



California ISO
Shaping a Renewed Future

Harry Allen-Eldorado 500 kV
Transmission Line Project
Project Sponsor Selection Report
January 11, 2016

California Independent System Operator Corporation

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LIST OF ATTACHMENTS

Attachment 1 – Competitive Solicitation Transmission Project Sponsor Application dated 04/08/14 Version 4.

1. INTRODUCTION

This report describes the competitive solicitation process conducted by the California Independent System Operator Corporation (ISO) for the Harry Allen-Eldorado transmission line project, including a new 500 kV transmission line and associated series compensation between Harry Allen Substation and Eldorado Substation. The ISO has conducted this competitive solicitation because, in its 2013-2014 transmission planning process, the ISO identified an economically-driven need for this transmission project. As required by the ISO Tariff, the ISO undertook a comparative analysis to determine the degree to which each project sponsor and its proposal met the qualification criteria set forth in ISO Tariff Section 24.5.3.1 and the selection factors set forth in ISO Tariff Section 24.5.4 to determine the approved project sponsor to finance, construct, own, operate, and maintain the Harry Allen-Eldorado project. The proposals that the ISO reviewed from the three project sponsors for the Harry Allen-Eldorado project were detailed and well-supported. The ISO would like to emphasize that it considers all project sponsors to be qualified to finance, construct, own, operate, and maintain the Harry Allen-Eldorado project. While conducting the comparative analysis, the ISO had to make detailed distinctions among the project sponsors' proposals in determining the approved project sponsor. The result of this competitive solicitation process is that the ISO has selected DesertLink, LLC, a wholly-owned subsidiary of LS Power Associates, L.P., as the approved project sponsor to finance, construct, own, operate, and maintain the Harry Allen-Eldorado project.

2. BACKGROUND

2.1 The Harry Allen-Eldorado 500 kV Transmission Line Project and Competitive Solicitation Process

The ISO Tariff specifies that the ISO's transmission planning process must include a competitive solicitation process for new, stand-alone regional transmission facilities needed for reliability, economic, and/or public policy driven reasons. The ISO's 2013-2014 transmission plan identified an economically-driven need for a 500 kV transmission line with associated series compensation between the 500 kV Harry Allen Substation and the 500 kV Eldorado Substation. The ISO governing board approved the Harry Allen-Eldorado project on December 18, 2014.

Following approval of the transmission project, the ISO opened a bid solicitation window on January 30, 2015, which provided project sponsors the opportunity to submit proposals to finance, construct, own, operate, and maintain the Harry Allen-Eldorado project. In accordance with ISO Tariff Section 24.5.1 and the posted 2013-2014 Transmission Planning Process Phase 3 Sequence Schedule, the bid solicitation window remained open through April 30, 2015.

At the time the ISO opened the bid solicitation window, the ISO posted a paper on its website entitled *Harry Allen-Eldorado Project Description and Functional Specifications* (ISO Functional Specifications) describing the Harry Allen-Eldorado project.¹ As described in the ISO Functional Specifications for the Harry Allen-Eldorado project, the new transmission line is justified on economic grounds, *i.e.*, on the basis that the ISO expects that its economic benefits will exceed its costs. The Harry Allen-Eldorado project includes a new 500 kV transmission line between Harry Allen Substation and Eldorado Substation, plus associated series compensation. The ISO Functional Specifications indicated that the series compensation level would be approximately 70%, and the series capacitors may be located anywhere on the transmission line, including within the line termination stations. In addition, in its responses to questions from project sponsors for this project and posted its website, the ISO noted that for the purposes of the proposal the last transmission line structure at Eldorado Substation should be approximately 300 feet south of Eldorado Valley Drive.² Eldorado Valley Drive is south of the Eldorado Substation property line. The ISO Functional Specifications also indicated that the ISO prefers the transmission line to be located with sufficient spatial diversity from other transmission lines in order to avoid a common mode contingency. Only the 500 kV transmission line and series compensation were eligible for competitive solicitation. The facilities necessary at Harry Allen Substation and Eldorado Substation to interconnect with the project, including anticipated shunt reactors, were not eligible for competitive solicitation under the ISO Tariff. As indicated in the ISO Functional Specifications, the ISO estimated the cost of the portion of the proposed Harry Allen-Eldorado project subject to competitive solicitation to be \$144 million in 2015 dollars. The ISO Functional Specifications specified that the latest in-service date for the Harry Allen-Eldorado project is May 1, 2020. Upon completion of the Harry Allen-Eldorado

¹http://www.caiso.com/Documents/HarryAllen-EldoradoFunctionalSpecifications_KeySelectionFactors.pdf

² <http://www.caiso.com/Documents/HarryAllenToEldoradoQuestionAndAnswerLog.pdf>

project, the approved project sponsor must turn the facility or facilities over to ISO operational control.

The ISO identified and posted key selection factors for the Harry Allen-Eldorado project.³ These are the tariff criteria that the ISO determined are the most important for selecting a project sponsor for this economic project. For purposes of this project, the ISO identified the following subsections of ISO Tariff Sections 24.5.4 as the key selection factors:

- Section 24.5.4(a) – “the current and expected capabilities of the Project Sponsor and its team to finance, license, and construct the facility and operate and maintain it for the life of the solution.”
- Section 24.5.4(d) – “the proposed schedule for development and completion of the transmission solution and demonstrated ability to meet that schedule of the Project Sponsor and its team.”
- Section 24.5.4(j) – “demonstrated cost containment capability of the Project Sponsor and its team, specifically, binding cost control measures the Project Sponsor agrees to accept, including any binding agreement by the Project Sponsor and its team to accept a cost cap that would preclude costs for the transmission solution above the cap from being recovered through the CAISO’s Transmission Access Charge, and, if none of the competing Project Sponsors propose a binding cost cap, the authority of the selected siting authority to impose binding cost caps or cost containment measures on the Project Sponsor, and its history of imposing such measures.”

The ISO described these key selection factors during a stakeholder information conference call on February 9, 2015.⁴

Subject to the collaboration process described in Section 2.2 of this report, the ISO evaluated applications of three project sponsors – (1) DesertLink, LLC (DesertLink), a wholly-owned subsidiary of LS Power Associates, L.P., (2) Exelon Transmission Company, LLC (ETC), a wholly-owned subsidiary of Exelon Corporation, and (3) NextEra Energy Transmission West, LLC, an affiliate of NextEra Energy, Inc., in collaboration with Southern California Edison Company (NEET West/SCE). The ISO posted a final list of validated project sponsor applications on September 11, 2015⁵ and posted a list of qualified project sponsors and proposals on October 14, 2015.⁶ The ISO found that all three project sponsors and their proposals met the minimum qualification criteria as set forth in ISO Tariff.

³ http://www.caiso.com/Documents/HarryAllen-EldoradoFunctionalSpecifications_KeySelectionFactors.pdf

⁴ <http://www.caiso.com/Documents/Presentation-HarryAllenEldoradoCompetitiveSolicitation.pdf>

⁵ <http://www.caiso.com/Documents/UpdatedListofValidatedProjectSponsorApplications-HarryAllen-EldoradoProject.pdf>

⁶

<http://www.caiso.com/Documents/ListofQualifiedProjectSponsorsandProposalsHarryAllentoEldoradoProject.pdf>

2.2 The ISO Transmission Planning Process and Competitive Solicitation Tariff Structure

In 2010, the Federal Energy Regulatory Commission (FERC) approved changes to the ISO's transmission planning process that included a competitive solicitation process for new, stand-alone transmission facilities needed for reliability, economic, and/or public policy driven reasons. Subsequently in 2012 the ISO filed tariff amendments to comply with the requirements of FERC Order No. 1000 to further promote competition in the transmission planning process. The ISO conducted its first competitive solicitation process during the 2012-2013 transmission planning cycle. Based on the experience gained during the competitive selection process and discussions with stakeholders, the ISO identified improvements to clarify and provide more transparency to the process for participating transmission owners and other transmission developers. The ISO conducted a competitive transmission improvement initiative in late 2013, which concluded with ISO Tariff Section 24.5 and process changes.

The framework for the 2013-2014 competitive solicitation process is set forth in the ISO Tariff Section 24.5. In addition, the ISO posted the form of the project sponsor application (Attachment 1) on its website. Also, while the bid solicitation window was open, the ISO maintained and posted on its website a question and answer matrix detailing questions from prospective project sponsors and the ISO's responses thereto so that all interested parties would have access to the same clarifying information.⁷ In compliance with ISO Tariff Section 24.5.3.5, the ISO engaged two well-respected, international industry consulting firms to assist the ISO in its selection of the approved project sponsor. One firm primarily supports the ISO in the qualification and comparative analysis associated with the project schedule, rights-of-way acquisition, environmental permitting, design, construction, maintenance, and operating capabilities of the project sponsors. The other firm provides economic, financial, and rate expertise and provides cost of service analyses. Both firms have committed to remain unbiased and not participate with any project sponsor in the competitive solicitation process.

Each project sponsor completed the project application form, which included a series of questions and requirements in the following areas:

- Project Sponsor, Name and Qualifications
- Past Projects, Project Management and Cost Containment
- Financial
- Environment and Public Process
- Substation
- Transmission Line
- Construction
- Operation and Maintenance
- Miscellaneous
- Officer Certification
- Payment Instructions

⁷ <http://www.caiso.com/Documents/HarryAllenToEldoradoQuestionAndAnswerLog.pdf>

The ISO provided the project sponsors opportunities to correct deficiencies in their applications. Following a project sponsor's submission of supplemental information, the ISO validated the project sponsor's application to determine if it contained sufficient information for the ISO to determine whether the project sponsor and its proposal were qualified. Once the ISO validated the applications, the ISO posted the list of validated project sponsor applications to its website, as described in Section 2.1 of this report. The collaboration period opened on July 1, 2015 and closed on August 3, 2015. Two project sponsors requested collaboration. In accordance with ISO Tariff Section 24.5.2.3, the ISO provided these two project sponsors the opportunity to submit a single revised project sponsor application. On August 3, 2015, these two project sponsors submitted a single revised application.

Next the ISO determined whether the project sponsors and their proposals were qualified pursuant to ISO Tariff Sections 24.5.3.1 and 24.5.3.2. The ISO evaluated the project sponsors based on the information submitted in response to the questions in the application corresponding to ISO Tariff Sections 24.5.2.1(a)-(i) to determine, in accordance with Section 24.5.3.1, whether the project sponsor had demonstrated that its team is physically, technically, and financially capable of:

- (i) completing the needed transmission solution in a timely and competent manner; and
- (ii) operating and maintaining the transmission solution in a manner that is consistent with good utility practice and applicable reliability criteria for the life of the project, based on the qualification criteria as set forth in ISO Tariff Section 24.5.3.1(a)-(f).

In accordance with Section 24.5.3.2, the ISO evaluated the project sponsors' proposals based on the following criteria to determine whether the transmission solution proposed by the project sponsors would be qualified for consideration:

- (a) "Whether the proposed design of the transmission solution is consistent with needs identified in the comprehensive Transmission Plan;"
- (b) "Whether the proposed design of the transmission solution satisfies Applicable Reliability Criteria and CAISO Planning Standards."

The ISO found that all project sponsors and their proposals met the minimum qualification criteria as set forth in ISO Tariff Sections 24.5.3.1 and 24.5.3.2 for the Harry Allen-Eldorado project. Therefore, the ISO determined that no cure period was needed for the qualification phase. As described in Section 2.1 of this report, the ISO posted the list of qualified project sponsors and their proposals to its website on October 14, 2015. Section 3 of this report describes the ISO's selection process for this project.

3. SELECTION OF THE APPROVED PROJECT SPONSOR

3.1 Description of Project Sponsor Selection Process

Once the ISO has determined that two or more project sponsors are qualified, ISO Tariff Section 24.5.3.5 directs the ISO to select one approved project sponsor “based on a comparative analysis of the degree to which each Project Sponsor’s proposal meets the qualification criteria set forth in section 24.5.3.1 and the selection factors set forth in 24.5.4.” The selection factors specified in ISO Tariff Section 24.5.4 are:

- (a) the current and expected capabilities of the Project Sponsor and its team to finance, license, and construct the facility and operate and maintain it for the life of the solution;
- (b) the Project Sponsor’s existing rights of way and substations that would contribute to the transmission solution in question;
- (c) the experience of the Project Sponsor and its team in acquiring rights of way, if necessary, that would facilitate approval and construction, and in the case of a Project Sponsor with existing rights of way, whether the Project Sponsor would incur incremental costs in connection with placing new or additional facilities associated with the transmission solution on such existing right of way;
- (d) the proposed schedule for development and completion of the transmission solution and demonstrated ability to meet that schedule of the Project Sponsor and its team;
- (e) the financial resources of the Project Sponsor and its team;
- (f) The technical and engineering qualifications and experience of the Project Sponsor and its team;
- (g) if applicable, the previous record regarding construction and maintenance of transmission facilities, including facilities outside the CAISO Controlled Grid of the Project Sponsor and its team;
- (h) demonstrated capability to adhere to standardized construction, maintenance and operating practices of the Project Sponsor and its team;
- (i) demonstrated ability to assume liability for major losses resulting from failure of facilities of the Project Sponsor;
- (j) demonstrated cost containment capability of the Project Sponsor and its team, specifically, binding cost control measures the Project Sponsor agrees to accept, including any binding agreement by the Project Sponsor and its team to accept a cost cap that would preclude costs for the transmission solution above the cap from being recovered through the CAISO’s Transmission Access Charge, and, if none of the competing Project Sponsors proposes a binding cost cap, the authority of the selected siting authority to impose binding cost caps or cost containment measures on the Project Sponsor, and its history of imposing such measures; and
- (k) any other strengths and advantages the Project Sponsor and its team may have to build and own the specific transmission solution, as well as any specific efficiencies or benefits demonstrated in their proposal.

In selecting the approved project sponsor, the ISO has undertaken a comparative analysis of the project sponsors’ proposals with regard to the qualification criteria described in ISO Tariff Section 24.5.3.1 and the selection factors in ISO Tariff Section 24.5.4. As part of the comparative analysis, the ISO has given particular consideration

to the key selection factors for the Harry Allen-Eldorado project as described in Section 2.1 of this report.

This report summarizes information provided by each project sponsor that was considered by the ISO to be important in analyzing their proposals with respect to each of the qualification criteria and selection factors. At the beginning of each subsection of Section 3.3 of this report, the ISO has provided a listing of the sections of the project sponsor's application that the ISO particularly considered in undertaking its comparative analysis for that qualification criterion or selection factor. In addition, in the ISO's summaries in this report describing the information provided by each project sponsor, the ISO has provided a reference to the particular section of the project sponsor's application that served as the source for that summary. Because this report is a summary, it does not repeat all of the information provided by the project sponsors. However, the ISO reviewed and considered all of the information provided by the project sponsors, and the ISO's failure to reference any specific information provided by a project sponsor does not indicate lack of consideration of such information.

3.2 Description of Project Sponsors for the Harry Allen-Eldorado Project

As a result of the collaboration process, the ISO evaluated project sponsor applications for the Harry Allen-Eldorado project submitted by three project sponsors:

- DesertLink, LLC (DesertLink), a wholly-owned subsidiary of LS Power Associates, L.P.
- Exelon Transmission Company, LLC (ETC), a wholly-owned subsidiary of Exelon Corporation
- NextEra Energy Transmission West, LLC, an affiliate of NextEra Energy, Inc., in collaboration with Southern California Edison Company (NEET West/SCE)

All three entities are qualified and submitted strong, competitive applications supporting their proposals. As a result, the ISO had to make detailed distinctions among the three project proposals in the comparative analysis process in selecting the approved project sponsor.

DesertLink

According to its proposal, DesertLink is a Delaware limited liability company established to develop, own, and operate the project. DesertLink stated that, through intermediate holding companies (DesertLink Holdings, LLC, LSP Transmission Holdings, LLC, and LSP Generation IV, LLC), it is a wholly-owned subsidiary of LS Power Associates, L.P., which, together with its subsidiaries and affiliates, is generally known as LS Power. DesertLink stated that a similar ownership and organization structure has been used by LS Power for all of its development projects, including developing past transmission projects.

DesertLink stated that it does not currently have any material assets or responsibility for other projects, and this project will be DesertLink's first operating asset. With DesertLink as a special-purpose entity for this project, DesertLink stated that ISO ratepayers and other stakeholders (including DesertLink's lender) would receive the benefit of protection against risks for other business activities unrelated to the project. DesertLink stated that

its lenders would insist that DesertLink not conduct any business unrelated to the project and project-related activities.

DesertLink identified three affiliates as particularly relevant to its proposal: (i) Great Basin Transmission South, LLC (Great Basin Transmission-South), owner of a 75% interest in the One Nevada Transmission Line (ON Line) facilities in Nevada; (ii) Great Basin Transmission, LLC (Great Basin Transmission), developer and owner of Southwest Intertie Project Phase 2 transmission line assets in Nevada and Idaho; and (iii) Cross Texas Transmission, LLC (Cross Texas Transmission), a transmission service provider in Texas. DesertLink indicated that Great Basin Transmission has been developing a 500 kV transmission line between Harry Allen Substation and Eldorado Substation since 2008 and that Great Basin Transmission currently holds all of the existing assets discussed in DesertLink's proposal that can be put to use for this project. DesertLink indicated that LS Power owns and controls 100% of Great Basin Transmission and, upon DesertLink's execution of the Approved Project Sponsor Agreement with the ISO, Great Basin Transmission would transfer all relevant assets to DesertLink. DesertLink indicated that at such time it would own the assets of the project, be responsible for arranging the debt associated with the construction of the project, and service the debt after placing the project into service.

DesertLink indicated that NV Energy, Inc. (NV Energy) has an option to purchase a minority ownership interest in DesertLink, exercisable upon DesertLink placing the project under the ISO's operational control. Because this option does not occur prior to financing or construction, DesertLink indicated that NV Energy is not listed as a source of equity or financing for the purposes of this proposal. DesertLink indicated that, if NV Energy exercises its option, Nevada Power Company, a subsidiary of NV Energy -- and the proposed O&M contractor for this project -- would be an affiliate of DesertLink.

DesertLink Access to Affiliate Financial Support

DesertLink indicated that LS Power would continue to fund development expenses and provide equity to support DesertLink's project financing.

Exelon Transmission Co. (ETC)

According to its proposal, ETC is a Delaware limited liability corporation and a wholly-owned subsidiary of Exelon Corporation (Exelon). ETC indicated that Exelon is one of the nation's largest energy companies, owning utilities with transmission and distribution operations in Chicago, Philadelphia, and Baltimore that serve 7.8 million electric and natural gas delivery customers. ETC indicated that, if selected by the ISO as the approved project sponsor for this project, it would seek to assign all of its rights and obligations to a special purpose entity, which would be a wholly-owned subsidiary of ETC and which would develop, construct, own, and operate the project for the entirety of its 50 year depreciable life. ETC indicated that all guarantees, support, or backing that ETC receives in pursuit of this project would be transferred in full to this special purpose entity.

ETC identified the following affiliates as having relevant expertise and experience: Commonwealth Edison (ComEd), Philadelphia Electric Company (PECO), Baltimore Gas and Electric (BGE), Exelon Generation, and Exelon Wind.

Exelon Transmission Co. Access to Affiliate Financial Support

ETC provided a letter indicating that Exelon would provide a financial guarantee on behalf of ETC should the ISO select ETC as the approved project sponsor for this project.

NEET West/SCE

According to the proposal, NextEra Energy Transmission West, LLC (NEET West) and Southern California Edison Company (SCE) have entered into commercial arrangements whereby NEET West would lead all aspects of the project and own 100% of the project until commercial operation commences, SCE would be the operations and maintenance provider for the project, and SCE would collaborate with NEET West to provide development support and consultation during the development and construction phases. NEET West/SCE indicated that, when the project achieves commercial operation, SCE has the option to purchase 50% of the project from NEET West, in which case the ownership would be equally shared. If SCE does not exercise its option, NEET West would continue to own 100% of the project through the life of the project.

NEET West/SCE indicated that NEET West is a Delaware limited liability company formed in 2014 that is a wholly-owned subsidiary of NextEra Energy Transmission, LLC (NEET) and an indirect subsidiary of NextEra Energy, Inc. (NextEra). NEET West/SCE indicated that NEET West was created to own this project and other assets in the ISO region as a portfolio, and is not intended to be a stand-alone project company for this project or a special purpose entity.

NEET West/SCE indicated that NextEra, and its wholly owned subsidiaries, NEET and NEET West, are headquartered in Juno Beach, Florida, and that NextEra's principal subsidiaries are Florida Power & Light Company (FPL) and NextEra Energy Resources, LLC (NEER). NEET West/SCE indicated that another key entity in the NextEra organization is NextEra Energy Capital Holdings, Inc. (NEECH), which is the direct parent company of principal subsidiary NEER and a direct wholly-owned subsidiary of NextEra. NEET West/SCE indicated that NEECH owns and provides funding for NEER and NextEra's operating subsidiaries, other than FPL and its subsidiaries. NEET West/SCE indicated that NEET West's immediate parent, NEET, was formed by NextEra in 2007 to apply NextEra's experience and resources in developing, owning, and operating transmission facilities to projects across the United States and Canada.

NEET West/SCE indicated that Southern California Edison Company (SCE) is a California corporation and a wholly-owned subsidiary of parent company Edison International. NEET West/SCE indicated that SCE is an investor-owned public utility primarily engaged in the business of supplying and delivering electricity.

NEET West/SCE Access to Affiliate Financial Support

NEET West/SCE indicated that NEET West's financial requirements would be met through capital funding from its indirect corporate parent, NEECH, and that NEET West does not need or envision seeking project financing for design, procurement, construction, or placing the project in service. If selected by the ISO as the approved project sponsor for this project, NEET West/SCE indicated that NEECH would (i) provide appropriate funding to NEET West and/or (ii) guarantee (a) NEET West's mutually

agreed-upon financial obligations and (b) any NEET West affiliate’s mutually agreed-upon financial obligations, to the ISO or otherwise, in connection with the project. NEET West/SCE provided a letter, signed by a NextEra officer, indicating these financial assurances.

NEET West/SCE indicated that, after the project enters commercial operation, irrespective of whether or not SCE exercises its option to purchase 50% of the project, it is likely that the project could be debt financed as part of a prospective portfolio comprised of multiple ISO assets to be owned by NEET West. NEET West/SCE indicated that SCE would provide specific non-financial support to the project in exchange for the right, but not the obligation, to become an owner of the completed project.

3.3 Selection Factor 24.5.4(a): Overall Capability to Finance, License, Construct, Operate, and Maintain the Facility

The ISO notes that the first selection factor is a broad factor that generally encompasses several of the subsequent more narrow selection factors. The ISO will therefore address satisfaction of this more general factor in its discussion of the applicable, more specific selection factors. The ISO will not duplicate here (1) the information provided by the project sponsors for purposes of demonstrating their capabilities and experience with respect to each of the encompassed selection factors, or (2) the ISO’s comparative analysis of the project sponsors in this regard, as set forth in the following sections of this report. The ISO will discuss the comparative analysis for selection factor 24.5.4(a) in Section 3.14 of this report after the discussion of the other selection factors.

3.4 Selection Factor 24.5.4(b): Existing Rights-of-Way and Substations that Would Contribute to the Project

(Section 3 - General Project Information, QS-1, QS-4, E-1, E-10, E-13)

The second selection factor is “the Project Sponsor’s existing rights of way and substations that would contribute to the project in question.”

3.4.1 Information Provided by DesertLink

DesertLink indicated that it does not have any existing rights-of-way that it would contribute to the proposed project. However, DesertLink identified a proposed “approved” route and a proposed “enhanced” route for the project. DesertLink indicated that the “approved” route would include all new single-circuit towers for the length of the project and that the “enhanced” route would include use of an open position on 18 miles of existing double-circuit towers with the remainder of the project as new single-circuit towers. DesertLink indicated that the U.S. Bureau of Land Management (BLM) and the U.S. Bureau of Reclamation (BoR) have granted rights-of-way to its sister company, Great Basin Transmission, for approximately 57 miles out of 59 total line miles of DesertLink’s proposed “approved” route and that the Public Utility Commission of Nevada (PUCN) has granted approval to Great Basin Transmission for the Southern Nevada Intertie Project, which follows essentially the same route as DesertLink’s proposed “approved” route for this project.

If chosen as the successful project sponsor, DesertLink indicated that it anticipates Great Basin Transmission would transfer all relevant assets to DesertLink, which would include the rights-of-way and approvals from BLM, BoR, and the PUCN to assign the rights-of-way to DesertLink. (Section 3 – General Project Information, QS-1, E-1, E-10, E-13)

3.4.2 Information Provided by ETC

ETC indicated it does not have any existing rights-of-way that would contribute to this project. (E-10, E-13).

3.4.3 Information Provided by NEET West/SCE

NEET West/SCE indicated that it does not have any existing rights-of-way that would contribute to this project. (E-1, E-10, E-13)

3.4.4 ISO Comparative Analysis

For purposes of the comparative analysis for this factor, the ISO has considered the representations by the project sponsors regarding the rights-of-way and other land rights they possess and are proposing to contribute to this project.

Because ETC and NEET West/SCE do not have existing rights-of-way that would contribute to the project, the ISO considers DesertLink’s proposal to have an advantage because of the progress DesertLink’s sister company Great Basin Transmission has made in acquiring rights-of-way for DesertLink’s proposed “approved” route for this project. As noted in the ISO Functional Specifications and discussed further in Sections 3.6.7 and 3.12.7, the ISO prefers a transmission solution that provides sufficient spatial diversity that eliminates a common mode contingency. Therefore, for comparison purposes in this analysis, the ISO has evaluated only the “approved” route proposed by DesertLink for this project. Great Basin Transmission has already obtained rights-of-way from both the BLM and BoR for 57 miles out of a total 59 miles of the “approved” route proposed by DesertLink for this project, and Great Basin Transmission has already obtained approval from the PUCN, both of which can be transferred to DesertLink.

Based on the foregoing considerations, in conjunction with all the other considerations included in the ISO’s analysis for this factor, the ISO has determined that DesertLink’s proposal is better than the proposals of ETC and NEET West/SCE and that there is no material difference between the proposals of ETC and NEET West/SCE with regard to this factor.

3.5 Selection Factor 24.5.4(c): Experience in Acquiring Rights-of-Way

The third selection factor is “the experience of the Project Sponsor and its team in acquiring rights of way, if necessary, that would facilitate approval and construction and in the case of a Project Sponsor with existing rights of way, whether the Project Sponsor would incur incremental costs in connection with placing new or additional facilities associated with the transmission solution on such existing right of way.”

For the purpose of performing the comparative analysis for this factor, the ISO has initially considered the two components of the factor separately and then combined them into an overall comparative analysis for this factor. The two components are: (1) the experience of the project sponsor and its team in acquiring rights-of-way and (2) for the case of a project sponsor with existing rights-of-way, whether the project sponsor would incur incremental costs in connection with placing new or additional facilities associated with the transmission solution on such existing rights-of-way.

Experience in Acquiring Rights-of-Way

(Section 3 - General Project Information, QS-1, QS-4, P-1, P-9, P-10, E-1, E-2, E-3, E-4, E-7, E-8, E-9c, E-10, E-11, E-12, E-14a, E-14b, E-15a, E-15b, E-16a, E-16b, E-16c, E-16d, E-16e, E-16f, S-1, S-5, T-1)

3.5.1 Information Provided by DesertLink

DesertLink indicated that staff of its parent company, LS Power, would lead the land acquisition activities for this project. DesertLink provided a list of transmission line projects where LS Power had specific experience in acquiring utility rights-of-way. (E-2, E-3, E-4, E-10, E-11, E-12, E-13, E-14a, E-14b, E-15a, and E-15b)

3.5.2 Information Provided by ETC

ETC indicated that it and its team have experience in acquiring land rights for similar transmission line projects and provided several examples of projects for which it or its team acquired the rights-of-way. (E-2, E-3, E-4, E-10, E-11, E-12, E-13, E-14a, E-14b, E-15a, and E-15b)

3.5.3 Information Provided by NEET West/SCE

NEET West/SCE indicated that it and its team have experience in acquiring land rights for similar transmission line projects and provided several examples of projects for which it or its team acquired the rights-of-way. (E-2, E-3, E-4, E-10, E-11, E-12, E-13, E-14a, E-14b, E-15a, and E-15b)

Incremental Costs Associated with Use of Existing Rights-of-Way

(Section 3 - General Project Information, E-13)

3.5.4 Information Provided by DesertLink

DesertLink indicated that it does not currently have existing rights-of-way for the project. If Great Basin Transmission's rights are transferred to DesertLink, DesertLink indicated that it does not expect that this assignment would create any additional incremental rights-of-way costs for this project beyond the reimbursement costs to Great Basin Transmission. (Section 3 – General Project Information, E-13)

3.5.5 Information Provided by ETC

ETC indicated that it does not currently have existing rights-of-way for the project, and therefore that it does not expect any additional incremental rights-of-way costs for this project. (E-13)

3.5.6 Information Provided by NEET West/SCE

NEET West/SCE indicated that it does not currently have existing rights-of-way for the project, and therefore that it does not expect any additional incremental rights-of-way costs for this project. (E-13)

3.5.7 ISO Comparative Analysis

Comparative Analysis of Experience in Acquiring Rights-of-Way

For purposes of the comparative analysis for this component of the factor, the ISO has considered the representations by the project sponsors regarding the experience of both the project sponsor and its team members in acquiring rights-of-way, including but not limited to experience in the U.S. and Nevada.

All three project sponsors or their teams have experience in acquiring rights-of-way for transmission lines in Nevada. Therefore, the ISO has determined that there is no material difference among the proposals of the three project sponsors with regard to this component of the factor.

Comparative Analysis Incremental Costs Associated with Use of Existing Rights-of Way

For purposes of the comparative analysis for this component of the factor, the ISO has considered the representations by the project sponsors regarding whether the project sponsor would incur incremental costs in connection with placing new or additional facilities associated with the transmission solution on existing rights-of-way.

ETC and NEET West/SCE do not intend to use existing rights-of-way, and the only costs DesertLink expects to incur in connection with acquiring and utilizing Great Basin Transmission's rights-of-way for this project are the costs to reimburse Great Basin Transmission for acquiring these rights-of-way. Therefore, the ISO has determined that there is no material difference among the proposals of the three project sponsors with regard to this component of the factor.

Overall Comparative Analysis

Because there is no material difference among the proposals of the three project sponsors with regard to both the first component (experience of the project sponsor and its team in acquiring rights-of-way) and the second component (incremental costs for use of existing rights-of-way) of this factor, the ISO has determined that there is no material difference among the proposals of the three project sponsors with regard to this factor overall.

3.6 Selection Factor 24.5.4(d): Proposed Schedule and Demonstrated Ability to Meet Schedule

The fourth selection factor is “the proposed schedule for development and completion of the project and demonstrated ability to meet that schedule of the Project Sponsor and its team.” As discussed in Section 2.1, the ISO has identified this selection factor as a key selection factor because, as indicated in the ISO Functional Specifications, the economic benefits to ratepayers may decrease if the project goes into service later than the targeted in-service date of May 1, 2020. The ISO used the following considerations in its analysis for this component of the factor:

- Proposed schedules
- Scope of activities specified in the proposed schedules
- Amount of schedule float
- Experience of project sponsors
- Potential risks associated with project sponsor’s proposal

A proposal that best satisfies this factor will contribute significantly to ensuring that the project sponsor selected will develop the project in a prudent, efficient, cost-effective, and timely manner.

For the purpose of performing the comparative analysis for this factor, the ISO has initially considered the two components of the factor separately and then combined them into an overall comparative analysis for this factor. The two components are: (1) the proposed schedule for development and completion of the project and (2) demonstrated ability of the project sponsor and its team to meet that schedule.

