

Southwest Power Pool
ECONOMIC STUDIES WORKING GROUP
November 17, 2011
Web Conference
10:00 am – 12:00 pm

• SUMMARY OF ACTIONS TAKEN •

1. The ESWG approved Approach #1: Valuing Economics Benefit Incremental to Reliability for the 2012 ITP10 for the calculation of Adjusted Production Cost savings.
2. Staff tasked to write up and present the ESWG with the four options discussed for addressing the concerns regarding forthcoming EPA regulations.

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• MINUTES •

Agenda Item 1 – Administrative Items

Chair Alan Myers (ITC Great Plains, LLC) called the meeting of the Economic Studies Working Group (ESWG) to order at 10:00 a.m., welcomed those in attendance, and asked for introductions (Attachment – Attendance List). There were 31 teleconference participants representing 9 of 11 members.

Agenda Item 2 – ITP10 Forty-Year Financial Analysis

Brett Hooton (SPP staff) introduced the forty-year financial analysis assumptions for discussion at the group. The group discussed the proper utilization of interest rates, treatment of zonal costs, inclusion of revenue requirements, and inclusion of depreciation of the assets recommended by the 2012 ITP10. The group tasked staff to work with Mike Proctor (Consultant to the RSC) on the details and move forward with analysis in the 2012 ITP10.

ACTION ITEM: 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 (Attachment – Action Item Report).

Agenda Item 3 – ITP10 Staging & Timing Process

Tim McGinnis (SPP staff), explained the approach utilized in the staging of economic projects in the 2012 ITP10. The group reviewed the process and provided comments. Mike Proctor (Consultant to the RSC) suggested that the order of projects be switched from reliability, economic, policy to reliability, policy, economic in the ITP10 tables and report.

Agenda Item 4 – ITP10 Report Draft

Tim Miller (SPP staff), provided an update concerning the 2012 ITP10 draft report and requested feedback and review from the group on the October draft be submitted no later than Nov 28, 2011 for inclusion in the December draft report.

Agenda Item 5 – LOLE Report for endorsement

Michael Odom (SPP staff), provided a short update concerning the 2011 Probabilistic Assessment. More details will be presented in December.

Adjournment

Alan Myers (ITC Great Plains, LLC) requested if any other items needed discussion at the meeting. Finding none, the meeting was adjourned at 12:00 p.m. on Thursday, November 17, 2011.

Respectfully Submitted,

Tim Miller, Secretary

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• A T T E N D A N C E L I S T •

Member	Representing	Participant	Representing
Alan Myers	ITC Great Plains	Bruce Cude	Xcel Energy
Bennie Weeks	Xcel Energy	Chad Mazurek (AECI)	AECI
Blake Elliott	BPU	Dan Jones	SPP
Bruce Walkup	AECC	Dan Lenihan	OPPD
David Ried	OPPD	Hamid Maghdan	Quanta Technology
Greg Sweet	Empire	Jason Shook	GDS Associates
Kip Fox	AEP	Jim Foley	OPPD
Kurt Stradley	LES	Jody Holland	
Leon Howell	OGE	John Mayhan	OPPD
James Sanderson	KCC	Michael Odom	SPP staff
Mike Proctor	Consultant	Nathan McNeil	Midwest Energy
Tim Miller	SPP staff	Roy Boyer	Xcel Energy
Adam McKinnie	MO PSC	Steve Gaw	Wind Coalition
Antoine Lucas	SPP staff	Tim McGinnis	SPP staff
Brett Hooton	SPP staff	Tim Owens	NPPD
Brittney Miller	AR PSC		

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• A G E N D A •

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1. Administrative Items Alan Myers
2. ITP10 Forty-Year Financial Analysis Brett Hooton, SPP staff
3. ITP10 Staging & Timing Process..... Tim McGinnis, SPP staff
4. ITP10 Report Draft..... Tim Miller, SPP staff
5. LOLE Report for endorsement Michael Odem, SPP staff

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

November 17, 2011

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	In Progress Staff	
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	In Progress Staff	
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	In Progress Staff	
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	In Progress Staff	
013	SPP staff will recap the four options identified to address the concerns regarding the forthcoming EPA regulations	Nov, 10, 2011	In Progress Staff	
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	In Progress Staff Mike Proctor	