

# The Org Report

A monthly summary of organizational group activities.



May 2011

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## SPP Board Approves Marketplace Budget, Signs MOUs with PJM, ERCOT

The [SPP Board of Directors approved a software development budget](#) – not to exceed \$105 million – for the Integrated Marketplace and announced Memorandums of Understanding (MOUs) with PJM Interconnection and ERCOT, other regional organizations with similar energy markets. PJM and ERCOT will share with SPP their expertise, experience, and lessons learned from development, implementation, and operation of their markets. SPP has already begun executing vendor contracts. The Integrated Marketplace is scheduled to go live in March 2014; market participants will complete systems and test data transfers with SPP by May 15, 2013.

## Entergy Membership Proposal and Regulatory Considerations

SPP's members, working through the Task Force for Interest in Entergy Membership, prepared a [proposal to detail the general elements involved with Entergy's potential integration](#) into the SPP Regional Transmission Organization. The proposal covers issues such as cost allocation; SPP's services, including transmission planning, reliability coordination, tariff administration, and energy markets; transmission revenue sharing; regulatory approvals; and withdrawal provisions. At the request of several state commissioners, SPP compiled a list of [regulatory considerations for Entergy's possible integration](#) into SPP or MISO. Entergy announced on April 25 it intends to join MISO.

## April Meeting Summaries

**[Board of Directors-Members Committee:](#)** SPP's Market Monitoring Unit gave a presentation on the Annual State of the Market Report. Boston Pacific presented a new "Looking Forward Report" solicited by the Board to highlight energy issues that might impact SPP in the future. Primary action items included approving the Integrated Marketplace design as recommended by the MOPC, and funding the program as recommended by staff.

**[Business Practices Working Group:](#)** The group discussed Business Practice Revision Requests (BPR) 001–SPP Coordination with Third Party Systems, BPR 002–Third Party Transmission Service Agreement Coordination, BPR 018–Generator Interconnection Procedures, BPR 020–Network Resource Interconnection Service, and BPR 021–Authorization to Plan. The group will discuss these BPRs again at its next meeting.

**[Change Working Group:](#)** A conference call updated the group on current project statuses. Several unused or obsolete applications were removed in conjunction with the OPS1 Replacement project. Work continues on the second part of this project, which will include updates to several reports and the reports tool. API specifications for the PRR131 Data API project will be available to members in June, and testing is planned in August. The EIS Market Release 1.0-2011's timeline has been extended with a proposed implementation date of November 8 (pending CWG approval). The Integrated Marketplace market design was approved by the MOPC and work continues on Statements of Work (SOWs) with program vendors; a Marketplace Vendor Education Session was held in Little Rock on May 3. The CWG also received a Marketplace member readiness packet, and will be part of a May 25 combined meeting – along with the MWG, ORWG, and CBASC – focused on Marketplace. The meeting will be held in Little Rock at Arkansas Electric Cooperative Corporation, followed by the standard CWG meeting on May 26.

**[Consolidated Balancing Authority Steering Committee:](#)** The CBASC completed the governing document for "Balancing Authority Operations". The committee's most recent discussions have been on Automatic Generation Control system requirements, Ramp Reservation system requirements, and legal delegation of duties between the new SPP Balancing Authority, SPP Transmission Operators, and SPP Generator Operators. The Emergency Operations Task Force continues work on the SPP Balancing Authority "Emergency Operation Plan". Recent discussions have included Operating Reserves Zones, Sub-Entity Black Start, and island restoration. The committee's next steps include coordination with other working groups on member system requirements, training, and timelines.

**[Economic Studies Working Group:](#)** The group met twice to complete the definition of the 2011 Integrated

Transmission Planning 10-Year Assessment's (ITP10) key drivers. A special team met separately to propose fuel prices for use in the analysis; these prices were approved by the full group. The necessary and expected resource additions, retirements, and capacities were approved for the study year (2022) and sited in the SPP footprint.

**Finance Committee:** The committee initiated a review of SPP's administrative fee rate structure. The committee is considering three broad rate structure options: 1) fully bundled rate (SPP's current structure); 2) fully unbundled rate (separate fee for each SPP service); and 3) hybrid bundled rate (core rate plus select specific service rates). The group will continue its review of rates with the intent of making a recommendation prior to implementing SPP's Integrated Marketplace. The committee is evaluating the potential benefits of using a portion of SPP's cash balances for an above-normal funding of the SPP retirement plan. This action may eliminate funding requirements for the next few years, reducing funding needed from SPP's administrative fee.