Proposed Schedule

(Section 3 - General Project Information, QS-1, QS-4, QS-3, P-9, E-1, E-2, E-3, E-4, E-7, E-14a, E-14b, E-14c, E-14di, E-14dii, E-14diii, E-15a, E-15b, E-15c, E-15di, E-15dii, E-15diii, S-2, S-3, S-4, T-2, T-3, T-4)

3.6.1 Information Provided by DesertLink

DesertLink provided a proposed schedule for the project that showed an operation date for the project as early as May 1, 2018, about two years ahead of the latest in-service date of May 1, 2020 set forth in the ISO Functional Specifications. DesertLink indicated that this schedule would apply to both the “approved” and “enhanced” routes that DesertLink identified in its proposal. DesertLink stated that it could complete the project and place it into service in accordance with the latest in-service date set forth in the ISO Functional Specifications (*i.e.*, May 1, 2020), but with an increase to the binding cost cap. DesertLink stated that it has the flexibility to deliver the project on any in-service date the ISO prefers between May 1, 2018 and May 1, 2020. DesertLink stated that it has the advantage of having already completed the federal environmental review process under the National Environmental Policy Act (NEPA) and securing the necessary federal rights-of-way. (P-9)

DesertLink stated that it is proposing the project be in-service as early as May 1, 2018, which would allow for up to 24 months of project delay without any impact to the latest

in-service date set forth in the ISO Functional Specifications. In the event the start date in its schedule were to be delayed by six months, DesertLink stated that there would be no impact on the latest in-service date because of the contingency built into DesertLink's project schedule and because the project activities with the most complexity and uncertainty have already been completed. DesertLink stated that there are various measures it could undertake to compress the construction schedule, such as additional crews, parallel instead of sequential work for some construction activities, and advance procurement of material and equipment. (P-9)

3.6.2 Information Provided by ETC

ETC provided a proposed schedule for the project that showed an operation date for the project of January 27, 2020, about three months ahead of the latest in-service date of May 1, 2020 set forth in the ISO Functional Specifications. ETC indicated that its schedule includes approximately nine months of float time to accommodate possible delays to critical path items (six months in permitting and three months in construction). (P-9)

ETC stated that if the schedule were to be delayed by six months, it would explore and/or implement additional measures, such as obtaining a "Limited Notice to Proceed" from the PUCN for new access roads and material yards, adjusting outage windows, and increasing manpower and equipment resources. (P-9)

3.6.3 Information Provided by NEET West/SCE

NEET West/SCE provided a proposed schedule for the project that showed an operation date for the project of June 30, 2019, about ten months ahead of the latest in-service date of May 1, 2020 set forth in the ISO Functional Specifications. NEET West/SCE indicated that its schedule includes about ten months of float, assuming preliminary engineering, permitting, and regulatory activities commence immediately upon project award and there is no delay in the start of various work stream activities. (P-9) NEET West/SCE also identified an alternative route that would use a portion of existing NV Energy towers. (P-2, P-12) NEET West/SCE did not provide any schedule information for the alternate route. (P-9)

NEET West/SCE stated that a six-month start delay would have a modest impact compared to the overall project timeline considering the NEET West/SCE project schedule currently includes ten months of float. To meet the latest in-service date for the project with a delay in the start of the project of six months, NEET West/SCE stated that it would work to identify activities to improve the schedule and increase any remaining schedule float where possible to increase the certainty that it would meet the latest in-service date. NEET West/SCE identified activities in permitting, land acquisition, procurement, and construction that could shorten the schedule as needed. (P-9)

Ability to Meet Schedule

(Section 3 - General Project Information , QS-1, QS-3, QS-4, P-1, P-6, P-7, P-8, P-9, P-10, E-1, E-2, E-3, E-4, E-14a, E-14b, E-14c, E-14di, E-14dii, E-14diii, E-15a, E-15b, E-15c, E-15di, E-15dii, E-15diii, S-2, S-3, S-4, T-2, T-3, T-4, T-5)

3.6.4 Information Provided by DesertLink

DesertLink provided a list of completed LS Power transmission line and substation projects; the list included transmission and substation projects above 100 kV completed in the past five years:

Transmission Lines - five total projects, three of which are generation tie-lines, all in the U.S. with one in Nevada. Three of the projects were larger than 300 kV. LS Power had the full range of project responsibilities for four of the five projects. (P-1)

Substation Projects - eight total projects, all in the U.S. with three in Nevada. Seven of the projects were larger than 300 kV. LS Power had the full range of project responsibilities for four of the projects. Three of the projects involved series compensation. (P-1)

DesertLink provided a listing of detailed project schedule performance for LS Power projects completed in the last five years:

Transmission Lines - for the five projects identified, four were completed on or ahead of schedule. The one late project incurred a one year delay. (P-6)

Substations - for the eight projects identified, four were completed on or ahead of schedule. The four late projects ranged from one month to one year late. (P-6)

DesertLink stated that LS Power has successfully managed the development and construction of 15 large-scale power generation and transmission projects representing over \$8 billion in invested capital. DesertLink stated that LS Power employs a detail-oriented and hands-on philosophy for all of its development, construction, and asset management activities and that LS Power employees directly oversee all project development activities, including siting, permitting, community relations, government relations, labor relations, regulatory, real estate acquisition, engineering, and contracting. DesertLink indicated that LS Power self-performs a considerable amount of the development activities, while managing consulting firms for portions of the work that are specialized (e.g., surveying, environmental studies). (P-7)

DesertLink stated that it would have an established governance structure under which decision-making is carried out. DesertLink indicated that the project director would be the primary point of contact for the ISO, be responsible for guiding DesertLink's day-to-day activities, and oversee all deliverables. (P-7)

DesertLink stated that the project director would receive direction from and report to DesertLink senior management and would be supported by a team of subject matter experts with responsibilities for project execution within key project areas: engineering/procurement/construction management; environmental compliance management; and real estate. (P-7)

DesertLink stated that its team members have already begun the process of planning and anticipating the project timelines, deliverables, and budgets. DesertLink described ten key actions it has already undertaken. (P-7)

DesertLink provided an organization chart showing that the project director would report directly to senior management. DesertLink stated that the project director would have primary decision-making authority for project execution on a day-to-day basis within the project schedule and budget, which would be approved by the overall project management. DesertLink stated that changes to the schedule, budget, and expenditures not included in the project budget would also require management review and approval. DesertLink provided a resume for the project director showing 24 years of experience and provided resumes for several other key positions. The resumes for the engineering manager and the environmental manager show 30 years and 9 years of experience, respectively. (P-8)

DesertLink stated that contractors on the projects would work under the supervision and direction of LS Power personnel. (P-8)

DesertLink stated that it has identified several major risks to the schedule and budget for the project as well as mitigation measures related to each risk. These major risks include biological impacts, geotechnical issues, and acquisition of private lands. DesertLink stated that, due to the substantial development work it has already completed, it is well-situated because it has removed many of the major risk factors that other project sponsors may face. (P-10)

DesertLink indicated that it has identified other minor risks that would be mitigated through its budget and schedule plans, construction terms and conditions, and insurance plan, including such things as: financing terms, line crossing design approval, dust control, labor issues, vandalism, theft, weather, etc. (P-10)

For its proposed “approved” route, DesertLink stated that it faces reduced risk compared to other project sponsors because it has secured rights-of-way in the congested corridor. (P-10)

DesertLink stated that, even with its lower risk profile, the environmental mitigation requirements would be substantial and that it has budgeted significant funds for administration of the environmental mitigation and monitoring requirements and for managing the dust control requirements. (P-10)

DesertLink stated that its affiliate, Great Basin Transmission, has already completed transmission line siting and NEPA review for its proposed “approved” route for the project, resulting in federal land rights secured from BLM and BoR and approval from the PUCN. DesertLink also stated that, for its proposed “approved” route, the remaining siting tasks are to secure three non-federal land easements and land use approvals from Clark County and the City of Henderson (if required) and that it will need to obtain other minor permits. (QS-1, E-1, T-5)

DesertLink stated that it is not proposing any additional projects for the ISO at this time. (P-10)

3.6.5 Information Provided by ETC

ETC provided a list of completed transmission line and substation projects for ETC affiliates and its engineering and construction contractors; the list included transmission and substation projects above 100 kV completed in the past five years:

Transmission Lines

ComEd – one project an underground 345 kV transmission project in the U.S. not in Nevada. ComEd had the full range of project responsibilities. (P-1)

Exelon Generation – one project, a generation tie-line, in the U.S., not in Nevada. Exelon Generation had finance and project management responsibility for the project. (P-1)

Exelon Wind – two projects, both generation tie-lines to wind facilities. Exelon Wind had finance and project management responsibility for the projects. (P-1)

Engineering Contractor – two total projects, one in the U.S., not in Nevada. Both projects were at 500 kV. The engineering contractor had only design responsibilities for the projects. (P-1)

Construction Contractor – five total projects, four in the U.S., and none in Nevada. All projects were at 500 kV. The construction contractor had only construction responsibilities for the projects. (P-1)

Substations

PECO and ComEd – ten projects, all in the U.S., none in Nevada. Nine of the projects were at 345 kV or higher, three of these involved shunt capacitors and one involved a Static VAR Compensator. PECO and ComEd had the full range of project responsibilities. (P-1)

Construction Contractor – four total projects, all in the U.S., one in Nevada. All projects were at 500 kV. The construction contractor had only construction responsibilities for the projects. (P-1)

ETC provided a listing of detailed project schedule performance for projects completed by ETC affiliates and its construction contractor in the last five years:

Transmission Lines

ETC affiliates - two projects completed on schedule.

ETC construction contractor – for the five projects identified, two were completed on or ahead of schedule; one project was delayed three years due to regulatory issues; the others had modest delays. (P-6)

Substations

ETC affiliates - nine projects completed on schedule.

ETC construction contractor – four projects completed on or ahead of schedule. (P-6)

ETC stated that, with its Exelon affiliates, it brings financial strength, transmission experience, and a dedication to safety, reliability, and the environment. ETC indicated that its qualifications also depend on a team of engineers, environmental and construction specialists, land agents, and social and environmental mitigation specialists at various consulting and contract firms. (P-7)

With this team, ETC stated that it has identified a unique programmatic management approach with the goal of reducing project risk from the initial routing and siting through full engineering, construction, and commencement of operation and including state-of-the-art social dynamics monitoring throughout the process. ETC stated that its team has managed the development of the transmission line route and alternatives as well as the siting of the series compensator through the use of GoldSET-Spatial, a geographical information system-based tool integrating spatial information into a rigorous multi-criteria analysis. (P-7)

ETC stated that, to ensure a coordinated approach to project execution, its project management team has prepared a project execution plan. ETC provided the sections of the project execution plan. (P-7)

ETC stated that another key benefit of its programmatic management approach would be the consolidated project schedule with task status tracking for the entire project team and project duration. ETC indicated that it plans on utilizing Oracle Primavera software planning and scheduling tools to track the status of project. ETC provided a flow diagram displaying the critical milestones for the project. (P-7)

ETC provided representative diagrams for its project organization. The organization diagrams show the development and construction teams and the operations teams reporting to ETC's Nevada field office project team. Another diagram shows the relationship of key individuals from Exelon, ETC, and various contractors. ETC identified eight years of experience for its contracted program management director. (P-8)

ETC stated that it is in the pre-engineering and early development phase of this project at this time and believes that the major risks associated with timely completion of the project are routing, permitting, interconnection, environmental, and engineering risks. (P-10)

ETC stated that it is not currently participating in any of the ISO's other competitive solicitations for transmission solutions. (P-10)

3.6.6 Information Provided by NEET West/SCE

NEET West/SCE stated that it is prepared to stand behind its schedule by proposing an in-service date incentive. NEET West/SCE indicated that it would agree to forego the return of, and associated return on, a portion of its total cost to construct the project if it did not meet the latest in-service date of May 1, 2020, provided that all approvals required by the California Public Utilities Commission (CPUC), PUCN, and NEPA processes are received by June 30, 2018. (P-9)

NEET West/SCE stated that it would be able to draw from expertise from across the NextEra and SCE organizations, which would provide a wealth of experience in transmission and substation siting, design, construction, operations and maintenance,

and financing. NEET West/SCE indicated that SCE also has direct, recent, relevant experience in constructing a transmission line in Clark County, Nevada that interconnects with Eldorado Substation. (P-1) NEET West/SCE noted that SCE would be the operations and maintenance provider for the project and would collaborate with NEET West to provide development support and consultation during the development and construction phases. NEET West/SCE indicated that its team would be able to draw on SCE's experience and relationships with Nevada local, state, and federal agencies to support licensing and agency approvals of the project.

NEET West/SCE also provided a list of completed NextEra transmission line and substation projects, which were not developed, constructed, owned, or operated by NEET West. NEET West/SCE stated that it would draw upon the resources and experience of its NextEra affiliates to develop, own, and operate the project. (P-1)

The project list included transmission and substation projects above 100 kV completed by NextEra and its affiliates in the past five years:

Transmission Lines - 37 total projects of which 31 were in the U.S., including one in Nevada (at 138 kV). Ten of the projects were at 345 kV and none were at 500 kV. NextEra had the full range of project responsibilities for 35 of the projects. (P-1)

Substations - 60 total projects of which 50 were in the U.S., including one in Nevada (at 138 kV). Eighteen of the projects were at 345 kV and one was at 500 kV. Three projects included series compensation. NextEra had the full range of project responsibilities for 54 of the projects. (P-1)

Series Compensation – nine series compensation segments at five substations. Voltage and installation dates were not included. (P-1)

NEET West/SCE provided a list of completed SCE transmission line and substation projects; the list included SCE transmission and substation projects above 100 kV completed in the past five years.

NEET West/SCE summarized the project schedule performance information for NextEra, stating that 86% of 101 projects since 2003 have been completed on or ahead of schedule; NEET West/SCE stated that all of the stand-alone transmission projects were completed on or ahead of schedule. (P-6)

NEET West/SCE provided a listing of detailed NextEra project schedule performance for projects completed in the last five years:

Transmission Lines - 29 projects identified, 21 completed on or ahead of schedule. The eight late projects ranged from 11 days to 2.5 months late due to permitting, land, or technical issues. (P-6)

Substations - 43 projects identified, 33 completed on or ahead of schedule. The 10 late projects ranged from 11 days to 2.5 months late due to permitting, land, or technical issues. (P-6)

NEET West/SCE also provided project schedule performance information for SCE projects. (P-6)

NEET West/SCE stated that it would apply the same project management approach NextEra has employed for the previous projects listed and that this approach would consist of active management of all aspects of the project by an experienced and skilled project team of professionals and subject matter experts who would take personal responsibility and accountability for all phases of the project's execution. (P-7)

NEET West/SCE indicated that successful project management of the project would require an understanding of the processes necessary, from the conceptual stage through completion of construction, and project management of these linear facilities with frequently changing challenges would require gathering input from and utilizing the expertise of the team's engineering, permitting, procurement, cost and schedule controls, safety management, quality management, and construction team members.

NEET West/SCE described the various process steps and actions it would take during its development and construction of the project, based on the model used by other NextEra companies. NEET West/SCE explained its intended actions in each of the project management steps. (P-7)

NEET West/SCE stated that its project director would hold monthly senior management project status update meetings. (P-7)

NEET West/SCE indicated that it would break the project execution period into project development and construction phases. During the development phase, NEET West/SCE would develop the project execution plan, complete land acquisition, and begin permitting and seeking regulatory approvals. In the construction phase, NEET West/SCE stated that it would implement the project execution plan and would construct and ultimately place the project into service. (P-8)

NEET West/SCE indicated that it would assemble a team of professionals and subject matter experts to make up the core project team and the team would draw upon NextEra's matrixed organization of shared resources for project execution and that the core team would be directed by NEET senior management. NEET West/SCE indicated that the project director, who would report to NEET senior management for the project, would provide a single point of accountability for day-to-day project activities, oversee all project work stream leads and resources, and be responsible for reporting project progress to senior management. (P-8)

NEET West/SCE provided separate organization charts for the NEET West/SCE teams for the development phase, the construction phase, and the operations phase of the project. NEET West/SCE provided summaries of the experience of individuals with key roles in the project management teams, including the overall project director, who has 32 years of utility experience, and the development, engineering, and construction leads, who have 16, 20, and 40 years of experience, respectively. (P-8)

NEET West/SCE provided a table listing 55 risks that it considers major risks and obstacles to the successful completion of the project on schedule and within budget. NEET West/SCE identified the specific risk, category of risk, whether it affects cost or schedule, the probability of occurrence, the impact of the occurrence, whether it is a risk during development and/or construction, and the planned or potential mitigation. (P-10)

NEET West/SCE identified 20 of the risks as having a high impact on the project cost and/or schedule. Of these, NEET West/SCE indicated that two were likely to occur; these issues involve delays in regulatory data requests and weather affecting survey work. NEET West/SCE identified actions, including early reach-out and conducting surveys in the first optimal window, to mitigate these risks. (P-10)

NEET West/SCE stated that NEET West is applying to develop multiple projects under the ISO's competitive transmission process and has already been awarded two projects. NEET West/SCE stated it would be able to execute multiple projects in parallel due to the extensive experience and capabilities of the NextEra companies at project execution. (P-10)

3.6.7 ISO Comparative Analysis

Comparative Analysis of Proposed Schedule

For purposes of the comparative analysis for this component of the factor, the ISO has considered the representations by the project sponsors regarding their proposed schedules for development of the project, including but not limited to the scope of activities specified in their schedules and the reasonableness of the timelines they have specified.

All three project sponsors have proposed schedules that meet the latest in-service date for the project specified in the ISO Functional Specifications. DesertLink proposes a project schedule that would complete its project up to two years ahead of the latest in-service date of May 1, 2020 specified in the ISO Functional Specifications; ETC and NEET West/SCE propose schedules that would complete the project three and ten months ahead of that latest in-service date, respectively. All three project sponsors indicate that they could complete the project by the latest in-service date specified in the ISO Functional Specifications if the start date were to be delayed by six months.

The ISO has determined that all three project sponsors' schedules contain all the expected major activities for the project and contain potentially achievable associated timelines given the ISO's understanding of how long similar activities have taken on projects that have been completed in the recent past in Nevada. In addition, the ISO considers the schedule delay mitigation actions proposed by the project sponsors to be comparable.

The ISO has determined that, although there are differences in the details in the schedules proposed by each project sponsor, each proposed project schedule includes activities that show that the project sponsors could complete the project by the latest in-service date of May 1, 2020 specified in the ISO Functional Specifications. Thus, the ISO has determined that there is no material difference among the proposals of the three project sponsors with regard to this component of the factor.

Comparative Analysis of Ability to Meet Schedule

The ISO's analysis for this component of the factor focused primarily on the ability of the project sponsors to complete the project by the latest in-service date specified in the ISO Functional Specifications and any potential risks associated with each project sponsor's

proposal that might affect completion of the project in a timely manner. For purposes of the comparative analysis for this component of the factor, the ISO has considered the representations by the project sponsors regarding the experience of both the project sponsor and its team members with projects comparable to this project in meeting schedules, including but not limited to the information in their proposed schedules and their past experience in constructing projects on schedule, accounting for risk management, and performing project management, as well as any other indicated factors that might impact the date of completion (either favorably or unfavorably).

As noted in the ISO Functional Specifications and discussed in Sections 3.4.4 and 3.12.7, the ISO prefers a transmission solution that provides sufficient spatial diversity that eliminates a common mode contingency. Therefore, for comparison purposes in this analysis, the ISO has only evaluated routes that maintain sufficient spatial diversity, which for DesertLink means only the “approved” route and for NEET West/SCE means only the primary route.

In addition, for purposes of this comparative analysis, the ISO considers the potential benefits from an in-service date for this project in advance of the latest in-service date specified in the ISO Functional Specifications to be uncertain based on the information currently available to the ISO. In particular, the in service date of the project is dependent on the completion of the necessary substation facilities that are beyond the scope of this competitive solicitation. With this in mind, the ISO has chosen to evaluate the project based on the latest in-service date specified in the ISO Functional Specifications. In the event the project can be placed into service earlier and the interconnection facilities necessary to accommodate the project can be completed sooner than expected, the ISO will reserve the option to negotiate an earlier in-service date with the approved project sponsor when the ISO has better information regarding the potential benefits (and risks) of achieving an earlier in-service date.

Proposed Schedule

As discussed above, all three project sponsors have proposed schedules that meet the latest in-service date for the project of May 1, 2020 specified in the ISO Functional Specifications. DesertLink proposes a project schedule that would complete its project up to two years ahead of that latest in-service date. ETC and NEET West/SCE propose schedules that would complete the project three and ten months ahead of that latest in-service date, respectively. All three project sponsors indicate that they could complete the proposed project by the latest in-service date in the ISO Functional Specifications if the start date were to be delayed by six months.

Financial Incentive

NEET West/SCE has offered an “in-service date incentive” whereby it would forgo a portion of its return if its project were to be completed after the latest in-service date of May 1, 2020 specified in the ISO Functional Specifications, subject to certain conditions. The ISO considers this incentive proposal to provide an advantage relative to the proposals of the other project sponsors, which include no additional financial incentive to complete the project on schedule.

Previous Experience

The project sponsors and their team members have different levels of experience with previous transmission line and substation projects. Although NEET West/SCE provided more previous relevant transmission and substation project experience in its proposal than DesertLink and ETC, the ISO considers the experience of all three sufficient to complete a project like this one.

In terms of completing projects on schedule, all three project sponsors have had a reasonable degree of success in meeting previous project schedules, generally only experiencing minor delays, and they provided reasonable explanations for the delays. Consequently, the ISO considers all three project sponsors to be comparable regarding their experience in completing previous projects on schedule.

Project Management and Risk

All three project sponsors have provided a reasonable approach to professional project management. The project managers identified by each project sponsor have at least eight years of experience, which the ISO considers sufficient. Moreover, the project managers for DesertLink and NEET West/SCE have significantly more than eight years of experience.

All three project sponsors have provided a thorough approach to identifying risks to the project schedule and possible mitigations for those risks. DesertLink has the advantage that its affiliate, Great Basin Transmission, has already completed the transmission line siting process and the federal environmental review process under NEPA and has secured the necessary federal rights-of-way and approval from the PUCN. DesertLink's only remaining siting tasks are to secure three non-federal land easements and land use approvals from Clark County and the City of Henderson (if required) and other minor permits. In addition, DesertLink's team has recent experience with a major transmission line terminating at Harry Allen Substation. The ISO considers this lower siting risk to provide an advantage for DesertLink relative to the other two project sponsors as a factor in completing the project on schedule.

NEET West has been awarded more than one ISO project, but NEET West/SCE represents that it has the capability to complete multiple projects without negatively affecting the schedule for this project. Although the other project sponsors are only applying for this project at this time and have not been awarded another ISO project, the ISO has not identified any advantage for them over NEET West/SCE in this regard despite NEET West's involvement with multiple projects.

Overall Analysis

Based on consideration of all of the aspects of the ability of the project sponsors to meet their proposed schedules, the ISO has identified differences among the proposals of the three project sponsors that could affect the ability of the project sponsor to complete the project by the latest in-service date of May 1, 2020 specified in the ISO Functional Specifications. DesertLink's affiliate has already completed the transmission line siting process and the federal environmental review process under NEPA and has secured the necessary federal rights-of-way and approval from the PUCN, which should reduce risks

for schedule delays in completing the project. DesertLink’s schedule also has the most float, which allows DesertLink more time to meet the latest in-service date.

NEET West/SCE has voluntarily offered a financial completion incentive, whereby it would forego the opportunity to recover a portion of the project costs if its project is late. This gives NEET West/SCE a slight advantage over ETC.

ETC’s schedule provides the least amount of float relative to the latest in-service date for the project.

Based on consideration of all of the aspects of the ability of the project sponsors to meet the latest in-service date of May 1, 2020 specified in the ISO Functional Specifications, including risk considerations and inherent schedule flexibility, the ISO has determined that DesertLink’s proposal is better than NEET West/SCE’s proposal and that both project sponsors’ proposals are better than ETC’s proposal with regard to this component of the factor.

Overall Comparative Analysis

The ISO considers the two components of this factor to be of roughly equal importance in the selection process for this project. Because the ISO has determined that there is no material difference among the proposals of the project sponsors with regard to the first component of this factor (proposed schedule), and the ISO has determined with regard to the second component of this factor (ability to meet the proposed schedule) that DesertLink’s proposal is better than NEET West/SCE’s proposal and that both project sponsors’ proposals are better than ETC’s proposal, the ISO has determined that DesertLink’s proposal is slightly better than NEET West/SCE’s proposal which is better than ETC’s proposal with regard to this factor overall.

3.7 Selection Factor 24.5.4(e): The Financial Resources of the Project Sponsor and Its Team

(Section 3 - General Project Information, QS-2, F-1 through F-16)

The fifth selection factor is the “financial resources of the Project Sponsor and its team.”

The ISO notes that the project sponsors provided substantial information regarding their finances in their applications; however, the ISO has only incorporated relatively limited and general financial information from the project sponsors’ proposals in the summaries below due to the sensitive nature of some of the financial information provided.

Project sponsors provided information related to their experience in developing and financing similar projects, annual financial results including key financial metrics, credit ratings, proposed financing sources, and other financial-oriented information requested by the ISO. In performing the comparative analysis, the ISO has considered all of the financial information provided by the project sponsors. The ISO has also utilized two metrics – tangible net worth and Moody’s Analytics Estimated Default Frequency

“EDF”⁸ – based on information provided in the project sponsors’ annual reports. Moody’s Analytics EDF has an associated equivalent rating, also provided by Moody’s Analytics as part of its EDF calculation, that provides the ISO another metric similar to the agency credit ratings.

Although a company’s net worth is sometimes used in financial analysis, it can be misleading because asset and liability values may change dramatically over time. For instance, derivative assets have the potential of changing daily. In addition, there is no prescribed way to value intangible assets. To compensate for these limitations, the ISO relies on tangible net worth⁹, which removes certain assets and liabilities from the net worth calculation. For the purpose of evaluating the financial resources of the project sponsors and their teams for this project, the ISO considers tangible net worth to be more meaningful because it better represents assets that are more immediately available for project funding.

Likewise, the ISO considers that agency credit ratings can have important but limited usefulness in financial analysis because they are largely based on historical performance. In the general course of its business, the ISO has recognized the limitation of credit ratings and has begun to rely on EDF as a more forward-looking measure of a company’s financial health. It produces a forward-looking default probability by combining financial statement and equity market information into a highly predictive measurement of stand-alone credit risk. EDF provides the ISO one additional metric in assessing a project sponsor’s ability to see the project through to the end. In addition, the equivalent rating associated with the EDF provides another metric similar to the agency credit ratings. The ISO has utilized both of these additional measures of financial health in its comparative analysis of the financial resources of the project sponsors and their teams for this project.

For the purpose of performing the comparative analysis for this factor, the ISO has considered the following components of the factor:

- Project financing experience
- Project financing proposal
- Financial resources
- Credit ratings
- Financial ratio analysis

The ISO has initially considered these components separately and then developed an overall comparative analysis for financial resources and creditworthiness.

⁸ Estimated Default Frequency is a proprietary scoring model developed by Moody’s Analytics, Inc., a subsidiary of Moody’s Corporation (NYSE: MCO).

⁹ The ISO Tariff defines “Tangible Net Worth” as total assets minus assets (net of any matching liabilities, assuming the result is a positive value) the CAISO reasonably believes to be restricted or potentially unavailable to settle a claim in the event of a default (examples include restricted assets and Affiliate assets) minus intangible assets (*i.e.*, those assets not having a physical existence such as patents, trademarks, franchises, intellectual property, and goodwill) minus derivative assets (net of any matching liabilities, assuming the result is a positive value) minus total liabilities.

3.7.1 Information Provided by DesertLink

Project Financing Experience

DesertLink provided a list of eight transmission line and eight substation projects that its ultimate parent, LS Power, has financed in the past five years, of which one 230 kV transmission line project and three associated substations were located in Nevada. DesertLink provided information regarding LS Power's debt and equity contribution for five projects and indicated that the projects were financed with multiple equity-to-debt contributions using a variety of debt sources, including financing through a number of commercial banks. (P-1, F-11)

Project Financing Proposal

DesertLink indicated that it plans to finance the overall project with 50% equity and 50% debt. DesertLink indicated that LS Power would provide the equity financing for the development of the project. DesertLink also provided a memorandum of understanding with Western Area Power Administration regarding its Transmission Infrastructure Program showing Western Area Power Administration's support for DesertLink to continue its review and evaluation of the project. DesertLink indicated that, although the memorandum of understanding supports DesertLink's continued evaluation and review of the project, final approval and funding of the project is subject to Western Area Power Administration's review and evaluation of DesertLink's project business plan proposal. DesertLink indicated that the Transmission Infrastructure Program has access to funds offering attractive interest rates, the benefits of which would be passed to ratepayers.

To provide further evidence of financial support for the project, DesertLink provided letters of support from two commercial banks. The letters are clear that they are non-binding and should not be construed as a commitment to finance the project. (F-2, F-12, F-14)

Financial Resources

DesertLink indicated that it would rely on LS Power for capital funding for this project. DesertLink provided a letter from LS Power, signed by an officer of LS Power's general partner, indicating LS Power's financial support for the project. DesertLink provided LS Power's annual audited and quarterly unaudited financial statements for 2010-2014. DesertLink provided the following information from LS Power's latest annual audited financial statements:

Total assets
Total liabilities
Net worth

The ISO calculated a tangible net worth for LS Power for each of the five years. LS Power's quarterly unaudited financial statements did not show any material adverse change to LS Power's financial condition. (F-3, F-4)

Credit Ratings

LS Power is not rated by any of the three major credit rating agencies.

The ISO calculated a Moody's Analytics equivalent rating for LS Power based on LS Power's 2014 audited financial statements. (F-6)

Financial Ratio Analysis

DesertLink provided the following financial ratios based on LS Power's audited financial statements: (F-9, F-10)

Total assets/total projected project cost
Funds from operations (FFO)/interest coverage
FFO/total debt
Total debt/total capital

3.7.2 Information Provided by ETC

Project Financing Experience

ETC provided a list of a number of transmission and substation projects for which an ETC affiliate had project management and construction responsibility. ETC did not indicate any projects for which its affiliates had financing responsibility.

ETC provided examples of project financing experience that ETC indicated demonstrates its ability to finance large projects. The financing for the projects included balance sheet financing, project financing, and an acquisition financing structure. ETC indicated that such projects generally used an approximately 50% equity and 50% debt contribution with external financing sources as the predominant source of debt financing. ETC noted that the debt source for the acquisition was a U.S. Department of Energy loan. (P-1, F-11).

Project Financing Proposal

ETC indicated that it is a wholly owned subsidiary of Exelon Corporation and that Exelon is expected to provide the project's required equity contribution. ETC indicated that it anticipates funding the entire project through a combination of debt and equity, likely at a ratio at or near 50%/50%. ETC indicated that there are a number of factors that limit its ability to provide the final financial plan at this time but that it would provide the final financing structure and financial recourse decisions as soon as reasonably practicable.

ETC indicated that, if selected by the ISO as the approved project sponsor, ETC would seek to assign the rights and obligations for this project to a special purpose entity that would be a wholly owned subsidiary of ETC and would be responsible for developing, constructing, owning, and operating this project.

ETC indicated that it intends to exercise every available financing source. ETC emphasized the potential for lower interest rates for government backed loans such as the Department of Energy loan guarantee used in the acquisition noted among its financing experience. ETC pointed out that such loans translate into ratepayer savings.

ETC indicated that it has been in touch with Western Area Power Administration with regard to financing construction of the project through the Transmission Infrastructure Program. (F-1, F-2, F-5, F-12, F-14)

Financial Resources

ETC indicated that it would rely on its ultimate parent, Exelon, for capital funding for this project. ETC provided a letter indicating that Exelon would provide a financial guarantee on behalf of ETC should the ISO select ETC as the approved project sponsor for this project.

ETC provided Exelon's annual audited and quarterly unaudited financial statements for 2010-2014. ETC provided the following information from Exelon's latest annual audited financial statements:

Total assets
Total liabilities
Net worth

The ISO calculated a tangible net worth for Exelon for each of the five years.

Exelon's quarterly unaudited financial statements did not show any material adverse change to that company's financial condition. (F-3, F-4, F-13)

Credit Ratings

ETC provided the following credit ratings and associated credit rating reports for Exelon: (F-6)

Moody's: Baa2
S&P: BBB

The ISO calculated a Moody's Analytics equivalent rating for Exelon based on Exelon's 2014 audited financial statements.

Financial Ratio Analysis

ETC provided the following financial ratios based on Exelon's audited financial statements: (F-9; F-10)

Total assets/total projected project cost
FFO/interest coverage
FFO/total debt
Total debt/total capital

3.7.3 Information Provided by NEET West/SCE

Project Financing Experience

NEET West/SCE provided a list of 29 transmission and 49 substation projects financed in the past five years, one of which was located in Nevada. NEET West/SCE provided

additional examples of financing of transmission and substation projects outside the requested five-year window.

NEET West/SCE provided information regarding its and/or NextEra's debt contribution for five representative projects of limited-recourse senior secured variable rate term loans and letters of credit for which the loans were secured by all borrower's assets and a pledge of ownership interest in the borrower. NEET West/SCE indicated that debt sources included commercial banks and/or private institutional investors. (P-1, F-11)

Project Financing Proposal

NEET West/SCE indicated that it would draw 100% of its equity and debt funding requirements from NEET West's corporate parent, NextEra, through NextEra's financing affiliate NEECH. NEET West/SCE indicated that NEECH would provide needed guarantees to NEET West/SCE and that those would in turn be guaranteed by NextEra as provided for through a blanket guarantee arrangement between NEECH and NextEra. NEET West/SCE indicated that execution of a guaranty would be dependent on the ISO selecting NEET West/SCE as the approved project sponsor and the execution of a mutually agreeable Approved Project Sponsor Agreement with the ISO. NEET West/SCE provided a letter, signed by a NextEra officer, indicating these financial assurances.

NEET West/SCE indicated that SCE would provide specific non-financial support to the project in exchange for the right but not the obligation to become an owner of the completed project. Because SCE is not providing direct financial support for this project, NEET West/SCE did not provide, nor did the ISO consider, SCE's financial data or credit ratings in assessing the financial capabilities of NEET West/SCE.

NEET West/SCE indicated that it would request a debt-to-equity ratio of 50%/50%. During development and construction, NEET West/SCE indicated that NEECH would contribute equity and provide access to debt financing at commercially attractive rates. On or around the in-service date for the project, NEET West/SCE indicated that it intends to convert the debt to long-term debt at commercially attractive rates, provided by NEECH.

During development, permitting, and construction and operation, NEET West/SCE indicated that the project would be supported 100% through corporate parent funding, which would consist of both equity and debt. NEET West/SCE indicated that ratepayers would receive the benefit of a project constructed with strong equity support, without any risk of project-level leverage. NEET West/SCE indicated that corporate parent funding would benefit ratepayers by avoiding unnecessary and costly third party transaction costs and providing the flexibility to complete the project under a range of possible scenarios (e.g., construction delays, regulatory interventions, etc.).

NEET West/SCE also provided a letter from Western Area Power Administration regarding its Transmission Infrastructure Program showing its initial interest in the project and encouraging NEET West/SCE to develop a memorandum of understanding. NEET West/SCE indicated that it anticipates signing a memorandum of understanding with Western Area Power Administration that would allow Western Area Power Administration to participate directly in the development of the project. NEET West/SCE

indicated that this would allow for additional options for low cost project funding and a strong operating partner in the region.

NEET West/SCE indicated that the project might further benefit from a portfolio financing post-construction that could include a series of multiple fixed rate debt issuances that would align with the forecasted depreciable net book value of the project assets, when viewed as a diversified portfolio. NEET West/SCE indicated that such a structure would allow ratepayers to benefit from a portfolio of debt terms and rates that would minimize the overall financing cost. (F-1, F-2, F-12, F-14)

Financial Resources

NEET West/SCE provided a letter from NextEra, signed by an officer of NextEra, indicating NextEra's financial support for the project.

NEET West/SCE provided NextEra's annual audited and quarterly unaudited financial statements for 2010-2014. NEET West/SCE provided the following information from NextEra's latest annual audited financial statements:

Total assets
Total liabilities
Net worth

The ISO calculated a tangible net worth for NextEra for each of the five years. NextEra's quarterly unaudited financial statements did not show any material adverse change to NextEra's financial condition. (F-3, F-4)

Credit Ratings

NEET West/SCE provided the following credit ratings and associated credit rating reports for NextEra: (F-6)

Moody's: Baa1
S&P: A-
Fitch: A-

The ISO calculated a Moody's Analytics equivalent rating for NextEra based on 2014 audited financial statements.

Financial Ratio Analysis

NEET West/SCE provided the following financial ratios based on NextEra's audited financial statements: (F-9, F-10)

Total assets/total projected project cost
FFO/interest coverage
FFO/total debt
Total debt/total capital

3.7.4 ISO Comparative Analysis

For the purpose of performing the comparative analysis for this factor, the ISO has considered the following components of the factor:

- Project financing experience
- Project financing proposal
- Financial resources
- Credit ratings
- Financial ratio analysis

The ISO has initially considered these components separately and then developed an overall comparative analysis for financial resources.

The ISO's analysis of the financial resources of the project sponsor and its team has focused primarily on whether each project sponsor has adequate financial resources and creditworthiness to finance the project and whether constructing, operating, and maintaining the facilities would significantly impair the project sponsor's creditworthiness or financial condition.

For purposes of the comparative analysis for this factor, the ISO has largely considered the project sponsors' representations. In addition, the ISO has considered each project sponsor's audited financial statements as well as credit ratings and associated ratings reports from one or more of the credit rating agencies. In instances where a project sponsor is looking to an affiliated entity (e.g., an ultimate parent) for financial support on the project, the ISO has used financial statements and credit ratings of the affiliated entity if the affiliated entity provided a letter of assurance, signed by an officer of the company, stating that it would provide unconditional financial support to the project.

Although there are slight differences between project sponsors with regard to some of the components considered, including the financial strength of the company ultimately backing the project and that company's credit ratings, the ISO does not consider these differences significant enough to materially affect any one project sponsor's ability to complete this project. Consequently, this comparative analysis relies in large part on minor degrees of difference.

Project Financing Experience

Based upon the information provided and representations by the project sponsors, the ISO has determined that, over the past five years, NEET West/SCE identified considerably more transmission project and project financing experience than DesertLink and ETC. Although they identified less transmission project financing experience than NEET West/SCE during the past five years, DesertLink and ETC demonstrated project financing experience.

The ISO has concluded that even though NEET West/SCE demonstrated more transmission project financing experience than DesertLink and ETC, DesertLink and ETC sufficiently demonstrated their ability to secure project financing for this project. Consequently, with respect to this particular project, the ISO considers the project financing experience of DesertLink, ETC, and NEET West/SCE to be sufficiently comparable that there is no material difference among them in this regard.

