



THE ORG REPORT: JULY 2016

A monthly summary of organizational group activities.

JULY 25-26 BOARD OF DIRECTORS/MEMBERS COMMITTEE MEETING SUMMARY

At their July 25-26 meeting in Rapid City, the board of directors and members committee approved the increase of SPP's Schedule 1A fee cap to 43¢/MWh (up from 39¢/MWh). The administrative fee rate cap sets the upper limit of the rate SPP can charge transmission customers to recover SPP's cost of operation.

The board also reviewed a 2017 administrative fee rate forecast. The Finance Committee expects the rate to be 41¢/MWh, attributing the increase over the current rate largely to lower revenues in 2016 which have created an under-recovery which must now be trued up. Additionally, SPP is realizing cost increases in its employee benefit plans and increasing its investment in compliance and cyber-security initiatives.

The board approved the extension of the Z2 payment timeline from 10 months to five years, deferring the deadline by which affected entities must settle Z2 bills. Additionally, the Markets and Operations Policy Committee (MOPC) was directed to create a task force to develop a comprehensive and elegant solution to the complexities of Z2 crediting and billing calculations.

Minutes from the meeting include a number of other board actions and a summary of reports given by the Finance Committee, MOPC, Transmission Planning Improvement Task Force, Capacity Margin Task Force and more. Minutes from all of SPP's board meetings are available in SPP.org's document library in the [BOD/MC Meeting Materials folder](#).

REGIONAL ENTITY (RE) TRUSTEES MEETING SUMMARY

RE Trustees Chairman Dave Christiano introduced soon-to-be elected trustees Mark Maher and Steve Whitley. Mark retired from the Western Electricity Coordinating Council as CEO in 2014, before which he spent 20 years at Bonneville Power and worked at several utilities in generation and transmission. Steve started his career at Tennessee Valley Authority as a planner for 15 years then moved to operations for another 15. He retired as CEO of New York ISO in 2015.

The trustees accepted the Long Term Reliability Assessment for submission to NERC, and they heard updates from NERC's Critical Infrastructure Protection (CIP) Committee and the SPP RE's CIP, compliance, enforcement, outreach, and finance groups.

JULY MEETING SUMMARIES

COST ALLOCATION WORKING GROUP (CAWG): JULY 7

The CAWG unanimously approved the latest version of the new member cost allocation review process, which, from the previous version, added a paragraph in Section 6.4. The group heard presentations on the status of the Z2 crediting project and received an update on the safe harbor cost limit Group B waiver requests.

Additionally, the group received updates from the Transmission Planning Improvement and Capacity Margin Task Forces and heard presentations regarding:

- Results of the Regional Cost Allocation Review II (RCAR)
- The reorganization of SPP's Engineering Planning group
- Transmission congestion rights
- Aggregate study waiver criteria information requests

FINANCE COMMITTEE: JULY 6

The Finance Committee reviewed a forecast of SPP's 2017 fiscal year costs to project the administrative fee rate that may be charged in 2017.

SPP expects to under-recover in 2016. This is primarily because the zonal, 12-month average coincident peaks that served as billing determinants for SPP's administrative fee in 2016 were lower than expected in 2015.

This under-recovery, coupled with increases to both benefit plan funding and staffing levels to address cybersecurity and compliance, is expected to result in higher net revenue requirements in 2017.

Current administrative fee calculations — based on a flat billing determinant forecast — show an expected administrative fee rate in 2017 of just over 41¢/MWh.

The Finance Committee approved a recommendation to the Board of Directors to increase the Schedule 1A administrative fee rate cap to 43¢/MWh.

GENERATION WORKING GROUP (GWG): JULY 22

The GWG discussed the recent MOPC-approved recommendation to retire the Capacity Margin Task Force and Generation Working Group and combine their scope of activities into a new group: the Supply Adequacy Working Group (SAWG).

The group also developed a list of items to be passed along to the SAWG for their eventual discussion and review.

MARKET WORKING GROUP (MWG): JULY 19

The MWG reviewed SPP staff's recommendation to address risk associated with potential manipulation of make-whole-payment provisions, as noted by the SPP Market Monitoring Unit at a previous MWG meeting.

Staff presented SPP's proposed market design for short-term stored energy resources (STSER), and the group will further review the design during their August meeting.

Finally, the group discussed RR 154 (Repricing Timelines and Requirements) and requested additional information to be provided in August.

MARKETS AND OPERATIONS POLICY COMMITTEE (MOPC): JULY 12-13

At its quarterly meeting, held in Rapid City, SD, the MOPC approved:

- Eleven revision requests
- The Transmission Planning Improvement Task Force whitepaper
- The Regional Cost Allocation Review II Project
- A five-year payment plan for the Z2.

