

December 2, 2011

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: *Southwest Power Pool, Inc.*, Docket No. ER12-\_\_\_\_-000**  
Submission of Revision to Attachment AE of the Southwest Power Pool,  
Inc. Open Access Transmission Tariff

Dear Secretary Bose:

Pursuant to section 205 of the Federal Power Act (“FPA”), 16 U.S.C. § 824d, and Part 35 of the regulations of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. Part 35, Southwest Power Pool, Inc. (“SPP”), as authorized by its independent Board of Directors, proposes to revise Attachment AE of its Open Access Transmission Tariff (“Tariff”) to revise the schedule for new Market Participant registration in the SPP Energy Imbalance Service (“EIS”) Market. SPP requests an effective date of January 1, 2012, for the Tariff modifications proposed in this filing.

## **I. Background**

SPP is a Commission-approved Regional Transmission Organization (“RTO”). It is an Arkansas non-profit corporation with its principal place of business in Little Rock, Arkansas. SPP currently has 65 members, including 14 investor-owned utilities, 11 municipal systems, 12 generation and transmission cooperatives, 4 state agencies, 7 independent power producers, 10 power marketers, and 7 independent transmission companies. As an RTO, SPP provides open access transmission service over more than 48,930 miles of transmission lines in 8 states – Arkansas, Kansas, Louisiana, Missouri, Nebraska, New Mexico, Oklahoma, and Texas. Relevant to this filing, SPP also administers the EIS Market in the SPP Region pursuant to Attachment AE of the Tariff.

In order to participate in the EIS Market, Market Participants must register and submit an application with SPP.<sup>1</sup> Market Participant registration in the EIS Market is

---

<sup>1</sup> For a definition of Market Participant, *see* Tariff at M – Definitions.

governed by Attachment AE and Section 12 of the SPP EIS Market Protocols. Section 1.2.2 of Attachment AE specifies that applications for a Market Participant to provide services in the EIS Market must be submitted to SPP prior to the expected date of participation in the EIS Market consistent with Section 12.3 of the SPP Market Protocols.<sup>2</sup> Pursuant to Section 12.3 of the SPP Market Protocols, a new Market Participant must submit its Market Participant Registration Packet a minimum of six months prior to the Market Participant's desired date for participation in the EIS Market. Currently, SPP processes Market Participant Registration Packets every other month (six times a year), and through this process, SPP updates the Model for the EIS Market for new, qualifying Market Participants.<sup>3</sup> Thus, every other month, the Model Update reflects new Market Participants, along with any other changes to the market Model.

To accommodate this schedule, every other month SPP expends significant resources processing each new Market Participant Registration Packet and performing the Model Update. To allocate its resources more efficiently and minimize the number of changes to the Model, SPP proposes in this filing to revise the Tariff to allow SPP to perform the Model Update for new Market Participants three times annually (in April, August, and December).<sup>4</sup>

## **II. SPP Stakeholder Process and Approval of Proposed Tariff Revisions**

In this filing, SPP proposes Tariff amendments to revise the timeframe for processing new Market Participant registrations in the EIS Market. These revisions were developed and fully vetted through SPP's stakeholder process. The initial responsibility for developing the revisions was delegated to the Market Working Group ("MWG").<sup>5</sup> On September 21, 2011, the MWG unanimously approved the revisions, and forwarded the revisions to the Regional Tariff Working Group ("RTWG") for approval.<sup>6</sup> On September 30, 2011, the RTWG approved the proposed Tariff revisions and forwarded

---

<sup>2</sup> See Tariff at Attachment AE § 1.2.2.

<sup>3</sup> See SPP EIS Market Protocols § 12.4.

<sup>4</sup> The Tariff changes proposed in this filing alter the process for *new* Market Participants only; SPP will continue to process existing Market Participants' updates to the market Model throughout the year.

<sup>5</sup> The MWG is responsible for the development and maintenance of the market protocols that define SPP administered wholesale market(s), including energy, congestion management, and market power mitigation, as well as proposing changes to the Tariff to implement suggested market changes.