Project Financing Proposal

Each project sponsor proposes to rely to some extent on its ultimate parent for financing and/or access to the capital markets. As required, all provided letters of financial support for the project from their ultimate parents. Each project sponsor's funding target is 50% equity to 50% debt.

Each project sponsor indicated that it may finance a portion of the project debt using Western Area Power Administration's Transmission Infrastructure Program. Both ETC and NextEra/SCE have been in contact with Western Area Power Administration and are in the process of issuing a memorandum of understanding. However, only DesertLink has a memorandum of understanding showing Western Area Power Administration's support for DesertLink to continue its review and evaluation of the project, although the memorandum of understanding is clear that it is not a commitment to fund the project. In the event that Western Area Power Administration Transmission Infrastructure Program funding of the project is unavailable, each project sponsor would pursue alternative financing of the project through the capital markets.

Based on all three project sponsors' reliance on parent funding and access to the capital markets, the ISO finds no material difference in their funding proposals.

Financial Resources

Based on the project sponsors' 2014 annual financial statements and their 2015 quarterly financial reports, all three project sponsors exhibit sufficient financial strength and resources to complete this project. NEET West/SCE and ETC have higher net worth and tangible net worth than DesertLink over the past five years. Having the financial capacity to continue to bid on, win, and finance projects, although dependent in part on the financial resources of a company, also depends on the breadth and strength of a company's partner and banking relationships. Recent and past project financing experience indicate that DesertLink has developed banking relationships as evidenced by two banks providing support for this project. Consequently, the ISO considers DesertLink to have sufficient financial resources to complete this project, although ETC and NEET West/SCE are better with regard to this consideration.

Credit Ratings

ETC and NEET West/SCE are backed by highly-rated, investment grade companies. Although their individual ratings vary somewhat, the ISO does not consider these differences to be material for purposes of this analysis. DesertLink's parent, LS Power, is not rated by any of the three major credit rating agencies. The lack of a credit rating is not unusual, and the ISO has not considered it an adverse factor in this analysis.

Based on the ISO's calculation of Moody's Analytics estimated default frequency and the resulting Moody's Analytics equivalent rating for the past five years, the ISO considers ETC and NEET West/SCE comparable and stronger than DesertLink in this regard.

Financial Ratio Analysis

ETC and NEET West/SCE have better financial ratios than DesertLink. As a result, the ISO considers ETC and NEET West comparable and stronger than DesertLink in this regard.

Overall Analysis

In performing the comparative analysis for this factor, the ISO considered all of the financial information provided by the project sponsors as well as the additional information developed by the ISO described above. The ISO's assessment of the financial resources of the project sponsors and their teams is necessary for the ISO to determine which of the project sponsors can bring the strongest financial resources to bear in order to fully finance the project over its life span at a competitive cost and to complete the project under a range of possible scenarios (e.g., construction delays, cost escalation, regulatory interventions, etc.). This comparative analysis relies in large part on minor degrees of difference.

Based on the information provided by the project sponsors, the ISO has concluded that each project sponsor has sufficiently demonstrated the experience and financial resources to undertake a project of this size. However, the ISO considers ETC and NEET West/SCE to have an advantage over DesertLink in the areas of financial resources, credit ratings, and financial ratio analysis. Further, the ISO considers the differences among the project sponsors and their proposals with regard to project financing experience and project financing proposals to be insignificant compared to the other differences among the project sponsors and their proposals. Based on the foregoing, in conjunction with all the other considerations included in the ISO's analysis for this factor, the ISO has determined that, for this particular factor, there is no material difference between ETC and NEET West/SCE and their proposals and that both are slightly better than DesertLink and its proposal with regard to this factor.

3.8 Selection Factor 24.5.4(f): Technical (Environmental Permitting) and Engineering Qualifications and Experience

The sixth selection factor is “the technical and engineering qualifications and experience of the Project Sponsor and its team.”

For the purpose of performing the comparative analysis for this factor, the ISO has initially considered the two components of the factor separately and then combined them into an overall comparative analysis for this factor. The two components are: (1) the technical (environmental permitting) qualifications and experience of the project sponsor and its team and (2) the engineering qualifications and experience of the project sponsor and its team.

Technical (Environmental Permitting) Qualifications and Experience

(Section 1 – Introduction, Section 3 - General Project Information, QS-1, QS-4, P-1, P-6, P-8, P-9, P-10, P-13, E-1, E-2, E-3, E-4, E-5, E-6, E-7, E-8, E-9 a, E-9 b, E-9bi, E-9bii, E-9c, E-10, E-14a, E-14c, E-14di, E-14dii, E-14diii, E-15a, E-15c, E-15di, E-15dii, E-15diii, E-16a, E-16b, E-16c, E-16d, E-16e, E-16f, S-1, S-2, S-5, T-1)

3.8.1 Information Provided by DesertLink

DesertLink indicated that its team has experience in obtaining federal and state discretionary permits for five similar transmission line projects in the past five years, one in Nevada. DesertLink indicated that neither it nor its affiliates have received a notice of violation of permit requirements in the last five years. DesertLink indicated that its affiliate, Great Basin Transmission, has already secured approvals for the most critical and time-sensitive permits for the project, including regulatory approval for the project from the PUCN. (E-1, E-2, E-3, E-4, E-5, E-6, E-7, E-9, E-10, E-14a, E-14c, E-14di, E-14dii, E-14diii, E-15a, E-15c, E-15di, E-15dii, E-15diii, E-16a, E-16b, E-16c, E-16d and E-16e)

3.8.2 Information Provided by ETC

ETC indicated that it and its team have experience in obtaining federal and state discretionary permits. None were in Nevada. ETC indicated that neither it nor its affiliates have received a notice of violation of permit requirements in the last five years. ETC indicated that it would seek project approvals from BLM, BoR, the U.S. Fish and Wildlife Service, and the PUCN. (P-13, E-2, E-3, E-4, E-5, E-6, E-7, E-9, E-10, E-14a, E-14c, E-14di, E-14dii, E-14diii, E-15a, E-15c, E-15di, E-15dii, E-15diii, E-16a, E-16b, E-16c, E-16d and E-16e)

3.8.3 Information Provided by NEET West/SCE

NEET West/SCE indicated that it and its team have experience in obtaining federal and state discretionary permits and regulatory approvals. NEET West/SCE indicated that NextEra and its affiliates have performed these activities for 13 similar transmission line projects, three of which were in Nevada. NEET West/SCE also noted that it will be able to draw on SCE's experience and relationships with Nevada local, state, and federal agencies to support the licensing and agency approvals of the project. NEET West/SCE indicated that neither NEET West nor its affiliates have received a notice of violation of permit requirements in the last five years. NEET West/SCE indicated that it would seek project approvals from the CPUC and the PUCN. (Section 1- Introduction, E-2, E-3, E-4, E-5, E-6, E-7, E-9, E-10, E-14a, E-14c, E-14di, E-14dii, E-14diii, E-15a, E-15c, E-15di, E-15dii, E-15diii, E-16a, E-16b, E-16c, E-16d and E-16e)

Engineering Qualifications and Experience

(Section 3 - General Project Information , QS-1, QS-4, P-1, P-6, E-1, E-6, S-1, S-2, S-3, S-4, S-6, S-7, S-8, S-9, S-10, T-2, T-3, T-4, T-6, T-7, T-8, T-9, T-13 (T items as appropriate to the proposed project))

3.8.4 Information Provided by DesertLink

DesertLink indicated that it has not completed the design of any transmission line or substation projects as a developer but that LS Power, the parent of DesertLink, has completed the design of transmission line and substation projects in the past five years, including projects with series capacitors and projects in Nevada (P-1).

DesertLink indicated that a major design firm would design the series capacitor substation (S-2) and provided a list of substation projects, including high voltage series capacitor projects that the design firm has completed in the U.S. and Nevada in the past five years (S-3). DesertLink provided resumes for key DesertLink and design firm personnel (S-2).

DesertLink indicated that it has retained a major engineering firm for the design of the transmission line (T-2) and provided a list of transmission line projects the design firm has completed in the past five years, which included EHV transmission line projects in Nevada (T-3).

DesertLink provided detailed design criteria and identified a list of standards and requirements that it would use in the design of the project's series capacitors and transmission line, including Nevada and local requirements.

DesertLink identified a right-of-way between 175 and 200 feet noting that it established the right-of-way width by maintaining the electrical clearance required by National Electrical Safety Code C2-2012. DesertLink also noted that the line separation between other bulk electric system components in the corridor is generally 250 feet, except in the case of certain areas that amount to less than three line miles per adjacent circuit, to avoid common corridor N-2 contingencies in accordance with NERC and WECC guidelines. DesertLink indicated that the transmission line would terminate at the south side of Eldorado Substation near the location the ISO specified in its responses to questions from project sponsors for this project and posted to its website. (T-5, T-9)

DesertLink identified 18 EHV line crossings (S-1, S-6, S-7, S-8, S-9, S-10, T-6, T-7, T-8, T-9, T-13).

DesertLink indicated that it has previous experience with its substation (S-4) and transmission line design firms (T-4). DesertLink provided a list of Nevada specific permits, rules, and regulations that could affect the design and construction of the transmission line and substation (E-1, E-6).

3.8.5 Information Provided by ETC

ETC indicated that it has not completed the design of any transmission line or substation projects as a developer but that Exelon, the parent of ETC, and its affiliates have completed the design of two transmission lines and several substation projects in the past five years. None were in Nevada. (P-1).

ETC indicated that it would assign the responsibility for the development of the project to a wholly-owned subsidiary of ETC.

ETC identified a major design firm and two engineering, procurement, and construction (EPC) firms for the design of the series capacitors and provided a list of their projects completed in the past five years. The list included projects with series capacitors for the two EPC firms but no series capacitor experience for the design firm and no projects in Nevada for any of the firms (P-1, S-2, S-3).

ETC identified a major design firm for the transmission line and listed two transmission line design projects in the past five years, neither of which was in Nevada (P-1, T-2, T-3). ETC provided resumes for key ETC and design firm personnel (S-2).

ETC provided detailed design criteria and identified a list of standards and requirements that would be used in the design of the series capacitors and transmission line, including Nevada and local requirements.

ETC indicated that the series capacitors would be installed within Eldorado Substation or Harry Allen Substation.

ETC identified a 200-foot right-of-way with a 250-foot corridor separation to bulk transmission lines. ETC indicated that it would terminate the transmission line at the north side of Eldorado Substation and that terminating the transmission line near the location the ISO specified in its responses to questions from project sponsors for the project and posted on the ISO's website would increase the cost. ETC indicated that its cost estimate is for a project whose termination is at the north side of Eldorado Substation.

ETC identified 13 EHV line crossings (S-6, S-7, S-8, S-9, S-10, T-6, T-7, T-8, T-9, T-13).

ETC indicated that Exelon subsidiaries have previous experience with its substation and transmission line design firm (S-4, T-4). ETC indicated that Exelon has experience with its proposed substation EPC firms, but not with series capacitor projects (S-4). ETC provided a list of Nevada specific permits, rules, and regulations that could affect the design and construction of the transmission line and substation (E-6).

3.8.6 Information Provided by NEET West/SCE

NEET West/SCE indicated that it has not completed the design of any transmission line or substation projects as a developer but did identify internal staff with such design experience.

NEET West/SCE provided a list of numerous substation projects that NextEra, the parent of NEET West, has completed in the past five years, including eight with series capacitors. NEET West/SCE identified four major design firms and provided a list of projects completed in the past five years that included projects with series capacitors and a project in Nevada (P-1, S-2, S-3).

NEET West/SCE identified numerous transmission line projects completed in the past five years by NextEra affiliates, one in Nevada. NEET West/SCE provided an extensive

list of transmission line projects completed in the past five years for four major design firms that NEET West/SCE indicated it is considering for the design of the transmission line, which included 500 kV projects, but no projects in Nevada (P-1, T-2, T-3).

NEET West/SCE provided detailed design criteria and identified a list of standards and requirements that it would use in designing the series capacitors and transmission line, including Nevada and local requirements.

NEET West/SCE indicated that the series capacitors would be installed in a new 500 kV series compensation station in Clark County, Nevada near Eldorado Substation. As an alternative, due to the collaboration between NEET West and SCE (the majority owner of Eldorado Substation), NEET West/SCE indicated that it might locate the series compensation station inside the Eldorado Substation fence. NEET West/SCE indicated that it would investigate any cost savings (e.g. capital and operations and maintenance) if selected by the ISO as the approved project sponsor. (S-1)

NEET West/SCE identified a 200-foot right-of-way with a 250-foot corridor separation to bulk transmission lines and indicated that the transmission line would terminate at the south side of Eldorado Substation near the location the ISO specified in its responses to the questions from project sponsors for this project and posted on the ISO's website (T-9).

NEET West/SCE identified 17 EHV line crossings (S-1, S-6, S-7, S-8, S-9, S-10, T-6, T-7, T-8, T-9, T-13). NEET West/SCE indicated that it has previous experience with all of its substation (S-4) and transmission line (T-4) design firms. NEET West/SCE provided a list of Nevada specific permits, rules, and regulations that could affect the design and construction of the transmission line and substation (E-6).

3.8.7 ISO Comparative Analysis

Comparative Analysis of Technical (Environmental Permitting) Qualifications and Experience

For purposes of the comparative analysis for this component of the factor, the ISO has considered the representations by the project sponsors regarding the qualifications and experience of both the project sponsor and its team members in obtaining and complying with environmental permits for a transmission project, including but not limited to (1) the permitting experience of the project sponsor and its team for projects it has developed, (2) the permitting experience for similar projects of the project sponsor's team member or members that have been designated as having responsibility for project permitting, and (3) how much of the experience of the project sponsor and its team is in the U.S. and in Nevada.

The ISO considers experience in the U.S. and Nevada to be an advantage over experience in environmental permitting in other jurisdictions because the project will be located in Nevada and there are special aspects of environmental regulation and processes in the U.S. and Nevada for which experience is an advantage, since U.S. and Nevada environmental permitting laws, rules, regulations, and processes are unique to the U.S. and Nevada.

DesertLink and NEET West/SCE or their teams have experience in obtaining environmental permits for transmission lines in Nevada. ETC did not identify any experience that it or its team has with environmental permitting of transmission projects in Nevada. In addition, DesertLink's sister company Great Basin Transmission has already secured approvals for the most critical and time-sensitive permits for the project, including regulatory approval for the project from the PUCN, while neither ETC nor NEET West/SCE has completed any of the permitting activities for their project.

With regard to its analysis of this component of the factor, the ISO first wants to point out that it considers the environmental permitting contractors identified by the project sponsors as part of their teams to be qualified and fully capable of handling the environmental permitting work associated with this project. As a result, the ISO's analysis identifies only the slightest of advantages for any project sponsor over any other with these environmental firms on its team. Based particularly on the fact that DesertLink's sister company Great Basin Transmission has already completed substantial permitting activities for the project, in conjunction with all the other considerations included in the ISO's analysis for this component of the factor, the ISO has determined that DesertLink's proposal is better than the proposals of the other two project sponsors with regard to this component of the factor. The ISO has determined that NEET West/SCE's proposal is slightly better than ETC's proposal with regard to this component of the factor because, in conjunction with all the other considerations included in the ISO's analysis for this component of the factor, NEET West/SCE identified specific permitting experience in Nevada. In any event, all of the project sponsors have capable teams with respect to environmental permitting that are qualified to perform the activities necessary to obtain all environmental permits.

Comparative Analysis of Engineering Qualifications and Experience

For purposes of the comparative analysis for this component of the factor, the ISO has considered the representations by the project sponsors regarding the qualifications and experience of both the project sponsor and its team members in engineering and designing transmission and substation projects, including but not limited to (1) the engineering experience of the project sponsor for projects it has developed, (2) the engineering experience for similar projects of the project sponsor's team member or members that have been designated as having responsibility for project engineering, and (3) how much of the experience of the project sponsor and its team is in the U.S. and Nevada.

The ISO considers experience in the U.S. and Nevada to be an advantage over substation and transmission line engineering and design experience in other countries because the project would be located in Nevada and there are special aspects of engineering and design codes and regulations in the U.S. and Nevada for which this experience is an advantage.

U.S. engineering and design codes and regulations are unique to the U.S., and Nevada engineering and design laws, rules, regulations, and processes are unique to the state of Nevada and apply to both transmission lines and substations. For example, for transmission lines and substation projects developed in the U.S. and Nevada must adhere to the National Electrical Safety Code published by the Institute of Electrical and Electronics Engineers (IEEE). In Nevada, the process that must be followed for

engineering and design of transmission lines includes approval from the PUCN, Nevada State Historic Preservation Office, and administrative design review by state and local agencies.

All three of the project sponsors provided information on the U.S. and Nevada specific rules, regulations, and laws that might affect the design of transmission lines and substations in Nevada.

Experience of the project sponsor

None of the project sponsors, acting as developers, has completed the engineering or design of any substation or transmission line project.

Experience of the project sponsor's team with the design of series capacitor substation projects.

DesertLink and NEET West/SCE affiliates and designated design firms have completed the engineering and design of substation projects in the past five years, including series capacitors and EHV projects, in both the U.S. and Nevada.

The information provided by ETC showed that subsidiaries of Exelon, the parent of ETC, have completed the engineering and design of EHV substation and series capacitor projects in the past five years, but none were in Nevada or included an EHV series compensation project. ETC's designated design firm has not completed the engineering or design of any series capacitor projects in the past five years. The information provided by ETC showed that ETC's proposed EPC firms for the series capacitors have completed projects, including EHV projects, in the U.S. but not in Nevada.

Experience of the project sponsor's team with the design of transmission line projects.

DesertLink, ETC, and NEET West/SCE affiliates and designated design firms have completed the engineering and design of transmission line projects in the U.S in the past five years. Both DesertLink and NEET West/SCE identified transmission line projects completed by their affiliates and designated design firms in Nevada.

DesertLink, ETC, and NEET West/SCE have previous design experience with all of their designated design firms.

Experience with U.S. design codes and regulations and Nevada engineering and design laws, rules, and regulations.

All of the project sponsors identified U.S. codes and regulations and Nevada specific laws, rules, and regulation and provided design criteria and industry design standards.

Overall Analysis

With regard to its analysis of this component of the factor, the ISO first wants to point out that it considers the engineering and design contractors identified by the project sponsors as part of their teams to be qualified and fully capable of handling the engineering work associated with this project. As a result, the ISO's analysis identifies

only the slightest of advantages for any project sponsor over any other with these engineering and design firms on its team.

Based on the experience in the past five years of DesertLink and NEET West/SCE, their affiliates, and their designated design firms in the design of transmission lines and substations, particularly EHV projects, and their experience in Nevada, in conjunction with all the other considerations included in the ISO's analysis for this component of the factor, the ISO has determined that, for this particular component of the factor, there is no material difference between the proposals of DesertLink and NEET West/SCE and their proposals are slightly better than ETC's proposal with regard to this component of the factor. The ISO considers the proposals of DesertLink and NEET West/SCE to be slightly better than the proposal of ETC particularly because the demonstrated design experience DesertLink and NEET West/SCE reflected in their proposals is more extensive than, and includes experience in Nevada compared to, the design experience ETC reflected in its proposal.

Overall Comparative Analysis

The ISO considers the two components of this factor to be of roughly equal importance in the selection process for this project. Because the ISO has determined that DesertLink's proposal is better than NEET West/SCE's proposal, which is better than ETC's proposal, with regard to the first component of this factor (environmental permitting qualifications and experience), and the ISO has determined that there is no material difference between the proposals of DesertLink and NEET West/SCE and that they are both better than ETC's proposal with regard to the second component of this factor (engineering qualifications and experience), the ISO has determined that the DesertLink's proposal is slightly better than NEET West/SCE's proposal, which is in turn slightly better than ETC's proposal, with regard to this factor overall. The ISO notes again, however, that all of the project sponsors and their teams are qualified and fully capable of handling the engineering and permitting work associated with this project.

3.9 Selection Factor 24.5.4(g): Previous Record Regarding Construction and Maintenance of Transmission Facilities

The seventh selection factor is "if applicable, the previous record regarding construction and maintenance of transmission facilities, including facilities outside the ISO Controlled Grid of the Project Sponsor and its team."

For the purpose of performing the comparative analysis for this factor, the ISO has initially considered the two components of the factor separately and then combined them into an overall comparative analysis for this factor. The two components are: (1) the previous record regarding construction including facilities outside the ISO controlled grid of the project sponsor and its team and (2) the previous record regarding maintenance including facilities outside the ISO controlled grid of the project sponsor and its team.

Construction Record

(Section 3 - General Project Information , QS-1, QS-4, P-1, P-2, P-6, P-7, E-1, E-6, E-14a, E-14b, E-14c, E-14di, E-14dii, E-14diii, E-15a, E-15b, E-15c, E-15di, E-15dii, E-15diii, E-16a, E-16b, E-16c, E-16d, E-16e, E-16f, S-3, S-4, T-2, T-3, T-4)

3.9.1 Information Provided by DesertLink

DesertLink indicated that it has not constructed a substation or transmission line project as a developer. DesertLink identified substation and transmission line projects that LS Power, the parent of DesertLink, has constructed in the past five years, including projects in Nevada (P-1).

DesertLink identified one construction firm and three EPC firms for constructing the substation and series capacitors (S-2) and indicated that the firms have completed numerous substation projects in the past five years, including EHV series capacitor projects and projects in Nevada (S-3).

DesertLink stated that its transmission line construction firm has constructed EHV projects in the past five years, including projects in Nevada (T-3).

DesertLink identified previous experience that LS Power has with its proposed substation construction and EPC firms and transmission line construction firm (S-4, T-4).

DesertLink provided a list (E-1, E-6) of Nevada specific permits, rules, and regulations that could affect the construction of the transmission line and substation.

3.9.2 Information Provided by ETC

ETC indicated that it has not constructed a substation or overhead transmission line project as a developer. ETC indicated that Exelon and its subsidiaries have constructed several substation projects. None of the projects were in Nevada. ETC identified an EHV overhead transmission line project for which Exelon and its subsidiaries were responsible within the past five years. (P-1).

ETC identified two EPC contractors and one firm for constructing the substation and a firm for constructing the transmission line (S-2, T-2).

ETC provided a list of substation projects for the three substation firms, including projects at EHV voltages and projects in Nevada, as well as a list of transmission projects for its transmission line construction firm, including ten EHV projects. None of the transmission line projects were in Nevada (S-3, T-3).

ETC indicated that Exelon has prior experience with the substation EPC firms, but not with its proposed series capacitors firm. ETC indicated that it did not have previous experience with the substation or transmission line construction firms (S-4, T-4).

ETC identified a list of standards and requirements that it would use in the construction of the substation and transmission line, including Nevada and local requirements (E-6).

3.9.3 Information Provided by NEET West/SCE

NEET West/SCE indicated that it has not constructed a substation or transmission line project as a developer. NEET West/SCE identified substation and transmission line projects that NextEra, the parent of NEET West, has constructed in the past five years, including EHV projects and substation projects in Nevada (S-3, T-3).

NEET West/SCE identified three construction firms and two EPC firms for substation work (S-2) and indicated that the firms have constructed numerous substation projects in the past five years, including EHV series capacitor projects, and that the EPC firms have completed projects in Nevada (S-3).

NEET West/SCE identified four transmission line construction firms and indicated that the firms have constructed numerous transmission line projects in the past five years, including EHV transmission line projects, but no projects in Nevada (T-2, T-3).

NEET West/SCE identified previous experience that NextEra has with all of its proposed substation construction and EPC firms and transmission line construction firms (S-4, T-4).

NEET West provided a list (E-6) of Nevada and local specific permits, rules, and regulations that could affect the construction of the transmission line and substation.

Maintenance Record

(Section 1 – Introduction, Section 3 - General Project Information, QS-1, QS-4, P-1, P-11, O-1, O-3, O-4, O-5, O-6, O-9, O-11, O-14, O-18)

3.9.4 Information Provided by DesertLink

DesertLink stated that NV Energy would provide the O&M services for the project, bringing experience and an existing local presence. DesertLink stated that NV Energy owns, operates, and maintains hundreds of miles of transmission lines and facilities in Nevada. (Section 1 - Introduction) DesertLink provided an O&M services agreement between NV Energy and DesertLink. (P-11)

DesertLink indicated that, although it would be a new participating transmission owner (PTO) with regard to the ISO, LS Power through its subsidiary, Cross Texas Transmission, LLC, is an incumbent transmission service provider with regard to the Electric Reliability Council of Texas (ERCOT) and, as such, LS Power is not a new entrant in the transmission field. (QS-1)

DesertLink stated that NV Energy is the incumbent transmission owner in the project area with numerous 500 kV facilities and ancillary facilities that provide benefits to the DesertLink team. DesertLink indicated that NV Energy is the owner/operator of Harry Allen Substation and would serve as the interconnecting utility under an interconnection agreement with DesertLink. DesertLink stated that NV Energy is also a partial owner of Eldorado Substation and participates in the committee that would approve the interconnection agreement with DesertLink. (QS-1)

DesertLink indicated that NV Energy has the necessary qualifications to operate and maintain the project facilities. DesertLink stated that NV Energy has achieved top decile

transmission performance through targeted investments in the transmission grid, focused patrols, and proactive preventative maintenance as measured by the North American Transmission Forum and Edison Electric Institute. (QS-4)

DesertLink stated that NV Energy owns, operates, and maintains a 500 kV series compensation facility at Crystal Substation and 345 kV series compensation facilities (jointly owned with Great Basin Transmission-South) at Robinson Summit Substation and Falcon Substation. (P-1) DesertLink indicated that the NV Energy transmission system consists of over 4,000 miles of lines that operate at 500 kV, 230 kV, 115 kV, and 69 kV, including 673 circuit miles of EHV transmission lines in the NV Energy south area. (O-3)

DesertLink stated that all southern NV Energy construction and maintenance field personnel are journeymen linemen, substation relay technicians, and substation maintenance technicians and are members of Local 396 of the International Brotherhood of Electrical Workers and have been properly trained and certified as such. (O-4)

DesertLink stated that NV Energy's transmission system operating personnel training, which consists of initial and continuing training, exceeds NERC's personnel training standard requirements. (O 5) DesertLink indicated that NV Energy currently follows guidelines of NERC and the Western Electricity Coordinating Council (WECC) for transmission line and terminal station facility maintenance and plans to include this line and its associated equipment as part of those NERC/WECC requirements. DesertLink stated that the WECC approved Transmission Maintenance & Inspection Plan (TMIP) directly aligns with Sections C 5.2.1 and C 5.2.2 of Appendix C of the Transmission Control Agreement (TCA) and outlines maintenance activities for the facilities associated with all of NV Energy's qualified transmission paths and associated major terminal equipment. (O-6)

DesertLink stated that the One Nevada Transmission Line (ON Line) project serves as a good example of NV Energy's capability and experience in measuring and reporting availability measures. (O-9)

DesertLink stated that it would register with NERC as a Transmission Owner, Transmission Operator, and Transmission Planner and that NV Energy would not be performing those functions for DesertLink. (O-11)

DesertLink stated that it does not own, operate, or maintain any transmission facilities. DesertLink indicated that LS Power's affiliate, Cross Texas Transmission, currently has 240 miles of 345 kV double circuit transmission lines, two 345 kV switching stations, and one 345 kV series compensation station. DesertLink indicated that LS Power's affiliate, Great Basin Transmission, owns 75% of 235 miles of 500 kV single circuit transmission lines and one 500 kV substation. DesertLink stated that neither Cross Texas Transmission nor Great Basin Transmission has had any instances of non-compliance with NERC standards. (O-14)

DesertLink noted that NV Energy participates in WECC audits of compliance with all applicable NERC reliability standards on a three year basis. DesertLink provided NV Energy's latest publically available compliance reports and noted that NV Energy has completed mitigation of all identified compliance items and does not have any outstanding compliance items associated with these audits. (O-14)

DesertLink stated that NV Energy has an established transmission operations control center, with certified operating personnel, outage coordination personnel, and engineering staff. (O-18)

3.9.5 Information Provided by ETC

ETC indicated that, if selected by the ISO as the approved project sponsor, it would seek to transfer its rights and obligations to a special purpose entity that would complete the development of the project and would construct and own the project over its entire depreciable life. ETC stated that it would expect to maintain oversight over on-going operations and maintenance activities once the project is in service. ETC indicated that it would also take responsibility for the operation of the project through a combination of in-house staff, subsidiary support, and outsourced services (*i.e.*, O&M, to a reliable firm with the required local knowledge and experience) specifically with NV Energy. (Section 3 – General Project Information, QS-1)

ETC stated that it has commenced discussions with NV Energy to conduct all aspects of O&M, consistent with Exelon's O&M management practices. ETC also identified two potential alternative maintenance contractors in the event that it is unable to secure transmission facility O&M services from NV Energy. ETC indicated a preference to utilize NV Energy as its O&M service provider, but indicated that it has not yet reached an agreement with any of the identified potential providers. (Section 3 – General Project Information, QS-1, O-1)

ETC stated that Exelon, through its subsidiaries, has extensive experience investing in, owning, operating, and maintaining transmission assets. ETC indicated that Exelon subsidiaries own over 3,000 miles of EHV transmission and that three Exelon subsidiaries perform the following O&M functions: NERC-registered transmission owner, transmission operations, 24 x 7 control center, NERC-certified operators, maintenance, emergency response and restoration, and spare equipment program. ETC stated that NV Energy provides service to 1.2 million electric customers and has a service territory footprint that covers over 45,000 square miles. ETC stated that NV Energy's subsidiaries, Sierra Pacific Power Company and Nevada Power Company, are NERC-registered Transmission Operators and Transmission Owners, and thus have experience and skills associated with owning, operating, and maintaining transmission facilities and, most importantly, meeting the reliability needs of its local transmission system. (QS-4)

ETC indicated that Nevada Power Company, the affiliate of NV Energy operating in the area near the project, operates 470 miles of EHV transmission lines. ETC indicated that NV Energy also has experience operating and maintaining series compensation facilities, including a series compensator on the 345 kV Falcon-Robinson Summit Line (70% compensation). (P-1)

ETC described the experience of the two subject matter experts that it proposes to oversee operation and maintenance of the project. One of them is the lead responsible engineer for transmission and substations within PECO and has more than 30 years engineering experience in transmission engineering and operations, including expertise in supervisory control and data acquisition (SCADA) systems, generation control, relay and substation remote terminal unit design, line protection, transmission maintenance,

and the management of design engineering teams. The other is the manager of transmission and substation engineering, protection, and control and has been with PECO for almost 27 years in various engineering roles focusing on standards, maintenance, and reliability-centered maintenance optimization. ETC indicated that, over the last five years, NV Energy has had no major issues with operating and maintaining transmission assets. (O-3)

ETC stated that, in accordance with its O&M plan, ETC would ensure that only persons who are appropriately qualified, skilled, and experienced in their respective trades or occupations would be employed as part of the project. (O-4)

ETC provided an O&M plan that mapped the elements listed in TCA Appendix C Sections 5.2.1 (Transmission Line Circuit Maintenance) and 5.2.2 (Station Maintenance) with the corresponding Exelon business practice. (O-6)

ETC stated that its affiliates, including ComEd, PECO, and BGE, track and report the frequency and duration of transmission outages and report internally, as well as to PJM (PJM serves as the NERC-registered Transmission Operator for all three utilities) and state commissions. (O-9)

ETC proposes to contract with NV Energy for Transmission Owner-related NERC reliability standard obligations. ETC identified two potential alternative maintenance contractors in the event that ETC is unable to secure services from NV Energy; ETC indicated that it may take on the NERC responsibilities under such circumstances. ETC stated that NV Energy's subsidiaries Sierra Pacific Power Company and Nevada Power Company are NERC-registered Transmission Operators and Transmission Owners and thus have experience and skills with owning, operating, and maintaining transmission facilities and, most importantly, meeting the reliability needs of its local transmission system. ETC stated that Exelon, through its affiliates, maintains and operates thousands of miles of in-service transmission. ETC indicated that Exelon affiliates ComEd, PECO, and BGE are all NERC-registered Transmission Owners and Transmission Operators, operate control centers, and have NERC-certified operators. (O-11)

ETC stated that it is not currently a NERC-registered Transmission Owner and does not currently operate or maintain transmission facilities, with the result that ETC has not been audited by NERC. (O-14)

ETC stated that NV Energy's subsidiaries are NERC-registered Transmission Owners for a total of over 4,000 miles of transmission and related facilities and that it has experience with meeting obligations related to the provisions of TCA Sections 6.1, 6.3, and 7. ETC stated that it would also leverage Exelon subsidiaries' experience with these areas, as described in ETC's O&M plan, and would ensure that NV Energy meets all the requirements of TCA Sections 6.1, 6.3, and 7. (O-18)

3.9.6 Information Provided by NEET West/SCE

NEET West/SCE stated that SCE would be the operations and maintenance provider for the project and that SCE would collaborate with NEET West to provide development support and consultation during the development and construction phases. NEET West/SCE stated that SCE has a significant amount of experience in both operations

and maintenance of 500 kV transmission lines and series capacitors in California, Nevada, and Arizona. NEET West/SCE stated that SCE maintains six-500 kV series capacitors in the portion of SCE's service territory nearest the location of the project, which SCE refers to as the "Highland Grid," and that SCE is a co-owner and operating agent of the Eldorado system, consisting of the Eldorado 500/230 kV Substation, the Mohave 500 kV Switchrack, and the Eldorado-Mohave 500 kV Transmission Line. (Section 1 – Introduction, Section 3 – General Project Information, O-1)

NEET West/SCE stated that it could gain efficiencies from SCE's existing infrastructure, local maintenance crews, and operation and maintenance resources. NEET West/SCE stated that SCE is already accountable for the safe, reliable, and efficient operation of substantial electric transmission assets, including more than 80 transmission substations and approximately 12,800 miles of transmission and sub-transmission lines rated 60 kV or higher. NEET West/SCE indicated that SCE is an established PTO that is a party to the TCA and reliability standards agreements and has tested communication protocols in place with the ISO. (QS-1)

NEET West/SCE stated that key individuals who will be involved in the project include professionals who have collaborated in the development, design, construction, and operation of numerous prior transmission, substation, and other major infrastructure projects. (QS-4)

NEET West/SCE stated that NextEra companies operate over 8,500 circuit miles of high-voltage transmission lines and approximately 770 substations and that NextEra owns and operates over 1,100 miles of 500 kV and over 595 miles of 345 kV transmission lines. NEET West/SCE stated that SCE has constructed and maintained a number of series capacitors at substations. NEET West/SCE stated that SCE currently owns and operates 18 500 kV series capacitor segments within its transmission system, including the series capacitors for the Eldorado–Lugo 500 kV transmission line in Nevada. (P-1)

NEET West/SCE stated that SCE's transmission, substations, and operations group has been responsible for every aspect of the electric system operation including planning, operating, engineering, maintenance and construction, asset management, restoration, and emergency response. NEET West/SCE listed the SCE substation construction and maintenance personnel who would be responsible for facility maintenance of the project 500 kV series capacitors and listed their time in position and job titles. The time in position for the seven positions listed ranged from six months to sixteen years with an average of over nine years. (O-3)

NEET West/SCE stated that SCE's transmission operations and maintenance policies and procedures require that all inspections and maintenance activities be performed by personnel who, by reason of training, experience, and instruction, are qualified to perform assigned tasks. (O-4)

NEET West/SCE stated that all transmission journeyman linemen are required to complete additional annual training consisting of pole top, underground vault, and tower rescue, rubber glove training, human external cargo (the use of helicopters to transport linemen), and all annual regulatory required training. NEET West/SCE stated that SCE's grid control center is staffed with adequately trained operating personnel who actively monitor and oversee all electric system operations for SCE. NEET West/SCE indicated

that SCE staffs all required grid control center transmission dispatcher positions with personnel who are certified by NERC. (O-5)

NEET West/SCE stated that since 1998 all SCE facilities under the operational control of the ISO have been subject to all aspects of TCA Appendix C. (O-6)

NEET West/SCE indicated that on April 1st of each year SCE is required to submit to the ISO the previous year's evaluation of its annual availability performance detailing all transmission facilities under the operational control of the ISO. (O-9)

NEET West/SCE stated that SCE is registered with NERC as a Transmission Owner, Transmission Operator, Transmission Planner, and Distribution Provider. (O-11)

The NERC reliability standards audit report provided by NEET West/SCE with regard to SCE states: "The Audit Team evaluated SCET for compliance with seventeen NERC Reliability Standards for the period of June 18, 2007 – December 01, 2009. The Audit Team also evaluated SCET for compliance with two WECC Regional Reliability Standards. Based on the evidence provided by SCET, the Audit Team determined that SCET complied with all of the audited Reliability Standards. The Audit Team found zero new possible violations of those Reliability Standards." (O-14)

NEET West/SCE stated that all SCE facilities (new and existing) under the operational control of the ISO are maintained in accordance with activities/requirements listed in TCA Sections 6.1, 6.3, and 7. NEET West/SCE indicated that the ISO performs an annual maintenance review to check that SCE is maintaining its facilities in compliance with the TCA and SCE's filed maintenance practices. (O-18)

3.9.7 ISO Comparative Analysis

Comparative Analysis of Construction Record

For purposes of the comparative analysis for this component of the factor, the ISO has considered the representations by the project sponsors regarding the construction of transmission facilities and how much of the experience of the project sponsor and its team is in the U.S. and in Nevada. The ISO considers experience in the U.S. and Nevada to be an advantage over experience in other countries because the project would be located in Nevada and there are special aspects of construction codes and regulations in the U.S. and Nevada for which this experience is an advantage.

