



THE ORG REPORT

A PUBLICATION OF SOUTHWEST POWER POOL

March 2010

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Stakeholders Discuss Priority Projects at February Workshop

On February 10 SPP hosted a workshop to discuss the [Priority Project Phase II Report](#), which was issued February 1. Over 65 stakeholders attended in person, and a large number joined by phone. SPP staff presented a [summary of the report](#), including analysis of the six proposed Priority Projects. The study assumed 7 GW of installed wind in the SPP region for the base and study cases. Qualitative benefits - which include adjusted production cost, losses, fuel diversity, and wind revenue - provide a net present value (NPV) over \$1.5 billion. The qualitative benefits of regional economic development are also substantial. Qualitative benefits total an NPV of over \$6.5 billion, of which staff recommends recognizing 20% (approximately \$1.3 billion). Members suggested that SPP perform additional study sensitivities, which will be included in an updated Priority Project report issued prior to the April series of meetings.

The Month In Review: February 2010 Meetings

[Business Practices Working Group:](#) The BPWG approved BPRR007 (Business Practice 2.10), which allows Designated Network Resource attestations to be submitted electronically via the webOASIS system. They also approved BPRR008 (Business Practice 1.14), which added a requirement that current hour transmission service must be submitted as pre-confirmed. The BPWG received an update on the status of BPRR's 001, 002, and 006. The group reviewed responses to a questionnaire regarding ramp limitation by reservation system for future markets. Some questions received varied responses, and consensus was not reached on a clear direction for addressing the issues. The questions will be sent to SPP staff, who will work with the MWG and Consolidated Balancing Authority Steering Committee for guidance on how other markets are addressing these questions.

[Change Working Group:](#) The CWG continues to meet monthly, with conference calls between quarterly face-to-face meetings. The increased meetings are necessary due to the number of member-impacting efforts that are being planned or are underway. It is anticipated that the CWG's responsibility will increase with future market development, as the group takes on the role the Market Implementation Task Force served during EIS market implementation. The CWG reviewed the MWG's approved Mid-level Design Document, emphasizing member touch points. CWG representatives will play a pivotal role in disseminating this information and coordinating work within their organizations. The relationships among efforts directly impacted by or dependent on future markets (highly available architecture, Consolidated Balancing Authority, and SPP's new facilities) were further discussed, as were SPP's IT and Project Management departments; the goal was to increase understanding of the efforts and which groups will have what responsibilities.

[Cost Allocation Working Group:](#) In two meetings, the CAWG discussed necessary actions to address Tariff requirements for a 5-year review of base plan funding methodology (the Highway/Byway filing will address the requirements). They also discussed cost allocation for transformers under the proposed Highway/Byway cost allocation design; the group deferred to the RTWG. Regional State Committee consultant Dr. Mike Proctor and SPP Market Development and Analysis Director Richard Dillon gave a presentation on Transmission Congestion Rights. Further discussion with Dr. Proctor focused on the allocation of benefits from non-designated wind resources in the study process. The group also heard a presentation on the regional usage of Highway facilities.

[Economic Studies Working Group:](#) To guide Integrated Transmission Planning, the ESWG completed its modifications of the ITP Futures Document and then endorsed it. A Metrics Task Force (MTF) was created to determine what metrics and formulas will be utilized during the ITP 20-Year Assessment. The MTF met three times in February and began reviewing and vetting a collection of potential metrics which will be presented to the ESWG for further review. The ESWG continued its support of the Priority Projects and endorsed a new wind revenue metric for use in the analysis. They also discussed the wind placement for the PROMOD runs with 11 GW of wind. Other topics discussed included the KEMA analysis and cost-effectiveness analysis.

Finance Committee: The FC discussed numerous strategies for managing the SPP administrative fee. The committee reviewed pro forma financial models illustrating the fee through 2016 with 1) a pay-as-you-go strategy; 2) a level fee structure; and 3) a lowest-cost fee structure. The Committee agreed the following are important aspects of the SPP administrative fee: predictable, non-volatile, and scheduled, with a diligent 3-year forecast that has strong correlation to future actual results. The committee also reviewed and discussed FERC's recent notice of proposed rulemaking related to credit in organized energy markets.

