

**Southwest Power Pool**  
**ECONOMIC STUDIES WORKING GROUP**  
**January 12, 2012**  
**AEP Offices | 8<sup>th</sup> floor**  
**1201 Elm Street, Dallas, TX 72501**

**• SUMMARY OF ACTIONS TAKEN •**

1. The ESWG reviewed the SPP 2011 Probabilistic Assessment Report.
2. The ESWG adopted five futures for endorsement to the Strategic Planning Committee (SPC):
  1. Business as Usual
  2. Additional Wind
  3. Additional Wind plus Exports
  4. Combined Policy
  5. Joint ESWG/MISO PAC Future
3. The ESWG gained consensus that a joint “business as usual” future be pursued following the discussions at the December 1, 2011 meeting with the Midwest ISO Planning Advisory Committee.

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• MINUTES •

**Agenda Item 1 – Administrative Items & agenda review**

Chair Alan Myers (ITC Great Plains, LLC) called the meeting of the Economic Studies Working Group (ESWG) to order at 9:33 a.m., welcomed those in attendance, and asked for introductions (Attachment – Attendance List).

**Agenda Item 1a – Attendance**

There were 18 in person participants and 13 teleconference participants representing 8 of 11 members.

**Agenda Item 1b – ESWG membership opportunities**

Chair Alan Myers (ITC Great Plains, LLC) updated the group regarding two (2) open positions for voting members representing Transmission Users per the group charter and requested interested parties to apply for membership.

**Agenda Item 1c – Minutes Approval**

The group reviewed the minutes for past meetings.

**A motion to approve the eight sets of minutes was made by Kip Fox (AEP) and seconded by Bruce Walkup (Arkansas Electric Cooperative Co.).**

Corrections to six of the sets of minutes were provided by David Ried (Omaha Public Power District) and a request was made that the minutes be made available in a timely manner. Adam McKinnie (Missouri Public Service Commission) asked for clarification regarding the motion passed at the January 5, 2012 meeting and the treatment of the 2012 ITP10 project list. Chair Alan Myers (ITC Great Plains, LLC) and the group affirmed that the project list was not specifically acted upon.

**Following discussion, Kip Fox (AEP) amended his motion to include the changes provided by David Ried. The motion was approved unanimously.**

**Agenda Item 1d – ESWG meeting schedule**

The group reviewed the proposed calendar list for 2012 and agreed to utilize the dates listed. The following meetings were selected for face to face venues at the AEP offices in Dallas pending their availability: February 9, 2012 and March 8, 2012. The April 5, 2012 meeting was selected as a conference call. The schedule will be revisited at the April meeting with proposed locations for the rest of the meetings. Charles Cates (SPP staff) will coordinate with the Cost Allocation Working Group (CAWG) in order to select the same locations for those meetings.

**ACTION ITEM:** Staff coordinate meetings between the ESWG and CAWG and present a list of proposed locations at the April 5, 2012 ESWG teleconference.

**Agenda Item 6 – RARTF recommendations related to the ESWG**

Paul Suskie (SPP staff) provided an overview of the Regional Allocation Review Task Force report and highlighted the items in the report related to the economic studies and metrics within the ESWG's purview. Section 3.8 of the report specifically outlines the benefits to be calculated in the review. The report outlines the request from the RARTF that the ESWG develop methodologies for valuing reliability and public policy related projects, and suggest additional metrics that should be considered in the review.

Each of these benefits should be monetized for inclusion in the review. The group discussed the implications of the review and possible approaches. Items identified by the group that will warrant future attention included:

- Jim Sanderson (Kansas Corp. Commission) requested that attention be given to calculations in order to avoid double-counting of benefit.
- Paul Dietz (Westar) requested that any conservative bias to the calculation of the benefits be transparently identified as the ESWG moves forward ,
- The identification of zones within the review will be important regarding ancillary services.
- The group should consider the development of a task force to address the challenges of the review.

**ACTION ITEM:** The group will revisit the Regional Allocation Review (RAR) during the February 9, 2012 meeting and decided whether to identify a task force to address the development of the benefit metrics.

Paul Suskie (SPP staff) concluded the overview by drawing attention to the strong involvement of the states in the review process through the Regional State Committee (RSC) and thanked the group for their attention.

### **Agenda Item 2 – 2011 Probabilistic Assessment**

Michael Odom (SPP staff) stepped through the 2011 Probabilistic Assessment assumptions, calculation methods, and conclusions. The group provided several comments for improvements to the study and requested involvement in the review of future studies.

The group discussed the decrease in Daily LOLE with the decrease of capacity margin reported in the study. It was noted that the hourly LOLE (LOLH) and unserved load increased with the capacity margin decrease.