U.S. construction codes and regulations are unique to the U.S., and state laws, rules, regulations, and processes are unique to those states. For example, U.S. laws, rules, regulations, and processes applicable to construction of transmission lines and substations include federal OSHA, NEPA, Storm Water Pollution Prevention Plan, and U.S. Fish and Wildlife Service requirements, Fair Labor Standards Act regulations, and National Electric Code standards. Also, transmission line and substation projects developed in the U.S. and Nevada must adhere to the National Electrical Safety Code published by the Institute of Electrical and Electronics Engineers (IEEE). In addition, in Nevada the process that must be followed for the construction of transmission lines and substations includes adherence to the requirements of the PUCN, Nevada Department of Transportation, rules regarding the handling of endangered plants and animals, storm water, dust permits, and city and county permits. All of the project sponsors provided

information on the Nevada specific rules, regulations, and laws that might affect the construction of transmission lines and substations in Nevada.

DesertLink's parent, LS Power, has constructed transmission line and substation projects in the past five years, including projects in Nevada. DesertLink's construction firm and three EPC firms for constructing the substation and series capacitors have completed numerous substation projects in the past five years, including EHV series capacitor projects and projects in Nevada. DesertLink's transmission line construction firm has completed EHV projects in the past five years, including projects in Nevada. LS Power has previous experience with the substation construction and EPC firms and the transmission line construction firm.

NEET West/SCE's affiliate NextEra has constructed substation and transmission line projects in the past five years, including EHV projects and substation projects in Nevada. NEET West/SCE's construction firms and EPC firms for the substation have constructed numerous substation projects in the past five years, including EHV series capacitor projects, and the EPC firms have completed projects in Nevada. NEET West/SCE's transmission line construction firms have completed numerous transmission line projects in the past five years, including EHV transmission line projects but no projects in Nevada. NextEra has previous experience with all of the substation construction and EPC firms and transmission line construction firms (S-4, T-4).

In its proposal, ETC identified one EHV overhead transmission line project for which its affiliates had completed construction within the past five years. The information provided by ETC showed that ETC's affiliates have constructed substation projects in the past five years and that none of the facilities constructed by ETC affiliates was in Nevada. In the past five years, ETC's three designated substation construction firms have constructed substations, including EHV substations, in the U.S. and one completed project in Nevada. ETC's designated transmission line construction firm has completed ten transmission line projects in the past five years. None were in Nevada. ETC and Exelon do not have previous experience with ETC's transmission line and substation construction firms.

With regard to its analysis of this component of the factor, the ISO first wants to point out that it considers the construction contractors identified by the project sponsors as part of their teams to be qualified and fully capable of handling the construction work associated with this project. As a result, the ISO's analysis identifies only the slightest of advantages for any project sponsor over any other with these construction firms on its team. The information provided to the ISO shows recent experience that DesertLink and NEET West/SCE, their affiliates, teams, and designated construction firms have constructing transmission lines and substations, particularly EHV projects, experience in Nevada, and prior experience working with their potential construction firms. Based on this information, in conjunction with all the other considerations included in the ISO's analysis for this component of the factor, the ISO has determined that there is no material difference between the proposals of DesertLink and NEET West/SCE with regard to this component of the factor. ETC provided less information regarding actual experience, but indicated that its affiliates are large transmission owning public utilities. Also, ETC did not demonstrate transmission line construction experience in Nevada. Based on the foregoing considerations, in conjunction with all the other considerations included in the ISO's analysis for this component of the factor, the ISO has determined that that the proposals of DesertLink and NEET West/SCE are slightly better than ETC's

proposal with regard to this component of the factor. The ISO notes that all of the project sponsors and their teams are qualified and capable of handling the construction work associated with this project.

Comparative Analysis of Maintenance Record

For purposes of the comparative analysis for this component of the factor, the ISO has considered the representations by the project sponsors regarding the record and experience of both the project sponsor and its team members in maintaining transmission projects, including but not limited to experience with compliance with NERC standards.

All three project sponsors, their teams, and their affiliates have established records and experience maintaining transmission facilities. However, the project sponsors provided varying levels of information demonstrating such experience. Based on the specific information provided in the project sponsors' submissions to the ISO, NEET West/SCE's team demonstrated the greatest amount of experience maintaining similar facilities, particularly series capacitors in the proposed project vicinity. DesertLink's team, which includes NV Energy, also has significant experience maintaining similar facilities in the area. The information provided by ETC showed that ETC's affiliates have maintenance experience in other parts of the country, and ETC identified potential maintenance service providers with Nevada experience. However, ETC has not yet reached agreement with a maintenance service provider for this project.

Based on these considerations, in conjunction with all the other considerations included in the ISO's analysis for this component of the factor, the ISO has determined that there is no material difference between the proposals of DesertLink and NEET West/SCE with regard to this component of the factor and that both proposals are slightly better than ETC's proposal with regard to this component of the factor particularly because DesertLink and NEET West/SCE already have agreements with their O&M service providers. The ISO notes that all of the project sponsors are qualified and capable of maintaining transmission facilities associated with this project.

Overall Comparative Analysis

The ISO considers the two components of this factor to be of roughly equal importance in the selection process for this project.

Because there is no material difference between the proposals of DesertLink and NEET West/SCE and their proposals are better or slightly better than ETC's proposal with regard to the first component (previous record regarding construction of transmission facilities) and the second component (previous record regarding maintenance of transmission facilities) of this factor, the ISO has determined that there is no material difference between the proposals of DesertLink and NEET West/SCE, and that their proposals are slightly better than ETC's proposal, with regard to this factor overall.

3.10 Selection Factor 24.5.4(h): Adherence to Standardized Construction, Maintenance, and Operating Practices

The eighth selection factor is “demonstrated capability to adhere to standardized construction, maintenance and operating practices of the Project Sponsor and its team.”

For the purpose of performing the comparative analysis for this factor, the ISO has initially considered the three components of this factor separately and then combined them into an overall comparative analysis for this factor. The three components are:

- (1) demonstrated capability to adhere to standardized construction practices,
- (2) demonstrated capability to adhere to standardized maintenance practices, and
- (3) demonstrated capability to adhere to standardized operating practices.

Construction Practices

(Section 3 – General Project Information , QS-1, QS-4, P-1, P-4, E-16a, E-16b, E-16c, E-16d, E-16e, E-16f, S-7, T-6, C-1, C-2, C-3, C-4, C-5, C-6, C-7)

3.10.1 Information Provided by DesertLink

DesertLink provided detailed design criteria (S-7, T-6), indicating that it would test equipment, and provided a copy of its procedure for inspection during construction (C-1). DesertLink indicated that it would install a store yard and enclosed storage units for materials and that incoming material would be inspected on receipt, logged into a database, and dispatched to the field as needed (C-2). DesertLink described the process to obtain clearances from the ISO (C-3) and identified a constructability plan that identifies obstacles and potential risks during pre-construction (C-4). DesertLink identified compliance with rights-of-way easements, mitigation measures, and permits (C-5). DesertLink indicated that it would implement a method of detailed scheduling that would ensure that all project activities are coordinated and managed according to their critical path dependencies (C-6) and that it may need to utilize special construction techniques, including helicopters and dust control. (C-7)

3.10.2 Information Provided by ETC

ETC provided detailed design criteria (S-7, T-6) and indicated that it would establish a field office in Nevada staffed by three full-time employees of Exelon. ETC indicated that it has retained a series of firms that would be responsible for the quality control and construction management for both the series capacitors and transmission lines (C-1). ETC indicated that its construction contractor would receive all material and that there would be several primary and secondary material yards (C-2). ETC indicated that its team would develop an outage management plan (C-3). ETC indicated that it would oversee and be responsible for the constructability review through ETC’s proposed project management oversight. ETC indicated that it would perform constructability reviews in conjunction with routing, biological studies, cultural studies, engineering field reviews, and social dynamics assessments and would include a complete and comprehensive team of contractors, engineers, and environmental personnel (P-4, C-4). ETC indicated that the construction contractor and environmental consultants would be responsible for environmental and mitigation compliance (C-5). ETC indicated that the construction contractor would develop a detailed project schedule and that ETC would ensure that the schedule would be met (C-6). ETC indicated that its construction

contractor would use its own helicopters and that it has fabrication facilities to make specialized construction equipment (C-7).

3.10.3 Information Provided by NEET West/SCE

NEET West/SCE provided detailed design criteria (S-7, T-6) and indicated that its construction management and inspection team would be active through all phases of construction and that quality assurance/quality control personnel have extensive experience in proper construction methods (C-1). NEET West/SCE proposed one large (50 acres) material yard and seven (10 acres each) staging yards (C-2). NEET West/SCE also identified the transmission lines that would be crossed, identified a process to work with the line owners to develop schedule, work procedures, and durations (C-3), and indicated that it would schedule several constructability reviews with the design engineers and contractors for both the transmission line and series compensation station (C-4). NEET West/SCE indicated that it would develop a consolidated environmental compliance matrix to provide a comprehensive list of all permitting requirements, conditions, and mitigation measures (C-5). NEET West/SCE indicated that it would develop a detailed project schedule and that it would hold weekly schedule meetings and provided a list of actions that it would take to maintain schedule (C-6). NEET West/SCE indicated that special construction techniques may be required, including, but not limited to, blasting, micropile systems, implosive sleeves for conductor splicing, and helicopter construction (C-7).

Maintenance Practices

(Section 1 – Introduction, Section 3 – General Project Information, QS-1, QS-4, P-1, P-11, O-1, O-2, O-3, O-4, O-5, O-6, O-7, O-8, O-9, O-10, O-11, O-12, O-13, O-14, O-17, O-19)

3.10.4 Information Provided by DesertLink

DesertLink stated that NV Energy would provide the O&M services, bringing not only significant experience but also an existing local presence. DesertLink stated that NV Energy owns, operates, and maintains hundreds of miles of transmission lines and facilities in Nevada. (Section 1 – Introduction) DesertLink provided an O&M services agreement between NV Energy and DesertLink. (P-11)

DesertLink stated that NV Energy's proactive transmission inspection and preventive maintenance activities would include overhead inspection, annual patrols, additional inspections during and after storms or other emergencies, overhead maintenance, vegetation management, encroachment clearing, and road maintenance. (QS-1)

DesertLink stated that NV Energy has achieved top decile transmission performance through targeted investments in the transmission grid, focused patrols, and proactive preventative maintenance as measured by the North American Transmission Forum and Edison Electric Institute. (QS-4) DesertLink provided a list of past projects that included several EHV lines and substations for which various team members had O&M responsibility. DesertLink stated that NV Energy owns, operates, and maintains a 500 kV series compensation facility at Crystal Substation and 345 kV series compensation facilities (jointly owned with Great Basin Transmission-South) at Robinson Summit Substation and Falcon Substation. (P-1)

DesertLink stated that LS Power employees and affiliates would manage its O&M organization and would also manage all NERC/WECC compliance functions. DesertLink stated that the roles of planning and operations manager, compliance manager, and compliance specialists will be filled by existing qualified LS Power or Cross Texas Transmission employees, or qualified new hires. DesertLink stated that NV Energy would provide operation and maintenance services pursuant to an O&M services agreement with DesertLink. DesertLink provided an organization chart showing a compliance manager, compliance specialist, and Nevada Power Company (d/b/a NV Energy) reporting to a planning and operations manager during the operations phase of the project. (O-1)

DesertLink provided resumes for key positions shown on the NV Energy O&M organization chart indicating that most had over 20 years of utility experience and electrical engineering degrees or journeyman experience. (O-2)

DesertLink indicated that the NV Energy transmission system consists of over 4,000 miles of lines that operate at 500 kV, 230 kV, 115 kV, and 69 kV, including 673 circuit miles of EHV transmission lines in the NV Energy south area (which corresponds to the Nevada Power Company service area). DesertLink stated that NV Energy has a vast, diverse suite of field operational equipment, vehicles, and specialized lift equipment and that contracts exist for specialty equipment for heavy hauls, cranes, and helicopters. (O-3)

DesertLink stated that all personnel authorized to work on NV Energy's electric system must be qualified for the specific type of work being performed. DesertLink stated that NV Energy maintains an up-to-date comprehensive library of standard operating procedures, policies, operating guides, and checklists to ensure the highest level of consistency and reliability in its operating practices and that these documents are on an annual review cycle, with appropriate version control mechanisms. (O-4)

DesertLink indicated that NV Energy has a comprehensive apprenticeship program, in which operations personnel are required to perform annual safety and OSHA training (pole top rescue, vault rescue, confined spaces, bucket rescue, first aid/CPR, etc.) as appropriate. DesertLink stated that various types of corporate and environmental training are also required. (O-5) DesertLink stated that NV Energy would perform maintenance in accordance with its existing maintenance policies and procedures. DesertLink indicated that NV Energy currently follows NERC/WECC guidelines for transmission line and terminal station facility maintenance and plans to include this line and its associated equipment as part of those NERC/WECC requirements. DesertLink stated that NV Energy's WECC approved Transmission Maintenance and Inspection Plan (TMIP) directly aligns with TCA Appendix C Sections 5.2.1 and 5.2.2 and outlines maintenance activities for the facilities associated with all of NV Energy's qualified transmission paths and associated major terminal equipment. DesertLink stated that, although the TMIP is specifically intended for the major qualified paths, the inspection/patrol, vegetation management, and rights-of-way maintenance procedures have been adopted for all of NV Energy's EHV lines. (O-6)

DesertLink stated that the TMIP is coordinated with NV Energy's Transmission Vegetation Management Plan (TVMP), which it provided. The TVMP states: "Both service areas for electric transmission lines address the requirements set forth by North

American Electric Reliability Corporation (NERC) in FAC-003-3 effective on July 1, 2014.” (O-7)

DesertLink indicated that all internal plans, processes and procedures have been audited and found to be in compliance.

DesertLink stated that the TMIP, the Protection System Maintenance Plan, and the TVMP, all of which it provided, are some of the maintenance plans and procedures that have been submitted to NERC during its audit process. DesertLink indicated that these procedures have been found to be in full compliance. (O-8)

DesertLink stated that NV Energy would monitor, audit, and report all information required by TCA Appendix C. (O-9) DesertLink described required modifications to the TCA, which were minor. (O-10)

DesertLink stated that it would register with NERC as a Transmission Owner, Transmission Operator, Transmission Planner, and other required functions, if any. DesertLink indicated that NV Energy would not be registered or performing those functions for DesertLink. (O-11) DesertLink stated that NV Energy would be required to provide reports of operations and maintenance to DesertLink, and documentation of its compliance. DesertLink stated that would it would have full audit rights of NV Energy. DesertLink indicated that its ultimate recourse against NV Energy under the O&M services agreement would be the right to terminate the agreement. (O-12)

DesertLink stated that LS Power has a culture of compliance and that all personnel, including senior management, the project director, and all operating and maintenance personnel, have compliance obligations and responsibilities. DesertLink stated that NV Energy has a robust compliance program that would dictate the manner in which it would perform operations and maintenance activities and support DesertLink’s compliance functions. (O-13)

DesertLink stated that NV Energy has participated in the NERC/WECC once-every-three-year auditing process since its inception. DesertLink indicated that all internal plans, processes, and procedures continue to be tested and updated as necessary to adhere to all compliance rules and regulations. DesertLink indicated that NV Energy has completed mitigation of all compliance items and currently does not have any outstanding compliance actions associated with these audits and that this was verified through the 2014 audit, because there were no repeat violations. (O-14)

DesertLink stated that NV Energy would monitor, audit, and report all information required by TCA Appendix C. (O-17)

DesertLink stated that, in the event of a system emergency, NV Energy would coordinate with the ISO as necessary and assist to alleviate the emergency. DesertLink stated that NV Energy’s transmission system operating and support personnel are trained regularly on emergency operations procedures and are familiar with the various reporting requirements associated with system emergencies. (O-19)

3.10.6 Information Provided by ETC

ETC stated that it expects to maintain oversight over on-going maintenance activities once the project is in service and take responsibility for operation of the project through a combination of in-house staff, subsidiary support, and outsourced services from NV Energy. ETC stated that it has commenced discussions with NV Energy to conduct all aspects of O&M, consistent with Exelon's O&M management practices. ETC indicated a preference to utilize NV Energy as its O&M service provider, and has identified two potential alternative maintenance service providers, but has not yet reached an agreement with any of the identified potential providers. ETC stated that it would establish a field office in Nevada that would serve as Exelon's project management office and would be staffed by three full-time employees of Exelon, who would serve in a project management function during development, construction, and operation. ETC stated that, with its partners and the financial backing of Exelon, ETC would be the entity that maintains oversight over on-going operations and maintenance activities once the project is in service, through a combination of in-house staff, subsidiary support, and qualified outsourced services. ETC proposed to contract for O&M services with NV Energy. (Section 3 – General Project Information, QS-1, O-1)

ETC stated that Exelon, through its subsidiaries, has extensive experience maintaining transmission assets. ETC indicated that Exelon subsidiaries own over 3,000 miles of EHV transmission and that three Exelon subsidiaries perform the functions of a NERC-registered Transmission Owner. ETC stated that NV Energy's subsidiaries Sierra Pacific Power Company and Nevada Power Company are NERC-registered Transmission Owners, and thus have experience and skills with maintaining transmission facilities and, most importantly, meeting the reliability needs of its local transmission system. (QS-4)

ETC indicated that Nevada Power Company, the affiliate of NV Energy operating in the area near the project, operates 470 miles of EHV transmission lines. ETC indicated that NV Energy also has experience operating and maintaining series compensation facilities, including a series compensator on the 345 kV Falcon-Robinson Summit Line (70% compensation). (P-1)

ETC indicated that personnel from NV Energy's southern Nevada office would likely be sourced to provide O&M services for ETC. ETC stated that, because NV Energy has established field offices in the geographical region of the project and currently operates and maintains transmission facilities in the same geographical region as the project, ETC does not expect there to be any organizational changes to accommodate the required O&M services for the project. ETC indicated that, once the project is in service, Exelon representatives would have governance and oversight over any ongoing maintenance contracts entered into for the project. (O-1)

ETC indicated that it expects to leverage experience and skills from two Exelon affiliates' staff members, both of whom are senior transmission engineers with Exelon experienced in operating and maintaining transmission facilities. ETC stated that the two subject matter experts would be brought on as ETC develops and implements an operations and maintenance plan. ETC stated that it would employ Exelon's established transmission maintenance business practices along with drawing on the experience of its subject matter experts in coordinating and executing the O&M plan with NV Energy. (O-2)

ETC described the experience of the two subject matter experts that it proposes to oversee operation and maintenance of the project. One of them is the lead responsible engineer for transmission and substations within PECO and has more than 30 years engineering experience in transmission engineering and operations, including expertise in SCADA systems, generation control, relay and substation remote terminal unit design, line protection, transmission maintenance, and the management of design engineering teams. The other is the manager of transmission and substation engineering, protection, and control and has been with PECO for almost 27 years in various engineering roles focusing on standards, maintenance, and reliability-centered maintenance optimization. (O-3)

ETC stated that it would seek to maintain the project in a manner that is consistent with the high standards employed elsewhere in the company. ETC stated that it would review Exelon's existing transmission maintenance processes and procedures to ensure they are applicable to Nevada and California, in line with best practices and good utility practice, and delineate maintenance standards for this asset. ETC stated that, in accordance with its O&M plan, ETC would ensure that only persons who are appropriately qualified, skilled, and experienced in their respective trades or occupations would be employed as part of the project. (O-4)

ETC stated that training would be conducted by the selected qualified local incumbent utility. ETC stated that it would leverage existing business practices at Exelon and its affiliates to ensure that crews would have appropriate skills and training and that these same standards would be applied to NV Energy personnel. (O-5)

ETC provided an O&M plan that mapped the elements listed in TCA Appendix C Sections 5.2.1 (Transmission Line Circuit Maintenance) and 5.2.2 (Station Maintenance) with the corresponding Exelon business practice. ETC stated that it would ensure that NV Energy would adhere to this same set of standards and requirements. (O-6)

ETC stated that its O&M plan provides a listing of existing Exelon business practices concerning vegetation management and that ETC would ensure that NV Energy would adhere to this same set of standards and requirements. ETC indicated that the Exelon business practices were drafted to comply with NERC reliability standards regarding vegetation management, specifically NERC reliability standard FAC-003-3. (O-7)

ETC stated that Exelon affiliates have experience inspecting, maintaining, repairing, and replacing structures up to 765 kV. ETC indicated that at this time ETC does not have access to any information, notices, or reports regarding NV Energy's experience with implementation and compliance with standards for inspection, maintenance, repair, and replacement of facilities similar to the project. (O-8)

ETC stated that it would build upon the culture of best practices and performance improvement within Exelon's affiliates and track the project's availability measures to ensure performance reaches or exceeds targets, appropriate levels of capital are spent, and superior maintenance practices are implemented. ETC stated that at this time ETC cannot speak to NV Energy's capability and experience that would enable it to provide availability measures in accordance with TCA Appendix C Section 4.3, as applicable. ETC indicated that it is ETC's understanding that, like all transmission owners, including Exelon, NV Energy tracks transmission availability measures and that ETC would ensure

that availability measures are tracked and provided to the ISO in accordance with TCA Appendix C. (O-9)

ETC stated that adding the project would not require any changes or exceptions to the provisions of the TCA. (O-10) ETC stated that NV Energy's subsidiaries Sierra Pacific Power Company and Nevada Power Company are NERC-registered Transmission Operators and Transmission Owners and thus have experience and skills associated with owning, operating, and maintaining transmission facilities and, most importantly, meeting the reliability needs of its local transmission system. ETC stated that Exelon, through its affiliates, maintains and operates thousands of miles of in-service transmission. ETC indicated that Exelon affiliates ComEd, PECO, and BGE are all NERC-registered Transmission Owners and Transmission Operators. (O-11)

ETC stated that, through its affiliates, Exelon has experienced subject matter experts who are knowledgeable in maintaining transmission systems. ETC stated that it expects to retain the services of these experienced subject matter experts to review the selected O&M management plan developed with the qualified local incumbent utility. (O-12)

ETC stated that Exelon maintains a corporate-wide NERC compliance program office and that the project line would be brought under the Exelon NERC compliance program and be managed through the corporate process, while contracted through the local incumbent utility for NERC transmission operations functions. (O-13)

ETC stated that it is not currently a NERC-registered Transmission Owner and does not currently operate or maintain transmission facilities and therefore has not been audited by NERC. (O-14) [

ETC indicated that the project would provide SCADA communication between Harry Allen Substation and the ISO's main control center and back-up center. ETC stated that the incumbent utilities would be responsible for switching and the ISO would be responsible for transmission service over the project's facilities. (O-17)

ETC listed some of the emergency preparedness business practices implemented at Exelon and its affiliates and indicated that ETC would leverage these documents when it establishes system emergency coordination plans with NV Energy. (O-19)

3.10.7 Information Provided by NEET West/SCE

NEET West/SCE stated that SCE would be the operations and maintenance provider for the project and that SCE would collaborate with NEET West to provide development support and consultation during the development and construction phases. NEET West/SCE stated that SCE has a significant amount of experience in both operations and maintenance of 500 kV transmission lines and series capacitors in California, Nevada, and Arizona. NEET West/SCE stated that SCE maintains six-500 kV series capacitors in SCE's Highland Grid portion of its service territory and that SCE is a co-owner and operating agent of the Eldorado system, consisting of the Eldorado 500/230 kV Substation, the Mohave 500 kV Switchrack, and the Eldorado-Mohave 500 kV Transmission Line. (Section 1 – Introduction, Section 3 – General Project Information) NEET West/SCE stated that SCE utilizes condition-based maintenance plans tailored to the environmental and land conditions of each project location (*i.e.*, coast, valley, mountains) and that SCE is an established PTO that is a party to the TCA and reliability

standards agreements and has tested communication protocols in place with the ISO. (QS-1)

NEET West/SCE stated that SCE owns, operates, and maintains a transmission/sub-transmission grid that includes approximately 12,800 circuit miles and more than 80 substations. NEET West/SCE stated that SCE has constructed and maintained a number of series capacitors at substations. NEET West/SCE stated that SCE currently owns and operates 18 500 kV series capacitor segments within its transmission system, including the series capacitors for the Eldorado–Lugo 500 kV transmission line in Nevada. (P-1)

NEET West/SCE stated that SCE’s Highland Grid transmission, substations, and operations group would be responsible for the operations and maintenance of the project. NEET West/SCE stated that SCE’s Highland Grid staffing levels at its facility locations at Barstow and Lugo Substation include 35 field personnel plus management and support personnel. (O-1)

NEET West/SCE stated that SCE’s director of substation construction and maintenance has 29 years of electric industry experience and that SCE’s director of transmission construction and maintenance has 34 years of electric industry experience. (O-2)

NEET West/SCE listed the SCE substation construction and maintenance personnel who would be responsible for facility maintenance of the project 500 kV series capacitors and listed their time in position and job titles. The time in position for the seven positions listed ranged from six months to sixteen years with an average of over nine years. NEET West/SCE stated that SCE maintains 1,081 circuit miles of 500 kV transmission lines and 1,320 circuit miles of 220 kV transmission lines in its Highland Grid and that SCE maintains six 500 kV series capacitors with a total of 11 segments at three locations in its Highland Grid. (O-3)

NEET West/SCE indicated that SCE’s transmission operations and maintenance policies and procedures require that all inspections and maintenance activities be performed by personnel who, because of training, experience, and instruction, are qualified to perform assigned tasks. (O-4) NEET West/SCE stated that all transmission journeyman linemen are required to complete additional annual training consisting of pole top, underground vault, and tower rescue, rubber glove training, human external cargo (the use of helicopters to transport linemen), and all annual regulatory required training. (O-5)

NEET West/SCE stated that SCE’s grid control center is staffed with adequately trained operating personnel who actively monitor and oversee all electric system operations for SCE. (O-5)

NEET West/SCE stated that since 1998 all SCE facilities under the operational control of the ISO have been subject to all aspects of TCA Appendix C. NEET West/SCE indicated that SCE is compliant with the elements listed in TCA Appendix C Sections 5.2.1 (Transmission Line Maintenance) and 5.2.2 (Substation Maintenance). NEET West/SCE stated that SCE has filed its maintenance practices with the ISO and that these have been approved by the ISO. NEET West/SCE stated that SCE’s maintenance practices address all the requirements of TCA Appendix C Sections 5.2.1 and 5.2.2. (O-6)

NEET West/SCE provided a copy of SCE's vegetation management operations manual, which establishes how vegetation management would be performed and references NERC FAC reliability standard requirements. (O-7)

NEET West/SCE stated that the last ISO annual review of SCE's maintenance practices conducted April 21–25, 2014, noted only one observation. NEET West/SCE indicated that SCE annually submits to the ISO a standardized maintenance summary for the prior year and the planned work for the upcoming year and that the standardized maintenance summary for the past year shows what the plan was versus what was actually completed and reason for any differences. (O-8)

NEET West/SCE indicated that SCE is compliant with the elements listed in TCA Appendix C Section 4.3. (O-9) NEET West/SCE stated that adding a new circuit to the ISO controlled grid would not require any changes or exceptions to the provisions of the TCA and that SCE would simply incorporate it into the existing program. (O-10)

NEET West/SCE stated that SCE is registered with NERC as a Transmission Owner, Transmission Operator, Transmission Planner, and Distribution Provider. (O-11)

NEET West/SCE stated that NEET West and SCE have executed an operating agreement whereby SCE would be the operations and maintenance provider for the project and would perform all NERC functions. NEET West/SCE stated that SCE has a NERC compliance program that provides a governance role over SCE's NERC-registered entities. (O-12)

NEET West/SCE stated that NEET West's operating agreement with SCE incorporates performance standards and provides for reports and updates of project operations and maintenance activities. (O-13)

The NERC compliance audit report provided by NEET West/SCE states: "The Audit Team evaluated SCET for compliance with seventeen NERC Reliability Standards for the period of June 18, 2007 – December 01, 2009. The Audit Team also evaluated SCET for compliance with two WECC Regional Reliability Standards. Based on the evidence provided by SCET, the Audit Team determined that SCET complied with all of the audited Reliability Standards. The Audit Team found zero new possible violations of those Reliability Standards." (O-14)

NEET West/SCE stated that SCE would include availability data for the project required by TCA Appendix C Section 4.3 in SCE's annual report to the ISO. (O-17)

NEET West/SCE stated that since 1998 all SCE facilities under the operational control of the ISO have been subject to and in compliance with all aspects of TCA Sections 9.2 and 9.3 (Management of Emergencies). (O-19)

Operating Practices

(Section 1 – Introduction, Section 3 - General Project Information, QS-1, QS-4, P-1, O-1, O-2, O-3, O-4, O-5, O-11, O-12, O-13, O-14, O-15, O-16, O-17, O-18, O-19, O-20)

3.10.8 Information Provided by DesertLink

DesertLink stated that NV Energy would provide the O&M services for the project, bringing not only great experience but also an existing local presence. DesertLink stated that NV Energy owns, operates, and maintains hundreds of miles of transmission lines and facilities in Nevada. (Section 1 - Introduction)

DesertLink specifically noted that NV Energy owns, operates, and maintains the 231-mile 500 kV ON Line project in Nevada that NV Energy jointly owns with LS Power. (QS-1)

DesertLink stated that its O&M organization would be managed by LS Power employees/affiliates that would also be responsible for managing all NERC/WECC compliance functions. DesertLink stated that the roles of planning and operations manager, compliance manager, and compliance specialists would be filled by existing qualified LS Power or Cross Texas Transmission employees, or qualified new hires. DesertLink stated that NV Energy's transmission and distribution operations control center located at the Beltway Service Center in Las Vegas, Nevada would be the primary control center for DesertLink. DesertLink indicated that this 24-hour, 7-day per week facility would act as the single point of contact for all ISO communication and coordination needs. (O-1)

DesertLink provided resumes for key positions shown on the NV Energy organization chart indicating that most had over 20 years of utility experience and electrical engineering degrees or journeyman experience. (O-2)

DesertLink indicated that the transmission system operations team would consist of NERC-certified (at the highest reliability coordinator level) transmission and balancing authority operators and that the operations team would be supported by real-time analytics engineers, network engineers, operations engineers, and other technical staff. DesertLink stated that system operations would be conducted from two geographically diverse and functionally independent system control centers. DesertLink indicated that each control center has its own independent backup control center, providing a level of operational reliability far exceeding the requirements of NERC. (O-3)

DesertLink stated that NV Energy's transmission system operating personnel training, which consists of initial and continuing training, exceeds NERC's personnel training standard requirements. DesertLink indicated that emergency operating plans are reviewed and updated as necessary to prepare and practice for upcoming emergency situations and that this training includes scenarios ranging from large scale office and facility emergencies to typical power outage response. (O-5)

DesertLink stated that DesertLink would register with NERC as a Transmission Owner, Transmission Operator, Transmission Planner, and other required functions, if any. DesertLink indicated that NV Energy would not be registered or performing those functions for DesertLink. (O-11)

DesertLink stated that it would contract with NV Energy for operations and maintenance and would ensure that compliance with reliability standards and requirements would be accomplished through standard contractual provisions, including a standard of performance under the contract, documentation and audit requirements, and other recourse. (O-12)

DesertLink stated that LS Power has a culture of compliance and that all personnel, including senior management, the project director, and all operating and maintenance personnel, have compliance obligations and responsibilities. DesertLink stated that NV Energy has a robust compliance program that would dictate the manner in which it would perform operations and maintenance activities and support DesertLink's compliance functions. (O-13)

DesertLink stated that it does not own, operate, or maintain any transmission facilities. DesertLink stated that NV Energy has participated in the NERC/WECC once-every-three-year auditing process since its inception. DesertLink indicated that NV Energy has completed mitigation of all compliance items and currently does not have any outstanding compliance actions associated with these audits and that this was verified through the 2014 audit, because there were no repeat violations. (O-14) DesertLink stated that it would file a PTO application and work with the ISO on the division of responsibility for NERC reliability standards. DesertLink indicated that LS Power has experience with this because Cross Texas Transmission and ERCOT have a similar coordinated functional registration agreement. DesertLink stated that it expects a similar division of responsibility for NERC reliability standards with the ISO as the ISO has with other recently accepted independent PTOs. DesertLink stated that, although NV Energy will not be a NERC-registered entity for purposes of this project, DesertLink has chosen NV Energy as O&M service provider in significant degree because NV Energy maintains its compliance with all applicable NERC and WECC reliability standards for all elements of the NERC functional model for which it is registered for purposes of the NV Energy system. (O-15)

DesertLink indicated that the responsibilities and authority with respect to NERC-registered Transmission Operator functions would be defined in an interconnection agreement with each respective adjacent NERC-registered Transmission Operator. DesertLink stated that, in the event future generation is connected to the project, the division of responsibility and authority between DesertLink and any generation owner or generation operator would be defined in an interconnection agreement with any generation owner or operator. (O-16)

DesertLink stated that all of NV Energy's existing facilities within its southern (Nevada Power Company) service territory have fully functioning data acquisition equipment. DesertLink indicated that similar equipment would be installed for this project. (O-17)

