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**Southwest Power Pool**  
**REGIONAL STATE COMMITTEE**  
**Net Conference**  
**December 1, 2014**  
**• MINUTES •**

**ADMINISTRATIVE ITEMS:**

The following members were in attendance:

Dana Murphy, Oklahoma Corporation Commission (OCC)  
Donna Nelson, Public Utility Commission of Texas (PUCT)  
Olan Reeves, Arkansas Public Service Commission (APSC)  
Stephen Lichter, Nebraska Power Review Board (NPRB)  
Steve Stoll, Missouri Public Service Commission (MOPSC)  
Shari Feist Albrecht, Kansas Corporation Commission (KCC)  
Patrick Lyons, New Mexico Public Regulation Commission (NMPRC)

President-Elect Dana Murphy (OK) called the Regional State Committee (RSC) meeting to order at 2:00 p.m. with roll call and a quorum was declared. She then requested introductions of those in attendance. There were 35 in attendance (Attendance & Proxies – Attachment 1).

**REPORTS/PRESENTATIONS**

CAWG Report

Ms. Meena Thomas (TX) provided an oral update on the Cost Allocation Working Group (CAWG). She stated that there are two issues the CAWG is working on.

- An update on Cost Allocation for Non-Order 1000 Seams Projects
- An update on Long Term Congestion Rights.

Cost Allocation for Non-Order 1000 Seams Projects Update

Mr. Dennis Reed (Westar) provided a report on the work being done by the Regional Tariff Working Group (RTWG) on cost allocation for non-Order 1000 Seams projects, (Cost Allocation for Seams Transmission Projects – Attachment 2). Mr. Reed reviewed the events at the last RSC meeting and the Motion on Cost Allocation that was unanimously approved at the October meeting. He also reviewed the discussion that took place at the Board meeting the following day around the test of 100% of benefits to a single zone was appropriate. While the Board approved the Seams Steering Committee (SSC) Whitepaper as presented, Chairman Jim Eckelberger also asked the RTWG to put the general discussion into tariff language. The RTWG began to develop Tariff language for both options. Draft Tariff language is still under review, however, in reviewing the discussion at the BOD and the RSC motion it appears that the only significant difference is what can trigger a change in the cost allocation of a Seams Transmission Project.

- Remaining questions from RTWG:
  - Did the RSC mean to have the same review of Zonal Benefits for Seams Transmission Projects > 300kV
    - RSC motion did not specify although the general discussion seemed to be that these projects should always receive Regional cost allocation
- Can the RSC support the BOD version of “Substantially All” rather than 100%

**Chair Albrecht made a motion to adopt Option 2 language from Dennis Reed's presentation to read a single zone is expected to receive 60% or greater of the calculated benefits. Chairman Nelson seconded the motion. There was a roll call vote. The motion was approved unanimously.**

Long Term Congestion Rights Update

Mr. John Krajewski (NE) provided an update on long term congestion rights (Long Term Congestion Rights – Attachment 3). SPP made its Long-Term Congestion Rights compliance filing at FERC in July 2014. FERC approved most of the changes. However, there were three issues on which FERC required an additional compliance filing:

- Issue One: Providing Long-Term Congestion Rights for entities who sponsor transmission system upgrades;
- Issue Two: Allow entities to nominate the long-term congestion rights they want before preparing simultaneous feasibility; and
- Issue Three: Assurance of inclusion of LTCRs in long-term planning processes to assure they are feasible.

The compliance filing was due on November 28; however, SPP requested an extension which was granted. CAWG, RTWG, and Market Working Group (MWG) each have a role in developing the issues and RSC and the Board/Members Committee will have to approve.

SPC Task Force on New Members

President-elect Murphy made a specific request that the RSC discuss and provide responses to questions raised by the SPC Task Force on New Members, (SPC Task Force on New Member Additions – Attachment 4) during the January RSC educational session.

RSC Bylaws Membership Provisions

President-Elect Murphy spoke to this topic (RSC Bylaws Membership Provisions – Attachment 5). The RSC intends to discuss RSC bylaw changes at the RSC education session in January.

