

The Org Report

A monthly summary of organizational group activities.



August 2013

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Marketplace Update: Settlement systems added to Structured Market Trials

- [Structured Market Trials \(SMT\)](#) picks up in earnest August 5 when Settlement systems are incorporated, giving Market Participants an opportunity to test full “bid-to-bill” functionality of their [Integrated Marketplace](#) systems. The latest Settlement release appears to have resolved critical software issues and upgraded stability and model-management issues. The Settlement systems are seen as a vital and critical piece of building MP confidence in the Marketplace.

SMT began June 3, and 17 official Operating Days have been completed through August 2. At the same time, the Marketplace program’s testing effort has been able to keep its focus on late-arriving systems and installing patches and fixes. SMT runs through November 3, and will verify specific business processes and system functions between SPP and MPs in a controlled manner.

- SPP’s Transmission Congestion Rights (TCR) team has resolved an early software-design fault that led to a \$263 million revenue shortfall during a [TCR Mock Auction](#). A subsequent re-run of the auction led to much better results – a \$765,556 market-revenue surplus for the winter off-peak period – with higher participation and market liquidity. The TCR market is scheduled to go live October 18.
- SPP’s Operations personnel are training on new computer systems and tools in preparation for SPP’s role as its footprint’s [Balancing Authority](#). The Operations Analysis and Performance Support department is delivering six intensive training sessions through September 26, using simulation tools to interpret the new operations display screens. SPP’s nearly 70 real-time operators are all cycling through the intensive training sessions, gaining hands-on experience for their new responsibilities. Additional staff members are also taking advantage of the training, pushing the number of participants to 89.

July Meeting Summaries

[Board of Directors/Members Committee:](#) The committee approved proposed changes to the Aggregate Study process during its regular quarterly meeting. It held considerable discussion on aspects of the Integrated Transmission Planning (ITP) 20- and 10-year studies. The committee approved Marketplace Protocol Revision Request (MPRR) 133, regarding the treatment of Grandfathered Agreement carve-outs, following a lengthy debate. It also approved the Finance Committee’s recommendation to raise the Administrative Fee cap to 39 cents, in addition to several other consent-agenda items.

[Change Working Group:](#) Integrated Marketplace program leadership provided the CWG with a refreshed view of the program’s critical path. The group reviewed and discussed the draft “SPP Market Participant Readiness Certification Statement” that will be filed with the FERC. SPP staff updated the CWG on the Regulatory and Market System workstreams, Testing tower, Settlements, Participant Readiness, and Member Outreach. The Participant Readiness team noted Go/No-Go criteria for TCR (Transmission Congestion Rights) Go-Live (October 18) and [Parallel Operations](#) have been posted to the [Readiness Center](#). The group was also updated on ICCP modeling and Market Monitoring’s data-depository efforts.

[Consolidated Balancing Authority Steering Committee:](#) The CBASC continues to develop the Consolidated Balancing Authority (BA) Operating Protocols, providing guidance and instruction on support needed from current BAs as SPP becomes the sole BA registrant. Committee members are working with SPP staff to follow up on April’s BA Readiness Evaluation exercise. The CBASC is also working with SPP staff to finalize compliance waivers after receiving the [SERC Reliability Corporation’s](#) recommended approval; the North American Electric Reliability Corporation ([NERC](#))’s final approval has yet to be received. The committee is working with the Market Trials Review Group to review and provide input for the Parallel Operations and Deployment Test guides.

[Credit Practices Working Group:](#) The CPWG approved changes to SPP’s credit policy ([Attachment X](#) of the Open Access Transmission Tariff) to obtain a waiver from Commodity Futures Trading Commission (CFTC) regulation. Market participants will now need to meet the CFTC’s minimum eligibility requirements and the SPP credit policy’s minimum capitalization requirements.