DesertLink stated that NV Energy has an established transmission operations control center, with certified operating personnel, outage coordination personnel, and engineering staff. DesertLink indicated that the operating personnel and support teams at the control center manage and coordinate all activities related to outages, including but not limited to operation, switching, scheduled maintenance coordination, forced outage management, and return to service. (O-18)

DesertLink indicated that NV Energy has an electric system emergency operating plan that has been approved by the reliability coordinator Peak Reliability. DesertLink stated that NV Energy also has a separate system control emergency response plan and a corporate emergency response plan, which DesertLink provided. DesertLink indicated that NV Energy reviews and drills these plans and the procedures annually. DesertLink stated that NV Energy has a vast, diverse suite of field operational equipment, vehicles, and specialized lift equipment and that contracts exist for specialty equipment for heavy hauls, cranes, and helicopters. DesertLink indicated that the use of emergency restoration “Lindsey Manufacturing Co. aluminum quick install towers” is part of its arsenal to respond and restore service as quickly as possible. DesertLink stated that it would maintain critical spare parts and materials required to repair system facilities, including additional Lindsey towers, spare structures, conductor, insulators, and hardware. DesertLink stated that, as a member of the larger Berkshire Hathaway Energy team, NV Energy also has access to a large variety of equipment and material that can be shared across the many platforms. DesertLink stated that NV Energy has mutual assistance agreements in place with all adjacent and neighboring transmission operator entities. DesertLink stated that NV Energy has three southern regional service centers located in North Las Vegas, South Las Vegas, and Laughlin, Nevada. DesertLink indicated that typical emergency response times are within one hour and that, due to the close proximity of NV Energy’s regional service centers to the proposed transmission lines, NV Energy estimates emergency response times to be well under two hours to address trouble on the transmission line and associated series capacitors. (O-1, O-19)

DesertLink stated that the project would not be subject to any encumbrance on the ISO’s operational control. (O-20)

3.10.9 Information Provided by ETC

ETC stated that it expects to maintain oversight over on-going operations activities once the project is in service and to take responsibility for the operation of the project through a combination of in-house staff, subsidiary support, and outsourced services specifically with NV Energy. ETC stated that it has commenced discussions with NV Energy to conduct all aspects of O&M, consistent with Exelon’s O&M management practices. (Section 3 - General Project Information, QS-1) ETC indicated a preference to utilize NV Energy as its O&M service provider. ETC identified two potential alternative maintenance service providers, but indicated that it has not yet reached an agreement with any of the identified potential providers. (O-1)

ETC stated that Exelon, through its subsidiaries, has extensive experience operating transmission assets. ETC indicated that Exelon subsidiaries own over 3,000 miles of EHV transmission and that three Exelon subsidiaries perform the NERC-registered transmission operations functions and operate 24 x 7 control centers with NERC-certified operators. ETC stated that NV Energy’s subsidiaries Sierra Pacific Power Company and Nevada Power Company are NERC-registered Transmission Operators and thus have experience and skills with operating transmission facilities and, most importantly, meeting the reliability needs of its local transmission system. (QS-4)

ETC indicated that Nevada Power Company, the affiliate of NV Energy operating in the area near the project, operates 470 miles of EHV transmission lines. ETC indicated that NV Energy also has experience operating series compensation facilities, including a

series compensator on the 345 kV Falcon-Robinson Summit Line (70% compensation). (P-1) ETC stated that, because NV Energy has established field offices in the geographical region of the project and currently operates and maintains transmission facilities in the same geographical region as the project, ETC does not expect there to be any organizational changes to accommodate the required O&M services for the project. (O-1) ETC stated that it would employ Exelon's established transmission operations business practices along with drawing on the experience of its subject matter experts in coordinating and executing an O&M plan with NV Energy. (O-2)

ETC described the experience of the two subject matter experts that it proposes to oversee operation and maintenance of the project. One of them is the lead responsible engineer for transmission and substations within PECO and has more than 30 years engineering experience in transmission engineering and operations, including expertise in SCADA systems, generation control, relay and substation remote terminal unit design, line protection, transmission maintenance, and the management of design engineering teams. The other is the manager of transmission and substation engineering, protection, and control and has been with PECO for almost 27 years in various engineering roles focusing on standards, maintenance, and reliability-centered maintenance optimization. ETC indicated that, over the last five years, NV Energy has had no major issues with operating transmission assets. (O-3)

ETC stated that, in accordance with its O&M plan, ETC would ensure that only persons who are appropriately qualified, skilled, and experienced in their respective trades or occupations would be employed as part of the project. ETC stated that the same standards would be applied to NV Energy personnel for employment on the project. (O-4)

ETC stated the selected qualified local incumbent utility would conduct training. ETC partially summarized the Exelon business practices regarding construction and maintenance training. ETC stated that it would leverage these existing business practices at Exelon and its affiliates to ensure that crews would have appropriate skills and training and that these same standards would be applied to NV Energy personnel. (O-5)

ETC stated that NV Energy's subsidiaries Sierra Pacific Power Company and Nevada Power Company are NERC-registered Transmission Operators and Transmission Owners and thus have experience and skills with owning, operating, and maintaining transmission facilities and, most importantly, meeting the reliability needs of its local transmission system. ETC indicated that Exelon affiliates ComEd, PECO, and BGE are all NERC-registered Transmission Owners and Transmission Operators, operate control centers, and have NERC-certified operators. (O-11)

ETC stated that, through its affiliates, Exelon has experienced subject matter experts that are knowledgeable in maintaining and operating transmission systems. ETC stated that it expects to retain the services of these experienced subject matter experts to review the selected O&M management plan developed with the qualified local incumbent utility. (O-12)

ETC stated that Exelon maintains a corporate-wide NERC compliance program office and that the project line would be brought under the Exelon NERC compliance program

and be managed through the corporate process, while contracted through the local incumbent utility for NERC transmission operations functions. (O-13)

ETC stated that it is not currently a NERC-registered Transmission Owner and does not currently operate or maintain transmission facilities and therefore has not been audited by NERC. (O-14)

ETC stated that it would execute a coordinated functional registration agreement similar to other independent transmission developers. ETC indicated that it is open to negotiating in good faith to determine a mutually agreeable arrangement. (O-15)

ETC stated that the coordinated functional registration agreement would outline all the necessary NERC-registered Transmission Operator responsibilities with respect to NERC-registered Generator Owners, Generator Operators, Planning Authorities, Distribution Providers, Transmission Owners, Transmission Service Providers, Balancing Authorities, Transmission Planners and adjacent Transmission Operators, and all WECC/NERC requirements. (O-16)

ETC indicated that the project would provide SCADA communication between Harry Allen Substation and the ISO's main control center and back-up center. ETC stated that the incumbent utilities would be responsible for switching and the ISO would be responsible for transmission service over the project's facilities. ETC stated that NV Energy's subsidiaries have reliable and adequate data acquisition facilities and that NV Energy sits at the border with the ISO and thus has experience coordinating and exchanging transmission facility status data with the ISO. ETC stated that, in accordance with the NERC EOP reliability standards, NV Energy has a back-up control center and plans to mitigate loss of its primary control center. (O-17)

ETC stated that NV Energy's subsidiaries are NERC-registered Transmission Owners for total over 4,000 miles of transmission and related facilities and that it has experience with meeting obligations related to the provision of TCA Sections 6.1, 6.3, and 7. ETC stated that it would leverage Exelon affiliates' experience with these areas, as described in ETC's O&M plan, and would ensure that NV Energy meets all the requirements of TCA Sections 6.1, 6.3, and 7. (O-18)

ETC stated that it intends to contract with NV Energy for management of emergencies. ETC indicated that its O&M plan describes ETC's approach on spare parts, which states that Exelon's policy is to maintain a supply of spare parts that are critical in nature or based on the seasonal demands on the grid and require deployment of spares in the field. ETC stated that at this time ETC is not able to estimate emergency response times related to trouble on the project transmission line or series capacitors. (O-19) ETC stated that it does not intend to create encumbrances on the project. (O-20)

3.10.10 Information Provided by NEET West/SCE

NEET West/SCE stated that SCE would be the operations and maintenance provider for the project and SCE would collaborate with NEET West to provide development support and consultation during the development and construction phases. NEET West/SCE stated that SCE has a significant amount of experience in both operation and maintenance of 500 kV transmission lines and series capacitors in California, Nevada, and Arizona. (Section 1 – Introduction, Section 3 - General Project Information)

NEET West/SCE stated that SCE: has established electric operations teams, including those focused on substation and transmission line engineering, maintenance, construction, operations, asset management, and emergency preparedness and response; is already accountable for the safe, reliable, and efficient operation of substantial electric transmission assets, including more than 80 substations and approximately 12,800 miles of transmission and sub-transmission lines rated 60 kV or higher; is an established PTO that is a party to the TCA and reliability standards agreements and has tested communication protocols in place with the ISO; has personnel that are experienced with area operating concerns for the project location; and has an outstanding operation and maintenance record with a history of favorable ISO, WECC, and NERC audit results. (QS-1) NEET West/SCE stated that key individuals who will be involved in the project include professionals who have collaborated in the development, design, construction, and operation of numerous prior transmission, substation, and other major infrastructure projects. (QS-4)

NEET West/SCE stated that SCE’s extensive experience includes building, owning and operating 500 kV bulk transmission lines and in-line series capacitors, as well as recent transmission line construction in Clark County, Nevada. NEET West/SCE stated that SCE currently owns and operates 18 500 kV series capacitor segments within its transmission system, including the series capacitors for the Eldorado–Lugo 500 kV transmission line in Nevada. (P-1)

NEET West/SCE indicated that SCE’s grid operations organization is responsible for the safe and reliable operation of the SCE grid, in which the project would be located. NEET West/SCE stated that SCE’s grid control center would perform the daily routine and emergency switching associated with substation equipment and facilities and required regulatory inspections. NEET West/SCE stated that that compliance management of the project would be the responsibility of the SCE grid operations organization under the director of grid operations. (O-1)

NEET West/SCE stated that SCE’s director of grid operations has more than 38 years of electric utility industry experience. (O-2) NEET West/SCE stated that SCE’s grid control center located in Alhambra, California, provides long and short-term outage planning, operating engineering, and real time operations services for its assets in coordination with the ISO. (O-3)

NEET West/SCE stated that SCE’s transmission operations and maintenance policies and procedures require that all inspections and maintenance activities be performed by personnel who, because of training, experience, and instruction, are qualified to perform assigned tasks. (O-4)

NEET West/SCE stated that SCE's grid control center is staffed with adequately trained operating personnel who actively monitor and oversee all electric system operations for SCE. NEET West/SCE indicated that SCE staffs all grid control center transmission dispatcher positions with personnel who are NERC-certified, as required. (O-5)

NEET West/SCE stated that SCE is registered with NERC as a Transmission Owner, Transmission Operator, Transmission Planner, and Distribution Provider. (O-11)

NEET West/SCE stated that SCE has a NERC compliance program that provides a governance role over SCE's NERC-registered entities. (O-12)

NEET West/SCE stated that NEET West's operating agreement with SCE incorporates performance standards and provides for reports and updates of project operations and maintenance activities. (O-13)

The NERC reliability standards audit report provided by NEET West/SCE states: "The Audit Team evaluated SCET for compliance with seventeen NERC Reliability Standards for the period of June 18, 2007 – December 01, 2009. The Audit Team also evaluated SCET for compliance with two WECC Regional Reliability Standards. Based on the evidence provided by SCET, the Audit Team determined that SCET complied with all of the audited Reliability Standards. The Audit Team found zero new possible violations of those Reliability Standards." (O-14)

NEET West/SCE stated that SCE and the ISO have an executed reliability standards agreement in place, dated June 15, 2007, that describes the responsibilities of each party with respect to NERC-registered Transmission Owner and Transmission Operator applicable reliability standards. NEET West/SCE stated that, as of September 30, 2014, SCE and the ISO replaced the reliability standards agreement with a coordinated functional registration agreement. (O-15)

NEET West/SCE stated that SCE has generator interconnection agreements among SCE, the ISO, and numerous generators in accordance with the ISO Tariff. NEET West/SCE stated that SCE has reliability standards agreements with several external counterparties to address NERC-registered Transmission Operator functions. NEET West/SCE stated that SCE has interconnection agreements with several neighboring utilities. (O-16)

NEET West/SCE stated that SCADA functions are accomplished via data transfers between substation remote terminal units and the energy management system, which is monitored by grid control center transmission dispatchers and switching center system operators. NEET West/SCE indicated that both primary (Alhambra, CA) and back-up (Irvine, CA) control centers are equipped with fully redundant data and voice communications channels. NEET West/SCE stated that system data are provided to the ISO, the reliability coordinator Peak Reliability, and neighboring entities via inter-control center communications protocol data links. (O-17)

NEET West/SCE stated that since 1998 all SCE facilities under the operational control of the ISO have been subject to and in compliance with all aspects of the TCA Sections 9.2 and 9.3 (Management of Emergencies). NEET West/SCE stated that SCE has mutual assistance agreements with its neighboring utilities and belongs to the "Western Utilities Team" for responding to emergent concerns. NEET West/SCE stated that NEET West

would purchase the series capacitor vendors' recommended spare parts based on the list provided for the project. NEET West/SCE stated that SCE maintains a contract with various vendors to supply, on request, necessary repair or replacement parts (typically 10-15 years). NEET West/SCE stated that, given the large number of series capacitors within SCE's transmission system, SCE maintains an adequate supply of spare parts, which NEET West/SCE indicated would ensure that equipment failures could be repaired or corrected in a timely fashion. NEET West/SCE stated that both NextEra and SCE maintain a stock of critical EHV and sub-transmission spare parts; for SCE this includes tower steel, conductor, splices, insulators, and related hardware in San Bernardino, CA, at Mountainview Generating Station. NEET West/SCE stated that SCE maintains a stock of twelve modular steel poles for bulk restoration in Hesperia, CA, at Lugo Substation and a minimum of six Lindsey temporary towers in San Bernardino at the San Bernardino Regional Office. NEET West/SCE stated that SCE also maintains a fleet of EHV rigging equipment in Rialto, CA, at the Eastern Transmission Grid Office. NEET West/SCE stated that SCE's substation construction and maintenance NorthWest Maintenance Department would be responsible for maintaining the project's 500 kV series capacitors and that, in the event of an emergency, the response crew would already be stationed at Eldorado Substation. (O-19)

NEET West/SCE estimated the time to complete a relay patrol to identify the cause of a lock out on the project circuit would be dependent on many unknowns. NEET West/SCE provided rough estimates for patrol and restoration times: 2 to 4 hours for a daylight patrol, 10 to 12 hours for an after-dark patrol and 24 to 48 hours for circuit restoration. (O-1)

NEET West/SCE stated that there are no encumbrances associated with this project, nor does NEET West or SCE intend to create any encumbrances. (O-20)

3.10.11 ISO Comparative Analysis

Comparative Analysis of Construction Practices

For purposes of the comparative analysis for this component of the factor, the ISO has considered the representations by the project sponsors regarding the construction practices they propose for this project, including but not limited to their proposed design criteria and constructability review process.

DesertLink, ETC, and NEET West/SCE provided detailed design criteria and constructability review processes that demonstrate that their respective projects would adhere to standardized construction standards. Based on these considerations, in conjunction with all the other considerations included in the ISO's analysis for this component of the factor, the ISO has determined that there is no material difference among the proposals of DesertLink, ETC, and NEET West/SCE with regard to this component of the factor.

Comparative Analysis of Maintenance Practices

For purposes of the comparative analysis for this component of the factor, the ISO has considered the representations by the project sponsors regarding the maintenance practices they propose for this project, including but not limited to their proposed plans

for compliance with NERC requirements for transmission owners and operators, the TCA, and the ISO's transmission maintenance standards.

All three project sponsors, and their affiliates and teams, have established records and experience demonstrating the capability to adhere to standardized maintenance practices. However, the amount of experience varies among them. Each project O&M organization includes the necessary operations, maintenance, and compliance functions. All of the project sponsors have transmission facilities subject to NERC compliance requirements, and each provided some information on compliance audit results. All project sponsors included provisions for spare parts.

NEET West/SCE's O&M service provider, SCE, has a large O&M organization servicing similar facilities near the project, including series capacitors, and its staff has many years of experience operating in the region. DesertLink's proposed O&M service provider, NV Energy, operates similar but fewer facilities in the area than NEET West/SCE's O&M service provider. NEET West/SCE's and DesertLink's O&M service providers have sufficient experience maintaining series capacitors. ETC indicated a preference to utilize NV Energy as its O&M service provider, and has identified two potential alternative maintenance service providers. Under these circumstances, the ISO has determined that all the project sponsors and their identified teams are capable of adhering to standardized maintenance practices.

Comparative Analysis of Operating Practices

For purposes of the comparative analysis for this component of the factor, the ISO has considered the representations by the project sponsors regarding the operating practices they propose for this project, including but not limited to their proposed emergency plans and other plans for compliance with NERC requirements for transmission owners and operators and the ISO's standards.

Although all three project sponsors have established records and experience demonstrating the capability to adhere to standardized operating practices, the amount of experience demonstrated in the submissions to the ISO varies among the proposed sponsors' teams. Each project sponsor's proposed O&M organization includes the necessary operations, maintenance, and compliance functions. All of the project sponsors have transmission facilities subject to NERC compliance, and each provided some information on compliance audit results. All project sponsors described emergency operations processes.

NEET West/SCE's O&M service provider, SCE, has a large O&M organization servicing similar facilities near the project, including series capacitors. DesertLink's proposed O&M service provider, NV Energy, operates similar but fewer facilities in the area. ETC identified NV Energy as its preferred O&M service provider but does not have an agreement with NV Energy for O&M services. DesertLink and NEET West/SCE provided more specific information than ETC regarding factors such as response time, spare parts, and operator training, and ETC did not identify who would provide operations functions in the event it is unable to contract with NV Energy. ETC identified two potential alternative contractors for maintenance services but not for operating services.

Based on the foregoing considerations, in conjunction with all the other considerations included in the ISO's analysis for this component of the factor, the ISO has determined that there is no material difference between the proposals of DesertLink and NEET West/SCE with regard to this component of the factor and that the proposals of DesertLink and NEET West/SCE are slightly better than ETC's proposal with regard to this component of the factor particularly because DesertLink and NEET West/SCE already have agreements with their O&M service providers and provided more complete information regarding the operations services being provided.

Overall Comparative Analysis

The ISO considers the three components of this factor to be of roughly equal importance in the selection process for this project.

With regard to the first component of this factor (demonstrated capability to adhere to standardized construction practices), the ISO has determined that there is no material difference among the proposals of DesertLink, ETC, and NEET West/SCE.

With regard to the second component of this factor (demonstrated capability to adhere to standardized maintenance practices), the ISO has determined that there is no material difference among the proposals of DesertLink, ETC, and NEET West/SCE.

With regard to the third component of this factor (demonstrated capability to adhere to standardized operating practices), the ISO has determined that there is no material difference between the proposals of DesertLink and NEET West/SCE and that both of these proposals are slightly better than ETC's proposal.

Based on the foregoing comparisons for the components of this factor, the ISO has determined that there is no material difference between the proposals of DesertLink and NEET West/SCE, and that both of these proposals are slightly better than ETC's proposal, with regard to this factor overall.

3.11 Selection Factor 24.5.4(i): Ability to Assume Liability for Major Losses

(Section 3 - General Project Information , QS-1, QS-2, QS-4, P-5, F-1, F-2, F-3, F-4, F-5, F-6, F-7, F-8, F-9, F-10, F-11, F-12, F-13, F-14, F-15, F-16, O-19)

The ninth selection factor is "demonstrated ability to assume liability for major losses resulting from failure of facilities of the Project Sponsor."

3.11.1 Information Provided by DesertLink

Regarding preparations to reduce the need for financing equipment to repair or replace failed facilities, DesertLink described NV Energy's emergency operating plans. DesertLink stated that NV Energy has a vast, diverse suite of field operational equipment, vehicles, and specialized lift equipment, that contracts exist for specialty equipment for heavy hauls, cranes, and helicopters, and that it would maintain critical spare parts and materials required to repair system facilities, including additional Lindsey towers, spare structures, conductor, insulators, and hardware. DesertLink stated that NV Energy has mutual assistance agreements in place with all adjacent and neighboring

transmission operator entities. DesertLink indicated that NV Energy estimates emergency response times to be well under two hours to address trouble on the transmission line and associated series capacitors. (O-19)

DesertLink stated that, prior to the commencement of construction, and throughout the construction and operations period, it would maintain insurance with companies rated “A-” or better and with a minimum financial size classification of “X,” by A.M. Best (or an equivalent rating). DesertLink provided the various insurance and coverage limits that it would consider. In addition, DesertLink stated that it would include a requirement for contractors to have an appropriate level of insurance for the scope of work to be performed. (P-5)

DesertLink stated that if its project were to become operational, it would maintain appropriate levels of property and liability insurance and ensure the O&M service provider does as well. DesertLink stated that the insurance coverage available to a special purpose entity such as DesertLink might be greater than a traditional utility is able to arrange in the market. (P-5)

DesertLink stated that it would finance unexpected repairs or replacement construction during the operating period through retained earnings, lines of credit, and insurance proceeds. DesertLink stated that it would fund its operations through its revenue requirement and ensure lines of credit and available funds would be sufficient for operations, including unexpected events. DesertLink stated that the details of whether DesertLink’s working capital would be in the form of a letter of credit, cash reserves, or other funds would be negotiated with DesertLink’s lenders. DesertLink stated that the only instance in which LS Power has had to cover increased costs due to equipment failure for transmission line projects was the resolution of the wind-induced vibration issue for ON Line. In that case, DesertLink stated that the final construction cost was not greater than the original budget for the project. (F-13)

3.11.2 Information Provided by ETC

Regarding preparations to reduce the need for financing equipment to repair or replace failed facilities, ETC indicated that its O&M plan describes ETC’s approach on spare parts, which states that Exelon’s policy is to maintain a supply of spare parts that are critical in nature or based on the seasonal demands on the grid and require deployment of spares in the field. ETC stated that at this time ETC is not able to estimate emergency response times related to trouble on the project transmission line or series capacitors. (O-19)

ETC stated that, if selected by the ISO as the approved project sponsor, ETC would provide a specific insurance plan for the project based on its previous experience and expertise. ETC stated that it plans to obtain insurance coverage for the project that would include performance guarantees, negligence, casualty, and property, which would ensure minimal risk exposure to the ratepayers. (P-5)

ETC described its intended insurance and coverage limits for the project for the construction phase and for the operations phase. ETC stated that, to the extent permitted by applicable law, it might self-insure the insurance required to be maintained by the ISO. ETC stated that its construction contractor maintains applicable insurance for all projects and provided the contractor’s certificate of insurance. (P-5)

ETC indicated that, in addition to its insurance coverage for the project, it would rely on the financial resources of Exelon to account for unexpected repairs or replacement. ETC stated that it has not experienced any actual events where it had to cover increased costs due to equipment failures. (F-13)

3.11.3 Information Provided by NEET West/SCE

Regarding preparations to reduce the need for financing equipment to repair or replace failed facilities, NEET West/SCE stated that SCE has mutual assistance agreements with its neighboring utilities and belongs to the “Western Utilities Team” for responding to emergent concerns. As described above, NEET West/SCE provided an extensive description of its arrangements for spare parts for the project to ensure that equipment failures could be repaired or corrected in a timely fashion. NEET West/SCE also stated that, in the event of an emergency, the response crew would already be stationed at Eldorado Substation. (O-19)

NEET West/SCE stated that NextEra, and/or its affiliated, subsidiary, and associated companies and/or corporations, which would include NEET West, maintain and would maintain a property all-risk insurance program that covers insurable assets from “all risks” of direct physical loss or damage. NEET West/SCE indicated that the limits, sub-limits, deductibles, terms, and conditions of coverage would be commensurate with industry practice and with leading insurance carriers. However, NEET West/SCE indicated that the transmission line specifically would be self-insured, commensurate with industry practice. (P-5)

NEET West/SCE stated it would maintain a commercial general liability insurance program with industry leading insurance carriers, with limits commensurate with industry standards, which would provide protection against liability claims for bodily injury and property damage. NEET West/SCE indicated that there would be no commercial insured values during construction. NEET West/SCE indicated that this project would be fully self-insured given the spread of risk geographically, which is consistent with its corporate policies and programs. (P-5)

NEET West/SCE provided a table of the estimated insured values for coverage over the operational life of the project facilities. These values primarily related to the series capacitor bank station because NEET West/SCE indicated that the transmission line would be self-insured and hence there would be no insurable value. The insured values provided by NEET West/SCE increase over time to reflect higher replacement value in the future. (P-5)

NEET West/SCE stated that the project over its useful life would be an affiliate of and supported by the resources of NextEra and the financial resources of NEECH. NEET West/SCE stated that NEECH has access to and regularly secures financing in the public debt capital markets and that NextEra has superior access to the equity capital markets. NEET West/SCE indicated that, through its financial affiliate NEECH, it has the financial capacity to finance, develop, construct, operate, and maintain the project over the long-term. NEET West also stated that NextEra’s team has a proven history of meeting operating budgets, which can be reallocated, if necessary, to meet financial commitments. NEET West/SCE included three examples from the past five years of material transmission events where the loss was significant enough to trigger

reimbursement from the insurance carriers. The example events all involved substation equipment failures. (F-13)

3.11.4 ISO Comparative Analysis

For purposes of the comparative analysis for this factor, the ISO has considered the representations by the project sponsors regarding their resources and plans for assuming responsibility for losses resulting from failure of project facilities, including but not limited to their financial resources, proposed insurance, and other plans for financing emergency repairs.

Failures of project facilities would likely represent only a portion of the investment in the project, e.g., a number of towers, a limited number of spans of wire, damaged insulators, the series capacitor bank, etc. The financial resources of the project sponsors vary, and their proposals vary as to how they would finance emergency repairs, including retained earnings, lines of credit, insurance proceeds, and contributions from parent companies.

Financial Resources

The ISO has determined that all three project sponsors have the financial resources to finance or otherwise assume liability for major losses resulting from failure of facilities.

Insurance

In addition, all three project sponsors have identified reasonable insurance coverage, including coverage during the operation of the project.

Mitigation of Equipment Failures

Also, although there are differences in the emergency response capabilities of each project sponsor, all three project sponsors identified emergency response plans and reasonable approaches to maintaining spare parts for use in the event of a major equipment failure.

Consequently, the ISO has concluded that all three project sponsors have sufficient financial resources, insurance coverage, and operational arrangements to make necessary repairs and return the facilities to service in a reasonable period of time.

Based on the foregoing considerations, in conjunction with all the other considerations included in the ISO's analysis for this factor, the ISO has determined that there is no material difference among the proposals of DesertLink, ETC, and NEET West/SCE with regard to this factor.

3.12 Selection Factor 24.5.4(j): Cost Containment Capability, Binding Cost Cap and Siting Authority Cost Cap Authority

The tenth selection factor is “demonstrated cost containment capability of the Project Sponsor and its team, specifically, binding cost control measures the Project Sponsor agrees to accept, including any binding agreement by the Project Sponsor and its team to accept a cost cap that would preclude costs for the transmission solution above the cap from being recovered through the CAISO's Transmission Access Charge and if

none of the competing Project Sponsors proposes a binding cost cap, the authority of the selected siting authority to impose binding cost caps or cost containment measures on the Project Sponsor, and its history of imposing such measures.” As discussed in Section 2.1, the ISO has identified this selection factor as a key selection factor because the justification for this project is based on economic benefits to ratepayers, and the ISO considers commitment to a robust binding cost cap to be the most effective way in which the ISO can ensure that a project is developed in an efficient and cost-effective manner. A proposal that best satisfies this factor will contribute significantly to ensuring that the project sponsor selected will develop the project in an efficient and cost-effective manner.

For the purpose of performing the comparative analysis for this factor, the ISO has initially considered the two components of the factor separately and then combined them into an overall comparative analysis for this factor. The two components are: (1) demonstrated cost containment capability of the project sponsor and its team, including any binding agreement by the project sponsor and its team to accept a cost cap that would preclude project costs above the cap from being recovered through the ISO’s transmission access charge, and (2) if none of the competing project sponsors propose a binding cost cap, the authority of the selected siting authority to impose binding cost caps or cost containment measures on the project sponsor and its history of imposing such measures.

Cost Containment Capability Including Binding Cost Cap

(Section 1 – Introduction, Section 3 - General Project Information, QS-1, QS-4, P-2, P-3, P-4, P-6, P-7, P-8, P-10, P-11, P-12, P-13, F-15, E-5, T-13)

3.12.1 Information Provided by DesertLink

As discussed briefly in Sections 3.4.1 and 3.6.1, DesertLink identified two different routes – “approved” and “enhanced” - with two different completion dates – one early and one on the latest in-service date specified in the ISO Functional Specifications -- for each route. DesertLink indicated that the “approved” route would include all new single-circuit towers for the length of the project and that the “enhanced” route would include use of an open position on 18 miles of existing double-circuit towers with the remainder of the project as new single-circuit towers. DesertLink provided a total of four cost estimates covering the two routes, based on an early date and the latest in-service date as the completion dates for the two routes. DesertLink also provided an estimate of the costs to add two transpositions to the project. The estimated costs did not include allowance for funds used during construction (AFUDC). DesertLink provided a separate estimate for the AFUDC costs. (P-2)

DesertLink stated that its proposal includes a binding capital cost cap, an equity percentage cap, and a return on equity (ROE) cap. DesertLink provided four distinct binding cost cap proposals associated with the cost estimates for its two different proposed routes with its two different potential completion dates. (P-12) For its “approved” route with the in-service date specified in the ISO Functional Specifications, DesertLink proposed a binding capital cost cap of \$133,100,000 (in 2015 dollars), \$147,000,000 (in 2020 dollars). (P-12)

DesertLink stated that its binding capital cost cap would be a firm fixed limit on the capital costs (for development, construction, completion, start-up, and commissioning of

the project, excluding financing/AFUDC) that would be allowed to be included in DesertLink's FERC formula rates. DesertLink stated that all hard project costs are included under the binding capital cost cap, including development, engineering, construction, procurement, environmental monitoring, construction management, taxes during construction, etc. DesertLink noted that its binding cost cap does not allow for any adjustment due to potential routing changes, commodity cost changes, changes in tower type, environmental mitigation, real estate costs, labor and material availability, or geotechnical and subsurface conditions. DesertLink stated that its binding cost caps are not dependent on when the project costs would be incurred and would not change if inflation is higher than some assumed inflation rate. (P-12) DesertLink stated that it would be willing to accept the minor risk associated with securing the remaining local and private landowner approvals. (P-12) DesertLink also noted that its binding cost cap is inclusive of all potential costs related to development, routing, real estate, permitting, environmental mitigation, geotechnical findings, inflation, commodities cost, materials and labor. (Section 1 -- Introduction)

DesertLink stated that, if the project costs were lower than the binding capital cost cap, ratepayers would receive the benefit of the lower cost through DesertLink's rate base being set at a lower level. (P-12)

DesertLink stated that if the project costs were greater than the binding capital cost cap, DesertLink would not be able to recover the higher cost in its rates. DesertLink stated that the financing costs, including AFUDC (both interest on debt and an allowance for a return on equity) and financing fees, including any letter of credit fees, are not included in the binding capital cost cap. DesertLink indicated that AFUDC would be added to the hard costs to determine the total initial rate base for DesertLink and that financing related costs and fees would be recovered through the overall project cost of debt. To the extent project costs exceed the binding capital cost cap, DesertLink indicated that the rate base would be based on the binding capital cost cap plus AFUDC. DesertLink stated that AFUDC is not capped; however, DesertLink stated that it would not seek to recover AFUDC on any amount that exceeds the binding capital cost cap. (P-12)

DesertLink stated that changes to its binding capital cost cap would only be allowed in the event of:

- (1) a change in the ISO's project requirements or the ISO Functional Specifications,
- (2) a change in law, or
- (3) force majeure type events. (P-12)

DesertLink stated that it is also offering an equity percentage cap and an ROE cap. With respect to its capital structure, DesertLink committed to limit equity as a percent of the overall capital structure to be no more than 50%. In addition, DesertLink stated that it commits to limit its ROE to an amount no greater than 9.8%, including any incentive adders. (P-12) DesertLink stated that its commitment to the ISO related to the binding capital cost cap, the equity percentage cap, and the ROE cap would be set forth in the Approved Project Sponsor Agreement with the ISO. (P-13)

DesertLink provided cost estimate information, including detailed cost estimate breakdowns and two pages of assumptions, used by its contractor to prepare the cost estimate, such as staffing and labor rates, rights-of-way clearing, monitoring, material breakdowns, foundations, guys, etc. (P-3)

DesertLink provided its annual budget for operations and planned maintenance of the transmission line and the series compensation station. DesertLink identified costs for NV Energy to perform O&M activities on the line and series compensation facilities, including the planned maintenance, inspections, thermal imaging, control center operations, outage coordination, compliance documentation, etc. DesertLink also identified other major costs included in its O&M cost estimate, including staff, lease, general and administrative expenses, and taxes. DesertLink did not propose a cap on O&M costs, but stated that its O&M services agreement with NV Energy ensures cost containment. (P-4, P-11)

DesertLink provided the following listing of detailed project budget performance for LS Power projects completed in the last five years:

Transmission Lines - five projects identified, three of which are generation tie-lines, four of which were completed on or below the project budget and one of which was slightly over budget due to a change in scope. (P-6)

Substations - eight projects identified, seven of which were completed on or below the project budget and one of which was significantly over budget due to a change in scope. (P-6)

DesertLink stated that LS Power has successfully managed the development and construction of 15 large-scale power generation and transmission projects representing over \$8 billion in invested capital. DesertLink stated that LS Power employs a detail-oriented and hands-on philosophy for all of its development, construction, and asset management activities and that LS Power employees directly oversee all project development activities, including siting, permitting, community relations, government relations, labor relations, regulatory, real estate acquisition, engineering, and contracting. DesertLink indicated that LS Power self-performs a considerable amount of the development activities, while managing consulting firms for portions of the work that are specialized (e.g., surveying, environmental studies). (P-7)

DesertLink stated that it would have an established governance structure under which decision-making is carried out. DesertLink indicated that the project director would be the primary point of contact for the ISO and be responsible for guiding DesertLink's day-to-day activities and overseeing all deliverables. (P-7)

DesertLink stated that the project director would receive direction from and report to DesertLink senior management and would be supported by a team of subject matter experts with responsibilities for project execution within key project areas: engineering/procurement/construction management, environmental compliance management, and real estate. (P-7)

DesertLink stated that its team members have already begun the process of planning and anticipating the project timelines, deliverables, and budgets. DesertLink described ten key actions it has already undertaken. (P-7)

DesertLink provided an organization chart showing that the project director would report directly to senior management. DesertLink stated that the project director would have primary decision-making authority for project execution on a day-to-day basis within the

project schedule and budget, which would be approved by the overall project management. DesertLink stated that changes to the schedule and budget and expenditures not included in the project budget would also require management review and approval. DesertLink provided a resume for the project director showing 24 years of experience and provided resumes for several other key positions. The resumes for the engineering manager and the environmental manager show 30 years and 9 years of experience, respectively. (P-8)

DesertLink stated that contractors on the projects would work under the supervision and direction of LS Power personnel. (P-8)

DesertLink stated that it has identified several major risks to the schedule and budget for the project as well as mitigation measures related to each risk. These major risks include biological impacts, geotechnical issues, and private lands acquisition. DesertLink stated that, due to the substantial development work already completed, it is well-situated because it has removed many of the major risk factors that other project sponsors may face. (P-10)

DesertLink indicated that it has identified other minor risks that would be mitigated through its budget and schedule plans, construction terms and conditions, and insurance plan, including such things as: financing terms, line crossing design approval, dust control, labor issues, vandalism, theft, weather, etc. (P-10)

From a construction risk perspective, DesertLink stated that it enjoys risk reductions compared to other project sponsors due to its secured rights-of-way in the congested corridor. (P-10)

DesertLink stated that, even with its lower risk profile, the environmental mitigation requirements are substantial and that it has budgeted significant funds for administration of the environmental mitigation and monitoring requirements and for managing the dust control requirements. (P-10)

DesertLink stated that it is not proposing any additional projects for the ISO at this time. (P-10)

DesertLink stated that LS Power has proven its ability to provide highly reliable energy facilities at the least cost and that LS Power has completed generation and transmission facilities under budget while still meeting all requirements. DesertLink stated that LS Power has achieved this low-cost approach by keeping a focus on costs at all steps of project implementation, while ensuring compliance with all requirements and regulations without sacrificing quality. (P-11)

DesertLink stated that a key component in LS Power's cost control success has been the ability to identify and allocate risk. For the project, DesertLink stated that a multi-disciplined team has already been assembled and that risk would be allocated to each team member best able to manage the risk through a process of identify, assess, measure, manage, mitigate, and report. (P-11)

DesertLink provided a cost containment risk evaluation matrix that showed 39 risks for the project; of these, DesertLink indicated that none would stop the project or be considered as urgent and 15 would be considered for action. The matrix also identifies

DesertLink’s proposed risk allocation between DesertLink and the ISO with respect to DesertLink’s binding capital cost cap proposal; the matrix identifies three risks as potentially affecting the cost cap but improbable or remote. (P-11)

DesertLink stated that the construction contract would include many features to assist in project management and cost containment. DesertLink stated that it has reached preliminary agreement on certain key terms with its construction contractor that support DesertLink’s cost containment commitment. Further, DesertLink stated that it maintains the ability to seek construction services from other contractors. (P-11)

DesertLink stated that the O&M services agreement with NV Energy would include many provisions to ensure cost containment. (P-11)

DesertLink stated that it has already received siting approval for its proposed “approved” route from BLM, BoR, and the PUCN. DesertLink stated that CPUC approval would not be required for DesertLink’s project because DesertLink is not an electrical corporation subject to the CPUC’s jurisdiction and the project transmission facilities would be located exclusively in Nevada. (P-13)

3.12.2 Information Provided by ETC

ETC provided a capital cost estimate for the project, presented as a buildup of costs by category, including AFUDC and estimated contingency. ETC indicated the added costs if two transpositions were needed. ETC indicated that its cost estimate is based on a substation interconnection that reflects its proposed project termination at the north side of Eldorado Substation. ETC also provided an estimate for the additional costs for locating the termination at the south side of the substation. (P-2, T-13)

ETC proposed a capital cost recovery cap, subject to specified conditions. (P-10, P-12)

ETC proposed to cap its return on equity, inclusive of any incentives. (F-15)

ETC proposed to cap its O&M costs and its administrative and general costs for a specified period. (P-4)

ETC also noted that interconnecting to the southern end of Eldorado Substation, as specified by the ISO, could result in significant additional costs. (T-13) These additional costs are not included in ETC’s capital cost recovery cap proposal.