**A motion to that ESWG understands that this report will be submitted to NERC and also recommends that future reports be reviewed by the ESWG was made by Kip Fox (AEP) and seconded by Paul Dietz (Westar). The motion was approved with 6 in favor, 2 against. David Ried (OPPD) and Kurt Stradley (LES) registered their concerns that the report could not be acted upon because they were unable to view the final version presented at the meeting while on teleconference, the modeling used in the study incorporate 2008 weather patterns for load profile shapes and 2009 weather patterns for the wind shape, and the results were suspect since the LOLE was shown to decrease while the capacity margin decreased (as the capacity margin is reduced, the LOLE should increase).**

Following discussion, Chair Alan Myers (ITC Great Plans, LLC) requested staff provide a web conference option for all future face to face ESWG meetings.

### **Agenda Item 3 – 2013 ITP20 Scope development**

Josh Ross (SPP staff) presented an overview of the 2013 ITP20 futures and scope. The group made adjustments to the proposed futures and formally recommended a set of futures for consideration at the SPC.

**A motion to adopt the futures as outlined (Attachment – Proposed 2013 ITP20 Futures) for recommendation to the SPC was made by David Ried (OPPD) and seconded by Paul Dietz (Westar). The motion was approved unanimously.**

The five futures adopted were:

1. Business as Usual
2. Additional Wind
3. Additional Wind plus Exports
4. Combined Policy

5. Joint ESWG/MISO PAC Future

**Agenda Item 4 – Joint Future with MISO meeting follow-up**

David Kelly (SPP staff) followed-up regarding the joint future being developed with Midwest ISO's Planning Advisory Committee (PAC). He requested that the group provide direction for staff to move forward with a proposed meeting schedule and a "business as usual" future. Chair Alan Myers (ITC Great Plains, LLC) asked the group to provide feedback. The group provided an informal consensus that a joint "business as usual" future be pursued by staff.

**Agenda Item 5 – EIPC wind integration**

Doug Bowman (SPP staff) supplied an update of the EIPC's current efforts regarding wind development and transmission plans in the SPP footprint. He asked that the group continue to provide input into the process and identify any missteps as staff supports the efforts of the EIPC.

**ACTION ITEM:** Doug Bowman will provide an update to the ESWG at the February 9, 2012 meeting.

**Adjournment**

Alan Myers (ITC Great Plains, LLC) requested if any other items needed discussion at the meeting. Finding none, the meeting was adjourned at 3:07 p.m. on Thursday, January 12, 2012.

Respectfully Submitted,

Tim Miller,  
Secretary

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**January 12, 2012**  
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• A T T E N D A N C E L I S T •

<b>Member</b>	<b>Representing</b>	<b>Participant</b>	<b>Representing</b>
Alan Myers	ITC Great Plains	Josh Ross	SPP staff
Bennie Weeks	Xcel Energy	Kirk Hall	SPP staff
Bruce Walkup	AECC	Kenny Hale	City Utilities Springfield, MO
David Ried	OPPD	Kurt Stradely	LES
Kip Fox	AEP	Michael Odom	SPP staff
Kurt Stradley	LES	Mitch Williams	WFEC
Leon Howell	OGE	Paul Hassink	AEP
Paul Dietz	Westar	Paul Suskie	SPP staff
James Sanderson	KCC	Roy Boyer	Xcel Energy
Tim Miller	SPP staff	Steve Gaw	Wind Coalition
Adam McKinnie	MO PSC	Temujin Roach	Texas PUC
Bernie Ciu	Xcel Energy	Tim Owens	NPPD
Charles Cates	SPP staff	Tom Hestermann	Sunflower
Dan Jones	SPP staff	Tony Gott (AECI)	AECI
Dan Lenihan	OPPD	Trent Campbell	OK Corp. Commission
David Kelley	SPP staff		
Doug Bowman	SPP staff		



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• ATTENDANCE LIST •

Name	System
Tom Miller	SPP staff
Michael Odum	SPP staff
Bruce Walkup	AECC
Bernd Lill	Xcel
Bennie Weeks	Xcel/SPS
Leon Howell	OGE
Charles Lakes	SPP
MITCHELL L WILLIAMS	WFEC
Steve Bauer	Wind Coalition
Paul Dietz	Westar Energy
Kip Fox	AEP
PAUL HASSINK	AEP
Jim Jaylanson	KCC
Paul Suship	SPP staff
TRENT A. Campbell	ex. Corp. Commission
TEMMIN ROACH	PUCT
Alan Myers	ITC Great Plains



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• ATTENDANCE LIST •

Name	System
- TELECONFERENCE -	
DAVID Ried	OPPD
Kurt Stradelky	LES
Kenny Hale	CITY UTILITIES
Tom Hester	SUNFLOWER
Roy Boy	XCEL ENERGY
Tony Gatt	AECI
Dan Kenihan	OPPD
Tim Owens	NPPD
Dan Jones	SPP staff
Kirk Hall	SPP staff
Doug Burren	SPP staff
David Kelly	SPP staff