Critical Infrastructure Protection Working Group: The CIPWG met at Kansas City Power & Light's offices in Kansas City, Mo. The group was updated on the recent NERC Critical Infrastructure Protection Committee (CIPC) meeting, the Regional Compliance Working Group's mission and activities, and the NERC Reliability Assurance Initiative. The CIPWG discussed choosing alternate attendees to the region's CIPC meeting and its participation in NERC's Grid Exercise II in November, and heard updates from local FBI agents.

Economic Studies Working Group: The ESG continues to develop the 2015 ITP 10-Year Assessment's (ITP10) scope and the 2013 ITP 20-Year Assessment's (ITP20) report and portfolio.

Finance Committee: The committee approved a four-cent increase to the Schedule 1A Administrative Fee rate cap, from 35 cents per megawatt hour (MWh) to 39 cents per MWh. This increase is expected to accommodate SPP's administrative fee through 2016, based on current forecasts. The committee also approved engaging advisory firm KPMG to perform annual audits of SPP's control environments, consistent with the American Institute of Certified Public Accountants' Statement of Standards for Attestation Engagements 16. The committee reconfirmed incumbent auditors for SPP's financial and benefit plan audits. It also approved changes to the Credit Policy that will implement agreed-upon minimum eligibility requirements. These changes will allow services provided in the day-ahead virtual and TCR markets to remain subject only to FERC jurisdiction, avoiding CFTC jurisdiction.

Joint Working Group: The CWG hosted a joint working group meeting which included the CBASC, Market Working Group, and Operating Reliability Working Group in Little Rock. The groups reviewed and discussed a draft contingency plan in the event of an Integrated Marketplace delay after initial TCRs are awarded, and were updated on the progress of TCR Market Trials. SPP staff also provided an overview of [Parallel Operations](#).

Market Working Group: The MWG focused on Long-Term Congestion Rights (LTCRs) in July. The LTCR Task Force presented its proposed LTCR design and introduced MPRR 138, which contains proposed language for the new design; the MWG is expected to vote on the LTCR design in early August. The MWG reviewed and approved new language to MPRR 133 (Grandfathered Agreement Carve Out), as directed by the Markets and Operations Policy Committee. The group also approved MPRR 132 (Reserve Sharing Group).

Markets and Operations Policy Committee: The MOPC approved a number of Protocol, Tariff, and Criteria changes. One tariff change to be filed would help reduce the Aggregate Transmission Service study backlog. The committee approved the High Priority Incremental Load Study's (HPILS) scope and the ITP20 report and plan. The MOPC approved motions to include two futures – Business as Usual and Decreased Base Load Capacity – for the ITP10, and, after significant debate, approved the process to recognize grandfathered transmission service agreements (GFAs) in the Integrated Marketplace.

Operations Training Working Group: The OTWG is researching and identifying 2014 reliability training deliverables, dates, times, and locations. The group will finalize the 2014 calendar in September; registration for 2014 will begin in the fall. The OTWG – with two vacancies – is also searching for new members.

Project Cost Working Group: The PCWG reviewed FERC Order 1000's compliance filing, and discussed how escalating cost estimates should be accounted for in determining whether the estimates are within the prescribed bandwidth. The group considered and approved changes to the Standardized Cost Estimation Reporting Template (SCERT) and the SCERT Data Dictionary to manage previously approved cost-estimate escalation. The PCWG agreed the escalation amount's impact was small enough not to request cost-estimate updates for Transmission Owners (TOs). The group reviewed the existing format, content and potential changes with staff's Quarterly Project Tracking Report. The PCWG identified agenda items for August, including the amount of time TOs need to generate cost estimates within planning study cycles, business practice changes to address Notification to Construct (NTC) commitments not consistent with the upgrade specifications, and conditional NTC issuance for projects coming from non-ITP study processes.