ETC stated that it confirms that if the project’s actual capital costs are less than its proposed capital cost recovery cap, ETC would seek to recover only its actual capital costs. (P-12)

ETC provided a listing of the various transmission line design and construction assumptions it made to prepare the capital cost estimate, grouped by design, construction, land acquisition, and permitting. (P-3)

ETC provided an illustrative table indicative of its average annual operating and maintenance cost. This table is broken down by FERC accounts and allocated to third party costs, ETC in-house costs, and property taxes. (P-4) ETC stated that the numbers in the table are meant to be an illustrative example. ETC stated that, if it were selected

by the ISO as the approved project sponsor, these numbers would be updated once the ETC Nevada field office is created and an O&M services agreement is reached. (P-4)

ETC provided the following listing of detailed project budget performance for projects completed by ETC affiliates and its construction contractor in the last five years and discussed the projects in detail:

Transmission Lines

ETC affiliate - three projects completed on budget; budget information was not available for one other project.

ETC construction contractor – five projects identified, four completed on or below budget (contractor’s portion). (P-6)

Substations

ETC affiliates - nine projects completed on budget.

ETC construction contractor - four projects completed on or below budget (contractor’s portion). (P-6)

ETC stated that, with its Exelon affiliates, it brings financial strength, transmission experience, and a dedication to safety, reliability, and the environment. ETC indicated that its qualifications also depend on a team of engineers, environmental and construction specialists, land agents, and social and environmental mitigation specialists at various consulting and contract firms. (P-7)

With this team, ETC stated that it has identified a unique programmatic management approach with the goal of reducing project risk from the initial routing and siting through full engineering, construction, and commencement of operation and including state-of-the-art social dynamics monitoring throughout the process. ETC stated that its team has managed the development of the transmission line route and alternatives as well as the siting of the series compensator through the use of GoldSET-Spatial, a geographical information system-based tool integrating spatial information into a rigorous multi-criteria analysis. (P-7)

ETC stated that, to ensure a coordinated approach to project execution, its project management team has prepared a project execution plan. ETC provided the sections of the project execution plan. (P-7)

ETC stated that another key benefit of its programmatic management approach would be the consolidated project schedule with task status tracking for the entire project team and project duration. ETC indicated that it plans on utilizing Oracle Primavera software planning and scheduling tools to track the status of project. ETC provided a flow diagram displaying the critical milestones for the project. (P-7)

ETC provided representative diagrams for its project organization. The organization diagrams show the development and construction teams and the operations teams reporting to ETC’s Nevada field office project team. Another diagram shows the relationship of key individuals from Exelon, ETC, and various contractors. ETC identified about eight years of experience for its contracted program management director. (P-8)

ETC stated that it is in the pre-engineering and early development phase of this project at this time and that it believes that the major risks associated with timely completion of

the project are routing, permitting, interconnection, environmental, and engineering risks. (P-10)

ETC stated that, as an economically driven project, this project is highly sensitive to capital costs and that ETC has accounted for common risks such as pricing volatility and availability of raw material and labor, constructability, redesign and design changes based on field conditions, and schedule delays. ETC indicated that its proposed route is wholly contained in an existing BLM utility corridor and parallels existing transmission lines, which it believes would help minimize environmental, routing, and permitting risks. ETC stated that it has also accounted for risks associated with social dynamics and that these risks include opposition by and impact to communities and stakeholders on a local and regional level. (P-10)

ETC stated that, to the extent that identified risks that have yet to be quantified or mitigated result in increased capital costs, such costs would not be included in ETC's proposed capital cost recovery cap unless offset by comparable cost savings. For example, ETC indicated that, if it were to obtain cost savings (e.g., through a procurement strategy), these savings could in effect offset potential cost increases resulting from increased costs associated with these risks, which would ultimately still enable ETC to maintain its proposed capital cost recovery cap. (P-10)

ETC stated that it is not currently participating in any of the ISO's other competitive solicitations for transmission solutions. (P-10)

ETC stated that it anticipates that the project would require authorization from the BLM, BoR, the U.S. Fish and Wildlife Service, and the PUCN. ETC stated that, in the case of this project, California law is clear that the CPUC does not have approval authority. ETC indicated that it would keep the CPUC fully informed regarding the project and consider carefully any preferences that the CPUC may have regarding it. (P-13, E-5)

3.12.3 Information Provided by NEET West/SCE

NEET West/SCE provided a capital cost estimate for the project, presented as a buildup of costs by category, including AFUDC and contingency. NEET West/SCE also provided the costs for two transpositions if needed. NEET West/SCE indicated that, as an alternative, it could engage NVE to obtain the rights to use the approximately 18 miles of parallel open position on the Harry Allen-Mead double circuit structures in order to minimize the project cost. NEET West/SCE provided a cost for this alternative. (P-2)

NEET West/SCE stated that it is proposing various cost containment measures, including:

- Binding construction cost cap, subject to specified conditions that could result in an adjustment to the cap.
- ROE cap
- Fixed capital escalation annually for the construction period;
- On-time completion guarantee;
- No accelerated depreciation or tax incentives;
- Apply AFUDC and not costs of construction work in progress (CWIP) during construction. (P-12)

Binding Construction Cost Cap

NEET West/SCE stated that it is offering a binding construction cost cap for its proposed route, which provides sufficient spatial diversity to eliminate a common mode contingency (subject to the provision for large increases in route length), which is equal to its estimated construction costs for the project. NEET West/SCE also provided a binding cost commitment for its alternate route. (P-12)

NEET West/SCE's proposed construction cost cap includes potential adjustment for specified changes required by the ISO or a governmental or regulatory body, or resulting from uncontrollable force, as well as specified route deviations. (P-12)

On-time Completion Guarantee

NEET West/SCE stated that it proposes an in-service date guarantee such that NEET West/SCE agrees to forego the return of a portion of its total cost to construct the project if it does not meet the May 1, 2020 latest in-service date specified in the ISO Functional Specifications, provided that all approvals required by the CPUC, PUCN, and NEPA processes are received by June 30, 2018. (P-12)

NEET West/SCE provided a thorough discussion of the various assumptions it made to prepare the capital cost estimate, including the line route, structures, spans, and access. NEET West/SCE also provided a table of its assumptions, including items such as AFUDC, work schedule (five day work week), weather (daylight only work and limitations due to heat), planned outages, grading, equipment costs, environmental requirements, and division of responsibility at the line termination substations. (P-3)

NEET West/SCE provided an estimate of the average annual operating and maintenance cost broken down by station and overhead lines expenses, maintenance of line structures and station equipment, rents (rights-of-way grants – BLM), outside services (general administrative services to support the business), and insurance. NEET West/SCE indicated that SCE would not have any incremental operating expenses that would need to be allocated for control room, dispatching, or outage coordination for the project. (P-4)

NEET West/SCE indicated that there are additional environmental costs that would occur in each of the first five years of line operation, not included in the annual O&M cost estimate. (P-4)

NEET West/SCE summarized the project budget performance information for NextEra, stating that 101 projects since 2003 have had a cumulative positive variance (under budget) of \$600 million against an overall projects cost of \$26.8 billion, and that stand-alone transmission projects have had a negative variance (over budget) of \$100 million against overall project costs of \$1.3 billion. (P-6)

NEET West/SCE provided the following listing of detailed NextEra project budget performance for projects completed in the last five years:

Transmission Lines - 29 projects identified, 21 of which were completed on or below the project budget, seven of which were slightly or moderately over budget, and one of which incurred a larger overrun due to land issues. (P-6)

Substations - 40 projects identified, 33 of which were completed on or below the project budget and seven of which were slightly or moderately over budget due to permitting, land, or technical issues. (P-6)

NEET West/SCE stated that it would apply the same project management approach NextEra has employed for the previous projects listed and that this approach would consist of active management of all aspects of the project by an experienced and skilled project team of professionals and subject matter experts who would take personal responsibility and accountability for all phases of the project's execution. (P-7)

NEET West/SCE indicated that successful project management of the project would require an understanding of the processes necessary from the conceptual stage through completion of construction and that project management of these linear facilities with frequently changing challenges would require gathering input from and utilizing the expertise of the team's engineering, permitting, procurement, cost and schedule controls, safety management, quality management, and construction team members. (P-7)

NEET West/SCE described the various process steps and actions it would take during its development and construction of the project, based on the model used by other NextEra companies. NEET West/SCE provided an explanation of its intended actions in each of the project management steps. (P-7)

NEET West/SCE stated that its project director would hold monthly senior management project status update meetings. (P-7)

NEET West/SCE indicated that it would break the project execution period into project development and construction phases. During the development phase, NEET West/SCE stated that it would develop the project execution plan, complete land acquisition, and begin permitting and seeking regulatory approvals. In the construction phase, NEET West/SCE stated that it would implement the project execution plan and would construct and ultimately place the project into service. (P-8)

NEET West/SCE indicated that it would assemble a team of professionals and subject matter experts to make up the core project team that would draw upon the NextEra's matrixed organization of shared resources for the project execution and that the core team would be directed by NEET senior management. NEET West/SCE stated that the project director, who would report to NEET senior management for the project, would provide a single point of accountability for day-to-day project activities, oversee all project work stream leads and resources, and be responsible for reporting project progress to senior management. (P-8)

NEET West/SCE provided separate organization charts for the NEET West/SCE teams for the development phase, the construction phase, and the operations phase of the project. NEET West/SCE provided summaries of the experience of individuals with key roles in the project management teams, including the overall project director, who has 32 years of utility experience, and the development, engineering, and construction leads, who have 16, 20, and 40 years of experience, respectively. (P-8)

NEET West/SCE provided a table listing 55 risks that it considers major risks and obstacles to the successful completion of the project on schedule and within budget. NEET West/SCE identified the specific risk, category of risk, whether it affects cost or schedule, the probability of occurrence, the impact of the occurrence, whether it is a risk during development and/or construction, and the planned or potential mitigation. (P-10)

NEET West/SCE identified 20 of the risks as having a high impact on the project cost and/or schedule. Of these, NEET West/SCE identified two as likely to occur; these issues involved delays in regulatory data requests and weather affecting survey work. NEET West/SCE identified actions, including early reach-out and conducting surveys in the first optimal window, to mitigate these risks. (P-10)

NEET West/SCE stated that NEET West is applying to develop multiple projects under the ISO's competitive transmission process and has already been awarded two projects. NEET West/SCE stated it would be able to execute multiple projects in parallel due to the extensive experience and capabilities of the NextEra companies at project execution. (P-10)

For this project, NEET West/SCE stated it would draw from the same personnel and apply the same approach that yielded this past success for NextEra. (P-11)

NEET West/SCE stated that it would use a two-part cost containment approach for the project, based on NextEra's established approach. In the first step, NEET West/SCE indicated that it would seek to eliminate project uncertainties as early in the project lifecycle as feasible. NEET West/SCE indicated that the second step in its cost containment process would be related to uncertainties that cannot be eliminated. NEET West/SCE indicated that it would consider these project risks and seek to identify, categorize, and then mitigate these risks throughout project execution. (P-11)

NEET West/SCE provided 29 specific actions it has taken or would take to mitigate risks and contain the potential for costly project scope changes for the project grouped by the following categories: siting, environmental permitting, regulatory approval, engineering and design, and construction. (P-11)

NEET West/SCE indicated that it would use several contracting concepts to manage contractor schedule and cost. (P-11)

NEET West/SCE stated that O&M would be managed by SCE's established O&M organization. NEET West/SCE stated that cost containment for transmission line O&M would be supported by providing a clearly defined work scope and that annual O&M requirements would be defined annually and would be based on historical knowledge and regulatory reliability requirements defined by the ISO, WECC, and NERC. (P-11)

NEET West/SCE provided a table with the contingency amounts broken down by risk categories. (P-11)

NEET West/SCE stated that it would seek siting approval for the project from the CPUC and PUCN. (P-13)

NEET West/SCE stated that, according to its analysis, it must obtain a CPCN from the CPUC. NEET West/SCE stated that NEET West has discussed this with CPUC staff

and, following project award, would seek binding confirmation from the CPUC whether a CPCN is required. NEET West/SCE indicated that its proposed schedule and project cost assume that it would be necessary to obtain a CPCN but that, to the extent NEET West/SCE were to obtain binding assurance from the CPUC that such approval would not be required, that could expedite the project schedule and reduce project costs. (P-13)

Authority to Impose Binding Cost Caps

(P-10, P-12, P-13, E-5)

3.12.4 Information Provided by DesertLink

DesertLink stated that its proposal includes a binding capital cost cap, an equity percentage cap, and an ROE cap. DesertLink provided four distinct binding cost cap proposals associated with the cost estimates for its two different proposed routes with its two different potential completion dates. (P-12)

DesertLink stated that it has already received siting approval for its proposed “approved” route from BLM, BoR, and the PUCN. DesertLink indicated that none of these parties or any other siting authorities have the authority to impose binding cost cap or cost containment measures on DesertLink. DesertLink stated that the entity that has the authority to impose and enforce the binding capital cost cap would be FERC in DesertLink’s tariff and rate filings. (P-13)

3.12.5 Information Provided by ETC

ETC proposed a capital cost recovery cap, subject to specified conditions. (P-10, P-12)

ETC stated that it anticipates that the project would require authorization from the BLM, BoR, the U.S. Fish and Wildlife Service, and the PUCN. ETC stated that it is not aware of any federal agency authority to impose cost caps. ETC also indicated that since its costs would be recovered through the ISO’s transmission access charge, it anticipates that the PUCN would strictly address permitting of the project and not cost caps or cost containment. (P-13, E-5)

3.12.6 Information Provided by NEET West/SCE

NEET West/SCE stated that it is offering a binding construction cost cap for its proposed route, which provides sufficient spatial diversity to eliminate a common mode contingency (subject to the provision for large increases in route length), which is equal to its estimated construction costs for the project. NEET West/SCE also provided a binding cost commitment for its alternate route. (P-12)

NEET West/SCE stated that it would seek siting approval for the project from the CPUC and PUCN. (P-13)

PUCN – NEET West/SCE stated that the PUCN would not have the ability to cap costs for the project if NEET West/SCE were to be selected by the ISO as the approved project sponsor, that the costs of the project would be recovered through a FERC-

approved rate, and that NEET West/SCE is not otherwise regulated by the PUCN. (P-13)

BLM - NEET West/SCE stated that the BLM would not have the ability to cap costs for the project but that the BLM's role would be limited to issuance of a right-of-way for the portions of the alignment under its management. (P-13)

BoR - NEET West/SCE stated that the BoR would not have the ability to cap costs for the project but that the USBR's role would be limited to issuance of a right-of-use authorization for the portions of the alignment under its management. (P-13)

CPUC - NEET West/SCE stated that, according to its analysis, it must obtain a CPCN from the CPUC. NEET West/SCE stated that NEET West has discussed this with CPUC staff and, following project award, would seek binding confirmation from the CPUC whether a CPCN is required. NEET West/SCE indicated that its proposed schedule and project cost assume that it would be necessary to obtain a CPCN but that, to the extent NEET West/SCE were to obtain binding assurance from the CPUC that such approval would not be required, that could expedite the project schedule and reduce project costs. (P-13)

3.12.7 ISO Comparative Analysis

Comparative Analysis of Cost Containment Capability Including Cost Cap Agreement

For purposes of the comparative analysis for this component of the factor, the ISO's analysis has considered the expected effectiveness of the project sponsors' overall cost containment capabilities, including but not limited to experience of cost containment performance on previous projects, project management and scheduling organizations and capabilities, experience of key individuals, the project risks and mitigation that each project sponsor identified, factors impacting cost, and proposed cost containment plans and proposed binding cost caps.

As noted in the ISO Functional Specifications and discussed in Sections 3.4.4 and 3.6.7 above, the ISO prefers a transmission solution that provides sufficient spatial diversity that eliminates a common mode contingency. Therefore, for comparison purposes in this analysis, the ISO has evaluated only the "approved" route proposed by DesertLink and the primary route proposed by NEET West/SCE.

In addition, for purposes of this comparative analysis, the ISO considers the potential benefits from an in-service date for this project in advance of the latest in-service date specified in the ISO Functional Specifications to be uncertain based on the information currently available to the ISO. In particular, the in service date of the project is dependent on the completion of the necessary substation facilities that are beyond the scope of this competitive solicitation. With this in mind, the ISO has chosen to evaluate the project based on the latest in-service date specified in the ISO Functional Specifications. In the event the project can be placed into service earlier and the interconnection facilities necessary to accommodate the project can be completed sooner than expected, the ISO will reserve the option to negotiate an earlier in-service date with the approved project sponsor when the ISO has better information regarding the potential benefits (and risks) of achieving an earlier in-service date.

Cost Estimates

The project sponsors provided a range of cost estimates for capital costs; the differences in cost estimates are reflected in the binding capital cost caps proposed by each project sponsor. The ISO has not identified any significant site-related risks, physical project features, or special construction techniques that would inherently or materially increase the costs of a particular project sponsor's project or pose a distinct cost or cost escalation risk not accounted for by a project sponsor.

Binding Capital/Construction Cost Caps, Cost Containment Measures, and Cost Cap Increase Conditions

All three project sponsors committed to binding capital/construction cost recovery caps, subject to certain specified conditions for adjustment. DesertLink's proposed capital cost cap was the lowest in 2015 dollars (as requested by the ISO) -- \$133.1 million. DesertLink capped its capital cost recovery at \$147 million for a May 2020 in-service date, the in-service date reflected on the ISO Functional Specifications. DesertLink proposed the most robust cost cap and best mitigated the risk of potential cost escalation, followed by NEET West/SCE, and then ETC.

The DesertLink and ETC capital cost recovery caps do not include AFUDC, while the NEET West/SCE cost cap includes AFUDC. The ISO and its consultants ran sensitivity studies utilizing different levels of AFUDC to test the robustness of the cost caps. Under those sensitivities and based on the binding cost commitments of the project sponsors, DesertLink's proposal still provided greater overall cost containment.

DesertLink capped its capital cost recovery in 2020 dollars. Compared to NEET West/SCE and ETC, DesertLink's proposal presents less risk with respect to inflation and cost escalation.

The ISO noted in its responses to questions from project sponsors for this project and posted its website that the connection to Eldorado Substation should be on the south side of the substation. The DesertLink and NEET West/SCE capital/construction cost caps are based on interconnecting to the south side of Eldorado Substation. ETC's capital cost recovery cap is based on interconnecting to the north side of the substation, and ETC's proposal provides an opportunity for ETC to adjust its capital cost recovery cap to account for the added costs associated with interconnecting to the south side of Eldorado Substation. ETC provided an estimate of the potential additional costs it would incur to interconnect to the south side of the substation, and the potential cost increase is not immaterial. This adjustment, and based on other binding cost containment commitments, result in ETC having the highest projected costs of the three project sponsors and posing the most potential risk of cost increases.

DesertLink proposes the lowest binding cost cap on return on equity followed by NEET West/SCE and then ETC. DesertLink also proposes to cap the percentage of equity in its capital structure over the life of the project. All of the project sponsors have committed to using AFUDC. NEET West/SCE proposes an on-time completion guarantee and no accelerated depreciation or tax incentives. DesertLink has the advantage with respect to these matters, followed by NEET West/SCE and then ETC.

Due to the diversity of the various binding cost containment measures and cost assumptions contained in the proposals, the ISO and its expert consulting firm conducted a comprehensive cost analysis and ran numerous studies and scenarios to calculate illustrative revenue requirements for each project sponsor's proposal and examined a host of sensitivities to compare cost caps and binding cost commitments effectively and assess the impacts of any cost escalation.

Due to the fact that the binding cost containment measures proposed by the project sponsors only addressed costs associated with capital, the ISO first considered the revenue requirements associated with capital items. The ISO then calculated illustrative revenue requirements associated with capital cost and other non-O&M items for each project sponsor's proposal, taking into account proposed cost containment limits and examining a large number of scenarios reflecting different assumptions. The ISO used this approach because the capital cost containment limits were clearly defined by all three project sponsors. These analyses showed that DesertLink's proposal has materially lower projected non-O&M revenue requirements than the proposals of the other two project sponsors, followed by the proposals of NEET West/SCE and ETC, in that order.

DesertLink's binding cost cap does not allow for adjustment for a potential routing deviation/change, commodity cost change, change in tower types, escalation, environmental mitigation, real estate costs, labor and material availability, or geotechnical and subsurface conditions. With regard to limitations on and conditions for increases to its capital cost cap, DesertLink's binding capital cost cap can only be increased in the event of three types of events: (1) a change in the ISO project requirements, (2) a change in law, or (3) force majeure type events. NEET West/SCE's proposed construction cost cap includes potential adjustment for specified changes required by the ISO or a governmental or regulatory body, or uncontrollable force, as well as specified route deviations. ETC proposes a larger number of potential adjustments to its binding capital cost recovery cap compared to the other project sponsors. The ISO considers DesertLink's cost increase conditions to provide a slight advantage relative to NEET West/SCE's limitations on its cost cap specifically because of the potential for increase in NEET West/SCE's binding cost cap as a result of a specified route deviation. Based on ETC's extensive list of capital cost recovery cap increase conditions, the ISO considers both DesertLink's and NEET West/SCE's binding capital/construction cost cap proposals to have an advantage over ETC's capital cost recovery cap proposal with regard to cost increase conditions.

Based on the foregoing analysis, the ISO has concluded with regard to this aspect of cost containment that DesertLink's binding cost containment measures proposal is better than the proposals of the other two project sponsors and that NEET West/SCE's binding cost containment measures proposal is better than ETC's proposal both on the basis of projected revenue requirements and more limited cost increase conditions.

O&M Cost Containment

The three project sponsors provided a range of cost estimates for their expected annual average O&M expenses for the project. The O&M cost estimates range widely. The estimate of average annual O&M costs provided by NEET West/SCE is lower than the O&M cost estimates of the other two project sponsors, and DesertLink's O&M cost estimate is lower than ETC's O&M cost estimate. Although ETC proposed to cap its

O&M and administrative and general costs for a limited period, the cap levels are significantly higher than estimates provided by the other two project sponsors. Both DesertLink and NEET West/SCE have contracted with public utilities with a strong local presence to provide O&M services, NV Energy and SCE, respectively, and have provided more detailed O&M cost information than the information included in ETC's proposal. ETC identified NV Energy and two potential alternative suppliers to provide O&M services but has not provided an executed agreement with any potential O&M service provider. None of the project sponsors proposed a cap on O&M costs at a specific dollar amount for the life of the project. Because the ISO cannot predict with a reasonable degree of certainty what the actual O&M cost differences between the project sponsors ultimately will be or what O&M costs FERC would ultimately approve (or disapprove) for each project sponsor, the ISO has concluded that O&M costs are too uncertain under the specific circumstances presented here to ascribe significant weight or a specific quantitative value to them, in part because the project sponsors are outsourcing their O&M services. In any event, even after taking the O&M cost estimates and binding cost containment commitments into consideration, cost analyses performed by the ISO and its expert consultant showed that DesertLink's proposal still results in the overall lowest projected revenue requirements.

Cost Containment Performance for Past Projects

In terms of completing past projects within the project budget, DesertLink, ETC, and NEET West/SCE provided past project budget performance information and showed reasonable budget performance for the past projects included in their proposals.

Project Management Capabilities

All three project sponsors provided a reasonable approach to professional project management for this project.

Project Risks and Mitigation of Risks

Each project sponsor provided a discussion of the risks it has identified to the completion of the project within the project budget. DesertLink and NEET West/SCE provided a thorough review of the various factors and risks that could affect the costs for the project as well as their mitigation for these risks. DesertLink and NEET West/SCE also identified the various cost control measures included in their construction and other contracts. DesertLink and NEET West/SCE provided more detail regarding their cost containment approach and capabilities than did ETC. Also, as discussed above, DesertLink already has regulatory approval for its route from BLM, BoR, and the PUCN, thereby reducing its project risk.

The ISO considers lower project risk to make it more likely that the project sponsor will be able complete the project at or below its project cost cap. The ISO considers DesertLink to have a lower project risk relative to ETC and NEET West/SCE.

Overall Assessment

For purposes of the comparative analysis for this component of the factor, the ISO's analysis has considered the expected effectiveness of the project sponsors' overall cost containment capabilities, including but not limited to experience of cost containment

performance on previous projects, project management and scheduling organizations and capabilities, experience of key individuals, the project risks and mitigation that each project sponsor identified, factors impacting cost, and proposed cost containment plans.

As discussed above and in Section 2.1, the ISO has identified this selection factor as a key selection factor because the justification for this project is solely based on economic benefits to ratepayers, and the ISO considers commitment to robust binding cost containment measures to be the most effective way in which the ISO can ensure that a project is developed in an efficient and cost-effective manner. Consequently, the ISO considers the cost containment measures proposed by the project sponsors to be the most significant inputs into the comparative analysis for this component of the factor.

Based on the foregoing considerations, in conjunction with all the other considerations included in the ISO's analysis for this component of the factor, the ISO has determined that DesertLink's proposal is better than the proposals of ETC and NEET West/SCE, particularly given that DesertLink has proposed the most robust capital/construction cost cap, with the more limited cost increase conditions, and a slightly lower project cost escalation risk than the proposals of the other two project sponsors. In conjunction with all the other considerations included in the ISO's analysis for this component of the factor, the ISO has determined that NEET West/SCE's proposal is better than ETC's proposal based particularly on the more limited cost increase conditions in NEET West/SCE's proposal and NEET West/SCE's more comprehensive approach to overall cost containment.

Comparative Analysis of the Authority to Impose Binding Cost Caps

Because DesertLink, ETC, and NEET West/SCE have all proposed binding cost caps, in accordance with the provisions of this component of the factor, the ISO has not considered this component of the factor in the comparative analysis process.

Overall Comparative Analysis

The ISO considers the first component of this factor (cost containment and cost cap) more important than the second (siting authority imposing a cost cap). Given that all three proposals offered a binding cost cap, the first component is the only basis for the comparative analysis of this factor.

As discussed above, the ISO has determined that DesertLink's proposal is better than NEET West/SCE's proposal, which is better than ETC's proposal, with regard to the first component (cost containment and cost cap) of this factor. Consequently, the ISO has determined that DesertLink's proposal is better than NEET West/SCE's proposal, which is better than ETC's proposal, with regard to this factor overall.

3.13 Selection Factor 24.5.4(k): Additional Strengths or Advantages

(Section 1 – Introduction, Section 3 - General Project Information, QS-1, QS-4, QP-1, C-7, M-1)

The eleventh selection factor is “any other strengths and advantages the Project Sponsor and its team may have to build and own the specific transmission solution, as well as any specific efficiencies or benefits demonstrated in their proposal.”

3.13.1 Information Provided by DesertLink

DesertLink proposed an earlier in service date of May 2018. DesertLink also proposed co-locating an 18 mile portion of the new 500 kV line on the NV Energy Harry Allen-Mead line towers. DesertLink indicated that it has an agreement with NV Energy to do so and has also obtained regulatory approval from the PUCN. (Section 1 - Introduction, QP-1)

DesertLink did not indicate any other strengths or advantages or any specific efficiencies or benefits demonstrated in its proposal beyond those identified with regard to the other more-specific selection factors. (M-1)

3.13.2 Information Provided by ETC

ETC stated that Exelon has been recognized as one of the most admired companies and a top-ranked energy company due to a drive to passionately and competitively exceed industry standards in reliable, clean, affordable, and innovative energy for its customers and the communities in which it works. ETC also stated that Exelon and its diverse team bring an exceptional group of professionals that are laser focused on project success and that ETC’s distinctive management approach would result in a project that is socially and politically acceptable and managed, engineered, permitted, and constructed efficiently with significant reduction of risk to project costs and schedule. (QS-1, M-1)

3.13.3 Information Provided by NEET West/SCE

NEET West/SCE proposed an earlier in service date of June 2019. NEET West/SCE also proposed co-locating an 18 mile portion of the new 500 kV line on the NV Energy Harry Allen-Mead line towers. (Section 1 - Introduction, QP-1)

NEET West/SCE stated that its companies and affiliates offer vast experience building transmission infrastructure throughout the U.S., proven ability to execute projects within timeline and budget, and an attractive cost-containment structure that protects ratepayers from cost increases. NEET West/SCE also stated the following reasons why the ISO should select it as the approved project sponsor: NEET West would benefit from NextEra’s strong presence in the southwest region, the project would benefit from SCE’s regional presence and qualified staff to operate and maintain the new facilities, and the project would benefit from SCE’s licensing and permitting experience in Nevada and California. (M-1)

3.13.4 ISO Comparative Analysis

For purposes of the comparative analysis for this factor, the ISO has reviewed the proposals of the three project sponsors to determine if there are other advantages the project sponsor or its team have for building the project that were not addressed in other parts of the selection process.

Based on its consideration of the proposals of the three project sponsors, the ISO has determined that none of the proposals provide relevant information or identify any particular advantages to the ISO and transmission ratepayers that the ISO has not already considered and addressed in its analysis of the more specific selection factors. As noted above, the proposal to co-locate the lines on NV Energy facilities is not consistent with the ISO's preferred solution for maintaining sufficient spatial diversity as stated in the ISO Functional Specifications. Consequently, the ISO has determined that there is no material difference among the proposals of the three project sponsors with regard to this factor.

3.14 Selection Factor 24.5.4(a): Capability to Finance, License, Construct, Operate, and Maintain the Facility

In this section the ISO provides the comparative analysis of this selection factor, as discussed in Section 3.3 of this report. This selection factor is a comparative analysis of “the current and expected capabilities of the Project Sponsor and its team to finance, license, and construct the facility and operate and maintain it for the life of the solution.” As noted in Section 3.3, this factor encompasses a number of the more specific selection factors discussed in this report. As discussed in Section 2.1, the ISO has identified this selection factor as a key selection factor because the overall capability to finance, license, construct, operate, and maintain this project is critical to ensuring that the project will be completed and will remain the major component in the ISO's bulk transmission system that the ISO expects it to be. A proposal that best satisfies this factor will contribute significantly to ensuring that the project sponsor selected will develop the project in an efficient, cost-effective, and timely manner.

What follows is an overall comparative analysis for this factor based upon the discussion of the other factors or factor components encompassed by this factor. As stated in Section 3.3, the ISO will not repeat all of the information provided by the project sponsors for these more specific selection factors and the comparative analysis for each.

In addition to the general project information provided in the project sponsors' proposals, the other selection factors (or components of a factor) considered in the comparative analysis for this factor are as follows:

24.5.4(e): the financial resources of the project sponsor and its team;

24.5.4(f): the technical [environmental permitting] qualifications and experience of the project sponsor and its team (component of 24.5.4 (f));

24.5.4(g): the previous record regarding construction and maintenance of transmission facilities, including facilities outside the ISO controlled grid, of the project sponsor and its team; and

24.5.4(h): demonstrated capability to adhere to standardized construction, maintenance, and operating practices.

3.14.1 ISO Comparative Analysis

The ISO's comparative analysis has considered the results of the analysis of the four factors or factor components listed above. As an initial matter, the ISO notes that all of the project sponsors and their teams are capable of satisfying these factors with respect to this project. The ISO has determined that there is no material difference between the proposals of DesertLink and NEET West/SCE with regard to this factor because, as discussed regarding each of the relevant individual selection factors, there is no material difference between the two proposals with regard to the third selection factor (construction and maintenance record) and the fourth selection factor (demonstrated capability to adhere to standardized construction, maintenance, and operating practices), and the slight advantage of NEET West/SCE's proposal with regard to the first selection factor (financial resources) is effectively offset by the advantage of DesertLink's proposal with regard to the second selection factor component (environmental permitting experience).

