



Minutes No. [23]

Southwest Power Pool
ECONOMIC STUDIES WORKING GROUP MEETING
January 5, 2010
Conference Call

• Summary of Action Items •

1. SPP Staff will plan and announce a winter ITP Year 20 Assessment workshop.
2. SPP Staff will send links to the 2009 STEP Report and the updated ITP Year 20 Assessment Scope.
3. The SPP Staff should develop a short educational presentation to detail how wind transactions are being handled in the current models.
4. SPP Staff will query the group for appropriate future meeting time for early February meeting.

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• M I N U T E S •

Agenda Item 1 – Administrative Items

SPP Chair Alan Myers called the meeting to order at 10:05 a.m. The following members were in attendance:

Alan Myers – ITC Great Plains	David Hudson – SPS
Blake Elliott – BPU	Kip Fox – AEP
Jim McAvoy – OMPA	Leon Howell – OKGE
Bruce Walkup – AECC	Doug Kallesen – NPPD
Paul Dietz – WERE	Greg Sweet – EMDE
Al Tamimi – SUNC	
Jim Sanderson – KCC	
Sam Loudenslager – APSC	
Mike Proctor – SPP/RSC	

Some agenda items were reordered and the group approve the agenda.

Agenda Item 2 – ITP Year 20 Assessment

Charles Cates reviewed the ITP Year 20 Assessment Scope which the MOPC is due to approve at its next meeting on January 12th and 13th. Therefore, the ESWG's goal was to finish modifying the scope and then endorse it. The first modification made to the Scope was to add a fifth part to the Futures section based on input from Mike Proctor.

Here are some of the other changes that were made based on the ESWG's guidance:

- Under Section 2 of Modeling (Powerflow), part d, this sentence was deleted: "The economic value of generation sold as exports to neighboring regions should also be accounted for in the analysis."
- Under Section 5 of Analysis (Limited Reliability Assessment), part c, this bullet point was added: "Stability analysis will be performed using the year 11 summer peak STEP model."
- Under Section 1 of Stakeholder Interaction (Working groups), part b, "Economic Model Results" was added to the ESWG's list of responsibilities.

Motion: During this review, David Hudson made a motion to remove the language in Section 2 of Results/Deliverables (Recommended 20 Year Plan) that starts with "This plan will consider the following items...". Greg Sweet seconded this motion but it failed by a vote of 2 for and 3 against with some members not voting.

It was decided to leave other changes under Section 5 of Analysis (Limited Reliability Assessment) to the TWG which also met to modify and endorse this scope.

Motion: After the ITP Year 20 Assessment Scope was modified by the ESWG, Paul Dietz made a motion to endorse this scope. Greg Sweet seconded the motion and it passed unanimously.

The next topic discussed for the ITP Year 20 Assessment was the Timeline Review. Charles said that the ESWG should shift their focus to the metric development after the scope is approved. He said that SPP Staff will plan and announce a winter ITP Year 20 Assessment workshop soon. The workshop will be an open meeting that members of different working groups can attend or employees of interested companies, etc.

Mike Proctor went through his presentation on OMS Carbon Information. The cost of C02 was discussed and it was proposed to change the range of the cost of C02 in the ITP Year 20 Assessment Scope to reflect the latest EPA prices. There was a consensus to change the range from \$15 - \$54 to \$26 (\$39 nominal: 2% per year increase over 20 years) - \$49 (\$73 nominal: 2% per year increase over 20 years).

Doug Kallesen gave this presentation on the Nebraska Statewide Wind Integration Study. He pointed out some similarities and differences with the results from the SPP Wind Integration Task Force's study. The study will be posted on www.nepower.org.

Alan Myers said there were some policy issues which require input from the SPP Strategic Planning Committee. Since the SPC meeting is on Thursday, January 14th, 2010, Alan and Charles Cates will develop a list of these issues to provide to the SPC.

Agenda Item 3 – Futures for ITP Year 20 Assessment

Tim McGinnis reviewed the document, Futures for ITP Year 20 Assessment_Rev0.doc. The ESWG feels that the costs assigned for the units in the new resource plan should be developed by the consultant. However, these costs should be gathered by the ESWG for the Futures Document as a check on the costs that the consultant uses. If the consultant does not have such data, then they can utilize the costs we provide. Also, Mike Proctor said there would be some correlation between the costs of new generation and each future.

