



**Southwest Power Pool, Inc.**  
**MARKETS AND OPERATIONS POLICY COMMITTEE**  
**Recommendation to the Board of Directors**  
**MCRRs 30, 34**  
**January 28-29, 2013**

**Organizational Roster**

The following persons are members of the Regional Tariff Working Group:

Dennis Reed, WR (Chair)	Paul Malone, NPPD
Charles Locke, KCPL (Vice-Chair)	Adam McKinnie, MoPSC
Richard Andrysik, LES	Robert Pennybaker, AEP
Bill Dowling, Midwest Energy	Neil Rowland, KMEA
Luke Haner, OPPD	Robert Shields, AECC
Tom Hestermann, Sunflower	Keith Tynes, ETEC
Rob Janssen, Dogwood	John Varnell, Tenaska
David Kays, OGE	Bary Warren, EDE
Lloyd Kolb, Golden Spread	Mitch Williams, WFEC
David Linton, ITC Great Plains	Brenda Fricano, SPP (Acting Secretary)
Tom Littleton, OMPA	
Bernie Liu, Xcel	

**Background**

Please see the MCRR Recommendation Reports for MCRRs 30 and 34 that were included in the MOPC January 25, 2013 background materials.

**Analysis**

Please see the MCRR Recommendation Reports for MCRRs 30 and 34 that were included in the MOPC January 25, 2013 background materials.

**Recommendation**

The MOPC recommends that the BOD approve its request regarding MCRRs 30 and 34.

**Action Requested:** Approval of RTWG's request on MCRRs 30 and 34.

**APPROVED: MOPC**

January 25, 2013

MCRR 30-Passed with one opposed-City of Independence and four abstentions-City Utilities, KPP, NPPD, and GRDA

MCRR34

January 25, 2013

Passed with new language with one opposed-NPPD and one abstention-Dogwood Energy

MCRR Number	FERC Order paragraph addressed	RTWG Meeting Vote
30	327	<p>January 24, 2013</p> <p>Approved with four abstentions (Dogwood, GSEC, NPPD, OPPD)</p>
34	334	<p>January 24, 2013</p> <p>Approved with one opposition (Dogwood) to delete the last sentence of the paragraph (see comment in Recommendation Report)</p> <p>Approved MWG's modifications with a modification with one oppositions (NPPD) and two abstentions (Dogwood, GSEC)</p>

## Marketplace Compliance Revision Request

<b>MCCR No.</b>	30	<b>MCCR Order Reference</b>	E. Integration Issues, 2. Bilateral Settlement Schedules
<b>Date</b>	12/26/2012	<b>Sponsor</b>	Richard Dillon/Nick Parker
<b>Requested Resolution</b>	<input type="checkbox"/> Normal <input checked="" type="checkbox"/> Expedited <input type="checkbox"/> Urgent Action All MCRRs are considered expedited due to the 90 day compliance window.		
<b>Corresponding MPRR No. (if any)</b>	N/A		
<b>Tariff Section(s) Requiring Revision</b>	<b>Section No.:</b> Attachment AE, Section 8.2 <b>Title:</b> Bilateral Settlement Schedules <b>Tariff Version:</b>		
<b>Protocol Section(s) Requiring Revision</b>	<b>Section No.:</b> 4.5.3 <b>Title:</b> Bilateral Settlement Schedules <b>Protocol Version:</b> 10.0		
<b>FERC Order (Paragraph number in parentheses, i.e. (p101) followed by language from matrix)</b>	(p327) Finally, we note that SPP’s proposed tariff revisions to implement the Bilateral Settlement Schedule are unclear in several respects. For example, Attachment AE, section 8.2 of the proposed tariff states that SPP can terminate a Bilateral Settlement Schedule for “settlement disputes,” but SPP in its answer states that it can only terminate the “auto-approve” feature, not the Bilateral Settlement Schedule itself. Additionally, SPP provided clarification in its answers on the alternatives to the Bilateral Settlement Schedule process (i.e., the seller registering the buyer’s load) for addressing bilateral agreements in the Integrated Marketplace that are not present in the tariff language. Accordingly, we direct SPP to revise its tariff in a compliance due 90 days after the issuance of this order a transition mechanism to provide a default method of addressing settlement of existing bilateral transactions, incorporate the clarifications made in its answers on Bilateral Settlement Schedule, and clarify the disputed termination provisions in section 8.2.		
<b>Description of Changes</b>	Draft tariff language to comply with FERC guidance to: provide a default method of addressing settlement of existing bilateral transactions, incorporate the clarifications made in its answers on Bilateral Settlement Schedule, and clarify the disputed termination provisions in section 8.2.  Based on member feedback and further internal SPP Staff and Legal review regarding FERC’s intent of the “Default” mechanism described under Paragraph’s 326 and 327, the following changes are proposed: <ol style="list-style-type: none"> <li>1. No changes are being proposed regarding the TSR source location if the source is not Resource or Resource Hub specific. The default will remain the seller’s load Settlement Location.</li> <li>2. The default provision is now limited to the new language added under Section 8.2.1 of the Tariff relating to submittal of Bilateral Settlement Schedules</li> <li>3. Changes in yellow.</li> </ol>		
<b>MWG Review</b>	Date of Vote: 1/22/2013—Approved with modifications  Segment of Parties that voted No or Abstained: Opposed—EDE, GSEC Abstained—  Changes highlighted in green		