<sup>6</sup> The RTWG is responsible for the development, recommendation, overall implementation, and oversight of SPP's regional Tariff.

them to the SPP Markets and Operations Policy Committee (“MOPC”).<sup>7</sup> The MOPC reviewed the revisions and on October 11, 2011, unanimously voted to recommend to the SPP Board of Directors (“SPP Board”) that the revisions be approved. On October 25, 2011, the SPP Members Committee voted unanimously in favor of and the SPP Board of Directors approved the Tariff revisions submitted in this filing.<sup>8</sup>

### III. Description and Justification of Tariff Revisions

While additional details of the new rules regarding the timeframe for Market Participant registration in the EIS Market are set forth in the SPP EIS Market Protocols, amendments to Attachment AE of the Tariff are necessary to facilitate the implementation of the new timeframe.<sup>9</sup> Specifically, SPP proposes to add the following

---

<sup>7</sup> The MOPC reports to the SPP Board of Directors. The representatives to the MOPC consist of an officer or employee of each SPP member. Among its responsibilities, the MOPC reviews proposed tariff changes developed through the stakeholder process and endorses/approves those changes and recommends them to the Board of Directors for approval.

<sup>8</sup> The Commission has previously recognized that provisions approved through the stakeholder processes of RTOs and ISOs are due deference. *See Sw. Power Pool, Inc.*, 127 FERC ¶ 61,283, at P 33 (2009) (noting how the Commission “accord[s] an appropriate degree of deference to RTO stakeholder processes”); *New Eng. Power Pool*, 105 FERC ¶ 61,300, at P 34 (2003) (Commission approving transmission cost allocation proposal based upon the extensive and thorough stakeholder process); *Policy Statement Regarding Regional Transmission Groups*, 1991-1996 FERC Stats. & Regs., Regs. Preambles ¶ 30,976, at 30,872 (1993) (the Commission will afford an appropriate degree of deference to the stakeholder approval process). The Commission’s deference to RTO stakeholder processes has been upheld by the courts. *See Pub. Serv. Comm’n of Wis. v. FERC*, 545 F.3d 1058, 1062-63 (D.C. Cir. 2008) (noting how the Commission often gives weight to a proposal that is the position of the majority of a stakeholder group of the RTO) (*quoting Am. Elec. Power Serv. Corp. v. Midwest Indep. Transmission Sys. Operator, Inc.*, 122 FERC ¶ 61,083, at P 172 (2008)).

<sup>9</sup> The Commission has recognized that “[t]here are many areas where a tariff can deal with general matters and leave the specifics for the application process, the service agreement, or the operating procedures.” *Pennsylvania-New Jersey-Maryland Interconnection*, 81 FERC ¶ 61,257, at n.50 (1997); *see also Cal. Indep. Sys. Operator Corp.*, 122 FERC ¶ 61,271, at P 16 (2008) (“It is appropriate for Business Practice Manuals to contain implementation details, such as instructions, guidelines, examples and charts, which guide internal operations and inform Market Participants of how the CAISO conducts its operations under the MRTU tariff.”); *Midwest Indep. Transmission Sys. Operator, Inc.*, 123 FERC ¶ 61,164, at P 43 (2008) (“[N]ot all rules and practices related to transmission

(continued . . .)

sentence to Section 1.2.2 of Attachment AE: “New Market Participants will follow the timeframe as specified in Section 12.4 in addition to the detailed model update timing requirements in Section 12.3 of the EIS Market Protocols.” The Tariff revisions, coupled with the revisions to the SPP EIS Market Protocols, will allow SPP to process new Market Participants three times a year as opposed to six times a year.

The Tariff revisions are just and reasonable because the revisions provide greater stability and accuracy to the SPP EIS Market Models. Specifically, given the significant changes to the Models that must be conducted to accommodate each new Market Participant in the EIS Market, the modified schedule will enable SPP to make such changes fewer times during the year, which will increase the stability of the EIS Market Models used by existing and prospective Market Participants and SPP, and reduce the likelihood of inaccuracies in the Models.

When prospective Market Participants submit their applications to participate in the EIS Market, SPP must undertake a series of significant activities to process their applications including modeling, configuration, testing, and training to ensure that the prospective Market Participant and SPP have configured their systems appropriately and to ensure that the prospective Market Participant knows the processes that it must follow as a Market Participant. SPP allows existing Market Participants to request Model changes for commercial reasons every other month, and allows reliability-based Model changes monthly. When SPP processes the applications of prospective Market Participants, additional and sometimes more significant and complex Model changes are necessary. When prospective Market Participant applications are at different stages in the modeling process, the number of changes to the Models increases, which affects Model stability and can compromise Model accuracy. Accordingly, reducing the number of times that Model changes are made to process new Market Participant applications will reduce the number of necessary Model changes. Adding new Market Participants three times per year would allow SPP to combine these activities and manage changes much more efficiently and accurately than the current six times per year, preserving the integrity of the Models.