There will be an ESWG call on 1/19/2010 from 10am to noon to further amend and possibly endorse the Futures document. Per the ITP timeline, this document is due by 1/25/2010.

Agenda Item 4 – 2009 STEP Report

The ESWG needs to review and endorse Section 6, titled High Priority Economic Studies, of the 2009 STEP Report. The ESWG members said they would like more time to review that document. SPP Staff will send links to the 2009 STEP Report and the updated ITP Year 20 Assessment Scope. The group felt that they were not involved in the drafting of this document and that it may not be appropriate for them to endorse.

Agenda Item 5 – Priority Projects

Brett Hooton reviewed the document "Wind Selection and Placement". He said that the wind was placed based on a number of factors including projects seen in the Generation Interconnection queue and each state's Renewable Energy Standards. It was noted that the direction has been given to SPP Staff to add 7 GW of wind and to study certain transmission projects. Some of the stakeholders said that SPP

Staff should consider demonstrating that the 7 GW of wind would be deliverable based on the wind injection locations and the addition of the Priority Projects.

Jay Caspary gave his KEMA presentation and said that he expects to have the finished KEMA report and presentation very soon. One of Jay's points was that there should be design standards that enable us to build a transmission system that stands the test of time.

David Kelley introduced an additional possible benefit metric for Priority Projects that was developed by Paul Dietz, Kip Fox, and Bennie Weeks. Paul gave a presentation on the metric and said that the goal was to only count cycling that was excessive. David said that it is necessary to agree to a definition of what was excessive and what was not. Ultimately, the group decided to table this metric for further discussion and so it would not be used for Priority Projects. The consensus was that it was a metric that could be used to define additional benefit but the group would like more information before including it in calculations.

Mike Proctor discussed his presentation on Benefits from Required Renewable Energy Resources. David Kelley asked that the ESWG endorse this as an additional metric to use in Priority Projects. However, the group questioned if this benefit was already being calculated in the Adjusted Production Cost. Mike answered that this was already being calculated for designated wind resources but not non-designated wind resources. The group decided that the SPP Staff should calculate this metric and the ESWG could later decide if it should be included in the analysis results. Also, the SPP Staff should develop a short educational presentation to detail how wind transactions are being handled in the current models.

Agenda Item 6 – Closing Items

SPP Staff will query the group for appropriate future meeting time for early February meeting.

The meeting was adjourned at 5:00 pm.

Respectfully Submitted,

Charles Cates
Secretary



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Southwest Power Pool, Inc.
ECONOMIC STUDIES WORKING GROUP MEETING
January 5, 2010
AEP Offices – Dallas, TX

• ATTENDANCE LIST •

Name	System
Deanna Harris	Oxy
Paul Dietz	Westar Energy
Brett Hooton	SPP
David Kelley	SPP
Doug Kalleren	NPPD
Steve Gsw	Wind Coalition
Bruce Walkup	AECC
Alan Myers	ITC Great Plains
Charles Cates	SPP
Jim Sandman	KCC
BENNIE WELLS	SPS
Jay Caspary	SPP
David Hudson	SPS
Mike Proctor	SPP RSC
Richard Grette	PUCT
Jim Kratoch	CES
Greg Sweet	EDE
Sam Loudenslager	ARKANSAS PSC



Phone Attendees

Blake Elliott	Board of Public Utilities-Kansas City, KS
Kip Fox	American Electric Power
Jim McAvoy	Oklahoma Municipal Power Authority
Leon Howell	Oklahoma Gas and Electric Co.
Al Tamimi	Sunflower Electric Power Corp.

John Chamberlain	Springfield Utilities
Doug Collins	Omaha Public Power District
Bruce Cude	Xcel Energy
Bridgett Headrick	Public Utility Commission of Texas
Michael Hudson	RES
Adam McKinnie	Missouri Public Service Commission
Tim Nelson	Kansas City Power & Light Company
Ronda Redden	Oklahoma Gas & Electric Cooperative
Kurt Stradley	Lincoln Electric System
Barry Warren	Empire District Electric Co.

Tim McGinnis	Southwest Power Pool, Inc.
Cary Frizzell	Southwest Power Pool, Inc.
Keith Tynes	Southwest Power Pool, Inc.