



# THE ORG REPORT

A PUBLICATION OF SOUTHWEST POWER POOL

May 2010

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## Priority Projects Endorsed by MOPC, Recommended by RSC, and Approved by Board of Directors and Members Committee

On April 27, the SPP Board of Directors and Members Committee approved for construction a group of "priority" high voltage electric transmission projects estimated to bring quantitative and qualitative benefits of \$3.7 billion to the SPP region over 40 years. The projects will improve the regional electric grid by reducing congestion on the power lines, better integrating SPP's east and west regions, improving SPP members' ability to deliver power to customers, and facilitating the addition of new renewable and non-renewable generation to the electric grid. SPP will issue notices to construct these projects pending successful implementation of its proposed [Highway/Byway cost sharing proposal](#). For more information, [read the Priority Projects news release](#). Two on the Members Committee opposed the projects; the rest were in favor.

On April 26, the Regional State Committee (RSC) recommended endorsement of Priority Projects with 6 of 7 members in favor. The RSC noted that its recommendation should not be considered an endorsement of the qualitative benefits included in the [SPP Priority Projects Phase II Report Revision 1](#), and that future movement towards construction of 765 kV should have the RSC's endorsement.

On April 14, the Markets and Operations Policy Committee (MOPC) endorsed the recommendation by SPP staff to construct the six "Group 2" Priority Projects and to issue Notification To Construct letters after a favorable ruling from FERC on the Highway/Byway cost allocation methodology. Of those voting, 76% were in favor of the recommendation.

## NERC and NAESB Update

The North American Electric Reliability Corporation (NERC) Board and Members Representative Committee meetings in May will include a discussion of the [2011-2013 NERC Budget Shared Assumptions](#) document, which will be used by NERC and each of the Regional Entities (REs) as input to each organization's 2011 and longer-term business plans/budgets in an effort to establish consistent planning goals and assumptions and provide better coordination and consistency between NERC and the REs. The 2011 NERC and Regional Entity budgets will be developed soon, and will undergo an open industry comment review process prior to approval by the NERC Board in August. To reduce the surge in standards interpretation requests, NERC will begin a trial period for a new "Informal Guidance Process" to answer questions about compliance applicability and burden of evidence to demonstrate compliance, as many requests do not seem to require a full open industry review and voting process.

The North American Energy Standards Board (NAESB) continues efforts to complete four business standards for smart grid activities, as directed by the National Institute of Standards Technology (NIST). These NAESB business standards will provide NIST with business cases for further development of technology standards through coordination with other industry standards development organizations. Earlier this year, FERC approved NAESB's demand response measurement and verification standards, and directed NAESB to continue drafting Phase 2 demand response standards. These demand response standards are intended to facilitate and promote the formation of markets for demand response products. NAESB is also starting to write drafts for energy efficiency measurement and verification standards.

## The Month In Review: April 2010 Meetings

**Change Working Group:** The CAWG reviewed the technical impact and benefits of a new project that will provide members with additional settlement data. The CWG will review the project scope and timeline at a special conference call in mid-May. The group is also reviewing the proposed ORWG Criteria changes within their respective organizations, and will provide comment on those.

**Cost Allocation Working Group:** SPP staff has been reviewing Transmission Congestion Rights (TCR)

materials with the CAWG. The CAWG discussed recent market data from similar processes implemented in the PJM and MISO markets. Four questions were presented for which recommendations need to be developed for the RSC's consideration.

1. In what sense are TCRs equivalent to firm transmission rights? (The CAWG needs this answer by its May meeting.) Are there any major concerns regarding the TCR allocation process?
2. Is there a need for a transition to TCRs? If so, what should the transition involve?
3. Should those not holding firm transmission rights be allowed to participate in the TCR auction?
4. When should long-term firm transmission rights be implemented? Now or later?

**Finance Committee:** The FC reviewed an audit of SPP's 2009 financial position and discussed significant changes in accounting policy and controls. The group approved funding in 2010 for SPP's pension and post-retirement healthcare plans. The committee reviewed progress on and funding for major projects such as future markets and the new SPP facility. Finally, the FC discussed in detail efforts SPP is undertaking to realize efficiencies in all parts of its functions.