SPP’s proposal to add new Market Participants three times a year also is consistent with, and similar to, other RTO processes for adding new market participants a few times a year. For example, the Midwest Independent Transmission System Operator,

---

( . . . continued)

service, or planning activities in particular, need be codified in the transmission provider’s OATT.”). The revisions to the SPP EIS Market Protocols are of the type that are appropriately included in business practices manuals (i.e., the Market Protocols). In fact, the current rules on the timeframes for processing new Market Participants are already in the SPP EIS Market Protocols. *See* SPP EIS Market Protocols at Section 12.4.

Inc. (“Midwest ISO”) adds market participants to its markets four times a year, pursuant to provisions of the Midwest ISO Business Practices Manual No. 001 (“Market Registration BPM”).<sup>10</sup> SPP proposes to process applications for new Market Participants three times a year, which is similar to the Midwest ISO’s current practice.

The proposed schedule changes will also improve both the administrative efficiency of the EIS Market and the efficient use of SPP resources, which will benefit existing Market Participants. Currently, SPP staff spends a considerable amount of time processing new Market Participant applications every other month. Adding new Market Participants potentially involves numerous groups within SPP, including customer relations, operations, settlements, training, information technology, project management, communications, regulatory, and legal. Processing new Market Participant registration requires training and education, testing, market modeling, and overall management of the process. The proposed Tariff changes would allow SPP to coordinate staffing resources more efficiently and cost-effectively, as SPP estimates that the proposed Tariff changes would save approximately 150 employee hours per new Market Participant.

Finally, the Tariff revisions will not harm Market Participants. New Market Participants will retain the ability to participate in the EIS Market, with Model Updates for Market Participants taking place three times a year. Moreover, SPP notes that, in order to maintain necessary flexibility and accommodate special situations, SPP will consider making exceptions to the proposed timeframe on a case-by-case basis, as discussed in the SPP EIS Market Protocols. Decisions on exceptions to the timeframe will be made by the SPP Operations Management group on a non-discriminatory basis.

#### **IV. Effective Date and Waiver**

SPP requests that the Commission accept the Tariff revisions proposed in this filing with an effective date of January 1, 2012. To permit such an effective date, SPP requests a waiver of the Commission’s 60-day notice requirement set forth at 18 C.F.R. § 35.3. Good cause exists to grant a waiver of the notice requirement because an effective date of January 1, 2012 will allow SPP to implement the updated procedures for

---

<sup>10</sup> See Section 3.3 of the Market Registration BPM (Participation in the Midwest ISO Markets “will be in accordance with the Commercial Model timeline which allows new Applicants to be adequately informed and have their facilities properly modeled before they participate as MPs.” The Commercial Model schedule shows the dates on which the Midwest ISO issues the quarterly updates. See *2011-2012 Midwest ISO Network & Commercial Model Update Schedule*, Midwest ISO, (June 20, 2011), <https://www.midwestiso.org/Library/Repository/Communication%20Material/Stakeholder/2011-2012%20Commercial%20Model%20Update%20Schedule.pdf>.

new Market Participants on the first day of the year.<sup>11</sup> This effective date will allow SPP to implement the new procedures throughout 2012.<sup>12</sup>

**V. Additional Information**

**A. Information Required by Section 35.13 of the Commission's Regulations, 18 C.F.R. § 35.13:<sup>13</sup>**

**1. Documents submitted with this filing:**

In addition to this transmittal letter, the clean and redline version of the proposed Tariff revisions are included in this filing.

**2. Effective date:**

As discussed in this filing, SPP requests that the Commission accept the proposed Tariff revisions with an effective date of January 1, 2012.

**3. Service:**

SPP has served a copy of this filing on all its members and customers. A complete copy of this filing will be posted on the SPP web site [www.spp.org](http://www.spp.org), and is also being served on all affected state commissions.

**4. Requisite agreements:**

SPP's Board of Directors approved this filing at its meeting on October 25, 2011.

---

<sup>11</sup> See, e.g., *Cent. Hudson Gas & Elec. Corp.*, 60 FERC ¶ 61,106, at 61,338, *reh'g denied*, 61 FERC ¶ 61,089 (1992) (stating that the Commission will “generally grant waiver of the 60-day prior notice requirement” for “uncontested filings that do not change rates”).

<sup>12</sup> Should the Commission grant a January 1, 2012, effective date for the proposed Tariff revisions in this filing, SPP notes that any new Market Participant that submits a Registration Packet prior to January 1, 2012, will be processed according to the timeline in effect prior to January 1, 2012.

<sup>13</sup> Because the revisions to the Tariff submitted herein do not involve any change in rates, the use of the abbreviated filing procedures as set forth in 18 C.F.R. § 35.13(a)(2)(iii) is appropriate.

**5. Specifically assignable facilities installed or modified:**

There are none.