<b>RTWG Review</b>	Date of Vote: 1/24/2013-Approved with Modifications to MWG modifications Abstained-
<b>ORWG Review</b>	Date of Vote: Segment of Parties that voted No or Abstained:

<b>Proposed Tariff Language Revision</b>
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## 2.2 Application and Asset Registration

- (1) Applications for a Market Participant to provide services in the Integrated Marketplace must be submitted to the Transmission Provider prior to the expected date of participation consistent with Section 6.4 of the Market Protocols. Applications must conform to the procedures specified in the Market Protocols and may be rejected if not complete. New Market Participants will follow the timeframe as specified in Section 6.4 of the Market Protocols in addition to the detailed model update timing requirements in Appendix E of the Market Protocols.
- (2) As part of the application process, Market Participants must register all Resources and load, including applicable load associated with Grandfathered Agreements (“GFAs”), Non-Conforming Load and Demand Response Load with the Transmission Provider in accordance with the registration process specified in the Market Protocols. Both Non-Conforming Load and Demand Response Load may only be associated with a single Price Node.
- (3) Market Participants may elect to define a single Settlement Location that aggregates multiple Meter Data Submittal Locations associated with their load assets.
- (4) In addition to the responsibilities described in Section 4.1.2 of this Attachment AE and under the Market Protocols, Market Participants wishing to model each participant’s share of a Jointly Owned Unit as a separate Resource must choose one of the two options described below and provide the specified additional information. A Resource registered as a combined cycle Resource may not register as a Jointly Owned Unit.
  - (a) Individual Resource Option

Under the individual Resource option, each participant’s share is modeled as a separate Resource for the purposes of commitment and dispatch and each

Resource may be committed independent of the other Resource shares. In order to qualify for this option, each Market Participant must register its share and certify that it is greater than or equal to the minimum physical capacity operating limit of the physical Jointly Owned Unit.

The operating owner's Meter Agent will be the Meter Agent for that Jointly Owned Unit unless each individual Jointly Owned Unit participant registers a Meter Agent for its share of the Resource.

Unless otherwise agreed to by the Jointly Owned Unit participants, the operating owner will be responsible for submitting the following data:

- Jointly Owned Unit maximum physical capacity operating limit;
- Jointly Owned Unit minimum physical capacity operating limit;  
and
- Maximum physical ten (10) minute response from an off-line state.

(b) Combined Resource Option

Under the combined Resource option each participant's share is modeled and must be registered as a separate Resource. Under this option, the commitment decision is made assuming that all Resource shares must be committed or none at all. Once committed, each share is dispatched independently. This option must be selected if the eligibility criteria stated under the individual Resource option cannot be met.

The operating owner's Meter Agent will be the Meter Agent for that Jointly Owned Unit unless each individual Jointly Owned Unit participant registers a Meter Agent for its share of the Resource.

Unless otherwise agreed to by the Jointly Owned Unit participants, the operating owner will be responsible for submitting the following data:

- Jointly Owned Unit maximum physical capacity operating limit;
- Jointly Owned Unit minimum physical capacity operating limit;
- Maximum physical ten (10) minute response from an off-line state;  
and
- Participant share percentage by Market Participant.

