

In the October 18 Order, the Commission conditionally accepted SPP's proposed treatment of GFAs. However, the Commission directed SPP "to address all GFAs within the Integrated Marketplace construct" before market launch.⁴ The Commission accordingly instructed SPP to negotiate with the protesting GFA parties to attempt to resolve issues concerning integration of their GFAs into the new market. It further ordered SPP "to file an informational report due 90 days after the issuance of this order explaining the status of the negotiations and identifying the remaining GFAs that are not integrated into the market."⁵

On January 16, 2013, SPP submitted a status report concerning discussions held between SPP and the protesting GFA parties and committed to provide a second status report by March 15, 2013.⁶ On March 15, 2013, SPP filed the Second Status Report. In the Second Status Report, SPP requested additional time to allow for the continuation of negotiations and committed to provide a third status report on or before May 15, 2013.⁷ This report satisfies that commitment and provides an update on negotiations held since March 15, 2013.

II. STATUS REPORT

The following GFA parties filed protests concerning the integration of GFAs within the Integrated Marketplace: Omaha Public Power District ("OPPD"), Nebraska

⁴ October 18 Order at P 309.

⁵ *Id.* at P 317.

⁶ Status Report of Southwest Power Pool, Inc., Docket Nos. ER12-1179-000, -001 (Jan. 16, 2013) ("First Status Report").

⁷ Second Status Report at 2, 5.

Public Power District (“NPPD”), and Basin Electric Power Cooperative (“Basin”). Missouri River Energy Services & Heartland Consumers Power District (“MRES/Heartland”) also filed a protest but are not parties to any NPPD GFA. Lincoln Electric System (“LES”) did not protest SPP’s Integrated Marketplace filing, but subsequently contacted SPP regarding the treatment of certain GFAs to which it is a party.

A. Update Concerning GFA Negotiations

On April 29, 2013, SPP participated in a conference call with NPPD and its GFA counterparties to advance possible approaches for the integration of GFAs into SPP’s Integrated Marketplace and to discuss the basic parameters for carving out GFAs that are not ultimately integrated into the Integrated Marketplace.⁸ The April 29 call followed discussions between NPPD and its GFA counterparties considering these same issues.

As the conclusion of the April 29 call, SPP committed to prepare and circulate a white paper describing the settlement of GFAs in the Integrated Marketplace and documenting a draft GFA carve-out construct, to be modeled on the construct used by the Midwest Independent System Operator, Inc. (“MISO”). The carve-out construct, as developed by SPP Staff, would then be provided to SPP’s Market Working Group (“MWG”) for further development, refinement and vetting through SPP’s stakeholder process.

⁸ As noted in SPP’s Second Status Report, on March 12, 2013, SPP notified OPPD that OPPD’s partial path reservations would not qualify for TCRs or ARRs inasmuch as these reservations did not sink to a valid Settlement Location and could not be used to schedule service. Therefore, there are no ongoing negotiations between SPP and OPPD.

Consistent with the commitments made on the April 29 call, SPP, on May 8, 2013, circulated two documents. The first, styled “Grandfathered Agreement – Carve-Out Whitepaper,” provided a general description of the process by which eligible GFAs would be insulated from congestion and loss charges associated with the Integrated Marketplace. This document also included information concerning GFA eligibility for carve-out and the mechanism for market settlement to implement the GFA carve-out. The second document, captioned “GFA Examples,” included a series of illustrative GFA transactions and described how each would be settled in the Integrated Marketplace.

B. Anticipated Next Steps

SPP continues to move forward with the formulation of a GFA carve-out process. To that end, beginning the week of May 20, 2013, SPP’s MWG initiates its review of the draft carve-out parameters developed by SPP Staff, with the goal of formalizing a carve-out process for presentation to and consideration in SPP stakeholder process. SPP anticipates that a final carve-out process will be finalized and presented for Board approval by July 30, 2013.

SPP therefore requests that the Commission allow ongoing discussions to continue. SPP will provide a further update in a subsequent status report that will be filed no later than July 15, 2013.

III. CONCLUSION

SPP requests that the Commission accept this status report and allow SPP to continue negotiations with the GFA parties on possible resolution of the issues arising under these agreements. SPP commits to provide the Commission a further update on or before July 15, 2013.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., this 15th day of May, 2013.

/s/ Jeffrey G. DiSciullo
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