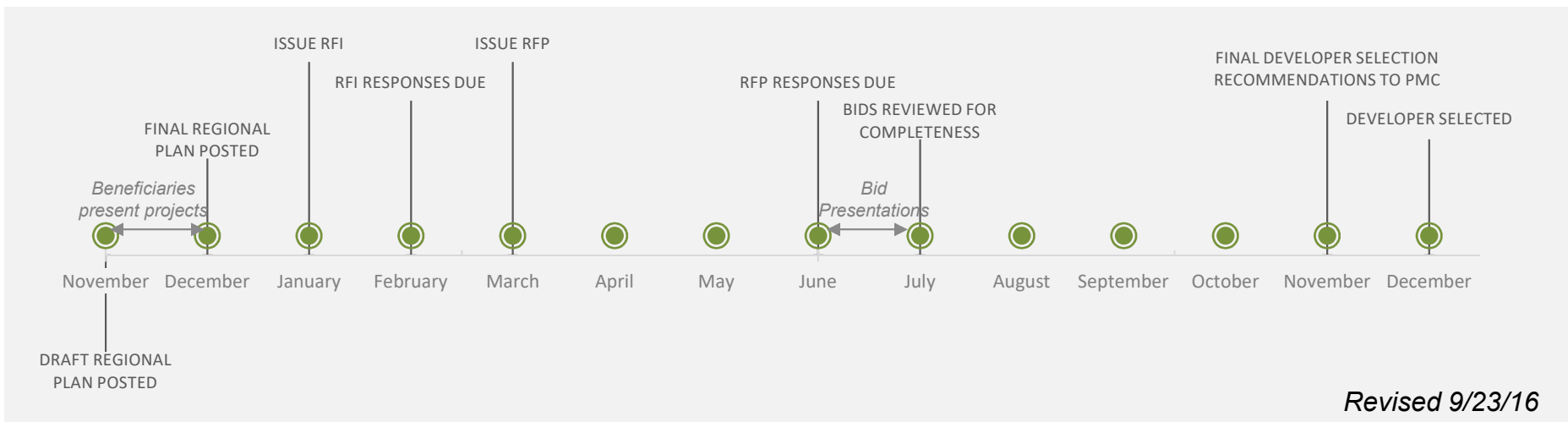
Developer Selection Process Steps, cont.- Draft

Process Step	Responsible Parties	Est. Timeline:
Bid evaluations	Independent evaluator	120 days following review for completeness
Developer selection recommendation to PMC	Independent evaluator	Within 14 days following the end of the bid evaluation period
Developer selected	PMC	Next PMC meeting, no less than 30 days following receipt of final recommendations
Post document explaining why a developer was/was not selected	Independent evaluator and PMC	Within 60 days of selecting a developer (per tariff language)
Submit project development schedule to PMC	Selected developer	Within 30 days of notifying selected developer

Revised 9/23/16



Approximate Developer Selection Timeline - Draft





Developer Qualification and Selection Strawman



Developer Qualification and Selection Strawman

- Proposed 3-phase process
 1. Developer Qualification
 - Existing process, no changes proposed
 - Qualitative assessment to determine if a developer has generally sufficient experience and capabilities to develop, finance, build, own, operate and maintain a transmission facility
 - This is not a project-specific assessment
 2. Developer Selection Part I (*focus of strawman*)
 - Qualitative assessment of an Eligible Developer's capabilities to develop, finance, build, own, operate and maintain a specific project selected into the Regional Plan for purposes of cost allocation
 - If only 1 Eligible Developer responds to an RFP, the process stops here (Thoughts? What's the point of scoring unless you have competing proposals?)
 3. Developer Selection Part II (*focus of strawman*)
 - Quantitative evaluation to select among competing Eligible Developers
 - Scoring matrix developed on a project-by-project basis (see additional detail on subsequent slides)