**B. Communications:**

Correspondence and communications with respect to this filing should be sent to, and SPP requests the Secretary to include on the official service list, the following:

Heather H. Starnes, J.D.  
Manager, Regulatory Policy  
Southwest Power Pool, Inc.  
415 North McKinley, Suite 140, Plaza West  
Little Rock, AR 72205  
Telephone: (501) 614-3380  
Fax: (501) 664-9553  
hstarnes@spp.org

Wendy N. Reed  
Matthew J. Binette  
Tyler R. Brown  
Wright & Talisman, P.C.  
1200 G Street, NW, Suite 600  
Washington, D.C., 20005  
Telephone: (202) 393-1200  
Fax: (202) 393-1240  
reed@wrightlaw.com  
binette@wrightlaw.com  
brown@wrightlaw.com

**VI. Conclusion**

For all of the foregoing reasons, SPP respectfully requests that the Commission accept the Tariff revisions submitted in this filing, with an effective date of January 1, 2012.

Respectfully submitted,

/s/ Matthew J. Binette

Wendy N. Reed  
Matthew J. Binette  
Tyler R. Brown

**Attorneys for  
Southwest Power Pool, Inc.**

### **1.2.2 Application and Asset Registration**

- (a) Applications for a Market Participant to provide services in the EIS Market must be submitted to the Transmission Provider prior to the expected date of participation consistent with Section 12.3 of the Market Protocols. Completed applications must contain the required information specified under the application procedures specified in the Market Protocols. New Market Participants will follow the timeframe as specified in Section 12.4 in addition to the detailed model update timing requirements in Section 12.3 of the EIS Market Protocols.
- (b) As part of the application process, Market Participants must register all load, including applicable load associated with Grandfathered Agreements, and Resources with the Transmission Provider in accordance with the registration process specified in the Market Protocols.
- (c) Market Participants may elect to define a single Settlement Location that aggregates multiple Meter Settlement Locations associated with their load assets. Such a Settlement Location is used for settlements purposes only and the Meter Settlement Locations being aggregated must be within a single Settlement Area.
- (d) For registration of jointly owned Resources, Market Participant owners:
  - must register the entire ownership of a jointly owned Resource included within a Balancing Authority Area inside the SPP Region, including ownership that is not associated with a Market Participant, as either a single Resource or multiple Resources; and
  - may specify a Designated Agent for the purposes of submitting Offer Curves.
- (e) For registration of jointly owned Resources, Market Participant owners:
  - must register the entire ownership of a jointly owned Resource included within a Balancing Authority Area inside the SPP Region, including ownership that is not associated with a Market Participant, as either a single Resource or multiple Resources; and
  - may specify a Designated Agent for the purposes of submitting Offer Curves.



If the jointly owned Resource is registered as multiple Resources, the Transmission Provider shall treat each registered portion of the joint owned Resource as an independent Resource for the purposes of EIS Market participation.

For jointly owned Resources, the operating owner's meter agent shall be the meter agent for that jointly owned Resource unless a jointly owned Resource owner designates a different meter agent for its share of the Resource.

- (f) Market Participants may subsequently modify their initially registered assets once their participation in the EIS Market has commenced in accordance with the asset registration procedures specified in the Market Protocols.
- (g) All loads and all Resources, excluding Behind The Meter Generation less than 10 MW, must register. Failure or refusal to register a Resource will result in the Transmission Provider filing an unexecuted version of the service agreement as specified in Attachment AH of this Tariff for that Resource with the Commission under the name of the generation interconnection customer under an interconnection agreement with the Transmission Provider or the applicable Transmission Owner. In the case of a Qualifying Facility exercising its rights under PURPA to deliver all of its net output to its host utility, such registration will not require the Qualifying Facility to participate in the EIS Market or subject the Qualifying Facility to any charges or payments related to the EIS Market.
- (h) A Market Participant wishing to offer an External Resource in the EIS Market will utilize an External Resource Pseudo-Tie in accordance with Attachment AO. In addition to the responsibilities outlines in Attachment AO, the Market Participant registering the External Resource will be responsible for registering and performing all responsibilities that are required of Resources in the EIS Market, except as provided in this Attachment AE.
- (i) A Market Participant wishing to offer *Controllable Load in the form of a demand response* Resource in the EIS Market must include in its application and registration a certification that participation in the EIS Market by its *demand response* Resource is not precluded under the laws or regulations of the relevant electric retail regulatory authority. *Demand response* Resources must meet all

application, registration and technical requirements applicable to other resources offering imbalance energy in the EIS Market. The Transmission Provider is not responsible for interpreting the laws or regulations of a relevant electric retail regulatory authority and shall be required only to verify that the Market Participant has included such a certification in its application materials. The Transmission Provider is not liable or responsible for Market Participants participating in the EIS Market in violation of any law or regulation of a relevant electric retail regulatory authority including state-approved retail tariff(s).