(5) Market Participants may modify their registered assets in accordance with the asset registration procedures specified in the Market Protocols.

(6) All loads and all Resources, excluding Behind-The-Meter Generation less than 10 Megawatts ("MWs"), 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 Energy and Operating Reserve Markets or subject the Qualifying Facility to any charges or payments related to the Energy and Operating Reserve Markets.
- (7) A Market Participant wishing to Offer an External Resource in the Energy and Operating Reserve Markets will utilize an External Resource Pseudo-Tie in accordance with Attachment AO. In addition to the responsibilities outlined 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 Energy and Operating Reserve Markets.
- (8) A Market Participant wishing to offer controllable load as a Demand Response Resource in the Energy and Operating Reserve Markets must include in its application and registration a certification that participation in the Energy and Operating Reserve Markets by its Demand Response Resource is not precluded under the laws or regulations of the relevant electric retail regulatory authority. *Consistent with Section 2.8 of this Attachment, an aggregator of retail customers wishing to offer Demand Response Load in the form of a Demand Response Resource on behalf of one or more retail customers must also include in its application and registration a certification that participation of each retail customer is either: (1) not precluded by the laws or regulations of the relevant electric retail regulatory authority if the customer is served by a utility that distributed more than 4 million MWh in the previous fiscal year; or (2) affirmatively permitted by the laws or regulations of the relevant electric retail regulatory authority if the customer is served by a utility that distributed 4 million MWh or less in the previous fiscal year.* Demand Response Resources must meet all application, registration and technical requirements applicable to the Energy and Operating Reserve Markets. 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 Energy and Operating Reserve Markets in violation of any law or regulation of a relevant electric retail regulatory authority including state-approved retail tariff(s).
- (9) An aggregator of retail customers offering Demand Response Load of one or more end-use retail customers as a Demand Response Resource in the Energy and Operating Reserve Markets must be a Market Participant, satisfying all registration and certification requirements applicable to Market Participants as well as certification consistent with Section 2.8 of this Attachment.
  - (10) A wind-powered Variable Energy Resource with an interconnection agreement executed after May 21, 2011 must register as a Dispatchable Variable Energy Resource. Variable Energy Resources with fuel sources other than wind may optionally register as a Dispatchable Variable Energy Resource. Otherwise, Variable Energy Resources must register as Non-Dispatchable Variable Energy Resources.
  - (11) A Market Participant that is selling firm power to a load asset under a bilateral contract may, with the agreement of the buyer, register all or a portion of the buyer's load as its load asset. For purposes of this section 2.2 (11) of Attachment AE, the sale of firm power shall refer to power sales deliverable with firm transmission service, where the capacity and energy is supplied under standards of reliability and availability equivalent to supply of native load customers with the supplier assuming the obligation to provide both capacity and energy.

### 7.1.1 Transmission Service Verification

In order for Eligible Entities to obtain candidate ARR, the Transmission Provider must first verify existing Transmission Service entitlements. An Eligible Entity's Transmission Service must span the entire monthly or seasonal period for which ARRs are allocated to qualify for candidate ARRs in a particular month or season. The Transmission Provider will verify Eligible Entity existing Transmission Service entitlements as follows:

- (1) The following will be performed prior to each annual ARR allocation for Eligible Entities taking Network Integration Transmission Service or Firm Point-To-Point Transmission Service under the Tariff:
  - (a) The Transmission Provider will obtain source, sink and Reservation Capacity information from the OASIS for each monthly and seasonal period for which

ARRs are allocated in which the Transmission Service spans the entire period for the current annual allocation;