**Generation Working Group:** The GWG discussed and approved changes to SPP Criteria Section 12.1.6 regarding Exemption of Reactive Capability Verification. The group discussed an addition to SPP Criteria Section 12 concerning Wind Plant Net Capability Reporting (12.1.5.3.g) and net Capability reporting in general. A discussion of Solar Accreditation Methodology verbiage was tabled until the next meeting.

**Human Resources Committee:** The HRC reviewed a report on funding and disbursement procedures for the self-funded employee medical plan, including year-to-date plan expenses. Reports were reviewed on the 401(k) Employee Advisory Group and the process used to distribute 2009 Performance Compensation funds to staff. The committee performed an annual review of its scope statement. A major initiative for the committee is the 2010 Compensation Survey, which will be presented and reviewed at the July planning meeting. SPP conducts periodic compensation surveys to verify job placement and price, benefits, and organization and salary structure. The 2010 project was awarded to Towers Watson, and is being managed by the SPP Human Resources Department.

**Markets and Operations Policy Committee:** The Market Working Group brought to the MOPC a number of issues that were in the current market design but did not have full consensus. The MOPC agreed to leave those issues as decided by the MWG. The MOPC approved a set of Priority Projects.

**Market Working Group:** The MWG met twice in April, reserving one day for current business activities, and four days for future markets design activities. The MWG received updates on Market Monitoring activities and reviewed the Quarterly VRL Metric report and outstanding Protocol Revision Requests (PRRs). PRR 213 (Block VRL for OC Type Constraints), PRR 214 (Price Floor Offer), PRR 217 (Clarification of Flowgate Terminology) and PRR 218 (Define Congestion Management Event) were approved. The MWG presented feedback offered by various parties on the Future Markets Mid-Level Design to the MOPC. The group completed Pre-Day-Ahead, Day-Ahead, and Operating Day Activities sections of the Future Markets Protocols, and will continue to meet twice a month through the summer to review and finalize the baseline of the Future Market Protocols.

**Operations Training Working Group:** The OTWG held two face-to-face meetings in April, each in conjunction with the SPP System Operations Conferences (SOCs). The Job Task Analysis (JTA) taskforce continues its work in finalizing the job tasks associated with the Balancing Authority job role. Once the JTA is completed, net conferences will be available for members to learn more about next steps related to NERC Standard PER-005-1. The group ranked its strategic training considerations for 2010-2012, and recommended that Train-the-Trainer sessions be consolidated into one in-person session with supplemental net conferences, and that SPP should continue offering four SOC's per year. The OTWG brainstormed a list of issues with secondary communications systems and passed the list on to the Operating Reliability Working Group. The group will coordinate and schedule a net conference for selected vendors to present software that could be used in managing the data associated with job task analyses and assessments.

**Regional Tariff Working Group:** Implementing concepts developed in the Integrated Transmission Planning Process document, the RTWG passed revisions to Attachments J, O, V, and the definitions section of the Tariff. The group continued discussing advancement, deferral, and displacement of upgrades and the impact these actions have on cost allocation.

## Other Meetings

**Regional Entity Trustees**

**Transmission Working Group**

## May Meetings

May 3/4 - Market Working Group Teleconference

- May 4 - Transmission Working Group Teleconference
- May 6 - Markets and Operations Policy Committee WebEx/Teleconference
- May 10 - Economic Studies Working Group
- May 10 - Settlement User Group Meeting
- May 11 - Business Practices Working Group Meeting
- May 11 - Sub-Regional Planning
- May 11 - FERC Entergy CBA Update Meeting
- May 12/13 - Transmission Working Group
- May 12/13 – Operating Reliability Working Group Meeting
- May 13 - Board of Directors-Members Committee Meeting
- May 13 - Market Working Group Meeting
- May 17-19 - Market Working Group Meeting
- May 20/21 - SPP Regional Entity CIP Standards Workshop
- May 25 - Change Working Group
- May 25 - Economic Studies Working Group
- May 26 - 2010 Joint MRO and SPP RE Compliance and Enforcement Workshop
- May 26 - Cost Allocation Working Group
- May 27 - Regional Tariff Working Group
- May 27 - 2010 Spring SPP Planning Workshop

This is a summary of recent SPP organizational group meetings. For more information about a group, please visit [SPP.org](http://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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