Regional Entity Trustees: The trustees heard updates on the transition from CIP Version 3 to Version 5, the Facility Ratings Alert program, NERC's Reliability Assurance Initiative, and the NERC Operating Committee's latest actions. RE Trustees chair John Meyer recently served on a NERC panel of five independent industry experts who reviewed the 693 standards; the group discussed the panel's [report and findings](#). The trustees accepted the 2013 Long-Term Reliability Assessment. The enforcement group reported a caseload index of nine months with 194 active violations. Stakeholders are encouraged to attend the [October 8-9 workshop](#) in Little Rock or via webinar and three upcoming webinars: the [2013 Winter Assessment](#); [System Operating Limits](#); and a [NERC Standards Development Status Report](#).

Regional State Committee: The RSC held a weekend educational retreat before its third-quarter meeting, listening to staff and member briefings before conducting a Q&A on RSC-selected topics. During the business meeting, the committee voted to adopt three sets of definitions for the Public Policy Survey, which is completed by members to inform staff in the planning process. The RSC clarified these definitions are to be used for informational purposes only. The RSC was also briefed on SPP's compliance efforts with Order 1000, the Integrated Transmission Planning process, and the Integrated Marketplace.

Seams Steering Committee: The SSC continued to review the MISO Market-to-Market proposed Joint Operating Agreement language. SPP staff reported the Integrated Marketplace compliance filing was made on June 28. The committee discussed the market-flow calculation differences between SPP and [MISO](#) and how those are being addressed, and then looked at the next steps as presented by SPP staff. Staff also updated the

SSC on Order 1000 and the Operations Reliability Coordination Agreement. The committee discussed a stakeholder proposal to adjust the seams projects' regional-cost allocation.

Strategic Planning Committee: The SPC meeting coincided with FERC's ruling on SPP's intra-regional Order 1000 compliance, which denied byway right of first refusal. The committee re-engaged an Order 1000 task force to review the order and bring recommendations to the Board of Directors/Members Committee July 30. Separately, the SPC spent considerable time discussing the three 2015 ITP10 Futures – Business as Usual, Decreased Base Load Capacity, and Increased Input Prices – taken by the ESWG to MOPC.

Transmission Working Group: The TWG met with the ESWG to review and approve concepts included in the 2015 ITP10. The TWG approved including the 2013 High Priority Incremental Load Study 50/50 loads and Notifications to Construct (NTC) into the base case. It also approved including HVDC ties and lines with an executed Transmission Interconnection Agreement and only model-confirmed transmission service. The TWG endorsed the analysis of three separate futures as part of the 2015 ITP10, and reviewed and approved the AQ Improvement Task Force Business Practice. Meeting separately, the TWG discussed the sale of transmission facilities in West Texas to [Sharyland Utilities](#).

Other Meetings

Business Practices Working Group

Cost Allocation Working Group

Generation Working Group

Model Development Working Group

Operating Reliability Working Group

Regional Tariff Working Group

System Protection and Control Working Group

August Meetings

August 5 – SPP RE Trustees

August 6 – Market Working Group

August 6 – Regional Compliance Steering Committee

August 6 – Seams Steering Committee

August 6 – SPP Wind Workshop

August 7 – Cost Allocation Working Group

August 7-8 – SPP Quarterly Compliance Forum

August 7-8 – System Protection and Control Working Group

August 9 – Consolidated Balancing Authority Steering Committee

August 12 – Operations Training Working Group

August 13 – Economic Studies Working Group

August 13 – Project Cost Working Group

August 13 – Settlement User Group

August 14-15 – Transmission Working Group

August 15 – Operating Reliability Working Group

August 19-21 – Market Working Group

August 21-22 – Change Working Group

August 21-22 – Regional Tariff Working Group

August 29 – Corporate Governance Committee

September Meetings

September 4 – Cost Allocation Working Group

September 5 – Economic Studies Working Group

September 5 – Seams Steering Committee

This is a summary of recent SPP organizational group meetings. For more information about a group, please visit [SPP.org](#) and select that committee on the [Org Groups](#) page. Documents are located in the left column.

Please contact [Tom Kleckner](#) in the Communications Department with questions or comments about *The Org Report*.

[SPP Calendar](#)

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