**OTHER RSC MATTERS:**

President-elect Murphy requested that the RSC consider adjustments or changes they would like to see in the meeting process in the future. In addition, she would like to see Actions Items with the minutes.

**ACTION ITEMS:**

The List of Action Items is attached hereto.

**SCHEDULING OF NEXT REGULAR MEETINGS, SPECIAL MEETINGS OR EVENTS:**

January 26, 2015	Dallas, TX
April 27, 2015	Tulsa, OK
July 27, 2015	Kansas City, MO
October 26, 2015	Little Rock, AR

With no further business, the meeting adjourned at 3:16 p.m.

Respectfully Submitted,

Paul Suskie



**Southwest Power Pool, Inc.**  
**REGIONAL STATE COMMITTEE**  
 Pending Action Items Status Report

<b>No.</b>	<b>Action Item</b>	<b>Date Originated</b>	<b>Status</b>	<b>Comments</b>
5	Consideration of RSC Bylaws changes related to membership eligibility	Ongoing	Action needed before IS Parties join SPP (expected join date is October 1, 2015)	Discussed at December 1, 2014 meeting. Will be on agenda for January 2015 Educational Session
7	SPC Task Force on New Members – Discuss 3 RSC Action Items	September 29, 2014	Proposed Interim Report with Final Report expected in April 2015	Discussed at October 27, 2014 Meeting and December 1, 2014 Meeting. Will be on January 2015 Educational Session
8	Cost Allocation for Non-Order 1000 Seams Projects	October 27, 2014	Tariff Language In Process	RSC voted taken. Tariff Language will go to SPP Board for consideration.
9	Goals and Objectives for 2015 RSC Year	December 1, 2014	Ongoing	Discussed at December 1, 2014 meeting. Will be on agenda for January 2015 Educational Session or RSC lunch.

No.	Action Item	Date Originated	Status	Comments
1	EPA 111(d) : (1) Lanny Nickell to provide scope document on compliance analysis and an update on when SPP reliability analysis will be completed (2) Commissioner Reeves to provide update on possibility of studies to be performed by BPC and GPI, what services those entities are providing	8/25/2014	Completed	Addressed at 9/29/14 Meeting
2	RARTF: Update on RARTF and New Metrics	8/25/2014	Completed	Addressed at 9/29/14 Meeting
3	Seams Project Task Force: CAWG will consider the issue at next meeting and bring back to RSC for discussion	8/25/2014	Completed	Addressed at 9/29/14 Meeting; On 10/27/14 Meeting as a voting item
4	SPC Task Force on New Members: RSC should email Commissioner Murphy with any concerns or topics. Update to be provided at next RSC meeting	8/25/14	Completed	Addressed at 9/29/14 Meeting
6	EPA's Clean Power Plan – RSC Comments	September 29, 2014	Complete	Discussed at October 27, 2014 RSC Meeting. Comments filed on November 24, 2014.

Monday, December 1, 2014

2:00 - 5:00 p.m.

Conference Call

1. CALL TO ORDER
2. PRELIMINARY MATTERS
  - a. Declaration of a Quorum
3. UPDATES
4. BUSINESS MEETING
5. REPORTS/PRESENTATIONS
  - a. CAWG Report.....Meena Thomas  
This report provides an update on CAWG activity.
  - b. Non-Order 1000 Seams Projects Update [Potential Voting Item]..... Dennis Reed  
This report will provide an update on the status of RTWG's development of Tariff language.
  - c. Long Term Congestion Rights Update.....John Krajewski  
This report will provide an update on the Transitional ARR Process (process for awarding ARRs and LTCRs in mid-year for new members) and an update on the compliance filing related to FERC Order 681.
  - d. SPC Task Force on New Members..... Dana Murphy  
Discussion of RSC Action items.
  - e. RSC Bylaws Membership Provisions.....SPP Staff  
Discussion of possible revisions to the RSC Bylaws membership provisions.
6. OTHER RSC MATTERS
  - a. Objectives and Plans for 2015.....Dana Murphy
7. ACTION ITEMS
8. SCHEDULING OF NEXT REGULAR MEETINGS, SPECIAL MEETINGS OR EVENTS
 