- (j) *An aggregator of retail customers (“ARC”) offering Controllable Load of one or more end-use retail customers as a demand response resource in the EIS Market must be a Market Participant, satisfying all registration and certification requirements applicable to Market Participants as well as certification consistent with Section 1.2.10 of this Attachment.*

### 1.2.2 Application and Asset Registration

- (a) Applications for a Market Participant to provide services in the EIS Market must be submitted to the Transmission Provider prior to the expected date of participation consistent with Section 12.3 of the Market Protocols. Completed applications must contain the required information specified under the application procedures specified in the Market Protocols. New Market Participants will follow the timeframe as specified in Section 12.4 in addition to the detailed model update timing requirements in Section 12.3 of the EIS Market Protocols.
- (b) As part of the application process, Market Participants must register all load, including applicable load associated with Grandfathered Agreements, and Resources with the Transmission Provider in accordance with the registration process specified in the Market Protocols.
- (c) Market Participants may elect to define a single Settlement Location that aggregates multiple Meter Settlement Locations associated with their load assets. Such a Settlement Location is used for settlements purposes only and the Meter Settlement Locations being aggregated must be within a single Settlement Area.
- (d) For registration of jointly owned Resources, Market Participant owners:
- must register the entire ownership of a jointly owned Resource included within a Balancing Authority Area inside the SPP Region, including ownership that is not associated with a Market Participant, as either a single Resource or multiple Resources; and
  - may specify a Designated Agent for the purposes of submitting Offer Curves.
- (e) For registration of jointly owned Resources, Market Participant owners:
- must register the entire ownership of a jointly owned Resource included within a Balancing Authority Area inside the SPP Region, including ownership that is not associated with a Market Participant, as either a single Resource or multiple Resources; and
  - may specify a Designated Agent for the purposes of submitting Offer Curves.

If the jointly owned Resource is registered as multiple Resources, the Transmission Provider shall treat each registered portion of the joint owned Resource as an independent Resource for the purposes of EIS Market participation.

For jointly owned Resources, the operating owner's meter agent shall be the meter agent for that jointly owned Resource unless a jointly owned Resource owner designates a different meter agent for its share of the Resource.

- (f) Market Participants may subsequently modify their initially registered assets once their participation in the EIS Market has commenced in accordance with the asset registration procedures specified in the Market Protocols.
- (g) All loads and all Resources, excluding Behind The Meter Generation less than 10 MW, must register. Failure or refusal to register a Resource will result in the Transmission Provider filing an unexecuted version of the service agreement as specified in Attachment AH of this Tariff for that Resource with the Commission under the name of the generation interconnection customer under an interconnection agreement with the Transmission Provider or the applicable Transmission Owner. In the case of a Qualifying Facility exercising its rights under PURPA to deliver all of its net output to its host utility, such registration will not require the Qualifying Facility to participate in the EIS Market or subject the Qualifying Facility to any charges or payments related to the EIS Market.
- (h) A Market Participant wishing to offer an External Resource in the EIS Market will utilize an External Resource Pseudo-Tie in accordance with Attachment AO. In addition to the responsibilities outlines in Attachment AO, the Market Participant registering the External Resource will be responsible for registering and performing all responsibilities that are required of Resources in the EIS Market, except as provided in this Attachment AE.
- (i) A Market Participant wishing to offer *Controllable Load in the form of a demand response* Resource in the EIS Market must include in its application and registration a certification that participation in the EIS Market by its *demand response* Resource is not precluded under the laws or regulations of the relevant electric retail regulatory authority. *Demand response* Resources must meet all

application, registration and technical requirements applicable to other resources offering imbalance energy in the EIS Market. The Transmission Provider is not responsible for interpreting the laws or regulations of a relevant electric retail regulatory authority and shall be required only to verify that the Market Participant has included such a certification in its application materials. The Transmission Provider is not liable or responsible for Market Participants participating in the EIS Market in violation of any law or regulation of a relevant electric retail regulatory authority including state-approved retail tariff(s).

- (j) *An aggregator of retail customers (“ARC”) offering Controllable Load of one or more end-use retail customers as a demand response resource in the EIS Market must be a Market Participant, satisfying all registration and certification requirements applicable to Market Participants as well as certification consistent with Section 1.2.10 of this Attachment.*