



Minutes No. [47]

**Southwest Power Pool  
ECONOMIC STUDIES WORKING GROUP**

**April 27, 2011  
Teleconference  
1:30 pm – 2:30 pm**

**• Summary of Action Items •**

1. Staff will publish a document showing the process, assumptions and results of the ITP10 resource planning portion of the study.

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ECONOMIC STUDIES WORKING GROUP**

**April 27, 2011**

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**• Minutes •**

**Agenda Item 1 – ITP10 Resource Plan**

Chair Alan Myers called the meeting to order with the following members attending via teleconference:

Alan Myers, ITC	Bruce Merrill, LES
Kip Fox, AEP	Greg Sweet, Empire
Al Tamimi, Sunflower	
Bruce Walkup, AECC	Mike Proctor, Consultant
Bennie Weeks, Xcel Energy	

The group picked up where the last meeting left off discussing the resource plan. Several changes were made by members during the call and staff will publish an updated document describing the results and the process used in the resource plan.

Kip Fox mentioned that EPA rules will probably cause much of the coal in the footprint not to run and wondered if it would be smarter to put CTs in SPS rather than large CCs. Mike Proctor noted that our plans look pretty close to the results of the Boston Pacific report that was presented at the board meeting and that of the NERC report published last fall. Leon Howell asked for an explanation of the \$35 carbon tax and the group discussed this method of approximating the impact of EPA regulations upon non-retired units. Kip noted that this does not take into effect the regulations that would cause scrubbers and other emissions control devices to be installed upon large units (causing derates).

Tim Miller indicated staff will be identifying projects needed to handle the generation increases and that they will be specifically identified within the study.

The group accepted the resource plan to move forward with the study. **Greg Sweet motioned to accept the plan following edits made during the meeting. Bennie Weeks seconded the motion and it passed with one abstention.** Kip Fox abstained with the concern that the group has not really addressed the EPA impacts adequately enough to cover large unit derates.

**Agenda Item 2 – ITP10 Fuel Prices**

Tim Miller reiterated the presentation given by David Ried on April 19<sup>th</sup>. And **Kip Fox made a motion to accept these prices as presented for both futures. Bennie Weeks seconded the motion.** Discussion of the prices was brought up by Greg Sweet and Leon Howell: to clarify a few points:

- A monthly fuel curve is being followed for Natural Gas.
- An update to the price after April 1<sup>st</sup> or April 27<sup>th</sup> doesn't increase our study accuracy.
- When other years are simulated to stage projects a relative gas price should be used for that year (such as using the futures trading for that year).
- These fuel prices will be used in both futures (with and without CO<sub>2</sub> prices). Determining a second gas price for future 2 would take time that isn't allowed to us within this study cycle. Treatment of this may be undertaken through the weighting of fuel price sensitivities in the economic analysis.

**The motion carried with no abstentions or opposition.**

**Adjournment**

Alan Myers noted as an information item that these decisions should be communicated to the MOPC before their scheduled July meeting out of courtesy. Alan & Tim Miller will coordinate with the MOPC leadership regarding this communication.

Dan Lenihan asked if the models are ready for stakeholder review now that these decisions have been made. Tim responded that the plan is to make the models available in early May.

**Other Teleconference Attendees**

Dan Witt, OPPD

Dan Lenihan, OPPD

John Mayhan, OPPD

Kenny Hale, City Utilities

Nathan McNeil, Midwest Energy

Roy Boyer, Xcel Energy

Steve Gaw, Wind Coalition

Tim Owens, NPPD

Tony Gott (AECI), AECI

Walt Cecil, MO PSC