- (i) For a Transmission Service reservation with a source inside the SPP Balancing Authority Area that is not a specific Resource or Resource Market Hub, the Transmission Provider will determine the load Settlement Location that most electrically corresponds to the source on the Transmission Service reservation that will be utilized as the source for candidate ARRs.
  - (ii) For a Transmission Service reservation with a source outside of the SPP Balancing Authority Area, the interface between the Transmission Provider and the first tier Balancing Authority Area associated with the transmission reservation will be utilized as the source for candidate ARRs.
  - (iii) For a Transmission Service reservation with a sink outside of the SPP Balancing Authority Area, the interface between the Transmission Provider and the first tier Balancing Authority Area associated with the transmission reservation will be utilized as the sink for candidate ARRs.
- (b) The Transmission Provider will provide this information to each Eligible Entity for verification; and
  - (c) Eligible Entities will notify the Transmission Provider within 2 weeks following receipt of this information, identifying and correcting inaccurate data on the OASIS. Otherwise, the Transmission Provider provided data will be considered verified.
- (2) The following will be performed prior to each annual ARR allocation for the Eligible Entity taking GFA service:
- (a) Each Transmission Owner shall register any GFA for which candidate ARRs are to be provided to the Transmission Owner or the transmission customer under the GFA on the Transmission Provider's OASIS. The Transmission Owner must provide the Transmission Provider with source, sink and Reservation Capacity information for each GFA on the Transmission Provider's OASIS. If both parties to the GFA are Market Participants with respect to the GFA load, then the parties may jointly inform the Transmission Provider which Market Participant will be allocated the candidate ARRs. If the parties to the GFA do not so inform the Transmission Provider, or if only the Transmission Owner that sold the GFA



service is a Market Participant, then the Transmission Owner that sold the GFA service will be allocated the candidate ARRs associated with the GFA.

- (i) For a GFA with a source inside the SPP Balancing Authority Area that is not a specific Resource or Resource Market Hub, the Transmission Provider will determine the load Settlement Location that most electrically corresponds to the source on the Transmission Service reservation that will be utilized as the source for candidate ARRs.
  - (ii) For a GFA with a source outside of the SPP Balancing Authority Area, the interface between the Transmission Provider and the first tier Balancing Authority Area associated with the transmission reservation will be utilized as the source for the candidate ARRs.
  - (iii) For a GFA with a sink outside of the SPP Balancing Authority Area, the interface between the Transmission Provider and the first tier Balancing Authority Area associated with the transmission reservation will be utilized as the sink for the candidate ARRs.
- (b) If the transmission customer under the GFA is receiving the candidate ARRs, to the extent that the transmission service specified in the GFA is identified as the equivalent of SPP Network Integration Transmission Service, the transmission customer under the GFA must provide the historical annual peak loads being served under the GFA since February 1, 2007.

## 8.2 Bilateral Settlement Schedules

Market Participants may create Bilateral Settlement Schedules for Energy and Operating Reserve obligations by registering and confirming the parameters of the agreement between buyer and seller as described in the Market Protocols. Both the buyer and seller must confirm the Bilateral Settlement Schedule. Either the buyer or seller may terminate the Bilateral Settlement Schedule at any time. In addition, the Transmission Provider may terminate the Bilateral Settlement Schedule ~~if it encounters recurring settlement disputes or~~ if either party is in Default and ~~the~~ Transmission Provider will resettle with Market Participants as if the Bilateral Settlement Schedule did not exist.

Market Participants may submit Bilateral Settlement Schedule quantities for Energy and Operating Reserve obligation for use in the Day-Ahead Market and may submit Bilateral Settlement Schedule quantities for Energy for use in the Real-Time Balancing Market up to four (4) days following the applicable Operating Day for the initial settlement. New submittals and revisions to previously submitted values may be submitted up to forty-four (44) days following the applicable Operating Day to be included in the final settlement. Submittals not confirmed by both parties will not be included in any settlement execution.

Transactions related to Bilateral Settlement Schedules for Energy must specify the Settlement Location, the MW amount, the buyer, the seller and which market it applies to (Day-Ahead Market or RTBM). The seller receives an increase in load obligation equal to the specified MW amount and the buyer receives a reduction in load obligation equal to the specified MW amount (the equivalent of a Resource settlement) at the specified Settlement Location.

Transactions related to Bilateral Settlement Schedules for Operating Reserve obligation must specify the buyer, the seller, the Operating Reserve product, the MW obligation transfer and the Reserve Zone within which the obligation transfer applies. The seller receives an increase in Operating Reserve obligation equal to the specified MW and the buyer receives a corresponding decrease in Operating Reserve obligation within the specified Reserve Zone.