RSC Meetings:

  - January 26, 2015 – Dallas, TX
  - April 27, 2015 – Tulsa, OK
  - July 27, 2015 – Kansas City, MO
9. ADJOURN

<b>Regional State Committee Meeting</b>	<b>12/1/2014</b>	
<b>Company</b>	<b>Last Name</b>	<b>First Name</b>
Northeast Texas Electric Cooperative, Inc.	Atwood	Jason
SPP Board of Directors	Bernard	Phyllis E.
Oklahoma Corporation Commission	Chaplin	Jason
Public Utility Commission of Texas	Claiborn-Pinto	Shawnee
Federal Energy Regulatory Commission	Clarey	Patrick
Southwestern Public Service Company	Cude	Bruce
Lincoln Electric System	Fortik	Jason
Westar Energy, Inc.	Franklin	Clifford
Kansas City Power & Light Company	Frerking	Don
	Ghoms	Noumvi
Southwest Power Pool	Harward	Matthew
Sunflower Electric Power Corporation	Hestermann	Thomas
Arkansas Public Service Commission	Ireland	Cindy
Golden Spread Electric Cooperative, Inc.	Jackson	Natalie
American Electric Power	Jacoby	Jim
City Utilities of Springfield	Knottek	Jeff
Customized Energy Solutions, LTD	Krajecki	Jim
Nebraska Power Review Board	Krajewski	John
Nebraska Power Review Board	Lichter	Stephen *
Southwest Power Pool	Locke	Charles
Southwest Power Pool	Loudenslager	Sam
Xcel Energy	Luner	Jared
New Mexico Public Regulation Commission	Lyons	Patrick *
	Madden	Jack
Sunflower Electric Power Corporation	Moffet	Michael
Oklahoma Corporation Commission	Murphy	Dana *
Westar Energy, Inc.	Reed	Dennis
Arkansas Public Service Commission	Reeves	Olan *
American Electric Power	Ross	Richard
Southwest Power Pool	Scott	Shaun
Arkansas Electric Cooperative Corporation	Shields	Robert

Westar Energy, Inc.	Smith	Patrick
Missouri Joint Municipal EUC	Starnes	Heather
Missouri Public Service Commission	Stoll	Steve *
	Svanda	David
Empire District Electric Company	Walters	Kelly
The Empire District Electric Company	Warren	Bary
ITC Great Plains, LLC	Winland	Chris
Kansas Corporation Commission	Albrecht	Shari *
Public Utility Commission of Texas	Thomas	Meena
Public Utility Commission of Texas	Kennedy	Lauren
Southwest Power Pool	Barker	Tamika
Southwest Power Pool	Cullen	Erin
Oklahoma Corporation Commission	King	Nicole
Public Utility Commission of Texas	Nelson	Donna *
Southwestern Electric Power Company	Gross	Blake

# COST ALLOCATION FOR SEAMS TRANSMISSION PROJECTS

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RSC Meeting

December 1, 2014



# RSC Motion on Cost Allocation

- Approve Hwy funding for all Non-Order 1000 Seams projects, with a voltage of 100KV and above, provided that tariff language requires RSC review and input before a vote on such projects by the SPP BOD, if only one SPP zone is found to receive 100% of the SPP allocated benefits.
- Unanimously approved by the RSC

# SPP Board of Director Action

- Discussion around the test of 100% of benefits to a single Zone
  - Use of planning models means that it would be very unlikely that the 100% test would be met
- Chairman Eckelberger suggested the following language:
  - Benefits to more than one zone within SPP are desired. Significant benefits accruing to only one SPP zone will not be considered for this treatment unless the Board approves an exception with the endorsements of the RSC and the MOPC.
- Board Approved the SSC Whitepaper as presented
  - Did not approve or disapprove the RSC motion
  - Did not approve or disapprove the Chair's motion
  - Directed the RTWG to bring back draft Tariff language in December incorporating the discussion at the BOD meeting

