

MEMORANDUM

August 28, 2015

TO: Josh Martin, Chairman, SPP Oversight Committee
Michael Desselle, Staff Secretary, SPP Oversight Committee

FROM: Craig Roach, Ph.D.
Vincent Musco

SUBJECT: Continuing Role for Boston Pacific in 2016

We hope all is well with you. The purpose of this short memo is to ask whether the Board would like Boston Pacific Company, Inc. to continue in its role as an independent advisor in the coming year. This would be our twelfth year serving the Board—as always, thank you for that.

For 2015, the *Looking Forward Report* was our only requested effort. The Report appeared to be well received by the Board and Members, and we were happy to help contribute to the Board's consideration of long-term, strategic issues. Boston Pacific would be pleased to prepare a *Looking Forward Report* in 2016. Our second task was to serve as an advisor to the Board as needed – there were no efforts requested under this second task in 2015, but we would be happy to be on call once again. We explain both of these tasks in more detail below. If you would like to discuss this at your upcoming meeting (September 24), we would be happy to call in at any time convenient for you.

TASK 1: LOOKING FORWARD REPORT

We would provide our sixth annual *Looking Forward Report* to help the Board with its long-term strategic planning efforts. The *Looking Forward Report* will focus on broad market and regulatory events that (a) potentially could have a significant impact on SPP's markets and/or (b) could require the Board's special attention. As always, we will develop the list of topics in consultation with the Board to ensure that we focus our Report on issues of greatest interest. Such topics could include:

- (a) Update on Environmental Regulations, including President Obama's Clean Power Plan and the Supreme Court's rejection of MATS regulations without a cost-benefit study
- (b) Update on the Shale Gas Revolution, including the EPA's long-awaited study on fracking's impact on drinking water and its proposal for further methane emissions control
- (c) Further developments in decentralization, including Tesla's PowerWall

- (d) Updates on State-Federal jurisdictional issues, including the Supreme Court's upcoming decision on FERC Order 745 (demand response compensation) and the potential for environmental dispatch in RTO markets as states comply with the CPP

We would present the Report at both the Spring 2016 Oversight Committee meeting and the April 2016 Board of Directors/Members Committee meeting.

TASK 2: ADVISE BOARD (AS NEEDED)

As always, we can continue with the role of advising the Board as needed at its request. If the Board sees specific challenges arise during the term of the contract that were not apparent before, please tell us and we would help address those issues. For example, we could help with SPP's efforts in helping its member states comply with the CPP. Also, we are aware of an ongoing proceeding involving market mitigation in SPP's day-ahead and real-time energy markets and which costs are appropriate for consideration in mitigation design and decisions. We would be happy to lend our expertise to issues like these going forward to the Board, as needed.

NEXT STEPS

Please let us know whether and how you would like to proceed. Thank you for your consideration.