



## **Project justification, development, and prioritization**

ATC has developed and is continuing to enhance processes that allow us to identify system needs and opportunities, to develop proper project scopes and schedules, and to assess project value and priority. These processes include the following listed below.

- Project justification (system needs and opportunities assessments)
- Project development
- Project benefit identification and prioritization

All of these processes continue to be enhanced to include appropriate stakeholder input.

### **Project justification**

The system needs and opportunities assessments are the key drivers for the project creation and justification process. They are also one of the major subjects of the 10-Year Assessment. ATC has planning criteria and continues to develop stakeholder input processes to help determine which projects bring value and have appropriate justification.

### **Project development**

There are four possible stages in the planning portion of ATC's project development process.

- System Needs and Opportunities Identification
- Project or Program Development and Continued Need Investigation
- Project Alternatives or Program Solutions Development and Preferred Alternative Identification
- Project/Program Scope and Project Request Development

### ***System Needs and Opportunities Identification***

ATC system needs and opportunities are investigated and identified on an ongoing basis. However, particular attention is given to the system reliability needs assessment on an annual basis as required for compliance with the NERC Reliability Standards on transmission system performance. All identified system needs or opportunities are evaluated and compared to each other for possible interrelationships and coordination. In addition, comments on identified needs and opportunities are solicited within ATC and from external customers when it is appropriate.

### ***Project or Program Development and Continued Need Investigation***

After one or more future transmission system needs or opportunities are identified, Solution Options that may address the identified needs are solicited within ATC and from appropriate external Customers. Each Solution Option is subject to sufficient evaluation to determine whether it would work to mitigate the identified needs. The results of the Solution



Option evaluation are recorded in a project development document. The continuity of identified needs is investigated on at least an annual basis when the system reliability needs assessment is updated.

If a Proposed Project Request is not needed until a sufficiently far off future date, a Provisional Project Request is prepared for one of the Solution Options that works. Preliminary project scope and cost estimates are developed for the selected Solution Option. The Provisional Project description is recorded in a project request document and is submitted to add the project to the ATC capital forecast.

### ***Project Alternatives or Program Solutions Development and Preferred Alternative Identification***

All of the Solution Options that are feasible and appropriately mitigate identified needs are classified as project Alternatives. A preliminary project scope and cost estimates are prepared and documented for each Alternative. Any other relevant Alternative considerations are also identified and documented. The Alternatives are compared to each other to determine which one is the Preferred Alternative. The Preferred Alternative selection is reviewed and approved within ATC and by appropriate Customers. The comparisons and conclusion are recorded in a Project Scope Document.

### ***Project/Program Scope and Proposed Project Request Development***

Detailed project/program scope and cost estimates are developed for the Preferred Alternative. The Proposed Project/Program is reviewed and approved within ATC and by appropriate customers. For projects, the justification is recorded in the Project Scope Document and a Proposed Project Request is submitted within ATC to add to or revise the ATC capital forecast.

### ***Project Benefit Identification and Prioritization***

Project benefit identification helps us to understand the value of different projects compared to their cost. Project prioritization is a consideration to help resolve capital budget and human resource constraint issues. It may also assist company employees in the prioritization of their work and provide guidance for scheduling pre-certification activities. When needed, ATC will use project benefit identification and prioritization considering (1) project/program cost, (2) project/program benefits, and (3) project/program advancement and deferral flexibility.

We emphasize that project benefit and prioritization would be used as a screening tool to identify projects that are candidates for capital budget advancement or deferral. Project benefit identification and prioritization by itself does not cause a project to be advanced or delayed. It would only be a tool for screening projects that may have reason to be advanced or delayed compared to others. If there are compelling reasons to modify the capital budget, then we will consider using this tool. With appropriate input from



# 10-Year Assessment

An annual report summarizing proposed additions and expansions to ensure electric system reliability.

# 2011

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stakeholders, we will evaluate the possible effects and risks of advancing or delaying selected projects. However, the final decision of whether a candidate project will be advanced or deferred is still reached by considering the specific details of each project, including appropriate stakeholder input.