# RTWG Actions

- RTWG took the BOD directive to develop Tariff language for both options
- Draft Tariff language is still under review, however, in reviewing the discussion at the BOD and the RSC motion it appears that the only significant difference is what can trigger a change in the Cost allocation of a Seams Transmission Project.
- References to the RCAR remedies will be done as part of the overall RCAR TRR currently being worked on

# Draft Language

- Default cost allocation: Regional
- Create a test to review cost allocation
- Requires SPP to calculate Zonal Benefits for all proposed Seams Transmission Projects for voltages between 100 kV and 300 kV.
- Working on two options:
  - Option 1: If any single Zone receives “significantly all” of the SPP allocated benefits
  - Option 2 follows RSC motion: 100% of benefits to a single Zone
- Results of study to be reviewed by MOPC and RSC
- The BOD may change the cost allocation to “by-way”

# Attachment J, Section VII.B.2

- [Option 1 \(BOD\)](#): The Regional State Committee or the Markets and Operations Policy Committee may recommend to the SPP Board of Directors that the annual transmission revenue requirements of an approved Seams Transmission Project be allocated in accordance with Section III.A.2 of Attachment J if *a single Zone is expected to receive substantially all* of the calculated total benefits to the SPP Region. The SPP Board of Directors may change the allocation of the annual transmission revenue requirements associated with the approved Seams Transmission Project based on such recommendations.
- [Option 2 \(RSC\)](#): The Regional State Committee or the Markets and Operations Policy Committee may recommend to the SPP Board of Directors that the annual transmission revenue requirements of an approved Seams Transmission Project be allocated in accordance with Section III.A.2 of Attachment J if *a single Zone is expected to receive 100%* of the calculated total benefits to the SPP Region. The SPP Board of Directors may change the allocation of the annual transmission revenue requirements associated with the approved Seams Transmission Project based on such recommendations.

# Questions

- Did the RSC mean to have the same review of Zonal Benefits for Seams Transmission Projects > 300 kV?
  - RSC motion did not specify although the general discussion seemed to be that these projects should always receive Regional cost allocation
- Can the RSC support the BOD version of “Substantially All” rather than 100%?

# SPP Long-Term Congestion Rights Update

December 1, 2014

John Krajewski  
Nebraska Power Review Board



# Overview of Current Activities

- **FERC Order**
- **Required Compliance Filing**
- **Changes to ARR/LTCR process for mid-year addition of Integrated System**



# FERC Order

- **SPP filed to implement Long-Term Congestion Rights proposal on July 31, 2014**
- **Filing would implement changes that were approved by SPP Board of Directors, Regional State Committee and Members Committee in October 2013**
- **FERC accepted most of the proposed changes**
- **Required a compliance filing to address three issues**

# FERC Order

- **Issue One: Providing Long-Term Congestion Rights for entities who sponsor transmission system upgrades**
  - SPP Position was that a long-term transmission right would be necessary and that the Attachment Z2 Crediting process was adequate
  - Protest by Boston Energy disagreed
  - FERC ruled in favor of Boston Energy and required SPP to make compliance filing to provide long-term congestion rights for entities that sponsor transmission upgrades

# FERC Order

- **One area of concern is that a party who sponsors and upgrade and does not have corresponding long-term transmission request should not be entitled to long-term rights and Attachment Z2 credits**
  - **FERC Order required SPP to address how crediting would interact with the provision of LTCRs and ensure the approach is just and reasonable and consistent with Order 681**
  - **MWG is generally in agreement that it should be an either/or decision**

# FERC Order

- **Issue Two: Allow entities to nominate the long-term congestion rights they want before preparing simultaneous feasibility**
  - TDU Interveners protested the approach of doing simultaneous feasibility of all long-term rights and letting parties know which reservations were eligible for long-term rights
  - FERC partially agreed and is requiring SPP to include a nomination process before the simultaneous feasibility analysis