Developer Qualification Evaluation Criteria

- Link to existing [Developer Qualification Application](https://doc.westconnect.com/Documents.aspx?NID=17184) (<https://doc.westconnect.com/Documents.aspx?NID=17184>)
- “The intent of WestConnect in seeking the requested information is to enable a high level screening evaluation of the Transmission Developer Applicant’s (Applicant’s) ability (and other entities that it proposes to work with and rely upon) to carry out the required tasks and responsibilities associated with developing, financing, building, owning, operating and maintaining a transmission facility that is approved for cost allocation.”
- Qualification criteria:
 1. The Applicant has demonstrated the capability to license, design, engineer, procure material and equipment, site and route, acquire Right-of- Way (ROW), project manage, and construct large transmission projects.
 2. The Applicant is able to be compliant with NERC and/or Regional Entity Reliability Standards and/or other regulatory requirements pertaining to the development, construction, ownership, operation, and/or maintenance of electric transmission facilities.
 3. The Applicant will participate in the Regional Planning Process and other applicable planning forums for the identification, analysis, and communication of transmission projects.
 4. The Applicant has demonstrated creditworthiness and adequate capital resources to finance transmission projects.
 5. The Applicant has demonstrated that it has or has plans to develop an adequate internal safety program, contractor safety program, safety performance record and program execution.
 6. The Applicant will be able to operate and maintain a transmission project in accordance with Good Utility Practice and in compliance with all NERC and/or Regional Entity Reliability Standards.



Proposed Evaluation Criteria for Developer Selection Part I

Design:

- Does the proposed project design meet the regional transmission need consistent with the project as defined in the Regional Plan?
- Does the proposed project design satisfy all applicable reliability standards and criteria (e.g. NERC, WECC, beneficiary)
- Criteria considered will include:
 - Detailed proposed project description and route
 - Design parameters
 - Design alternatives considered to facilities/equipment
 - Design life of equipment and facilities



Proposed Evaluation Criteria for Developer Selection Part I

Development of Project and Construction:

- Has the Eligible Developer demonstrated that it has assembled, or has plans to assemble a sufficiently-sized team with the manpower, equipment, knowledge and skill required to license, design, engineer, procure material and equipment, site and route, acquire Right-of- Way (ROW), project manage, and construct the project such that the completion of the project is consistent with the need date identified in the Regional Plan?
- Does the Eligible Developer and its team meet applicable state requirements and/or beneficiary policies related to diversity?
- Criteria considered will include:
 - Detailed staff and third-party contractor strength (including relevant experience and capabilities) proposed for the development and construction of the project (proof of definitive agreements with third-party contractors is required)
 - Detailed project development and construction plan (see next slide)
 - Proposed schedule for development and completion of the project



Proposed Evaluation Criteria for Developer Selection Part I

Development of Project and Construction, continued:

- Detailed project development and construction plan should address the following areas:
 - Capital procurement for project funding
 - Project management (including cost and schedule control)
 - Transmission line routing studies and/or substation siting studies
 - Regulatory permitting (state and federal) including preparation, filing, legal support, and testimony.
 - Right-of-way and other real estate acquisition abilities, including procedures and historic practices exhibiting sound ROW and land management, particularly as it relates to siting or routing transmission facilities through environmentally sensitive areas and mitigation thereof.
 - Preliminary engineering, design, and land surveying for regulatory filing and routing study support
 - Detailed engineering, design, and land surveying for the final design package
 - Material Bidding and Procurement
 - Construction
 - Commissioning and Testing

*Schedule and budget for individual items should be a provided

**References to pre-existing procedures and practices should be provided



Proposed Evaluation Criteria for Developer Selection Part I

Operations and Maintenance:

- Has the Eligible Developer demonstrated that it is capable to undertake the operation and maintenance of the project?
- Criteria considered will include:
 - Capabilities and plan for project operations
 - Capabilities and plan for project maintenance (including staffing, equipment, crew training, and facilities)
 - Security program and plan
 - Storm/outage response plan
 - Safety program



Proposed Evaluation Criteria for Developer Selection Part I

Financing:

- Has the Eligible Developer demonstrated that it has sufficient financial resources to develop, build, operate and maintain the project?
- Criteria considered will include:
 - financing plan (sources debt and equity), including construction financing and long-term financing
 - ability to finance restoration/forced outages
 - credit ratings
 - financial statements



Proposed Evaluation Criteria for Developer Selection Part I

Cost:

- What is the proposed cost to design, construct, operate, and maintain the project?
- Does the proposed cost of the facility produce a cost-to-benefit ratio (CBR) greater than or equal to the CBR of the project as defined in the Regional Plan?
- Criteria considered will include:
 - total project cost (development, construction, financing, and other non-O&M costs)
 - operation and maintenance costs, including evaluation of electrical losses (*discuss the losses piece*)
 - revenue requirement, including proposed cost of equity, FERC incentives, proposed cost of debt and total revenue requirement calculation
 - present value cost of project to beneficiaries.
 - plans for cost containment



Proposed Evaluation Criteria for Developer Selection Part II

- Focus is on quantitative aspects of criteria addressed in Part I and project-specific experience and capabilities (i.e. demonstrated capabilities) in order to do a comparative assessment of competing bids
 - There may be overlap in Part I and Part II criteria. Collectively, the criteria from Part I and Part II will establish what information will be required in the bid submittals
- Possible Criteria Categories for Scoring Matrix:
 - Project Plan (to include design, construction, operations, and maintenance)
 - Schedule
 - Cost
 - Financing
 - Planning Participation



Proposed Evaluation Criteria for Developer Selection Part II

Project Plan (to include design, construction, operations, and maintenance – *break out separately?*)

- Criteria considered will include:
 - Technical and engineering qualifications and experience of the proposed staff and third-party contractor support
 - Relevant experience and capabilities regarding construction, scheduling, operating, and maintenance of transmission facilities (we could break this out into expertise and track record in specific areas like environmental, ROW acquisition, procurement, construction, commissioning, safety, reliability/compliance etc.)
 - Expected electrical losses (design efficiency)
 - Estimated life of construction
 - Description of existing right of way or substations that could be utilized for the project
 - Any other strengths and advantages the Eligible Developer and its team may have to facilitate the development and construction of the project¹⁸



Proposed Evaluation Criteria for Developer Selection Part II

Schedule

- Criteria considered will include:
 - Proposed schedule for development and completion of the project and **demonstrated ability to meet that schedule**

Cost

- Criteria considered will include:
 - total project cost (development, construction, financing, and other non-O&M costs)
 - operation and maintenance costs, including evaluation of electrical losses
 - revenue requirement, including proposed cost of equity, FERC incentives, proposed cost of debt and total revenue requirement calculation
 - present value cost of project to beneficiaries.
 - plans for cost containment and **demonstrated cost containment capability**



Proposed Evaluation Criteria for Developer Selection Part II

Financing

- Criteria considered will include:
 - Financial resources (to be further specified) of the Eligible Developer and its team

Planning Participation

- Criteria considered will include:
 - Did the Eligible Developer submit a credible project to satisfy any regional need (i.e. reliability, economic, or public policy)?



Proposed Scoring Matrix Approach

- Maximum points established for each major criteria category (e.g. SPP process)
- Specific weights to be set by project beneficiaries in consultation with the independent evaluator
- Cost will be weighted at least 50% of the quantitative criteria (Part II criteria)
- Planning Credit will be weighted 5% for all project solicitations



Scoring Matrix Discussion

Criteria Category	Maximum Weighting
Project Plan Sub categories?	
Schedule	
Cost	Not less than 50%
Financing	
Planning Participation	5% (does not change)
<i>Others?</i>	



Draft Procedures Document



Action Items and Next Steps



Next Meeting

- **November 22nd** - 2:00 p.m. to 4:00 p.m. (MST)/ 1:00 p.m. to 3:00 p.m. (PST) – webinar
 - Brattle Group and ICF will join the call to provide feedback on what we've developed to-date



Adjourn