### 8.2.1 Default Procedures for ~~Pre~~-Existing Bilateral Contracts ~~Transitioning to Integrated~~ Marketplace

The procedures established under this section 8.2.1 of Attachment AE shall apply to bilateral contracts entered into prior to October 18, 2012, where the buyer and seller have not agreed to the terms in ~~the~~ Bilateral Settlement Schedules corresponding to such pre-existing bilateral contracts:

- (1) Upon request of the buyer, the Transmission Provider shall review and confirm that a particular bilateral contract exists between the buyer and seller. The Transmission Provider shall schedule a meeting between a designated senior representative of the buyer and seller within 30 days of such a request. The Transmission Provider shall conduct these discussions in accordance with Section 12 of the Tariff. Following confirmation, the buyer may register and confirm a Bilateral Settlement Schedule representing the parameters of the agreement. The Transmission Provider shall confirm that the buyer has submitted Bilateral Settlement Schedule parameters that are consistent with those specified in the bilateral contract;
- (2) Subsequent submission by either the buyer or the seller of Bilateral Settlement Schedules for Energy and/or Operating Reserve associated with the registered Bilateral Settlement Schedule in either the Day-Ahead Market and/or RTBM must be consistent with the quantities specified in the bilateral contract. Only the buyer is required to confirm the Bilateral Settlement Schedule. Confirmation of such submission shall only be required by the buyer;
- (3) Only Both the buyer and the seller must agree to any may termination of the Bilateral Settlement Schedule; and
- (4) The Settlement Location for Bilateral Settlement Schedules for Energy shall be the source Settlement Location of the associated transmission service reservation as described under Section 7.1.1(1)(a)(i) or 7.1.1(2)(a)(i) of this Attachment AE, as applicable;:-
- (5) The Transmission Provider shall not be a party to Bilateral Settlement Schedules and nothing in this section 8.2.1 of Attachment AE shall impose on the Transmission Provider any obligation regarding the settlement of financial rights and obligations between the parties to Bilateral Settlement Schedules; and
- (6) Nothing in this section 8.2.1 of Attachment AE shall alter the parties' rights and obligations under preexisting bilateral contracts, limit the right of either party to seek enforcement of such rights and obligations, and/or limit a party's right to obtain appropriate relief, pursuant to section 206 of the FPA or as otherwise in accordance with the law.

### **8.3 Calculation of Locational Marginal Prices, Locational Marginal Price Components, and Market Clearing Prices**

An LMP shall be calculated for each Meter Settlement Location for the Day-Ahead Market and RTBM and shall be calculated as the price at that location based on the SCED and Operating Reserve clearing, the Dispatchable Resource Energy Offer Curve, Operating Reserve Offer prices and Resource characteristics submitted by Market Participants and data from the State Estimator. The following rules will be used in calculating the LMPs:

- (1) LMPs are calculated by the Transmission Provider for each hour in the Day-Ahead Market and each Dispatch Interval in the RTBM as part of the SCED solution described under Section 6.2.2 of this Attachment AE. In performing these calculations, Dispatchable Resources will be eligible to set the LMP under the following conditions:
  - (a) The Dispatchable Resource must be operating below its maximum capacity limit;
  - (b) The Dispatchable Resource must be operating above its minimum capacity limit; and
  - (c) The Dispatchable Resource output must not be ramp rate constrained such that the Dispatchable Resource cannot achieve the optimal desired dispatch point under the economic dispatch.
- (2) The Transmission Provider shall calculate LMPs, MCCs and MLCs for use in settlement as follows:
  - (a) An LMP, MCC and MLC shall be calculated for each Meter Settlement Location for each hour in the Day-Ahead Market and for every Dispatch Interval in the RTBM.
  - (b) The LMP, MCC and MLC for a load Settlement Location or a Demand Response Load location with multiple Meter Settlement Locations for an hour within the Day-Ahead Market or a Dispatch Interval within the RTBM shall be equal to the load weighted average of LMPs calculated for Meter Settlement Locations aggregated to that Settlement Location or Demand Response Load location for that hour or Dispatch Interval. The load weights utilized in this calculation for the Day-Ahead Market shall be based upon a historical Real-Time load calculated at each Meter Settlement Location by the State Estimator and for the RTBM shall be based upon the actual Real-Time load calculated at each Meter Settlement Location by the State Estimator in that Dispatch Interval.

