

Southwest Power Pool
BOARD OF DIRECTORS/MEMBERS COMMITTEE MEETING
Teleconference
February 16, 2010

Agenda Item 1 - Administrative Items

SPP Chair Mr. Jim Eckelberger called the meeting to order at 11:05 a.m. The following Board of Directors/Members Committee members were in attendance or represented by proxy:

Mr. Larry Altenbaumer, director
Ms. Phyllis Bernard, director
Mr. Julian Brix, director
Mr. Nick Brown, director
Mr. Jim Eckelberger, director
Ms. Trudy Harper, Tenaska Power Services Company
Mr. Kelly Harrison, Westar Energy
Ms. Cindy Holman, Oklahoma Municipal Power Authority
Mr. Rob Janssen, Dogwood Energy
Mr. Jeff Knottek, City Utilities of Springfield
Mr. Brett Kruse, Calpine Energy Services
Mr. Joshua Martin, director
Mr. Steve Parr, Kansas Electric Power Cooperative
Mr. Pat Pope, Nebraska Public Power District
Mr. Gary Roulet, Western Farmers Electric Cooperative
Mr. Stuart Solomon, American Electric Power

Ms. Stacy Duckett, SPP Staff, was also in attendance.

Agenda Item 2 – SPP Bylaws Revisions

The SPP Board of Directors/Members Committee met to address the Corporate Governance Committee's recommendation for Bylaws revisions related to FERC Order 719 (CGC Recommendation – Attachment). The vote was delayed from the January 26, 2010 meeting to allow for a 30-day notice to the Membership. Mr. Nick Brown moved to approve the recommendation and Mr. Josh Martin seconded the motion. The Members Committee was in unanimous support. The motion passed.

The meeting adjourned at 11:07 a.m.

Stacy Duckett, Corporate Secretary



Southwest Power Pool, Inc.
CORPORATE GOVERNANCE COMMITTEE
Recommendation to the Board of Directors
January 26, 2010

Revisions to Bylaws

Background

FERC issued Order 719 to address several issues related to RTO governance and structure, including the execution of Market Monitoring requirements. SPP has made the requisite filings in this docket and received an order accepting in part its submissions. The Commission has ordered certain matters related to Market Monitoring be addressed in a subsequent compliance filing, including certain revisions to SPP's Bylaws.

Analysis

Section 3.17 delineates the general responsibilities of the Market Monitoring function. The Commission has ordered certain revisions to this section of the Bylaws (most pertinent points highlighted):

¶164. In regard to oversight of the internal market monitor, proposed section 3.17 of the SPP Bylaws states:

The market monitoring unit shall report to the Board of Directors.

We direct SPP to clarify that SPP management representatives on the Board are excluded from oversight of the internal market monitor, consistent with Order No. 719.

¶165. In regard to enhanced information dissemination, proposed section 3.17 states:

Any public reports submitted shall be provided to the Board of Directors and concurrently to the appropriate regulatory body or bodies.

We direct SPP to clarify that these reports shall be provided to the Board, Commission staff, staff of interested state commissions, SPP management, and market participants, consistent with Order No. 719.

¶166. Section 3.17 of the SPP Bylaws also contains an extensive list of market monitoring functions. We direct SPP to revise section 3.17 to reference the market monitoring functions described in its tariff, including the three core market monitoring functions required by Order No. 719. We find that referencing these functions within the Bylaw will give a broader picture of the market monitoring functions performed by the internal market monitor, increase consistency between SPP's tariff and Bylaws, and decrease complexity if changes are made to these functions in the future.

¶167. We accept SPP's proposed revisions to section 3.17 of its Bylaws in part and request that SPP make additional changes, as described above, in its compliance filing to this order. We note that further revisions may be necessary depending on SPP's choice of market monitoring structure, and we direct SPP to submit proposed changes for review based on its structural choice.¹

¹ ¶106 and ¶107 of this Order directs SPP to choose between an internal MMU that includes responsibility for the Annual State of the Market Report, or a hybrid MMU approach that includes internal staff and an external MMU. The Oversight Committee considered this issue at its December 7, 2009 meeting.



Staff provided the following revisions for consideration:

3.17 Market Monitoring

SPP shall establish and provide appropriate support to a market monitoring function in accordance with its OATT. Market monitoring functions shall be carried out in a manner consistent with the safe and reliable operation of the SPP transmission system, the operation of a robust, competitive and non-discriminatory electric power market, and the principle that a Market Participant as defined in the SPP OATT, or group of Market Participants, shall not have undue influence or impact.

The market monitoring unit shall report to the Board of Directors, except that any management representatives on the Board of Directors are excluded from oversight of the internal market monitor. Any public reports submitted shall be provided to the Board of Directors and concurrently to Commission staff, staff of interested state commissions, SPP management, and market participants~~the appropriate regulatory body or bodies~~. The President shall ensure that the market monitoring entity has adequate resources, access to information, and the full cooperation of Staff and Organizational Groups for the effective execution of its duties.

Market monitoring functions shall include those duties as delineated and approved in SPP's OATT. ~~but are not limited to:~~

- ~~(a) Monitoring and reporting on compliance and market power issues relating to transmission services, including compliance and market power issues involving congestion management and ancillary services and the potential of any market participant(s) to exercise market power within the region by affecting available transmission capacity;~~
- ~~(b) Evaluation and recommendation of any required modifications to the OATT, standards or Criteria;~~
- ~~(c) Ensuring that the monitoring program is conducted in an independent and objective manner;~~
- ~~(d) Development of reporting procedures to inform governmental agencies and others concerning market monitoring activities;~~
- ~~(e) Monitoring the behavior of market participants to determine whether there is any behavior that hinders the reliable, efficient and non-discriminatory provision of transmission service by SPP;~~
- ~~(f) Ensuring that SPP's involvement in markets does not discriminate in favor of any market participant or its own interests; and~~
- ~~(g) Recommend plans for mitigating market power, subject to appropriate regulatory approval.~~

Section 3.0 of the Bylaws may be modified by the Board of Directors following 30-days notice to the Membership, which notice was delivered.

Recommendation

Approval of revisions as proposed to Section 3.17 of the SPP Bylaws.

Approved: Corporate Governance Committee

December 8, 2009