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**• A G E N D A •**

**9:30 am – 3:30 pm**

1. Administrative items & agenda review ..... Alan Myers
  - a. Attendance
  - b. ESWG membership opportunities
  - c. Minutes approval
  - d. ESWG meeting schedule
6. RARTF recommendations related to the ESWG ..... Paul Suskie
2. 2011 Probabilistic Assessment (action item)..... Michael Odom
3. 2013 ITP20 Scope development ..... Josh Ross
  - a. Process Overview & Strategic Approach
  - b. Futures Discussion
  - c. Resource Plan Process
  - d. ITP20 topics for each ESWG meeting
4. Joint Future with MISO meeting follow-up (action item)..... David Kelly
5. EIPC wind integration ..... Doug Bowman



**Southwest Power Pool  
ECONOMIC STUDIES WORKING GROUP  
Proposed 2013 ITP20 Futures**

January 12, 2012

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## 2013 ITP20 Futures

- **Future 1: Business as Usual**
  - EPA Regulations
    - CSAPR (CAIR), MATS (MACT), 316b (water), Regional Haze
  - Use existing state targets for wind generation – approximately 10 GW
  - Load growth follows expectation of MDWG models
  - Include Entergy within MISO market/footprint
- **Future 2: Additional Wind**
  - Builds upon Business as Usual
  - Regional Renewable Energy Standard (RES) of 20% - approximately 17 GW

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## 2013 ITP20 Futures

- **Future 3: Additional Wind plus exports**
  - Builds upon Future 2
  - Additional Wind Exports of approximately 10 GW
- **Future 4: Combined Policy**
  - 20% RPS, include DSM, load reduction and a carbon constraint.
  - Load growth reduction from Business as Usual by 1% annually
- **Future 5: Joint ESWG/MISO PAC future**
  - SPP and MISO will coordinate input assumptions and models for joint future

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**Southwest Power Pool  
ECONOMIC STUDIES WORKING GROUP  
Pending Action Items Status Report**

**January 12, 2012**

ID	Action Item	Date Originated	Status	Comments
001	ESWG directs SPP staff to write up and present the ESWG with the assumptions used for the coal and natural gas transportation costs in the ITP10 process.	Aug 2, 2011 ESWG	Complete	In ITP10 draft report
002	For discussion at the next meeting Alan Myers and staff will outline work items for the group and discuss ESWG responsibilities per the group's charter.	Aug 2, 2011 ESWG	In Progress ESWG & Staff	
003	ESWG members will review the sensitivities proposed with their companies before a formal vote at the August 30 ESWG meeting.	Aug 2, 2011 ESWG	Complete	ESWG voted and approved sensitivities on 9-26-11
004	Coordinate a meeting to discuss possible join future(s) with the Midwest ISO Planning Advisory Committee	Aug 2, 2011 ESWG	Complete	
005	Staff to write up and present the ESWG with the justification, pros/cons, and historical background for the Forty-Year Financial Analysis using the percentage growth method (Option 1).	Sep 26, 2011 ESWG	Complete	See the 2012 ITP10 report
006	Staff to prepare metric information for the Markets and Operations Policy Committee (MOPC).	Sep 26, 2011 ESWG	Complete	Provided to Oct 11-12 MOPC meeting
007	Staff will prepare a futures presentation for the SPC that will include discussion of these rules and the impact on the ITP. It should raise the issue that we think a reliability and economic look at this would be best considered as a special study.	Sep 26, 2011 ESWG	Complete	Provided at Nov 8, 2011 ESWG meeting for discussion.
008	Staff will discuss OPPD's concerns about North to South flows and overloads in the Cass county area.	Sep 26, 2011 ESWG	Complete	Staff held discussions with John Mayhan (OPPD) and collected thoughts for improving ITP moving forward.

009	Staff will update ESWG following the SPC meeting regarding these futures and continue to work out the meeting with the PAC.	Sep 26, 2011 ESWG	Complete	Provided at Nov 10, 2011 ESWG meeting
010	Staff to investigate the \$/MWh relation between the importing and exporting areas to ensure that the results make sense.	Sep 26, 2011 ESWG	Complete	
011	Kip Fox (AEP) will prepare a list of concerns regarding the impact of forthcoming Environmental Protection Agency (EPA) regulations upon the ITP process	Nov 8, 2011 ESWG	Complete	Provided at Nov 10, 2011 ESWG meeting
012	SPP staff will provide their plans regarding the 2012 ITP10 and the next cycle of the ITP20.	Nov 8, 2011 ESWG	Complete	Provided at Nov 10, 2011 ESWG meeting
013	SPP staff will recap the four options identified to address the concerns regarding the forthcoming EPA regulations	Nov, 10, 2011	Complete	Provided at Dec 12, 2011 meeting
014	SPP staff to work with Mike Proctor to finalize assumptions within the forty-year financial analysis for the 2012 ITP10 and present the ESWG with the results	Nov 17, 2011	Complete	See 2012 ITP10 report.
015	SPP staff coordinate meetings between the ESWG and CAWG and present a list of proposed locations at the April 5, 2012 ESWG teleconference.	Jan 12, 2012	In Progress Staff	
016	Doug Bowman (SPP staff) will provide an update to the ESWG at the February 9, 2012 meeting.	Jan 12, 2012	In Progress Staff	