- (c) The LMP, MCC and MLC for a Resource Settlement Location for an hour in the Day-Ahead Market and for a Dispatch Interval in the RTBM shall equal the LMP, MCC and MLC calculated for that Settlement Location for the Resource or, in the case of a Block Demand Response Resource, the LMP, MCC and MLC calculated at the associated Demand Response Load location.
  - (d) The LMP, MCC and MLC for a Market Hub Settlement Location for an hour within the Day-Ahead Market or a Dispatch Interval within the RTBM shall be equal to the weighted average of LMPs, MCCs and MLCs calculated for Price Nodes within the Market Hub aggregated to that Market Hub Settlement Location for that hour or Dispatch Interval. The weights utilized in this calculation for the Day-Ahead Market shall be determined by the Transmission Provider, in consultation with Market Participants, at the time the Market Hub is created.
  - (e) The LMP, MCC and MLC for an External Interface Settlement Location for an hour within the Day-Ahead Market or a Dispatch Interval within the RTBM shall be equal to the weighted average of LMPs, MCCs and MLCs calculated for Price Nodes within the External Interface aggregated to that External Interface Settlement Location for that hour or Dispatch Interval. The weights utilized in this calculation for the Day-Ahead Market and RTBM shall be determined by the Transmission Provider at the time the External Interface is created.
- (3) In the event a failure of the RTBM systems results in a loss of data required for calculation of LMPs, RTBM Energy will continue to be settled financially under this Tariff based upon estimated LMPs. The Transmission Provider shall notify Market Participants if RTBM Energy is to be settled using estimated prices. The estimated LMPs shall be the most recently calculated LMPs, MCCs and MLCs for each affected Settlement Location and shall be utilized for settlement purposes for each of the Dispatch Intervals in which LMP pricing data is missing.
- (4) If there is insufficient capacity to meet the Energy requirements on a system-wide basis, LMPs are set to the LMPs calculated prior to realization of the complete shortage of Operating Reserve.

### 4.5.3 Bilateral Settlement Schedules

Market Participants may create Bilateral Settlement Schedules for Energy and Operating Reserve obligation by registering and confirming the parameters of the agreement between buyer and seller such as the Schedule ID, Settlement Location, Reserve Zone, maximum allowable hourly quantity, market product, submitting party, auto-confirmation option and the effective & termination dates. Once this “header” information is validated and entered into the system by SPP, hourly quantities submitted reference the Schedule ID in order to be associated with all the parameters required for settlement calculations. In the event that either party no longer consents to participate in the Bilateral Settlement Schedule, ~~or if SPP staff encounter recurring settlement dispute activity related to its usage~~ the “header” information may be ended in advance of the original termination date effectively preventing further submittal of hourly quantities. In addition, if SPP encounters recurring settlement dispute activity relating to the use of the auto-confirmation option, SPP may remove that option from the header information for that Bilateral Settlement Schedule.

Market Participants may submit Bilateral Settlement Schedule quantities for Energy and Operating Reserve obligation up to four (4) days following the applicable Operating Day for the Initial settlement. New submittals and revisions to previously submitted values may be submitted up to 44 days following the applicable Operating Day to be included in the Final settlement. The submittal timeline is subject to acceleration around holidays (see Section **Error! Reference source not found.**). Auto-confirmation applies to only the first submittal per Operating Day and must occur prior to the cutoff for the Initial settlement. Submittals 1) for agreements not using the auto-confirmation option, 2) beyond the cutoff date for the Initial settlement or 3) which update previous submittals must all be explicitly confirmed by the submitting party and counterparty. Submittals not confirmed by both parties will not be included in any settlement execution.

Transactions related to Bilateral Settlement Schedules for Energy must specify the Settlement Location, the MW amount, the buyer, the seller and which market it applies to (DA Market or RTBM). The seller receives an increase in load obligation equal to the specified MW amount and the buyer receives a reduction in load obligation equal to the specified MW amount (the equivalent of a Resource settlement) at the specified Settlement Location.