**Human Resources Committee:** The committee reviewed the 2010 performance compensation allocation/distribution and HRC scope document, and received an update on current SPP benefits. SPP staff reported approximately \$1 million in savings for medical insurance expenses since switching to a self-funded medical plan on January 1, 2010. The HRC reviewed a staff report on SPP's fraud prevention and detection measures.

**Markets and Operations Policy Committee:** The MOPC approved the Integrated Marketplace's March 1, 2014 implementation date and subsequent improvements to SPP's current EIS market, including a standard combined cycle model. The MOPC also approved the ITP10's future scenarios. The group approved various other changes to the SPP Open Access Tariff, Criteria, and Business Practices.

**Market Working Group:** The MWG reviewed current business and next steps for the Integrated Marketplace. It approved PRR232 (Handling of Incorrect Schedule Adjustments) and PRR 235 (Change of LIP Re-Pricing Deadline) and received updates from SPP's Operations, Market Monitoring, and Regulatory groups. The MWG will continue to work through the MOPC's April action items and provide Marketplace Protocol Revision Requests as necessary. The MWG will also coordinate joint meetings, as appropriate, with other working groups in preparation for Marketplace implementation.

**Operations Training Working Group:** The OTWG reviewed feedback from the two Spring System Operations Conferences; feedback was positive. The group assessed 2012-2014 customer training needs and strategic initiatives. Discussion included the impact Integrated Marketplace training will have on resources and schedules. The group decided to continue delivering the current regional emergency operations training curriculum in 2012. The OTWG discussed potential locations for the 2012 System Operations Conferences; four locations will be selected by August 1.

**Oversight Committee:** The committee's regular quarterly meeting served as a preview of the Annual State of the Market Report. This report was produced in-house by SPP's Market Monitoring Unit staff for the first time. In addition, the Board solicited a "Looking Forward Report" from Boston Pacific to highlight particular issues and how they might impact SPP. The committee heard regular activity reports from SPP's Compliance, Market Monitoring, and Internal Audit groups.

**Regional Entity Trustees:** SPP RE staff and NERC committee representatives provided updates on recent NERC and SPP RE activities. Significant time was devoted to discussing emerging issues, including increased emphasis on Situational Awareness, Event Analysis, Bulk Electric System (BES) definition and exemption process, and Risk-Based Monitoring. The Trustees continued to highlight the importance of industry participation in the standards development process, particularly the development of the revised BES definition. The SPP RE General Manager reviewed the preliminary SPP RE 2012 Business Plan and Budget (BPB). The proposed \$11.4 million 2012 budget reflects an increase of approximately \$1.6 million over the approved 2011 budget. The SPP RE's 2012 BPB will be presented to the RE Trustees for approval at its June meeting.

**Regional State Committee:** Barry Smitherman, Chairman of the Public Utility Commission of Texas, was elected Vice President, and Jeff Cloud, Vice Chairman of the Oklahoma Corporation Commission, was elected Secretary/Treasurer. SPP staff provided updates on Entergy's decision regarding RTO membership, the status of the Strategic Planning Committee's work on the RSC's October 2010 motions, establishment of the Regional Allocation Review Task Force, the Integrated Marketplace, and the ITP10. ERCOT CEO Trip Doggett briefed the RSC on ERCOT's move last year to a Nodal Market. The RSC amended its 2011 budget to include funds to hire the Brattle Group as the RSC's consultant on seams issues.

## **Integrated Marketplace Update**

- SPP is meeting with each vendor to review and refine SOWs, and continues to work towards all vendor SOWs being executed by May 31.
- The Business Process Design team received approval on 43 of 44 business process design deliverables (against a plan of 43).
- The Requirements team received approval on 17 of 35 scheduled requirements deliverables (against a plan of 21). Seven deliverables remain unscheduled due to dependency on vendor DDNs.

## Other Meetings

### Seams Steering Committee

## May Meetings

May 2 – OTWG

May 5 – Regional Tariff Working Group

May 5 - System Protection and Control Working Group

May 10 - Seams Steering Committee

May 11/12 - ORWG

May 11/12 - RE CIP Spring Workshop

May 11/12- Transmission Working Group

May 12 - Settlement User Group

May 18/19 - System Protection and Control Working Group

May 19 - Business Practices Working Group

May 19/20 - Entergy Regional State Committee

May 24 - Economic Studies Working Group

May 24 - Market Working Group

May 25 - Business Practices Working Group

May 25 – CAWG

May 25/26 - Change Working Group/Market Working Group

May 26 – Regional Tariff Working Group

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 [Tom Kleckner](#) in the Communications Department with questions or comments about *The Org Report*.

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