The ISO has determined that the proposals of DesertLink and NEET West/SCE are slightly better than ETC's proposal with regard to this factor because, as discussed regarding each of the relevant individual selection factors, the proposals of DesertLink and NEET West/SCE are better or slightly better than ETC's proposal with regard to the second, third, and fourth selection factors, with ETC's proposal only slightly better than DesertLink's proposal with regard to the first selection factor.

3.15 Qualification Criterion 24.5.3.1(a): Manpower, Equipment, and Knowledge to Design, Construct, Operate, and Maintain the Project

The first qualification criterion is: "Whether the Project Sponsor has demonstrated that it has assembled, or has a plan to assemble, a sufficiently-sized team with the manpower, equipment, knowledge and skill required to undertake the design, construction, operation and maintenance of the transmission solution."

The first qualification criterion is a broad criterion that encompasses three specific selection factors that are discussed in other sections of this report. The ISO will not repeat here the information provided by the project sponsors for these more specific selection factors or the comparative analysis for each. What follows is an overall comparative analysis for this criterion based upon the comparative analyses for the selection factors encompassed by this criterion.

3.15.1 ISO Comparative Analysis

The ISO previously determined and posted notice on its website that all three project sponsors submitted proposals that meet the minimum requirements to qualify for evaluation in the selection process. Pursuant to ISO Tariff Section 24.5.4, the ISO has further reviewed the proposals with regard to the project sponsor qualification criteria in its comparative analysis for purposes of selection of the approved project sponsor.

This qualification criterion considers a number of factors addressed by the selection factors previously discussed. For this reason, the ISO bases its comparative analysis for this criterion on the results of the comparative analysis for the selection factors addressed above. The selection factors or factor components considered in the comparative analysis for this criterion are as follows:

24.5.4(f): the engineering qualifications and experience of the project sponsor and its team (a component of 24.5.4(f));

24.5.4(g): the previous record regarding construction and maintenance of transmission facilities, including facilities outside the ISO controlled grid, of the project sponsor and its team; and

24.5.4(h): demonstrated capability to adhere to standardized construction, maintenance, and operating practices, of the project sponsor and its team.

The ISO's comparative analysis has considered the results of the analysis of the three selection factors listed above. As an initial matter, the ISO notes that all of the project sponsors and their teams are capable of satisfying these factors with regard to this project.

Based on a detailed review of the proposals of the project sponsors with respect to these factors or factor components, the ISO has determined that there is no material difference between the proposals of DesertLink and NEET West/SCE with regard to this criterion because, as discussed regarding each of the relevant individual selection factors and factor components, there is no material difference between DesertLink's proposal and NEET West/SCE's proposal with regard to first selection factor component (engineering experience), the second selection factor (construction and maintenance record), and the third selection factor (demonstrated capability to adhere to standardized construction, maintenance, and operating practices). The ISO has determined that the proposals of DesertLink and NEET West/SCE are both better than ETC's proposal with regard to this criterion because, as discussed regarding each of the relevant individual selection factors or factor components, they are better or slightly better with regard to all three of the relevant individual selection factors or factor components.

3.16 Qualification Criterion 24.5.3.1(b): Financial Resources

The second qualification criterion is: "Whether the Project Sponsor and its team have demonstrated that they have sufficient financial resources, by providing information including, but not limited to, satisfactory credit ratings, audited financial statements, or other financial indicators."

3.16.1 ISO Comparative Analysis

The ISO previously determined and posted notice on its website that all three project sponsors submitted proposals that meet the minimum requirements to qualify for evaluation in the selection process. Pursuant to ISO Tariff Section 24.5.4, the ISO has further reviewed the proposals with regard to the project sponsor qualification criteria in its comparative analysis for purposes of selection of the approved project sponsor.

This qualification criterion essentially duplicates the factors addressed by selection factor 24.5.4(e) (the financial resources of the project sponsor and its team) discussed above. For this reason, the ISO bases its comparative analysis for this criterion on the results of the comparative analysis for the selection factor above. As discussed above with regard to selection factor 24.5.4(e), the ISO has determined that based on the information provided and in conjunction with all the other considerations included in the ISO's analysis for this factor, the ISO has determined that, for this particular factor, there is no material difference between ETC and NEET West/SCE and their proposals and are both slightly better than DesertLink and its proposal with regard to this criterion.

3.17 Qualification Criterion 24.5.3.1(c): Ability to Assume Liability for Losses

The third qualification criterion is: "Whether the Project Sponsor and its team have demonstrated the ability to assume liability for major losses resulting from failure of any part of the facilities associated with the transmission solution by providing information such as letters of credit, letters of interest from financial institutions regarding financial commitment to support the Project Sponsor, insurance policies or the ability to obtain insurance to cover such losses, the use of account set asides or accumulated funds, the revenues earned from the transmission solution, sufficient credit ratings, contingency financing, or other evidence showing sufficient financial ability to cover these losses in the normal course of business."

3.17.1 ISO Comparative Analysis

The ISO previously determined and posted notice on its website that all three project sponsors submitted proposals that meet the minimum requirements to qualify for evaluation in the selection process. Pursuant to ISO Tariff Section 24.5.4, the ISO has further reviewed the proposals with regard to the project sponsor qualification criteria in its comparative analysis for purposes of selection of the approved project sponsor.

This qualification criterion essentially duplicates the factors addressed by selection factor 24.5.4(i) (demonstrated ability to assume liability for major losses resulting from failure of facilities of the project sponsor) discussed above. For this reason, the ISO bases its comparative analysis for this criterion on the results of the comparative analysis for the selection factor above. As discussed above with regard to selection factor 24.5.4(i), the ISO has determined that there is no material difference among the proposals of the three project sponsors with regard to this criterion.

3.18 Qualification Criterion 24.5.3.1(d): Proposed Schedule and Ability to Meet Schedule

The fourth qualification criterion is: "Whether the Project Sponsor has (1) proposed a schedule for development and completion of the transmission solution consistent with need date identified by the CAISO; and (2) has the ability to meet that schedule."

3.18.1 ISO Comparative Analysis

The ISO previously determined and posted notice on its website that all three project sponsors submitted proposals that meet the minimum requirements to qualify for

evaluation in the selection process. Pursuant to ISO Tariff Section 24.5.4, the ISO has further reviewed the proposals with regard to the project sponsor qualification criteria in its comparative analysis for purposes of selection of the approved project sponsor.

This qualification criterion essentially duplicates the factors addressed by selection factor 24.5.4(d) (the proposed schedule for development and completion of the transmission solution and demonstrated ability to meet that schedule of the project sponsor and its team) discussed above. For this reason, the ISO bases its comparative analysis for this criterion on the results of the comparative analysis for the selection factor above. As discussed above with regard to selection factor 24.5.4(d), the ISO has determined that DesertLink's proposal is slightly better than NEET West/SCE's proposal which is better than ETC's proposal with regard to this criterion.

3.19 Qualification Criterion 24.5.3.1(e): Technical and Engineering Qualifications and Experience

The fifth qualification criterion is: "Whether the Project Sponsor and its team have the necessary technical and engineering qualifications and experience to undertake the design, construction, operation and maintenance of the transmission solution."

3.19.1 ISO Comparative Analysis

The ISO previously determined and posted notice on its website that all three project sponsors submitted proposals that meet the minimum requirements to qualify for evaluation in the selection process. Pursuant to ISO Tariff Section 24.5.4, the ISO has further reviewed the proposals with regard to the project sponsor qualification criteria in its comparative analysis for purposes of selection of the approved project sponsor.

This qualification criterion considers a number of factors addressed by the selection factors previously discussed. For this reason, the ISO bases its comparative analysis for this criterion on the results of the comparative analysis for the selection factors addressed above. The selection factors considered in the comparative analysis for this criterion are as follows:

24.5.4(f): the technical [environmental permitting] and engineering qualifications and experience of the project sponsor and its team;

24.5.4(g): the previous record regarding construction and maintenance of transmission facilities, including facilities outside the ISO controlled grid, of the project sponsor and its team; and

24.5.4(h): demonstrated capability to adhere to standardized construction, maintenance, and operating practices, of the project sponsor and its team.

The ISO's comparative analysis has considered the results of the analysis of the three selection factors listed above. As an initial matter, the ISO notes that all of the project sponsors and their teams are capable of satisfying these factors with regard to this project. As discussed above with regard to these three selection factors, the ISO has determined that DesertLink's proposal is slightly better than NEET West/SCE's proposal with regard to this criterion because DesertLink's proposal is slightly better than NEET

West/SCE's proposal with regard to selection factor 24.5.4(f) (environmental and engineering capability) and there is no material difference between their proposals with regard to the other two selection factors. The ISO has determined that the proposals of DesertLink and NEET West/SCE are better than ETC's proposal with regard to this criterion because their proposals are better than ETC's proposal with regard to all three of the selection factors listed above.

3.20 Qualification Criterion 24.5.3.1(f): Commitment to Enter Into TCA and Adhere to Applicable Reliability Criteria

The sixth qualification criterion is: "Whether the Project Sponsor makes a commitment to become a Participating TO for the purpose of turning the Regional Transmission Facility that the Project Sponsor is selected to construct and own as a result of the competitive solicitation process over to the ISO's Operational Control , to enter into the Transmission Control Agreement with respect to the transmission solution, to adhere to all Applicable Reliability Criteria and to comply with NERC registration requirements and NERC and WECC standards, where applicable."

3.20.1 Information Provided by DesertLink

DesertLink stated that, if selected by the ISO as the approved project sponsor, DesertLink would apply to become a PTO for the purpose of turning the project over to the ISO's operational control and would enter into the TCA. DesertLink stated that that it would adhere to all applicable reliability criteria and comply with applicable NERC registration requirements and NERC and WECC standards. DesertLink stated that Nevada Power Company (d/b/a NV Energy) would be performing operations and maintenance in accordance with its existing policies and procedures for transmission operations and transmission line and substation maintenance. (QS-5)

3.20.2 Information Provided by ETC

ETC stated that it would look forward to becoming a PTO for the purpose of turning operational control of the project over to the ISO. ETC stated that it would enter into the TCA with respect to the project, adhere to all applicable reliability criteria, and comply with NERC registration requirements and NERC and WECC standards, where applicable. (QS-5)

3.20.3 Information Provided by NEET West/SCE

NEET West/SCE stated that NEET West anticipates becoming a PTO through the Suncrest SVC project and Estrella Substation project, both of which are scheduled to be in-service prior to the in-service date for this project. NEET West/SCE stated that in any case, NEET West commits to becoming a PTO. NEET West/SCE stated that it would construct and own the project and turn over the transmission element to the ISO's operational control, enter into the TCA with respect to the transmission element as applicable, adhere to all applicable reliability criteria, and comply with NERC registration requirements and NERC and WECC standards, where applicable.

NEET West/SCE stated that SCE is currently a PTO and is currently a party to the TCA. NEET West/SCE stated that regardless of whether SCE exercises its option to acquire

50% of the project, SCE would operate and maintain the project as a PTO and that NEET West/SCE would place the line under the ISO's operational control in accordance with TCA requirements. NEET West/SCE stated that SCE fully acknowledges and commits to adhere to all applicable reliability criteria and to comply with NERC registration requirements and NERC and WECC standards, as applicable for the construction and ownership of the project. (QS-5)

3.20.4 ISO Comparative Analysis

The ISO previously determined and posted notice on its website that all three project sponsors submitted proposals that meet the minimum requirements to qualify for evaluation in the selection process. Pursuant to ISO Tariff Section 24.5.4, the ISO has further reviewed the proposals with regard to the project sponsor qualification criteria in its comparative analysis for purposes of selection of the approved project sponsor.

All three project sponsors have committed to becoming a PTO, turning over operational control of the project to the ISO, abiding by the terms of the TCA, and adhering to all applicable reliability criteria. Consequently, the ISO has determined that there is no material difference among the proposals of the three project sponsors with regard to this criterion.

3.21 ISO Overall Comparative Analysis for Approved Project Sponsor Selection

Under ISO Tariff Section 24.5.4, the ISO conducts a comparative analysis to select an approved project sponsor. In accordance with Section 24.5.4, the purpose of the comparative analysis is to take into account all transmission solutions being proposed by competing project sponsors and to select a qualified project sponsor that is best able to design, finance, license, construct, maintain, and operate the particular transmission facility in a cost-effective, efficient, prudent, reliable, and capable manner over the lifetime of the facility, while maximizing the overall benefits and minimizing the risk of untimely project completion, project abandonment, and future reliability, operational, and other relevant problems, consistent with good utility practice, applicable reliability criteria, and ISO documents. In conducting the comparative analysis, the ISO applies the qualification criteria described in ISO Tariff Section 24.5.3.1 and the selection factors specified in Section 24.5.4.

As discussed above, the ISO has conducted this competitive solicitation because, in its 2013-2014 transmission planning process, the ISO identified an economically-driven need for the Harry Allen-Eldorado transmission project – the second project in the history of the ISO's competitive solicitation process based on this justification. As required by the ISO Tariff, the ISO undertook a comparative analysis to determine the degree to which each project sponsor and its proposal met the applicable tariff selection factors and qualification criteria to determine the approved project sponsor to finance, construct, own, operate, and maintain this project. DesertLink, ETC, and NEET West/SCE all submitted strong, well-prepared proposals to develop the project. The ISO was also presented with some strong cost containment proposals. The ISO would like to re-emphasize that it considers all project sponsors to be qualified to finance, construct, own, operate, and maintain the project. While conducting the comparative analysis, the ISO had to make detailed distinctions among the project sponsors' proposals in determining the approved project sponsor.

The ISO's analysis determined that there are either no material differences or only slight differences among the project sponsors and their proposals with regard to many of the selection factors and qualification criteria. One of the key selection factors for which the ISO identified material differences among the project sponsors' proposals is the cost containment selection factor, particularly the project sponsors' commitments to binding cost containment measures. As discussed above, this factor is not only one of the three key selection factors identified by the ISO at the outset of this procurement process in the ISO Functional Specifications, but it is particularly important in this instance given that the justification for this project is solely based on economic benefits to ratepayers. DesertLink proposed the strongest binding cost containment commitment proposal. In particular, it proposed more robust capital/construction cost and ROE caps that should result in lower costs and present less risk compared to the proposals of the other two project sponsors, thus benefitting ratepayers.

In addition, DesertLink can contribute existing rights-of-way to the project that cover most of the project's footprint. Further, DesertLink's affiliate has completed a substantial portion of the permitting work, including obtaining PUCN approval. Not only do these facts give DesertLink advantages with respect to these criteria and reduce potential risk, they provide DesertLink with a head start and an advantage in meeting project schedule, which is another key selection factor.

The third key selection factor is the current and expected capabilities of the project sponsor and its team to finance, license, and construct the facility and operate and maintain it for the life of the project. Although NEET West/SCE and ETC have an advantage over DesertLink with respect to financial capabilities, DesertLink and its team demonstrated strong technical (*i.e.*, environmental permitting) and engineering capabilities and experience, as well as construction, operations, and maintenance capabilities, relevant to this project, at least on par with the other two project sponsors. In particular, DesertLink demonstrated pertinent Nevada experience with the ON Line transmission project that terminates at Harry Allen Substation (where this project will originate) and will be using the local utility, NV Energy, to provide operations and maintenance services. Further, as indicated above, DesertLink has many of the approvals and permits necessary for the project and, thus, is well-positioned with respect to the "licensing" aspect of this factor. Although the ISO's analysis determined that the other two project sponsors have better financial metrics than DesertLink, the ISO believes that DesertLink has sufficient financial resources to complete the project. DesertLink provided letters of support from two commercial banks, and DesertLink's team has project financing experience and has established the necessary banking relationships to secure project financing for this project. All three project sponsors, including DesertLink, demonstrated that their teams are capable of financing, licensing, constructing, operating, and maintaining the project for its expected in-service life.

Finally, with respect to the remaining factors, DesertLink demonstrated that its capabilities in those areas are at least equal to the capabilities of the other two project sponsors for purposes of this project.

For the foregoing reasons, the ISO has determined that DesertLink and its team are qualified, experienced, and have the financial resources to capably, cost effectively, and reliably license, finance, construct, operate, and maintain this particular project at the lowest cost for this economically-justified project. Based on the ISO's review of the

proposals and a comparative analysis with regard to all of the selection factors and qualification criteria, the ISO has determined that DesertLink's proposal is better than the proposals of ETC and NEET West/SCE with regard to this project and the particular justification for its need. The result of this competitive solicitation process is that the ISO has selected DesertLink, LLC (DesertLink), a wholly-owned subsidiary of LS Power Associates, L.P., as the approved project sponsor to finance, construct, own, operate, and maintain the Harry Allen-Eldorado project.

Attachment 1

Competitive Solicitation Transmission Project Sponsor Application

Transmission Project Sponsor Proposal – Application

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Introduction

In accordance with ISO Tariff section 24.5 (Transmission Planning Process Phase 3), the ISO will initiate a period of at least two (2) months that will provide an opportunity for project sponsors to submit specific transmission project proposals to finance, construct, own, operate, and maintain certain transmission elements identified in the ISO's comprehensive transmission plan, or those approved by ISO management in advance of the issuance of the transmission plan if the capital cost of the project is less than or equal to \$50 million. Such project proposals must include plan of service details and supporting information as set forth in the Business Practice Manual for the Transmission Planning Process (BPM-TPP) sufficient to enable the ISO to determine whether the proposal meets the criteria specified in ISO Tariff sections 24.5.3 and 24.5.4. This application describes the details that must be provided regarding project sponsor proposals.

Projects included in this process will become part of the ISO controlled grid, and approved project sponsors will become Participating Transmission Owners (PTO) and will sign the Transmission Control Agreement (TCA) and a Reliability Standards Agreement (RSA). The ISO also anticipates that the project sponsor or its contracted representative(s) will be registered with the North American Electric Reliability Corporation (NERC) in the NERC categories of Transmission Owner and other functions as applicable.

General Instructions

The information to be included in this application will be used by the ISO to determine if the proposal meets the qualification criteria set forth in ISO Tariff section 24.5.3 and, if so, to compare each project sponsor and its proposal with other project sponsors and proposals for the same approved transmission element pursuant to ISO Tariff section 24.5.4. To facilitate this assessment and comparison, project sponsors should provide information that reflects a thorough understanding of the requirements, processes, and activities needed to accomplish project completion and continuing operation and maintenance.

This application is separated into specific sections. Each section specifies information to be provided and is assigned a unique identifier for each item of information required, for example, QS-1 for Sponsor Qualifications, QP-1 for Project Qualification, E – 1 for Environmental and Public Process items, S-1 for Substation related items, and so on. Project sponsors must provide responses to each of the items in the space provided after the specification of the information required and clearly note in the response the unique item identifier in each part of the response. If a project sponsor provides attachments as part of the response, the project sponsor should specify the file name of the attachment in the space provided for the response. In addition, the project sponsor should name the attached files using the following naming convention – the file name should include the unique identifier for the application item that the information responds to (e.g., E-1.a) and a description of the contents (e.g., E-1.a Resumes of Key Individuals). All responses must be in readable electronic format and include the name of the project sponsor and description of the project. In addition, the application should include a table or index in Microsoft Word format that contains a list of documents provided. The table or index must include the file name, contents, and a description of the application section(s) and items that it responds to. The project sponsor must provide a copy of the application in Word format. The project sponsor must provide all responses and attached material in English or the ISO may disregard the information submitted.

If supporting documentation is provided to supplement specific responses to application items, the project sponsor must include a specific reference to the item number and to the page numbers and paragraphs of the supporting documentation that are responsive to the application item, along with a brief explanation of how the referenced material is responsive. If the project sponsor believes that any item of the application is not applicable to its project proposal, it may indicate “N/A” but should provide a brief reason why it believes it is not applicable.

If the project sponsor proposes to contract with others to perform duties related to the proposed project, the project sponsor’s responses to the items in the application must reflect the roles, responsibilities, processes, and procedures to be used by the organization that will perform those duties, and the management controls that will be used by the project sponsor to assure that the work is done in accordance with applicable agreements, contracts, regulatory, and reliability requirements.

For each item in the application, if the project sponsor is proposing to finance, construct, own, operate, and maintain multiple transmission elements, the project sponsor should also indicate how its response

would change depending on how many of its proposals are approved by the ISO. For example, the project sponsor should describe how the projected in-service date of a project would be affected if two or more of the project sponsor's proposals are approved.

Note that at end of the application there is an officer certification form that must be signed by an officer of the authorized representative for the application to be considered complete.

To the extent a project sponsor considers any of the information submitted with its application to be confidential or proprietary, the project sponsor must clearly identify the confidential or proprietary information and must include an explanation as to why the information should be handled by the ISO as confidential. The ISO will not treat the identity of a project sponsor and basic information about the project sponsor's proposed project as confidential information.

Project sponsors should note that the maximum size of an e-mail submitted to the ISO should not exceed 5 MB or the ISO's e-mail system may not be able to process it. An application that includes files or attachments larger than 5 MB must be compressed to files of a size less than 5 MB. Project sponsors may also submit their information via CD or DVD medium. If this option is selected, please provide 3 complete sets of CDs or DVDs.

If a project sponsor wishes to apply for more than one project eligible for the ISO's transmission procurement process, the project sponsor must submit a separate application for each project.

A project sponsor may submit questions to the ISO for clarification regarding any particular transmission procurement proposal. The ISO will attempt to answer these questions in a timely manner. The answers will be made available in a table that will be posted to the ISO website on the "Transmission Planning" page. Note that the identity of the project sponsor posing the question will not be included in the table. In general, the ISO will update this table on a weekly basis or as needed.

Please note that there are several tables in the application for use in providing responses. Project sponsors may add rows to the tables if the number of entries exceeds the number of rows initially provided in the tables.

The ISO requires a deposit of \$75,000 for each submitted application. The ISO will not consider applications if the project sponsor fails to include the deposit. Payment instructions and a project sponsor deposit form can be found in Section 13 of this application.

Project Sponsor, Name and Qualifications

Project Sponsor Name:

Response: (Enter Project Sponsor Company Name)

Project Description:

Response: (Enter Project Description)

Submittal Date:

Response: (Enter Submittal Date)

Describe the legal and financial structure of the project sponsor and its team, including type of corporation if a corporation, or type of entity if it is a special purpose entity (e.g. project financed LLC) created explicitly for the proposed project. Describe the legal and financial relationship of the entity listed as the project sponsor to all other entities that are referred to in the application to include but not limited to all parent or holding company organizational entities, equity investors and any entity that will finance or otherwise financially support or provide guarantees for part or all of the project if different from the project sponsor. This description should include but not be limited to the following information:

- Which entity or entities will own the assets of the project (whether through a special purpose entity or as part of a portfolio of assets or other mechanism) during the construction period and during the operating period.
- Which entity will service the debt associated with the design, procurement, construction and placing the project in service and the debt carried after commercial operation
- The entity (or planned entity) that will have the responsibility for carrying out the siting, permitting, engineering, procurement, construction and placing the project into operation; also describe if this is to be accomplished through a turn-key EPC contract or some other manner and the type of relationship to be used (e.g. fixed price contract, etc.)
- The entity (or planned entity) that will be responsible for the operation of the project; also describe the mechanism to be used for carrying out this responsibility (e.g. in-house staff, subsidiary, outsourced to a separate O&M company, etc.)

Response:

Project Sponsor and Project Qualifications:

The ISO will review each project sponsor’s proposal to assess the qualifications of the project sponsor and its project proposal based on the qualification criteria set forth in ISO Tariff section 24.5.3. The ISO will evaluate the information submitted by each project sponsor in response to the application items pertaining to sections 24.5.3.1(a)-(e) to determine whether the project sponsor has demonstrated that its team is physically, technically, and financially capable of (i) completing the needed transmission solution in a timely and competent manner and (ii) operating and maintaining the transmission solution in a manner that is consistent with good utility practice and applicable reliability criteria for the life of the project. The ISO will determine whether the transmission solution proposed by a project sponsor is qualified for consideration, based on the qualification criteria contained in ISO Tariff sections 24.5.3.2(a) and (b).

Project Sponsor Qualification

The project sponsor must demonstrate that it meets the project sponsor qualification criteria for the needed transmission element by providing responses to the following five items (QS-1, QS-2, QS-3, QS-4, QS-5) that relate to the qualification of the project sponsor. Note that when providing these responses, the project sponsor may refer to information that has been provided in other sections of this application for additional information and support. However, the following five responses should provide a complete demonstration of qualification – either through the responses directly or by including references in the responses to material provided in responses to other items in this application.

Describe and demonstrate how:

QS-1. The project sponsor has assembled a sufficiently-sized team (or planned team) with the manpower, equipment, knowledge, and skill required to undertake the design, construction, operation, and maintenance of the transmission solution.

Response:

QS-2. The project sponsor and its team (or planned team) will have sufficient financial resources; for example, satisfactory credit ratings and other financial indicators as well as the demonstrated ability to assume liability for major losses resulting from failure of any part of the facilities associated with the transmission solution.

Response:

QS-3. The project sponsor (1) has a proposed schedule for development and completion of the transmission solution consistent with needed in service date identified by the ISO and (2) has the ability to meet that schedule.

Response:

QS-4. The project sponsor and its team (or planned team) have the necessary technical and engineering qualifications and experience to undertake the design, construction, operation and maintenance of the transmission solution.

Response:

QS-5. The project sponsor is making a commitment to become a Participating Transmission Owner for the purpose of turning the transmission element that the project sponsor is selected to construct and own as a result of the competitive solicitation process over to the ISO's operational control, to enter into the Transmission Control Agreement with respect to the transmission element, to adhere to all applicable reliability criteria and to comply with NERC registration requirements and NERC and Western Electricity Coordinating Council (WECC) standards, where applicable.

Response:

Proposal Qualification

Please demonstrate that the proposed project meets the proposal qualification criteria for the needed transmission element by providing responses to the following two items (QP-1, QP-2) that relate to the qualification of the proposed project. Note: when providing these responses, the applicant may refer to information that has been provided in other sections of this application for additional information and support. However, the following two responses should provide a complete demonstration or qualification – either through the two responses directly or by including references in the two responses to material provided in responses to other items in this application.

Describe and demonstrate how:

QP-1. The proposed design of the transmission solution is consistent with needs identified in the comprehensive ISO transmission plan.

Response:

QP-2. The proposed design of the transmission solution satisfies applicable reliability criteria and ISO planning standards.

Response:

Past Projects, Project Management and Cost Containment

Project Sponsor's Past Project Information

- P - 1. Provide a list of all transmission lines (if this proposed project includes one or more transmission lines) and substations wherever located, (if this proposed project includes one or more substations) which the Project Sponsor or the Project Sponsor's team or planned team has constructed, financed, owned, operated and/or maintained within the last five years. Segregate the transmission line projects from the substation projects. For each project include the following in the table provided below:
- 1) For transmission line projects, provide a description of the line including type of construction (underground, overhead, steel pole, etc.). For substation projects include the number of breakers by voltage and the bus arrangement (BAAH, DBDB, etc.).
 - 2) location (country, state, city),
 - 3) voltage level(s),
 - 4) length,
 - 5) nominal rating of transmission line or total MVA of substation transformers,
 - 6) capital cost,
 - 7) year placed in service, and
 - 8) whether the sponsor was responsible for each of the following for the projects listed - financing (F), designing (D), siting (S), constructing (C), operating (O) and maintaining (M) the line or substation. List all areas that apply. For example if the Project sponsor had responsibility for only Construction, Operation and Maintenance on a project, then a C, O, M would be entered in that cell in the table.

P-1 Responses - List of Past Projects

P-1 Transmission Line Projects							
(1)Project Description	(2)Location (Country, City(ies))	(3)Voltage Level(s)	(4)Length (4) (Miles)	(5)Nominal Rating (MVA)	(6)Capital Cost (Million USD)	(7)Date Placed in Service(7)	(8)Sponsor and Team Responsibility (F, D, S, C, O, M)
P-1 Substation Projects							
(1)Project Description	(2)Location (Country, City(ies))	(3)Voltage Level(s)	(4)Length (Miles)	(5)Nominal Rating of All Transformers (MVA)	(6)Capital Cost (Million USD)	(7)Date Placed in Service	(8)Sponsor and Team Responsibility (F, D, S, C, O, M)

Project Cost Related

- P - 2. Provide a capital cost estimate presented as a buildup of costs by category, such as environmental, engineering, civil works, materials, equipment, construction, construction management, physical and price contingencies, allowance for funds used during construction (AFUDC), and all other categories for which the proposing Project Sponsor plans to seek FERC approval to recover. The above categories are illustrative; the Project Sponsor should aggregate costs into the categories most relevant to its development of the proposed project. For projects with transmission and substation components, the costs for each component should be clearly separated). All costs should be in constant 2015 dollars.

Response:

- P - 3. Provide the Project Sponsor's assumptions for the cost estimate (e.g. design assumptions, weather, manpower needed and work schedule like 10 hour days, construction area access, planned outages needed, cost of capital, etc.) and any sensitivity analyses performed in developing the cost estimate. (Note: all assumptions and sensitivities need to be documented).

Response:

- P - 4. Provide a detailed estimate of the anticipated average annual operating and maintenance cost to operate the project over its life (i.e. the specific incremental project O&M cost information and not total aggregate costs for the operation and maintenance of a sponsor's overall transmission system). Detail all of the components of the cost estimate. All costs should be in constant 2015 dollars.

Response:

- P - 5. Provide the Project Sponsor's planned insurance coverage, including types of coverage and insured values during the construction period and over the operational life of the project facilities including but not limited to covering negligent performance.

Response:

Project Management, Historical Performance Related

- P - 6. For the transmission and substation projects included in the response to P-1, provide the following:
- Overall project description;
 - Initial schedule **and** final project in-service date; explain the circumstances for a project that did not meet the initial in-service date
 - Overall cost summary, including initial budget for the project **and** final project cost; explain the circumstances for a project that did exceed the initial project budget

- Major issues confronted and resolved during project;
- Typical management progress reports for the project;
- Other specific materials that reflect project management skills for an actual project.

Response:

Project Management, Project Related

- P - 7. Provide a general description of the proposed approach to project management and scheduling (PM&S) for the transmission element.

Response:

- P - 8. Provide the proposed management structure, organization, authority levels and resources committed to PM&S for the transmission element, including relevant experience and capability for proposed Project Manager (PM) and other relevant decision-makers for the project. If the sponsor does not have a team in place, please provide your plan to meet these requirements.

Response:

- P - 9. Provide a proposed schedule for project development through release for operation that includes, at a minimum, key critical path items such as:

- Develop contracts for project work;
- Permitting; R/W and land acquisition;
- Engineering and design;
- Material and equipment procurement;
- Facility construction;
- Agreements (interconnection, operating, scheduling, etc.) with other entities;
- Pre-operations testing;
- Project in-service date;
- Other items identified by the Project Sponsor.

Provide a list of measures that the Project Sponsor would take to meet its schedule if the start date in the schedule was delayed by 6 months.

Response:

- P - 10. For the proposed project, identify the major risks and obstacles to successful project completion on schedule and within cost budget and identify proposed mitigations to minimize the risks. Describe all actions that the Project Sponsor will take to keep the project on schedule and within budget in light of the major risks identified.

If the Project Sponsor is sponsoring more than one project, the Project Sponsor should also describe how the projected in-service date of this project (as reflected in the proposed schedule) would be affected if two or more of the Project Sponsor's proposals are selected.

Response:

Cost Containment Overall Process

P - 11. Describe the Project Sponsor’s cost containment approach and capabilities and how these will be applied to the proposed project. This should include, but not be limited, to the following information:

- Overall description of how the project risks described in P-10 are allocated and managed.
- If a turn-key EPC contract will be used, provide a description of the provisions in the contract (or planned to be included in the contract) to support containing the costs of this activity (e.g. performance bonds, invoice retention, etc.).
- If O&M will be outsourced, provide a description of the provisions in the contract (or planned to be included in the contract) to support containing the costs of this activity (e.g. planning and budgeting, insurance, standards of performance, etc).

Response:

Cost Containment Cost Cap and Emergency Costs

P - 12. Does the Project Sponsor propose a binding cost cap (or some other binding cost containment measures)? If so, specify the amount of the cost cap and describe the cost cap or other cost containment measure in detail.

Response:

P - 13. Indicate the authorized government body from which the Project Sponsor will seek siting approval for the transmission and/or substation solution and the authority of the selected siting authority to impose binding cost caps or cost containment measures on the Project Sponsor. Indicate the history of imposing such measures by this authorized government body.

Response:

Financial

The project sponsor must demonstrate it has sufficient financial resources, including, but not limited to, satisfactory credit ratings and other financial indicators as well as the demonstrated ability to assume liability for major losses resulting from failure of any part of the facilities associated with the transmission solution. In the event the project sponsor proposes to rely on an affiliated entity to meet any or all of these financial criteria, as evidenced by the submission of a non-project sponsor's financial statements or credit ratings, the ISO will require that the affiliated entity provide financial assurances in the form of a written guarantee acceptable to the ISO following the award of the project.

General

- F - 1. Describe the financial and legal structure of the project sponsor, including type of corporation if a corporation, or type of entity if it is a Special Purpose Entity (SPE; e.g., project financed LLC) created explicitly for the proposed project. Provide a list of equity holders, equity contribution by each investor, and the amount of debt over the entire life of the project.

Response:

- F - 2. If the project sponsor is relying on a parent or another affiliated entity to satisfy the financial criterion of this application, please describe the entity's relationship to the Project Sponsor in the form of a corporate hierarchy. In addition, provide details of the parent or affiliated entity's plan for providing for credit, investment or financing arrangements including providing the ISO the necessary guarantees for financial backing of the project. If the financial recourse is limited, please describe under what conditions recourse is available to the parent or affiliate's financial resources. Describe how these arrangements comply with all legal and regulatory requirements related to affiliate transactions.

Response:

Financial Strength and Creditworthiness

For the entity that has the financial resources to meet the financial strength and creditworthiness criteria and is required to provide financial assurances for the project, provide the information requested in F-3 through F-10.

- F - 3. If available, provide annual, audited financial statements or equivalent (for example, Auditors Statement, Management Statement, Balance Sheet, Income Statement, Statement of Cash Flows and Notes to the Financial Statements), for the most recent year and previous four years (five years total). If audited financial statements are not available, the Sponsor may provide other documentation demonstrating financial capability. If this information is available electronically, it is acceptable for the Applicant to provide links to the appropriate documents. NOTE: All financial statements must be provided in English.

Response:

- F - 4. If available, provide quarterly, unaudited financial statements or equivalent published since the last annual, audited financial statement. If not available, the Sponsor may provide other documentation demonstrating financial capability. If this information is available electronically, it is acceptable for the Applicant to provide links to the appropriate document. NOTE: All financial statements must be provided in English.

Response:

- F - 5. If the creation of a Special Purpose Entity (SPE) is being proposed for this project, provide pro-forma financials (balance sheet, income statement, statement of cash flows, assumptions) for the SPE for each year of the useful life of the project's duration. Describe the funding source(s) for the SPE for the duration of the project's useful life and how it fits into the corporate hierarchy.]

Response:

- F - 6. If available, provide current credit ratings and rating agency reports from Moody's Investor Services and Standard & Poor's or another rating agency designated by the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization. If not available, the Sponsor may provide other supporting information.

Response:

- F - 7. Provide a report of any failure to make debt service payments on time during the previous five years. If the project sponsor is a Special Purpose Entity (SPE), report any such failures by its affiliated entities including any predecessor SPEs.