Transactions related to Bilateral Settlement Schedules for Operating Reserve obligation must specify the buyer, the seller, the Operating Reserve product, the MW obligation transfer and the Reserve Zone within which the obligation transfer applies (Operating Reserve Bilateral Settlement Schedules only apply to Day-Ahead Market cost allocation). The seller receives an increase in Operating Reserve obligation equal to the specified MW and the buyer receives a corresponding decrease in Operating Reserve obligation within the specified Reserve Zone.

#### 4.5.3.1 Transition Mechanism for Pre-Existing Bilateral Contracts

To the extent that Market Participants are parties to bilateral contracts entered into prior to October 18, 2012, the rules specified under Section 8.2.1 of Attachment AE to the Tariff shall apply regarding submittal of Bilateral Settlement Schedules that are associated with such bilateral contracts.:

#### **5.1.1 Transmission Service Verification**

In order for Eligible Entities to obtain candidate ARRs, SPP must first verify existing transmission service entitlements. In order to qualify for candidate ARRs in a particular month and/or season, an Eligible Entity's transmission service must span the entire monthly or seasonal period within the applicable year. SPP will verify Eligible Entity existing transmission service entitlements as follows:

- (1) For Eligible Entities taking Network Integration Transmission Service (NITS) and/or Firm Point-To-Point Transmission Service (FPTP) under the SPP Tariff:
  - (a) SPP will obtain source, sink and Reserved Capacity information from the SPP OASIS for each monthly and seasonal period for the applicable year in which the transmission service spans the entire period;
  - (b) For a TSR ~~that is not associated with a bilateral contract entered into prior to October 18, 2012, and~~<sup>[njp1]</sup> with a source inside the SPP Market that is not a specific Resource or Resource Hub, the load Settlement Location that most closely corresponds to the source on the reservation will be utilized as the source for candidate ARRs;  
~~For a TSR that is associated with a bilateral contract entered into prior to October 18, 2012, and with a source inside the SPP Balancing Authority Area that is not a specific Resource or Resource Hub and for which the seller has not registered the buyer's load as described under Section 2.2(11) of Attachment AE to the Tariff, SPP shall create a Resource Hub consisting of all of the seller's Resources and such Resource Hub shall serve as the source on the Transmission Service reservation to be utilized as the source for candidate ARRs.:~~
  - (c) For a TSR with a source outside of the SPP Market, the interface associated with the Balancing Authority of the source will be utilized as the source;
  - (d) For a TSR with a sink outside of the SPP Market, the interface associated with the Balancing Authority of the sink will be utilized as the sink;
  - (e) SPP will provide this information to each Eligible Entity for verification;
  - (f) Eligible Entities will notify SPP within two (2) weeks following receipt of this information identifying and correcting inaccurate data. Otherwise, the SPP provided data will be considered verified.

(2) For Eligible Entities taking GFA service:

- (a) If the transmission customer under the GFA desires to nominate ARRr associated with the GFA sources and sinks identified in the Grandfathered Agreement, the GFA Parties must notify SPP that such GFA exists and provide SPP with sources, sinks and Reserved Capacity information;
- (b) For a GFA ~~that is not associated with a bilateral contract entered into prior to October 18, 2012, and~~ with a source inside the SPP Market that is not a specific Resource or Resource Hub, the load Settlement Location that most closely corresponds to the source on the reservation will be utilized as the source for candidate ARRr;

~~For a GFA that is associated with a bilateral contract entered into prior to October 18, 2012, and with a source inside the SPP Balancing Authority Area that is not a specific Resource or Resource Hub and for which the seller has not registered the buyer's load as described under Section 2.2(11) of Attachment AE to the Tariff, SPP shall create a Resource Hub consisting of all of the seller's Resources and such Resource Hub shall serve as the source on the Transmission Service reservation to be utilized as the source for candidate ARRr.~~