Additionally, the group voted to issue Notifications to Construct (NTC) for four transmission projects, withdraw four projects and reevaluate two others.

OPERATIONS TRAINING WORKING GROUP (OTWG): JULY 11

The OTWG discussed reliability and marketplace training.

SPP conducted its first partial system restoration drill June 6 and 7 in cooperation with the Tennessee Valley Authority. The exercise was beneficial for all parties and helped identify improvements for future drills.

Members began discussions about which virtual instructor-led training courses to offer in 2017 and will continue those deliberations in August and September.

Topics for the 2017 System Operations Conferences are being received and reviewed.

Registration is now open for the 2016 Marketplace Symposium, to be held in Little Rock on October 5 and 6.

The group welcomed as its newest voting member Joel Robles: a trainer with the Omaha Public Power District.

Members were reminded about:

- 1.) The recently approved PER 006-1 standard
- 2.) Upcoming reliability training sessions
- 3.) Registering for upcoming marketplace training sessions (available via [the SPP Learning Center](#))

[RELIABILITY COMPLIANCE WORKING GROUP \(RCWG\): JULY 18](#)

The RCWG discussed Revision Request (RR) 134. SPP's Neil Robertson and Derek Hawkins facilitated the discussion. Comments and a redlined document will be compiled, reviewed by the RCWG and sent to the Operating Reliability Working Group. When the RR is ready for approval, the RCWG, as secondary approvers in the revision request process, will participate in a vote.

SPP's Chris Haley reviewed with the group the charter and scope of activities for the newly formed Supply Adequacy Working Group. (More information can be found in the recent GWG meeting materials.)

Ending the meeting was an open discussion on meeting dates for 2017. Schedules, registration and logistics information will be available soon.

The RCWG welcomed three new, approved voting members and discussed being a full representation working group. The RCWG's roster is made up of at least seventeen non-affiliated members (with no maximum) including the chair and vice chair. The group encourages representation from personnel directly responsible for members' reliability compliance activities and programs.

[REGIONAL TARIFF WORKING GROUP \(RTWG\): JULY 21](#)

SPP staff presented an overview of the Capacity Margin Task Force's development of policies to address the load responsible entity, planning reserve margin requirement, planning reserve assurance policy and deliverability study.

The group reviewed and discussed tariff revisions in RR162 (PMU for New Generator Interconnection), and SPP staff presented an update regarding the Z2 project and discussed Z2 waiver requests, noting FERC's order approving SPP's tariff waiver request.

STRATEGIC PLANNING COMMITTEE (SPC): JULY 7 & 13

At their July 7 workshop, the SPC explored lessons learned from SPP's first competitive solicitation process and identify improvements needed to the transmission owner selection process (TOSP). SPP staff presented an overview of the TOSP and its implementation in the Walkemeyer project; John Olsen of Westar and the Competitive Transmission Process Task Force (CTPTF) made recommendations for specific improvements to the TOSP; and Steve Strickland, chair of the industry expert panel (IEP), shared his group's perspective on the process.

The SPC asked the CTPTF to consider the following six items and report on them in October:

1. Improvements should be based on end-customer value (not developed to make the process easier on bidders or staff)
2. Comparison of current, competitive bid model and a sponsorship model
3. Need for minimum project threshold based on projects' size and cost
4. Analysis of rates comparison (incremental rate vs average rate impacts)
5. Value of a regional template for competitive upgrades
6. Creating the IEP early versus including additional specifics in RFP – to ensure adequate information to evaluate proposals

At their July 13 meeting in Rapid City, S.D., the SPC heard a report from MOPC Chairman Noman Williams regarding recommendations from the Transmission Process Improvement Task Force, the continuing activities of the Capacity Margin Task Force, the variable generation study and the future of SPP Z2 efforts. The committee also heard a report from SPP's Jay Caspary regarding the status of SPP's synchrophaser project and the Department of Energy-funded EI-WECC Seams Study.

The group also approved creation of an Export Pricing Task Force reporting under the SPC, and received a report from SPP Senior Vice President of Government Affairs and Public Relations Mike Ross on the U.S. Commodity Futures Trading Commission's consideration to allow rights of private action against RTOs.

Finally, the committee met in executive session to hear reports on a request for information issued by entities in the west to which SPP responded and updates on the status of the withdrawal of the city of Lubbock.

UPCOMING MEETINGS

To view the current schedule of meetings, [visit the SPP.org Calendar](#).

For more information about an SPP organizational group, [go to SPP.org's Org Groups page](#).



Please [contact Derek Wingfield](#) in the SPP Communications Department with questions or comments about The Org Report. Back issues of The Org Report are [available here](#).