Response:

- F - 8. Provide a summary of any history of bankruptcy, dissolution, merger, or acquisition for the current calendar year and the five prior calendar years. If the project sponsor is an SPE, report any such events by its affiliated entities including any predecessor SPEs.

Response:

- F - 9. Based upon the most recent audited financial statements (if available), provide a ratio of total assets to the total projected capital costs of the project.

Response:

- F - 10. For each year for which audited financial statements were submitted according to F – 3 above, provide the following financial ratios:
- a. Funds from operations to interest coverage
 - b. Funds from operations to total debt
 - c. Total debt to total capital

Response:

Project Financing

For the entity that will secure project financing and is required to provide financial assurances for the project, provide the information requested in F-11 through F-16.

F - 11. Describe the financing used on up to five projects listed in the P-1 Response that are similar in type and size to (or larger than) the transmission element and/or substation proposed in this application. Include the following in your response and use the table provided below:

- 1) Project description
- 2) Financing structure (e.g. LLC vs. corporate, etc.)
- 3) Equity and debt contribution,
- 4) Debt sources,
- 5) Bank(s) involved,
- 6) Other important information.

F-11 (1)Project Description	(2)Financing Structure	(3)Equity and Debt Contribution	(4)Debt Sources	(5)Banks Involved	(6)Other Important Information

F - 12. Describe the proposed financing sources of funds and instruments for construction and working capital for this project by completing the following table:

Entity Providing Debt Financing	Loan Amount	Interest Rate	Repayment Period	Grace Period During Construction	Equity Provided by Project Sponsor

F - 13. Specify the estimated useful life of the transmission element(s) (i.e., the “operating period”) and describe your ability to finance unexpected repairs or replacement construction during the operating period (e.g., replacement of a series of towers). For example, this demonstration could include but not be limited to the following: use of account set-asides or accumulated funds, parent organization guarantees, letters of credit, letters of intent from intent from financial institutions to support the project sponsor, insurance or other means of ensuring that

these increased costs can be covered in a timely manner and thus not delay the return of the project to normal operation.

Describe any actual events where the Project Sponsor had to cover increased costs due to equipment failures including the nature of the event, costs incurred, and how these costs were funded by the Project Sponsor.

Describe any actual events where the Project Sponsor had to cover increased costs due to equipment failures including the nature of the event, costs incurred, and how these costs were funded by the Project Sponsor.

Response:

- F - 14. For financing sources other than the capital markets, describe the benefits to ratepayers and others of your proposed financing source(s). This should include the projected cost of the financing sources.

Response:

- F - 15. Describe the detailed financial plan, including planning assumptions, on a monthly basis during the construction period and the first three years of commercial operation for the project. The plan should present the costs and financial outlays in each month of the construction period, and the corresponding sources of financing (equity contribution and debt drawdown), as in the following illustrative table. Data should include an estimate of the cost of both physical and price contingencies during the construction period. The same cost categories and amounts as used in P – 2. The financing plan should indicate the ability of the sponsor to finance the construction of the proposed project under base case and contingency scenarios. Once commercial operation is achieved, the plan should present ongoing maintenance costs as well as cash inflows as construction costs are recovered via the anticipated revenue stream from the project.

In addition to the contingencies included in the base plan, demonstrate how financing would be accomplished under significant project overruns and delays in completion. This should be demonstrated by developing a second plan (or changes to the base plan) that demonstrates how a project that is 30% over budget during construction would be financed, and a third plan (or changes to the base plan) that demonstrates how a project whose commercial operation date is delayed by 20% of the planned time to reach this milestone would be financed.

Item	Cost Categories	Month	Year 1												Year 2												Total
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
1	Environmental and Related																										
2	Engineering																										
3	Civil Works																										
4	Materials																										
5	Equipment																										
6	Construction																										
7	Construction Management																										
8	Other																										
9	Subtotal - Base Cost																										
10	Physical Contingencies																										
11	Price Contingencies																										
12	Subtotal - Installed Cost																										
13	Working Capital																										
14	AFUDC																										
15	Total Cost = Total Financing Req'd																										
16	Finance Drawdowns																										
17	Debt																										
18	Equity																										
19	Total Finance Drawdowns																										

Response:

- F - 16. Provide the annual revenue forecasts for the project - including assumptions. Provide a draft version of the revenue requirement calculation in a format that is similar to what would be included in the tariff application to FERC, indicating the requested tariff level and all assumptions used in the calculations. This should include but not be limited to the assumptions regarding rate of return, depreciation life, split between debt and capital, AFUDC, CWIP, special rate or return adders or bonuses and the weighted cost of capital.

Response:

Environment and Public Processes

- E - 1. Provide an overview of the various project activities needed to achieve siting approval, obtain rights of way (ROW) or other land acquisition for the project, and any other necessary public processes required to construct the project. Include which agencies and permits may be required and why. Base this on a review of the proposed project ROW and/or substation lands to be acquired. Provide a description of the business practices that will be followed (e.g. list of steps or flow chart). If the project is located within more than one state provide a response for each state as applicable.

Response:

Environmental Team and Experience

- E - 2. Provide a list of and description of the firm or group who will be responsible for the siting, land acquisition and permitting aspects of the project. Specify the relationship between the Project Sponsor and these firms or groups (e.g. owned by the Project Sponsor, under contract to Project Sponsor, a division or department of the Project Sponsor, etc.). For each of the firms or groups listed, indicate their individual responsibilities and provide a resume for each lead individual. If the sponsor does not have a team assembled, provide your plan to meet these requirements.

Response:

- E - 3. Complete a section of the table below for each firm or group listed in E-2, whether in place or planned. For each of the firms or groups listed provide a list of all transmission substation projects in which they have had the responsibility for siting, land acquisition and/or permitting aspects of the project within the last five years. Include the following information:
- 1) Firm or group name
 - 2) Summary of the project (purpose, include voltage level(s), capacity, number of breakers and arrangement)
 - 3) The firm or group's responsibility on the project (e.g. siting, permitting, ROW acquisition, etc.)
 - 4) Year project was completed
 - 5) Capital cost of the project in US Dollars (millions)
 - 6) Client, who the firm or group worked for

E-3 (1) Firm or Group Name [Use for first firm or group]				
(2) Project Summary	(3) Firm/Group Responsibility	(4) Year Comp	(5) Capital Cost (USD) (M)	(6) Client

(1) Firm or Group Name [Use for second firm or group if needed]				
(2) Project Summary	(3) Firm/Group Responsibility	(4) Year Comp	(5) Capital Cost (USD) (M)	(6) Client
(1) Firm or Group Name [Use for third firm or group if needed]				
(2) Project Summary	(3) Firm/Group Responsibility	(4) Year Comp	(5) Capital Cost (USD) (M)	(6) Client

E - 4. For each firm or group listed, indicate what work the Project Sponsor has completed in the past using these firms for similar areas of responsibilities.

Response:

Permitting

E - 5. Using your best estimate and available resources, indicate whether any Federal discretionary permit(s) will be required, which agency and under which governing rule or statute. Describe these in detail e.g. EPA Clean Water Act, USACOE Section 401- 404, USFWS Biological Opinion required, etc.

Response:

- E - 6. Using your best estimate and available resources, indicate whether any state discretionary permit(s) will be required and the type of permit to be filed (e.g. incidental take permit, water quality Section 401, etc.)

Response:

- E - 7. Provide a generalized schedule of the permit activities anticipated and their dependencies and timelines.

Response:

- E - 8. Indicate if any federal land (for example Forest Service, BLM, etc.) is proposed to be crossed and if a NEPA (National Environmental Policy Act) environmental process is required.

Response:

- E - 9. For projects within the State of California:

- a. Indicate which Agency is the expected California Environmental Quality Act (CEQA) Lead Agency. Explain why that agency was chosen and indicate whether that agency has agreed to be the lead agency for this project.

Response:

- b. Provide a list of Best Management Practices¹⁰ (BMPs) and Applicant Proposed Measures¹¹ (APMs) that would be applicable for the proposed project.

Response:

¹⁰ BMPs, which are environmental industry standard terminology, are the applicant's standards that would be common to all projects, i.e. not specific to any particular project. For example, this could consist of company training policies that relate to required safety training, environmental sensitivity training, accident/injury reporting, community involvement programs involving both the local elected officials and the immediate community that will be impacted by the proposed project.

¹¹ An environmental consultant industry standard generic term found in any environmental application, that the project proponent would offer in their application submitted to their Lead Agency as initial mitigation for potential environmental impact that the applicant has identified. Normally APMs are fully accepted by the Lead Agency which would then build upon the offered measures based upon the Lead Agencies further assessment of construction impacts to the environment. For example, an applicant's APMs could be a commitment to limit project construction speed limits to 10 mph in order to limit fugitive dust and to re-fuel motor vehicles at least 100 feet from any body of water.

- i. BMPs – provide Project Sponsor standing policies, related to siting and permit processes, that all employees are required to observe, how are they implemented, how are they reported.

Response:

- ii. APMs –provide Project Sponsor mitigation measures that would be applied to reduce the potential environmental impact for a particular construction activity to ensure the impact is reduced below the level of a significant unavoidable impact. These are normally related to the CEQA checklist.

Response:

- c. Indicate if you expect to perform any public outreach (e.g. open houses, project hotline number, project update mailings etc.) and describe the planned program in general.

Response:

Transmission or Substation ROW Acquisition

- E - 10. Provide a general description of the land siting and acquisition needed for the proposed project and a map of the proposed project alignment and/or substation site on a suitable map base and scale - USGS quadrangle 1:24000 at a minimum. The map should show the study area for routing the project as well as any alternate routes, existing transmission lines, California Natural Diversity Data Base (CNDDDB) information within the project area and avoidance areas (such as parks, airports, military installations, and areas of local, state or national interest and any other major exclusion areas). Provide estimated acreages required. Include construction access, permanent access roads, laydown yards and landing zones if required. Show alternatives evaluated, dismissed and justification for preferred.

Response:

- E - 11. Provide a copy of the standard grant of easement anticipated and any temporary construction easement documents necessary for the project construction and a description of your proposed strategy for crop loss and or business loss compensation.

Response:

- E - 12. Provide an indication of whether the Project Sponsor has eminent domain authority. Describe the negotiation strategy in general up to the necessity to file for eminent domain. If applicant does not have eminent domain authority and does not plan to obtain eminent domain authority, describe strategy for acquisition of necessary land rights.

Response:

- E - 13. Indicate whether the Project Sponsor has any existing ROW or substations or plans to acquire existing ROWs or substation property from another party on which all or a portion of the transmission element can be built. For any such ROW describe how it would be used as part of the proposed project. Also, for any such ROW describe any incremental costs and / or risks associated with using the existing ROW (for example negotiating additional land rights or the potential of "overburdening" existing easements, etc.).

Response:

- E - 14. Provide information describing all transmission lines that were constructed in the last 5 years for which the Project Sponsor or its environmental contractor (designated to complete the environmental and public processes for this proposed project) completed the environmental and public processes associated with the project. The information provided should include:

- a. Transmission line routing and length of routes

Response:

- b. Rights of way acquired

Response:

- c. Federal and State permits acquired to construct the project

Response:

- d. Environmental processes and results as follows:
i. Provide Federal NEPA or State environmental review determinations if applicable. For projects in California provide CEQA filing history and link to agency web site of the final adjudication or Cal State Clearinghouse number;

Response:

- ii. Provide a list of post project mitigation agreements for endangered species impact mitigation; and

Response:

- iii. Provide a list of any management plans instituted to comply with Fed/State permits authorizing construction.

Response:

E - 15. Provide information describing all transmission substation projects that were constructed in the last 5 years in which the Project Sponsor or its contractor (designated to complete the environmental and public processes for this proposed project) completed the environmental and public processes. The information provided should include (for multiple projects, duplicate the headings (a-d) and Response boxes for each project):

a. Substation location

Response:

b. Land acquired

Response:

c. Federal and State permits acquired to construct the project

Response:

d. Environmental processes and results as follows:

Response:

i. Provide Federal NEPA or State environmental review determinations if applicable. For projects in California provide CEQA filing history and link to agency web site of the final adjudication or Cal State Clearinghouse number;

Response:

ii. Provide a list of post project mitigation agreements for endangered species impact mitigation; and

Response:

iii. Provide list of any management plans instituted to comply with Fed/State permits authorizing construction.

Response:

E - 16. Provide information related only to transmission line and substation siting, permits, rights of way and land acquisition in the last 5 years. Provide:

a. A description of any project Notice of Violation (NOV) in the last 5 years

Response:

b. Fines levied by the Project approval authority and any other discretionary/ministerial authority

Response:

- c. Remediation actions taken to avoid future violations

Response:

- d. A summary of law violations by the Project Sponsor found by federal or state courts, federal regulatory agencies, state public utility commissions, other regulatory agencies, or attorneys general

Response:

- e. Any notice of violations that were remediated to the satisfaction of the issuing agency or authority

Response:

- f. A summary of any instances in which the Project Sponsor is currently under investigation or is a defendant in a proceeding involving an attorney general or any state or federal regulatory agency, for violation of any laws

Response:

Substation

The S items listed below should only be completed if the propose transmission solution contains a substation or facilities similar to a substation (e.g. synchronous condenser, STATCOM, etc.).

- S - 1. For each substation or reactive control element that is included as part of your proposed project, provide the location, interconnection with new or existing transmission facilities, bus and breaker arrangement, typical structure types and materials that will be used and any other unique aspects of the substation that the Project Sponsor proposes.

Response:

- S - 2. Provide a list and a description of the firms or groups who will be responsible for substation design and construction. Indicate if the work will be done by the Applicant’s personnel, specific firms, firms pre-approved by the Applicant or a combination. Specify the relationship between the Project Sponsor and these firms or groups (e.g. owned by the Project Sponsor, under contract to Project Sponsor, a division or department of the Project Sponsor, etc.). For each of the firms or groups listed indicate their individual responsibilities on the proposed project (e.g. design, construction, etc.) and provide a resume for the lead individual for each group or firm. If this information is not available provide your plan to meet these requirements.

Response:

- S - 3. Complete a section of the table below for each firm or group listed in S-2, whether in place or planned. For each firm or group listed provide a list of all transmission substation projects they have constructed within the last five years.
1. Firm or group name
 2. Summary of the project (purpose, include voltage level(s), capacity, number of breakers and arrangement)
 3. The firm or group’s responsibility on the project (e.g. engineering, construction, procurement, etc.)
 4. Year project was completed
 5. Capital cost of the project in US Dollars (million)

S-3 (1) Firm or Group Name [Use for first firm or group]			
(2) Project Summary	(3) Firm/Group Responsibility	(4) Year Completed	(5) Capital Cost (USD) (M)

(1) Firm or Group Name [Use for second firm or group if needed]			
(2) Project Summary	(3) Firm/Group Responsibility	(4) Year Completed	(5) Capital Cost (USD) (M)
(1) Firm or Group Name [Use for third firm or group if needed]			
(2) Project Summary	(3) Firm/Group Responsibility	(4) Year Completed	(5) Capital Cost (USD) (M)

S - 4. For each firm or group listed, indicate what previous work (list projects or activities) the Project Sponsor has completed using these firms. In particular, list any previous work that is similar to the work that the firm or group will be responsible for on the project.

Response:

S - 5. For each proposed substation provide the substation siting criteria that will be used on the project (e.g. future area plans, constructability, earthquake activity, flood plain and mud slide considerations, etc.).

Response:

S - 6. For each proposed substation provide the basic parameters for the substation - primary and secondary voltage, BIL¹², initial design power capacity and final design power capacity (if developed in stages).

¹² A design voltage level for electrical apparatus that refers to a short duration (1.2 x 50 microsecond) crest voltage and is used to measure the ability of an insulation system to withstand high surge voltage.

Response:

- S - 7. For each proposed substation provide a preliminary design criteria document that specifies the criteria that will be used in the design of the substation or its equivalent. Also provide a list of standards and requirements that will be used in the substation design - e.g. IEEE 142, etc. Provide a complete list of state specific requirements for each US state that the project will be located in (e.g. California and other state specific requirements if part of the project or the entire project is located outside California).

Response:

- S - 8. For each proposed substation provide a single line diagram and general arrangement plan which includes:
- i. bus and breaker arrangement,
 - ii. transformer arrangement,
 - iii. automatic tap changer, if any,
 - iv. power factor correction equipment if any,
 - v. voltage regulator, if any,
 - vi. ground fault limiting resistor or reactor, if any,
 - vii. line terminations for existing or proposed transmission lines,
 - viii. bus type and rating,
 - ix. high voltage switch types and ratings,
 - x. switchgear type and ratings,
 - xi. battery system arrangements,
 - xii. substation layout with equipment location, fencing, grounding, control/relay building, etc.

Response:

- S - 9. For each proposed substation describe the protection system criteria and specific components included in the substation design for primary and back-up protection. Identify any special protection considerations for the substation.

Response:

- S - 10. For each proposed substation describe the SCADA incorporated in the design; list the data that will be provided to the ISO; list the control functions that will be included, and which entity will be in control of the devices.

Response:

- S - 11. For each proposed substation describe the substation physical security criteria and specific security measures that will be incorporated in the final substation design and the substation oil containment criteria and specific containment measures that will be incorporated in the final design.

Response:

Transmission Line

The T items listed below should only be completed if there is a transmission line included in the proposed transmission solution.

- T - 1. Provide a general overview and description of the transmission line that the Project Sponsor proposes including the following items. Use the table provided below for your responses :
- a. the starting and ending points including length of preferred route. If the route is in more than one state provide the information for each state.
 - b. proposed conductor size, bundling and type,
 - c. intervening substations,
 - d. typical span lengths,
 - e. any other unique aspects of the line that the Project Sponsor proposes that has not previously been provided for the overhead portions of the line.

If any underground transmission is proposed, include a general description of the following items:

- f. the underground conductor size and type and length of segment(s)
- g. the proposed termination facilities and,
- h. any other unique aspects of the underground portion of the line not previously provided.

T-1 Item	Response
a	
b	
c	
d	
e	
f	
g	
h	

- T - 2. Provide a description of the firms or groups who will be responsible for the transmission line design and construction. Indicate if the work will be done by the Applicant's personnel, specific firms, firms pre-approved by the Applicant or a combination. Specify the relationship between the Project Sponsor and these firms or groups (e.g. owned by the Project Sponsor, under contract to Project Sponsor, a division or department of the Project Sponsor, etc.). For each of

the firms or groups listed indicate their individual responsibilities on the proposed project (e.g. design, construction, etc.) and provide a resume for the lead individual for each group or firm. Specify the relationship between the Project Sponsor and these firms or groups (e.g. owned by the Project Sponsor, under contract to Project Sponsor, etc.) If this information is not currently available, please provide your plan to meet these requirements.

Response:

- T - 3. Complete a section of the table below for each firm or group listed in T-2, whether in place or planned. For each of the firms or groups listed provide a list of all transmission line projects they have designed or constructed within the last five years and the following information:
1. Firm or group name
 2. Summary of the project purpose, include voltage level(s), capacity, conductor, structure type, and mileage. If both overhead and underground transmission was included separate info into overhead and underground.
 3. The firm or group’s responsibility on the project (e.g. engineering, construction, procurement, etc.)
 4. Year project was completed
 5. Capital cost of the project in US Dollars (million)
 6. Client – who the firm or group worked for on the project

T-3 (1) Firm or Group Name [Use for first firm or group]				
(2) Project Summary	(3) Firm/Group Responsibility	(4) Year Comp	(5) Capital Cost (USD) (M)	(6) Client
(1) Firm or Group Name [Use for second firm or group]				
(2) Project Summary	(3) Firm/Group Responsibility	(4) Year Comp	(5) Capital Cost (USD) (M)	(6) Client

- T - 4. For each firm or group listed, indicate what previous work the Project Sponsor has completed using these firms for similar areas of responsibility.

Response:

- T - 5. Provide the transmission line siting criteria that will be used for any overhead section of the proposed transmission line and any underground sections of the proposed transmission line.

Response:

- T - 6. Provide the preliminary design criteria document for any overhead section of the proposed transmission line and any underground section of the proposed transmission line.

Response:

- T - 7. Provide a list of standards and requirements that will be used in the transmission line design for both overhead and underground - e.g. IEEE 951, ASCE Manual No. 72, GO 95, etc. with an emphasis on providing a complete list of State specific requirements and the requirements of other states where the proposed project will be located. Also provide any interconnection standards for interconnection of the project to existing utility system(s).

Response:

- T - 8. Provide a single line diagram and a general arrangement plan of the entire proposed transmission line, including transmission line crossings by the new project line. For crossings, provide a list by voltage and type of construction of lines crossed (either over or under) by the proposed project. Include isolation devices to be installed for operations and maintenance purposes.

Response:

- T - 9. Provide the following information in the table provided for any proposed overhead transmission line:
- Basic parameters of the transmission line(s) - Design voltage, BIL (design or adjacent substation criteria), initial design power capacity and final design power capacity (if developed in stages).

Support Structures

For any support structures including wood poles, tubular poles, and lattice steel structures – provide:

- a description of the proposed support structures and conductor geometry,
- structure foundations as appropriate and grounding criteria and implementation,

- d. insulation level, insulator types,
- e. lightning protection,
- f. estimated right of way widths for each different segment of the project with drawings for each and the basis of determining each right of way width.

Line Ratings and Impedance

- g. Provide the estimated per mile line impedances for each different line section proposed in the project, suitable for use in power flow, system stability and system protection studies. Also provide an estimate of the completed line overall impedance in per unit on a 100 MVA base.
- h. Provide NESC and/or GO95 Grade of Construction.
- i. Provide NESC and/or GO95 Loading Corridor Separation.
- j. Identify all existing or permitted transmission lines, including voltage, structure type, and separation, located in the same corridor as the proposed project. Identify the criteria used to establish the corridor separation.

T-9 Item	Response
a	
b	
c	
d	
e	
f	
g	
h	
i	
j	

T - 10. For any proposed overhead transmission line Provide the ampacity rating methodology including maximum conductor temperature that will be used to determine the normal and emergency ratings of the overhead line for summer and winter. Provide the actual ampacity for the line under normal conditions and emergency operations (specify time limit for emergency operations) for summer and winter operating conditions.

Response:

- T - 11. For any proposed underground transmission sections, provide the following additional information not included in response to T-1 in the table provided below:
- Type of transmission cable, including splicing and cable grounding,
 - Substructures, conduits and duct banks, and splicing enclosures,
 - Termination facilities and structures,
 - Description of the type of transmission cable, including splicing and cable grounding
 - Provide the estimated per mile line impedances for each different line section proposed in the project. All line impedances shall be provided on a per unit 100 MVA base. Also provide an estimate of the completed line overall impedance.
 - lightning protection
 - estimated right of way widths for each different segment of the project with drawings for each.
- Corridor Separation
- Identify all existing or permitted transmission lines, including voltage, structure type, and separation, located in the same corridor as the proposed project.

T-11 Item	Response
a	
b	
c	
d	
e	
f	
g	
h	

- T - 12. For any proposed underground transmission sections provide the ampacity rating methodology including maximum conductor temperature that will be used to determine the normal and emergency ratings of the overhead line for summer and winter. Provide the actual ampacity for the line under normal conditions and emergency operations (specify time limit for emergency operations) for summer and winter operating conditions.

Response:

- T - 13. For each substation that the proposed transmission line would terminate in that will not be the responsibility of the Project Sponsor to modify in order to interconnect the line, provide the following information in the table below:

- a. Name of the substation where the interconnection will take place.
- b. A description of the demarcation point that identifies the point in the interconnection where responsibility for implementation (e.g. design, construction, testing, etc.) changes from the Project Sponsor to the substation owner.
- c. List of agreements that must be reached with the substation owner or others to interconnect and operate the proposed line to the substation (e.g. interconnection agreement, schedule agreement, etc.).
- d. A description of the Project Sponsor’s approach to determining if any environmental permitting will be required to terminate the proposed line at the substation
- e. A description of the approach the Project Sponsor’s will use to determine the cost to implement changes at the substation or other locations that are associated with the interconnection of the proposed project at the substation and of those costs which will be paid for by the Project Sponsor.

T-13 Item	Response
a	
b	
c	
d	
e	

Construction

Provide an overview and description of the construction plan and management practices that the Project Sponsor proposes to follow in response to the questions below;

- C-1 Description of inspection of construction activities including substations, overhead transmission lines and underground transmission lines if part of the project.

Response:

- C-2 Description of the method of establishing material yards, sequencing and receiving material, to provide material to contractors, quality, and expediting.

Response:

- C-3 Description of the method of coordination of the duration and timing of any clearances of existing circuits necessary during construction.

Response:

- C-4 Description of the plans for a constructability review including completeness of engineering drawings, construction specifications, material orders, and tracking and providing changes.

Response:

- C-5 Description of the status of easements orders of possession, permits, and compliance with pre-construction permit conditions and mitigation measures.

Response:

- C-6 Description of the method for detail scheduling showing sequence of work, environmental restrictions, clearances requirements, progress reports, and actions taken to maintain schedule.

Response:

- C-7 Description of any unique or special construction techniques proposed for any aspect of the proposed project, including ROW clearing, construction and permanent access road construction, expected helicopter work, etc.)

Response:

Operation and Maintenance

Operation and Maintenance Team and Operating and Maintenance Record

- O-1 Provide a chart of the Project Sponsor's proposed organizations showing the reporting relationships of the maintenance and operations organizations including compliance management functions. Describe the roles and responsibilities of the maintenance and operations organizations, including operating jurisdictions as they relate to the proposed project. Describe any organizational changes to the Project Sponsor's current organization that are planned to accommodate the proposed project.

Response:

- O-2 Provide resumes describing the qualifications and experience of key management personnel in the proposed maintenance and operating organizations. Relate each resume to a position on the organization chart provided in response to O-1.

Response:

- O-3 Describe the experience over the past 5 years with operating and maintaining all transmission facilities by the Project Sponsor or Project Sponsor team members. Describe the role played by the proposed project team members in operating and maintaining those facilities.

Response:

- O-4 Describe the Project Sponsor's policies, processes and procedures for assuring that only persons who are appropriately qualified, skilled, and experienced in their respective trades or occupations are employed. Include qualifications and experience requirements for operators and field personnel.

Response:

- O-5 Describe the Project Sponsor's training program for operations and maintenance personnel. Include initial and continuing education requirements for maintaining qualifications for classifications with operation and maintenance responsibilities (e.g. what are the training and certification requirements for operators, linemen and substation electricians?). Identify training resources used.

Response:

Maintenance Practices

- O-6 Describe the Project Sponsor's capability and experience that will enable it to comply with the maintenance standards described in Appendix C of the TCA. Indicate whether or not the project sponsor's standards include the elements listed in TCA Appendix C 5.2.1. Transmission Line

Circuit Maintenance and 5.2.2. Station Maintenance. (Note: Each PTO will prepare its own Maintenance Practices that shall be consistent with the requirements of these ISO Transmission Maintenance Standards. The effectiveness of each PTO's Maintenance Practices will be gauged through the Availability performance monitoring system. Each PTO's adherence to its Maintenance Practices will be assessed through an ISO review. (TCA Appendix C Maintenance Procedure 4).

Response:

- O-7 Describe the project Sponsor's Vegetation Management plan as it applies to the proposed project. Provide the Project Sponsor's preexisting procedures and historical practices for managing ROW for transmission facilities.

Response:

- O-8 Provide information, notices or reports regarding the Project Sponsor's experience with implementation and compliance with its standards for inspection, maintenance, repair and replacement of similar facilities.

Response:

- O-9 Describe the Project Sponsor's capability and experience that will enable it to provide its Availability Measures in accordance with TCA Appendix C 4.3 as applicable. Provide sample availability measures, or similar measures, for other facilities owned by the Project Sponsor to demonstrate the Project Sponsor's capability and experience.

Response:

- O-10 Would adding the project to the ISO controlled grid require any changes or exceptions to the provisions of the TCA? If "yes", describe.

Response:

Operating Practices

- O-11 Identify the NERC functions for which the Project Sponsor has registered or intends to become registered related to the proposed project. If the Project Sponsor plans to contract for services to perform the NERC functions, identify the contractor and the NERC functions for which it is registered.

Response:

- O-12 If the Project Sponsor plans to contract for services to perform any NERC functions, describe how the Project Sponsor will ensure that these reliability standard(s) or requirement(s) will be accomplished?

Response:

- O-13 Describe the approach the Project Sponsor will use to assure compliance with Applicable Reliability Standards. Include descriptions of organizational responsibility, processes and procedures for assuring compliance. Identify any Applicable Reliability Criteria for which Transmission Owners are responsible that require temporary waivers under TCA 5.1.6. Explain any.

Response:

- O-14 Provide information demonstrating that the Project Sponsor has been in compliance with the Applicable Reliability Standards for all transmission facilities that it owns, operates, and or maintains. This could include information for facilities outside the ISO controlled grid and should include available NERC compliance audit results and any notices of violation. Provide information describing the amount of transmission facilities subject to NERC compliance, e.g. miles of line by voltage class, number of substations by voltage class. If the Project Sponsor does not have experience with transmission facilities subject to NERC Standard, provide information demonstrating compliance with standards that do apply to those facilities and the amount of facilities subject to such compliance.

Response:

- O-15 Describe, in general, how the Project Sponsor proposes to divide responsibility for NERC reliability standards between the Project Sponsor and the ISO in the Reliability Standards Agreement. Compare your response with existing agreements between the CAISO and other PTOs, and describe expected differences if any. Existing agreements are available on the CAISO website.

Response:

- O-16 Describe the applicable agreements that will define the Transmission Operator responsibilities and authority with respect to Generator Owner(s), Generator Operator(s), Planning Authority(ies), Distribution Provider(s), Transmission Owner(s), Transmission Service Provider(s), Balancing Authority(ies), Transmission Planner(s), and adjacent Transmission Operator(s).

Response:

- O-17 Describe how the Project Sponsor will meet the requirement that Transmission Operators have adequate and reliable data acquisition facilities for its Transmission Operator Area and with others for operating information necessary to maintain reliability. Include back-up control center plans if any. Also include provisions for providing the availability data required by TCA Appendix C 4.3.

Response:

- O-18 Describe the Project Sponsor's (for its team or planned team) capability and experience that will enable it to comply with the activities required by TCA 6.1. Physical Operation of Facilities. (Operation, ISO Operating Orders, Duty of Care, Outages, Return to Service and Written Report), TCA 6.3 Other Responsibilities and TCA 7 Operations and Maintenance. (Scheduled Maintenance, Exercise of Contractual Rights and Unscheduled Maintenance).

Response:

- O-19 Describe the Project Sponsor's capability (for its team or its planned team) and experience that will enable it to comply with the activities required by TCA 9.2. Management of Emergencies by Participating TOs and 9.3. System Emergency Reports: TO Obligations. Identify resources available, including spare parts and material, to respond to major problems on the proposed project. Include resources available through mutual assistance agreements and describe expected response times. Provide samples of emergency operating plans.

Response:

- O-20 Will the project be subject to any encumbrance? If so, provide a statement of any Encumbrances to which any of the transmission lines and associated facilities to be placed under the ISO's Operational Control are subject, together with any documents creating such Encumbrances and any instructions on how to implement Encumbrances and Entitlements in accordance with the TCA 6.4.2.

Response:

Miscellaneous:

M-1: Provide any additional evidence or support that the Project Sponsor believes supports its selection as an approved Project Sponsor. This can include, but is not limited to, other benefits the Project Sponsor's proposal provides, specific advantages that the Project Sponsor or its team have, or any efficiencies to be gained by selecting the Project Sponsor's proposal or additional information that was not requested in the other sections that supports the selection of the Sponsor's application.

Response:

Officer Certification

OFFICER CERTIFICATION FORM

Project Sponsor Name: _____

I, _____, an officer of the entity identified above as the Project Sponsor or affiliate of the Project Sponsor, understanding that the ISO is relying on the information set forth in the foregoing application to select an Approved Project Sponsor for the transmission element that is the subject of the application, hereby certify that I have full authority to represent the Project Sponsor or affiliate of the Project Sponsor, as described below. I further certify that:

1. I am the _____ (title) of _____ (Project Sponsor).
2. I have prepared, or have reviewed, all of the information contained in the foregoing application which is being submitted into the ISO's competitive selection process for the:

_____ (name of transmission element).
3. On behalf of the Project Sponsor, I agree that any dispute between the ISO and the Project Sponsor regarding any aspect of the competitive selection process, including the ISO's selection report, will be resolved in accordance with ISO Tariff Section 13 ("Dispute Resolution").

I acknowledge that I understand the relevant provisions of Section 24.5. of the ISO Tariff and the Business Practice Manual for Transmission Planning applicable to the Project Sponsor's application, including, but not limited to, those provisions describing the information that will be used by the ISO to determine the Project Sponsor's qualifications to participate in the competitive selection process and the criteria that the ISO will apply in the comparative evaluation for purposes of Selecting an Approved Project Sponsor. I certify, after due investigation, that the information provided in the application is true and accurate to the best of my belief and knowledge and there are no material omissions. In addition, by signing this certification, I acknowledge the potential consequences of making incomplete or false statements in this certification, which may include exclusion from the current and subsequent competitive selection processes.

(Signature)

Print Name: _____

Title: _____

Date: _____

Application Deposit Payment Instructions

Please complete this entire form.

Project Sponsor Deposit Information

1. Name of Phase 3 Project: _____

2. Name, address, telephone number, and e-mail address of the Customer's contact person (primary person who will be contacted):

Name: _____
Title: _____
Company Name: _____
Street Address: _____
City, State: _____
Zip Code: _____
Phone Number: _____
Fax Number: _____
Email Address: _____

3. Alternate contact:

Name: _____
Title: _____
Company Name: _____
Street Address: _____
City, State: _____
Zip Code: _____
Phone Number: _____
Fax Number: _____
Email Address: _____

4. Any deposit paid by check shall be submitted to the CAISO representative indicated below: Note – the check may be included with applications submitted on CDs or DVDs. Checks should be made payable to the CAISO.

Overnight Address

California ISO
Attn: Julie Balch
Grid Assets
P.O. Box 639014

California ISO
Attn: Julie Balch
Grid Assets
250 Outcropping Way



Folsom, CA 95763-9014

Folsom, CA 95630

5. Project Sponsor Deposit is submitted by:

Legal name of the Customer: _____

By (signature): _____

Name (type or print): _____

Title: _____

Date: _____

**Required Deposit: \$75,000 USD (note: Wires originating from outside the U.S. are subject to currency conversion rates and/or additional bank fees).

**Your application will not be considered received if the deposit is not received prior to the bid window close date.

Wire Information

California ISO - Remit to Addresses

Beneficiary Bank Name

Beneficiary Bank Address

Wells Fargo Bank, NA

420 Montgomery St.

San Francisco, CA 94104

LGIP/SGIP

Wells Fargo Bank, NA

ABA # 121000248

Account # 4122041825

Account name: CAISO LGIP

Approval History

Approval Date: April 7, 2014

Effective Date: April 7, 2014

Application Owner: Stephen Rutty

Application Owner's Title: Director, Grid Assets

Revision History

Version	Date	Description
4	4-07-2014	Revised to align with updated tariff.
3	4-4-2013	Revised Version Released – Add Version Control, Approval History, and Revision History Sections
2	4-1-2013	Revised Version Released - General clarification modifications and clean-up for 2012-2013 TPP Phase 3 Bid Window Opening
1	12-19-2012	Initial Version Released