- (c) For a GFA with a source outside of the SPP Market, the interface associated with the Balancing Authority of the source will be utilized as the source for candidate ARRr;
- (d) For a GFA with a sink outside of the SPP Market, the interface associated with the Balancing Authority of the sink will be utilized as the sink;
- (e) In addition, the parties to the GFA must agree that the ~~inform SPP~~ transmission customer under the GFA ~~which party~~ is eligible to nominate the ARRr associated with the GFA and both parties must confirm such with SPP. ~~If both parties to the GFA are Market Participants with respect to the GFA load, then the parties may jointly inform SPP which Market Participant shall be allocated the candidate ARRr. If both parties to the GFA are Market Participants with respect to the GFA load and there is an associated bilateral contract, then candidate ARRr shall be allocated to the buyer under the bilateral contract unless the parties otherwise agree and jointly inform SPP. If both parties to the GFA are Market Participants with respect to the GFA load, there is an associated bilateral contract, and the seller has registered the buyer's load as described under Section 2.2(11) of this Attachment AE, then candidate ARRr shall be allocated to the seller under the bilateral contract unless the parties otherwise agree and jointly inform SPP. If the parties to the GFA do not so inform SPP, or if only the Transmission Owner that sold the GFA service is a Market Participant, then the Transmission Owner that sold the GFA service shall be allocated the candidate ARRr associated with the GFA.~~ To the extent that the transmission service specified in the GFA is identified as the equivalent of SPP NITS, the



transmission customer under the GFA must provide the historical non-coincident annual peak loads (“GFA Annual Peak Load”) being served under the GFA since February 1, 2007.

<b>Proposed Criteria Language Revision</b>
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If needed.

## Marketplace Compliance Revision Request

<b>MCCR No.</b>	34	<b>MCCR Order Reference</b>	E. Integration Issues, 3. General Seams Issues
<b>Date</b>	12/20/2012	<b>Sponsor</b>	Patti Kelly
<b>Requested Resolution</b>	<input type="checkbox"/> Normal <input checked="" type="checkbox"/> Expedited <input type="checkbox"/> Urgent Action All MCRRs are considered expedited due to the 90 day compliance window.		
<b>Corresponding MPRR No. (if any)</b>	N/A		
<b>Tariff Section(s) Requiring Revision</b>	<b>Section No.:</b> Attachment AE, Section 2.2 <b>Title:</b> Application and Asset Registration <b>Tariff Version:</b> Combined filing		
<b>Protocol Section(s) Requiring Revision</b>	<b>Section No.:</b> None <b>Title:</b> <b>Protocol Version:</b>		
<b>FERC Order (Paragraph number in parentheses, i.e. (p101) followed by language from matrix)</b>	(P 334) Likewise, SPP's answer indicates it believes that NPPD will be responsible in the Integrated Marketplace for the same loads for which it is currently registered. However, the Tariff is not clear on this point. Accordingly, we require SPP to revise its Tariff to <b>clarify that SPP members with non-participating embedded loads are not responsible for Integrated Marketplace costs or requirements attributable to the operation of generation and transmission used to serve these loads.</b>		
<b>Description of Changes</b>			
<b>MWG Review</b>	Date of Vote: 1/22/2013—Unanimously approved with modifications  Segment of Parties that voted No or Abstained: N/A  Changes highlighted in green		
<b>RTWG Review</b>	Date of Vote: 1/3/2013—Unanimously approved 1/24/2013—Approved MWG's modifications with a modification and comment  Segment of Parties that voted No or Abstained: N/A  Change highlighted in light blue		
<b>ORWG Review</b>	Date of Vote: 1/9/2013—Unanimously approved with no reliability impact  Segment of Parties that voted No or Abstained: N/A		

## Proposed Tariff Language Revision

### Section 2.2 Application and Asset Registration

- (2) As part of the application process, Market Participants must register all Resources and load, including applicable load associated with Grandfathered Agreements (“GFAs”), Non-Conforming Load and Demand Response Load with the Transmission Provider in accordance with the registration process specified in the Market Protocols. Both Non-Conforming Load and Demand Response Load may only be associated with a single Price Node. ~~SPP Members with non-participating embedded loads are not responsible for~~ Integrated Marketplace costs or requirements attributable to the operation of generation and transmission used to serve these loads. ~~non-participating embedded load and/or generation shall not be involuntarily assigned to another any Market Participant.~~ An entity with embedded load and/or generation must either: (i) register its load and/or generation in the Integrated Marketplace; or (ii) transfer its load and/or generation to an external Balancing Authority.<sup>[MBC1]</sup>

## Proposed Protocol Language Revision

N/A

## Proposed Criteria Language Revision

If needed.