Generation Working Group: The GWG discussed proposed SPP Criteria Changes, including clarification of Appendix 2 and Section 12.1.5.2.i. The SPP Compliance Department asked the GWG to review SPP Criteria Sections 7.8.4.1 and 12.1. The GWG intends to finalize edits to these four Criteria items and present them to the MOPC as soon as possible. The group discussed the Wind Integration Task Force report, future market issues, and a Model Improvement Task Force report. The GWG will begin addressing the need for reactive power capability exemptions and solar accreditation methodology.

Market and Operations Policy Committee: The MOPC held a conference call to introduce the process for gathering information for EIA 411 reporting.

Market Working Group: The MWG met twice in February, reserving two days for current business activities and four days for future market design activities. The group heard updates on the impact of FERC Order 719, an SPP market price volatility issue, market monitoring activities, outstanding Protocol Revision Requests (PRRs), and a PRR 2010 release plan. The MWG continued development and review of the post-operating day and settlement activities protocols. SPP staff provided a future markets program organizational chart that depicts which staff are working on the project.

Operating Reliability Working Group: The ORWG approved language changes to two existing Business Practices and SPP Criteria section 5 regarding reliability coordination. The group approved a minor change to the SPP Reliability Plan to reflect the change in management of the City of North Little Rock Balancing Authority from Constellation to NRG. Also discussed were several proposed changes to Criteria Appendix 7 regarding data submission requirements to SPP. There was some discussion of NERC Standard BAL-003 and the recent NERC alert regarding interconnection frequency response.

Operations Training Working Group: The Job Task Analysis Taskforce completed work on the Transmission Operator job role and will begin work on the Generator Operator Job Role. The ORWG agreed to research and develop an alternate means for emergency communications. Fred Meyer of Empire District reported on the proposed COM-003 standard. SPP staff provided an overview of the end-of-year program evaluation and Learning Management System implementation. The OTWG will rank 2010-2012 strategic considerations for discussion at the April 1 meeting in Shreveport.

Regional Tariff Working Group: The RTWG approved Tariff revisions to Attachments H, J and O to implement the Highway/Byway cost allocation methodology as directed by the Regional State Committee. The group began reviewing revisions to Attachment O that are required to implement Integrated Transmission Planning, which will continue into March for submission to the MOPC and Board of Directors in April. The RTWG also approved the Transmission Owner selection process as presented by the Transmission Owner Selection Task Force.

System Protection and Control Working Group: The SPCWG finalized a study scope to contract PowerTech Labs to confirm that SPP is still in compliance with the latest SPP under-frequency load shedding (UFLS) program with an addition of three Nebraska entities. The UFLS Standard Drafting Team continued making revisions to the third draft of SPP's UFLS Regional Standard, and responded to comments received from the second draft. The team plans to finalize the third draft in March.

Other Meetings

Regional Entity Trustees

Transmission Working Group

March Meetings

March 1 - Operations Training Working Group Teleconference

March 1/3 - Model Development Working Group

March 1 - Consolidated Balancing Authority Steering Committee

March 2 - Markets and Operations Policy Committee WebEx/Teleconference

March 4 - Corporate Governance Committee Meeting

March 5 - Market Working Group Teleconference

March 5 - Regional Tariff Working Group WebEx / Teleconference

- March 8-10 - Market Working Group Meeting
- March 10/11 - System Protection & Control Working Group
- March 11 - Transmission Working Group Net Conference
- March 16 - Special Board of Directors/Members Committee Teleconference
- March 18 - Generation Working Group Conference Call
- March 18 - Entergy Regional State Committee
- March 18 - Transmission Working Group Net Conference
- March 22/24 - Market Working Group Meeting
- March 23 - Economic Studies Working Group
- March 24 - Cost Allocation Working Group
- March 24/25 - Operating Reliability Working Group Meeting
- March 25 - Oversight Committee
- March 25 - Regional Tariff Working Group
- March 30 - Change Working Group Teleconference
- March 31 - Business Practices Working Group Meeting

This is a summary of recent SPP organizational group meetings. For more information about a group, please visit SPP.org and select that committee on the [Org Groups](#) page. Documents are located in the left column.

Please contact [Emily Pennel](#) in the Communications Department with questions or comments about The Org Report.

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