

The results shown were derived by SPP based, in part, upon data supplied by the EIA in year 2013 dollars, which were inflation-adjusted (1.72%) using data from the Bureau of Labor Statistics in order to convert EIA cost data from 2013 dollars into 2015 dollars. In order to produce the annualized CONE value for the LREs from these cost numbers, SPP assumed: a 50/50 debt to equity ratio; a 20-year project life and loan term; a 5.25 percent debt interest rate; and a 11 percent after tax internal rate of return on equity a 38.9 percent combined effective federal and state tax rate; a calculated weighted average cost of capital based on a combination of debt and equity financing (8.1%); SPP along with stakeholders will continue to examine these factors annually in order to determine if any modifications are needed. These factors and assumptions are comparable to those used by other RTOs in the development of CONE estimates².

Combustion Turbine Plant, 2015 Results

Plant Size, MW	210
Capital Recovery, \$/kw-yr	78.32
Fixed O&M Costs, \$/kw-yr	7.29
Total Fixed Expenses, \$/kw-yr	85.61
Total Fixed Expenses, \$/MW-yr	85,605.58
Total Fixed Expenses, \$/MW-yr (125%)	107,006.98
Total Fixed Expenses, \$/MW-yr (150%)	128,408.37
Total Fixed Expenses, \$/MW-yr (200%)	171,211.16

The LREs who are found to be deficit in meeting their planning reserve requirements as determined by this enforcement policy are subject to the payment based on the applicable CONE. The LRE is responsible to make an enforcement payment for the necessary reserves to raise their reserves to the SPP planning reserve requirement. The enforcement payment shall be made to SPP and SPP shall distribute to all the LREs who have surplus reserves above the SPP planning reserve requirement. The allocation of the payment to each of these LREs shall be based on the following: the LRE’s contribution on a MW share to the total SPP Region’s MW above the planning reserve requirement. Therefore in combination all the LREs who are above the SPP Planning Reserve requirement will receive 100% of the enforcement payment.



LRE to Pool
allocation_Version 1

² The assumptions made in the CONE calculation are consistent with the EIS Market Offer Cap calculation that was FERC approved and are similar to MISO’s methodology.