# FERC Order

- **Issue Three: Assurance of inclusion of LTRs in long-term planning processes to assure they are feasible**
  - TDU Interveners contended the approach fails to require SPP to plan system to ensure continued feasibility
  - SPP disagreed and stated the integrated transmission planning process adequately safeguards continued feasibility
  - FERC agreed with TDU Interveners and is requiring SPP to demonstrate the existing planning process provides for the continued feasibility of LTRs

# Compliance Filing / Schedule

- **Compliance filing originally due November 28**
  - SPP requested an extension of time, as it was impractical to work through stakeholder process in the time allotted
- **Work plan has been reviewed by various stakeholders**
- **CAWG, MWG, RTWG each have role in developing the changes**
  - December 12 joint CAWG/MWG meeting
  - MWG/RTWG meetings in December
  - RSC/Board/Member Committee approval

# LTCR / ARR for New Members

- **Market Working Group is working on changes to the protocols and tariffs to address situation where a new member joins in middle of ARR year**
  - **ARR/LTCR calendar runs June through May**
  - **Joining in October presents challenges under existing schedule**
  - **How to handle these specific situations is being addressed by MWG**
- **CAWG will likely review and ensure the action is consistent with past RSC direction on ARR/TCRs**

# SPC Task Force on New Member Additions



Helping our members  
work together to  
keep the lights on...  
today and in the future



# Under Review by the RSC

1. **Can/should RSC, CAWG or State Commission staff attend the SPC meetings' Executive Sessions, and to possibly join the ad hoc Members Forum**
  - **Need RSC feedback on preference to participate, and assurance that they can protect the confidential information that may be subject to FOIA and state open meeting laws**
2. **When SPP Staff convenes the all-Member special meeting, SPP Staff convene an RSC/CAWG special meeting to follow so that Members and Commissioners/Staff can hear the issues of concern from each other**
  - **Need RSC feedback on preference to have a second SPP Staff convened special meeting as proposed**
3. **The Task Force requests more information from the RSC as to how it views its role regarding the “Bright Line” date**

# RSC Bylaws Provisions on RSC Membership



Helping our members  
work together to  
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# Outline

- **FERC Approval of RSC in 2004**
- **RSC Bylaws on criteria for RSC membership were revised in connection with Nebraska integration**
- **Proposed RSC Bylaws changes**

# RSC Bylaws Revised in 2009

- When the Nebraska entities joined SPP, at the April 2009 meeting, Article II, Section 1 of the RSC Bylaws was changed to state (reflected in red and underlined):

Membership shall be open to all official governmental entities that:

(a) Regulate the retail electricity or distribution rates or approve retail service areas of transmission-owning members or transmission-dependent utility members of the SPP; or

(b) Are the primary regulatory agency responsible for siting electric transmission facilities in states where there are transmission-owning members of the SPP or independent transmission companies that own or operate transmission facilities associated with the SPP.

# Current language

Membership shall be open to all official governmental entities that:

(a) Regulate the retail electricity or distribution rates or approve retail service areas of transmission-owning members or transmission-dependent utility members of the SPP; or

(b) Are the primary regulatory agency responsible for siting electric transmission facilities in states where there are transmission-owning members of the SPP or independent transmission companies that own or operate transmission facilities associated with the SPP.

(emphasis showing provisions suggested for amendment on next slide)

# Bylaw Change for Consideration (Cont.)

## Proposed language:

Membership shall be open to all official governmental entities that:

.....

(b) Are the **Primary Regulatory Agency** responsible for siting electric transmission facilities in states where there are transmission-owning members of the SPP or independent transmission companies that own ~~or operate~~ transmission facilities under the SPP tariff associated with the SPP. “Primary Regulatory Agency” is the agency that has exercised authority over facilities placed under the SPP OATT that are greater than 100 kV and where the majority of such facilities are owned by an SPP Member.